

CLAIMS-HANDLING SPOTLIGHT

The Marine Claims Guide

Don't Overlook the Importance of Marine Surveyors

Marine claims are unique in their nature. One of the main reasons why is that a recreational vessel is constructed under different standards than a home or similar other structure and is subjected to different elements, i.e. waves, wind, seawater (a very corrosive environment) cargo damage etc. A marine surveyor is generally assigned to a marine claim because of their knowledge about vessels and cargo and should be considered your first responder to the loss.

The term, "marine surveyor" most likely came from an old English term. When cargo was shipped from Europe to different countries, a marine surveyor was hired by insurance companies to survey the condition of the cargo before it was shipped as well as after it arrived. Later, insurance companies began requiring vessel owners to have their ships inspected to determine if the vessel was capable of carrying the cargo, verify that it could make a safe passage, and determine if the vessel and its cargo was in good condition when it arrived at its destination.

Surveyor Says

There are two professional marine surveyor organizations that are well known in the industry. The Society of Accredited Marine Surveyors (SAMS®) and the National Association of Marine Surveyors (NAMS). These organizations have by-laws, standards for continuing education, and a standard of ethics for their members and adhere to and maintain a professional attitude and commitment towards the industry. Many insurance companies will not assign a loss to a marine surveyor unless they are members of these organizations because of their standards of professionalism.

A marine loss might be as simple as rain water damage to the interior after a hatch was left open or as disastrous as the Andrea Doria. A good marine surveyor will have the knowledge to examine a vessel, determine if there are any problems with the vessel or cargo, and make an analysis after determining the origin and cause of the loss.

Marine Claim Process

During a marine claim, the claim examiner will call a surveyor and have him examine the loss. Many marine losses are due to collision, striking a submerged object, engine failure, product liability, fire, as well as sinking. Major losses should not be handled from a desk; a marine surveyor should be assigned to examine the loss so the company's interests as well as the insured's interest are protected with photos, notes, and a report.

Not all marine surveyors will handle claims; many perform what is referred to as a pre-purchase or condition and value (C&V) surveys. These surveys are performed for underwriting purposes and will establish a value for the vessel or cargo as well as the condition. It's important that when a claim is assigned, the company adjuster knows the surveyor or calls him to see if they have the experience to handle a marine claim.

After a surveyor is assigned to the loss, he must contact all of the involved parties as soon as possible. The reason is that any damage or evidence must be protected. During severe losses like explosions or fires, the property must be secured and the proper protocol for this type of loss must be adhered to. The National Fire Protection Association has established a certain procedure (NFPA 921) that a good surveyor must follow during a fire loss. If the surveyor is not proficient in the origin and cause of the loss, he must turn to a network of professionals. These professionals might



be fire investigators, electrical engineers, or structural engineers, but they also could consist of laboratories that can test materials. These criteria must be established with the surveyor before the company assigns the loss and the surveyor must be given some small budget to have the evidence protected. Many vessels will be shrink wrapped (a plastic protective cover) to save whatever



evidence is left. However, this costs money and the surveyor should have the ability to authorize this without calling the home office adjuster.

Mounting Losses

A marine claim can be an extremely expensive loss. There isn't any standard for hourly

labor rates or cost of materials, which is why it's so important to have a marine surveyor assigned to the loss. He will have the knowledge to review the estimate and make suggestions.

For instance, some geographical areas charge more for labor than others. In the greater New York region, labor rates might

be as high as \$150/hour, while in other states that can be much lower. Vessels that have become submerged will need to be salvaged, and the engines run as soon as possible. A few salvage companies will ask the insured for a copy of the policy before they send in the bill or even start the salvage operation. This is so they can base their fees on the value of the vessel. This is a major

problem for marine insurance companies, the surveyor, as well as the insured. Some salvage invoices are absolutely ridiculous and a considerable amount of time and energy are wasted trying to negotiate the invoice.

