



CLAIMS MANAGEMENT OF SURETY BONDS IN THE DOMINICAN REPUBLIC

October 2017

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IN THE DOMINICAN REPUBLIC**

LEGAL FRAMEWORK

**Law No. 146-02, on Insurance and Surety Bonds in
the Dominican Republic**

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STATUTE OF LIMITATIONS

SECTION 47.- A limitation period of two (2) years for the insured and/or the beneficiaries, and three (3) years for third parties from the date of the claim is established. No action may be filed against the insurer or reinsurer once the limitation period has expired.

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MOST COMMON TYPES OF SURETY BONDS

- Bid bonds
- Performance bonds

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DIFFERENCES BETWEEN CONTRACTS

- Bid Bonds
- Performance Bonds
- Judicial Bonds
- Customs Bonds
- Commercial bonds

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WHO IS ENTITLED TO CLAIM A BOND?

- **The obligee or beneficiary**

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**WHAT TYPE OF DAMAGES ARE COVERED BY
THE SURETY BOND?**

- A surety bond covers damages arising from a breach of contract, but in no event will they exceed the insured amount.

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INDEMNITY

- May the work be continued or the obligation the principal has failed to fulfill be performed?
- Is it necessary to wait for a final court decision to pay the indemnity?
- May an out-of-court agreement with the obligee or beneficiary be reached?

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BONDS THAT ARE NOT ON-DEMAND

- **Right of excussio**

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ON-DEMAND BONDS

- SECTION 67. Insurers are forbidden to be joint and severally liable with the debtor or principal, and therefore the surety bonds written by insurers are subject to the right of excussio provided for in the Civil Code.”

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HOW DOES THE CLAIM START?

- The obligee or beneficiary gives formal notice of nonperformance to the principal
- If the principal and the surety declare themselves insolvent, a lawsuit is not likely to be filed.
- If the principal alleges performance on its part and breach of contract on the part of the obligee or beneficiary, the claim always turns into a lawsuit.

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IS ARBITRATION POSSIBLE?

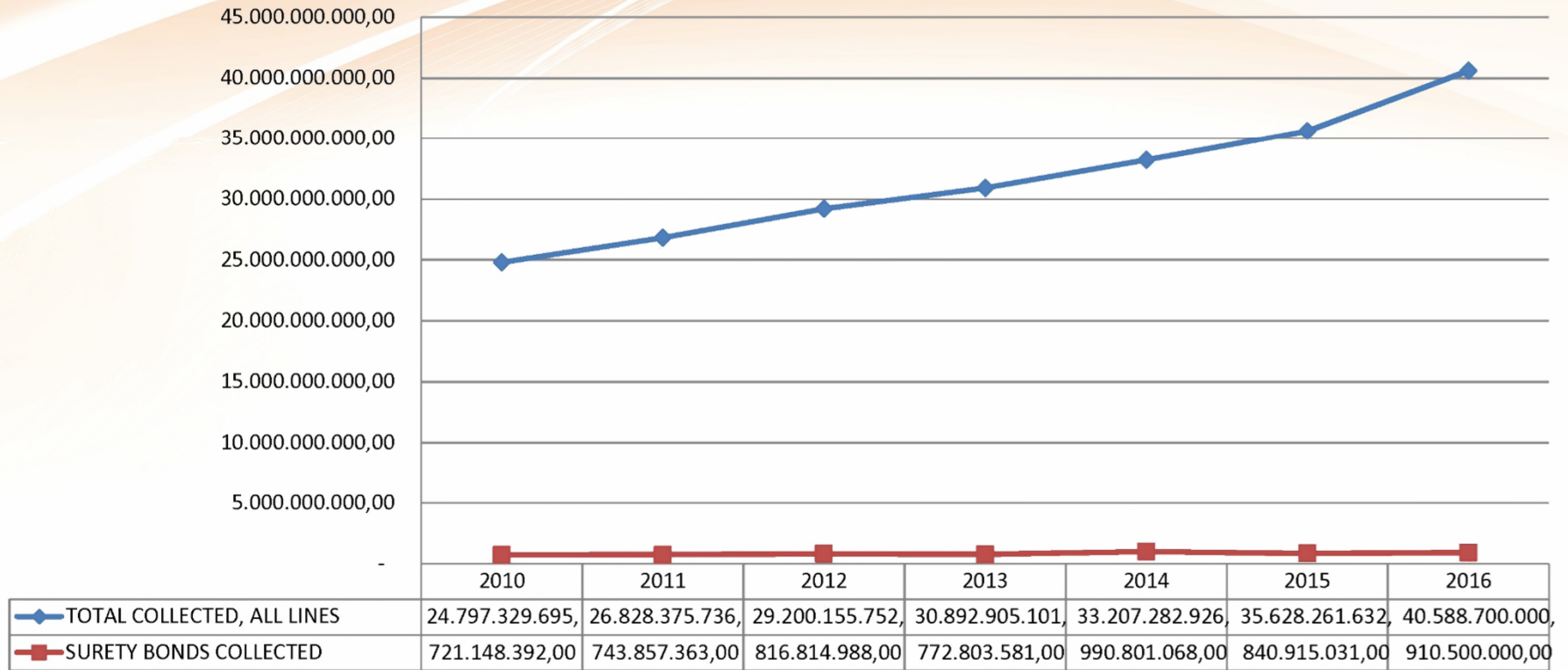
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**MAY THE PRINCIPAL COME TO AN AGREEMENT
WITH THE OBLIGEE OR BENEFICIARY IN
RELATION TO THE COVERED CLAIM?**

