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NVIC 8-86
6 Jun 1986

NAVIGATION AND VESSEL INSPECTION CIRCULAR NO. 8-86
Electronic Version for Distribution Via the World Wide Web

Subj: Coast Guard Relationships with Classification Societies for U.S. Flag Vessels

- Ref: (a) Navigation and Vessel Inspection Circular No. (NVIC) 10-82, and NVIC 10-82, Change 1, "Acceptance of Plan Review and Inspection Tasks Performed by the American Bureau of Shipping for New Construction or Major Modifications of U.S. Flag Vessels"
- (b) Navigation and Vessel Inspection Circular No. 8-84, "Recommendations for the Submittal of Merchant Vessel Plans and Specifications"
- (c) Navigation and Vessel Inspection Circular No. 11-84, "Guidelines for New Construction or Major Modification of U.S. Flag Vessels in Foreign Shipyards"

1. PURPOSE. This Circular describes and clarifies existing relationships between the Coast Guard and vessel classification societies for U.S. flag vessels constructed in the United States and foreign locations.
2. DISCUSSION.
 - a. Coast Guard requirements for vessel design and construction are exactly the same no matter what classification society classes a U.S. flag vessel; however, the procedure for administering these requirements differs for vessels classed by the American Bureau of Shipping (ABS). There is no Coast Guard requirement that any vessel be classed, or in particular classed with ABS. However, for vessels classed by ABS the Coast Guard has a formal agreement, enclosure (1), implemented by reference (a), which describes Coast Guard acceptance of plan review and inspection tasks performed by ABS for new construction or major modifications of U.S. flag vessels.
 - b. Title 46, U.S. Code, section 3316 permits delegation of the plan review and inspection of U.S flag vessels to ABS or a similar U.S. classification society. The Coast Guard has a regulatory project [CGD 85-019] regarding possible future delegation to other "similar U.S. classification societies, "for which an Advanced Notice of Proposed Rulemaking was published in the Federal Register of October 3, 1985 (Vol. 50, No.192, page 40413). Until this regulatory project is completed and a Final Rule issued, formal agreements between the Coast Guard and other classification societies establishing a relationship similar to that of enclosure (1) with ABS cannot be pursued.

- c. There are, however, many U.S. flag vessels classed by societies other than ABS on which the Coast Guard and the classification society have worked together to ensure compliance with all applicable regulations and international standards. The present relationships between these classification societies and the Coast Guard are similar to those between the Coast Guard and ABS for vessels classed by ABS but not reviewed in accordance with the special provisions of reference (a). In particular, these other classification societies and the Coast Guard cooperate in the following areas:
- (1) **Structural Standards:** The Coast Guard has worked with the ABS Rules, DnV MODU Rules, and Lloyds' "Rules and Regulations for the Classification of Yachts and Small Craft" for a number of years and has accepted them as recognized standards. For vessels built to other standards, the classification society may review the design and prepare an analysis showing that the design also meets Coast Guard structural requirements, which, for non-unique vessel types, are any of the above referenced standards. Coast Guard review is still required; but with the classification society's analysis this is often a routine matter. We are currently working with other classification societies regarding acceptance of other Rules.
 - (2) **Cargo Gear:** Classification societies have been authorized on a case-by-case basis to issue Crane or Cargo Gear Certificates on behalf of the Coast Guard for vessels they class.
 - (3) **Other Plan Review:** Upon approval, a classification society may act as the coordinator for the owner/builder to preview all plans submitted to the Coast Guard for compliance with Coast Guard regulations, as well as Rules of the classification society. They may also act as the single point of contact for delivery of plans to the Coast Guard receipt of Coast Guard approvals, and other transactions. The Coast Guard still performs full review of all necessary plans, for which there are no monetary charges.
 - (4) **Inspection:** Classification society surveyors and Coast Guard inspector currently work together at the vessel inspection site. Informal inspection arrangements are often made on a case-by-case basis between the classification society surveyor and the Coast Guard inspector on the scene. There are no monetary charges for Coast Guard inspections, with the exception that owners requesting inspections at foreign locations must agree to reimburse the Coast Guard for travel and per diem costs. Enclosure (2) is a sample Memorandum of Agreement used when U.S. flag vessels are constructed outside of the United States.
 - (5) **Load Line Certificates:** ABS is designated in Coast Guard regulations as the prime assigning and issuing authority for Load Line Certificates on U.S. vessels. Other classification societies have been authorized on a case-by-case basis to issue the Load Line Certificate for vessels they class. To date, those who have been authorized are: Bureau Veritas, Det Norske Veritas, Germanischer Lloyd, Lloyds Register of Shipping, and Registro Italiano Navale.
 - (6) **International Certificates:** The Coast Guard issues SOLAS Safety Construction, Safety Equipment and MARPOL Certificates for all U.S. flag vessels engaged in international service. Upon request of the vessel owner, the Safety Construction

