

No. 13 - Standard Forms of Letters of Indemnity

January 1999

Dear Sirs

Standard Forms of Letters of Indemnity to be given in return for:-

- A. Delivery of cargo without production of original bills of lading**
- B. Delivery of cargo at a port other than that stated in the bills of lading**
- C. Delivery of cargo at a port other than that stated in the bills of lading and without production of original bills 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 deliver cargo without production of original bills of lading or to deliver at a port other than that stated in the bills of lading. In addition, consideration has been given to the need, on occasion, 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.

Apart from the creation of a wording to cover the eventuality of delivery of cargo at a port other than that stated in the bills of lading and without production of original bills 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 by clarifying the circumstances under which an indemnifier may be required to provide bail or security and to incorporate 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.

We remind Members that, unless the Association's Committee otherwise determines, 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 bills of lading and that, in such circumstances, Members are strongly advised to ensure that they are fully satisfied with the financial standing of those who are to issue these indemnities.

Yours faithfully

**The West of England Shipowners
Insurance Services Limited**
(As Managers)

R J B Searle
Director

A

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

To: *[insert name of Owners]*
the Owners of the *[insert name of vessel]*

Dear Sirs

Vessel: *[insert name of vessel]*

Voyage: *[insert load and discharge ports as stated in the bills of lading]*

Cargo: *[insert description of cargo]*

Bills of lading: *[insert identification numbers, date and 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 party to whose order the bills of lading are made out, as appropriate]* for delivery at the port of *[insert name of discharge port stated in the bills of lading]* but the bills of lading have not arrived and we, *[insert name of party requesting delivery]*, hereby request you to deliver the said cargo to *[insert name of party to whom delivery is to be made]* without production of original bills 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 expense 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 vessel or any other vessel 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 vessel or property and to indemnify you in respect of any liability, loss, damage or expense 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 BILLS OF LADING

To: *[insert name of Owners]*
the Owners of the *[insert name of vessel]*

Dear Sirs

Vessel: *[insert name of vessel]*

Voyage: *[insert load and discharge ports as stated in the bills of lading]*

Cargo: *[insert description of cargo]*

Bills of lading: *[insert identification numbers, date and 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 party to whose order the bills of lading are made out, as appropriate]* for delivery at the port of *[insert name of discharge port stated in the bills of lading]* but we, *[insert name of party requesting substituted delivery]*, hereby request you to order the vessel to proceed to and deliver 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 expense 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 vessel or any other vessel 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 vessel or property and to indemnify you in respect of any liability, loss, damage or expense 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 BILLS OF LADING AND WITHOUT PRODUCTION OF ORIGINAL BILLS OF LADING

To: *[insert name of Owners]*
the Owners of the *[insert name of vessel]*

Dear Sirs

Vessel: *[insert name of vessel]*

Voyage: *[insert load and discharge ports as stated in the bills of lading]*

Cargo: *[insert description of cargo]*

Bills of lading: *[insert identification numbers, date and 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 party to whose order the bills of lading are made out, as appropriate]* for delivery at the port of *[insert name of discharge port stated in the bills of lading]* but we, *[insert name of party requesting substituted delivery]*, hereby request you to order the vessel to proceed to and deliver 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 original bills 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 expense 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 vessel or any other vessel 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 vessel or property and to indemnify you in respect of any liability, loss, damage or expense 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