

SURVEY INFORMATION

In order to initially approve marine insurance coverage or to agree to continue such coverage, insurance companies often ask that a professional marine surveyor be commissioned to inspect the vessel and report on its condition and value. Insurance companies rely on these reports to provide an unbiased opinion to them on whether the vessel is properly equipped, how well the equipment and the vessel overall have been maintained, how well the vessel meets current safety standards and how much coverage they should agree to provide.

Surveys that are commissioned just for this purpose are commonly referred to as 'condition and valuation surveys' or sometimes 'insurance surveys'. A 'pre-purchase survey' commissioned by a purchaser to determine whether or not to purchase a vessel and at what price will be more thorough and the report more detailed, so it can also serve to satisfy the requirements of the insurance companies.

Insurance companies will usually ask for a survey only after the vessel reaches a certain age which can range from five to fifteen years old (ten being most typical) and then will usually ask for new surveys every three to five years (five being most typical). However, in cases of vessels with unusual design or construction or vessels built by a builder not widely known, an insurance company may ask for a survey regardless of its age. Also, if a vessel has suffered damage since it was last surveyed, then an insurance company may ask for a new survey regardless of how old the prior survey is.

Insurance companies do not specify who it is that must perform the survey and leave the choice to you, although they do reserve the right to not accept a report they consider flawed. For that reason you want to be cautious in your selection of a surveyor, but you don't need to be too concerned since only one or two percent of surveys submitted wind up not being accepted. If your vessel is in the U.S. then you might want to take advantage of two highly regarded organizations of surveyors to find a surveyor likely to produce a professional report that will be accepted by the insurance companies; one is the National Association of Marine Surveyors (www.namsglobal.org) and the other is the Society of Accredited Marine Surveyors (www.marinesurvey.org); reports produced by members of either organization are very likely to be found acceptable by the insurance companies since members are bound by professional standards and ethics. These organizations do have a few members located outside the U.S., but if your vessel is in another country, you may find similar organizations there that can help guide you in choosing a surveyor. However, wherever the survey will be performed, asking other boaters and marine services in the area will likely lead you to find a reputable marine surveyor that can do the job. If you happen to already have a survey that someone else commissioned, we can submit this to see if it can be approved, but sometimes insurance companies will not accept a survey report commissioned by someone else.

Insurance companies do expect that the vessel will be hauled out of the water during the course of a survey, so unless it is specified when the survey report is requested that the vessel does not need to be, it should be assumed that the vessel will need to be hauled. It is sometimes possible to avoid having the vessel hauled for a survey if the vessel has just recently been hauled for its regular maintenance, but not all insurance companies will agree to this. If the hull of the vessel is of metal or wooden plank construction then the vessel will certainly need to be hauled for the survey since the surveyor will need to check for wasting of the metal plates or fasteners.

A condition and valuation survey report that will be accepted by insurance companies should have a professional appearance. Besides the obvious things like being typed rather than handwritten and being on the stationery of the surveyor or his company, the report should have a logical format clearly addressing each subject in turn. The report should identify the surveyor and his credentials and experience in the marine surveying profession, it should state who requested the survey and whether that person or anyone else was present during the conduct of the survey, it should state when and where the survey was conducted, it should provide the identifying information (such as name, hull identification number, etc.) and specifications of the vessel (such as length, displacement, etc.) and what the source of the information and specifications was if not from actual observation or measurement. The report should then address in detail each of the various sections of the vessel and its equipment (such as the underwater portion of the hull, the decks, the machinery, the galley, etc.). Regardless of how well found a vessel is it is likely that a surveyor will find some things to recommend in order to improve the vessel. Such recommendations are usually summarized in a special section and the insurance companies pay particular attention to this; most often an insurance company will ask that you comply with any recommendation made by a surveyor if it might reduce the chance of it having to pay a claim. A final section of a condition and valuation survey report that an insurance company will find acceptable is the valuation section. Professional marine surveyors are also knowledgeable appraisers and will offer their judgment on what they believe to be the market value of the vessel and what they believe it would cost to replace the vessel with a brand new one. This information is used by insurance companies to determine how much coverage they should provide for the vessel and at what cost.

While the elements of a professional condition and valuation survey reports are fairly standard, the order of presentation and format of such reports varies greatly. The sample survey report at www.MANIFESTMARINE.com/reference/sampleSurvey.pdf is just one example of the many formats that could be found to be acceptable, but this one is our favorite. The most important thing is that all the necessary elements are there and presented in a professional manner. For that reason it is recommended that a sample survey report be requested from a surveyor before deciding to commission that surveyor to survey your vessel.

We at Manifest Marine hope that you will find this information helpful and would be pleased to provide any further information you may desire.