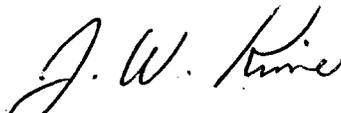
Certificate may be issued by ABS on behalf of the Coast Guard for vessels classed by ABS, but there is no similar arrangement for vessels classed by other societies. The Federal Communications Commission (FCC) issues Safety Radiotelegraphy and Radiotelephony Certificates.

- d. Throughout the regulations there are references that use the term "recognized classification society." Upon approval of the Commandant, classification societies other than ABS may be the "recognized classification society" for a particular U.S. flag vessel, or specific items on the vessel. This recognition, although not allowing the use of reference (a), encompasses the routine items associated with classification where the Coast Guard has no specific requirements other than meeting classification society standards. Examples of what this could include are: hull structure welder qualification; verification of mill certificates; and the material, design, construction and workmanship for main and auxiliary machinery.
- e. A classification society may act as the single point of contact for vessel plan review. To facilitate plan transmission and necessary communications, the use of a classification society office located in the United States is strongly encouraged but is not required. Although the Coast Guard will still perform full plan review, the classification society can perform numerous services for the shipyard/owner which will expedite Coast Guard review, including reviewing the plans to ensure that they meet all applicable Coast Guard regulations, as well as all classification standards. One extremely important service is ensuring that the plans submitted to the Coast Guard are accurate and complete. In particular, the classification society can ensure that plan packages are in accordance with references (b) and (c). When this is done before the plans are submitted to the Coast Guard, the plan review process is expedited. The biggest delays occur when plan packages are neither complete nor comprehensive, requiring that they be returned to the submitters for additional information.
- f. Reference (c) contains an extensive discussion regarding materials and standards, addressing where particular requirements exist, as well as determination of equivalence. In general, the Coast Guard makes all non-routine determinations of equivalency to required materials and standards regardless of the society classing the vessel, including vessels classed by ABS and reviewed under the provisions of reference (a). The classification society can greatly assist the Coast Guard in making such determinations by seeing that complete packages addressing the equivalent material or standard are submitted, including any necessary laboratory analysis and a line-by-line comparison between the proposed equivalent standard and the adopted standard.
- g. The Coast Guard is concerned that the potential for a conflict of interest exists resulting from a society representing the owner for classification, design, or consulting purposes while at the same time performing functions on behalf of or accepted by the Coast Guard. In the past we have permitted an organization classing a vessel to perform preliminary review to Coast Guard requirements; with the Coast Guard performing a complete review to assure independence of action. Before allowing a classification society to perform functions on behalf of the Coast Guard or accepting certain functions performed by a classification society, the Coast Guard must be satisfied that there is not any conflict of interest or perception of a conflict of interest. This applies to ABS or any other party that may be permitted to act on behalf of the Coast Guard in the manner provided by or similar to reference (a).

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3. ACTION.

- a. Owners, shipyards, or other involved parties desiring t6 class U.S. flag vessels with ABS should refer to reference (a) for guidance, and contact ABS directly to discuss what services they may perform.
- b. Owners, shipyards, or other involved parties desiring to class U.S. flag vessels with a classification society other than ABS should contact the classification society directly to discuss what services they may perform. For services outlined in Section 2 of this NVIC that may be performed on behalf of the Coast Guard, specific approval from Commandant (G-MTH or G-MVI, as applicable) must also be obtained. Such Coast Guard approval is normally a routine matter.


J. W. KIME
Chief, Office of Merchant Marine Safety

- Encl: (1) Memorandum of Understanding (MOU) between U.S. Coast Guard and the American Bureau of Shipping dated 27 April 1986.
(2) Sample Memorandum of Agreement for foreign construction of U.S. flag vessels.

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ZTC-68

MEMORANDUM OF UNDERSTANDING BETWEEN
THE UNITED STATES COAST GUARD AND THE AMERICAN BUREAU OF SHIPPING
CONCERNING PLAN REVIEW AND INSPECTION FUNCTIONS FOR
NEW VESSEL CONSTRUCTION FOR VESSELS CERTIFICATED BY THE COAST GUARD]

I. Purpose.

The purpose of this memorandum is to set forth guidelines for cooperation between the American Bureau of Shipping and the United States Coast Guard in plan review and inspection of vessels under construction which are certificated by the Coast Guard. Appropriate provisions of the Memorandum of Understanding (HOU) of 9 June 1981 are incorporated in this Memorandum; therefore, the HOU of 9 June 1981 is canceled.

