

**LLOYD'S SALVAGE ARBITRATION BRANCH**

**SCOPIC COMMITTEE**

**GUIDANCE NOTES  
ON  
THE ROLE OF  
THE SPECIAL CASUALTY REPRESENTATIVE (SCR)**

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**APPENDICES**

Appendix A Pro Forma Letter of Appointment of SCR

## **1 INTRODUCTION**

- 1.1 The purpose of this Document is to provide Special Casualty Representatives, (SCRs), with a single reference point in respect of the various recommendations and decisions made by the SCOPIC Committee since it was established and which, prior to the publication of this Document, were reported by means of Digests and other correspondence.
- 1.2 These recommendations/decisions are in addition to those set out in the SCR Guidelines which are to be found on the Lloyd's Salvage Arbitration Branch (SAB) website<sup>1</sup>.
- 1.3 The custodian of this Document is the Secretary of the SCOPIC Committee. Any proposals for amendments or additions to these Guidance Notes should be passed to the custodian for action.

## **2 ELIGIBILITY TO REMAIN ON THE SCR PANEL**

- 2.1 At the beginning of each calendar year all SCRs must confirm to Lloyd's that they wish to continue as a Member of the SCR Panel, and that they consider themselves to be fully capable of carrying out the role of an SCR.
- 2.2 Specifically all SCR's must confirm in writing to the Lloyd's SAB that:
  - i. They are not in the full time employment of, or an exclusive consultant to, any company or organisation that could become a party to a Lloyd's Form Salvage Agreement or the insurers of such parties.
  - ii. They consider that their health and physical fitness is such that they are capable of undertaking the role of an SCR, having recognised that the role may be strenuous at times.
- 2.3 Any temporary or permanent change in circumstances that affects an individual SCR's eligibility to remain on the SCR Panel should be reported to the Lloyd's SAB without delay.
- 2.4 SCRs should be aware that any failure to comply with these requirements in a timely manner may result in their removal from the SCR panel.

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[http://www.lloyds.com/~media/Files/The%20Market/Tools%20and%20resources/Agency/Salvage%20Arbitration%20Branch/Agency\\_SCR\\_Guidelines.pdf](http://www.lloyds.com/~media/Files/The%20Market/Tools%20and%20resources/Agency/Salvage%20Arbitration%20Branch/Agency_SCR_Guidelines.pdf)

### 3 REPORTING TO LLOYD'S SAB

- 3.1 SCRs are to complete and return to Lloyd's SAB the Qualifications and Experience Form issued by Lloyd's. This will enable Lloyd's to provide assistance to parties seeking to select an SCR by publishing this data in a standardised format in the SCOPIC section of the Lloyd's SAB website.

### 4 APPOINTMENT OF AN SCR

- 4.1 The SCR is normally appointed by the P&I Club on behalf of the Shipowner.
- 4.2 The SCR should receive a Standard Letter of Appointment from the P&I Club; if there is no appointment letter the Salvage Master will be at liberty to provide the SCR with a copy of the Standard Letter of Appointment.
- 4.3 A copy of the Standard Letter of Appointment pro forma is appended to these Guidance Notes. **(Appendix A)**.

### 5 THE SCR'S ROLE

- 5.1 Whilst appointed by or on behalf of the shipowner, the SCR must remain independent and must act in the overall interest of the salvage operation.
- 5.2 For the sake of good order, SCRs are reminded of the following extracts from Appendix B to the SCOPIC Clause:
- i. *"The primary duty of the SCR shall be the same as the Contractor, namely to use his best endeavours to assist in the salvage of the vessel and the property thereon and in so doing to prevent and minimise damage to the environment".*
  - ii. *"The Salvage Master shall at all times remain in overall charge of the operation, make all final decisions as to what he thinks is best and remain responsible for the operation."*
  - iii. *"The SCR shall be entitled to be kept informed by or on behalf of the Salvage Master or (if none) the principal contractors' representative on site (hereinafter called "the Salvage Master"). The Salvage Master shall consult with the SCR during the operation if circumstances allow and the SCR, once on site, shall be entitled to offer the Salvage Master advice."*
- 5.3 The SCR represents all salvaged interests in addition to his primary duty as described in 5.2(i) above. The success of the SCOPIC/SCR system in limiting litigation is considered in large part to stem from the trust that SCRs have been able to build with all parties through demonstrating that they represent an independent unbiased viewpoint. That

trust will be breached if SCRs are seen or considered to be beholden to any particular party.

