

# BILL OF LADING FACT SHEET



## Introduction

A Bill of Lading (BOL) is one of the most important documents in international trade and logistics. It serves three primary functions: it acts as a receipt for shipped goods, a document of title that can be transferred to others, and a contract of carriage between the shipper and the carrier. It is essential in global logistics for sea, land, and multimodal transport. The document also plays a vital role in legal compliance. It helps facilitate customs clearance, serves as proof of ownership, and is used in claim settlements in cases of cargo loss or damage. When shipping internationally, companies

must ensure their BL complies with Incoterms, which define the responsibilities of the buyer and seller. Cargo insurance often relies on BL details to process claims. If disputes arise, the BL provides a legal basis for resolution.

### Functions & Uses of a Bill of Lading:

- Receipt of Goods – Proof of cargo received.
- Title Document – Enables transfer of ownership.
- Contract of Carriage – Defines transport terms.
- Customs Declaration – Supports clearance.
- Claim Support – Assists in loss/damage claims.

## Types of Bill of Lading

There are different types of Bills of Lading, each serving a specific purpose:

- Straight/Consignee BL – Non-transferable, issued to a specific consignee.
- Order BL – Transferable, can be endorsed to others.
- Bearer BL – Transfers ownership to whoever holds the document.
- Switch BL – Issued to substitute the original BL for confidentiality.
- Clean BL – No damage or defects noted.
- Claused BL – Has remarks about damaged or missing cargo.
- Through BL – Covers multiple transport modes from origin to destination.
- Multimodal BL – For goods transported via several different forms of transport.
- House BL – Issued by freight forwarders.
- Master BL – Issued by the main carrier.
- Electronic BL (E-BOL) – digital version of the document.
- Airway Bill – is specific to air transport and is non-negotiable.

A Consignee B/L is a non-negotiable document that names a specific receiver, allowing only them to take delivery, with no option for ownership transfer. It is typically used when trade financing isn't involved.

A To Order B/L is negotiable, enabling cargo ownership to be transferred while in transit through endorsement. Instead of a fixed consignee, it states "To Order of [Shipper/Bank]," making it ideal for transactions involving resale or financing, such as those under a Letter of Credit.

## Difference Between Bill of Lading and Airway Bill

	Bill of Lading (BOL)	Airway Bill (AWB)
Mode of Transport	Used for sea freight	Used for air freight
Function	Serves as a receipt for goods, contract of carriage, and document of title.	Acts as a receipt for goods and contract of carriage, but not a document of title.
Legal Status	Negotiable – ownership of the goods can be transferred while goods are in transit.	Non-negotiable – ownership of the goods cannot be transferred to another party.
Details Included	Shipper, consignee, description of goods, terms of carriage, carrier's signature.	Shipper, consignee, goods description, and air transport regulations.

## Reviewing A Bill of Lading

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## 1. IDENTIFYING THE BASIC DETAILS

- Review the title "Bill of Lading" to confirm it is the correct document.
- Locate the shipper's and consignee's name and address.
- Check the carrier's name and contact details.

## 2. VERIFYING THE SHIPMENT INFORMATION

- Confirm the description of goods, quantity, weight, and packaging.
- Ensure the cargo details match the purchase order.
- Cross-check the port of loading and port of discharge.
- Confirm the vessel or flight number and voyage details.

### 3. UNDERSTANDING THE TERMS OF CARRIAGE

- Identify whether the Bill of Lading is negotiable or non-negotiable.
- Check if the freight charges are prepaid or to be collected.
- Verify any special handling instructions or restrictions.
- Review liability limitations and claim procedures.

#### 4. REVIEWING LEGAL AND COMPLIANCE DETAILS

- Ensure the governing law and dispute resolution terms are understood.
- Identify any force majeure clauses and exceptions to liability.
- Check for customs clearance and documentation requirements.
- Review Incoterms® to determine risk and cost responsibilities.

