



**THE STEAMSHIP MUTUAL
UNDERWRITING ASSOCIATION (BERMUDA) LIMITED**

MANAGERS: STEAMSHIP MUTUAL MANAGEMENT (BERMUDA) LIMITED
WASHINGTON MALL 1 PO BOX HM 447 HAMILTON HM BX BERMUDA
TEL: (441) 295 4502 FAX: (441) 292 8787

To the Members

August 2003

Dear Sirs,

**BILLS OF LADING - DELIVERY OF CARGO -
THE REPUBLIC OF KOREA AND THE PEOPLE'S REPUBLIC OF CHINA**

Members will be aware that liability arising from delivery of cargo under a bill of lading without production of the relevant bill of lading will not ordinarily be covered under the Rules of the Association, unless the Directors, in their sole discretion, should decide otherwise. In February 2001, we issued a Circular to Members No. B-354 recommending revised wordings of Standard Form Letters of Indemnity and Bank "Join In" agreements for use by Members in circumstances where they are requested to deliver cargo without production of the relevant bill of lading. Since that time, a number of Clubs have noted that Members have experienced problems discharging and delivering cargo at ports in the Republic of Korea and the People's Republic of China, where, following discharge and pending collection by the receiver, the cargo is placed in a bonded warehouse or a Customs controlled holding area.

The purpose of this Circular is:-

A. to remind Members of the following :

- (i.) Members should not deliver cargo carried under a bill of lading without production of the relevant bill of lading since any liability costs and expenses arising from such action will not ordinarily be covered under the Rules of the Association. If Members nevertheless choose to deliver cargo without production of the relevant bill of lading they are advised only to do so if they have received a Standard Form Letter of Indemnity and Bank Join In agreement as recommended in our February 2001 Circular to Members. In that latter event, Members are reminded to ensure that they are fully satisfied with the financial standing and authority of those who are to issue and sign the required indemnities.
- (ii.) It is not uncommon for Members to be requested by charterers to agree clauses in charter parties which expressly provide for the delivery of cargo without production of the original bills of lading against letters of indemnity. Members are strongly advised not to accept such clauses and it is recommended that Members seek advice from the Managers before responding to such requests.
- (iii.) Members are advised not to accept any personal guarantees offered by a charterer or sub-charterer in exchange for allowing cargo to be delivered without production of the relevant bill of lading and not to make delivery against copies of a bill of lading.

B. to provide additional guidance to protect Members discharging cargo at ports in the Republic of Korea and the People's Republic of China.

B 394