

Letters of Indemnity Without Bills of Lading as an Instrument for Carrier Liability Release in Maritime Transportation

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ABSTRACT: Sea transportation documents, especially bills of lading, play an important role in regulating the rights and obligations of the parties involved. A bill of lading is not only a proof of delivery, but also serves as a contractual instrument, proof of ownership, and a basis for dispute resolution. In addition to bills of lading, there is also a letter of indemnity document which has become a growing issue in the world of sea transportation. This document is used as a guarantee by the shipper to the carrier to replace the bill of lading in certain situations, such as speeding up the delivery of goods or resolving administrative issues more efficiently. However, the use of letters of indemnity also poses various legal challenges and risks that need to be considered by all parties involved. This research aims to analyze the position of the issuance of a letter of indemnity without the submission of a bill of lading and evaluate the Indonesian legal perspective on the practice in sea transportation. The research method used is normative juridical, with reference to legal literature and related legal documents. The results show that the issuance of a letter of indemnity without the submission of a bill of lading can lead to various significant problems, especially related to legal uncertainty. This uncertainty includes aspects of the ownership rights of the goods, the responsibility of the carrier, and the potential for misuse of documents that can harm all parties involved.

Keywords: Bill of Lading, Letter of Indemnity, Sea Transportation.



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INTRODUCTION

As a maritime country, Indonesia is mostly ocean, so the importance of sea transportation facilities not only has an impact on economic aspects, but also becomes the key to maintaining the integrity of the country's territory (Agustin et al., 2023). The use of sea transportation is not only related to moving people and goods from one place to another, but also has strategic significance in the context of sovereignty as a maritime-based country. In terms of maritime transportation, the rule of law places law as the foundation for regulating maritime activities. This includes regulations related to shipping, maritime security, rights and obligations in the management of natural resources at sea, as well as the protection of the maritime environment. Principles of international

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law, such as the United Nations Convention on the Law of the Sea (UNCLOS), are important references in shaping the legal foundation for a maritime-based rule of law in line with the principles of law and justice. Regulations related to sea transportation in Indonesia are described in the Code of Commerce (KUHD) and other applicable regulations ([Sembiring, 2019](#)).

In sea transportation, a contract of carriage is required, known as a "charter party," which is a reciprocal agreement made between a shipowner and a charterer, whereby the shipowner commits to provide a vessel complete with equipment and crew for the charterer's benefit. In return, the charterer commits to pay the agreed charter fee. With a Charter Party, both shipowners and charterers have assurance and certainty regarding their rights and obligations, so that sea transportation operations can run smoothly and in accordance with the agreed terms. In addition to the Charter-Party or transportation agreement contract, there is another document used, namely the Bill of lading. Bill of lading is a document that is proof of receipt of goods by the ship and is a sign of ownership of goods. This document also functions as a transportation document and is one of the important documents in international trade ([Sudjatmiko, 1985](#)).

At first, the bill of lading document was created to provide clarity to the traders involved in the delivery of goods, only in the form of a letter containing a statement of the amount of goods has not yet had the status of a document that provides proof of ownership of the registered goods. ([Diamar et al., 2020](#)). However, in its development, the bill of lading can be traded and transferred easily ([Purwosutjipto, 1983](#)).

Furthermore, in UCP (The Uniform Customs and Practice for Documentary) No. 500: Article 32 of UCP No. 500 of 1993 categorizes bills of lading into two types, namely clean bills of lading and foul bills of lading (dirty R/L or dirty bills of lading). Clean bills of lading is a type of bill of lading that contains no notes at all about damage or physical defects of the goods, while Foul bills of lading contain notes on damage or defects of the goods, and the carrier will reject this type unless there is a statement or guarantee from the owner of the goods not to make a claim which we then know as a letter of indemnity. A letter of indemnity is a written letter sent to the carrier with the intention of removing and releasing the liability of the carrier for the issuance of a "clean" bill of lading for a shipment, despite the fact that the shipment or goods delivered are not as stated in the bill of lading ([Business and Management Dictionary, 2023](#)).

