TO: ALL SHIPOWNERS, OPERATORS, MASTERS AND OFFICERS OF MERCHANT SHIPS, AND RECOGNIZED ORGANIZATIONS

SUBJECT: Proof of Liability Insurance

Reference: (a) RMI Maritime Regulations (MI-108)

PURPOSE

This Notice provides the requirements for proof of liability insurance under the Republic of the Marshall Islands (RMI) Maritime Regulations (MI-108), §2.23.2. It also clarifies the provisions that govern publicly traded insurers (§2.23.2.a.3), Protection and Indemnity (P & I) Clubs that are not members of the International Group of P&I Clubs (§2.23.a.4), third-party liability and hull and machinery insurance issued by an underwriter (§2.23.2b), and self-insurance (§2.23.2c).

This revision revokes MN 2-023-1 (revised Dec/2016) and includes a clarification in §3.0 on the timeframes for cancelling, altering or amending the financial security coverage.

APPLICABILITY

This Notice applies to all RMI-registered vessels required to show proof of third-party liability insurance, including as a condition under the following conventions, as amended:

- International Convention on Civil Liability for Oil Pollution Damage (CLC);
- International Convention on Civil Liability for Bunker Oil Pollution Damage (Bunkers);
- Athens Convention Relating to the Carriage of Passengers and their Luggage by Sea (PAL);
- Nairobi International Convention on the Removal of Wrecks (WRC); and
REQUIREMENTS

1.0 MI-108, §2.23.2 requires proof of satisfactory third-party liability insurance and reads in part:

In no case shall a vessel be issued a Certificate of Registry unless there is on file proof of satisfactory third party liability insurance. Such proof must show either:

a. Protection and indemnity cover in force with respect to the vessel and issued by either:

(1) a member Club of the International Group of Protection and Indemnity (P & I) Clubs;
(2) a non-member Club of the International Group of P & I Clubs with a contractual agreement for re-insurance with member/members of the International Group of P & I Clubs;
(3) a publicly traded Insurer with verifiable reserves that fulfill the obligations required under the various International Conventions to which the RMI is a party; or
(4) a non-member P & I Club of the International Group of P & I Clubs with verifiable financial reserves that fulfill the obligations required under the various International Conventions to which the RMI is a party.

b. in the case of a pleasure yacht, a combined third party liability and hull and machinery insurance issued by an underwriter in policy form acceptable to the Maritime Administrator; or

c. in the case of a self-insurer, the nature, amount and security of the liability reserve.

d. In the case of §2.23.2.a.3, §2.23.2.a.4, §2.23.2.b and §2.23.2.c all insurance companies and self-insurers shall satisfy the requirements set by the Administrator.

2.0 In the case of §2.23.2.a.3, §2.23.2.a.4, §2.23.2.b, and §2.23.2c unless specifically excluded by the Administrator in writing, a third-party insurer, bonding company, or other such entity providing protection and indemnity cover must have a rating not lower than “A-” by A.M. Best, Best’s Key Rating Guide, or “A” by Standard and Poor’s insurance company rating or its equivalent.

3.0 Coverage must be maintained in full force and effect for a vessel to maintain its registration under the RMI flag. Such coverage must not be cancelled, altered, or amended without prior written notice as required by the governing convention (summarized in Table 1).
### Table 1

<table>
<thead>
<tr>
<th>Convention</th>
<th>Written Notice Timeframes before Coverage can be Cancelled, Altered, or Amended or for Notice of Non-payment</th>
</tr>
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<tbody>
<tr>
<td>Bunkers</td>
<td>At least three (3) months</td>
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<tr>
<td>CLC</td>
<td>30 days</td>
</tr>
<tr>
<td>MLC, 2006</td>
<td>10 days for non-payment of premium</td>
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<tr>
<td>PAL</td>
<td></td>
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<td>WRC</td>
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**4.0** The shipowner must furnish a certificate(s) or other documentary evidence that shows proof of third-party liability insurance for each obligation in accordance with the relevant convention and RMI law and regulation to the Administrator at: vesdoc@register-iri.com.