

COLLATERAL AGREEMENT GUARANTEE BOND

Guarantor	Hiscox Insurance Company Limited 72 Northumberland Road, Dublin 4
Sub-Contractor	«SubContractor»
Employer	«Employer»
Main Contractor	«MainContractor»
Works	«Works»
Sub-Contract Sum	«SubContractSum»
Bond Amount	«BondAmount»

THE COMMON SEAL of «SubContractor»
was hereunto affixed in the presence of :-

..... Director

..... Secretary

SIGNED AND SEALED ON BEHALF of Hiscox Insurance Company Limited by:-

..... Authorised Signatory

..... Authorised Signatory

THIS BOND is made the day of 20

BETWEEN the following parties :

1. «SubContractor»- the “Sub-Contractor” as principal,
2. Hiscox Insurance Company Limited - the “Guarantor” as guarantor, and
3. «Employer» - the “Employer”

WHEREAS

1. By an agreement entered into between «MainContractor» (“the Main Contractor”) and the Sub-Contractor (“the Sub-Contract”) the Sub-Contractor has agreed to complete «Works» (the “Works”)
2. By an agreement entered into between the Employer and the Sub-Contractor (“the Collateral Agreement”) the Sub-Contractor has agreed to be bound to the Employer by the terms thereof.
3. The Guarantor has agreed with the Employer at the request of the Sub-Contractor to guarantee the performance of the obligations of the Sub-Contractor under the Collateral Agreement upon the terms and conditions of this Guarantee Bond subject to the limitations set out in Clause 2

NOW THIS BOND WITNESSES as follows:

1. The Guarantor guarantees to the Employer that in the event of a breach of the Collateral Agreement by the Sub-Contractor the Guarantor shall subject to the provisions of this Guarantee Bond satisfy and discharge the damages sustained by the Employer as established and ascertained pursuant to and in accordance with the provisions of or by reference to the Collateral Agreement and taking into account all sums due or to become due to the Sub-Contractor.
2. The maximum aggregate liability of the Guarantor and the Sub-Contractor under this Guarantee Bond shall not exceed «BondAmount» (the “Bond Amount”) but subject to such limitation and to Clause 4 the liability of the Guarantor shall be co-extensive with the liability of the Sub-Contractor under the Collateral Agreement. The Bond Amount will be reduced to «ReduceBondAmount» on the date the Works have been deemed practically complete.
3. The Guarantor shall not be discharged or released by any variations to the extent and nature of the Collateral Agreement, extensions to the period for completion of the works, indulgences, forbearance or concessions, alterations to the terms of payments, compromises or settlements of disputes without reference to the Guarantor, provided such matters do not materially affect the obligations under the Collateral Agreement.
4. The obligations of the Guarantor under this Guarantee Bond shall be released and discharged absolutely 15 months after the Works have been deemed practically complete (the “Expiry Date”), save in respect of any breach of the Collateral Agreement which has occurred and in respect of which a claim in writing containing particulars of such breach has been made upon the Guarantor before the Expiry Date.
5. The Guarantor shall be notified in writing by registered, faxed or hand delivered letter of any material breach of or default in any of the terms and conditions contained in the Collateral Agreement and on the part of the Sub-Contractor to be performed and observed as soon as possible but in any event within three months after such breach or such default shall have come to the knowledge of the Employer or his representative or representatives having supervision of the Sub-Contract.
6. The Employer shall permit the Guarantor to nominate a completion contractor to perform the stipulations and provisions of the Sub-Contract which the Sub-Contractor shall have failed to perform and observe provided the proposed completion contractor is acceptable to the Employer whose acceptance shall not be unreasonably withheld.
7. No liability shall attach to the Guarantor under this Bond in consequence of the failure of the Sub-Contractor to perform any of the obligations of the Collateral Agreement where such failure is directly or indirectly due to or arising from wrongful non-payment by the Main Contractor of monies certified due to the Sub-Contractor.
8. No liability shall attach to the Guarantor under this Guarantee Bond in respect of default by the Sub-Contractor or breach of the conditions and terms of the Collateral Agreement where such default or breach was directly or indirectly due to or arising out of War, Invasion, Act of Foreign Enemy, Hostilities (whether War be declared or not), Civil War, Rebellion, Revolution, Riot, Terrorism, Civil Commotion or Military or Usurped Power.
9. If any legal proceedings are brought against the Guarantor to recover any claim hereunder the same must be instituted not later than twelve months after the Expiry Date.

This Guarantee Bond shall be governed by and construed in accordance with the laws of Ireland and only the courts of Ireland shall have jurisdiction hereunder and nothing in this Bond shall in any way interfere with the right, hereby acknowledged, of the Guarantor to recover from the Sub-Contractor any sums paid out under the Bond.