

JAPAN P&I NEWS

No.807-16/3/9

To the Members

Dear Sirs,

Iran Sanctions – Fall-Back Reinsurance

Members are referred to the previous circular [No.15-019](#) dated 22 February 2016.

The continuing application of US primary sanctions to US domiciled reinsurers participating in the Group's reinsurance arrangements means that the members remain exposed under the Club's sanctions rules to the risk of a partial reinsurance shortfall in respect of non-certified liabilities towards or incurred by Iranian interests.

The International Group is working on a “fall-back” reinsurance protection to cover this default risk, for which it has now obtained the approval of the US authorities, and the IG's brokers are currently in the process of placing corresponding reinsurance cover outside the US markets. Due to compliance implications, it is taking some time to put this cover in place, but it is hoped that this will be completed shortly.

The cover is however subject to a much lower limit, with one paid reinstatement only and more restricted terms, than the main IG GXL placement. For these reasons it is not considered to amount to an adequate long term solution to the problems presented to the IG's reinsurance arrangements by continuing US Primary sanctions and the IG will continue to engage with the US authorities for the purpose of securing a comprehensive insurance solution to meet all members' needs. Members will be kept informed of developments.

Yours faithfully,

The Japan Ship Owners' Mutual Protection & Indemnity Association