

Rest assured



## Maritime Labour Convention Extension Clause 2016



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MLC Extension Clause 2016 regulates financial security provided under the 2014 Amendments to the Maritime Labour Convention (2006), as amended (MLC) which apply with effect from 18 January 2017. The 2014 Amendments can be found on the International Labour Organisation website.

MLC Certificate Regulation 2.5.2 Standard A2.5.2

Repatriation costs, maintenance and contractual wages and entitlements – see Annex 1

These Certificates state that the security "is subject to certain conditions and limitations details of which can be found on the provider's website under "Maritime Labour Convention Extension Clause 2016".

Maritime Labour Convention Extension Clause 2016

*See Annex 2.*

Comments on Exclusion and Limitations

*See Annex 3.*

**ANNEX 1**

CERTIFICATE OF INSURANCE OR OTHER FINANCIAL SECURITY IN RESPECT OF  
SHIPOWNERS' LIABILITY AS REQUIRED UNDER REGULATION 4.2 STANDARD A4.2.1  
PARAGRAPH 1 (b) OF THE MARITIME LABOUR CONVENTION 2006 AS AMENDED

Name of Ship:

Port of Registry:

Call sign:

IMO number of the ship:

Name, full address and website of the provider of insurance or other financial security:

Contact details of the persons or entity responsible for handling seafarers' request for relief:

Name of the shipowner on whose behalf financial security has been provided:

Period of validity of the financial security: to

THIS IS TO CERTIFY that there is in force a policy of insurance or other financial security in respect of the above-named ship while in the above ownership which meets the financial security requirements of Standard A4.2.1 paragraph 1(b) of the Maritime Labour Convention 2006 as Amended, where it is in force and applicable.

Provided always that the insurer or provider of financial security may cancel this Certificate in accordance with Standard A4.2.12 by giving at least 30 days' written notice to the competent authority of the flag state whereupon the liability of the insurer hereunder shall cease as from the date of expiry of the said period of notice but only as regards events arising thereafter.

The policy of insurance is subject to certain conditions and limitations details of which can be found on the provider's website under "Maritime Labour Convention Extension Clause 2016".

This certificate has been issued for and on behalf of the above-named provider of insurance or other financial security.

Date:

Authorised Signatory

By

[Managers of the above Association]

**ANNEX 2****MARITIME LABOUR CONVENTION EXTENSION CLAUSE 2016**

1. Subject only to the other provisions of this MLC Extension (“the Extension”), the Association shall discharge and pay on the Member’s behalf under the 2006 Maritime Labour Convention as amended (MLC 2006) or domestic legislation by a State Party implementing MLC 2006:

(a) Liabilities in respect of outstanding wages and repatriation of a seafarer together with costs and expenses incidental thereto in accordance with Regulation 2.5.2, Standard A2.5.2 and Guideline B2.5; and

(b) Liabilities in respect of compensating a seafarer for death or long-term disability in accordance with Regulation 4.2, Standard A4.2.1 paragraph 1(b) and Guideline B4.2.

2. The Member shall reimburse the Association in full:

(a) any claim paid under paragraph 1(a) save to the extent that such claim is in respect of liabilities, costs or expenses recoverable under Rule [ ] [*repatriation rule*]; and

(b) any claim paid under paragraph 1(b) save to the extent that such claim is in respect of liabilities, costs or expenses recoverable under Rule [ ] [*crew claim rule*].

3. There shall be no payment under paragraph 1(a) or paragraph 1(b) if and to the extent that the liability, cost or expense is recoverable under any social security scheme or fund, separate insurance or any other similar arrangement.

4. The Association shall not discharge or pay any liabilities, costs or expenses under paragraph 1(a) or paragraph 1(b), irrespective of whether a contributory cause of the same being incurred was any neglect on the part of the Member or the Member’s servants or agents, where such liabilities, costs or expenses were directly or indirectly caused by or contributed to by or arise from:

(a) Any chemical, biological, bio-chemical or electromagnetic weapon

(b) The use or operation, as a means for inflicting harm, of any computer, computer system, computer software programme, computer virus or process or any other electronic system.

5.

(a) The Extension may be cancelled in respect of War Risks by the Association on 30 days’ notice to the Member (such cancellation becoming effective on the expiry of 30 days from midnight of the day on which notice of cancellation is issued).

(b) Whether or not such notice of cancellation has been given the Extension hereunder shall terminate automatically in respect of the War Risks:

(i) Upon the outbreak of war (whether there be a declaration of war or not) between any of the following:

United Kingdom, United States of America, France, the Russian Federation, the People’s Republic of China;



(ii) In respect of any ship, in connection with which cover is granted hereunder, in the event of such ship being requisitioned either for title or use.

(c) The Extension excludes loss, damage, liability or expense arising from:

(i) The outbreak of war (whether there be a declaration of war or not) between any of the following: the UK, the USA, France, The Russian Federation, the People's Republic of China;

(ii) Requisition for title or use.

6. The Extension shall be subject to Rules [sanctions] and [RACE].

7. Without prejudice to paragraph 5, cover under the Extension shall cease 30 days after notice of termination in accordance with either Regulation 2.5.2, Standard A2.5.2.11 or Regulation 4.2, Standard A4.2.12.

8. Any dispute arising out of or in connection with the Extension shall be resolved in accordance with Rule [Adjudication/arbitration].