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**MAY THE INSURER RECOVER FROM THE
PRINCIPAL'S OBLIGEEES AND/OR SURETY?**

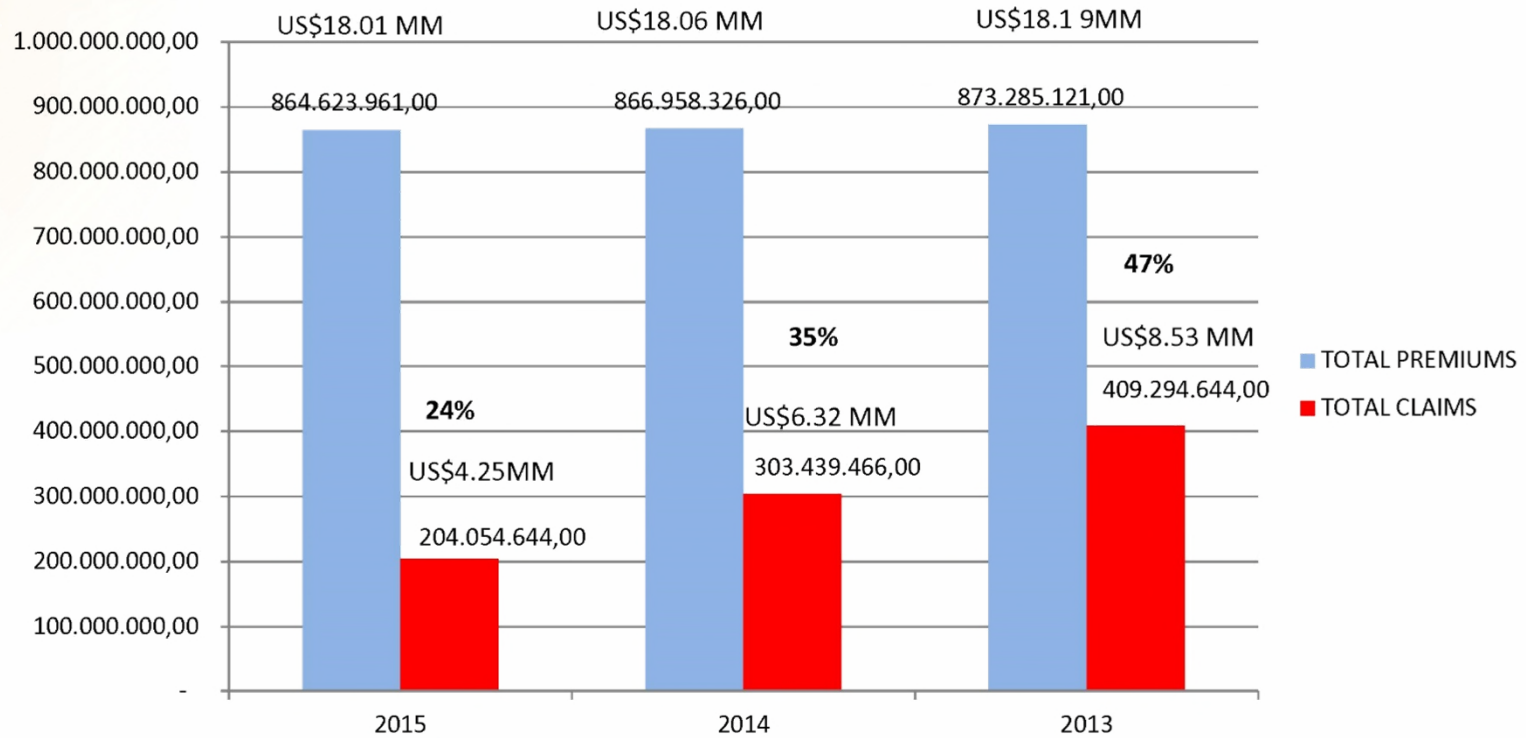
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The Surety line accounts for 2.24% of the total 2016 collection
Fidelity Bonds are included

