

# MARPOL DETENTION COSTS INSURANCE (MDCI) – FAQ



**SHORELINE**

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## What is MDCI?

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MDCI has been designed to fill the gap in the DoC holder's P&I cover, to the extent that it is legally permitted to do so, when the 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 Safe Act (PWSA) violation in the U.S.

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## How is the policy triggered?

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The policy is triggered following the withholding of the insured vessel's departure clearance from a US 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 Safe Act (PWSA).

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## What costs does this new insurance cover?

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Initial shipboard inspection and investigation (legal costs and expenses)  
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

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## What claims related costs are excluded?

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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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DoC – Document of Compliance holder – means the company holding the document issued to confirm said Company complies with the requirements of the ISM Code. In practical terms this may be the owner, operator or manager of the insured vessel depending upon the circumstance of the case

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### What is the policy limit?

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USD \$1 million/vessel/year and in the annual aggregate

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### Does the policy have any sub-limits? Sub Limits of Liability:

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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

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### What is the policy deductible?

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USD 0 – The cover is provided on a ground up first dollar lost basis

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### Who is the insurer?

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Maritime Insurance Solutions Ltd (Bermuda)

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### Who are the reinsurers?

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Certain reinsurers at Lloyd's of London

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### 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 #4 within Maritime Insurance Solutions Ltd (MISL). Shoreline has the delegated authority to price and administer this insurance placement for an on behalf of MISL and its reinsurers.

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

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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](mailto: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.

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### How is the premium calculated?

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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

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### How is the premium charged?

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Existing Shoreline clients can add this additional cover to their COFR guarantee insurance following the payment of a premium deposit and subsequent payment of an additional trading premium which will become payable when the vessel first enters U.S. waters post inception.

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### Does the insured need to advise the insurer of their vessel's entry into US waters?

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No. Having paid the deposit, the insured can rely on the cover being in force to call upon when needed. Shoreline via its voyage analytics monitoring service will receive an automated notification when an insured vessel enters US waters, and the trading premium invoice will be raised upon receipt of this notification.

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### Do we need to complete an application form?

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No, if you are an existing Shoreline client.  
Yes, if you are a new client to Shoreline.

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### Do existing Shoreline clients receive any cost savings on their initial purchase of this new insurance cover?

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Yes, existing Shoreline clients are offered this cover at a discount to the cost of the open market rates.

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**Can this insurance be purchased directly from Shoreline?**

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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.

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**Do we have to pay any insurance premium tax?**

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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.

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**What are the premium payment terms?**

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The deposit will need to be paid within 30 days of inception and any trading premiums will need to be paid within 30 days of the invoice date.

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**Are there any condition precedents applying to this insurance?**

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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?

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

P&I Club cover is reserved.

Security is posted to facilitate the departure of the vessel.

Prior to departure several of the vessel's crewmembers are required by the US 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.

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.

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### How and when will claims be paid?

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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 maintenance of the detained seafarers whilst in the US until repatriated in accordance with the terms and conditions of the MDCI policy

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.

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### Contact Details

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

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Chief Executive Officer

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