9. For the purpose of the Extension:

"Member" means any insured party who is liable for the payment of calls, contributions, premium or other sums due under the terms of entry

"Seafarer" shall have the same meaning as in MLC 2006.

"War Risks" means the risks set out in the definition of War Risks in the Associations Rules and Terms and Conditions.

**ANNEX 3****COMMENTS ON LIMITATIONS AND EXCLUSIONS IN MLC EXTENSION CLAUSE 2016**

3. There shall be no payment under paragraph 1(a) or paragraph 1(b) if and to the extent that the liability, cost or expense is recoverable under any social security scheme or fund, separate insurance or any other similar arrangement.

**Comment**

MLC provides that the financial security requirements may be in the form of a social security scheme or insurance or a national fund or other similar arrangements.

**Standard A2.5.2 Financial security**

3. Each Member shall ensure that a financial security system meeting the requirements of this Standard is in place for ships flying its flag. The financial security system may be in the form of a social security scheme or insurance or a national fund or other similar arrangements.

**Standard A4.2.2 — Treatment of contractual claims**

2. The system of financial security, as provided for in Standard A4.2.1, paragraph 1 (b), may be in the form of a social security scheme or insurance or fund or other similar arrangements.

Seafarers who may benefit from such arrangements should first seek to recover from these sources.

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4. The Association shall not discharge or pay any liabilities, costs or expenses under paragraph 1(a) or paragraph 1(b), irrespective of whether a contributory cause of the same being incurred was any neglect on the part of the Member or the Member's servants or agents, where such liabilities, costs or expenses were directly or indirectly caused by or contributed to by or arise from:

- a. Any chemical, biological, bio-chemical or electromagnetic weapon
- b. The use or operation, as a means for inflicting harm, of any computer, computer system, computer software programme, computer virus or process or any other electronic system.

**Comment**

This is a standard exclusion for "cyber" and similar risks.

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(a) The Extension may be cancelled in respect of War Risks by the Association on 30 days' notice to the Member (such cancellation becoming effective on the expiry of 30 days from midnight of the day on which notice of cancellation is issued).

(b) Whether or not such notice of cancellation has been given the Extension hereunder shall terminate automatically in respect of the War Risks:

(i) Upon the outbreak of war (whether there be a declaration of war or not) between any of the following:

United Kingdom, United States of America, France, the Russian Federation, the People's Republic of China;

(ii) In respect of any ship, in connection with which cover is granted hereunder, in the event of such ship being requisitioned either for title or use.

#### **Comment**

This is a standard exclusion enabling the insurance to be cancelled or terminated in respect of war risks.

War risks are defined as: Liabilities, costs or expenses (irrespective of whether a contributory cause of the same being incurred was any neglect on the part of the member or his servants or agents) when the loss or damage, injury, illness or death or other accident in respect of which such liability arises or cost or expense is incurred, was caused by:

a) war, civil war, revolution, rebellion, insurrection or civil strife arising therefrom, or any hostile act by or against a belligerent power, or any act of terrorism (provided that, in the event of any dispute as to whether or not, for the purposes of this paragraph (a), an act constitutes an act of terrorism, the decision of the directors of the Association shall be final);

b) capture, seizure, arrest, restraint or detainment (barratry and piracy excepted) and the consequences thereof or any attempt thereat;

c) mines, torpedoes, bombs, rockets, shells, explosives or other similar weapons of war, provided that this exclusion shall not apply to liabilities, costs and expenses which arise solely by reason of

(i) the transport of any such weapons whether on board or not, or

(ii) the use of any such weapons, either as a result of government order or with the agreement in writing of the Association where the reason for such use was the avoidance or mitigation of liabilities, costs or expenses which would otherwise give rise to a claim covered under these Rules.





10. The Extension shall be subject to Rules 30.4.6 and 32.6 [sanctions] and Rule 30.4.2 [nuclear risks].

### Comment

Rule 30.4.6 reads as follows:

The insurance shall not cover, 30.4.6 liabilities, costs or expenses where payment by the Association or the provision of cover in respect thereof may expose the Association to the risk of being subject to a sanction, prohibition or any adverse action by a state or international organisation or competent authority.

Rule 32.6 reads as follows:

The Member shall in no circumstances be entitled to recover from the Association that part of any liabilities, costs and expenses which is not recovered by the Association under the Pooling Agreement, General Excess Loss Contract or any reinsurance(s) arranged by the Association because of a shortfall in recovery from such parties or reinsurers thereunder by reason of a sanction, prohibition or adverse action against them by a state, international organisation or other competent authority or the risk thereof if payment were to be made by such parties or reinsurers. For the purpose of this Rule 32.6, "shortfall" includes any failure or delay in recovery by the Association by reason of the parties or reinsurers making payment into a designated account in compliance with the requirements of any state, international organisation or other competent authority.

Rule 30.4.2 reads as follows:

The insurance shall not cover, 30.4.2 nuclear risks' liabilities, costs and expenses Nuclear risks are defined as: Liabilities, costs and expenses directly or indirectly caused by or contributed to by or arising from

- a) Ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel,
- b) the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof,
- c) any weapon or device employing nuclear fission and/or fusion or other like reaction or radioactive force or matter, or
- d) the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter other than liabilities, losses, costs or expenses arising out of carriage of "excepted matter" (as defined in the Nuclear Installations Act 1965 of the United Kingdom or any regulations made thereunder) as cargo in an entered vessel.