



SURETY

Arch Insurance Group | www.archinsurance.com

Arch's Surety team is highly committed to the Surety and Construction market.

Our financial strength is just the beginning. With an approach rooted in underwriting discipline, the Surety team is comprised of experienced and skilled professionals who are:

- Solution-driven
- Responsive
- Expert in Construction services
- Employ a long-term partnership focus with clients

The Surety team provides its expertise through two specialized divisions: Regional Operations and the Contractors & Developers Group (provides contract bonds/payment and performance bonds) for mid-sized to large contractors, homebuilders, and specialty contract bonds for homebuilders and developers. A market leader in surety bonds for homebuilders and developers, Arch is Treasury-listed and licensed to write bonds in all 50 states, Puerto Rico and the U.S. Virgin Islands.

Regional Operations

Underwriting Strategy and Philosophy

This division concentrates on professional account-driven contract surety and targets contractors with work programs generally between \$10-200 million.

Target Clients - key characteristics (examples)

1. Demonstrated experience with similar job, program size, type of construction, etc.
2. Successful track record of operating profitability
3. Effective management systems and controls in place
4. Strong balance sheet; profit and loss statements
5. Good reputation, creditworthiness that is verifiable

Distribution

Arch Surety works with a limited number of brokers and agents specializing in Surety. The minimum annual premium target for an Arch Surety producer is \$250,000--- measured over a two-year period.

Arch Contractors and Developers Group (ACDG)

ACDG is a specialty surety operation within the Arch Surety Operation offering bonds primarily to contractors and developers in the residential subdivision marketplace. The operation diversifies the overall Arch Surety portfolio from both a product and size of account standpoint.

The business is managed in two distinct segments:

Subdivision

Small Contract

The Subdivision book of business is well diversified with customers targeted as follows:

- National developers (\$100 million program and up)
- Large regional developers (\$ 15-100 million)
- Local developers in Southern California (\$15 million and under program)

Small contracts are accounts with work programs of \$20 million or less.

Underwriting Strategy and Philosophy

- Preferred construction contractors:
- General and prime (well-capitalized specialty trades will also be considered)
- Geographic concentration will primarily be southern California, Arizona, Nevada
- Account size varies

With exception of national and publicly-traded homebuilders, Arch's subdivision activities are concentrated in California and the Washington D.C metro areas.

Target clients

- Professional builders with significant residential building experience and expertise in their targeted markets and class
- Overall profitability and sustained growth trends
- Companies that do not show leveraged financial positions
- Ability to sustain and obtain sufficient project financing.

Distribution

- Diverse agency plant for its ACDG's contract portfolio
- Subdivision producers-with requisite expertise in this niche market with annual premium target of \$100,000 measured over several years

CLAIMS

Arch Surety's underwriting is supported by expert Claims and Loss Control teams that are highly experienced in their disciplines-construction/engineering, legal, construction finance. For more information email: claims@archinsurance.com.

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