

# Seafarer medical benefits – what does the marine industry provide?

The world's pool of talented and qualified seafarers is drying up. Mark Bononi writes that owners and operators will have to focus on salary and benefits to attract and retain them

**S**eafarer medical benefits provided by shipowners did not exist until about 30 years ago. Fast forward to the early 1990's, when the birth of seafarer medical benefits occurred. Someone, somewhere realized that seafarers weren't in fact machines, but rather human beings with wants, needs and desires. But what are vessel owners willing to provide, when the usual primary concern is operating cost? We will address the application of benefits for seafarers in three main sectors, commercial shipping, cruise and superyachts.

### **The commercial shipping sector**

Most seafarers working in the commercial shipping sector hail from non-industrialised nations such as the Philippines and other parts of SE Asia. There are many reasons for this, not the least of which is that the employment environment for shipping is attractive to the residents of those countries while at the same time the necessary level of compensation is attractive to the shipowner.

There is legislation in to protect seafarers and in addition there are organizations such as the POEA (Philippine Overseas Employment Administration). There are also CBA's (Collective Bargaining Agreements) which outline the conditions of employment between a seafarer union (typically) and the shipowner. While all of these things are better than nothing, they really do not provide the seafarer with more than basic needs and typically a death benefit to the family in the event of a seafarer accident whilst employed.

While the commercial shipping sector has entertained the idea of seafarer benefits in the past, the current economic environment in that industry is such that few offer anything more than the minimum requirements of the above mentioned documents, as well as what is required by MLC 2006, as amended. When benefits were offered, they typically were designed to cover the seafarer when he/she was at home, between contracts.

In addition, the seafarer's family would be afforded medical insurance for the entire year. The economic environment in most of the commercial seafarer countries is such that the cost of these benefits is quite low. However, when multiplied by the number of seafarers that may be employed by a given shipowner, it becomes a significant line item and one that many shipowners simply cannot sustain in the current environment.

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## The cruise sector

The cruise sector is completely focused on the 'guest experience' which is the polar opposite of where the focus is on the commercial shipping side. The guest experience is heavily influenced by the attitude and performance of the seafarer onboard. It only follows then that to be a long-term success in the cruise industry, seafarers need to be well looked after. This certainly includes a compensation and benefits package that is not only competitive, but again also indicative of the wants and desires of the seafarer.

Most cruise ship companies now offer benefits to at least their high-ranking officers. Earlier this year, MHG published a comprehensive, anonymous report of what the various cruise lines provide to their seafarers. What is particularly interesting to note are the vast array of options, some of which do not particularly match the size of the cruise operator. In addition, it is valuable for the various operators in the industry to see what their peers are doing for their seafarers.

Seafarers working in the cruise sector overlap somewhat with the commercial shipping sector with regard to home country selection (for very similar reasons). However, due to the differing work environment, the expectations of the seafarer are also different. It is for this reason that many cruise lines are not only offering medical coverage, but also disability, life and even retirement savings plans. The full suite of benefits still lies with the senior officers, but there are also basic benefits being extended to the crew such as vacation medical coverage.

As the cruise sector continues its rapid growth, seafarer benefits will most certainly be come to more in the forefront of an employer's mind. After all, attraction and retention of great talent is a key component of the success of the cruise line. It certainly is not cost effective to continually need to train staff who subsequently leave for an opportunity where better benefits can be found.

## The superyacht sector

Luxury and excess are two words that come to mind when one thinks about the superyacht sector. High net worth individuals, demanding service and attention at the very highest level, yet all the while making it look effortless. This is the life of the 1%, the elite. You may therefore conclude that all the seafarers working on yachts enjoy the cream of the crop when it comes to benefits.

As it turns out, this is not actually the case with every superyacht. Take a moment to think about how a superyacht owner amassed their wealth. It certainly was not by overspending before they were in a position to enjoy their wealth and of course, old habits can die hard. However, one other factor to note about yacht crew, is that they are typically well paid.

Originally this was seen as sufficient for a yacht owner and typically the crew were content. This has changed significantly as the industry has matured. Now, more and more seafarers are expecting to be offered benefits in addition to their salary. Can we really blame them, when they see the lavish lifestyle that the typical yacht owner leads?

So exactly what can a yacht crewmember expect, with regard to benefits? Similar to the cruise sector, they vary considerably from yacht to yacht and size does not always matter. Many smaller yachts in the 30-40m range provide as comprehensive, or better benefits than ones that may be 100m or more in length.

However, the general rule is that the larger the yacht, the more extensive and attractive the benefits package will be. This usually includes year around medical coverage (including home country), disability, life insurance and personal accident benefits. It may also include an employment benefit in the form of a rotational schedule, which

until just a few years ago was not heard of in the yacht sector. There are even some yacht owners who cover the cost of family members, although this is generally restricted to the captain.

### **Looking forward**

Will the commercial shipping sector it come back? Yes. But when, is anyone's guess. But once it does, commercial seafarers are likely to enjoy medical and other benefits, as part of their overall employment package again. As for cruise and yachts, both sectors are doing quite well and there is no sign of that changing any time soon. There is already much concern that the world's pool of talented and qualified seafarers is drying up quickly.

And while that is a topic for another day, suffice it to say that as seafarers and their talents become scarce, every operator in the major marine sectors will need to work to stay competitive if they wish to attract and retain them. This directly translates into the need for vessel owners and operators to focus on salary and benefits for their seafarers which will keep them afloat for years to come. ■

### **Mark Bononi is Director of the Yacht Division at MHG Insurance Brokers**

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*MHG Insurance Brokers introduced crew benefits to the marine industry in 1991 and have since grown into a multi-discipline marine insurance brokerage and adviser. MHG is now recognized internationally for developing innovative crew insurance programs for cruise lines, superyachts and commercial vessels worldwide. With offices and business partners located in Florida, London, Isle of Man, Hamburg and Monaco we are well placed to support vessel owners'*

*insurance requirements in major centers of marine activity. MHG provides insurance solutions and advice to 40% of CLIA's global member cruise lines and 20% of the world's 200 largest yachts.*

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*Our core business of marine crew insurance has expanded over the years to include liability and casualty cover for the wider marine community: from ship repairers, cruise concessionaires, as well as owners of pleasure craft and similar vessels. Our portfolio of insurance programs is seen as a valuable attraction and retention solution by employers worldwide. Our expertise in this specialized area is regularly utilized as a resource by clients, helping them interpret and stay up to date on regulations and legislation affecting the marine industry, especially in crew employment matters. While we are very proud of this, we believe that what sets us apart is the excellence of service provided to each client from inquiry stage, through the claims process and beyond. Our close relationship with the world's leading insurance markets, combined with an outstanding service team, has positioned MHG as the marine industry's authority on crew insurance.*

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