

Trade-Sanctions and Reinsurance

Regulatory Framework and Practical
Consequences

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Your Cooperative Reinsurer.



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01

R+V Versicherung AG - Reinsurance

R+V Reinsurance Organisation

Front Office

- › Regional Underwriting Treaty
- › Credit, Bond, Political Risk Underwriting
- › Aviation & Space Underwriting
- › Facultative Underwriting
- › Special Lines Service

Research & Development

- › Portfoliomanagement & Retrocession
- › Research & Sustainability
- › Marketing & Communications

Financial Department

- › Reporting
- › Central Office
- › Enterprise Risk Management

Accounting & Sales Support

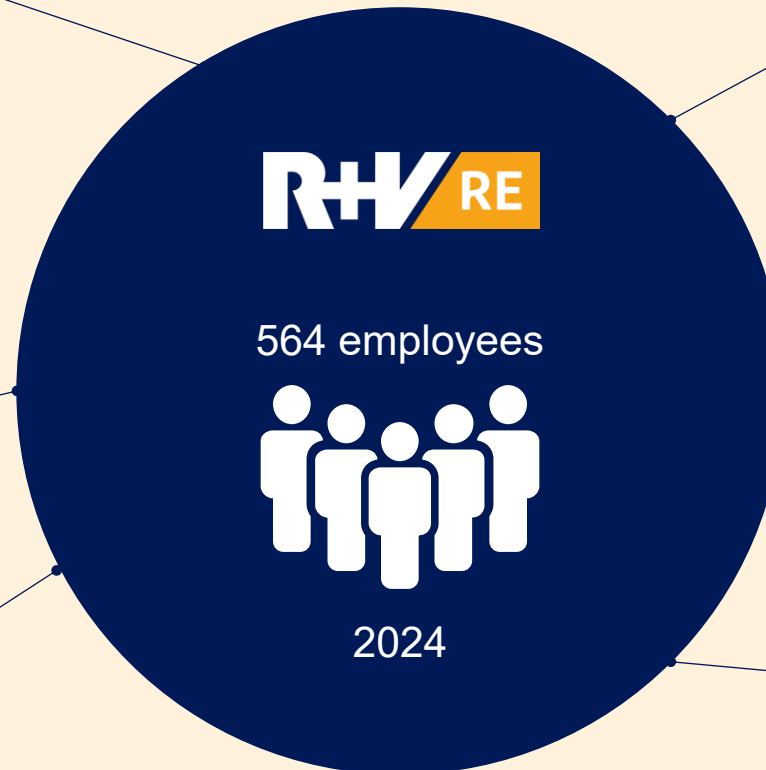
- › Technical Accounting
- › Treaty Administration
- › Travel Assistance

Legal & Claims Support

- › Legal Consulting
- › Claims Consulting
- › Run-Off Consulting

Pricing & Modelling

- › Pricing
- › Cat Modeling
- › Concept and Services



R+V Reinsurance (HGB – German GAAP)

Key Facts of R+V Re

70
Years R+V RE

Rating*

S&P Global Ratings

A+
(strong)

Financial Strength Rating
on R+V Versicherung
Aktiengesellschaft.