In practice, letters of indemnity are used to maintain a smooth shipping process and address situations where changes or adjustments in shipping details are required. By using a letter of indemnity, the carrier has the ability to deliver goods to the location desired by the shipper or consignee with the assurance that the consequences of its actions will be covered by the issuer of the letter of indemnity. Nonetheless, all conditions and responsibilities that have been set out in the main contract still apply and must be complied with by both parties ([Djaja, 2015](#)). The shipper still has the right to sue the carrier for such actions in accordance with the terms agreed in the previous documents.

In other words, the use of a letter of indemnity may provide additional protection to the carrier, but it does not waive or alter the rights already granted to the shipper in previous agreements. The shipper retains the right to sue the carrier if the carrier's actions violate the terms of the charter-

party and bill of lading, and the carrier cannot avoid its responsibilities based on the acceptance of the letter of indemnity, because the letter of indemnity does not cancel the previous agreement between the shipper and the carrier ([Asmarinanda, 2020](#)). Here are some reasons why the letter of indemnity does not cancel the previous agreement:

1. Letter of Indemnity is an additional function, not a replacement: A letter of indemnity usually serves as an additional guarantee provided by the shipper to the carrier to cover certain risks that may not be covered by the main transportation agreement. Letters of indemnity are not intended to replace the contract of carriage, but rather to supplement it and provide additional protection in special situations.
2. Compliance with Key Contract Terms: The main contract of carriage remains in force and governs the basic rights and obligations between shipper and carrier. The letter of indemnity operates within the framework of the main contract and does not alter or invalidate the agreed terms of the contract.
3. Letter of indemnity has a role as a means of guarantee: Letters of indemnity are often used for certain situations, such as when a carrier is required to deliver goods without an original bill of lading. In this case, the letter of indemnity guarantees that the shipper will compensate the carrier if a claim or loss arises from the delivery of goods without the bill of lading. It is a guarantee that the carrier will not be harmed by actions that are not in accordance with standard procedures.
4. Different Legal Entanglements: Letters of indemnity and contracts of carriage are two separate legal documents with different purposes. The contract of carriage governs the overall relationship and obligations between the shipper and the carrier, while the letter of indemnity addresses specific situations and provides specific guarantees. Due to their different nature and purpose, the existence of a letter of indemnity does not invalidate an existing contract of carriage.

The use of letters of indemnity in the maritime transportation industry has been the subject of debate by many legal experts and legal entities due to: ([Lede, 2019](#)).

1. Legal Uncertainty: The use of letters of indemnity can create legal uncertainty as these documents often attempt to replace or reduce the liability set out in existing contracts of carriage and this can make it difficult to determine who is liable in certain situations.
2. Possible Misuse: letters of indemnity can also be misused to avoid obligations that should be carried out by the carrier, especially in the event that the condition of the goods or the circumstances of the shipment do not match those stated in the bill of lading.
3. Loss of Insurance Cover: the use of a letter of indemnity may in some cases result in the loss of insurance cover, as the insurance may not cover shipments that do not comply with the terms of the insurance.

Although letters of indemnity have been the subject of criticism and debate in the world of ocean

freight, this document is still used in some specific situations. The main reason for its use is to deal with situations where a change in the route or destination of a shipment is required due to the various factors previously discussed, such as bad weather, technical issues, or requests from the consignee.

Letters of indemnity can be a controversial tool, but in some cases can provide the flexibility needed to ensure a smooth shipping process and safeguard the interests of all parties involved. However, it should be used with caution, and with an understanding of the legal and financial consequences that may arise from using a letter of indemnity.

Based on the description above, the formulation of the problem in this article is how is the position of the issuance of bills of lading in sea transportation? and what are the legal consequences of the use of letters of indemnity without bills of lading in the perspective of Indonesian law?

