

28th February 1964

TO ALL MEMBERS

The Britannia Steam Ship
Insurance Association Limited

Letters of Indemnity

With reference to our circular dated 22nd October 1963, relating to Letters of Indemnity, experience has since shown that where signs of rust on steel shipments are apparent at the time of shipment, mates' receipts and bills of lading need not necessarily in all cases be claused with the single word 'rusty' as stated in sub-paragraph (c) of that circular. Some qualification to the word 'rusty' may be justifiable in certain circumstances.

In appropriate cases, therefore, it is permissible for any of the following clauses to be used when describing steel shipments which show signs of rust or a similar condition on shipment:

Partly rust stained	Rust and oil spotted
Rust stained	Wet before shipment
Rust spots apparent	Wet steel tubes
Some rust spots apparent	Wet bars
Some rust spots apparent on top sheets	Rust on metal envelopes
Top sheets rusty	Covered with snow
Some top sheets rusty	Pitted
Rusty edges	Rusty
Some rusty edges	Rust with pitting
Rusty ends	Goods in rusty condition
Some rusty ends	Edges bent and rusty
Rust spotted	Partly rusty

When packed sheet iron is shipped the following two clauses may be used:

Covers rusty/wet
Packing rusty/wet

It must be emphasised that the clause which is used must accurately describe the apparent condition of the steel shipment and must also come within the clauses as set out above.

Apart from sub-paragraph (c) of our circular of 22nd October 1963, [see reverse] which is accordingly hereby modified by this circular, the remainder of that circular, in particular sub-paragraphs (a) and (b), remains unchanged.

In no case should any reference be made to the degree of rust such as 'atmospherically' or 'superficially'.

Issued by the Clubs comprising the International Group.

p.t.o.

Letters of Indemnity

There appears to be a growing tendency among Shipowners and Charterers at certain ports, in particular at Antwerp, to accept Letters of Indemnity in return for clean Bills of Lading covering cargo that is known to be damaged at the time of shipment.

Steel shipments from Antwerp are a case in point. At that port Letters of Indemnity have been accepted by Owners in exchange for clean Bills of Lading when the cargo is visibly rusty on shipment. On occasions Shippers have intimated that they do not object to the Bills of Lading being claused "atmospherically rusty" or "partially rusty"; but in practice it has been found that clauses of this nature provide no protection to the Carrier.

The under-signed Associations wish to draw Members' attention to the fact that:-

- (a) The issuing of clean Bills of Lading when cargo is known to be damaged is fraudulent and the acceptance of a Letter of Indemnity does not correct the position.
- (b) That Members' rights of recovery from the undersigned Associations will be prejudiced in such cases.
- (c) If steel shipments are seen to be rusty on shipment, Mates' receipts and Bills of Lading must be claused with the single word "rusty". Special qualifications to that word "rusty"; such as "atmospherically" or "partially"; to meet the requirements of Shippers are not acceptable.

Similarly, when other goods are known to be damaged a simple statement on Mates' receipts and Bills of Lading stating the apparent condition must be made.