

Insurance, shipping and the price cap in practice

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The oil price cap rests on the control of services that the Western economies dominate: insurance, shipping, finance and brokerage. A Swiss trader that finances or brokers a cargo of Russian oil sold to India must obtain an attestation that the price does not exceed the cap, keep records of the transaction and check the documents for signs of manipulation.¹ The practice showed early weaknesses when Russia built a fleet of tankers without Western insurance and traders outside the sanctioning states handled the cargoes. After the price of Russian oil had risen above the cap for long periods, the European Union lowered the cap in 2025 and introduced a dynamic mechanism to adjust it to market prices.²

For the traders of Zug, the price cap created a regime of permitted but risky business. Most chose to avoid it altogether, since the compliance costs were high, the reputational risks significant and the risk of violating American or British rules difficult to control. The few Swiss-based companies that continued to handle Russian oil under the cap faced scrutiny from their banks and from the authorities. The experience confirmed the general pattern of the sanctions period, in which legal permission was not sufficient for business to continue because the attitudes of banks, insurers and counterparties were the decisive factors in practice.

1 Notes

1. European Commission, "Oil price cap – Frequently asked questions" (guidance on Art. 3n of Regulation 833/2014), version of 15 January 2026, [finance.ec.europa.eu: tiered attestation system](https://finance.ec.europa.eu/tiered-attestation-system) (Tier 1 traders and brokers retain price documents such as invoices and contracts; Tier 2 financial institutions and other service providers request price information or customer attestations; Tier 3 insurers and shipowners obtain customer attestations); per-voyage attestations since 20

February 2024; records kept for at least five years; due diligence with red flags such as a refusal to itemise costs. ↩

2. Germany Trade & Invest, "Chronologische Übersicht über EU-Sanktionen gegenüber Russland", gtai.de: 18th package of 18 July 2025 lowered the crude price cap from USD 60 to USD 47.60 and introduced a dynamic adjustment mechanism. European Commission, Representation in Germany, press release "44,10 US-Dollar pro Barrel", 15 January 2026: the automatic mechanism keeps the cap 15 per cent below the average market price, reviewed every six months; new cap of USD 44.10 from 1 February 2026. Switzerland adopted the 18th package on 29 October 2025 (Federal Council press release, admin.ch). ↩

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