

No. 12 2013/2014 - Sanctions

June 2013

Dear Sirs,

Sanctions

The National Defence Authorization Act for Fiscal Year 2013 (“NDAA 2013”) which includes the Iran Freedom and Counter-Proliferation Act of 2012 will enter into force on 1 July 2013.

As has been noted in previous Notices to Members No. 5 2013/2014 and No. 10 2013/2014 and the Association’s news item Iran Sanctions – Implementation of NDAA 2013 dated 24 June 2013, NDAA 2013 strengthens the United States sanctions against Iran. It affects both United States and non United States persons and entities as well as both ship owners and insurers.

Members are reminded that Rule 19(2) of the Association’s Rules provides that unless the Committee otherwise determines, there is no cover in respect of an insured vessel being employed by the Member in a carriage, trade or on a voyage which thereby in any way howsoever exposes the Club to the risk of being or becoming subject to any sanction, prohibition or adverse action in any form whatsoever by any state or international organisation or other competent authority.

The exclusion of cover in Rule 19(2) applies to both a trade and a voyage and therefore includes the approach voyage to a port of loading as well as a cargo carrying voyage and applies to the entirety of cover and not merely to cover in respect of cargo.

Members are recommended to fully acquaint themselves with the provisions of NDAA 2013 and to familiarise themselves with the contents of the Notices to Members and the Association’s news item referred to above.

Members are also recommended, before undertaking trades involving Iran or other sanctioned states or involving cargoes, entities or individuals in or originating from or connected with Iran or such other states, to ensure that they undertake a high degree of care to:

- Establish that the cargo intended to be carried is not subject to any sanctions.
- Establish that all the parties to the venture (including but not limited to charterers, shippers receivers, buyers, sellers and end users of the cargo) are not on the European list of sanctioned persons or entities or on the United States list of Specially Designated Nationals.
- Ensure that the intended trade does not expose the Club to sanctions or the threat of sanctions, even where the Members themselves would not be subject to sanctions.

Members are reminded that because of sanctions, the Club may be restricted in its ability to provide bail or to pay claims or fees in respect of any matter arising in Iran or involving cargoes, entities or persons in or originating from or connected with Iran. Permission may need to be sought from the United Kingdom Government and other authorities to provide bail or

make payments. Such permission may take time to obtain or may not be forthcoming at all. Similar restrictions may also apply to trading in connection with Syria and other states and cargoes, entities or persons in or originating from or connected with Syria and such other states.

Members requiring further advice or assistance in respect of these and any other sanctions are advised to contact the Managers in London as follows:

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Yours faithfully

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

A Paulson
Director