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## From the Bridge:

by Gregory T. Davis, Pres.

Winter 2011 brought to us a record February snow fall at the HQ office. The first time I can recall closing the office for a day due to snow in the 34 year history of the company! The snow caused many marina collapsed roofs in the Midwest and the resulting assignments from the various catastrophe loss offices of our clients were certainly welcomed. I hope for an early spring, like the ground hog forecast.

I attended the Miami Boat Show, noting the general attendance was up from last year. At the USCG Accident Mitigation meeting notable was a presentation on propeller guard testing. The short story is that the guards are relatively ineffective and in some cases the blunt trauma injury is more significant than without the device. Now

understand that any propeller injury is NOT insignificant, but the guard is not a panacea.



I took a little time off for some Florida Keys fishing, dragging my 17' foot Boston Whaler down from Chicago. The weather cooperated beautifully and the fishing effort lead to two fish feast dinners of fresh caught Mangrove Snapper. A most enjoyable retreat from the snow!

This issue of our newsletter features news from the cargo, big ship, commercial vessel and recreational boating arenas. The essence of which is that many new issues are being addressed in each of these market segments and by inference (ship order delay and capacity reduction) the cargo market is not recovering as robustly as one might wish.

Underwriters should take note of the weight calculation changes on inspected vessels. This change will lead to a reduction in passenger capacity and thus a reduced net ROI for the operator. Any impact upon the revenue stream for operators is a change in the morale risk. Certain USCG safety bulletins require the operator/repairer to alter the manner or technical criteria of staff when addressing the specific maintenance cited. These areas are important to employee safety and change the scope of the risk, if they are not properly addressed.

The EPA rules on E15 are not finalized. I talked to a Mercury Marine engineer at one of my Miami meetings about this. He indicated that the E15 fuel is a 'killer' of marine engines and that the additives currently available to address it are of questionable effectiveness. There is no doubt that E15 will find its way into the marine market and that an increase in engine related failure losses will no doubt make it to the insurance claims office.

Finally the dropping of the proposed 17 digit HIN for recreational boats, promoted by law enforcement to address theft recovery, is disappointing. However the industry has entered into a cooperative arrangement with the NICB (National Insurance Crime Bureau) in data exchange of the HIN and the alternate HIN location.

We have many marine survey service programs available to our clients. Some are fixed price, no matter where the inspection occurs (Ensign), some are desktop only (Bosun and Chief). We also have contract rates based upon volume. Contact us to discuss how we can tailor a program to fit your marine need/s.

Our Davis Consulting Group provides forensic marine engineering services to

insurance companies, attorney's, lenders, and manufacturers.

Look for us at the PLRB conference April 3-6, 2011 in Nashville, TN, booth 330.

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## **EPA expands E15 rule**

*Soundings Trade Only Posted on January 21, 2011*

The U.S. Environmental Protection Agency today waived a limitation on selling gasoline that contains more than 10 percent ethanol for model-year 2001 through 2006 cars, SUVs and light pickup trucks.

The agency also announced that no waiver is being granted this year for E15 use in any motorcycles, heavy-duty vehicles or non-road engines, including boat engines, because current testing data do not support such a waiver.

Although today's waiver excludes marine engines and other non-road engines, the [National Marine Manufacturers Association](#) said it continues to be concerned that EPA does not plan to take significant steps to address anticipated problems with consumer confusion and the risk of misfueling.

"EPA's decision to permit the use of E15 for even more on-road vehicles greatly increases the likelihood of misfueling for boats and other small engines," NMMA president Thom Dammrich said in a statement. "NMMA is very disappointed that EPA has decided to move forward with E15 without mechanisms in place to protect consumers from confusion at the gas pump, as well as the product failures that could be a likely result of misfueling with E15."

Today's decision comes on the heels of an Oct. 13, 2010 decision in which the EPA approved a waiver allowing the use of E15 for model-year 2007 and newer cars and light trucks. EPA granted the waiver after considering the E15 petition submitted by Growth Energy and 54 ethanol manufacturers in March 2009.

"Recently completed testing and data analysis show that E15 does not harm emissions control equipment in newer cars and light trucks," EPA administrator Lisa Jackson said in regard to today's decision. "Wherever sound science and the law support steps to

allow more homegrown fuels in America's vehicles, this administration takes those steps."

