



GUIDELINES TO SURVEYOR

Loss of Hire Survey and reporting

GENERAL

Even though Loss of Hire insurance is not very common in some parts of the world, Scandinavian, German and some Greek Owners are frequent users of this product. When a vessel is covered by LOH insurance, the Loss of Hire insurer will pay the insured an agreed amount for each day (hour and minutes) the vessel has been deprived of income as a consequence of damage to the ship covered under their H&M policy. The daily amounts payable under the policy shall reflect the average daily income for the vessel during the policy period. Due to fluctuations in the shipping market, there will always be times when there are significant differences between the actual earning and the agreed LOH daily amount. As for H&M, the LOH insurance has deductibles. In LOH insurance the deductible is stipulated in a number of days. The most common deductible period is 14 days, but also 21 or 30 days are quite common. There is also a maximum number of days for which the insurer will pay a LOH claim, usually 90, 120 or 180 days. However, all types of “special” policies may be entered into, both with regards to deductible days and total number of days. The most common LOH policies covered by Gard are covered under the Norwegian Marine Insurance Plan (NMIP) but English (A:B Stewart) and American (Lazard form) are also in our portfolio. When you receive a Survey request from Gard, the policy conditions will be informed.

SURVEY

The LOH survey is in certain respects a more “delicate” survey than the H&M Survey, and it will in many casualties be a challenge also for an experienced Surveyor. There are several reasons for this. Amongst the most obvious are:

- Conflict of interest. The LOH Surveyors goal, in addition to determine and collecting facts and evidence, is to ensure that the casualty repair is expedited as fast and efficient as possible in order to mitigate Underwriters loss. The cost of the repair is, in principle, not the LOH Underwriters concern. Unless the vessel has the same Claims Leader on both H&M and LOH, the LOH Surveyor will most likely meet a H&M Surveyor who, in principle, want the repair to be carried out as economical as possible with no concern for the time spent.
- Sometimes, the LOH Underwriters are not informed about the casualty before the deductible days are about to be exhausted. When this is the case, it can be very difficult for the appointed Surveyor to “wind-up” the case when he attend the vessel several weeks after the repair work commenced.

APPLICABLE TO ALL LOH SURVEYS:

When conducting a LOH Survey, the content of the survey and the survey report are in many ways similar to the H&M Survey and reporting. Particulars of the vessel, representatives, narrative, cause consideration, cost of repair etc. should be addressed. However, in addition, following material facts and documents are of utmost importance for a successful LOH Survey and report:



Vessels schedule (to be reported in dates, days, hours and minutes):

Last port of call, next port of call. Including dates and time where applicable

Arrival and departure dates and times.

Discharging and loading commencement and completion, as well as commencement/completion for tank cleaning, gas freeing/ventilation, slop disposal of cargo tanks. Including dates and times.

Date/time for preparation of repair specification and obtaining offers.

Docking and undocking. Dates and time.

Repairs commenced and completed. Dates and times for each casualty.

Cost and time for repair:

Cost and time for temporary repairs, and estimated required time if carried out separately.

Reason(s) for carrying out temporary repairs and estimate of cost/time savings.

Cost and time for permanent repairs, and estimated required time if carried out separately.

Cost and time for work not concerning average, and estimated required time if carried out separately.

Work not concerning average:

All work not concerning average should be identified and described in the report. It should be mentioned if the work necessitated drydock. The Surveyor should also advise details of the work necessary to fulfil classification requirements (irrespective of whether it is due or not) with regards to seaworthiness/ "cargoworthiness" of the vessel, and how long time such work would have required if carried out separately.

Extra expenses incurred to reduce delay:

Expenses incurred to reduce delay should be identified and reported. Overtime work, method of freight of spares and higher spare part prices in order to reduce delivery times are the most common.

For each casualty the saved time due to the extra expenses incurred should also be reported.

Broken down to saved time in drydock with associated savings in drydock dues, wharfage with associated savings in wharfage costs and total saved time.

Documents:

Deck and engine log books, or extracts thereof

Sea protest or Maritime Declaration, if made

Damage reports by Master/Officers/Engineers as relevant

Reports by Class, Owners Superintendent, diver, contractors as relevant

Recent Class and Statutory survey status with conditions upon commencement of repairs.

Specification and tenders, where taken

Copy of the H&M Survey reporting (usually not obtainable by LOH Surveyor, but good communication with H&M Surveyor will always be an advantage)

SUMMARY

Details for the above can be found in the LOH Survey report template at www.gard.no.

Policy conditions shall not be discussed with Owners representative. If you have questions regarding the LOH Survey, reporting or conditions, please do not hesitate to contact a claims handler in the Gard marine department. In cases where the Surveyor are of the opinion that the repair is delayed, with or without Owners approval, the LOH claims handler to be contacted as soon as possible.



If in doubt on anything mentioned above, please do not hesitate to contact the claims handler who appointed you as Loss of Hire Surveyor.