ALCO

ANDREW LIU & CO LTD

25th Floor, Fortis Bank Tower
No. 77-79 Gloucester Road,Wanchai, Hong Kong

Circular Ref: 2014/0010
Date: 19 February 2014

Iran Sanctions Update

Following the recent US/EU announcements of a six-month suspension of current sanctions measures relating to certain trade with Iran, including sanctions targeted at insurance arrangements, the International Group has been continuing engagement with the relevant US and EU regulators regarding the intended operation of the suspension of insurance sanctions.

In relation to the US implementation of the suspension measures, one issue on which the International Group has been seeking clarification is the extent to which clubs, which provide insurance cover to Members during the six month suspension period in relation to the permitted trades, will be able to respond to liabilities arising during the suspension period, but which may not be crystallised or presented until after 20 July 2014. The US Office of Foreign Assets Control (OFAC) has advised that it is not presently able to confirm whether the insurance cover provided in respect of liabilities arising during the six month period will be prohibited from responding after 20 July 2014.

In the circumstances, shipowners and clubs should proceed on the basis that beyond 20 July 2014 (or any extension of the initial six-month period), clubs will not be able to respond to any claims presented in respect of liabilities arising during the 20 January/20 July suspension period. This has the effect of rendering the current suspension of sanctions on insurance cover and in particular P&I cover. Shipowners should be aware that a Club is unlikely to be in a position to provide security for a claim in circumstances in which a demand under a club's letter of undertaking may be made after 20 July 2014. Clubs may also be unable to provide Blue Cards to Members who enter into contractual commitments which will include the carriage of Iranian crude oil, petroleum oil or petrochemical cargoes under which clubs could be exposed to liability after this date.

Members are strongly recommended not to enter into contracts for transportation of crude oil, petroleum oil and petrochemical products which are for a limited period (up to 20 July 2014) permissible by virtue of the US/EU six-month suspension of prohibitions on the carriage of such cargoes without prior consultation with the club in relation to insurance cover arrangements. In the meantime the International Group will continue its efforts to obtain clarification of the US position on this issue.

Andrew Liu & Co.ltd

Source of Information: Andrew Liu & Co., Ltd
www.andrewliu.com.hk

Andrew Liu & Co.Ltd

ALCO Circulars are issued regularly and contain important information such as Loss Prevention article, News, and Case Studies. It is specially designed for the clients of Andrew Liu & Co., Ltd, with intention of providing the latest information from shipping insurance market. Recently issued circulars can also be found on our website www.andrewliu.com.hk. For further information, please contact our Marketing Department via 0086 21 60399288 or marketing@andrewliu.com.hk.

Andrew Liu & Co., Ltd
Hong Kong - Shanghai - Fuzhou - Dalian - Singapore
Tel: +86 21 6039 9288 Email:marketing@andrewliu.com.hk
http://www.andrewliu.com.hk