



LOF – HOW IT IS PERCEIVED IN THE SCANDINAVIAN MARKET

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LOF

- HOW IT IS PERCEIVED IN THE SCANDINAVIAN MARKET

- Salvors = Everything from 'pirates' to 'heroes'.
- LoF regime is salvor friendly (?)
- LoF is an anachronism from the days when the Captain was more or less left on his own (?)
- LoF is instrumental in keeping salvage industry alive (?)
- LoF is the perfect contract for urgent casualty assistance (?)



LOF

- HOW IT IS PERCEIVED IN THE SCANDINAVIAN MARKET – WHY?

- Scandinavian Market: High level of nautical and technical competence and experience
- Hands on claims handling in partnership with the assured
- Experience with concrete cases of salvage
- Concept of LoF is sometimes stretched beyond what it was originally intended for;
 - Concept of danger
 - Criteria in Article 13 of the Salvage convention
- Some players in the Salvage market have been seen to use questionable methods to get a LoF contract
- Some players in the salvage industry does not have any assets and resources and do salvage by subcontracting on commercial terms – why should they be entitled to a full blown Article 13 Award?

VESSEL S – LOF AUG. 2016

INCIDENT – (ALL LOCAL TIMES SINGAPORE)



- 23.30 11 Aug – M.E. stoppage, and then aux. engines.
- 18.32 12 Aug – Notice to Gard H&M. Vessel drifting.
- 21.09 12 Aug – Gard informed that salvor awarded LOF.
- 11.55 14 Aug – tug FAIRMOUNT SHERPA arrives at Vessel location, attaches tow.
 - FAIRMOUNT SHERPA must have departed Singapore 03.55 13 Aug. (7 hrs after first notice to H&M);
 - Singapore – Vessel position about 380 nm / 12 kn = 1 day 8 hrs steaming time
- 14.35 17 Aug – tow arrived Singapore



VESSEL S – LOF AUG. 2016

PHONE A FRIEND?

ASK THE AUDIENCE?



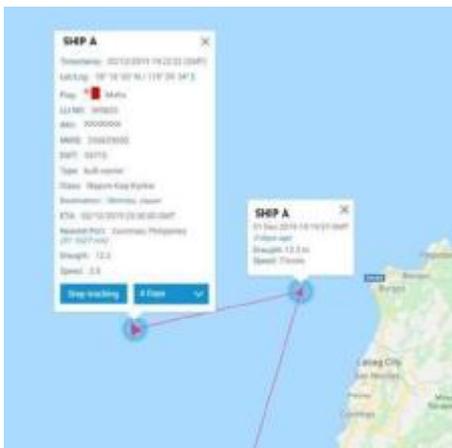
- Salved Ship value: USD 2,43 mill
 - *Vessel sound market value:* USD 3,25 mill
 - *Less: estimated engine repairs:* (USD 820,000)
 - *No cargo, value of bunkers unknown*
- Salvors subcontracted Fairmount tug
 - Dayrate (est.) USD 28,000.- (fuel & lube incl) x 5 days = **USD 140,000.**
- Lloyds Salvage Arbitration Branch: Salvor made a USD 1 mill security demand
- Claim from Salvor: USD 850,000.- (34% Salved Value)
- H&M offer: USD 250,000.- (10% Salved Value)
- Settlement: **USD ???**

SCANDINAVIAN 24/7 CLAIMS HANDLING DEC 2019

OWNER REPORTS TO H&M VESSEL 'A' LOST POWER, DRIFTING – TUGS LOCATED SAME DAY.



Offering via tugbrokers;



- AHTS 'Salvage Worker' 10,880bhp, approx. 130tbp
- Daily hire US\$30,000 per day and pro rata excluding fuel and lubes
- Delivery Kaohsiung, Taiwan
- Redelivery Kaohsiung, Taiwan
- 3 days minimum hire due and earned upon tug sailing Kaohsiung, Taiwan
- Contract: Bimco Towhire, suitably amended to include a no claim for salvage clause
- Assumed costs USD 780,000(?)
- **Salvage company B contracted LoF with owners, subcontracted similar AHTS as above and claim USD 2,5 mill.**

VESSEL MOORED TO BUOYS IN ROTTERDAM

RECENT CASE;



- Strong winds, port regulations require stand by tug, tug A and B arrives and connects
- Tug C arrives and offer additional assistance, offer politely turned down
- Tug C nevertheless connects and stays connected until vessel cast of and shifts to berth
- Tug C presents Master with 'redelivery certificate' and require guarantee in the amount of EUR 162,500
- Tug C argue that redelivery notice establish English law and jurisdiction
- Guarantee offered on Rotterdam Guarantee Form which is finally agreed
- Tug C via their agent indicated a claim of EUR 50,000.-
- Tug C SoF received: Full of exaggerations, subjective opinions and blatant untruthful allegations of facts
- Fortunately the agent of the tugowner was a sensible and experienced person who realized the objective facts and circumstances and a relatively reasonable settlement was achieved.
- No claims ever seen from tugs A and B

SOME HORROR STORIES FROM REAL LIFE;



- Vessel light aground at port entry, no imminent danger to ship or cargo
- Tug warn that if Master will not agree to LoF, they will contact authorities and get them to order Master to accept LoF

- Vessel evenly aground in mud in sheltered waters, tide difference but no immediate danger to vessel
- Tug master spends significant time on the bridge of the vessel arguing and putting considerable pressure on the Master to accept LoF or....,
- via radio inform the Master that they will not assist unless LoF is accepted

IS THE IT COMMUNICATION AGE A CHALLENGE TO LOF?

- Instant information from the vessel with most all crucial information needed to assess the situation
- Instant access also to Class and other naval architects who can make relevant calculations
- Reliable long term weather forecasts
- Tug and salvage market is easily available – provides for alternatives method, resources and price

= Possible to make a quite accurate and detailed assessment of the situation at an early stage

- Chem tanker aground on remote atoll
- Ground reaction and calculations on stresses on hull not alarming
- Salvors want LOF
- Owners want Commercial contract, consider it more to be a project than a Salvage operation
- Agreed LOF with side agreement based on SCOPIC rates to replace Article 13



LOF

TO SUM UP AND CONCLUDE;

- We are generally very much in favour of the LoF concept
- We are sceptical to the practice which have evolved under the LoF regime
- We will accept and pay under LoF for the right case and...
- ...we are cautiously mindful that scepticism to LoF must not delay and hinder the needed urgent assistance to be accepted and provided to a casualty
- We are concerned that the way some tugowners and salvors go about using LoF is not benefitting the LoF regime and is actually undermining the salvage industry

gard



How can it be fixed?