



Fall 2010      Volume 20      Number 3

1989 University Lane, Suite I

Lisle, IL 60532

[offices in USA, Canada, Mexico](#) - correspondents worldwide

800-223-8816 voice 800-852-7128 fax [info@daviscoltd.com](mailto:info@daviscoltd.com)

## From the Bridge:

by Gregory T. Davis, Pres.

In this issue we bring up some very important issues for the recreational boat insurer. The first is the EPA approval of E-15 gasoline for road vehicles. The marine industry fought to block approval of E-15 because its use in marine engines (inboard and outboard) is untested. There is concern there will be engine failures as a result of E-15, possible fuel line failures that could lead to boat fires or explosions. Since many trailered boats are filled at road vehicle gasoline stations E-15 will find its way into marine use. I recall problems with fuel lines when E-10 was introduced and engine failures related to E-10 in the early days of introduction. The fuel line chemistry was



changed and engines were changed. We will see what, if any, problems are encountered next summer. But keep in mind that E-15 is NOT approved for marine use.

The second is that the National Marine Manufacturers Association (NMMA) is interested in insurance company input into the "Branded" title law model being worked on right now. Please read the article that follows and contact Cindy Squires from NMMA with your comment/s.

Once again I have pulled a few recently closed marine survey cases and highlight them within this newsletter to give you an idea of what our surveyors are seeing at present as far as insurance loss surveying is concerned.

In the last issue I mentioned that I would be addressing the Dry Stack conference in Ft. Lauderdale, FL in October. I did so, presenting with Dan O'Connor of AON's Schirmer Engineering. The morning after our presentation to this marina operator organization we held an informational meeting about the NFPA fire research DCG and AON are completing for the NFPA Research Foundation. The marina owners expressed interest in the research goal of an engineered fire sprinkler solution for Dry Stack marina storage buildings and we are grateful for their support. Kathleen Almond of The NFPA Research Foundation also attended and sponsored the informational meeting. For more information on this research contact Kathleen at (617) 984-7282.

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## EPA rules to allow E-15 gasoline for road vehicles:



Last month, when [EPA announced its decision to allow the use of E15 in model year 2007 and newer motor vehicles](#), the Agency also announced that it would propose a retail gas pump label to mitigate the risk of mis-fueling to boats and other non-road engines for which E15 was not approved. [EPA is now seeking comment](#) on this proposed point-of-sale label (pictured right) as well as all aspects of the label language. As NMMA has long contended, no amount of labeling will adequately prevent consumer confusion and mis-fueling of boats while at the pump nor has EPA provided any data to prove that a label is a sufficient consumer safeguard. NMMA is encouraging all marine industry employees and boaters to provide feedback to EPA on the label and encourage additional mis-fueling controls before the comment deadline of Jan. 3, 2011.

Complications from this are anticipated, such as: many trailer boat owners fill up at road vehicle service stations, Gasoline refiners will now have to blend a marine fuel that differs from road vehicle fuel and that will likely lead to additional expense.

Marine engines and systems have not been tested for E-15 gasoline blends so the potential problem/s are not clearly understood. However, there already are problems with E-10 gasoline blends in marine engines and systems. It is likely that underwriters will see an increase in engine failure and fuel system failure related loss presentations.

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## NTSB: Boating safety is improving

*Soundings Trade Only: Posted on November 17, 2010*

The National Transportation Safety Board Tuesday updated its "Most Wanted List" of transportation safety improvements directed at state governments by adding a new issue area - motorcycle safety - and dropping recreational boating, where it said substantial progress has been made.

The changes were announced at a press conference in Washington, D.C.

From 1997 through 2008, the NTSB said, the number of motorcycle fatalities more than doubled during a period when overall highway fatalities declined. Although the number of motorcycle fatalities fell in 2009, the 4,400

deaths still outnumbered those in the aviation, rail, marine and pipeline sectors combined, the NTSB said.

Almost 700 people die every year in recreational boating accidents in the United States. In 1994, the NTSB added boating to its top-priority list, asking the states to require personal flotation devices for children and to implement training and licensing requirements for recreational boaters. Since that time, 70 percent of the states have responded favourably to those recommendations, the NTSB said.

Although the NTSB has removed boating from its top-priority list, it will continue to push for action in the remaining states.

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## NEWS FROM NMMA: BOAT “BRAND” TITLING

In October NMMA attended the third drafting session of the Uniform Boat Titling Committee of the Uniform Law Commission in Chicago. The group is creating a model boat title law that will interface with the UCC Article 9 and the USCG documentation and numbering and registration regulations. Once adopted, the ULC will work with NMMA and others to get this model law adopted in the States.

There are a few remaining issues to resolve before the final draft can be prepared for its Second Reading and adoption by the ULC.

One the most important issues to resolve is to **finalize the scope of the branding provision**. Branding would be a designation on a boat title that would indicate that at some time the boat had been “totaled” or suffered a major failure of its hull. A brand does not mean that the vessel is not sound, but would put the buyer on notice to get a marine survey. Branding is common for autos (varies among the states) but only one state (Nevada) does it currently for boats. There are three issues to resolve.

The scope of the consumer branding duty (the requirement to brand when there has been an incident that involves the integrity of the hull and potentially a significant impairment of the propulsion system.) *NMMA has been tasked with reaching out to the marine surveyor community to see if there are some distinctions already in place that could be utilized.* We would much rather fit into an already existing classification system if possible.

