



SIGNING BILLS OF LADING

A Pocket Guide



Take your time before you sign!

The purpose of this guidance is to identify and highlight certain issues that should be taken into consideration by a vessel's Master, its officers and/or its operators immediately prior to the signing of any bills of lading.

The execution of bills of lading is crucially important in the context of every shipment because the bill of lading serves at least three major purposes. First, the bill of lading is a contract of carriage between the Member and cargo interests, i.e. often separate from and in addition to the charter party contract with the vessel's charterers. Second, the bill of lading is proof of receipt of the shipment by the carrier of the cargo to one or more overseas destinations. Third, the bill of lading acts as a document of title, e.g., it is a document which gives legal ownership of the cargo to the party having the original

bill of lading in its possession or to a named consignee. Because of these multiple, essential roles that a bill of lading serves, it is paramount that the bill of lading sets forth information that accurately describes the nature of the cargo being carried, the quantity of such cargo, its condition, the loading port, the date of shipment, the discharge port, the name of the vessel, the shippers or receivers, the increased value of cargo (if applicable), and any carriage terms regarding the shipment. Each piece of information in the bill of lading is vital because any inaccuracy or misdescription can have significant and potentially costly consequences. It can give rise to increased liabilities, and it may prejudice a Member's Protection and Indemnity ("P&I") coverage.



The fundamental rule that every Master (or Member) should follow is to never sign a bill of lading which he or she knows or has reason to believe to be inaccurate or untrue. Careful thought and attention should be given to all the information contained in a bill of lading. Whenever in doubt, the Master should contact the Member's office for clarification and instructions, and if this is not feasible or possible to do so, the Master should contact the nearest open American Club representative office for assistance. If, for whatever reason, the Master is unable to contact these aforementioned parties, the Master should bear in mind the following general principles prior to signing any bills of lading.

Bill of Lading Form

What to look for / Task:

Confirm that the bill of lading form used for the voyage is the one provided for or prescribed by the charter party. If unsure, the Master should check with the vessel's owner/operator before signing the bill of lading.

Confirm Vessel Name

What to look for / Task:

Ensure that the correct name of the vessel is listed in the bill of lading.

Load Port and Discharge Port

What to look for:

Confirm that the bill of lading carefully describes the subject voyage, e.g., the port of loading and the port of discharge. Incorrect descriptions may prejudice the Member's P&I coverage for cargo claims. Care should be taken to avoid any reference to a final destination beyond the port of discharge mentioned in the bill of lading and such a request, if made, should be referred to the Member's office.

Task:

If the discharge port is outside the charter party range, the Master **SHOULD NOT** sign the bill of lading.

Accurate Description of Goods/Cargo as Shipped

What to look for:

Conditions of cargo, including packing condition, should all be accurately described.

Task:

The Master has a duty to check the "apparent" condition of the cargo being loaded and under no circumstances should the Master sign "clean" bills of lading when such a description is not supported by the obvious condition of the cargo being loaded. If the Master has any doubts in this regard, he should contact the Member and/or the American Club. The Master should also make sure that any remarks from the Mate's Receipt are inserted on the bill of lading, e.g., whether the bill of lading needs to be claused.

Name of Shippers and/or Consignee(s)

What to look for / Task:

Account should be taken of sanctions regulations and other due diligence requirements on vessel owners and/or operators. It is crucial that the correct name and style of the shipper(s), receiver(s) and/or consignee(s) are listed in the bill of lading.

Accuracy of Place/Date of Shipment

What to look for / Task:

The Master should also ensure that the correct place and date of shipment (i.e., the date of loading) is inserted in the bill of lading. Bills of lading must not be ante-dated or post-dated. If cargo is loaded over a period of several days, the day of completion of loading is the correct date



to be inserted. Under no circumstances should bills of lading be backdated and bear a date prior to the actual completion of loading.

Bill of Lading Copies

What to look for / Task:

All copies of the bill(s) of lading should be marked or stamped as "**NON-NEGOTIABLE COPY**".

Original Bills of Lading

What to look for:

The Master should ascertain how many original bills of lading will be signed and issued.

