To the Members

Executive Summary

The shipping industry continues to be significantly affected by the sanctions imposed against Russia/Belarus as a consequence of the invasion of Ukraine. Members and the Club could be exposed to the risk of sanctions by reason of the involvement of Russian/Belarusian parties in the sale/purchase of cargoes, the origin and destination of Russian/Belarusian cargoes, and the ownership/management/operation/chartering of ships ("Russian/Belarusian-nexus risks").

The Club is introducing the following notification requirements which Members should comply with if their vessel activities have a Russian/Belarusian nexus:

- Notice of a call to a Russian port or a transit of Russian waters
- Notice of intended trades with a Russian/Belarusian nexus

Further details are set out below.

UK General Trade Licence dated 17 March 2022 – Reporting of vessel calls to Russia and transiting Russian territorial waters.

On 17 March 2022 the UK Government published a General Trade Licence in part to clarify earlier amendments to the UK Russia (Sanctions) (EU Exit) Regulations. Specifically, the licence addresses the issue as to whether it is lawful under the Regulation for insurers and reinsurers domiciled or operating from the United Kingdom to provide insurance for vessels calling at Russian ports or transiting Russian territorial waters.

A copy of the General Trade Licence (the “Licence”) can be found here.

The Licence provides that where the underlying trade is lawful and in accordance with applicable sanctions, UK domiciled Clubs, or UK domiciled subsidiaries, branches, and management companies of Clubs, may insure and handle claims arising out of vessels engaged in a trade to and from Russia and / or transiting Russian waters provided that the Club notifies the UK Secretary of State of the name and address at which records are kept in relation to each use of the Licence.

The contents of the records that the Club is required to keep are set out in Regulation 76 (General trade licences: records) and include:

(a) a description of the act
(b) a description of any goods, technology, services or funds to which the act relates
(c) the date of the act or the dates between which the act took place

(d) the quantity of any goods or funds to which the act relates

(e) [the Insurer’s] name and address

(f) the name and address of any consignee of goods to which the act relates or any recipient of technology, services or funds to which the act relates

(g) in so far as it is known to [the insurers], the name and address of the end-user of the goods, technology, services or funds to which the act relates

(h) the name and address of the supplier of any goods to which the act relates.

This information must be held by the Club until the end of the calendar year in which the information is recorded plus a further period of four years.

From 17 March 2022, it is now necessary for the owners of vessels that have called in a Russian port or transited Russian territorial waters to notify their club of that call providing as far as possible the details required by Regulation 76. A failure to do so may invalidate the vessel's P&I insurance cover and / or prevent the Club from covering a claim. Please note that this requirement applies to all entered vessels (including Russian domiciled and flagged vessels) and is not limited to Members domiciled in the UK or operating UK flagged vessels.

In order to enable the Club to comply with UK Government information requirements, Owner members are requested to provide within one month of a call to a Russian port or a transit of Russian waters the information requested on the template form attached to this Circular together with a copy of the bill(s) of lading for the relevant voyage. The form can be found here.

Trade involving Russia is now subject to significant legal restrictions. Members are reminded that cover is not available for trade that breaches applicable sanctions and are advised to conduct thorough due diligence on the parties, cargoes and trade involved before engaging in trade to, through or from Russia.

**Notice of intended trades with a Russian/Belarusian-nexus**

Recent developments in relation to the sanctions applicable to Russia/Belarus give rise to the risk that prohibitions in relation to trades may not align with prohibitions against the provision of related insurance. This could mean that notwithstanding a trade activity being lawful under applicable sanctions, the provision of insurance might nevertheless be prohibited or otherwise adversely impacted.

Secondly, even if a trade or insurance activity does not involve a sanctions breach at the present time, subsequent changes to sanctions measures could affect the ability of the Club to meet its obligations: exposure to claims incurred now could present challenges in the future if sanctions subsequently affect the parties involved in such claims or otherwise affect the Club’s ability to handle the claim (i.e., banking difficulties).

In order to enable the Club to monitor the potential impact of these issues, and assess whether cover can be provided, Members (both Owners and Charterers) are required to notify the Managers prior to entering into any new commitments involving trades with a Russian/Belarusian-nexus, specifying:
• Name/IMO of vessel
• Details of other vessel(s) if STS/through transport
• Origin and destination of cargo
• Nature of cargo
• Names of cargo interests (shipper/supplier/consignee)
• Details of any relevant underlying cargo sale/purchase contracts.

Notifications and any questions regarding this Circular should be directed to the usual contacts.

Club Circular L.394

Yours faithfully,

STEAMSHIP MUTUAL UNDERWRITING ASSOCIATION LIMITED