

CODE OF PRACTICE BETWEEN INTERNATIONAL SALVAGE UNION AND INTERNATIONAL GROUP OF P&I CLUBS

In the spirit of co-operation, the following Code of Practice is agreed between the International Salvage Union (ISU) and the International Group of P&I Clubs (IG) in relation to salvage services to which Article 14 of the 1989 Salvage Convention (Special Compensation) is applicable or under Lloyd's Standard Form of Salvage Agreement (LOF) where the Special Compensation P&I Club's (SCOPIC) Clause has been incorporated by the Contractor.

This is a Code of Practice which the ISU and the International Group of P&I Clubs will recommend to their Members and it is not intended that it should have any legal effect.

1. The IG and the ISU will recommend to their respective Members the incorporation of the SCOPIC Clause on agreeing an LOF.
2. The IG and ISU will recommend to their respective Members not to agree any variation of the terms, including the tariff rates, of the SCOPIC Clause except in accordance with the provisions of the SCOPIC Clause itself. Notwithstanding, the IG encourages early disclosure to the concerned P&I Club by their Members and by Contractors of any variation(s) to the LOF with SCOPIC incorporated, preferably while the LOF is under consideration. This will allow opportunity for the parties to consider the possible consequences of that variation(s) to the cover provided by the P&I Club and/or the likelihood of reliance upon the voiding provision in the Salvage Guarantee Form ISU 5.
3. It is recognised that there may be general arrangements entered into from time to time (for example by Hull Underwriters) regarding the provision of regional or worldwide salvage services that pre-date a casualty and it is considered good practice that the Contractors and P&I Club concerned make early checks to identify the existence of such arrangements and establish their details.
4. In the event it is not permitted, reasonable or proportionate to appoint a SCR, the P&I Club may appoint an observer to attend the salvage and the Contractors agree to keep the observer and/or the P&I Club fully informed of the salvage activities and their plans. Such observer shall be a technical person while any decision as to the conduct of the salvage services remains with the Contractor.
5. The Contractor will notify the relevant P&I Club at the commencement of the salvage services, or as soon thereafter as is practicable, if they consider that there is a possibility of a Special Compensation or SCOPIC Remuneration claim arising and request confirmation that the vessel is covered for such claims. The P&I Club concerned will immediately advise the Contractor whether the particular Member in question is covered for any liability for Special Compensation or SCOPIC Remuneration always subject to the Rules of the P&I Club.
6. The P&I Club concerned will reply to any request by the Contractor regarding SCOPIC security as quickly as reasonably possible. The IG confirm that, whilst they expect to provide security in the form of a Club Letter either in respect of claims for Special Compensation or SCOPIC remuneration (under the SCOPIC Clause), as appropriate, it is not automatic. Specific reasons for refusal to give security to the Contractor will be non-payment of calls, breach of warranty rules relating to classification and flag state requirements, a breach of international sanctions, any variation(s) to the LOF with SCOPIC incorporated which affects cover or any breach of the rules allowing the P&I Club concerned to deny cover. The P&I Club concerned will not refuse to give security solely because the Contractors cannot obtain security in any other way.
7. The P&I Club concerned will within two (2) working days (excluding Saturdays and Sundays) of the Contractor invoking the SCOPIC Clause advise the Contractor whether or not they will provide Initial SCOPIC security to the Contractor by way of a Club letter referred to in paragraph 8 and if so, provide

it according to the terms of the SCOPIC Clause 3(i) although the parties may expressly agree a longer period for actual provision of the engrossed security document on a case by case basis.

8. The Contractors will accept security for Special Compensation or SCOPIC remuneration in the current version of the Salvage Guarantee Form ISU 5, by way of a P&I Club letter of undertaking and will not insist on the provision of security at Lloyd's.
9. In the event that security is required by a Port Authority or other competent authority for potential P&I liabilities in order to permit the ship to enter a port of refuge or other place of safety, the P&I Club concerned will consider the provision of such security subject to the aforementioned provisos referred to in paragraph 6 above and subject to the reasonableness of the demand.
10. The P&I Club concerned will advise the owners of the vessel not to exercise the right to terminate the contract under SCOPIC Clause 9(i) without reasonable cause. Throughout the progress of the salvage operations the P&I Club concerned, the appointed SCR and the Contractor will engage with one another regarding the eventual termination of the salvage services always bearing in mind the Contractors obligations under the LOF and the interests of other parties including hull, cargo and bunkers.
11. The P&I Club concerned will consider any reasonable request from the Contractor for a payment on account in respect of potential SCOPIC liabilities.
12. It is recognised that any liability to pay SCOPIC remuneration is a potential liability of the shipowner and covered by their liability insurers subject to the Club Rules and terms of entry. Accordingly, in the event of such payment of SCOPIC remuneration in excess of the Article 13 award, neither the shipowner nor their liability insurers will seek to make a claim in General Average against the other interests to the common maritime adventure whether in their own name or otherwise and whether directly or by way of recourse or indemnity or in any other manner whatsoever for that payment of SCOPIC remuneration.

1.8.1999
1.9.2000
1.1.2005
22.6.2005
18.3.2022