1. Please advise us on the types of surety bonds and perhaps commercial liability insurance that Centennial is involved in now?

   In 2016, I sold my agency to AssuredPartners, one of the largest growing insurance brokerages in the country. Prior to that sale, I would always tell my clients that the only insurance product I would ever try to offer them was a bond. Since the sale, that remains true.

   That being said, for the last three years I have developed relationships with our other AssuredPartners agencies and have come to learn that we have acquired some of the most ***progressive*** agencies, both regionally and nationally, and I am confident we can provide the same type of positive impact with insurance and employee benefits as we do with bonds.

   I recently have had the pleasure of referring several of my clients for insurance and benefits and we've been blown away by the results, service, and savings.

2. How has any abrupt stoppage of work or projects due to COVID-19 affected the surety bond coverage business?

   Surprisingly and fortunately, business for my agency has been seemingly unaffected during this pandemic. If anything, we have seen a considerable amount of opportunities with new clients as a result of their existing agent failing to service a bond need during this time. An agent is only as good as the markets to which they have access. At AssuredPartners, we locally have access to 50 markets and nationally have appointments with virtually every viable carrier.

3. If a trade contractor posted a payment and performance bond for a project that was shuttered due to COVID-19 now receives notification that the project will start up again, and that trade contractor is now immobilized for an unforeseen reason due to the pandemic, can their bond be called to salvage the job? If so, is there any recourse for the trade contractor?

   We advise all our clients to carefully review the *Force Majeure* (any unforeseeable circumstances that prevent someone from fulfilling a contract) provisions in their contracts in light of the COVID-19 pandemic.

   Until recently, reviewing *Force Majeure* language in agreements was more of an afterthought. It is now apparent that many contracts do not address this issue at all, while others that do contain very broad language.

   For example, Turner Construction's subcontractor agreement requires that the subcontractor give written notice of any delay caused by a *Force Majeure* event within 48 hours of the impact of the event and explain why the event was unavoidable. Therefore, any supply chain problems that will cause a delay in the arrival of materials, any required crew size reductions, limitation of work hours, or workspace restrictions that may impact the schedule would likely require some sort of notice under a *Force Majeure* provision.

   We have also seen new contracts with language that shifts the risks of COVID-19 related slowdowns/cost overruns to the contractor, for example.

"Owner and Contractor recognize the existing and potential extraordinary measures being taken by governments, companies, and individuals due to COVID-19 and the potential impacts from the same on this Project. Owner shall not be liable to Contractor for extended overhead or any other delay damages, and the GMP shall not be increased, due to shortage of labor, materials or other causes of COVID-19."

Such transfer of additional risk to the contractor could be devastating, especially given the unknowns relative to what may happen with the COVID-19 pandemic going forward.

4. Do you expect the industry to experience a greater number of claims due to COVID-19 this year? If so, how will that affect pricing in the future?

   Beside the obvious hardships that projects being delayed indefinitely has caused, I believe the biggest issues are on those projects where social distancing requirements have affected how a contractor operates on site. For example, we have seen where many contractors are unable to send full crews to the site, slowing their progress significantly. GCs and owners are offering time extensions, but do not seem to be allowing for any changes to contract price to cover the additional labor burden.

5. What should a trade contractor do to prepare for an eventual default due to COVID-19, if they are unable to return on the new schedule?

   This is a difficult question to give a general answer to. The default could be the GCs, another subcontractor that is negatively impacting to your contract, slow pay from the GC or owner, funding issues, along with a multitude of other causes. My best advice is to contact your bond agent and attorney as soon as possible. As with anything bond related, proactivity is of the upmost importance.

6. What is your vision on your industry in the new normal post COVID-19?

   I am not sure there will be a new normal specifically related to construction, but I am certain that at some point we will experience a slowdown in construction based primarily on two factors:

   - Potential over development/available space: With all the recently completed development combined with the COVID-19 related business closure/bankruptcies, I see the potential for there to be a significant amount of recently completed square footage available, slowing the pace of new construction.
   - Changes in consumer behavior: Living with the pandemic has caused people to change the way they live, acquire items, etc. The impact of such is unknown but certainly a factor. I can imagine a major shift to renovations where a lot of spaces may be repurposed/reimagined in order to create for more social distancing measures and or to create more multi-use workspaces as companies are learning they don't need as many full-time employees sitting in offices.

7. What impact do you believe the Paycheck Protection Program will have on contractors who received funds from this effort by Congress?

   In summation, I truly believe for many contractors that this is going to result in a multifaceted net-positive effect. Most importantly it's allowing contractors to keep their labor force employed but perhaps as an unintentional benefit, it may have allowed contractors to shift crews from COVID-19 impacted projects to non-effected projects, allowing for production schedules to course correct down the road with projects that are delayed now. The underlying premise is that the cost for this labor is effectively paid for by the loan, which will convert into a grant.