



JANUARY 05, 2015

CIRCULAR NO. 02/15

TO MEMBERS OF THE ASSOCIATION

Dear Member:

US ECONOMIC SANCTIONS IN REGARD TO IRAN: COVER FOR TRANSPORTATION OF CRUDE OIL AND PETROLEUM PRODUCTS

Your Managers wish to remind Members that the laws and regulations governing US economic sanctions against Iran, except in instances where narrow exceptions may apply, prohibit the American Club from providing cover for voyages to and from that country. Members are also reminded that US economic sanctions prohibitions which apply to the American Club as a US person are different from those US provisions which apply to non-US persons.

As notified to Members in [Circular 21/14](#) of July 25, 2014, certain aspects of US economic sanctions affecting the activities of non-US persons involving Iran have been temporarily relaxed. This relaxation of sanctions, as outlined in the above-mentioned Circular (the Temporary Relaxation), has been extended through June 15, 2015.

As it relates to the exportation and transportation of crude oil, the Temporary Relaxation means that the United States will not impose sanctions on, or otherwise penalize, non-US persons (entities) that transport or provide attendant services (such as insurance) for the transportation of crude oil from Iran to China, India, Japan, the Republic of Korea, Taiwan or Turkey (collectively, the Waiver Countries). The transportation of crude oil from Iran to countries other than the Waiver Countries constitutes sanctionable activity under US Iran sanctions laws.

The Temporary Relaxation does not authorize US persons such as the American Club to provide insurance in connection with the transportation of crude oil from Iran — even if the cargo in question is destined for the Waiver Countries. US sanctions against Iran have since their inception strictly prohibited (and continue strictly to prohibit) the American Club from the provision of insurance cover for vessels transporting crude oil or petroleum products from Iran. Therefore, while the American Club's non-US person Members may be permitted to transport Iranian crude oil to the Waiver Countries under US Iran sanctions laws – and to the extent permitted under other laws applicable to them – there will be no cover from the American Club with respect to any aspect of such trade.

Members' attention is also drawn to the American Club's rules (Class I, Rule 1, Section 4, Sub-Sections 54, 55 and 56), which, *inter alia*, provide that there is no cover whenever coverage by the American Club would violate economic sanctions laws or expose the American Club to the risk of violation of economic sanctions laws, or whenever coverage extended by the American Club would be for any activity that would violate economic sanctions laws applicable to the Member or an entered vessel, or that could lead to the imposition of sanctions or other penalties against a Member. Reference is also made, in this connection, to Class I, Rule 3, Section 1, Sub-Sections 3, 4 and 5.

In view of the foregoing, Members are reminded that there has not been and, until US sanctions in regard to Iran are modified to permit it, there will not be any cover from the American Club for any aspect of trade involving the transportation or lifting of crude oil and petroleum products from Iran (or for any

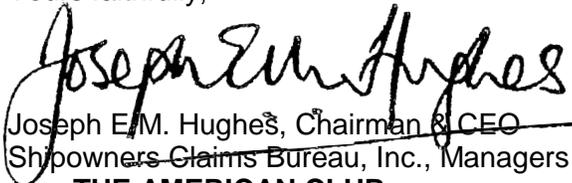


other activity that is prohibited by law and the American Club's rules including, but not limited to, deliveries of petroleum and other products to Iran). The foregoing also applies to the lifting and transportation of crude oil and petroleum products from Syria.

Members are also requested to note that this Circular discusses only the exportation and transportation of crude oil from Iran. It does not address a wide array of other activities that are subject to US Iran sanctions prohibitions or which constitute sanctionable activity.

When contemplating trade with Iran or any other country subject to US and other economic sanctions, Members should seek guidance from their own legal counsel as to the permissibility of such trade, and guidance from the Managers as to whether cover is available for such trade.

Yours faithfully,


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