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Transportversicherer e.V.

Instructions for Average Agents Hull and Machinery Loss of Hire

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1. Authority

- 1.1. You are authorised to safeguard the interests of the underwriters of the respective vessel in cases of hull and/or machinery and/or third party liability damages, in particular to survey and assess alleged damages as regards vessels insured by members of the VHT. Please always allow yourself to be guided by your own experience and by your common sense.
- 1.2. You are **not** authorised to
- settle claims,
 - extend or amend policy conditions, - interpret conditions of insurance,
 - sign undertakings or similar documents unless specifically instructed by VHT to do so,
 - report to any other party except for the VHT unless you are specifically (in writing) authorised to do so.

2. Vessels insured by Members of the VHT

To clarify whether a vessel is insured by members of VHT or not do not hesitate to contact VHT.

3. Hull and machinery survey procedures

3.1. Receipt and Acknowledgement of Instructions

The Average Agent has to check, if there is a conflict of interests for him or the appointed surveyor concerning the case.

In case of a conflict, the Average Agent has to contact and inform VHT.

VHT will decide how to proceed further.

Upon receipt of request by email, fax or telephone from VHT or any other authorised party (e.g. Captain, Owner's agent/representative), requiring a survey to be conducted either on board the vessel or at a workshop and/or to monitor the repairs of the machinery or similar, the following has to be established immediately with the owner's local agent and/or workshop:

- Name and call sign and IMO-Number of the vessel, - Type of vessel,
- Schedule of the vessel and estimated date/time of arrival/departure,

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- Full address and contact person of the local agent and/or shipyard and/or workshop in question.

An email or fax confirming the attendance to the matter and the name of the attending person has to be sent immediately to the party requesting the attendance and to VHT (see 2.).

3.2. Gathering of information

Upon attendance to the vessel, the Surveyor has to act and gather all relevant information as follows:

Important note:

Keep all casualties separate as to cause and time of occurrence.

3.2.1 Narrative of Occurrence

Depending on the survey required statements of facts have to be obtained from the Master or Chief Engineer and any other crew/person involved in and / or who witnessed the occurrence or having knowledge thereof.

The statement of facts has to be verified by interviewing the persons in question and sighting all relevant log entries and Class Reports.

3.2.2. Extent of Damage

The surveyor has to request the Master or the Chief Engineer to indicate and evaluate the extent of the damage sustained.

The Master and/or the Chief Engineer has to be strongly advised by the surveyor that the given information to the alleged/indicated damage has to be true and correct since they shall form the base for a possible insurance claim.

Where the shell plating is affected the Surveyor is obliged to give exact location and extent of the damage (shell expansion plan) by mentioning the affected strakes and frames etc. including original material thickness. Further an estimate of the steel quantity to be renewed has to be given (in kg).

Where possible, a joint damage survey with the Class Surveyor and/or the repairer and/or manufacturer's representative and Owner's representative (preferably with all above parties) has to be requested and held.

The possible cause(s) of the damage shall then be discussed with the persons involved and be reported by the Surveyor.

3.2.3. Surveyor's Repair Suggestions

During the damage inspection the Surveyor has to note and discuss the repair suggestions made by Class, yard/workshop, manufacturer's specialist and Owner's representative as to the necessary repairs/replacements.

The Surveyor's opinion as to the cause of the damage and/or the extent/procedure of repairs/renewals may differ from the attending person's opinion which shall be discussed with all parties involved.

The final decisions have to be noted and the actual repairs have to be monitored and logged by the Surveyor.

4. Reporting

4.1. Preliminary Report

A preliminary report with all relevant information gathered by the Surveyor has to be prepared and emailed or faxed to the VHT within 24 hours or as soon as possible after the initial survey, respectively.

Important note:

Keep all casualties separate as to cause and time of occurrence. The preliminary report shall include the following:

- a) Date and time of the Surveyor's attendance,
- b) Vessel's particulars,
- c) Last Class renewal, Last dry-docking, Validity of Trading Certificates,
- d) An account of the occurrence leading to the damage as reported by Owner's representative indicating date, time and place of the occurrence,
- e) A brief description of the nature of the hull damages and/or the affected machinery,
- f) Cause(s) of damage(s),
- g) Location and extent of damage(s) found,
- h) Estimated repair costs and necessary replacement,
- i) Additional information:
 - Names and particulars of the persons in attendance at the time of the survey,
 - Class recommendations pending and imposed due to the damage,
 - Whether docking is necessary for the repairs,
 - Whether permanent repairs shall be executed, if so, by whom,
 - Whether work for Owner's account will be carried out concurrently,
 - Date and time of commencement of repairs and expected date of completion,
 - Any other information as deemed necessary by the Surveyor,

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- j) Copies of log entries, Class survey reports or other relevant papers relating to the survey to be attached,
 - k) Pictures (if applicable)

4.2. Final Report

The final report has to be written and submitted to the VHT as soon as possible after the damage survey and after completion of the temporary as well as the final repairs, respectively (provided they are done in the Port where the survey took place) and the following information has to be stated:

Important note:

Keep all casualties separate as to cause and time of occurrence.

4.2.1. Assignment

- Name and full style who had requested the survey,
- Time, date and place of the survey conducted,
- Purpose of the survey.

4.2.2. Vessel's particulars

- Vessel's name (including ex names, if any),
- Vessel's call sign and IMO-Number
- Flag and Port of registry,
- Type of Vessel,
- Built (year and yard),
- Gross Tonnage,
- Type and quantity of cargo on board at time of occurrence,
- Owner (full style) according to Certificate of Registry,
- Manager (full style).

