

FD&D Circular

No. 61/2021



Gothenburg : 9 December 2021

Freight Demurrage &
Defence Insurance
2022/2023

Freight Demurrage & Defence Insurance 2022/2023

The terms for Freight Demurrage & Defence Insurance for the 2022/2023 policy year are outlined in this circular.

Update

Business Development

Continued growth of the portfolio

The Club insures around 1,400 vessels (57 million GT) for FD&D risks. The Club's ambition is to continue the growth and to market the FD&D product to members in need of advice and legal protection.

The Team

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

Claims Trend

As of 1 November 2021, the Club was assisting its members in 1,039 claims registered so far in 2021, an increase of about 20% compared with the same period during 2020. About one-third of all open claims are general legal advisory, i.e. they do not involve active disputes. However, the "tail" for FD&D claims is long in that claims reserves are increased as the claim develops. As a result, the true claims pattern for 2021 will be more apparent in 2-3 years' time.

Rationale for General Increase

The Club's main priority is to maintain high-quality service and a sustainable business over time. Although it can be concluded that the Club's FD&D business is in reasonably good shape, the rise of the combined ratio for the last years is of concern. The FD&D result is under pressure due to higher legal expenses, more claims reflecting the state of the market and Covid-19 related issues. With the above in mind, the Board of Directors has decided on a 15% General Increase for the policy year 2022/2023.

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 for the last five years have been as follows:

Year	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
General Increase	0%	0%	0%	0%	10%

Terms for Freight, Demurrage and Defence Insurance 2022/2023

Decisions and Instructions

At the per capsulam meeting on 9 December 2021, the Board of Directors decided the following regarding premium and deductibles for the FD&D policy year 20 February 2022 to 20 February 2023:

- To levy a 15% general increase for the policy year 2022/2023
- Instructed the management to contact each Member individually to discuss renewals

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 2022/2023 policy year will be closed in 2024. 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 2022. The current estimated supplementary call for 2022/2023 is 0%.

Release Call

The estimated release call for 2022/2023 is 5%.

Renewals

The premium for 2022/2023 will be based on the Member's record for the five-year period 2016-2020, 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).

Excess Limit

The Association does not cover disputes involving amounts of USD 7,500 or less unless otherwise agreed, although advice is available on a case-by-case basis.

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 9 December 2021 is as follows:

Year	Status	Estimated Supplementary Call	Release Call
2019/2020	Open	0%	0%
2020/2021	Open	0%	0%
2021/2022	Open	0%	5%
2022/2023	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 2022/2023
- 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