

# CANADIAN SURETY BONDS

Do your clients occasionally need a Canadian surety bond? Are you unsure where to obtain surety bonds in Canada? We can help! The Guarantee USA can quickly and easily issue Canadian surety bonds for your clients – simply contact your local underwriter.

This guide provides a brief overview of the various surety bonds commonly used in Canada, organized by industry. Next time you are meeting with a client, why not ask if they need surety bonds in Canada - it might create a new business opportunity for you.

To learn more about each type of bond, refer to the bond glossary included at the end of this document.

## Transportation Industry

- Carrier Bonds for various modes of Transportation – highway, air, rail
- Freight Forwarder Bond
- Customs Bonded Warehouse Bond
- Custom Sufferance Warehouse Bond

## Marine Industry

- Freight Forwarder Bond
- Carrier Bond
- Importer Bond (Release of Goods Bond)

## Entertainment Industry

- Carnet Bond
- Temporary Importation Bond
- Lottery License Bond

## Manufacturing Industry

- Importer Bond (Release of Goods Bond)
- Customs Bonded Warehouse Bond
- Customs Sufferance Warehouse Bond
- Transportation Bond (freight, highway, marine & air)
- Excise Bond
- Non-Resident Goods & Services Tax Bond

## Real Estate Industry

- Real Estate Agent / Broker Bond
- Home Inspection Bond

## Retail Industry

- Importer Bond (Release of Goods Bond)
- Customs Bonded Warehouse Bond

## Wholesale Industry

- Customs Bonded Warehouse Bond
- Customs Sufferance Warehouse Bond
- Importer Bond (Release of Goods Bond)
- Excise Tax Bond

## Import/Export Industry

- Custom Broker License Bond
- Importer Bond (Release of Goods Bond)
- Carrier Bond (freight, highway & air)
- Customs Bonded Warehouse Bond
- Customs Sufferance Warehouse Bond
- Freight Forwarder Bond

## Financial Institution Industry

- Lost Document Bond
- Waiver of Probate Bond
- STAMP Surety Bond

## Lawyers / Solicitors / Attorneys

- Administration / Estate Bond
- Foreign Executor Bond
- Guardian / Committee Bond
- Waiver of Probate Bond
- Lost Document Bond
- Missing Heir / Beneficiaries Bond
- Trustee in Bankruptcy Bond

## Non-Residents

- Non-Resident Goods & Services Tax Bond
- Importer Bond (Release of Goods Bond)
- Various License and Permit Bonds
- Power Bond

**Construction Industry**

- Bid Bond
- Surety’s Consent
- Performance Bond
- Labour & Material Payment Bond
- Maintenance Bond
- Supply Bond
- Lien Bond (for existing clients)
- Contractor License Bond
- Sewer Tapper Bond
- Road Cut Bond
- Prepaid Contractor License Bond
- Electrical Contractor’s License Bond
- Electrical / Gas Safety Act Bond
- Gas Contractor’s License Bond
- Roofer’s License Bond

**Various Other Business Types /Bonds**

- Auctioneer License Bond
- Automobile Dealer Bond
- Auto Recycler Bond
- Bailiff Bond
- Cemetery & Funeral Act Bond
- Collection Agency Bond
- Consumer Protection Bond
- Direct Seller Bond
- Driver Training School Bond
- Grain Dealer Bond
- Insurance Adjusters Bond
- License Plate Dealer Bond
- Natural Gas Marketer Bond
- Private Investigator / Security Guard Bond
- Travel Agent Bond

There is a wide variety of Canadian Commercial Surety bonds - the ones listed in this document are just a sample of the types of bonds we underwrite at The Guarantee.

**Why Choose The Guarantee?**

For over 145 years, The Guarantee Company of North America has been a recognized leader in writing surety bonds. When your clients need surety bonds in Canada or the United States, count on The Guarantee to provide:

- Quick turn-around time
- Your usual commission
- Underwriting expertise
- Competitive rates

**FOR MORE INFORMATION PLEASE CONTACT ONE OF OUR OFFICES OR VISIT OUR WEBSITE**

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<b>Baltimore, MD</b> Tel: 410-891-5640	<b>Kansas City, MO</b> Tel: 816-977-2951	<b>Los Angeles, CA</b> Tel: 818-936-2844	<b>Minneapolis, MN</b> Tel: 763-496-1033
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# GLOSSARY – CANADIAN SURETY BONDS

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## ADMINISTRATION BOND

The bond guarantees the estate trustee will pay the creditors of the estate and disburse the balance of the estate to the rightful beneficiaries in accordance with provincial law.

