



UKDC  
UK DEFENCE CLUB



# ABOVE & BEYOND

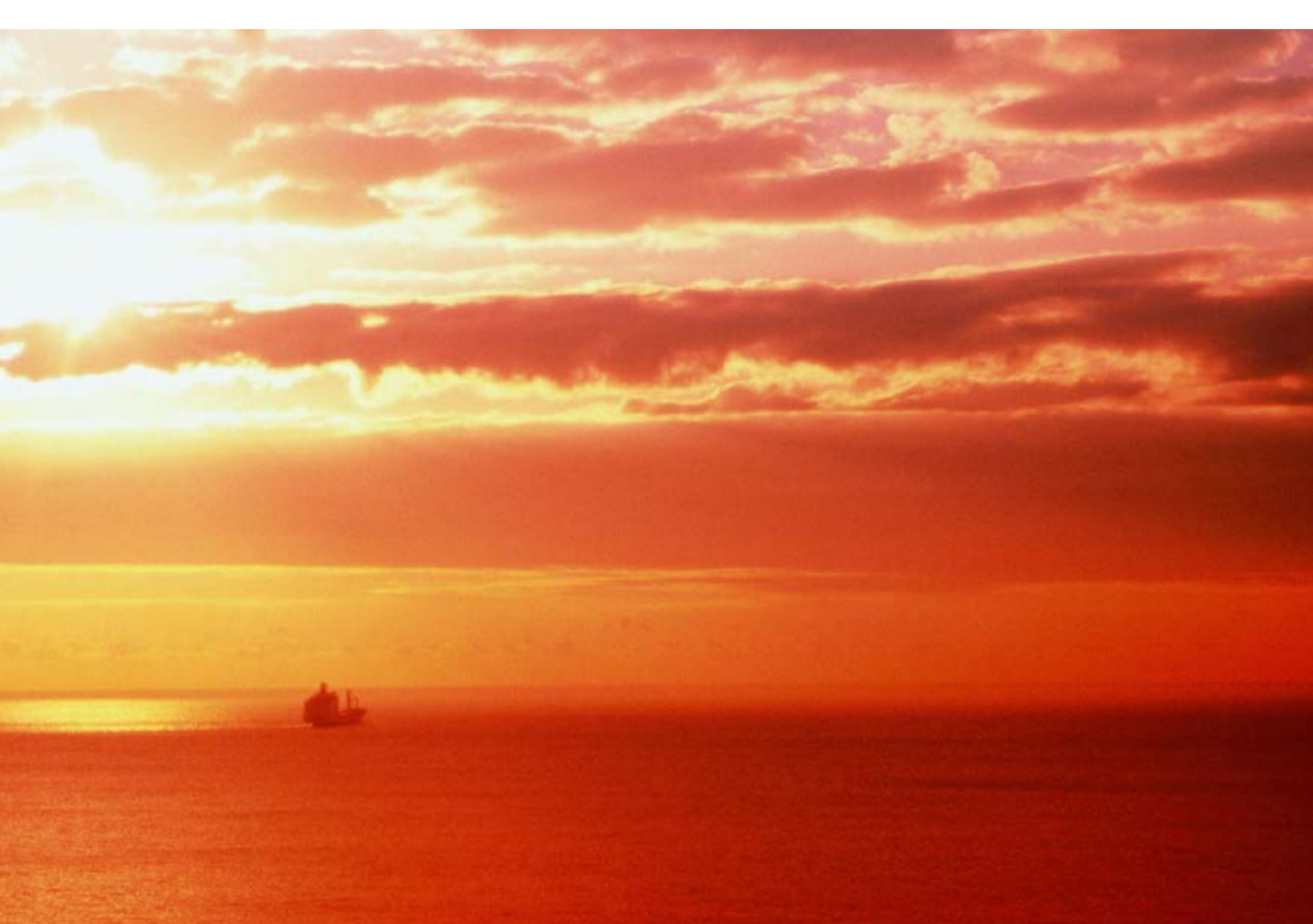
*Renewal 2016*

UKDC  
IS MANAGED  
BY **THOMAS  
MILLER**

**UKDC**  
**UK DEFENCE CLUB**



**ABOVE & BEYOND**



#### **ON COVER**

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Giving you the confidence that your exposure to legal costs is protected.

#### **ON FINANCES**

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Because we focus solely on defence our finances are dedicated to providing insurance for legal costs, not other liability claims.

#### **ON SERVICE**

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As well as cover we provide wide-ranging advice and assistance to Members, all delivered by one of the most experienced teams in the industry.