Previous research written by [Fadila Novrin Adhisa Putri, \(2023\)](#) with the title "Analysis of Conveyance Document Issuance Services by Shipping Line Companies". This research focuses on explaining and analyzing the service process for issuing bill of lading documents and analyzing the strategies carried out in an effort to minimize the occurrence of bill of lading discrepancies so as not to hinder the export process. Furthermore, [Albert Surya Tengestu, \(2016\)](#) in his research entitled "Contractual Aspects of Conveyance", which discusses the application of contractual aspects of Conveyance in providing clarity regarding the rights and obligations of each party in the event of a loss and settlement of claims. Other research conducted by [Juneddy Sinaga, \(2014\)](#) with the title "Konosemen as a Basic Reference in the Implementation of Carrier Responsibility for Shipper Losses in Sea Transportation." This research examines the function of the bill of lading as a transportation agreement that has been agreed upon by the carrier and the shipper is not used as a reference in the implementation of the responsibilities of the parties.

Meanwhile, this research is more focused on analyzing the position of the issuance of Letter of Indemnity without the submission of Konosemen, and analyzing the Indonesian legal perspective on its practice in sea transportation modes.

METHOD

The research method used is normative juridical, which refers to legal literature and related legal documents and uses the Statute Approach and Conceptual Approach methods. By using a conceptual framework, researchers can map the relationship between the variables studied. This helps researchers to better understand the structure of the problem, formulate hypotheses or research questions, and design appropriate methodologies for collecting and analyzing data. ([Khoirunnisa & Jubaidi, 2024](#)). As a result, the conceptual framework becomes the basis for developing arguments and conclusions in research.

Therefore, in this study, the independent variable is the use of a Letter of Indemnity. Independent variables are variables that influence or cause changes in other variables. In this context, the use

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of Letter of Indemnity is considered as a factor that can affect the mode of sea transportation. While the dependent variable in this study is the mode of sea transportation. The dependent variable is the variable that is affected or measured to see the impact of the independent variable. In other words, this study aims to see how the use of Letter of Indemnity affects the mode of sea transportation. Furthermore, the intervening variable in this study is the condition of "no bill of lading." An intervening variable is a variable that explains the relationship between the independent variable and the dependent variable. In this case, the condition of "no bill of lading" affects how the use of Letter of Indemnity impacts the sea transportation mode. That is, the effect of using a Letter of Indemnity on the mode of sea transportation may differ depending on whether the shipment is made with or without bill of lading. This intervening variable helps to better understand the dynamics and mechanisms of the relationship between the independent and dependent variables.

THEORETICAL FRAMEWORK

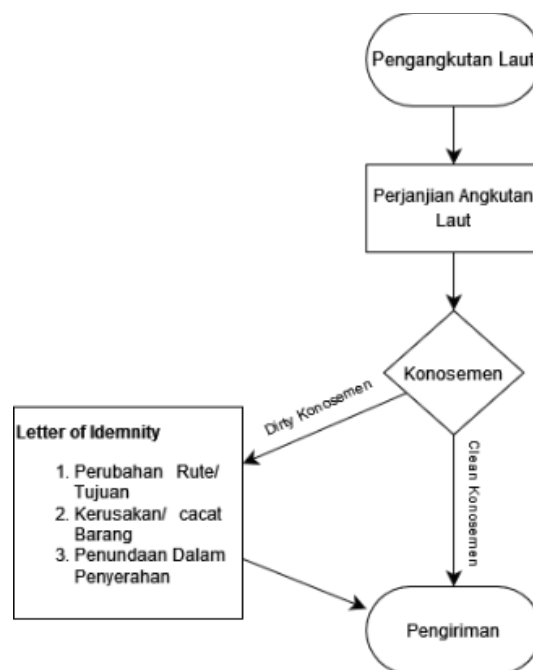


Figure 1. Theoretical Framework

The framework diagram above can explain that the sea transportation process begins with the transportation activity itself. The next step is to make a sea transportation agreement between the shipper and the carrier. This agreement governs all provisions related to the shipment of goods. Once the sea transportation agreement has been concluded, a bill of lading is issued. A bill of lading can be: First, Clean Bill of Lading; A bill of lading indicating that the goods were received in good condition with no damage or negative notes. In this clean bill of lading condition, the process continues with the delivery of the goods. Second, Dirty bills of lading: A bill of lading that notes any damage or defects in the goods received. In dirty bills of lading conditions, so that the goods can still be sent by the carrier, a companion document is required as an additional guarantee for the carrier, namely a letter of indemnity. In addition to being used for the aforementioned conditions (dirty bills of lading), a letter of indemnity can also be used

for changes in shipping routes/destinations and/or delays in the delivery of goods.

