

1. What happened with the ARCHIMIDIS?

After loading cargo at ports in China and Korea, destined for ports in Panama, Savannah, Norfolk and NY, the vessel sailed from Pusan on 18th October and was heading towards the Panama Canal, when she suffered a mechanical failure which rendered her unable to proceed on her voyage by her own means, i.e., salvage services were required.

Salvage services were requested by the vessel's owners and are being provided by **Five Oceans Salvage** under a Lloyd's Open Form salvage contract ("LOF"). **Five Oceans, the Salvors**, are undertaking the salvage of the vessel and her containers/cargo on board. The vessel is under tow now to Panama, where her ETA is on/around 25th/28th November.

2. What is Salvage?

Salvage is the act of rescuing the vessel and its' cargo from danger for which, except for the salvor's assistance, could have led to the loss or destruction of the vessel and her property.

Under the terms of the LOF, the vessel's Salvors undertake to use their best endeavours to safely deliver the vessel and its' containers/cargo to a port of refuge, minimising or preventing any possible damage to the environment. The costs incurred in the rescue of the vessel and her containers/cargo are to be born by all parties to the adventure; Shipowners, Charterers, Container and Cargo owners, in proportion to their respective values as at the time and place when they are safely redelivered.

3. What are the costs involved?

Salvors, having rescued the vessel and her cargo, are entitled to financial remuneration, commensurate with the terms of the LOF and the Salvage Convention 1989, most notably the criteria set out in Article 13 of that Convention which includes the value of the salvaged property. The value of the salvage award will not be determined until sometime from now. It may be that parties will be contacted with a view to reaching a negotiated agreement as to the amount due, or, an award would be made by the arbitrator appointed under the LOF terms.

The value of the vessel, its' containers, cargo, bunkers and freight at risk are all taken into account, together with the extent of the dangers and the difficulty of the salvage operation.

At this time, and prior to any agreement or award being reached, salvors issue their salvage demand based on all information available to them; as above, considering the risks involved, the complexity of the salvage and calculation of costs incurred and estimation of anticipated costs. Salvage security is provided in advance to avoid withholding the goods until any agreement or award is made.

4. Possessory Lien

The Salvors have a possessory lien over any cargo/containers for its' contribution to Salvage services, in other words, the Salvor has the right to withhold the release of any container/cargo at discharge port, until acceptable Salvage security has been lodged. The salvors prefer to avoid having to delay any cargo and the best way to avoid that scenario is to provide the adjusters with the relevant cargo documents as soon as possible, when you have received a request to do so.

5. Salvage Demand - Lodging Salvage security

The salvage demand has been set at a level of 10% of container/cargo CIF Values.

Before releasing their maritime lien on any property salvaged, it will be necessary for salvage security to be provided by containers/cargo concerned in the form of: -

- ISU1 salvage guarantee to be lodged with **Blue Seas Adjusters** in London, for cargo insurers rated 'A' and above :

claims@blueseasadjusters.com

- Insured guarantee to be lodged with the **Council of Lloyd's** for cargo insurers rated less than 'A' :

diane.bowles@lloyds.com

- Alternatively, a Salvage security cash deposit at a level of 10% of CIF/C&F values, in lieu of the above and for uninsured cargo – please liaise with **Blue Seas Adjusters** on this.

6. What do I need to do now?

In the first instance, please kindly provide **Blue Seas Adjusters** with the following:-

- Bill of Lading
- Commercial Invoice
- Freight invoice – if not included in the commercial invoice value
- Details of insurance premium paid – if not included in the commercial invoice value

so they may establish a value for the cargo.

If the cargo is not insured for its' carriage, please advise.

7. How will I be kept informed of developments?

At this time, Blue Seas Adjusters can be contacted for updates, but they will also endeavour to update their website (www.blueseasadjusters.com) regularly with status of the salvage security process.

8. Release of secured containers and cargo

Whilst a procedure for release of any secured containers and cargo has yet to be agreed, cargo concerned should continue to liaise with Blue Seas Adjusters until a plan has been established.