



Shipowner's Liabilities in Respect of Crew under the Maritime Labour Convention 2006

The International Labour Organization (ILO) adopted the Maritime Labour Convention ("the MLC") at a maritime session in Geneva on 23 February 2006. The MLC entered into force globally on 20 August 2013 and aims to ensure worldwide protection of the rights of seafarers.

The MLC covers a wide range of subjects such as seafarers' working conditions, accommodation, health care and social protection. It applies to all seafarers who are employed or are engaged or work in any capacity on board a ship to which the convention applies.

A ship is defined as "a ship other than one which navigates exclusively in inland waters or waters within, or closely adjacent to, sheltered waters or areas where port regulations apply". The MLC applies to all ships as so defined, whether publicly or privately owned, that are ordinarily engaged in commercial activities except ships engaged in fishing or in similar pursuits, ships of traditional build such as dhows and junks, warships or naval auxiliaries.

The Member States to the MLC shall among others ensure that seafarers on vessels flying their flag are entitled to repatriation, even in the event of shipowners' insolvency, at no cost to themselves (the MLC Regulation 2.5) and compensation in the event of death or long-term disability due to an occupational injury, illness or hazard as set out in national law, the seafarers' employment agreement or collective agreement (the MLC Regulation 4.2).

Financial security

The MLC requires that shipowners shall provide "financial security" in respect of claims following the above liabilities. The ships flying the flag of a Member State will therefore need to have an evidence that "financial security" is in place to ensure compliance with the requirements set out in the MLC.

The term "financial security" is however not defined in the MLC, neither does the convention prescribe the form or any amount of coverage of a financial security. The MLC does not explicitly require "blue cards" but some form of evidence that acceptable security or insurance is in place is likely to be needed to satisfy the requirements of financial security for claims in respect of the liabilities listed under Regulations 2.5 and 4.2 of the convention. It seems that it is left for each individual Member State to determine the precise form of financial security when implementing the MLC into its national legislation.

Claims for repatriation following illness or injury and claims for compensation following seafarers' sickness, injury or death, have generally already been covered under standard P&I rules. With the entry into force of the MLC, wider and more specific requirements are imposed on shipowners concerning repatriation costs. Furthermore, "financial security" is required in the event of death or long-term disability due to an occupational injury, illness or hazard.

IG Club Certificate of Entry as financial security

The International Group of P&I Clubs has proposed that a Club Certificate of Entry should be accepted as evidence of shipowners' financial security. The IG has been in regular contact with the competent authorities in each Member State to the MLC to ask whether they will accept an IG Club Certificate of Entry as evidence. As of February 2014, 31 states have confirmed that they will accept a Club Certificate of Entry, and several more are considering the issue as they develop their national implementing legislation. No ratifying state in discussion with the IG has refused to accept a Certificate of Entry as evidence.

MLC cover under Alandia P&I Terms and Conditions 1.6.2014

Alandia Marine is pleased to announce that the revised Alandia P&I Insurance Terms and Conditions of 1.6.2014 cover the shipowner's liabilities under the MLC in respect of repatriation and compensation for death and long-term disability. The cover is similar to what is offered by the International Group of P&I clubs. Therefore Alandia's Certificates of Insurance are likely to be generally accepted as financial security as required by the MLC. Read more about Alandia's revised P&I Insurance Terms and Conditions in our circular 14-01.

Alandia Marine's Additional cover to the previous Terms and Conditions

For those vessels which are still insured on Alandia's previous P&I Insurance Terms and Conditions dated 1.1.2011, Alandia offers an **Additional cover for the Insured's liabilities in respect of crew under the Maritime Labour Convention 2006**. The additional cover provides insurance coverage for the shipowner's liabilities under the MLC as are mentioned above. Please contact your underwriter at Alandia Marine to discuss further.

Possible future amendments to the MLC

When the MLC entered into force on 20 August 2013 a so-called Special Tripartite Committee (STC), comprising government, shipowner and seafarer representatives, was established in order to keep the MLC under continuous review. The STC held its first meeting on 7-11 April 2014 and it was then decided to adopt more stringent and specified financial security requirements in respect of abandonment of seafarers (Regulation 2.5) and compensation for death and disability (Regulation 4.2). The amendments will be submitted for approval to the International Labour Conference, which will take place in Geneva in May and June 2014. If approved, it will take at least a further 18 months until the amendments will enter into force.

For more information on the MLC please visit ILO's website or contact us at Alandia Marine.



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