Based on the description of the framework, the author hypothesizes that the use of letters of indemnity without bills of lading in sea transportation can be an alternative solution that provides flexibility and convenience in situations where there is uncertainty of delivery due to constraints related to shipping documents. However, the use of letters of indemnity without bills of lading also carries certain risks such as the potential for legal conflicts related to the responsibilities of the parties if something happens in the shipping process.

RESULT AND DISCUSSION

1. The Position of Issuance of Conveyance in Sea Transportation

Konosemen, derived from the Dutch "Conosement", this term is equivalent to the English "Bill of Lading" (B/L), which means a letter of transportation of goods ([M. Usman Syahirul Azmani, 2017](#)). In Indonesia, the term "konosemen" is used to facilitate public understanding. A bill of lading is a document issued by the carrier that contains information about the goods being transported, including the type of goods, quantity, condition, and destination of the shipment. ([Gultom, 2020](#)).

In the context of sea transportation, a bill of lading serves as evidence of the receipt of goods and their condition at the time of delivery. Its existence is very important for resolving claims or disputes that may arise related to the delivery of goods. Apart from being proof of receipt of goods and their condition ([Diamar et al., 2020](#)).

In addition to its main function as proof of receipt of goods and shipping instructions, the bill of lading can also act as a form of guarantee or collateral for the sender or owner of the goods, which can be used for certain purposes required by them. In line with the understanding of the important role of bills of lading as strategic evidence in the process of delivery and transportation of goods, bills of lading can become financial instruments that can be traded and used as collateral ([Diamar et al., 2020](#)).

[Kesuma \(2016\)](#) emphasizes that bills of lading play an important role in confirming that the delivery and shipment of goods have been made to the transport company. In addition, bills of lading also have tradable economic value, indicating that they are not just shipping documents, but also have the potential to be valuable financial assets ([Samiyono et al., 2021](#)).

Another important function of the bill of lading is that it can be used as a financial guarantee to support financing needs in international trade transactions ([Sri Wahyuni Agus, 2021](#)). The consignee or owner of the goods can use the bill of lading as collateral to obtain financing or credit from financial institutions, with the goods being transported as collateral. This provides financial flexibility to the owner of the goods to arrange the necessary financing for their business operations ([Tulong, 1991](#)).

In addition, the bill of lading is also a necessary document in the insurance process. The consignee or owner of the goods can use the bill of lading to secure insurance protection for the goods transported during transit because in the case of damage or loss during shipment, the bill of lading becomes the basis for filing an insurance claim and obtaining appropriate compensation ([Putra & Sukandia, 2023](#)). A bill of lading can also be used to ensure the fulfillment of contractual obligations between the consignee or owner of the goods and other parties involved in the trade transaction. By having a valid bill of lading, the consignee or owner of the goods can ensure that the other party will comply with the agreed contractual terms, as well as secure their interests in the process ([Serlika Aprita, 2021](#)). Thus, a bill of lading not only functions as a transportation document, but also has added value as a means of guarantee and protection for the interests of the consignee or owner of the goods in the context of international trade.

In the Indonesian civil law system, bills of lading have an important position in the context of shipping goods, especially in sea transportation ([Sigit Sapto Nugroho & Hilman Syahrial Haq, 2019](#)). Konosemen is proof of receipt of goods by the carrier from the sender and also serves as proof of ownership of the goods, especially if the bill of lading is transferable (negotiable) to other parties. Furthermore, the bill of lading is also the basis for determining claims and liability in the event of damage, loss, or non-conformity of the goods during shipment ([M Agung Dian Tama, 2022](#)). The information contained in the bill of lading is used as a reference to determine the responsibilities of the parties involved in the transportation of goods. In addition, the function of the bill of lading can provide legal protection for the parties involved in the shipment of goods, including the shipper, consignee, and carrier. It ensures that the rights and obligations of each party are clearly and fairly regulated in accordance with the terms of the contract and applicable regulations, including Law No. 17/2008 on Shipping and Government Regulation No. 19/2010 on the Transportation of Goods by Ship. Therefore, the position of the issuance of bills of lading in sea transportation is important to ensure legal certainty in the transportation of goods by sea.

