
HOT TOPICS Archives

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Custom Bond FAQs

The following topics are frequently the source of questions by our clients. Answers are provided courtesy of Terry Cummings, Vice President, Roanoke Trade Services.

Broker of Record Letters

A change of customs brokers shouldn't require you to terminate and re-issue a continuous bond. Roanoke Trade Services and their Sureties, Washington International (891) and Intercargo (422) underwrite the majority of U.S. Customs bonds in the United States. If a continuous bond is written under either surety and a change of brokers is made, simply forward on the importer's letterhead a request asking that the bond's renewal invoice be forwarded to the new broker. If the request is received prior to the renewal of the bond, the change will be processed automatically. If the request is made after the bond's renewal period, the change will become effective upon the following year's renewal unless agreed to by the existing customs broker.

Bond Riders

Did you know that changes can be made to a continuous bond without terminating and re-issuing the bond? Changes such as addresses, names and additions or deletions of unincorporated divisions of a company can be effected simply by executing a bond rider and a CF5106. Those changes which cannot be made by riders are bond amounts, effective dates and federal tax identification or social security numbers. Bond riders may be obtained through your customs broker or local Roanoke office or through our web site (I hope that's true).

Co-Principals

Importers sharing the same federal tax identification number can use the same continuous bond simply by adding a suffix to the I.D. number and including the name and number in section III of the continuous import bond. If an importer has a bond on file with U.S. Customs an addition rider can be executed to add any number of unincorporated divisions to the bond. Keep in mind when adding divisions to the bond an importer must include the import volume of those divisions when calculating the appropriate bond amount.

If an importer wishes to add a separate company who does not share a common federal tax I.D. number to a bond, this can be done provided that common ownership between companies is at least 50%. At the time the continuous import bond is executed, simply add the second company's name and information to the co-principal box of the bond. If more than one co-principal needs to

be added a co-principal rider should be used. If a continuous import bond is already on file with U.S. Customs, you may be able to add a co-principal by using a rider, however, the acceptance of this rider during the bond's term is at the discretion of U.S. Customs and districts vary in their acceptance of the rider while the bond is in effect.

Insurance Licenses Required for Shippers' Agents in California

The State of California has recently enacted an amendment to the California Insurance Code which requires "a person or organizations who or which acts as an agent on behalf of cargo owners or shippers, or both, to procure cargo insurance only on behalf of a cargo or shipper for whom the agent is also arranging for the carriage of goods" to obtain a "Cargo Shippers' Agent" insurance license.

Individuals and organizations must complete an application for insurance license and obtain a Bond of Cargo Shippers' Agent in the amount of \$10,000. Individuals must also be fingerprinted. No pre-licensing or continuing education will be necessary.

For further information, please contact our Long Beach or San Francisco offices.
