



Steamship  
Mutual

# Sanctions – Part 1- Russia Part 2 – Due to Diligence



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Mutual Vision



# Part 1 - Russia



What has happened since the invasion began



Types of sanctions / measures imposed



Price Caps



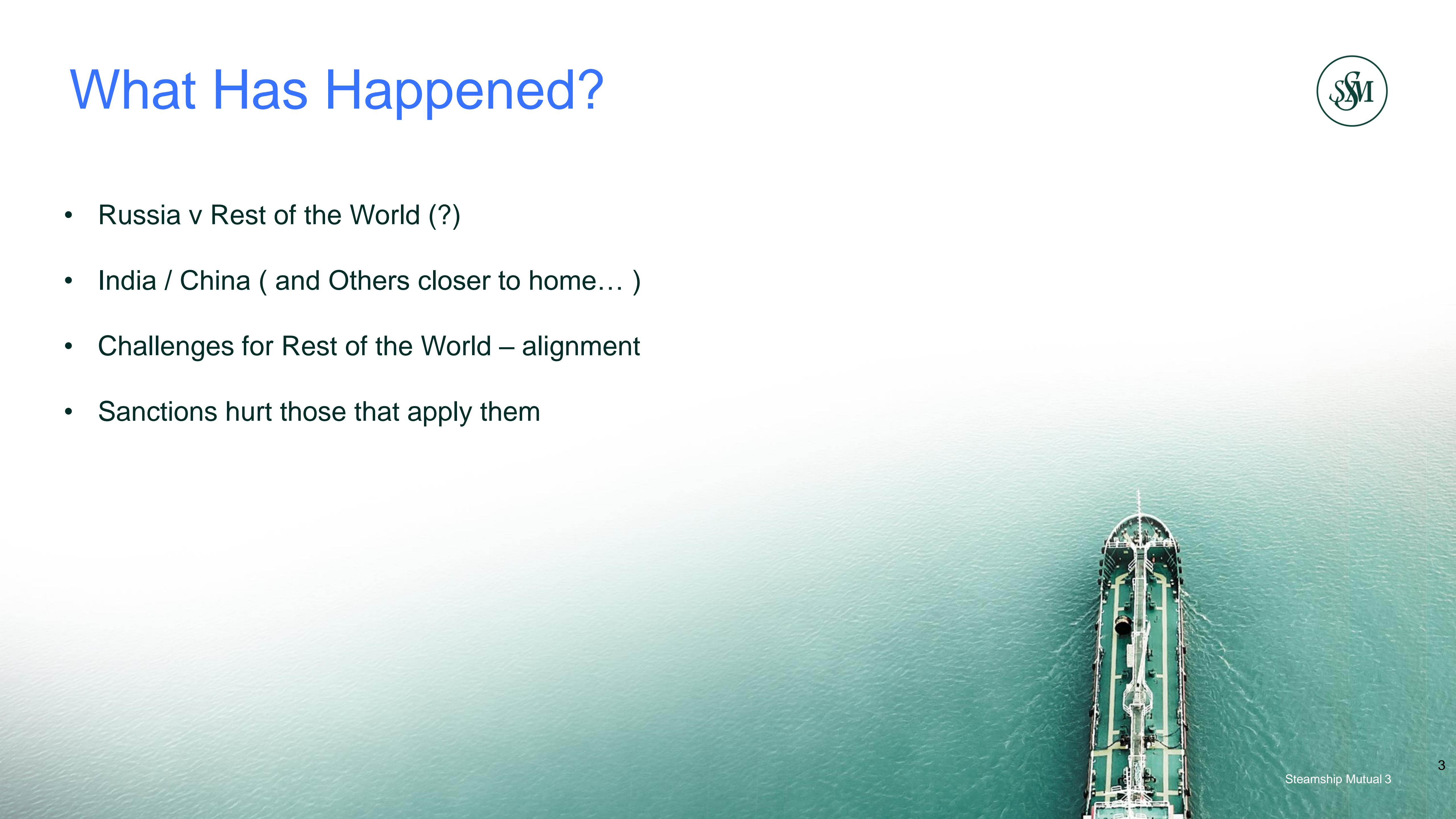
Licensing and record-keeping



# What Has Happened?









- Russia v Rest of the World (?)
- India / China ( and Others closer to home... )
- Challenges for Rest of the World – alignment
- Sanctions hurt those that apply them



