

August 2000

## TO ALL MEMBERS

### Revisions to the LOF Contract and the SCOPIC Clause

Since 1997, the Lloyd's Form Working Party, comprising representatives of all sections of the industry, has been working on a new version of Lloyd's Open Form (LOF) with a view to producing a simpler, more concise document. The intention has been to produce a new version of LOF, to be named LOF 2000, which contains only those provisions which relate to the services themselves and the rights and obligations of the parties. Provisions relating to procedural and administrative matters are contained in a set of standard clauses (LSSA Clauses) and Lloyd's Procedural Rules which are to be incorporated into the contract by reference. As such, the changes are cosmetic rather than substantive.

A final draft of the LOF 2000 contract, limited to a single sheet, double-sided document, has now been produced. The subordinate provisions are contained in the LSSA Clauses and Lloyd's Procedural Rules. Copies of all these documents can be obtained from the Managers upon request or downloaded from the Lloyd's web site at [www.lloyds.com](http://www.lloyds.com).

In view of the above mentioned changes to the LOF contract, it was decided to revise the SCOPIC clause, despite the fact that less than half of the 2 year trial period has expired. The principal reason for this was that the SCOPIC clause specifically refers to LOF 95 and therefore needs amendment to take LOF 2000 into account. However, it meant that, at the same time, the opportunity could be taken to make certain clarificatory changes to answer criticisms that parts of the original SCOPIC clause are unclear.

The amended version of the SCOPIC clause will be marked "SCOPIC 2000" and the principal amendments to it are listed hereunder:

- sub-clause I has been amended such that the SCOPIC clause can now apply to any LOF agreement which incorporates the provisions of Article 14 of the International Convention on Salvage 1989. Thus, it can now be used in conjunction with LOF90, LOF95 or LOF2000;
- sub-clause I has been further amended to make it clear that, if a salvage operation is undertaken on the basis of a LOF agreement incorporating the SCOPIC clause, the traditional Article 14 "safety net" will not apply, even if the provisions of the SCOPIC clause have not been invoked;
- sub-clause 4 has been amended such that the salvor's right of withdrawal from the SCOPIC provisions for failure to provide SCOPIC security within 2 working days does not apply if SCOPIC security is provided before notice of such withdrawal is given;

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- sub-clause 6 has been amended to make it clear that SCOPIC remuneration is only payable in excess of any potential Article 13 award, even if no Article 13 award is actually sought or paid. It also now clarifies how currency should be adjusted in the event that the currency applying to the main salvage agreement differs from that of the SCOPIC clause;
- the termination provisions detailed in sub-clause 9 have been amended to make it clear that the salvor has the right to terminate his services under both the SCOPIC clause and the main salvage agreement in certain specified circumstances;
- paragraphs I (d) and I (e) of Appendix A (the SCOPIC tariff) have been amended to define the periods for which SCOPIC remuneration applies to personnel engaged in a salvage operation;
- paragraphs 2(a)(i) and 2(a)(iv) of Appendix A have been amended to clarify how SCOPIC rates apply to tugs and other craft during mobilisation to, and demobilisation from, the casualty and when taking on any necessary additional personnel or equipment;
- paragraph 2(e) of Appendix A has been amended to explain that the use of portable salvage equipment normally on board the tug shall be remunerated in the same manner as all other portable salvage equipment;
- paragraphs 2(f), 3(d), 3(g) and 4 of Appendix A clarify how tugs or portable salvage equipment lost or damaged during the operation will be treated for the purposes of SCOPIC remuneration;
- paragraph 3(c) of Appendix A has been amended to clarify how the “cap” on the hire of portable salvage equipment operates;
- paragraphs 3(f) and 4 of Appendix A introduce a 50% stand-by rate for “down-time” on tugs and equipment and on portable salvage equipment reasonably mobilised but not used during the salvage operation;
- paragraph 6 of Appendix B (The Special Casualty Representative) has been added to clarify the circumstances in which an SCR can be replaced.

A set of guidelines has also been produced in order to clarify to the SCR his role in a casualty.

A copy of the latest version of the SCOPIC clause and its appendices is attached. A copy of the SCR guidelines can be obtained from the Managers upon request.

