



FEBRUARY 1, 2018

CIRCULAR NO. 07/18

TO MEMBERS OF THE ASSOCIATION

Dear Member:

MARITIME LABOUR CONVENTION 2006 AS AMENDED (MLC) – LIABILITY FOR UNINSURED MLC LIABILITIES

As Members will be aware from Club Circulars [24/16](#) and [34/16](#) (of June and October 2016 respectively) which concerned 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 while 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, 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 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 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 Co-Assureds, Members and Joint Members that they are jointly and severally liable to reimburse the Club for any MLC liabilities falling outside standard P&I cover. Thus, if a Member fails to meet the obligation, the Club will look to all other Co-Assureds, Members and all other Joint Members on the policy to make good the debt.

Yours faithfully,

Joseph E.M. Hughes, Chairman & CEO
Shipowners Claims Bureau, Inc., Managers for
THE AMERICAN CLUB

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