



November 2016

To the Members

Dear Sirs,

Maritime Labour Convention 2006 as Amended (MLC) Financial Security Requirements

Application procedure for MLC Certificates

Reference is made to Circulars [L.280](#) and [L.284](#) dated October 2016 which informed Members of the amendments to the Maritime Labour Convention 2006 which will enter into force on 18 January 2017. The purpose of this Circular is to inform Members of the application process for obtaining MLC Certificates in order to comply with the additional financial security requirements which come into effect from that date. The Boards of all Clubs in the International Group have decided that Clubs should provide the necessary certification. The Certificates will confirm that insurance or other financial security is in place for liabilities in respect of:

- *outstanding wages and repatriation of seafarers together with incidental costs and expenses in accordance with MLC Regulation 2.5.2, Standard A2.5.2 and Guideline B2.5, and*
- *compensation for death or long-term disability in accordance with Regulation 4.2, Standard A4.2.1 and Guideline B4.2.*

Whilst it is possible that some Flag States may require ship owners to provide copies of MLC Certificates, it is the Club that will issue the relevant documentation on their behalf. There is no need to apply to Flag States for MLC Certificates.

More information about the categories of ships to which MLC applies, including a set of International Group FAQs on MLC, and the text of the two pro forma MLC certificates, can be found on the Club's website on its dedicated MLC webpage:

<https://www.steamshipmutual.com/publications/Articles/mlconv2017.htm>

L.286

STEAMSHIP MUTUAL UNDERWRITING ASSOCIATION LIMITED

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority
(Registered in England and Wales – Registration number 105461. PRA and FCA registration number 202548)

MANAGERS: STEAMSHIP P&I MANAGEMENT LLP

SPIM is an appointed representative of Steamship Insurance Management Services Limited which is authorised and regulated by the Financial Conduct Authority
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By way of reminder, ships will require MLC Certificates if they are:

- registered in a State where MLC is in force; or
- calling at a port in a jurisdiction where MLC is in force.

Details of States which are party to MLC can be found in the [MLC Database](#) maintained by the International Labour Organisation.

MLC Certificates are not required by ships registered in States which are not party to MLC and which will not call at States which are party to MLC. The Convention does not apply to ships which navigate exclusively in inland waters.

Attached are specimen copies setting out the text of the Certificate wordings. Once issued, the MLC Certificates will be recorded on the Vessel Search facility on the Club's website. Certificates will also be sent to Members in PDF format.

Members must ensure that printed copies of the Certificates are posted in a conspicuous place on board the relevant vessel where they are available to seafarers no later than 18 January 2017.

The text of the MLC Certificate Application Form is attached as Annex 3, and can also be found on the Club's website at:

<https://www.steamshipmutual.com/publications/Articles/mlconv2017.htm>

Members are asked to note the following:

- The application should be made, and the Certificates shall be issued, in the name of the Registered Owner.
- Members can apply using one application form per vessel or using a single application form listing all vessels in the fleet entered in the Club requiring MLC certification.
- Members' application forms must be prepared on company letter headed paper and signed by an authorised individual.
- Members must elect from three available options depending on the period of cover required as outlined below:

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- Option A – for certificates for the period 18th January, 2017 to noon GMT on 20th February, 2018. This option should be used by Members who have renewed or who intend to renew their entry for the relevant ships with the Club for the 2017/18 Policy Year.
- Option B – for certificates for the period 18th January, 2017 to noon GMT on 20th February, 2017. This option should be used by Members who do not intend to renew their entry for the relevant ships with the Club for the 2017/18 Policy Year.
- Option C – for certificates for the period noon GMT on 20th February 2017 to noon GMT on 20th February 2018. This option should be used by Members for new entries in the Club for the 2017/18 Policy Year.
- The Application Form includes a set of undertakings in favour of the Club (as is the case for Blue Cards).
- MLC Certificates required for the 2017 Policy year cannot be released until outstanding sums due to the Club are settled (as is the case of Blue Cards).
- Application Forms will only need to be submitted once in respect of the vessels currently entered in the Club, and the undertakings contained therein will apply for all future policy years.
- Application forms can now be submitted to your Underwriting Executive and MLC Certificates will be issued from the week commencing 5th December 2016.

If you have any queries please contact the relevant Underwriting Executive.

