SURETY ONE, INC.

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A PRACTITIONER'S GUIDE TO

OTI BONDS

Every FMC Bond Class Explained

BY

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ABSTRACT

This guide explains every surety bond required by the U.S. Federal Maritime Commission (FMC). It covers the ocean transportation intermediary (OTI) bond on Form FMC-48 for ocean freight forwarders ($50,000), NVOCCs ($75,000), companies licensed as both ($125,000) and registered foreign NVOCCs ($150,000); the optional China rider ($50,000); the OTI group bond; and passenger vessel operator bonds. It also explains underwriting requirements, collateral, cost, claims under 46 CFR § 515.23, cancellation and replacement, with a glossary and links to the primary sources.

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FOREWORD FROM THE FOUNDER

An OTI bond is the least glamorous document in ocean shipping, and one of the few that can shut a company down in thirty days. A forwarder or NVOCC can have customers, contracts and cargo on the water and still be out of business because a one page form in Washington was cancelled and nobody replaced it.

Most intermediaries meet the bond as a line item that someone hands them at the end of the licensing process. They learn how it works later: when a carrier files a claim, when a surety sends a cancellation notice, or when an underwriter asks a company in Shenzhen or Santo Domingo for collateral and nobody has explained why.

This guide was written to fix that. It covers every bond the Federal Maritime Commission requires, class by class: the ocean freight forwarder, the NVOCC, the company that is both, the foreign NVOCC that registers without a license, the optional rider for the China trade, the group bond, and the two bonds the Commission requires of passenger vessel operators. For each you will find who must file it, the amount, the form, the rule, and what thirty years of underwriting have taught me to look for.

I have also written plainly about the two subjects that sureties prefer to leave vague: collateral and claims. A foreign principal will probably be asked for collateral, and is entitled to know why, in what form, and when it comes back. Every principal should know exactly what happens in the 45 and 90 days after a claimant writes to its surety.

Read it cover to cover, or go straight to your class. Either way, when you finish you will know what is being guaranteed, who is on the hook, and what to send when you need a quote.

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PART I: FUNDAMENTALS

What an OTI Bond Is

An ocean transportation intermediary (OTI) is either an **ocean freight forwarder** or a **non vessel operating common carrier (NVOCC)**. Under the Shipping Act, neither may operate in the U.S. trades without proof of financial responsibility on file with the Federal Maritime Commission (FMC). That proof is a surety bond on Form FMC-48.

The bond is a three party contract. The OTI is the principal. The United States, through the FMC, is the obligee. The surety guarantees that shippers, carriers, truckers and the Commission itself can be paid if the OTI's transportation related activities cause damages, a reparations order or a civil penalty. The OTI remains liable to the surety for everything the surety pays.

No bond, no business. The Commission will not issue a license or make a registration effective until it receives the bond, and vessel operators are forbidden to carry cargo for an NVOCC that lacks one.

KEY FACTS

- **Ocean freight forwarder:** $50,000 (46 CFR § 515.21(a)(1)).
- **NVOCC, U.S. based or licensed non U.S.:** $75,000 (§ 515.21(a)(2)).
- **Registered (unlicensed) foreign NVOCC:** $150,000 (§ 515.21(a)(3)).
- **Forwarder and NVOCC in one company:** both amounts, $125,000 in total.
- **Optional China rider:** adds $50,000 for NVOCCs in the U.S. and China trade.
- **Group bond:** the lesser of each member's amount or $3,000,000 in aggregate.
- **Surety:** must hold a U.S. Treasury certificate of authority (Circular 570).
- **Cancellation:** effective 30 days after the FMC receives written notice.

Bond Amounts at a Glance

The amount is set by regulation, not by the surety. It depends on what you do and where your company is based.

Who you are	Bond amount	Form	Rule
Ocean freight forwarder in the United States	$50,000	FMC-48	46 CFR § 515.21(a)(1)
NVOCC, U.S. based, or non U.S. NVOCC that chooses to be licensed	$75,000	FMC-48	§ 515.21(a)(2)
Forwarder and NVOCC in the same company	$125,000	FMC-48	§ 515.21(a)(1) and (2)
Registered foreign NVOCC, unlicensed	$150,000	FMC-48	§ 515.21(a)(3)
NVOCC in the U.S. and China trade, optional rider	+ $50,000	FMC-48A	§ 515.25(b), Appendix E
Group or association of OTIs	Up to $3,000,000 aggregate	FMC-69	§ 515.21(b)
Passenger vessel operator, performance	110% of unearned passenger revenue, capped	FMC-132A	46 CFR § 540.5 and § 540.9(j)
Passenger vessel operator, casualty	Scaled to passenger berths	FMC-132B	46 CFR § 540.24

NVOCC vs Ocean Freight Forwarder

Both are ocean transportation intermediaries, both need an FMC license and a bond, and customers use the two words as if they meant the same thing. The law does not. One is a ***carrier*** *and the other is an* ***agent****.*

In short. The difference between an **NVOCC and a freight forwarder**: an NVOCC is a carrier that issues its own bill of lading and files a $75,000 surety bond, while an ocean freight forwarder is the shipper's agent and files a $50,000 surety bond. Terms such as house bill of lading are in the glossary.

KEY FACTS

- **NVOCC:** a common carrier that does not operate vessels (46 U.S.C. § 40102(17)). Bond $75,000.
- **Ocean freight forwarder:** an agent that dispatches shipments and arranges space for shippers (§ 40102(19)). Bond $50,000.
- **The test:** whose bill of lading is it?
- **Tariff:** required of the NVOCC, not of the forwarder.
- **From abroad:** only the NVOCC role is available without a U.S. entity.

Side by side

	NVOCC	Ocean freight forwarder
Legal role	Common carrier to its customer, shipper to the vessel operator	Agent of the shipper
Bill of lading	Issues its own house bill of lading	Prepares the shipper's documents. The carrier issues the bill of lading
Responsibility for the cargo	Carrier liability to its shipper	Liable for its own errors as agent, not as carrier
Tariff	Must publish one under 46 CFR Part 520 and file Form FMC-1	None
How it earns	The spread between what it charges and what it pays the vessel operator	Fees from the shipper and compensation from the carrier
Rate tools	Tariff rates, negotiated rate arrangements, service arrangements	Not applicable
Where it may be based	United States or abroad	United States
FMC authorization	License, or registration if foreign based	License
Bond	$75,000, or $150,000 if registered	$50,000

Why the NVOCC bond is larger

A carrier takes on more than an agent does. The NVOCC promises the shipper that the cargo will arrive, collects the freight in its own name, and owes freight to the vessel operator whether or not its customer pays. Each of those is a way to cause loss to someone else, and the bond amount follows the exposure.

How the forwarder is paid, and the limits

A forwarder charges its shipper a fee and may also receive compensation from the ocean carrier. The carrier may pay only when the forwarder certifies in writing that it is licensed and that it actually booked the space and prepared the documents (46 U.S.C. § 40904). A forwarder may not take carrier compensation on a shipment in which it has a beneficial interest, and may not be paid twice for the same service.

One company, both roles

Nothing prevents a company from being both, and many are. It then needs both authorities on its license and $125,000 of financial responsibility. What it may not do is act as a carrier under a forwarder license, or the reverse.

Which should you be?

- Choose the **forwarder** role if you serve exporters who contract directly with ocean carriers and want documentation and booking handled for them.
- Choose the **NVOCC** role if you consolidate cargo, quote all in door to door rates or want to control the customer relationship and the bill of lading.
- Choose **both** if your book of business has both kinds of customer.
- If you are outside the United States, the NVOCC role is the one open to you. See the foreign NVOCC page.

Questions and answers

Is an NVOCC a freight forwarder?

Not in U.S. law. Both are ocean transportation intermediaries, but an NVOCC is a common carrier and a freight forwarder is an agent. Many companies are licensed as both.

Can a freight forwarder issue a bill of lading?

A forwarder that issues its own bill of lading as carrier is acting as an NVOCC and needs NVOCC authority, a tariff and the $75,000 bond.

Which bond is cheaper?

The forwarder bond is smaller at $50,000. Premium depends on underwriting, described on the cost page.

Is a customs broker an OTI?

No. A customs broker is licensed by CBP. It becomes an OTI only if it also forwards ocean freight or acts as an NVOCC.

Which FMC Bond Do I Need?

Two facts decide it: where your company is based, and whether you act as the shipper's agent or as a carrier. Use the selector, or read the decision rules below it.

In short. Which FMC bond you need depends on where the company is based and whether it acts as agent or carrier. The FMC bond is $50,000 for a U.S. forwarder, $75,000 for an NVOCC, $125,000 for both and $150,000 for a registered foreign NVOCC. Each is a surety bond on Form FMC-48.

KEY FACTS

- **In the United States, agent only:** forwarder bond, $50,000.
- **In the United States, carrier:** NVOCC bond, $75,000.
- **In the United States, both:** $125,000.
- **Outside the United States:** NVOCC only. $150,000 if registered, $75,000 if licensed.
- **China trade:** optional rider, + $50,000.

