

What Marine Surveyors Do

A marine surveyor is an expert in evaluating the condition of a boat, and the survey report provides valuable information to the boat owner that may not otherwise come to light. Most survey reports include a narrative discussion and a set of “notes,” in addition to the more serious “recommendations.” Insurance underwriters do not typically require any action to be taken for items that appear in the discussion or “notes” section of the report. A boat owner should have an opportunity while discussing the report with the surveyor to move certain questionable items from the “recommendations” section to one of the less critical sections of the report. If the surveyor is reluctant to reclassify any of his findings, there may, nonetheless, be some amount of flexibility in dealing with the insurance company or bank. A good marine surveyor will stay in constant touch with the client.

The insurance company may agree that the replacement of a cosmetic feature of the yacht’s interior is not necessary, but the yacht owner may void the insurance coverage if he or she reaches that conclusion without the insurance company’s cooperation. The denial of a marine insurance claim may be based on various factors. The completion of a list of survey recommendations is a comparatively simple process that will help to keep coverage intact. Marine insurance companies evaluate the risk of a particular yacht policy based on a lot of factors, and the physical condition of the boat is, of course, an important consideration. The survey report is usually their only tool for evaluating the condition of the boat, and they invariably require the items listed on the report as “recommendations” to be addressed as a condition for issuing or renewing the policy. Many yacht owners are inclined to take care of the “important” items on the surveyor’s list of recommendations, while overlooking some of the items that they perceive to be less important. They may believe that these lesser projects are “cosmetic” in nature, and that the insurance company will be unlikely to learn of the oversight. However, the signed statement required by most insurance companies to confirm the completion of survey recommendations must be executed by the yacht owner in good faith, and a misrepresentation will probably lead to the denial of an insurance claim. Marine surveyors working for corporate clients such as banks or insurance companies are generally required to report completely, thoroughly and in “utmost good faith.” The yacht owner must disclose any information that may be related in any way to the coverage that is being considered, and to deal with the insurance company in good faith in all aspects of that relationship. Failure to do so may lead to their denial of an insurance claim, even if the oversight had nothing whatsoever to do with the loss.

This is where a good careful surveyor is most helpful and important. Most insurance companies will require the deficiencies noted as “recommendations” in a survey report to be corrected, and a misrepresentation or inaccuracy in that communication will be deemed a violation of the insured’s obligation to deal with the insurance company in “utmost good faith.” If a yacht owner wants to be relieved of the obligation to correct all of the recommendations on a report, his or her first course of action should be to discuss the report with the surveyor. This is actually a good idea, regardless of the insurance issues.