

Russia seeking shipping insurance recognition to bypass oil price cap

By admin On December 1, 2022 In Cargo, Insurance Marine News, Keep, Marine Hull, Marine Liability, Political Risk, Credit & Finance

Sanctions against Russia have caused significant insurance problems for any shipowners or charterers carrying Russian oil to anywhere in the world, because the mainly western European insurers responsible for insuring hull, cargo and liability have been hesitant to provide cover.

Cognizant of the financial hurdles facing these players in the shipping market, Russia has been seeking to strengthen the status of maritime cargo insurance offered by Russian insurers, thus enabling shippers to carry oil and related products to third-party importers.

Deputy Transport Minister Alexander Poshivay, speaking at a China-Russia energy conference in Moscow, admitted that Russian shippers had faced problems.

He noted that the western sanctions imposed in response to Russia's invasion of Ukraine in February had restricted Russia's ability to secure liability insurance from the International Group P&I clubs, and that this was a segment in which Russia has little experience or capacity.

Poshivay said that, in addition to a lack of access to insurance services traditionally provided by European and US companies, the shippers also had to deal with non-recognition of certificates issued by Russian insurers and the Russian National Reinsurance Company, because Lloyd's syndicates had declared Russian waters a war risk zone.

Poshivay said that Russian state-flagged vessels now being denied insurance by Western companies were being insured with Russian insurance companies and reinsured with the Russian National Reinsurance Co (Rosgosstrakh).

The news agency quoted him as saying that Turkey recognized Russian insurance of maritime cargo, and that India and China recognized most Russian insurance, but not all.

Poshivay said that “the issue is to be worked out with the whole world,” Poshivay said, adding that the specific conditions “are determined by intergovernmental agreements.”

Poshivay suggested to China that it should recognize the certificates issued by Russian maritime insurance and reinsurance companies as guarantees of risk coverage. Poshivay claimed that from January to September 2022 the Russian Federation had increased seaborne exports of hydrocarbons to China by 25%, reaching 87m tonnes.