



JUNE 28, 2012

CIRCULAR NO. 19/12

TO MEMBERS OF THE ASSOCIATION (PARTICULARLY THOSE DOMICILED IN THE EU)

Dear Member:

IRAN SANCTIONS-EU COUNCIL REGULATION 267/2012-EXPORTS OF CRUDE OIL AND PETROLEUM PRODUCTS FROM IRAN - PROHIBITIONS WITH EFFECT FROM JULY 1, 2012. PROHIBITIONS ON INSURANCE COVERAGE AND TRANSPORTATION.

Members have previously been informed through Club Circular No. 07/12 of January 26, 2012, and by FAQs (Frequently Asked Questions) prepared by the International Group, of the impact of EU Iran sanctions prohibiting the transportation of cargoes of crude oil and petroleum products originating from Iran, and on P&I cover therefor once the EU prohibitions become effective on July 1, 2012.

While there has been some speculation in the media of a possible deferral of the implementation date for the prohibitions, the Council of the European Union issued a press release on June 25 (as attached) confirming that the exemptions relating to pre-January 23, 2012 contracts for importing and transporting Iranian oil and the provision of P&I insurance cover for the transport of Iranian oil by EU regulated insurers will cease, and such activities will be prohibited (as provided for under the EU regulation), with effect from July 1, 2012.

Although the American Club is not an EU-regulated insurer and not subject to the EU's Iran sanctions, the US sanctions against Iran, to which the American Club is fully subject, like the EU prohibitions, generally prohibit the American Club from providing P&I coverage for the transportation of petroleum and petroleum products from Iran, irrespective of the domicile or identity of its Members or the destination of the cargo. Members who are US persons are prohibited by US sanctions from trading with Iran.

Although the EU prohibition referenced above, which takes effect on July 1, 2012, would not apply to, and thus would not prohibit, American Club Members domiciled outside the EU, or those not subject to EU laws and regulations, from transporting crude oil and petroleum products from Iran as long as such cargoes were not destined for the EU, insurance coverage therefor would not be available from EU-based insurers as of July 1, 2012. Insurance coverage for crude oil and petroleum product shipments is also not available from the American Club pursuant to US Iran sanctions laws.

EU-domiciled Members are encouraged to exercise due diligence to ensure that they do not transport oil and petroleum products from Iran in violation of the foregoing EU prohibition, and are reminded that the American Club also does not provide P&I coverage for such transportation.

Such preventive measures and due diligence are necessary since any voyage or trade performed in violation of the EU and US prohibitions may constitute risks excluded by the American Club's Rules: See Class I, Rule 3, Section 1.3 through 1.5.

Trade and insurance prohibitions

Pursuant to the provisions of Articles 11 1 (d) and 12 (2) of the EU regulation, EU-based insurers will be prohibited from providing cover to any insureds in respect of voyages transporting crude oil or petroleum products if they originate in Iran regardless of whether the final destination of the cargo is within or outside the EU. US sanctions law imposes a similar prohibition on the American Club.

A related EU ban in respect of the transportation of Iranian petrochemical cargoes, and the insurance thereof, entered into force on May 1, 2012. US law imposes a similar prohibition on the American Club. The carriage of such crude oil or petroleum products (which is in any event prohibited for shipowners domiciled within or regulated by the EU and/or the US, but remains permissible for a non-EU and/or non-US domiciled or regulated shipowners (non-US persons) performing voyages outside the EU and/or the US) will constitute risks that are excluded by the American Club's Rules: See Class I, Rule 3, Section 1.3 through 1.5.

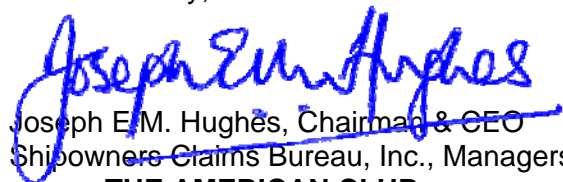
Members who may lawfully continue to transport such cargoes and who wish to do so may make alternative liability insurance or financial security arrangements with insurers or state/sovereign guarantee schemes or other financial providers which are not subject to the prohibitions contained in the EU regulation and under relevant US Iran sanctions laws and regulations. If Members intend to perform such voyages they are recommended to notify the Club in advance of performance and upon completion of the voyage.

Bunkers

As stated in the FAQs, the EU prohibitions will apply not only to the carriage of crude oil and petroleum products as cargo but also to bunker stems of Iranian origin. Consequently it is not just tankers but potentially all vessel types which may be subject to EU trading or insurance cover prohibitions. Where it is known that bunkers intended to be stemmed to a vessel are of Iranian origin, such bunkers should not be loaded to avoid a violation of the EU regulation. Where there is any cause to suspect that bunkers might originate from Iran, or be blended with Iranian oil, Members are strongly recommended to request confirmation prior to stemming bunkers that the bunkers are not of Iranian origin or that such bunkers do not violate relevant prohibitions and, in the absence of such confirmation being received, it would be prudent to request an alternative bunker stem.

The American Club as well as the International Group will continue to engage with the relevant regulatory bodies and to monitor further progress relating to the implementation of these and other sanctions measures impacting on trading and insurance cover and members will be kept updated on developments.

Yours faithfully,



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

THE AMERICAN CLUB



**COUNCIL OF
THE EUROPEAN UNION**



Luxembourg, 25 June 2012
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EU sanctions against Iran: exemptions to end on 1 July

The latest package of EU sanctions against Iran will apply as earlier decided. Following a review of the measures, the Council confirmed that they would remain as approved in January.

This means that two exemptions will end, as scheduled, on 1 July: Contracts for importing Iranian oil that were concluded before 23 January will have to be terminated by 1 July. From the same date, EU insurers may no more provide third-party liability and environmental liability insurance for the transport of Iranian oil.

This latest package of sanctions against Iran was adopted in January 2012 and targets the Iranian nuclear programme and its sources of finance. The measures were taken in relation to the EU's serious concerns over Iran's nuclear programme. The objective of the EU remains to achieve a comprehensive, long-term settlement on the basis of meaningful negotiations between the E3+3 and Iran.

For more details about the decisions adopted on 23 January 2012, see [press release](#) and [Council decision](#) of 23 January as well as the [implementing legislation](#) adopted in March .

An overview of all restrictive measures against Iran can be found in the [factsheet European Union and Iran](#).

P R E S S