# Types of Sanctions and Measures Imposed



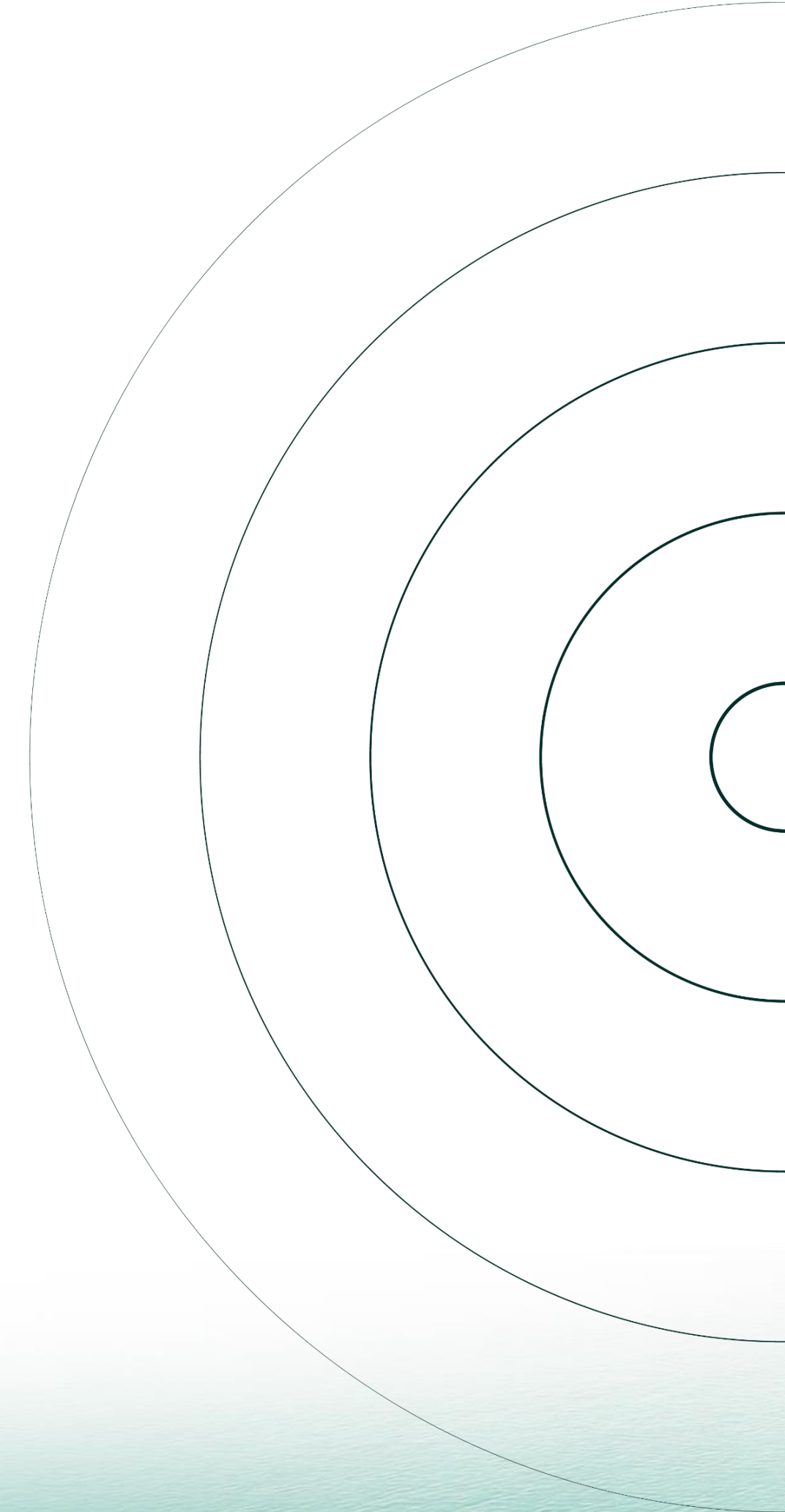
-  Asset Freeze
-  Trade Restrictions
-  Insurance Restrictions
-  Price Cap Measures
-  Licensing
-  Record-Keeping



