

Maritime Labour Convention 2006 As Amended (MLC) – Liability for Uninsured MLC Liabilities

As Members will be aware from the Club’s Circulars of 22 June and 7 October 2016 concerning the implementation of financial certification requirements in accordance with the amendments to the Maritime Labour Convention 2006 (“MLC”), the Boards of all International Group Clubs agreed that Clubs would provide the necessary certification.

The circulars also made clear however that whilst some of the liabilities arising under the certificates– i.e. compensation for death or long-term disability in accordance with Regulation 4.2., Standard A4.2. and Guideline B4.2. - would be covered by standard P&I cover, the liabilities for outstanding wages and repatriation of seafarers together with incidental costs and expenses in accordance with MLC Regulation 2.5, Standard A2.5.2 and Guideline B2.5 would fall outside of cover. Should the Club be required to meet those liabilities in the first instance under its certificate, Members will be obliged to reimburse the Club.

This position is reflected in the terms of the MLC Extension Clause 2016 against which the Club issues MLC Certificates. The MLC Application Form that Members are required to sign to obtain their Certificates explicitly binds all Co-Assureds, Members and Joint Members/Joint Entrants to the terms of the MLC Extension Clause and now includes a warranty that the party signing the Application Form has the authority of all those parties to so bind them.

This circular is therefore intended to remind Members of the need to obtain the authority of all joint assureds on the policy to sign the Application Form on their behalf and to bind them to their obligations under the MLC Extension Clause, and to remind all Members and Joint Member/Joint Entrants that they are jointly and severally liable to reimburse the Club for any MLC liabilities falling outside standard P&I cover. Thus, if the Member fails to meet the obligation the Club will look to other Members and all other Joint Member/Joint Entrants on the policy to make good the debt.

All Clubs in the International Group have issued a similar circular.