

INGOSSTRAKH INSURANCE COMPANY

August 20, 2013

RE: ENTRY INTO FORCE OF THE MARITIME LABOUR CONVENTION (MLC), 2006

The Maritime Labour Convention, 2006 ("MLC, 2006") has been ratified by the 41 ILO member state, representing the 75, 3 % of world gross tonnage of ships, and enters into force on August 20, 2013.

The Convention was designed to be applicable globally, easy to understand, readily updatable and uniformly enforced and became the "fourth pillar" of the international regulatory regime for quality shipping, complementing the key Conventions of the International Maritime Organization (IMO) dealing with safety and security of ships and protection of the marine environment.

Certification

As of today, all commercially operated ships of 500 gross tonnage or over (other than ships engaged in fishing or in similar pursuits and ships of traditional build) that fly the flag of any of the first 30 countries that brought the MLC, 2006 into force will, if they operate on international voyages, be required to carry, among other things, two specific documents: the Maritime Labour Certificate (MLC) and the Declaration of Maritime Labour Compliance (DMLC).

These documents will provide evidence that the vessel is in compliance with the requirements of the Convention, including areas such as minimum age, seafarers' employment agreements, hours of work or rest, payment of wages, onboard medical care, insurance and the use of licensed private recruitment, placement services, accommodation, and food and catering and health and safety protection and accident prevention.

Insurer role

In order to obtain the DMLC Shipowners may be requested to provide the Flag Administration with the evidence of financial security in respect of seafarer's repatriation in accordance with Regulation 2.5 and seafarer's sickness, injury or death in accordance with Regulation 4.2.

Shipowners' liability in respect of seafarer's sickness, injury or death and repatriation has always been covered within the scope of standard P&I insurance with INGOSSTRAKH. Seafarer's repatriation in case of the Shipowners' bankruptcy/insolvency was the only white spot, but soon our Rules will contain the special Section for repatriation expenses of crew members: ***"Insurance of repatriation expenses of crewmembers of the Insured vessel in accordance with provisions of the Maritime Labour Convention, 2006."***

While the amended Rules are going through registration INGOSSTRAKH already provides their clients with the Confirmation Letter, verifying insurance in accordance with the requirements of the Convention.

States Party to the Convention (as at August, 2013):

Antigua and Barbuda, Australia, Bahamas, Barbados, Benin, Bosnia and Herzegovina, Bulgaria, Canada, Croatia, Cyprus, Denmark, Faeroe Islands, Fiji, Finland, France, New Caledonia, Gabon, Germany, Greece, Hungary, Japan, Kiribati, Latvia, Lebanon, Liberia, Luxembourg, Malta, Marshall Islands, Morocco, Netherlands, Nigeria, Norway, Palau, Panama, Philippines, Poland, Russian Federation, Saint Kitts and Nevis, Saint Vincent and the Grenadines, Serbia, Singapore, South Africa, Spain, Sweden, Switzerland, Togo, Tuvalu, United Kingdom, Gibraltar, Isle of Man, Viet Nam.

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P&I DEPARTMENT