It is anticipated that LOF 2000 and the revised SCOPIC clause will come into operation with effect from 1 September 2000.

**A similar circular will be issued by other Members of the International Group of P&I Associations.**

## SCOPIC CLAUSE

### 1. General

This SCOPIC clause is supplementary to any Lloyd's Form Salvage Agreement "No Cure - No Pay" ("Main Agreement") which incorporates the provisions of Article 14 of the International Convention on Salvage 1989 ("Article 14"). The definitions in the Main Agreement are incorporated into this SCOPIC clause. If the SCOPIC clause is inconsistent with any provisions of the Main Agreement or inconsistent with the law applicable hereto, the SCOPIC clause, once invoked under sub-clause 2 hereof, shall override such other provisions to the extent necessary to give business efficacy to the agreement. Subject to the provisions of Clause 4 hereof, the method of assessing Special Compensation under Article 14(1) to 14(4) inclusive shall be substituted by the method of assessment set out hereinafter. If this SCOPIC clause has been incorporated into the Main Agreement the Contractor may make no claim pursuant to Article 14 except in the circumstances described in sub-clause 4 hereof. For the purposes of liens and time limits the services hereunder will be treated in the same manner as salvage.

### 2. Invoking the SCOPIC Clause

The Contractor shall have the option to invoke by written notice to the owners of the vessel the SCOPIC clause set out hereafter at any time of his choosing regardless of the circumstances and, in particular, regardless of whether or not there is a "threat of damage to the environment". The assessment of SCOPIC remuneration shall commence from the time the written notice is given to the owners of the vessel and services rendered before the said written notice shall not be remunerated under this SCOPIC clause at all but in accordance with Convention Article 13 as incorporated into the Main Agreement ("Article 13").

### 3. Security for SCOPIC Remuneration

- (i) The owners of the vessel shall provide to the Contractor within 2 working days (excluding Saturdays and Sundays and holidays usually observed at Lloyd's) after receiving written notice from the contractor invoking the SCOPIC clause, a bank guarantee or P&I Club letter (hereinafter called "the Initial Security") in a form reasonably satisfactory to the Contractor providing security for his claim for SCOPIC remuneration in the sum of US\$3 million, inclusive of interest and costs.
- (ii) If, at any time after the provision of the Initial Security the owners of the vessel reasonably assess the SCOPIC remuneration plus interest and costs due hereunder to be less than the security in place, the owners of the vessel shall be entitled to require the Contractor to reduce the security to a reasonable sum and the Contractor shall be obliged to do so once a reasonable sum has been agreed.
- (iii) If at any time after the provision of the Initial Security the Contractor reasonably assesses the SCOPIC remuneration plus interest and costs due hereunder to be greater than the security in place, the Contractor shall be entitled to require the owners of the vessel to increase the security to a reasonable sum and the owners of the vessel shall be obliged to do so once a reasonable sum has been agreed.

- (iv) In the absence of agreement, any dispute concerning the proposed Guarantor, the form of the security or the amount of any reduction or increase in the security in place shall be resolved by the Arbitrator.

#### **4. Withdrawal**

If the owners of the vessel do not provide the Initial Security within the said 2 working days, the Contractor at his option, and on giving notice to the owners of the vessel, shall be entitled to withdraw from all the provisions of the SCOPIC clause and revert to his rights under the Main Agreement including Article 14 which shall apply as if the SCOPIC clause had not existed PROVIDED THAT this right of withdrawal may only be exercised if at the time of giving the said notice of withdrawal the owners of the vessel have still not provided the Initial Security or any alternative security which the owners of the vessel and the Contractor may agree will be sufficient.