# Asset Freezes



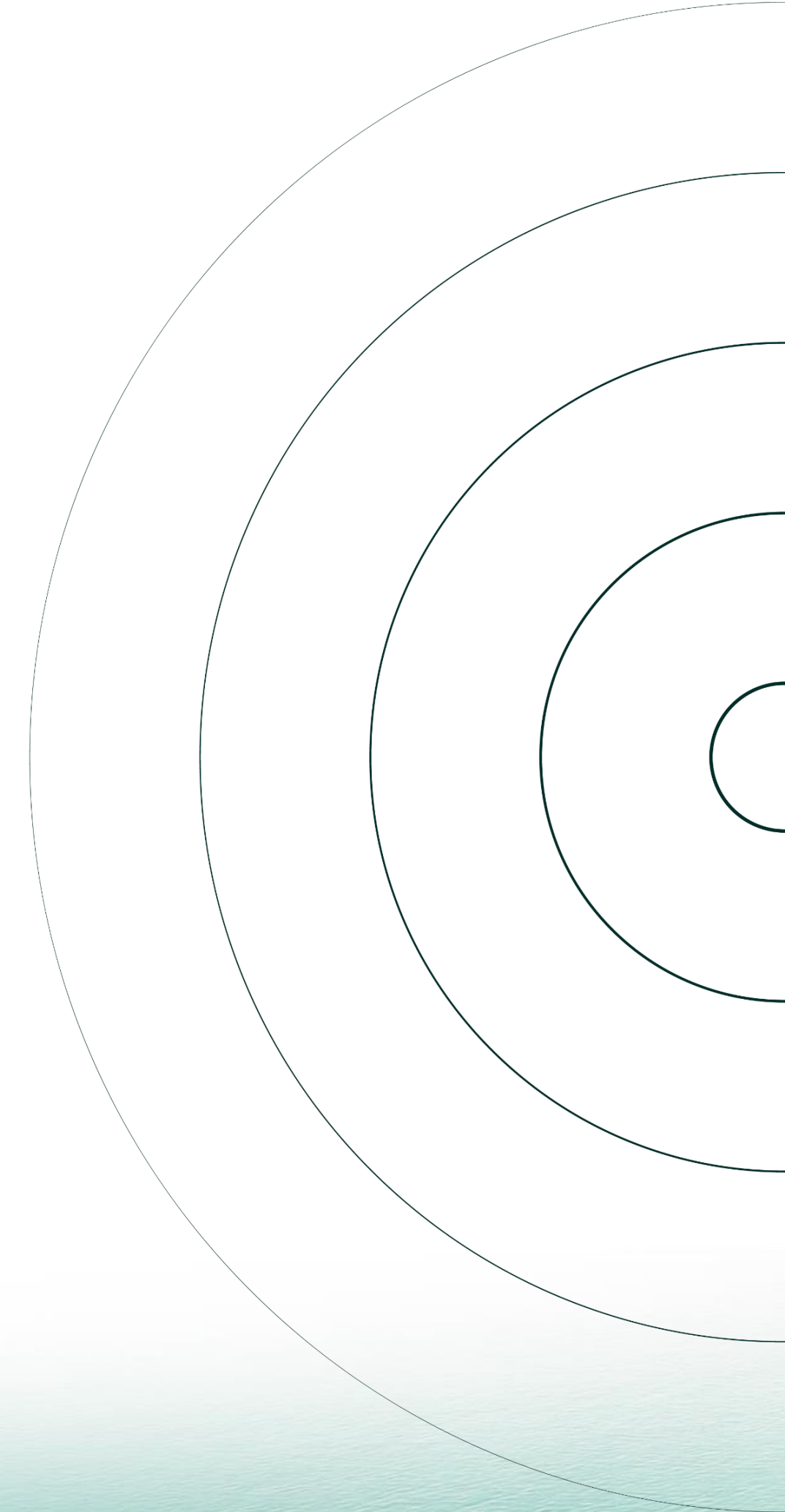
- Providing economic resources and dealing with assets / funds / ...
- 50% or more ownership – wider impact
- Challenges in identifying beneficial ownership



