



Date/Issue: **Special Quest: May 2009**

Title: **CBP discontinues pilot program of bond insufficiency notifications in ACE**

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Despite objection from customs brokers and sureties, U.S. Customs and Border Protection (CBP) is canceling its pilot program that allows the utilization of ACE for bond insufficiency notifications.

CBP used the ACE portal on a trial basis to notify sureties of bonds rendered insufficient because of an incorrect principal address or other factors such as an insufficient amount. The agency is terminating the program because it required too much manpower and also because it did not receive the 80 percent response rate it desired.

Avalon supported the efforts of customs brokers and worked actively with the International Trade Surety Association and the NCBFAA Customs Committee to keep the pilot operating. Unfortunately, CBP does not see the benefit from extending the time to respond to notices from two weeks to 30-45 days and keeping the pilot program.

The final posting in ACE of bonds rendered insufficient as a result of returned mail will occur tomorrow. In keeping with the current process, if not corrected, the bonds listed on that posting will be rendered insufficient on June 2.

CBP will resume rendering bonds insufficient from returned mail (without a corresponding BAL posting in ACE) on June 9. Effective immediately, the Revenue Division will agree to accept any signed certifications attesting to the accuracy of an address as long as that certification appears on the importer's letterhead and is signed by an officer or a responsible person at the company who has power-of-attorney (POA) authority. At this time, the Revenue Division will not require that a copy of the actual POA accompany the certification when it is submitted. However, the Revenue Division reserves the right to make such requests.

CBP has indicated that with removal of the pilot, they will make bad address updates submitted through the correct e-mail protocol a first priority to process. CBP did indicate they would be able to process new continuous bonds in a three to five day window without the extra workload from the pilot program.

Because of this change in CBP's procedures, Avalon will be updating our Web Merlin™ secure Internet portal to better manage bad address insufficiencies to continually meet the industry's changing needs. Customs brokers using Web Merlin already receive automated e-mail notifications for bond insufficiency. If a bond is potentially insufficient based on CBP's current formulas, an e-mail notification will be sent to the customer's branch and/or corporate contact. Bond calculations are also provided for brokers to review and share with importers. CBP recently advised that their bond rejection rate is currently at around 20

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percent. Avalon is proud to report that our Centralized Bond Unit (CBU) has a rejection rate of less than 4 percent. Activity managed by CBU can be monitored through Web Merlin.

To obtain a secure Web Merlin login and password, contact your Avalon representative or request a login at www.avalonrisk.com/WebMerlinRequest.aspx.

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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