

COR™ CERTIFICATION AND SURETY

By SCSA Staff



Surety bonds play an important part of the construction industry. Contract bonds provide a financial guarantee to project owners, ensuring successful delivery of a project. Unlike insurance – where claims are based on fortuitous loss between the insurer and insured – surety is underwritten on the contractor's ability to successfully undertake a project in question. As well, surety is based on a tri-party agreement between the surety, principal (contractor) and the obligee (project owner).

Surety facilities are underwritten on three guiding principles: capital, capacity and character.

- **Capital** – Capital speaks to the financial strength of the organization to determine their ability successfully cashflow a project through to completion.
- **Capacity** – This refers to the contractor's operational skillset, industry knowledge, and manpower. This helps determine if the contractor has the experience and workforce to complete their ongoing work on hand.
- **Character** - Who you are as a company, and key individuals within the firm (the reputation of the contractor). If a contractor

does not have a strong reputation for instance due to unsafe work practices, they may have a difficult time finding support for a surety facility.

The Saskatchewan Construction Safety Association (SCSA) is committed to protecting their member employees, contractors, and the public by providing an understanding of how to run safe jobsites and work environments. The Certificate of Recognition (COR®) certification has been one of the steps SCSA has taken to bring safety awareness to the forefront.

The COR® program is a staple to showing a commitment to safety and can play a vital role in demonstrating good character when it comes to an application for a surety bond. Project owners are now making COR® certification a mandatory "Pass/Fail" component of their bids. This will become a more common practice in the industry, similar to the requirement of providing bonds on every tender.

Of the three principals of surety, character is the most scrutinized trait of a contractor. The more committed a business leader is to ensuring a safe workplace by getting employees home safe each night to their families, the more easily that commitment will

translate into a contractor of good character.

While a company cannot usually obtain surety without good character, building up an extremely strong character component by demonstrating a commitment to safety can gain trust and comfort with your surety. This can ultimately lead to an increase in project support your surety is willing to provide over time. 🏠

The Saskatchewan Construction Safety Association (SCSA) is an industry-funded, membership-based, non-profit organization that provides cost-effective, accessible safety training and advice to employers and their employees in the construction industry throughout Saskatchewan to reduce the human and financial losses associated with injuries.
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SASKATCHEWAN CONSTRUCTION SAFETY ASSOCIATION