The decision rules in plain words

If your company	It is	Bond
is in the United States and books cargo with carriers for shippers, without issuing its own bill of lading	an ocean freight forwarder	$50,000
is in the United States and issues its own house bill of lading	an NVOCC	$75,000
is in the United States and does both, depending on the shipment	both	$125,000
is outside the United States, issues its own bill of lading and has no FMC license	a registered NVOCC	$150,000
is outside the United States but holds an FMC license through a U.S. branch office	a licensed NVOCC	$75,000
belongs to an association that files for its members	covered by a group bond	Through the group
operates a vessel with 50 or more passenger berths from a U.S. port	a passenger vessel operator	Set by the FMC

The question that settles most cases

Whose name is on the bill of lading as carrier? If the answer is the vessel operator's and you only arranged the shipment, you acted as a forwarder. If the answer is yours, you acted as an NVOCC, whatever your company calls itself. The comparison page sets the two roles side by side.

If you already hold a bond

Check that it still matches what you do. A forwarder that has begun issuing house bills needs NVOCC authority and the additional $75,000 before the next shipment, not after the first claim. A registered foreign NVOCC that opens a U.S. branch may be able to move to a license and a $75,000 bond.

Bonds the FMC does not handle

Trucking brokers and surface freight forwarders file the BMC-84 bond with the FMCSA, covered on FreightBrokerSurety.com. Importers, customs brokers and international carriers file customs bonds with CBP, covered on Customs-Bonds.com. Many intermediaries need one of those as well as the FMC bond.

Questions and answers

I am a 3PL. Do I need an FMC bond?

Only if part of what you do is ocean freight forwarding or NVOCC service in the U.S. foreign trades. Warehousing, trucking and domestic logistics do not require it.

Can I start with a forwarder bond and add NVOCC later?

Yes. Adding NVOCC authority takes an amended Form FMC-18, a tariff and the additional $75,000 of financial responsibility.

Does an NVOCC that only imports into the United States need the bond?

Yes. The requirement covers ocean transportation between the United States and a foreign country in either direction.

Form FMC-48: the OTI Bond Form Explained

Every individual OTI bond is written on one prescribed form. The surety cannot change its wording, and the Commission will reject a bond that is incomplete or does not match its records.

In short. Form FMC-48 is the Federal Maritime Commission's prescribed OTI surety bond form. A Treasury listed surety executes it for the forwarder or NVOCC and files it by email with the Bureau of Certification and Licensing. Filing tips are in the tradecraft notes.

KEY FACTS

- **Prescribed by:** 46 CFR § 515.22(a) and Appendix A to Part 515.
- **Surety:** must be acceptable to the Secretary of the Treasury (Circular 570).
- **Filed by:** email to the Bureau of Certification and Licensing.
- **Related forms:** FMC-69 (group bond), FMC-48A and FMC-69A (China riders).

What the form contains

- **The parties.** The OTI as principal, the surety, and the United States as obligee.
- **The capacity.** Whether the principal operates as an NVOCC or as an ocean freight forwarder.
- **The penal sum.** $50,000, $75,000 or $150,000 according to class.
- **The condition.** The surety pays judgments and settlements for damages arising from transportation related activities, reparations orders and civil penalties, up to the penal sum in aggregate.
- **Termination.** Either party may end the bond on written notice to the Commission, effective 30 days after receipt. Liability for events before that date continues.
- **The effective date** and the signatures of both principal and surety.

What the Commission checks

The Commission's bond instructions list the points that must be right:

- the bond is numbered by the surety and marked as an NVOCC or ocean freight forwarder bond;

- the exact legal name of the principal and every trade name are entered, as they appear on the license application or registration;
- the bond amount and effective date are stated;
- both the OTI and the surety have signed; and
- a current power of attorney authorizing the surety's signer is attached.

> *A mismatch between the name on the bond and the name on Form FMC-18 or FMC-65 is the usual cause of delay. Send us the name exactly as you gave it to the Commission, including punctuation and any trade names.*

How the bond is filed

Proof of financial responsibility is filed by email with the Director of the Bureau of Certification and Licensing (§ 515.22(e)). The filing shows the principal's name, trade name, address, state or country of formation, and the printed name and title of the signer. We file the bond for you and send you a copy.

Riders

Changes after issuance are made by rider: a change of name, a new trade name, a change of address, the U.S. branch address of a licensed foreign NVOCC, or the optional China coverage. The surety sends the rider to the Commission.

Other forms of proof

The regulation also describes insurance (Form FMC-67) and a guaranty (Form FMC-68). The Commission's own program page states that acceptable proof is currently limited to surety bonds, and the bond is the instrument that carriers, shippers and the FMC's public list are built around.

Questions and answers

Can I complete Form FMC-48 myself?

The principal signs it, but only a Treasury listed surety can execute it as surety, through an attorney in fact holding a current power of attorney.

Does the FMC need the original bond on paper?

The regulation provides for filing by email with the Bureau of Certification and Licensing.

FMC OTI License and Registration

The bond is one part of a larger authorization. This page sets out who must be licensed, who may register, what the Commission asks for, and the point at which the bond has to be on file.

In short. An **FMC OTI license** authorizes a U.S. based ocean freight forwarder or NVOCC to operate, and a foreign NVOCC may register instead. Neither takes effect until the OTI surety bond is on file. The whole process is also covered in the free guide.

KEY FACTS

- **License:** required of every U.S. based forwarder and NVOCC (Form FMC-18).
- **Registration:** available to NVOCCs based outside the United States (Form FMC-65).
- **Qualifying individual:** three years of OTI experience.
- **Renewal:** every three years, with no renewal fee.
- **Changes:** reported to the FMC within 30 days.
- **Population:** more than 9,600 OTIs, about 5,100 of them U.S. licensees.

Who needs what

Company	Authorization	Bond
U.S. based ocean freight forwarder	License	$50,000
U.S. based NVOCC	License, tariff and Form FMC-1	$75,000
Non U.S. NVOCC, licensed	License, U.S. branch, tariff and Form FMC-1	$75,000
Non U.S. NVOCC, registered	Registration, tariff, Form FMC-1 and U.S. agent	$150,000

The license application

1. **Appoint a qualifying individual.** For a U.S. applicant this is an officer of a corporation, a partner, a member or manager of an LLC, or the sole proprietor, with at least three years of demonstrable OTI experience gained in the United States.
2. **File Form FMC-18** electronically and pay the fee through Pay.gov. The Commission's fee schedule states the current amount.
3. **Arrange the bond.** The Commission reviews character and experience. When it is ready to issue the license it must have valid proof of financial responsibility, so the bond should already be approved.
4. **NVOCCs publish a tariff** and submit Form FMC-1.

Registration for foreign NVOCCs

An NVOCC whose primary place of business is outside the United States, and which does not choose to be licensed, registers on Form FMC-65. The registration is complete when the Commission has the form, the $150,000 bond and the Form FMC-1. It lasts three years and renews for further three year periods. Full details are on the foreign NVOCC page.

Renewals and changes

Licenses renew every three years. The month and year are fixed by the last two digits of the license number, and the Commission sends a notice by email about 100 days ahead. There is no fee. Registered foreign NVOCCs renew through the online Form FMC-65.

Report changes within 30 days. A new qualifying individual, a change of name or trade name, a change of business structure and the addition of NVOCC or forwarder authority all require an amended Form FMC-18. A change of address requires a **bond rider** from the surety.

How a license is lost

A license or registration does not survive without valid proof of financial responsibility on file (§ 515.26). Other grounds include violating the Shipping Act, failing to respond to a lawful Commission inquiry, false statements, failing to renew, and for NVOCCs failing to maintain a tariff. The Commission publishes status changes, and vessel operators consult them.

Questions and answers

Can I apply for the bond before the FMC approves my license?

Yes, and you should. Underwriting can be completed while the application is pending so that the bond is filed the moment the Commission asks for it.

How long does an FMC license last?

It continues as long as it is renewed every three years and the bond stays in force.

Does a customs broker or IATA agent need an FMC license?

Only if it also acts as an ocean freight forwarder or NVOCC in the U.S. trades. Customs bonds are a separate program handled on our sister site Customs-Bonds.com.

PART II: BOND CLASSES

Ocean Freight Forwarder Bond

*Every ocean freight forwarder operating in the United States needs an FMC license and **US$50,000** of financial responsibility on file with the Commission. That proof is a surety bond on Form FMC-48.*

In short. An **ocean freight forwarder bond** is the $50,000 surety bond that a U.S. freight forwarder files with the Federal Maritime Commission on Form FMC-48 to obtain and keep its OTI license. The surety pays valid transportation claims up to that amount and the forwarder repays the surety. Short answers to related questions are in the FAQ.

KEY FACTS

- **Bond amount:** $50,000 (46 CFR § 515.21(a)(1)).
- **Form:** FMC-48, marked as an ocean freight forwarder bond.
- **Obligee:** the United States, through the Federal Maritime Commission.
- **License:** Form FMC-18, with a qualifying individual who has three years of U.S. OTI experience.
- **Term:** continuous until cancelled on 30 days' notice to the FMC.

Who is an ocean freight forwarder

The Shipping Act defines an ocean freight forwarder as a person in the United States that dispatches shipments from the United States by common carrier, books or arranges space for those shipments on behalf of shippers, and processes the documentation or performs related activities (46 U.S.C. § 40102).

The forwarder is the shipper's agent. It does not issue its own bill of lading as carrier and does not take on carrier liability for the cargo. A company that does those things is an NVOCC, and a company that does both needs both authorities.

The license matters commercially as well as legally. An ocean carrier may pay forwarder compensation only to a forwarder that is licensed and bonded (46 U.S.C. § 40904).

