



SPECIALIST
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INSURANCE

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TO ALL PORT AGENTS

ITIC Circular – issues with receiving original bills of lading

During this extraordinary time of lockdowns around the world, there will be issues with receiving the original bills of lading. Port agents may be asked by consignees to deliver goods to them without providing a bill of lading in return. The consignee will claim that they have not received the bill of lading from the shipper or cannot present it to the port agent because of the lockdown. If all the original bills of lading remain with load port agent, please follow the “Telex Release” guidance we have previously provided (and which is available on our website at www.itic-insure.com). However, if the original bills of lading are not with the load port agent, in order to protect yourself we advise that you take the following steps:

- 1. OBTAIN written permission from your principal to release any cargo without receiving a bill of lading in return.** NEVER make a unilateral decision on this as it is not your decision to make. If the principal agrees to release the cargo, you should check if they want you to obtain a Letter of Indemnity (“LOI”), in return, from the consignee, and if they do, to provide you with the exact wording they want you to use. Finally, as you won’t have the bill of lading you should check with the principal if all freight has been paid (ie it could be a “freight collect” bill) before releasing the goods. MAKE SURE the permission from your principal is in WRITING. If they will not do so, send an email to them and also confirm the date and time you had the conversation with them.
- 2. Your principal may ask you to CHECK with the shipper (or the “to order party” if the original shipper has already sold the goods on) as to whether they have released the bill of lading to the consignee or to the party requesting the goods.** This will help avoid giving the cargo to a fraudulent party who doesn’t have the bill of lading because (a) they did not pay for the goods or (b) are not the consignee at all. If asked to make these checks, make sure you provide the information to your principal for their final approval. As the shipper is probably not in your jurisdiction, it may be easier for the principal to perform these checks directly.

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IS MANAGED
BY **THOMAS
MILLER**

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3. **CHECK the party identifying as the consignee/receiver is actually who they say they are.** The consignee/receiver may be listed as “Company X” and the person turning up to collect the goods may identify themselves as being from “Company X”. However, there is always a possibility they could be a fraudster. If your principal has agreed that the cargo can be released to Company X, you will need to release it to Company X. You should perform as much due diligence as you can in the circumstances to make sure the consignee is genuine – for example, you could ask for three invoices from utility companies addressed to Company X and/or a letter of authority with company seal. In order to be extra secure, you can present your findings to the principal so they can make the final decision on whether the consignee is genuine.

4. **DO NOT sign any LOI to the principal in these circumstances.** You are not asking to release the cargo without the bill of lading, you are being asked to do it by your principal so there is no reason for you to agree to indemnify them if they suffer a loss because of it. Ultimately, it is the principal’s decision to deliver cargo or not without the bill of lading – you are simply following their instructions.

5. **If you are in any DOUBT, contact ITIC.**

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