



JUNE 6, 2013

CIRCULAR NO. 15/13

TO MEMBERS OF THE ASSOCIATION

Dear Member:

ADDITIONAL UNITED STATES SANCTIONS WITH RESPECT TO IRAN

As Members were advised in [Circular No. 02/13 of January 9, 2013](#), President Obama signed into law the Iran Freedom and Counter-Proliferation Act of 2012 (the Act), as part of the National Defense Authorization Act for 2013, expanding the category of activities by non-US persons (such as non-US Members of the American Club) involving Iran which could result in the imposition of sanctions against such non-US persons.

The provisions of the Act, coming into force on July 2, 2013, will further tighten US sanctions against Iran. These sanctions are very comprehensive, have extraterritorial and non-US person application, and enforcement authorities in the United States are vigorously enforcing them.

The purpose of this Circular is to remind Members of the provisions of this Act and to urge the exercise of the highest degree of diligence and vigilance to ensure that Members do not violate or engage in any activity which may result in the imposition of sanctions and/or penalties against them or against the Club.

The Iran sanctions laws applicable to the American Club may be different from the sanctions laws applicable to Members. Therefore, with respect to voyages to and from Iran, Members must answer the following three questions to ensure that no Iran sanctions laws will be violated or contravened:

1. Is there American Club cover for the voyage to and/or from Iran in question? (See the negative presumption referred to and marked * below).
2. Is the voyage to and/or from Iran prohibited under sanctions laws (such as those of the EU) directly applicable to the Member?
3. Would the voyage to and/or from Iran constitute activity that could lead to the imposition of US sanctions against the Member?

The American Club enjoys limited authorization from the US government to provide P&I coverage for certain types of voyages to and from Iran. Pursuant to the Club's Rules, there is no coverage where coverage would be prohibited by law or if coverage would facilitate a Member's engagement in sanctionable activity.

Members should presume that there is no Club cover for voyages to and/or from Iran* unless the cargo being transported to Iran consists of agricultural commodities (such as wheat, sugar, soybeans, soy bean oil), or until the Member receives written confirmation from the American Club, after disclosure of all relevant information to the Club, that coverage from the Club is available for the transportation in question. Such a confirmation would answer questions 1 and 3 above.



As to question 2, it is incumbent upon the Member to independently ensure that the voyage in question would not violate any law directly applicable to the Member. While the Club may provide some indication and guidance to the Member in this regard, the Club cannot assume responsibility vis-à-vis the Member for answers to question 2. Moreover, Members should be aware that there is an overarching exclusion of coverage for any and all voyages which are prohibited by law (see Class I, Rule 3, Section 1.3.)

Compliance and due diligence

Given the number and complexity of US laws governing sanctions against Iran (which are cumulative, in some aspects overlapping, and which provide for comprehensive prohibitions and the imposition of sanctions against a wide range of non-US persons trading with Iran), and the constantly evolving rules, the risk that a transaction or activity involving Iran or an Iranian entity will implicate US prohibitions, or trigger the imposition of US sanctions, at any given time, is high. Ambiguities in the law make this risk higher.

Legal determinations as to whether cover is available, a transaction is permitted or whether it constitutes sanctionable activity are very fact-sensitive. Members are therefore urged to exercise a high degree of caution and due diligence and to obtain expert legal guidance related to their activities involving Iran in order to avoid the imposition of sanctions as well as violations of law. This will also prevent Members from inadvertently causing the American Club to violate Iran sanctions laws.

Questions and guidance

For any questions regarding any aspect of the foregoing or with respect to Iran and other sanctions in general and for confirmations as to the availability of cover for voyages to and/or from Iran, please contact: Charles J. Cuccia, Senior Vice President – Compliance & Enterprise Risk Management, ph +1 212 847 4539, mob +1 917 215 2883, charles.cuccia@american-club.com.

Yours faithfully,

Joseph E.M. Hughes, Chairman & CEO
Shipowners Claims Bureau, Inc., Managers for
THE AMERICAN CLUB