

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 and the International Group of P&I Clubs in relation to all future salvage services to which Article 14 of the 1989 Salvage Convention is applicable or under Lloyd's Form where the Special Compensation P&I Club's (SCOPIC) Clause has been invoked by the Contractor.

1. The salvor will advise 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 claim arising.
2. In the event of the SCR not being appointed under the SCOPIC clause, the P&I Club may appoint an observer to attend the salvage and the salvors agree to keep him and/or the P&I Club fully informed of the salvage activities and their plans. However, any decision on the conduct of the salvage services remains with the salvor.
3. The P&I Club, when reasonably requested by the salvor, will immediately advise the salvor whether the particular Member is covered, subject to the Rules of the P&I Club, for any liability which he may have for Special Compensation or SCOPIC Remuneration.
4. The P&I Clubs confirm that, whilst they expect to provide security in the form of a Club Letter either in respect of claims for special compensation (under Article 14 of the 1989 Salvage Convention) 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 or any other breach of the rules allowing the Club to deny cover. The Clubs will not refuse to give security solely because the Contractors cannot obtain security in any other way.
5. 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 Clubs confirm that they would be willing to consider the provision of such security subject to the aforementioned provisos referred to in para. 4 above and subject to the reasonableness of the demand.
6. The Contractors will accept security for either special compensation or SCOPIC remuneration by way of a P&I Club letter of undertaking in the attached form - "Salvage Guarantee form – ISU 5" - and they will not insist on the provision of security at Lloyd's.
7. The P&I Club concerned will reply to any request by the salvors regarding security as quickly as reasonably possible. In the event that salvage services are being performed under Lloyd's Form incorporating the SCOPIC clause, the P&I Club concerned will advise the Contractor within two (2) working days of his invoking the SCOPIC Clause whether or not they will provide security to the Contractor by way of a Club Letter referred to in para. 6 above.
8. In the event that salvage services are being performed under Lloyd's Form incorporating the SCOPIC clause, the P&I Clubs will advise the owners of the vessel not to exercise the right to terminate the contract under SCOPIC Clause 9(ii) without reasonable cause.
9. It is recognised that any liability to pay SCOPIC remuneration is a potential liability of the shipowner and covered by his 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 his 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.
10. The P&I Clubs, if consulted, and the ISU will recommend to their respective Members the incorporation of the SCOPIC clause in any LOF.
11. 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.