7. Performance Bond (PB)

Overview

A Performance Bond is a surety instrument issued by an insurer or bank on behalf of a contractor or service provider, guaranteeing to the project owner that the contractor will fulfil all contractual obligations as agreed. If the contractor fails to deliver — whether due to insolvency, abandonment of the project, or failure to meet agreed specifications — the bond compensates the employer for losses incurred and enables them to complete the project without absorbing the full financial shortfall. It is a cornerstone of procurement in construction, government contracting, and large-scale infrastructure projects.

Our Performance Bond solutions are tailored to contractors, developers, and suppliers who need to pre-qualify for tenders or satisfy contract conditions. We work closely with underwriters to secure competitive bond values, typically ranging from 5% to 10% of the total contract sum, and we process applications with the urgency that competitive tender timelines demand. Our team understands the regulatory and procurement frameworks in both the public and private sectors, ensuring your bond documentation is compliant, credible, and accepted by all major procuring entities.

> ***A Performance Bond is not just a compliance document — it is a statement of financial integrity that opens doors to larger, more prestigious contracts.***

Policy Options

19. **Conditional Performance Bond**

    Pays out only upon proven default by the contractor, requiring the employer to demonstrate loss and breach of contract. Widely used in private sector procurement.

20. **On-Demand Performance Bond**

    Allows the employer to call on the bond without proving default — offering maximum protection and commonly required in public sector and international contracts.

21. **Maintenance & Defects Bond**

    Extends protection beyond project completion into the defects liability period, ensuring the contractor rectifies any post-handover faults at no additional cost to the employer.