



# Bills of Lading – 101

March 27, 2017

# **Bills of Lading - Overview**

**What is a Bill of Lading?**

**The function of a Bill of Lading**

**Lifecycle of a bill of lading**

**Types of bills of lading**

**Bills of lading and the Bank**

**Do's and Don'ts**

**Questions?**

# What is a Bill of Lading?

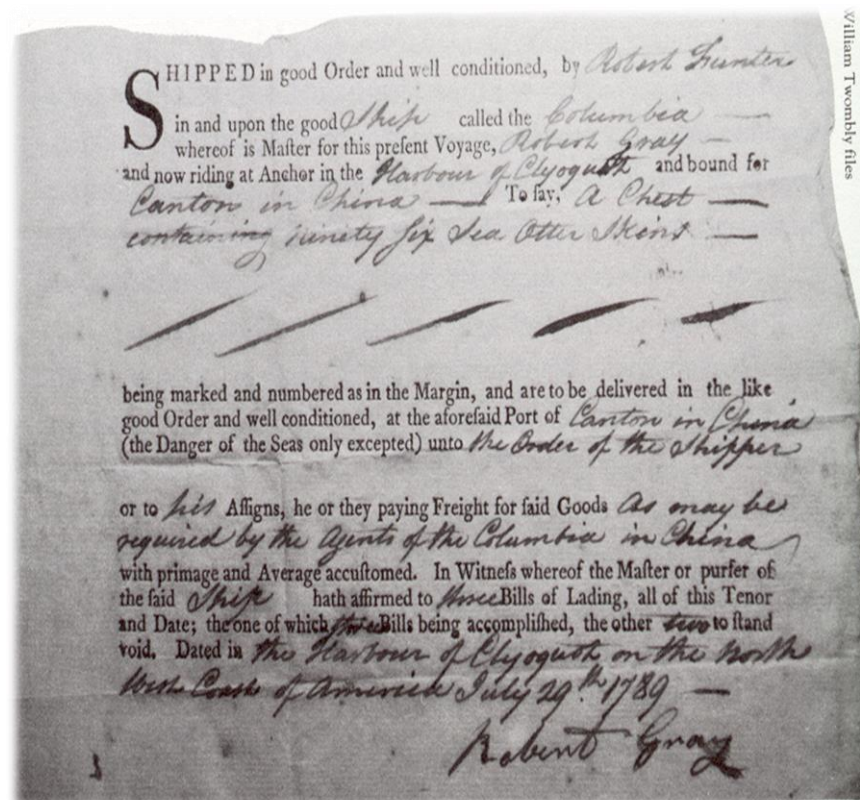
- Document of goods received
- May be negotiable
- Must be an agreed upon form
- Typically issued with 3 originals

A Bill of Lading can also be shown or known as: BL, B/L or BOL



# What is a Bill of Lading?

- Background – 11<sup>th</sup> century – 14<sup>th</sup> century – 1789 - 2017



William Twombly files

**BILL OF LADING** FMC 002049

Shipped in apparent good order and condition by \_\_\_\_\_ #VALUE!  
 on board the \_\_\_\_\_ Motorship/Steamship \_\_\_\_\_ TEMPLATE 1-6-2017  
 whereof \_\_\_\_\_ is Master, at the port of \_\_\_\_\_  
 a quantity said to be \*\*\* IN BULK \*\*\*

CLEAN ON BOARD

\_\_\_\_\_ , the quantity,  
 measurement, weight, or number of the cargo unknown to the Vessel and Master, to be delivered at the port of \_\_\_\_\_  
 or at or near thereto as the Vessel can  
 safely get, always subject to the conditions of the Charter Party.

on payment of freight at the rate of \_\_\_\_\_ FREIGHT PAYABLE AS PER CHARTER PARTY  
 This shipment is carried out in accordance with the terms of the Charter dated \_\_\_\_\_ AS PER CHARTER PARTY  
 at \_\_\_\_\_ AS PER CHARTER PARTY between \_\_\_\_\_ AS PER CHARTER PARTY  
 and \_\_\_\_\_ AS PER CHARTER PARTY as Charterer, and all the terms whatsoever of the said Charter except the  
 rate and payment of freight specified therein apply to and govern the rights of the parties concerned in this shipment.