#### **IN SUPPORT**

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We support our Members in relation both to their cases and to wider industry issues.

#### **THE COMPETITION**

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The UK Defence Club is the leading insurer of its kind in the world, providing unrivalled cover to shipowners and operators.

## ABOVE & BEYOND ON COVER

Giving you the confidence that your exposure to legal costs is protected

In uncertain times, shipowners and operators need to know that if a dispute occurs, they will have support for legal and related costs as well as in managing any litigation that arises. The value of comprehensive legal costs insurance cannot be underestimated.

### **History and influence**

Over 127 years of history has given us the opportunity to develop the best cover and service within the maritime market place.


### **Focus**

Unlike our competitors, we focus exclusively on the provision of legal costs insurance to the maritime industry. Our cover is not only comprehensive but is also unrivalled in the market.

### **Independence**

We have always been independent, so that you can be too.

### **Ships covered**

3,800 

The Club's continued growth reflects the confidence of its Members in the cover and service it provides.





**No general increase  
in premium 2016/17**

 **0%**

The second consecutive year that no general increase has been applied.

**Current tonnage entered**

**176m GT** 

**Cover limit**

 **\$15m**





The UK Defence Club is the largest  
Defence Club in the World with over 3,800  
owned and time chartered ships entered.

Assets

£66.5m\*

Equating to 178% of liabilities

Net overall surplus



£0.8m\*

Solvency ratio  
(Assets/liabilities + ICA)

130%\*

\* All figures as at half-year 2015

## ABOVE & BEYOND ON FINANCES

Financially strong: because we focus solely on defence our finances are dedicated to providing insurance for legal costs, not other liability claims.

### **Solvency II implementation**

Our Board has always taken a conservative approach to the management of our finances and investments. This ensured we were well placed to deal with the increase in claims following the recent financial crisis and that we are in a position to meet Solvency II capital requirements, which come in to force in January, 2016.

### **The market's highest limit on cover – \$15 million**

The Club's robust finances have enabled us to maintain consistent levels of premium. For the 2016 policy year there will again be a 0% General Increase. The Board recognises the difficult market conditions that many Members currently face and is doing its utmost to support Members, as far as it can.

In recent years, some of our competitors have not only increased premiums but have also made changes to the level of cover provided and/or introduced mandatory deductibles.

### **Our financial strength has allowed us to take the innovative step of using Continuity Credits to reward our Members.**

For the 2016 policy year, there will again be premium reductions in increasing scale for those with one, three and five years of entry in the Club. There will also continue to be an additional discount offered to those Members entering all of their ships with the Club.



