

Maritime Labour Convention 2006

What does the MLC 2006 mean for shipowners liability?

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Maritime Labour Convention 2006

- What is the MLC 2006?
- What are the shipowner's liabilities under the MLC 2006?



What is the MLC 2006?

- International Labour Organization (ILO) Convention instrument
- Historic problems of implementing the large number of maritime labor Conventions dating as far back as the 1920's
- The MLC 2006 is a single Convention combining and updating 36 existing Conventions and one protocol previously adopted by the ILO: some by reference, others by revision

What is the MLC 2006?

- MLC 2006 provides a set of comprehensive rights and protections for seafarers
- Aim is to achieve minimum onboard working conditions including working hours, health and safety, crew accommodation, seafarer welfare and contractual arrangements



“Four Pillars” of Quality Shipping



What is the MLC 2006?

- MLC 2006 enters into force on 20 August 2013 as requisite tonnage and States have now ratified
- Currently 37 States have ratified the MLC 2006 including important flag, port and labor supplying States
- e.g. Panama, Liberia, Bahamas, Philippines, Greece, Marshall Islands, Singapore, Russian Federation, Netherlands, etc.
- UK/Isle of Man, China/HK and India soon to follow
- US and Canada not signatories States but have many requirements as required under the MLC 2006 already under their national legislations

What is the MLC 2006?

Convention is organized into three parts–

- **Articles:** broad mandatory principles
- **Regulations:** mandatory requirements
- **Code:** Part A is mandatory and Part B is recommendatory guidance



What does the MLC 2006 mean to shipowners?

- What must shipowners have 'certified' to comply with the MLC 2006?
- What are the shipowner's liabilities?
- What documentation will be required by and for shipowners?
 - ü Declaration of Maritime Labor Compliance (DMLC)
 - ü MLC Certificate
 - ü Documentation confirming 'financial security' for relevant items

What does the MLC 2006 mean for shipowner P&I coverage?

Liabilities for shipowners related to repatriation/compensation

- **Abandonment:** including repatriation in cases of shipowner's insolvency
- **Injury, illness and death:** compensation for death or long term disability due to occupational illness, injury or hazard as set out by the flag State's national law, seafarer's employment agreement or collective bargaining agreement (CBA)
- Evidence of "financial security" must be in place
- IG Clubs have agreed to extend the scope of P&I cover to include repatriation in the event of insolvency

What does the MLC 2006 mean for shipowner P&I coverage?

Liabilities for shipowners related to repatriation/compensation (cont.)

- “Financial security” is not defined in the Convention and no “Blue Card” is required
- MLC 2006 **does not** impose a right of direct action by seafarers against providers of financial security (i.e. the vessel’s P&I club)
- It is left to each individual State to determine what is deemed as “financial security”
- IG Clubs is liaising with each State that is a Party to the Convention to determine if IG Clubs’ Certificates of Entry meet the financial security provision requirements of the MLC 2006

What does the MLC 2006 mean for shipowner P&I coverage?

Liabilities for shipowners related to repatriation/compensation (cont.)

- **Vessel loss/foundering:** seafarers are entitled to unemployment compensation for up to two months wages
- **Medical costs:** shipowner is liable “to defray” medical care expenses
- No financial security provisions are required under the MLC 2006 for loss or foundering or payment of medical costs

What does the MLC 2006 mean for shipowner P&I coverage?

Summary of scope of liability costs for shipowners

EVENT	MLC 2006 Reference	MLC 2006 require financial security?	Costs to shipowners	American Club Rules Reference
Repatriation costs				
Injury, illness or death	Standard A.4.2(1)(a)	Yes	At cost	Class I, Rule 2, Section 2
Shipowner's insolvency	Standard A.2.5(8)	Yes	At cost	Class I, Rule 2, Section 2
Compensation wages				
Sickness and injury	Standard A.4.2(1)(a)	Yes	As set forth in Standard A.4.2(4)	Class I, Rule 2, Section 1(B)
Long-term disability	Standard A.4.2(1)(b)	Yes	At cost as per employment agreement, CBA or national law but no less than 16 weeks from date of injury/sickness as per Standard A.4.2(4)	Class I, Rule 2, Section 1(B)
Death/burial	Standard A.4.2(1)(b) and Standard A.4.2(1)(d)	Yes	At cost as per employment agreement, CBA or national law	Class I, Rule 2, Section 1(B)
Vessel foundering or loss	Regulation 2.6(1)	No	Maximum of two (2) months wages as per Guideline B2.6.1(1)	Class I, Rule 2, Section 2
Medical care costs	Standard A.4.2(1)(c)	No	At cost	Class I, Rule 2, Section 1(B)

MLC 2006 reference documents

- **Updated list of States having ratified the Convention**
www.ilo.org/dyn/normlex/en/f?p=1000:11300:0::NO::P11300_INSTRUMENT_ID:312331
- **MLC 2006 Convention Text (English)**
www.ilo.org/global/standards/maritime-labour-convention/WCMS_090250/lang--en/index.htm
- **MLC 2006: Frequently Asked Questions (FAQs)**
www.ilo.org/wcmsp5/groups/public/---ed_norm/---normes/documents/publication/wcms_177371.pdf
- **American Club website**
www.american-club.com

Summary

- The MLC 2006 is a significant upgrade for employment rights and work conditions of seafarers
- Shipowners, even though they may fly flags that are not party to the MLC 2006, should consider actions to take to meet the general intent of the Convention
- The Club will notify Members of additional flag States that ratify the Convention making it mandatory for ships flying those flags.
- Thanks for your attention!

