



Misdelivery of coal shipments in India

Misdelivery claims highlight the risks involved when delivering cargo without the production of the original bills of lading.

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Gard has been notified of several recent cases involving banks claiming for misdelivery of coal cargoes at Indian ports.

The cargoes were loaded at various ports and carried to India during the first half of 2018. Upon arrival in India, the cargo was delivered to receivers against letters of indemnity (LOIs) without production of the original bills of lading. The banks involved state that they extended credit for the purchase of the cargoes and that they are the holders of the original bills of lading.

The banks' claims amount to several million US Dollars in each case. A number of claims have been presented and writs for the arrest of vessels have been filed with the Singapore Courts.

Delivery of cargoes without production of the original bills of lading in return for an LOI from shippers or charterers is relatively common across a number of trades in the industry. However, it is a risky practice which may prejudices your P&I cover for cargo claims.

Gard Members who are concerned that they may have carried one of the affected shipments should contact their regular Gard claims handler.