

**SALVAGE GUARANTEE FORM ISU 4**

Article 14 Special Compensation

To:

Dear Sirs,

"....." **Salvage**

**Lloyd's Standard Form of Salvage Agreement dated..... ("the LOF")**

1. In consideration of, and upon condition that, you refrain from arresting or otherwise detaining the "..... " or any other ship or property in the same beneficial or associated ownership or management, and that you refrain from calling for the completion of security by means of a guarantee in the form prescribed by the Council of Lloyds in connection with your claim for Art. 14 Special Compensation for services rendered to the "..... " under the terms of the LOF we hereby undertake to pay to you on demand any Special Compensation together with interest and costs in relation thereto, which may be due to you whether by final unappealable award or judgement or by written agreement between you, the undersigned and the owners of the m.v. "....."
2. In the event of an amicable settlement of your Article 14 claim being reached, and in the absence of any agreement as to date of payment and interest accruing thereafter, it is hereby agreed that payment of the settlement monies will be effected within 28 calendar days after the date of such settlement and, in the event of non-payment within that period, we undertake to pay, in addition to the principal sum, interest thereon at the rate of ..... per cent per annum from and including the day after the due date for payment specified above until and including the date upon which payment is received and credited for value to your account with .....
3. Any monies paid by the undersigned hereunder shall be deemed to have been paid by the undersigned as surety for the party or parties hereby guaranteed provided that, notwithstanding anything hereinbefore contained, the liability of the undersigned as between the undersigned on the one hand and you on the other hand shall be that of a principal debtor, and the undersigned shall not be released by time being given or other indulgence shown to the party or parties hereby guaranteed or by any other act, matter or thing whereby the undersigned, if liable as a surety only, would or might have been released.
4. This undertaking shall be governed by and construed in accordance with English law and we undertake, when called upon to do so, to give irrevocable instructions to English solicitors to accept service of proceedings issued by you against us in relation to this undertaking.
5. Provided always that our liability hereunder shall not in any circumstances exceed the sum of ..... inclusive of interest and costs.

Signed this            day of            20

**SEE OVER FOR NOTES ON COMPLETION OF THIS GUARANTEE FORM**

By .....

Authorised signatory of .....

**SEE OVER FOR NOTES ON COMPLETION OF THIS GUARANTEE FORM**

**GUIDANCE NOTES ON THE COMPLETION  
OF Article 14 SPECIAL COMPENSATION GUARANTEE ISU 4**

**N.B. The wording of this undertaking was agreed with the International Group of P&I Clubs for use in Article 14 special compensation cases in accordance with the term of “Understanding between the International Group of P&I Clubs and the ISU”**

1. The guarantee should be addressed to the contractors named in the LOF
  
2. **Paragraph 1:**
  - (a) Insert name of vessel
  
  - (b) Insert the date of the LOF
  
  - (c) The guarantee is designed for a single guarantor. If there are two guarantors amend the 5th line to read ".....we hereby **jointly and severally** undertake to pay you ....."
  
3. **Paragraph 2:**
  - (a) Insert the appropriate rate of interest.
  
  - (b) At end of this paragraph insert the name of the company or firm, or the bank and account no. to whom the contractor wish payment to be made. If unknown amend to read "..... for value to an account to be specified by you".
  
4. **Paragraph 5:**

Insert the currency and amount in words and numbers of the limit of liability of the guarantee.

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