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Title: **Update: CBP requiring STBs for suspected AD/CVD shipments**

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Further to our [June 2012 Quest article](#), Avalon Risk Management has obtained official notification from CBP advising ports to require an additional single transaction bond in addition to an importer's existing continuous bond when anti-dumping and countervailing duty exposure is suspected.

Through our involvement with the COAC Bond Subcommittee, we have received a [memo](#) issued by CBP's Office of International Trade confirming CBP's procedures, as well as a [port notice](#) distributed by the Port of Champlain. You may download the memo [here](#) and the port notice [here](#).

As a reminder, Avalon must be contacted for prior approval in such instances, given the additional risk these bond situations present to the surety. Our Web Merlin portal can assist our clients with managing this exposure by alerting users if a bond principal already has an active continuous bond on file. These features were announced in our [October 2011 Special Quest](#), along with other value added features such as tracking bond aggregations and prompting users for approval if an importer has a "hold" for underwriting reasons.

AD/CVD Exposures

Any STBs or continuous bonds required by CBP to secure suspected AD/CVD activity (whether entry type 01, 03 or otherwise) is considered an AD/CVD Bond for underwriting and rating purposes and must be written as an 04 Type Bond in Web Merlin. Such bonds will be subject to higher AD/CVD rates and underwriting requirements, which will include the following if not already on file with Avalon:

- [Bond Application/Indemnity Agreement](#) signed by a corporate officer.
- [AD/CVD questionnaire](#) with details on the case number, supplier, and information to substantiate origin including lab test results from CBP as necessary.
- Historical information regarding the importer's entry activity and any background on the customs broker's relationship with the importer.
- Financial statements including Balance Sheet, Income Statement, and Statement of Cash Flows.
- [Collateral](#) will likely be required for high-risk AD/CVD cases, especially if the importer cannot demonstrate financial strength to support the total bond aggregation.

We encourage you to contact Avalon so we can work with you and CBP to properly underwrite these requests. Through proactive education, we can work together to mitigate risk and support compliance for you and your clients.

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

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