

**Joint Rig Committee
Marine Warranty Surveyor Company Pre-Qualification and
Good Practice Guideline**

Name	Date of issue	Version	Changes
JR2016/014	20 December 2016	1	Original
JR2019-010	03 September 2019	2	General update

Introduction

This document is intended to be used by Underwriters, Assureds and other companies who directly employ Marine Warranty Surveyor (MWS) Companies. It is a high level audit guideline with two key objectives:

1. to ensure that the basic requirements and structure of an MWS Company are in place and appropriate to the project of interest before it is added to the panel of approved MWS Companies and is invited to bid for MWS work;

and

2. to form a set of baseline pre-qualification criteria for Assureds to judge suitability when contracting with MWS Companies on offshore construction and other projects.

The need for such a document has arisen due, largely, to the partial fragmentation of the MWS industry and the entry of new companies into the MWS market adding to the few large established MWS Companies that have always formed and continue to form the backbone of the MWS industry. It is also intended to ensure the suitability and competence of MWS Companies to attend increasingly complex operations which require a level of specialist ability and knowledge, in addition to the more traditional activities of a MWS.

Additionally this document will assist with the maintenance of minimum standards throughout the industry and, in particular, to ensure that the appointment of a MWS Company is appropriate for a particular project, by setting out the criteria from which to judge competence.

Joint Rig Committee Marine Warranty Surveyor Company Pre-Qualification and Good Practice Guideline

Appointment of Offshore MWS Companies

There are two key elements for MWS Companies pre-qualification:

- a. professional qualification of the MWS issuing the Certificates of Approval (COAs) for specific discrete operations (Name of qualifying organisation to be confirmed);

and
- b. the overall competence of the MWS Company as a whole.

This document addresses point b.

Role of the MWS Company: *the prime objective of the MWS Company is to assess whether the risks associated with the relevant onshore and offshore marine operations are reduced to an acceptable level in accordance with best industry practice. Subject to this objective being met the MWS will issue a COA for each discrete operation. The COA will identify the operation to be carried out, the principal vessels and equipment to be used and state if the validity of the COA is subject to compliance with any recommendations or requirements.*

There has been some confusion of the roles for Marine Warranty and Class when in fact there is a clear distinction:

- **Class is a basic minimum requirement and governs the criteria used to design and build a vessel.** Class essentially addresses construction and ‘in place’ certification. Classification Societies apply Rules.
- **The MWS activities** address the high risk transient phases (mostly marine) during a project e.g. loadout, transportation and installation. MWS Companies apply Guidelines or Standards.

Class may be suspended during these transient high risk phases, therefore, there is little or no overlap of the two roles.

The main elements of a MWS Company appointment are as follows:

1. MWS Company Contract Award Process

- Underwriter(s) to agree the panel of MWS Companies on the relevant Insurance Policy Warranty Endorsement using the attached pre-qualification criteria;
- MWS Companies to bid for work based either on the current relevant JRC Scope of Work (SOW) or a tailored Project Specific Scope of Work (PSSOW) supplied by

- the lead Underwriter(s). Note that both of these SOWs are likely to be relatively high level requiring additional definition;
- Assured/Principal to conduct detailed technical evaluations of bids using attached pre-qualification criteria as a starting point;
 - MWS Company contract should be either:
 - **reimbursable:** once the MWS Company gains the trust and confidence of the Assured; or
 - **lump sum plus contract:** lump sum for the base SOW with a schedule of day rates for additional work identified by the MWS Company ;
 - additional work to be evaluated following appointment and discussion between the MWS Company and the Assured;
 - project schedule to be provided for bidding purposes;
 - extent of design verification required by the MWS Company to be agreed e.g. hydrostatic collapse, launch frame strength, lifting frame strength, launch analysis, fatigue, etc.;
 - kick-off meeting, (face to face or telephone conference) to be arranged following appointment to include lead Underwriter(s), Assured, broker, project team and MWS Company. The purpose is to confirm the contract is finalised, agree changes to the SOW, meet the project team and to get a high level overview of the project;
 - feedback at the end of the project to capture lessons learnt from actual losses or near misses.
2. **Timing of the MWS appointment:** for large projects this should be at the start of fabrication (at the latest) and ideally with input at FEED and detailed design stage. For smaller projects should be no later than two months before an attendance is required.
3. **MWS Panel approval by lead Underwriter(s):** lead Underwriter(s) should also consider at the pre-qualification stage, the suitability of the proposed MWS Companies. Underwriter(s') input to the panel of MWS Companies could assist in the undercutting problem where the cheapest company wins the contract regardless of technical competence or manpower availability (e.g. document reviews are for reviewing the documents and this is reflected in a price and not just for a cursory examination).
4. **MWS technical bid evaluation by the Assured:** Assureds should evaluate the MWS Company's technical competence and experience with respect to the experience required for a specific project and not appoint the MWS purely on a price oriented basis. In some cases the Assured assumes all due diligence has been done by the Underwriter(s).
5. **Contractor technical bid evaluation for other contracts e.g. marine, fabrication, installation, transportation, etc.:** extent of technical bid evaluation for the contractor(s) to be communicated to the MWS Company at the time of bidding so that the MWS Company can decide the extent of additional work required to determine the adequacy and extent of any remedial work requirements for

contractor sites and assets e.g. does fabrication yard have adequate bearing capacity for the load-out operations?

Note: Some contractor appointments have not been subject to a rigorous pre-qualification process with contracts awarded mainly on price. This places more onus on the MWS Company assessing basic capability of fabrication yards and contractor vessels.

6. Following MWS Company Contract Award:

- **Master document register to be given to the MWS Company at the beginning of engagement:** this is always the first document to request after contract award. Documents chosen by the MWS for review to be provided by the Assured either manually or electronically.
- **Updated schedule to be supplied at MWS contract award - changes to the schedule to be notified:** Regular status reports (monthly or as applicable) to be communicated to the MWS.
- **Documents:** to be supplied for review in good time before the relevant scheduled operation with final documents being provided a minimum of two working weeks before an operation.
Bids are usually based on two reviews (AFC - Approved for Construction plus one other). The AFC document is usually received months before the operation. The final document should be received much nearer to the operation (but a minimum of two working weeks before the operation).
- **Notice for attendance:** For a specific operation this is to be a minimum of two weeks for operations requiring the issue of a COA although vessel and equipment survey attendances should be performed no later than two months before an operation. **Additional attendances:** for HAZID's, HAZOP's, kick-off meetings, progress meetings and other ad-hoc meetings must also be notified in a timely manner.
- **First in series shall only relate to repeat operations of a 'near identical' nature:** with respect to asset (type, size and value), contractor vessel, contractor crew, environmental conditions and season. Final judgement regarding what qualifies as a First In Series shall be by the MWS Company.

Guideline for the Minimum standards for the pre-qualification of MWS Companies

This memorandum defines the minimum standards and qualifications for MWS Companies for entry onto the lead Underwriter(s) approved panel for a specific account or project.

Key Questions which this document is seeking to address are as follows:

- does the MWS Company have personnel with recent experience of similar projects in terms of scale and complexity?
- does the MWS Company have adequate resources to properly handle the project in question?

The pre-qualification checklist below can be used by both the Underwriter(s) and the Assured as follows:

- **the Underwriter(s) when choosing a panel:** this will typically be a higher level overview of the potential MWS Companies that can be conducted by either risk engineers or Underwriters with an engineering interest.
- **the Assured contracting with MWS Companies:** to ensure that basic criteria are met before the MWS Company is included on the MWS contract bid list.

1. General principles:

- 50% of the employees in the MWS department of the MWS Company should have five or more years' experience as an MWS.
- **Recognised disciplines should ideally have formal professional qualifications in accordance with the following standards:**
 - appropriately accredited by the Society of Offshore Marine Warranty Surveyors (SOMWS) or equivalent;
 - Master Mariners should have previously held foreign going tickets and had command experience;
 - Naval Architects should be qualified to an appropriate professional qualification commensurate with the work they are performing e.g. Chartered Engineer, Professional Engineer or equivalent, with 5 years relevant industry experience;
 - Structural Engineers, geotechnical and meteorological specialists should be similarly qualified to an appropriate professional level e.g. Chartered Engineer, Professional Engineer, or equivalent; or licensed marine professional with relevant military, industry or seagoing experience including, for engineers, a relevant university degree.
- **Quality Assurance (QA) system:** the MWS Company should have a recognised industry QA system in place (e.g. BS/EN/ISO 9001).
- **Resource Continuity:** The MWS Company should start any project with sufficient people to ensure the work can be conducted through to completion.
- **Potential conflicts of interests should be declared:** does the MWS Company have appropriate policy and procedures in place to ensure there are no conflicts of

interest? How are potential conflicts of interest managed and how is the existence of no conflict guaranteed?

