

## UK government urged to step in as furore builds over LOF threat

*Maritime London, insurers and salvors are among those lining up to protest any move by Lloyd's to dump salvage branch*

05 May 2021 NEWS



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Lloyd's faces negative reaction to proposed closure of LOF's supporting framework as concern over safety, the environment and London's reputation spill over



LLOYD'S HAS CATEGORISED ITS SALVAGE ARBITRATION BRANCH AMONG DEPARTMENTS THAT IT NO LONGER CONSIDERS CORE TO THE BUSINESS.

THE UK government is being urged by shipping circles to step in to efforts to preserve the world's most reputed emergency salvage contract as a backlash grows against Lloyd's proposed axing of support for the contract.

Lloyd's has categorised its [Salvage Arbitration Branch](#), which provides the support framework for Lloyd's Open Form (LOF), among departments "no longer considered core" to the corporation's business.

It is proposing to close the branch and run it off later this year but has invited feedback from certain stakeholders that have been given until the end of this week to submit comments.

Comments seen by Lloyd's List drawn from groups representing a wide swathe of the maritime industry, including shipowners, salvors, insurers and many others, leave little doubt of the breadth and intensity of opposition to the proposal.

[Maritime London](#), the umbrella group with more than 100 member firms representing almost all facets of the maritime industry, has already contacted Shipping Minister Robert Courts flagging up concerns that include a potential blow to London's prestige.

A separate letter to the Department for Transport, setting out the body's opposition in greater detail, is also believed to be in the works.

It is expected to argue that LOF is a key tool in preventing and mitigating the loss of assets at sea, as well as preventing marine pollution, and dumping the contract would be an own goal for a major insurance market.

It is also expected to make the case that the branch provides a competitive edge for the London market, while its closure could further weaken the status of the UK in the marine insurance sector.

"We at Maritime London consider the work of the Lloyd's Salvage Arbitration Branch to be central to the London, UK and global shipping community. Its planned closure is therefore a great surprise," said Maritime London vice-chairman Harry Theochari.

He said usage of LOF had declined, but significant casualties continued to occur.

"When they do, the London market is at the very heart of the effective response and this was recently very well evidenced by the *Ever Given* grounding and subsequent arrest.

"It therefore seems short-sighted for Lloyd's to want to do away with the most recognised contract that promotes best endeavours in mitigating loss of assets and preventing pollution and damage to the environment."

The proposal has caused raised eyebrows or outright dismay at a number of underwriting syndicates, insurance brokers and P&I clubs in addition to the International Salvage Union and wider shipping bodies such as the International Chamber of Shipping.

It is understood that there have been rumbles of discontent over the proposed closure at key market entities such as the London Market Association and the Joint Marine Claims Committee although the formal position either will adopt remains unknown.

Some respondents have already complained to Lloyd's about what is seen as a rushed consultancy period and the impression that it is not keen for serious debate about the move.

They have been told that Lloyd's wants to resolve the matter quickly but that it may be prepared to extend the deadline for feedback by "a few days."

Lloyd's Agency, under which the SAB falls, has been approached for comment.

The department has told concerned stakeholders that if the decision is taken to stop the current service supporting LOF, the run-off of the services will begin later this year but there will be a notice period before that happens.