# Trade Restrictions



- Goods INTO Russia
- Goods OUT of Russia
- Specific activities – movement / transportation / import / export / insurance
- Associated activities – facilitation risks



# Vessel Restrictions



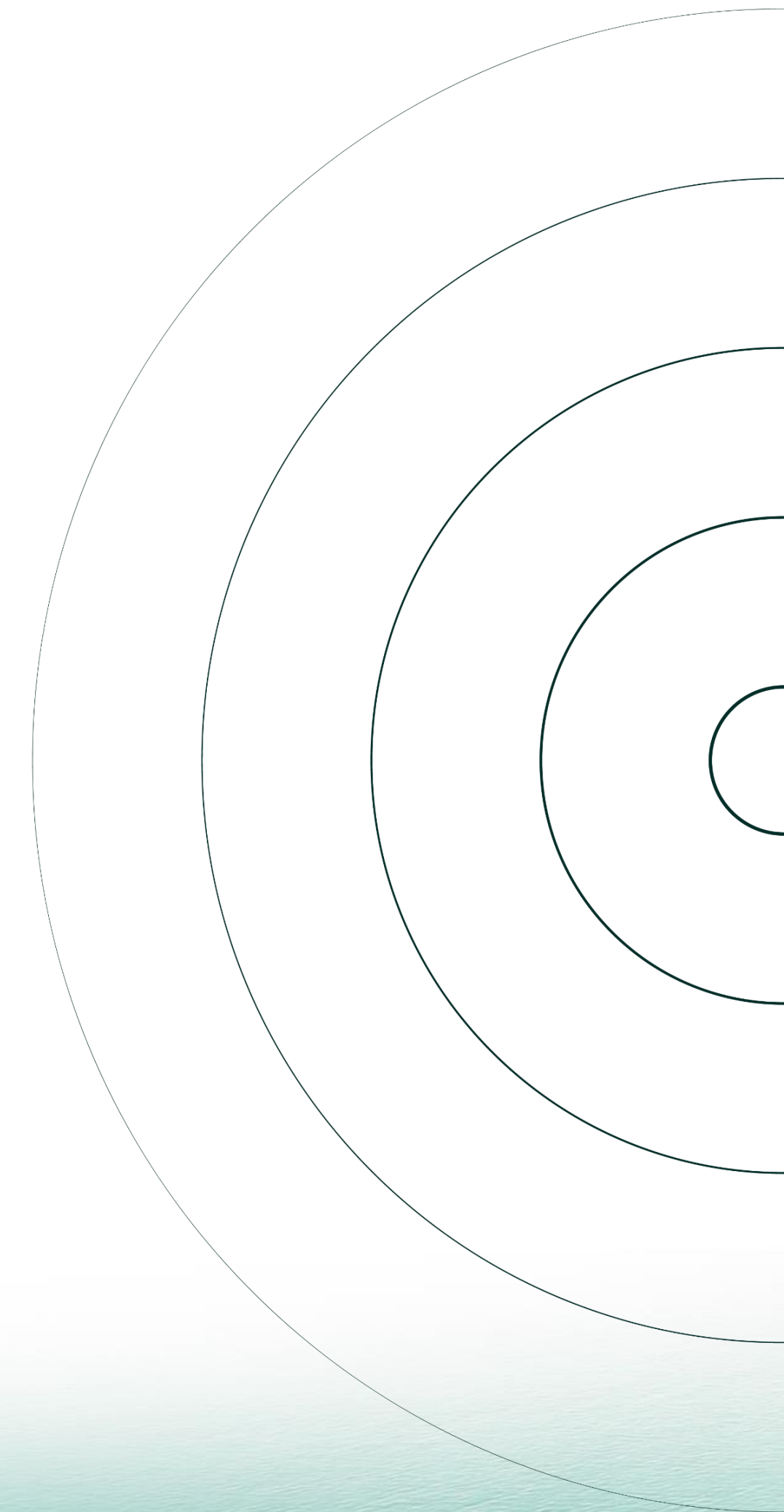
