



APRIL 22, 2024

CIRCULAR NO. 11/24

TO MEMBERS OF THE ASSOCIATION

Dear Member:

THE OIL PRICE CAP – REQUIREMENT TO PROVIDE VOYAGE ATTESTATIONS AND ALERT FROM THE PRICE CAP COALITION

Changes to the Oil Price Cap

Reference is made to [Circular No. 05/24 of February 2, 2024](#) wherein changes to the Oil Price Cap (OPC) scheme (which regulates the transport and insurance of Russian CN 2709 and CN 2710 cargoes) coming into effect as of February 19, 2024 (UK and US) and for cargoes loaded on or after February 20, 2024 (EU) was described.

Members are reminded that the two key changes were:

- A requirement for attestations to be provided on a per-voyage basis. The attestations provided by shipowners to P&I clubs must be provided within 30 days of loading.
- Itemized price information for ancillary costs to be recorded by those entities with access to price information and then provided to shipowners and P&I Clubs upon request (*US*) or *within 30 days of such request (UK and EU)*.

In order for the Club to provide assistance where an entered vessel is engaged in the carriage of Russian oil or petroleum products, the Member must have:

- Submitted an attestation as set out in Annex A to [Circular No. 05/24 of February 2, 2024](#); and
- Provided the voyage information in a SPIRE report, please see [Circular No. 16/22 of May 25, 2022](#). Members are reminded that this information must be provided to the Club following any call to a Russian port or a transit of Russian waters, whatever the cargo.

Once the above information and documentation has been submitted, it will be reviewed by the Club who may request further or clarificatory information from the Member, including itemized price information for ancillary costs.

Industry guidance from the Price Cap Coalition¹ states that insurance providers should cease doing business with a Member that refuses or fails to provide the required Attestation/information and

¹[UK Maritime Services Ban and Oil Price Cap Industry Guidance](#)
[OFAC Guidance on Implementation of the Price Cap Policy](#)
[Oil Price Cap \(OPC\) Compliance and Enforcement Alert](#)

further provides that the Club is to report any such inability to obtain information to relevant authorities. Members are accordingly warned that failure to provide any of the abovementioned information to the Club in a complete and timely manner will jeopardize the provision of cover and may trigger a requirement for the Club and its employee(s) to report the non-compliant voyages to the respective authorities. It is therefore crucial that the attestation is submitted within the required 30 days. Members should also anticipate that there may be delays in the provision of assistance by the Club due to the need to first ensure compliance with the Price Cap scheme.

Oil Price Cap Compliance and Enforcement Alert

On February 1, 2024, the Price Cap Coalition (the Coalition) (comprising the G7, the EU and Australia) issued its updated Oil Price Cap (OPC) Compliance and Enforcement Alert (the Alert).

The Alert is said to “*build on*” the following previous statements, advisories, guidance and alerts issued by the Coalition:

- Coalition Statement on Price Cap Rule Updates (December 20, 2023) [here](#)
- Price Cap Coalition Maritime Safety Advisory (October 12, 2023) [here](#)
- Office of Financial Sanctions Implementation (OFSI) Maritime Guidance (December 2020) [here](#)
- UK Maritime Services Ban and Oil Price Cap Industry Guidance (February 2024) [here](#)
- Office of Foreign Assets Control (OFAC) Alert on Possible Evasion of the Russian Oil Price Cap (April 2023) [here](#)
- Guidance on Implementation of the Price Cap Policy [here](#)
- European Commission’s Oil Price Cap Guidance [here](#)

The Alert was issued to provide i.a. industry stakeholders involved in the trade of Russian oil and oil products with an overview of identified OPC evasion methods as well as information on how to report suspected OPC breaches.

This Member Circular summarizes key points of the Alert. A copy of the Alert can be found [here](#) and any Member engaging in the trade of Russian oil or oil products should read it in full to ensure compliance with the OPC and reduce exposure to possible circumvention and evasion risks.

Overview

The Alert reminds readers that the OPC has the aim of “*constraining Russian revenues that could otherwise be used to fund Russia’s war of aggression against Ukraine while maintaining global oil flows and protecting energy security*” and reinforces the need for vigilance to avoid inadvertent circumvention of the OPC.

OPC Evasion methods

The alert identifies several methods that could be used to evade the OPC, such as

1. Falsified documents and attestations
2. Opaque shipping and ancillary costs
3. Third country supply chain intermediaries and complex and irregular corporate structures
4. Flagging and re-flagging
5. The use of the “shadow” fleet
6. Voyage irregularities

The Alert also provides recommendations for industry stakeholders to mitigate the risks and negative impacts of these methods, such as conducting appropriate and enhanced due diligence, risk assessment, monitoring, and reporting. The Alert advises industry stakeholders to pay attention to the evasion red flags, to retain and share relevant documents, to consult alternative information sources, and to follow the Coalition's guidance and advisories.

Reporting a suspected breach

The Alert closes with a summary of the various bodies in each of the Coalition countries to which a report may be made in the event of a suspected breach. Members are further reminded that for matters with a nexus to certain jurisdictions, such as the UK, reporting of a suspected sanctions breach is mandatory. Of course, if Members do have any concerns about a suspected breach of the OPC, sanctions legal advice should be sought immediately.

Members are reminded that cover is not available for any trade that breaches applicable sanctions. Members are advised to conduct thorough due diligence throughout the trade chain on the parties, cargoes, vessels and other service providers that are or may be involved, before they engage in any trade with a high sanctions risk.

Yours faithfully,



Dorothea Ioannou, CEO
Shipowners Claims Bureau, Inc., Managers for
THE AMERICAN CLUB

All clubs in the International Group have issued similar circulars.