



# The authorization Contract

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## The legal basis

### ➤ IMO Res. A.739(18):

2 Control in the assignment of such authority is needed in order to promote uniformity of inspections and maintain established standards. Therefore, any assignment of authority to recognized organizations should:

...

.2 have a formal written agreement between the Administration and the organization being authorized which should as a minimum include the elements as set out in appendix 2 or equivalent legal arrangements;

...





# The legal basis

## ➤ A.739(18) Appendix 2

A formal written agreement or equivalent between the Administration and the recognized organization should, as a minimum, cover the following items:

1 Application

2 Purpose

3 General conditions

4 The execution of functions under authorization

5 Legal basis of the functions under authorization

6 Reporting to the Administration

...

10 The Administration's supervision of duties delegated to the organization



## The legal basis

- From 1 January 2015: Resolution MSC.349(92) – RO Code
  - Part 1 General and 2 Requirements for ROs will be mandatory through SOLAS, MAROL and Load Line amendments)
  - Part 2 Para 8.2 refers to “the formal written agreement”





# The legal basis

## ➤ EU Directive 2009/15/EC

### Article 5

2. The working relationship shall be regulated by a formalised written and non-discriminatory agreement or equivalent legal arrangements setting out the specific duties and functions assumed by the organisations and including at least:

- (a) the provisions set out in Appendix II of IMO Resolution A.739(18) ...
- (b) ... provisions concerning financial liability ...
- (c) ... provisions for a periodical audit by the administration ...
- (d) the possibility for random and detailed inspections of ships;
- (e) provisions for compulsory reporting of essential information about their classed fleet...





## Circular MSC/Circ.710, The Model Agreement

- Body of the Agreement
- Appendix 1, Degree of Authorization
- Appendix 2, Reporting to the Administration
- Alternative approaches





## Crucial Topics

### ➤ For the Administration

#### ➤ Information and Liasion

- from the RO to the Admin

#### ➤ Supervision

#### ➤ Degree of Authorization

#### ➤ Financial agreements

#### ➤ Non-exclusive Surveyors

#### ➤ Interpretations

#### ➤ Communication between different ROs for one ship



## Crucial Topics

### ➤ For the RO

- Information and Liasion
  - from the Admin to the RO
- Supervision
- Degree of Authorization
  - specific national requirements
- Financial agreements
- Liability







## Conclusion

- A formal contract is essential to have legally sound basis for the co-operation with the ROs
- The contract is not limited in form and content but should address topics of concern of both parties
- Experience shows that simple, straightforward contracts ensure a better implementation
- Align the contracts with different ROs as much as possible





# Discussion

