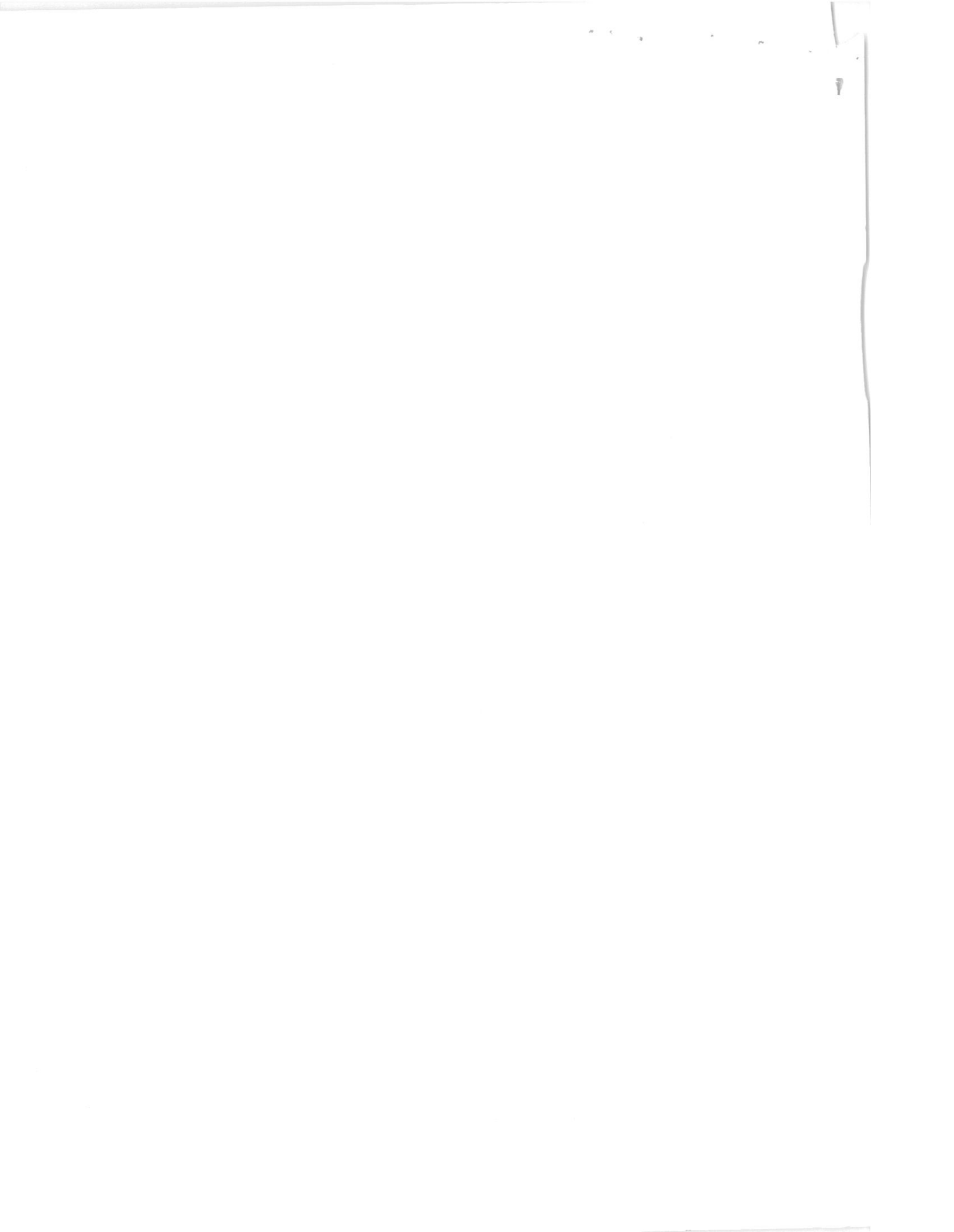


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"Survey Facilities in the C. I. S. "

Igor Slotvinsky

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SURVEY FACILITIES IN THE C.I.S.

Igor Slotvinsky
Cargo Loss Prevention Committee
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**Oslo 1996 IUMI Conference
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Survey facilities in the CIS.