What the bond guarantees

Form FMC-48 makes the surety answerable, up to $50,000, for three kinds of obligation that arise from the forwarder's transportation related activities:

- a judgment, or a settlement reached under the claims procedure of 46 CFR § 515.23, for damages;
- an order for reparations issued by the Commission under the Shipping Act; and
- a civil penalty assessed by the Commission.

The $50,000 is an aggregate limit. Once the surety has paid that amount on all claims combined, the bond is exhausted and must be replaced for the license to continue.

How to get licensed and bonded

1. Appoint a qualifying individual: an officer, partner, member or the sole proprietor, with at least three years of ocean transportation intermediary experience in the United States.
2. File Form FMC-18 online and pay the application fee.
3. Apply for the bond while the Commission reviews the application. Underwriting does not need to wait for approval.
4. When the Commission is ready to issue the license, the surety files the executed bond by email with the Bureau of Certification and Licensing. No license issues until valid proof of financial responsibility is received (§ 515.25(a)).

What underwriting asks for

For a $50,000 forwarder bond we ask for the application, a current balance sheet and year to date profit and loss statement, your FMC organization number if you have one, and a copy of any existing bond. Owners provide a personal financial statement when the company is capitalized under $10,000,000. The full list is on the requirements page.

Keeping the bond in force

The bond runs continuously. Premium is due each year. If the legal name, a trade name or the address changes, the surety must file a rider so the bond matches the Commission's records. If the bond is cancelled and not replaced within 30 days, the license is revoked. See cancellation and replacement.

Questions and answers

Does a freight forwarder that only handles air cargo or trucking need an FMC bond?

No. The FMC bond applies to ocean freight forwarding in the U.S. foreign trades. Property brokers and surface freight forwarders are regulated by the FMCSA and file a different bond.

Can a foreign company be licensed as an ocean freight forwarder?

The forwarder definition covers persons operating in the United States. A foreign company that wants to arrange ocean transportation to or from the United States from abroad normally does so as an NVOCC.

Do branch offices need their own bond?

Each separately incorporated entity that provides OTI services needs its own license and bond, even when several share a trade name (§ 515.21(c)). The current rule does not set a separate bond amount for unincorporated branches of a licensed forwarder.

NVOCC Bond

*A non vessel operating common carrier sells ocean transportation under its own bill of lading without operating the ship. To do that in the U.S. trades it must file **US$75,000** of financial responsibility with the FMC, on Form FMC-48.*

In short. An **NVOCC bond** is the $75,000 surety bond that a non vessel operating common carrier files with the Federal Maritime Commission on Form FMC-48. Without the NVOCC bond and a published tariff, vessel operators may not carry the NVOCC's cargo. Unfamiliar terms are defined in the glossary.

KEY FACTS

- **Bond amount:** $75,000 (46 CFR § 515.21(a)(2)).
- **Applies to:** U.S. based NVOCCs and non U.S. NVOCCs that elect to be licensed.
- **Also required:** an FMC license, a published tariff and Form FMC-1.
- **Optional:** a $50,000 China rider on Form FMC-48A.
- **Enforcement:** vessel operators may not carry cargo for an NVOCC without a tariff and a bond (§ 515.27).

What makes a company an NVOCC

An NVOCC is a common carrier that does not operate the vessels by which the ocean transportation is provided, and is a shipper in its relationship with the ocean common carrier (46 U.S.C. § 40102). In practice it buys space from vessel operators, resells it to its own customers, issues a house bill of lading and accepts carrier responsibility for the cargo.

That carrier status is why the bond is larger than a forwarder's. The NVOCC holds itself out to the public, publishes rates in a tariff, and owes its shippers the duties of a common carrier.

The three things the FMC needs before you operate

1. **A license.** U.S. based NVOCCs apply on Form FMC-18 with a qualifying individual who has three years of U.S. OTI experience.
2. **A tariff.** The NVOCC publishes its rates and rules under 46 CFR Part 520 and registers the tariff location on Form FMC-1.
3. **A bond.** The surety files Form FMC-48 for $75,000, marked as an NVOCC bond, with the Bureau of Certification and Licensing.

Once all three are in place the company appears on the Commission's public list of licensed and bonded OTIs, which is where ocean carriers check before they accept a booking.

What the bond pays

The bond responds to damages arising from the NVOCC's transportation related activities, to reparations ordered by the Commission, and to civil penalties. Typical claimants are shippers with cargo claims or refund disputes, vessel operators owed freight, and truckers owed for the

inland leg of a through move. The procedure, with its 45 and 90 day periods, is set out on the claims page.

Licensed non U.S. NVOCCs

A foreign NVOCC may choose a license in place of registration. It must open an unincorporated branch office in the United States, qualify that office with the state, and appoint a qualifying individual. Its bond is $75,000 and carries a rider listing the U.S. branch address. The alternative, registration with a $150,000 bond, is described on the foreign NVOCC page.

What underwriting asks for

The application, a current balance sheet and year to date profit and loss statement, your FMC organization number and years operated with a bond, and a copy of the most recent bond with its premium and collateral terms. Owners add a personal financial statement when the company carries less than $10,000,000 in capitalization. Details are on the requirements page.

Questions and answers

What is the difference between an NVOCC and a freight forwarder?

A forwarder arranges transportation as the shipper's agent. An NVOCC is itself a carrier: it issues its own bill of lading and is responsible to the shipper for the cargo. The forwarder bond is $50,000 and the NVOCC bond is $75,000.

Does the $75,000 bond cover cargo loss?

It can respond to a judgment or settlement for damages from transportation related activities, which may include a cargo claim. It is not cargo insurance. The NVOCC must reimburse the surety for anything paid.

Can one bond cover my NVOCC and my forwarding license?

A company holding both authorities must evidence financial responsibility for each: $75,000 as NVOCC and $50,000 as forwarder. See the combined bond page.

NVOCC and Ocean Freight Forwarder Bond

Many intermediaries act as carrier on one shipment and as agent on the next. A company licensed in both capacities must evidence financial responsibility for each: ***$75,000 as NVOCC and $50,000 as forwarder, $125,000 in total****.*

In short. The **NVOCC and freight forwarder bond** is $125,000 of FMC financial responsibility for a company licensed in both capacities: a $75,000 NVOCC surety bond and a $50,000 ocean freight forwarder surety bond. Not sure you need both? Try the bond selector.

KEY FACTS

- **Total financial responsibility:** $125,000.
- **Rule:** 46 CFR § 515.21(a)(1) and (a)(2), each applying to the capacity in which the company operates.
- **Form:** FMC-48. The bond is marked to show whether it covers NVOCC or forwarder activity.
- **Adding the second authority:** an amended Form FMC-18.

Why two amounts

The regulation does not offer a discount for holding both authorities. Paragraph (a)(1) requires $50,000 of any person operating as an ocean freight forwarder, and paragraph (a)(2) requires $75,000 of any person operating as an NVOCC. A company that does both falls under both paragraphs.

The Commission's bond instructions add that each bond is numbered by the surety and marked to indicate whether it is an NVOCC or an ocean freight forwarder bond. We issue the instruments in the form the Bureau of Certification and Licensing requires for a dual licensee and file them together.

When a dual license makes sense

- You issue house bills of lading for consolidated cargo but also book direct with carriers as agent for larger shippers.
- You want to collect forwarder compensation from vessel operators on agency shipments.
- Your customers ask for door to door carrier responsibility on some lanes and simple documentation service on others.

If you hold only one authority and begin acting in the other capacity, you are operating without a license for that activity. Adding NVOCC or forwarder authority is done on an amended Form FMC-18, and the additional bond must be on file before the new authority is used.

Underwriting a $125,000 file

The documents are the same as for a single authority, described on the requirements page. Because the total exposure is higher, the financial statement carries more weight, and we ask how the business divides between carrier and agency work.

Claims do not cross over

A claim that arises from the company's conduct as carrier is presented against the NVOCC bond, and a claim from its conduct as agent against the forwarder bond. The claims procedure is the same for both.

Questions and answers

Is the $125,000 written as one bond or two?

The Commission tracks financial responsibility by capacity, and Form FMC-48 is marked for one or the other. We prepare and file what the Bureau of Certification and Licensing requires for your license, at a single underwriting and with one application.

Can I add the China rider to a combined filing?

Yes. The optional China rider attaches to the NVOCC bond and adds $50,000 for that purpose.

Foreign NVOCC Bond

An NVOCC whose primary place of business is outside the United States can serve the U.S. trades without a license by registering with the FMC. The price of that convenience is a larger bond: ***US$150,000****.*

In short. A **foreign NVOCC bond** is the $150,000 surety bond required of an NVOCC based outside the United States that registers with the Federal Maritime Commission without obtaining a license. A U.S. surety will usually ask a foreign NVOCC for collateral. Practical advice for foreign principals is in the tradecraft notes.

KEY FACTS

- **Bond amount:** $150,000 (46 CFR § 515.21(a)(3)).
- **Registration:** Form FMC-65, effective for three years and renewable.
- **Also required:** a tariff, Form FMC-1 and a U.S. agent for service of process (§ 515.24).
- **Alternative:** obtain a license with a U.S. branch office and post $75,000.
- **Collateral:** generally required by Surety One from non U.S. principals.
- **Scale:** more than 4,400 foreign NVOCCs are registered with the FMC.

