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## **Maritime Labour Convention, 2006: Shipowners' Liabilities including Seafarer Compensation**

**Notice to all Shipowners, Masters, Manning Agents and Seafarers**

*This notice should be read with the Merchant Shipping (Maritime Labour Convention) (Minimum Requirements for Seafarers etc.) Regulations 2014*

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### **Summary**

This MGN outlines the main changes in shipowner liability following the implementation of the Maritime Labour Convention (2006) MLC, in connection with:

- the loss or foundering of the ship;
- financial security to assure compensation in the event of death or long-term disability of a seafarer due to occupational injury; and
- liability for burial/cremation costs.

### **1. Compensation for the seafarer in the event of loss or foundering of a ship**

1.1 The Merchant Shipping (Maritime Labour Convention) (Minimum Requirements for Seafarers etc.) Regulations 2014 (“the MLC Minimum Requirements Regulations”) impose liability on the shipowner to compensate a seafarer for injury, loss or unemployment resulting from the loss or foundering of a ship. For ships and seafarers covered by the MLC, this replaces section 38 of the Merchant Shipping Act 1995.

1.2 The regulations include the relaxation that shipowner liability to pay an amount equivalent to the wages in respect of unemployment mentioned above (which transposes MLC Standard A2.6.1) may be limited to two months following the date of the loss or foundering of the ship, as cited in MLC Guideline B2.6.1.

1.3 The shipowner is liable to pay compensation regarding the loss (of possessions) and injury (Standard A2.6.2) is provided for in the legislation. The maximum amount the shipowner will pay as compensation for loss in such circumstances must be specified in the Seafarer’s Employment Agreement.

1.4 Existing UK legislation already provides that the seafarer is entitled to be paid for up to two months following “wreck or loss” of the ship, so this is effectively unchanged. The new



regulations use the phrase “loss or foundering” rather than “wreck or loss” in order to be consistent with the MLC terminology.

## **2. Financial Security**

2.1 The shipowner must provide financial security a contract of insurance or other security adequate to ensure that the shipowner will be able to meet any liabilities the shipowner may have under UK law or under Seafarer Employment Agreements (SEA) to provide compensation in the event of death or long term disability to seafarers arising from occupational injury, illness or hazard. It is expected that in the overwhelming majority of cases this will take the form of an insurance or policy or mutual type cover to meet this liability. While the requirement does not preclude arrangements other than insurance, it is not expected that alternative arrangements will normally contain the necessary features to meet the obligation. It is therefore recommended that any proposed alternative be discussed with the Maritime and Coastguard Agency (MCA) well in advance of business decisions being taken. Part 10 of the MLC Minimum Requirements Regulations and MLC Standard A4.2.1(b) refer).

## **3. Wages**

3.1 The shipowner must pay basic wages to incapacitated seafarers whilst onboard or put ashore up to the time they recover, or if/when repatriated, 16 weeks have elapsed since the date of the injury or commencement of sickness. After repatriation, the shipowner’s liability is only to meet the difference between state benefits paid and the level of basic wages. Part 10 of the MLC Minimum Requirements Regulations and MLC Standard A4.2.3 (a) & (b), and Standard A4.2.4 refer.

## **4. Burial and Cremation**

4.1 The shipowner must meet any expenses reasonably incurred in the cost of burial or cremation of a deceased seafarer, wherever this takes place, except:

- a) if the seafarer dies ashore in their country of residence; or
- b) to the extent the expenses are met by a public authority.

Part 10 of the MLC Minimum Requirements Regulations and MLC Standard A4.2.1(d) refer.

## **5. Medical Care**

5.1 The shipowner must ensure that the seafarer is provided with medical care on board, so far as is practicable, and meet the cost of surgical, medical, dental and optical treatment (including the repair or replacement of any appliance), while the seafarer is employed or onboard, board and lodging away from home when not onboard the ship, up to the time the seafarer has recovered, been repatriated or the incapacity has been declared of a permanent nature. Shipowners should note that if, following the incapacity being declared of a permanent nature by an Approved Doctor, the seafarer lodges a successful appeal against this decision, the shipowner’s obligation towards the seafarer will be re-instated as if it had continued without interruption.

This obligation is limited to 16 weeks from the date of sickness injury occurring, and does not apply when those expenses are met by a public authority. These obligations do not affect any obligations the shipowner has under the repatriation aspect of the MLC Minimum Requirements Regulations. Further information on obligations relating to medical care may



be found in MGN 482(M). Part 10 of the MLC Minimum Requirements Regulations and MLC Standard A4.2.1(a) and (c) refer.

## **6. Expiry of Seafarer Employment agreement prior to the end of the usual liability period**

6.1 If a seafarer's Seafarer Employment Agreement (SEA) expires during the period in which above liabilities are payable, the liabilities continue to be payable as if the SEA continued to be in force during this period.

## **7. Exceptions**

7.1 The shipowner obligations in paragraphs 3, 4 and 5 do not apply if:

- a) the seafarer is injured when not at work;
- b) if sickness or injury was due to the seafarer's wilful misconduct; or
- c) the seafarer concealed an existing sickness or incapacity from the shipowner when they entered into the Seafarer Employment Agreement.

## **More Information**

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