

LOSS PREVENTION

A SURVEYORS PERSPECTIVE



**BAY PILOTS &
MARINE CONSULTANTS**
 Navigating The Risk

- Capt. Kevin F Quinn
- Thur May 27, 2010
- Montreal
- CBMU

What is Loss Prevention?

- IMPLEMENTING MEASURES THAT REDUCE THE DIRECT COST AND FREQUENCY OF CLAIMS, TO REDUCE RISK EXPOSURE AND THESE MEASURES CONTRIBUTE TOWARDS A ENHANCED SAFETY CULTURE.

CONSEQUENCES OF NO LOSS PREVENTION

- THE DIRECT COST OF ACCIDENTS INCLUDE:
- LOSS OF LIFE
- INJURIES
- DAMAGE TO PROPERTY
- DAMAGE TO THE ENVIROMENT
- INDIRECT COST INCLUDE:
- CONSEQUENTIAL FINANCIAL LOSSES RANGING FROM LOSS OF HIRE
- FAILURE TO WIN CONTRACTS
- INCREASED INSURANCE PREMIUMS
- LONG TERM DAMAGE TO COMMERCIAL RELATIONSHIPS
- ESTIMATED THAT INDIRECT LOSSES ARE 3 TIMES THAT OF DIRECT LOSSES.
- PREVENTION IS BETTER THAN THE CURE

AREAS OF LOSS PREVENTION

- Marine Underwriters of :
- Cargo
- H&M
- MARINE LIABILITIES – P&I CLUBS

TYPES CARGO LOSS PREVENTION

- Warranty surveys
- Container surveys
- Load and stow surveys
- Preload condition survey
- Loading condition survey- ie paper
- Project cargo surveys

WARRANTY SURVEYS

- GREAT WAY FOR UW TO PROTECT THEIR INTEREST IN THE POLICY BY EMPLOYING COMPETENT SURVEYORS TO BE THEIR EYES DURING THE LOADING/UNLOADING AND OR INLAND PORTION OF THE CONTRACT OF AFFREIGHTMENT.
- USUALLY WARRANTED IN LARGE PROJECT CARGO SHIPMENTS DUE TO THEIR EXPENSIVE NATURE AND POTENTIAL BI LOSSES. TYPICALLY FOR EXAMPLE IN AN OIL REFINERY EXPANSION.
- CAN BE PLACED ON NEW BUSINESS AS A WAY OF ENSURING THAT THE SHIPPER IS TAKING THE NECESSARY DUE DILLIGENCES ON THEIR CARGO SHIPMENTS.
- GOOD WAY FOR UW TO KEEP CONTROL OF THE ENTIRE SHIPMENTS OF THE PROJECT FROM START TO FINISH.

CONTAINER CARGO

PRE-STOW SURVEY

- PRE-STUFFING CONDITION SURVEY OF CONTAINER –
- IS THERE ANYTHING INHEREDLY WRONG WITH THE CONTAINER THAT COULD AFFECT CARGO; IE FLOOR BOARDS STAINED/TAINTED FOR A CARGO OF SAY COACO BEANS.
- CHECK CSC PLATE TO SEE VALID.
- CHECK FOR MAX CARGO YOU CAN LOAD.
- CHECK DOORS AND DOOR SEALS.

CONTAINERS- STUFFING

- Use of own know-how (ASSURED) or EXPERT (SURVEYOR) to provide stuffing and securing advice.
- SPREAD OUT LOAD IN CONTAINER.
- IF CARGO HAS HIGH ENOUGH VALUE OR HAZARDOUS THEN SHOULD BE WARRANTED THAT SURVEYOR IN ATTENDANCE.
- INSPECTION OF PACKING,STOWAGE BY SURVEYOR.
- Monitoring of CARRIAGE, for example :
 - Automatic recorders for stresses (PROJECT CARGOES) , such as for example acceleration in x, y, z directions, jolting (impacts), temperature, pressure, moisture/humidity
 - Colour indicators for temperatures, atmospheric humidity values, tipping or impact stresses
- Desiccants for moisture/humidity





CONTAINERS-DOCUMENTATION

- Use of experienced forwarders –Certified CIFFA
- Declaration of value for valuables
- No transshipment
- Non-stop transport
- Special shipping instructions, for example Below deck only , no stacking.

Cargo Loss Prevention

- Load and Stow Survey Standard Newsprint.
- Surveyor to get a copy of receiving damage from terminal on damage notations.
- Surveyor is going to meet with Master/Chief Officer/Port Captain to see stow plan and dunnage material plan and previous 3 cargoes.
- Surveyor is going to first survey cargo hold for suitability and any evidence of hatch cover leaking ie rust stains on bulkheads. Check bilges . Take pics.
- Next he is going to survey hatch covers: rubbers, dogs, drain holes, remnick tape.

