



MARINA Circular No. 2009-22
Series of 2009

TO : All Concerned Domestic Shipowners/Operators of Ships
Plying Domestic Trade

SUBJECT : **RULES GOVERNING THE MANDATORY MARINE
INSURANCE TO COVER LIABILITIES ARISING FROM
POLLUTION AND WRECK REMOVAL**

Rules amending MARINA Circular 2009-01 and its amendments are hereby adopted:

I. OBJECTIVE

To ensure that domestic shipowners/operators and all other shipowners/operators operating ships in the domestic trade will be able to meet their financial responsibility for any liability arising from pollution and wreck removal.

II. COVERAGE

1. This Circular shall apply to all persons, corporations, partnerships, cooperatives and entities operating any type of ships of 500Gt and above using persistent oil and non-persistent oil, for hire or compensation in the domestic trade.
2. This shall also apply to Philippine-registered tankers/barges plying in domestic trade as stipulated in MC 184.
3. Government-owned ships not engaged in commercial activities are not covered under this Circular.

III. DEFINITION OF TERMS

1. **Mandatory Marine Insurance** – refers to a form of insurance to cover a shipowner's and/or operator's liability to others and generally excludes damage to the insured's own property.
2. **Liabilities Arising from Wreck Removal** - refers to costs and expenses of or incidental to or liabilities arising out of the actual, or attempted raising, removal, destruction, lighting or marking of the wreck of a Ship, including any part thereof, or cargo, equipment or other property carried on the Ship as compulsory by law.
3. **Liabilities Arising from Pollution** - refers to liabilities, losses, damages, costs and expenses caused by or consequent on the escape or discharge or

threatened escape or discharge of oil or any other substance from a Ship, including:

- a. Compensation or damages paid;
 - b. Cost of clean-up or preventative work; including liability for damage caused by the clean-up work;
 - c. Cost of compliance with any government or local authority orders aimed at preventing or cleaning up a specific pollution incident;
 - d. Special compensation and any increment awarded thereon payable to salvors.
4. **Persistent oil** – refers to those oils, which, because of their chemical composition, are usually slow to dissipate naturally when spilled into the marine environment and are therefore likely to spread and require cleaning up, such as, but not limited to, crude oil, fuel oil, heavy diesel oil and lubricating oil.
 5. **Non-Persistent oil** – refers to those oils, which, tend to evaporate quickly when spilled and do not require cleaning up, such as, but not limited to, gasoline, light diesel oil and kerosene.
 6. **International Protection & Indemnity (P&I) Providers** – refers to foreign mutual clubs or insurers providing P & I coverage and duly recognized by the Insurance Commission.

IV. GENERAL PROVISIONS

1. All shipowners and operators operating in the domestic trade are accountable for any and all liabilities arising from pollution or wreck removal.
2. The mandatory marine insurance herein referred to in this Circular maybe secured through recognized international P & I providers or any locally registered insurance company.
3. Shipowners who are not able to secure the mandatory marine insurance herein required shall be obliged to post a cash bond equivalent to the limits of liabilities stated herein and shall be deposited in favor of the MARINA with any reputable commercial bank.
4. Shipowners who are not required to secure the mandatory marine insurance under this Circular are **encouraged** to undertake any measures to ensure that they have the financial capability to meet any financial responsibility for any liability arising from pollution and wreck removal.

V. SPECIFIC PROVISIONS

1. The initial mandatory marine insurance shall cover the following:
 - a) Liabilities arising from wreck removal; and
 - b) Liabilities arising from pollution.

2. The non-motorized ships, however, shall be covered only from liabilities arising from wreck removal except those that are utilized to carry petroleum products/petroleum by products or other cargoes, which may cause pollution.
3. Non-coverage of any of the above mentioned liabilities shall be construed as non-compliance of this Circular and shall subject the concerned persons, corporations, partnerships, corporations and entities to appropriate penalties as provided herein.
4. The concerned persons, corporations, partnerships, cooperatives and entities shall submit to the MARINA copy of the mandatory insurance cover within five (5) days from date of renewal. In case of delay, a letter certification from their international P & I providers or local registered insurance company will be accepted as proof that the insurance has been renewed, provided that the proof of cover will be submitted within thirty (30) days from date of renewal.
5. Those who comply with this Circular by end of December 2009 shall be entitled to a 10% discount for their CY 2010 tonnage fees.
6. The MARINA shall publish through, an advisory a list of compliant companies/vessels, 30 days after this Circular becomes effective and another list after six (6) months.

VI. LIMITS OF LIABILITY

COVERAGE	GROSS TONNAGE	MINIMUM LIMIT of LIABILITY
1) Liabilities arising from Pollution	- Ships 500GT – less 1,000GT using persistent oil	Php 5M or its US\$ equivalent. Any one accident or occurrence
	- Ships 500GT – less 2,000GT using non-persistent oil	Php 5M or its US\$ equivalent. Any one accident or occurrence
	- Ships 1,000GT – 5,000GT using persistent oil	Php 50M or its US\$ equivalent. Any one accident or occurrence
	- Ships 2,000GT – 5,000GT using non-persistent oil	Php 50M or its US\$ equivalent. Any one accident or occurrence
	- Ships more than 5,000GT	Php 75M or its US\$ equivalent. Any one accident or occurrence.
2) Liabilities arising from Wreck Removal	All ships 500GT – less 2000GT	Php 5M or its US\$ equivalent. Any one accident or occurrence.
	All ships at least 2000GT and above.	Php 20M or its US\$ equivalent. Any one accident or occurrence.

In the event of simultaneous removal of wreck and pollution incident a combine covered per table above shall be required.

VII. SANCTIONS AND PENALTIES

VIOLATION	SANCTION/PENALTY
1. Operating without mandatory marine insurance	First Company Offense – suspension until compliance +P1,000 per GT per vessel
	2 nd Company Offense - suspension until compliance +P1,500 per GT per vessel
	3 rd and succeeding Company Offense - suspension until compliance +P2,000 per GT per vessel
2. Submission of fraudulent documents	First Company Offense – suspension until compliance +P2,000 per GT per vessel involved in the accident, without prejudice to filing of criminal charges in a proper Court
	2 nd Company Offense – suspension until compliance +P3,000 per GT per vessel involved in the accident, without prejudice to filing of criminal charges in a proper Court
	3 rd and succeeding Company Offense - suspension until compliance +P4,000 per GT per vessel involved in the accident, without prejudice to filing of criminal charges in a proper Court

VIII. REPEALING CLAUSE

Any provision of MARINA Circular No. 2009-01 and its amendments and other existing MARINA Circulars, Rules and Regulations Orders or Decisions which are inconsistent with this Circular are hereby repealed or modified accordingly.

IX. SEPARABILITY CLAUSE

Should any provision or part of this Circular be declared by competent Authority to be invalid or unconstitutional, the remaining provisions or parts hereof shall remain in full force and effect and shall continue to be valid and effective.

X. EFFECTIVITY

This MARINA Circular shall be published once in a newspaper of general circulation and shall take effect on 20 February 2010.

Manila, Philippines, 19 October 2009.

By the Authority of the MARINA Board:

(SGD.) MARIA ELENA H. BAUTISTA
Administrator

SECRETARY'S CERTIFICATE

This is to certify that the foregoing Memorandum Circular No. 2009 - 22 was approved by the MARINA Board on 19 October 2009.

(SGD.) VIRGILIO B. CALAG
Acting Corporate Board Secretary

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