- **MWS Company audited accounts:** the MWS Company is expected to demonstrate solvency by providing a minimum of three years of audited accounts (or for MWS Companies less than three years old, a similar verification of finances) and ensure the MWS Company is run competently at least until the end of the project. For Underwriting purposes this would be until the end of the Maintenance and Discovery period defined in the insurance Policy.
- **Travel arrangements:** the MWS Company is expected to use a dedicated:
 - travel agent; and
 - visa specialist (may be the same as the travel agent).

Purpose: Establishes a benchmark for a competent MWS Company.

- *Supporting documents:*
 - *Description of project management, document review and QA procedures.*
 - *Conflict of interest policy and procedures.*

2. MWS Company Description & Operation:

- Organisation chart (for all relevant parts of the MWS Company).
- MWS Company history.
- List of all recent projects (e.g. last 5 years) with specific indication of type of MWS work carried out.
- Standards to be used. Standards used must be recognised industry standards, noting these may include a MWS Company's own standards, company standards more widely used by industry or a combination of readily available standards, guidelines or rules in the public domain.
- Engineering software used.
- List of overseas offices, facilities and personnel.
- Are the MWS services a discrete operation? (As opposed to a pool of staff used for multiple activities such as Classification, verification etc.).
- Staff retention (staff turnover rate (%) for the last 5 years / staff retention policy).
- MWS Company solvency and ability to operate as a going concern.

Purpose: To provide background for assessing overall competence.

- *Supporting documents:*
 - *MWS Company organisation chart.*
 - *Senior personnel - CVs.*
 - *List staff turnover as an annual percentage for the last 5 years.*
 - *Audited accounts for last five full years of operation.*
 - *Provide example COA(s).*
 - *Describe the sub-contractor policy; how many are used overall and as a percentage of projects.*

- *Are retainers given to ensure the dedicated use of certain sub -contractors?*
- *List companies which may be sub-contracted to provided specialist work.*
- *Provide a set of the MWS Company's own technical standards, if any, readily available in the public domain.*
- *List engineering software used and licensed by company for MWS work e.g. SACS, SESAM, MOSES, SAFETRANS etc. For internally generated software demonstrate that this has been validated.*

3. Competency for specific project:

- **Project organisation:** project organisation chart to be provided.
- **Project specific Engineering Standards:** to be used if different from normal approach.
- **Key engineering software:** will any software be bought in specifically for this project?
- **List all MWS** (and provide CV) to be used for issuing COA(s).¹
- **List all engineers:** structural, naval architects, geotechnical engineers etc. proposed to work on the project. State key qualifications, Chartered Engineer / Professional Engineer status, experience.¹
- **List all sub-contractors** (and provide CV) to be used on the project.¹
- **Out of Country Resources:** State any out of country resources to be used (including the use of other company offices).
- **Provide prior MWS Company experience** of similar projects stating:
 - Project name.
 - Location; country / offshore field.
 - Water depth.
 - Environmental consideration (for example, ice)
 - Type of facility.
 - Prototypical or 'step-out' aspects to job.
 - Project CAPEX - key activities with relevant weights e.g. load-outs, jacket launch, deck floatover etc.

Purpose: *To establish that company experience is aligned with project requirements.*

- **Supporting documents:**
 - *Project organisation chart.*
 - *Statement re project specific standards to be used.*
 - *Project specific software itemisation.*
 - *List of MWS Company experience on similar projects (by name and type of activities undertaken as per above breakdown), design experience, other consultancy experience.*
 - *Project personnel and CVs as per the above breakdown.*
 - *List of contractors.*

¹ If the availability of specific personnel is unclear, sufficient suitably qualified personnel should be listed from a pool to demonstrate that a project can be manned as required.

4. **MWS Company logistics:**

- How will local content, tax and legal requirements be handled?
- Appropriate business visa applications (process and expected response times).
- Provide details of surveyors who have full offshore certificates (e.g. BOSIETs).
- Currency specific issues.
- Detail how the MWS Company manages exposure to national, international and United Nations sanctions.
- MWS Company security policy for project location(s).

***Purpose:** To establish that mature logistics arrangements are in place to avoid compromising an attendance, for example, due to visa or certification delays.*