

### FEATURE

## Understanding LOF Awards

Most of our readers will be familiar with the Lloyd's Open Form of Salvage Contract, and the services which are performed under this contract by many of the World's professional salvors. The cost of salvage services performed under this contract are not fixed, unless there has been some form of side agreement, and the amount due to each salvor for their assistance is determined by way of Arbitration in London. The Arbitrator is appointed from the panel of LOF Arbitrators currently made up of Jeremy Russell QC, Lionel Persåey QC, Elizabeth Blackburn QC, Simon Kverndal QC and Vasanti Selvaratnam QC, all of whom are barristers of long standing who have considerable experience dealing with LOF cases. Each claim is determined by the appointed LOF Arbitrator having regard to Article 13.1 of the 1989 International Salvage Convention, which provides the framework for the assessment of the salvage service by reference to 10 criteria from which the usefulness of the salvage service and the benefit conferred to the salvaged property can be measured. Many other jurisdictions have adopted the Salvage Convention and apply the same criteria for the assessment of salvage.

It is estimated that approximately 15% of LOF awards end up going all the way to Arbitration since most are settled well before. This is of course a good thing because it avoids the costs of Arbitration, however it can lead to problems; whilst very experienced, with more cases settling the Arbitrators, year on year, have less opportunities to actually deal with LOF cases. In addition it is arguably the case that the more "simple" matters settle and the more complex matters, arbitrate

which can mean that a simple analysis of the level of LOF salvage awards made by LOF Arbitrators, can be misleading. Such analyses tend to work on an average basis, comparing the total value of property salvaged and the total percentage of that value awarded to salvors. Each salvage case is different and the award is not assessed on the basis of a mathematical calculation and therefore a mathematical analysis can prove problematic!

With the use of the LOF contract declining and there being a market view that awards under LOF are high, Lloyd's sought to introduce a system whereby those involved in the casualty field could gain a better understanding of the way each LOF award is assessed. The result was the revised LOF contract, LOF2011 (published from May 2011). This provides for most awards issued under the LOF 2011 form to be available for view via the Lloyd's web-site. It is a subscription based scheme with the cost ranging from GBP300 for a single subscriber to GBP1,000 for multiple subscribers. So if you want to gain a greater understanding of LOF Salvage Awards this may be of interest to you (contact Diane Bowles of Lloyd's Salvage Arbitration Branch at [diane.bowles@lloyds.com](mailto:diane.bowles@lloyds.com)). The most recent award published and available to view is the *Al Rawdah* which was the subject of salvage services by Smit Singapore in June 2011 after she grounded on departure from Port Klang. Most salvaged interests, including cargo interests represented by Roose+Partners, settled the salvor's claim in advance of the Arbitration but Smit Singapore had to obtain an award against a number of unrepresented interests. Those interests will have to bear the full costs of the Arbitration hearing having not participated in the settlement.



### CASUALTIES

#### Slættaberg/Ågot

*Slættaberg* - KG 652 - Fishing vessel, Built 1995, 1,428 gt  
*Ågot* - KG 244 - Fishing vessel, Built 1970, 417 gt  
**Date of Casualty** 25 February 2014 - late notification

**Voyage** n/a  
**Cargo** n/a

**Type of Casualty** The larger fishing vessel struck the *Ågot* which was moored in the port of Klaksvik on the Faroe Islands. The *Ågot* was significantly damaged.

**Type of Claim** Collision damage claim



#### Joro

Hopper barge, Built 1965, 1,774 nt  
**Date of Casualty** 26 February 2014

**Voyage** Unknown  
**Cargo** Sand

**Type of Casualty** Sinking on the Wester Scheldt. The vessel was assisted by the *Multatrag 20* which pulled the sunken barge onto a sandbank.

**Type of Claim** Possible salvage claim



#### Terve/Isla de Alborán Tres

*Terve* - General cargo vessel, Built 1989, 6,687 dwt  
*Isla de Alborán Tres* - Fishing vessel, no other details  
**Date of Casualty** 27 February



**Voyage** Takoradi, Ghana to Ambarli, Turkey

**Cargo** Unknown

**Type of Casualty** Collision south of Cape Sacratif. The fishing vessel suffered water ingress but were able to control this with a pump provided by a rescue helicopter and the vessel has since arrived at the port of Adra to carry out repairs.

**Type of Claim** Collision damage claim

**P&I** n/a

#### Amgu

General cargo vessel, Built 1997, 5,910 dwt  
**Date of Casualty** 27 February 2014

**Voyage** St Petersburg, Russia to Kiel, Germany

**Cargo** Unknown

**Type of Casualty** Grounding whilst departing St Petersburg following engine problems. The vessel was refloated with the assistance of a local tug.

