



Lloyd's Open Form 2024

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ETA, Rome, 12 November 2024

Introduction and context



LLOYD'S STANDARD FORM OF SALVAGE AGREEMENT

(Approved and Published by the Council of Lloyd's)

NO CURE - NO PAY

1. Name of the salvage Contractors: (referred to in this agreement as "the Contractors")	2. Property to be salvaged: The vessel: her cargo freight bunkers stores and any other property thereon but excluding the personal effects or baggage of passengers master or crew (referred to in this agreement as "the property")
3. Agreed place of safety:	4. Agreed currency of any arbitral award and security (if other than United States dollars)
5. Date of this agreement	6. Place of agreement
7. Is the Scopic Clause incorporated into this agreement? State alternative: Yes/No	
8. Person signing for and on behalf of the Contractors Signature:	9. Captain or other person signing for and on behalf of the property Signature:

Contractors may make reasonable use of the vessel's machinery gear and equipment free of expense that the Contractors shall not unnecessarily damage abandon or sacrifice any property on

Contractors shall be entitled to all such information as they may reasonably require relating to the remainder of the property provided such information is relevant to the performance of the and is capable of being provided without undue difficulty or delay;

Contractors of the property shall co-operate fully with the Contractors in obtaining entry to the place of safety in Box 3 or agreed or determined in accordance with Clause A.

Termination: When there is no longer any reasonable prospect of a useful result leading to a successful salvage in accordance with Convention Articles 12 and/or 13 either the owners of the vessel or the Contractors shall be entitled to terminate the services hereunder by giving reasonable prior written notice to the other party.

Performance: The Contractors' services shall be deemed to have been performed when the property is in the place of safety stated in Box 3 or agreed or determined in accordance with Clause A. In the absence of this provision the property shall be regarded as being in safe condition even though the property (or part thereof) is damaged or in need of maintenance provided that (i) the Contractors are not in attendance to satisfy the requirements of any port or harbour authority, governmental authority and (ii) the continuation of skilled salvage services from the Contractors or other persons is necessary to avoid the property becoming lost or significantly further damaged or

Arbitration under the LSA Clauses: The Contractors' remuneration and/or special compensation shall be determined by arbitration in London in the manner prescribed by Lloyd's Salvage Arbitration Clauses ("the LSAC") in force at the date of this agreement. The provisions of the said LSAC are deemed to be incorporated into this agreement and form an integral part hereof. Any other difference arising out of this agreement shall be referred to arbitration in the same way.

Law: This agreement and any arbitration hereunder shall be governed by English law.

Authority: The Master or other person signing this agreement on behalf of the property identified in Box 3 or agreed or determined in accordance with Clause A binds each (but not the other) to the due performance thereof.

Prohibited: No person signing this agreement or any party on whose behalf it is signed shall in any manner whatsoever offer provide make give or promise to provide or demand or take any security for entering into this agreement.

NOTICES

Notice: As soon as possible the owners of the vessel should notify the owners of other property on whose behalf this agreement has been made. If the Contractors are successful the owners of such property shall be deemed to have agreed that it will become necessary to provide the Contractors with salvage security promptly in accordance with Clause 4 of the LSAC referred to in Clause 1. The provision of General Average security shall not relieve the salvaged interests of their separate obligation to provide salvage security to the Contractors.

Important Notice 5

Collection of Data

The contractors and owners of the property must provide within 60 days:

