



FD&D Rule Changes 2026/2027



Contents

FD&D Rule changes 2026/2027.....	3
FD&D Rule 2	Nature of cover..... 3
	<i>Change to reflect that the FD&D cover provides discretionary cover for situations which are not a direct consequence of the operation of the vessel. Sub-limit of USD 300,000 applicable for disputes relating to the sale, purchase, building or repair of the ship.</i>
FD&D Rule 3	Disputes covered..... 4
	<i>Changes to wording and insertion of sections. Removal of subsections as already set out in other rule.</i>
FD&D Rule 4	Extent of cover 6
	<i>Removal of the right to receive legal advice as part of the cover. Legal advice can still be received but on a discretionary basis.</i>
FD&D Rule 5	Discretion of the Association..... 7
	<i>Insertion of heading dealing with discretion at section 1. Adding factors that the Association will take into account when determining FD&D support. Removal of section dealing with withdrawal of support, as this is dealt with in FD&D Rule 8.</i>
FD&D Rule 6	Recovery from the Association 8
	<i>Change of heading to reflect recovery also from member. Insertion of sections and minor changes in wording.</i>
FD&D Rule 7	Employment of lawyers and other persons 9
	<i>Adding definition of “Service Providers” and insertion of sections. Removal of wording giving the member a right to appoint a lawyer of their choice if there is a conflict.</i>
FD&D Rule 8	Powers of the Association relating to the handling and settlement of claims . 11
	<i>Clarifications and insertion of new sections.</i>
FD&D Rule 9	Conditions..... 12
	<i>Removal of reference to “casualty and event” as FD&D is a cost cover. Adding that Service Providers shall have access to the ship and documentation held by the Member.</i>
FD&D Rule 18	Omnibus 13
	<i>Rule removed as there is no Omnibus in FD&D</i>



FD&D Rule changes 2026/2027

FD&D Rule 2 Nature of cover

Change:

- Change to reflect that the FD&D cover provides discretionary cover for situations which are not a direct consequence of the operation of the vessel. One example being disputes relating to Sale & Purchase Contracts.
- Sub-limit of USD 300,000 applicable for disputes relating to the sale, purchase, building or repair of the ship.

Rule 2 Nature of Cover

The cover afforded by the Association is set out in these Rules subject to any special terms which may be agreed.

The Member is covered in respect of costs or expenses incurred by him in his capacity as owner, operator or charterer of the entered ship and arising during the period of insurance ~~as a direct consequence of the operation of that ship~~ in relation to the operation, ownership, management or chartering by the Member of the ship.

The cover afforded by the Association shall not include the deductible fixed by the Association or otherwise agreed with the Member.

The cover afforded by the Association shall be limited to USD 5 million for any one dispute, unless a limit of USD 10 million has been agreed. In respect of disputes relating to the sale, purchase, building, conversion or repair of the ship as per FD&D Rule 3, section 2, a sub-limit of USD 300,000 for any one dispute shall apply.

These Rules are subject to the Articles of the Association. Furthermore, the General Swedish Marine Insurance Plan of 2006 (SPL 2006) and Swedish Law in relevant parts to apply in matters not provided for in these Rules.



FD&D Rule 3 Disputes covered

Change:

- Changes to the current wording and inserting this wording as "Section 1".
- Removal of subsection (a) and (b) as these requirements are set out in FD&D Rule 2 – Nature of cover.
- Change to current wording Rule 3(b)(vi) and made into a new "Section 2" relating to sale, purchase, conversion, building and repair of ship.

Section 1 Disputes relating to operation of the ship

The Association shall, in its sole discretion, cover legal and other costs incurred in making or defending ~~insures the Member in the manner and to the extent provided in FD&D Rule 4 in connection with~~ claims, disputes or proceedings concerning: ~~which arise~~

~~(a) out of events occurring during the period of insurance of the entered ship and~~

~~(b) in respect of the Member's interest in the entered Ship and which relate to the matters enumerated below~~

