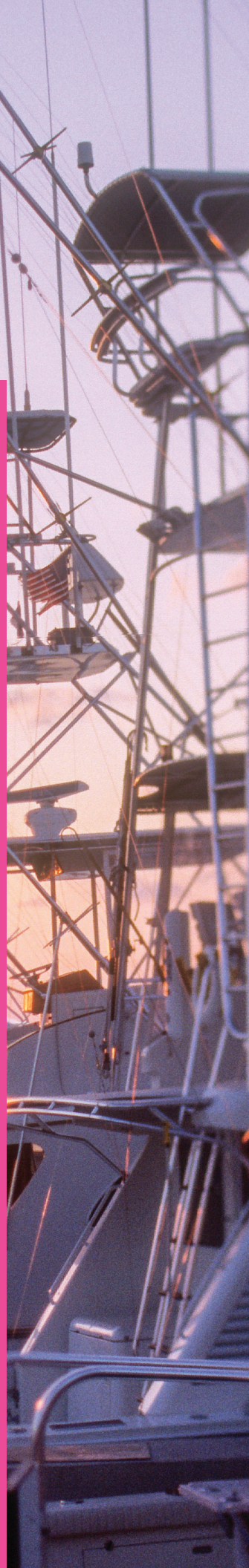


Boatyard Fires:

Best Practices to Prevent a Major Calamity

CHUBB®



Introduction

In the 2018 to 2020 time period, we have witnessed a number of high-profile fires in marinas, boatyards, boatbuilder plants and other marine facilities. We reference the blaze at the Lurssen's yard in Germany, the fire in the Nakilat Damen Shipyard in Doha, Qatar as well as one involving two large motor yachts in Fort Lauderdale, Florida. The latter is said to be the most expensive fire in the history of the city.

As yachts get bigger, they also get costlier. When they catch fire, the fire is often difficult to contain, and most efforts are spent attempting to prevent the fire from spreading to nearby boats.

Investigations of these fires have found that they started from many different causes. These incidents have caused the industry to take a step back and examine its practices in an effort to prevent future catastrophic fire losses.

One aspect of modern boatyards and other marine facilities that has come under scrutiny is the use of Subcontractors. Subcontractors can often be the best way to get work done on a boat. While the marine facility staff may have a working knowledge of how to do a particular task, generally a subcontractor is going to be much better at it as this is all they do. Almost anyone can attach some wires, but a sub that specializes in generators and DC systems, for example, will generally be more experienced at this than the generalist marine facility employee who is trying to follow along in the owner's manual. This document will provide some rationale for the use of subcontractors and steps a marina, boatyard, boatbuilder and other marine facility can take to prevent losses and protect themselves financially should a loss occur.



A marine facility may opt for a subcontractor due to the in-house lack of a specific skill set and it may be prudent to take this approach rather than pushing an employee into work beyond their knowledge and experience.

The choice can also focus on financial considerations; hiring staff requires ongoing expense for payroll and benefits while a business would pay the subcontractor only for tasks completed, and the marine facility can often pass that cost directly along to the customer.

Also, if an employee makes a mistake in the performance of his or her job duties, the employer facility may have liability to damaged third parties. In the case of a subcontractor's errors or omissions the subcontractor has liability, and the marine facility may have some liability protection depending on indemnification provisions in their contracts.

A marine facility would be prudent to identify projects or tasks that would be better assigned to a subcontractor. They then would be in a position to

make a list of suitable subs and obtain quotes and perhaps request face-to-face meetings prior to making a selection.