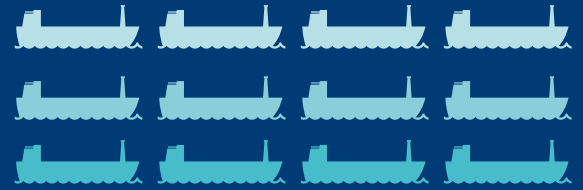


## Continuity credits

1 year  2.5%

3 years  5%

5 years  7.5%



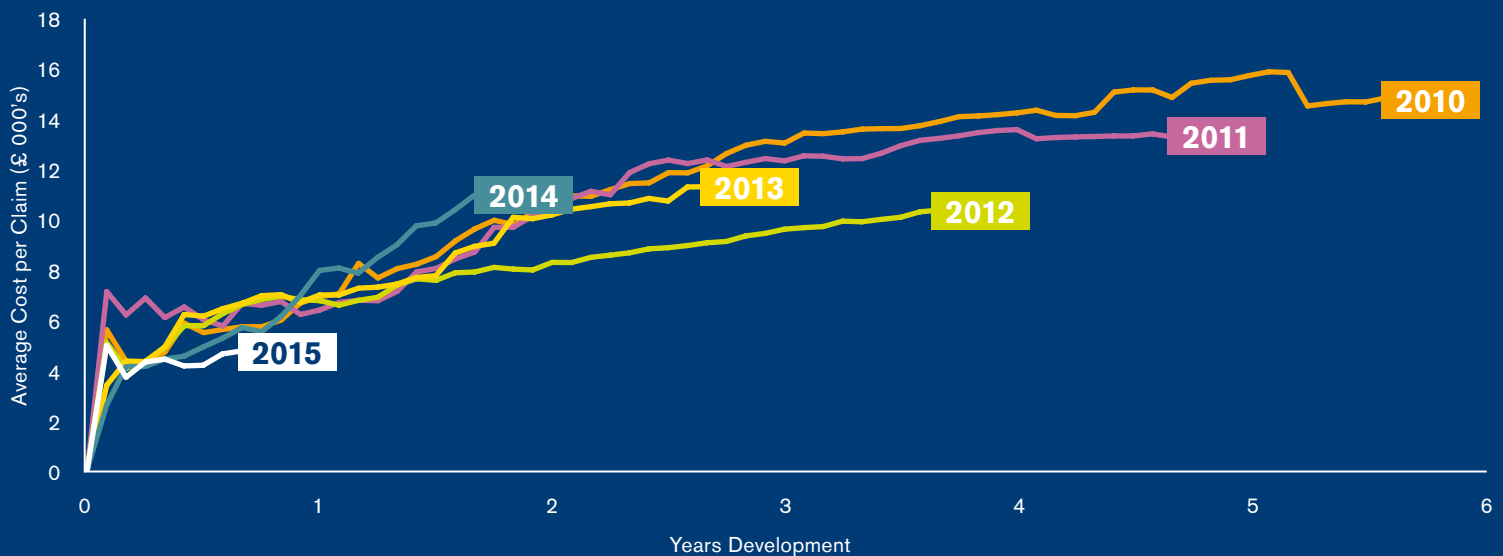
# +1.5%

Members that enter their full fleet receive an additional credit of 1.5%

**2014/15:** The claims environment was dominated by the collapse of OW Bunkers late in the year.

**2015/16:** The claims environment has been relatively benign in 2015 to date, but counterparty defaults remain a concern.

## Average Cost per Claim



## ABOVE & BEYOND ON SERVICE

We have legally qualified claims executives based in the major time zones – Europe, Asia Pacific and the Americas.

### **Delivered by one of the most experienced teams in the industry**

Our team of legally qualified claims executives provides wide-ranging advice and assistance to Members on topical issues and in the drafting of charterparty clauses. Most recently advice has concerned issues as diverse as those related to the collapse of OW Bunkers, the Nigerian tanker blacklist and the explosions in Tianjin. Counterparty default also continues to be a concern for Members.

### **Experts at managing the litigation process**

Our involvement can often assist in resolving disputes amicably and, in the event that litigation arises, we are expert in managing the process to secure the right result for our Members.

### **Improving service and offering greater certainty to our Members**

We now require our Preferred Legal Partners (“PLPs”) to propose alternative fee arrangements in place of hourly billing. This initiative is a key area of focus for our Board of Directors and is aimed at providing greater certainty of cost for our Members and for us.



**Our team of legally qualified claims executives provides wide-ranging advice and assistance to Members on topical issues and in the drafting of charterparty clauses.**



### **Alternative billing**

Our focus on agreeing alternative billing arrangements gives greater certainty for Members and the Club.



### **Personal response**

We have legally qualified claims executives based in the major time zones – Europe, Asia Pacific and the Americas.



## ABOVE & BEYOND IN SUPPORT

Protecting our Members' interests is at the forefront of all of our activities

### **We support our Members in relation both to their cases and to wider industry issues**

Over the past 127 years we have helped to shape the maritime industry through the landmark cases we have supported in various different jurisdictions. This means we are listened to, and our contributions help shape industry improvements. Most recently we have focused on trying to modernise the arbitration process to ensure that it continues to meet the needs of our Members in the most efficient and relevant way.

### **OW Bunkers**

The collapse of OW Bunkers has highlighted our commitment to support our Members in difficult and expensive litigation, in a variety of jurisdictions. We are involved in over 220 OW related cases many of which are the subject of ongoing court action seeking to avoid double payments to physical suppliers and OW administrators. Considerable support has been given to expedite certain claims in order to obtain clarity on Members' behalf.

### **Litigation can be an increasingly expensive proposition...**

In addition to their own legal costs, if unsuccessful, Members may incur a significant cost liability to their opponents.

## EXAMPLES OF RECENT DISPUTES:



**Charterparty repudiation dispute:** This was heard in London arbitration and ultimately appealed to the Court of Appeal costing a total of \$900,000.