The trigger for the insurance branding duty. We had a percentage of the insured amount in the draft. BoatUS Seaworthy insurance had issues with that approach and suggested another option (constructive total loss). We plugged BoatUS and the NICB into the discussion via conference call. However, it became clear that there was some confusion on what the provision would do and there was some additional concern about the suggested approach regarding CTL. So after discussion, the group agreed that the reporter for the Committee will do a new draft and we will brief the insurance industry on that new language. *Then NMMA will host a meeting in DC to work through that draft to come up with language that will be acceptable to the insurance industry. NMMA will also reach out to other marine insurers to give them an opportunity to also attend this session.* Getting the insurance industry buy in to the branding provision is critical to ultimate passage. The branding provision is seen as important as it will provide a more compelling consumer purpose for the bill in state legislatures.

The final issue is the need to make sure that the brand itself will be clear to consumers. One of the committee members who has a background in consumer law will work with NMMA & Boat US on coming up with a brand that

will be meaningful to the consumer.

The NMMA is looking for input from Insurance Companies in the formulation of the "branding" provision. Please contact Cindy L. Squires, Esq., NMMA Chief Counsel, Public Affairs, at 202-737-9766.

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## Pontoon Freeze- Kentucky



The boat owner reported damage to the pontoon boat from an unknown cause when they went to the boat in November 2010 and found water leaky out of the starboard pontoon. Inspection of the pontoon boat found no damage resultant from a collision with a submerged object (external cause). The aluminum at the leak in the pontoon was expanded away or out from the surface indicating origin from within the pontoon. This is typical of expansion of water in the freeze cycle. The pontoon can be repaired via welding.

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## Swing Keel lost- Ohio

The insured reported that while sailing on Lake Erie he heard a 'clunk' and the boat became lite. He motored back to his harbor (sailing without a keel would lead to moving sideways, rather than ahead). He hauled the boat upon return where it was discovered the swing keel was gone. Inspection of the boat indicated no collision damage to the bottom or the swing keel trunk. Inspection within the trunk found the fiberglass around the swing keel pivot pin



severely worn away. The actuator (left and retrieve) cable pin was in the clevis. This pin is normally secured to the extremity of the keel (opposed end from the pivot pin and lifts and lowers the keel into the trunk. When sailing the keel is under tremendous load and this load wears at the moving parts of the systems. The moving and lifts mechanisms for swing keels should be inspected and repaired, as needed, during the life of the boat.

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## Container dropped at railhead- Chicago

The subject container was outbound (Export) when, while being moved within the rail yard, the container on

chassis was rolled onto its side. We were contacted by the foreign cargo underwriter to inspect for their account.



The chassis in question was not available for inspection at our arrival. We had conversation with the rail surveyor, XXXXXX of XXX who had the opportunity to see the chassis last week. He stated that the right forward corner of the chassis and the right side landing gear was extended and pushed inward and under. We have requested copies of photographs taken during his survey.

We found the cargo within to container to consist of one bulk container/tote of liquid product that was compromised allowing its contents to spill onto some of the remaining totes and 55 gallon drums of product. We did find some product under the plastic wrap on the top of the drums and could not determine if that was product pushed out of the drum during shifting and compression or product from the known compromised tote.

We did find air bags used between totes at the doors but wooden pallets were used for dunnage between the forward top and bottom tiers.

All product was cleaned during the transload, plastic wrapped and loaded into a 40' container.

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## Cargo and ship news briefs

From AIMU, (American Institute of Marine Underwriters)

1. **Exports Surge Through Oakland**– In a new sign of growing demand for U.S. goods overseas, containerized exports at the Port of Oakland soared 39.7 percent in November over the same month a year ago. ([The Journal of Commerce](#), 1/4/2009.)
1. **Ocean Carrier Losses Reach \$11 Billion**– The world's top 22 ocean container carriers lost some \$11 billion in the first nine months of 2009 and face further losses this year as the industry digs out from the worst downturn in its 50-plus history. ([The Journal of Commerce](#), 1/4/2010.)
1. **Long Beach and LA Eye Recovery**– The collapse in cargo volumes through Los Angeles and Long Beach is starting to slow, according to November traffic figures released by the two ports, which showed considerable year-on-year declines. ([Lloyd's List](#), 1/5/2010.)
1. **Sovcomflot Plans for Fleet Expansion**– Russian shipping group Sovcomflot plans to invest \$5.5bn in the next five years to expand its fleet of tankers and gas carriers and build its position in new Russian markets in the Pacific and Arctic. ([Lloyd's List](#), 12/24/2009.)
1. **Korean Yards Forecast Order Recovery in 2010**– Two of South Korea's largest shipbuilders have

forecast brighter prospects this year in anticipation that the drought of newbuilding orders seen since September 2008 could ease. Hyundai Heavy Industries said it expected to win new orders worth \$17.7bn and generate revenue of Won21.6trn (\$18.6bn) in 2010. ([Lloyd's List](#), 1/4/2010.)

1. **China Rises to Top of the Secondhand Sales League**– Chinese shipowners buying elderly handysize bulk carriers have pushed the country to the top of the secondhand sales league in 2009, eclipsing Greece. China spent \$2.9bn to buy 211 of the 1,093 vessels sold in 2009 at a combined price of \$15.7bn, according to Allied Shipbroking. The tally further underscores China's rising dominance of the global merchant fleet. ([Lloyd's List](#), 1/4/2010.)

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Contact Information: 1989 University Lane, Suite I, Lisle, IL 630-852-7944 800-223-8816

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Lisle, Illinois 60532

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