4.2.3. Particulars of Machinery

If the survey involved machinery damage, it is required to state the full particulars of the machinery in question according to its name plate including total running hours and date as of last overhaul.

4.2.4. Narrative

The statements of facts as requested under heading 3.2.1. have to be viewed and attached.

4.2.5. Extent of Damages

The Surveyor's opinion as to the extent of the damage sustained has to be reported as well as the respective opinion of the attending representatives of the Class, manufacturer, yard/workshop and/or Owner.

4.2.6. Owner's Allegation

State information as gathered under 3.2.2.

4.2.7. Estimate of Repair Costs

Surveyor's estimate has to be subdivided as follows into:

- a) Labour costs of repairer(s),
- b) Attending specialists, if any,
- c) Parts/replacements,
- d) Transportation, freight and handling charges,
- e) Gas freeing, cleaning, disposals etc.,
- f) General services (to be specified).

Note:

Item f) is normally for costs incurred where the vessel has to undergo yard repairs.

4.2.8. Surveyor's Notes

These include the Surveyor's findings and observations:

- a) Persons in attendance on the day(s) of survey,
- b) Comments of the vessel's Class status and related recommendations,
- c) Lack of invoices or quotations or relevant documents and any other information as deemed necessary by the Surveyor

4.2.9. Surveyor's Professional Advice and Opinion

The Surveyor's opinion as to:

- a) Owner's allegation on the damage (the Surveyor has to forward his professional opinion as to the cause of the damage and to consider whether the allegation is consistent with the damage in question),
- b) Whether alternative means of repairs are feasible,
- c) The repairs performed,

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- d) Any professional advice on the operational aspects of the machine, if temporary repairs have been effected

and any other professional opinion related to the survey/incident.

4.2.10. Attachments

All photographs and relevant documents have to be attached with the final report.

5. Scrutiny of invoices upon special request of VHT

After all surveys have been conducted and provided the repairs are carried out locally and the repair invoices are readily available – same to be scrutinized by the Surveyor.

Prior to the completion of the repairs the Surveyor has to request the permission of the Owner's representative to attend the negotiation of the final repair invoices in order to verify:

- a) that the damage repair works carried out have been justifiable and
- b) that the costs incurred are fair and reasonable.

A final addendum report on the scrutiny of the invoices with the Surveyor's professional opinion, adjustments and comments as per 5 a) and b) has to be forwarded to the VHT.

The final addendum report must be issued with the following remark:

"without prejudice and subject to the terms and conditions of the policy".

6. Collision Cases

- 6.1.** In case a third party is or may be responsible for the damage, make sure that a joint survey as to the extent of the damage will be held. Make sure that the opposing party does not gain access to this side's documents.

Photographs which would be of assistance in establishing the angle of blow (in collision cases) should be taken, one of which should possibly be from bird's eye view.

- 6.2.** In cases where larger amounts are involved and where Owner's and/or Underwriter's interests need special protection, statements should be taken by competent lawyers experienced in maritime law. In general, the appointments of lawyers must be approved and co-ordinated with the VHT.

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- 6.3. In cases of third parties' liability, secure Owner's and/or Underwriters' rights in all aspects. Inform the VHT about the time-bar regime in your country in due course.
- 6.4. If third parties (i.e. opposing Owners or Port Authorities) insist on receiving security, contact the VHT immediately about form and amount of security in order to arrange the proper issuing of a Letter of Guarantee/Undertaking.
- 6.5. Never arrange for proceedings to be issued or accept service thereof on behalf of Owners and/or Underwriters without the consent of the VHT.

7. General Average

In case of general average cases, where a surveyor on behalf of the general average community and/or on behalf of Cargo Underwriters is appointed the hull & machinery surveyor must also attend the survey.

In any event the surveyor should report on sacrifice damage to the ship, cargo, bunkers, etc.

8. Salvage Cases

- 8.1 In cases of salvage, inform the VHT immediately about all relevant circumstances, especially about possibilities to salvage the vessel at lowest costs.
- 8.2. If the VHT does not send their staff surveyor, take all proper measures in co-operation with vessel's Master and/or Superintendent.
- 8.3. If the Master cannot obtain assistance without signing a salvage contract, advise him that this should be done on "no cure - no pay" basis with jurisdiction "Deutsches Seeschiedsgericht Hamburg", but if this is not possible, then on the basis of "Lloyd's Open Form of Salvage Agreement" (LOF, latest edition).

It is absolutely essential that such "no cure - no pay" contract is concluded and signed with one salvor only. Should other tugs, equipment and/or assistance be necessary for successful salvage, the VHT has to be contacted prior to any further decision.

9. Special cases

9.1. Deferred Repairs

Should the Owner elect to defer damage repairs, a comprehensive specification with all dimensions and details of the damaged area (where applicable) should be drawn up and agreed upon; and such a description made of the damage that it may readily be evaluated, should a further damage be super-imposed on the initial damage. The specification should be such that the repair can be quantified at any time.

9.2. Loss of Hire

Should the Surveyor be reporting a "Loss of Hire" case, he will additionally be required to know the extent of any repairs which were immediately necessary for restoring the vessel to a condition making her fit for the intended voyage and the time required for the execution of these, both afloat and in dry dock.

Where "Loss of Hire" insurance is involved, the Surveyor should keep notes of numbers of men and hours worked in overtime to assist in assessing time saved on the various repairs. "Loss of Hire" cases have to be kept separate from hull and/or machinery damages in any event.

If loss of hire related repairs resulting from two or more casualties and/or owner's work are carried out simultaneously the surveyor should state the number of days each class of work would have required if carried out separately.

10. Invoicing

If not otherwise instructed, attach your detailed invoice to the final survey report. Said invoice shall be addressed as stated in the original appointment letter.