INSURANCE FOR SEAFARERS’ UNPAID WAGES FOLLOWING ABANDONMENT

KNOW YOUR COVER
This Know Your Cover is intended to provide general guidance for our ‘seafarers unpaid wages following abandonment’ cover which is available to yachts subject to the Maritime Labour Convention 2006. It is subject to the terms and conditions of the policy wording, the Certificate of Insurance and any endorsements to it. We recommend that you read the policy carefully and discuss with your broker if you are in any doubt.

What the cover is and how it works
1. Why is the Club introducing this cover?
2. I have been presented with a crew supply contract with a requirement to provide for unpaid wages following abandonment. Am I covered?
3. What is the advantage of having this new cover?
4. What is the trigger for payment of a claim under this cover?
5. What is abandonment?
6. Can you give an example of abandonment in this context?

Who can purchase the cover?
7. Is this insurance available to all vessel types?
8. Can a crew manager or crew manning agency purchase this cover independently of a yacht owner?

Policy features and Insurance limits
9. What information do you require in order to offer a quotation for insurance?
10. Does this cover have a waiting period before a claim for abandonment can be made?
11. Do you need to see the seafarer’s Standard Employment Agreement at the time the insurance is purchased?
12. What is the maximum payment that an individual seafarer can claim?
13. What is the maximum limit of cover that can be purchased?

Claims Payments
14. You offer 8 or 16 weeks cover. When does time begin to run?
15. Will the Club automatically pay the full 8 week or 16 week unpaid wages once abandonment has been established?
16. How do you calculate the claims payments?
17. What documents do you need to see at the time a claim is made?
18. Can a seafarer obtain payment directly from the Club?

Other matters
19. Who do I contact at the Club?

What the cover is and how it works
1. Why is the Club introducing this cover?
The Maritime Labour Convention 2006 (MLC) which came into effect on 20 August 2013 contains a number of provisions dealing with wages (regulation 2.2) and repatriation (regulation 2.5). It introduced a requirement for owners to provide financial security (in practice, insurance) to cover the cost of repatriating crew/seafarers following the insolvency of an employer, in situations in which they were effectively abandoned. All P&I clubs amended their Rules to pick up this new requirement.

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10. Does this cover have a waiting period before a claim for abandonment can be made?
No, however one of the factors we consider when agreeing to provide the cover is the length of time that the company to be insured has been in existence.

11. Do you need to see the seafarer’s Standard Employment Agreement at the time the insurance is purchased?
No.

12. What is the maximum payment that an individual seafarer can claim?
The maximum payment we make in respect of any one seafarer is US$ 50,000 for the 8 week period or US$ 100,000 for the 16-week period.

13. What is the maximum limit of cover that can be purchased?
We offer a maximum cover of US$ 1,000,000 (for 8 weeks) or US$ 2,000,000 (for 16 weeks).

Claims payments
14. You offer 8 or 16 weeks cover. When does time begin to run?
It runs from the time that we consider that the seafarers have been abandoned. We will pay a maximum of 8 weeks or 16 weeks wages, depending upon which period of insurance has been purchased.

15. Will the Club automatically pay the full 8 week or 16 week unpaid wages once abandonment has been established?
No. The 8 weeks or 16 weeks wages cover is a maximum. The amount that will be paid to an individual seafarer will depend upon the Member's obligation, as an employer. This will be contained in the Standard Employment Agreement which we will call for and review.

16. How do you calculate the claims payments?
Payments are limited to the seafarers' basic pay or wage i.e. the pay for normal hours of work. It does not include payments for overtime worked, bonuses, allowances, paid leave or any other additional remuneration or benefit.

17. What documents do you need to see at the time a claim is made?
When a claim is made, we ask for a copy of the Standard Employment Agreement (SEA) to verify the agreed wage and we may request sight of prior bank statements. Once verified we will remit funds to the seafarers nominated bank account without delay.

18. Can a seafarer obtain payment directly from the Club?
Yes. The payment will be facilitated through our Correspondents, lawyers or direct from the Club's branches in London or Singapore.

Other matters
19. Who do I contact at the Club?
For help and assistance with matters relating to Seafarers’ Unpaid Wages Following Abandonment cover, please contact:

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