In December, the NMMA filed suit in the U.S. Court of Appeals for the D.C. Circuit, challenging the EPA's earlier decision to approve E15 for model-year 2007 and newer motor vehicles. The NMMA joined the Outdoor Power Equipment Institute, the Alliance of Automobile Manufacturers and the Association of International Automobile Manufacturers in a newly formed coalition called the Engine Products Group in pursuing this legal challenge.

The NMMA said today it will continue to seek relief in the courts, along with two other groups that have filed similar lawsuits.

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## **Mandatory Life Jacket Wear Proposal Slated to be the Topic for the April NBSAC Meeting**

NMMA Currents- Jan 2001

The USCG has challenged the NBSAC to answer the question of whether it should mandate the wear of life jackets by everyone aboard a recreational boat less than 26 feet in length outside of a cabin. The USCG will be pursuing increasing the life jacket wear rate dramatically to 70+% overall. In 2010, life jacket wear for adults on open motorboats increased from 4.9% to 5.3% and the overall wear rate in 2010 was 21.1%. NBSAC formed a mandatory life jacket committee that has been considering the topic. This group was able to find uniform support for federal wear mandates for PWCs and canoes and kayaks. However, there was not unanimous agreement on mandates on open motor boats. The results of this meeting will be presented to the NBSAC meeting dedicated to the topic of mandatory life jacket wear this April. This meeting will be a critical one for determining whether the USCG will begin working on a life jacket wear mandate regulation.

The USCG has been working closely with the Army Corps of Engineers on a test of life jacket mandates at several sites. In November 2011, Army Corps staff will present a report and recommendations to its leadership. The Corps report is expected to report that the test sites achieved a 70% wear rate with no reduction in recreation. Contact Cindy Squires at 202-737-9766 or [csquires@nmma.org](mailto:csquires@nmma.org) for more information.

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## **NMMA applauds move by USCG to withdrawal 17-digit HIN proposal**

from: NMMA Currents 1/25/11

At the National Boating Safety Advisory Council (NBSAC) meeting the weekend of Jan. 15-16, the United States Coast Guard (USCG) formally announced it is withdrawing any action on its proposed expanded 17-digit hull identification number (HIN). This would have extended the existing HIN number to add additional digits on all recreational boats and created significant, unnecessary expense for boat manufacturers, dealers and lenders. USCG considers the HIN extension proposal closed.

The NMMA challenged the USCG's proposal, filing substantial comments outlining the detriment to the recreational boating industry due to costs involved in overhauling computer systems to adapt to the new HIN and the lack of overall benefits of an extended HIN. NMMA also worked closely with the USCG, National Association of State Boating Law Administrators (NASBLA), the International Association of Marine Investigators (IAMI), National Marine Bankers Association (NMBA) and the National Insurance Crime Bureau (NICB) to craft an alternative that would provide investigators in the field the information they need, while avoiding the costs associated with a HIN change. The result was a partnership with the National Insurance Crime Bureau (NICB) where boat manufacturers will begin providing information to NICB as is done now for autos.

This information will be available to law enforcement officers, including the USCG. It will also result in the creation of a database of the location of a secret HIN on every boat that can be accessed by law enforcement. NICB is currently creating the infrastructure for such a database. The USCG concluded that while it was able to quantify costs it was unable to quantify benefits. It also noted that as a result of NMMA's partnership with NICB, in lieu of an extended HIN, similar information is available to states if they participate in the Vessel Information System (VIS).

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## **USCG releases recreational boating participation estimates**

From NMMA

The Coast Guard has released the results of a study estimating recreational boat participation estimates. The Coast Guard estimated that there were 52 million motor boaters, 20.3 million PWC users and 7.4 million kayakers in 2009. In 2020, the USCG estimates there will be 60.4 million motor boaters, 21.1 million PWC users and 13.5 million kayakers. NMMA will release its participation estimates for 2010 with the release of its annual U.S. Recreational Boating Statistical Abstract later this year. NMMA members interested in viewing the USCG report can view it by [clicking here](#).

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## A 'weighty' issue for passenger vessel operators

"Workboat" December 22, 2010

The Coast Guard had a little Christmas present for passenger vessel operators, and while it wasn't a stocking full of coal, it did contain some lumps.

The long-awaited final [weight rule](#) published in mid-December means that passenger-carrying vessels subject to stability regulations must be reassessed to see just how much of a load they should handle. The cost of stability tests and the prospect of reduced passenger capacities will likely affect operators' bottom lines.

