

SHIPPING GUARANTEE

What is a Shipping Guarantee?

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A Shipping Guarantee (SG) is an indemnity given by the consignee to which the Bank jointly indemnifies the carrier of goods so that the consignee so named can take delivery of the goods without production of the relevant bills of lading. The consignee and the Bank jointly undertake to indemnify the carrier against all liabilities relating to the delivery and undertake to surrender the bill of lading (BL) duly endorsed to the carrier on receipt of it.

In international trade, banks deal with documents and not with physical goods. These documents however, do represent goods and movement of goods. Non-arrival of shipping documents may result in the Importer /Seller facing a loss should he not be able to take delivery of goods and sell them, especially if they are perishable goods. To assist the Seller to take delivery of the goods, a SG is issued in favour of the carrier of the goods.

Shipping Guarantees are formal financial obligations or undertakings in favour of third parties, issued by banks on behalf of customers, to facilitate their business dealings.

How can I arrange for cargo clearance when the Original Shipping Documents (including full set of Original BLs) have not been received under UOB's LC?

On receipt of notice of arrival of a ship bearing goods, the consignee will ascertain whether the Bank has received the relevant shipping documents, particularly the BL. If the shipping documents are not on hand, the consignee will then request the Bank to issue a SG.

In order to facilitate clearance of cargo from the port and to avoid paying demurrage charges when the vessel is expected to arrive before the receipt of shipping documents called for under UOB's LC, the Applicant (Buyer) may arrange to apply for a SG issued by UOB in favour of the shipping company. This SG will be subsequently redeemed by the Applicant when Original BLs are presented under UOB's LC.

How do I apply for Shipping Guarantee?

You can simply download and print out the Shipping Guarantee Form from the following links:

For Delivery without Bill of Lading

www.uob.com.sg/corporate/commercial/useful/business_resource.html

Application & Indemnity for Shipping Guarantee – Delivery without Bills of Lading

For Endorsement of Airway Bill **

www.uob.com.sg/corporate/commercial/useful/business_resource.html

Application & Indemnity for Endorsing of Airway Bill

For Endorsing Original Bill of Lading **

www.uob.com.sg/corporate/commercial/useful/business_resource.html

Application & Indemnity for Endorsing Original Bill of Lading

Alternatively, you can visit any **UOB Group Branch** to obtain the Application Forms.

Submit the completed Shipping Guarantee Form bearing the signatures of Company Signatories and Company stamp together with the required attachment to any **UOB Group Branch**.

A counter indemnity is also taken whereby the consignee undertakes to indemnify the Bank against all losses, damages and expenses in relation to the issue of the SG and at the same time undertake to deliver the bill of lading duly endorsed on receipt or obtain a discharge of the Bank's liability under the indemnity.

You will need to have pre-arranged Trade Facility to facilitate in the process of your application.
(**Only applicable to Bill of Lading / Airway Bill consigned to UOB).

What should I do when I receive my Original Bill of Lading / Original Airway bill from UOB after I apply for Shipping Guarantee?

If you have applied your Shipping Guarantee:

For Delivery without Bill of Lading

You are required to return your Original Bill of Lading to your Shipping Company in exchange for the Shipping Company's Letter of indemnity and return this indemnity to UOB to discharge your liability.

For Endorsement of Airway Bill

You are not required to return the Original Airway Bill to UOB / Shipping Company.
You may keep it for your records.

For Endorsing Original Bill of Lading

You are not required to return the Original Bill of Lading to UOB / Shipping Company.
You may keep it for your records.