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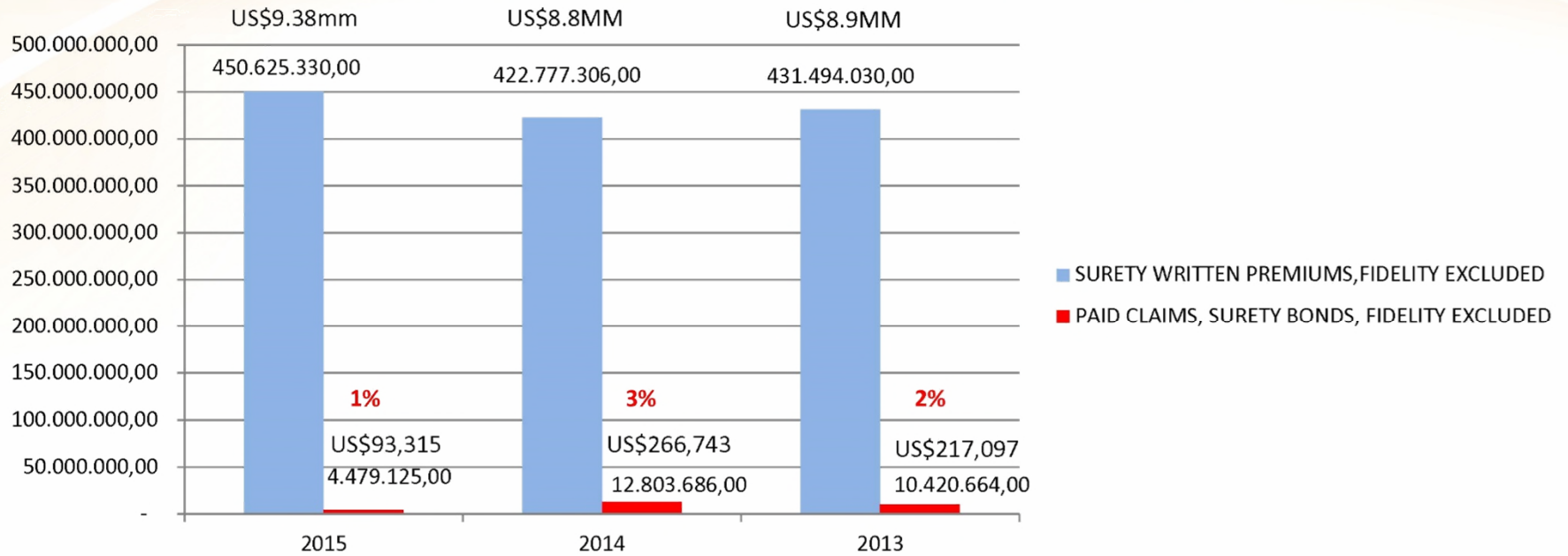
TOTAL SURETY WRITTEN PREMIUMS VS. CLAIMS