CARGO LOSS PREVENTION- COST/CONSEQUENCES ANALYSIS

- LOAD AND STOW SURVEY OF NEWPRINT
- EXAMPLE- STANDARD NEWS USD \$ 570/MT (May 18th)
- 1 CARGO HOLD 2000 MT SHIPMENT =USD \$1,140,000.00
- TIME TO LOAD 4 x 4 hr SHIFTS
- SURVEYORS FEES INCLUDING REPORT: \$3000
- DUNNAGE-PLYWOOD, 2 X 4 , KRAFT PAPER AND LABOUR(30 mins) = APPROX. \$ 1200
- EXTRA COST TO UW/ASSURED ONLY SURVEYOR COST
- SHIPPER (ASSURED) NEGOTATES FRT COST WITH CARRIER AND SHOULD INSIST ON THIS TYPE OF LOADING CARE.
- PERCENTAGE OF SURVEYORS FEES COMPARED TO JUST CARGO COST (EXCLUDING ALL TRANSPORTATION COST AND LOADING/UNLOADING) = 0.26% OR 5 MT OF CARGO
- ITS NOT WHAT YOU MAKE ON THE RISK AS MUCH AS WHAT YOU COULD LOOSE!!!!

CARGO LOSS PREVENTION

- What type of loading gear- vacuum versus head or machine stow.
- If its vacuum the wrapper better be good or the rolls are going to drop!!!
- If the surveyor thinks the wrapper is suspect then notify client of concerns and start to develop Plan B- ie machine stow or head gear or core probes.
- The mere presence of the surveyor will establish a higher duty of care by all interested parties such as Stevedores and the carrier(Ship).
- Type of loading gear used for sensitive cargo ; ie vacuum gear for loading newsprint versus head gear to minimize loading damage.
- Make sure the cargo is properly lashed and secured before the longshoremen are released. Ie air bags



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PROJECT CARGO-INLAND TO RAIL

- MAKE SURE THE RAIL CAR IS INSPECTED PRIOR TO LOADING.
- THE DECK HAS TO BE CLEAN OF ALL PREVIOUS WELDS AND DEBRIS.
- RAILCAR MUST BE OF PROPER TYPE AND CAPACITY TO TAKE LOAD AND BEABLE TO PROPERLY SECURE PROJECT CARGO.
- THE BEST WAS TO ENSURE THIS IS BY HAVING AN EXPERIENCED SURVEYOR IN ATTENDANCE.



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WELD ON DOUBLER PLATE ONLY

40

DTTX 743245 A

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01.04.2008 08:55



DO NOT HUMP

SPRG 7 DC 05 7 IC 06
5 MC 06A 38" WHL

INTERMEDIATE TRAINLINE
HOSE 32" AAR W927
ERC TRAINLINE HOSE

A.W. LEA

01-04-2008 09:47



LD.LMT. 466000

FD

27'-0"
LOADING DECK

LT.WT. 164000

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H&M LOSS PREVENTION

- **1/ NAVIGATION LOSS PREVENTION**
- **2/ MACHINERY LOSS PREVENTION**
- **COMPETANT MASTER AND CREW**
- **GOOD SHIP MANAGEMENT AND CREWING AGENCIES**
- **DO THE SHIP MANAGERS/CREWING AGENCY HIRE GOOD AND EXPERIENCED MASTERS AND C/E, AND C/O WHO HAVE WORKED ON LIKE KIND OF SHIPS AND ON SAME TRADE.**
- **SIZE OF THE CREW AND NATIONALITY**
- **DO NOT MIX CREWS WITH MIXED NATIONALITY WITH LANGUAGE BARRIERS WHICH WILL RESULT IN PROBLEMS.- IE LANGUAGE COMMUNICATION.**
- **GOOD AND EFFECTIVE MACHINERY MAINTENANCE SCHEDULING CONDUCTED BY COMPETANT SHIP STAFF- IE ENGINE ROOM ENGINEERS THAT ARE PROPERLY QUALIFIED AND TRAINED.**
- **WHAT IS THE PAST CLAIMS HISTORY ON THE MACHINERY**

H&M LOSS PREVENTION

- REGULAR DRY-DOCKING (4 YEARS AT GOOD YARDS)
- INSIST ON GOOD BUNKERS NOT THE CHEAP STUFF-MIN GRADE OF BUNKERS SO AS TO AVOID CLAIMS.
- PROPER LAY-UP PROCEDURES THAT ARE DOCUMENTED
- USE ONLY ACCREDITED AND KNOWN SHIP REPAIRERS
- CONDITION SURVEYS OF VESSELS BY ACCREDITED INDEPENDENT SURVEYORS.

