



BONDS

Traditionally, bonds have been issued by banks; however, insurance companies are now widely recognized in Uganda as approved providers of bonds and guarantees. A bond is not an insurance policy in the strict sense, but rather a financial guarantee.

A bond represents a guarantee by the insurer (the Surety) to a third party (the Beneficiary) that the insured (the Principal) will fulfill contractual, statutory, or financial obligations. In the event that the Principal fails to meet these obligations, the Surety undertakes to compensate the Beneficiary, subject to the bond terms and conditions.

Bond insurance is commonly required for construction contracts, government tenders, customs transactions, and corporate obligations, and is accepted by financial institutions, government agencies, and private entities across Uganda.

Types of Bonds Provided by NIC

NIC offers a wide range of bond guarantees to meet diverse business and statutory requirements, including:

1. Performance Bond

Guarantees satisfactory performance and completion of a contract in accordance with agreed terms and specifications.

2. Advance Payment Bond

Secures advance payments made to a contractor, ensuring recovery of funds in case of non-performance

3. Bid / Proposal Bond

Assures the beneficiary that the bidder will honor the bid terms and proceed to sign the contract if awarded.

4. Customs Bond

Guarantees payment of customs duties, taxes, and penalties to the Uganda Revenue Authority (URA) as required under customs

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NIC Insurance is regulated by the Insurance Regulatory Authority