## Russian vessels

- What is a “Russian vessel”? – ownership / management / operation
- Russian flag – movements into EU / UK / US / others...
- RMRS Class – non-IACS



## Non- Russian vessels

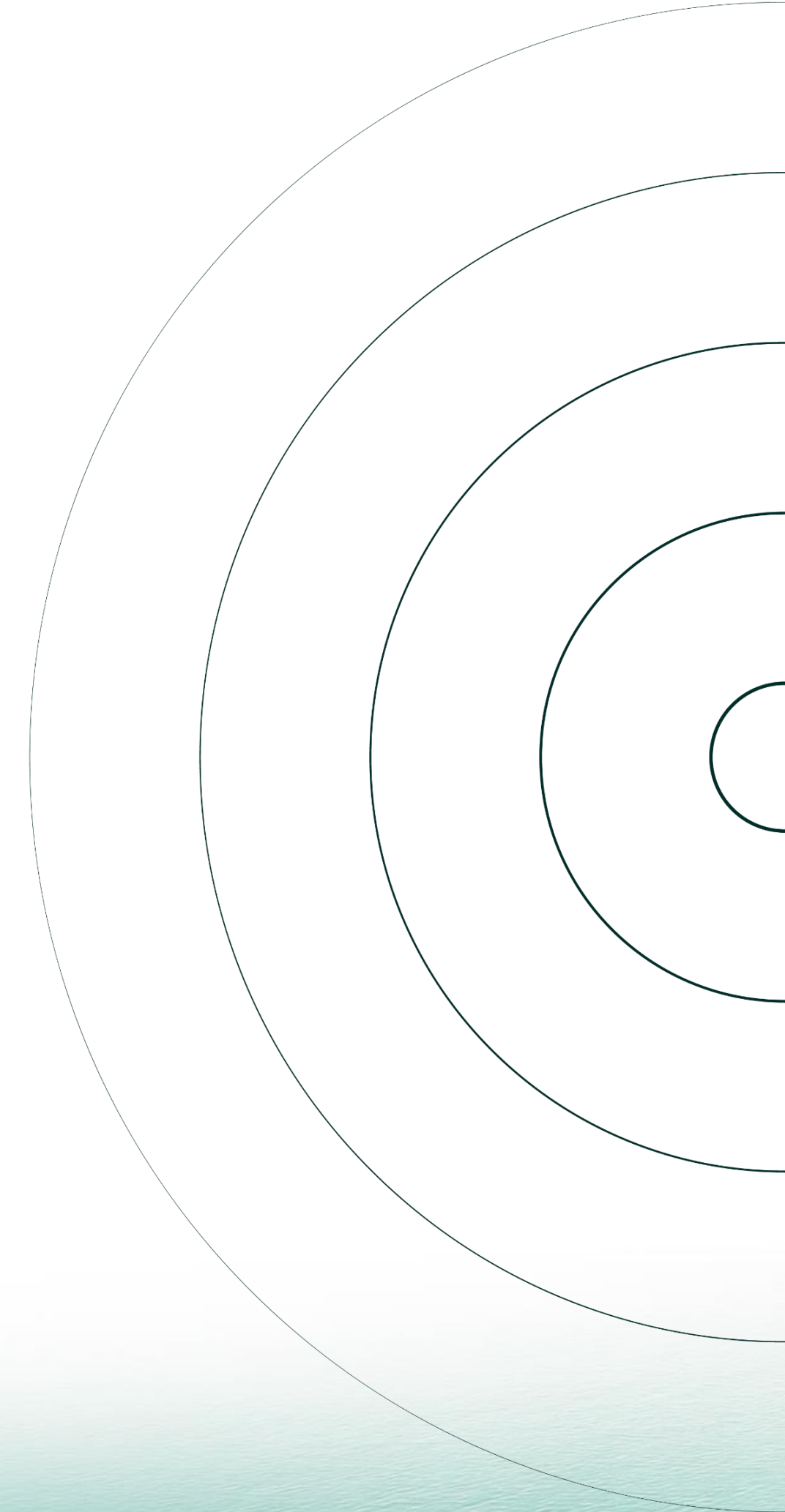
- Chartering to “persons connected with Russia” – specific UK restrictions