If this Bill of Lading is a document of title to which the Carriage of Goods by Sea Act of the United States, approved April 16, 1906, or similar  
 legislation giving statutory effect to the International Convention for the Unification of Certain Rules relating to Bills of Lading of Brussels of  
 August 25, 1924, applies by reason of the port of loading or discharge being in territory in which the said Act or other legislation is in force, this Bill  
 of Lading shall have effect subject to the provisions of the said Act or similar legislation, as the case may be, which shall be deemed incorporated  
 herein, and nothing herein shall be deemed a surrender by the carrier of any of its rights or immunities or an increase of any of its  
 responsibilities or liabilities under said Act or other similar legislation. If any terms of this Bill of Lading is repugnant to the said Act or other  
 legislation as so incorporated, such terms shall be void to that extent but no further.

In Witness Whereof, the Master has signed THREE (3) ORIGINAL Bills of Lading of this tenor and date, one of which being accomplished, the others will be void.

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_

CHARTER REF # DL ON BEHALF OF THE MASTER,  
CAPTAIN  
as agent

# The function of a bill of lading

- ❖ **Documentary Evidence of Receipt of Cargo**
- ❖ **Contract of Carriage**
- ❖ **Document of Title**

The version of the form must be agreed upon.

The fine print on a BL dictates what rules, obligations and liabilities the shipper and carrier have to each other.



CLEAN ON BOARD

THESE COMMODITIES, TECHNOLOGY OR SOFTWARE WERE EXPORTED FROM THE  
 UNITED STATES IN ACCORDANCE WITH THE EXPORT ADMINISTRATION REGULATIONS.  
 ULTIMATE COUNTRY OF DESTINATION:  
 DIVERSION CONTRARY TO UNITED STATES LAW IS PROHIBITED. NO LICENSE REQUIRED.

\_\_\_\_\_ tons/barrels/gallons of \_\_\_\_\_, the quantity,  
 measurement, weight, gauge, quality, nature, value and condition of the cargo unknown to the Vessel and Master, to be delivered at the port of  
 \_\_\_\_\_ or so near thereto as the Vessel can  
 safely get, always afloat, unto \_\_\_\_\_

on payment of freight at the rate of \_\_\_\_\_ **FREIGHT PAYABLE AS PER CHARTER PARTY**  
 This shipment is carried under and pursuant to the terms of the Charter dated \_\_\_\_\_ **AS PER CHARTER PARTY**  
 at \_\_\_\_\_ **AS PER CHARTER PARTY** between \_\_\_\_\_ **AS PER CHARTER PARTY**  
 and \_\_\_\_\_ **AS PER CHARTER PARTY** as Charterer, and all the terms whatsoever of the said Charterer except the  
 rate and payment of freight specified therein apply to and govern the rights of the parties concerned in this shipment.

If this Bill of lading is a document of title to which the Carriage of Goods by Sea Act of the United States, approved April 16, 1936, or similar  
 legislation giving statutory effect to the International Convention for the Unification of Certain Rules relating to Bills of Lading at Brussels of  
 August 25, 1924, applies by reason of the port of loading or discharge being in territory in which the said Act or other legislation is in force, this Bill  
 of Lading shall have effect subject to the provisions of the said Act or similar legislation, as the case may be, which shall be deemed incorporated  
 herein, and nothing herein shall be deemed a surrender by the carrier of any of its rights or immunities or an increase of any of its  
 responsibilities or liabilities under said Act or other similar legislation. If any terms of this Bill of Lading is repugnant to the said Act or other  
 legislation as so incorporated, such terms shall be void to that extent but no further.

# Don't forget to read the fine print

**CLAUSE PARAMOUNT.** This Bill of Lading shall have effect subject to the provisions of the Carriage of Goods by Sea Acts of the United States approved April 16, 1936, except that if this Bill of Lading is issued at a place where any other Act, ordinance or legislation gives statutory effect to the International Convention for the Unification of Certain Rules relating to Bills of Lading at Brussels, August 1924, then this Bill of Lading shall have effect, subject to the provisions of such Act, ordinance or legislation. The applicable Act, ordinance or legislation (hereinafter called the "Act") shall be deemed to be incorporated herein and nothing herein contained shall be deemed a surrender by the Owner of any of its rights or immunities or an increase of any of its responsibilities or liabilities under the Act. If any term of this Bill of Lading be repugnant to the Act to any extent such term shall be void to that extent but no further.

