



The State University  
of New York

# Office for Capital Facilities Guidance Document

CLC-1

*January 2012*

## **Construction Bonds**

A guide and checklist for the evaluation and  
verification of performance bonds for  
construction contracts

| <u>Contents</u>             | <u>Attachments</u>             |
|-----------------------------|--------------------------------|
| • Bond Facts & Descriptions | 1. Bond Verification Checklist |
| • Bond Verification Process | 2. Bond Example                |

## **Bond Facts & Descriptions**

### *Bid Bonds*

A bid bond or other security is required from all contractors submitting bids for construction contracts of \$20,000 or more. Other forms of bid security are a bank draft or certified check made out to SUNY. The purpose of a bid bond is to act as a security for the campus to ensure that the successful bidder will enter into a contract with SUNY for the amount of its bid and will provide performance bonds as required. If the successful bidder should refuse or be unable to enter into a contract for the amount of its bid or provide the performance bond as required, the contractor will forfeit the entire bid bond or other bid security to SUNY. When a successful bidder is selected and appropriately notified, SUNY will retain the bid bond or bid security until a contract is signed and satisfactory performance bonds are provided by the Contractor. SUNY will return the bid bond or security to unsuccessful bidders shortly after opening of proposals. SUNY may elect to defer the return the bid bond security of the next lowest bidder until after contract signing.

### *Performance Bonds*

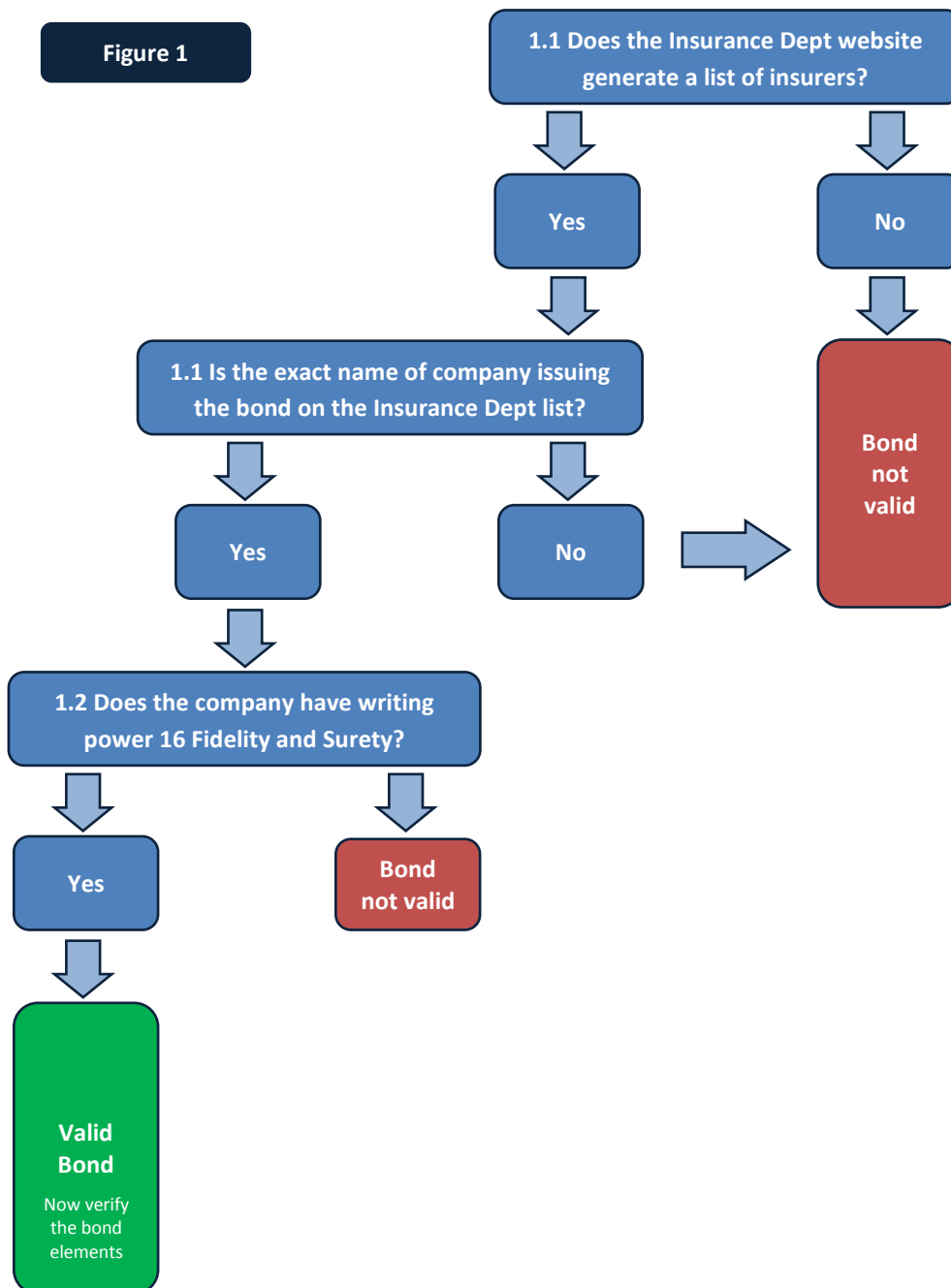
Also called “contract bonds,” these bonds do what their name implies – guarantee the contractor’s performance. Performance bonds guarantee that the contractor will perform according to the specifications of the construction contract. If the contractor fails to perform or otherwise defaults on under the contract, the bond issuer (surety) is responsible for completing the project. The bond issuer will then hire a contractor to complete the project. The campus has no contractual relationship with that contractor. The campus is responsible for paying the bond issuer for the completion of the project, but not more than the remaining contract balance. Any further amount needed to complete the project, up to the amount bonded, will come from the bond issuer. The bond issuer’s total liability is equal to the amount listed on the face of the bond. Although it does not occur often, the bond issuer can choose not to complete the project and instead pay the campus the face value of the bond.

