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WHAT IS FD&D COVER?

- Optional insurance to cover legal costs/expenses relating to:
 - the operation, ownership or management of/interest in...
 - ...an entered vessel...
 - ...which are not covered by other forms of insurances (rule 23(1)).
- Does not cover substantive liabilities/the underlying claim – compare with P&I/H&M.

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KEY FEATURE



The business of this class is the enforcement of all proper claims and the defence of all claims improperly brought...



- Rule 19

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KEY FEATURES

- Discretionary cover:
 - Whose discretion?
 - *Prudent uninsured*
 - Reviewed throughout claim
 - Common to all FD&D classes of P&I Clubs and the independent Defence Clubs
 - Quantum only e.g. early redelivery
 - Proportionality



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FEATURES

- Duty to notify the Club:
 - Rule 25(4) – claims to be notified within 3 months after Member becomes aware of the existence of claim
 - Rule 26(2) - No legal steps to be taken / lawyers appointed without approval

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KEY FEATURES

- Security:
 - For claims
 - For costs



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KEY FEATURES

- Standard Deductible – 2017/2018
 - 25% of costs on all claims, subject to:
 - Minimum deductible \$10,000
 - Maximum deductible \$150,000
- No costs if no external parties appointed



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DEDUCTIBLE

FD&D Deductible – Rule 20

25% (Minimum US\$10,000, Maximum US\$150,000)



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SCOPE

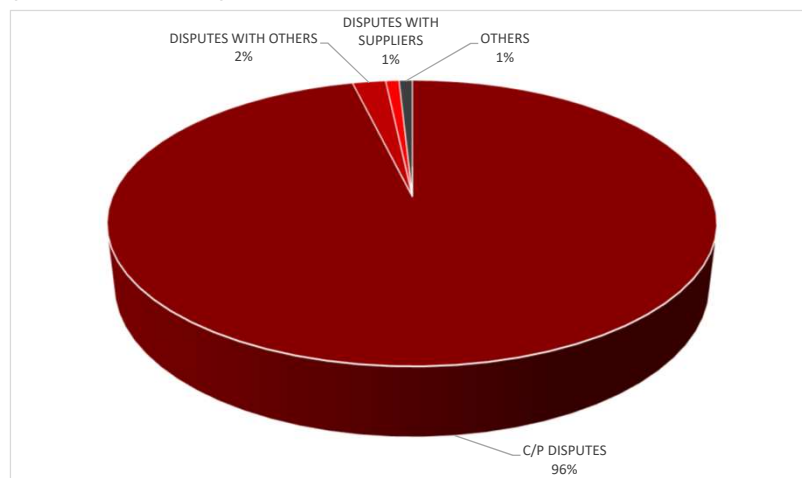
- Very wide in scope
- Majority of claims are Charterparty Disputes
- Also deal with sale and purchase, new building contracts, repair and other disputes.
- Liaison with P&I/H&M



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SCOPE

- Types of disputes - March 2018-March 2019



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SCOPE

Example Charterparty Disputes:

- Hire, freight and deadfreight
- Withdrawal
- Short loading
- Delivery/redelivery
- Validity of orders
- Vessel description clauses e.g. speed and performance
- Laytime and demurrage
- Unsafe port/berth cases
- Stevedore damage
- Bunker disputes
- Operational costs responsibility etc.

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SCOPE

- Disputes with underwriters (H&M/war risk/loss of hire)
- Crew/ITF disputes – only where action by crew/ITF wrongful/improper - Rule 19(2)
- Disputes with suppliers (of bunkers/equipment/port agents) – Rule 19(1) (v)
- Disputes with mortgagees/managers/ operators – Rule 19(5)
- Bill of lading disputes (Not cargo loss or damage)
- Disputes with other ship owners e.g. following collision

