

# Security by a Group Surety Insurance Policy (1)

(1) To be used when the group surety insurance policy is issued for members of an association of contractors.

## Licence Security

Security number:	Amount: \$
Name of surety company:	
Address (number, street, city):	Postal code:
Name of contractors' association:	

1. **WE**, \_\_\_\_\_ ,  
\_\_\_\_\_ ,

hereinafter the "surety", hereby solidarily guarantee any member of the following association of contractors:

This liability is assumed in favour of the Régie du bâtiment du Québec, hereinafter the obligee, for the amount claimed from any member of the association who holds a certificate for purposes of licence security, for the payment of which we bind ourselves in favour of the obligee solidarily with that member, along with our administrators, heirs and legal representatives.

- WHEREAS** each of the association's members performs the duties or intends to perform the duties of a construction contractor.
- WHEREAS** the performance of these duties requires the contractor to provide a licence security to compensate clients who sustain a loss following non-performance or performance of construction work, in accordance with section 84 of the *Building Act* (CQLR, c. B-1.1), hereinafter the "Act", and section 25 of the *Regulation respecting the qualification of contractors and owner-builders* (CQLR, c. B-1.1, r. 9), hereinafter the "Regulation".
- WHEREAS** the surety is a legal person authorized to act as surety under the *Bank Act* (S.C. 1991, c. 46), the *Act respecting financial services cooperatives* (CQLR, c. C-67.3), the *Trust Companies and Savings Companies Act* (CQLR, c. S-29.02) or the *Insurers Act* (CQLR, c. A-32.1).
- IT IS UNDERSTOOD AND AGREED THAT** the purpose of this licence security is to compensate any client who has a liquidated claim related to a loss sustained following the non-performance or performance of construction work and resulting directly from instalments paid, failure to carry out construction work, or faulty work or defects discovered in the year following completion of the work. It does not, however, cover the claims of persons who took part in the construction work, damages resulting from delays in construction work, damages for moral injury or punitive damages.
- IT IS UNDERSTOOD AND AGREED THAT** the surety is solidarily liable, with each group member holding a certificate as provided for in section 38 of the Regulation, to pay the principal, interest and costs awarded by any final judgment on such claim. The judgment must have been rendered against the member or the surety otherwise than on an acquiescence in the application as per articles 217 to 219 of the *Code of Civil Procedure* (CQLR, c. C-25.01). This undertaking must bind the surety's administrators, heirs and legal representatives.
- IT IS UNDERSTOOD AND AGREED THAT** the surety is solidarily liable, with each group member holding a certificate as provided for in section 38 of the Regulation, to pay the principal, interest and costs agreed upon in an agreement or transaction to settle the dispute between the client and the contractor or the surety. This undertaking must bind the surety's administrators, heirs and legal representatives.
- IT IS UNDERSTOOD AND AGREED THAT** this licence security is valid for the term of the member's licence. The surety or the contractor may terminate the security for itself or for the entire group only on written notice of at least 60 days to the obligee. If the contractor's licence becomes invalid for non-payment of the applicable fees and charges by their due date, the security remains valid for a new licence if issued to the contractor within 60 days of said due date.

- 9. IT IS UNDERSTOOD AND AGREED THAT**, even if this security has expired, the obligations of the surety continue to apply in respect of construction work if, firstly, the work pertains to a contract entered into while the security was in force or the work was performed while the security was in force and, secondly, if no more than three years have elapsed since the cause of action arose before a civil lawsuit is filed or an agreement or transaction is made.
- 10. IT IS UNDERSTOOD AND AGREED THAT** the surety's liability under this security, in principal, interest and costs for the group on a semi-annual basis, beginning on the date the policy is filed with the obligee, is limited to the amount stated above or as indicated in a rider and, for each member of the group designated above, to the amount provided for in section 27 of the Regulation. Any payment by the surety will be made in accordance with sections 43 and 44 of the Regulation.
- 11. IT IS UNDERSTOOD AND AGREED THAT** the surety hereby waives the benefits of discussion and division. The surety is subrogated to the rights of the client compensated up to the amount paid by the surety.
- 12. THIS LICENCE SECURITY** takes effect once it is signed and filed with the obligee.
- 13. IN WITNESS WHEREOF**, the surety has signed by its duly authorized representative.

## Signatures

Signed at:		Date (yyyy-mm-dd):	
Name of surety company:			
Name of authorized signatory:			
Signature:			
<b>If required by the surety:</b>			
Name of the principal debtor:			
Principal debtor's signing authority:			
Signature:		Date (yyyy-mm-dd):	