

**The surety specialists who put your business first**

PHILLIPS SCHROEDER  
SURETY LTD



**Surety bonds made simple.**



**“We were so impressed with Rick, the whole process was quick and simple and we saved thousands of pounds. We’ll definitely be using PS Surety for all our future bond needs.”**





## PHILLIPS SCHROEDER SURETY LTD

After more than a decade in London, working in client facing roles for some of the biggest names in commercial surety, I was acutely aware of the frustrations and limitations of the industry on both customer and broker alike. Placing a bond can feel needlessly complicated, it's often time consuming and all too easy to pay over the odds. As an end user, you are looking for a brokerage to support your business and add value where possible. As a broker, we are looking to build long term, mutually beneficial partnerships. I saw a gap in the market, a space for a more boutique operation, and PS Surety grew to meet that need. The proposition is simple, we offer a bespoke service built around the requirements of the individual. Strong client relationships are at the heart of what we do, from demystifying a first bond through to strategic planning and long term cost saving. We will endeavour to work hard, on your behalf for years to come.



**Rick Phillips, MD**

# We are the surety specialists that put your business first.

**We believe placing bonds should be easy. So we work for you, to make bonds quick, simple and cost effective.**

**We guarantee you the best price available in the market every time.**

**We are a small but perfectly formed team, working effectively on behalf of our customers.**

## Broker - Henry Robbins

**+44 (0) 7944 883 053**



Henry joined PSS in January 2021, with a background in corporate banking. He spent 5 years at Barclays before taking on the role of Relationship Director for HSBC. Henry has proven himself to be a strong communicator across all levels of the business. A powerful advocate for his clients, he demonstrates an aptitude for customer service. Confidence negotiating with credit committees and an unparalleled enthusiasm for serving the C-Suite has shown Henry to be not only a powerful asset to the business, but a skilful broker in his own right.

**[henry.robbs@pssurety.co.uk](mailto:henry.robbs@pssurety.co.uk)**



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## Who we are

### Rick Phillips - MD

**+44 (0) 7903 365653**

Rick lives and breathes the surety market and is known for his meticulous attention to detail, strong instincts, and innate understanding of the landscape.

Rick joined Allianz on their management graduate scheme in 2008, progressing successfully on to become a Senior Underwriter at Euler

Hermes. He spent nine years there, managing over 200 large corporate clients. During his tenure, Rick identified a clear gap in the market for a truly client-centric brokerage, and in 2017 he created PSS. Now issuing bonds which cover over £2bn of contracts each year, the business has grown to meet the needs of our ever growing client base.



[rick.phillips@pssurety.co.uk](mailto:rick.phillips@pssurety.co.uk)



## **Bi-lateral Facility Management**

Under a bi-lateral facility management agreement, PSS would take ownership of the new facilities that we obtain on your behalf. You would either continue to manage your existing surety facilities in-house, or assign individual facilities to PSS as you see fit.

The benefits of this service are as detailed in full facility management, but principally only applicable to the new facilities that PSS obtains for you. That said, we are clearly more than happy to opine on any queries you have in respect of your existing facilities, we are simply unable to negotiate or speak with the existing sureties on your behalf without your express consent.



## How appointing PSS would work for you

We typically take two approaches to our brokerage; full facility management, which is where we believe we add most value, and bilateral management.

### Full Facility Management

Under a full facility management arrangement, you would assign PSS as the appointed broker for all existing facilities, as well as the new facilities we will seek to obtain on your behalf.

### We will assume responsibility for:

Comprehensive management of each individual facility and aggregate exposure for your

business, ensuring it always remains appropriate.

Reviewing bond wording, and negotiating on your behalf, using our sizeable database of precedent to drive down premiums and strengthen your market position whether standard or non-standard bond wording.

Conducting regular market exercises to ensure you are always getting the best value.

Managing capacity on your behalf, avoiding potential delays in issuing tenders or growth stifling capacity issues.

Liaising and negotiating with individual sureties on your behalf, with the provision of a full consultancy service at your disposal.

**This approach serves to materially reduce the administrative burden of bond management on your business, saving time when compared to the existing portfolio approach that businesses commonly take to manage their exposure with each Surety. With non-standard wording in bonds becoming more commonplace in the market, we have found our service adds real value in this area.**

# What is a bond?

A tripartite agreement under which a surety promises to pay damages to an employer in the event that a contractor breaches the terms of service



The surety specialists that make bonds work for you.





