

# Tackling the costs of piracy

Quicker response reduces the risk to crew and loss of valuable assets

Flag states and marine insurers are backing an emergency alert system which its developers say can cut the response time to pirate attacks from hours to minutes. Faced with loss of cargo, ships and money, shipowners looking to bolster bottom lines will benefit financially from such a system.

The Ship Security Reporting System (SSRS), which was developed by marine security and tracking specialist Pole Star at the request of flags and the naval commanders operating in the Gulf of Aden, immediately alerts naval forces when a Ship Security Alert System (SSAS) message is sent by a ship under pirate attack.

The Marshall Islands has circulated a marine notice to owners recommending SSRS. Liberia and Singapore and a number of Gulf States are evaluating it. Insurer Hiscox is bundling one year's SSRS subscription with new marine kidnap and ransom policies on either a per transit or per fleet basis from 4 January 2010.

## What SSRS costs and how it works

SSRS costs \$500/ship/year and requires no new hardware installation. It works by sending a copy of the SSAS alert sent to the flag state and Company Security Officer to EUNAVFOR and MSC-HOA command, adding ship-specific data as well as speed, location and course. Owners can sign up via the web and are background checked before being invited to enter their fleet details to the system. SSRS customers of Pole Star can configure their system in minutes and there is minimal software intervention for customers of other providers.

## Ships held by Somali pirates as of 3 January 2010

Vessel name	Flag state	Vessel type	Date seized
Asian Glory	UK	Car carrier	1 January
Pramoni	Singapore	Chemical tanker	1 January
Navios Apollon	Panama	Bulk carrier	28 December 2009
St James Park	UK	Chemical tanker	28 December 2009
Win Far 161	Taiwan	Tuna boat	6 April 2009
Al Khaliq	Panama	Bulk carrier	22 October 2009
Thai Union 3	Taiwan	Tuna fishing boat	29 October 2009
Filitsa	Marshall Islands	Bulk carrier	10 November 2009
Theresa VIII	Korea	Chemical tanker	16 November 2009
Maran Centaurus	Greece	VLCC	29 November 2009
Shahbaig	Pakistan	Fishing vessel	6 December 2009

[Source: news reports]

# \$25,000

additional insurance premium for a transit of the Somali basin area

For Hiscox, the incentive to prevent piracy incidents becoming hijackings is to help offset some of the spiralling costs of

piracy for the insured and insurers. The Lloyd's Market Committee recently extended the sea area where War Risk insurance is

required further into the Somali basin, landing owners with additional premiums of around \$25,000 for a transit of the area.

Hiscox marine piracy underwriter Jonathan Gregory said SSRS represents "an important development in getting the military help needed before a ship is boarded and a major step forward in the battle against the growing piracy problem."

The upsurge in hijackings at the turn of the year has underlined the need to provide a quicker response and so help to prevent attacks becoming full-blown hostage and ransom situations, costing shipowners money. Because SSRS is a paid-for service it is unlikely to be adopted into regulations but could be incorporated into anti-piracy best management practices as a voluntary reporting scheme.

Tests of the system, which became fully operational in the first week of January, suggest that a helicopter could be on the scene of an attack within 20-30 minutes of the alert being sent. Current response time varies, but it can be hours before authorities are aware of hijackings, particularly in deepwater. "We are in the final stages of evaluating SSRS and we've been very impressed having had it demonstrated to us. We think it's a very positive approach

and we will most likely recommend it to our clients," David Friesem, maritime security and business development manager at the Liberian Ship and Corporate Registry told *Fairplay*.

Will Watson, deputy director of communications for IRI, which administers the Marshall Islands register, commented: "The primary advantage is that SSRS shortens the length of time between the alert being sent and the military being able to respond. Alerting the naval command immediately can bring their response down to minutes."

SSRS is also being evaluated by shipping industry groups including the Round Table of Shipping Organisations. BIMCO, ICS, Intertanko and Intercargo are among the bodies expected to meet to review the piracy problem and develop new strategies.

David Plumer, chief executive of Pole Star, said the system will boost the morale of crew on a seized ship. "This system is a global extension to the SSAS regulation which gives the master, crew and the Company Security Officer a level of confidence. They know somebody is watching their back. Also it is a major benefit for the flags, which can demonstrate they take piracy seriously and that any process failings don't put the ship and crew further at risk." ■

# Upbeat start to 2010 for Frederiksen's empire

Golar LNG Energy grabs gas deal. Frontline plans for a profitable year

The deal is particularly salutary for Golar because project leader Arrow was supposed, under the initial scheme, to sell the first train of gas for \$700 million

integrate the operations from wellhead" until it is sold to Golar. This approach affords Arrow tighter controls over the opera-

damaging 2010. The need to strengthen its resistance in case weak oil demand continues to hit tanker earnings has forced it to

ability in 2010, and has predicted that the market will be pushed further in a positive direction this year by the phase-out of about 12% of the fleet (due to single-hull restriction).

Frontline's optimistic appraisal

# Maersk hopes

Maersk Line's recent freight rates as one of a number of positive signs coming year

Maersk Line's January rates rise looks like first of many – a sign was foreshadowed at end of 2009 as owners redress the balance ship slump.

Denmark's largest company kicked off Year with a rise in of \$300/teu and \$ South Asia and Middle Europe trade.

"With bunker prices up, expect rates to climb," Richard Vauping analyst with the Fonds, commented.

Maersk Line said are necessary "to continue our service high level of reliability customers have come from Maersk Line"

Rate rises are needed to fight a down market "You can't run these services with losses over said, noting that rates to stop when completely break even. However, unable to say when situation might occur