

Freight Demurrage & Defence Insurance 2018/2019

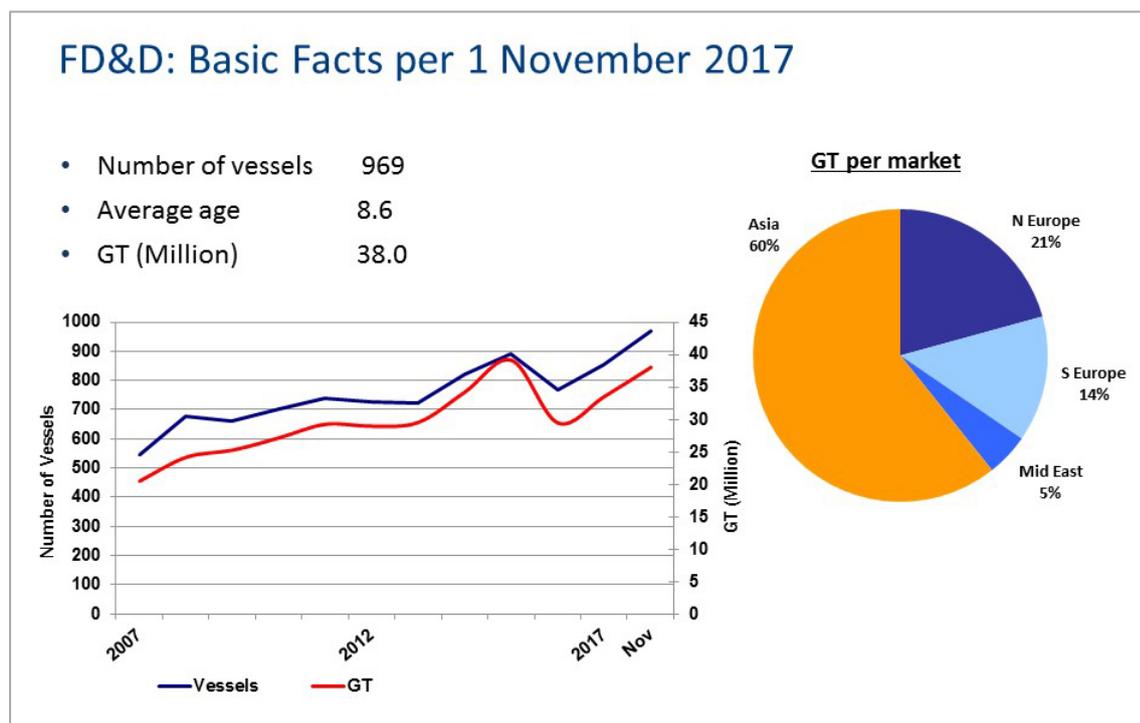
Section 1: Statement from the Management

Executive summary

- **Positive performance for the first nine months 2017**
- **There will be no general increase of the FD&D premium**
- **Entered vessels up 13 % from last year**
- **Members are offered access to a due diligence check database**

The portfolio in 2017

The Club insures 969 vessels (38.0 million GT) for FD&D risks which is an increase by 13 % compared to 2016. The Club's ambition is to continue the growth in all markets by offering top quality legal services.

