



MSIG
SPECIALTY MARINE



THE IMPORTANCE OF MARINE WARRANTY SURVEYS IN MARINE INSURANCE

CIRCULAR

Marine Warranty Surveys play a crucial role in mitigating the risks inherent in both onshore and offshore marine operations, such as towage, heavy lifting, and the transportation of project cargo. While often confused with classification society surveys or statutory surveys, Marine Warranty Surveys are distinct because they focus specifically on assessing operational risks related to specific marine activities involving complex operations. With this circular published by MSIG Specialty Marine, we aim to highlight the significance of Marine Warranty Surveys, outline the surveyor's role, and explain why only a select group of Marine Warranty Survey companies are approved for marine insurance purposes.

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The Objective of a Marine Warranty Survey

The primary objective of a Marine Warranty Survey is to ensure that the risks associated with a marine operation are reduced to an acceptable level in line with industry best practices. Achieving this objective results in the issuance of a Certificate of Approval (CoA), which confirms that the operation complies with safety standards and is ready to proceed without excessive risk. This is key for ensuring both the safety of the operation and the validity of the marine insurance coverage.

Role of the Marine Warranty Surveyor

The Marine Warranty Surveyor plays a vital role in protecting the interests of the underwriters, ensuring that operational risks are effectively managed. The surveyor's responsibilities can be broken down into three fundamental questions that also guide the surveyor's assessments:

- ◆ Is it strong enough?
- ◆ Is it stable enough?
- ◆ Are all handling procedures (marine and otherwise) adequate?

These questions form the backbone of the surveyor's evaluation, ensuring that the operation adheres to rigorous standards of safety and stability.

Marine Warranty Survey vs. Classification/ Statutory Surveys

While classification societies and flag states are primarily concerned with the overall design, safety, and maintenance of ships and structures, the Marine Warranty Survey focuses on the specific operational risks involved in activities such as towage, lifting, transportation and launching. The Marine Warranty Survey ensures that the equipment and vessels used are suitable for the intended operation and that the planned operations can be executed safely.

Without a Marine Warranty Survey, a marine operation may not be covered by insurance, and any deviations from the approved plan could potentially invalidate the insurance coverage. This distinction is crucial because, without the endorsement of a CoA, the operation could expose the underwriter to unassessed risks, leading to potential liabilities.

The Scope of a Marine Warranty Survey

A Marine Warranty Survey generally consists of two key components: the Desk Top Study and the Final Inspection.

Desk Top Study (Office-Based Review):

Review of Certificates: This includes checking the validity of lifting gear certificates, vessel certifications, towing equipment, winch specifications, and any other relevant safety certifications.

Review of Documents: The surveyor will examine critical operation documents, such as stability booklets, voyage plans, weather routing, towage manuals, load-on/load-out plans, securing plans, and emergency towing arrangements.

Review of Calculations: This involves assessing calculations related to ballast, stability, towing line strength, sea fastenings, structural integrity, and any other operation-specific data that could affect the safety of the operation.

Final Inspection (Site-Based Evaluation):

The Marine Warranty Surveyor will conduct an on-site inspection of the tug, tow, or marine project to ensure that all operational preparations and safety measures are in place and in accordance with the approved plans.

Once the surveyor confirms that all conditions are addressed and recommendations are met, the Certificate of Approval (CoA) is issued, allowing the operation to move forward.

Importance of the Certificate of Approval (CoA)

The Certificate of Approval (CoA) is a pivotal document issued by the Marine Warranty Surveyor before the operation begins. It verifies that the operation has been thoroughly assessed and deemed safe. It is important to note that a Certificate of Approval typically includes conditions and recommendations that must be adhered to by the carrier, or potentially other parties, throughout the entire validity period of the CoA. This often involves, for instance, ensuring that the Marine Warranty Surveyor is updated daily during an ocean leg, enabling the carrier and their principals to stay informed, but also for the Marine Warranty Surveyor



to give additional advise to the carrier. If an operation is conducted without obtaining a Certificate of Approval, or if the operation deviates from the approved plan, the warranty may be breached, which could potentially invalidate the insurance coverage for the operation. This emphasizes the importance of adhering to the surveyor's recommendations and ensuring compliance throughout the process

Remember: A Marine Warranty Survey covers the entire operation that includes, but is not limited to, the loading operations, the voyage and the load out at the point of destination. The surveyor's job is essentially only finished when the entire operation is finished.

Conclusion

Marine Warranty Surveys are essential in managing the high-risk nature of marine operations and ensuring that they are carried out in a controlled and safe manner. The role of the Marine Warranty Surveyor is critical in minimizing operational risks and ensuring compliance with industry standards. Due to the high value and inherent risks involved in these operations, it is essential to appoint a qualified Marine Warranty Surveyor. Therefore, only a select group of companies are approved by MSIG Specialty Marine to conduct Marine Warranty Surveys. These companies are continuously monitored to ensure they maintain the required standards of excellence.

By adhering to these rigorous procedures, the likelihood of accidents, injuries, or damage to property during complex marine operations can be reduced significantly.

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