A+ by
Standard & Poor's

Premium FY 2024



3,406 m Euro

Combined Ratio 2024



96.5 %

Solvency II 2024*



282 %

Market Position 2024

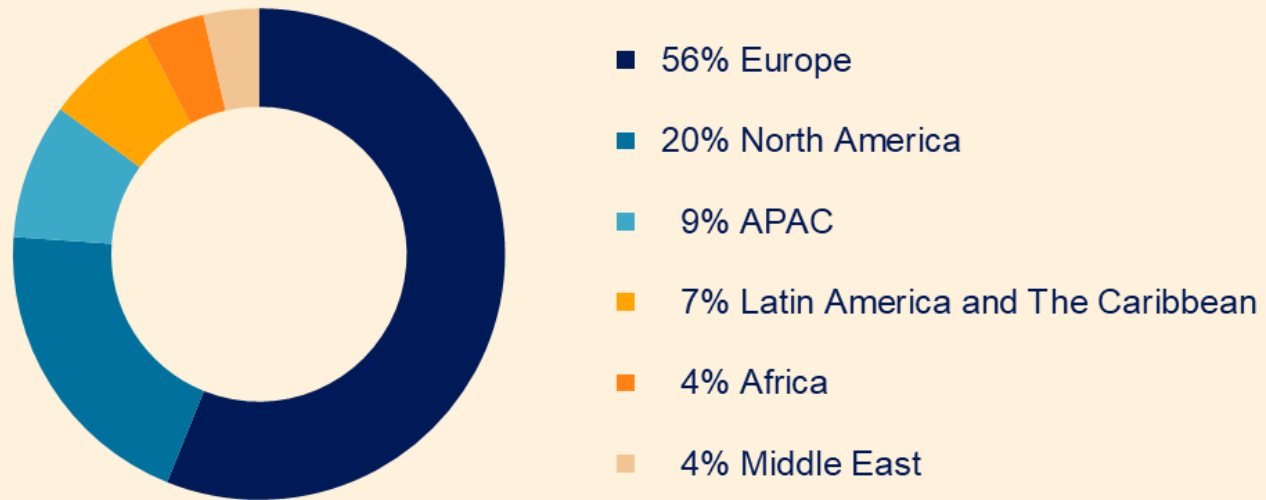


Top 20 by premium
(Non-Life)

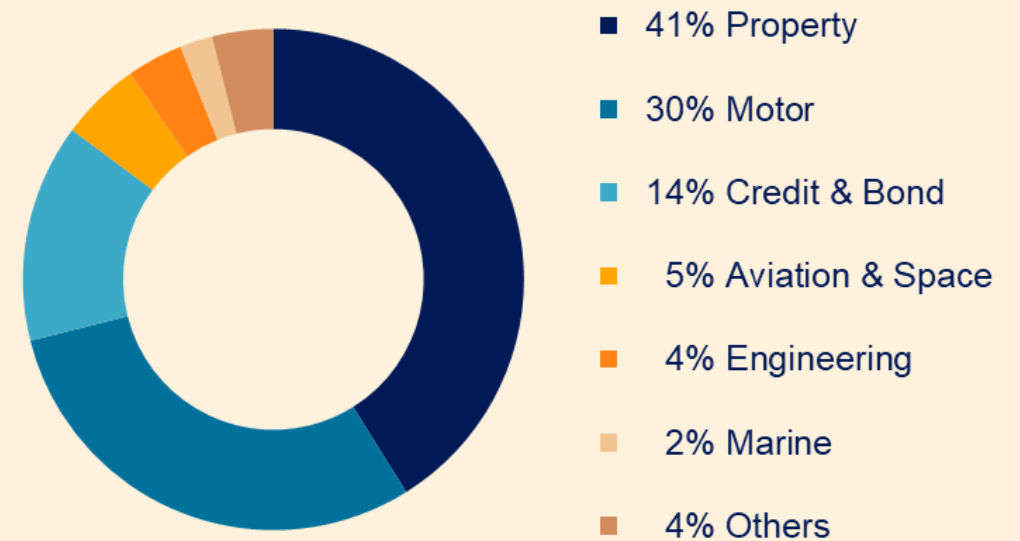
R+V Reinsurance

Premium Split Worldwide (2025)

By Region



By Line of Business



02

Trade-Sanctions and Reinsurance

I. Objective and Purpose of Trade-Sanctions

General

- Restrictive measures (sanctions) are intended to bring about a **change in the politics** or actions of those against whom the measures are directed
- Sanctions are **preventive measures** that make it possible to react quickly to political challenges and developments

„It is the principle of the European Union to intervene when it is necessary to prevent conflicts, or to respond to emerging or current crises. In certain cases, EU intervention may result in restrictive measures or sanctions.“ (European Commission).

