

Isle of Man Ship Registry Maritime Labour Notice

Financial Security

Ref. MLN 7.0 (Rev. 1)
Issued: 23/12/2024

Overview

Ships that are subject to the Maritime Labour Convention ('MLC') must display certificates issued by an insurer confirming that financial security is in place for liabilities in respect of:

1. Abandonment of a seafarer (MLC Standard A2.5.2); and
2. A 'contractual claim' which relates to death or long-term disability of seafarers due to an occupational injury, illness or hazard (MLC Standard A.4.2).

The Amendments specify certain requirements and standards for the insurance. Isle of Man Ship Registry regulations require the shipowner to ensure that their insurance policy adheres to these standards.

Financial security in event of abandonment

A seafarer shall be deemed to have been abandoned where, in violation of the terms of the seafarers' employment agreement, the shipowner —

- (a) fails to cover the cost of the seafarer's repatriation; or
- (b) has left the seafarer without the necessary maintenance and support; or
- (c) fails to pay contractual wages for a period of at least two months.

Necessary maintenance and support of a seafarer includes:

- (a) adequate food;
- (b) accommodation;
- (c) drinking water supplies;
- (d) essential fuel for survival on-board the ship, including fuel for heating, cooking, the refrigeration of food supplies and sufficient fuel to move the ship to a safe location in the event of danger to those on-board; and
- (e) necessary medical care.

The cost of repatriation must cover travel by appropriate and expeditious means, normally by air, and include —

- (a) provision for food and accommodation of the seafarer from the time of leaving the ship until arrival at the seafarer's home;
- (b) necessary medical care;
- (c) passage and transport of personal effects; and
- (d) any other reasonable costs or charges arising from the abandonment.



It should be noted that for purposes of the new regulations, a Seafarers 'home' will be taken to mean the seafarer's residential address and not just their country of residence.

The financial security system provided must also be sufficient to cover the costs of outstanding wages and other entitlements for up to four months.

Financial security in respect of shipowner's liability

For contractual claims the following also applies;

The system of financial security required to assure compensation for contractual claims, must meet the following minimum requirements –

- (a) the contractual compensation, where set out in the seafarer's employment agreement must be paid in full and without delay;
- (b) where the nature of the long-term disability of a seafarer makes it difficult to assess the full compensation to which the seafarer may be entitled, an interim payment or payments must be made to the seafarer so as to avoid undue hardship;
- (c) there must be no pressure to accept a payment less than the contractual amount;
- (d) the claim for contractual compensation may be brought directly by the seafarer concerned, their next of kin, a representative of the seafarer or designated beneficiary.

A shipowner must ensure effective arrangements are in place to receive, deal with and impartially settle contractual claims relating to compensation through expeditious and fair procedures.

The shipowner must give seafarers prior notification if the shipowner's financial security is to be cancelled or terminated, as soon as reasonably practicable after the shipowner becomes aware that the financial security is to be terminated.

Certificate of Insurance

The insurance cover, and the associated certificates shall be issued by a financial security provider and in most cases this is expected to be a recognised P&I insurance provider. Please note that self-insurance is not considered satisfactory to meet these requirements.

Shipowners should contact their chosen provider to ensure that the insurance certificates are received and displayed on board in a prominent place.

The insurance certificates must be in a model format and must include the information specified by the MLC Appendices A2-I and A4-I. It should be noted that on these certificates, the assured party will normally be the registered owner but this will not necessarily be the same as the MLC shipowner named on other MLC documentation. Where the assured party named on the insurance certificates and the MLC shipowner are different there should be evidence on board to show the relationship between them.

The financial security must not cease before the end of the period of validity unless the financial security provider has given prior written notification of at least 30 days to the Isle of Man Ship Registry.



Finally, please be aware that IOMSR are applying the requirement to display insurance certificates to all Manx ships to which MLC applies (MLC itself only requires this for MLC ships over 500GRT).

Documents referred to in this notice:

Maritime Labour Convention
TAN 011-16

Most regulations and notices are available on the Isle of Man Government website:
www.iomshipregistry.com or by contacting marine.survey@gov.im

