

New NVOCC Bond Program for TIA Members

TIA and FIATA are pleased to announce a new NVOCC Bond offering through Avalon Risk Management, Inc. Through the new program, TIA members are able to obtain their NVOCC Bond at 1 percent of the bond value – that means your \$75,000 bond will cost you \$750! Avalon offers additional NVOCC insurance at competitive rates.

The new NVOCC Bond Program is being offered by FIATA – the international organization of associations like TIA. Since TIA is the United States member of FIATA, TIA members may take advantage of this offering.

We know that many of you currently have NVOCC operations or are contemplating them in the future, so we are pleased to add the New FIATA NVOCC Bond Program to the *TIA Advantage Program*. For more information about the NVOCC Bond Program, or to apply, please use the enclosed form.

AVALON RISK MANAGEMENT, INC.

LINCOLN GENERAL INSURANCE COMPANY
YORK, PENNSYLVANIA

AEGIS SECURITY INSURANCE COMPANY
HARRISBURG, PENNSYLVANIA

AVALON SHORT-FORM FIATA APPLICATION & INDEMNITY AGREEMENT

Return Completed Application to:

150 Northwest Point Blvd., 4th Floor
Elk Grove Village, IL 60007
Phone: 847-700-8100 Fax: 847-264-2770



INSTRUCTIONS

1. This application must be completed in its entirety and signed by a director or officer of the company.
2. Please attach proof of both Professional Legal Liability and Errors and Omissions Insurance coverage. A Declaration Page or Policy is acceptable.
3. Payment can be accepted via electronic transfer. When transferring electronically, you must reference your company name.

APPLICANT/PRINCIPAL/INDEMNITOR INFORMATION

Individual/Sole Proprietorship Partnership LLC Corporation, state/country of Incorporation _____

Company Name: _____

Trade Name (if applicable): _____

Address: _____

Are there additional locations? Yes No (If yes, attach list) Number of offices: _____

**If there are additional branch locations, these must be scheduled and filed with your OTI Bond and the bond amount will increase by \$10,000 for each additional location. Thus, please attach a complete and current list of offices along with all contact information.*

Phone: _____ Fax: _____ E-mail: _____

Contact Name: _____

Years in Business: _____ If less than 5 years, note years in industry for senior officer? _____

Tax ID/Importer Number: _____ OTI License Number: _____

If foreign NVOCC, list U.S. resident agent: _____

(Please list full mailing address, phone, fax, and contact name or attach separate sheet.)

Do you have Errors and Omissions insurance coverage? Yes No

Do you have Forwarder Legal Liability insurance coverage? Yes No

Were you previously admitted as an NVOCC or Ocean F/F prior to May 1, 1999? Yes No

Are there any pending claims against you from shippers or the FMC? Yes No

If yes, please list. _____

BOND INFORMATION

- | | |
|---|--|
| <input type="checkbox"/> Airport Customs Security Area Bond | <input type="checkbox"/> Carnet |
| <input type="checkbox"/> Military Traffic Management Command | <input type="checkbox"/> OTI/NVOCC |
| <input type="checkbox"/> Property Brokers (ICC) Surety Bond | <input type="checkbox"/> OTI/Ocean Freight Forwarder (FMC) |
| <input type="checkbox"/> Customs Custodial Bond (C2) | <input type="checkbox"/> Customs International Carrier Bond (C3) |
| <input type="checkbox"/> NVOCC Indemnity Bond (when C3 in place)* | <input type="checkbox"/> Other (include Oblige) _____ |

**If interested in the NVOCC Indemnity Bond, please complete the following three questions:*

Approximate number of agents issuing your house bill of lading? _____ Approximate number of house bills of lading issued per month? _____

Approximate number of shippers transporting cargo under your house bill of lading annually? _____

Bond Amount: \$ _____ Desired Effective Date: _____

Names of previous sureties: _____

Has any surety ever paid claims on your company's behalf? Yes No (If yes, attach explanation)

Has your company ever been cancelled by any surety? Yes No (If yes, attach explanation)

BUSINESS INFORMATION

Type of Business: Please check all activities that apply to your firm. Also, indicate the percentage of gross revenue derived from each activity.