- ~~freight, deadfreight, demurrage, detention or any other matter arising out of a charterparties, contract of affreightment, bills of lading or other contracts for carriage of goods in or the trading of the entered Ship generally;~~
- detention, salvage, general average contributions and charges, except (unless otherwise agreed with the Association) where the entered ship is a salvage tug or other vessel used or intended to be used for salvage operations and the claim arises as a result of or during any salvage operations or attempted salvage operations ~~but the Association in its absolute discretion may allow claims of this type to be covered;~~
- a policy of insurance other than ~~with where~~ the Association is involved;
- damage sustained by the entered ship;
- representation at official inquiries and protection against any interference by a public body, authority, company or corporation in matters connected with the business of shipowning;
- ~~any contract for the building, purchase, sale, conversion or repair of the entered ship, including any guarantee in connection with such contract, only to the extent that the Association agrees that claims, disputes or proceedings arising from the particular contract will be covered as a term of entry,~~
- any mortgage of the entered ship or contract for such mortgage; or
- ~~any other contract in relation to the entered Ship~~
- any other contract in relation to the entered ship ~~matter~~ which, in the opinion of the Association, falls within the scope of this insurance.



Section 2 Disputes relating to sale, purchase, building or repair of the ship

The Association shall, in its sole discretion, cover legal and other costs incurred in making or defending claims, disputes or proceedings concerning any contract for:

- a) building or purchase of the entered ship, provided that the ship has been entered with the Association for FD&D cover latest upon signing the contract applicable to the build or purchase and that such contract has been approved by the Association;
- b) sale of the entered ship;
- c) conversion of the entered ship, provided that the ship has been entered with the Association for FD&D cover latest upon signing the contract for conversion and that such contract has been approved by the Association; or
- d) repair of the entered ship.



FD&D Rule 4 Extent of cover

Change: Removal of the right to receive legal advice as part of the cover. Legal advice can still be received but on a discretionary basis.

Rule 4 Extent of Cover

Subject to any special terms which may be agreed the Member is, **on a discretionary basis**, entitled:

- (a) to recover from the Association the costs and expenses incurred in connection with any of the claims, disputes and proceedings described in FD&D Rule 3, including costs and expenses payable to other parties to such proceedings under any judgement or order therein, but only if the Association has decided that the case merits the support of the Association and has not withdrawn that support,
- (b) to receive legal advice from the Association in connection with any of the claims, disputes and proceedings described in FD&D Rule 3 or the possibility thereof,
- (c) to recover from the Association the costs and expenses incurred in obtaining advice in connection with the claims, disputes and proceedings aforesaid or the possibility thereof from lawyers, surveyors, representatives and persons other than employees of the Member, where the Association has consented to the obtaining of such advice.



FD&D Rule 5 Discretion of the Association

Change:

- Insertion of heading dealing with discretion at section 1.
- Adding factors that the Association will take into account when determining FD&D support.
- Removal of section dealing with withdrawal of support, as this is dealt with in FD&D Rule 8.

Rule 5 – Discretion of the Association

Section 1 – Absolute Discretion

The Association shall have absolute discretion to determine whether any particular case merits the support of the Association. ~~and without prejudice to the generality of the foregoing~~

Section 2 – Factors for support

The Association shall ~~throughout the dispute~~, in exercising its discretion, be entitled to take into account, ~~amongst others~~:

- ~~a) the merits of the case;~~
- ~~b) the prospect of successfully enforcing the claim;~~
- ~~c) the actual and anticipated costs and expenses;~~
- ~~d) whether, in the Association's opinion, the overall liability to costs is proportionate to the amount in dispute; and~~
- ~~e) whether support of the Member in respect of any particular case is in the interest of the entire membership.~~

~~The Association may at any and all times impose such terms as a condition of supporting the Member in any particular case as it thinks fit.~~

~~The Association may at any time withdraw its support from the Member in any particular case if it considers that such case ought to be settled or otherwise discontinued and The Association shall not be liable for any costs and expenses incurred in connection with such case after the time of such withdrawal of support.~~



FD&D Rule 6 Recovery from the Association

Change:

- Heading changed to "Recovery" since the rule deals with both a) recovery from the Association and b) recovery from the member
- Inserting a new section 1 but maintaining existing wording.
- Inserting a new section 2 but maintaining only with minor amendments existing wording.
- Inserting a new section 3 but maintaining only with minor amendments existing wording. Clarifying that the pro rata apportionment for a costs recovery is calculated on the basis of the amount paid by the member by way of deductible and/or member's proportion of fees.

