

No. 5 - Revisions to the LOF contract and the SCOPIC clause

October 2000

Dear Sirs

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 only contains 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 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 and a copy is attached. The subordinate provisions are contained in the LSSA Clauses and Lloyd's Procedural Rules. Copies of these documents are available from the managers on request or in Adobe Acrobat format here:

- Lloyd's Standard Salvage and arbitration clause
- Procedural Rules pursuant to Clause 1 of LOF 2000

In view of the abovementioned 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 referred to LOF 95 and therefore needed 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 SCOPIC clause mechanism 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 1 has been amended so 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 1 has been further amended to make it clear that, if a salvage operation is undertaken on the basis of an 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 so 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;

- 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 1(d) and 1(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.

Copies of the latest version of the SCOPIC clause, its appendices and the SCR guidelines are available from the managers on request or in Adobe Acrobat format here:

- SCOPIC clause
- SCOPIC Appendices: A B C
- Code of Practice between the International Salvage Union and International Group P&I Clubs
- Code of Practice between the International Group of P&I Clubs and London Property Underwriters regarding the payment of fees of the SCR under SCOPIC
- Salvage Guarantee Form ISU 5

LOF 2000 and the revised SCOPIC clause are now available for use, and have been approved by the Club's Board for the purposes of Rule 2 section 20 (ii).

Yours Faithfully

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Director