

LLOYD'S



STANDARD FORM OF SALVAGE AGREEMENT

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

NO CURE - NO PAY

On board the.....

Dated.....

+ See Note 1
above

IT IS HEREBY AGREED between Captain
for and on behalf of the Owners of the "....." her
cargo freight bunkers stores and any other property thereon (hereinafter collectively called "the Owners")
and.....for and on behalf of.....
.....(hereinafter called "the Contractor") that:-

* See Note 2
above

1. (a) The Contractor shall use his best endeavours:-

See Note 3
above

- (i) to save the"....."and/or her cargo freight
bunkers stores and any other property thereon and take them toor
to such other place as may hereafter be agreed either place to be deemed a place of safety or if no
such place is named or agreed to a place of safety and
- (ii) while performing the salvage services to prevent or minimize damage to the environment.

(b) Subject to clause 2 incorporating Convention Article 14 the services shall be rendered and
accepted as salvage services upon the principle of "no cure - no pay."

(c) The Contractor's remuneration shall be fixed by Arbitration in London in the manner hereinafter
prescribed and any other difference arising out of this Agreement or the operations thereunder shall
be referred to Arbitration in the same way.

(d) In the event of the services referred to in this Agreement or any part of such services having been
already rendered at the date of this Agreement by the Contractor to the said vessel and/or her cargo
freight bunkers stores and any other property thereon the provisions of this Agreement shall apply
to such services.

† See Note 4
above

(e) The security to be provided to the Council of Lloyd's (hereinafter called "the Council") the Salved
Value(s) the Award and/or any Interim Award(s) and/or any Award on Appeal shall be in
.....currency.

(f) If clause 1(e) is not completed then the security to be provided and the Salved Value(s) the Award
and/or Interim Award(s) and/or Award on Appeal shall be in Pounds Sterling.

(g) This Agreement and Arbitration thereunder shall except as otherwise expressly provided be
governed by the law of England, including the English law of salvage.

15.1.08
3.12.24
13.10.26
12.4.50
10.6.53
20.12.67
23.2.72
21.5.80
5.9.90

NOTES

1. Insert name of person signing on behalf of Owners of property to be salvaged. The Master should sign wherever possible.

2. The Contractor's name should always be inserted in line 4 and whenever the Agreement is signed by the Master of the Salvaging vessel or other person on behalf of the Contractor the name of the Master or other person must also be inserted in line 4 before the words "for and on behalf of." The words "for and on behalf of" should be deleted where a Contractor signs personally.

3. Insert place if agreed in clause 1(a)(i) and currency if agreed in clause 1(e).

PROVISIONS AS TO THE SERVICES

2. Articles 1(a) to (e), 8, 13.1, 13.2 first sentence, 13.3 and 14 of the International Convention on Salvage 1989 ("the Convention Articles") set out hereafter are hereby incorporated into this Agreement. The terms "Contractor" and "services" / "salvage services" in this Agreement shall have the same meanings as the terms "salvor(s)" and "salvage operation (s)" in the Convention Articles.

3. The Owners their Servants and Agents shall co-operate fully with the Contractor in and about the salvage including obtaining entry to the place named or the place of safety as defined in clause 1. The Contractor may make reasonable use of the vessel's machinery gear equipment anchors chains stores and other appurtenances during and for the purpose of the salvage services free of expense but shall not unnecessarily damage abandon or sacrifice the same or any property the subject of this Agreement.

PROVISIONS AS TO SECURITY

4. (a) The Contractor shall immediately after the termination of the services or sooner notify the Council and where practicable the Owners of the amount for which he demands security (inclusive of costs expenses and interest) from each of the respective Owners.

(b) Where the exception to the principle of "no cure - no pay" under Convention Article 14 becomes likely to be applicable the owners of the vessel shall on the demand of the Contractor provide security for the Contractor's special compensation.

(c) The amount of any such security shall be reasonable in the light of the knowledge available to the Contractor at the time when the demand is made. Unless otherwise agreed such security shall be provided (i) to the Council (ii) in a form approved by the Council and (iii) by persons firms or corporations either acceptable to the Contractor or resident in the United Kingdom and acceptable to the Council. The Council shall not be responsible for the sufficiency (whether in amount or otherwise) of any security which shall be provided nor for the default or insolvency of any person firm or corporation providing the same.

(d) The owners of the vessel their Servants and Agents shall use their best endeavours to ensure that the cargo owners provide their proportion of security before the cargo is released.

