



To our Members, partners, and readers,

The New York Times on Tuesday, May 30, 2023, published an article contending that The American Club knowingly insured vessels involved in the transport of illicit Russian crude—insinuating a potential violation of law—to markets in China, Iran, and other locations, to help Russia evade sanctions put in place by the United States after the invasion of Ukraine.

The article, *Fake Signals and American Insurance: How a Dark Fleet Moves Russian Oil*, contained factual errors, clear distortions, bias, innuendo and serious omissions of relevant information. The failure of such accurate reporting is all the more egregious given that The American Club cooperated with *The Times* and explained its long-respected history of not only meeting but exceeding compliance requirements of international law enforcement and regulatory bodies that monitor global shipping.

Even so, the reporters disregarded important facts provided by The American Club, took information out of context, and drew inaccurate and unwarranted conclusions that misrepresent the work of The American Club and our adherence to international safeguards to ensure that the vessels entered with the Club conform with company policies and high standards.

The American Club was both enthusiastic yet apprehensive when approached by *The Times*. Enthusiastic that a story would tell the important role that the marine insurance industry plays in upholding sanctions among international shippers. But apprehensive that the nuances and complexities of our business would not be understood and therefore taken out of context or misreported. The latter turned out to be true. In one instance *The Times* reported that a vessel we said was clearly carrying permissible palm oil was laden with Russian crude. In another case, it reported a ship in certain areas that used spoofing technology to hide its location, when in fact it was nowhere near that area.

The American Club has focused relentlessly on our business operations to demonstrate the highest standards of insurance stewardship and is well versed at identifying and managing the legal, regulatory, and reputational risks associated with sanctions, including the risk of entered vessels breaking sanctions. We have a history of closely working with the U.S. State Department, the U.S. Department of Justice, the Department of Homeland Security, and the U.S. Treasury Department's Office of Foreign Assets Control to ensure that lines of communications remain open, frequent, and positive. We share the common goal of protecting our industry from those who wish to violate its rules and laws.

As we told *The Times*, The American Club has a robust compliance program, that is integrated with key third party vendors around the world who monitor and check vessel movements, cargoes, vessel logs and ownership or management changes, among other things. And that applicants for insurance are vetted at the outset using industry-standard databases, searches of sanctions lists produced by sanctions regulators, and investigating the ownership of entities and past activities of prospective covered vessels, among other safeguards. We spelled out that no cover exists, i.e., coverage is automatically terminated, when vessels are in violation of sanctions, including but not limited to carriage of Russian-origin oil and petroleum products in violation of the price cap regime agreed to by the United States and its partners in support of Ukraine. We also explained to *The Times* that the majority of vessel calls in Russian ports are for perfectly legitimate and legal purposes in compliance with applicable sanctions.

While much of *The Times* article was misguided, the reporters did show how sanctions evaders employ increasingly sophisticated tools to conceal their activities, including the manipulation of signals used to broadcast the location of vessels (i.e., location tampering) on which vessel tracking services primarily rely. The American Club is very much aware of this and routinely takes steps to identify such improper behavior and to take appropriate action where necessary.