#### **5. Tariff Rates**

- (i) SCOPIC remuneration shall mean the total of the tariff rates of personnel, tugs and other craft, portable salvage equipment, out of pocket expenses and bonus due.
- (ii) SCOPIC remuneration in respect of all personnel, tugs and other craft, and portable salvage equipment shall be assessed on a time and materials basis in accordance with the Tariff set out in Appendix "A". This tariff will apply until reviewed and amended by the SCR Committee in accordance with Appendix B(1)(b). The tariff rates which will be used to calculate SCOPIC remuneration are those in force at the time the salvage services take place.
- (iii) "Out of pocket" expenses shall mean all those monies reasonably paid by or for and on behalf of the Contractor to any third party and in particular includes the hire of men, tugs, other craft and equipment used and other expenses reasonably necessary for the operation. They will be agreed at cost, PROVIDED THAT:
  - (a) If the expenses relate to the hire of men, tugs, other craft and equipment from another ISU member or their affiliate(s), the amount due will be calculated on the tariff rates set out in Appendix "A" regardless of the actual cost.
  - (b) If men, tugs, other craft and equipment are hired from any party who is not an ISU member and the hire rate is greater than the tariff rates referred to in Appendix "A" the actual cost will be allowed in full, subject to the Shipowner's Casualty Representative ("SCR") being satisfied that in the particular circumstances of the case, it was reasonable for the Contractor to hire such items at that cost. If an SCR is not appointed or if there is a dispute, then the Arbitrator shall decide whether the expense was reasonable in all in the circumstances.
- (iv) In addition to the rates set out above and any out of pocket expenses, the Contractor shall be entitled to a standard bonus of 25% of those rates and out of pocket expenses except that if the out of pocket expenses described in sub-clause 5(iii)(b) exceed the applicable tariff rates in Appendix "A" the Contractor shall be entitled to a bonus such that he shall receive in total

- (a) The actual cost of such men, tugs, other craft and equipment plus 10% of the tariff, or
- (b) The tariff rate for such men, tugs, other craft and equipment plus 25% of the tariff rate

whichever is the greater.

## **6. Article 13 Award**

- (i) The salvage services under the main agreement shall continue to be assessed in accordance with Article 13, even if the Contractor has invoked the SCOPIC clause. SCOPIC remuneration as assessed under sub-clause 5 above will be payable only by the owners of the vessel and only to the extent that it exceeds the total Article 13 Award (or, if none, any potential Article 13 Award) payable by all salvaged interests (including cargo, bunkers, lubricating oil and stores) after currency adjustment but before interest and costs even if the Article 13 award or any part of it is not recovered.
- (ii) In the event of the Article 13 award or settlement being in a currency other than United States dollars it shall, for the purposes of the SCOPIC clause, be exchanged at the rate of exchange prevailing at the termination of the services under the Main Agreement.
- (iii) The salvage award under Article 13 shall not be diminished by reason of the exception to the principle of "No Cure - No Pay" in the form of SCOPIC remuneration.

## **7. Discount**

If the SCOPIC clause is invoked under sub-clause 2 hereof and the Article 13 Award or settlement (after currency adjustment but before interest and costs) under the Main Agreement is greater than the assessed SCOPIC remuneration then, notwithstanding the actual date on which the SCOPIC remuneration provisions were invoked, the said Article 13 Award or settlement shall be discounted by 25% of the difference between the said Article 13 Award or settlement and the amount of SCOPIC remuneration that would have been assessed had the SCOPIC remuneration provisions been invoked on the first day of the services.

## **8. Payment of SCOPIC Remuneration**

- (i) The date for payment of any SCOPIC remuneration which may be due hereunder will vary according to the circumstances.
  - (a) If there is no potential salvage award within the meaning of Article 13 as incorporated into the Main Agreement then, subject to Appendix B(5)(c)(iv), the undisputed amount of SCOPIC remuneration due hereunder will be paid by the owners of the vessel within 1 month of the presentation of the claim. Interest on sums due will accrue from the date of termination of the services until the date of payment at US prime rate plus 1%.
  - (b) If there is a claim for an Article 13 salvage award as well as a claim for SCOPIC remuneration, subject to Appendix B(5)(c)(iv), 75% of the amount by which the

assessed SCOPIC remuneration exceeds the total Article 13 security demanded from ship and cargo will be paid by the owners of the vessel within 1 month and any undisputed balance paid when the Article 13 salvage award has been assessed and falls due. Interest will accrue from the date of termination of the services until the date of payment at the US prime rate plus 1%.

