The revisions to the face of LOF 2011 may be relatively few, but changes to the Important Notices on the reverse and the accompanying LSSA clauses will have significant impact on the way the contract will operate between salvors, ship owners, property owners and underwriters.

The changes have been introduced in an attempt to reverse the decline in the use of the form and to address concerns from some quarters that awards were excessive. An update was considered to be overdue, changes were necessary to facilitate a modern contract that reflects modern day salvage operations and which is fair to all participating parties.

The main changes are set out below:

**Important Notices 3 - Awards**

The Council of Lloyd's is entitled to make available the Award, Appeal Award and Reasons on www.lloydsgroup.com ... subject to the conditions set out in Clause 12 of the LSSA Clauses.

The first important change concerns the publication of awards to be made available via the Lloyds agency website (by subscription). Introducing the publication of salvage awards will hopefully allow for greater transparency in the assessment of awards and, most importantly, removes the private nature of arbitration hearings and LOF awards. It is hoped that publishing awards and accompanying reasons will provide greater transparency and understanding of LOF salvage awards and allow for market scrutiny. Clause 12 of the LSSA Clauses allows either party to apply to the LOF Arbitrator / Appeal Arbitrator to for an order deferring or witholding publication, but good reasons would have to be submitted. It is hoped these changes will encourage greater use of the contract and provide greater understanding as to how salvage awards are assessed.

**Important Notices 4 - Notification to Lloyd's**

The Contractors shall within 14 days of their engagement to render services under this agreement notify the Council of Lloyd’s of their engagement and forward the signed agreement or a true copy thereof to the Council as soon as possible. The Council will not charge for such notification.

Traditionally Salvors have not been required to notify Lloyd’s when salvage services have been performed under the LOF contract and many cases have been settled without the involvement of Lloyd’s, which has led to the uncertainty of use of the contract and its overall administration. Under the new provisions all LOF 2011 agreements must be notified to Lloyd’s. This requirement is a necessary change which aims to provide salvors and ship owners with assistance in the administration of the contract by Lloyd’s.

**Lloyd’s Standard Salvage and Arbitration Clauses – Arbitrator’s Security for Fees**

Under provisions 6 and 10 Arbitrators will be entitled to security for their fees and expenses from either party to the LOF, rather than the previous requirement of providing an undertaking in respect of the Arbitrator’s appointment and fees.

**6. Arbitration Procedure and Arbitrators Powers**

**6.6** The Arbitrator shall be entitled to satisfactory security for his reasonable fees and expenses, whether such fees and expenses have been incurred already or are reasonably anticipated. The Arbitrator shall have the power to order one or more of the parties to provide such security in a sum or sums and in a form to be determined by the Arbitrator. The said power may be exercised from time to time as the Arbitrator considers appropriate.

**10. Appeals and Cross Appeals**

**10.6** The Appeal Arbitrator shall be entitled to satisfactory security of his reasonable fees and expenses, whether such fees and expenses have been incurred already or are reasonably anticipated. The Appeal Arbitrator shall have the power to order one or more of the parties to provide security in a sum or sums and in a form to be determined by the Appeal Arbitrator.

**Lloyd’s Standard Salvage and Arbitration Clauses - Special Provisions 13, 14 and 15**

These special provisions only apply to salvaged cargo in respect of casualties involving laden containers. The below provisions provide a welcome change to the increasing nature and complexity of the use of the contract in large scale casualties and the problems associated with dealing with “un-represented” cargo, such as in APL Panama and MSC Napoli casualties.

**13. The parties agree that any correspondence or notices in respect of salvaged cargo which is not the subject of representation in accordance with Clause 7 of these Rules may be sent to the party or parties who have provided salvage security in respect of that property and that this shall be deemed to constitute proper notification to the owners of such property**

The contract is engaged by salvors and salvaged property owners rather than insurers of the salvaged cargo, it was necessary to introduce a provision to notify property insurers. The requirement is based on the failure of insurers to be notified due to lack of understanding of such notices by property owners. The proviso allows insurers the opportunity to assess and defend a claim.

**14. Subject to the express approval of the Arbitrator, where an agreement is reached between the Contractors and the owners of the salvaged cargo comprising at least 75% by value of salvaged cargo represented in accordance with Clause 7 of these Rules, the same agreement shall be binding on the Owners of all salvaged cargo who were not represented at the time of the said approval**

**15. Subject to the express approval of the Arbitrator, any salvaged cargo with a value below an agreed figure may be omitted from the salvaged fund and excused from liability for salvage where the cost of including such cargo in the process is likely to be disproportionate to its liability for salvage.**
Claus 14 and 15 allow an agreement to be reached with 75% of the represented cargo to bind the remaining unrepresented cargo interests, this avoids the costs associated with going to full arbitration. Under the new LOF 2011 LSSA clauses, low value salvaged cargo is protected and can be excused from liability where the costs of including the salvaged cargo is likely to be disproportionate to its overall liability for salvage.

The publication of LOF 2011 is a result of continuing co-operation between salvors and shipping industry and seeks to promote its use in the modern shipping environment. Whilst the core features of LOF have been retained, the drive towards greater openness and transparency in the publication of awards may ultimately serve to promote wider use of LOF 2011.

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