

MARPOL DETENTION COSTS INSURANCE (MDCI) - FAQ



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What is MDCI?

MDCI has been designed to indemnify the additional first party operational costs incurred by the ship's operator, when their company is faced with the defense of an alleged MARPOL, or U.S. Act to Prevent Pollution from Ships (APPS) and /or the Ports & Waterways Safety Act (PWSA) violation in the U.S.

How is the policy triggered?

The policy is triggered following the withholding of the insured vessel's departure clearance from a U.S. port by the United States Customs and Border Protection (CBP), at the request of the United States Coast Guard (USCG) on the suspicion that certain crewmembers may have violated the terms of MARPOL, the U.S. Act to Prevent Pollution from Ships (APPS) and /or the Ports & Waterways Safety Act (PWSA).

What costs does this new insurance cover?

Initial shipboard inspection and investigation

Crewmember witness costs whilst detained in the U.S. including:

Total wages
Costs of Accommodation
Per Diem Living Expenses
Individual Legal Representation
Witness Repatriation Costs

Other operational costs including:

Crew Substitution Costs
Loss of Hire

What claims related costs are excluded?

Any costs relating to an individual or company, following an admission or finding of criminal responsibility against said individual or company.

The policy does not cover any criminal fines or civil penalties, including but not limited to fines, penalties, or damages arising from a breach of any laws, regulations, or statutory requirements, whether imposed by any government, regulatory, or judicial authority.

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What is the policy limit?

The policy has a combined single limit of US\$1 million/vessel/year and in the annual aggregate.

Does the policy have any sub-limits?

Sub Limits of Liability:

Individual Legal Representation – Unlimited within the Policy Aggregate Limit
Total Wages – Limited to the individual contract entitlement
Accommodation – up to US\$150/Crewmember/Day
General Living Expenses – up to US\$50/Crewmember/Day
Repatriation Costs – up to US\$2,500/Crewmember
Crew Substitution Costs - US\$2,500/Crewmember and an overall Sub-Limit of Liability of US\$25,000 per Insured Event
Loss of Hire – US\$100,000 per insured event

What is the policy deductible?

US\$0 – The cover is provided on a ground up first dollar lost basis.

A 48-hour waiting period applies to the indemnification of the vessel's lost hire.

Who is the insurer?

Maritime Insurance Solutions Ltd (Bermuda)

Who are the reinsurers?

Certain reinsurers at Lloyd's of London

Who are the Insurance Managers?

Shoreline Ltd are the insurance managers acting exclusively for the insurer to facilitate the placement of this policy of insurance into Shoreline Segregated Account #5 within Maritime Insurance Solutions Ltd (MISL). Shoreline has the delegated authority to price and administer this insurance placement for and on behalf of MISL and its reinsurers.

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Who are the legal advisors/ claims managers in the U.S.?

Chalos & Co. P.C. – International Law Firm who can be contacted as follows:

Tel: +1 516-714-4300 or +1 516-721-4076 (24 hrs) and;
Email: gmc@chaloslaw.com.

It is important that you identify yourself as a Maritime Insurance Solutions Ltd policyholder when contacting Chalos & Co. on a claims-related matter.

How is the premium calculated?

The per vessel premium is calculated against certain underwriting criteria including but not limited to:

Vessel type and size
Frequency of trade to the U.S.
Nationality of crew
Domicile of the insured
Loss history

How is the premium charged for existing Shoreline clients?

Existing Shoreline clients are encouraged to opt into the Shoreline-MDCI Client Protection Scheme to obtain annual MDCI insurance at a low premium cost of just US\$500 per vessel. This premium is only charged when the vessel first enters the U.S. waters after opting in. For more details, please refer to the separate documentation on Shoreline's MDCI Client Protection Scheme.

Do we need to complete an application form?

No, if you are an existing Shoreline client you will only need to confirm which vessels you would like to declare to the Shoreline MDCI Client Protection Scheme.

Yes, if you are a new client to Shoreline.

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Can this insurance be purchased directly from Shoreline?

Yes, however we are also more than happy to work with your preferred marine insurance broker, and we can confirm that the terms we can provide will be identical whether accessing us directly and/or routing your enquiry via your broker.

Do we have to pay any insurance premium tax?

Domiciled in Bermuda MISL is not licensed to collect insurance taxes for third party governments and consequently, the obligation to pay local taxes rests with the insured and their locally appointed insurance brokers.

What are the premium payment terms?

Premium payments are required within 30 days of inception.

Are there any condition precedents applying to this insurance?

Yes, it is a condition precedent of this cover that the insured must maintain Shipowners' Protection and Indemnity Insurance to the satisfaction of the Insurer throughout the period of the insurance for all vessels covered by this insurance.

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What would be a typical claims scenario?

Vessel's departure clearance is withheld while in a US port on the suspicion that a violation of MARPOL, APPS or PWSA has occurred.

Security satisfactory to the USCG is posted to facilitate the departure of the vessel.

Prior to departure several of the vessel's crewmembers are required by the U.S. authorities to disembark and remain ashore where they will be functionally detained as witnesses for an indeterminable period of time.

Chalos & Co. are contacted and undertake an inspection and secure the requisite evidence pertaining to the case.

Replacement crew will be transferred to the vessel.

Individual counsel will be appointed for the detained crewmembers, depositions will be sought, and release orders and repatriation requested for each of the witnesses to return to their homes or work at sea as expeditiously as possible.

Claims Categorization

Claims and claims management costs and expenses, arising under an MDCI policy are categorized as:

Category 1 Claims – are claims management costs and expenses, relating to legal investigation and representation costs for detained seafarers.

Category 2 Claims – are claims costs, relating to the additional operational costs such including crew substitution costs and loss of hire. The costs of maintaining the detained seafarers whilst in the U.S. until repatriated in accordance with the terms and conditions of the MDCI policy also fall within this category of claims.

How and when will claims be paid?

Category 1 claims will be borne by the insurer and paid for as and when required.

Category 2 claims will be assessed and adjusted, following the resolution of the underlying legal complaint in the US. Such costs will be met in the first instance by the insured and indemnified in a single lump sum payment by the Insurer thereafter and /or by payments on account depending upon the duration of the detention.

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Contact Details

For more information on this and other products and services offered by Shoreline Ltd please contact:

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