Performance bonds must be submitted by the lowest responsible bidder prior to the execution of a contract. SUNY’s Construction Contracting Procedure permits performance bonds to be waived for construction contracts that (a) have a value of \$50,000 or less; **OR** (b) when there is to be only one payment to the contractor after the completion and acceptance of the work. See Construction Contracting [Procedure Item 7554](#) for details.

### *Labor and Materials Bonds*

Also known as a “payment bond,” these bonds guarantee that the contractor will pay all amounts owed for the labor and materials necessary for the project. If a contractor does not pay for labor and materials, the subcontractors and workers may file liens against the completed project. Labor and material bonds ensure the liens are paid by the bond issuer (surety), instead of by the campus. SUNY’s Construction Contracting Procedure does not permit waiver of labor and materials bonds.

Labor and material bonds must be submitted by the lowest responsible bidder prior to the execution of a contract.



**Bond Verification Process**

**1. Determine if bond issuer is licensed to write surety bonds in New York**

*(See Figure 1.1 for illustration and Attachment 2 for an example)*

Go to the NYS Department of Finance Services website: <https://myportal.dfs.ny.gov/web/guest-applications/ins.-company-search>

**1.1. Enter the name of the bond issuer: Ex: Travelers**

- Did Insurance Dept website generate a list of insurers?
- Does the exact name of the company issuing a bond appear on the Insurance Dept. list?

1.2. Select the EXACT NAME of the bond issuer from the list: *Ex: Travelers Casualty and Surety Company of America.*

- A page with Company details will show the insurers “current writing powers” by numerical code. Fidelity and Surety bond power is number 16.
- Does the company have writing power 16 Fidelity and Surety?
  - If no, the Insurance Dept. website’s “Company Detail” page provides a telephone number for the insurer. If the Insurance Dept. website does not indicate that the company has writing power for Fidelity & Surety (No. 16), call the company or the Insurance Dept. to confirm.

## 2. Verify Bond Elements

After confirming that the bond issuer is authorized to write the bond it must be reviewed for compliance with various requirements, each of which is explained below.

### 2.1. Amount of Bond

The amount must be the EXACT amount of the contract.

### 2.2. Date of Bonds

Bonds should be dated either the same date that the Contract is signed, or shortly thereafter. Bonds secure contract performance – if there is no contract in effect when the bond was issued, the validity of the bond is subject to question.

### 2.3. Execution (signature)

2.3.1. Signature of principal (the contractor) is required. On the sample bond provided (Attachment 1), the Principal is *Burns Bros. Contractors, Inc., signed by Karl Engelbrecht.*

2.3.2. Signature of Surety (insurer) by the Attorney-in-Fact is required. The Attorney-in-Fact is assigned by insurer, and is usually a Vice President of the insurance company.<sup>1</sup> On the sample bond provided (Attachment 1), the Attorney-in-Fact is *Richard A. Lyons.*

2.3.3. Acknowledgement of signatures required

- Each signature must be acknowledged. (See Attachment 1 sample bond for example)
- If there is more than one bond, signature acknowledgements are required for each bond, unless the acknowledgements for each signature indicate there is more than one bond, by referring to the documents in the plural.
  - For example: *“Person X appeared before me and executed the foregoing instruments”*
- On the sample bond provided, the acknowledgements cover only one “instrument,” the *“foregoing instrument.”*

<sup>1</sup> Insurance companies may participate in an unincorporated association known as a *reciprocal exchange*, with each insured insuring the other insureds within the association. (Thus, each participant in this pool is both an insurer and an insured.) An attorney-in-fact administers the exchange. Duties of the attorney-in fact include paying losses experienced by the exchange, investing premium inflow into the exchange, recruiting new members, underwriting the inflow of new and renewal business, receiving premiums, and exchanging reinsurance contracts. Members share profits and losses in the same proportion as the amount of insurance purchased from the exchange by that member.

## 2.4. Power of Attorney

The Attorney-in-Fact must be authorized to sign the bond on behalf of the insurer. If the Attorney-in-Fact does not have the power to sign, the bond is not valid. Therefore, a POA is attached to every bond, indicating who the insurance company has appointed as its Attorney-in-Fact to sign surety bonds. The sample bond provides a POA which shows that *Richard A. Lyons* was appointed by the company as Attorney-in-Fact.

Review the POA to determine if it has an expiration date. (For example, does it state, "This instrument shall remain in effect for two years from the date hereof.") Confirm that the POA was still in effect when the Attorney-in-Fact signed the bond.

## 2.5. Dates of Power of Attorney and Signature of Attorney-in-Fact

The Attorney-in-Fact must be appointed by the Power of Attorney **before or on the same day** that he signs the bond. The sample bond shows that Richard A. Lyons was appointed by the Power of Attorney on March 21, 2011. He signed the bond on May 3, 2011. Therefore, he had power to sign. If the Power of Attorney had appointed Richard A. Lyons on May 4, 2011, he would not have had the power to sign the bond and the bond would not be valid.

## 2.6. Financial Statements

**2.6.1.** Date of Financial Statement: The insurance company that issues the bond must also attach a financial statement to show that it has sufficient assets to pay the bond if necessary. Financial statements are generally dated "as of" December, but may not actually be issued until several months later. If the financial statement is not from the insurance company's immediately preceding fiscal year, it should be rejected as it was on the sample bond (bond was written in May 2011, financial statement was dated December 2009).

**2.6.2.** Surplus shown on Financial Statement: Identify the amount of "Surplus" shown on the insurer's financial statement. Identify the amount of the total construction project. The amount of the project cannot exceed 10% of the insurer's surplus. If the surplus is insufficient, contractor must purchase reinsurance to cover the deficiency.<sup>2</sup>

*Example 1:* \$1,000,000 surplus can support a \$100,000 project

*Example 2: using sample bond at Attachment 1:*

- "Total Surplus to Policyholders" is \$1,826,348,881
- 10% of surplus is \$18,263,488
- Project amount (from face of bond) is \$1,156,400; surplus is sufficient

A checklist (Attachment 2) is provided to assist you in verification of bonds. It is recommended that this checklist be included in the procurement record. If you have any questions regarding the verification of bonds please contact the Office for Capital Facilities or your University Counsel.

<sup>2</sup> Reinsurance is a form of insurance that insurance companies buy for their own protection, "a sharing of insurance." An insurer (*the reinsured*) reduces its possible maximum loss on either a individual risk (facultative reinsurance) or a large number of risks (automatic reinsurance) by giving (*ceding*) a portion of its liability to another insurance company (*the reinsurer*). The Attorney General's office notes that you may see multiple insurers issuing bonds because of this risk-spreading.

### General Information

Project Name: \_\_\_\_\_ Date: \_\_\_\_\_

Project Number: \_\_\_\_\_ Reviewer: \_\_\_\_\_

### 1. Is bond issuer licensed to write surety bonds in New York?

- 1.1.  Exact name of the company issuing a bond appeared on the Insurance Dept. list
- 1.2.  Company has writing power 16 - Fidelity and Surety.

### 2. Bond Elements

- 2.1.  Amount of Bond is the EXACT amount of the project.
- 2.2.  Date of Bond is date of contract signature or after
- 2.3. Signatures are present
  - 2.3.1.  Signature of principal (the contractor)
  - 2.3.2.  Signature of Surety (insurer) by the Attorney-in-Fact
  - 2.3.3.  Acknowledgement of signatures – one for each individual signer, or acknowledgement language is plural and applies to all signers
- 2.4.  Power of Attorney with valid expiration date attached
- 2.5.  Signature of Attorney-in-Fact was made when Power of Attorney was in effect.
- 2.6.  Financial Statements are attached and with adequate surplus (the project cannot exceed 10% of the insurer's surplus – see example in Guidance Document.)



The State University  
of New York

# Attachment 2

CLC-1

*January 2012*

**Construction Bonds**

Andrew M. Cuomo  
Governor

James J. Wynn  
Superintendent

Welcome Page

Agents & Brokers

Consumers

Insurers

search

Go

Insurance Company Search

About the Department

Media and Publications

Office of General Counsel

Portal Applications

Insurance Company Search

If you wish to visit our Company Directory in the future, please **bookmark** this page in your Favorites.

Our **Insurance Company Search** represents the most current information maintained by the New York State Insurance Department. Because companies are continuously being admitted to and withdrawing from New York, and because licensed companies add and delete lines of insurance business from their licenses or change their names, there may be a brief time gap between applying such changes and presenting the new licensing status information in our Directory. The fact that a company appears in our Directory does not necessarily mean that the company currently writes business. Companies may have decided to stop writing, but maintain their licenses, while others may have been placed into rehabilitation by the courts. A company in rehabilitation still maintains a New York license.

