

28.202 Acceptability of corporate sureties.

(a)

(1) Corporate *sureties* offered for *bonds* furnished with contracts performed in the *United States* or its *outlying areas* must appear on the list contained in the Department of the Treasury's Listing of Approved *Sureties* (Treasury Department Circular 570), "Companies Holding Certificates of Authority as Acceptable *Sureties* on Federal *Bonds* and as Acceptable Reinsuring Companies."

(2) The penal amount of the *bond* should not exceed the *surety's* underwriting limit stated in the Treasury Department Circular 570. If the penal amount exceeds the underwriting limit, the *bond* will be acceptable only if-

(i) The amount which exceeds the specified limit is coinsured or reinsured; and

(ii) The amount of coinsurance or *reinsurance* does not exceed the underwriting limit of each coinsurer or reinsurer.

(3) Coinsurance or *reinsurance* agreements shall conform to the Department of the Treasury (Treasury) regulations in 31 CFR 223.10 and 223.11. When *reinsurance* is contemplated, the *contracting office* generally shall require *reinsurance* agreements to be executed and submitted with the *bonds* before making a final determination on the *bonds*.

(4) When specified in the *solicitation*, the *contracting officer* may accept a *bond* from the direct writing company in satisfaction of the total *bond* requirement of the contract. This is permissible until necessary *reinsurance* agreements are executed, even though the total *bond* requirement may exceed the insurer's underwriting limitation. The contractor shall execute and submit necessary *reinsurance* agreements to the *contracting officer* within the time specified on the *bid* form, which may not exceed 45 calendar days after the execution of the *bond*. The contractor shall use Standard Form (SF) 273, Reinsurance Agreement for a Bonds Statute Performance Bond, and SF 274, Reinsurance Agreement for a Bonds Statute Payment Bond, when *reinsurance* is furnished with the required performance or payment *bonds*. SF 275, Reinsurance Agreement in Favor of the United States, is used when *reinsurance* is furnished with *bonds* for other purposes.

(b) For contracts performed in a foreign country, *sureties* not appearing on Treasury Department Circular 570 are acceptable if the *contracting officer* determines that it is impracticable for the contractor to use Treasury listed *sureties*.

(c) Treasury issues supplements to Treasury Department Circular 570, notifying all *Federal agencies* of new approved corporate *surety* companies and the termination of the authority of any specific corporate *surety* to qualify as a *surety* on Federal *bonds*. Upon receipt of notification of termination of a company's authority to qualify as a *surety* on Federal *bonds*, the *contracting officer* shall review the outstanding contracts and take action necessary to protect the Government, including, where appropriate, securing new *bonds* with acceptable *sureties* in lieu of outstanding *bonds* with the named company.

(d) Treasury Department Circular 570 may be obtained from the U.S. Department of the Treasury, Bureau of the Fiscal Service, *Surety Bond* Branch, 3201 Pennsy Drive, Building E, Landover, MD 20785 or at <https://www.fiscal.treasury.gov/fsreports/ref/suretyBnd/c570.htm>.

Parent topic: Subpart 28.2 - Sureties and Other Security for Bonds