# Licensing / Derogations



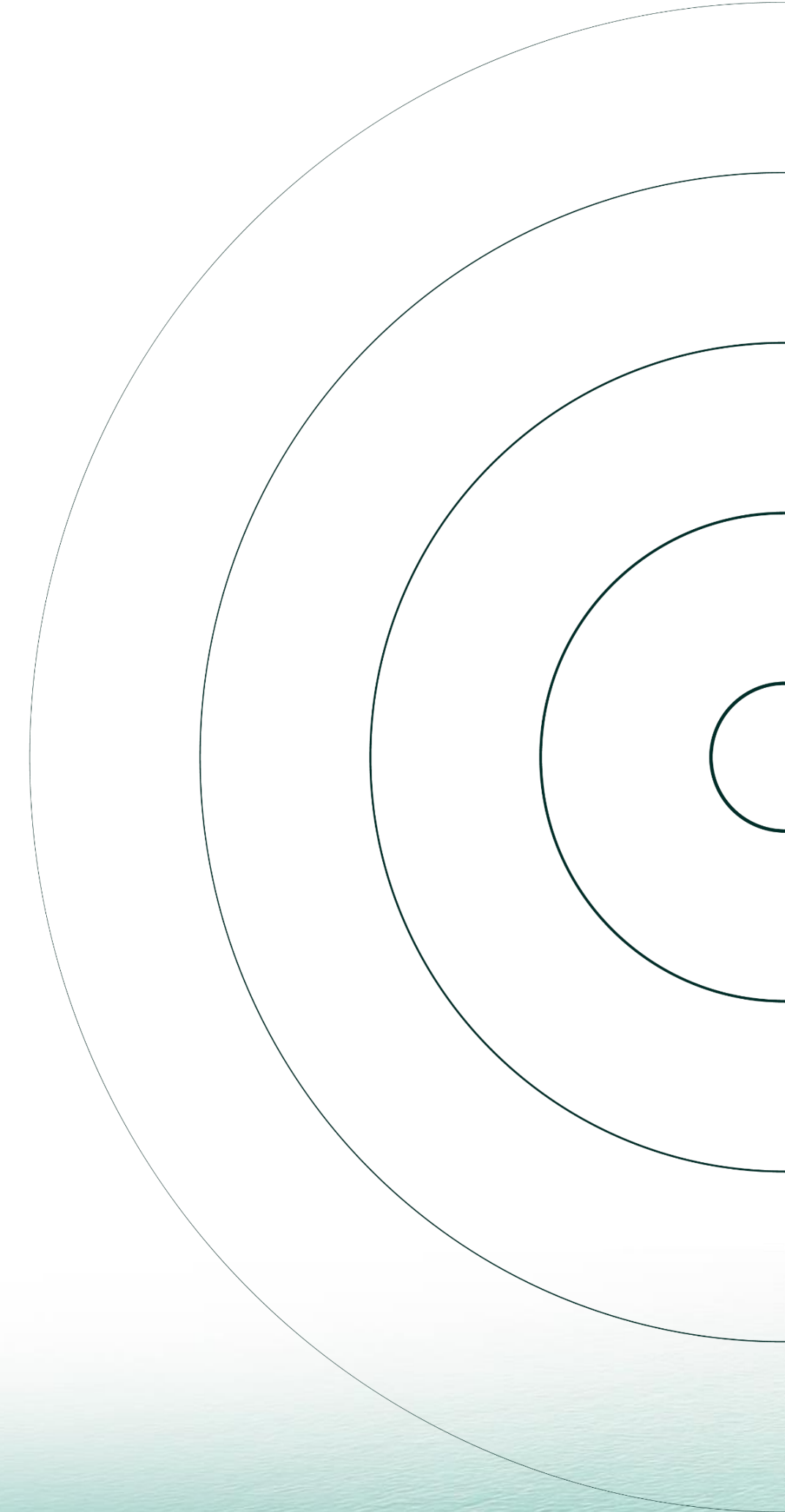
- Licenses / derogations applicable to trade activities
- Licenses / derogations applicable to insurance activities
- Price Cap and SPIRE reporting are forms of licenses



