



## Liferaft ownership - is it worth it?

**Buy or rent? These days that's the big question in acquiring liferafts. Wilhelmsen Ships Service examines the options**

Traditionally, ship owners and operators have bought liferafts and disposed of them when they are worn out or fail the annual IMO safety service. Until recently, there was no other option.

Now shipping companies have a choice - they can buy their own liferafts, or rent them on an annual basis. So what are the arguments for and against?

### Buying liferafts

There is a wide selection of good quality liferafts available from all the leading safety equipment providers. They are normally supplied in hard shell canisters that automatically open and inflate when activated. Made from rubberised fabric, they contain supplies of emergency rations, flares and basic medical equipment.

Under IMO and SOLAS regulations the liferafts have to be certified safe every year by a registered liferaft service station. The liferafts are taken off the ship and the fabric, compressed gas and emergency contents all have to be checked and replaced where necessary before the liferaft is allowed back on board.

The testing is extremely rigorous. Liferafts are usually placed on the outside of a vessel and exposed to all the elements, so the fabric can be rotten and seams can break apart under pressure. Every year the rafts are air-inflated, and every five years they are gas-inflated. After ten years, and every year thereafter, they have to be over-inflated under pressure. There are also testing and replacement schedules for all the pyrotechnics and emergency supplies.

When buying liferafts, it makes sense to buy all the liferafts for a vessel, or even a whole fleet, from the same supplier. Many liferaft service stations are only licensed to certify one particular brand of liferaft, so a ship with more than one brand on board may have to call at several ports to get them all certified. This means that the different branded liferafts will all have different expiry dates and will have to be serviced at different ports in future.

If a vessel arrives in port on a weekday with plenty of time in hand, there should be no problem servicing the liferafts before the vessel leaves. However, if a ship is operating on a tight schedule, or if it arrives on a weekend, it can be very expensive to arrange the servicing.



Worst of all, if one or more of the liferafts is condemned the vessel cannot sail without buying a new replacement. If new replacements are not available, the captain may be forced to buy second-hand liferafts, often at highly inflated prices.

Vessel operators should also consider which ports they will most frequently be using. If the vessel offloads offshore, barge fees can significantly add to the cost of servicing - barge charges can vary from \$2000 to \$4000 per journey. Normally there will be at least two return journeys, but there could be more if any of the liferafts are condemned. There is some concern about the legality of this situation, as the vessel is technically “at sea” while the liferafts are being repaired and is therefore operating illegally without liferafts.

If any of the liferaft contents – such as flares or emergency rations – have to be replaced, the ship operator will be exposed to local prices. These vary considerably from country to country. In countries like Nigeria, for instance, they can be up to four times the recommended manufacturer’s price.

In some of the more out-of-the-way places, rogue service stations operate issuing bogus certificates. In the event that a vessel ends up carrying these uncertified liferafts, the captain is responsible, even though the liferafts were apparently serviced legally.

## **Liferaft rental**

This is a very recent global innovation in the market, and one which is a direct response to the challenges listed above.

When a vessel signs a rental agreement, the rental company leases the liferaft to the vessel for a year at a time. Just before the end of the year, the company contacts the vessel to arrange a port and a date to exchange the soon-to-expire liferafts with newly certified replacements. The old rafts are dropped off and the new ones supplied in a single operation, which can take as little as half an hour.

The old liferafts are taken away by the rental company to service in their own time in preparation for the next exchange. There is never any question of a liferaft being condemned, or out of date. If a liferaft is condemned, the rental company takes the cost.

The question is – with such an obvious and simple solution to the difficulties faced by owners of liferafts, why did no company offer this solution before? The idea has certainly been around for a long time, but it requires a company with an international network of service stations, good delivery



capabilities, a strong IT network of communications and capable of single point contact to ensure efficiency.

Wilhelmsen Ships Service (WSS) was the first to enter this field with its Unitor liferafts and has rapidly become a leader in the rental market. In the two years since launching its liferaft rental concept, the company has supplied nearly 10,000 liferafts to 1,400 vessels and now its rental business is more than doubling every year.

Some other companies have also started renting liferafts, but WSS claims the edge in terms of delivery network and the number of approvals by leading class societies.

### *Predictability*

It is not difficult to see why this model is so successful. Vessel operators are able to plan budgets years in advance with total predictability. Captains are able to cut their turnaround time in ports, with no concerns about possible delays caused by condemned liferafts. And best of all, because of the savings that WSS can make due to bulk purchase orders and guaranteed return business, the overall cost of rental over the life of a liferaft is less than the cost of buying.

### *How does it work?*

The company has a stock of ready-serviced liferafts at 35 service stations, from which they which they can supply to 800 nearby ports. When the liferafts are loaded onboard, the technician supervising the operation scans the barcode on each of the liferafts and uploads the data to the company's database.

Roughly 11 months later, an automatic alert is triggered in the company's customer services department, which contacts the vessel to arrange an exchange time and port. When the vessel arrives in the agreed port, the liferafts are normally waiting on the quay and the exchange can take place immediately.

The advantages of this system are quite clear. The vessel always has the latest design of liferafts, which are always compliant with IMO and SOLAS regulations. WSS has auditors that visit all suppliers to ensure that they meet the company's requirements. It is important that a rental company covers all ports and class variations, particularly to meet the complex requirements of ship managers.

Renting from one company means that all liferafts are the same make and can be serviced at any of



their liferaft stations. Only one delivery journey is made to a vessel - and when this is at sea, the vessel is legally compliant throughout the operation. All the emergency supplies in the liferaft are in place, provided by the rental company. Last but not least, all Unitor liferafts are scrapped when they reach nine years of age, so there is never any danger of vessels carrying obsolete designs or ageing safety equipment.

## **Conclusion**

Looking at all the advantages of renting liferafts, is there ever a situation when it is better to buy?

If a vessel can be sure that the liferafts on board will never be damaged or rotten; if the liferafts are always serviced at specific time intervals at registered services centres; and if the liferafts last for more than ten years, there is a possible gain in the long term cost of buying as opposed to renting.

If a company has excess disposable capital, then it might make sense to invest some of the money in liferafts to increase the value of the assets

Finally, in the case of tramp vessels operating in the spot market, they often have such unpredictable schedules that they cannot be certain of their next port of call or when they will be there. Rental companies need to know a vessel's arrival time in advance in order to prepare the liferafts.

However, apart from these special cases, there would seem to be a solid case for renting rather than buying liferafts. This relieves the owners or operators from all the responsibilities attached to servicing and replacing liferafts. It also enables them to plan budgets long in advance with predictable costs. In addition to the time-saving associated with rented liferafts, there are other financial arguments which indicate that renting is a cheaper option than buying.

Wilhelmsen Ships Service predicts that the next few years will see a dramatic shift from ownership to rental. And that applies not just to liferafts but also other onboard equipment - the IT revolution that has made communication and coordination of logistics more efficient will inevitably lead to more innovative offers to vessel owners and operators in the future.



**Wilhelmsen Ships Service** supplies regulatory products and services, Unitor marine products, Nalfleet marine chemicals, maritime logistics and ships agency.

Wilhelmsen Ships Service has the world's largest maritime services network, with 4,600 marine professionals servicing 2 200 ports in 125 countries. Wilhelmsen Ships Service supplies regulatory products and services, Unitor marine products, Nalfleet marine chemicals, maritime logistics and ships agency to the maritime industry. Last year the company made 214 000 product deliveries to 23 000 vessels and handled 54 000 port calls.

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