

Sanctions - update

Dear Sirs,

Iran Sanctions - update

The purpose of this Circular is to update Members of Gard P. & I. (Bermuda) Ltd and Assuranceforeningen Gard - gjensidig - (hereafter individually called the "Association" and collectively the "Associations") of the latest developments with regard to new restrictive measures implemented by the European Union against Iran.

On 24 March 2012 the EU published Council Regulation 267/2012 which implements Council Decision 2012/35/CFSP (see our Circular no 18/2011) with immediate effect.

The new measures apply:

- a) within the territory of EU;
- b) on board any vessel under the jurisdiction of a Member State;
- c) to any person inside or outside the territory of the EU who is a national of a Member State;
- d) to any legal person, entity or body, inside or outside the territory of EU, which is incorporated or constituted under the law of a Member State;
- e) to any legal person, entity or body in respect of any business done in whole or in part within the EU.

The new restrictive measures include:

- i) Prohibition on import into the EU, purchase or transport to any country, of crude oil, petroleum products and petrochemical products if they originate or have been exported from Iran;
- ii) Prohibition on providing, directly and indirectly, financing or financial assistance as well as insurance and reinsurance, related to the import, purchase or transport of crude oil, petroleum and petrochemical products, if they originate or have been exported from Iran;

There is a grace period in relation to contracts concluded prior to 23 January 2012, provided the party seeking to perform the contract has notified the competent authority within its Member State at least 20 working days in advance.

Accordingly contracts relating to import, purchase and transport of Iranian crude oil and petroleum products concluded before 23 January 2012 or ancillary contracts necessary for the execution of such contracts can be executed until 1 July 2012. Similarly contracts related petrochemical products can be executed until 1 May 2012.

There is also a grace period for the provision of third party liability insurance, environmental liability insurance and reinsurance. For insurance and reinsurance on contracts related to crude oil and petroleum products the cut-off date is 1 July 2012. For petrochemical products 1 May 2012.

More information on the new EU measures against Iran can be found on:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:088:0001:0112:EN:PDF>

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:019:0022:0030:EN:PDF>

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With respect to the Club's position on cover Members are recommended to review Gard Circulars no 1/2010, 24/2010 and 15/2011 (available at www.gard.no), which describes various Rule changes deemed necessary to ensure that the Associations do not become subject to sanctions. The Rules changes outlined in Circular 1/2010 were effective as from 23 April 2010. Please note in particular the information concerning the new Rule 24.3 – Termination of entry, and the new Rule 25.4 - Cesser (corresponding Rules for Mobile Offshore Units being Rule 15.3 and 16.4). The Rule changes outlined in Circular 24/2010 were effective as from 20 February 2011. Attention should in particular be drawn to Rule 77 - Administrative costs, insolvency and sanctions etc. (corresponding Rule for MOUs being Rule 30). Reference is also made to Section 26 of the Terms and Conditions for Gard Additional Covers. The latest Rule changes outlined in Circular 15/2011 took effect as from 20 February 2012.

Please contact Gard's Group Legal Department if you have any questions with regard to the above.

Yours faithfully,
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Claes Isacson
Chief Executive Officer