

NB: Please delete these notes and instructions before printing out the completed form

Notes on Letter of Undertaking for Issuance of Clean Bills of Lading

“Letters of indemnity for issue of clean bills for damaged cargo are unenforceable in many jurisdictions. Their use is inadvisable, particularly if there is no bona fide dispute as to whether the condition of the cargo merits clausing on the bill of lading. Members should always ensure that bills of lading are claused when the cargo is not shipped in apparent good order and condition.

We also draw your attention to Rule 5.2.5 which excludes cover for claims arising from an incorrect description of the cargo in the bill of lading or other documentation. Members who issue clean bills of lading in these circumstances do so entirely at their own risk.”

Letter of Undertaking

To: [name of owners/charterers]:

Ship:

Voyage:

Cargo:

Bill of lading:

Charterparty:

Description of the bona fide dispute:

Date of letter of undertaking:

In consideration of your complying with our request to issue clean Bill(s) of Lading in respect of the above cargo notwithstanding the bona fide dispute referred to above,

WE HEREBY UNDERTAKE

- 1. To indemnify you, your servants and agents and to hold all of you harmless in respect of any liability, loss or damage of whatsoever nature which you may sustain by reason of complying 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 issue of bills of lading in accordance with our request to provide you or them from time to time with sufficient funds to defend the same.
- 3. If 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 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 loss, damage or expenses caused by such arrest or detention whether or not the same may be justified.
- 4. The liability of each and every person under this undertaking 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 undertaking.
- 5. We undertake that we will within 14 days of receiving a request to do so, instruct solicitors to accept service of proceedings on our behalf and to file an acknowledgement of service thereof.
- 6. This undertaking shall be subject to English law and jurisdiction of the High Court of Justice in London.

Yours faithfully,

For and on behalf of

.....
Charterers/shippers

For and on behalf of

.....
Bankers