

9 December 1998

TO ALL MEMBERS

Dear Sirs

BILLS OF LADING - DELIVERY OF CARGO

STANDARD FORMS OF LETTERS OF INDEMNITY TO BE GIVEN IN RETURN FOR:

- (A) Delivering cargo without production of the original Bill of Lading**
- (B) Delivering cargo at a port other than that stated in the Bill of Lading**
- (C) Delivering cargo at a port other than that stated in the Bill of Lading and without production of the original Bill of Lading**

The International Group has undertaken a review of the wording of the letters of indemnity which have been recommended for use by their Members in circumstances where they are requested to give delivery of cargo without production of the original Bill of Lading or to give delivery at a port other than that stated in the Bill of Lading. In addition, consideration has been given to the need, on occasions, for a single letter of indemnity to cover both these situations. The three standard wordings now recommended by the International Group are attached to this Circular and a Circular in similar terms is being sent by all the other Clubs in the International Group.

Apart from the creation of a wording to cover the eventuality of delivery of cargo at a port other than that stated in the Bill of Lading and without production of the original Bill of Lading, the intention behind the revisions has been, firstly, to provide Members with a clearer indication of the details which are required to be inserted when the forms are being completed, secondly, to make the wordings that much more acceptable to the indemnifier on account of clarifying the circumstances under which an indemnifier may be required to provide bail or security and in incorporating an express limitation of the liability of the indemnifier to 200% of the CIF value of the cargo, and thirdly, generally to clarify the wording.

The Managers would remind Members that, unless the Committee otherwise determines in the exercise of its sole discretion, there is no cover in respect of liabilities arising out of the delivery of cargo without production of at least one original Bill of Lading and/or the delivery of cargo at a port other than that stated in the Bill of Lading and that, in such circumstances, Members are strongly advised to ensure they are fully satisfied with the financial standing of those who are to issue these indemnities.

Yours faithfully
A BILBROUGH & CO LTD
(MANAGERS)

(A)

STANDARD FORM LETTER OF INDEMNITY TO BE GIVEN IN RETURN FOR DELIVERING CARGO WITHOUT PRODUCTION OF THE ORIGINAL BILL OF LADING

To: [insert name of Owners]
the Owners of the [insert name of ship]

Dear Sirs

Ship: [insert name of ship]
Voyage: [insert load/discharge port, as stated in the Bill of Lading]
Cargo: [insert description of cargo]
Bill(s) of Lading: [insert identification number, date, place of issue]

The above cargo was shipped on the above vessel by [insert name of shipper] and consigned to [insert name of consignee or to whose order the Bill of Lading is made out, as appropriate] for delivery at the port of [insert name of discharge port stated in the Bill of Lading] but the Bills of Lading have not arrived and we, [insert name of party requesting delivery], hereby request you to give delivery of the said cargo to [insert name of party to whom delivery is to be made] without production of the original Bill(s) of Lading.

In consideration of your complying with our above request, we hereby agree as follows:

1. To indemnify you, your servants and agents and to hold all of you harmless in respect of any liability, loss, damage or expenses of whatsoever nature which you may sustain by reason of delivering the cargo in accordance with our request.
2. In the event of any proceedings being commenced against you or any of your servants or agents in connection with the delivery of the cargo as aforesaid to provide you or them on demand with sufficient funds to defend the same.
3. If, in connection with the delivery of the cargo as aforesaid, the ship or any other ship or property belonging to you should be arrested or detained or if the arrest or detention thereof should be threatened to provide on demand such bail or other security as may be required to prevent such arrest or detention or to secure the release of such ship or property and to indemnify you in respect of any liability, loss, damage or expenses caused by such arrest or detention or threatened arrest or detention whether or not such arrest or detention or threatened arrest or detention may be justified.
4. As soon as all original Bills of Lading for the above cargo shall have come into our possession to deliver the same to you, whereupon our liability hereunder shall cease.
5. The liability of each and every person under this indemnity shall be joint and several and shall not be conditional upon your proceeding first against any person, whether or not such person is party to or liable under this indemnity.

6. The liability of each and every person under this indemnity shall in no circumstances exceed 200% of the CIF value of the above cargo.
7. This indemnity shall be governed by and construed in accordance with English law and each and every person liable under this indemnity shall at your request submit to the jurisdiction of the High Court of Justice of England.

