



The Salvage Management Journal

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What Does Salvage Mean to Your Bottom Line?

As the year continues its rapid race to its close, you and your accountants will become more and more concerned about the red or black



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numbers that make up your company's bottom line. With shareholders clamoring for a profit and company bonuses to be paid, the time to resolve any potential losses in your revenue is now, and that resolution may just be found in salvage where your company could have a veritable gold mine of assets—with a market value that exceeds your expectations.

There are many types of salvage that can fetch an impressive return. Machinery, commodities, metals and even some pallets of chemicals, when sold through scientific and transparent methods such as forward online auctions, can bring enough revenue into your business to create impressive accounting differences--as long as you know when and how to sell them.

In this task, you can get the help of salvage professionals known as Salvors. They have a creative and innovative eye along with years of experience in seeing what works and what doesn't in terms of salvage marketing and sales.

The key to getting the most return for your salvage sale is to handle the salvage professionally the day the loss takes place and then market it to relevant people in relevant industries. This creates competition and excitement among prospective buyers and helps to maximize the realization your company receives with salvage disposal. Selling the salvage through online auction also creates tremendous reach and gets your salvage in front of more people to create more opportunities for sale.

So whether your fiscal year stands to end in the red or the black, consider the impact that well placed, high-demand salvage could make to the profit center results. The flexibility, return potential and loss minimization could create a year end to be proud of.

Safety Issues of Salvage

Depending on the insurable event that caused the items up for auction to become salvage, there could be safety issues that need to be attended to. Chemical spills, contaminated grain or foods, potential structural damages caused by fire or marine event could all impact your ability to sell your salvage and the potential safety of your buyer.

The American Salvage Association (ASA) created a set of salvage safety standards to be used in America and internationally in 2004. Since this time there has been little movement, change or progress in the world of international

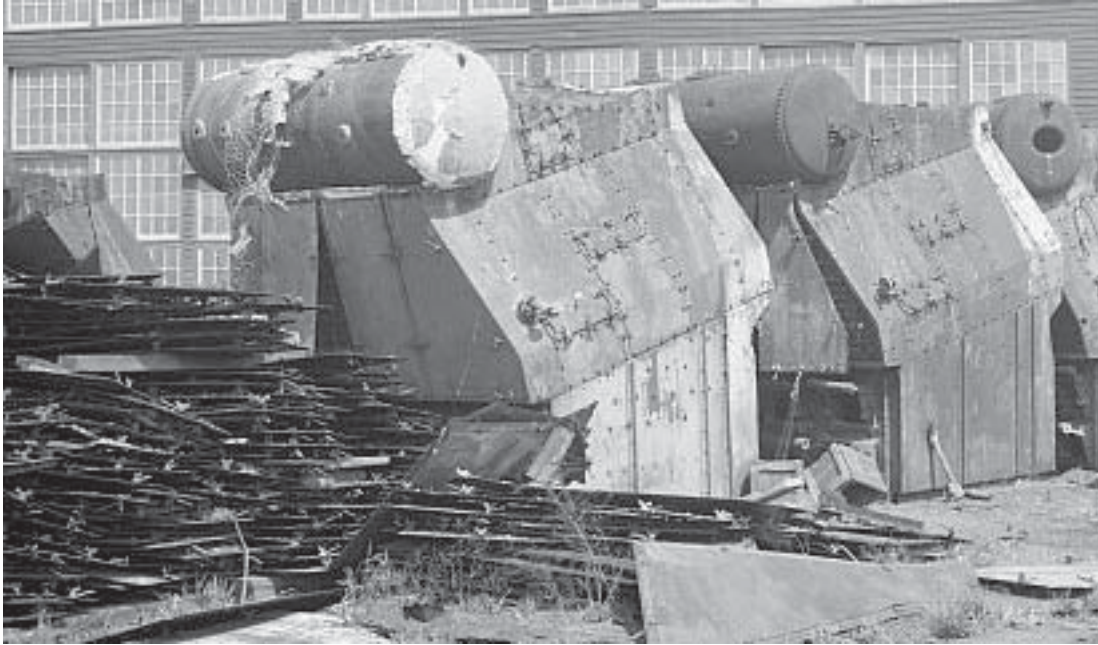


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salvage safety standards. The standards created by the ASA were focused on the safety of marine salvage and dealt mostly with diving safety requirements, marine life preservation, safety while in open water and equipment inspection—but not much about the safety impact of the actual salvage.