- | | | |
|--|---|---|
| <input type="checkbox"/> Customs Broker _____ % | <input type="checkbox"/> Ocean Freight Forwarder _____ % | <input type="checkbox"/> Ocean Consolidator [NVOCC] _____ % |
| <input type="checkbox"/> Air Freight Forwarder _____ % | <input type="checkbox"/> Air Cargo Agent (IATA) _____ % | <input type="checkbox"/> Domestic Forwarder _____ % |
| <input type="checkbox"/> Property Broker _____ % | <input type="checkbox"/> Import Freight Forwarder _____ % | <input type="checkbox"/> Shipper's Agent _____ % |
| <input type="checkbox"/> Trucker _____ % | <input type="checkbox"/> Warehouse Operator _____ % | <input type="checkbox"/> Other: _____ % |

Has principal or any partner/officer ever filed any form of bankruptcy? Yes No *If yes, please explain.* _____

List professional associations of which you are a member: _____

INDEMNITY AGREEMENT

The Undersigned hereby declares the truth of the representations herein, and that they are made to induce LINCOLN GENERAL INSURANCE COMPANY and/or AEGIS SECURITY INSURANCE COMPANY (hereinafter referred to collectively as the "Surety") to issue the Bond(s) applied for. The Undersigned agrees that the Surety may decline the Bond(s) applied for or may cancel or terminate same without incurring any liability whatsoever to the Undersigned. In consideration of the issuance of the Bond(s) herein applied for, or any Bond(s) in substitution for or in succession of the said Bond(s), or any increase or extension of time of the said Bond(s), the undersigned hereby agrees:

- (1) To hereby authorize the Surety to make such pertinent inquiry as may be necessary from financial institutions, persons, firms and corporations in order to confirm and verify information referred to or listed herein;
- (2) To pay to the Surety the agreed premium upon execution of the Bond(s) and annually in advance thereafter;
- (3) To furnish the Surety with satisfactory and conclusive termination evidence that there is no further liability on the Bond(s);
- (4) To perform all the conditions of said Bond(s) and will indemnify and save the Surety harmless from demands, losses, costs, damages and expenses, including attorney's and counsel fees deemed necessary by the Surety, which Surety may sustain or incur by reason of the issuance of such Bond(s), or obtaining a release of or evidence of termination under such Bond(s);
- (5) That the Surety shall have (i) the exclusive right to adjust, settle or compromise any claim under such Bond(s), unless the Undersigned shall in writing request the Surety to litigate such claim and shall deposit immediately with Surety collateral security satisfactory to the Surety in kind an amount;
- (6) That the voucher or other evidence showing payment made by the Surety in good faith by reason of such Bond(s) or any renewal, extension or substitution thereof shall be conclusive and in any event prima facie evidence of such payment and the property thereof and of the liability of the Undersigned theretofore to the Surety;
- (7) To agree to the following general provisions:
 - a. Any property which may have been, or may be, pledged as collateral security for any bonds may, at the Surety's discretion, be retained as collateral security on any bond falling under the scope of this Indemnity Agreement, whether or not executed, and whether or not executed or reinsured by the Surety, and for the full and complete performance of the Undersigneds' covenants under this Indemnity Agreement. In the case of any breach of the Undersigneds' covenants, or in case the Surety finds it necessary to raise money to meet any actual or prospective claim or demand under any bond, or to pay any expense incurred in connection therewith, the Surety has full power and authority, without notice to the Undersigneds, to negotiate or redeem any checks or certificates of deposit, or to draw upon any letters of credit, and to use any or all of the proceeds, in order to protect itself against loss, costs, damages, attorneys' fees and expenses. After deducting all legal and other costs, and all loss, costs, damages, attorneys' fees and expenses, and all premiums due the Surety for any bond or bonds, the Surety shall return the remainder of the collateral, if any, to the person or persons legally authorized to receive it. The Surety shall not be responsible for any loss to the property from any cause other than the act or neglect of its officers or employees. The Surety shall not be responsible for paying interest, or loss of interest, to depositor or any other party on such deposits;
 - b. The Principals agree to give the Surety prompt written notice of any and all facts which may give rise to any action against the Surety relating to any bond. If the Principals fail to petition, protest, defend or settle any such action taken by the Oblige, pursuant to the bond, the Principals agree that the Surety may petition, protest, defend or settle such action to protect its interests by whatever means it considers appropriate. The determination as to whether any such action is petitioned, protested, defended or settled is binding and conclusive upon the Principals, and the result of any such petition, protest, defense or settlement is binding in whole or in part, as if it were the act of the Principals. Evidence of payment is prima facie evidence of the fact and extent of the Principals' liability to the Surety. Liability hereunder extends to, and includes, the full amount of any and all monies paid by the Surety in settlement or compromise of any action, in good faith under the belief that it was liable therefore, whether liable or not, as well as any and all disbursements for attorneys' fees, costs, and expenses as aforesaid, which may be made under the belief that such were necessary, whether necessary or not. The Principals understand that any action taken to petition, protest, defend or settle any action by the Oblige under the bond, whether the action is initiated by the Principals or the Surety, does not excuse the Principals from the timely payment of bills for the bond or for amounts paid in pursuance thereof.
- (8) The Undersigned further agrees to reimburse the Surety for all expense, counsel and attorney fees incurred by the Surety in enforcing any provision of this agreement; and
- (9) To agree to the following general provisions:
 - a. I have read the application and indemnity agreement and understand and accept the terms and conditions set forth herein.
 - b. I warrant that any misrepresentation on the application, whether innocent or intentional, can result in bond termination
 - c. I understand that I will be notified by Avalon Risk Management, Inc. of approval of the bond and that this application does not, in any way, guarantee approval of my bond application.
 - d. I agree and understand that I will be held accountable for and am responsible to abide by the terms and condition set forth in any bond form issued by Avalon Risk Management, Inc.
 - e. I understand that I must maintain adequate insurance coverage for both Forwarder Legal Liability and Errors and Omissions Insurance as prerequisite to obtaining any transportation related Bond. Furthermore, I agree to keep my insurance intact and renew coverage annually while Bond(s) are in force. I understand and agree that I must notify Avalon Risk Management, Inc. of the termination or lapse in my coverage within 10 business days from the cancellation or expiration date.
 - f. I agree to notify Avalon Risk Management, Inc. immediately of any FMC, Federal or State investigations and of any claim or suit against my Bond(s).