Rule 6 Recovery ~~from the Association~~

Section 1 – Recovery from the Association

No costs or expenses shall be recoverable from the Association unless:

- (i) incurred by the Member with the prior written consent of the Association and in accordance with FD&D Rule 7; or
- (ii) the Association, in its absolute discretion, decides that the costs or expenses were reasonably incurred and are to be borne by the Association.

Section 2 – Recovery from the Member following settlement without consent or costs provision

The Association shall be entitled to recover ~~from the Member, by way of indemnity,~~ such sums as it deems reasonable, in respect of costs or expenses incurred ~~by the Association,~~ if a claim or dispute for which the Member is insured is settled:

- (i) without the prior written consent of the Association, and/or
- (ii) without a provision for costs or expenses.

Section 3 – Recovery from the Member following settlement, award or judgment

The Member shall, by way of indemnity, reimburse the Association ~~shall be reimbursed~~ out of any ~~recovery of costs made by or expenses~~ the Member ~~shall recover~~ pursuant to a settlement ~~agreement, arbitration~~ award or ~~court~~ judgment.

In the event ~~that the amount any costs or expenses~~ recovered by the Member is ~~are~~ insufficient to satisfy both the Member's and the Association's claim, they ~~amount~~ ~~recovered~~ shall be apportioned on a pro rata basis, ~~taking into account the amount paid by the Member by way of the deductible and/or the Member's proportion of fees paid.~~



FD&D Rule 7 Employment of lawyers and other persons

Change:

- Adding definition of "Service Providers" and removing references to "lawyers, surveyors or other persons"
- Inserting heading for section 1.
- Inserting heading for section 2 but maintain, in the main, the current wording.
- Inserting heading for section 3 but maintain, in the main, the current wording.
- Removal of wording giving the member a right to appoint a lawyer of their choice if there is a conflict.

Rule 7 Employment of ~~lawyers and other~~ Service Providers persons

For the purposes of this Rule, the term "Service Providers" shall include, but not be limited to, lawyers, surveyors and experts.

Section 1 - Service Providers appointed by the Association

~~Without prejudice to any other provisions of these Rules and without waiving any of the Association's rights hereunder,~~ The Association may at any and all times appoint and employ on behalf of the Member, upon such terms as it may think fit, ~~lawyers, surveyors or other Service Providers persons, whether or not lawyers, surveyors or other persons have already been appointed or employed by the Member,~~ for the purpose of dealing with any matter liable to give rise to a claim by the Member upon the Association. ~~including, but not limited to, investigating, or advising upon any such matter and taking or defending legal or other proceedings in connection therewith.~~ The Association may also, at any time, discontinue such employment as it may think fit.

Section 2 - Service Providers appointed by the Member

The costs and expenses incurred ~~by the Member~~ in connection with a particular case shall only be recoverable from the Association on condition that ~~all lawyers, surveyors and other Service Providers persons~~ employed ~~by the Member~~ in the case are appointed with the prior written consent of the Association. ~~or by the Association under the first paragraph of this Rule.~~

Section 3 - Service Providers Terms of Appointment

~~All lawyers, surveyors and other persons~~ Service Providers appointed by the Association on behalf of the Member or appointed by the Member with the prior written consent of the Association shall, at all times, ~~be and~~ be deemed to be appointed and employed on the following Terms of Appointment:

- (i) that, ~~without prejudice to their right to retire from the matter on any other grounds,~~ they Service Providers shall be entitled to retire from the matter if either the Association or the Member so requests or if such person considers that a conflict of interest has arisen or may arise between the Member and the Association so that he ought to retire from the matter;



- (ii) that they ~~y~~ **Service Providers** have been instructed by the Member, at all times, both while so acting and after having retired from the matter, to give advice and to report to the Association in connection with the matter without prior reference to the Member; **and**
- (iii) that they ~~y~~ **Service Providers** are to produce to the Association, without prior reference to the Member, any documents or information in their possession or power relating to such matter.