Human Loss Prevention

- This will become the # 1 cause of losses in the future
- # 1 reason is the inexperience of crews
- Inexperience of managers ashore.
- UW must be far more proactive in their loss prevention of this.
- UW Must analysis who are the Mangers and Operators of the fleet , what is their experience and in particular where are they getting their crews.
- Do the Master and Chief engineer have the necessary experience to be in Command/run the engine room .
- Are owners or operators promoting Mates to Masters OR 2ND TO Chiefs too quickly just to fill a Human resource vacancy AT A HUGH RISK TO THE ENTIRE MARITIME ADVENTURE.
- Is a 27 year old Master too young to Command a VLCC with 2 mil bbls of CO.

Loss Prevention- NAVIGATION

- COMPETANT BRIDGE TEAM THAT HAS A PROACTIVE APPROACH TO SAFE AND EFFECTIVE NAVIGATION.
- MASTER/PILOT EXCHANGE
- MASTER ASKING PILOT ABOUT HIS PASSAGE PLAN AND EXPLAIN IT FULLY TO THE BRIDGE TEAM MEMBERS CLEARLY SO THEY UNDERSTAND.
- ASK PILOT FOR A HARD COPY (CHARTLET) OF THE PASSAGE PLAN IF NOT THEN SHOW BRIDGE TEAM ON THE CHART.
- ASK FOR ALL THE DETAILS INCLUDING WHERE AND WHEN ARE THE TUGS TO BE SECURED, THE NAME OF THE BERTH AND NUMBER (TO CONFIRM) ANY TIDAL CONDITIONS AND CURRENTS AND WHAT OTHER HAZARDOUS THE BRIDGE TEAM SHOULD KNOW ABOUT.
- THE ABOVE INFORMNATION IS CRITICAL FOR THE BRIDGE TEAM TO KNOW AND THEY SHOULD HAVE IN ORDER TO EFFECTIVELY NAVIGATE THE VESSEL SAFELY ESPECIALLY IF THE PILOT DECIDES TO DEPART FROM HIS INTENDED PLAN SO AS TO QUESTION THE REASON

Loss Prevention continued

- MASTER/ BRIDGE TEAM MUST GIVE PILOT ALL SHIPS PARTICULARS IN PILOT CARD AND EXPLAIN TO PILOT AND SPECIAL SHIP HANDLING CHARACTERISTICS.
- MASTER/BRIDGE TEAM MUST INFORM THE PILOT OF ANY DEFICIENCIES OR POTENTIAL PROBLEMS THAT COULD EFFECT THE SAFE PASSAGE OF THE VESSEL.
- THE MASTER SHOULD KNOW ALL THERE IS TO KNOW ABOUT THE PILOTS PASSAGE PLAN SO IF HE HAD TO TAKE OVER FROM THE PILOT HE COULD DO SO AND SAFELY EXECUTE THE PASSAGE.
- THE MASTER IS ULTIMATLEY IN COMMAND AND IS LIABLE FOR ALL LOSSES WHEREAS THE PILOT IS LIABLE FOR ONLY \$ 1000.00.
- RECOMMEND THE MASTER BE ON THE BRIDGE- WHY NOT!!
- EMPLOY ICE PILOTS OR MASTERS WITH ICE EXPERIENCE CAN MITIGATE A LOT OF POTENTIAL PROBLEMS

BARGE LOSS PREVENTION

- DRY BARGES IN CANADA ARE NOT REGULATED UNLESS THEY HAVE PERSONNEL LIVING ONBOARD (ACCOMODATION) OR CARRY HAZARDOUS CARGOES SO UW CANNOT RELY ON TC INSPECTIONS WHICH IS WHY THERE SHOULD BE REGULAR CONDITION SURVEYS.
- WHO IS THE TOWAGE CONTRACT WITH AND WHAT TYPE.
- RECOMMEND ANNUAL SURVEYS FOR "SUSPECT" BARGES WHERE CONDITION COULD BE CONTRIBUTORY TO NOT ONLY A HULL LOOSS BUT JUST AS IMPORTANT A 3RD PARTY LOSS; CARGO LOSS.
- STABILITY SURVEYS FOR CARGOES THAT COULD POSE A RISK.
- LOAD AND STOW SURVEYS FOR SPECIAL PROJECT CARGOES