- (ii) The Contractor hereby agrees to give an indemnity in a form acceptable to the owners of the vessel in respect of any overpayment in the event that the SCOPIC remuneration due ultimately proves to be less than the sum paid on account.

## **9. Termination**

- (i) The Contractor shall be entitled to terminate the services under this SCOPIC clause and the Main Agreement by written notice to owners of the vessel with a copy to the SCR (if any) and any Special Representative appointed if the total cost of his services to date and the services that will be needed to fulfil his obligations hereunder to the property (calculated by means of the tariff rate but before the bonus conferred by sub-clause 5(iii) hereof) will exceed the sum of:
  - (a) The value of the property capable of being salvaged; and
  - (b) All sums to which he will be entitled as SCOPIC remuneration
- (ii) The owners of the vessel may at any time terminate the obligation to pay SCOPIC remuneration after the SCOPIC clause has been invoked under sub-clause 2 hereof provided that the Contractor shall be entitled to at least 5 clear days' notice of such termination. In the event of such termination the assessment of SCOPIC remuneration shall take into account all monies due under the tariff rates set out in Appendix A hereof including time for demobilisation to the extent that such time did reasonably exceed the 5 days' notice of termination.
- (iii) The termination provisions contained in sub-clause 9(i) and 9(ii) above shall only apply if the Contractor is not restrained from demobilising his equipment by Government, Local or Port Authorities or any other officially recognised body having jurisdiction over the area where the services are being rendered.

## **10. Duties of Contractor**

The duties and liabilities of the Contractor shall remain the same as under the Main Agreement, namely to use his best endeavours to save the vessel and property thereon and in so doing to prevent or minimise damage to the environment.

## **11. Shipowner's Casualty Representative ("SCR")**

Once this SCOPIC clause has been invoked in accordance with sub-clause 2 hereof the owners of the vessel may at their sole option appoint an SCR to attend the salvage operation in accordance with the terms and conditions set out in Appendix B.

## **12. Special Representatives**

At any time after the SCOPIC clause has been invoked the Hull and Machinery underwriter (or, if more than one, the lead underwriter) and one owner or underwriter of all or part of any cargo on board the vessel may each appoint one special representative (hereinafter called respectively the Special Hull Representative" and the "Special Cargo Representative" and collectively called the "Special Representatives") at the sole expense of the appointor to attend the casualty to observe and report upon the salvage operation on the terms and conditions set out in Appendix C hereof. Such Special Representatives shall be technical men and not practising lawyers.

## **13. Pollution Prevention**

The assessment of SCOPIC remuneration shall include the prevention of pollution as well as the removal of pollution in the immediate vicinity of the vessel insofar as this is necessary for the proper execution of the salvage but not otherwise.

## **14. General Average**

SCOPIC remuneration shall not be a General Average expense to the extent that it exceeds the Article 13 award; any liability to pay such SCOPIC remuneration shall be that of the Shipowner alone and no claim whether direct, indirect, by way of indemnity or recourse or otherwise relating to SCOPIC remuneration in excess of the Article 13 award shall be made in General Average or under the vessel's Hull and Machinery Policy by the owners of the vessel.

- 15.** Any dispute arising out of this SCOPIC clause or the operations thereunder shall be referred to Arbitration as provided for under the Main Agreement.

## APPENDIX A (SCOPIK)

### 1. PERSONNEL

- (a) The daily tariff rate, or pro rata for part thereof, for personnel reasonably engaged on the contract, including any necessary time in proceeding to and returning from the casualty, shall be as follows:

Office administration, including communications	US\$1,000
Salvage Master	US\$1,500
Naval Architect or Salvage Officer/Engineer	US\$1,250
Assistant Salvage Officer/Engineer	US\$1,000
Diving Supervisor	US\$1,000
Diver	US\$ 750
Salvage Foreman	US\$ 750
Riggers, Fitters, Equipment Operators	US\$ 600
Specialist Advisors - Fire Fighters, Chemicals, Pollution Control	US\$1,000