5. (a) Until security has been provided as aforesaid the Contractor shall have a maritime lien on the property salvaged for his remuneration. The property salvaged shall not without the consent in writing of the Contractor (which shall not be unreasonably withheld) be removed from the place to which it has been taken by the Contractor under clause 1(a).

(b) The Contractor shall not arrest or detain the property salvaged unless:-

- (i) security is not provided within 14 days (exclusive of Saturdays and Sundays or other days observed as general holidays at Lloyd's) after the date of the termination of the services or
- (ii) he has reason to believe that the removal of the property salvaged is contemplated contrary to clause 5(a) or
- (iii) any attempt is made to remove the property salvaged contrary to clause 5(a).

(c) The Arbitrator appointed under clause 6 or the Appeal Arbitrator(s) appointed under clause 11(d) shall have power in their absolute discretion to include in the amount awarded to the Contractor the whole or part of any expenses reasonably incurred by the Contractor in:-

- (i) ascertaining demanding and obtaining the amount of security reasonably required in accordance with clause 4
- (ii) enforcing and/or protecting by insurance or otherwise or taking reasonable steps to enforce and/or protect his lien.

PROVISIONS AS TO ARBITRATION

6. (a) Where security is provided to the Council in whole or in part the Council shall appoint an Arbitrator in respect of the property covered by such security.

(b) Whether security has been provided or not the Council shall appoint an Arbitrator upon receipt of a written request made by letter telex facsimile or in any other permanent form provided that any party requesting such appointment shall if required by the Council undertake to pay the reasonable fees and expenses of the Council and/or any Arbitrator or Appeal Arbitrator(s).

(c) Where an Arbitrator has been appointed and the parties do not proceed to arbitration the Council may recover any fees costs and/or expenses which are outstanding and thereupon terminate the appointment of such Arbitrator.

7. The Contractor's remuneration shall be fixed by the Arbitrator appointed under clause 6. Such remuneration shall not be diminished by reason of the exception to the principle of 'no cure - no pay' under Convention Article 14.

REPRESENTATION

8. Any party to this Agreement who wishes to be heard or to adduce evidence shall nominate a person in the United Kingdom to represent him failing which the Arbitrator or Appeal Arbitrator(s) may proceed as if such party had renounced his right to be heard or adduce evidence.

CONDUCT OF THE ARBITRATION

9. (a) The Arbitrator shall have power to :-

- (i) admit such oral or documentary evidence or information as he may think fit
- (ii) conduct the Arbitration in such manner in all respects as he may think fit subject to such procedural rules as the Council may approve
- (iii) condemn the Contractor in his absolute discretion in the whole or part of the expense of providing excessive security and deduct the amount in which the Contractor is so condemned from the salvage remuneration and/or special compensation
- (iv) make Interim Award(s) on such terms as may be fair and just
- (v) make such orders as to costs fees and expenses including those of the Council charged under clauses 9(b) and 12(b) as may be fair and just.

(b) The Arbitrator and the Council may charge reasonable fees and expenses for their services whether the Arbitration proceeds to a hearing or not and all such fees and expenses shall be treated as part of the costs of the Arbitration.

(c) Any Award shall (subject to Appeal as provided in this Agreement) be final and binding on all the parties concerned whether they were represented at the Arbitration or not.

INTEREST

10. Interest at rates per annum to be fixed by the Arbitrator shall (subject to Appeal as provided in this Agreement) be payable on any sum awarded taking into account any sums already paid:-

- (i) from the date of termination of the services unless the Arbitrator shall in his absolute discretion otherwise decide until the date of publication by the Council of the Award and/or Interim Award(s) and
- (ii) from the expiration of 21 days (exclusive of Saturdays and Sundays or other days observed as general holidays at Lloyd's) after the date of publication by the Council of the Award and/or Interim Award(s) until the date payment is received by the Contractor or the Council both dates inclusive.

PROVISIONS AS TO APPEAL

11. (a) Notice of Appeal if any shall be given to the Council within 14 days (exclusive of Saturdays and Sundays or other days observed as general holidays at Lloyd's) after the date of the publication by the Council of the Award and/or Interim Award(s).

(b) Notice of Cross-Appeal if any shall be given to the Council within 14 days (exclusive of Saturdays and Sundays or other days observed as general holidays at Lloyd's) after notification by the Council to the parties of any Notice of Appeal. Such notification if sent by post shall be deemed received on the working day following the day of posting.

(c) Notice of Appeal or Cross-Appeal shall be given to the Council by letter telex facsimile or in any other permanent form.

(d) Upon receipt of Notice of Appeal the Council shall refer the Appeal to the hearing and determination of the Appeal Arbitrator(s) selected by it.