Two routes for a non U.S. NVOCC

	Registration	License
Bond amount	$150,000	$75,000, with a rider listing the U.S. branch address
FMC filing	Form FMC-65	Form FMC-18
U.S. presence	A resident agent for service of process	An unincorporated U.S. branch office qualified with the state
Qualifying individual	Not required	An officer with three years of OTI experience in the U.S. trades
Renewal	Every three years	Every three years

Most foreign NVOCCs register. The Commission reports more than 4,400 registered foreign NVOCCs, the great majority of them in the People's Republic of China, and very few that have chosen the license route.

How registration works

1. Email a completed Form FMC-65 to the Commission.
2. Publish a tariff and submit Form FMC-1. Most registrants use a tariff publisher.
3. Have the surety file Form FMC-48 for $150,000.
4. Designate a person in the United States as legal agent for service of process, and state the designation in the tariff.

The registration is not effective, and no cargo may move, until the Commission has the bond and the Form FMC-1 (§ 515.19 and § 515.25(a)(2)). A registered NVOCC is strictly responsible for the acts and omissions of its employees and agents wherever they are located.

Why the bond is double

A registrant has not been through licensing. The Commission has not examined its experience or character, and it may have no office, staff or assets within reach of a U.S. court. The larger bond is what stands behind its obligations to U.S. shippers and carriers.

Collateral for foreign principals

The same facts drive underwriting. If the surety pays a claim, it must recover from a company whose assets are abroad. Surety One therefore generally requires collateral from Chinese and most other non U.S. businesses, in cash or by irrevocable letter of credit.

We make an exception for the very large enterprise: publicly traded, substantial in size, and holding a formidable rating from Fitch or a comparable agency. If that describes your group, say so in the application and include the rating. The collateral page explains the instruments we accept and when collateral is returned.

What to send us

- The application, with the Federal Maritime Commission as obligee and the registered NVOCC class selected.
- A current balance sheet and year to date profit and loss statement, in English or with a translation.
- Your FMC organization number and the number of years you have operated with an FMC bond.
- A copy of your most recent bond and your current premium and collateral terms.
- The name of your U.S. agent and a description of any U.S. offices or assets.

Questions and answers

Can a Chinese NVOCC get an FMC bond from a U.S. surety?

Yes. Surety One writes $150,000 bonds for registered NVOCCs in China and elsewhere. Collateral is generally required unless the applicant is a very large, publicly traded company with a strong credit rating.

Is it cheaper to get a license and post $75,000?

The bond amount is half, but a license requires a U.S. branch office, state qualification and a qualifying individual with three years of experience in the U.S. trades. For most foreign NVOCCs registration is simpler.

Does the China rider apply to a foreign NVOCC?

The optional rider was created so that FMC licensed NVOCCs could satisfy China's financial responsibility rule without a cash deposit in China. Whether it helps a particular company is a question of Chinese law.

What happens if a registered NVOCC lets its bond lapse?

The registration becomes ineffective automatically, the company is removed from the FMC's lists, and vessel operators may no longer carry its cargo. See cancellation.

China NVOCC Bond Rider

*NVOCCs serving the trade between the United States and the People's Republic of China may add an optional rider to their FMC bond. The rider makes an additional **US$50,000** available for fines and penalties imposed by the Chinese government.*

In short. The **China NVOCC bond rider** is an optional $50,000 addition to an NVOCC surety bond, filed on Form FMC-48A. It is available to pay fines and penalties imposed by the Chinese government on an NVOCC in the U.S. and China trade. Other terms are defined in the glossary.

KEY FACTS

- **Rider amount:** $50,000, in addition to the NVOCC bond.
- **Forms:** FMC-48A for an individual bond, FMC-69A for a group bond.
- **Rule:** 46 CFR § 515.25(b) and Appendices E and F to Part 515.
- **Covers:** fines and penalties under Chinese law for activities in the U.S. and China trade.
- **Voluntary:** the FMC accepts it as a convenience and does not require it.

Where the rider comes from

China requires NVOCCs operating in its trades to show financial responsibility, traditionally by a cash deposit in a Chinese bank. Under the 2003 maritime agreement between the two

countries, China agreed to accept, in place of that deposit, an FMC license together with financial responsibility equal to RMB 800,000.

The $75,000 NVOCC bond did not reach that figure, so in 2004 the Commission created an optional rider for the difference. It was first set at $21,000. As the renminbi appreciated the amount fell short, and the Commission raised the rider to **$50,000 effective November 23, 2012**, giving a total of $125,000.

What the rider does and does not cover

The rider is a separate pool of money. It is available to pay fines and penalties for activities in the U.S. and China trade imposed by the Chinese government. A payment under the rider does not reduce the $75,000 bond, and the underlying bond is not available for the Chinese penalties.

> *The Commission accepts the rider for filing as a service to the industry. It does not interpret China's requirements. Questions about what the Ministry of Transport will accept belong to that Ministry or to your counsel in China.*

Filing and cancelling

The surety files Form FMC-48A as a rider to the existing Form FMC-48. Cancelling the underlying bond cancels the rider with it, but the rider can be cancelled on its own without disturbing the bond.

Underwriting the rider

For an NVOCC we already bond, adding the rider is a short endorsement request. For a new account the rider is underwritten with the bond: one application, one financial statement, one decision on $125,000 of total exposure.

Questions and answers

Is the China bond rider mandatory?

No. It is optional. An NVOCC that does not serve the China trade, or that satisfies China's requirement another way, has no need of it.

Is the rider still $21,000?

No. The $21,000 figure dates from 2004. The Commission increased the rider to $50,000 with effect from November 23, 2012.

Can a group bond carry the rider?

Yes. Form FMC-69A makes $50,000 available for each NVOCC member of the group that elects the option.

OTI Group Bond

*A group or association of ocean transportation intermediaries may accept liability for its members' financial responsibility and file a single bond on **Form FMC-69**. The rule caps the group's obligation at **US$3,000,000 in aggregate**.*

In short. An **OTI group bond** is a single surety bond on Form FMC-69 through which an association guarantees the FMC financial responsibility of its member forwarders and NVOCCs, capped at $3,000,000 in aggregate. More short answers are in the FAQ.

KEY FACTS

- **Rule:** 46 CFR § 515.21(b) and § 515.22(d).
- **Form:** FMC-69, with members added and removed by schedule.
- **Amount:** the lesser of the amount required of each member, or $3,000,000 in aggregate.
- **Timing:** each member must be identified to the FMC before it provides OTI services.
- **Rider:** FMC-69A adds the optional China coverage for members that want it.

How a group bond works

The association is the principal. The bond names the Commission as obligee and identifies each covered intermediary on a schedule. A claimant with a valid claim against a member proceeds against the group bond just as it would against the member's own FMC-48.

The arithmetic is simple. Add up what each member would owe on its own: $50,000 per forwarder, $75,000 per NVOCC, $150,000 per registered foreign NVOCC. If the total is under $3,000,000, that is the bond amount. If it is over, the bond is $3,000,000.

Duties the rule places on the group

- File the group bond identifying each covered OTI before that OTI provides service.
- Give the Commission a list of members and notify it of changes within 30 days.
- Provide a sample of each kind of coverage used by members.
- Make sure claims can be made in the United States against the surety.
- Obtain valid proof of each member's coverage every year.

Who uses group bonds

Group filings are used mostly by associations of foreign NVOCCs, where a national trade body or a network operator arranges coverage for many small members at once. The member gains access to the U.S. trades without negotiating its own bond. The association takes on real credit risk for every member.

How we underwrite a group

A group bond is written on the strength of the association: its balance sheet, its admission standards, how it monitors members, and what security it holds from them. We ask for the association's financial statements, its membership agreement, the member list with FMC organization numbers, and its claims history. Associations based outside the United States should expect collateral terms.

Questions and answers

Does a member of a group still need its own FMC-48?

No. A member identified on the group bond schedule meets the financial responsibility requirement through the group for as long as it remains on the schedule.

What happens when a member leaves the group?

The surety files a schedule removing the member. Unless the member files its own bond before the removal takes effect, its license is revoked or its registration ends.

Passenger Vessel Operator Bond

*The FMC's other bond program protects cruise passengers. An operator of a vessel with berths for **50 or more passengers** that embarks at a U.S. port needs two certificates, and a surety bond can support each of them.*

In short. A **passenger vessel operator bond** is a surety bond that a cruise operator files with the Federal Maritime Commission. Form FMC-132A guarantees refunds if a voyage is not performed, and Form FMC-132B guarantees liability for death or injury. To discuss a file, contact underwriting.

KEY FACTS

- **Statute and rule:** 46 U.S.C. Chapter 441 and 46 CFR Part 540.
- **Performance bond:** Form FMC-132A, for refunds if the voyage is not performed.
- **Casualty bond:** Form FMC-132B, for liability for death or injury.
- **Performance amount:** at least 110% of the highest unearned passenger revenue of the prior two fiscal years, subject to a cap the FMC currently states as $32mn.
- **Application:** Form FMC-131, at least 60 days before tickets are offered or the vessel sails.

Two certificates, two bonds

Performance. Before an operator may arrange, offer, advertise or provide passage from a U.S. port, it must hold a Certificate (Performance). The certificate shows that money is available to refund passengers if the transportation is not performed. The rule treats a voyage as not performed when it is cancelled or delayed by three or more days and the passenger declines the alternative.

Casualty. Before embarking passengers the operator must also hold a Certificate (Casualty), showing it can meet liability for death or injury to passengers and other persons on the voyage.

Without both certificates the vessel is refused clearance.