I. Objective and Purpose of Trade-Sanctions

Principles and Addressees

Country-based-Embargos

- Russia
 - Iran
 - Syria
 - Venezuela
- 25+ more

Against nat./jur. Individuals and Entities in the Sanctioned Countries

Country-independent Sanctions

- Prevention of chem. Weapons
- Cyber attacks
- Human rights violations

Against nat./jur. People and Organisations

Anti-Terror Regulations

- Al-Quaida, IS
- Taliban
- Other Terrorist Organisations

Against Terrorists and Terrorist Organisations

→ **No financial resources for illegal/undesirable actions**

II. Compliance Requirements

Why Compliance / Screening?

- The EU Commission, the Deutsche Bundesbank, GDV and U.S. OFAC have issued requirements for an effective compliance system and effective adherence to sanctions



- *“Sanctions compliance programmes”* tailored to the obligated party include, for example::
 - ✓ Screening of beneficiaries against sanctions lists
 - ✓ Adverse media investigations
 - ✓ Research regarding *“controlling influence”* (ownership, aggregation)
 - ✓ Knowledge of the applicable Sanctions-Regimes
 - ✓ Assessment of geographical locations and transactions

II. Compliance Requirements

How do we prevent Sanctions-Violations?

Training of employees

Work-Instructions
(*Sanction-Process*)

Screening
Counterparties & Risks

Examination for
(Re)Insurance
Prohibitions

Obtaining of (Self-)
Assessments
(*Sanctions-Statement*)

Sanctions-Clause

Exclusion of markets
(e.g. Iran)

Law Monitoring

Sanctions-Update
(Newsletter) + Intranet

III. Consequences of Sanctions-Violations

Examples: Fines for companies

\$1.1bn settlement agreed with Standard Chartered Bank

April 10th, 2019 | Maya Lester QC



A **\$1.1bn** settlement has been agreed with Standard Chartered Bank (SCB) by OFAC, "federal, state, local and United Kingdom parent" for civil liability for violations of economic sanctions relating to Iran, Sudan and Syria. OFAC has published their **\$6 billion settlement agreement** which follows a \$132m settlement by OFAC in 2012 for similar violations. See [Enforcement Notice](#) and [Treasury Press Release](#).

From June 2009 to May 2014, SCB processed 9,333 transactions over \$437.5m through or from the US to persons or entities on sanctions programmes, many concerning Iran-related transactions. Aggravating factors included: "actual knowledge and intent", "the conduct at issue", the significant harm caused, the bank's compliance programme and the commercial sophistication of the institution. Mitigating factors included: SCB's cooperation, remedial efforts and lack of prior penalty notice in the past five years.

The UK's Financial Conduct Authority has **announced a £102.2m** penalty for "serious and sustained shortcomings in Standard Chartered's AML controls" and failure to ensure its UAE branches applied UK-equivalent anti-money laundering controls. This is the second largest penalty for AML controls failings ever imposed by the FCA.

A separate case involving apparent violations by SCB in relation to Zimbabwe, which were voluntarily self-disclosed, has also been settled for **\$18,016,283** for facilitating transactions involving sanctioned persons.

Commentators have noted that these violations did take place 5 years ago, and Standard Chartered have spent \$2.8bn on financial crime compliance since 2012.

United States United Kingdom

Commerzbank fined **\$1.5bn** for doing business with sanctioned Iran and Sudan

Published time: 13 Mar, 2015 11:13 [Get short URL](#)



Reuters/Ralph Orlowski / Reuters

Germany's second biggest bank, Commerzbank, is to pay \$1.45 billion (€1.36 billion) in fines to settle US Justice Department charges over transactions with sanctioned companies in Iran and Sudan.

From 2002-2008, the German bank cleared transactions worth \$253 billion for Iranian and Sudanese companies using a method called "wire-stripping" to disguise transactions.

"Commerzbank concealed hundreds of millions of dollars worth of transactions with Iranian and Sudanese businesses," said a Justice spokesman on Thursday.