## **6 THE SCR'S DEMOBILISATION**

- 6.1 The timing of the SCR's demobilisation from site should be assessed on a case-by-case basis. In circumstances where, following termination of an LOF, the demobilisation of the salvor's equipment is an extensive operation, there may be merit in the SCR remaining on site until that equipment demobilisation is substantially completed.

## **7 THE SCR'S LIABILITY**

- 7.1 SCRs are reminded that they have duties to the parties for whom he acts and are thus advised of the need to take out appropriate personal injury and liability insurance.

## **8 THE USE OF THE TERMS "SCOPIC RATES" AND "SCR" IN NON LOF-SCOPIC MATTERS**

- 8.1 In order to avoid confusion and misunderstandings, SCR's are requested not to use SCOPIC terms in non-LOF cases. In particular, they should not describe themselves as an SCR when not acting in that specific capacity but as "A Member of the Lloyd's SCR Panel".

## **9 THE SCOPE OF SCOPIC EXPENSES**

- 9.1 Appendix A to SCOPIC 2014 sets out categories of items and personnel that are accepted as legitimate SCOPIC expenses. The Appendix A list is not exhaustive and it will be the normal routine for salvors and SCRs to agree the eligibility and rate for other items that are required but not listed in Appendix A.
- 9.2 For the avoidance of doubt, the following categories of expenditure are NOT considered to be eligible SCOPIC expenses, unless agreed in advance between the SCR and Salvage Master in special circumstances, and thus should be excluded from SCOPIC cost sheets:
- i. Media advisors
  - ii. Salvors' legal expenses
  - iii. Salvor's insurance expenses
  - iv. Salvor's warehouse expenses (Personnel, Equipment, Equipment Repairs)
  - v. Salvor's equipment and repair expenses post demobilisation from site

- 9.3 It has been confirmed that the 25% fixed bonus should be applied when calculating the cost of salvage equipment that is lost or destroyed during the course of salvage services. Thus the maximum recovery for such an item is:

$$\text{The Replacement Cost} \times 2.5 \times 1.25$$

- 9.4 Whilst the costs of storing salvaged cargo are likely to be an eligible SCOPIC expense, this will depend on the circumstances of the case and thus should be considered on a case-by-case basis.

## **10 THE SCR'S REPORT**

- 10.1 If any party to the Lloyd's Form asks an SCR to amplify his Daily, Interim or Final Reports, or to attend a meeting, or give a further statement relating to the salvage operations, the SCR should do his best to assist but in so doing he must ensure that:-

- i. Any additional written reports are given to all parties to the LOF.
- ii. That in the event of a personal meeting with one of the salvaged interests relating to the evidence, he must ensure that all parties to the LOF are given the opportunity to have a similar personal meeting.
- iii. That any further reports or statements are given to all parties.
- iv. That any further evidence is limited to fact or opinions expressed and reported at the time of the services.
- v. That no further opinion is given with the benefit of hindsight.
- vi. That before undertaking any of these tasks, agreement is reached between the parties as to the payment of his resultant fees and expenses.

- 10.2 Concern has been expressed that, on occasions, SCRs were being requested by instructing parties, both during the services and post event, to provide them with expert opinions. This is completely contrary to the SCR's role, which requires him to be independent. The position requires such person to act with tact and integrity and by providing separate opinions to any party, the fundamental element of trust could be lost.

- 10.3 The SCRs Final Report must be sent to Lloyd's, shipowner, property insurers, liability insurers and salvors.

## **11 DISSENTING REPORTS**

- 11.1 The SCR Guidelines specifically provide that the Daily Written Report of the salvor must either be endorsed by the SCR each day or, if there is disagreement, be

accompanied by a written Dissenting Report from the SCR. The point is emphasised the Standard Letter of Appointment.

