

**January 17, 2020**

**TO:** All Bidders under Invitation to Bid No. 19-101165

**FROM:** Department of Purchasing and Contracting, DeKalb County, Georgia

**ADDENDUM NO. 4**

Invitation to Bid (ITB) No. 19-101165 for Fire Hydrant Replacement, Repair Parts, and Services is hereby amended as follows:

1. The Bid Opening date has been extended to January 27, 2020 at 3:00 PM E.T.
2. We have received questions/comments pertaining to this ITB. The questions and their resulting answers appear below:
  - A. Question: Will Dekalb County require (1) P&P Bond for this contract amount, or will Dekalb County require a P&P Bond for each PO#?

*Answer: Dekalb County will require a Payment Bond and a Performance Bond, and each shall be for the contracted amount.*

- B. Question: After looking over the ITB, I noticed that Bonding is required. It has not been required for this last Hydrant Contract that we are presently working in with Dekalb. Due to the nature of this being a service contract with all of the major parts and materials being supplied by Dekalb County, I respectfully request the reconsideration of this Bonding being mandated. I have been in this industry servicing and repairing hydrants in the Atlanta area for 28 years and under contract with all the major metro municipalities, and this is the first contract of this nature that Bonding has been required. The cost of bonding is expensive and the cost will be passed down through the bidding process into the bid and back to the resident taxpayers of Dekalb County.

*Answer: All three bonds (Bid, Payment, and Performance) shall remain requirements of this ITB.*

- C. Question: If Bonding remains required, would the County consider an Irrevocable Letter of Credit in lieu of Bonding as a security throughout the Contract?

*Answer: Yes, the County will consider an Irrevocable Letter of Credit in lieu of Bonding as a security throughout the Contract.*

- D. Question: I am writing to you, in my capacity as Chairman of the Legislative Advisory Committee of the Surety Association of Georgia (SAOG), as well as underwriter on the surety program of a contractor, who intends to submit a bid to DeKalb County, for the captioned project. The SAOG represents the interests of our member companies, comprised of dozens of the most active writers of surety, in the State of Georgia, who provide bonding to contractors and other businesses and individuals, who are required to file surety bonds to various public and private entities, including Dekalb County.

To summarize the issue at hand, the ITB for the captioned project establishes a minimum A.M. Best rating requirement of “A” (Excellent) with a Financial Size Category of XII or better, for surety companies that provide bonding to bidders. This unusually high rating requirement precludes 4 of the top 20 (or 20%) surety writers (see attached), and many more surety companies that fall outside of the top 20, from serving as surety on this project, creating an inconvenience and hardship for many contractors, who are forced to abandon their established surety relationships and seek alternative means to satisfy the County’s security requirement.

It is important to note that all licensed writers of surety undergo a rigorous qualification process, by the Georgia Department of Insurance, and must satisfy minimum capital and surplus requirements. In addition, A.M. Best Company performs an independent analysis of each surety/insurance company and assigns a rating, which represents its assessment of the company’s financial strength. According to A.M. Best’s Strength Rating Guide (attached), a company that achieves a minimum rating designation of “A–“ is deemed to have “an excellent ability to meet their ongoing insurance obligations.” On top of this, the Financial Size Category requirement of XII or better excludes any surety/insurance company with less than \$1 billion in statutory surplus (see attached Financial Size Category Guide). It is important to maintain perspective that this bond is tied to a contract that is valued in the low seven-figure range.

Therefore, on behalf of the SAOG, and as the surety underwriter for a prospective bidder, I am appealing to Dekalb County to reduce it’s A.M. Best rating requirement for this project from “A” XII, to a more reasonable level, in order to enhance bid competition. My recommendation is that the County accept bonds from sureties that achieve at least an “A–“ (Excellent) Strength Rating, with a minimum Financial Size Category of VII (at least \$50 million of statutory surplus). This will prevent many contractors from having to jump through hoops, to meet an arbitrarily high surety rating requirement, while ensuring DeKalb County that it is obtaining a bond from a surety that is financially sound.

*Answer: The bonding/insurance requirements for this ITB are in line with County standard requirements; however, any coverage deviating from the solicitation requirements will be submitted to our Risk Management Office for review and determination of whether or not the coverage will be accepted by the County. Ultimately, each bidder’s insurance submissions are considered on an individual*

*basis. For example, Coca Cola declining to provide proof of insurance because they are self-funded would not be declined.*

3. It is the responsibility of each bidder to ensure that he is aware of all addenda issued under this ITB. Please sign and return this addendum. You may call Randy Webb, Senior Procurement Agent, at 404-371-2019 before the bids are due to confirm the number of addenda issued.
4. All other conditions remain in full force and effect.

