



The Value of Surveys

Protecting your high-value and over-sized shipments as a cargo insurance underwriter specializing in breakbulk cargo, it is quite common to require load, stow and discharge surveys as a stipulation of covering high-value or over-sized shipments. Cargo owners and their freight forwarders often lament the notion because they say it increases costs and is unnecessary. Surveys do add to transportation costs, but it is important to understand why these requirements are in place and what can be done to minimize costs without jeopardizing the safety of the voyage.

Handle with care and as planned

Breakbulk cargo is a unique transportation niche, which requires a great deal of expertise as each piece of cargo varies in dimensions, weight, lifting procedure and other factors. With such a customized approach, it is important to have an expert on hand to over-see the handling of the cargo. If you are shipping a high-value oversized piece of equipment, your team has likely designed a load plan on exactly how your cargo should be handled. Did you know the load plan you painstakingly devised may not be followed?

Surveys examined

Load surveys take place at the port of origin and involve the surveyor working with the stevedores to ensure the cargo is safely loaded on board the vessel. Surveyors will ensure the goods are loaded in accordance with the load plan your company has drafted, or they can draw up an appropriate one for you. They also ensure the proper equipment is employed for the size and weight of your particular piece of cargo. The stow survey generally accompanies a load survey and ensures the goods are secured well enough in place on the vessel to withstand the various movements, such as the pitch and roll the vessel will make during the course of the journey. Placement on board the vessel is a key factor when determining the strength of the chains required to properly secure the cargo. Goods stowed towards the front or rear of the vessel will move a great deal more during the voyage than goods stowed at the center of a vessel; therefore, the strength of lashing varies by stowage position. Finally, the discharge survey occurs at the port of destination and is the opposite of a load survey. In this case, the surveyor ensures the equipment and method of discharge employed are appropriate for the cargo.

Selecting a surveying firm

The most important thing to consider when selecting a surveying firm is to confirm they are approved for use by your insurance company. Many insurance companies have a global network of surveyors, and they mandate this network is utilized whenever possible. For instance, Lloyd's of London traditionally requires a Lloyd's approved surveyor to conduct their surveys. However, if a pre-approved surveyor is not available in your area or you have a long established relationship with a local surveyor, you can make a request for approval to use a company outside of the approved network. If the surveyor is experienced in the field, has good track record and carries Professional Liability Insurance, your insurance company will likely consider them for approval.

Cost-saving considerations

Mitigating the cost of surveys is a valid concern and there may be options to consider. Surveyors may be open to negotiating their hourly rate for particularly large projects. Of course, the success of these negotiations may depend on how often you place business with them or if other surveyors are competing for your business. You can also work with an experienced insurance broker to find unique solutions to reduce survey costs. For instance, if you are handling a project to ship 30 large pieces of the same machinery, the broker may be able to secure an agreement from the insurance company to survey the first three or four shipments.

Breakbulk savvy is essential

It is also important to work with an insurance broker who will place your policy with an underwriter who specializes in breakbulk cargo. Underwriters not accustomed to breakbulk cargo may unnecessarily require load, stow and discharge surveys simply because it is a company underwriting requirement for insuring breakbulk cargo. For instance, an experienced breakbulk underwriter may consider eliminating the load and discharge surveys on a roll-on/roll-off move because the goods are driven on and off the vessel and not lifted onto a conventional vessel. However, keep in mind it is very important that ro-ro cargo must be properly lashed in place, so a stow survey is still imperative. Cargo insurance underwriters familiar and well-versed in breakbulk cargo approach each shipment uniquely, and they are always looking to come up with solutions to keep client costs in check yet still make sense.

For more information, please contact us at 1-800-ROANOKE, ext.1066 or underwriting@roanokegroup.com.

This information is provided by Roanoke Underwriting as a public service and for discussion of the subject matter in general and is not to be construed as legal advice.