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Title: **Reminder to contact Avalon for bonds written outside your authority**
Avoid bond aggregation and increased exposure

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Avalon Risk Management, Inc. would like to remind its valued customs broker clients of the importance of contacting your local Avalon office when writing U.S. Customs bonds beyond your authority.

Customs brokers may write general merchandise bonds at their own discretion up to \$350,000 for single entry bonds and \$100,000 for continuous bonds. Bonds outside the scope of a customs broker's authority require prior approval and the submission of a signed bond application, financial statements, general indemnity agreements and collateral as necessary.

Contacting Avalon is important especially in regard to the ensuing bond aggregation issues and increased risk, which affects the operations of importers, customs brokers and sureties. Bond aggregation consists of the total face value of all existing bonds for a single principal (or group of affiliated companies). Aggregation increases an importer's exposure to liquidated damages, in addition to increasing a customs brokerage company's exposure to Errors & Omissions (E&O) claims as brokers may ultimately be held responsible for excess losses.

Importers often look to their customs broker to provide answers to underwriting inquiries, and offering a beneficial underwriting solution will help a customs broker's account retention. Avalon suggests customs brokers consistently offer a continuous bond, especially in place of high-limit single entry bonds. Working together, Avalon, its customs broker clients and importers must understand the risks of bond aggregation.

Avalon is a market leader with a 35 percent share of the Customs bond market. We place a high importance not only on educating customers on the importance of proper insurance and surety products, but also on increasing business opportunities. We are proud to offer the "Bond Revenue Enhancement Program" as a marketing service to our customs broker clients. The Bond Revenue Enhancement Program allows customs brokers to target existing importer clients where bonds are not currently controlled by the broker. Avalon understands the revenue source that Customs bonds provide. Allow us to show you how our Bond Revenue Enhancement Program can increase your revenue and client retention.

For more information, please contact your local Avalon office or Andriana Davis, Product Manager at (847) 700-8087 or at adavis@avalonrisk.com. A list of our North American offices can be found at www.avalonrisk.com.

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