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LIMITATIONS

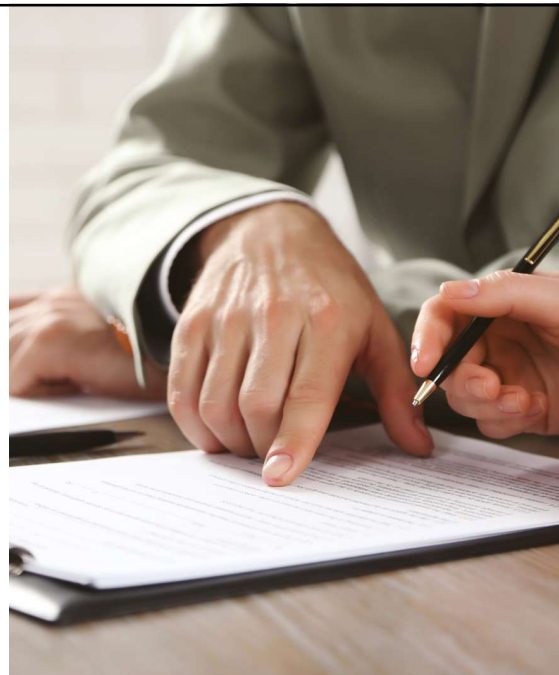
- Rule 22 -
- Classification society and Statutory requirements
- With some notable exceptions, the cover is unlimited in amount but is subject to discretion of Members' Board.
- No cover for disputes between joint Members (Rule 9(3))



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WHAT WE DO IN PRACTICE

- Provide legal opinions/advice
- Appoint arbitrators/surveyors/correspondents/experts
- Advise on and assist with gathering evidence
- Draft arbitration submissions, witness statements etc.
- Instruct external lawyers (including counsel directly) where necessary/appropriate
- Manage legal costs, including negotiation of fees
- Draft messages for Members to send to opponents
- Correspond with opponents, their Clubs and/or their lawyers
- Investigate opponents' assets
- Pursue security for underlying claim
- Deal with requests of security for claim/costs
- Conduct negotiations, mediations and other alternative dispute resolution
- Draft settlement/escrow/novation etc. agreements



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ADDITIONAL SERVICES

- Check before fixing
 - International Maritime Bureau (IMB)
 - Baltic and International Maritime Council (BIMCO)
 - Internal enquiries
- Sanctions – dedicated team
 - Regular updates on North website
 - sanctions.advice@nepia.com
- Drafting charterparty/other contract clauses
- Reviewing contracts
- General enquiries
- Training
- Global Legal Navigator

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FD&D DEPARTMENT

- As of 20 February 2019
- Owned and Chartered:
 - About 4,500 vessels
 - About 263 Members
 - About 159 million GT



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FD&D DEPARTMENT

- In-house team of 39 dedicated lawyers.
- Specialists in handling disputes falling within the scope of FD&D cover.
- Majority of North's "in-house" team are English solicitors.



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FD&D DEPARTMENT AS AT MAY 2018

- **UK Office**
 - 27 lawyers including a US Attorney
- **Singapore Office**
 - 7 lawyers including 4 Singaporean solicitors
- **Greek Office**
 - 5 lawyers including a US Attorney

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FD&D DEPARTMENT

- FD&D Guide Online
- www.nepia.com
- FD&D Class



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NORTH'S FD&D TEAM: OVERVIEW & KEY FACTS

Freight, Demurrage and Defence Insurance ("FD&D") is a discretionary legal costs insurance that protects our Members' interests and assets. North's FD&D team supports Members in recovering their proper claims for uninsured losses and/or in defending and resisting any actions improperly brought against them, that fall within the remit of North's FD&D Rules.

IN-HOUSE LEGAL SERVICE - SIZE MATTERS

39 SPECIALIST IN-HOUSE LAWYERS AROUND THE WORLD

- DIRECT ACCESS TO QUALIFIED PROFESSIONALS
- COST EFFECTIVE SERVICE
- GLOBAL LEGAL AND COMPLIANCE NETWORK
- AVAILABLE 24/7 365 DAYS A YEAR
- PROACTIVE ADVICE
- MOST CLAIMS DEALT WITH IN-HOUSE

FINANCIAL STRENGTH

OUR S&P AAA CAPITAL ADEQUACY IS EXTREMELY STRONG

SHIPS ENTERED: OUR FD&D SERVICE COVERS OVER 4500 SHIPS ACROSS THE GLOBE

COMMITMENT: 18 YEARS AVERAGE LENGTH OF SERVICE IN THE SENIOR TEAM

QUALIFIED AND SPECIALIST LAWYERS

Our service differs from most other FD&D insurers, in that our FD&D team consists solely of qualified, specialist lawyers and as such, we can provide direct and immediate legal advice and support to Members. We currently employ 39 qualified lawyers, ranging from English solicitors to overseas-qualified attorneys who are based in each of our Newcastle, Piraeus and Singapore offices. We believe this makes us the largest global team of specialist FD&D lawyers.