In an effort to minimize the risk to people and property at marine facilities, Chubb Marine Risk Management suggests the following:

- Require subcontractors to sign in and out with the yard office every day they attend your facility (There should be appropriate signage at all entrances to your facility requiring subcontractor sign-in)
- Require their full contact details-office and mobile phone numbers and email address
- Require them to identify the boat(s) they will work on
- Require them to list the scope of work; if the work is being done on behalf of the boatowner, require the subcontractor to provide a signed and dated authorization
- Require the subcontractor to work only during normal hours of your operation
- Require the subcontractor to provide a copy of their Certificate of Insurance

When subcontractors are working on the marine facility's behalf

- Provide the subcontractor with the complete scope of work
- Spell out all subcontractor responsibilities
- Ensure the subcontractor can perform the work
- Obtain a copy of their Certificate of Insurance directly from their broker or agent and make sure it is current
- Obtain a copy of any relevant certifications (welding, electrical, forklift, etc.) from ABYC, Engine Manufacturers, OSHA and the like
- Obtain a copy of their business license and where applicable, state license
- Obtain a copy of any warranty language they use
- Make certain to discuss and write down terms and conditions of payment (payment should not be made until the work has been inspected and approved)
- Provide the subcontractor with safety/life safety/first aid/emergency rules and regulations and have them sign that they have read and agree to them. Further, you should conduct actual safety meetings periodically and require the subcontractor's attendance at least once annually.
- Discuss with your attorney implementing a subcontractor agreement or contract which contains the following:
 - A Hold Harmless or Indemnity Clause stating the subcontractor will defend, indemnify and hold harmless the marine facility from claims, damages, losses and expenses, including legal fees, arising out of their work.
 - An Arbitration Clause which mandates the subcontractor and marine facility will resolve any disputes through arbitration rather than a lawsuit.

Causes of Fires

One of the main causes of fires in marinas, boatyards and boatbuilders is mechanical and/or electrical work by inexperienced people, be they vessel owners, crew, or yard staff.

Other sources include:

- Overloading electrical systems typically due to too many connected appliances
- Improper electrical system repairs
- Unattended space heaters
- Fueling operations
- Fuel leaks
- Sparks from hot work
- Smoking
- Oil or chemical soaked rags leading to spontaneous combustion

Prevention

Fires in these facilities can be violent and difficult to fight. They are so devastating and fast moving that firefighters often can only hope to limit their spread. Rapid extinguishment is just not likely.

Therefore, the real effort to save lives and property has to be on prevention.

Marine facilities should conduct random tests of boats using the facility's electrical system for ground leaks. These can lead to fires and electrocution if not discovered and addressed in a timely fashion.

Marine facility management should be inspecting work in their facilities to ensure it is being done in a safe manner.

Here are some specific recommendations:

- Use only trusted, qualified and licensed subcontractors; ones who comply with safety rules and regulations

- Ensure NFPA 303 compliant Fueling procedures are displayed in a prominent location and they are scrupulously enforced
- Have approved and inspected portable fire extinguishers available and accessible
- Allow hot work only in designated areas with all required permits approved by the authority having jurisdiction. Ensure that a fire watch is set both during and after all hot work
- Current Safety Data Sheets (SDS) for all chemicals being used by subcontractors must be submitted to the marine facility management
- Chemicals used must be properly stored at the end of each day and removed at the completion of the job
- Chemical and other waste must be properly disposed of in an approved receptacle or removed from the property
- Any spill must be immediately reported to the marine facility management
- Do not allow any unauthorized electrical or mechanical work (even by the owner) on board any boat. Have a contract with the boatowner/tenant that spells out this and other stipulations including notification that any violation will result in termination of their rights and any loss/damage arising from their failure to adhere to the rules makes them responsible for all claims
- Use only UL Marine-approved appliances and equipment on board especially the electrical shore power cord sets and connections
- Inspect all power pedestals checking for proper ground and voltage drop
- Ventilate all boat batteries during storage to prevent the buildup of hydrogen
- Have escape routes prominently marked and keep them and docks and walkways unobstructed



Summary

Marine facility fires can be hugely consequential to both property and life. With vessels now in the tens of millions of dollars in value, one fire can have a dramatic financial impact on all parties. The good news is that most fires are preventable. Use the tips in this brochure to help lower your and your customers' risk of becoming a victim.

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For more information on marine insurance, please contact your local agent or visit www.chubb.com/us/marine.

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