The bill of lading has long been an integral part of the agreement for the transportation of goods at sea between the carrier (shipping company) and the shipper of the goods, with its legal basis regulated in Book II, Chapter VA, regarding the Transportation of Goods Article 506 of the Commercial Code ([Trevi Radha Rani Devi & Parsa, 2016](#)). Article 506 of the Code of Commerce states that a bill of lading, which is evidence of a sea transportation agreement, entitles the owner or consignee to the collection and delivery of goods at the destination (JDIH, 1981). A bill of lading is proof of ownership of goods transported at sea and serves as a receipt from the carrier (shipping company) to the shipper or consignee. The provisions of Article 506 of the Commercial Code recognize the role of bills of lading in maritime trade and provide a strong legal basis for its use in agreements for the carriage of goods at sea in Indonesia ([Riza, 2016](#)).

Furthermore, Article 32 (a) in the Uniform Customs and Practice for Documentary Credits (UCP) No. 500 of 1993 defines a Bill of Lading as a document that shows the name of the carrier, is signed by the carrier or an agent appointed on behalf of the carrier, and records the goods that have been loaded on board the ship together with the date of issue ([Alfi & Thantawi, 2015](#)). This article provides a more specific description of the elements that must be present in a Bill of Lading in accordance with international practices regulated by UCP No. 500. This is important because the

Bill of Lading is one of the important documents in international trade transactions, especially in the context of payment through a letter of credit (LC). Meanwhile, Article 32 of UCP No. 500 of 1993 categorizes bills of lading into two types, namely Foul bills of lading (Dirty R/L or Unclean bills of lading), which is a bill of lading that records damage or defects in the goods and Clean bills of lading, which is a type of bill of lading that contains no record at all of damage or physical defects in the goods ([Dea Ayu & Ayu Putu Widiati and Wayan Arthanaya, 2020](#)).

With these various forms of bills of lading, carriers can provide shippers with flexibility in tailoring their shipping needs and requirements. In practice, bills of lading are usually issued in two sheets ([Anwar, 2014](#)). The first sheet, which is the original, is given to the sender and consignee of the goods concerned. This sheet serves as legal evidence of the delivery of goods and contains relevant information about the transportation. Meanwhile, the second sheet of the bill of lading is kept by the shipping company that issued the bill of lading for internal administrative purposes. This second sheet is also important as a reference and record that must be maintained by the shipping company throughout the shipping process. By having the second sheet, the shipping company can effectively monitor and manage the shipment. By having two bills of lading, one for the end user and one for administrative purposes, the shipping company can run its freight forwarding operations more efficiently and safely.

2. Legal Consequences of the Use of Letter of Indemnity without Submission of Conveyance in the Perspective of Indonesian Law

Letter of Indemnity is a document issued by the sender of goods (shipper) which contains a statement regarding goods that are damaged or lacking in condition ([Komara, 2020](#)). The main purpose of making a Letter of Indemnity is to obtain a Clean Konosemen from the shipping company. With the Letter of Indemnity, the shipper promises to guarantee or compensate for losses that may arise due to the poor condition or lack of goods, so that the shipping company is willing to issue a Clean Konosemen, which is a proof that the goods are in good condition and complete when received ([Rudi Yudho Sartono, 2015](#)). Letter of Indemnity is a written statement made by the sender of goods (sender) related to goods that are damaged or not in perfect condition ([Williams, 2016](#)).

In other words, the shipper uses the letter of indemnity as a guarantee or compensation for damage or shortage of goods that may occur during shipment ([Nyoman & Komala, 2020](#)). With Clean Konosemen, which signifies that the goods are in good and complete condition, the seller can obtain easier guaranteed payment through L/C. In addition, Clean Konosemen also ensures that the selling value of the goods remains intact, without any deductions or decreases, so that the transaction can run smoothly and safely for all parties involved ([Zhao, 2017](#)).