Yours faithfully

For and on behalf of
[insert name of Requestor]

.....
Signature

For and on behalf of
[insert name of Bank]

.....
Signature

(B)

STANDARD FORM LETTER OF INDEMNITY TO BE GIVEN IN RETURN FOR DELIVERING CARGO AT A PORT OTHER THAN THAT STATED IN THE BILL OF LADING

To: [insert name of Owners]
the Owners of the [insert name of ship]

Dear Sirs

Ship: [insert name of ship]
Voyage: [insert load/discharge port, as stated in the Bill of Lading]
Cargo: [insert description of cargo]
Bill(s) of Lading: [insert identification number, date, place of issue]

The above cargo was shipped on the above vessel by [insert name of shipper] and consigned to [insert name of consignee or to whose order the Bill of Lading is made out, as appropriate] for delivery at the port of [insert name of discharge port stated in the Bill of Lading] but we, [insert name of party requesting substituted delivery], hereby request you to order the vessel to proceed to and give delivery of the said cargo at the port of [insert name of substitute port] against production of at least one original Bill of Lading.

In consideration of your complying with our above request, we hereby agree as follows:

1. To indemnify you, your servants and agents and to hold all of you harmless in respect of any liability, loss, damage or expenses of whatsoever nature which you may sustain by reason of the vessel proceeding and giving delivery of the cargo in accordance with our request.
2. In the event of any proceedings being commenced against you or any of your servants or agents in connection with the vessel proceeding and giving delivery of the cargo as aforesaid to provide you or them on demand with sufficient funds to defend the same.
3. If, in connection with the vessel proceeding and giving delivery of the cargo as aforesaid, the ship or any other ship or property belonging to you should be arrested or detained or if the arrest or detention thereof should be threatened to provide on demand such bail or other security as may be required to prevent such arrest or detention or to secure the release of such ship or property and to indemnify you in respect of any liability, loss, damage or expenses caused by such arrest or detention or threatened arrest or detention whether or not such arrest or detention or threatened arrest or detention may be justified.
4. The liability of each and every person under this indemnity shall be joint and several and shall not be conditional upon your proceeding first against any person, whether or not such person is party to or liable under this indemnity.
5. The liability of each and every person under this indemnity shall in no circumstances exceed 200% of the CIF value of the above cargo.

6. This indemnity shall be governed by and construed in accordance with English law and each and every person liable under this indemnity shall at your request submit to the jurisdiction of the High Court of Justice of England.

Yours faithfully

For and on behalf of
[insert name of Requestor]

.....
Signature

For and on behalf of
[insert name of Bank]

.....
Signature

(C)

STANDARD FORM LETTER OF INDEMNITY TO BE GIVEN IN RETURN FOR DELIVERING CARGO AT A PORT OTHER THAN THAT STATED IN THE BILL OF LADING AND WITHOUT PRODUCTION OF THE ORIGINAL BILL OF LADING

To: [insert name of Owners]
the Owners of the [insert name of ship]

Dear Sirs

Ship: [insert name of ship]
Voyage: [insert load/discharge port, as stated in the Bill of Lading]
Cargo: [insert description of cargo]
Bill(s) of Lading: [insert identification number, date, place of issue]

The above cargo was shipped on the above vessel by [insert name of shipper] and consigned to [insert name of consignee or to whose order the Bill of Lading is made out, as appropriate] for delivery at the port of [insert name of discharge port stated in the Bill of Lading] but we, [insert name of party requesting substituted delivery], hereby request you to order the vessel to proceed to and give delivery of the said cargo at the port of [insert name of substitute port] to [insert name of party to whom delivery is to be made] without production of the original Bill(s) of Lading.

In consideration of your complying with our above request, we hereby agree as follows:

1. To indemnify you, your servants and agents and to hold all of you harmless in respect of any liability, loss, damage or expenses of whatsoever nature which you may sustain by reason of the vessel proceeding and giving delivery of the cargo in accordance with our request.
2. In the event of any proceedings being commenced against you or any of your servants or agents in connection with the vessel proceeding and giving delivery of the cargo as aforesaid to provide you or them on demand with sufficient funds to defend the same.
3. If, in connection with the vessel proceeding and giving delivery of the cargo as aforesaid, the ship or any other ship or property belonging to you should be arrested or detained or if the arrest or detention thereof should be threatened to provide on demand such bail or other security as may be required to prevent such arrest or detention or to secure the release of such ship or property and to indemnify you in respect of any liability, loss, damage or expenses caused by such arrest or detention or threatened arrest or detention whether or not such arrest or detention or threatened arrest or detention may be justified.
4. As soon as all Bills of Lading for the above cargo shall have come into our possession to deliver the same to you.
5. The liability of each and every person under this indemnity shall be joint and several and shall not be conditional upon your proceeding first against any person, whether or not such person is party to or liable under this indemnity.

6. The liability of each and every person under this indemnity shall in no circumstances exceed 200% of the CIF value of the above cargo.
7. This indemnity shall be governed by and construed in accordance with English law and each and every person liable under this indemnity shall at your request submit to the jurisdiction of the High Court of Justice of England.

Yours faithfully

For and on behalf of
[insert name of Requestor]

.....
Signature

For and on behalf of
[insert name of Bank]

.....
Signature