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SAVIOR OR SALVOR

ARE YOU FAMILIAR WITH ADMIRALTY LAW, REFERRED TO AS MARITIME LAW . . . AS IT RELATES TO "SALVAGE" RIGHTS??

DO YOU HAVE A MARINE INSURANCE POLICY AND DOES IT COVER SALVAGE?? HOMEOWNER INSURANCE POLICIES <u>DO NOT</u> COVER SALVAGE OR FUEL SPILL/POLLUTION CLAIMS!!

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Admiralty Law, often referred to as Maritime Law, describes the rights of a "Salvor" to the value of 'salvaged' property. If your boat becomes disabled and you contact a company to assist, you may find your 'savior' has become a 'salvor'. Examples of 'salvage' may include towing a disabled vessel in two foot (or higher) seas, supplying a vessel with fuel or pulling a vessel off a sand bar.

The amount of compensation for the "salvaged" property is based upon the value of the property saved, the perils to which the salvage property was exposed and the amount of time and money expended in the 'salvage' operation.

As a boat owner, in the event of an incident, *you could be liable for tens of thousands of dollars as the result of a salvage claim!!* The higher the value of the vessel, the more likely that a 'salvage' claim will be filed.

To mitigate the claim/settlement, it is important that you, as a boat owner, read and decline to sign a 'Salvage Agreement'. You have an obligation to provide primary information requested by the Salvor. A signed Salvage Agreement is, in fact, a contract made by you on behalf of your insurance company and limits the company's ability to negotiate a more favorable resolve. The Salvor must provide services necessary to respond to the incident, however, the negotiated settlement between your insurance company and the Salvor's attorney is better served where a Salvage Agreement (contract) does not exist.

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The following are examples of actual incidents that had occurred. Names and dates have been changed to respect privacy issues.

At a local yacht club, an (older) boat, secured in a slip, was discovered burning. As the result of the fire, the boat had sunk, a portion of the dock was destroyed and there was fuel contamination requiring a HAZMAT response. The boat owner had his boat insured under his homeowner policy which declared that the incident was not a covered loss. As the result that decision and the boat owner having limited assets, the yacht club and its members absorbed the substantial expenses associated with raising and disposal of the boat, repairs to the dock and the HAZMAT cleanup.
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On an early weekday morning, a boat owner received a call from his marina advising that the dock master had noted the stern of the owner's boat low in the water. The bilge pumps were working and, upon boarding the vessel, he had discovered a high level of water in the bilge. The bottom of the hot water heater had, literally, blown out and, with the dock water feed left open, there was a continuous flow of water into the boat. After shutting off the dock water feed to the boat, the dock master had called the local tow company to assist.

Upon his arrival to the marina, the dock master advised the boat owner that, after they had shut off the (dock) water feed, the boat pumps appeared to be able to handle the pump-out. The tow company had arrived and the dock master accepted their offer to place a high velocity pump into the bilge to assist. Within minutes, the bilge was clear of water and tow company left the scene. A few days later, the hot water heater was replaced and Bill vowed never to leave the dock water feed open when not in use.

Some ten days later, I received a call from Bill who was noticeably upset. Bill advised that he had received a claim in the amount of $80,000 from an attorney. A 'salvage' claim had been filed by tow company stating that the vessel was in peril of sinking and that, as the results of their efforts, under maritime law, they were entitled to the "salvage rights' to the boat.

A settlement in the amount of $16,000 was negotiated between the insurance company and the tow company's attorney.

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It was an October afternoon when the couple, cruising the ICW south enroute to Florida, began executing a planned stopover at a marina for fuel. It was low tide and, upon negotiating a turn in the channel, the boat became lodged, a soft grounding on a sand bar. Realizing that the tide was coming in, the boat owner climbed off the boat and walked out some distance into deeper water with an anchor and line.

After setting the anchor and taking up some slack in the line, the boat owner called the marina for an assist. Within minutes, a driver appeared in an 18' inflatable with a 200hp outboard and, at his urging, he tied a line onto the stern cleat of the motor yacht. The inflatable operator suggested that we wait a few hours for the incoming tide, at which time he would, in addition to using the engines on the motor yacht, assist in pulling the vessel off the sandbar.

The plan worked and, after pulling into the marina, the inflatable operator requested and the yacht owner obliged in signing a 'Salvage' agreement.

Within a few weeks, we received a salvage claim in the amount of $98,500 . . . for three hours of waiting time (for the incoming tide) and the few minutes that it took to free the yacht. The yacht owner stated that he was able to pull himself off the sandbar and that the inflatable did little or nothing to assist.

A settlement in the amount of $24,000 was negotiated between the insurance company and the tow company's attorney.