

10 September 2014

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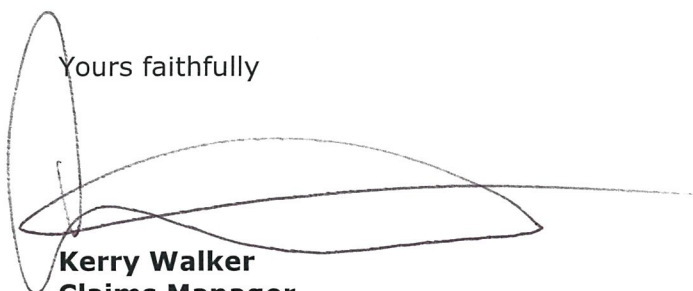
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NORSAND 'STORMVOGEL'

1. We are the liability insurers of Norsand Ltd of Whangarei. We understand you have recently written to them seeking payment of a claim for costs of work carried out to your vessel's swing keel recently at Norship Marine in Cairns.
2. When the vessel arrived in Australia a survey was commissioned by us to investigate the reason for the failure. We are prepared to provide this to you on a without prejudice basis as attached.
3. The report outlines the work carried out by Norsand in New Zealand prior to departure from New Zealand. We understand the remedial work carried out by Norsand was carried out pursuant to the advice provided to you from the Dutch shipyard, as referred to in the report.
4. Norsand are very clear that they only replaced one of the four studs. When they inspected the vessel only one was found stripped in the aluminium casing. The conclusion was that possibly it had been over-tightened previously. A stepped replacement stud was made by Whangarei Engineering Co which was then replaced. This is supported by the survey report.
5. We understand that Norsand carried out the work as discussed by yourself, and that the solution was that as recommended.

6. The survey report of Howell's sets out the findings observed in Australia. You can see the work by Norsand is outlined and there is no suggestion that any of this work was negligent. It appears that now, upon a more detailed inspection following the removal of the keel, that the fitment of the shaft to the swing keel taper has most probably worked the retaining nut on the port side bearing spigot loose over time, allowing the spigot to misalign the shaft and cause the subsequent misalignment of the shaft in the bearing. This ultimately caused the sheering of three studs, allowing water to enter the vessel.
7. The work carried out by Norsand was carried out in the manner expected. There is also no evidence that they have failed to perform the work as required commensurate with general marine engineering standards.
8. We appreciate that you certainly found yourself in a difficult position enroute but it appears that the problem was not as the result of Norsand's negligence, and in the circumstances there is no obligation on them to meet those additional costs you have incurred in now rectifying the keel.
9. Unless therefore there is any further information you wish us to consider, we are of the view that our clients have no legal liability for the repair costs.

Yours faithfully



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