Beyond these independent marine safety standards, salvors are left with their own good judgment and certain occupational and agriculture safety requirements imposed by their home country. When reselling certain contaminated grains that are not fit for human consumption, these salvors must be sure to follow any regulations regarding the sale of food to livestock—or they risk and entire country being exposed to serious and severe illness. Likewise, environmental and occupational agencies may have required handling regulations that the salvors follow when dealing with chemical spills.

Often, common sense is a salvor and buyer's best defense in terms of trading salvage. Most salvors understand the long-range problems that could be caused by unsafe salvage gaining wide exposure to the public and they keep from selling it. Most buyers restrict their business to those sellers they know have a long-standing reputation for observing safety precautions. This common sense approach is, right now, the most effective safety effort in the industry.

Salvage Safety Facts:

In order to be re-purposed and sold to interested buyers, salvage must be safe enough to use in its re-purposed state. In order to be considered safe for further usage, salvage must be:

1. Tested for contamination.
2. Cleaned in order to remove dangerous, exposed chemicals.
3. Stored properly to control bacteria growth.

If all proper safety and storage guidelines are followed by your salvor, then the salvage you buy will be safe and usable.

Just What, Exactly, Is Salvage?



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Rosalynn Carter, wife of former United States President Jimmy Carter, once said, “If we have not achieved our early dreams, we must either find new ones or see what we can salvage from the old.” Salvaged goods, whether bought at auction or in a salvage yard are much like resurrected dreams from a former existence.

These goods were built with one purpose in mind but through damage, accident or theft, their original purpose is no longer achievable. Instead, they must be repurposed and given a new dream—to be utilized as something else.

Salvage, while damaged and generally unusable as originally intended, is not dangerous or contaminated. It is cleaned when necessary and tested before it is put up for auction or sale in order to ensure that it is safe for its new use. Before it's sold, salvage is stored safely and securely to discourage any further damage or, in the case of commodities such as damaged rice or sugar, to stop any bacteria from growing.

Salvage is hope; it's a loss minimizing option for businesses affected by insurable events and it is an opportunity for a buyer who is looking for a deal. Salvage is the future.

Understanding Salvage Retention Rights

Some insurance policies offer their policyholders something called *Salvage Retention Rights*. These rights allow the insured individual to keep his or her salvage after the insurance claim has been paid. When this right is in place, it is up to the insured individual to dispose of his or her salvage or to sell it for parts.

Insured individuals who find themselves saddled with salvage will often be stuck with storage and other fees while their salvage sits, compounded and possibly deteriorating and losing potential market value. These individuals can find salvors locally and ask that they value the salvage and sell it, but since they are unfamiliar with the world of salvage, they often don't know to do this.

Most individuals will not exercise their right to retain their salvage simply because they do not know what to do with it or how to get any value from it. This is helpful to businesses that pay claims on damaged goods because it gives them the ability to offset some of those claims they are forced to pay.

Educated consumers who do exercise their salvage retention rights will soon find that selling their salvage, especially in an online auction format, helps them make up the difference between the assessed value paid by their insurance company and the cost of replacing the damaged goods.

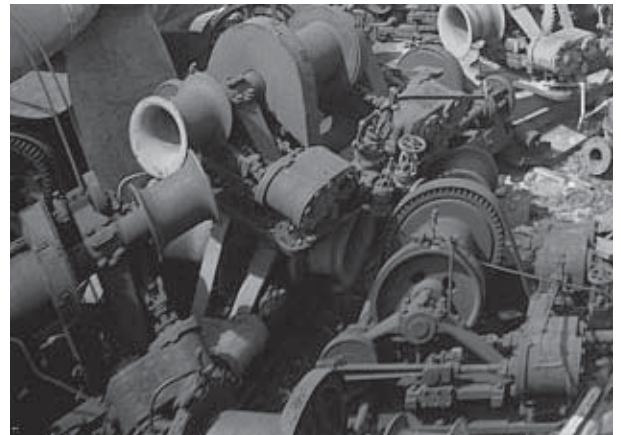


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