

Digest of SCR Committee views and decisions in relation to SCR's

From time to time the SCR Committee make decisions or expresses views or has information relevant to SCR's which needs to be communicated to them. It has been decided to do this by way of a Digest and this is the first. Further Digests will be made from time to time, as may be necessary, and each will be numbered and dated so a permanent record can more easily be kept.

The Digest's are in addition to the "Guidelines to SCR's" which was published shortly after SCOPIC was first amended following initial teething problems in the operation of the clause. Neither the Guidelines nor the Digests are legally binding on the parties to the LOF and SCOPIC contract but they do illustrate what all sides of the shipping industry intend and hopefully will help to both standardise and ensure the clause works trouble free.

1. In accordance with Appendix B of the SCOPIC clause the SCR Committee is made up of three representatives from each side of industry, the International P&I Group, the ISU, the property underwriters through IUMI, and the shipowners through the ICS. Under the terms of the clause only these representatives have a vote. They are however assisted by advisors including Lars Landelius who was appointed by the committee as the representative for all SCR's. SCR's are invited to contact Lars in the event of any problem or matter that they would like brought to the attention of the committee.
2. As appears from Appendix B of the SCOPIC clause, the SCR Committee is responsible for the selection of the SCR panel; the annual review of the Tariff rates; and to set and keep under review the rate of remuneration for SCR's.
3. The SCR panel was reviewed at the end of last year. There were some retirements and additions. There are now 44 SCR's on the approved panel which is composed of independent highly experienced individuals with

salvage knowledge and experience. The full list can be obtained on the Lloyds website. (www.lloydsagency.com)

4. The tariff rates for personnel are currently under review. You will be advised as and when any decision is made to vary the current rates. There is, at present, no move to amend the rates for tugs and equipment.
5. It was agreed at the end of last year that the SCOPIC clause should be amended with effect from the 1st January 2005. The new edition SCOPIC 2005, will be found on the Lloyds web site. So the amendments can easily be noted a summary of them is attached. Of particular note to SCR's is the amendment to clause 1 (a) of Appendix A where the word 'diver' has been replaced with the words :-

"HSE qualified diver or his equivalent but excluding saturation or mixed gas divers (whose rate should be agreed with the SCR or determined by the Arbitrator)"

It will also be seen that, in advance of the current rate review, the rate for such a person has been increased to 900 US dollars per day

6. Of the other amendments the only real changes of substance are those to sub clauses 5, 6, and 7. These changes are designed to cope with currency fluctuations between the date of termination of the services and the date of the article 13 award or settlement. The amendments to sub clauses 6 and 7 are not of particular concern to SCR's but specific attention is drawn to the new sub clause 5 (iii) (c) which provides that all expenses incurred be converted to the US \$ at the rate prevailing at the termination of the services.
7. SCR was originally an acronym for "Shipowners Casualty Representative" and the full name still features as such in some old documents such as the originally printed SCOPIC clause. This gave rise to problems for some authorities took the title to mean a shipowners representative in respect of many other matters, such as port dues. It will be seen that to correct this the

title was amended to “Special Casualty Representative” in May 2001 which conveniently kept the acronym to the same as before.

8. Whilst an SCR is appointed by the shipowners (SCOPIC sub clause 11) and his fees are ultimately paid by the property underwriters (ship and Cargo) and the liability underwriters (P & I) (see Code of Practice between International Group of P&I Clubs and London Property underwriters), it should be remembered that he is totally independent of, and any actions that he takes in furtherance of his duties should not be influenced by, the views of any of the parties interested in the salvage operation.

9. SCR's must be appointed from the SCR panel (Appendix B clause 1 (a)). On occasions in the past a few have been appointed who are not on the panel. The Committee are doing all they can to discourage this. Further, it was always intended that the appointed SCR should attend the casualty throughout the service though it is recognised that in some circumstances a replacement may be necessary. (see Appendix B clause 6). In some instances a replacement SCR has been appointed from outside the panel. This is contrary to the provisions of Appendix B clause 6 (b) and the committee strongly discourages it. All replacements should be from the panel. An SCR has no power or authority to delegate the job and if he wishes to be relieved must advise all parties and leave it to the shipowners to appoint a replacement.

10. The Committee would like to encourage the use of trainee SCR's but emphasise that the consent of representatives of all the principal parties should first be sought. The cost of the attendance must be for the SCR himself or his firm but in appropriate cases and by prior agreement the parties to the contract may be prepared to pay the expenses of the trainee and in some circumstances a fee for his attendance. It is suggested that an SCR who wishes to develop a trainee or feels that a case justifies an assistant, discuss the issue with his instructing party.

11. The Committee feel regular meetings of the SCR's are desirable so that experiences can be shared and problems discussed with the SCR committee. To date John Noble of the Salvage Association has kindly provided a venue for this, usually following the bi annual March conference arranged by the ISU. These have proved to be quite useful but the committee feel more should be done to inform SCR's what is expected of them. Accordingly it will be arranging for a seminar for SCR's on Thursday the 10th March at a venue in London to be fixed, where papers can be presented on relevant aspects of the job and experiences shared. Would any SCR who wishes to attend advise, as soon as practicable, Kevin Clarke of Lloyds. If any SCR would like to make a presentation or if there are any particular problems you would like discussed it would be helpful to have prior notice.
12. In recent times there has been some discussion as to the liability of an SCR. In this regard attention is drawn to paragraph 8 of the "Guidelines for SCR's which deals with both personal injury and professional liability of an SCR. Whilst an SCR is unlikely to have any liability for the failure or misconduct of a salvage operation because the Salvage Master always remains in charge of the operation (Appendix B paragraph 3) he still has duties to the parties which could impose a liability on him in the event of failure to carry them out properly. For example if he incorrectly and negligently reports events or equipment used by the salvor during the operation and the owners of ship and cargo suffered damage as a result. The Committee therefore emphasise the need for SCR's to take out both appropriate personal injury and liability insurance.
13. 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 that some guidance as to what a SCR should do in such circumstances is needed. This particular problem is currently being considered by the Committee and it is hoped some guidance will be given in the near future.

Meanwhile, the Committee recognise that an SCR may be called to give evidence in a case which is not connected with the assessment of the salvage operation in which he has been engaged, but involves something related to it, such as a claim by cargo against ship for unseaworthiness or an insurance claim arising from the casualty. Whilst a court or arbitrator can order the attendance of a witness the Committee wish to strongly discourage an SCR from being called to give evidence in relation to non salvage issues for if any one of the parties to the salvage contract fear evidence may be given against them in an case other than the salvage arbitration, it may discourage them from fully co-operating with the SCR and discourage them from disclosing matters that would be in the general interests of all involved in the salvage operation. Ultimately it could effect the degree of cooperation and confidence that any of the parties have as to the independence of the SCR. For this reason it will be seen that an additional sentence has been added to sub clause 11 -

"Any SCR so appointed shall not be called upon by any of the parties hereto to give evidence relating to non salvage issues"

14. The SCR Guidelines specifically request that interim and final reports be issued within one month, or sooner if it is possible (paragraph 6 (e) (iii)). In many cases this is not complied with. Please do every thing you can to produce these as quickly as possible and, if waiting for some final detail which is long in coming, issue an interim report. Similarly not all are using the pro forma reports as set out in the guidelines. In the interests of standardisation all SCR's are asked to comply with the recommended format.

Chairman of the SCR Committee

7.03.05.