


# Lloyd's Market Association Update

28 March 2024  Tim Johnson

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At the beginning of the month, the Lloyd's Market Association (LMA) [published three new War and Cyber Operation Reinsurance exclusions](#) and [updated the guidance note for Sanctions Clauses](#).

## War and Cyber Operation Exclusions - What are the clauses?

- **LMA5629 War and Cyber Operation Reinsurance Exclusion A:** a complete exclusion of losses arising from war and/or cyber operations.
- **LMA5630 War and Cyber Operation Treaty Reinsurance Exclusion B:** an exclusion of losses arising from war, cyber operations that are part of such and/ or cyber operations causing major detrimental impact to a state.
- **LMA5631 War and Cyber Operation Treaty Reinsurance Exclusion C:** duplicates B above, but also states that the paragraph 1 exclusion does not apply to losses arising under original policies incepted before 01 April 2024 on a losses occurring during basis. The LMA notes that this should only be applied for the first renewal following the Lloyd's requirements becoming effective.

As part of the publication, the LMA also conducted a review of [sample cyber war clauses submitted for consideration](#), noting those published as compliant with the [requirements](#) for state backed cyber-attack exclusions contained in standalone cyber-attack policies.

## Sanctions Clause Guidance Update – What clarification has been provided?

Last year, we reported on the publication of two new sanction suspension clauses, [LMA3100A](#) and [LMA3200](#). For the background and further insight into this publication, please see our previous article.

Following this publication, the LMA have [since updated the guidance note LMA24-012-AR](#) to provide clarification.

The LMA have clarified that whilst the existing marine referenced clauses are currently available for use, it is likely that these will be overtaken by the new clauses. The updated guidance also provides further clarification that the clauses will render claims arising from sanctioned/ sanctionable activity during a period of suspension invalid and such claims can be denied. Both clauses are also clear that insurers will act in line with regulatory requirements.

The updated guidance sets out the following consequences arising where the clauses prevent coverage, as such coverage is impermissible or sanctionable:

- Claims that arise prior to sanctions being imposed cannot be paid whilst such sanctions are in force but could be following a subsequent lift of these sanctions, where permitted under applicable regulatory requirements.

- Claims that arise where coverage is suspended do not have a policy to attach to. Therefore, preventing an attachment or payment for such claim in future, even following a subsequent lift of these sanctions.

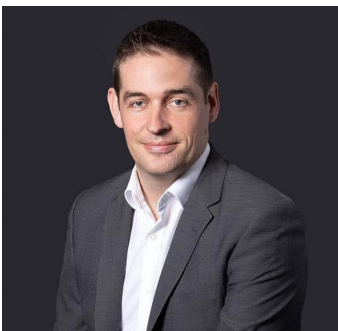
To read the updated guidance note in full, please see [here](#).

The LMA also confirmed in their update that both clauses have been referred to as suitable for use in the [Government's Oil Price Cap Guidance](#).

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