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# Lloyd's Salvage Agreement

LOF 2000

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**LLOYD'S STANDARD FORM OF  
SALVAGE AGREEMENT**

(APPROVED AND PUBLISHED BY THE COUNCIL  
OF LLOYD'S)

NO CURE - NO PAY

**LOF 2000**



## A. Contractors' basic obligation:

The Contractors identified in Box 1 hereby agree to use their best endeavours **to salve** the property specified in Box 2 and **to take** the property to the place stated in Box 3 or to such other place as may hereafter be agreed.

If no place is inserted in Box 3 and in the absence of any subsequent agreement as to the place where the property is to be taken the Contractors shall take the property to a **place of safety**.

## A. Contractors' basic obligation:

The Contractors identified in Box 1 hereby \_\_\_\_\_  
to use their best endeavours **to** \_\_\_\_\_ the  
property specified in Box 2 and **to take** the  
\_\_\_\_\_ to the place stated in Box 3 or to such  
other place as may \_\_\_\_\_ be agreed.

If no place is inserted in Box 3 and in the absence of  
any subsequent \_\_\_\_\_ as to the place where  
the property is to be taken the \_\_\_\_\_ shall  
take the property to a **place of** \_\_\_\_\_.

## **B. Environmental protection:**

- While performing the salvage services the Contractors shall also use their best endeavours to prevent or minimise damage to the environment.

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- While \_\_\_\_\_ the salvage \_\_\_\_\_ the Contractors shall also use their best \_\_\_\_\_ to prevent or minimise damage to the \_\_\_\_\_ .

## **C. Scopic Clause:**

- Unless the word “No” in Box 7 has been deleted this agreement shall be deemed to have been made on the basis that the Scopic Clause is not incorporated and forms no part of this agreement.
- If the word “No” is deleted in Box 7 this shall not of itself be construed as a notice invoking the Scopic Clause within the meaning of sub-clause 2 thereof.



## C. Scopic Clause:

- \_\_\_\_\_ the word “No” in Box 7 has been deleted this agreement shall be \_\_\_\_\_ to have been made on the basis that the Scopic Clause is not \_\_\_\_\_ and forms no part of this agreement.
- If the word “No” is deleted in Box 7 this shall not of itself be \_\_\_\_\_ as a notice \_\_\_\_\_ the Scopic Clause within the meaning of sub-clause 2 thereof.

# The SCOPIC Clause

- The ancient salvage principle of “no cure – no pay” became a problem in the second half of the 20<sup>th</sup> Century as the transportation of oil increased and we discovered the extent of the damage pollution could cause.
- The salvage of such tankers was usually expensive to carry out and the residual value low, making many operations uneconomic, but all too often the problem was exacerbated by government intervention preventing the completion of the service by a refusal to grant a place of refuge.
- This meant ‘**no cure**’ was effected, which in turn meant ‘**no pay**’ – despite any high salvaging expense. To encourage the salvor to go to the assistance of such ships the 1989 Salvage Convention ameliorated the harshness of this age old ‘no cure – no pay’ principal, by introducing in **Article 14**, a new concept – Special Compensation.

- Article 14 was well-intentioned ***but in practice it turned out to be cumbersome, contentious and expensive to operate*** and had the wholly unintended consequence of ***discouraging salvors from attending casualties where there was the threat of environmental damage.***
- Traditional salvage awards were always paid by property underwriters (ship and cargo) but under Article 14 it was the liability insurers, the P&I Clubs, who were to pay compensation.
- They were also unhappy with the new provisions which involved them in salvage for the first time.

# The SCOPIC Clause

- In response to the problems, the shipping industry worked cooperatively to devise the SCOPIC clause – the “***Special Compensation P and I Club***” Clause, which was specifically designed to replace, and have the same effect, as Article 14, but avoid the legal problems that the assessment of Special Compensation under Article 14 caused.
- SCOPIC is a very large clause, one made up of 16 sub-clauses, three Appendices and two codes of conduct. While effective, it is not easy to digest.

- The SCOPIC clause ( **S**pecial **C**ompensation **P** & **I** Club) endorsed this concept but introduced a tariff to calculate the Contractor's Special Compensation together with an uplift fixed at 25%. Traditional Article 13 Awards will be discounted by 25% of the amount by which any Article 13 Award exceeds the SCOPIC remuneration.

