

Simplifying sanctions clauses - LMA3100A and LMA3200 released

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Earlier this month the Lloyd's Market Association (LMA) [published two new sanctions suspension clauses - LMA3100A and LMA3200.](#)

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Readers will be familiar with the original LMA3100 clause, which was introduced in 2010 and quickly became very widely used in the insurance market. Its purpose is to prevent coverage under a policy which could expose an insurer to a breach of sanctions in the UK, USA or EU, or those imposed by the UN. 13 years on and a recent French case has highlighted the need for updates.

The issue

A recent French Court of Appeal ruling determined that LMA3100 was to be treated in that instance as an exclusion. However, as the clause did not meet the French requirements for such a clause, it could not be successfully applied.

This brought to light potential issues with the clarity of the wording of the clause (particularly the title), as well as the need for an update to ensure ease of application in other jurisdictions.

What are the changes?

LMA3100A Sanctions Limitation Clause

The LMA3100A clause is identical to the original LMA3100 clause save for a change of title from Sanctions 'Exclusion' Clause to Sanctions 'Limitation' Clause.

As the clause works to suspend coverage, rather than exclude it, in instances whereby coverage would expose the insurer to sanctions under UK, EU, US sanctions laws or regulations or UN Regulations, this new title more accurately reflects the operation of the clause.

Currently, LMA3100 is still available to use, although the LMA has suggested that it is likely to be archived in the future.

Additionally, The LMA has provided a guidance note on model language for use in amending either LMA3100 or LMA3100A to apply to sanctions in other jurisdictions (e.g. Australia).

LMA3200 Sanctions Suspension Clause

LMA3200 has also been introduced. This clause operates as an alternative to LMA3100 and LMA3100A (proving the same outcome via a different method of application) to assist with the issue of its application in jurisdictions not subject to English or US law.

LMA3200 considers the issues raised in the French Court of Appeal case and has instead been drafted to apply as a condition. This prevents the need for the court to determine if the clause meets the requirements for an exclusion in the relevant jurisdiction, allowing for easier application.

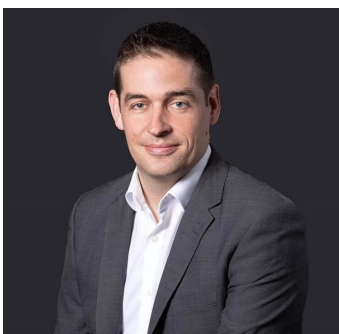
Both clauses are now available for use.

[Guidance note](#) →

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