ESG Data

Salved Values

Settlement Data

ESG data from

Lloyd's Open Form Environment, Social & Governance (ESG) data field requirements (FINAL)			
GENERAL CASUALTY INFORMATION Vessel details, type and location of casualty			
Name of vessel			
Type of vessel			
Year vessel built			
Vessel flag			
Classification society			
Gross tonnage			
Location of casualty			
Date Lloyd's Open Form (LOF) agreed/signed			
Date(s) of incident and duration of salvage services	Date of incident	Start date (of salvage services)	Termination date (of salvage services)
Owners and Salvors rationale for signing Lloyd's Open Form (LOF) <i>NB. To include Salvors rationale for invoking SCOPIC (if applicable)</i>			
Has SCOPIC been incorporated? (YES/NO)			
Has SCOPIC been invoked? (YES/NO)			
- If YES, date SCOPIC invoked			
Name of salvor			
Type of casualty			
ENVIRONMENT			
Potential impact by pollutants	Metric tonnes (MT) onboard prior to casualty	Metric tonnes (MT) salvaged	Product type(s)
Bunker fuel (MSDO, HFO etc.)			
Crude Oil			
Refined Oil products (Gasoline, Kerosene, Avgas etc.)			
Chemicals and Hazardous Substances			
Dirty/Hazardous Bulk (Grain, Rice, Soya, Wood, Pellets, Coal, Cement, Scrap etc.)			
Benign Bulk (Rock, Sand, Ores)			
All other cargo			
Containers	Number of TEU onboard prior to casualty	Number of TEU salvaged	Product type(s)
- Containers said to contain IMDG cargoes (including classes 1 through to 9)			
- Containers said to contain Nurdles			
- Containers (all other cargo)			
Notable environmental location characteristics (if applicable) <i>NB. To include reference to sensitive habitats, marine protected areas or known breeding/feeding/nesting grounds of species of high conservation concern in vicinity. Narrative description.</i>			
SOCIAL			
Potential Impact			
Number of persons onboard			
<i>NB. To include reference to any injuries and/or fatalities as a result of the casualty</i>			
Notable social location characteristics (if applicable) <i>NB. To include description of any coastal socioeconomic and cultural sensitivities in close proximity (tourism, fisheries, aquaculture etc., significant ports and industrial infrastructure)</i>			
GOVERNANCE			
<ul style="list-style-type: none"> Lloyd's Open Form is an example of best practice - how the Form has been established, multiple stakeholders are able to provide input on how the Form evolves, the relationship between the different parties etc. Lloyd's Open Form is a pre-agreed contract. Lloyd's Open Form is enshrined by International Convention. 			

LASC 2024

- Old Fixed Costs Arbitration Procedure (“FCAP”) abandoned
- New Fast Track Documents Only (“FTDO”) system developed
- New LSAC Clauses



LLOYD'S STANDARD FORM OF SALVAGE AGREEMENT

(Approved and Published by the Council of Lloyd's)

LLOYD'S SALVAGE ARBITRATION CLAUSES 2024

1 Introduction

1.1 These clauses ("the LSAC") or any revision thereof which may be published with the approval of the Council of Lloyd's are incorporated into and form an integral part of every contract for the performance of salvage services undertaken on the terms of Lloyd's Standard Form of Salvage Agreement as published by the Council of Lloyd's and known as LOF 2024 ("LOF 2024" or "the Agreement" which expressions include the LSAC).

1.2 All notices communications and other documents required to be sent to the Council of Lloyd's should be sent to:

Salvage Arbitration Branch
Lloyd's
One Lime Street
London EC3M 7HA

Tel: +44 (0) 20 7327 5408/5407
E-mail: lloyds-salvage@lloyds.com

1.3 Details of the Council of Lloyd's fees and those currently payable for an Arbitrator's services, together with applicable booking and cancellation charges, may be found at www.lloyds.com or will be provided on application to Lloyd's Salvage Arbitration Branch at the address set out in clause 1.2 above.

1.4 Particular attention should be paid to the Fast Track Documents Only (FTDO) provisions which are set out in clause 9.

2 Overriding Objective

In construing the Agreement or on the making of any arbitral order or award regard shall be had to the overriding purposes of the Agreement namely:

2.1 to seek to promote safety of life at sea, the preservation of property at sea and, during the salvage operations, to prevent or minimise damage to the environment;

2.2 to ensure that its provisions are operated in good faith and that it is read and understood to operate in a reasonably businesslike manner;

2.3 to encourage cooperation between the parties and with relevant authorities;

2.4 to ensure that the reasonable expectations of salvors and owners of salvaged property are met and

2.5 to ensure that it leads to a fair and efficient disposal of disputes between the parties whether amicably, by mediation or by arbitration within a reasonable time and at a reasonable cost.

3 Definitions

In the Agreement and these clauses and unless there is an express provision to the contrary:

3.1 "Award" includes an interim or provisional Award and "Appeal Award" means any Award including any interim or provisional Award made by the Appeal Arbitrator appointed under clause 11.2.

LASC 2024

Arbitration Procedure

Introduction

- 8.1 Every arbitration where the security demand is US\$10 million or less will be dealt with on a fast-track documents-only (“FTDO”) basis unless the Arbitrator orders otherwise.
- 8.2 The FTDO procedure will not apply in those cases where, upon application by one or more parties, the Arbitrator considers that an oral hearing is needed or appropriate. Such cases are likely to (but will not necessarily) include those involving allegations of bad faith, criticism of Contractors, complex factual issues and/or complex expert issues.
- 8.3 Every arbitration where the security demand is more than US\$10 million shall be dealt with in accordance with the Oral Hearing procedure unless the Arbitrator orders that it should be dealt with under the FTDO procedure. The arbitration shall take place in London unless (i) all represented parties agree to some other place of the whole or part of the Arbitration and (ii) any such agreement is approved by the Arbitrator on such terms as to the Arbitrator’s travel and accommodation expenses as the Arbitrator may see fit to impose.