**GENERAL AVERAGE.** General Average shall be adjusted, stated and settled according to York Antwerp Rules 1994 and, as to matters not provided for by those rules, according to the laws and usages at the port of New York or at the port of London, whichever place is specified, in Part I of this Bill; if a General Average statement is required, it shall be prepared at such port or place in the United States or United Kingdom, whichever country is specified in Part I of this Bill, as may be selected by the Owner, unless otherwise mutually agreed, by an Adjuster appointed by the Owner and approved by the Charterer. Such Adjuster shall attend to the settlement and the collection of the General Average, subject to customary charges. General Average Agreements and/or security shall be furnished by owner and/or Charterer, and/or Owner and/or Consignee of cargo, if requested. Any cash deposit being made as security to pay General Average and/or salvage shall be remitted to the Average Adjuster and shall be held by him at his risk in a special account in a duly authorized and licensed bank at the place where the General Average statement is prepared.

**DEVIATION CLAUSE.** The vessel shall be at liberty to tow or be towed to assist vessels in all positions of distress, to call at any port or ports for oil fuel supplies, to sail without pilots and to deviate for the purpose of saving life or property or any other reasonable purpose.

**WAR RISK CLAUSE.** (A) The master shall not be required or bound to sign Bills of Lading for any blockaded port or for any port which the master or Owners in his or their discretion consider dangerous or impossible to enter or reach.

(B) (i) If the nominated port of discharge be blockaded or

(ii) If owing to any war, hostilities, warfare operations, civil war, civil commotions, revolutions, or the operation of international law (a) entry to any such port of discharging or discharging of cargo at any such port be considered by the master or Owners in his or their discretion dangerous or prohibited or (b) it be considered by the master or Owners in his or their discretion dangerous or impossible or prohibited for the vessel to reach such port of discharging. Cargo Owners shall have the right to order the cargo or such part of it as may be affected to be discharged at any other port of discharging in the vicinity of the said port of discharging (provided such other port is not blockaded or that entry thereto or discharging of cargo thereof or reaching the same is not in the masters or Owners discretion dangerous or prohibited); if in respect of a port of discharging no orders be received from Cargo Owners within 48 hours after they or their agents have received from the Owners a request for the nomination of a substitute port. Owners shall then be at liberty to discharge the cargo at any port which they or the master may in their or his discretion decide on and such discharging shall be deemed to be due fulfillment of the contract or contracts of affreightment or of the contract contained in or evidenced by this Bill of Lading so far as cargo so discharged is concerned. In the event of the cargo being discharged at any other such port, the Owners shall be entitled to freight as if the voyage performed were that originally nominated. All extra expenses involved in reaching and discharging the cargo at any such other port shall be paid by the Cargo Owners and Owners shall have a lien on the cargo for freight and all such extra expenses.

(C) The vessel shall have liberty to comply with any directions or recommendations as to departure, arrival, routes, ports of call, stoppages, destinations, zones, waters, delivery or in any otherwise whatsoever given by the government of the nation under whose flag the vessel sails or any other government or local authority including any defacto government or local authority or by any person or body acting or purporting to act as or with the authority of any such government or authority or by any committee or person having under the terms of the war risk insurance on the vessel the right to give any such directions or recommendations. If by reason of or in compliance with any such directions or recommendations, anything is done or is not done such shall not be deemed a deviation.

If by reason of or in compliance with any such directions or recommendations the vessel does not proceed to the port or ports of discharging originally nominated or to which she may have been properly ordered pursuant to the terms of this Bill of Lading, the vessel may proceed to any port of discharging which the master or Owners in his or their discretion may decide on and there discharge the cargo. Such discharging shall be deemed to be due fulfillment of the contract or contracts of affreightment or of the contract contained in or evidenced by this Bill of Lading, and Owners shall be entitled to freight as if discharging had been effected at the ports of discharging originally nominated. All extra expenses involved in reaching and discharging the cargo at any such other port of discharging shall be paid by the Cargo Owners and Owners shall have a lien on the cargo for freight and all such extra expenses.

