
Reporting of Vessel calls to Russia and transiting Russian territorial waters

May 2022

Dear Members

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 (the “Regulation”). 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 Insurer’s], the name and address of the end-user of the goods, technology, services or funds to which the act relates;
- (h) if different from [the Insurer’s], 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.

STEAMSHIP MUTUAL UNDERWRITING ASSOCIATION LIMITED

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority (Registered in England and Wales – Registration number 105461. PRA and FCA registration number 202548)

MANAGERS: STEAMSHIP P&I MANAGEMENT LLP

SPIM is an appointed representative of Steamship Insurance Management Services Limited which is authorised and regulated by the Financial Conduct Authority (Registered in England and Wales – Registration Number OC376859. FCA registration number 597046)

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.

Members are therefore requested to provide within one month of a call to a Russian port or a transit of Russian waters the information requested on the [attached spreadsheet](#) together with a copy of the bill(s) of lading for the relevant voyage.

Russian Oil Price Cap

Under UK law, the maritime transportation of Russian origin crude oil (CN code 2709 00) or petroleum products (CN code 2710) and the provision of associated services including P&I insurance is prohibited under The Russia (Sanctions) (EU Exit) (Amendment) (No. 16) Regulations 2022 (amending the Russia (Sanctions) (EU Exit) Regulations 2019). This ban came into effect on 5 December 2022 in respect of Russian origin crude oil and on 5 February 2023 in respect of petroleum products.

The Price Cap Coalition which comprises the UK (and EU, US, Australia, Canada and Japan) created a price cap exception to this ban, to facilitate the maritime transportation of Russian origin crude oil and petroleum products between third countries if sold at or under the price cap. The relevant price caps are currently \$60 per barrel for crude oil, \$45 per barrel for petroleum products traded at a discount to crude oil and \$100 per barrel for petroleum products traded at a premium to crude oil.

In the UK the GL implements the price cap by permitting the maritime transportation of Russian origin crude oil or petroleum products and associated services (including P&I insurance) from Russia to a third country, or from one third country to another third country, provided that the price per barrel of oil or petroleum products is at or below the relevant price cap from the time they are loaded on board the vessel until they have cleared customs at the port of destination.

The GL includes a requirement to keep accurate and complete records, readable in English, on paper or electronically, detailing the following:

- (a) a description of the activity taking place under the General Licence;
- (b) a description of the nature of any goods, services or funds to which the activity relates;
- (c) the date of the activity or the dates between which the activity took place;
- (d) the value and/or quantity of any goods, services or funds to which the activity relates;
- (e) the name and address of the [insurer] relying upon the General Licence;
- (f) the name and address of any consignee of goods to which the activity relates or any recipient of services or funds to which the activity relates;

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- (g) in so far as it is known to the [insurer], the name and address of the end user of the goods, services or funds to which the activity relates;
- (h) if different from the [insurer], the name and address of the supplier of any goods to which the activity relates; and
- (i) where relevant, copies of any attestation produced or supplied.

This information must be kept for a period of four years beyond the end of the calendar year in which the record was created.

As explained in the IG Circular dated 9 December 2022 (which was updated on 9 February 2023) a shipowner or charterer member that intends to transport Russian origin crude oil and/or petroleum products will need to provide its P&I club with an attestation that it will not for the duration of the period of insurance, carry oil and/or petroleum products which have been sold at a price that for the period it is on board the vessel has exceeded the price cap. Members also need to obtain attestations from those with whom they contract stating that the price paid for such cargoes complies with the relevant price cap.

The GL requires a record to be kept of the maritime transportation of Russian origin crude oil or petroleum products from Russia to a third country or from a non-Russian port or via ship-to-ship (STS) transfer operations. Shipowner members are therefore requested to provide within one month the information requested on the attached updated spreadsheet together with a copy of the bill(s) of lading for the relevant voyage or STS operation. A failure to provide these details may invalidate the vessel's P&I insurance cover and / or prevent the Club from covering a claim. This requirement applies to all entered vessels and is not limited to members domiciled in the UK or operating UK flagged vessels.

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.

All Clubs in the International Group have issued a similarly worded Circular.

Club Circular: L.394

Yours faithfully,

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