OFAC fines **AIG** for US sanctions violations



At the end of last month, OFAC fined US insurance and financial services company AIG **\$148,698** for violating US sanctions on Cuba, Iran, and Sudan. OFAC said that although AIG's compliance programme included recommendations for when to use exclusion clauses in its insurance policies where US sanctions were involved, the scope of most of those exclusion clauses was too narrow. As a result, AIG provided insurance coverage to parties that were engaging in shipments to or from Cuba, Iran, and Sudan, primarily under global insurance policies.

OFAC's enforcement notice is [here](#).

BNP Paribas sentenced in **\$8.9 billion** accord over sanctions violations

NEW YORK | BY NATE RAYMOND



Shari is seen in silhouette as he walks behind the logo of BNP Paribas in a building in Issy-les-Moulineaux, near Paris April 23, 2015. REUTERS/GONZALO FUENTES

BNP Paribas SA (BNPP.PA) was **sentenced to five years probation** by a U.S. judge on Friday in connection with a record **\$8.9 billion settlement** resolving claims that it violated sanctions against Sudan, Cuba and Iran.

U.S. District Judge Lorna Schofield in Manhattan formally ordered the French bank to forfeit \$8.83 billion and pay a \$140 million fine as part of a sentence that also called for BNP Paribas to enhance its compliance procedures and policies.

US-Justiz klagt türkische Bank wegen Umgehung von Iran-Sanktionen an

Strug, Geldwäsche, Umgehung von Iran-Sanktionen in Milliardenhöhe: Die amerikanische Justiz erhebt schwere Vorwürfe gegen das staatliche türkische Kreditinstitut Halkbank.



Halkbank-Filiale in Istanbul: "Diese Anlage stellt einen zusätzlichen Schritt dar, der sich nicht positiv auf die aktuellen Beziehungen zwischen den USA und der Türkei auswirkt"

IV. Content of the Sanctions-Regimes

Current EU Sanctions-Regimes



Europäische Kommission

Afghanistan, Belarus, Burundi, Guatemala, Guinea, Republic of Guinea-Bissau, Haiti, Iraq, Iran, Central African Republic, Democratic Republic of the Congo, Democratic People's Republic of Korea, Lebanon, Libya, Mali, Republic of Moldova, Myanmar/Burma, Nicaragua, Niger, Russia/Ukraine, Somalia, Sudan, South Sudan, Syria, Turkey, Tunisia, Venezuela, Yemen, Zimbabwe.

Thematic restrictions: Terrorism (incl. Al-Qaeda/ISIL(Da'esh), Hamas), chemical weapons, cyber attacks, human rights violations (incl. China, Israel/Palestine)

IV. Content of the Sanctions-Regimes

Asset Freeze & Prohibitions on Provision of Funds

Asset Freeze

Article 2

1. All funds and economic resources belonging to, owned, held or controlled by any natural or legal persons, entities or bodies, or natural or legal persons, entities or bodies associated with them, as listed in Annex I, shall be frozen.
2. No funds or economic resources shall be made available, directly or indirectly, to or for the benefit of natural or legal persons, entities or bodies, or natural or legal persons, entities or bodies associated with them, as listed in Annex I.

Prohibition on Provision

„Sanctions list“

→ Prohibition of providing ***Funds or Economic-Resources***

IV. Content of the Sanctions-Regimes

Example: Prohibitions on Provision of Funds

ANNEX IV

LIST OF NATURAL AND LEGAL PERSONS, ENTITIES AND BODIES REFERRED TO IN ARTICLE 8(3)

