



SEMAPHORE

Newsletter of the Maritime Law

Association of Australia and New Zealand



Salvage Contracts Discussed

Robust industry opposition has greeted the mooted phase-out of the Lloyd's Open Form (LOF), prompting the International Salvage Union (ISU) to promote discussion on the matter at its annual Associate Members' Day.

ISU members and associate members gave feedback on the latest developments, including the fact that their use of the LOF – which determines remuneration awarded to salvors for their services in saving property at sea and minimising or preventing damage to the environment – will indeed continue.

Representatives of the Lloyd's Arbitration Branch had raised the potential phase-out of the LOF in the wake of its declining use over many years.

A market working group has been tasked with reviewing the LOF and increasing the use of the regime by addressing the perceived lack of transparency in the process, as well as the need to speak with one voice and address past complaints about the LOF.

The issue of whether the LOF awards are too high or too low has also been targeted for review.

Another issue raised at the ISU meeting was non-Lloyd's Open Form salvage, as was the case with the *Ever Given*, where the salvage cost was considerably more than if a salvage arbitration had awarded it.

It was suggested this highlighted the need for a global acceptance of salvage awards.

The keynote address to the ISU was given by International Union of Marine Insurance president Richard Turner who stressed the increasing priority being given to environmental issues and the need for the insurance industry's involvement.

The insurance industry is now in the frontline of managing the aftermath of weather events, with major floods happening annually. He highlighted concerns about the increasing size of ships as well as the fact that safety improvements needed to be made to the design of container vessels.

Another area of concern discussed at the meeting was the risk inherent in charging electric cars on ferries and the risk of car battery fires onboard.

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