

FD&D Circular

No. 57/2019



Gothenburg : 9 December 2019

Freight Demurrage &
Defence Insurance
2020/2021

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The terms for Freight Demurrage & Defence Insurance for the 2020/2021 policy year are outlined in this circular.

Update

Business Development

Significant growth of the portfolio

The Club insures 1,260 vessels (46.1 million GT) for FD&D risks, which is an increase by 48 vessels since same period last year. The Association's ambition is to continue the growth in all markets and in particular market the FD&D insurance to prospective P&I members. The FD&D insurance continues to be an important relationship builder that can assist the Club to expand its business generally.

The team

The Club employs ten lawyers, including four qualified English solicitors. The Club's lawyers are integrated in the geographical teams and thus have immediate access to the Club's collected expertise. The Club's lawyers are therefore well suited to deal with today's multidimensional legal disputes.

Claims Trend

As of 6 November 2019, the Club was assisting its members in 961 claims, which is an increase by 18% compared to 2018. The average claims cost remains at a fairly stable level.

Renewals

There will be no general increase of the FD&D premium. The Swedish Club's terms for the 2020/2021 policy year as decided by the Club's Board on 5 December 2019 in London are as follows:

- To levy no general increase
- Maintain the minimum base deductible at USD 12,000
- Maintain the deductible of 25% for claims in excess of USD 250,000 but allow for flexibility and impose different levels as appropriate
- Maintain the cover limit of USD 5 million and the option to increase the limit to USD 10 million
- To adjust individual members' premium based on records, exposure and utilization of the Club's resources
- To set the estimated release call for 2020/2021 at 5%

FD&D call history

There has never been any supplementary call since the start of the Club providing FD&D coverage in 1984. The general increases the last five years have been as follows:

Year	General Increase
2015/2016	5%
2016/2017	0%
2017/2018	0%
2018/2019	0%
2019/2020	0%

Terms for Freight, Demurrage and Defence Insurance 2020/2021

Premiums

All premiums are quoted in US Dollars (USD) or Euros (EUR) (unless otherwise agreed) and debited as advance and supplementary calls. It is anticipated that the 2020/2021 policy year will be closed in 2023. Unless otherwise agreed, the premium shall be debited in four instalments: at inception on 20 February, 20 May, 20 August and 20 November. There is a minimum premium period of 3 months.

Supplementary Call

Any supplementary call for this year will initially be decided upon in 2021. The current estimated supplementary call for 2020/2021 is 0%.

Release Call

The estimated release call for 2020/2021 is 5%.

Renewals

The premium for 2020/2021 will be based on the Member's record for the five-year period 2014-2019, including the current year, if adverse. Daily updated records and claims summaries are made available in SCOL (Swedish Club OnLine), accessible through the Association's website.

Payment of Premium

Premiums are to be paid in accordance with the enclosed "Procedures for Payment of Premium."

Lay-up Returns

Lay-up returns are not granted for FD&D cover.

Limit of Cover

The cover is limited to USD 5 million for any one dispute unless agreed to be USD 10 million for any one dispute (see also Rules 5 and 6 in respect of Discretion of the Association).

Deductibles

Deductibles apply on costs as follows: USD 12,000 and 25% in respect of costs in excess of USD 250,000.

Old years

The current position of the open years as decided by the board on 5 December 2019 is as follows:

Year	Status	Estimated Supplementary Call	Release Call
2017/2018	Open	0%	0%
2018/2019	Open	0%	0%
2019/2020	Open	0%	5%
2020/2021	Open	0%	5%

Enhanced services to members

The Association wishes to remind its Members about its cooperation with ICC's International Maritime Bureau. This cooperation enables the Association's FD&D members to check prospective business partners against a comprehensive fraud and malpractice database. This does not only add value for Members but may also reduce the risk for legal disputes.

Yours faithfully,



Lars Rhodin

Enclosures:

- FD&D Rule changes 2020/2021
- Procedures for payment of premium



About The Swedish Club

The Swedish Club is a leading marine mutual insurer, headquartered in Gothenburg, Sweden, with offices in Piraeus, Hong Kong, Tokyo, Oslo and London.

The Club, established by shipowners in 1872, is owned, self-managed and under the direct control of its members. We are a true mutual organisation with a focus on marine safety and loss prevention, with a commitment to furthering an enhanced safety culture at sea.

The All-in-One Club

Protection & Indemnity

The Swedish Club is a member of the International Group of P&I Clubs and offers full mutual cover on a Group basis. Having handled complex P&I matters for more than a century the Club has gained extensive experience in large casualty response.

Hull & Machinery

Offering good relationships and close cooperation with our members, we can provide on-site assistance from our in-house surveyors and technical experts. Our team of in-house adjusters offers time and cost benefits to both our members and the Club.

Other Insurance Products

The Swedish Club offers a full range of insurance solutions for every area of your business. These include Freight Demurrage & Defence and Energy & Offshore insurance, in addition to specialist products such as Kidnap & Ransom and War Risks.

Loss Prevention

Loss prevention is at the heart of everything we do. We deliver a wide range of loss prevention initiatives, training and information, including the Club's Emergency Response Training, Loss Prevention Guides, benchmarking and campaigns. More information can be found at www.swedishclub.com/lossprevention.

The Swedish Club Academy

In conjunction with The Swedish Club Academy we offer our members the benefits of the Maritime Resource Management (MRM) course. Designed to minimise the risk of incidents by encouraging safe and responsible attitudes, the Academy specialises in human factors training and related services for those who have marine safety, efficiency and job satisfaction as their main priorities.

Marine Insurance Courses

Our popular Marine Insurance Course and Marine Insurance Seminars are offered yearly to members around the world and cover the essential aspects of marine insurance, ranging from terms and conditions to the practical handling of claims and loss prevention.

SCOL - Swedish Club OnLine

Supporting you 24 hours a day, SCOL is a modern intelligence platform which adapts to your needs and helps inform decision making. Your gateway to The Swedish Club, it provides a comprehensive overview of your insurances and claims records at the touch of a button.

www.swedishclub.com