



GARD AS

Circular No. 7/2010

July 2010

P.O. Box 789 Stoa
NO-4809 ARENDAL
NORWAY

Tel +47 37 01 91 00

Fax +47 37 02 48 10

companymail@gard.no
www.gard.no

To the Members

Dear Sirs,

Iran sanctions - update

The purpose of this Circular is to update the Members of Gard P. & I. (Bermuda) Ltd and Assuranceforeningen Gard – gjensidig (hereafter individually called the "Association" and collectively the "Associations") of recent developments with regard to Iran sanctions and consequences for the P&I cover.

US Sanctions against Iran – HR 2194 – Entry into force

We refer to our Circular No. 1/2010 in which attention was drawn to pending US legislation (Iran Refined Petroleum Sanctions Act of 2009 H.R.2194), imposing sanctions against both US and non-US entities for any activity that could contribute to the enhancement of Iran's ability to import refined petroleum resources.

This bill was finalised and renamed Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (the "Act"). It was signed into law by President Obama and is effective from **1 July 2010**. The Act is available at <http://thomas.loc.gov/>.

The Act expands the scope of sanctions authorised under the Iran Sanctions Act by imposing sanctions on foreign companies, including insurance, financing and shipping companies, that support Iran's development of petroleum resources and exporting to Iran refined petroleum and items needed to strengthen Iran's refined petroleum production capacity.

Further, the Act requires sanctions on entities trading in nuclear technology with Iran, and financial services companies that deal with the Islamic Revolutionary Guard or a number of blocked Iranian financial institutions.

United Nations Sanctions – Resolution 1929 by the United Nations Security Council

On 9 June 2010 the United Nations Security Council adopted Resolution 1929 (2010) imposing further sanctions against Iran which included measures directed against 41 new named entities and individuals, including enterprises linked to the Islamic Revolutionary Guard and the defence industry, as well as banks and the national shipping line. The Resolution is available at www.un.org.

* * *

Members are recommended to review our Circular 1/2010 (available at www.gard.no), which describes various Rule changes deemed necessary to ensure that the Associations do not become subject to Iran sanctions. The Rules changes outlined in that Circular were effective as from 23rd 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 MOUs being Rule 15.3 and 16.4).

The effect of Rule 24.3 (MOU Rule 15.3) is that the Associations may terminate the P&I cover in respect of any and all ships in circumstances where the Member has exposed, or may, in the opinion of the Association, expose the Member or the Association to the risk of being or becoming subject to any sanction, prohibition or adverse action in any form whatsoever against Iran by, *inter alia*, the United Nations or the United States of America.

Rule 25.4 (MOU Rule 16.4) has the effect that the Member ceases to be covered by the Association in respect of any and all ships if any ship is employed by the Member in a carriage, trade or on a voyage which will thereby in any way howsoever expose the Association to the risk of being or becoming subject to any sanction, prohibition or adverse action in any form whatsoever against Iran by, *inter alia*, the United Nations or the United States of America.

Please contact the underwriting department if you have any questions with regard to the above.

Yours faithfully,

GARD AS



Claes Isacson
Chief Executive Officer

The White House

Office of the Press Secretary

For Immediate Release

July 01, 2010

Statement by the President on H.R. 2194

Today, I have signed into law H.R. 2194, the "Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010". This Act builds upon the recently passed United Nations Security Council Resolution and its strong foundation for new multilateral sanctions. It is designed to pressure Iran by requiring sanctions on those persons investing in Iran's development of petroleum resources and exporting to Iran refined petroleum and items needed to strengthen Iran's refined petroleum production capability. Further, it requires sanctions on financial institutions facilitating certain activities involving Iran, the Islamic Revolutionary Guard Corps, or other sanctioned persons. The Act also puts in place new authorities to demonstrate the strong and sustained commitment of the United States to advancing the universal rights of all Iranians, and to sanction those who have abused their rights.

The Act provides a powerful tool against Iran's development of nuclear weapons and support of terrorism, while at the same time preserving flexibility to time and calibrate sanctions. In particular, it provides new authority for addressing the situation of those countries that are closely cooperating in multilateral efforts to constrain Iran. The Act appropriately provides this special authority to waive the application of petroleum-related sanctions provisions to a person from such a closely cooperating country, out of recognition for the key role such a country plays in ongoing multilateral efforts to constrain Iran. The Act permits the President to exercise this authority flexibly, as warranted, and when vital to the national security interests of the United States.

BARACK OBAMA

THE WHITE HOUSE,
July 1, 2010.