~~as if such person had been appointed to act and had at all times been acting on behalf of the Association and notwithstanding that any such advice, reports, documents or information would otherwise be the subject of legal or any other form of privilege.~~

~~Where there is a risk of conflict of interest because the opponent is also being insured for similar risks with the Association, the Assured should be given the choice to entrust the defence of his interests, from the moment he has the right to claim from the Association under the policy, to a lawyer of his choice.~~



FD&D Rule 8 Powers of the Association relating to the handling and settlement of claims

Change:

- Inserting a new section 1. Making it clear that the Association control and direct disputes it support.-
Inserting a new section 2 relating to withdrawal of support. Maintaining current wording but also making clear that support may be withdrawn if the merits of the dispute are not sufficiently strong.

Rule 8 Powers of the Association relating to the handling and settlement of claims

Section 1 - Handling and settlement of claims

The Association shall have the right, if it so decides:

- (a) to require the Member to settle, compromise or otherwise dispose of any claim, dispute or proceedings ~~which may give rise to a claim by the Member upon the Association~~ in such manner and upon such terms as the Association sees fit; and
- (b) to ~~control or direct require the Member to take any step in connection with~~ the handling of ~~any~~ such claim, dispute or proceedings ~~as which~~ the Association ~~may see think fit appropriate~~; and

Section 2 - Withdrawal of support

The Association shall, in its sole discretion, have a right, at any time, to withdraw support or decline cover:

- (a) if the Member does not settle, compromise, dispose of ~~or take steps in connection with the handling of~~ any claim, dispute or proceedings ~~in such manner and upon such terms as the Association sees fit; and/or~~
- (b) if, at any time, any of the factors set out in Rule 5 section 2 are not, in the Association's view, sufficiently strong.

The Association shall not be liable for any costs and expenses incurred in connection with such case after the time of ~~such~~ withdrawal of support.

If the Member does not settle, compromise, dispose of or take steps in connection with the handling of a claim, dispute or proceedings as required by the Association in accordance with the first paragraph of this Rule, any eventual recovery by the Member from the Association in respect of such claim or proceedings shall be limited to the amount he would have recovered if he had acted as required by the Association.



FD&D Rule 9 Conditions

Change:

- Removal of reference to “casualty and event” as FD&D is a cost cover.
- Adding that Service Providers shall have access to the ship and documentation held by the Member.

Rule 9 Amendment of section 4 and insertion of new section 5 as per below.

Section 4 Obligations with regard to ~~casualties and claims~~ disputes and documentation

The Member must take all reasonable steps to avert or minimise liabilities, costs or expenses in respect of any ~~dispute claim, casualty or event~~ which may give rise to a claim upon the Association.

The Member must promptly notify the Association of any such ~~dispute claim, casualty or event~~ and of any related formal enquiry or legal proceedings involving the entered Ship.

Section 5 Documentation

~~The Member must promptly provide the Association with all documents and evidence which may be relevant to the case and must produce any person for interview or to give evidence. Furthermore, the Association must at any time be allowed admittance to the ship to conduct any surveys and investigations which the Association considers necessary.~~

The Member must promptly provide the Association with all documents and evidence which may be relevant to the case and must produce any person for interview or to give evidence.

The Association ~~and~~ **appointed Service Providers** must at any time be allowed admittance to the ship to conduct any surveys and investigations which the Association ~~and/or Service Providers~~ consider necessary.

~~The Member must provide the Association and any Service Providers with documentation in the Member’s power, custody, control or knowledge and allow for copies to be taken.~~

~~The Member must, upon the Association’s request, promptly produce to the Association any advice provided to it by a Service Provider (whether or not such advice was paid by the Member by way of deductible or by the Association).~~

~~The Member shall not settle or admit liability for any claim for which he may be insured by the Association without the prior consent of the Association.~~

Where the Member commits any breach of these obligations, the Association may exercise its discretion pursuant to FD&D Rule 5 ~~or withdraw support pursuant to FD&D Rule 8.~~



FD&D Rule 18 Omnibus

Change: Removed as there is no Omnibus in FD&D

~~The Association shall have the absolute discretion to compensate the Member for claims or for costs or expenses as referred to in the second paragraph of FD&D Rule 2 even where such compensation would not have followed under these Rules.~~