## D. Effect of other remedies:

Subject to the provisions of the International Convention on Salvage 1989 as incorporated into English law (“the Convention”) relating to special compensation and to the Scopic Clause if incorporated the Contractors' services shall be rendered and accepted as **salvage services** upon the principle of “no cure - no pay” and any salvage remuneration to which the Contractors become entitled shall not be diminished by reason of the exception to the principle of “no cure - no pay” in the form of special compensation or remuneration payable to the Contractors under a Scopic Clause.

## D. Effect of other remedies:

\_\_\_\_\_ to the provisions of the International Convention on \_\_\_\_\_ 1989 as incorporated into English law (“the Convention”) relating to special \_\_\_\_\_ and to the Scopic Clause if incorporated the Contractors' services shall be \_\_\_\_\_ and accepted as **salvage services** upon the principle of “\_\_\_\_\_” and any salvage \_\_\_\_\_ to which the Contractors become \_\_\_\_\_ shall not be diminished by reason of the exception to the principle of “no cure - no pay” in the form of special compensation or remuneration \_\_\_\_\_ to the Contractors under a Scopic Clause.

## **E. Prior services:**

- Any salvage services rendered by the Contractors to the property before and up to the date of this agreement shall be deemed to be covered by this agreement.



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- Any salvage services \_\_\_\_\_ by the Contractors to the property before and \_\_\_\_\_ date of this agreement shall be \_\_\_\_\_ to be covered by this agreement.

## **F. Duties of property owners:**

**Each of the owners of the property shall cooperate fully with the Contractors. In particular:**

- (i) the Contractors may make reasonable use of the vessel's machinery gear and equipment free of expense provided that the Contractors shall not unnecessarily damage abandon or sacrifice any property on board;
- (ii) the Contractors shall be entitled to all such information as they may reasonably require relating to the vessel or the remainder of the property provided such information is relevant to the performance of the services and is capable of being provided without undue difficulty or delay;
- (iii) the owners of the property shall co-operate fully with the Contractors in obtaining entry to the place of safety stated in Box 3 or agreed or determined in accordance with Clause A.

## F. Duties of property owners:

Each of the owners of the property \_\_\_\_\_ cooperate fully with the \_\_\_\_\_ In particular:

- (i) the Contractors may make \_\_\_\_\_ use of the vessel's machinery gear and equipment free of \_\_\_\_\_ provided that the Contractors shall not unnecessarily damage abandon or sacrifice any \_\_\_\_\_ on board;
- (ii) the Contractors shall be \_\_\_\_\_ to all such information as they may reasonably require relating to the vessel or the remainder of the property \_\_\_\_\_ such information is relevant to the performance of the services and is capable of being provided without undue difficulty or delay;
- (iii) the \_\_\_\_\_ of the property shall co-operate fully with the Contractors in obtaining entry to the place of \_\_\_\_\_ stated in Box 3 or agreed or determined in \_\_\_\_\_ with Clause A.

## **G. Rights of termination:**

- When there is no longer any reasonable prospect of a useful result leading to a salvage reward in accordance with Convention Articles 12 and/or 13 either the owners of the vessel or the Contractors shall be entitled to terminate the services hereunder by giving reasonable prior written notice to the other.

## **G. Rights of termination:**

- When there is no longer any reasonable \_\_\_\_\_ of a useful result leading to a salvage \_\_\_\_\_ in accordance with Convention Articles 12 and/or 13 either the \_\_\_\_\_ of the vessel or the Contractors shall be \_\_\_\_\_ to terminate the services hereunder by giving reasonable prior written \_\_\_\_\_ to the other.

