

MEDIA RELEASE

CANCEA 2025 - New Study Reaffirms the Economic and Social Value of Surety Bonds

July 28, 2025 – Mississauga, ON – On May 27, 2025, the Canadian Centre for Economic Analysis (CANCEA) published the results of a study that examined the economic impact of requiring surety bonds on public construction projects in Canada. The study strongly reaffirms the benefits to governments of adopting a mandatory surety requirement on all publicly funded projects and demonstrates that bonds do more than protect taxpayers, small business and workers. They also provide measurable benefits to the national and local economy by protecting GDP, creating jobs, and allowing governments and public agencies to recover some, or all of the premium paid to the surety company.

Paul Smetanin, President and CEO of CANCEA summarized the results of the study:

- ***The Value of a Surety's Due-Diligence:*** A non-bonded construction enterprise is ten times more likely to become insolvent than bonded companies. This illustrates the effectiveness of the surety due diligence process.
- ***Protection of GDP:*** In a volatile economic environment with high rates of insolvency, surety bonds will protect \$27.24 million of GDP for every \$1 million of premium paid on public infrastructure.
- ***Protection of Jobs:*** Under stable economic conditions surety bonds will protect 29.4 full time jobs for every \$1M in premium paid. In more volatile times, bonds will protect 207.6 full time jobs for every \$1 million in premium.
- ***Fiscally Responsible: Revenue Recovery on Premiums Paid:*** Some or all of the surety premiums paid by the government for bonds on public work can be recovered through the tax revenue generated from the timeliness and certainty of the completion of the bonded asset. Depending on the state of the economy, governments will recover anywhere from \$0.43 to \$3.02 of every dollar paid out in premium. Thus, in volatile times, governments become a net financial beneficiary of surety bonding.

"Surety bonds combine financial assurance with project accountability, ensuring work is finished, workers are paid, and taxpayer dollars deliver full value—no matter the economic climate," Smetanin said.

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Steve Ness, President of the Surety Association of Canada (SAC) added that “The CANCEA Report provides empirical evidence that confirms the value of surety bond protection to governments and other key industry stakeholders. It clearly demonstrates that all public work should be protected by performance and payment bonds.”.

In addition to the national results, CANCEA has examined the impact of suretyship in the six key regions across the country: Atlantic Canada, Québec, Ontario, Prairies (Manitoba & Saskatchewan), Alberta and British Columbia. Copies of the CANCEA reports for each jurisdiction can be accessed from the SAC website at: <https://www.suretycanada.com/SAC/Surety-Bonds/Economic-Value-of-Surety-Bonds>

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About the Surety Association of Canada:

The Surety Association of Canada (SAC) is the national trade advocacy association that represents the interests of the surety industry across Canada. Its members consist of primary surety firms, surety reinsurers, surety/insurance brokers, and other organizations that provide related and complementary services to the surety industry.

While the majority of the surety industry’s premium revenue is derived from construction contract bonds, SAC also represents the interests of those organizations that focus on non-contract or commercial surety. SAC does not represent or advocate on behalf of the fidelity bond industry.

Since its formation in 1992, SAC has become a trusted resource for construction purchasers, design professionals, contractors, suppliers and other stakeholders in construction and business communities. SAC has developed its own bond forms in response to industry need and in consultation with the construction industry.

SAC and its members regularly meet with owners, contractors, other associations and related organizations to educate them about surety bonds and the suretyship process. SAC also monitors legislation across the country that will impact its members and works diligently to advance the surety cause with lawmakers and government officials.