\_\_\_\_\_  
Randy Webb  
Senior Procurement Agent  
Department of Purchasing and  
Contracting

**ACKNOWLEDGMENT**

Date: \_\_\_\_\_

The above Addendum is hereby acknowledged:

\_\_\_\_\_  
(NAME OF BIDDER)  
\_\_\_\_\_  
(Signature) (Title)

CH:rw

# The Surety & Fidelity Association of America

## Top 100 Writers of Surety Bonds

United States & Territories, Canada & Aggregate Other Alien  
Calendar Year 2018

GROUP/COMPANY	Direct Premium Written	Market Share	Rating Classification	Asset Size
1 TRAVELERS BOND	887,708,678	13.6%	A++	XV
2 LIBERTY MUTUAL GROUP	815,640,878	12.5%	A++	XV
3 ZURICH INSURANCE GROUP	585,695,193	9.0%	A+	XV
4 CNA SURETY GROUP	478,273,109	7.3%	A	XIV
5 CHUBB LTD	397,737,837	6.1%	A++	XV
6 HARTFORD FIRE & CAS GROUP	201,281,923	3.1%	A+	XV
7 HCC SURETY GROUP	161,066,981	2.5%	A++	XV
8 IFIC SURETY GROUP	154,076,627	2.4%	A-	VIII
9 SOMPO GROUP	143,158,460	2.2%	A+	XV
10 NAS SURETY GROUP	138,494,851	2.1%	A+	XV
11 ARGONAUT GROUP	129,767,111	2.0%	A	XIV
12 PHILADELPHIA CONSOLIDATED HOLDING GROUP	124,616,622	1.9%	A++	XV
13 RLI INSURANCE GROUP	122,695,780	1.9%	A+	XI
14 GREAT AMERICAN INSURANCE COMPANIES	119,268,338	1.8%	A+	XV
15 MERCHANTS BONDING CO GROUP	114,228,137	1.7%	A	VIII
16 WR BERKLEY CORP GROUP	95,249,161	1.5%	A+	XV
17 MARKEL SURETY	90,187,327	1.4%	A	XV
18 ARCH INSURANCE GROUP	89,246,119	1.4%	A+	XV
19 ONEBEACON INSURANCE GROUP	87,644,840	1.3%	A+	XV
20 GRTE CO OF NORTH AMERICA USA	83,614,824	1.3%	A	IX
ALL OTHERS (TOP 26-100) COMBINED	1,514,960,863	23.2%	VARIOUS	VARIOUS
<b>GRAND TOTAL (TOP 100 WRITERS)</b>	<b>6,534,613,659</b>	<b>100.0%</b>		

\*\*\* SHADING INDICATES COMPANY DOES NOT MEET DEKALB COUNTY'S A (XII) MINIMUM RATING REQUIREMENT

## BEST'S FINANCIAL STRENGTH RATING GUIDE – (FSR)

A Best's Financial Strength Rating (FSR) is an independent opinion of an insurer's financial strength and ability to meet its ongoing insurance policy and contract obligations. An FSR is not assigned to specific insurance policies or contracts and does not address any other risk, including, but not limited to, an insurer's claims-payment policies or procedures; the ability of the insurer to dispute or deny claims payment on grounds of misrepresentation or fraud; or any specific liability contractually borne by the policy or contract holder. An FSR is not a recommendation to purchase, hold or terminate any insurance policy, contract or any other financial obligation issued by an insurer, nor does it address the suitability of any particular policy or contract for a specific purpose or purchaser. In addition, an FSR may be displayed with a rating identifier, modifier or affiliation code that denotes a unique aspect of the opinion.

### Best's Financial Strength Rating (FSR) Scale

Rating Categories	Rating Symbols	Rating Notches*	Category Definitions
Superior	A+	A++	Assigned to insurance companies that have, in our opinion, a superior ability to meet their ongoing insurance obligations.
Excellent	A	A-	Assigned to insurance companies that have, in our opinion, an excellent ability to meet their ongoing insurance obligations.
Good	B+	B++	Assigned to insurance companies that have, in our opinion, a good ability to meet their ongoing insurance obligations.
Fair	B	B-	Assigned to insurance companies that have, in our opinion, a fair ability to meet their ongoing insurance obligations. Financial strength is vulnerable to adverse changes in underwriting and economic conditions.
Marginal	C+	C++	Assigned to insurance companies that have, in our opinion, a marginal ability to meet their ongoing insurance obligations. Financial strength is vulnerable to adverse changes in underwriting and economic conditions.
Weak	C	C-	Assigned to insurance companies that have, in our opinion, a weak ability to meet their ongoing insurance obligations. Financial strength is very vulnerable to adverse changes in underwriting and economic conditions.
Poor	D	-	Assigned to insurance companies that have, in our opinion, a poor ability to meet their ongoing insurance obligations. Financial strength is extremely vulnerable to adverse changes in underwriting and economic conditions.

\* Each Best's Financial Strength Rating Category from "A+" to "C" includes a Rating Notch to reflect a gradation of financial strength within the category. A Rating Notch is expressed with either a second plus "+" or a minus "-".

### Financial Strength Non-Rating Designations

Designation Symbols	Designation Definitions
E	Status assigned to insurance companies that are publicly placed under a significant form of regulatory supervision, control or restraint - including cease and desist orders, conservatorship or rehabilitation, but not liquidation - that prevents conduct of normal ongoing insurance operations; an impaired insurer.
F	Status assigned to insurance companies that are publicly placed in liquidation by a court of law or by a forced liquidation; an impaired insurer.
S	Status assigned to rated insurance companies to suspend the outstanding FSR when sudden and significant events impact operations and rating implications cannot be evaluated due to a lack of timely or adequate information; or in cases where continued maintenance of the previously published rating opinion is in violation of evolving regulatory requirements.
NR	Status assigned to insurance companies that are not rated; may include previously rated insurance companies or insurance companies that have never been rated by A.M. Best.

### Rating Disclosure – Use and Limitations

A Best's Credit Rating (BCR) is a forward-looking independent and objective opinion regarding an insurer's, issuer's or financial obligation's relative creditworthiness. The opinion represents a comprehensive analysis consisting of a quantitative and qualitative evaluation of balance sheet strength, operating performance, business profile and enterprise risk management or, where appropriate, the specific nature and details of a security. Because a BCR is a forward-looking opinion as of the date it is released, it cannot be considered as a fact or guarantee of future credit quality and therefore cannot be described as accurate or inaccurate. A BCR is a relative measure of risk that implies credit quality and is assigned using a scale with a defined population of categories and notches. Entities or obligations assigned the same BCR symbol developed using the same scale, should not be viewed as completely identical in terms of credit quality. Alternatively, they are alike in category (or notches within a category), but given there is a prescribed progression of categories (and notches) used in assigning the ratings of a much larger population of entities or obligations, the categories (notches) cannot mirror the precise subtleties of risk that are inherent within similarly rated entities or obligations. While a BCR reflects the opinion of A.M. Best Rating Services, Inc. (A.M. Best) of relative creditworthiness, it is not an indicator or predictor of defined impairment or default probability with respect to any specific insurer, issuer or financial obligation. A BCR is not investment advice, nor should it be construed as a consulting or advisory service, as such; it is not intended to be utilized as a recommendation to purchase, hold or terminate any insurance policy, contract, security or any other financial obligation, nor does it address the suitability of any particular policy or contract for a specific purpose or purchaser. Users of a BCR should not rely on it in making any investment decision; however, if used, the BCR must be considered as only one factor. Users must make their own evaluation of each investment decision. A BCR opinion is provided on an "as is" basis without any expressed or implied warranty. In addition, a BCR may be changed, suspended or withdrawn at any time for any reason at the sole discretion of A.M. Best.

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# Financial Size Category

To enhance the usefulness of ratings, AM Best assigns each rated (A++ through D) insurance company a **Financial Size Category** (FSC). The FSC is based on adjusted policyholders' surplus (PHS) **in U.S. dollars and may be impacted by foreign currency fluctuations**. The FSC is designed to provide a convenient indicator of the size of a company in terms of its statutory surplus and related accounts.

Many insurance buyers only want to consider buying insurance coverage from companies that they believe have sufficient financial capacity to provide the necessary policy limits to insure their risks. Although companies utilize reinsurance to reduce their net retention on the policy limits they underwrite, many buyers still feel more comfortable buying from companies perceived to have greater financial capacity.

Class	Adj. PHS (\$ Millions)	Class	Adj. PHS (\$ Millions)
I	Less than 1	IX	250 to 500
II	1 to 2	X	500 to 750
III	2 to 5	XI	750 to 1,000
IV	5 to 10	XII	1,000 to 1,250
V	10 to 25	XIII	1,250 to 1,500
VI	25 to 50	XIV	1,500 to 2,000
VII	50 to 100	XV	2,000 or greater
VIII	100 to 250		

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