



LLOYD'S STANDARD FORM OF SALVAGE AGREEMENT

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

PROCEDURAL RULES

(pursuant to Clause I of LOF 2000)

1. Arbitrators Powers

In addition to all powers conferred by the Arbitration Act 1996 (or any amendment thereof) the Arbitrator shall have power:

- (a) to admit such oral or documentary evidence or information as he may think fit;
- (b) to conduct the arbitration in such manner in all respects as he may think fit subject to these Procedural Rules and any amendments thereto as may from time to time be approved by the Council of Lloyd's ("the Council");
- (c) to make such orders as to costs, fees and expenses including those of the Council charged under clauses 5.2 and 10.8 of the Lloyd's Standard Salvage and Arbitration Clauses ("the LSSA clauses") as may be fair and just;
- (d) to direct that the recoverable costs of the arbitration or of any part of the proceedings shall be limited to a specified amount;
- (e) to make any orders required to ensure that the arbitration is conducted in a fair and efficient manner consistent with the aim to minimise delay and expense and to arrange such meetings and determine all applications made by the parties as may be necessary for that purpose;
- (f) to conduct all such meetings by means of a conference telephone call if the parties agree;
- (g) on his own initiative or on the application of a party to correct any award (whether interim provisional or final) or to make an additional award in order to rectify any mistake error or omission provided that (i) any such correction is made within 28 days of the date of publication of the relevant award by the Council (ii) any additional award required is made within 56 days of the said date of publication or, in either case, such longer period as the Arbitrator may in his discretion allow.

2. Preliminary Meeting

- (a) Within 6 weeks of being appointed or so soon thereafter as may be reasonable in the circumstances, the Arbitrator shall convene a preliminary meeting with the represented parties for the purpose of giving directions as to the manner in which the arbitration is to be conducted.
- (b) The Arbitrator may dispense with the requirement for a preliminary meeting if the represented parties agree a consent order for directions which the Arbitrator is willing to approve. For the purpose of obtaining such approval, the Arbitrator must be provided by the contractors or their representatives with a brief summary of the case in the form of a check list, any other party providing such comments as they deem appropriate so that the Arbitrator is placed in a position to decide whether to approve the consent order.
- (c) In determining the manner in which the arbitration is to be conducted, the Arbitrator shall have regard to:
 - (i) the interests of unrepresented parties;
 - (ii) whether some form of shortened and/or simplified procedure is appropriate including whether the arbitration may be conducted on documents only with concise written submissions;
 - (iii) the overriding objectives set out in clause 2 of the LSSA clauses.

3. Order for Directions

Unless there are special reasons, the initial order for directions shall include:-

- (a) a date for disclosure of documents including witness statements (see Rule 4);
- (b) a date for proof of values;

- (c) a date by which any party must identify any issue(s) in the case which are likely to necessitate the service of pleadings;
- (d) a date for a progress meeting or additional progress meetings unless all represented parties with reasonable notice agree that the same is unnecessary;
- (e) unless agreed by all represented parties to be premature, a date for the hearing and estimates for the time likely to be required by the Arbitrator to read evidence in advance and for the length of the hearing;
- (f) any other matters deemed by the Arbitrator or any party to be appropriate to be included in the initial order.

4. Disclosure of documents

Unless otherwise agreed or ordered, disclosure shall be limited to the following classes of document:

- (a) logs and any other contemporaneous records maintained by the shipowners personnel and personnel employed by the Contractors (including any subcontractors) and their respective surveyors or consultants in attendance during all or part of the salvage services;
- (b) working charts, photographs, video or film records;
- (c) contemporaneous reports including telexes, facsimile messages or prints of e- mail messages;
- (d) survey reports;
- (e) documents relevant to the proof of:
 - (i) out of pocket expenses
 - (ii) salvaged values
 - (iii) the particulars and values of all relevant salving tugs or other craft and equipment
- (f) statements of witnesses of fact or other privileged documents on which the party wishes to rely.

5. Expert Evidence

- (a) No expert evidence shall be adduced in the arbitration without the Arbitrators permission.
- (b) The Arbitrator shall not give such permission unless satisfied that expert evidence is reasonably necessary for the proper determination of an issue arising in the arbitration.
- (c) No party shall be given permission to adduce evidence from more than one expert in each field requiring expert evidence save in exceptional circumstances.
- (d) Any application for permission to adduce expert evidence must be made at the latest within 14 days after disclosure of relevant documents has been effected.

6. Mediation

The Arbitrator shall ensure that in all cases the represented parties are informed of the benefit which might be derived from the use of mediation.

7. Hearing of Arbitration

- (a) In fixing or agreeing to a date for the hearing of an arbitration, the Arbitrator shall not unless agreed by all represented parties fix or accept a date unless the Arbitrator can allow time to read the principal evidence in advance, hear the arbitration and produce the award to the Council for publication in not more than 1 month from conclusion of the hearing.
- (b) The date fixed for the hearing shall be maintained unless application to alter the date is made to the Arbitrator within 14 days of the completion of discovery or unless the Arbitrator in the exercise of his discretion determines at a later time that an adjournment is necessary or desirable in the interests of justice or fairness.
- (c) Unless all parties represented in the arbitration agree otherwise the Arbitrator shall relinquish his appointment if a hearing date cannot be agreed, fixed or maintained in accordance with rule 7(a) and/or (b) above due to the Arbitrator's commitments. In that event the Council shall appoint in his stead another arbitrator who is able to meet the requirements of those rules.

8. Appeals

- (a) All references in these Rules to the Arbitrator shall include the Arbitrator on Appeal where the circumstances so permit.
- (b) In any case in which a party giving notice of appeal intends to contend that the Arbitrator's findings on the salvaged value of all or any of the salvaged property were erroneous, or that the Arbitrator has erred in any finding as to the person whose property was at risk, a statement of such grounds of appeal shall be given in or accompanying the notice of appeal.
- (c) In all cases grounds of appeal or cross-appeal will be given to the Arbitrator on Appeal within 21 days of the notice of appeal or cross- appeal unless an extension of time is agreed.
- (d) Any respondent to an appeal who intends to contend that the award of the Original Arbitrator should be affirmed on grounds other than those relied upon by the Original Arbitrator shall give notice to that effect specifying the grounds of his contention within 14 days of receipt of the grounds of appeal mentioned in (c) above unless an extension of time is agreed.