Genmar hits red ink over spot rates

NEW YORK-based tanker owner General Maritime (Genmar) has turned in its first loss-making quarter as a public company but says it has positioned itself to rebound if markets prove stronger later in 2002. Genmar's operating loss of $634,000 (2 cents per share) on revenue of $34.3m compares with a profit of $9.8m (40 cents) on $32.5m in last year's second quarter.

The average time charter rate for its 24 aframaxes and five suemaxes, continued to be impacted by weak hire rates. The average time charter equivalent (tce) rate was $14,255 per day as against $27,037 a year earlier.

The company says the results also reflected efforts to do its drydocking during the soft market. It packed 200 dry docking days of an anticipated 400 for the full year in the second quarter.

"As we move into the third quarter, we have the financial flexibility and ability to be a leading consolidating force," said chief executive Peter Georgiopoulos. "We remain disciplined in evaluating a range of transactions and opportunities in vessels that add enduring value to the fleet and the company."

Twenty of Genmar's aframaxes and five suemaxes were trading on the open market. Four aframax charters end in the period through August 2003.

By Joe Brady from Stamford

Cruise cover lacking outside P&I system

The world's two biggest marine insurance brokers are pouring cold water on the idea that a cruise ship catastrophe can be realistically covered outside the protection-and-indemnity (P&I) clubs.

By Jim Mullenan

London

Both Marsh and Willis are warning that liabilities running to billions of dollars established by a revised Athens Convention may not be commercially insurable.

The two brokers give a bleak assessment of the prospects of limits of perhaps $500 million ($660,000) per passenger being a realistic possibility if pressure from cargo ship owners results in the P&I clubs reducing cover to perhaps $1 million for cruise vessels and ferries.

A diplomatic conference called for October 1998 was expected to set minimum limits of perhaps $2.3bn for the largest passenger vessels such as Royal Caribbean Cruises' 'Gardi-

sired, 137,300-gt Voyager of the Seas' (built 1998), which carries well over 3,000 passengers quite apart from crew. All through the objective of the International Maritime Organisation (IMO) conference is to raise compensation from the derisory levels of the current Athens convention, it is looking increasingly likely that the paradoxical result will be a reduction in the $4.25bn of cover that the P&I clubs currently provide to passengerships.

Willis commends the objective of raising compensation for passengerships. It is, however, cautions, that limits of $2.3bn would remain, such as finding claim-handling expertise and maintaining the competitive position of ferries against other means of transport.

"It is certain that any product would be extremely expensive and unlikely to be sustainable over the medium term," cautioned Willis.

Marsh says that it is difficult to predict the insurance capacity available some years ahead, when a revised Athens Convention might come into effect. Even if cover turned out to be available in a favourable market, it could subsequently disappear.

The megabroker is also concerned about reinstatements - the cover that would continue to be available after insurers were burnt by a tragedy costing perhaps $2bn.

Marsh warns that what is contemplated is a compulsory insurance regime under which underwriters would be required to waive all defences. But the amount of cover required is well in excess of that required for oil pollution in the US or an aviation tragedy under the Montreal Convention.

By Joe Brady from Stamford

Crowley cagey over conversion

CROWLEY Maritime and its Marine Transport Lines (MTL) subsidiary have not made a final decision on converting the fire-damaged remains of the 32,000-dwt Stolt Spirit (built 1979), a chemical tanker, a Crowley official said this week.

"The decision on conversion but that's all we'll say about it," said company spokesman Mark Miller.

TradeWinds had previously reported that MTL president Rockwell Smith had confirmed the plans generally in a recent interview. But Miller says Smith had intended only to convey that the project was under consideration.

MTL officials have also been told by market sources that Crowley, which has been circu-

ulating a financial prospectus linked to the conversion process, says it has no knowledge of such documents and cannot immediately comment further.

By Joe Brady from Stamford

Carnival bounds over EC regulatory hurdle

THE EUROPEAN Commission (EC) has cleared Carnival's bid to take over UK cruise operator P&O Princess on the grounds that there is plenty of scope for competition in the growing cruise industry.

The EC says its in-depth investigation showed that its initial concerns over a combined entity's strong position in the UK and German cruise markets had proved "unfounded."

In 2000 Carnival and Princess accounted for around a quarter of the passenger market in the European Economic Area (the EU plus Norway, Iceland and Liechtenstein). A merged company would have had a similar proportion of the market.

The EC ruled that it was relatively easy for rivals to move into the niche market as new operators have claimed a third of the UK market in the last five years and existing companies have expanded.

The EC added that Carnival's UK position would come under pressure from international competitors like Royal Caribbean Cruises (rccl), Carnival's rival for P&O Princess's hand. In smaller markets like Spain, Italy and France, the EC says there was potential for growth and market entry.

rccl had maintained that its merger proposal with Princess had more chance of gaining regulatory acceptability than Carnival's. Now all eyes will turn to the US regulators to see if this will prove correct.

Carnival boss Micky Arison will be pleased that there are no conditions attached to the EC clearance. There had been speculation that its own Cunard operation might have to be sold to get the proposal past regulators.

In February, P&O Princess shareholders opted to wait for regulatory reviews before deciding one way or the other. When all the regulators have made up their minds, Princess will convene another shareholders meeting to vote on the two deals.

By Joe Brady from Stamford

Hull brokers to Vitol shop

A MARINE insurance broker with close connections to the biggest Dutch oil trader and charterer Vitol is expanding.

Two senior hull brokers with Seascope Insurance Services, Andreas Bissas and Tim Hudson, are moving to low-profile but highly-regarded Alston Gayler.

Vitol set up London-based Alston Gayler in 1990 to secure its own insurance cover but now it acts for a number of other marine clients, including northern European shipowners.

Top Rotterdam-based protection-and-indemnity broker Jack Post is also closely involved with Alston Gayler as a director of its parent company Nielson Holdings and through shared insurance-broking activities.

Alston Gayler managing director David Jackson tells TradeWinds he is delighted Bissas and Hudson are joining but his rival's broking company is no threat to his own.

The two were recruited as a result of organic growth and as some senior members of the existing 21-strong team are moving to low-profile jobs. The two are now separate.

Vitol managing director Klaas Jorgensen of Cercq Zulbi is chairman of Alston Gayler and there are business connections with the Vitol-owned insurance companies Anchor and Rembrandt.

By Jim Mullenan from London

Marine hose couplings

By Gary Dixon from London