

## NEWS

## Wallenius Wilhelmsen streamlines fleet insurance

Jim Mulrenan London

Scandinavian shipowning partners Wallenius Wilhelmsen Logistics (WWL) have remained mutually minded in a major reorganisation of the insurance cover on their combined 115-ship fleet.

The Swedish and Norwegian Hull clubs have been appointed joint leaders of the hull-and-machinery cover following a merger of the partners' insurance programmes.

Trygg-Hansa, previously also a leader, is, however, out of the new insurance arrangement.

That player, a Swedish underwriter owned by Codan of Denmark, which is in turn controlled

by the Royal & SunAlliance insurance group of the UK, is the notable loser in the reorganisation but others with less prominent roles were also cast off.

Cover for the \$5bn fleet of the WWL joint venture is now written by a panel of just a dozen underwriters, with terms directly negotiated with Scandinavian participants. The Marsh megabroking group is used for international elements of the placing.

Veteran Wallenius executive Christer Olsson is chairman of the Swedish Club, while Sjur Galtung of Wilh Wilhelmsen is one of the six owner-directors of the Norwegian Hull Club as well as being on the committee of Gard.

Oslo-listed Wilh Wilhelmsen and privately owned Wallenius joined forces in 1999 to combine their fleets but other aspects of this leading car-carrier and ro-ro operation such as vessel ownership and the insurance programmes remained separate.

The aim of the decision to combine the insurance placing was to reduce the premium spend and make the programme less vulnerable to pricing pressures following casualties. But the parties involved are tight-lipped about just how successful this was.

There have been the costly high-profile total losses of the 49,800-gt *Tricolor* (built 1987) and 40,800-gt *Hyundai 105* (built

1987) car carriers in recent years as well as the usual run of routine claims.

The restructuring of WWL's insurance arrangements includes the cover for Eukor Car Carriers, the Mark I AS ro-ro/container-ship operation and Barber Ship Management.

The insurance restructuring did not extend to the protection-and-indemnity (P&I) cover, as this does not renew until February.

WWL's plan to bring the partners' insurance programmes together in a joint placing was revealed at TradeWinds's Marine Risk Forum in Bermuda last month.

## Thorsen denies links to default

Bob Rust Stamford

The 2004 default of Greek freight-derivatives player and bulker operator Navitrans had nothing to do with the sudden departure soon thereafter of the chief executive of a Navitrans counterparty, Oslo-based operator Western Bulk Carriers, Tonny Thorsen tells TradeWinds.

TradeWinds reported last week that Western Bulk Carriers was facing a \$15m lawsuit over the alleged false arrest of the 19,500-dwt *Centauri* (built 1977) at Luanda, Angola. The Norwegian company arrested the ship for over two years in order to secure a claim for alleged losses on forward-freight agreements (FFAs) after Navitrans suspended settlement payments in October 2004.

Thorsen, who headed up Western Bulk Carriers until November 2004 and is now chief operating officer of US-based port-agency group Norton Lilly, is still not commenting on the episode, citing a confidentiality agreement with the owner.

However, market speculation that the default was related to the Navitrans FFAs is "totally wrong", Thorsen tells TradeWinds. "[The ship arrest] has absolutely nothing to do with me," he said.

## KG secures juicy Jiangnan berths

A Danish-backed KG newcomer is paying top dollar for six panamax.

Irene Ang and Trond Lillestolen Singapore and Oslo

A new German KG (limited partnership) company known as Scandinavia Ships has secured early bulker-delivery dates by paying top dollar for a series of panamaxes in China.

Market sources say Scandinavia Ships has splashed out \$285m for six 76,000-dwt units at Shanghai-based Jiangnan Shipyard. The company is said to have offered a high \$47.5m each for the bulkers — more than other owners were willing to pay. The vessels are set for delivery in June, September and November 2009 and January, March and May 2010.



JIANGNAN: Newbuilding activity at the yard's inner-city Shanghai facility will cease by the end of the year. Photo: Scanpix

Jiangnan officials are not willing to confirm the identity of the KG outfit but say only that the yard is in close discussions with a German owner for six panamaxes.

Market players say Scandinavia Ships is backed by Danish funds. The company is also said to have several tankers and multi-

purpose (MPP) vessels on order at other Chinese yards. However, no information on the contracts or the names of the yards have been disclosed.

