

Iran Sanctions



Recent sanctions against Iran implemented by the United Nations Security Council, the European Union, the United States and other nations will have significant impact on the insurance and reinsurance industries and their clients, particularly companies in the Iranian oil and gas industry.

The *Security Council of the United Nations* issued a resolution (UNSCR 1929) on June 9, 2010 imposing new sanctions against Iran. The resolution requires all UN member states to reinforce a range of economic, high-technology and military sanctions against Iran by targeting 40 entities linked to the nation's military elite, including the Islamic Revolutionary Guard Corps (IRGC) and the Islamic Republic of Iran Shipping Lines (IRISL), with a travel ban and an asset freeze. The United States and the European Union have implemented UNSCR 1929 and have also adopted additional measures.

In the United States, the ***Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010*** ("CISADA") was enacted on July 1, 2010 to supplement existing U.S. law which already prohibited U.S. companies, U.S. citizens and green card holders (wherever resident) from engaging in and facilitating virtually all transactions with and in Iran. CISADA creates a secondary boycott against Iran by restricting access to the U.S. economy for companies which conduct targeted business with Iran, in particular petroleum-related business.

In the *European Union*, the ***Council Decision of 26 July 2010 concerning restrictive measures against Iran and repealing Common Position 2007/140/CFSP*** imposes sweeping new sanctions against Iran. The Decision contains measures aimed at the oil and gas, financial and transport sectors, and at entities connected with the Iranian government. EU sanctions contain extremely broad prohibitions on the provision of insurance and reinsurance to Iran and Iranian companies. These sanctions also prohibit circumvention of these restrictions. EU sanctions went into effect immediately in all 27 EU Member States. Additional EU regulations, expected in late September, and national implementing legislation are anticipated to follow.

Canada, Australia and Japan have implemented the UN sanctions against Iran, and either have or are considering implementing even broader sanctions. We understand that other governments are also considering sanctions against Iran.

CISADA and the EU Decision on Iran represent a significant expansion of prior sanctions - particularly in regard to petroleum-related trade activity with Iran, and are especially noteworthy for their extraterritorial effect. Therefore, if your company has any dealings in Iran, we recommend that that you seek legal advice about how these sanctions may impact your operations.

The broad scope of these and other sanctions against Iran raises a strong likelihood that insurance cover for companies with operations in or related to Iran may be impacted. Insurance and reinsurance carriers may not be able to provide (or continue) cover for some risks, and claims may be affected if payment would be contrary to the sanctions requirements. We may also be restricted in relation to the services we can provide in relation to these matters.

Although we cannot provide legal advice on any of the new sanctions, Marsh continues to monitor global developments with respect to Iranian sanctions and to assess the impact on our clients' insurance programs.

Links to recent UN, EU and U.S. sanctions against Iran are provided below:

New UN Sanctions:

<http://www.un.org/News/Press/docs/2010/sc9948.doc.htm>.

New U.S. Sanctions:

http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111_cong_bills&docid=f:h2194enr.txt.pdf

New EU Sanctions:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2010:195:0039:0073:EN:PDF>