

Freight Demurrage & Defence Insurance 2025/2026

The Board of Directors met in London on 21 November 2024 to review the Club's financial position and consider renewal requirements for the coming policy year 2025/2026. Decisions taken regarding open Policy Years are set out below.

Update

The Club's FD&D portfolio remains stable, covering approximately 1,400 vessels (60 million GT). As of 1 November 2024, around 600 claims had been registered, a slight decrease compared to the same period in 2023. Of these, approximately one-third involve general legal advisory services rather than active disputes. The Club prioritizes high-quality service and sustainable growth, aiming to expand its FD&D portfolio and market its legal advisory services to Members requiring legal protection and advice.

The Club employs 13 lawyers, including several qualified English solicitors, integrated within the Club's geographical teams. This structure ensures immediate access to collective expertise, equipping the team to handle today's complex legal disputes effectively.

No significant developments were noted in the current Policy Year. However, the first nine months indicate a marginal deficit. Combined with high levels of activity, inflationary pressures have led to an anticipated combined ratio marginally exceeding 100%. While last year's run-off trend has shown improvement, the inherent long-tail nature of FD&D claims contributes to ongoing volatility.

To address inflationary pressures and ensure financial sustainability, the Board has decided to levy a 5% General Increase for the 2025/2026 Policy Year. This adjustment is essential to maintain the Club's ability to deliver high-quality legal services and protect its financial health.

Terms for Freight, Demurrage and Defence Insurance 2025/2026

Decisions and Instructions

At the Board meeting on 21 November 2024, the Board of Directors decided the following regarding premium and deductibles for the FD&D policy year 20 February 2025 to 20 February 2026:

- To levy a 5% general increase for the policy year 2025/2026
- 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 2025/2026 policy year will be closed in 2027. 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 2025. The current estimated supplementary call for 2025/2026 is 0%.

Release Call

The estimated release call for 2025/2026 is 5%.

Renewals

The premium for 2025/2026 will be based on the Member's record for the five-year period 2019-2023, 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 21 November 2024 is as follows:

Year	Status	Estimated Supplementary Call	Release Call
2021/2022	Open	0%	0%
2022/2023	Open	0%	5%
2023/2024	Open	0%	5%
2024/2025	Open	0%	5%
2025/2026	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,

Thomas Nordberg

Enclosures:

- P&I and FD&D Rule changes 2025/2026
- Procedures for payment of premium