

Global service  
built around you

North

# Crew Contracts



PEOPLE

# Crew Contracts

## CONTENTS

<b>Introduction</b> .....	01
<b>National Requirements</b> .....	01
<b>Maritime Labour Convention 2006</b> .....	01
<b>Beneficiaries</b> .....	01
<b>P&amp;I Club Approval of Contracts</b> .....	01

### Introduction

A comprehensive and clear crew contract is an essential document in the modern world of shipping. A crew contract sets out what is expected of the seafarer and what benefits they earn from the employer in return.

If terms are not clear or if benefits do not conform to normal industry standards, unnecessary conflict and potentially costly litigation can result.

This short briefing provides guidance on the essential points to be considered before Members enter into a crew contract to ensure they remain fully covered by their P&I insurance. These suggestions are relevant to all seafarers of all nationalities.

### National Requirements

For some nationalities of crew, minimum standards are laid down in standard contracts drawn up by the legislative bodies of their countries of origin. For example, the POEA contract which applies to seafarers from the Philippines.

In other situations, seafarers may be hired under a Union agreement. Such Union agreements tend to be comprehensive and cover all the benefits payable to a crew member which the shipowner may be able to recover under his P&I policy. Alternatively, the shipowner/employer may draw up their own contract of employment for the crew. It is important that these non standard contracts are well drafted and that they contain all the appropriate clauses to protect both the shipowner and the crew member.

### Maritime Labour Convention 2006

The Maritime Labour Convention 2006 (MLC) is the International Labour Organization convention to protect the rights and welfare of the world's seafarers. The MLC sets out minimum requirements and came into force in 2013.

Regulation 2.1 of MLC sets out in detail the minimum requirements which must be contained in every employment agreement. It is strongly recommended that crew contracts contain these essential requirements.

### Beneficiaries

It is strongly recommended that each crew member nominates a "beneficiary" who will receive any compensation to which they are entitled in the event of their death.

This differs from a "next of kin declaration" which in most jurisdictions only provides information about the person who is to be contacted in the event of an emergency. The next of kin is not necessarily the benefactor of any Estate.

This distinction is particularly relevant in areas such as India, Poland and the Ukraine where there are no clear, automatic rights to an Estate or where last Will and Testaments are uncommon. North has experienced complications and delays in situations where people have come forward claiming to be a crew member's benefactor. This can prove to be very complicated and potential expensive for all concerned.

### P&I Club Approval of Contracts

Copies of all crew contracts should be submitted to the Club for review and approval pursuant to Rule 19(1)(f). The Club will then provide a service to Members whereby we review the terms of the contract which are relevant to P&I issues and advise if any amendments are recommended to protect the shipowner/employer and his P&I cover.

Members should therefore finalise their crew contracts in consultation with their advisors before submitting the contracts to the Club for approval prior to signing. This is particularly important in respect of Union contracts which, once signed, are considered to be ratified.

### Disclaimer

The purpose of this publication is to provide a source of information which is additional to that available to the maritime industry from regulatory, advisory, and consultative organisations. Whilst care is taken to ensure the accuracy of any information made available no warranty of accuracy is given and users of that information are to be responsible for satisfying themselves that the information is relevant and suitable for the purposes to which it is applied. In no circumstances whatsoever shall North be liable to any person whatsoever for any loss or damage whatsoever or howsoever arising out of or in connection with the supply (including negligent supply) or use of information.

Unless the contrary is indicated, all articles are written with reference to English Law. However it should be noted that the content of this publication does not constitute legal advice and should not be construed as such. Members should contact North for specific advice on particular matters.

Published June 2015.