**NEW JASON CLAUSE.** In the event of accident, danger, damage or disaster before or after commencement of the voyage, resulting from any cause whatsoever, whether due to negligence or not, for which, or for the consequences of which, the Owner is not responsible, by statute, contract or otherwise, the cargo, shippers, consignees, or owners of the cargo shall contribute with the Owner in General Average to the payment of any sacrifices, losses, or expenses of a General Average nature that may be made or incurred, and shall pay salvage and special charges incurred in respect of the cargo. If a salvaging vessel is owned or operated by the Owner, salvage shall be paid for as fully as if said salvaging vessel or vessels belonged to strangers. Such deposit as the Owner or his agents may deem sufficient to cover the estimated contribution of the cargo and any salvage and special charges thereon shall, if required, be made by the cargo, shippers, consignees, or owners of the cargo to the Owner before delivery.

**BOTH TO BLAME CLAUSE.** If the liability for any collision in which the vessel is involved while performing this Bill of Lading fails to be determined in accordance with the laws of the United State of America, the following clause shall apply:

**BOTH TO BLAME COLLISION CLAUSE.** If the vessel comes into collision with any other vessel as a result of the negligence of the other vessel and any act, neglect or default of the master, mariner, pilot or of the servants of the Owner in the navigation or in the management of the vessel, the owners of the cargo carried hereunder will indemnify the Owner against all loss or liability to the other or non-carrying vessel or her owners insofar as such loss or liability represents loss of or damage to or any claim whatsoever of the owners of the said cargo paid or payable by the other or non-carrying vessel or her owners to the owners of the said cargo and set off, recouped or recovered by the other or non-carrying vessel or her owners as part of their claim against the carrying vessel or Owner. The foregoing provisions shall also apply where the Owners, Operators or those in charge of any vessel or vessels or objects other than, or in addition to, the colliding vessels or objects are at fault in respect of a collision or contact.

**LIMITATION OF LIABILITY.** In the event of the cargo herein mentioned being lost or damaged, the Owners in addition to the rights, immunities and limitation of liability herein contained or to which they may otherwise be entitled and without prejudice thereto shall be entitled to such limitation of liability in respect of such loss or damage as may be provided by the law of the country of the vessel's flag in force at the date of issue hereof and for the purpose of any limitation of liability neither this Bill of Lading nor the contract contained in or evidenced thereby shall, notwithstanding anything herein contained, be construed to be or to give rise to a personal contract so as to deprive the Owners of such limitation.

# The Lifecycle of a bill of lading

Issued to by carrier, or their agents, when cargo is loaded

Originals are released to shipper when freight terms are met

BL's are sometimes negotiated for Letter of Credit funds release as payment for the goods or the receivers pay the shipper directly for the cost of the merchandise

Shippers or their bank sends the original bills of lading to the consignee or receivers as directed by the buyers once payment for the goods has been made to the shippers

Original bills of lading are presented to carrier  
(The ship's master or the carrier's agents at the destination port)

Cargo is unloaded and delivered to receivers or the consignee who first presents one of the original bills of lading. Once one original bill of lading has been presented, all other originals immediately become void



