

For Immediate Release

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SFAA’s Support of FAR Case 2017-003 Amendment Garners Results *New Rule Strengthens Protections of Federal Taxpayer Revenues*

January 20, 2021 (WASHINGTON, DC) – [The Surety & Fidelity Association of America \(SFAA\)](#) commends adoption of the final rule in [Case 2017-003](#) by the Federal Acquisition Regulation (FAR) Council, significantly strengthening the protections of federal taxpayer revenues and streamlining the procurement process for federal contracting officers. SFAA has long supported this amendment, sharing its views through letters to the FAR Council and other outreach initiatives.

Under the new requirements, individual sureties will be required to guarantee their obligations under federal construction bonds with stable, U.S.-backed securities and will no longer be allowed to pledge speculative assets such as real estate or stocks to guarantee their obligations. The new rule will eliminate the need for federal contracting officers to verify the existence and sufficiency of the assets individual sureties pledge to fulfill the individual surety’s obligations should the contractor default on its obligations.

“This new rule provides important assurances for federal contracting officers as well as subcontractors, suppliers and taxpayers who receive protection from federal bonds,” said Lee Covington, president and CEO of SFAA. “These changes ensure individual bonds will be backed by stable and secure assets, therefore strengthening the integrity of the federal bonding process.”

Other industry associations supported the amendment, including the [National Association of Surety Bond Producers](#), the [Associated General Contractors of America \(AGC\)](#) and the [American Subcontractors Association \(ASA\)](#). The new rule will go into effect on Feb. 16, 2021.

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The Surety & Fidelity Association of America (SFAA) is a trade association of more than 425 insurance companies that write 98 percent of surety and fidelity bonds in the U.S. SFAA is licensed as a rating or advisory organization in all states and it has been designated by state insurance departments as a statistical agent for the reporting of fidelity and surety experience. www.surety.org