In the perspective of Indonesian law, the use of Letter of Indemnity without the submission of Konosemen has implications and considerations that need to be considered: ([Rudi Yudho Sartono, 2015](#))

First, the Letter of Indemnity, which is a letter of representation from the shipper, is used to address situations where the goods may be damaged or less than perfect, with the aim of obtaining

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a Clean Konosemen from the shipping company. Clean Konosemen plays an important role in financial transactions, especially in cashing a Letter of Credit at a bank, which requires the goods to be in good condition. A Letter of Indemnity provides assurance to the shipping company that the shipper will bear any claims for damages that may arise during the transportation of the goods. While a Letter of Indemnity can ease the financial process and provide assurance against damages, parties involved in these transactions need to ensure that the use of a Letter of Indemnity complies with Indonesian law. The drafting and execution of a Letter of Indemnity must take into account the legal validity, particularly in the context of Indonesian trade and maritime transportation regulations.

The issuance of a Letter of Indemnity itself is not inherently unlawful, and the Letter of Indemnity can be regarded as an agreement between the parties concerned. However, in contexts where the Letter of Indemnity is used with the intention of altering the state of the goods or obtaining Clean Conveyance in a dishonest manner, this may lead to a violation of civil law principles.

However, the use of Letter of Indemnity in certain contexts violates Article 1320 of the Civil Code, which sets out the requirements for the validity of an agreement. Articles 1321-1328 of the Civil Code, state the general requirements for the validity of an agreement. Among these requirements include the agreement of the parties, the ability of the parties to make an agreement, legal provisions that do not conflict with public order, and a lawful purpose.

If the use of a Letter of Indemnity is contrary to honesty, good faith, or involves elements of fraud, this may raise questions about whether or not the agreement is valid under civil law. The agreement can be considered defective if there is fraud, such as falsifying documents regarding authenticity or providing unclear and incorrect information about the condition of an item ([J. Satrio, 2018](#)).

Second, the making of the Letter of Indemnity not only violates Article 1320 of the Civil Code, but also violates Law No. 17 of 2008 concerning Shipping, specifically Chapter V Water Transportation Articles 40 and 41 concerning Carrier Liability ([President of the Republic of Indonesia, 2008](#)). These violations show that the creation of the Letter of Indemnity is not only illegal from a civil perspective, but also contradicts the regulations governing the responsibility of the carrier in the context of shipping. Article 41(1) of Law No. 17 of 2008 may have provisions related to the carrier's liability that are violated by the act of making this Letter of Indemnity.

Article 41 paragraph (1) of Law Number 17 Year 2008 on Shipping reads as follows: "The liability as referred to in Article 40 may be incurred as a result of the operation of the ship, in the form of:

1. Death or injury of a passenger being transported;
2. Destruction, loss or damage to the goods being transported;
3. Delay in transportation of passengers and/or goods transported; or
4. Third-party losses.

In point b when it mentions "destruction, loss or damage to the goods transported", it usually refers to the obligation of the carrier (the party responsible for the transportation of the goods,

often a shipping company) to ensure the safe delivery of the goods to their destination ([Subekhan, 2022](#)). In Law No. 17/2008 on Indonesian Shipping, there are provisions that regulate the responsibility of the carrier for the goods transported, and often this responsibility is stated in the bill of lading.

The issuance of a letter of indemnity aims to release the carrier's responsibility and transfer it to another party, either the sender or the recipient for actions taken by the carrier. It is clear that this action is contrary to the carrier's responsibility as stipulated in Article 41 paragraph (1) letter b, so that if the carrier knowingly issues a bill of lading without stating the actual condition of the goods on the grounds of a letter of indemnity, then the carrier has not only violated its obligations, but has also deceived the bill of lading holder regarding the condition of the goods.

The exemption of the carrier's responsibility caused by the use of the Letter of Indemnity can also be considered in violation of Article 321 of the KUHD. Article 321 of the KUHD regulates the cancellation or limitation of agreements that provide exemption from liability caused by negligence (*culpa*) or fault (*dolus*) that harms other parties. According to Article 321 of the KUHD, a shipowner, shipping company, or shipping line is bound by all legal acts and liable for all losses caused by an unlawful act committed by those who are permanently or temporarily employed on his ship. This applies provided that the act is committed in the course of their employment or while they are performing their employment.