Regardless of the date this Indemnity Agreement is signed, it is effective as of the date of the execution of the above mentioned Bond(s).

Dated _____ day of _____ 20_____.

SIGNATURE / ACKNOWLEDGEMENT

The undersigned being authorized by and acting on behalf of the applicant must read and initial the following statements:

- _____ 1. I have read the application and indemnity agreement and understand and accept the terms and conditions set forth herein.
- _____ 2. I warrant that any misrepresentation on the application, whether innocent or intentional, can result in bond termination.
- _____ 3. I understand that I will be notified by Avalon Risk Management, Inc. of approval of the bond and that this application does not, in any way, guarantee approval of my bond application.
- _____ 4. I agree and understand that I will be held accountable for and am responsible to abide by the terms and condition set forth in any bond form issued by Avalon Risk Management, Inc.
- _____ 5. I understand that I must maintain adequate insurance coverage for both Forwarder Legal Liability and Errors and Omissions Insurance as prerequisite to obtaining any transportation related Bond. Furthermore, I agree to keep my insurance intact and renew coverage annually while Bond(s) are in force. I understand and agree that I must notify Avalon Risk Management, Inc. of the termination or lapse in my coverage within 10 business days from the cancellation or expiration date.
- _____ 6. I agree to notify Avalon Risk Management, Inc. immediately of any FMC, Federal or State investigations and of any claim or suit against my Bond(s).

SIGNATURES

INDIVIDUAL/PROPRIETORSHIP

| | | | |
|--------------------|--------------------|--------------------------------------|-------------|
| Name of Individual | Signature | Date of Birth: Social Security#: | SEAL |
| Name of Spouse | Spouse's Signature | Date of Birth: Social Security #: | |
| Home Address: | | | |

**If married, signature of spouse is required*

PARTNERSHIP

| | | | |
|----------------------------|---------------|--------------------------------------|-------------|
| Name of Individual/Partner | Signature | Date of Birth: Social Security #: | SEAL |
| Title: | Home Address: | | |
| Name of Individual/Partner | Signature | Date of Birth: Social Security #: | SEAL |
| Title: | Home Address: | | |

CORPORATION OR LLC

| | | | |
|--------------|-----------|-------|-------------|
| Company Name | Signature | Title | SEAL |
|--------------|-----------|-------|-------------|

ALL OWNERS, (STOCKHOLDERS) AND ADDITIONAL INDEMNITORS MUST SIGN BELOW

In consideration of executing the Bond(s) applied for by Applicant, the Undersigned, now referred to as Indemnitor(s), acknowledge(s) that the above Indemnity Agreement has been read and the Indemnitor(s) is (are) aware of the contents of the Indemnity Agreement. The Indemnitor(s) agree(s) to be bound by the Indemnity Agreement to the same extent as the Applicant. The obligation imposes individual liability on the Indemnitor(s) as well as joint liability with the Applicant. The Indemnitor(s) has(have) sufficient interest in the performance of this obligation to execute this agreement and is (are) fully empowered to exercise this agreement.

INDEMNITOR NAME

INDEMNITOR SIGNATURE

INDEMNITOR NAME

INDEMNITOR SIGNATURE