



**PANAMA MARITIME AUTHORITY**  
**MERCHANT MARINE CIRCULAR MMC-336**

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**To: Shipowners/Operators, Legal Representatives of Panamanian Flagged Vessels, Panamanian Merchant Marine Consulates and Recognized Organizations (ROs).**

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**Subject: MARITIME LABOUR CONVENTION (MLC, 2006). AMENDMENTS-REGULATIONS 2.5 (REPATRIATION) AND 4.2 (SHIOWNER'S LIABILITY),**

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**Reference: MARITIME LABOUR CONVENTION, 2006 (MLC).**

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The ILO adopted amendments to the Maritime Labour Convention on 11 June 2014, which have the aim to improve the protection of seafarers against financial risks in possible hazardous situations. For the first time, the amendments contain standards for financial protection of seafarers' entitlements when abandoned by the ship owner. In addition, the amendments of the Maritime Labour Convention provide minimum requirements for financial security (P&I Club or insurer) for compensation claims for the death or disability of seafarers due to occupational accidents, diseases or hazards. The amendments of the Maritime Labour Convention will enter into force on 18 January 2017.

**Amendments to the Code implementing Regulation 2.5 – Repatriation of the MLC, 2006**

1. Financial Security for cases of abandonment -Regulation 2.5- The amendments to the Code implementing Regulation 2.5 – Repatriation are intended to better address the specific problems faced in cases of abandonment of seafarers with expeditious and effective financial security system to assist seafarers in the event of their abandonment. The seafarer shall be deemed to have been abandoned where, in violation of the requirements of this Convention or the terms of the seafarers' employment agreement, the ship owner:
  - o fails to cover the cost of the seafarer's repatriation; or
  - o has left the seafarer without the necessary maintenance and support; or
  - o has otherwise unilaterally severed their ties with the seafarer including failure to pay contractual wages for a period of at least two months.

1.1 The shipowner has to maintain a financial security (P&I Club or insurer) for cases of abandonment. The insurance policy must cover the necessary support for seafarers which shall include: adequate food, accommodation, drinking water supplies, essential fuel for survival on board the ship and necessary medical care.

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1.2 The financial security (P&I Club or insurer) must provide that the crew members may assert their claims directly to insurer or crew management,

1.3. Is an obligation to ensure that all ships are covered by financial security (P&I Club or insurer) in accordance with the Convention as amended, from the date when the amendments enter into force.

#### **Amendments to the Code implementing Regulation 4.2 – Shipowners’ liability of the MLC, 2006**

2. Implementing -Regulation 4.2 - Shipowners’ liability of the MLC, 2006. The amendments to the Code require further providing financial security to assure compensation in the event of the death or long-term disability of seafarers due to an occupational injury, illness or hazard. The shipowners shall maintain an financial security (P&I Club or insurer) which compensate crew members or their survivors in case of disability or death of crew members due to occupational accidents or diseases, according to the Executive Decree No. 86 of the 2013 (whereby the maritime labour convention, 2006 is regulated), **Article 172: “Shipowners must provide insurance coverage in order to guarantee the payment of an indemnity in the event of death or long-term disability of Seafarers, as a result of a work accident, illness or occupational risk”.**
3. On board of the Panamanians Ships shall require a certificate or other documentary evidence of financial security (P&I Club or insurer). A copy shall be posted in a conspicuous place on board where it is available to the seafarers. Where more than one financial security (P&I Club or insurer) provides cover, the document provided by each provider shall be carried on board.

#### **Declaration of Maritime Labour Compliance (DMLC).**

4. The DMLC issued from January 18, 2017 will have to include the amendments in both Parts.
  - **Financial Security for Repatriation (Regulation 2.5- Abandonment)**
    - All vessels must be under the obligation to provide a financial security in order to ensure that Seafarers are duly repatriated. Executive Decree No. 86, February 22, 2013. Title III. Chapter Eight.
  - **Financial Security relating to shipowner’s Liability (Regulation 4.2)**
    - Shipowners must provide insurance coverage in order to guarantee the payment of an indemnity in the event of death or long-term disability of Seafarers, as a result of a work accident, illness or occupational risk. Executive Decree No. 86, February 22, 2013. Title Five. Chapter II.

#### **Transitional measures relating to the entry into force of the amendments to the Maritime Labour Convention, 2006**

5. The ILO Resolution adopted in April 2014, on the transitional measures relating to the entry into force of the amendments concerning financial security requirements in respect of abandonment of seafarers and for shipowners’ liability, states the following:
  - i. Requests Members to recognize the need for a transitional period to issue or renew Maritime Labour Certificates and the related declarations of maritime labour compliance in accordance with the requirements of the Convention as amended;
  - ii. Urges Members to ensure that the Maritime Labour Certificates and the declarations of maritime labour compliance are issued or renewed so as to comply with the requirements of the Convention as amended, on ships that fly their flag, no later than the date of the first renewal inspection following entry into force of the amendments;

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6. From January 18, 2017 on board of all Panamanian Flag Vessels shall maintain on board both financial security (P&I Club or insurer) -Regulations 2.5 –Repatriation- and 4.2 -Shipowner’s Liability- which shall be verified during the first intermediate inspection carried out on or after January 18, 2017. The RO should include in the correspondent MLC check list the verification of the two (2) financial securities (P&I Club or insurer) and verified these requirements during the initial, intermediate and renewal inspections.
  7. The shipowner is free to choose the P & I Club of his convenience as per the list posted in our Circular MMC 352, however, once the MLC amendments (A2.5.2 and A4.2.1), enter into force, the shipowner or operator is required to keep the policies or guarantees on board and at the disposal of the competent authority.
  8. When a ship changes from a P & I Club or Insurer, the shipowner or operator must notify the General Directorate of the Merchant Marine by sending an email to the account [mlc@segumar.com](mailto:mlc@segumar.com) and must attach the new duly updated financial securities.
- **Text of the amendments of 2014 to the Maritime Labour Convention, 2006 adopted by the Special Tripartite Committee on 11 April 2014.**

*March, 2018 - New Paragraph 8*  
*September, 2017- Modification Paragraph 5 and 7.*  
*July, 2017 – Deleted the Paragraphs 1.3 and 3*  
*December, 2016 – Additional Paragraph 9*  
*October, 2016 - Modification of Paragraph 8.*  
*September, 2016*

**Inquiries concerning the subject of this Circular or any request should be directed to:**  
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