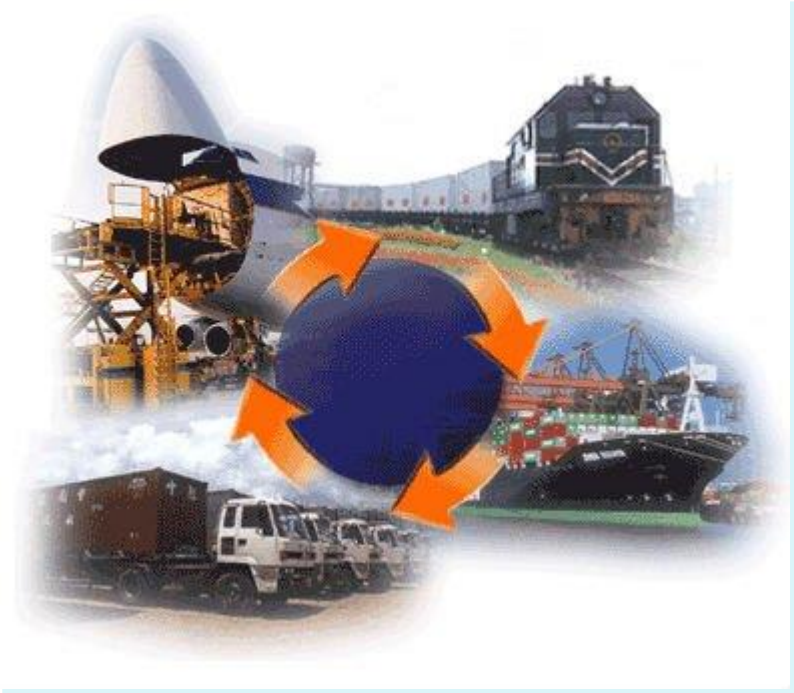
# The types of bills of lading

**Inland bill of lading**

**Ocean bill of lading**

**Through bill of lading**

**Waybill (Sea and Air)**



## Bills of Lading and the Bank



# Letters of Credit

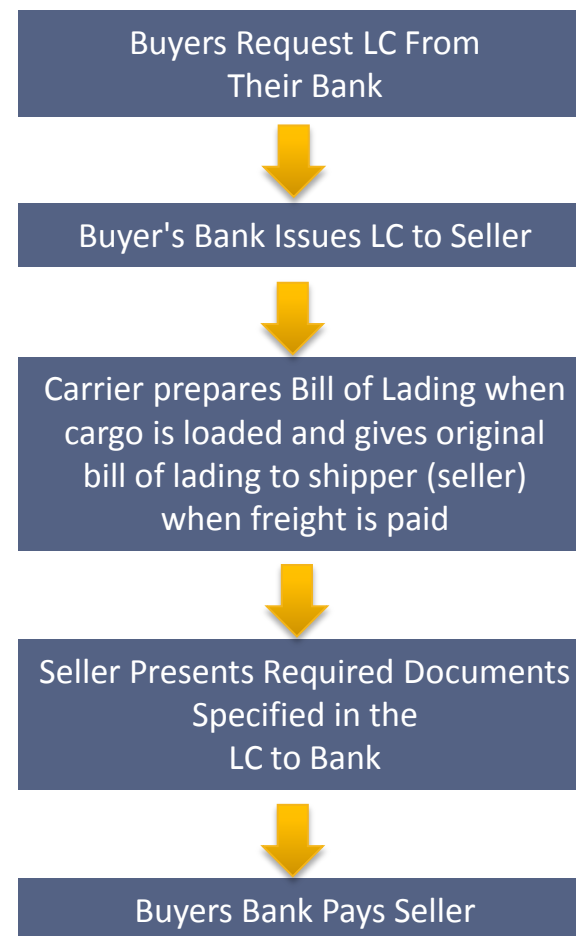
Abbreviations for a Letter of Credit include L/C, LC, and LOC

Applicant - the buyer in a transaction

Beneficiary - the seller or ultimate recipient of funds

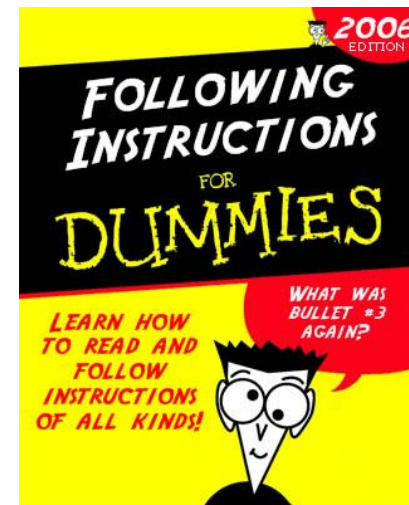
Issuing bank - the bank that promises to pay

Advising bank - helps the beneficiary use the letter of credit



## Load port Do's

- Get bill of lading instructions from shipper and watch for special instructions from principal
- Follow instructions
- Get authority to sign
- Send proforma copies
- Get approval of content from client
- Verify that loaded quantities match other documents exactly
- Get approval to release
- Stamp originals & non-negotiable copies
- Release as AND when instructed



## Discharge Port Do's

- Collect at least one original B/L
- Advise principal about when collected
- If no original available – follow owner's instructions
- Only owners can decide to accept a Letter of Indemnity
- View original B/L and look for potential fraud (photocopy of original?? – NO)
- If questionable, alert principal or master





## Bill of Lading Don'ts

Do not handle bills of lading if you have not been trained to do so

Do not issue a corrected set of a bill of lading without collecting and cancelling the first set

Don't release bills of lading that you know to have false information on

Do not release bills of lading without getting authorization to do so

Do not release cargoes without collection of an original of a bill of lading or the principal's written permission

Do not be afraid to ask questions when you are not sure of anything related to bills of lading



