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BRIDGE LOOK-OUT

CREW INSURANCE – SOLELY A P&I MATTER?

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Crewing is one of the major elements of shipping that require expert knowledge. It is therefore imperative that crew matters are handled by specialized staff, in the form of either crew managers or crewing departments.

In marine insurance, crew liabilities are among the major risks that are typically covered by P&I insurance. However, in times of rising deductibles and an increasing awareness of the daily life of seafarers, shipowners may want to consider additional, alternative strategies for insuring their crew. In this edition of our Bridge Look-Out, we intend to address the different options and to highlight the available crew insurance products.

The insurance market offers a variety of crew insurance covers for specific purposes. Some countries, such as Germany, offer protection to seafarers under the local social security scheme (public health insurance and workers' compensation board). Most commonly though, seafarers are insured under the shipowner's or crew manager's P&I entry. More precisely, it is the shipowner or employer who is (co-)insured under the P&I entry for the liabilities towards the employed seafarers. These liabilities are based on the individual employment contracts and crew collective bargaining agreements to which the employer has agreed.

When you are setting up an independent crew P&I cover, this is crucial information that underwriters need in order to assess the risk. This cover often includes procedures for the MLC certification required by flag states.

An additional option is crew personal accident (PA) insurance, which does not respond to liabilities of the employer but instead insures the seafarer directly under a health and accident insurance policy. This insurance offers a scope of cover that often includes sub-limits for individual classes of treatment, compensation and wage continuation. This cover may allow a seafarer to benefit from reimbursement for a medical treatment, which would potentially not be covered under the P&I rules and/or falls below the applicable deductible.

However, since compensation limits under crew personal accident insurance do not cover the employer's full liability, traditional crew P&I cover still needs to remain in place. In addition, the P&I Clubs will still have to issue the relevant MLC certificates.

By choosing the option of an additional crew personal accident insurance policy, the shipowner benefits from lower deductibles. Crew PA must be aligned with crew P&I in order to avoid gaps in the cover. Moreover, the shipowner may decide to offer the crew a benefit cover by providing health insurance to the seafarer's family as well.

If you have any questions or are interested in the various crew insurance options, please feel free to contact your designated broker at Georg Duncker to discuss your individual crew insurance set-up.



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