How the amounts are set

The performance amount is no less than 110% of the operator's unearned passenger revenue on the date, within the two most recent fiscal years, when that revenue was highest (46 CFR § 540.5). Unearned passenger revenue is money received for voyages not yet performed. The amount is capped, and the cap is adjusted for inflation every two years (§ 540.9(j)). An operator may also bond a single voyage, in the amount of that voyage's gross passenger revenue.

The casualty amount follows the size of the largest vessel (§ 540.24):

Passenger accommodations	Amount per accommodation
First 500	$20,000
501 to 1,000	$15,000
1,001 to 1,500	$10,000
Over 1,500	$5,000

How a passenger claims

A passenger first asks the operator for a refund under the operator's published procedure. If the claim is denied, or is not resolved within 180 days, the passenger may claim against the bond. The surety's liability to any passenger cannot exceed what that passenger paid.

Underwriting and collateral

These are large obligations that respond to the insolvency of the operator, so they are underwritten on audited financial statements, fleet and booking data and the operator's capital structure. Each file is handled by submission. Collateral is common, and for bonds above $5,000,000 U.S. Treasury securities may be accepted alongside cash and letters of credit. See collateral.

The bond may be terminated on written notice, effective 30 days after the Commission receives it, but not while a voyage is in progress.

Questions and answers

Do river and coastal cruise vessels need these bonds?

The test is berth or stateroom accommodations for 50 or more passengers and embarkation at a U.S. port. A vessel that meets it is covered whatever its itinerary.

Is the passenger vessel bond an OTI bond?

No. It is a separate FMC program under Part 540. We include it here because it is the Commission's other bond class and operators often ask for it in the same conversation.

PART III: UNDERWRITING, COLLATERAL AND THE LIFE OF THE BOND

OTI Bond Underwriting Requirements

An FMC bond is credit, not insurance. The surety expects no loss, so the underwriter's question is whether the company can and will pay its own obligations. These are the documents that answer it.

In short. To underwrite an **OTI bond**, Surety One asks for a surety bond application naming the Federal Maritime Commission as obligee, the company's current financial statement, its FMC number and bond history, and the owners' personal financial statements when capitalization is under $10,000,000. Questions go to the underwriting desk.

KEY FACTS

- **Obligee on the application:** Federal Maritime Commission.
- **Financials:** current balance sheet and year to date profit and loss statement.
- **Owners' personal financial statement:** required under $10,000,000 of capitalization.
- **Non U.S. applicants:** collateral generally required.
- **Where to send it:** the online application or Underwriting@SuretyOne.com.

The file we ask for

1. **A surety application** naming the Federal Maritime Commission as obligee, with the bond class matched to your license: ocean freight forwarder $50,000, U.S. based or licensed non U.S. NVOCC $75,000, or unlicensed non U.S. NVOCC $150,000.
2. **The applicant's financial statement:** a current balance sheet and a year to date profit and loss statement.
3. **Your NVOCC or OTI number** and the number of years you have operated with an FMC bond.
4. **A copy of your most recent bond** and your current premium and collateral terms.
5. **A personal financial statement from the owners** when the applicant enterprise carries less than $10,000,000 in capitalization.

Forms to download

NVOCC and OTI Bond Application

Fillable PDF, edition 11/2026, with the indemnity agreement.

Personal Financial Statement

Fillable PDF, edition 11/2026, for each owner.

The same documents, and the official FMC forms, are on the forms page.

How an underwriter reads the file

- **Working capital and net worth.** Can the company absorb a disputed freight bill or a cargo claim without the surety?
- **Experience.** Years in the trade, and years bonded without a claim.
- **The current bond.** Who wrote it, on what terms, and why it is being replaced.
- **The owners.** For a closely held company, the owners' credit and personal indemnity stand behind the bond.
- **Regulatory history.** Any FMC investigation, penalty, suspension or revocation.

When collateral is required

Non U.S. operators with no significant footprint or assets in the United States generally need collateral. So do domestic applicants whose financial statements or credit do not support the bond on signature alone. Very large, publicly traded companies with a formidable rating from Fitch or a comparable agency may be approved without it. The collateral page sets out the instruments and the release rules.

Indemnity

Every bond is supported by a general indemnity agreement in which the company, and for a closely held company its owners, promise to reimburse the surety for any payment and expense. This is what distinguishes a bond from an insurance policy.

New ventures

A company without a track record is not disqualified. The qualifying individual's experience, the owners' finances and, where needed, collateral can support a first bond while the license application is pending.

Questions and answers

Do you need audited financial statements?

Not for standard OTI bonds. A company prepared balance sheet and year to date profit and loss statement is normal. Passenger vessel and group bonds are underwritten on audited statements.

Do the owners have to sign personally?

For a closely held company, yes. Owners' statements and indemnity are not required of an applicant that carries $10,000,000 or more in capitalization.

Can I apply in Spanish or Chinese?

The site and guide are available in Spanish and Mandarin, and our staff work in English and Spanish. Bond documents and filings with the Commission are in English, and financial statements should be in English or accompanied by a translation.

Collateral Security for OTI Bonds

Collateral is security that a principal deposits with the surety against the possibility of a claim. It is not a fee and it is not spent. This page explains when we ask for it, what we accept and when it is returned.

In short. OTI bond collateral is cash or an irrevocable letter of credit that a principal deposits with the surety as security. It is generally required of foreign NVOCCs, and it is returned once the surety is fully released from the surety bond. The terms used here are defined in the glossary.

KEY FACTS

- **Generally required from:** Chinese and most other non U.S. businesses.
- **Exception:** very large, publicly traded companies with a formidable Fitch or comparable rating.
- **Accepted:** cash by wire, or an irrevocable letter of credit.
- **Not accepted:** real property, tangible assets, UCC filings or liens.
- **Released:** only after the surety is fully and irrevocably discharged.

Why a surety asks for collateral

A bond is a promise to pay someone else's debt. The surety prices that promise on the assumption that it will be repaid. When repayment is doubtful, the surety either declines the bond or takes security.

With FMC bonds the usual reason is geography. A registered foreign NVOCC may have no office, bank account or property in the United States. If the surety pays $150,000 to a U.S. shipper or carrier, its indemnity claim would have to be pursued in a foreign court. Collateral removes that problem, and it is what allows us to write the bond at all.

Who needs it and who does not

- **Generally required:** NVOCCs based in China and in most other countries outside the United States; foreign associations filing group bonds.
- **Sometimes required:** U.S. applicants with weak or negative working capital, impaired owner credit, a prior bond claim or an open FMC matter.
- **Usually not required:** established U.S. forwarders and NVOCCs with sound financial statements and acceptable owner credit.
- **Exception for the very large:** a publicly traded company of real size with a formidable rating from Fitch or a comparable agency. Tell us the exchange, the ticker and the rating.

Cash

Cash is the preferred form. It is wired to the surety and remains in the surety's custody until release is documented. Nothing has to be presented or renewed, and there is no bank fee.

Irrevocable letter of credit

A letter of credit keeps your cash in your own bank. To be acceptable it must:

- be issued by a bank, with the issuing bank's rating reviewed and approved by the underwriter in advance;
- be irrevocable, so that it cannot be cancelled or modified without the agreement of both the bank and the surety;
- follow the International Chamber of Commerce's Uniform Customs and Practice for Documentary Credits (UCP 600); and
- be delivered in original form before the bond is executed.

A sample of the wording we accept is linked from Surety One's collateral standards. Send your bank's draft for review before it is issued.

What we do not accept

Real property, equipment, inventory, receivables, UCC filings and liens are not accepted. Their value is uncertain and realizing them is slow. U.S. Treasury securities are considered only for bonds with penalties above $5,000,000, which in this program means certain passenger vessel bonds.

When collateral is released

Collateral is returned only after the surety has been fully and irrevocably released from the bond, and the surety decides what evidence of release is acceptable. For an FMC bond that means two things have happened:

1. the bond has been terminated, which takes effect 30 days after the Commission receives written notice; and
2. the period in which claims can still surface for events during the bond term has run.

The second point is the one principals overlook. Termination stops new exposure, but the surety remains liable for what happened while the bond was in force, and a Shipping Act complaint for reparations may be filed within three years after the claim accrues (46 U.S.C. § 41301). Replacing our bond with another surety's does not shorten that period. Ask your underwriter for the release terms in writing before you post collateral.

A bond with collateral is still the better instrument

A principal sometimes asks why it should post collateral for a bond. The answer is that the bond is what the Commission's rule and its public list recognize, what vessel operators check before they book, and what gives U.S. claimants a domestic, Treasury listed party to deal with. The collateral sits behind it and is yours again when the obligation ends.

Questions and answers

Is collateral the same as the premium?

No. Premium is the price of the bond and is earned by the surety. Collateral remains your asset, held as security and returned when the surety is released.

How much collateral will be required?

It depends on the file. For foreign principals without U.S. assets, expect collateral up to the full bond amount.

Can a Chinese bank issue the letter of credit?

The underwriter reviews the issuing bank's rating before accepting any letter of credit. Send the bank's name and the draft wording for approval first.

Does collateral earn interest?

Terms for cash collateral are stated in the collateral agreement you sign. Ask the underwriter before you wire funds.

What an OTI Bond Costs

The bond amount is fixed by the FMC. The premium is not. It is a percentage of the bond amount that reflects how the surety judges the risk of your company, and it is quoted file by file.

In short. The **cost of an OTI bond** is an annual premium: a percentage of the bond amount, set by underwriting. The OTI bond amount itself, $50,000 to $150,000, is fixed by the FMC. The price of an NVOCC surety bond therefore depends on your file. For a firm figure, contact underwriting or apply online.