Select the following link to use the application: [Insurance Company Search](#)

*Select this link*

**WRITING POWERS**

Kinds of insurance covered by Section 1113(A) of New York Insurance Law (Numbers refer to paragraphs of law):

The following table shows the Power Number in Column One, the Description of Power/Line in Column Two and Special Notes in Column Three.

| POWER | DESCRIPTION OF POWER/LINE   | SPECIAL NOTES  |
|-------|---|--|
| 1     | Life Insurance  | Property and Casualty companies are not permitted to write this kind of insurance. |
| 2     | Annuities   | Property and Casualty companies are not permitted to write this kind of insurance. |
| 3     | Accident and Health Insurance   | Paragraph 3 includes 3i and 3ii  |
| 3i    | Accident and Health Insurance (Not including non-cancelable policies) |  |
| 3ii   | Accident and Health Insurance (Non-cancelable policies)               |  |
| 4     | Fire Insurance  |  |
| 5     | Miscellaneous Property Insurance                                      |  |
| 6     | Water Damage Insurance  |  |
| 7     | Burglary and Theft Insurance  |  |
| 8     | Glass Insurance   |  |
| 9     | Boiler and Machinery Insurance  |  |
| 10    | Elevator Insurance  |  |
| 11    | Animal Insurance  |  |
| 12    | Collision Insurance   |  |
| 13    | Personal Injury Liability Insurance                                   |  |
| 14    | Property Damage Liability Insurance                                   |  |
| 15    | Workers' Compensation and Employers' Liability Insurance              |  |
| 16    | Fidelity and Surety Insurance   |  |
| 17    | Credit Insurance  |  |
| 18    | Title Insurance   | Property and Casualty companies are not permitted to write this kind of insurance. |



|                            |
|----------------------------|
| <b>Ins. Company Search</b> |
|----------------------------|

### Search Results

[Company Search](#) [Print or Save results](#) /[SaveWithAddress](#)

Total: 13 , Original query: **Name starting with travelers**

| NAIC# | Company Name   | Org | Domicile    | Group# /Group Name   | Website  |
|-------|--|-----|-------------|----------------------|--|
| 19038 | <a href="#">Travelers Casualty and Surety Company</a>            | PC  | Connecticut | 3548/Travelers Group | <a href="http://STPAULTRAVELERS.COM">STPAULTRAVELERS.COM</a> |
| 31194 | <a href="#">Travelers Casualty and Surety Company of America</a> | PC  | Connecticut | 3548/Travelers Group | <a href="http://STPAULTRAVELERS.COM">STPAULTRAVELERS.COM</a> |
| 36170 | <a href="#">Travelers Casualty Company of Connecticut</a>        | PC  | Connecticut | 3548/Travelers Group | <a href="http://STPAULTRAVELERS.COM">STPAULTRAVELERS.COM</a> |
| 19046 | <a href="#">Travelers Casualty Insurance Company of America</a>  | PC  | Connecticut | 3548/Travelers Group | <a href="http://STPAULTRAVELERS.COM">STPAULTRAVELERS.COM</a> |
| 36137 | <a href="#">Travelers Commercial Insurance Company</a>           | PC  | Connecticut | 3548/Travelers Group | <a href="http://STPAULTRAVELERS.COM">STPAULTRAVELERS.COM</a> |
| 27998 | <a href="#">Travelers Home and Marine Insurance Company</a>      | PC  | Connecticut | 3548/Travelers Group | <a href="http://STPAULTRAVELERS.COM">STPAULTRAVELERS.COM</a> |
| 25658 | <a href="#">Travelers Indemnity Company</a>                      | PC  | Connecticut | 3548/Travelers Group | <a href="http://STPAULTRAVELERS.COM">STPAULTRAVELERS.COM</a> |
| 25666 | <a href="#">Travelers Indemnity Company of America</a>           | PC  | Connecticut | 3548/Travelers Group | <a href="http://STPAULTRAVELERS.COM">STPAULTRAVELERS.COM</a> |
| 25682 | <a href="#">Travelers Indemnity Company of Connecticut</a>       | PC  | Connecticut | 3548/Travelers Group | <a href="http://STPAULTRAVELERS.COM">STPAULTRAVELERS.COM</a> |
| 38130 | <a href="#">Travelers Personal Insurance Company</a>             | PC  | Connecticut | 3548/Travelers Group | <a href="http://STPAULTRAVELERS.COM">STPAULTRAVELERS.COM</a> |
| 36145 | <a href="#">Travelers Personal Security Insurance Company</a>    | PC  | Connecticut | 3548/Travelers Group | <a href="http://STPAULTRAVELERS.COM">STPAULTRAVELERS.COM</a> |
| 25674 | <a href="#">Travelers Property Casualty Company of America</a>   | PC  | Connecticut | 3548/Travelers Group | <a href="http://STPAULTRAVELERS.COM">STPAULTRAVELERS.COM</a> |
| 36161 | <a href="#">Travelers Property Casualty Insurance Company</a>    | PC  | Connecticut | 3548/Travelers Group | <a href="http://STPAULTRAVELERS.COM">STPAULTRAVELERS.COM</a> |

