

MEMORANDUM CIRCULAR NO. DS-2019-03

TO : ALL OWNERS/OPERATORS OF PHILIPPINE-REGISTERED SHIPS CALLING ON PHILIPPINE PORTS, MARINE INSURERS AND UNDERWRITERS, AND ALL OTHERS CONCERNED

SUBJECT : RULES ON THE MANDATORY INSURANCE TO COVER LIABILITY FOR DAMAGE TO FIXED OR FLOATING OBJECTS

Pursuant to Section 15 of Republic Act No. 9295, these rules are hereby adopted:

I. OBJECTIVE

This Circular aims to ensure that all ship owners/operators operating ships in domestic shipping and using Philippine ports will be able to meet financial liabilities arising from damage to fixed or floating objects (FFO) due to allision or the movement of ships.

II. COVERAGE

1. This Circular shall apply to all persons, corporations, partnerships, cooperatives and entities engaged in domestic shipping operating ships of all sizes.
2. This Circular shall not apply to the following:
 - a. Wooden-hulled ships;
 - b. Ships exempted from the requirement of a Certificate of Public Convenience (CPC).
3. Injuries or deaths of persons are not covered by this Circular.

III. DEFINITIONS

For purposes of this Circular, the following terms and phrases shall have the meaning as herein below indicated:

1. "*Allision*" – refers to the incident which occurs when a moving ship strikes against a stationary object.
2. "*Domestic Shipping*" – shall mean the transport of passengers or cargo, or both, by ships duly registered and licensed under Philippine law to engage in trade and commerce between Philippine ports and within Philippine territorial or internal waters, for hire or compensation, with general or limited clientele, whether permanent, occasional or incidental,

with or without fixed routes, and done for contractual or commercial purposes.

3. *"Fixed Object"* – refers to objects or structures that do not float, and, therefore, are not designed to move or be moved on water. Its examples include, but shall not be limited to: ports, piers, wharves, port structures, shipyards, facilities and equipment, offshore platforms and undersea cable systems and installations.
4. *"Floating Object"*—refers to objects or structures other than a ship and that is designed to have buoyancy, or provide aid to navigation, and may be designed to move on water.
5. *"Liabilities arising from damage to fixed or floating objects"* – refers to costs and expenses incurred or incidental to a ship's contact or non-contact with fixed or floating objects in water but which result from the movement of the ship.
6. *"Mandatory Liability Insurance for Damage to Fixed or Floating Objects"* – refers to that insurance which covers the liability of ship owners/operators resulting from damage to fixed or floating objects. Said damage may result from direct contact of the ship with the said objects, or without contact, but as a result of the movement of the ship, said objects are damaged.
7. *"Protection and Indemnity Providers ("P&I Providers")"* – refers to foreign or local mutual clubs or insurers providing protection and indemnity coverage.

IV. GENERAL PROVISIONS

1. All ship owners/operators of ships are accountable for any and all liabilities arising from damage to fixed or floating objects regardless of fault. This may result from allision, or from non-contact with the fixed or floating object, but as a result thereof the said objects are damaged due to the ship's movement. For this purpose, shipowners/operators shall secure a no-fault liability insurance cover or an insurance cover with a no-fault indemnity clause.
2. Ship owners/operators operating ships covered by this Circular shall secure mandatory liability insurance coverage in accordance with the limits of liability set in Section VI hereof.
3. The mandatory liability insurance referred to in this Circular shall be secured through insurance companies recognized and accredited by the Insurance Commission, or P&I providers recognized by the MARINA to sell liability insurance for damage to fixed or floating objects or similar cover.

4. Ship owners/operators who are exempted from the coverage of this Circular shall undertake all measures to ensure their financial capability to meet any liability arising from damage to fixed or floating objects.

V. SPECIFIC PROVISIONS

1. The ship owner/operator shall submit to the MARINA a copy of their mandatory liability insurance within five (5) days from the date of renewal. In case of delay, a letter-certification from the insurance or P&I provider 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 the date of renewal. Continuing compliance with this requirement shall form part of the terms and conditions for the grant of CPC. MARINA shall ensure and facilitate such compliance through the creation and maintenance of a database for this purpose and the conduct of compliance monitoring.
2. All amounts in excess of the amount of the insurance coverage shall be borne by the ship owner/operator.
3. Ship owners/operators with P&I Insurance shall be deemed to have complied with the requirements of this Circular.
4. Ship owners/operators with Marine Hull and/or Machinery Insurance which includes liability insurance cover for damage to fixed or floating objects shall be deemed to have complied with the requirements of this Circular, provided the terms and conditions thereof meet the provisions and the limits of liability as stated herein.

VI. LIMITS OF LIABILITY

SHIP SIZE		MINIMUM LIMIT OF LIABILITY (PhP)
Category	Gross Tonnage	
Small	500 GT and Below	GT x 4000
Medium	Above 500 to 2500 GT	GT x 4000
Large	Above 2500	GT x 4000

VII. FINES AND PENALTIES

All ships operated by ship owners/operators under Section II shall at all times be protected by the insurance coverage required by this Circular.

VIOLATION	FINES AND PENALTIES
Operating without the required adequate insurance in any form, manner, method, or contrivance	<p>First Offense – Php25,000.00 + suspension of operation of the ship involved until compliance</p> <p>Second Offense – Php50,000.00 + suspension of operation of the ship involved until compliance</p> <p>Third and Succeeding Offenses – Php100,000.00 + suspension of CPC until compliance</p>

VIII. TRANSITORY PROVISION

All ship owners/operators shall obtain the required insurance coverage within six (6) months after the Insurance Commission approves the insurance policy covering liability for damage to fixed or floating objects.

IX. REPEALING CLAUSE

All issuances, rules and regulations, or parts thereof which are inconsistent with the provisions of this Circular are hereby amended or modified accordingly.

X. SEPARABILITY CLAUSE

Should any provision or part of this Circular be declared by competent authority to be invalid and unconstitutional, the provisions or parts thereof not affected by such declaration shall remain in full force and effect.

XI. EFFECTIVITY CLAUSE

This Circular shall take effect fifteen (15) days from its publication once in a newspaper of general circulation in the Philippines and the filing of three (3) certified copies thereof with the University of the Philippines Law Center.

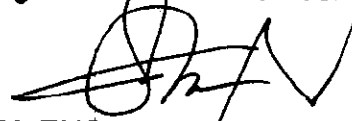
Manila, Philippines.

BY THE AUTHORITY OF THE BOARD:

VADM NARCISO A VINGSON JR
Officer-In-Charge

SECRETARY'S CERTIFICATE

This is to certify that the foregoing MEMORANDUM CIRCULAR NO. DS-2019-03 has been approved by the MARINA Board in its 273rd Regular Board Meeting held on 19 December 2019.



ATTY. EUSEBIA CADLUM-BOCO
Corporate Board Secretary

Date of Publication: 15 February 2020

Business Mirror

Date of Submission to ONAR: