

# BunkerSEACURE offers risk protection

**Bunker sellers and buyers can use hedging tools to mitigate the effects of volatile bunker prices. Bunker suppliers, though, face increasing risks from non-payment of bunker bills. Which is where BunkerSEACURE comes in.**

The last 18 months has been a wild ride for the bunker market, with prices trending steadily higher whilst punctuated by volatile peaks and troughs. Record price highs were seen against a backdrop of declining shipowner margins and growing concern over freight rates and excess tonnage.

Seacurus has recently stepped into this milieu with an insurance package for bunker suppliers to help mitigate the risk of an increasingly uncertain market.

"Bunker suppliers can hedge against price fluctuations in the futures market, but this does not adequately protect them against the risk of non-payment by their customers," Seacurus managing director Thomas Brown told *Bunkerworld*.

There has been much talk recently in shipping circles over downward pressure on freight rates and Brown sees this pressure, combined with high bunker prices, as a major risk.

"Rising fuel prices and a crash in freight rates is the nightmare scenario for many bunker suppliers," he said.

"History shows that periods of high bunker prices are always followed by a rash of disputes between charterers and owners and between bunker suppliers and charterers followed by an upsurge in arrests as all parties try to collect debts," Brown explained to *Bunkerworld*. "When charterers get caught out by high bunker prices and are unable to pay for the bunkers, or the hire, owners will be faced with unpaid hire and/or the arrest of the bunkers or ship for fuel which has not been paid for."

BunkerSEACURE is Seacurus' answer to such a scenario. It is a risk management tool that can provide effective balance sheet protection by covering the non-payment of bunkers supplied on credit terms.

By insuring its receivables, a bunker supplier can substitute an unknown and perhaps unbudgeted level of bad debt with a pre-determined and budgeted premium cost, minimising the impact of bad debts on the company's profitability.

Seacurus explained to *Bunkerworld* that BunkerSEACURE was initially designed to cover a company's entire debtor ledger, covering all possible bad debts, which would be better suited to a smaller bunker company.

"It's now possible to purchase coverage on an excess-of-loss or catastrophe basis," Brown told *Bunkerworld*. "Rather than covering small incidental losses, which can perhaps be easily absorbed by a company's allowance for bad debts, or conversely, covering the high-end exposures which may be to oil majors for whom the risk of non-payment is minimal, one can structure the policy to cover a 'layer' of bad debt."

Brown expected that coverage for a cat-

astrophic loss would be a useful tool for larger suppliers, even those with their own in-house credit control procedures.


For bunker suppliers, BunkerSEACURE was a means to protect against the non-payment of often significantly-sized

bunker purchases in dollar terms.

"Given the thin margins that currently exist in the industry, a delinquent debt can seriously impact upon a supplier's bottom line," Brown said.

Seacurus was incorporated in 2004 as a


specialist marine and marine credit insurance intermediary regulated by the UK Financial Services Authority. The company offers a range of maritime packages such as its pioneering Charter Party default and cancellation insurance. ■



Peace of mind

BunkerSEACURE benefits from the positive endorsement of Bunkerworld as the recognized marine fuel supplier's credit insurance of choice. BunkerSEACURE provides balance sheet protection against the risk of non-payment following the supply of marine fuels to your customers on agreed credit terms.

For more information, visit [www.bunkerworld.com/bunkerseacure](http://www.bunkerworld.com/bunkerseacure)



Dedicated Credit Insurance for Marine Fuel Suppliers