**Ins. Company Search**  
**Company Detail**  
[Company Search](#) [Print or Save details](#)

NAIC#: 31194 DOM: Connecticut Group: Travelers Group  
 CPAF: 5 ORG: PC Group#: 3548

Phone: 315-424-5645

Spl Risk: Eff Dt Exp Dt  
 09/01/2010

DMV#: Website: [STPAULTRAVELERS.COM](http://STPAULTRAVELERS.COM) Admitted Dt: 10/18/1979

**Travelers Casualty and Surety Company of America**  
 One Tower Square  
 Hartford, CT 06183

Company Name History:

Aetna Casualty and Surety Company of America

Change Dt  
 07/01/1997

Current Writing Powers:

**NYS**

| Insurance Law Section Code | Line of Business | Description  |
|----------------------------|------------------|--|
| 1113(a)                    | 3                | Accident And Health  |
| 1113(a)                    | 4                | Fire   |
| 1113(a)                    | 5                | Miscellaneous Property   |
| 1113(a)                    | 6                | Water Damage   |
| 1113(a)                    | 7                | Burglary And Theft   |
| 1113(a)                    | 8                | Glass  |
| 1113(a)                    | 9                | Boiler And Machinery   |
| 1113(a)                    | 10               | Elevator   |
| 1113(a)                    | 11               | Animal   |
| 1113(a)                    | 12               | Collision  |
| 1113(a)                    | 13               | Personal Injury Liability  |
| 1113(a)                    | 14               | Property Damage Liability  |
| 1113(a)                    | 15               | Workers' Compensation And Employers' Liability   |
| 1113(a)                    | 16               | Fidelity And Surety  |
| 1113(a)                    | 17               | Credit   |
| 1113(a)                    | 19               | Motor Vehicle And Aircraft Physical Damage   |
| 1113(a)                    | 20               | Marine And Inland Marine   |
| 1113(a)                    | 21               | Marine Protection And Indemnity  |
| 1113(a)                    | 22               | Residual Value   |
| 1113(a)                    | 26(A)(B)(C)(D)   | Gap  |
| 1113(a)                    | 28               | Service Contract Reimbursement   |
| 1113(a)                    | 29               | Legal Services   |
| 4102(c)                    | I&R              | , And As Authorized By Section 4102(C), Insurance Of Every Kind Or Description Outside Of The United States And Reinsurance Of Every Kind Or Description |



KNOW ALL PERSONS BY THESE PRESENTS, that **Burns Bros. Contractors, Inc., 400 Leavenworth Ave, Syracuse, New York 13204** (hereinafter called the "Principal") and

(hereinafter called the "Surety") **Travelers Casualty and Surety Company of America, One Tower Square, Hartford, Connecticut 06183**

are held and firmly bound to the State University of New York (hereinafter called the "University") in the full and just sum of **One Million One Hundred Fifty Six Thousand Four Hundred & 00/100** (in words) (\$ **1,156,400.00**) (in figures) good and lawful money of the United States of America, for the payment of which sum of money, well and truly to be made and done, the Principal binds itself, its heirs, executors, administrators, successors and assigns and the Surety binds itself, its successors and assigns, jointly and severally, firmly by these presents.

WHEREAS, the Principal has entered into a certain written Contract bearing date on the **22nd day of April, 2011**, with the "University" for the work contained in Project No. **708 CNY BioTechnology Research Center - Plumbing / Fire Protection**, a copy of which Contract is annexed to and hereby made a part of this Bond as though herein set forth in full; and

NOW, THEREFORE, the conditions of this obligation are such that if the Principal, its representatives or assigns, shall well and faithfully comply with and perform all the terms, covenants and conditions of said Contract on its part to be kept and performed and all modifications, amendments, additions and alterations thereto that may hereafter be made, according to the true intent and meaning of said Contract, including repair and/or replacement of defective work and guarantees of maintenance for the periods stated in the Contract, and shall fully indemnify and save harmless the "University" from all cost and damage which it may suffer by reason of failure to do so, and shall fully reimburse and repay the "University" for all outlay and expense which the "University" may incur in making good any such default, and shall protect the said "University" against, and pay any and all amounts, damages, costs and judgments which may or shall be recovered against said "University" or its trustees, officers, agents or employees or which the said "University" may be called upon to pay to any person or corporation by reason of any damages arising or growing out of the doing of said work, or the repair of maintenance thereof, or the manner of doing the same, or the neglect of the said Principal, or its agents, or the improper performance of the said work by the said Principal, or its agents, or the infringement of any patent or patent rights by reason of the use of any materials furnished or work done as aforesaid or otherwise, then this obligation shall be null and void, otherwise to remain in full force and effect;