Yours faithfully,

**STEAMSHIP MUTUAL UNDERWRITING
ASSOCIATION LIMITED**

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ANNEX 3

Application for Certificates of Financial Security under Regulation 2.5.2 Standard A2.5.2 and Regulation 4.2, Standard A4.2.1 paragraph 1 (b) of the Maritime Labour Convention 2006 (as amended) (“MLC Certificates”) pursuant to the Maritime Labour Convention Extension Clause 2016 (“MLC Extension Clause 2016”)

Details of Vessel(s)

(a schedule of vessel information can be attached to this Application Form)

Vessel name:

Port of Registry:

Call sign:

IMO number:

Name of Registered Owner (Applicant):

MLC Certificates Required:

Certificate for Shipowners’ Liability arising under Regulation 2.5.2 Standard A2.5.2 (repatriation costs, maintenance and contractual wages and entitlements)

Certificate for Shipowners’ Liability arising under Regulation 4.2, Standard A4.2.1 (b) (contractual payments for death or long-term disability)

Period of Validity of Certificates

Choose one of the following Options:

OPTION A

We request you to issue Certificates for the period 18 January 2017 to noon GMT on 20 February 2018

OPTION B

We request you to issue Certificates for the period 18 January 2017 to noon GMT on 20 February 2017

OPTION C

We request you to issue Certificates for the period noon GMT on 20 February 2017 to noon GMT on 20 February 2018

Explanation: *Option A should be used by members who have renewed or intend to renew their entry for the above vessel(s) with the Association for the 2017/2018 policy year.*

Option B should be used by Members who do not intend to renew their entry for the above vessel(s) with the Association for the 2017/2018 policy year.

Option C should be used by Members who intend to enter the above vessel(s) as a new entry with the Association for the 2017/2018 policy year.

Indemnity and Assignment Agreement

1. We hereby undertake that in consideration of the Association agreeing to issue the above Certificate(s) at our request:
 - (a) We and all Joint Members/Joint Assureds insured under the same entry will be bound by (i) the terms of this Agreement and (ii) the MLC Extension Clause 2016 which is deemed incorporated herein;¹
 - (b) where any payment by the Association under any such Certificate is in respect of war risks, we will indemnify the Association to the extent that such payment is recoverable under the Owner's P&I war risks policy, or would have been recoverable if the Owner had maintained and complied with the terms and conditions of a standard P&I war risks insurance policy, and, further, we agree to assign to the Association all the rights of the Owner under such insurance and against any third party; and
 - (c) to assign to the Association all the rights of the Member under any social security scheme, or other insurance or national fund or other similar arrangement where such scheme, insurance, national fund or arrangement applies in respect of all or any liabilities arising under the MLC Certificates;
 - (d) 30 days from a notice to us and/or the Flag State of the termination thereof we shall take immediate steps to remove the Certificates and any copies thereof from the Vessel(s) and return them to the Association.

2. If we request Certificates under Options A and/or C prior to entry in the Association of the above vessel(s) being concluded for the 2017/2018 policy year, we further undertake that, in consideration of the Association providing upon our request the above Certificates for a period including the 2017/2018 policy year in order to ensure that such Vessels are able to trade without delay and without the risk of penalties or fines for failing to satisfy MLC certification requirements:
 - (a) it is our intention to enter the above vessel(s) in the Association, or in another Association in the International Group of P&I Associations for the 2017/2018 policy year; and
 - (b) if we do not effect such entry we will indemnify the Association and hold it harmless in respect of any and all liabilities, losses, damages, risks, costs or

¹ A copy of the MLC Extension Clause 2016 is to be found on the Association's website

expenses which it may suffer or incur under MLC or domestic legislation implementing MLC as a direct or indirect consequence of issuing the Certificates.

3. We hereby agree that this Agreement shall apply in favour of the Association in respect of the policy year(s) for which the above request is made, and in respect of all future policy years in which the Applicant agrees to enter the vessel(s) in the Association for which vessel(s) the Association agrees to issue MLC certificates.

4. This Agreement is to remain in full force and effect in respect of the above identified vessel(s) (as denoted by its/their unique IMO number(s)) for the duration of entry in the Association by the Member, and shall remain so notwithstanding any other alterations to the MLC Certificate application details contained herein throughout such period of entry.

5.

(a) This Agreement shall be governed by and construed in accordance with English law and any claim, dispute, legal action or proceeding arising out of or in connection with this letter of undertaking shall be subject to the exclusive jurisdiction of the High Court of Justice in London;

(b) When called upon to do so, we will instruct solicitors in London to accept service of legal notices and/or any proceedings issued on behalf of the Association in connection with this Agreement.

Dated:

Signed by

On behalf of the Member and all Joint Members/Joint Assureds
(if not signed by Member must be signed by an authorised signatory of Member).