



Maritime Labour Convention, 2006 as amended

International Group of P&I Clubs

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 **STEAMSHIP MUTUAL**

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MLC 2006 Regulation 2.5 financial security arrangements

- MLC 2006 since August 2013
- Financial security for repatriation Standard 2.5.1
- Evidence of shipowners security provided by IG Club Certificate of Entry.

Regulation 2.5 , Repatriation

"Purpose: to ensure that seafarers are able to return home"

The basis for this is achieved by the provisions in -

Standard A2.5.1	Repatriation provisions outlined in 2006 MLC
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Standard A2.5.2	Financial security (2014 amendments) and certificate
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Guideline B2.5	Repatriation guidelines
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The role of states

- Scope for more liaison between flag and port states when abandonment occurs as this could facilitate repatriation of abandoned crew more quickly
- **MLC, Standard 2.5.1 Repatriation**
- 2.5.1.7 *Each Member shall facilitate the repatriation of seafarers serving on ships which call at its ports or pass through its territorial or internal waters, as well as their replacement on board.*
- 2.5.1.8 *In particular, a Member shall not refuse the right of repatriation to any seafarer because of the financial circumstances of a shipowner or because of the shipowner's inability or unwillingness to replace a seafarer.*
- Several examples of delays in repatriation due to demands for replacement crew
- If MLC States Parties respect these obligations abandoned seafarers will be repatriated promptly

MLC 2014 Amendments

- 2014 Amendments extended scope of financial security
- Entry into force in January 2017
 - Not in force in all MLC States – principles applied in some non-MLC states e.g. UAE
- mandatory financial security requirement for contractual salary arrears and entitlements as part of repatriation claim
- Financial default or credit risk is **not** a P&I risk
- IG/ICS/ITF/ some Governments collaborated before and during the April 2014 STC & continue to do so in the best interests of seafarers

MLC – Standard 2.5.2 insurance and reinsurance

Unique International Group insurance and reinsurance arrangements for liabilities arising under Standard 2.5.2 structured as follows -

- Club pays first USD 10 million of an abandonment claim

Followed by

- Ring-fenced IG MLC reinsurance for claims arising under Standard 2.5.2
- Ship or fleet club retention USD 10 million
- IG reinsurance USD 200 million
- Total IG cover per abandonment event USD 210 million


Certification under the 2014 amendments

- **The name of the shipowner is not relevant for Standard 2.5.2 claims .**
- Seafarer claims arise because the shipowner is in financial default
- Seafarers turn to the issuer of the financial security certificate
- **Repatriation and payment of wages etc will be effected by the financial security provider - not the DMLC holder or shipowner, flag or coastal State authority**
- ILO will update PSC guidelines and should reflect widely accepted practice to ensure system works uniformly in all MLC Member States
- MLC States parties can help to make the Convention work better for the benefit of seafarers



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