PROVIDED, HOWEVER, the said Surety, for value received, hereby stipulates and agrees, if requested to do so by the "University", to fully perform and complete the work mentioned and described in said Contract, pursuant to the terms, conditions, and covenants thereof, if for any cause the Principal fails or neglects to so fully perform and complete such work and the Surety further agrees to commence such work of completion within ten (10) calendar days after written notice thereof from the "University" and to complete such work within 10 (10) calendar days from the expiration of the time allowed the Principal in the Contract for the completion thereof; and further

PROVIDED, HOWEVER, the Surety, for value received, for itself and its successors and assigns, hereby stipulates and agrees that the obligation of said Surety and its Bond shall be in no way impaired or affected by an extension of time, modification, omission, addition, or change in or to the said Contract or the work to be performed thereunder, or by any payment thereunder before the time required therein, or by any waiver of any provisions thereof, or by any assignment, subletting or other transfer of any work to be performed or any monies due or to become due thereunder or by the "University's" takeover, use, occupancy or operation of any part or all of the work covered by the Contract; and said Surety does hereby waive notice of any and all of such extensions, modifications, omissions, additions, changes, payments, waivers, assignments, subcontracts, transfers, takeovers, uses, occupancies or operations, and hereby expressly stipulates and agrees that any and all things done and omitted to be done by and in relation to assignees, subcontractors, and other transferees shall have the same effect as to said Surety as though done or omitted to be done by or in relation to said Principal.

IN WITNESS WHEREOF, the Principal has hereunto set its hand and seal and the Surety has caused this instrument to be signed by its attorney-in-fact, and its corporate seal to be hereunto affixed this 3rd day of May, 2011.

Burns Bros. Contractors, Inc. \_\_\_\_\_ (If Corporation, affix corporate seal)  
Principal By \_\_\_\_\_

Travelers Casualty and Surety Company of America \_\_\_\_\_ (If Corporation, affix corporate seal)  
Surety By \_\_\_\_\_

Richard A. Lyons, Attorney-in-Fact

**ACKNOWLEDGMENTS FOR PERFORMANCE BOND**

(ACKNOWLEDGMENT BY PRINCIPAL, UNLESS IT BE A CORPORATION)

STATE OF )  
 ) ss.:  
COUNTY OF )

On this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, before me personally came

\_\_\_\_\_ to me known and known to me to be the person(s) described in and who executed the foregoing instrument and acknowledged that he / she executed the same.

\_\_\_\_\_  
*Notary Public*

(ACKNOWLEDGMENT BY PRINCIPAL, IF A CORPORATION)

STATE OF )  
New York ) ss.:  
COUNTY OF )  
Onondaga )

On this 3<sup>rd</sup> day of May, 2011, before me personally came

Karl Engelbrecht to me known, who being by me duly sworn, did

depose and say that he / she resides in Onondaga County;

that he / she is the President of the

Buens Bros Contractors Inc the corporation described in and which executed the foregoing instrument; that he / she knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation and that he / she signed their name thereto by like order.

Nichole Warner  
*Notary Public*

**Nichole Warner**  
Notary Public, State of New York  
No. 01WA6198477  
Qualified in Onondaga Co.  
Commission Expires December 22, 2012

(ACKNOWLEDGMENT BY SURETY COMPANY)

STATE OF )  
New York ) ss.:  
COUNTY OF )  
Onondaga )

On this 3<sup>rd</sup> day of May, 2011, before me personally came

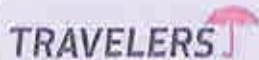
Richard A. Lyons to me known who, being by me duly sworn, did depose and say that he / she resides in:

Syracuse, NY that he / she is the Attorney-in-Fact

Travelers Casualty and Surety Company of America the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal, that it was so affixed by order of the Board of Directors of said corporation and that he / she signed their name thereto by like order; and that the liabilities of said company do not exceed its assets as ascertained in the manner provided by the laws of the State of New York.

