

28.001 Definitions.

As used in this part-

Attorney-in-fact means an agent, independent agent, underwriter, or any other company or individual holding a *power of attorney* granted by a *surety* (see also "*power of attorney*" at [2.101](#)).

Bid means any response to a *solicitation*, including a proposal under a negotiated *acquisition*. See the definition of "*offer*" at [2.101](#).

Bid guarantee means a form of security assuring that the *bidder*-

(1) Will not withdraw a *bid* within the period specified for acceptance; and

(2) Will execute a written contract and furnish required *bonds*, including any necessary coinsurance or *reinsurance* agreements, within the time specified in the *bid*, unless a longer time allowed, after receipt of the specified forms.

Bidder means any entity that is responding or has responded to a *solicitation*, including an *offeror* under a negotiated *acquisition*.

Bond means a written instrument executed by a *bidder* or contractor (the "principal"), and a second party (the "*surety*" or "*sureties*") (except as provided in [28.204](#)), to assure fulfillment of the principal's obligations to a third party (the "obligee" or "Government"), identified in the *bond*. If the principal's obligations are not met, the *bond* assures payment, to the extent stipulated, of any loss sustained by the obligee. The types of *bonds* and related documents are as follows:

(1) An advance payment *bond* secures fulfillment of the contractor's obligations under an advance payment provision.

(2) An annual *bid bond* is a single *bond* furnished by a *bidder*, in lieu of separate *bonds*, which secure all *bids* (on other than *construction* contracts) requiring *bonds* submitted during a specific Government fiscal year.

(3) An annual performance *bond* is a single *bond* furnished by a contractor, in lieu of separate performance *bonds*, to secure fulfillment of the contractor's obligations under contracts (other than *construction* contracts) requiring *bonds* entered into during a specific Government fiscal year.

(4) A patent infringement *bond* secures fulfillment of the contractor's obligations under a patent provision.

(5) A payment *bond* assures payments as required by law to all persons supplying labor or material in the prosecution of the work provided for in the contract.

(6) A performance *bond* secures performance and fulfillment of the contractor's obligations under the contract.

Consent of surety means an acknowledgment by a *surety* that its *bond* given in connection with a contract continues to apply to the contract as modified.

Penal sum or "penal amount" means the amount of money specified in a *bond* (or a percentage of the

bid price in a *bid bond*) as the maximum payment for which the *surety* is obligated or the amount of security required to be pledged to the Government in lieu of a corporate or individual *surety* for the *bond*.

Reinsurance means a transaction which provides that a *surety*, for a consideration, agrees to indemnify another *surety* against loss which the latter *may* sustain under a *bond* which it has issued.

Parent topic: [Part 28 - Bonds and Insurance](#)