- (b) The crews of tugs, and other craft, normally aboard that tug or craft for the purpose of its customary work are included in the tariff rate for that tug or craft but when because of the nature and/or location of the services to be rendered, it is a legal requirement for an additional crew member or members to be aboard the tug or craft, the cost of such additional crew will be paid.
- (c) The rates for any personnel not set out above shall be agreed with the SCR or, failing agreement, be determined by the Arbitrator.
- (d) For the avoidance of doubt, personnel are “reasonably engaged on the contract” within the meaning of Appendix A sub-clause 1 (a) hereof if, in addition to working, they are eating, sleeping or otherwise resting on site or travelling to or from the site; personnel who fall ill or are injured while reasonably engaged on the contract shall be charged for at the appropriate daily tariff rate until they are demobilised but only if it was reasonable to mobilise them in the first place.
- (e) SCOPIK remuneration shall cease to accrue in respect of personnel who die on site from the date of death.

### 2. TUGS AND OTHER CRAFT

- (a) (i) Tugs, which shall include salvage tugs, harbour tugs, anchor handling tugs, coastal/ocean towing tugs, off-shore support craft, and any other work boat in excess of 500 b.h.p., shall be charged at the following rates, exclusive of fuel or lubricating oil, for each day, or pro rata for part thereof, that they are reasonably engaged in the services, including proceeding towards the casualty from the tugs’ location when SCOPIK is invoked or when the tugs are mobilised (whichever is the later) and from the tugs’ position when their involvement in the services



terminates to a reasonable location having due regard to their employment immediately prior to their involvement in the services and standing by on the basis of their certificated b.h.p.:

For each b.h.p. up to 5,000 b.h.p.	US\$2.00
For each b.h.p. between 5,001 & 10,000 b.h.p.	US\$1.50
For each b.h.p. between 10,001 & 20,000 b.h.p.	US\$1.00
For each b.h.p. over 20,000 b.h.p.	US\$0.50

- (ii) Any tug which has aboard certified fire fighting equipment shall, in addition to the above rates, be paid:

US\$500 per day, or pro rata for part thereof, if equipped with Fi Fi 0.5

US\$ 1,000 per day, or pro rata for part thereof, if equipped with Fi Fi 1.0

for that period in which the tug is engaged in firefighting necessitating the use of the certified fire fighting equipment.

- (iii) Any tug which is certified as "Ice Class" shall, in addition to the above, be paid US\$1,000 per day, or pro rata for part thereof, when forcing or breaking ice during the course of services including proceeding to and returning from the casualty.

- (iv) For the purposes of paragraph 2(a)(i) hereof tugs shall be remunerated for any reasonable delay or deviation for the purposes of taking on board essential salvage equipment, provisions or personnel which the Contractor reasonably anticipates he shall require in rendering the services which would not normally be found on vessels of the tugs' size and type.

- (b) Any launch or work boat of less than 500 b.h.p. shall, exclusive of fuel and lubricating oil, be charged at a rate of US\$3.00 for each b.h.p.
- (c) Any other craft, not falling within the above definitions, shall be charged out at a market rate for that craft, exclusive of fuel and lubricating oil, such rate to be agreed with the SCR or, failing agreement, determined by the Arbitrator.
- (d) All fuel and lubricating oil consumed during the services shall be paid at cost of replacement and shall be treated as an out of pocket expense.
- (e) For the avoidance of doubt, the above rates shall not include any portable salvage equipment normally aboard the tug or craft and such equipment shall be treated in the same manner as portable salvage equipment and the Contractors shall be remunerated in respect thereof in accordance with Appendix A paragraphs 3 and 4(i) and (ii) hereof.
- (f) SCOPIC remuneration shall cease to accrue in respect of tugs and other craft which become a commercial total loss from the date they stop being engaged in the services plus a reasonable period for demobilisation (if appropriate) PROVIDED that such SCOPIC remuneration in respect of demobilisation shall only be payable if the commercial total loss arises whilst engaged in the services and through no fault of the Contractors, their servants, agents or sub-contractors.

