

**Digest of SCR Committee views and decisions in relation to SCRs**

It is two years since Digest 1 was published, and there have since been a number of developments, decisions and problems which the committee would like to draw to the attention of SCRs. Most will be discussed at the SCR Seminar on the 8<sup>th</sup> March but the following will be of help to those who are unable to attend.

1. As you will all be aware, the committee has recently carried out a review of the SCR Panel. A full list of the names on the current panel will be found on the Lloyds web site [www.lloyds.com/lloyds\\_worldwide/lloyds\\_agency/salvage\\_arbitration\\_branch/SCOPIC.htm](http://www.lloyds.com/lloyds_worldwide/lloyds_agency/salvage_arbitration_branch/SCOPIC.htm) It will be seen that 7 SCRs have retired and there are 3 new names. The overall total on the panel has reduced from 43 to 39. The Committee would like to thank all SCRs for their co-operation in answering the questions posed to each SCR prior to the review

which was most helpful. They would also like to thank those who have retired from the panel for the service they have given and to welcome aboard the newly appointed SCRs.

2. SCRs will be aware that for some time the committee has been reviewing the Tariff Rates set out in appendix A of the SCOPIC clause. The personnel rates were increased by 10% as from the 1<sup>st</sup> January 2006 but as yet no agreement has been reached on Equipment and Tug rates. You will be advised as and when new rates come into force.

3. Lars Landelius on behalf of all SCRs, has asked the committee to consider a number of omissions and anomalies in the list of equipment set out in Appendix B of the SCOPIC clause. Both sides of industry are currently considering the suggestions made. Again all SCRs will be advised if there should be any change.

4 During the review of the rates for personnel the committee, in accordance with its obligations under clause 1 (d) of Appendix B, gave consideration to the rate of remuneration for a SCR. Historically the rate for an SCR has been linked to that of a Salvage Master but at the request of Lars Landelius the committee agreed not set a fixed rate and allow SCRs in each individual case to agree an appropriate rate with those instructing them.

5 The SCOPIC clause has continued to be a popular addition to LOF. Since its inception in August of 1999 until 19<sup>th</sup> February 2007 there have been 792 LOF cases. The SCOPIC clause has been incorporated in 234 (30% of all cases) and actually invoked in 161. (20% of all cases) As a testimonial to its success, it is noteworthy that there have been only 5 arbitrations related to SCOPIC.

6. It has always been envisaged that an SCR may subsequently have to amplify his reports or be called to give evidence before a salvage arbitrator. However recent experience has indicated some guidance is needed as to what an SCR should do in such circumstances.

If any party to the contract asks an SCR to amplify his daily, interim or final reports, or attend a meeting, or give a further statement relating to the salvage operations, the SCR should do his best to assist but in so doing ensure that any additional written reports which may effect any salvage/SCOPIC settlement are given to all parties to the contract; that in the event of a personal meeting with one of the salvaged interests relating to the evidence, ensure that all parties to the contract are given the opportunity to have a similar personal meeting; that any further reports or statements are given to all parties; that any further evidence is limited to fact or opinions expressed and reported at the time of the services; that no further opinion is given with the benefit of hindsight; and that before undertaking any of these tasks, agreement is reached between the parties as to the payment of his resultant fees and expenses.

7. There have been instances of an SCR making no objection as to the manner in which salvage services are being carried out during the course of those services and

then criticizing them for the first time in his final report many weeks later. The committee is of the view that this is inappropriate. It is clearly contrary to paragraph 3 (b) of the "Guidelines for SCRs" and undermines trust which is essential to the smooth operation of

the system. If the SCR is dissatisfied with the way the services are being conducted he should make that clear at the time of the event that is being criticized and record it in a dissenting report. In this way problems or disagreements can more easily be resolved or high lighted as and when they occur.

8. It has been noticed that some SCRs use the description of SCR and other SCOPIC terms, in contracts which have nothing to do with SCOPIC. The committee would prefer this was not done for it can confuse the definition and meaning of such terms in the contract they were designed for. To give an example, if a surveyor asks for tenders to a wreck removal contract which has nothing to do with an LOF, and in that contract refers to himself as an SCR and gives himself powers which are not commensurate with those of an SCR, it can cause confusion as to the actual powers an SCR has under the SCOPIC clause. Similarly, the use of the term 'SCOPIC rates' may be a convenient way of incorporating an itemized list of equipment but it can cause confusion when used in non LOF contracts. SCRs are asked not to use SCOPIC terms in non LOF cases.

9. The independence of the SCR is considered by the committee to be essential to the smooth operation of the SCOPIC clause and something to be jealously guarded. The committee emphasize that whilst usually appointed by the owners or P&I Club, the SCR represents all salvaged interests and is not beholden to any party. There have been some cases where it is thought the SCR has not fully appreciated this. To make the position absolutely clear the committee decided that in every case there should be a letter of appointment. A standard form of appointment which addresses this and other issues was therefore devised and brought into use early this year. A copy is attached to this Digest.

10. Finally, SCRs should be aware there is a suggestion that the SCR system should be extended to all LOF cases. No decision on this has yet to been made but all sides of

industry are currently giving consideration to it. The ultimate decision will be for Lloyds who will be guided by the Lloyd Salvage Group. It will be discussed at the forthcoming SCR Seminar on the 8<sup>th</sup> March which coincides with the publication of this Digest 2.

Archie Bishop

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