

Outline:

- Legislation expanding and revising the US economic sanctions against Iran was enacted on 1st July 2010
- This broad legislation impacts upon providers of a wide variety of services that might facilitate Iran's import of refined petroleum products, including insurance
- The new law's sanctions affect shipowners and charterers of any US or non-US vessels and include foreign exchange transactions, financial transfers or property transactions.

United States' extension of sanctions against Iran

On 1st July 2010, President Obama signed into law the House of Representatives Bill 2194, known as the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (CISAD). CISAD amends and expands the economic sanctions against Iran previously laid down in the U.S. Iran Sanctions Act of 1996.

Under the new law, sanctions can be imposed, among others, against persons providing "goods, services, technology, information, or support that could directly and significantly contribute to the enhancement of Iran's ability to import refined petroleum products". Such goods, services, technology, information, or support includes:

- I. underwriting of insurance or reinsurance for the sale, lease, or provision of such goods, services, technology, information, or support;
- II. financing or brokering such sale, lease, or provision;
- III. providing ships or shipping services to deliver refined petroleum products to Iran.

The sanctions will affect shipowners and charterers of any US or non-US vessels, trading refined petroleum products to Iran. The sanctions can be imposed not only against the person engaging in the relevant activity, but also against such a person's parent company or affiliate or subsidiary company, if they have knowledge or should have knowledge of such activity.

The sanctions imposed on the sanctioned persons or companies, introduced by the new law, include, in broad terms, the following prohibitions:

- I. prohibition of any transactions in foreign exchange that are subject to the jurisdiction of the United States
- II. prohibition of any financial transfer under the US jurisdiction
- III. prohibition of any US property transactions

The Managers are seeking clarification of the scope and application of the Act to the Association and its insurance cover, and will provide further advice to Members as soon as practicable.

Contact:

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