



The Importance of Surveys

Load, Stow and Discharge Surveys a Necessary Cost

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. Forwarders, importers and exporters 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.

The importance of expertise in handling your cargo

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?

Load, stow and discharge surveys

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 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 which 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 that your insurance company approves it. 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 a good track record and carries Errors & Omissions Professional Liability Insurance, your insurance company will likely consider them for approval.

How can I obtain a cost-effective survey?

Mitigating the cost of surveys is a valid concern of the shipper, 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 and handle the remaining moves employing the same instructions the surveyor provided on the initial supervised loads. Fewer surveys result in lower costs, but one must ensure that proper precautions are in place to maintain the integrity of the moves.

Working with a savvy underwriter

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 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. There is little a surveyor will be able to do to prevent a stevedore from crashing while operating the cargo. However, please 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.

About the author:

As a licensed insurance broker and Marine Manager at Roanoke, Joe Chillino has an extensive base of clients and is active in local transportation associations. He is responsible for overseeing the operations of the Houston Marine Department, monitoring underwriting practices of the cargo underwriting team, managing client relationships and seeking new business opportunities and clientele. Joe gained valuable insurance experience throughout Roanoke Trade's organization in various departments, including positions in the marine, claims and sales departments. He is a regular contributor to *Breakbulk*, a Journal of Commerce publication, among other publications, and attended the Whitman School of Management at Syracuse University where he received two Bachelor of Science degrees in Finance and Business Marketing. Joe can be reached at joe.chillino@roanoketrade.com.

About Roanoke Trade:

Roanoke Trade is a division of Roanoke Insurance Group Inc., specializing in insurance and bond solutions for international trade and transportation. Established in Chicago in 1935, Roanoke is a subsidiary of Munich Re and an affiliate of the Munich Re Syndicate, Ltd. We are the North American primary insurer of marine insurance and customs bonds for this worldwide organization. Roanoke Insurance Group employs approximately 200 employees across 10 U.S. locations with its focus on providing targeted insurance solutions backed by agile service and technology.

This information is provided by Roanoke Trade, a division of Roanoke Insurance Group Inc. for discussion of the subject in general and is not to be construed as legal advice. Roanoke Trade provides insurance brokerage and surety solutions to transportation and logistics service providers, and has been in operation since 1935. Roanoke Trade closely follows the ever-changing government policies that affect the movement of goods, and works only with insurance companies that are financially rated as "A-" (Excellent) or better.

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