### 3. PORTABLE SALVAGE EQUIPMENT

- (a) The daily tariff, or pro rata for part thereof, for all portable salvage equipment reasonably engaged during the services, including any time necessary for mobilisation and demobilisation, shall be as follows:

<b>Generators</b>	<b>Rate - US\$</b>	<b>Distribution Boards</b>	<b>Rate - US\$</b>
Up to 50 kW	60	Up to 50 kW	60
51 to 100 kW	125	51 to 100 kW	125
101 to 300 kW	200	101 to 300 kW	200
Over 301 kW	350	Over 301 kW	350
<b>Portable Inert Gas Systems</b>		<b>Protective Clothing</b>	
1,000m <sup>3</sup> /hour	1,200	Breathing Gear	50
1,500m <sup>3</sup> /hour	1,400	Hazardous Environment Suit	100
<b>Compressors</b>		<b>Control Equipment</b>	
	<b>Pollution</b>		
High Pressure	100	Oil Boom, 24", per 10 metres	30
185 Cfm	150	Oil Boom, 36", per 10 metres	100
600 Cfm	250	Oil Boom, 48", per 10 metres	195
1200 Cfm	400		
Air Manifold	10	<b>Diving Equipment</b>	
Blower; 1,500m <sup>3</sup> /min.	850	Decompression Chamber,	
		2 man, including compressor	500
		4 man, including compressor	700
<b>Pumping Equipment</b>		Hot Water Diving Assembly	250
<u>Air</u>		Underwater Magnets	20
2"	75	Underwater Drill	20
<u>Diesel</u>	50	Shallow Water Dive Spread	225
4"	90		
611	120		
<u>Electrical Submersible</u>		<b>Lighting Systems</b>	
2"	50	Lighting String, per 50 feet	25
4"	150	Light Tower	50
6"	500	Underwater Lighting System,	
<u>Hydraulic</u>		1,000 watts	75
6"	600		
8"	1,000		



250 Amp Welder	150	Steel Saw	20
400 Amp Welder	200	Tirfors, up to 5 tonnes	10
		Thermal Imaging Camera	250
		Tool Package, per set	175
		Ventilation Package	20
		VHF Radio	10
		Z Boat, including outboard up to	
		14 feet	200
		over 14 feet	350

- (b) Any portable salvage equipment engaged but not set out above shall be charged at a rate to be agreed with the SCR or, failing agreement, determined by the Arbitrator.
- (c) The total charge (before bonus) for each item of portable salvage equipment, owned by the contractor, shall not exceed the manufacturer's recommended retail price on the last day of the services multiplied by 1.5.
- (d) Compensation for any portable salvage equipment lost or destroyed during the services shall be paid provided that the total of such compensation and the daily tariff rate (before bonus) in respect of that item do not exceed the actual cost of replacing the item at the Contractor's base with the most similar equivalent new item multiplied by 1.5.
- (e) All consumables such as welding rods, boiler suits, small ropes etc. shall be charged at cost and shall be treated as an out of pocket expense.
- (f) The Contractor shall be entitled to remuneration at a stand-by rate of 50% of the full tariff rate plus bonus for any portable salvage equipment reasonably mobilised but not used during the salvage operation provided
- (i) It has been mobilised with the prior agreement of the owner of the vessel or its mobilisation was reasonable in the circumstances of the casualty, or
  - (ii) It comprises portable salvage equipment normally aboard the tug or craft that would have been reasonably mobilised had it not already been aboard the tug or craft.
- (g) SCOPIC remuneration shall cease to accrue in respect of portable salvage equipment which becomes a commercial total loss from the date it ceases to be useable plus a reasonable period for demobilisation (if appropriate) PROVIDED that such SCOPIC remuneration in respect of demobilisation shall only be payable if the commercial total loss arises while it is engaged in the services and through no fault of the Contractors, their servants, agents or sub-contractors.

#### 4. DOWNTIME

If a tug or piece of portable salvage equipment breaks down or is damaged without fault on the part of the Contractor, his servants, agents or sub-contractors and as a direct result of performing the services it should be paid for during the repair while on site at the stand-by rate of 50% of the tariff rate plus uplift pursuant to sub-clause 5(iv) of the SCOPIC clause.