## H. Deemed performance:

- The Contractors' services shall be deemed to have been performed when the property is in a safe condition in the place of safety stated in Box 3 or agreed or determined in accordance with Clause A.
- For the purpose of this provision the property shall be regarded as being in safe condition notwithstanding that the property (or part thereof) is damaged or in need of maintenance if
  - (i) the Contractors are not obliged to remain in attendance to satisfy the requirements of any port or harbour authority, governmental agency or similar authority and
  - (ii) the continuation of skilled salvage services from the Contractors or other salvors is no longer necessary to avoid the property becoming lost or significantly further

## H. Deemed performance:

- The Contractors' services shall be deemed to have been \_\_\_\_\_ when the property is in a \_\_\_\_\_ condition in the place of safety stated in Box 3 or \_\_\_\_\_ or determined in accordance with Clause A.
- For the \_\_\_\_\_ of this provision the property shall be regarded as being in safe condition \_\_\_\_\_ that the property (or part thereof) is damaged or in need of maintenance if
  - (i) the Contractors are not obliged to remain in attendance to \_\_\_\_\_ the requirements of any port or harbour authority, \_\_\_\_\_ agency or similar authority and
  - (ii) the continuation of skilled salvage services from the Contractors or other \_\_\_\_\_ is no longer necessary to avoid the property becoming lost or significantly further

# I. Arbitration and the LSSA Clauses:

- The Contractors' remuneration and/or special compensation shall be determined by arbitration in London in the manner prescribed by Lloyd's Standard Salvage and Arbitration Clauses (“the LSSA Clauses”) and Lloyd’s Procedural Rules.
- The provisions of the LSSA Clauses and Lloyd’s Procedural Rules are deemed to be incorporated in this agreement and form an integral part hereof.
- Any other difference arising out of this agreement or the operations hereunder shall be referred to arbitration in the same way.



# I. Arbitration and the LSSA Clauses:

- The Contractors' \_\_\_\_\_ and/or special compensation shall be determined by \_\_\_\_\_ in London in the manner prescribed by Lloyd's Standard Salvage and Arbitration Clauses (“the \_\_\_\_\_ Clauses”) and Lloyd’s Procedural Rules.
- The provisions of the LSSA Clauses and Lloyd’s Procedural Rules are deemed to be incorporated in this agreement and form an integral \_\_\_\_\_ hereof.
- Any other difference \_\_\_\_\_ out of this agreement or the operations hereunder shall be \_\_\_\_\_ to arbitration in the same way.

- **J. Governing law:** This agreement and any arbitration hereunder shall be governed by English law.
- **K. Scope of authority:** The Master or other person signing this agreement on behalf of the property identified in Box 2 enters into this agreement as agent for the respective owners thereof and binds each (but not the one for the other or himself personally) to the due performance thereof.

- **J. \_\_\_\_\_**: This agreement and any arbitration hereunder shall be \_\_\_\_\_ by English law.
- **K. Scope of \_\_\_\_\_**: The Master or other person signing this agreement on \_\_\_\_\_ of the property identified in Box 2 enters into this agreement as agent for the respective owners thereof and \_\_\_\_\_ each (but not the one for the other or himself personally) to the due performance thereof.

## **L. Inducements prohibited:**

- No person signing this agreement or any party on whose behalf it is signed shall at any time or in any manner whatsoever offer provide make give or promise to provide or demand or take any form of inducement for entering into this agreement.

# IMPORTANT NOTICES :

## 1. **Salvage security.**

- As soon as possible the owners of the vessel should notify the owners of other property on board that this agreement has been made.
- If the Contractors are successful the owners of such property should note that it will become necessary to provide the Contractors with salvage security promptly in accordance with Clause 4 of the LSSA Clauses referred to in Clause 1.
- The provision of General Average security does not relieve the salvaged interests of their separate obligation to provide salvage security to the Contractors.

## **2. Incorporated provisions.**

- Copies of the Scopic Clause; the LSSA Clauses and Lloyd's Procedural Rules may be obtained from (i) the Contractors or (ii) the Salvage Arbitration Branch at Lloyd's, One Lime Street, London EC3M 7HA.

# IMPORTANT NOTICES :

## 1. Salvage security.

- As soon as possible the owners of the vessel should \_\_\_\_\_ the owners of other property on board that this agreement has been \_\_\_\_\_.
- If the Contractors are \_\_\_\_\_ the owners of such property should note that it will become necessary to \_\_\_\_\_ the Contractors with salvage \_\_\_\_\_ promptly in accordance with Clause 4 of the LSSA Clauses referred to in Clause I.
- The provision of General Average security does not \_\_\_\_\_ the salvaged interests of their separate obligation to provide salvage \_\_\_\_\_ to the Contractors.