(e) If any Notice of Appeal or Cross-Appeal is withdrawn the Appeal hearing shall nevertheless proceed in respect of such Notice of Appeal or Cross-Appeal as may remain.

(f) Any Award on Appeal shall be final and binding on all the parties to that Appeal Arbitration whether they were represented either at the Arbitration or at the Appeal Arbitration or not.

CONDUCT OF THE APPEAL

12. (a) The Appeal Arbitrator(s) in addition to the powers of the Arbitrator under clauses 9(a) and 10 shall have power to :-

- (i) admit the evidence which was before the Arbitrator together with the Arbitrator's notes and reasons for his Award and/or Interim Award(s) and any transcript of evidence and such additional evidence as he or they may think fit
- (ii) confirm increase or reduce the sum awarded by the Arbitrator and to make such order as to the payment of interest on such sum as he or they may think fit
- (iii) confirm revoke or vary any order and/or Declaratory Award made by the Arbitrator.

(b) The Appeal Arbitrator(s) and the Council may charge reasonable fees and expenses for their services in connection with the Appeal Arbitration whether it proceeds to a hearing or not and all such fees and expenses shall be treated as part of the costs of the Appeal Arbitration.

PROVISIONS AS TO PAYMENT

13. (a) In case of Arbitration if no Notice of Appeal be received by the Council in accordance with clause 11(a) the Council shall call upon the party or parties concerned to pay the amount awarded and in the event of non-payment shall subject to the Contractor first providing to the Council a satisfactory Undertaking to pay all the costs thereof realize or enforce the security and pay therefrom to the Contractor (whose receipt shall be a good discharge to it) the amount awarded to him together with interest if any. The Contractor shall reimburse the parties concerned to such extent as the Award is less than any sums paid on account or in respect of Interim Award(s).

(b) If Notice of Appeal be received by the Council in accordance with clause 11 it shall as soon as the Award on Appeal has been published by it call upon the party or parties concerned to pay the amount awarded and in the event of non-payment shall subject to the Contractor first providing to the Council a satisfactory Undertaking to pay all the costs thereof realize or enforce the security and pay therefrom to the Contractor (whose receipt shall be a good discharge to it) the amount awarded to him together with interest if any. The Contractor shall reimburse the parties concerned to such extent as the Award on Appeal is less than any sums paid on account or in respect of the Award or Interim Award(s).

(c) If any sum shall become payable to the Contractor as remuneration for his services and/or interest and/or costs as the result of an agreement made between the Contractor and the Owners or any of them the Council in the event of non-payment shall subject to the Contractor first providing to the Council a satisfactory Undertaking to pay all the costs thereof realize or enforce the security and pay therefrom to the Contractor (whose receipt shall be a good discharge to it) the said sum.

(d) If the Award and/or Interim Award(s) and/or Award on Appeal provides or provide that the costs of the Arbitration and/or of the Appeal Arbitration or any part of such costs shall be borne by the Contractor such costs may be deducted from the amount awarded or agreed before payment is made to the Contractor unless satisfactory security is provided by the Contractor for the payment of such costs.

(e) Without prejudice to the provisions of clause 4(c) the liability of the Council shall be limited in any event to the amount of security provided to it.

GENERAL PROVISIONS

14. The Master or other person signing this Agreement on behalf of the property to be salvaged enters into this Agreement as agent for the vessel her cargo freight bunkers stores and any other property thereon and the respective Owners thereof and binds each (but not the one for the other or himself personally) to the due performance thereof.

15. In considering what sums of money have been expended by the Contractor in rendering the services and/or in fixing the amount of the Award and/or Interim Award(s) and/or Award on Appeal the Arbitrator or Appeal Arbitrator(s) shall to such an extent and in so far as it may be fair and just in all the circumstances give effect to the consequences of any change or changes in the relevant rates of exchange which may have occurred between the date of termination of the services and the date on which the Award and/or Interim Award(s) and/or Award on Appeal is made.

16. Any Award notice authority order or other document signed by the Chairman of Lloyd's or any person authorised by the Council for the purpose shall be deemed to have been duly made or given by the Council and shall have the same force and effect in all respects as if it had been signed by every member of the Council.

17. The Contractor may claim salvage and enforce any Award or agreement made between the Contractor and the Owners against security provided under clause 4 if any in the name and on behalf of any Sub-Contractors Servants or Agents including Masters and members of the crews of vessels employed by him or by any Sub-Contractors in the services provided that he first provides a reasonably satisfactory indemnity to the Owners against all claims by or liabilities to the said persons.