These figures include Fidelity Bonds

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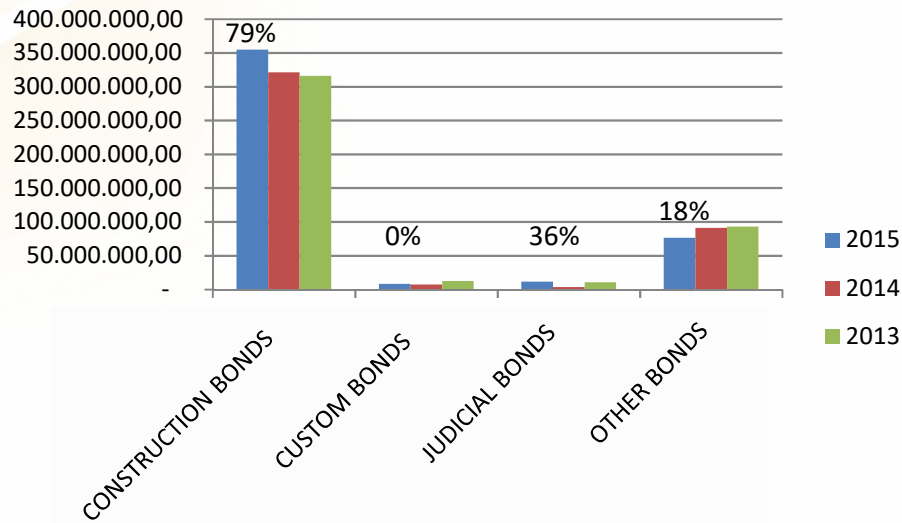
ALL BONDS, FIDELITY EXCLUDED



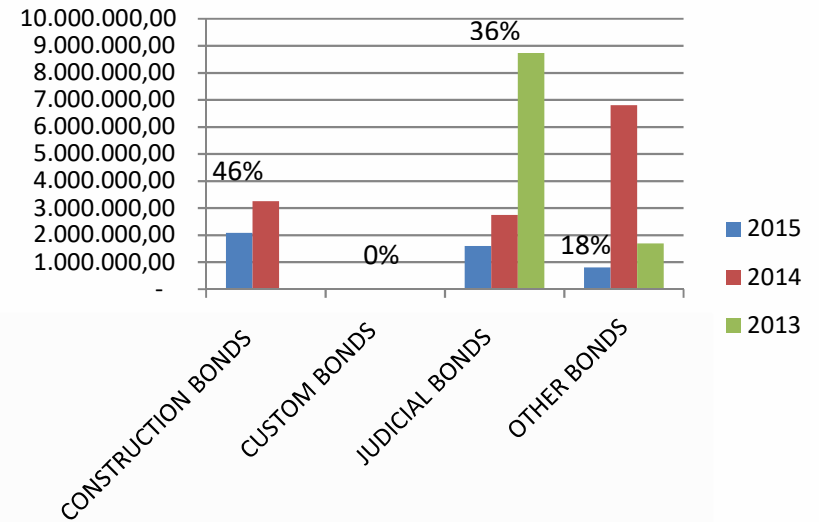
CLAIMS MANAGEMENT OF SURETY BONDS IN THE DOMINICAN REPUBLIC

UNDERWRITING AND CLAIMS BREAKDOWN ALL BONDS, FIDELITY EXCLUDED – IN DOP

WRITTEN PREMIUM



PAID CLAIMS



MANY THANKS!