

CERTAIN UNDERWRITERS AT LLOYD'S

**OIL AND OIL PRODUCTS PRICE CAP
NOTICE AND 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. The individual members of the Price Cap Coalition have either already implemented or will soon implement the prohibitions mentioned above within their national laws with the aim of the respective domestic legislations being substantially aligned.

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 obtain and retain an attestation from the insured that any carriage of Russian oil and oil products falls within the scope of the relevant price cap exception and, in the event such an attestation is not obtained in a timely manner, 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. save as provided in Clause 1(a)(ii), the insured will not at any time during the policy period and in any way whatsoever, whether directly or indirectly, be used or 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 Product, which may in any way whatsoever relate to or be connected with a claim under or pursuant to the policy and which may be sold or purchased above the relevant Price Cap, was loaded onto a vessel before 5.01 am GMT on 5 February 2023 and was offloaded at the port of destination before 5.01 am GMT on 1 April 2023;
 - iii. any Russian Oil or Russian Oil Product, or any part thereof, which may in any way whatsoever relate to or be connected with a claim 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;
 - iv. 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), (ii) and (iii) 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;
 - v. 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; and
 - b. when notifying a potential claim, or circumstances that may give rise to a claim, under the policy which relates to Russian Oil or Russian Oil Product, or which arises in the context of or which is in any way whatsoever connected with a Prohibited Activity, 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. information relating to the price of the Russian Oil or the Russian Oil Product with which the claim is in any way whatsoever connected (such as the unit price, details of the most recent transaction including but not limited to the name and address of each party involved in the transaction, the point of departure, the

ultimate destination and the relevant Price Cap as at the time of the transaction), unless it was and remains not practicable to request and receive such information; and

- ii. a signed attestation from each party with whom the insured transacted in connection with such Russian Oil or Russian Oil Product confirming that the price paid for it does not breach the relevant Price Cap as at the time of the transaction.
2. It is warranted that the insured shall not at any time during the policy period and in any way whatsoever, whether directly or indirectly, participate in a Prohibited Activity which may in any way whatsoever relate to or be connected with a claim 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.
 3. It is warranted that any Russian Oil or Russian Oil Product, or any part thereof, which may in any way whatsoever relate to or be connected with a claim 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.
 4. 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 in any way whatsoever relate to or be connected with a claim 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.
 5. Any breach of the warranties in Clause 2, Clause 3 or Clause 4 above is not capable of remedy and, subject to Clause 6 below, from the date of the breach Underwriters will have no liability whatsoever under the policy without the need to return any unearned premium.
 6. 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), Underwriters shall have no liability under the policy beyond what is permitted by the terms of such General Licence(s).
 7. 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.
 8. Coverage is subject to all other terms of the policy, in particular the sanctions clause contained therein.
 9. Definitions:

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.

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]