

THE THREE FUNCTIONS OF A BILL OF LADING

WHAT MASTERS NEED TO KNOW

A BILL OF LADING (B/L) IS ONE OF THE MOST IMPORTANT DOCUMENTS IN INTERNATIONAL TRADE. IT AFFECTS CARGO CLAIMS, DELIVERY OF CARGO, AND EVEN THE SHIP'S P&I COVER. FOR MANY CREWS, THE B/L CAN SEEM COMPLICATED, BUT ITS ROLE IS ACTUALLY BASED ON THREE SIMPLE FUNCTIONS. UNDERSTANDING THESE HELPS MASTERS PROTECT THE SHIP AND OWNERS FROM PROBLEMS LATER.

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1 A RECEIPT FOR THE CARGO

The B/L is proof that the ship received the cargo. It shows:

- what cargo was loaded,
- the quantity, and
- the apparent condition at the time of loading.

This means the master must check that the Mate's Receipt (M/R) is correct and must clause the B/L if the cargo or packaging has visible problems (for example: wet, torn, leaking). If these problems are not written on the B/L, owners may be blamed for damage that happened before loading.

2 EVIDENCE OF THE CONTRACT OF CARRIAGE

Even if a charterparty exists, the B/L is usually the main document used in a cargo claim. People who were not a party to the charterparty (for example, receivers or banks) rely on the B/L to show what was agreed. If the B/L contains wrong information, owners may face claims based on that incorrect wording. Masters should only sign accurate B/Ls and never accept pressure to change dates, quantities, or conditions.

3 A DOCUMENT OF TITLE

The B/L shows who has the right to take delivery of the cargo. The ship must only deliver cargo to the person who presents the original B/L (unless operating with electronic or express bills). Delivering to the wrong person can create serious misdelivery claims. If in doubt, masters should contact owners or the P&I Club immediately.

KEY REMINDER

A B/L may look simple, but it carries major legal weight. By checking the cargo, ensuring the M/R and B/L match, and asking for help when unsure, masters can prevent many common disputes.