State-owned Jiangnan is controlled by China State Shipbuilding Corp (CSSC). Newbuilding work at its current facility in the inner city of Shanghai will cease

by the end of the year, as the site has been earmarked for the World Expo in 2010. Jiangnan is relocating to Changxing Island and the move has already started.

Sources say the yard is set to deliver the first vessel from the new facility, a 16,400-dwt chemical tanker for Norwegian owner Stenersen, at the end of this year.

## Arntzen pounds pundits for tanker pessimism

Adam Corbett Oslo

Overseas Shipholding Group (OSG) president Morten Arntzen has come out fighting against market pundits and equity analysts who are predicting that doom and gloom is in store for the tanker market.

Against a growing tide of opinion suggesting that a mass of newbuilding orders are set to swamp the market in 2009 and send rates into a dive, Arntzen believes the conditions are right for the good times to continue to roll for owners and operators.

Arntzen says the current pessimism is leading to his company's stock being undervalued. He describes its current price as "cheap".

Speaking at the TradeWinds and Mare Forum-sponsored Oslo conference "Plotting the Course",

Arntzen said pundits had simply got it wrong in predicting a fall this year and that forecasts of future slumps were also off the mark. "How could so many have got it so wrong for so long?" he asked.

Analysts have been worried that more than 88 million dwt of tankers are set to roll into the trading market between 2008 and 2010 with most of it — around 46 million dwt — arriving in 2009. The orders have been placed in the expectation that single-hull tonnage must be replaced.

Arntzen tackles the presumption that a mass of tanker newbuildings peaking in 2009 spells disaster. He says the number of VLCCs on order roughly matches the number of single-hull tankers now operating. The single-hullers have a limited trading life left, he predicts.

He points out that around 12 VLCCs are set to be converted into bulkers and another five or seven are set to become floating production, storage and offloading (FPSO) units.

He also says it is not only single-hull tonnage that is ripe for conversion. He reveals that a double-hull tanker has been committed for conversion to an FPSO unit in a future deal that will realise an \$80m profit. "A lot of single-hull tankers will be scrapped or go for conversion. And when 80% to 90% of the market is double-hull, are Shell or Total going to take a single-hull tanker?"

China, Arntzen believes, will choose to ban single-hull tankers, while Japan will soon follow once its major owners have taken delivery of their double-hull tonnage.

Further additions to the tanker

fleet are also unlikely, he predicts, with yards now filling up with bulker orders. On the demand side, Arntzen points to statistics showing that imports to China from the Middle East have stopped growing, while longer-haul imports from West Africa and other places are on the increase, adding tonne miles and increasing demand for tankers.

"It is a good rate environment now," he said. "And the prediction is the same as it has been for the past five years."

Arntzen is annoyed that the stock market is undervaluing his company, giving it a market capitalisation of only \$2.5bn. OSG has calculated it has an asset value of around \$3.3bn. The current \$73 share price, says Arntzen, should be closer to \$118, which would make it the first three-figure tanker stock.

## SALES

## BULKERS

••• Norwegian owner Einar Lange has emerged as the buyer of the 174,000-dwt bulker **Winner** (built 1985), which in April was said to have been sold to an undisclosed buyer for \$37.5m.

Einar Lange boss Ivar Mathisen confirms the purchase. The company subsequently relet the vessel to North China Lines for one year at \$70,000 per day, providing a revenue of \$25.5m for the charter period.

The vessel has been re-named the **Long Charity**.

Einar Lange has just one other vessel, the 78,000-dwt combination carrier (OBO) **Nobel Forum** (built 1983), which is on time charter to Italian interests until February next year at \$24,200 per day.

••• Italian owner B Navi is said to have sold the Kasado-built, 49,000-dwt bulker **Med Salvador** (built 1982) to an undisclosed buyer for \$17m. B Navi is making a big profit on the sale, as it purchased the ship as the **Iman** for only \$5m in September 2003. In February, the company sold the 37,000-dwt bulker **Bulk America** (built 1977) for \$5.5m. The ship was acquired in 2000 for \$2.9m.

## TANKERS

••• Altomare SA of Greece is said to have sold the 245,000-dwt single-hull tanker **Ruby 3** (built 1990) to Hebei Ocean Shipping Co (Hosco) of China for \$41m. Altomare bought the vessel as the **Dynamic City** in December 2005 for \$33m.

Earlier this month, Altomare sold the 48,000-dwt products tanker **La Roux** (built 1984) for \$13m.