



# defence cover

Defence cover is insurance for the legal and other costs of pursuing and defending claims related to entered ships where the sum in dispute is not insured. It is however more than just insurance. The Club's legally qualified staff are also available to assist and advise on claims without the need to instruct lawyers and to be used as a sounding board before particular steps are taken, as well as to advise on particular contracts or clauses.

Consider – if your usual insurers say it's not covered, is it covered under defence?

## Examples of disputes covered

- Wide range of disputes under time and voyage charterparties, concerning for example payment of hire or freight, payment of demurrage (including container demurrage), exercising liens over cargo, sailing orders, safety of ports, ship's performance and characteristics
- Disputes under contracts of affreightment and bills of lading
- Bunker quality disputes with bunker suppliers and between owners and charterers
- Claims for damage to the ship (where losses are below hull and machinery deductible) and loss of use between owners and charterers, shippers / cargo owners, terminal operators, third parties
- Disputes with agents, brokers, ship managers, stevedores, terminals or others supplying services to ships
- Coverage or other disputes with marine insurers
- Employment claims or other disputes with crew members
- Disputes with governmental or port state authorities, representation at official investigations.

### What is available?

- Costs not exceeding \$10,000 available automatically
- Costs in excess of \$10,000 available following a review of the case
- Costs include fees charged by lawyers, experts, surveyors and correspondents arising in any jurisdiction
- There is no mandatory deductible under defence cover.

### How do I claim?

- Notify the Club at the earliest opportunity – as soon as possible once the dispute arises
- Keep the Club involved – discuss strategic steps e.g. appointment of lawyers, start of proceedings, settlement discussions.

### It's not just about legal fees!

- The Club can advise on and assist in disputes without the involvement of lawyers. Our legally qualified claims executives can help settle disputes at an early stage
- The Club can advise on particular contracts or clauses.

**DO I NEED TO INSTRUCT A LAWYER OR CAN THE CLUB ASSIST?**

# Comparison of providers of FD&D cover

January 2011

Club	General increase + estimated supplementary call 2011/2012	General increase + estimated supplementary call 2010/2011	Limit on cover (per claim)	Mandatory Deductible (per claim)	Release calls
<b>UKDC</b>	2.5% General Increase	5% General Increase	\$15 million		
<b>American Club</b>	10% General Increase and 25% Deferred Call on mutual tonnage	0% General Increase and 25% Supplementary Call			50%
<b>Britannia</b>	0% General Increase  50% Deferred Call on mutual tonnage	20% General Increase and 50% Deferred Call on mutual tonnage  80% General Increase on fixed premium tonnage	\$10 million  From 2011 policy year cover for newbuilding and conversion disputes reduced to US\$2 million	No deductible applicable to the first \$5,000 but thereafter one third of the total claim  The minimum and maximum range is agreed in individual terms of entry	20%
<b>Gard</b>	10% General Increase	20% General Increase	\$10 million  From 2011 policy year cover for newbuilding and conversion disputes reduced to US\$1 million	25% of all costs subject to a minimum of \$5,000. Maximum deductibles removed  Notified its Members that it no longer offers stand-alone FD&D cover	50%
<b>Japan Club</b>	0% General Increase and 20% Supplementary Call	0% General increase and 20% supplementary	Yen 1.5 billion	Yen 100,000	25%
<b>London Club</b>	7.5% General Increase	20% General Increase	\$7.5 million	25%	15%
<b>Nordisk</b>	5.2% General Increase	2.7%			
<b>North of England</b>	10% General Increase	10% General Increase	\$250,000 for newbuilding, repair and conversion disputes	From 2010 policy year deductibles increased from \$2,500 up to a maximum of \$50,000, to 25% of all costs subject to a minimum of £10,000 and a maximum of \$100,000	20%
<b>Skuld</b>	0% General Increase	5%	From 2010 policy year reduced from \$5 million to \$300,000 for newbuilding and sale and purchase disputes  US\$5 million for all other claims	\$2,500 minimum	
<b>Standard</b>	3.5% General Increase	15% General Increase		25% subject to a minimum of \$10,000  No upper limit	
<b>Steamship Mutual</b>	0% General Increase	0% General Increase			20%
<b>Swedish Club</b>	10% General Increase	5% General Increase	\$5 million	\$7,500 plus 25% of costs in excess of \$250,000	25%
<b>West of England</b>	7.5% General Increase and 30% Deferred Call	10% General Increase and Deferred Call	\$2 million for newbuilding disputes \$5 million for all other claims	25% subject to a minimum of \$5,000 and a maximum of \$50,000	30%