



MGN 480 (M) Amendment 1

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 as amended and replaces MGN 480.

Summary

This MGN outlines the extent of shipowner liability under the Maritime Labour Convention (2006) MLC, for

- Compensation for seafarers' injury, loss or unemployment in the case of the loss or foundering of the ship;
- liability for burial/cremation costs; and
- wages in case of the seafarer's incapacity due to sickness or injury.

It also explains the requirement for financial security to assure compensation in the event of death or long-term disability of a seafarer due to occupational injury.

Amendment provides an amended section 3 to reflect amendments to the Merchant Shipping (Maritime Labour Convention) (Minimum Requirements for Seafarers, etc.) Regulations 2014 which provide that

- the shipowner's liability for wages in case of incapacity ceases if the seafarer's employment agreement expires or is terminated in accordance with the terms of the agreement;
- a seafarer's employment agreement may not be terminated for the sole or main purpose of avoiding liability;
- the amount or proportion of wages payable during the period of incapacity may be set in a collective bargaining agreement (CBA). In the absence of a provision in a CBA, basic wages must be paid.



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. The MLC Minimum Requirements Regulations use the phrase "loss or foundering" rather than "wreck or loss" in order to be consistent with the MLC terminology.
- 1.2 In these circumstances, the shipowner is liable to pay
- 1.2.1 an amount equivalent to the wages that the seafarer would have been paid for the period of unemployment resulting from the loss or foundering of the ship (MLC Standard A2.6.1); their liability is limited to two months following the date of the loss or foundering of the ship, as cited in MLC Guideline B2.6.1; and
 - 1.2.2 compensation regarding the loss (of possessions) and injury (Standard A2.6.2). The maximum amount the shipowner will pay as compensation for loss in such circumstances must be specified in the Seafarer's Employment Agreement.

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 wages to incapacitated seafarers whilst onboard or put ashore up to the time they recover, or until they are repatriated.
- 3.2 Once repatriated, wages must be paid –
- 3.2.1 until the seafarer recovers; or
 - 3.2.2 until the seafarer's employment agreement expires or is terminated in accordance with the terms of the agreement; or
 - 3.2.3 until 16 weeks have elapsed since the day after the date of the injury or commencement of sickness;
- whichever is the sooner.
- 3.3 The shipowner's liability for wages may be offset by any state benefits paid. Part 10 of the MLC Minimum Requirements Regulations and MLC Standard A4.2.3 (a) & (b), and Standard A4.2.4 refer.
- 3.4 The amount or proportion of wages payable during the period of incapacity may be set in a collective bargaining agreement which forms part of the seafarer's SEA. In the absence of a provision in a collective bargaining agreement, basic wages must be paid.



3.5 An SEA may not be terminated for the sole or main purpose of avoiding liability. However this provision would not, for example, prevent termination of a contract where there was gross misconduct and the SEA provided for termination without notice in such circumstances.

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:

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

4.2 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 –

5.1.1 surgical, medical, dental and optical treatment (including the repair or replacement of any appliance), while the seafarer is employed or onboard,

5.1.2 board and lodging away from home when not onboard the ship,

These costs must be met up to the time the seafarer has recovered or the incapacity has been declared of a permanent nature.

5.2 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.

5.3 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.

5.4 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.

6. Exceptions

6.1 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

Seafarer Safety and Health Branch
Maritime and Coastguard Agency
Bay 2/17
Spring Place
105 Commercial Road
Southampton
SO15 1EG

Tel : +44 (0) 203 8172505
e-mail: mlc@mcga.gov.uk

Website Address: www.gov.uk/government/organisations/maritime-and-coastguard-agency

General Enquiries: info@mcga.gov.uk

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