KEY FACTS

- **Bond amount:** $50,000, $75,000, $125,000 or $150,000, set by rule.
- **Premium:** an annual percentage of that amount, set by underwriting.
- **Earned:** annual premium and fees are earned in full when the bond is executed and at each renewal.
- **Collateral:** a deposit, separate from premium, and returnable.

Bond amount and premium are different things

A $75,000 NVOCC bond does not cost $75,000. That figure is the limit the surety may be called on to pay. What you pay each year is the premium, a fraction of the amount. We do not publish a rate card, because a rate that fits a twenty year forwarder with strong statements would misprice a new registrant abroad, and the reverse.

What moves the price

- **Financial strength.** Working capital, net worth and profitability on the statements you provide.
- **Owner credit.** For closely held companies, the owners' personal credit.
- **Time in business and bond history.** Years bonded without a claim count heavily.
- **Class.** Carrier exposure as NVOCC is greater than agency exposure as forwarder, and a $150,000 registered NVOCC bond is the largest of the OTI classes.
- **Location.** Whether the surety has a practical route to recovery in the United States.
- **Collateral.** A fully collateralized bond carries less risk to the surety.

What is included

The premium covers the bond, its filing with the Commission and one year of the surety's guarantee. Riders for a change of name or address are handled by endorsement. The China rider adds $50,000 of exposure and carries its own premium.

Renewal and cancellation

The bond is continuous and premium is billed annually. Annual premium and fees are earned in full on execution and on each renewal, so cancelling in the middle of a term does not produce a refund. Plan a change of surety around your renewal date.

How to lower your cost

- Send complete, current financial statements. An underwriter prices uncertainty.
- Show your bond history: copies of prior bonds and a statement of no claims.
- Resolve liens, judgments and open regulatory matters before you apply, or explain them.
- If collateral is required, ask how the form of collateral affects the terms.

Questions and answers

How much does a $75,000 NVOCC bond cost per year?

It is a percentage of $75,000 that depends on the company's financial statements, the owners' credit and bond history. Send the application for a firm figure, usually within one business day.

Is the premium refundable if my license is denied?

Underwriting can be completed before the bond is executed. Premium is earned when the bond is executed and filed, so we time execution to the Commission's request.

Why is a foreign NVOCC bond more expensive?

The bond amount is twice that of a licensed NVOCC, and recovery from a principal without U.S. assets is harder. Collateral usually resolves the second point.

Claims Against an OTI Bond

The claims procedure is written into the regulation at 46 CFR § 515.23. It gives the intermediary a chance to answer, gives the surety a defined role, and gives a claimant with a judgment a short path to payment.

In short. A **claim against an OTI bond** starts with written notice to the surety and the intermediary. The OTI has 45 days to respond, the parties have 90 days to settle, and a claimant holding a final judgment or reparations order is normally paid from the surety bond within 30 days. See also the tradecraft notes.

KEY FACTS

- **Who may claim:** shippers, common carriers and other persons damaged by the OTI's transportation related activities.
- **First step:** written notice to the surety and the OTI at the same time.
- **45 days:** if the OTI does not respond, the surety may pay a claim it finds valid.
- **90 days:** if nothing is agreed, the claimant may proceed on a judgment or reparations order.
- **30 days:** the surety's normal time to pay on a final judgment.

What counts as a claim

The bond covers damages arising from the intermediary's **transportation related activities** under the Shipping Act. Examples are unpaid ocean freight owed to a vessel operator, a shipper's cargo claim against an NVOCC, money collected for freight and not remitted, and a trucker's unpaid charges on a through bill of lading. The Commission may also look to the bond for civil penalties.

Ordinary business debts are outside the bond: rent, loans, payroll, and anything unrelated to ocean transportation.

The procedure, step by step

1. **Notice.** The claimant sends its claim to the surety and to the OTI at the same time, by mail or courier.
2. **Response.** If the OTI consents, the surety may pay after its own review. If the OTI does not respond within **45 days**, the surety may pay if it finds the claim valid.
3. **No agreement.** If the parties have not resolved the claim within **90 days** of the first notice, the bond is available to pay a final judgment for damages from a court, or a final order of reparations from the Commission.
4. **Payment on judgment.** The surety ordinarily pays within **30 days** without reopening the merits. It may still ask whether the judgment arises from transportation related activities.

How a claimant finds the surety

Confirm the intermediary on the Commission's OTI list, then contact the Bureau of Certification and Licensing with the company's full name and organization number and ask where to submit the claim. The Commission identifies the surety. It does not decide the claim and does not hold or distribute bond money.

What the surety must report

The surety notifies the Commission of each claim, court action, judgment and payment, with the claimant's name, the court and case number and the OTI's license or organization number. A pattern of claims is therefore visible to the regulator.

If you are the OTI

- **Answer within 45 days.** Silence lets the surety decide the claim without you.
- **Send your surety the facts** at once: the bill of lading, invoices, correspondence and your position.
- **Remember the indemnity.** Whatever the surety pays, with its costs, you repay.
- **Mind the aggregate.** Payments reduce the bond. A reduced bond no longer meets the rule and must be restored or replaced.

Questions and answers

Can a trucker claim against an NVOCC bond?

Yes, when the unpaid charge is for the inland part of a through move under the NVOCC's bill of lading. The Commission publishes guidance for truckers.

Does the surety pay any claim it receives?

No. Before judgment the surety pays only with the OTI's consent or after finding the claim valid. After a final judgment or reparations order it pays unless the matter is not transportation related.

What is the most a claimant can recover?

The bond amount is an aggregate limit for all claims: $50,000, $75,000 or $150,000 according to class.

OTI Bond Cancellation and Replacement

*An FMC bond has no expiry date. It ends when the surety or the principal gives the Commission written notice, and it ends **30 days after that notice is received**. What happens in those 30 days decides whether the license survives.*

In short. OTI bond cancellation takes effect 30 days after the Federal Maritime Commission receives written notice. Unless a replacement surety bond is on file by then, the license is revoked or the registration ends. The guide covers replacement step by step.

KEY FACTS

- **Who may cancel:** the surety or the OTI.
- **Effective:** 30 days after the Commission receives notice.
- **Consequence:** license revoked or registration ineffective unless a replacement is on file.
- **Replacement:** must be effective on or before the termination date (46 CFR § 515.26).
- **Past liability:** continues for events before termination.

What happens when notice is filed

1. The surety or the OTI sends written notice of cancellation to the Commission.
2. The Commission notifies the licensee, the registrant or its U.S. agent.
3. If no replacement is on file when the 30 days end, the Commission revokes the license. An order of revocation is issued and published in the Federal Register.
4. The company is removed from the public OTI list, and an NVOCC is also removed from the Form FMC-1 tariff list.
5. For a registered foreign NVOCC there is no license to revoke. Its registration simply ceases to be effective and its name comes off the lists.

An intermediary that keeps operating after its bond has ended is operating unlawfully and is exposed to substantial civil penalties. Vessel operators that check the FMC list will stop accepting its bookings.

Why sureties cancel

- Unpaid renewal premium.
- A claim, or several.
- Financial statements not provided at renewal, or showing deterioration.
- Collateral that was promised and not delivered, or a letter of credit not renewed.
- The surety leaving the class of business.

Replacing a bond without a gap

1. Start early. Send us the cancellation notice the day you receive it, with the items on the requirements page.
2. Have the new bond made effective **on or before** the old bond's termination date.
3. We file the new Form FMC-48 with the Commission before that date and send you confirmation.
4. Do not cancel a bond that is still in force until its replacement has been filed.

What survives cancellation

Termination stops the surety's exposure to new events. It does not release the surety, or the principal, from liability for anything that happened while the bond was in force. For that reason the outgoing surety keeps its indemnity rights, and any collateral, until its exposure has run off.

Voluntary surrender

A company leaving the business should surrender its license to the Commission, have the bond cancelled, and ask its surety in writing what is needed to close the file and release any collateral.

Questions and answers

My surety sent a cancellation notice. How long do I have?

Thirty days from the date the Commission received the notice. A replacement bond must be filed and effective on or before the termination date.

Can a revoked license be reinstated?

A company whose license was revoked for lack of a bond must satisfy the Commission again, which may mean a new application. It is far easier to replace the bond in time.

Does switching sureties release my collateral?

Not immediately. The former surety remains liable for events during its bond term and holds collateral until that exposure has ended.

OTI Bond Tradecraft: A Practitioner's Field Notes

The regulation says what is required. These notes say how intermediaries actually lose licenses, pay claims they did not owe and tie up collateral longer than they had to, and how to avoid all three.

In short. OTI bond tradecraft is the practical side of FMC compliance: match the surety bond to the license record exactly, answer claims within 45 days, report changes within 30, and replace a cancelled OTI bond before its termination date. Quick answers are in the FAQ.

KEY FACTS

- The name on the bond must match the name on Form FMC-18 or FMC-65 **exactly**.
- Replace a bond **before** its termination date, never after.
- Answer every claim notice within **45 days**.
- Report changes to the FMC within **30 days**.
- After every filing, check the FMC's OTI list yourself.

