

Notices to Members

No. 11 2010/2011 - Iran Sanctions: US Legislation

July 2010

Dear Sirs

Iran Sanctions: US Legislation

We refer to Notice to Members No. 2 of 2010/11 issued in February this year in which Members were informed of potential US sanctions applying to shipments of refined petroleum products to Iran. The Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010, HR 2194 (CISADA) has now been signed into law by President Obama and is effective from 1 July 2010.

CISADA expands the scope of the Iran Sanctions Act 1996 so as to include, among other things, efforts by foreign firms to:

- (i) sell, lease or provide to Iran any goods, services, technology, information or support that would allow Iran to maintain or expand its petroleum refineries;
- (ii) supply refined petroleum products to Iran; or
- (iii) undertake activities that would contribute to Iran's ability to import refined petroleum products.

CISADA exposes to the risk of sanctions shipowners performing voyages with such goods, technology or products to Iran as well as their insurers and reinsurers (including P&I insurers) and brokers, among others.

The next legislative step will be for the US State and Treasury to promulgate implementing regulations under CISADA. The implementing regulations are likely to clarify a number of grey areas surrounding the interpretation and enforcement of CISADA and it may take some time before clarity is achieved. The International Group is seeking further guidance from its advisers in the United States to determine the precise impact of CISADA on the Club's position

Members should also be aware that the European Union is also currently preparing a further additional round of sanctions against Iran. These sanctions are also likely to target the Iranian oil and gas sector.

The Club would like to take the opportunity to remind Members of its general sanctions policy. The Club will not provide cover or any other financial facility or service which may expose it to the risk of sanctions. Members are advised that, if they are involved in activities:

- (i) which infringe sanctions legislation; and/or
- (ii) the insurance of which would put the Club in breach of sanctions legislation; and/or,
- (iii) for which the provision of services would put the Club in breach of sanctions legislation, they should not expect Club cover and other services supporting such activities to be available. Members should also expect that the Club will perform additional due diligence before deciding whether or not any cover can in fact be provided.

Further developments will be reported.

Yours faithfully

For: **West of England Insurance Services (Luxembourg) S.A.**

(As Managers)

R J B Searle

Director