



Update on Regulations Pertaining to Compulsory Passenger Insurance

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OVERVIEW

- ❖ Background on the *Marine Liability Act*
- ❖ Passenger Insurance Regulations
 - Background
 - Proposed Application and Exclusions
 - Proposed Main Provisions
 - Some Insurance issues
- ❖ Next Steps



BACKGROUND

The *Marine Liability Act* (MLA):

- ✓ Came into force in 2001, amended 2009;
- ✓ Liability for passenger injuries/death, cargo losses, pollution and property damage;
- ✓ Passengers: Part 4 of MLA based on Athens Convention 1974/ Protocol 1990;
- ✓ Per capita liability: 175,000 SDRs;
- ✓ Regulations respecting insurance (S. 39).



PASSENGER INSURANCE REGULATIONS

Background:

- ✓ “True North II” incident in June 2000;
- ✓ Mariport report and consultations (2002/03);
- ✓ *Marine Liability Act* amended in 2009 to exclude adventure tourism, provide flexibility and enforcement;
- ✓ Consultations to date:
 - ✓ Canadian Marine Advisory Councils;
 - ✓ Canadian Passenger Vessel Association;
 - ✓ CBMU, IBC, IBAC, CMLA, MIABC, P&I.



PASSENGER INSURANCE REGULATIONS

Proposed Application:

- All commercial and public vessels that engage in the domestic carriage of passengers and persons not engaged in the business of the ship.

Exclusions :

- adventure tourism activities (MLA S. 37.1(1));
- passenger vessels used in international carriage;
- government owned vessels and CGG Auxiliary on SAR;
- sail trainees;
- persons carried under obligation, etc. (MLA S. 37 (2)(b)).



PASSENGER INSURANCE REGULATIONS

Proposed Main Provisions:

- Performing carrier to maintain passenger liability insurance in the amount of 175,000 SRDs per passenger either in terms of capacity or carried (based on SDR rate on date of policy inception/renewal);
- Show certificate of insurance on demand and have it onboard the vessel and placed in a visible location;
- Content of the certificate of insurance in accordance with a form annexed to regulation;
- Enforcement - honour system with penalties (vessel detention, fine up to \$100,000 on summary conviction);



PASSENGER INSURANCE REGULATIONS

Some Insurance Issues

- Client awareness, particularly fishing and pleasure craft operators that occasionally carry passengers;
- Determining capacity when no passenger vessel certificate is issued;
- SDR fluctuations;
- Commercial General Liability (CGL) policies;
- Affordability – TC will seek 4 quotes based on 7 case studies for new business and renewing at higher limit;



NEXT STEPS

Discussion Paper and Consultations	September - December 2011
Pre-publication in the Canada Gazette, Part I	Winter 2012
Publication in the Canada Gazette, Part II	Spring 2012



THANK YOU