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## **Old Republic Says Surety Business 'Must Lead in Recovery, Infrastructure and Expansion'**

### ***Sector Faces Daunting but Clear Challenges***

MILWAUKEE (May 18, 2021) — Surety carriers and professional bond producers must step up to lead as growing employment fuels economic expansion and the federal government increases spending, says Alan P. Pavlic, president and chief operating officer of Old Republic Surety Co., the nationwide surety carrier that is part of Old Republic International Corp.

"The right underwriting, the right product, the right solution and the right delivery system using technology will continue to be the keys to success for bond producers in what could be a sustained construction boom," says Pavlic. "The surety business as a whole must lead in recovery, infrastructure and expansion."

Pavlic adds, "Old Republic Surety, along with other sureties, will step up to support building owners and construction firms, working through bond producers." The company's roots dating back to the late 1800s provide it deep experience in serving a range of projects up to nine figures, with Old Republic Surety having boosted its surety capacity over the past decade, he notes.

"Anticipated infrastructure funding at state and federal levels means surety carriers and bond producers have to get as ready as possible now to support construction projects," says Pavlic. Legislatures in 25 states introduced a total of 61 bills for infrastructure projects in January alone, according to the American Road & Transportation Builders Association as reported by *Construction Dive* magazine.

As the construction industry emerges from the pandemic shutdown, "There are already some signs of an uptick in spending in a few public and commercial construction segments that hold promise of an improving outlook for 2021," says Thomas A. Littlefield, AFSB, Old Republic Surety's vice president – director, large accounts.

"The very diverse outlooks separating residential and nonresidential segments will present real challenges for many companies in 2021," Littlefield says. "Smaller builders and contractors with less-balanced portfolios or a higher exposure to energy, travel, hospitality, or recreation end markets are likely to experience greater volatility in the coming year. Larger firms with more diversified exposure may absorb this impact better."

Observing that Payroll Protection Plan loans appear to have helped construction firms weather the pandemic, Littlefield adds, “We’re seeing companies with well-tenured management and conservative financial structures well poised for the anticipated recovery in various markets and industries.”

New technology will “continue to change the look of the construction site, as companies jockey to improve their ability to win projects, and increase profit margins,” says Littlefield.

Says Pavlic: “Our approach is to look at each surety risk on its own merits.” Old Republic Surety’s philosophy “is to underwrite each submission with an eye to finding it worthy of its own solution. We call this ‘surety from a different angle.’

“We’ve authorized the surety professionals in our 20-plus branch offices to make full underwriting decisions. Our goal is to put the right surety backstop in place so that the project principal can put a shovel in the ground as soon as possible. This will be especially vital in 2021 and 2022 to the extent that federal recovery, stimulus and infrastructure funds make their way to local construction markets,” Pavlic adds.

#### **About Old Republic Surety Company ([www.ORSurety.com](http://www.ORSurety.com))**

Old Republic Surety Co., rated “A+” by A.M. Best Co., ranks among the nation’s top underwriters of contractors’ performance and payment bonds, miscellaneous surety, and commercial fidelity, offering thousands of types of bonds. Writing surety bonds in all 50 states, Old Republic Surety works with more than 4,000 independent insurance agencies to market the firm’s financial indemnity products. Headquartered in Brookfield, Wisconsin, Old Republic Surety Company is part of the Old Republic General Insurance Group, the largest business segment within Old Republic International Corporation (NYSE: ORI), one of the nation’s 50 largest publicly held insurance organizations.

Old Republic Surety blog: [www.orsurety.com/blog](http://www.orsurety.com/blog)

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\*source: [constructiondive.com/news/61-transportation-funding-measures-introduced-by-25-states/595367/](https://www.constructiondive.com/news/61-transportation-funding-measures-introduced-by-25-states/595367/)