FISHING VESSELS

- REGULAR CONDITION SURVEYS
- MASTER'S QUALIFICATIONS AND CREW EXPERIENCE
- LARGER FV WHAT MAINTENANCE PROGRAM ON M/E.
- TYPE OF FISHING
- OVER 15 GRT WILL BE INSPECTED BY TC BUT MAY NOT BE EVERY YEAR DUE TO SHORTAGE OF STAFF.
- STABILITY REQUIREMENTS

PLEASURE CRAFT

- NEW POLICY – REQUEST SURVEY
- OVER 15 YEARS REQUEST SURVEY EVERY 5 YEARS AND THERE AFTER
- SPECIAL YACHTS –SURVEY
- MUST HAVE BOATERS CARD
- THINK WE SHOULD RESTRICT THE USE OF PROPANE ONBOARD AS THERE ARE PLENTY OF OTHER FUELS; IE ELECTRICAL OR ALCHOOOL
- OPEN WATER SHOULD HAVE A LIFE RAFT
- SHOULD BE MANATORY TO WEAR LIFE JACKET

MARINE LIABILITY LOSS PREVENTION

- 3rd PARTY LIABILITY
- SHIP IS A BAILEE AND AS SUCH HAVE THE CARE CUSTODY AND CONTROL OF THAT CARGO. WHICH EQUATES INTO LIABILITY.
- CLUBS SPEND A LOT OF TIME AND MONEY PROTECTING THEMSELVES/MEMBER HENSE THE LARGE LOSS PREVENTION DEPARTMENTS.
- FOUR MAJOR AREA'S OF CONCERN FOR THE SHIPOWNER TO PERFORM HIS DUE DILLIGENCE AS PER THE HAGUE VISBY RULES:

MARINE LIABILITY LOSS PREVENTION

- 1/ MAKE THE SHIP SEAWORTHY
- 2/ PROPERLY MAN, EQUIP AND SUPPLY THE SHIP.
- 3/ MAKE THE CARGO HOLDS FIT AND SAFE FOR CARRIAGE AND MAINTAIN THEM LIKE THAT FOR THE ENTIRE CONTRACT OF AFFREIGHTMENT
- 4/ THE CARRIER SHALL PROPERLY AND CAREFULLY LOAD, HANDLE, STOW, CARRY, KEEP, CARE FOR, AND DISCHARGE THE GOODS CARRIED FOR.
- IF YOUR GOING TO CONDUCT THE ABOVE RIGHT THEN YOU BETTER HAVE THE RIGHT PEOPLE ONBOARD!!!! AND YOU BETTER HAVE GOOD MANAGERS ASHORE THAT WILL SUPPORT THE MASTER AND CREW.
- FINALLY THEY HAVE TO COMMUNICATE.
- RECOMMEND THAT WE START TO GO BACK TO THE TIMES WHEN THE MANAGERS IN THE OFFICE WERE EX-CHIEFS AND MASTERS SO THEY UNDERSTOOD THE NEEDS OF THE SHIPS.
- THE CLUBS SPEND BUCKETS OF MONEY ON EDUCATION ON LOSS PREVENTION

MARINE LIABILITY LOSS PREVENTION

- THROUGH REGULAR CONDITION SURVEYS/SHIP AUDITS.
- CLUBS RELY ON THEIR OWN NETWORK OF SURVEYORS HIRED THROUGH THEIR LOSS PREVENTION DEPARTMENT AS A FURTHER VERIFICATION OF CLASS SURVEYORS REPORTS
- SURVEYORS ASSISTING THE MASTER IN LOADING A SENSITIVE CARGO
- EDUCATION OF THE MASTER AND CREW AND CORRESPONDANCES BY WAY OF CIRCULARS THAT HIGHLIGHT PAST OCCURENCES AS A WAY OF LEARNING ON PAST MISTAKES AND HOW IT COULD HAVE BEEN MITIGATED.

MARINE LIABILITY LOSS PREVENTION

- GREAT LAKE AND SEAWAY WATER LEVELS ARE WELL BELOW NORMAL LEVELS.
- LAKE ST. LOUISE DOWN 45 CM AND ITS ONLY MAY!!!!
- THESE ARE LATE AUG LEVELS
- WHAT ARE THE RISK
- CONTACT, GROUNDINGS, SHORTAGES IN B/L AS REDUCED LOADING DUE TO DRAFT RESTRICTIONS
- CLUBS WILL HAVE NOTICES OUT TO ALL THEIR MEMBERS EXPLAINING THE DANGERS AND WHERE TO GET UP TO DATE CHANNEL DEPTHS.

Thank you

- QUESTIONS.



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