Igor N. Slotvinsky, INGOSSTRAKH Ltd., Russia

Just several years ago most of insurance covers for goods imported into the Soviet Union expired upon delivery to Soviet ports or upon crossing Soviet border. As soon as imported goods got into possession of Soviet importers, there was no problem of insurance: the state-owned property on the territory of the USSR - and foreign trade was effected exclusively by the state enterprises - was not subject for insurance. In this situation there was no way for development of survey services intended for insurance purposes.

Though there were numerous quality controlling organizations in the country, survey and inspection services in common sense of these words were provided by only two entities - Chamber of Commerce and Industry and Ingosstrakh Insurance Co. Ltd., the first concentrating on pre-export and domestic inspections, and the latter serving its own insurable interest and providing services for foreign insurance companies as surveyors and average agents.

Nowadays, the survey and inspection industry is developing in the region, meeting demand of growing private sector in trade and economy. It is hardly possible to estimate exactly a number of companies involved into inspection industry, as in the CIS countries there are no special registers for that kind of business. Any public company that has inserted this kind of activity, among others, into its statute is legally allowed to perform this work.

The process began with emerging of companies established with participation of well-known survey firms such as S.G.S., Saybolt, Caleb Brett etc., which were followed by many others. Some smaller foreign survey firms are also functioning at the local market having got their own niches mostly connected to goods imported from and insured in their native countries.

Many the above-mentioned companies have brought to the market the international approach, modern methods of cargo inspection and forms of reports generally satisfying requirements of insurance loss adjusters. Some of these companies can offer extended loss investigation, including even such exotic services as testing a truck driver by lie detector.

Activities of the companies with foreign roots also initiated establishment of native independent survey companies. Still V/O Soyuzexpertiza (SOEX)- a division of Russian Chamber of Trade and Industry- remains the biggest and experienced independent Russian inspection company. SOEX's holding system includes a network of 23 representations and firms in ports (St.Petersburg, Taganrog, Nakhodka, Kaliningrad) and in science and industrial centers over the country from Petrozavodsk in Karelia to Khabarovsk in the Far East. The functions of SOEX system include performance of damage surveys, determination of actual quantities of cargo on the basis of draft survey, weighing on different types of scales or by tallying pieces control of transport facilities fitness for safe transportation of goods, preparation of representative samples before and in process of loading/unloading, laboratory analyses of samples and many others. SOEX laboratories are equipped with up-to-date measurement and quality control appliances calibrated according to Russian and international standards GOST, ISO-9000, ASME. For expertise purposes SOEX uses also facilities of research institutes and laboratories. The standard form of SOEX report, however, in some cases may not fit completely insurers requirements.

The emerging market of survey services does not still comply with the growing demand for them. Nevertheless, there is already hard competition for clients between survey companies. Even being completely engaged with current orders, they do not transfer oncoming applications to sub-surveyors, but do their best to fulfill the work by own powers. For instance, Eurogal-GSL, one of the most aggressive at the market, increased their staff in Moscow in such a way that they can perform more than 25 surveys simultaneously.

There is no prevailing form of survey reports issued in the CIS. The forms may vary from just a stamp of surveyor on the joint carrier's and consignee's statement to extended professionally performed report of qualified surveyor. The general level of fees for ordinary survey varies in different companies from USD 50 to USD 800. Many companies apply basic tariff rate about USD 50 per hour.

One of the essential problems for the survey industry in the CIS is that the quick growing number of survey companies and their personnel often has not been supported by sufficient professional education. The cases when surveyors give way to their imagination and make conclusions not supported by any facts are not so rear.

Another significant problem is unadequate dispersion of survey facilities over the territory. Geographically, independent survey companies are generally concentrated in the several major ports and industrial centers, while in the huge areas of Siberia, the Urals, Central Asia there are quite few survey companies. Meanwhile, import of industrial equipment and consumer goods to these areas is considerable (i.e. consignments of equipment for oil industry). The underwriters covering transport risks till final consignees in that areas will inevitably come across a problem of loss assessment. No doubt that almost any survey company may offer to arrange a trip of their surveyor to the spot, but that would add one or two thousand US dollars to the total cost of survey report.

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