The recalculations were necessary thanks to the extra pounds Americans have put on over the last 40 years. The average passenger weight must now be figured at 185 lbs. rather than the previous 160 lbs. (Or 140 lbs. for vessels operating in protected waters that carry a mix of men, women and children.)

The rule takes effect March 14, 2011. Vessel owners will have until Dec. 1, 2011, to adjust their operations. The industry suggested a five-year phase-in period. No dice, the Coast Guard said.

The Coast Guard said it appreciated the fact that charters, ticket prices and business plans have long lead times. Not all vessels will require new stability tests, just updates or revisions of stability letters or certificates of inspection. Furthermore, the Coast Guard said, it gave fair warning of the weight changes back in 2006, so operators should have had plenty of time to prepare.

But the Coast Guard left some wiggle room saying it realizes the time for all vessels to

comply likely will exceed the approximately one year compliance period, “and documentation will be completed as available resources permit.”

How much of a disruption the new rule will have on passenger vessel operations remains to be seen. But it’s fairly certain that naval architects and the Coast Guard will have their hands full given the estimated 6,073 subchapter H, K or T passenger vessels affected.

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## Two ADA passenger vessel rules in place

“Workboat” January 17, 2011

Two of three major rules for passenger vessels to comply with the Americans with Disabilities Act (ADA) are now in place.

A [Department of Transportation directive](#) took effect Jan 3, while a [Department of Justice rule](#) takes effect March 15. Both deal with service and policy issues.

The most complex and costly final rule (structural guidelines for new and existing vessels) is being crafted by the Architectural and Transportation Barriers Compliance Board (Access Board). An official proposal is expected out later this year, said board spokesman David Yanchulis.

The DOT and DOJ rules apply to different types of vessels. The DOT rule, for example, covers public ferries and cruise ships, while the Justice Department rule includes dinner and sightseeing/excursion vessels.

“One positive is it’s the first passenger vessel-specific regulation under ADA since ADA legislation was passed [in 1990],” said Peter Lauridsen, regulatory affairs consultant for the Passenger Vessel Association. “A potential negative is that the passenger vessel industry will be regulated by one or both of two departments.”

DOT received comments about the potential for confusion in serving two masters and about what types of animals to allow onboard vessels. In response, the department said its rules were consistent with DOJ’s, and that only service animals are allowed.

Emotional support animals are “not covered under the rule as it stands now,” said DOT spokesman Bill Mosley.

The rule prohibits operators from charging passengers with disabilities higher fares than others and from requiring them to travel with another person. Vessel crews do not have to help passengers with eating or dressing.

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## **Cargo Market, Containerized is slow**

:"Flashlight" Mike Wall February 2011

BOX CUTS: the three container shipping firms in the New World Alliance have announced a temporary reduction in capacity on selected trans-Pacific trade services. APL, Hyundai Merchant Marine and Mitsui OSK Lines said the winter deployment programme is expected to last six weeks, and more if necessary.

DELIVERY SUSPENDED: the German operator ER Schiffahrt is reported to have suspended delivery of the eight 13,100TEU containerships on order from South Korea's Hyundai Heavy Industries. It is expected that the vessels, which were earmarked for delivery in March this year, will be delivered in June 2012.

*Editor: The excerpts from Mike Wall's "Flashlight" above suggest cargo volume remains low.*

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## **Super Yacht Crew market is quiet**

:"Flashlight" Mike Wall February 2011

Following a year of serious turmoil in 2009, superyacht crewing agents The Crew Network suggest that the market for professional crew placement stabilised throughout the course of 2010.

However, it has still started 2011 at a much lower level than in the previous, pre-crisis years. There is evidence that the turnover of crew has greatly decreased, and captains and crew now seem to be finding each other via social networks such as Facebook and LinkedIn. These new media certainly facilitate greater communication between the employers and the employees, but they cannot yet replace the personal side of

conducting face-to-face interviews and checking references. There remains a good number of professional captains who prefer a trusted professional crew placement agency that conducts thorough interviews and reference checks from previous employers.

While some superyachts will be heading to places like the Caribbean and the Maldives this winter, and a few even to Asia, most yacht owners are still choosing to stay in the Mediterranean in order to minimise their operational costs.

