P&I Clubs cutting reinsurance costs

Cargoship owners may gain the most from a surprise cut in P&I cover costs.

A softer-than-expected reinsurance market has led to a favourable renewal of the collective schemes for the pro-fundation and-indemnity (P&I) clubs.

The clubs had warned owners they would be passing on higher reinsurance costs but will now instead be granting small reductions.

Although the placing is still around 50% underwritten, it is already clear that there will be an overall reduction in the cost of the $2bn cover provided by the world's biggest reinsurance programme.

The clubs have decided to fully allocate the reduction to cargo-ship owners. This means they will be charging cruise and passengery ferry owners a higher reinsurance contribution.

The reduction amounts to near- ly 5% for tankers and a little over 3.5% for bulk carriers, container- ships and other "dry" vessels.

Passenger vessels, however, are facing a 7% increase, reflecting rising claims in recent years as well as preparations for the intro- duction of a revised Athens con- vention, which dramatically in- creases compensation for loss of life or injury.

Cargoship owners will be pay- ing $0.01 or $0.02 less per gross tonne to cover the vessel's bottom or main engine.

One seafarer is confirmed dead and a second is presumed so in the New Year’s Day blast, which looks to have occurred in the No 6 cargo hold or a pump room when the vessel was finishing discharge of 6,000 tonnes of benzene loaded at Rotterdam and Dunkirk.

Halsted says the remaining of the 15-member Russian and Lithuanian crew have cleared drug and alcohol tests, submitted to interviews and are expected to return home to their families within a few days.

Crews will now try to move up the vessel, which has been listing at 30 degrees, to a nearby berth with assistance from Smit.

The ship is owned by Bahamas- based Leadner Shipping, a joint venture of Denmark’s Clipper and the Turkish Yardimci Group. The hull is insured for $2m by under- writers led by Denmark’s Tryg.

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China to pump up domestic tanker fleets

Lucy Hine

Officials at key Chinese ministries are pressing the State Council to accelerate the phasing out of the country’s domestic tanker fleet.

A report in the China Daily says the State Council has asked the Ministry of Communications official saying the aim is to establish a high-pro- file committee this year to push the programme forward. He says the ministry has sent a draft report to the State Council suggesting it offer favourable policies, includ- ing tax rebates and subsidies, to fi- nance the shipbuilding.

China’s two shipping giants, Cosco and Cosco Shipping Group (CSG), have already moved into the VLCC sector. Cosco has or- dered two VLCCs at Universal Shipbuilding in Japan and two tankers from China’s Nantong Cosco, KHS SYD (Naks). CSG has ordered two VL- CCS at Dalian New Shipbuilding and by Guangzhou.

Last month Zhang Guofu, deputy director of the water trans- port department at the Ministry of Communications, said China wants its domestic tanker fleet to be capable of carrying half the country’s crude oil in 2006.

Vessels controlled by Chinese shipping companies only shift around 1% of the total volume of imported oil. The reports say the move is part of China’s plan to se- cure its long-term energy needs.

China’s crude imports have been growing rapidly in the last couple of years, from 35% of the total volume of imported oil.

The company wrote in its quart- erly report that revenues were RUR 9.92%. Operating profit stood at RUR 761.68m between January and September, an increase of 9.92%. Operating profit stood at RUR 9.92%. Operating profit stood at RUR 9.92%.

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