

Special Edition: Sanctions

In this special edition of the *Standard Bulletin* we provide an update in respect of sanctions. We are grateful to our contributors for their articles and input.

Foreign policies are commonly now being reflected in the international community's appetite for the use of 'smart' sanctions aimed at individuals and entities. So-called 'smarter' sanctions are now being aimed at the shipping, energy and financial industries, including insurers.

As a flexible tool, they can be used to increase or decrease pressure on sanctioned regimes; they can seek to deter and/or punish or encourage and/or reward, as appropriate.

The relaxation of sanctions in relation to Libya, the Ivory Coast and Burma/Myanmar demonstrate flexibility.

The strengthening of sanctions against Iran and Syria in particular reflects the international community's frustration and resolve, but also illustrates the desire to seek diplomatic solutions.

The flexibility of sanctions is a benefit for politicians but makes compliance and risk management for members and insurers an increasingly burdensome task.

However, the far-reaching consequences for members of a breach of sanctions can include reputational damage, restrictions on trade and licensing, loss of insurance and foreclosure by mortgagees, in addition to financial penalties and increasing reporting requirements.

It remains vital to be aware of the layers of sanctions within different states and regions, how they interact and differ, and what penalties can be imposed. Press reports have been issued which indicate that the authorities are increasingly focussing on class societies and ship registers. However, it would be unwise to believe that this demonstrates a lack of attention to the issue of sanctions in the balance of the shipping and insurance industries; this has been demonstrated by the recent designation of the National Iranian Tanker Company and associated companies and ships by the US authorities, and President Obama's **Executive Order** of 31 July 2012 in relation to the National Iranian Oil Company and Naftiran Intertrade Company.

We recommend members closely investigate and ensure compliance with domestic and international sanction regimes; to do otherwise is to invite investigation and potential prosecution, coupled with reputational damage.

Setting the Standard for Service and Security

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Kieron Moore, Legal Director

+44 20 3320 8855
kieron.moore@ctplc.com

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