

CIRCULAR

By your side

TO ALL OWNERS AND MEMBERS

8 November 2022

Sanctions: amendment to the definition in the Rules

The UK, EU and US have all imposed sanctions against Russia in response to the invasion of Ukraine but the scope of the specific regulations imposed by each authority is different. This is an increasingly complex area. The application of sanctions regimes to the three insuring subsidiaries of the club differs slightly, and consequently there is a risk that the cover afforded to owners and members entered in one may be different from that provided to an owner/member entered in another.

At its recent meeting, the club board reviewed this situation. The board concluded that all owners and members should be treated the same, regardless of the insuring subsidiary.

In addition, the board considered that it was inappropriate for entities of the Standard group to provide full cover in circumstances where there were clearly identified issues with recoverability of pool contributions and reinsurance.

This issue was explained in the [circular](#) issued by all IG clubs on or around 21 September 2022. For ease of reference, the relevant section of that circular reads as follows:

Most of the clubs that compromise the IG are subject to the jurisdiction of the EU. All IG clubs, including those that are domiciled outside the territory of the EU, rely on a reinsurance programme that is heavily dependent on the participation of reinsurers that are domiciled within the EU. If any of the IG clubs are prohibited under these sanctions from contributing their share of any Pool claim, the individual owner/member will bear the shortfall in accordance with the club's sanctions rules. The same principle will apply for claims above US\$100 million if any EU domiciled reinsurers on the IG programme are prohibited from paying a claim.

The boards of the club and each insurance subsidiary have determined that it is appropriate to exercise their exceptional right, where it is in the best interests of their respective company, to make a rule change during the course of the current policy year, with notification to owners/members following such decision. The following amended definition in the Rules (amendments underlined) of all classes will take effect on 7 January 2023, 60 days' from the date of this circular:

Unlawful, prohibited or sanctionable: unlawful, prohibited or sanctionable under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom, or United States of America, irrespective of whether the restrictions apply to the club or owner/member, the place of incorporation or domicile of the owner/member or the ship's flag state, or any other relevant jurisdiction.

This rule change will ensure that all Standard entities apply sanctions imposed by any of the UN, EU, UK or USA identically and consistently across the whole membership.



A separate process in accordance with the constitution of The Standard Club Asia Ltd. is being followed to adopt this rule change for the Singapore War Risks Mutual class with effect from 7 January 2023.

Yours faithfully

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