



▶ FAQs ON CIRCULAR ON GENERAL TRADE LICENCE DATED 17 MARCH 2022 – REPORTING OF VESSEL CALLS TO RUSSIA AND TRANSITING RUSSIAN TERRITORIAL WATERS

On 19 May 2022, The Shipowners' Club (the "Club") issued an IG Circular on The General Trade Licence dated 17 March 2022.

The Circular explains that Members must now report to the Club all vessel calls to Russia and transits through Russian territorial waters, and the regulatory basis for this new requirement. This article sets out some of the Frequently Asked Questions we have received on the Circular. The information below sets out the Club's best understanding of the legal requirement imposed upon it and its Members and other insureds under the UK Russia (Sanctions) (EU Exit) Regulations and its accompanying General Trade Licence and is subject to change from time-to-time.

Q1: WHY ARE CLUBS IN THE INTERNATIONAL GROUP REQUIRING THEIR MEMBERS AND OTHER INSURED TO PROVIDE INFORMATION RELATED TO CALLS AT RUSSIAN PORTS OR TRANSITS THROUGH RUSSIAN TERRITORIAL WATERS?

Given the Club provides "insurance-related services" (e.g. claims handling and underwriting) in the UK, it is only lawful to provide insurance for vessels calling at Russian ports or transiting Russian territorial waters if, amongst other things, the Club keeps records of the information described in the Circular. The Club can only comply with this record keeping obligation if the information is first provided by Members and other insureds. As explained in the Circular, if this information is not provided, cover may be prejudiced.

Q2: DO MEMBERS NEED TO REPORT PORT CALLS AND TRANSITS FROM 17 MARCH ONWARDS?

Yes. A report must be made if on or after 17 March 2022 an entered vessel calls at a Russian port or transits Russian waters. This requirement applies to Russian domiciled and flagged vessels.

Q3: I AM UNSURE WHAT INFORMATION TO PROVIDE.

We have set out in the spreadsheet accompanying the Circular the minimum information which a Member or other insured should provide within two weeks of a call at a Russian port or a transit of Russian waters. Most, if not all, of this information should be available to the carrier by the end of that period. As specified in the spreadsheet, the end date of the voyage may be estimated if the voyage has not been completed at the time the information is provided. If a Member genuinely considers they cannot complete any particular field in the spreadsheet, then they should specify "N/A" or similar but it would be sensible in that event for the Member to keep its own record of the reason why it could not provide the information. If the vessel is in ballast at the relevant time, then this should be specified in the spreadsheet under the heading "cargo".

Q4: DO I SPECIFY THE RECEIVER AS THE CONSIGNEE?

Depending on the nature of the bill of lading or other transport document, the consignee may change throughout a voyage and up until the point at which the cargo is delivered. Where cargo is delivered without production of a bill of lading, it may not become clear to the Member for some time (if ever) who was the final consignee under a bill of lading.

The Member can only provide the Club with such accurate information as is available at the time that information needs to be submitted. That may be the original named consignee specified in the bill of lading or other transport document at the time it was issued (or the consignee may simply be described as "to order"). Or it may be the holder of the bill of lading by way of endorsement at the time the bill is surrendered to the carrier (i.e. the receiver).

Q5: MY CHARTERER ISSUES BILLS OF LADING. WHAT SHOULD I DO?

A Member can only provide the Club such information which is available to it at the time that information needs to be submitted. However, in the event that a return by a Member comes under scrutiny, the Member may have to justify why it was unable to complete any fields left blank on its spreadsheet. Members are often provided with copies of bills of lading issued on its behalf or charterer's bills of lading even if they are not involved in their issuance. Cargo manifests and other typical shipping records will provide a lot of the information required under the Circular.

Q6: DOES NAME OF VESSEL OWNER MEAN THE LEGAL REGISTERED OWNER?

Yes. It does not refer to a disponent owner or beneficial owner.

Q7: MY MEMBER IS NOT LOADING OR DISCHARGING IN RUSSIA, DO THEY STILL HAVE TO PROVIDE THE INFORMATION?

A return is needed for each occasion a vessel entered with the Club either calls at a Russian port or transits Russian territorial waters. Even if the vessel is not loading or discharging at Russia, information needs to be provided about the voyage the vessel is undertaking and the cargo onboard at the time of the port call or transit. It is likely that declarations by Members will need to be scrutinised in the event of a claim that the Club is requested to assist with.

Q8: WHY CAN THE CLUB NOT GATHER THIS INFORMATION IN OTHER WAYS, SUCH AS FROM AIS DATA?

The possibility of gathering information from AIS to avoid putting new requirements on Members was considered. Whilst AIS software could produce much of the information required under the UK Regulations, the data may be inaccurate and it would not cover cargo onboard.

Q9: IS IT NECESSARY TO PROVIDE ALL OF THE INFORMATION DETAILED IN THE CIRCULAR AND THE ACCOMPANYING SPREADSHEET TEMPLATE?

Yes. The information requested is mandated by the UK Regulations.