LASC 2024 – costs and submissions

Costs and Fees

- 9.5 The Arbitrator's fees for an FTDO arbitration will be determined according to the charges capped and published from time to time by the Salvage Arbitration Branch of Lloyd's. The Arbitrator will be entitled to charge separately in respect of any fees incurred in respect of work not included within the scope of the FTDO arbitration.
- 9.6 The Arbitrator shall have power to order any party to pay the costs of any other party and to determine the amount of such costs. The maximum costs recoverable by any party to an FTDO arbitration will be those capped and published from time to time by the Salvage Arbitration Branch of Lloyd's. The reasonable costs and disbursements of obtaining security or of enforcing a lien or liens or of the preliminary meeting, are not within the scope of the maximum costs recoverable under this paragraph. Notwithstanding the foregoing, the Arbitrator shall have reserved to them the power to make costs orders in such amount as they deem fit against any party that they consider is causing costs to be incurred unnecessarily.
- 9.7 The Salvage Arbitration Branch of Lloyd's is entitled to recover its capped charges as published from time to time and this will include the cost of publishing the Award. The Salvage Arbitration Branch of Lloyd's will be entitled to charge separately in respect of any fees incurred in respect of work not included within the scope of the FTDO arbitration.

1 June 2024

LLOYD'S STANDARD FORM OF SALVAGE AGREEMENT

FAST TRACK DOCUMENTS ONLY PROCEDURE (Clause 9 of the LSAC 2024)

Schedule of Capped (Maximum Recoverable) Fees and Costs

1. First Instance capped (maximum recoverable) fees and costs

a.	Arbitrator	£30,000
b.	Lloyd's (Salvage Arbitration Branch)	£2,000 Plus LOF management fee*
c.	Party and party costs (excluding the costs referred to in (a) and (b) above)	£75,000

* LOF management fee (0.025% of the total salvaged value – with a minimum fee of £1,000 and a maximum fee of £10,000)

2. On Appeal capped (maximum recoverable) fees and costs

d.	Appeal Arbitrator	£30,000
e.	Lloyd's (Salvage Arbitration Branch)	£1,500
f.	Party and party costs (excluding the costs referred to in (d) and (e) above)	£50,000

9 The FTDO procedure

- 9.1 Where the arbitration is dealt with on the FTDO basis the following procedure will normally be followed.
- 9.2 By the dates fixed by the Arbitrator:

Documents

- (i) The Contractors will provide to the Arbitrator and all other Respondent Interests a bundle, not exceeding 100 pages, which comprises the documents and statements upon which it intends to rely. These 100 pages will not include the LOF, the Certificate of Redelivery, any Daily Progress Reports (or equivalent), any Schedules of Values, the Contractors' status bundle, and key personnel CV's which can be provided in addition.
- (ii) The Respondent Interests shall provide to the Arbitrator and all other parties bundles of documents, not exceeding 75 pages for each Respondent Interest, upon which they intend to rely. These documents shall not include any of the documents that have been disclosed by the Contractors.

Submissions

- (iii) The Contractors will provide to the Arbitrator and all other Respondent Interests submissions not exceeding 6,000 words to the Arbitrator and to the other parties. These submissions will include the Contractors case on all relevant matters, including interest, currency adjustment and costs.
- (iv) The Respondent interests will then provide submissions to the Arbitrator, the Contractors and to any other parties on the following basis (i) where there is a single interest, not exceeding 6,000 words, (ii) where there are multiple parties; not exceeding 4,000 words per Respondent. These submissions will include the Respondents' case on all relevant matters, including those matters raised by the Contractors in their submissions, and will also address interest, currency adjustment and costs. Where there is more than one Respondent the Respondents will cooperate with each other in order to avoid the duplication of submissions.
- (v) The Contractors will then provide to the Arbitrator and all other Respondent Interests their submissions in reply to the matters raised by the Respondent Interests. These submissions will not exceed 4,000 words.

LASC 2024 – issues for contractors

- Concerns about high threshold
- Right to apply for oral hearing not the same as automatic right
- Disproportionate submissions
- Fewer settlements?
- Provision of ESG data – burden and sanctions?
- Values?