Lisa M. Winton  
*Notary Public*

**LISA M. WINTON**  
Notary Public, State of New York  
Qualified in Onon. Co. No. 6040550  
My Commission Expires April 24, 2014



POWER OF ATTORNEY

Farmington Casualty Company
Fidelity and Guaranty Insurance Company
Fidelity and Guaranty Insurance Underwriters, Inc.
St. Paul Fire and Marine Insurance Company
St. Paul Guardian Insurance Company

St. Paul Mercury Insurance Company
Travelers Casualty and Surety Company
Travelers Casualty and Surety Company of America
United States Fidelity and Guaranty Company

Attorney-In Fact No. 217417

Certificate No. 004127272

KNOW ALL MEN BY THESE PRESENTS: That St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company and St. Paul Mercury Insurance Company are corporations duly organized under the laws of the State of Minnesota, that Farmington Casualty Company, Travelers Casualty and Surety Company, and Travelers Casualty and Surety Company of America are corporations duly organized under the laws of the State of Connecticut, that United States Fidelity and Guaranty Company is a corporation duly organized under the laws of the State of Maryland, that Fidelity and Guaranty Insurance Company is a corporation duly organized under the laws of the State of Iowa, and that Fidelity and Guaranty Insurance Underwriters, Inc., is a corporation duly organized under the laws of the State of Wisconsin (herein collectively called the "Companies"), and that the Companies do hereby make, constitute and appoint

George J. Schunck, Roy S. Moore III, and Richard A. Lyons

of the City of Syracuse, State of New York, their true and lawful Attorney(s)-in-Fact, each in their separate capacity if more than one is named above, to sign, execute, seal and acknowledge any and all bonds, recognizances, conditional undertakings and other writings obligatory in the nature thereof on behalf of the Companies in their business of guaranteeing the fidelity of persons, guaranteeing the performance of contracts and executing or guaranteeing bonds and undertakings required or permitted in any actions or proceedings allowed by law.

IN WITNESS WHEREOF, the Companies have caused this instrument to be signed and their corporate seals to be hereto affixed, this 21st day of March, 2011.

Farmington Casualty Company
Fidelity and Guaranty Insurance Company
Fidelity and Guaranty Insurance Underwriters, Inc.
St. Paul Fire and Marine Insurance Company
St. Paul Guardian Insurance Company

St. Paul Mercury Insurance Company
Travelers Casualty and Surety Company
Travelers Casualty and Surety Company of America
United States Fidelity and Guaranty Company



State of Connecticut
City of Hartford ss.

By: [Signature]
George W. Thompson, Senior Vice President

On this the 21st day of March, 2011, before me personally appeared George W. Thompson, who acknowledged himself to be the Senior Vice President of Farmington Casualty Company, Fidelity and Guaranty Insurance Company, Fidelity and Guaranty Insurance Underwriters, Inc., St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, Travelers Casualty and Surety Company, Travelers Casualty and Surety Company of America, and United States Fidelity and Guaranty Company, and that he, as such, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing on behalf of the corporations by himself as a duly authorized officer.

In Witness Whereof, I hereunto set my hand and official seal.
My Commission expires the 30th day of June, 2011.



[Signature]
Marie C. Tetreault, Notary Public

WARNING: THIS POWER OF ATTORNEY IS INVALID WITHOUT THE RED BORDER

This Power of Attorney is granted under and by the authority of the following resolutions adopted by the Boards of Directors of Farmington Casualty Company, Fidelity and Guaranty Insurance Company, Fidelity and Guaranty Insurance Underwriters, Inc., St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, Travelers Casualty and Surety Company, Travelers Casualty and Surety Company of America, and United States Fidelity and Guaranty Company, which resolutions are now in full force and effect, reading as follows:

**RESOLVED**, that the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President, any Vice President, any Second Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary may appoint Attorneys-in-Fact and Agents to act for and on behalf of the Company and may give such appointee such authority as his or her certificate of authority may prescribe to sign with the Company's name and seal with the Company's seal bonds, recognizances, contracts of indemnity, and other writings obligatory in the nature of a bond, recognizance, or conditional undertaking, and any of said officers or the Board of Directors at any time may remove any such appointee and revoke the power given him or her; and it is

**FURTHER RESOLVED**, that the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President or any Vice President may delegate all or any part of the foregoing authority to one or more officers or employees of this Company, provided that each such delegation is in writing and a copy thereof is filed in the office of the Secretary; and it is

**FURTHER RESOLVED**, that any bond, recognizance, contract of indemnity, or writing obligatory in the nature of a bond, recognizance, or conditional undertaking shall be valid and binding upon the Company when (a) signed by the President, any Vice Chairman, any Executive Vice President, any Senior Vice President or any Vice President, any Second Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary and duly attested and sealed with the Company's seal by a Secretary or Assistant Secretary; or (b) duly executed (under seal, if required) by one or more Attorneys-in-Fact and Agents pursuant to the power prescribed in his or her certificate or their certificates of authority or by one or more Company officers pursuant to a written delegation of authority; and it is

**FURTHER RESOLVED**, that the signature of each of the following officers: President, any Executive Vice President, any Senior Vice President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Secretary, and the seal of the Company may be affixed by facsimile to any Power of Attorney or to any certificate relating thereto appointing Resident Vice Presidents, Resident Assistant Secretaries or Attorneys-in-Fact for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, and any such Power of Attorney or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by such facsimile signature and facsimile seal shall be valid and binding on the Company in the future with respect to any bond or understanding to which it is attached.

