

# Bonding, Davis-Bacon & Insurance Basics

*What Government Contractors Need to Know Before Bidding*

Government contracts often include financial, labor, and risk requirements that differ significantly from private-sector work. Understanding these requirements early helps businesses avoid disqualification, pricing mistakes, and compliance issues after award.

This overview explains the basics of bonding, prevailing wage laws, and insurance requirements commonly associated with public-sector contracts.

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## **Bonding Requirements (Performance, Payment & Bid Bonds)**

Bonding is a financial guarantee that a contractor will perform the work and pay subcontractors and suppliers.

### **Common Bond Types:**

- Bid Bond – Demonstrates financial capability and seriousness at bid submission
- Performance Bond – Guarantees contract completion per terms
- Payment Bond – Ensures subcontractors and suppliers are paid

### **Key Considerations:**

- Bonding is most common in construction, infrastructure, and facilities contracts
- Bond amounts are typically tied to contract value
- Bonding capacity depends on financials, experience, and creditworthiness
- Lack of bonding can limit eligibility for prime contracts

### **What Quin-Z does:**

We help clients understand bonding expectations and prepare documentation. We do **not** issue bonds or provide financial guarantees.

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## **Davis-Bacon & Prevailing Wage Basics**

The Davis-Bacon Act applies to many federally funded construction projects and requires contractors to pay workers prevailing wages determined by the U.S. Department of Labor.

### **What Contractors Should Know:**

- Applies to federal and federally assisted construction contracts
- Wage rates vary by trade, classification, and geographic area
- Contractors must submit certified payroll reports
- Noncompliance can result in payment withholding or penalties

**Related Requirements:**

- State and local projects may have state prevailing wage laws
- Subcontractors must also comply
- Wage requirements must be reflected accurately in pricing

**How Quin-Z helps:**

We provide guidance on understanding wage obligations and documentation requirements; we do **not** interpret labor law or provide legal advice.

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**Insurance Requirements for Government Contracts**

Government agencies require contractors to carry specific insurance coverage to manage risk.

**Common Coverage Types:**

- General Liability Insurance
- Workers' Compensation
- Automobile Liability
- Professional Liability (for design, engineering, consulting)
- Umbrella/Excess Liability (for higher-risk projects)

**Key Points:**

- Coverage limits are specified in the solicitation
- Certificates of Insurance (COIs) must name the agency as required
- Insurance costs should be factored into pricing
- Requirements may differ for primes vs subcontractors

**What We Do to Help:**

Quin-Z helps clients review insurance requirements and prepare compliant documentation. We do **not** sell insurance or provide coverage recommendations.

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**Why This Matters Before You Bid**

Failure to meet bonding, wage, or insurance requirements can result in adverse outcomes such as bid rejection, inability to execute contracts after award, payment delays, and compliance findings.

Understanding these requirements before submission allows businesses to decide whether to bid, price accurately, identify gaps early, and avoid costly post-award issues.