Before you apply

- **Call yourself what you are.** If your name goes on a house bill of lading you are an NVOCC. A forwarder license does not cover it. See NVOCC vs forwarder.
- **Start underwriting when you file Form FMC-18.** The Commission will not issue the license without the bond, and a bond approved in advance costs you nothing until it is executed.
- **Send current financial statements.** A statement eleven months old is read as bad news that has not been reported yet.
- **Know your numbers.** The FMC organization number identifies your company in the Commission's records. The license or registration number is a different thing. Underwriters and claimants ask for both.

At filing

- **Copy the name, do not retype it.** Punctuation, Inc. versus Incorporated, and every trade name must match the Commission's record.
- **List every trade name.** A name you trade under that is not on the bond and the license is a name you are not authorized to use.
- **Set the effective date with the surety,** so the bond is in force when the license issues or the old bond ends.
- **Verify.** A few days after filing, look yourself up on the OTI list. Vessel operators will.

While the bond is in force

- **Keep a compliance calendar:** premium renewal, the three year license or registration renewal, and for NVOCCs the tariff.
- **Report changes within 30 days.** A change of address also needs a bond rider.
- **Do not lend your license.** Each separately incorporated company needs its own license and bond. An affiliate or agent booking in your name puts your bond behind its mistakes.
- **Check your partners.** Before you co-load with another NVOCC or accept its cargo, confirm it is on the OTI list. Knowingly carrying for an unbonded NVOCC is itself a ground for losing a registration.
- **Forwarders: certify only what you did.** Carrier compensation depends on a truthful certification, and it is not available on shipments in which you hold a beneficial interest (46 U.S.C. § 40904).
- **Keep the FMC's email address for you current.** Renewal and termination notices arrive by email.

When a claim arrives

- **Reply inside 45 days.** After that the surety may pay a claim it finds valid without hearing your side.

- **Give your surety the file the same day:** bill of lading, invoice, proof of payment, correspondence.
- **Pay what you owe.** A claim the surety pays is reported to the Commission, repaid by you with costs, and remembered at renewal.
- **Use the Commission's dispute resolution service** for genuine disagreements with shippers and carriers. It is listed with the FMC forms.

When a cancellation notice arrives

- **Count from the day the FMC received it,** not the day you opened the envelope.
- **Send it to your new underwriter that day** with your financial statement and a copy of the bond.
- **Make the replacement effective on or before the termination date.** A bond that starts one day late is a revoked license.
- **Do not operate in a gap.** Shipments handled without a bond are violations, and the list the carriers check will already show it.

For principals outside the United States

- **Appoint a real U.S. agent for service of process** and keep the appointment current. Losing the agent is a ground for terminating the registration.
- **Have the letter of credit draft approved before your bank issues it.** Reissuing costs money and weeks.
- **Plan for collateral to stay in place after cancellation.** Claims for past events can be brought for three years (46 U.S.C. § 41301).
- **Send financial statements in English,** or with a translation, and use the legal name exactly as it appears on Form FMC-65.

Five mistakes that cost licenses

1. Letting a bond lapse while shopping for a cheaper one.
2. A bond issued in a name that does not match the license record.
3. Ignoring a claim notice because the claim is wrong.
4. Issuing house bills of lading under a forwarder license.
5. Missing the three year renewal because the notice went to an old email address.

Questions and answers

What is the most common reason an OTI loses its license?

Losing the bond. A license or registration cannot stay in effect without valid proof of financial responsibility on file, and a cancelled bond that is not replaced within 30 days ends it.

How early should I start replacing a bond?

The day you receive the cancellation notice, or at least 30 days before any change of surety you plan yourself.

Does paying a claim myself keep it off the record?

If you resolve the matter directly with the claimant before the surety pays, there is no bond payment to report. Once a claim is presented to the surety, the surety must notify the Commission.

PART IV: QUESTIONS AND ANSWERS

What does OTI stand for?

Ocean transportation intermediary. The term covers two kinds of company: ocean freight forwarders and non vessel operating common carriers (NVOCCs).

What is an FMC bond?

A surety bond filed with the Federal Maritime Commission. For intermediaries it is Form FMC-48. For cruise operators it is Form FMC-132A or FMC-132B. See all classes.

How much is the bond for an ocean freight forwarder?

$50,000. See the forwarder bond page.

How much is the bond for an NVOCC?

$75,000 for a U.S. based or licensed NVOCC and $150,000 for a registered foreign NVOCC. See NVOCC bond and foreign NVOCC bond.

What if my company is both a forwarder and an NVOCC?

It must cover both capacities, $125,000 in total. See the combined bond page.

What is the difference between an NVOCC and a freight forwarder?

An NVOCC is a carrier that issues its own bill of lading. A forwarder is the shipper's agent. See NVOCC vs freight forwarder.

Which FMC bond does my company need?

Use the three question bond selector.

Do unincorporated branch offices increase the bond?

The current rule sets the amounts by class of intermediary and does not add an amount per branch. Each separately incorporated entity needs its own license and bond.

Who is the obligee?

The United States, acting through the Federal Maritime Commission.

Which surety companies can write the bond?

Only those listed in U.S. Treasury Department Circular 570.

Is the bond required before I get my license?

The Commission will not issue a license, and a registration is not effective, until the bond is on file. See license and registration.

What is the China rider?

An optional $50,000 addition to an NVOCC bond for fines and penalties imposed by the Chinese government in the U.S. and China trade. See China rider.

Why are foreign NVOCCs asked for collateral?

Because the surety would have to recover abroad if it paid a claim. See collateral.

What forms of collateral do you accept?

Cash by wire or an irrevocable letter of credit from a bank the underwriter approves.

When is collateral returned?

After the surety is fully released: the bond terminated and the period for claims on past events expired.

How does someone make a claim against my bond?

By written notice to you and the surety together, followed by the 45 and 90 day steps in 46 CFR § 515.23. See claims.

Can my surety cancel the bond?

Yes, on written notice to the Commission, effective 30 days after receipt. See cancellation.

How long does the bond last?

It is continuous. It stays in force until cancelled, with premium due each year.

How much does an OTI bond cost?

A percentage of the bond amount set by underwriting. See cost.

Do you write passenger vessel bonds?

Yes, by submission. See passenger vessel operator bond.

Do you also write customs bonds and freight broker bonds?

Yes, on our sister platforms Customs-Bonds.com and FreightBrokerSurety.com.

How do I apply?

Use the online application or email Underwriting@SuretyOne.com with the items on the requirements page.

Where can I download the application?

On the forms page, with the personal financial statement.

PART V: GLOSSARY

Aggregate limit

The most a surety will pay on a bond for all claims combined. An OTI bond's penal sum is an aggregate limit.

Bureau of Certification and Licensing (BCL)

The FMC office that licenses OTIs, receives bonds and certifies passenger vessel operators.

Circular 570

The U.S. Treasury Department's list of surety companies certified to write federal bonds. An FMC-48 surety must be on it.

Civil penalty

A monetary penalty the Commission may assess for violations of the Shipping Act. The OTI bond can be called on to pay it.

Collateral

Cash or a letter of credit deposited with the surety as security for the principal's duty to reimburse it. See collateral.

Common carrier

A person that holds itself out to the public to provide ocean transportation for compensation and assumes responsibility for the cargo.

FMC

The Federal Maritime Commission, the independent U.S. agency that regulates ocean shipping in the foreign trades.

Form FMC-1

The form on which a carrier, including every NVOCC, registers the location of its tariff.

Form FMC-18

The application for an OTI license.

Form FMC-48

The OTI surety bond form. See Form FMC-48 explained.

Form FMC-48A

The optional rider adding $50,000 for the U.S. and China trade.

Form FMC-65

The registration form for an unlicensed NVOCC based outside the United States.

Form FMC-69

The OTI group bond form.

Form FMC-132A and FMC-132B

The passenger vessel surety bonds for performance and for casualty.

General indemnity agreement

The contract in which the principal, and usually its owners, promise to repay the surety for any loss and expense.

House bill of lading

The bill of lading an NVOCC issues to its own customer, as distinct from the master bill issued by the vessel operator.

Irrevocable letter of credit

A bank's undertaking to pay the surety on demand, which cannot be cancelled or changed without the consent of both the bank and the surety.

NVOCC

Non vessel operating common carrier. A common carrier that does not operate the vessels and is a shipper in relation to the vessel operator. See NVOCC bond.

Obligee

The party protected by a bond. On an FMC bond, the United States.

Ocean freight forwarder

A person in the United States that dispatches shipments by common carrier and arranges space and documentation on behalf of shippers. See forwarder bond.

OTI

Ocean transportation intermediary: an ocean freight forwarder or an NVOCC.

Penal sum

The face amount of a bond.

Principal

The party whose obligations the bond guarantees. On an FMC bond, the intermediary or the vessel operator.

Qualifying individual

The person whose experience qualifies a company for an OTI license. Three years of OTI experience is required.

Registered NVOCC

A foreign based NVOCC that has registered with the FMC on Form FMC-65 without obtaining a license. Its bond is $150,000.

Reparations

Money the Commission orders a regulated party to pay a complainant injured by a Shipping Act violation.

Rider

A document that amends a bond after issuance, for example to change a name or add the China coverage.

Shipping Act

The Shipping Act of 1984, as amended, codified in Title 46 of the United States Code. The source of the OTI licensing and bonding requirements.

Surety

The company that guarantees the principal's obligations to the obligee.

Tariff

The published rates, charges and rules of a common carrier. Every NVOCC must publish one under 46 CFR Part 520.

Transportation related activities

The activities of an OTI in connection with ocean transportation. Only claims arising from them are covered by the bond.