Name	Identifying information	Reasons	Date of listing
▼ M19 ↓			
1. Néstor Luis REVEROL TORRES	Date of birth: 28 October 1964 Gender: male	President of the Zuliana Region Development Corporation (Corpozulia) since April 2024. Former Minister for Electrical Energy (October 2020 – April 2024), Vice-President of Public Works and Services and Executive Secretary of the Electrical General Staff (April 2019 – April 2024). Minister for Interior, Justice and Peace from 2016 until October 2020. General in Chief of the Bolivarian National Guard since August 2020. Responsible for serious human rights violations, including the torture of (political) prisoners, and the repression of the democratic opposition in Venezuela, including the prohibition and repression of political demonstrations, committed by security forces under his command.	22.1.2018
2. Gustavo Enrique GONZÁLEZ LÓPEZ	Date of birth: 2 November 1960 Gender: male	General Director of the Bolivarian National Intelligence Service (SEBIN) between April 2019 and October 2024. Security and Intelligence Adviser to President Maduro since January 2019, and General Director of SEBIN from February 2014 to October 2018. During the times he has served as SEBIN director, officials under his ultimate authority committed acts of arbitrary detention, torture and cruel and inhuman treatment, including sexual violence, in El Helicoide detention centre. As General Director of SEBIN, he is responsible for serious human rights violations, including arbitrary detention, inhuman and degrading treatment, and torture, and the repression of civil society and the democratic opposition in Venezuela.	22.1.2018

IV. Content of the Sanctions-Regimes

Explicit Prohibitions for Insurance and Reinsurance

Article 2

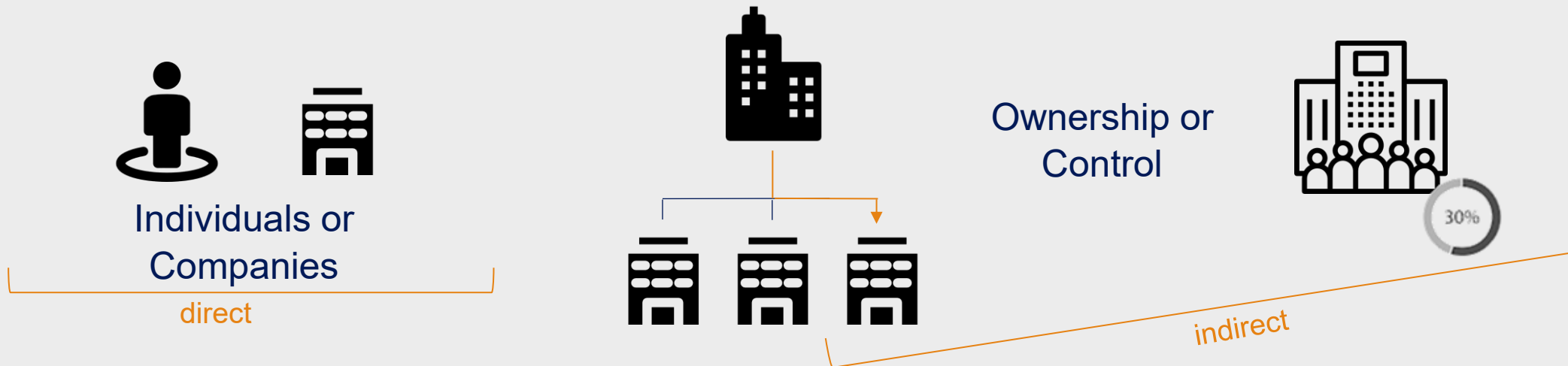
1. It shall be prohibited:
 - (a) to provide, directly or indirectly, technical assistance, brokering services and other services related to the goods and technology listed in the EU Common List of Military Equipment ('the Common Military List') and to the provision, manufacture, maintenance and use of goods and technology listed in the Common Military List to any natural or legal person, entity or body in, or for use in, Venezuela;
 - (b) to provide, directly or indirectly, financing or financial assistance related to the goods and technology listed in the Common Military List, including in particular grants, loans and export credit insurance, as well as insurance and reinsurance, for any sale, supply, transfer or export of such items, or for the provision of related technical assistance, brokering services and other services, directly or indirectly to any person, entity or body in, or for use in, Venezuela.
2. The prohibition in paragraph 1 shall not apply to the execution of contracts concluded before 13 November 2017 or to ancillary contracts necessary for the execution of such contracts, provided that they comply with Council Common Position 2008/944/CFSP (¹), in particular with the criteria set out in Article 2 thereof and that the natural or legal persons, entities or bodies seeking to perform the contract have notified the contract to the competent authority of the Member State in which they are established within 5 working days of the entry into force of this Regulation.

