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Russian Insurer Sogaz at Risk of Being Blacklisted by U.S.

By The Moscow Times

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Sogaz, one of Russia's biggest insurers, could be sanctioned by the U.S.

Insurer Sogaz could be sanctioned by the U.S. after Washington rejigged the rules of its sanctions program to mean that companies even partly owned by targeted individuals can be blacklisted.

The Treasury Department, which is responsible for applying and enforcing U.S. sanctions, has had the power to blacklist any company in which a U.S.-sanctioned individual owned at least a 50 percent stake.

But under the new rule announced on Wednesday by the Treasury, companies could see their assets frozen and be prevented from doing business in the U.S. if the aggregate ownership stakes of all individuals sanctioned by the U.S. government reached the 50 percent threshold.

Douglas Jacobson, a lawyer in Washington who specializes in trade and sanctions, said

the amendment "represents a significant change" that would force firms to re-evaluate which entities could be blocked under U.S. law.

Any company owned by at least two of the three U.S.-sanctioned Russian billionaires, Gennady Timchenko and Boris and Arkady Rotenberg, for example, could be blacklisted even if each stakeholder only had a 25 percent interest.

The United States added the three men, who are close to Russian President Vladimir Putin, to its sanctions list in March after Russia rushed to consolidate its annexation of Ukraine's Crimea region.

Sogaz, one of Russia's biggest insurers, is more than 50 percent owned by Timchenko's Volga Gtoup and Bank Rossiya, which has also been blacklisted by the U.S. together with its major shareholder Yuri Kovalchuk. As such, Sogaz is liable to be targeted, Bloomberg said Thursday.

U.S. sanctions were expanded to include Russian banks and energy and defense companies in recent months, as part of an effort to punish Russia for what the United States and other Western nations view as its role in fueling a separatist rebellion in eastern Ukraine.

Material from the Moscow Times was used in this report.

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