Even more remarkable is that more and more yacht owners are bringing superyachts to major refit shipyards and planning to keep them out of the water for the whole winter period as part of a cost-cutting exercise. By leaving their yachts on hard stands, they save money on both crew and maintenance. Refit yards are facilitating these demands because it gives them more flexibility to plan and undertake the general maintenance work onboard.

Mediterranean yards such as Lusben in Viareggio and Livorno have even started arranging activity programmes for the skeleton crews through the winter period.

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## **"Carnival Splendor" fire sparks inquiry**

The US Coast Guard has issued two urgent safety alerts after finding that a key Carnival Splendor firefighting system failed during its 8 November engine-room blaze.

Crew extinguished the blaze using portable firefighting equipment. "But before it was declared completely extinguished, five hours after the fire started, the master made the decision to release CO2 from the fixed firefighting system. It failed to operate," reported the Coast Guard.

The Coast Guard "strongly recommends" that all owners, operators, yards, class societies and insurers conduct a critical review to "verify and test fixed firefighting installations to ensure they will operate correctly during an emergency".

In its inquiry, which continues, the Coast Guard discovered both operational flaws and documentation problems related to the ship's carbon dioxide system.

"Piping and hose connections leaked extensively", a "zone valve failed" and other physical defects were discovered, despite the carbon dioxide system being "recently serviced and inspected".

Procedures listed in the Splendor's Firefighting Instruction Manual differed from the shipyard

commission test procedures and referred to a control panel that “differs vastly” from the actual panel.

The FIM contained errors and the telling sentence: “Once the fire has been extinguished, make sure that the temperature has decreased before investigate the area same time is needed to wait hours.” (sic)

### **USCG Safety Alert: Air Receivers on un-inspected towing vessels**

Air receivers, regardless of specific use onboard a UTV, contain extreme amounts of potential energy; an uncontrolled release of this energy may lead to serious injury, death and catastrophic vessel damage. Although this issue is associated with basic safety concerns and good marine practices too many related problems have been recently discovered. Not long ago an air receiver unexpectedly ruptured with terrible results onboard an UTV on the Upper Mississippi River. A crewmember was seriously injured and paralyzed.

Several causal factors were noted during the casualty investigation; the lack of a relief valve to protect the system and significant corrosion within the receiver. It’s important to note that on unprotected systems, all it takes for the system to be over-pressurized is for the compressor’s pressure switch/contacter or unloader to fail and not shut off the machine. Further, internal corrosion on aged tanks present a latent unsafe condition and may go unnoticed if not inspected.

As a result of this casualty and other similar incidents, the U. S. Coast Guard strongly recommends that UTV Owner/Operators, vessel engineers, Insurance surveyors and other inspectors ensure that:

- A data plate is attached to the receiver and pressure relief devices. If missing or damaged the UTV representative should provide evidence to prove the components were constructed to an approved standard. Otherwise this equipment should be taken out of service or replaced.
- The data plates associated with the receiver and pressure relief device remain unpainted and legible. Take care to minimize damage to the plates if paint needs to be removed. Pressure relief devices should not be painted as paint can interfere with the lifting of the valve. Those that are painted should be lift tested to ensure proper operation.

- Pressure relief devices are not capable of being isolated or their operation prevented by being wired or secured in a position that prevents the valve from opening.

RELIEF VALVES MUST NEVER BE SECURED IN THE CLOSED POSITION

- Each receiver is equipped with a drain valve to remove condensate and all crewmembers making rounds in the machinery space are instructed to drain the condensate as part of their regular machinery space duties.
- All repairs and alterations to air receivers and pressure relief devices are conducted by companies holding the national board of boiler and pressure vessel "R" certificate for air receivers and the "VR" certificate for pressure relief devices.

Owner/Operators establish maintenance programs based on the manufacturers recommendations for such equipment that includes routine internal and external receiver inspections. External inspections should include surface examinations for evidence of deterioration such as cracks, blisters, corrosion, erosion, dents, etc. with particular attention to the support attachments and welds.

Owner/operators should be aware of the potential safety hazards and take proper action as needed. Failure to address these concerns could result in a hazardous condition determination by the Coast Guard and operational controls placed on the vessel.

If in doubt contact your local Coast Guard office or the towing vessel national center of expertise at 270-444-7715.

*Editors note: Our Davis Consulting Group engineers are working on the subject of this safety notice.*

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