## AUTOMOBILE DEALER BOND

The bond allows the principal to qualify for a license to operate an auto dealership. It also provides financial protection for the consumer.

## AUTOMOBILE RECYCLER BOND

The bond is required to obtain an auto recycling license. It guarantees compliance with the statutory license requirements and provides financial protection for consumers.

## BAILIFF BOND

The bond is required for licensing purposes and guarantees compliance with the statute governing bailiffs.

## BID BOND

A bid bond is used when a contractor (principal) is bidding on a tendered contract. It prequalifies the principal and provides assurance to the owner or general contractor that the principal will enter into a contract if its tender is accepted. The bond guarantees that the obligee will be paid the difference between the principal's tender price and the next lowest tender price in the event that the Principal is awarded the contract but fails to enter into the contract with the obligee or provide the required performance bond or payment bond.

## CARNET BOND

The carnet, which is issued by the Canadian Chamber of Commerce, acts as a passport for goods when temporarily taken to a foreign country. Under the carnet, the Canadian Chamber of Commerce guarantees that if the goods are sold while in the foreign country the duties and taxes will be paid to the foreign country. Each company that temporarily takes goods into a foreign country is required to provide a bond indemnifying the Canadian Chamber of Commerce in the event it is required to make payment under the carnet.

## COLLECTION AGENCY BOND

The bond is required for licensing purposes; it guarantees compliance with statute and provides financial protection for consumers.

## CONTRACTOR'S LICENSE BOND

The bond is required of non-resident and some domestic contractors for licensing purposes; it guarantees compliance with the statute and provides financial protection for consumers.

## CUSTOMS BONDED CARRIER

The bond guarantees that taxes and duties will be paid on the goods while being transported by the carrier. This bond applies to highway, air, marine and rail carriers.

## CUSTOMS BONDED WAREHOUSE

The bond allows the operator of the warehouse to defer the payment of duties and taxes while the goods are stored in the warehouse. The bond is a licensing requirement.

## CUSTOMS BROKER LICENSE

The bond is a licensing requirement for Custom Brokers who process goods into Canada on behalf of importers and other third parties. The bond guarantees compliance with the statutory license.

## CUSTOMS FREIGHT FORWARDER BOND

Freight forwarders are required to provide this bond to guarantee payment of duties and taxes on goods that they have arranged to be transported into Canada.

## CUSTOMS RELEASE OF GOODS BOND

The bond is required by Custom Brokers and Importers. The bond enables goods to enter into Canada and the duties and taxes to be deferred for up to one month.

## CUSTOMS SUFFERANCE WAREHOUSE BOND

The bond allows the operator of the warehouse to defer the payment of duties and taxes while goods are stored. The goods must leave the warehouse within one month from arrival. The bond is required for licensing purpose.

## CUSTOMS TEMPORARY IMPORTATION BOND

The bond is required for goods entering the country on a temporary basis that are not intended to be sold. If the goods are sold duties and taxes become payable, and this bond guarantees the payment of those duties and taxes.

**DIRECT SELLERS BOND**

The bond is a licensing requirement. It guarantees compliance with the relevant statute and provides financial protection for consumers.

**ELECTRICITY / NATURAL GAS MARKETER BOND**

The bond is required for licensing purposes; it guarantees compliance with the legislation including financial protection for consumers.

**ELECTRICAL CONTRACTOR'S LICENSE BOND**

The bond is required for licensing purposes; it guarantees compliance with the legislation including financial protection for consumers.

**ELECTRICAL SAFETY ACT BOND**

The bond is required for licensing purposes. It guarantees compliance with the relevant statute and provides protection for consumers.

**EXCISE BOND (GENERAL)**

The bond is a licensing requirement for brewers. It guarantees payment of duties and taxes.

**EXCISE ACT (2001) BOND**

The bond is a licensing requirement for manufacturing and packaging of spirits and tobacco. The bond guarantees the payment of special excise duties related to these products.

**EXCISE STAMP (TOBACCO) BOND**

The bond is required of those licensees who import tobacco products into the duty-paid market. The bond guarantees compliance with the relevant statute.

**FOREIGN EXECUTOR BOND**

The court will request this bond if the named executor / trustee of the deceased's estate resides outside of the country. The bond guarantees that the executor/trustee will settle the estate in accordance with the will and the provincial law.