18. When there is no longer any reasonable prospect of a useful result leading to a salvage reward in accordance with Convention Article 13 the owners of the vessel shall be entitled to terminate the services of the Contractor by giving notice to the Contractor in writing.

19. 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 demand or take any form of inducement for entering into this Agreement.

THE CONVENTION ARTICLES

Article 1

Definitions

(a) *Salvage operation* means any act or activity undertaken to assist a vessel or any other property in danger in navigable waters or in any other waters whatsoever

(b) *Vessel* means any ship or craft, or any structure capable of navigation

(c) *Property* means any property not permanently and intentionally attached to the shoreline and includes freight at risk

(d) *Damage to the environment* means substantial physical damage to human health or to marine life or resources in coastal or inland waters or areas adjacent thereto, caused by pollution, contamination, fire, explosion or similar major incidents

(e) *Payment* means any reward, remuneration or compensation due under this Convention

Article 8

Duties of the Salvor and of the Owner and Master

1. The salvor shall owe a duty to the owner of the vessel or other property in danger:

(a) to carry out the salvage operations with due care;

(b) in performing the duty specified in subparagraph (a), to exercise due care to prevent or minimize damage to the environment;

(c) whenever circumstances reasonably require, to seek assistance from other salvors; and

(d) to accept the intervention of other salvors when reasonably requested to do so by the owner or master of the vessel or other property in danger; provided however that the amount of his reward shall not be prejudiced should it be found that such a request was unreasonable

2. The owner and master of the vessel or the owner of other property in danger shall owe a duty to the salvor:

(a) to co-operate fully with him during the course of the salvage operations;

(b) in so doing, to exercise due care to prevent or minimize damage to the environment; and

(c) when the vessel or other property has been brought to a place of safety, to accept redelivery when reasonably requested by the salvor to do so

Article 13

Criteria for fixing the reward

1. The reward shall be fixed with a view to encouraging salvage operations, taking into account the following criteria without regard to the order in which they are presented below:

(a) the salvaged value of the vessel and other property;

(b) the skill and efforts of the salvors in preventing or minimizing damage to the environment;

(c) the measure of success obtained by the salvor;

(d) the nature and degree of the danger;

(e) the skill and efforts of the salvors in salvaging the vessel, other property and life;

(f) the time used and expenses and losses incurred by the salvors;

(g) the risk of liability and other risks run by the salvors or their equipment;

- (h) the promptness of the services rendered;
- (i) the availability and use of vessels or other equipment intended for salvage operations;
- (j) the state of readiness and efficiency of the salvor's equipment and the value thereof

2. Payment of a reward fixed according to paragraph 1 shall be made by all of the vessel and other property interests in proportion to their respective salvaged values

3. The rewards, exclusive of any interest and recoverable legal costs that may be payable thereon, shall not exceed the salvaged value of the vessel and other property

Article 14

Special Compensation

1. If the salvor has carried out salvage operations in respect of a vessel which by itself or its cargo threatened damage to the environment and has failed to earn a reward under Article 13 at least equivalent to the special compensation assessable in accordance with this Article, he shall be entitled to special compensation from the owner of that vessel equivalent to his expenses as herein defined

2. If, in the circumstances set out in paragraph 1, the salvor by his salvage operations has prevented or minimized damage to the environment, the special compensation payable by the owner to the salvor under paragraph 1 may be increased up to a maximum of 30% of the expenses incurred by the salvor. However, the Tribunal, if it deems it fair and just to do so and bearing in mind the relevant criteria set out in Article 13, paragraph 1, may increase such special compensation further, but in no event shall the total increase be more than 100% of the expenses incurred by the salvor

3. Salvor's expenses for the purpose of paragraphs 1 and 2 means the out-of-pocket expenses reasonably incurred by the salvor in the salvage operation and a fair rate for equipment and personnel actually and reasonably used in the salvage operation, taking into consideration the criteria set out in Article 13, paragraph 1(h), (i) and(j)

4. The total special compensation under this Article shall be paid only if and to the extent that such compensation is greater than any reward recoverable by the salvor under Article 13

5. If the salvor has been negligent and has thereby failed to prevent or minimize damage to the environment, he may be deprived of the whole or part of any special compensation due under this Article

6. Nothing in this Article shall affect any right of recourse on the part of the owner of the vessel

<p>For and on behalf of the Contractor</p> <p>..... (To be signed either by the Contractor personally or by the Master of the salving vessel or other person whose name is inserted in line 4 of this Agreement.)</p>	<p>For and on behalf of the Owners of property to be salvaged.</p> <p>..... (To be signed by the Master or other person whose name is inserted in line 1 of this Agreement.)</p>
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