### Cost breakdown

- Solicitors: \$300,000
- Experts: \$25,000
- Counsel: \$450,000
- Tribunal: \$125,000



**Unpaid freight claim in London arbitration:** Costs totalled \$475,000.

### Cost breakdown

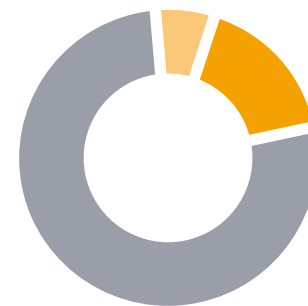
- US lawyers: \$75,000
- UK Solicitors: \$200,000
- Counsel: \$65,000
- Tribunal: \$135,000



**Shipbuilding dispute in London arbitration:** The hearing cost a total of \$945,000.

### Cost breakdown

- Solicitors: \$382,500
- Experts: \$62,500
- Counsel: \$190,000
- Tribunal: \$310,000



**Oil majors dispute in New York arbitration:** This cost a total of \$635,000.

### Cost breakdown

- Lawyers: \$490,000
- Experts: \$40,000
- Tribunal: \$105,000

## RECENT LANDMARK CASES SUPPORTED BY THE UK DEFENCE CLUB:

**2007:**  
**Golden Victory**  
calculation of damages

**2010:**  
**Eagle Valencia**  
demurrage / NOR

**Saldanha**  
off hire whilst detained by pirates

**2012:**  
**Rainy Sky**  
refund guarantees

**The Kyla**  
frustration of contract

**2014:**  
**Bulk Uruguay**  
withdrawal from a contract

**2015:**  
**Res Cogitans**  
OW Bunkers – avoiding double payment for bunkers

An aerial photograph showing a wide river with several islands and meanders, flowing through a dense urban grid. The river is a light blue-green color, contrasting with the reddish-brown tones of the city buildings and streets.

**The UK Defence Club focuses solely on the provision of legal costs insurance to shipowners and operators in the maritime industry.**

### **Influential**

Leading the debate on industry issues, pioneering the changes needed, and shaping the industry to better serve our Members.

### **Independent**

Focused purely on defence and everything that supports it.

- **\$15 million limit on cover**
- **No mandatory deductibles**
- **No release calls**



## ABOVE & BEYOND THE COMPETITION

Protecting our Members' interests is  
at the forefront of all of our activities

### **ON COVER**

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### **IN SUPPORT**

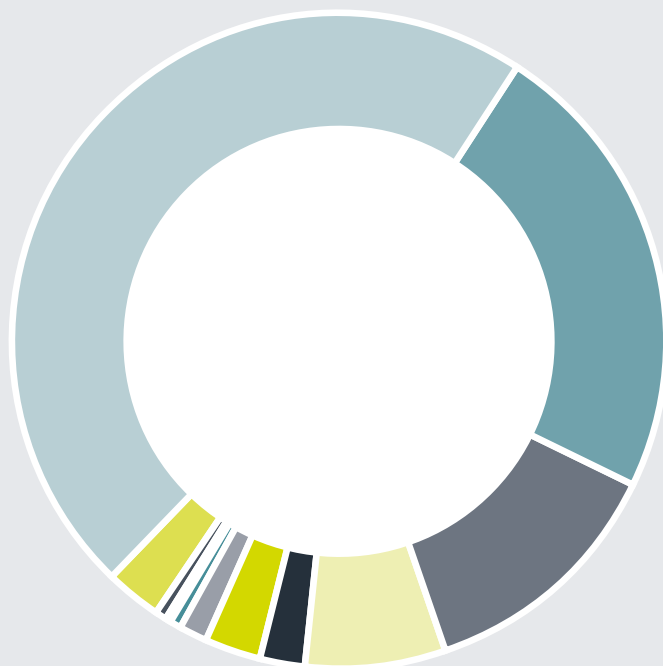
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### **THE COMPETITION**

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## INTERNATIONAL REACH

Our global Membership base represents the vast majority of ocean going ship types.



### By Trade

- 47.2% - Bulk Carrier
- 23.0% - Tanker
- 12.4% - Container
- 7.0% - Gas Carrier
- 2.3% - Chemical Carrier
- 2.7% - General Cargo
- 1.5% - Reefer
- 0.5% - Ferry
- 0.3% - Ro/Ro
- 0.4% - Passenger
- 2.7% - Other

### Independence



As an independent Club, focused solely on defence, we have an unrivalled experience and expertise in dealing with the issues faced by our Members.

### Entered ships



3,800

### Current tonnage entered



176m GT



**San Francisco**  
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**New Jersey**  
Tel: +1 201 557 7300


**London**  
Tel: +44 207 283 4646

**Piraeus**  
Tel: +30 210 429 1200

**Hong Kong**  
Tel: +852 2832 9301

**Singapore**  
Tel: +65 63236577





**The UK Defence Club provides much more than cover – we support our Members' operations departments, provide advice on and support for claims, and work in true partnership.**

Marina Bay Skypark,  
Singapore





# ABOVE & BEYOND

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