

Freight Demurrage & Defence Insurance 2017/2018

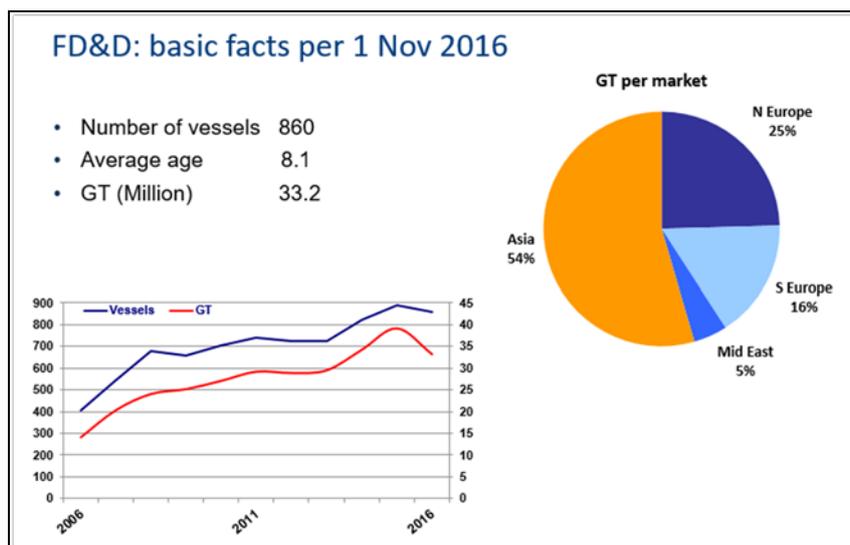
Section 1: Statement from the Management

Executive summary

- A balanced performance for the first nine months 2016
- The Club will offer FD&D cover with a limit of USD 10 million in addition to the standard limit of USD 5 million
- There will be no general increase of the FD&D premium

The portfolio

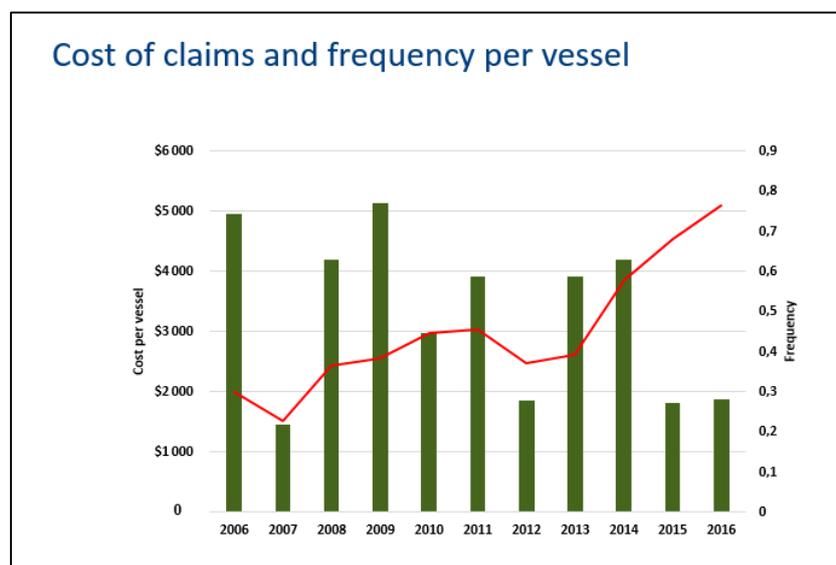
The Club insures 860 vessels (33.2 million GT) for FD&D risks. The Club's ambition is to continue the growth in all markets by offering top quality legal services.



Claims during 2016

The Club has handled over 800 claims – legal disputes - for the members in 2016. This is an increase since 2015 when the Club handled 700 legal disputes. The majority of cases were related to charter parties and insolvency issues.

The Club has seen an increased demand amongst members to have FD&D cover for large legal disputes. As a result, as of 20 February 2017, the Club will provide FD&D cover with a limit of USD 10 million in addition to the standard limit of USD 5 million.



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 have been as follows:

Year	General Increase
2012/13	5 %
2013/14	5 %
2014/15	5 %
2015/16	5 %
2016/17	0 %

Rationale: Decisions

The Swedish Club's terms for the 2017/2018 policy year as decided by the Club's Board on 8 December in Bangkok are as follows:

- To levy no general increase on estimated total call
- 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
- To offer FD&D cover with a limit of either USD 5 million or 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 2017/2018 at 5 %

Section 2: Descriptive part

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 2017/2018 policy year will be closed in 2020. 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 2018. The current estimated supplementary call for 2017/2018 is 0 %.

Release Call

The release call for 2017/2018 is 5 %.

Renewals

The premium for 2017/2018 shall be based on the Member's claims records which are available through The Swedish Club extranet, SCOL, on the Association's website. The information is updated overnight.

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 above USD 250,000.

Old years

The current position of the open years as decided by the board in December 2016 is as follows:

Year	Status	Estimated Supplementary Call	Release Call
2014/2015	Open	0 %	0 %
2015/2016	Open	0 %	0 %
2016/2017	Open	0 %	5 %

Yours faithfully,
The Swedish Club



Lars Rhodin

Enclosure: Procedures for payment of premium

Procedures for payment of premium

- Debit notes will be mailed to Members/Brokers one month prior to due date in order to provide ample time for arranging payment.
- To speed up the transfer of funds we recommend an electronic payment order. Cross-border payments should always be effected with relevant IBAN, our bank's name, address and SWIFT address (Bank-/BIC-Code) being HANDSESS to ensure an easy and quick settlement. The debit note reference number (i.e. invoice number) should always be stated on the payment order, enabling the Club's accounting department to quickly trace the payment.
- At renewals and risk attachments, debit notes for the first instalment might not have been received prior to due date. In such cases Members are requested to transfer the outstanding amount prior to receiving the debit note.
- In case premiums are not received by the Club on the due date, interest calculated at one per cent (1 %) per month will be charged from the day after the due date. The interest will be debited per calendar quarters.
- Should premiums still be outstanding 30 days after the due date, the Club may issue a notice of cancellation to the Member and relevant Mortgagees.