

Confirmatory Letters of P&I Cover for Ships Entering Turkish Controlled International Straits and Turkish Waters, Ports and Terminals

December 2022

Dear Members

The Government of Turkey issued a notice dated 16 November 2022 requiring ships carrying crude oil and transiting or entering Turkish waters from 01 December 2022 (extended to 02 December 2022), to provide letters of confirmation from the owner's P&I Club attesting that cover will remain in place under any circumstances throughout the duration of the transit or the time the ship is in Turkish waters or the time it is in a port or terminal.

This requirement stems from the implementation from 5 December 2022 of the Russian Oil Price Cap regime, which prohibits the transport of Russian oil and related insurance services, subject to a waiver where oil is traded below a price cap set by the G7 and its coalition partners. The Price Cap regime prohibits insurers and other service providers from providing cover and services for voyages which breach the Price Cap – this is the reason behind the request from the Government of Turkey for letters of confirmation from P&I Clubs stating that the provision of a Member's P&I cover will not be subject to the Rules on cover, sanctions clauses or other exclusion clauses that could result in the withdrawal of cover even when it transpires that damage has been caused by a sanctioned cargo. These requirements go well beyond the general information that is contained in a standard confirmation of entry letter. They require a P&I Club to confirm that cover for a ship in Turkish waters will not be prejudiced under any circumstances, including where there is a sanctions breach on the part of the assured, whether knowingly and intentionally or unknowingly and unintentionally. Issuing a confirmatory letter under these circumstances would expose the Club to a breach of sanctions under EU, UK and US law. The International Group has assessed this issue in detail and, at the time of writing, the Clubs have agreed that they cannot and should not issue such a letter.

Clearly, Members will be keen to continue voyages through Turkish controlled international straits and waters. However, the problem currently faced by Members arises directly from the prohibitions that the EU, UK and US have introduced on Russian oil.

The International Group is continuing to seek to resolve this issue through negotiation, and the Managers will provide an update as soon as this is possible.

Club Circular: L.407

Yours faithfully,

STEAMSHIP MUTUAL UNDERWRITING
ASSOCIATION LIMITED

STEAMSHIP MUTUAL UNDERWRITING ASSOCIATION LIMITED

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