II. United States Coast Guard.

The United States Coast Guard (USCG) has statutory authority, under the laws governing marine inspection, to regulate in order to promote the safety of life and property at sea and to protect the marine environment.

III. American Bureau of Shipping.

The American Bureau of Shipping (ABS) is a classification society which provides classification services for ships and other marine vehicles and structures, and which is authorized by law to perform various functions in cooperation with, and on behalf of, the United States Coast Guard.

IV. USCG Acceptance of ABS Plan Review and Inspection.

A. General.

Plan review and inspection functions as described in USCG Navigation and Vessel Inspection Circulars (NVC's) for implementing this agreement, performed by full time employees of the ABS, may be accepted by the Officer in Charge, Marine inspection, as part of the USCG vessel certification process without review or attendance by USCG personnel. NVC's implementing this Agreement will be mutually developed between the USCG and the ABS.

B. Approval and inspection standards.

The standards to be applied by the ABS in approvals and inspections for the USCG in order of precedence are:

1. The requirements of (1) Safety of Life at Sea (SOLAS) or other international conventions to which the United States is party, (2) United States statutes, and (3) USCG regulations including specific industry standards incorporated therein.
2. Rules and standards of the ABS.

C. Verification.

Unless specified elsewhere, copies of ABS approval letters, stamped plans, pass certificates, and other ABS documents provided to the Officer in Charge, marine Inspection, will be deemed sufficient for verification of compliance with USCG requirements.

D. Fees.

The Coast Guard recognizes that services which are in addition to classification requirements may be subject to additional fee assessments by the ABS.

V. Appeals.

Actions of the ABS performed under this memorandum they be appealed according to existing appeal procedures in USCG regulations. In the event of an appeal resulting from any such action, the ABS, upon request, will provide the Officer in Charge, Marine Inspection, with a statement concerning the status of the matter with respect to class, if applicable.

VI. Savings Provision.

The USCG will continue to perform services as required in accordance with regulations and law. Nothing in this memorandum shall be deemed to alter in any way the statutory or regulatory authority of the USCG or the classification responsibilities of the ABS. The Coast Guard will maintain oversight sufficient to ensure that its regulatory and statutory requirements are maintained.

VII. Effective Date.

This Memorandum is effective immediately. Effective dates of implementing this Memorandum of Understanding will be determined by mutual agreement between the ABS and the USCG.

VIII. Termination.

This memorandum may be terminated by one party after written notice to the other party.

Signed at New York on this 27th day of April, 1982.

J.B. Hayes
Commandant
United States Coast Guard

William N. Johnston
President and Chairman
American Bureau of Shipping

MEMORANDUM OF AGREEMENT BETWEEN

(owner or shipyard)

AND THE UNITED STATES COAST GUARD

This agreement formalizes the procedures and guidelines to be utilized in conducting the Coast Guard inspection, certification, admeasurement and documentation of the (vessel name) to be constructed at (shipyard) in (city), (country)

It is agreed that the procedures and conditions provided for in the attached Navigation and Vessel Inspection Circular 11-84 "Guidelines for New Construction or Major Modification of U.S. Flag Vessels in Foreign Shipyards" will be adhered to during the construction and inspection of the vessel except that the vessel will receive a Certificate of Registry without requiring the vessel to return to the United States. Documentation procedures will be accomplished in the United States.

It is understood that the vessel is being classed by _____ and that they will attend the vessel as required for vessel classification. For the purposes of U.S. certification, the Coast Guard will conduct full plan review. The owner shall provide, to the U.S. Coast Guard, an affidavit attesting to the completed vessels compliance with all applicable U.S. Coast Guard regulations and standards. Inspection by the U.S. Coast Guard will be by personnel from offices within the United States. This inspection will be to the extent necessary to assess compliance with approved plans and applicable regulations.

(owner or shipyard) agrees to reimburse the United States Coast Guard for certain costs incurred by the Coast Guard relative to the vessel's inspection, inclining and admeasurement. The costs include total compensation for admeasurement services as well as all travel (including local travel) and per diem expenses associated with the inspection and inclining of the vessel.

Clerical assistance, telephone service, telex service and shipyard office space will be provided at no cost to the Coast Guard. Such space may be part of, or supplemental to, existing _____ Shipyard offices.

Approved for _____

Approved for U.S. Coast Guard

Signature: _____

Signature: _____

Title:

Title:

Date:

Date: