

Insurance Surety Bond Format

Annexure-I(A)

Form 21b. FORM OF INSURANCE SURETY BOND FOR CONTRACT PERFORMANCE (TO BE SUBMITTED BY COLLABORATOR / PARENT/ PRINCIPAL COMPANY)

(To be stamped in accordance with Stamp Act of India)

Insurance Surety Bond No.:

Date:

NOA/Contract No.....

.....[Name of Contract].....

To: [Name and address of the Employer]

Dear Ladies and/or Gentlemen,

We refer to the Contract ("the Contract")

vide notification of award issued on (insert date of the notification of award)....by you to M/s (Name of Contractor),

(or)

signed on(insert date of the Contract)..... between you and M/s (Name of Contractor),

having its Principal place of business at(Address of Contractor)
and Registered Office at(Registered address of Contractor)
..... ("the Contractor") concerning (Indicate brief scope of work) for the complete execution of the (insert name of Package alongwith name of the Project).....

Whereas, the Contractor has agreed to supply the@..... #[manufactured by M/s. (Name of Manufacturer), having its Principal place of business at(Address of Manufacturer) and Registered Office at(Registered address of Manufacturer) (hereinafter referred to as the "Manufacturer") in collaboration with M/s. (Name of Collaborator/Parent/Principal Company), having its Principal place of business at(Address of Collaborator/ Parent/Principal Company) and Registered Office at(Registered address of Collaborator/ Parent/Principal Company) (hereinafter referred to as the "Collaborator/ Parent/Principal Company"), as a pre-requisite for qualification of the Bidder/Contractor and have submitted a deed of joint undertaking declaring that they are jointly and severally bound and responsible for the successful performance of the said equipment in accordance with the Contract Specifications and that the Collaborator/ Parent/Principal Company having agreed to furnish a

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Contract Performance Guarantee for the faithful performance/compliance of the Deed of Undertaking equivalent to (10%) three per cent of the Ex-works cost of@..... to be supplied by the Manufacturer/Contractor under the Contract, in addition to Contract Performance Guarantee equivalent to 10% (ten per cent) of the value of the Contract to be provided by the Contractor for the faithful performance of the entire Contract.

By this letter we, the undersigned, ...(insert name & address of the **Insurer**), a **Insurer** (or Company) organized under the laws of and having its Registered/Head Office at(insert address of registered office of the **Insurer**)..... do hereby irrevocably guarantee payment to you up to i.e., ten percent (10%) of the Ex-works cost of@..... to be supplied by the Manufacturer/Contractor under the Contract until ninety (90) days beyond the Defect Liability Period i.e., upto and inclusive of (dd/mm/yy).

We undertake to make payment under this **Insurance Surety Bond** upon receipt by us of your first written demand signed by your duly authorized officer declaring the Contractor/Manufacturer/Collaborator/ Parent/Principal Company to be in default under the Contract and without cavil or argument any sum or sums within the above named limits, without your need to prove or show grounds or reasons for your demand and without the right of the Contractor/Manufacturer/Collaborator/ Parent/Principal Company to dispute or question such demand.

Our liability under this **Insurance Surety Bond** shall be to pay to you whichever is the lesser of the sum so requested or the amount then guaranteed hereunder in respect of any demand duly made hereunder prior to expiry of the Letter of Guarantee, without being entitled to inquire whether or not this payment is lawfully demanded.

This **Insurance Surety Bond** shall remain in full force and shall be valid from the date of issue until ninety (90) days beyond the Defect Liability Period of the said equipment i.e. upto and inclusive of (dd/mm/yy) and shall be extended from time to time for such period (not exceeding one year), as may be desired by M/s. on whose behalf this Letter of Guarantee has been given.

Except for the documents herein specified, no other documents or other action shall be required, notwithstanding any applicable law or regulation.

Our liability under this **Insurance Surety Bond** shall become null and void immediately upon its expiry, whether it is returned or not, and no claim may be made hereunder after such expiry or after the aggregate of the sums paid by us to you shall equal the sums guaranteed hereunder, whichever is the earlier.

All notices to be given under shall be given by registered (airmail) posts to the addressee at the address herein set out or as otherwise advised by and between the parties hereto.

We hereby agree that any part of the Contract may be amended, renewed, extended, modified, compromised, released or discharged by mutual agreement between you and the Collaborator/ Parent/Principal Company, and this security may be exchanged or surrendered without in any way impairing or affecting our liabilities hereunder without notices to us and

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without the necessity for any additional endorsement, consent or guarantee by us, provided, however, that the sum guaranteed shall not be increased or decreased.

No action, event or condition which by any applicable law should operate to discharge us from liability hereunder shall have any effect and we hereby waive any right we may have to apply such law so that in all respects our liability hereunder shall be irrevocable and, except as stated herein, unconditional in all respects.

Notwithstanding anything contained herein:

1. Our liability under this **Insurance Surety Bond** shall not exceed _____ (value in figures) [: _____ (value in words) _____].
2. This **Insurance Surety Bond** shall be valid upto _____ (validity date) _____.
3. We are liable to pay the guaranteed amount or any part thereof under this **Insurance Surety Bond** only & only if we receive a written claim or demand on or before _____ (validity date) _____."

For and on behalf of the **Insurer**

[Signature of the authorised signatory(ies)]

Signature _____

Name _____

Designation _____

Contact Number(s): Tel. _____ Mobile _____

Fax Number _____

email _____

Common Seal of the Insurer _____

Witness:

Signature _____

Name _____

Address _____

Contact Number(s): Tel. _____ Mobile _____

email _____



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Note:

1. The Insurance Surety Bond should be on Non-Judicial stamp paper/e-stamp paper of appropriate value as per Stamp Act prevailing in the state(s) where the Insurance Surety Bond is submitted or is to be acted upon or the rate prevailing in State where the Insurance Surety Bond is executed, whichever is higher. The Stamp Paper/e-stamp paper shall be purchased in the name of Bidder/Insurer issuing the Insurance Surety Bond.
2. The Insurance Surety Bond shall be signed on all the pages by the Insurer Authorities and should invariably be witnessed.
3. The Insurance Surety Bond shall be from an Insurer as per guidelines issued by Insurance Regulatory and Development Authority of India (IRDAI) as amended from time to time.
4. The Employer shall be the Creditor, the Bidder shall be the Principal debtor and the Insurance company/Insurer shall be the Surety in respect of the Insurance Surety Bond to be issued by the Insurer.
5. While getting the Insurance Surety Bond issued, Contractors/ Suppliers are required to ensure compliance to the points mentioned in Form of Insurance Surety Bond.