London Market LOF “default clause”

Lloyd's Open Form Default Salvage Clause

Preface

Lloyd's Salvage Arbitration Branch (LSAB) is responsible for the administration of Lloyd's Open Form of Salvage Agreement (LOF). LOF provides a framework for determining the amount of remuneration to be awarded to salvors for their services in saving property at sea and minimising or preventing damage to the environment. It contains terms pre-agreed by shipowners, salvors and property and liability insurers (the "Market").

It can be signed immediately by the shipowner or their representatives including the Master with the comfort that it is on Market approved terms, thus avoiding delay and allowing for maximum time and opportunity for the salvor to undertake their contractual obligation to use best endeavours to save the ship and cargo. In situations of danger or potential danger, LOF is considered to be the appropriate contract when time is of the essence in responding to a casualty and where lives or property is at risk and to minimise or prevent damage to the environment.

LOF is accompanied by the Lloyd's Salvage Arbitration Clauses (LSAC). The form and clauses can be found on the LSAB Forms and Documents page (<https://www.lloyds.com/resources-and-services/salvage-arbitration-branch/forms-documents>).

Owners and Insurers agree the procedure as set out in the paragraphs below will apply to any circumstance where non-customary towage or salvage services are required (where "customary towage" is towage that is customary within a port and/or part of the ordinary trading of the ship):

1. LOF Default Position

When in the reasonable opinion of the Master and/or the Owner, the vessel is in a situation of danger or potential danger requiring immediate Salvage Services to preserve life and/or the vessel and/or any property on board, or to minimise or prevent damage to the environment, it is agreed LOF shall be used ("LOF default position").

2. Notification

2.1 The Owner shall as soon as reasonably practicable notify information of the casualty to the Lead Insurer(s) at _____. Notification should be direct, copied to their broker.

2.2 The notification shall contain as much information as is reasonably available to the Owner at the time of the notification and shall include wherever possible proposals from a reputable salvage company (the "Contractor") regarding the terms of availability for any salvage tug and/or specialist equipment that may be required for salvage (the "Salvage Services"). Such notification should not delay entering into LOF under Clause 1 above. The Owner shall continue to keep the Lead Insurer(s) aware of material information throughout the period of the Salvage Services.

3. Circumstances where Clause 1 does not apply

3.1 Where the danger is not such that immediate Salvage Services are required, or all the circumstances suggest that another contract may be more suitable for the situation, the procedure set out in clauses 3.2 - 3.4 below shall be used.

3.2 The Owner and the Lead Insurer(s) will, in good faith, endeavour to reach agreement on the most appropriate form of contract and appropriate Contractor to carry out the Salvage Services.

3.3 Recognising that any delay in engaging the services of a third-party may result in an increased threat to the safety of life, the environment and the vessel and its contents, if no agreement on the most appropriate form of contract or choice of Contractor is

reached within 48 hours of the initial notification the Owner may proceed with the LOF default position or with any other contract as reasonably considered appropriate for the Salvage Services and with the Contractor of their choice.

3.4 Notwithstanding clause 3.2 hereof if at any time in the reasonable opinion of the Master and/or the Owner the situation deteriorates such that the vessel requires immediate Salvage Services to preserve life and/or the vessel and/or any property on board and/or to minimise or prevent damage to the environment, the Master and/or the Owner are at liberty to sign LOF or any other Contract as considered appropriate without prior agreement of the Lead Insurer as in clause 1 above.

4. Arbitration

4.1 Notwithstanding any other provision in this policy concerning governing law and jurisdiction, this clause shall be governed by and construed in accordance with English law and any dispute arising out of or in connection with it shall be determined by a single arbitrator to be agreed between the parties who is either a KC with salvage experience or a salvage legal practitioner. Failing agreement within fourteen days after a party has given to the other a written request to concur in the appointment of an arbitrator, the arbitrator will be appointed by the President of ARIAS. The arbitration shall be conducted in [London] in accordance with ARIAS (UK) Arbitration Rules current at the time when the arbitration proceedings are commenced.

4.2 Arbitration proceedings may be commenced but no additional steps in the arbitration proceedings may be taken until there has been a final Salvage award or settlement between Owners and salvors.

5. Other Rights, Remedies Obligations and Defences

5.1 This clause is without prejudice to the provision of any security or counter-security that Insurers may be required to post with respect to the Salvage Services.

5.2 The agreement set out in this clause is without prejudice to any rights, remedies, obligations and defences that the parties may have with respect to any claim under the insurance policy into which this Clause is incorporated.

LMA5654

12th September 2024