Unearned passenger revenue

Passenger money received by a cruise operator for voyages not yet performed. It sets the performance bond amount.

Attorney in fact

The individual authorized by a surety's power of attorney to sign bonds on its behalf.

Beneficial cargo owner (BCO)

The importer or exporter that owns the goods, as distinct from an intermediary shipping on its behalf.

Beneficial interest

A financial stake in a shipment. A forwarder may not receive carrier compensation on a shipment in which it has one.

BMC-84

The FMCSA bond for property brokers and surface freight forwarders. It is not an FMC bond.

Cancellation notice

The written notice by which a surety or principal ends a bond. For an FMC bond it takes effect 30 days after the Commission receives it.

Co-loading

The practice of one NVOCC tendering its cargo to another NVOCC for carriage. Each must be bonded.

Consolidation

Combining the cargo of several shippers into one container, typical NVOCC work.

Door move

Through transportation that includes an inland leg, moving under one bill of lading.

Forwarder compensation

Payment by an ocean carrier to a licensed forwarder for booking and documentation services, regulated by 46 U.S.C. § 40904.

Indemnitor

A person or company that signs the indemnity agreement and is bound to repay the surety.

International carrier bond

The CBP customs bond (activity code 3) that carriers, including many NVOCCs, file for manifest obligations. Separate from the FMC bond.

Master bill of lading

The bill of lading the vessel operator issues to the NVOCC or forwarder for the whole shipment.

Negotiated rate arrangement (NRA)

A written, shipment specific rate agreed between an NVOCC and its shipper under 46 CFR Part 532, used in place of a published tariff rate.

NVOCC service arrangement (NSA)

A confidential contract between an NVOCC and a shipper under 46 CFR Part 531.

Organization number

The number the FMC assigns to identify a regulated company in its records and on the OTI list.

Power of attorney

The surety's document authorizing a named attorney in fact to execute bonds. A current one must accompany every FMC-48.

Resident agent

The person in the United States designated to receive legal process for a foreign NVOCC.

Tariff publisher

A commercial service that publishes and maintains an NVOCC's tariff.

Termination date

The day a cancelled bond stops covering new events: 30 days after the FMC receives the notice.

VOCC

Vessel operating common carrier, the steamship line. The statute calls it an ocean common carrier.

PART VI: USEFUL LINKS

Statutes, regulations and FMC resources

FMC Forms and Applications (FMC-18, FMC-48, FMC-48A, FMC-65, FMC-69, FMC-131, FMC-132A, FMC-132B). The Commission's current edition of every form, in one place.
https://www.fmc.gov/complaints-and-assistance/forms-and-applications/

46 U.S.C. § 40102, Definitions (NVOCC, ocean freight forwarder, OTI). The statutory definitions that decide whether a company is a forwarder or an NVOCC.
https://www.govinfo.gov/link/uscode/46/40102

46 U.S.C. § 40904, Compensation by common carriers. When an ocean carrier may pay a forwarder, and when it may not.
https://www.govinfo.gov/link/uscode/46/40904

46 U.S.C. § 41301, Complaints (three year limit for reparations). The three year period for a reparations complaint.
https://www.govinfo.gov/link/uscode/46/41301

46 CFR Part 531, NVOCC Service Arrangements (eCFR). Confidential service arrangements between an NVOCC and its shipper.
https://www.ecfr.gov/current/title-46/chapter-IV/subchapter-B/part-531

46 CFR Part 532, NVOCC Negotiated Rate Arrangements (eCFR). Negotiated rate arrangements, the NVOCC's alternative to tariff rate filing.
https://www.ecfr.gov/current/title-46/chapter-IV/subchapter-B/part-532

46 CFR Part 520, Carrier Automated Tariffs (eCFR). The tariff publication rules that apply to every NVOCC.
https://www.ecfr.gov/current/title-46/chapter-IV/subchapter-B/part-520

46 U.S.C. Chapter 409, Ocean Transportation Intermediaries (§§ 40901 to 40904). The Shipping Act provisions on OTI licensing and financial responsibility.
https://www.govinfo.gov/link/uscode/46/40901

46 U.S.C. Chapter 441, Evidence of Financial Responsibility for Passenger Transportation (§§ 44101 to 44106). The statute behind passenger vessel performance and casualty certificates.
https://www.govinfo.gov/link/uscode/46/44101

46 CFR Part 515 (eCFR). The Commission's full rule on licensing, registration, bonds and duties.
https://www.ecfr.gov/current/title-46/chapter-IV/subchapter-B/part-515

46 CFR Part 515, Subpart C, Financial Responsibility and Claims (eCFR). Bond amounts, acceptable proof, claims procedure and termination.
https://www.ecfr.gov/current/title-46/chapter-IV/subchapter-B/part-515/subpart-C

46 CFR Part 540, Passenger Vessel Financial Responsibility (eCFR). Coverage amounts, forms and claims for passenger vessel operators.
https://www.ecfr.gov/current/title-46/chapter-IV/subchapter-B/part-540

FMC, Bond Program Information for OTIs. The Commission's own summary of amounts, forms, riders and cancellation.
https://www.fmc.gov/licensing-and-certification/bond-program-information-for-otis/

FMC, Apply for a License or Request a Foreign Registration. Licensing and registration steps, with the bond amount for each route.
https://www.fmc.gov/licensing-and-certification/apply-for-a-license-or-request-a-foreign-registration/

Form FMC-18, Application for an OTI License (online). The online license application.
https://www2.fmc.gov/form18/Form18/Login.aspx

Form FMC-1, Tariff Registration. Tariff registration required of every NVOCC.
https://www2.fmc.gov/Form1

FMC list of licensed and bonded OTIs. Check whether a forwarder or NVOCC is licensed, registered and bonded.
https://www2.fmc.gov/oti/

FMC, Guidance on OTI License Renewals. The three year renewal cycle for licenses and registrations.
https://www.fmc.gov/licensing-and-certification/guidance-on-license-renewals/

FMC, Information for Truckers on Claims Against NVOCC Bonds. How a third party locates the surety and presents a claim.
https://www.fmc.gov/licensing-and-certification/information-for-truckers-on-claims-against-nvocc-bonds/

FMC, OTI License Status Changes. Published revocations, suspensions and surrenders.
https://www.fmc.gov/licensing-and-certification/ocean-transportation-intermediary-license-status-changes/

FMC, Revised Optional Bond Rider Forms for Trade with the People's Republic of China. Forms FMC-48A and FMC-69A.
https://www.fmc.gov/articles/proof-of-nvocc-financial-responsibility-for-trade-with-the-peoples-republic-of-china-revised-optional-bond-rider-forms/

77 Fed. Reg. 51926 (Aug. 28, 2012), adjustment of the optional China bond rider. The final rule that raised the rider from $21,000 to $50,000.
https://www.govinfo.gov/content/pkg/FR-2012-08-28/pdf/2012-21095.pdf

U.S. Treasury Department Circular 570, list of certified sureties. A surety must appear on this list to write an FMC-48 bond.
https://fiscal.treasury.gov/about-us/doing-business-with-fiscal-service/surety-bonds/list-certified-companies

FMC, Passenger Vessel Operators. Performance and casualty certificate requirements for cruise operators.
https://www.fmc.gov/resources-services/passenger-vessel-operators

FMC Bureau of Certification and Licensing. The office that receives bonds and issues licenses.
https://www.fmc.gov/about/bureaus-offices/bureau-of-certification-and-licensing/

FMC, Summary of Fees. Current FMC application and filing fees.
https://www.fmc.gov/resources-services/summary-of-fees/

Federal Maritime Commission, FY 2025 Annual Report. Source of the OTI population figures quoted on this site.
https://www.fmc.gov/wp-content/uploads/2026/04/FY-2025-Annual-Report.pdf

Surety One resources

OTI-Bonds.com
https://oti-bonds.com/

Forms and Applications
https://oti-bonds.com/forms/

NVOCC and OTI Bond Application (PDF)
https://oti-bonds.com/forms/nvocc-oti-bond-application.pdf

Personal Financial Statement (PDF)
https://oti-bonds.com/forms/personal-financial-statement.pdf

Estado Financiero Personal (PDF)
https://oti-bonds.com/forms/estado-financiero-personal.pdf

Surety One, NVOCC and Ocean Freight Forwarder Surety Bond
https://suretyone.com/nvocc-bond-oti-non-vessel-and-ocean-freight-forwarder-surety-bond

Surety One, Surety Bond Collateral Security
https://suretyone.com/surety-bond-collateral-security

Customs-Bonds.com
https://customs-bonds.com/

FreightBrokerSurety.com
https://freightbrokersurety.com/

SuretyOne.com
https://suretyone.com/

Janus Assurance Re
https://janusassurancere.com/

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COLOPHON

A Practitioner's Guide to OTI Bonds was written by C. Constantin Poindexter, founder of Surety One, Inc. It reflects the Shipping Act, 46 CFR Parts 515 and 540, and Federal Maritime Commission practice as of November 2026, and is offered as a working reference for ocean freight forwarders, NVOCCs, passenger vessel operators and their advisers.

Nothing in this guide is legal advice. A bond is a contract. Decisions about a specific bond should be made with qualified maritime counsel and a Treasury listed surety. Citations are current as of the date of publication and are subject to change. This guide may be downloaded, printed and shared freely.

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SURETY ONE, INC.

Underwriting FMC bonds for every class of ocean transportation intermediary, in the United States and abroad.

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