

Loss of Vessel Records in case of Change of Ownership or Management

When the vessel's management or shipowner changes, the "Rule" is usually for the old technical team to take all maintenance records, reports, etc. with them and/or eliminate them, leaving the new crew and technical management with minimal information about the condition of both the vessel and the machinery. This situation not only puts the new operators at a serious disadvantage but also increases the risk and uncertainty before the insurance companies to a great extent.



The International Union of Marine Insurance (IUMI) and the Joint Hull Committee (JHC), which initially tried to find a solution to this problem, submitted a joint proposal to the International Association of Classification Societies (IACS), stating that the maintenance records on vessels should be considered as a "Class Condition". Thereupon, the International Chamber of Shipping (ICS) opposed this proposal, arguing that such records contain information that violates data privacy, and this proposal was rejected.

It takes a considerable amount of time for the new crew and management to familiarise themselves with the vessel, verify/check the planned maintenance systems and the condition of the machinery. During this time, the risk of overlooking the required maintenance behaviours increases, as well as the risk of costly damage to machinery, fire/explosion or personal injury due to component failure. The documents that provide a causal link between these risks and the documents that cannot be provided are, in most cases, the following;

- Detailed maintenance reports and comprehensive overhaul reports of the main and auxiliary engines, including the amount of wear on the main and auxiliary engine components, ovality measurements of connecting rods, crankshaft bearing measurements, crankshaft pin measurements, cavern valve measurements, etc.
- Calibration records of the main engine cylinder liner showing the amount and rate of wear on the main engine cylinder liners for reference to the technic crew.
- Shipyard reports showing the works carried out during the last shipyard period.



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- Ultrasonic thickness measurement reports giving information about the condition, wear and structural integrity of the vessel, such as the thickness of the hull, tanks, frames, etc.
- Oil analysis reports giving information about the condition of main engines, stern tube and generators, and the condition of abrasion and contamination, if any.
- List of components and spare parts used during routine and planned maintenance (replacement frequency, lifetime, stock status of these components).

Increased Risks

Following the handover of the vessel, the new owner/management will have a reasonable expectation to charter the vessel and continue operations in line with their commercial concerns. However, during this acclimatisation period, the crew will be more exposed to the discovery of hidden defects in the vessel and problems in the machinery.

All policies exclude cover for damage caused by wear and tear, inadequate maintenance, etc., unless repair and maintenance costs have been claimed within the insurance policy. The surveyor appointed on behalf of the insurer will want to examine the detailed maintenance records of the damaged parts. If these records are not available on board, the assured will have difficulty in documenting the hours of operation of the relevant component and proving that the maintenance specified and recommended by the supplier has been carried out.

The unavailability of these documents does not mean that the insurers will automatically reject the claim, but failure to provide the relevant documentation in the event of a claim may result in the assured not being able to prove the cause of the damage and not being able to claim from the insurer for repair costs, and the lack or inaccuracy of this documentation may also result in a loss of value of the vessel. Insurance companies may have difficulty in making an accurate valuation, which may lead to uncertainties regarding the coverages on the policy.

Relying on the class certificate to document that proper maintenance has been carried out is unfortunately not sufficient as evidence that the vessel has been properly maintained during the periods between class surveys. However, the requirement to implement programmes and maintain records to verify the condition of the vessel between class surveys is an integral part of the objectives behind the ISM (International Safety Management) Code. We recognise that the change of shipowner involves new DOC (Document of Compliance) and ISM certification, but it remains a paradox that the old records of hours of work and maintenance performed do not go with each vessel.

Suggestions

We strongly recommend that owners include in the Sales & Purchase agreement of a second-hand ship that maintenance records should follow the ship in the same way as Class certificates and ship drawings delivered with the ship normally form part of a S&P standard agreement. Where the maintenance records are part of the outgoing manager's own developed maintenance system, at least a hard copy of the records should be left on board. This will greatly assist the incoming crew and technical management to familiarise themselves with the vessel and will also provide an indication of where to concentrate any necessary maintenance and/or improvements. It will also place the Assured in a position to document that any claim on an insurance policy is not as a result of wear and tear or inadequate maintenance.