Task:

The Master should sign the correct number of originals, should make sure that each such original is identical, and that each such original is marked or stamped "**ORIGINAL**".

Cargo Carried on Deck

What to look for / Task:

If cargo is to be carried on deck, the bill of lading should be claused "SHIPPED ON DECK." Responsibility for cargoes carried on deck traditionally lies with cargo interests. In such circumstances, it is common for the vessel owner/operator to insert a protective clause in the bill of lading, placing the risk of the deck cargo on cargo interests.

Charter Party Incorporation

What to look for / Task:

The Master should try to ensure that the appropriate charter party, including the arbitration clause, is

incorporated into the bill of lading. See American Club's [Transport Guidance for Bagged Rice](#) at pages 61–62; American Club's [Transport Guidance for Steel Cargoes](#) at pages 86–89. In order to do so, the Master should ensure that the correct charter party is referenced in the section of the bill of lading reading “*freight payable as per charter party dated...*” If this is a sub-charterer and a copy has not already been provided, the Master should try to obtain a copy from the shipper and/or the charterer so that the Member can review the obligations arising under the sub-charter before signing the bill of lading.

Delegation of Duty to Sign/Issue Bills of Lading

What to look for:

The Master and the Member should be wary of delegating the duty to sign/issue bills of lading to the charterer or its agent. Doing so may unnecessarily and significantly increase the risk of bills of lading being issued inaccurately, and may prejudice the Member's P&I cover.

Task:

If there is any uncertainty about the right of a charterer or its agent to issue bills of lading, the Master should contact the Member's office. However, if the charterer or its agent have been authorized to sign/issue bills of lading, the Master should insist on being provided with a copy of any such bills of lading as soon as they are issued.

Protective Clauses

What to look for / Task:

Verify that all applicable protective clauses, based on the type of cargo, are included in the bill of lading, such as for:

- (1) **general or bulk cargoes** [e.g. RECEIVED IN APPARENT GOOD ORDER AND CONDITION; SHIPPER'S FIGURES; or WEIGHT, QUANTITY AND QUALITY UNKNOWN];
- (2) **containers** [e.g. SHIPPER'S LOAD; or STOW AND COUNT];
- (3) **steel cargoes** [e.g. Retla clauses]; and
- (4) **deck or oversized cargoes** [e.g. CARRIED ON DECK AT SHIPPER'S RISK WITHOUT RESPONSIBILITY FOR LOSS OR DAMAGE HOWSOEVER CAUSED].

Carriage Instructions

What to look for:

If there are carriage instructions inserted in the bill of

lading, the Master should check such instructions against the Mate's Receipt, and the voyage instructions from the charterer and/or shipper(s).

Task:

If the Master has any questions or is still unsure of any such carriage instructions, he or she should seek clarification from the vessel owner/operator and/or the shipper(s).

Carriage Terms

What to look for / Task:

Certain shipment terms, such as:

- (1) *free in and out* (FIO);
- (2) *free in and out stowed* (FIOS);
- (3) *free in and out stowed trimmed* (FIOST);
- (4) *cost insurance freight* (CIF); and
- (5) *liner in, liner out* (LILLO)

set out the vessel owners/operator's period of responsibility for any damage to the cargo, or responsibility for payment of loading and discharge operations.

Task:

If the Master has any questions or is still unsure of any such carriage instructions, he or she should seek clarification from the vessel owner/operator and/or the shipper(s).

Ad Valorem Bills of Lading

What to look for:

If the bill of lading lists the cargo value.



Task:

The Master should contact the vessel owner/operator immediately because additional insurance may be necessary or additional freight may be required. Unless specific coverage has been agreed between the vessel owner/operator and its P&I club in writing and in advance, claims involving high value cargoes (*ad valorem* bills of lading) typically fall outside of traditional P&I cover.

Place of Signature

What to look for / Task:

The Master should typically sign the bill of lading in the designated signature line, or if one is not provided, at the bottom of the face of the bill of lading. The Master should avoid signing or stamping the bill of lading near or next to the shipper's description of the cargo, because doing so may be misconstrued as an acceptance or endorsement of such description. Lastly, the Master should **ALWAYS** sign the bill of lading in **blue ink ONLY**.

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