

CRUISE LINE CHARTER OPERATOR SURETY BOND UNDER DEPARTMENT OF TRANSPORTATION CHARTER REGULATIONS

Know all men by these presents, that _____ [Cruise Line], a _____ [registry] corporation with U.S. offices located at _____ [address] (Principal) and _____ [bonding company] a corporation created under the laws of _____ [state] and located at _____ [address] (Surety), are held and firmly bound unto the United States of America in the amount of ¹, as required to obtain a waiver from certain of the Department's charter regulations, for which payment, well and truly to be made, we bind ourselves and our heirs, executors, administrators, successors, and assigns, jointly and severally, firmly by these presents.

Whereas Principal, a cruise line operator selling cruises including charter air transportation, is subject to rules and regulations of the Department of Transportation pursuant to 14 CFR Part 380 relating to security for the protection of payments it receives from charter participants and has elected to file with the Department of Transportation such a bond as will guarantee to the United States Government the timely performance of all charter air transportation shown on the attached schedule, and

Whereas this bond is written to assure compliance with 14 CFR Part 380 and other rules and regulations of the Department relating to insurance and other security for the protection of charter participants' payments to Principal and shall inure to the benefit of any such participants to whom Principal may be held legally liable for any damages herein described, and whereas, this bond is written to insure Principal's financial responsibility with respect to all moneys received from charter participants for flights and services in connection with cruises to be operated pursuant to the Department's charter regulations² in accordance with contracts, agreements, or arrangement therefore.

The liability of Surety with respect to any airline shall not exceed the charter price agreed to have been paid by or on behalf of the Principal to such airline for air transportation services in accordance with the charter contract(s) for which this bond provides security or any scheduled or charter substitute air transportation provided in lieu of charter flights listed on the attached schedule.

The liability of Surety with respect to any participants who miss their ship's sailing because of a delayed or canceled charter flight is limited to the total amount that such passenger has paid for his or her cruise package.³ Payments under this bond for each U.S.-originating passenger whose return flight shown on the attached schedule is delayed or canceled is limited to the expenses that the passenger reasonably incurs. The liability of Surety with respect to any charter participant shall not exceed the charter price paid by or on behalf of such participant.

¹ The penal sum (face amount) of this performance bond is no less than the sum of the Principal's charter price of all flights shown on the attached schedule or twice the price of the most expensive flight shown, whichever is greater. If for only one flight, the penal sum is no less than twice the charter price thereof.

² Including any waiver, issued under 14 CFR 212.12 and 14 CFR 380.3(e), from certain provisions of the Department's Economic and Special Regulations to the extent necessary for Principal to use charter air transportation to transport cruise passengers to or from voyages.

³ If Principal makes full refunds, no claim shall lie against this bond. If bona fide claims against this bond exceed its penal sum, payments are to be made pro rata.

Until the penal sum (face amount) of the bond is reached, the liability of Surety shall not be discharged by any payment or succession of payments hereunder in any specified amount. Surety agrees to furnish written notice to the Special Authorities Division, X-46, U.S. Department of Transportation, forthwith of all suits or claims filed and judgments rendered, and payments made by Surety under this bond.

This bond is effective on the ____ day of _____, ____ [year], 12:01 a.m., standard time at the address of Principal as stated herein and as hereinafter provided. Principal or Surety may terminate this bond at any time by written notice to: Special Authorities Division (X-46), Office of International Aviation, U.S. Department of Transportation, Washington, DC 20590-0003, effective thirty (30) days after the actual receipt of said notice by the Department. However, if the notice states a later date, the notice shall be effective then. Surety shall not be liable for the payment of any damages that arise as a result of any contracts made by Principal after the termination of this bond becomes effective, but such termination shall not affect the liability of Surety hereunder for the payment of any damages arising as a result of contracts for the performance of air transportation services made by Principal prior to that date.

With respect to airlines, liability of Surety under this bond shall in all events be limited to any airline who shall within sixty (60) days after the performance of a charter flight give written notice of claim to Principal or, if Principal is unavailable, to Surety, and all liability on this bond shall automatically terminate sixty (60) days after the cancellation date of each particular charter trip covered by this bond except for claims made in the time provided herein. Further, with respect to charter participants, liability of Surety under this bond shall in all events be limited only to a charter participant or charter participants who shall within sixty (60) days after the termination of the particular charter described herein give written notice of claim to Principal or, if Principal is unavailable, to Surety, and all liability on this bond shall automatically terminate sixty (60) days after the termination date of each particular charter covered by this bond except for claims filed in the time provided herein.

In witness whereof, the said Principal and Surety have executed this instrument on the day of _____, _____.

[NAME OF CRUISE LINE]

Name _____

By: _____

(Signature and typed or printed name and title)

[NAME OF SURETY COMPANY]

Name _____

By: _____

(Signature and typed or printed name and title)

Bond Number _____

**SURETY'S
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Bonding or surety company must be listed in Best's Insurance Reports (Fire and Casualty) with a general policyholders' rating of "A" or better or in the Department of the Treasury listing of companies holding certificates of authority as acceptable sureties on Federal bonds. In addition, the bonding or surety company shall be one legally authorized to issue bonds of that type in the State(s) in which the charter flight(s) originate. Agents must provide satisfactory proof that they have the requisite authority to issue this bond.

Bond Number _____

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