**Type of Claim** Possible hull damage and salvage claim

#### Zhong Yu 1

Bulk carrier, Built 2012, 3,157 dwt  
**Date of Casualty** 27 February 2014

**Voyage** Nanjing, China to Osaka, Japan

**Cargo** Unknown

**Type of Casualty** The vessel developed a list at the Tomogashima Channel in Osaka Port. Salvage plans are underway.

**Type of Claim** Possible salvage claim

#### Transhawk

General cargo vessel, Built 2012, 16,558 dwt  
**Date of Casualty** 28 February 2014

**Voyage** Antwerp, Belgium to Douala, Cameroon

**Cargo** Unknown

**Type of Casualty** Water ingress into one of her No. 3 cargo hold from her ballast tanks. The vessel was escorted into Falmouth by two Navy vessels.

**Type of Claim** Possible General average declaration

#### Midoy Dakhla 1/ Taouss

Midoy Dakhla 1 - Fishing vessel, Built 1979, 1,759 gt  
 Taouss - Fishing vessel, no other details

**Date of Casualty** 1 March 2014

**Voyage** n/a

**Cargo** n/a

**Type of Casualty** Collision off Dakhla, Western Sahara which led to the *Taouss* sinking and the loss of 17 of her crew.

**Type of Claim** Total loss and loss of life claim

#### Jia An Shan/Titu-14

Jia An Shan - Bulk carrier, Built 2005, 57,605 dwt  
 Titu-14 - no other details  
**Date of Casualty** 1 March 2014

**Voyage** China to Chittagong, Bangladesh

**Cargo** 27,200 mt of bulk cement

**Type of Casualty** Minor collision in Chittagong.

**Type of Claim** Collision damage claim

**P&I** The Swedish Club

#### Kaisei Maru No.8

Trawler, Built 1988, 409 dwt  
**Date of Casualty** 2 March 2014  
**Voyage** n/a

**Cargo** Tuna

**Type of Casualty** Fire some 240 nm south of Muroto, Kochi Prefecture, Shikoku Island, Japan. Seven crew members are missing.

**Type of Claim** Total loss and loss of life claims

#### Proliv Starka

Fishing vessel, Built 1976, 2,609 dwt

**Date of Casualty** 2 March 2014

**Voyage** n/a

**Cargo** n/a

**Type of Casualty** Propeller fouled by nets whilst in the Sea of Okhotsk. Russian salvage tug *Suvorovets* was dispatched to assist and towed the vessel to Khayryuzov Bay where divers carried out works to clear the propeller.

**Type of Claim** Possible salvage claim



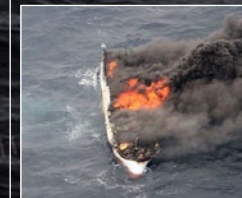
#### Rony - IJM 8

Fishing vessel, Built 2008, 75 gt  
**Date of Casualty** 3 March 2014

**Voyage** n/a

**Cargo** Fish

**Type of Casualty** Grounding off Ijmuiden, the Netherlands. The vessel was assisted by the fishing vessel *Noordster* and a local lifeboat and



towed into Ijmuiden.  
**Type of Claim** Possible hull damage claim

#### Mighty Royal/ Maa Samuda Khatun

Mighty Royal - Bulk carrier, Built 1986, 38,870 dwt

Maa Samuda Khatun - Bulk Carrier, Built 1987, 41,066 dwt

**Date of Casualty** 3 March 2014

**Voyage** Both Singapore to Chittagong, Bangladesh

**Cargo** 39,000 m<sup>3</sup> of cement clinker / Unknown

**Type of Casualty** Collision between the vessels in the Chittagong outer anchorage causing damage to both vessels

**Type of Claim** Collision damage claim

**P&I** Both entered with The American Club

#### Lyra Leader

Vehicle carrier, Built 2005, 21,453 dwt

**Date of Casualty** 4 March 2014

**Voyage** Japanese ports to Alexandria, Egypt

**Cargo** Cars

**Type of Casualty** Contact with shore-side crane whilst berthing causing significant damage to the crane.

**Type of Claim** Allision damage claim

**P&I** Britannia

#### Alihuras

Combined chemical and oil tanker, Built 1995, 8,278 dwt

**Date of Casualty** 5 March 2014

**Voyage** Origin: Jebel Ali, UAE to Male, Maldives

**Cargo** In ballast

**Type of Casualty** Fire on board. Two crew members were injured.

**Type of Claim** Fire damage claim and possible crew claims