If a tug or piece of portable salvage equipment breaks down or otherwise becomes inoperable without fault on the part of the Contractor, his servants, agents or sub-contractors and as a direct result of performing the services and cannot be repaired on site then:

- (i) If it is not used thereafter but remains on site then no SCOPIC remuneration is payable in respect of that tug or piece of portable salvage equipment from the time of the breakdown.
- (ii) If it is removed from site, repaired and reasonably returned to the site for use SCOPIC remuneration at the standby rate of 50% of the tariff rate plus bonus pursuant to sub-clause 5(iv) of the SCOPIC clause shall be payable from the breakdown to the date it is returned to the site.
- (iii) If it is removed from the site and not returned SCOPIC remuneration ceases from the breakdown but is, in addition, payable for the period that it takes to return it directly to base at the stand-by rate of 50% of the tariff rate plus bonus pursuant to sub-clause 5(iv) of the SCOPIC clause.

## APPENDIX B (SCOPIC)

1. (a) The SCR shall be selected from a panel (the "SCR Panel") appointed by a Committee (the "SCR Committee") comprising of representatives appointed by the following:
  - 3 representatives from the International Group of P and I Clubs
  - 3 representatives from the ISU
  - 3 representatives from the IUMI
  - 3 representatives from the International Chamber of Shipping
- (b) The SCR Committee shall be responsible for an annual review of the tariff rates as set out in Appendix A.
- (c) The SCR Committee shall meet once a year in London to review, confirm, reconfirm or remove SCR Panel members.
- (d) Any individual may be proposed for membership of the SCR Panel by any member of the SCR Committee and shall be accepted for inclusion on the SCR Panel unless at least four votes are cast against his inclusion.
- (e) The SCR Committee shall also set and approve the rates of remuneration for the SCRs for the next year.
- (f) Members of the SCR Committee shall serve without compensation.
- (g) The SCR Committee's meetings and business shall be organised and administered by the Salvage Arbitration Branch of the Corporation of Lloyd's (hereinafter called "Lloyds") who will keep the current list of SCR Panel members and make it available to any person with a bona fide interest.
- (h) The SCR Committee shall be entitled to decide its own administrative rules as to procedural matters (such as quorums, the identity and power of the Chairman etc.).
2. The primary duty of the SCR shall be the same as the Contractor, namely to use his best endeavours to assist in the salvage of the vessel and the property thereon and in so doing to prevent and minimise damage to the environment.
3. The Salvage Master shall at all times remain in overall charge of the operation, make all final decisions as to what he thinks is best and remain responsible for the operation.
4. The SCR shall be entitled to be kept informed by or on behalf of the Salvage Master or (if none) the principal contractors' representative on site (hereinafter called "the Salvage Master"). The Salvage Master shall consult with the SCR during the operation if circumstances allow and the SCR, once on site, shall be entitled to offer the Salvage Master advice.
5. (a) Once the SCOPIC clause is invoked the Salvage Master shall send daily reports (hereinafter called the "Daily Salvage Reports") setting out:
  - the salvage plan (followed by any changes thereto as they arise)

