



The Resin Flooring Association

FeRFA RETENTION BOND

in association with



www.ferfa.org.uk

WHY HAVE A RETENTION BOND?

In modern construction the practice of withholding retentions is outdated and unnecessary. By adopting the NSCC (National Specialist Contractor Council) No Retention Policy, FeRFA specialist contractors are encouraged to inform clients that they do not accept cash retentions.

However, this is not always acceptable or possible so, working with FeRFA partners COBRA Insurance Brokers, we have put in place a solution that will save FeRFA members the time, trouble and money involved in dealing with retentions. This an exclusive scheme which gives access to retention bonds, up to a pre-arranged annual limit - as and when required. You can quickly and easily offer your clients a bond and manage your contracts more efficiently by offering a retention bond.

By taking advantage of this scheme in place of cash retentions will result in significant cost savings for your company. The money that would have been held in cash retention remains with you - greatly improving cash flow. Also, the retention bond will normally contain an expiry date so there can be no confusion about when you have been released from your obligations. This also avoids the need to chase for the release of the cash retention at the end of the works, reducing administration costs.

HOW IS THE FERFA/COBRA BOND DIFFERENT?

The usual process for bonds is for a separate application to be made each time a bond is required - this involves the applicant providing latest filed accounts, management accounts and a proposal form each and every time and then wait for underwriter to approve the bond before it can be offered to your client.

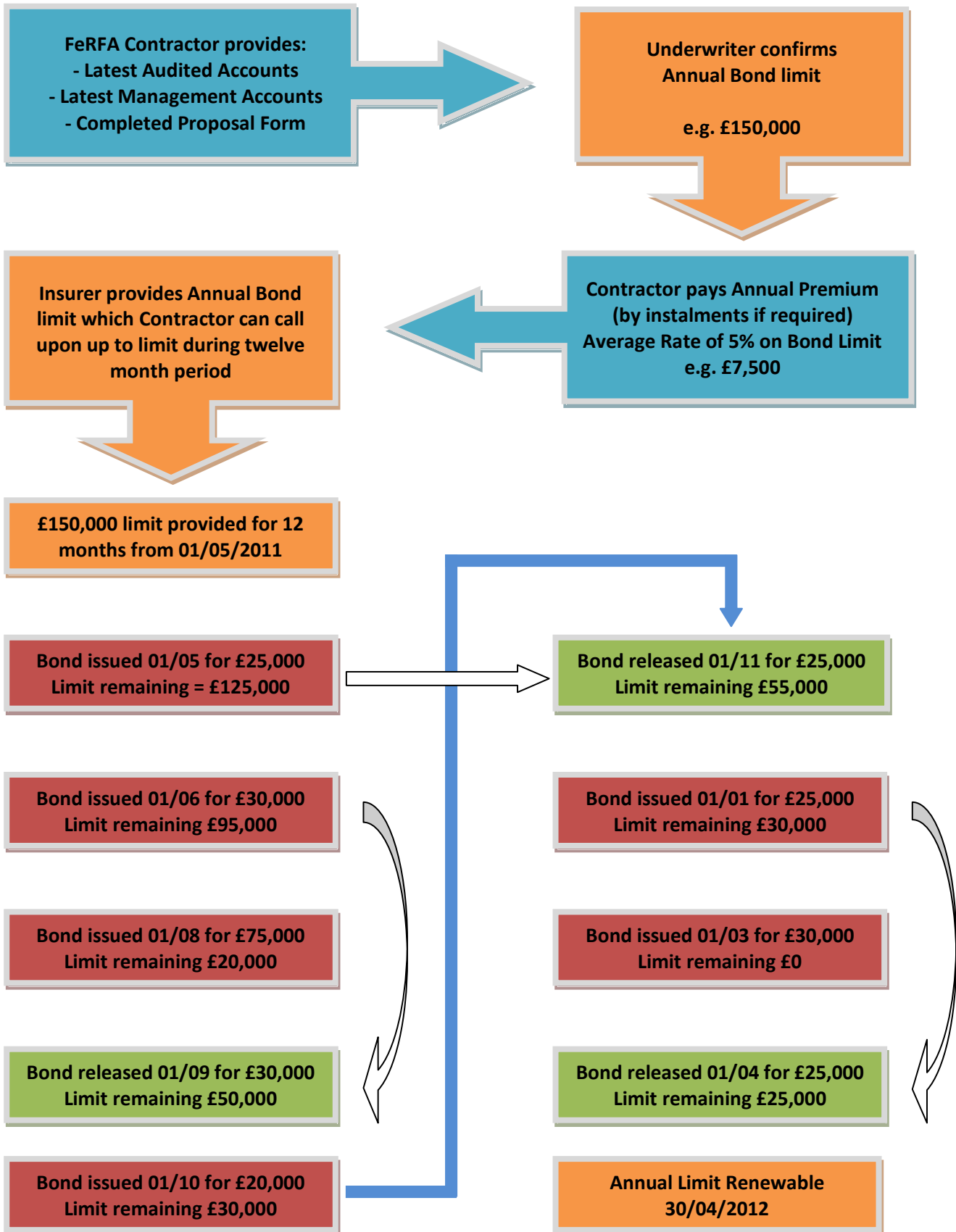
To reduce the administrative burden to you - and give a guaranteed bond fund (subject to approval) for twelve months - COBRA have developed a pre-approved facility in conjunction with an underwriter.

HOW DOES IT WORK?

- STEP ONE** FeRFA member provides latest audited accounts, management accounts (if audited are older than three months old) and a completed application.
- STEP TWO** Underwriter checks documentation and confirms the annual bond fund limit and the annual cost
- STEP THREE** Member pays the annual premium - this can be paid by instalments over 3, 6 or 10 months
- STEP FOUR** The contractor can call on the underwriter to issue a bond for a contract, this will be issued using a standard Association of British Insurers (ABI) Bond Wording.
- STEP FIVE** The contractor can request bonds up to the annual limit which was approved at inception, once limit is reached, no further bonds will be issued until a prior bond has expired or been returned by the customer as no longer required.

See the flowchart opposite for an example of how the scheme can work during the course of a year using an example bond limit of £150,000.

JUST FOLLOW THESE FIVE EASY STEPS



WHAT ARE THE ADVANTAGES?

- Improved cash flow with no cash retentions
- No need to chase outstanding retentions
- Bonds have expiry date to suit end of obligation
- Saves administrative time and effort
- Pre-approved so you can offer your client a bond without waiting
- Bond limit is set annually
- Simplified application procedure
- No need for a separate application for each bond
- Pay by instalments to spread the cost
- Security for the client

CONTACTS

COBRA INSURANCE BROKERS

FeRFA's insurance partner COBRA offer members preferential rates on all types insurance

For further information on the FeRFA/Cobra Retention Bonds or discuss any of your insurance needs and obtain a quote call Howard Collins on **01268 511 115** or **07775 888933**.



FeRFA – THE RESIN FLOORING ASSOCIATION

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