

EU, UK Delay Cutting Off Russia from Oil Insurance Market

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The EU and the UK have slowed efforts to have Russia shut off from the most important maritime insurance market amid concerns that a full insurance ban would limit global oil supply and push oil prices even higher, the [Financial Times](#) reports, citing UK and EU officials.

The UK was set to join an EU insurance ban after the UK and the European Union agreed in May to jointly shut off Russia’s access to oil cargo insurance. Under those plans, Russia would be effectively shut out of more than 90% of the global oil shipment insurance market.

The insurance ban was to be a much bigger deal than the actual EU embargo on Russian oil imports, as it would cripple Russia’s ability to export crude anywhere in the world, analysts said at the time.

However, the UK has yet to introduce such restrictions on maritime insurance, FT notes. The UK participation with the scheme is crucial because London and the UK are home to many of the world’s biggest maritime insurers.

“There is no current UK ban affecting global shipments of Russian oil,” Patrick Davison, underwriting director of the Lloyd’s Market Association, told the FT.

The EU has also eased some of the initial insurance restrictions after [saying](#) ten days ago that

“With a view to avoid any potential negative consequences for food and energy security around the world, the EU decided to extend the exemption from the prohibition to engage in transactions with certain state-owned entities as regards transactions for agricultural products and the transport of oil to third countries.”

Thus, the EU effectively still allows transactions with Russia’s state oil firms if the

transportation of oil is for third countries, that is, such outside the EU.

Concerns about soaring energy prices have prompted the United States to look to convince major oil importers, including Russia's key buyers these days, China and India, to endorse [a plan to cap the price](#) of Russian oil they are buying. The G7 group of leading industrialized nations, led by the United States, is considering waiving the ban on insurance and all services enabling transportation of Russian oil if that oil is bought at or below a certain price, yet to be decided.

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