

EXISTING, NEW AND RENEWAL POLICIES

CERTAIN UNDERWRITERS AT LLOYD'S

**OIL AND OIL PRODUCTS PRICE CAP  
NOTICE AND CLAUSE/ENDORSEMENT (POLITICAL RISK)**

DATE OF THIS NOTICE: \_\_\_\_\_

RE: Name and address of Policyholder:  
Policy Number or Other Reference (the Policy):  
Policy Effective Dates:

The members of the G7, the European Union and Australia (together, the "Price Cap Coalition") have agreed to implement a prohibition on the maritime transportation of certain oil (HS code 2709 / CN code 2709 00 / HTS code 2709.00) and oil products (HS code 2710 / CN code 2710 / HTS code 2710), originating in or consigned from Russia, from a place in Russia to a third country or from one third country to another. The prohibition extends to the provision of financial services, including (re)insurance, in pursuance of or in connection with an arrangement whose object or effect is the maritime transportation of Russian oil and oil products.

In order to ensure the continued flow of oil and oil products onto the global market, price cap exceptions have been implemented by the Price Cap Coalition at the same time. The price cap exceptions permit the supply or delivery by ship of Russian oil and oil products as well as provision of associated services only where such oil and oil products have been purchased or sold at or below the set price (the "price cap exception").

Underwriters are, therefore, prohibited from insuring and otherwise providing any insurance service in connection with the supply or delivery by ship, as from 5 December 2022, of Russian oil and, as from 5 February 2023, Russian oil products from Russia to a third country or from one third country to another unless such supply or delivery complies with the terms of the relevant price cap exception as implemented by the states in the Price Cap Coalition. That is the case regardless of whether the prohibition on such supply or delivery applies to the insured in any way or not. Underwriters are under a legal obligation to take appropriate measures vis-à-vis their insureds to ensure that any carriage of Russian oil and oil products falls within the scope of the relevant price cap exception. Pursuant to recent changes announced by the Price Cap Coalition, these measures now include a requirement to obtain "per-voyage" attestations to that effect and, in certain circumstances, also itemised ancillary costs information associated with each voyage involving carriage of Russian oil and oil products. In the event any such attestation and/or information is not provided in a timely manner, Underwriters will have to notify the relevant authorities of that fact and withdraw the insurance cover as soon as reasonably practicable.

In the circumstances, it is necessary for Underwriters to introduce specific terms to the wording of the policy to address the legislative changes outlined above. These terms are as follows:

Insofar as the following clause is used in the context of a lineslip or an open cover, it must be incorporated into any contract of insurance formed pursuant to or in connection with the lineslip/open cover.

Insofar as the following clause is introduced by way of an endorsement in the context of any existing lineslip, open cover or contract of insurance, the reference to "*inception of the policy*" in Clause 1(a) is to be read as a reference to "*the present endorsement being agreed by both Underwriters and the insured*".

**PRICE CAP EXCEPTION CLAUSE (POLITICAL RISK)**

1. It is a condition precedent to liability under the policy that:
  - a. prior to inception of the policy, the insured provides Underwriters with a signed attestation in the form of or substantially equivalent to that in Appendix 1 stating that:
    - i. the insured will not at any time during the policy period and in any way whatsoever, whether directly or indirectly, be involved in a Prohibited Activity unless the price paid for the Russian Oil or the Russian Oil Product, as the case may be, at all material times complies with the relevant Price Cap;
    - ii. any Russian Oil or Russian Oil Product, or any part thereof, which may constitute or form a part of, or which may in any way whatsoever relate to or be connected with, any subject matter insured or to be insured under or pursuant to the policy has not been, is not being and will not be at any material time sold or purchased above the relevant Price Cap;
    - iii. the insured has taken, is taking and will take all reasonable steps available to it to ensure compliance with the stipulations in Clause 1(a)(i) and (ii) regardless of whether the insured itself is under a legal obligation to comply with the laws, regulations and rules concerning the maritime transportation and related services prohibition, and the Price Cap exception thereto, imposed by the Price Cap Coalition; and
    - iv. insofar as it was/is under an obligation to do so, the insured has at all times reported and will continue to report to the relevant authorities as required its involvement in a Prohibited Activity in accordance with the applicable Price Cap exception.
  - b. within 30 days of the commencement of each Qualifying Voyage, the insured provides Underwriters with a signed attestation in the form of or substantially equivalent to that in Appendix 2 together with supporting documentation which must, at a minimum, include:
    - i. documentation (including but not limited to the relevant purchase or sale contract, invoice, receipt or proof of payment) demonstrating that the Russian Oil or the Russian Oil Product, as the case may be, or any part thereof, which may constitute or form a part of, or which may in any way whatsoever relate to or be connected with, the subject matter insured under or pursuant to the policy, was at all material times purchased or sold at or below the relevant Price Cap, unless it was and remains not practicable to request and receive such documentation; and
    - ii. a signed attestation from each party with whom the insured contracted in connection with such Russian Oil or Russian Oil Product, as the case may be, or any part thereof, which may constitute or form a part of, or which may in any way whatsoever relate to or be connected with, the subject matter insured under or pursuant to the policy, that the Russian Oil or the Russian Oil Product was at all material times purchased or sold at or below the relevant Price Cap.

