



STEAMSHIP MUTUAL

To the Members

January 2006

Dear Sirs,

USA – MARITIME SECURITY - ADVANCE PASSENGER INFORMATION SYSTEM INTERNATIONAL CARRIER BOND REQUIREMENTS

In April 2005 the U.S. Bureau of Customs and Border Protection (CBP) published a Final Rule that required manifest information concerning passengers and crew members either arriving in or departing from the U.S. to be transmitted to CBP electronically. These regulations became effective for cargo vessels in June 2005 and for passenger vessels in October 2005.

For vessels arriving at a place in the U.S., the Rule requires advance notification to be given as follows:

1. If the duration of the voyage is more than 96 hours, the information must be transmitted at least 96 hours before entering the first U.S. port.
2. If the duration of the voyage is 24 hours or more, but less than 96 hours, the information must be transmitted prior to departure.
3. If the duration of the voyage is less than 24 hours, the information must be transmitted at least 24 hours before entering the first U.S. port

For vessels departing the U.S., passenger and crew manifest information must be transmitted no later than 15 minutes before the vessel departs the U.S.

In order to facilitate the notification of the required information, the U.S. Coast Guard has developed an electronic Notice of Arrival/Departure application, details of which can be found on the National Vessel Movement Center's web-site (www.nvmc.uscg.gov). In addition, the following link to the U.S. Customs and Border Protection web-site provides further information on APIS transmissions for commercial vessels. (http://www.cbp.gov/xp/cgov/travel/inspections_carriers_facilities/apis/apis_vessels/).

Penalties can be imposed for violations of the regulations. These penalties amount to US\$5,000 for the first violation, and \$10,000 for each subsequent infringement. Any conveyance used in connection may also be subject to seizure and forfeiture, but this action is generally only likely in limited circumstances. In order to secure the payment of any penalties that may be imposed, the carrier must establish an international carrier bond (ICB). The carrier for these purposes is the entity responsible for providing the vessel's crew.

Club Circulars B.400 and B.402 issued in February and March 2004 respectively provided information concerning the regulations and bonding requirements connected with the provision of advance cargo manifest (AMS) information. The same ICB will respond to any penalties imposed under the APIS regulations, but Members who may have established a bond for the purposes of AMS are advised to contact the relevant Customs Area Port Director or their local agents to obtain confirmation that the amount of the bond is sufficient to cover potential APIS penalties. In some Customs areas the minimum bond limit has been set at US\$50,000. Details of Treasury approved surety companies able to provide bonds can be found on the following web-site link (www.fms.treas.gov/c570/c570.html#certified).

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Under the AMS regulations, it was not particularly clear who was responsible for establishing an international carrier bond. In the context of a vessel operating under charter, it may well be the case that the ICB will have been established by the charterer as the entity who controls the loading ports, and type of cargo loaded. Consequently there may be many vessels for which the bond to secure penalties under the APIS regulations is a new requirement so far as the owner is concerned. Where a vessel is part of a fleet operated by Managers, the ICB can be provided on behalf of the Managers.

From 1st February 2006, the U.S. Bureau of Customs and Border Protection will be enforcing the requirement for an ICB to be established. Members are therefore strongly recommended to ensure that the requisite bond is in place prior to this date in order to avoid the potential for delay and the resulting consequences. Members requiring further information on this subject should contact the Managers' London representatives.

Yours faithfully,

THE STEAMSHIP MUTUAL UNDERWRITING
ASSOCIATION LIMITED