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## Types of Bond



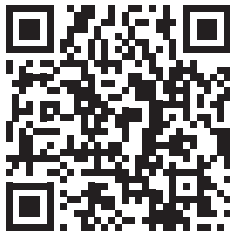
**Pension Bonds**  
**Retention Bonds**  
**Performance Bonds**  
**Section Agreements**  
**Off-Site Materials Bonds**  
**Advance Payment Bonds**  
**HMRC & Duty Deferment Guarantees**  
**Letter of Credit Replacement Guarantees**



### Advance Payment Bonds

**A bond issued to protect an advanced payment made in accordance with a contract. A more in depth explanation with working examples can be found in the blog post on our website:**

<https://www.pssurety.co.uk/post/advance-payment-bonds-explained-in-5-minutes> **or scan the QR code**



### Retention Bonds

**A bond which offers highly liquid security, issued in lieu of cash retention and accepted by you in support of your supply chain. Instead of deducting cash retentions on each monthly valuation, a main contractor or employer will pay this cash to their supplier:**

<https://www.pssurety.co.uk/post/retention-bonds-explained>

# Frequent wording issues

## Priority of claims

Usually Clause 4, this clause means that the Surety may not claim, rank or vote in any insolvency proceedings in rivalry with the Employer. The majority of markets feel that this invalidates their indemnity and leaves them as an unsecured creditor.

## Removal of Established and Ascertained

Surety providers love this language and will always try to reinstate this as it increases the elapsed time before a claim must be paid and adds conditionality to the wording.

## Making Good Defects ("MGD")

Employers will often push for a MGD expiry event. We should try to avoid MGD as this costs more, inhibits capacity and creates an administrative burden with releases.

## Any debts, losses, costs and interest

Additional items can be added to boost the damages payable under

the bond. This is bad for the Surety and your business.

## Primary Obligor

The liability under a bond should be co-extensive between your business and the Surety. On occasion, the Employer will list the Surety as Primary Obligor which is unacceptable.

## NEC Contracts

Conditional bonds can become on demand under the NEC Contract and as such we need to add a rider which prevents the Project Manager from establishing the losses payable under the bond.

## Recent Developments

A court recently ruled in the Yulanda vs Multiplex case that an adjudicator decision was enforceable on the Surety despite this not being in the bond wording. This will create issues in the future.



# Performance Bond Variants

## Conditionally Worded Bond

Losses under the bond are established and ascertained by the three parties.

Claims will not be paid until the works have been finished and the final loss agreed.

Slow claims process.

Standard facility terms apply with regard to premium payable.

The best contractual position for the Surety and your business.

## Adjudication Bond

The conditional process can be followed.

If the Surety is dragging their heels or an agreement can't be reached then the parties pre-agree to accept the decision of an adjudicator as evidence of the damages payable under the bond.

Payment due immediately following adjudication.

50% uplift to the standard facility terms.

Increased contractual strength given to the Employer.

## On Demand Bond

Payment is made on first call under the bond within 5 to 10 days.

Once the project is finished, the Surety can ask for actual damages to be established and ascertained.

Unused funds are repaid to the Surety.

A Surety will make a call under the Contractor Indemnity once a claim is threatened for cash cover.

100% uplift to the standard facility terms.

# Our Approach



## Our Commitments

- Quick response
- Rate optimisation
- Release management
- Capacity management
- Build long term, strategic
- Customer relationships



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**We approach our client relationships as an in-house bond expert would, acting as your dedicated resource, tasked with managing all of your bond related needs. Question about your bonds? Get in touch for a chat.**

## **How much does placing a bond cost?**

Bond pricing works on a risk-based assessment model.

Broadly speaking, you should expect to pay a premium of anywhere between 0.5-10% of the total bond amount to place a bond.

To determine how much to charge for a bond, surety companies evaluate the bonds' financial merits. The main factors in consideration are:

- **The type of bond being placed**
- **The proposed wording**
- **The financial strength of the applicant**

## **Q. How much does using Phillips Schroeder cost?**

**A. Nothing.**

**Our service is free of charge. At such time as a bond is placed, you will pay the same amount as you would if you were to go direct to the surety provider – using our service is a win-win situation for you. For the record, we are paid a direct commission by the surety providers for each bond that we place.**



**“Henry and the team at PS always provide a very professional, prompt and proactive service. There is always a sense that every possible option is explored in order to ensure that our business receives the most effective solution”**

Darren Sutherland,  
Financial Controller - Area Sq Limited





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## How we work

**We will seek to truly understand your business and cultivate a relationship that has trust and longevity at its very core. Our interest lays not in short term, transactional relationships but in developing strategic partnerships that truly add value to your business, enabling you to achieve both your strategic and financial goals.**

**Our communication style is client led. We can liaise through a single point of contact or be accessible to the wider business, including Board Members, Construction Directors, Commercial Directors, Quantity Surveyors and your accounts department. We have found that designating one member of Senior Management to sign off**

**on decisions enables our clients to have oversight of both the process and the outcome, avoiding any potential errors in communication.**

**Regular contact is of the utmost importance in maintaining a strong working relationship with our clients. We will be guided by you, but suggest quarterly financial and trading updates, making us best placed to negotiate on your behalf.**

**Our commitment is to present a full review of all bonding facilities at these meetings, inclusive of existing pricing, trends, facility utilisation, capacity, bond expiration schedules and aggregate gross premium paid to date.**



**Performance Bonds**  
**Retention Bonds**  
**Advance Payment Bonds**  
**Offsite Materials Bonds**  
**Pension Bonds**  
**Section Agreements**  
**Duty Deferment Guarantees**  
**Letter of Credit**  
**Replacement Guarantees**

[www.pssurety.co.uk](http://www.pssurety.co.uk)

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