IV. Content of Sanctions-Regimes

Indirect Prohibitions on Provision of Funds

Article 2

1. All funds and economic resources belonging to, owned, held or controlled by any natural or legal persons, entities or bodies, or natural or legal persons, entities or bodies associated with them, as listed in Annex I, shall be frozen.
2. No funds or economic resources shall be made available, directly or indirectly, to or for the benefit of natural or legal persons, entities or bodies, or natural or legal persons, entities or bodies associated with them, as listed in Annex I.



V. Risk-Based Approach

Grouping in High-, Medium- und Low-Risk Countries

Medium-Risk Countries

Prohibitions on Provision of Funds

UWR does not have to check for Reinsurance Prohibitions.
Screening, Sanctions-Clause & Sanctions-Statement Required

High-Risk Countries

Explicit (Re)Insurance Prohibitions
Submission to Sanctions-Team for review of Reinsurance Prohibitions

Low-Risk Countries

No special requirements

Note: Some Medium-Risk Countries become High-Risk Countries if other characteristics are added.

VI. Sanctions-Process R+V Re

Examples Sanctions-Clauses

Preferred Sanctions-Clause:

“No reinsurer shall be deemed to provide cover and no reinsurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that reinsurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America, insofar as they are not in contradiction to the legislative provisions applicable to the Reinsurer concerned.”

VI. Sanction-Process R+V Re

Examples of Sanctions-Clauses

Permissible GDV-Clause:



“Notwithstanding the other provisions of the contract, insurance cover shall only be provided to the extent that and as long as this is not in breach of any economic, trade or financial sanctions or embargoes imposed by the European Union or the Federal Republic of Germany that are directly applicable to the contracting parties. This shall also apply to economic, trade or financial sanctions or embargoes imposed by the United States of America, to the extent that this is not in breach of European Union or Federal Republic of Germany legislation.”

VI. Sanction-Process R+V Re

Examples of Sanctions-Clauses

Inadmissible Sanction-Clause:

“No reinsurer shall be deemed to provide cover and no reinsurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that reinsurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.”

VI. Sanction-Process R+V Re Examples Sanctions-Statement

“The reinsured declares that the embargo provisions of the European Union are respected by the reinsured. The reinsured and the reinsurer agree that this reinsurance agreement will provide no benefit to any persons and companies listed in the mentioned EU regulations and that the reinsured does not cede to R+V Versicherung AG insurance prohibited by the mentioned EU regulations.”

XY herewith confirms / states that compliance processes are in place in order to avoid breaches of (EU) sanctions. Therefore, the screening software xy has been implemented in order to screen any risks (situated in sanctioned countries).

VI. Sanction-Process R+V Re

Examples Sanctions-Statement

In underwriting this Reinsurance Contract, the Reinsured has undertaken appropriate due diligence in accordance with its trade sanctions policy and procedures and, to the best of its knowledge, the Reinsurance Contract is compliant with applicable trade sanctions laws.

- › Objective: Knowledge of the compliance Screening-Process of the Counterparties and compliance with the EU-Regulation
- › in principle also possible via telephone call, customer visit, website
- › valid until receipt of conflicting intel.

VI. Sanction-Process R+V Re Accounting / Payment Transactions

Partner/Risk/Beneficiary in
High-Risk o. Medium-Risk
Country

I.

Responsible **Employee**
Accounting checks for release
status; if (-) referral to
Screening-Team

II.

Screening-Team checks
for abnormalities when (+)
referral to Sanctions-Team

III.

Sanctions-Team decides,
including on any
prohibitions on
disbursement

VII. Russia-Update

Overview

2022

23.02.

1. Sanctions-Package

25.02.

2. Sanctions-Package

28.02.-11.03.

3. Sanctions-Package

15.03.