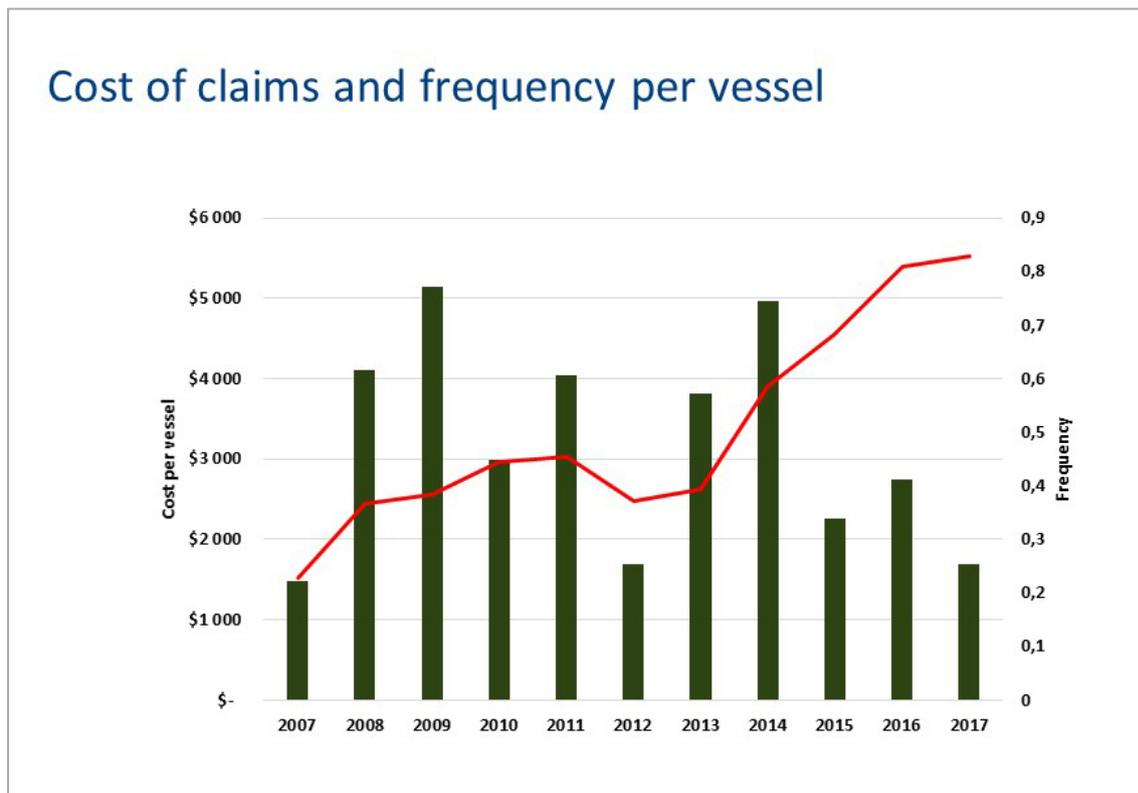


Claims during 2017

As of November 2017, the Club was assisting its members in 639 claims (legal disputes) of which 334 occurred in 2017. 16 claims have a reserve in excess of USD 100,000. Out of these claims, none occurred in 2017 and only two occurred in 2016. The 16 most expensive claims represent about 2.5 % of the total number of claims but they equally represent 46 % of the Club's total claims cost. From

these figures, which have not changed significantly from 2016, the following conclusions can be drawn:

- It generally takes several years for large claims to develop
- Some few large claims account for almost half of the Club's claim cost
- The number of claims per vessel is stable or down



Enhanced services to members

The Club has entered into a cooperation with International Maritime Bureau which is a division of International Chamber of Commerce enabling the Club's FD&D members to check prospective business partners against a comprehensive fraud and malpractice database. This will add value for members and may also reduce the risk for legal disputes.

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
2013/14	5 %
2014/15	5 %
2015/16	5 %
2016/17	0 %
2017/18	0 %

Rationale: Decisions

The Swedish Club's terms for the 2018/2019 policy year as decided by the Club's Board on 7 December 2017 in London 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 % on costs 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 utilisation of the Club's resources
- To set the estimated release call for 2018/2019 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 2018/2019 policy year will be closed in 2021. 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 2019. The current estimated supplementary call for 2018/2019 is 0 %.

Release Call

The estimated release call for 2018/2019 is 5 %.

Renewals

The premium for 2018/2019 shall be based on the Member's claims records which are available through The Swedish Club extranet, SCOL, on the Association's website, as well as exposure and utilisation of the Club's resources.

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 7 December 2017 is as follows:

Year	Status	Estimated Supplementary Call	Release Call
2015/2016	Open	0 %	0 %
2016/2017	Open	0 %	0 %
2017/2018	Open	0 %	5 %

Yours faithfully,
The Swedish Club



Lars Rhodin

Enclosure: Procedures for payment of premium