ALL OUR LAWYERS PRACTISED WITH LEADING LAW FIRMS AND NOW FOCUS EXCLUSIVELY ON FD&D CLAIMS

COMPREHENSIVE COVER

WITH FEW EXCEPTIONS THERE IS NO RULES LIMIT ON FD&D COVER

COMMERCIAL AND PRAGMATIC: WE FOCUS ON PROTECTING YOUR BUSINESS

GROWING MEMBERSHIP

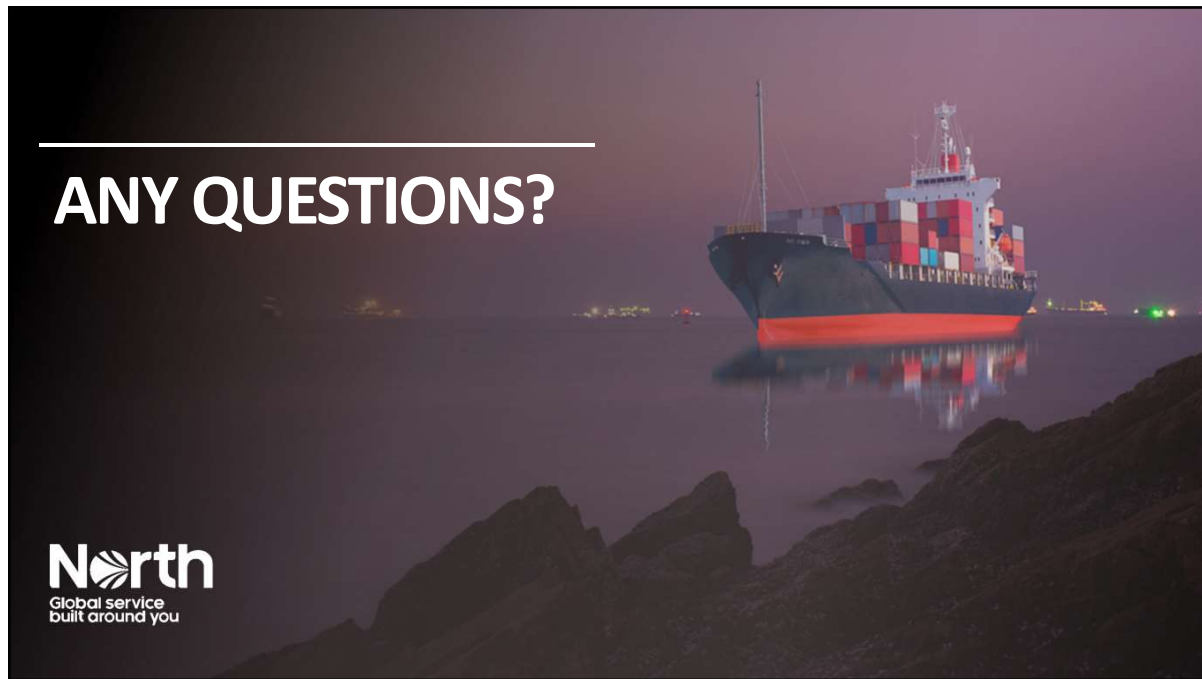
THE NUMBER OF FD&D MEMBERS CONTINUES TO GROW YEAR BY YEAR

CLAIMS: OVER 4,000 CLAIMS ENQUIRIES HANDLED IN 2018

DON'T LEAVE THINGS TO CHANCE

The scope of our FD&D cover is very wide in that it covers legal costs and expenses properly incurred in numerous types of ship operating disputes falling outside the scope of other insurances. By solely employing qualified lawyers, our team is able to deal with most legal work in-house and we regularly handle all aspects of London arbitrations, from beginning to end. Most of the disputes referred to the FD&D team are charterparty disputes, but we also handle a large number of claims and queries relating to chartering, operational, loss prevention, trading and other issues.

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