# Price Cap Measurers



- What are they?
- What cargoes / services are impacted? – HS 2709 / HS 2710
- What is “licensed” under the Price Cap?
  - Carriage, insurance, emergency measures
- Attestation requirements “I certify / declare to be true”
- Record-keeping



# 3 Tiers



- ⚓ Tier 1 – traders / commodity brokers
- ⚓ Tier 2 – financing banks / charterers transacting directly with shipper
- ⚓ Tier 3 – insurers / reinsurers / brokers / charterers / shipowners / ship managers / banks providing transactional services
  - Record-keeping
  - Withdrawing cover
  - Reporting suspected breaches

# U.K. Spire Reporting



 “UK General Trade License – Russia” – Spire Record-Keeping Requirements – UNINTENDED COMPLICATIONS

 Position under UK Russia Sanctions Regulations

- No insurance permitted of vessels calling at Russian ports or transiting Russian territorial waters

 Position under UK General License - Russia

- Can insure but keep records



# Record-Keeping



## New and Onerous Obligations on Insurers

- SPIRE Reporting – full details of the trade ( also satisfies Price Cap record – keeping requirements )
  - Keep records for 5 years
- Attestations
  - Keep records for 5 years
  - Report suspected breaches
  - Specific reporting re. activities with Tier 1 entities

# Part 2 – Due Diligence “Compliance Plan”



Know your sanctions



Appreciate the risks



Due diligence



Manage the risks



# Know your Sanctions



EU



US



UK



UN & Others

Types:

- Trade, finance, asset-freeze, travel restrictions

# Appreciate the Risks



Where? What? How?



Personal responsibility



Vagueness of US sanctions – deliberate?



Is the EU now following the US example?



Profit v pain v reputation



# Due Diligence



What do P&I clubs do?



What banks do?



Others – flag, class, port state control?



What should shipping companies do? – OFAC Global Advisory May 2020, OFSI Maritime Advisory July 2023



# Due Diligence Tools?



Screening tools



Vessel monitoring services



Sanctions updates from authorities



Sanctions updates from industry experts

# Why is Due Diligence so Important?



Protection against being in breach



Safe harbour



Availability of defences

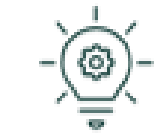


BUT – the rules are changing – e.g. UK Economic Crime (Transparency and Enforcement) Act

# Manage the Risks



Clear understanding



Clearly define your risk appetite – include reputation



Internal processes



Escalation and decision-making



**BE PREPARED TO SELF-DISCLOSE**



# Conclusions



- It is a complicated world
- What is expected of Members?
- What is expected of P&I Insurers?
- Consequences of getting things wrong
- Vigilance
- Escalation
- Evidence / Audit trails





Any Questions?