4. Sanctions-Package

08.04.

5. Sanctions-Package

03.06.

6. Sanctions-Package

21.07.

7. Sanctions-Package

07.10.

8. Sanctions-Package

16.12.

9. Sanctions-Package

22.02.2022
Start of War

2023

25.02.

10. Sanctions-Package

- Iranian entities sanctioned (context: dual-use goods – military drones)
- Tighter export restrictions on technology and industrial goods
- Tighter export restrictions on dual-use goods
- 87 individuals and 34 entities listed

23.06.

11. Sanctions-Package

- Ban on the transit of aerospace goods through Russia
- Requirement to provide proof of the country of origin of iron and steel products upon import
- Extension of export bans on electronic products, industrial goods, steel products, and passenger cars
- Extension of the luxury goods embargo to include the provision of technical support

18.12.

12. Sanctions-Package

- Russian diamonds
- Re-export ban on sensitive goods
- Import ban on certain aluminum products
- LPG (autogas), liquid propane gas
- Lithium batteries, thermostats, DC motors, and servo motors for unmanned aerial vehicles

VII. Russia-Update

Overview

2024

Feb. 2024
13. Sanktionspaket

- Listing of companies from third countries (India, Sri Lanka, China, Serbia, Kazakhstan, Thailand, Turkey)
- Electrical transformers, static converters, inductors, and aluminum capacitors used in the manufacture of drones
- Art. 2a in conjunction with Annex VII
- Art. 3k Goods originating and non-originating in the Union


24.06.
14. Sanktionspaket

16.12.
15. Sanktionspaket

2025

25.02.2025
16. Sanctions Package

- Ban on imports of aluminum
- Ban on transactions with listed airports, ports, and locks
- Extension of the ban on services to construction services
- 74 additional ship listings
- Inclusion of various old contract clauses (3, 3i, 3k, 3t)
- Licensing requirement for exports for humanitarian and medical-pharmaceutical purposes

 The Kyiv Independent

EU preparing 17th package of Russia sanctions, EUobserver reports

The European Union is preparing its 17th package of sanctions against Russia amid Moscow's demands for lifting some Western restrictions as part of its...

vor 2 Wochen



VII. Russia-Update

„Oil-Price-Cap“

The FT identified the seven tankers using data on cargo from Kpler, a freight data and analytics company. It only includes vessels where there is high confidence that they are shipping crude oil that has not come from Kazakhstan, which shares export infrastructure with Russia.

The FT has also verified that they still have current insurance coverage from a western insurer. Two vessels reorganised their insurance in the past week, making changes that allowed them to engage in the trade.

Essential, the Singaporean operator of the Ruby Phoenix, one of the seven vessels, said: “We have from our counterparts the necessary attestation that the cargo in question complies with the price cap regulations.”

Oil tankers queue up off Turkey as price cap on Russian crude begins

Turkish authorities demand that insurers prove that ships heading through straits are fully covered

● **Russia-Ukraine war - latest news updates**



📍 Turkey's Bosphorus and Dardanelles straits link Russia's Black Sea ports with overseas markets. Photograph: Osman Örsal/Reuters

A traffic jam of oil tankers has grown off **Turkey** after the imposition of a price cap on Russian crude by western powers attempting to hurt the Kremlin's coffers.

The vessels have come to a halt after Turkish authorities in Ankara demanded that insurers prove that the ships heading through its straits are fully insured.

VII. Russia-Update

War-Exclusion vs. Geographical-Exclusion

A distinction must be made between **War-Exclusion-Clauses**, which exclude war-related damage from coverage, and **"real" Geographical-Exclusions**. Only in the case of the latter is there sanction security:



The Sanctions are not directed against the cause of the damage, but against certain transactions, e.g. transports by EU-Companies to, through and out of Russia of many sanctioned goods (e.g. office furniture, luxury goods – anything over €300, high-tech products, smartphones, steel, oil, if purchased over USD 60 per barrel, cosmetics, dual-use, military goods, etc.).



Questions?