- 11.2 Any Dissenting Report must be in writing, deal only with issues of fact, and must be made as quickly as possible. One of the great benefits of the SCR system is the ability and encouragement to address problems as and when they arise. It has resulted in disagreements being resolved more quickly and has avoided the costs that would otherwise be involved in resolving disputes at a later date.
- 11.3 It is essential that any disagreement with the salvage master or the daily salvage report is properly recorded and communicated at the time. A failure to do so at the time and to do so clearly will make it harder to raise such points of disagreements later, in any dispute that may develop.
- 11.4 The Guidelines do not specify precisely what must be done when the SCR arrives after the salvors have begun work and therefore was not present during the mobilisation period. Clearly when he first attends aboard the ship the SCR must make a full enquiry as to what has occurred before he arrived. If he is in disagreement with any part of it, he must make a dissenting report as quickly as is reasonably possible. The dissenting report must not be left until after the services have been completed. Similarly, any dissenting report on the demobilisation must be made as soon as the SCR has been made aware of the facts.
- 11.5 There have been instances of an SCR making no objection as to the manner in which salvage services are being carried out during the course of those services and then criticizing them for the first time in his final report many weeks later. The SCOPIC Committee is of the view that this is inappropriate. It is clearly contrary to paragraph 3 (b) of the "Guidelines for SCRs" and undermines the trust which is essential to the smooth operation of the system. If the SCR is dissatisfied with the way the services are being conducted he must make that clear at the time of the event that is being criticized and record it in a Dissenting Report. In this way problems or disagreements can more easily be resolved or high-lighted as and when they occur.

## **12 COMPLAINTS PROCEDURE**

- 12.1 This Procedure applies only to Complaints raised by a Contractor in respect of an SCR, or by an SCR concerning a Contractor. It does not relate to Dissenting Reports.
- 12.2 Any complaint should be made in writing by email, fax or letter and sent to the Secretary of the SCOPIC Committee, Kevin Clarke. A copy must also be sent to the SCR Representative, currently Captain Keith Hart. The Secretary of the SCOPIC Committee will send a copy of the complaint to the person/company relating to such complaint, inviting a response. Any response will be sent to the complainer who will be given the opportunity to respond to any new points raised. If there is a further

response this will also be sent to the person/company relating to such complaint, and thereafter the documents will be placed before the Committee who will decide what further steps, if any, should be taken in the light of the particular complaint.

- 12.3 The Committee will have complete discretion as to what it should do. It may make a decision on the information before it, or it may decide to call the parties before one or all of the Committee in order to amplify or clarify the complaint or answer, or the Committee may request further information or documentation.
- 12.4 If either party is requested to attend before the Committee, or any one appointed by the Committee, both parties will be given an opportunity to attend, or failing attendance, to be interviewed by video link. If further amplification or clarification is needed from either party, both parties will be kept advised of both the request and the response and be given an opportunity to respond to any additional new point.
- 12.5 The Committees' decision will be final unless it decides an SCR should be either suspended or removed from the SCR Panel in which event he or she, should he/she so wish, will be entitled to attend before the Committee, or such other body as it may delegate, to make verbal representations, or to make such representations via video link. The decision of the Committee after such representations shall be final.

APPENDIX A

**PRO FORMA  
LETTER OF APPOINTMENT of SCR**



you are representing all salvaged interests and your primary duty is the same as the salvor's duty, namely to use your best endeavours to assist in the salvage of the vessel and the property thereon and in so doing to prevent and/or minimise damage to the environment.

The success of the SCOPIC system depends on the impartiality that SCRs are able to bring to the casualty response working with the salvors and other interests in the common cause. In this respect you should not provide any information to any one party that is not also made available to all parties and your brief is strictly limited to salvage issues alone.

The Salvage Master remains in overall charge of the operation, makes all final decisions as to what he thinks is best and remains responsible for the operation. You have no authority either to take on responsibility for the salvage services or to countermand the Salvage Master's decisions, nor to bind the owners to any agreement without their specific authority. You should under no circumstances seek to negotiate the agreed rates under the Tariff.

You are asked to work closely with the Salvage Master and you are entitled to expect the Salvage Master to communicate candidly with you to ensure that you are properly informed about the operation. You are further entitled to offer advice to the Salvage Master on the basis of your own expertise and your perception of the casualty response required.

Thank you very much for taking on this appointment. Whilst your fees will ultimately be borne by the liability and the property underwriters we confirm that the owners will be responsible for your fees on behalf of all salvaged interests in the first instance.

Yours sincerely,

Declaration by SCR: .....(Signature & Date)

1. I hereby confirm receipt and acceptance of my appointment as SCR in this matter.
2. I hereby confirm that I understand my duties as SCR and will perform my duties impartially and will use my best endeavours to assist in the salvage of the vessel and the property thereon and in so doing to prevent and/or minimise damage to the environment.

Declaration by Salvage Master: .....(Signature & Date)

1. I hereby acknowledge the appointment of \_\_\_\_\_ as SCR in the matter.
2. I hereby confirm that I understand my duty to interact with the SCR in accordance with the terms of Appendix B to the SCOPIC Clause.