I, Kori M. Johanson, the undersigned, Assistant Secretary, of Farmington Casualty Company, Fidelity and Guaranty Insurance Company, Fidelity and Guaranty Insurance Underwriters, Inc., St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, Travelers Casualty and Surety Company, Travelers Casualty and Surety Company of America, and United States Fidelity and Guaranty Company do hereby certify that the above and foregoing is a true and correct copy of the Power of Attorney executed by said Companies, which is in full force and effect and has not been revoked.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the seals of said Companies this 3rd day of May, 20 11

  
Kori M. Johanson, Assistant Secretary



To verify the authenticity of this Power of Attorney, call 1-800-421-3880 or contact us at [www.travelersbond.com](http://www.travelersbond.com). Please refer to the Attorney-In-Fact number, the above-named individuals and the details of the bond to which the power is attached.

WARNING: THIS POWER OF ATTORNEY IS INVALID WITHOUT THE RED BORDER

TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA  
HARTFORD, CONNECTICUT 06183  
FINANCIAL STATEMENT AS OF DECEMBER 31, 2008  
CAPITAL STOCK \$ 6,480,000

| ASSETS                              |                         | LIABILITIES & SURPLUS                             |                         |
|-------------------------------------|-------------------------|---|-------------------------|
| CASH & INVESTED CASH                | \$ 81,982,714           | UNEARNED PREMIUMS                                 | \$ 888,217,654          |
| BONDS                               | 3,078,998,448           | LOSSES  | 868,279,067             |
| INVESTMENT INCOME DUE AND ACCRUED   | 67,428,448              | LOSS ADJUSTMENT EXPENSES                          | 381,884,338             |
| PREMIUM BALANCES                    | 183,801,818             | COMMISSIONS                                       | 84,809,308              |
| NET DEFERRED TAX ASSET              | 72,886,735              | TAXES, LICENSES AND FEES                          | 58,674,472              |
| REINSURANCE RECOVERABLES            | 4,858,000               | OTHER EXPENSES                                    | 31,736,727              |
| REINSURANCE RECEIVABLE INTERCOMPANY | 247,774,281             | FUNDS HELD UNDER REINSURANCE TREATIES             | 707,283,700             |
| OTHER ASSETS                        | 6,724,744               | CURRENT FEDERAL AND FOREIGN INCOME TAXES          | 6,651,418               |
|                                     |                         | REMITTANCES AND ITEMS NOT ALLOCATED               | 46,304,988              |
|                                     |                         | AMOUNTS WITHHELD / RETAINED BY COMPANY FOR OTHERS | 47,776,200              |
|                                     |                         | RETROACTIVE REINSURANCE RESERVE                   | 3,174,788               |
|                                     |                         | POLICYHOLDER DIVIDENDS                            | 4,888,731               |
|                                     |                         | PROVISION FOR REINSURANCE                         | 7,888,823               |
|                                     |                         | CEDED REINSURANCE NET PREMIUMS PAYABLE            | (67,812,188)            |
|                                     |                         | PAYABLE TO PARENT, SUBSIDIARIES AND AFFILIATES    | 88,758,281              |
|                                     |                         | OTHER ACCRUED EXPENSES AND LIABILITIES            | 1,828,881               |
|                                     |                         | <b>TOTAL LIABILITIES</b>                          | <b>\$ 2,484,487,008</b> |
|                                     |                         | CAPITAL STOCK                                     | \$ 6,480,000            |
|                                     |                         | PAID IN SURPLUS                                   | 433,803,780             |
|                                     |                         | OTHER SURPLUS                                     | 1,308,888,901           |
|                                     |                         | <b>TOTAL SURPLUS TO POLICYHOLDERS</b>             | <b>\$ 1,743,172,681</b> |
| <b>TOTAL ASSETS</b>                 | <b>\$ 4,581,308,761</b> | <b>TOTAL LIABILITIES &amp; SURPLUS</b>            | <b>\$ 4,227,659,689</b> |

STATE OF CONNECTICUT )  
COUNTY OF HARTFORD ) ss.  
CITY OF HARTFORD )

MICHAEL J. DOODY, BEING DULY SWORN, SAYS THAT HE IS SECOND VICE PRESIDENT, OF TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, AND THAT TO THE BEST OF HIS KNOWLEDGE AND BELIEF, THE FOREGOING IS A TRUE AND CORRECT STATEMENT OF THE FINANCIAL CONDITION OF SAID COMPANY AS OF THE 31st DAY OF DECEMBER, 2008.



*Michael J. Doody*  
\_\_\_\_\_  
SECOND VICE PRESIDENT

*[Signature]*  
\_\_\_\_\_  
NOTARY PUBLIC - MY COMMISSION EXPIRES 11/30/2012

SUBSCRIBED AND SWORN TO BEFORE ME THIS 19th DAY OF APRIL, 2010