## 5. CONFIRMING DELIVERY AND RECEIPT PROCEDURES

- Check the delivery terms and conditions for the consignee.
- Review procedures for releasing cargo at the destination.
- Ensure signatures, stamps, or endorsements are correctly placed.

## 6. HANDLING DISCREPANCIES AND DISPUTES

- Note any damages, shortages, or variations in cargo details.
- Report discrepancies immediately to the carrier and relevant parties.
- Prepare all relevant documents for evidence for any legal steps.

## Key BOL Terms & Conditions

A Bill of Lading contains various terms and conditions that affect cargo movement:

- **Carriage Terms:** Define the carrier's responsibilities, routes, and transit times.
- **Freight Charges:** Clarifies whether freight is prepaid or to be collected.
- **Liability Limitations:** Specifies the carrier's liability limits for loss or damage.
- **Claims Procedure:** Outlines the process and time limits for filing claims.
- **Demurrage and Detention:** Terms regarding charges for delays.
- **Force Majeure:** Conditions under which the carrier is not liable for unforeseen events.
- **Governing Law:** Specifies the legal jurisdiction and law governing the BL.
- **Cargo Nature and Restrictions:** Any limitations on the type of cargo carried.
- **Documentation Requirements:** Necessary documents for compliance and customs.
- **Delivery Terms:** Conditions under which goods will be released to the consignee.
- **Dispute Resolution:** Procedures for handling disputes, often arbitration or mediation.\*

\*If a dispute arises over a shipment, the claims process involves notifying the carrier, providing supporting evidence (such as the BL, inspection reports, and photographs), and submitting a written claim. The carrier then investigates the issue and determines liability. If necessary, the dispute can be escalated for legal action.



# Understanding Bill of Lading Clauses



## Dealing with the Both-to-Blame Collision Clause

Specifies that if a collision occurs due to negligence from both ships, each cargo owner shares liability.

*Why It Matters:* Determines financial responsibility in case of maritime accidents.

*How to Use It:* Understand the risks and consider insurance coverage.

## Managing General Average Situations

General average is declared when a shipowner incurs extraordinary expenses to save a voyage (e.g., jettisoning cargo).

*Why It Matters:* Costs are shared among all cargo owners.

*How to Use It:* Understand the implications and be prepared for financial contributions.

## Understanding the "Said to Contain" Clause

This clause indicates that the carrier does not verify the contents of the shipment but relies on the shipper's declaration.

*Why It Matters:* The carrier is not responsible for discrepancies between declared and actual contents.

*How to Use It:* Ensure accurate documentation and inspection before shipping.

## The Paramount Clause

States that the governing rules (such as the Hague-Visby or Hamburg Rules) apply to the contract.

*Why It Matters:* It clarifies legal liability and obligations in case of disputes.

*How to Use It:* Check which rules apply to your BOL and ensure compliance.

## Deciphering the Weight, Measure, Quality, Quantity, Condition, Contents, and Value Unknown Clause

Indicates that the carrier does not verify the shipment's exact details but relies on the shipper's declaration.

*Why It Matters:* Limits the carrier's liability for misdeclared cargo.

*How to Use It:* Ensure accurate declarations to avoid disputes.

## Understanding the On-Deck at Shipper's Risk Clause

States that cargo stowed on deck is at the shipper's risk, not the carrier's.

*Why It Matters:* The carrier is not liable for damage to deck-stowed cargo.

*How to Use It:* Use appropriate packaging and insurance for deck cargo.

## Interpreting the New Jason Clause

Applies in cases of general average situations, where cargo owners must contribute to costs incurred due to unexpected events (e.g., saving a vessel).

*Why It Matters:* Cargo owners share financial responsibility for losses.

*How to Use It:* Be aware of potential costs in emergency situations.

**In cases where a charter party agreement is involved**, the Bill of Lading must align with the terms negotiated between shipowners and charterers. This can impact liability, freight rates, and cost-sharing arrangements. BL clauses such as the "Said to Contain" clause (limiting carrier liability for hidden defects) and the Paramount Clause (which defines the legal framework governing transportation) further influence how cargo claims and disputes are handled.



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