



# Engineering & Construction Guarantees

Construction guarantees provide peace of mind to contractors by protecting their cash flow and limiting exposure to paying collateral and expenses.





Construction guarantees are essential for contractors, offering them peace of mind by safeguarding their cash flow and minimising the burden of collateral and expenses. These guarantees ensure that contractors can focus on their projects without worrying about financial constraints, enabling them to allocate resources efficiently and maintain productivity. By providing a financial safety net, construction guarantees allow contractors to confidently bid on and execute projects, knowing that their cash flow needs are securely managed.

At Indigo Brokers, we offer a range of specialised services tailored to meet the unique needs of the construction industry.

Our specialised services include:

- Advance Payment Guarantees
- Maintenance Bonds/Guarantees
- Performance Guarantees
- Supplier Guarantees
- Letters of Intent
- Payment Guarantees
- Retention Guarantees



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### Advance Payment Guarantees:

This type of guarantee is provided when the principal agrees to advance payment to the contractor for works not yet executed, thereby improving the contractor's cash flow. The payment is gradually recovered from payments due to the contractor in interim certificates until the debt is settled. Advance payment guarantees are typically issued alongside performance bonds.

### Performance Guarantees:

Performance guarantees are the most common type of guarantees issued, ensuring the contractor's performance as per the terms of the underlying principal contract.

### Supplier Guarantees:

Supplier guarantees create the same rights and obligations as performance guarantees, ensuring the supply of goods as per the contract terms.

### Letters of Intent:

Letters of intent are a tender requirement where the tenderer commits to their tender until the contract is awarded to them, cancelled, or awarded to another contractor.

### Payment Guarantees:

Payment guarantees ensure the payment for services or supplies. For instance, a contractor may secure payment from the owner or a subcontractor, or suppliers may choose to secure payment through a payment guarantee instead of using conventional credit insurance.

### Retention Guarantees:

Retention guarantees allow the contractor to provide a guarantee instead of cash retention. This can occur during construction or after the project's completion during the maintenance period, ensuring continued performance of the contract.



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