

Painting Matters: Modern Ship Coating Systems & Indemnification Issues

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Bottom Painting



American Institute Hull Clauses (6.2.77) in Claims (General Provisions):

“No claim shall in any case be allowed in respect of painting or scraping the Vessel’s bottom”

The expense of sighting the bottom after stranding shall be paid, if reasonably incurred especially for that purpose, even if no damage be found. 112
No claim shall in any case be allowed in respect of scraping or painting the Vessel's bottom. 113
In the event of loss or damage to equipment or apparatus not owned by the Assured but installed for use on board the Vessel and for which the 114
115

Same language in Tug Form and in 2009 AIHC.



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MarineLog.com – 10/8/2014

With U.S. crude oil production booming—it is up 50 percent since 2008 and up about 1 million barrels per day since April 2013—the demand for Jones Act product tankers, Articulated Tug Barge (ATB) units and inland tank barges has grown. There are currently 16 product tankers, one crude carrier, and 11 ocean tank barges on order or under construction at U.S. shipyards.

Policy wordings are 40 – 60 years old and pre-date modern paint systems.

Institute Time Clauses Hulls (1.10.83):

15 BOTTOM TREATMENT

In no case shall a claim be allowed in respect of scraping gritblasting and/or other surface preparation or painting of the Vessel's bottom except that

15.1 gritblasting and/or other surface preparation of new bottom plates ashore and supplying and applying any "shop" primer thereto,

15.2 gritblasting and/or other surface preparation of:
the butts or area of plating immediately adjacent to any renewed or refitted plating damaged during the course of welding and/or repairs, areas of plating damaged during the course of fairing, either in place or ashore,

15.3 supplying and applying the first coat of primer/anti-corrosive to those particular areas mentioned in 15.1 and 15.2 above,

shall be allowed as part of the reasonable cost of repairs in respect of bottom plating damaged by an insured peril.

...mirroring UK Association Rule of Practice introduced in 1978. International Hull Clauses (01/11/03) have similar Clause (No. 17.)



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Pacific Coast Tug and Barge Form (1979):

“From the cost of cleaning and painting the bottom of the Vessel (exclusive of dry dock charges) recoverable in average, there shall be deducted one-twelfth for every month since the Vessel was last painted, but no allowance shall be made for cleaning and painting on account of exposure to air unless the Vessel has been more than twenty four hours on the dock.”

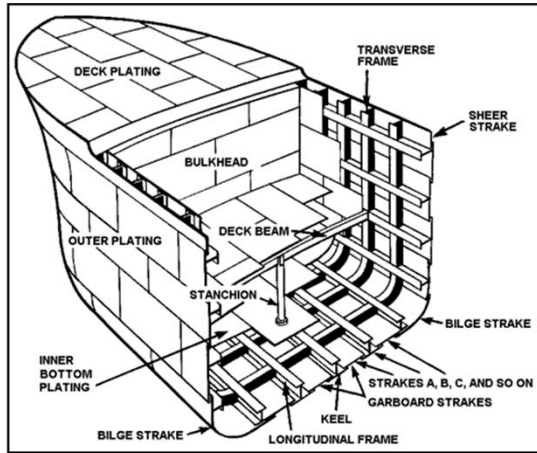


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Older anti-fouling systems became ineffective on exposure to air – modern ones can be kept wet but that interferes with repair operations..

PCTBF is an early attempt to address the problem but still inadequate to modern paints.



www.globalsecurity.org/military/systems/ship/hull.htm



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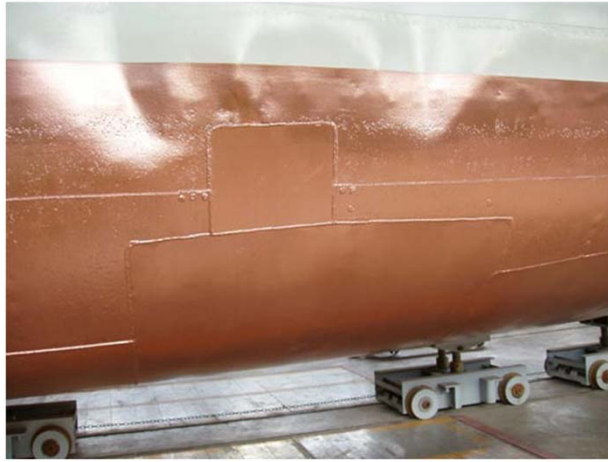


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“CMA CGM KAILAS” – the same vessel under construction and afloat. The red area visible in the left photo basically constitutes the underwater bottom when the vessel is afloat.

(The actual area varies as the draft of the vessel varies depending on how much cargo is aboard.)



<http://www.kingswearcastle.co.uk/Stadt%20Zurich%20Open%20Day.htm>



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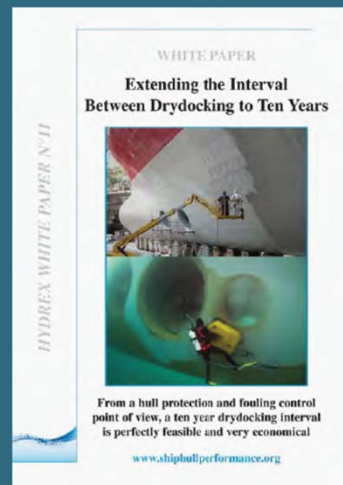
Illustration of a partial plate repair.

The photo is of the Lake Zurich paddle steamer *Stadt Zurich* – this type of repair on a commercial vessel would be subject to Classification society rules.

Hydrex White Paper N°11

Extending the Interval Between Drydocking to Ten Years

From a hull protection and fouling control point of view, a ten year dry-docking interval is perfectly feasible and very economical



<http://www.boudvanrompay.com/upload/author/files/45debb37721757c22bed6531ccea867.pdf>



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Another optimistic paint manufacturer.

Brokers clauses – examples:

- The cost of bottom painting necessarily incurred solely in consequence of a peril insured against shall be included in the claim.
- All costs of bottom painting shall be included as part of the reasonable cost of repairs to damage caused by a peril insured under this insurance which necessitates repairs on drydock.



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- 1) Meh – what does it mean
- 2) Imprecise – does not say that the paint itself has to be damaged by the peril

Brokers clauses, example:

Notwithstanding the provisions of Line 113 of the American Institute Hull Clauses, the full cost of scraping, grit blasting and other surface preparation, and all costs of bottom painting, shall be included as part of the reasonable cost of repairs in respect of damage to bottom plating caused by a peril insured under this insurance.



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A more reasonable provision – paint has to be actually damaged by the operation of the peril.

Nordic plan has no exclusion:

“This means that bottom painting in hull insurance for ocean-going vessels must henceforth be treated in the same way as other painting, and that the insurer shall always cover bottom painting in the damaged area.”

CEFOR Nordic Marine Insurance Plan 2013 – Commentary Part II



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The Nordic approach appears to represent the most appropriate way to achieve proper indemnification. A similar result is achieved by deleting Line 113 from AIHC 1977 and its companion forms.

However, Average Adjusters are simple servants of the market. If change is indeed desirable, it is up to Assureds, Brokers and Underwriters to drive it.