- the condition of the casualty and the surrounding area (followed by any changes thereto as they arise)
  - the progress of the operation
  - the personnel, equipment, tugs and other craft used in the operation that day.
- (b) Pending the arrival of the SCR on site the Daily Salvage Reports shall be sent to Lloyd's and the owners of the vessel. Once the SCR has been appointed and is on site the Daily Salvage Reports shall be delivered to him.
- (c) The SCR shall upon receipt of each Daily Salvage Report:
- (i) Transmit a copy of the Daily Salvage Report by the quickest method reasonably available to Lloyd's, the owners of the vessel, their liability insurers and (if any) to the Special Hull Representative and Special Cargo Representative (appointed under clause 12 of the SCOPIC clause and Appendix C if they are on site; and if a Special Hull Representative is not on site the SCR shall likewise send copies of the Daily Salvage Reports direct to the leading Hull Underwriter or his agent (if known to the SCR) and if a Special Cargo Representative is not on site the SCR shall likewise send copies of the Daily Salvage Reports to such cargo underwriters or their agent or agents as are known to the SCR (hereinafter in this Appendix B such Hull and Cargo property underwriters shall be called "Known Property Underwriters").
  - (ii) If circumstances reasonably permit consult with the Salvage Master and endorse his Daily Salvage Report stating whether or not he is satisfied and
  - (iii) If not satisfied with the Daily Salvage Report, prepare a dissenting report setting out any objection or contrary view and deliver it to the Salvage Master and transmit it to Lloyd's, the owners of the vessel, their liability insurers and to any Special Representatives (appointed under clause 12 of the SCOPIC clause and Appendix C) or, if one or both Special Representatives has not been appointed, to the appropriate Known Property Underwriter.
  - (iv) If the SCR gives a dissenting report to the Salvage Master in accordance with Appendix B(5)(c)(iii) to the SCOPIC clause, any initial payment due for SCOPIC remuneration shall be at the tariff rate applicable to what is in the SCR's view the appropriate equipment or procedure until any dispute is resolved by agreement or arbitration.
- (d) Upon receipt of the Daily Salvage Reports and any dissenting reports of the SCR, Lloyd's shall distribute upon request the said reports to any parties to this contract and any of their property insurers of whom they are notified (hereinafter called "the Interested Persons") and to the vessel's liability insurers.
- (e) As soon as reasonably possible after the Salvage services terminate the SCR shall issue a report (hereinafter called the "SCR's Final Salvage Report") setting out:
- the facts and circumstances of the casualty and the salvage operation insofar as they are known to him.

- the tugs, personnel and equipment employed by the Contractor in performing the operation.
- A calculation of the SCOPIC remuneration to which the contractor may be entitled by virtue of this SCOPIC clause.

The SCR's Final Salvage Report shall be sent to the owners of the vessel and their liability insurers and to Lloyd's who shall forthwith distribute it to the Interested Persons.

6. (a) The SCR may be replaced by the owner of the vessel if either:
    - (i) the SCR makes a written request for a replacement to the owner of the vessel (however the SCR should expect to remain on site throughout the services and should only expect to be substituted in exceptional circumstances); or
    - (ii) the SCR is physically or mentally unable or unfit to perform his duties; or
    - (iii) all salvaged interests or their representatives agree to the SCR being replaced.
  - (b) Any person who is appointed to replace the SCR may only be chosen from the SCR Panel.
  - (c) The SCR shall remain on site throughout the services while he remains in that appointment and until the arrival of any substitute so far as practicable and shall hand over his file and all other correspondence, computer data and papers concerning the salvage services to any substitute SCR and fully brief him before leaving the site.
  - (d) The SCR acting in that role when the services terminate shall be responsible for preparing the Final Salvage Report and shall be entitled to full co-operation from any previous SCR's or substitute SCR's in performing his functions hereunder.
7. The owners of the vessel shall be primarily responsible for paying the fees and expenses of the SCR. The Arbitrator shall have jurisdiction to apportion the fees and expenses of the SCR and include them in his award under the Main Agreement and, in doing so, shall have regard to the principles set out in any market agreement in force from time to time.



## APPENDIX C (SCOPIC)

### The Special Representatives

1. The Salvage Master, the owners of the vessel and the SCR shall co-operate with the Special Representatives and shall permit them to have full access to the vessel to observe the salvage operation and to inspect such of the ship's documents as are relevant to the salvage operation.
2. The Special Representative shall have the right to be informed of all material facts concerning the salvage operation as the circumstances reasonably allow.
3. If an SCR has been appointed the SCR shall keep the Special Representatives (if any and if circumstances permit) fully informed and shall consult with the said Special Representatives. The Special Representatives shall also be entitled to receive a copy of the Daily Salvage Reports direct from the Salvage Master or, if appointed, from the SCR.
4. The appointment of any Special Representatives shall not affect any right that the respondent ship and cargo interests may have (whether or not they have appointed a Special Representative) to send other experts or surveyors to the vessel to survey ship or cargo and inspect the ship's documentation or for any other lawful purpose.
5. If an SCR or Special Representative is appointed the Contractor shall be entitled to limit access to any surveyor or representative (other than the said SCR and Special Representative or Representatives) if he reasonably feels their presence will substantially impede or endanger the salvage operation.