Third, the use of a letter of indemnity without the submission of a bill of lading may violate Article 510 of the Code of Commerce (KUHD) on bills of lading. Article 510 of the KUHD regulates the bill of lading, which is a document stating that the carrier has accepted the goods for transportation and delivered them to the designated consignee. A bill of lading has a significant legal importance in a freight forwarding transaction, as it is not only proof of ownership of the goods, but also an instrument that regulates the rights and obligations of the parties involved.

In the context of Article 510 of the KUHD, the use of a letter of indemnity as a substitute for a bill of lading can be considered a violation. This is because a bill of lading is an essential document in the process of sea freight forwarding that provides evidence of the ownership and delivery of goods. Without a bill of lading, the consignee or bill of lading holder may not have sufficient evidence to claim ownership of the goods or to prove that the goods have been received by the carrier. As such, the use of a letter of indemnity without the submission of a bill of lading can lead to legal uncertainty and potential conflicts between the parties involved in a freight forwarding transaction.

Furthermore, after the consignee receives the goods from the carrier, he is obliged to return the original bill of lading to the carrier, in accordance with the provisions of Article 515 Paragraph (1) of the Commercial Code. This means that after the consignee receives the goods, the bill of lading must be returned to the carrier as proof that the goods have been received.

However, in the case of legal uncertainty arising from the use of a Letter of Indemnity without the submission of a bill of lading, there are usually several legal consequences that may arise: ([Diamar et al., 2020](#))

1. Liability of Letter of Indemnity Issuer: The party issuing the Letter of Indemnity, usually the shipper or the party represented by the shipper, may become liable for loss or damage incurred during the shipment of goods. This is especially true if the Letter of Indemnity provides a guarantee or compensation for losses caused by the absence of a bill of lading.
2. Uncertainty in insurance claims: The absence of bills of lading and the use of Letters of Indemnity can create uncertainty in insurance claims. Insurance companies may demand clear and strong evidence to settle claims related to damage or loss of goods. If a Letter of Indemnity is used instead of a bill of lading, the insurance claim process can become more complicated.
3. Potential legal disputes: Legal uncertainties arising from the use of a Letter of Indemnity without a bill of lading can be the basis for legal disputes between parties involved in the shipment of goods, including the shipper, consignee, carrier, and insurer. This can result in high legal costs and disrupt the smooth delivery process.

Therefore, while a letter of indemnity can be a useful instrument in certain circumstances, its use without a bill of lading needs to be carefully considered. Parties involved need to understand the legal implications and take steps to minimize risks and ensure compliance with applicable regulations and standards.

CONCLUSION

The role and position of the bill of lading in the sea transportation contract between the shipping company and the freight forwarder involves several functions. First, the bill of lading is legal evidence showing that the goods have been delivered and transported. Secondly, the bill of lading can be used as a trade document that can be traded to other parties. In addition, the bill of lading can also be used as collateral for the benefit of the shipper and consignee. The process of issuing a bill of lading in a sea freight transportation agreement between a shipping company and a shipper involves several stages. The first stage involves filling in the blanks and agreement forms that have been prepared. Next, there is an inspection stage, including examination of administrative files and direct research to check the condition of the goods to be transported. Then, there is an administrative arrangement stage which includes the approval of the transportation and the issuance of bills of lading which are then given to the shippers and consignees involved.

In the perspective of Indonesian law, the use of a Letter of Indemnity without the submission of a Bill of Lading indicates a violation of several applicable legal provisions, including:

1. Civil Code (KUHP) Article 1320
2. Law Number 17 Year 2008 on Shipping Articles 40 and 41
3. Kitab Undang-Undang Hukum Dagang (KUHD) Chapter III Article 321 and Article 510

Thus, the use of a Letter of Indemnity without the submission of a Bill of Lading is not legally justified in Indonesia. This is because it violates the provisions in the laws and regulations

governing the sea transportation process and the principles of treaty law and trade law because it potentially involves elements of fraud, eliminating the responsibility of the carrier and shipowner. The existence of this violation can potentially cause legal problems between the parties involved in the sea transportation agreement.

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