2. In the event Underwriters make a request in writing (including but not limited to by email) to the insured or the insured's insurance brokers regarding the Ancillary Costs information, Underwriters shall not have any liability under the policy whatsoever and the policy shall automatically terminate unless the insured provides Underwriters within 30 days of such request with the Ancillary Costs information together with supporting documentation (which must, at a minimum, include the invoices, receipts and proofs of payment for such Ancillary Costs) or, if the insured refuses or fails to do so, documentary evidence, satisfactory to Underwriters, that the insured used best efforts to obtain and provide the Ancillary Costs information and supporting documentation such that the refusal or failure is a result of circumstances outside of its control.
3. It is warranted that (a) the insured shall not at any time during the policy period and in any way whatsoever, whether directly or indirectly, participate, or be involved in a Prohibited Activity which involves any subject matter insured or to be insured under or pursuant to the policy, unless the price paid for the Russian Oil or the Russian Oil Product, as the case may be, at all material times complies with the relevant Price Cap, and (b) the insured shall not take any action or knowingly participate in any activity the effect or purpose of which is to evade, avoid, circumvent, attempt to violate, cause, enable or facilitate the contravention of the maritime transportation and related services prohibition, and the Price Cap exception thereto, imposed by the Price Cap Coalition, including but not limited to through overinflation of Ancillary Costs.
4. It is warranted that any Russian Oil or Russian Oil Product, as the case may be, or any part thereof, which may constitute or form a part of, or which may in any way whatsoever relate to or be connected with, any subject matter insured or to be insured under or pursuant to the policy has not been, is not being and will not be at any material time sold or purchased above the relevant Price Cap.
5. It is warranted that if the insured becomes aware of or comes to have a cause to suspect that any Russian Oil or Russian Oil Product, or any part thereof, which may constitute or form a part of, or which may in any way whatsoever relate to or be connected with, any subject matter insured under or pursuant to the policy was, is being or will be at any material time sold or purchased above the relevant Price Cap, it shall immediately notify Underwriters of such circumstances.
6. Any breach of the warranty in Clause 3, Clause 4 or Clause 5 is not capable of remedy and the policy shall terminate automatically with immediate effect, and Underwriters will not have any liability whatsoever under the policy, from the time of the breach.
7. In the event the policy is terminated in accordance with Clause 2 or Clause 6, Underwriters shall not be liable to return to the insured any unearned premium.
8. Insofar as the provision of cover available under the policy is in any way inconsistent with or would put Underwriters in breach of the terms of any applicable General Licence(s), as may be amended from time to time, Underwriters shall not have any liability under the policy beyond what is permitted by the terms of such General Licence(s).
9. In the event Underwriters have liability under the policy in respect of loss of or damage to the subject matter insured, or any part thereof, constituting Russian Oil or Russian Oil Product, as the case may be, purchased or sold at all material times at or below the relevant Price Cap, which loss or damage occurred whilst the Price Cap applied to the subject matter, their liability shall not exceed a sum equivalent to the Price Cap value of the Russian Oil or the Russian Oil Product, as the case may be, as at the date of the most recent purchase or sale thereof before the loss or damage occurred unless the terms of any applicable General Licence(s) provide otherwise.
10. Coverage is subject to all other terms of the policy, in particular the sanctions clause contained therein.
11. Definitions:

**Ancillary Costs** means an itemised breakdown of the costs, fees, charges and expenses ancillary to the purchase or sale price of the Russian Oil or the Russian Oil Product (which may constitute or form a part of, or which may in any way whatsoever relate to or be connected with, any subject matter insured) which arise in the context of a transaction relating to a Prohibited Activity. The Ancillary Costs shall, at a minimum, comprise those negotiated at the start of the transaction which shall include but not be limited to, as may be applicable depending on the nature of the transaction:

- (a) costs of export and import licences and customs clearance;
- (b) costs of inspection and loading;
- (c) duties and taxes;
- (d) port dues and port services charges at the port of loading;
- (e) costs of insuring the shipment up until delivery to the buyer at the port of destination or other place of discharge from the vessel;
- (f) the costs of freight from the port of loading to the port of destination or other place of discharge from the vessel;
- (g) the costs related to the provision of auxiliary services for any ship-to-ship transfer; and
- (h) any other costs necessary for Underwriters to assess whether the price paid for the Russian Oil or the Russian Oil Product, as the case may be, at all material times complied with the relevant Price Cap.

**Russian Oil** means oil (HS code 2709 / CN code 2709 00 / HTS code 2709.00) originating in or consigned from Russia which falls within the scope of the maritime transportation and related services prohibition imposed by the Price Cap Coalition.

**Russian Oil Product** means oil (HS code 2710 / CN code 2710 / HTS code 2710) originating in or consigned from Russia which falls within the scope of the maritime transportation and related services prohibition imposed by the Price Cap Coalition.

**Price Cap** means the price, or cap, set for the purchase or sale of the Russian Oil or the Russian Oil Product by the Price Cap Coalition as may be amended from time to time.

**Price Cap Coalition** means the members of the G7, the European Union and Australia which have agreed to implement the Price Cap, and any other state which may join the initiative.

**Prohibited Activity** means the supply or delivery from Russia to a third country or from one third country to another of Russian Oil or Russian Oil Product.

**Qualifying Voyage** means the period between the Russian Oil or the Russian Oil Product which may constitute or form a part of, or which may in any way whatsoever relate to or be connected with, any subject matter insured under or pursuant to the policy, or any part thereof, being lifted by or loaded onto a vessel, whether at the loading port or from another vessel, or otherwise, and its discharge, whether at a discharge port or onto another vessel, or otherwise.

\_\_\_\_\_  
Policyholder/Applicant's Signature

\_\_\_\_\_  
On behalf of certain underwriters at Lloyd's

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Policy Number

\_\_\_\_\_  
Date

cc: Placing Broker [if Notice is provided directly to Insurer]