Additionally, there is always the strong possibility of pollution concerns after a vessel sinks or burns. A major concern is pollution to a protected or highly sensitive area. These situations require that the surveyor be a good advocate for the carrier as well as being sensitive to the situation and the environment. If an oil pollution incident has occurred, the local Coast Guard office, Environmental Conservation office, and local police departments likely will be involved. Proper protocol must be established with these agencies to see that no one steps on each other's toes.

Many times during environmental situations, a concerned citizens' group will be involved. The surveyor should understand that he does not give any press releases

A Marine Claim Cheat Sheet

Below is a summary of how marine claims should be approached for maximum efficiency.

- 1 Assign a professional marine surveyor from SAMS or NAMS to assist you.
- 2 Make sure that the surveyor has handled claims before.
- 3 If a fire is involved, give the surveyor some authority to protect the scene. He will have to spend money initially.
- 4 If a theft is involved, has the surveyor filed a request for the official police report, contacted the local authorities in neighboring areas, and alerted the International Association of Marine Investigators?
- 5 If a fatality is involved, has the surveyor coordinated with all parties, such as the USCG and local police?
- 6 Has a USCG accident report been filed by the insured? Any loss of life, disappearance, injury, or damage more than \$2,000 must be filed with the USCG.

or volunteer information that might be detrimental to the claim. Many claims

have turned into nightmares because the surveyor had a "bull in a china shop" at-

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WORKING TO A HIGHER STANDARD

titude and put the carrier into an awkward position because of a comment or authorization that was made when he did not have the authority.

Many marine carriers have maritime attorneys on retainer. If the claim involves possible litigation, the carrier should be informed immediately so that they can contact their attorneys due to the fact that maritime law is different in the way it is litigated.

Thefts of vessels is a multi-billion dollar industry and are already on the rise this year. A good surveyor will have the wherewithal to contact the local police and USCG agencies as well as other marine surveyors that can keep an eye out for a stolen vessel. Some surveyors are certified marine investigators with the International Association of Marine Investigators (IAMI). This organization is international in nature and has a very good network of professional law enforce-

ment and surveyors that will communicate back and forth. If a vessel is stolen, an e-mail can be sent to all of their members throughout the world immediately after the vessel is reported stolen.

Fraud Detection

With the changes in the financial picture throughout the world, many boat owners owe more than what they are worth — often referred to as being “upside down” on their vessels. I would suspect that there would be an increase in marine claims that might appear to be questionable. A claim involving sinking, fire, theft, or anything else that might cause the loss payout to be very close to the insured value of the policy will most likely start to increase in the next several years. It has happened in the past, and history has a tendency of repeating itself. If there is a question about the value of the vessel, claims and underwriting should start

to work together to see if the condition and value report they have on file has been performed by a professional marine surveyor. They should also determine if the market value is within the average for the vessel. If it is not, is there a reason? Did the insured upgrade the engines or perform other work that would have increased the value of the vessel above what the reference material your using indicates? These are important questions for which to get answers.

Your professional marine surveyor is your eyes, ears, and advocate to assist you and should be considered your first responder. ■

Kenneth Weinbrecht is a certified marine investigator and charter member of the Society of Accredited Marine Surveyors. He also is a member of the Marine Surveyor National Association of Marine Surveyors, International Association of Marine Investigators, and is an accredited senior appraiser through the American Society of Appraisers.

Surveying Team Strengths and Weaknesses

Every team has strengths and weaknesses. This course will teach you how to identify your own team's strengths and weaknesses and then build on the strengths and overcome the

weaknesses. By using simple skills and techniques, you will learn to inspire long-term positive change to facilitate more effective and efficient production.

- Recognize that identifying weaknesses is an important step toward accepting them and fostering change.
- Ensure that the whole team is involved in both identifying the strengths and weaknesses, as well as discussing the best ways to go about changing them.
- Assess all of the team's skills. Don't generalize; be specific.
- As a team, reach a consensus as to the next steps in building on the strengths and fixing the weaknesses.
- Employ key strategies such as communicating clearly; accepting opposing views and criticism; and sharing ideas openly and proudly. ■