**FUEL TAX BOND**

The bond guarantees payment of the applicable taxes to the Province.

**GAS CONTRACTOR'S LICENSE BOND**

The bond is required for licensing purposes; it guarantees compliance with the legislation and provides financial protection for the consumer.

**GAS SAFETY ACT BOND**

The bond is required for licensing purposes. It guarantees compliance with the relevant statute and provides financial protection for consumers.

**GRAIN DEALER BOND**

The bond guarantees compliance with the Canadian Grain Act. The bond guarantees that the grain dealer will pay amounts due to holders of cash purchase tickets, grain elevator receipts and grain receipts related to the sale of grain.

**GUARDIAN / COMMITTEE BOND**

The bond is required by the court or by the Public Guardian and Trustee's office. The bond guarantees that the appointed guardian will comply with the requirements of law when managing the financial affairs of a person who is legally not competent to manage their own finances.

**HOME INSPECTION BOND**

The bond is required for licensing purposes. It guarantees compliance with the relevant statute and provides financial protection for consumers.

**LABOUR AND MATERIAL PAYMENT BOND**

The labour and material payment bond is issued in conjunction with the performance bond. The bond provides security to sub-contractors and suppliers of the prime contractor that they will be paid according to terms of their contract.

**LIEN BOND**

The bond provides security to a court with respect to lien(s) that have been registered against a property. The lien bond guarantees payment to the lienholders of the amount determined by the court.

**LOST DOCUMENT BOND**

If a stock certificate or other financial document is lost, a replacement will be issued by the financial institution only if a bond is provided. The bond indemnifies the financial institution in the event the original (lost) certificate is transferred or redeemed.

**LOTTERY LICENSE BOND**

The bond is a licensing requirement; it ensures the prizes of the lottery will be delivered to the lottery winners within a certain time frame.

**MAINTENANCE BOND**

The bond provides security to the project owner that the contractor will maintain and repair the project according to the terms of the contract for a specific period of time after its completion.

**NON-RESIDENT GST/HST BOND**

The bond is required when non-residents do business in Canada without having a permanent business establishment in Canada. The bond guarantees that the non-resident business will pay GST/HST tax to the federal government.

**PERFORMANCE BOND**

The bond provides security to the obligee that the contract will be performed according to its terms. If the principal fails to perform the contract, then the surety will either complete the contract, pay for the cost of completion in excess of the remaining contract funds or pay amount of the obligee's loss, up to the bond penalty.

**PREPAID CONTRACTOR'S BOND**

The bond is required for licensing purposes. It guarantees compliance with the relevant statute and provides financial protection for consumers.

**PREPAID FUNERAL BOND**

The bond is required for licensing purpose. It guarantees compliance with the relevant statute and provides assurance that persons who prepay for a funeral can recover their prepayment if the funeral home fails to provide the funeral services.

**PRIVATE INVESTIGATORS / SECURITY GUARD BOND**

The bond is required for licensing purposes. The bond guarantees compliance with the relevant statute and provides financial protection for consumers.

**REAL ESTATE LICENSE BOND**

The bond is required for licensing purposes. The bond guarantees compliance with the relevant statute and provides financial protection for consumers.

**ROAD CUT BOND**

The bond is required by the Municipality and conforms to a Municipal by-law. It guarantees that the contractor will restore the road to the original condition.

**SEWER TAPPER BOND**

The bond is required by the municipality and conforms to a Municipal By-law. It guarantees that the contractor will restore the road to the original condition.

**STAMP BOND**

The bond acts as a security to a signature guarantee company who attests to the authenticity of the signature on a financial instrument such as a stock security prior to its sale or transfer.

**SUPPLY BOND**

The bond provides security to the project owner that certain materials will be delivered by the supplier according to the terms of the contract.

**SURETY'S CONSENT**

A surety's consent provides assurance to the owner or general contractor that if the principal is awarded the contract, then the surety company will issue the required final bonds on behalf of its customer in support of the principal.

**TRUSTEES IN BANKRUPTCY BOND**

The bond is required by the court-appointed Trustee in Bankruptcy. The bond guarantees that the Trustee will comply with the requirements of the Bankruptcy and Insolvency Act.

**WAIVER OF PROBATE BOND**

The bond is required when the registered owner of a stock certificate is deceased. The bond is required by the financial institution that issued the stock certificate before it will issue a certificate in the name of the executor or beneficiary of the estate.