

Lloyd's of London will come under pressure from the US government in the first half of 2010 to stop insuring Iranian oil imports, according to an expert on the region.

A bill (HR2194) strengthening sanctions against Iran passed the House of Representatives before Christmas. Zaineb al-Assam, head of Middle East and North Africa forecasting at Exclusive Analysis, says that if talks on Iran's nuclear ambitions break down again the legislation is likely to be signed into law and that this could adversely affect the insurance industry.

Al-Assam told a market briefing held by the International Underwriting Association that: "Lloyd's of London will be under pressure to cease supporting trade with Iran."

The bill to amend the 1996 Iran Sanctions Act (ISA), sponsored by Democratic representative Howard Berman, "directs the president to impose specified ISA sanctions on a person that knowingly provides Iran with refined petroleum products, ships, vehicles, other means of transporting refined petroleum products, or related financial services". The only condition is that the products or services sold must have a value over \$200,000 for a single transaction, or a sum total of \$500,000 for a calendar year.

A Lloyd's spokesperson said: "We are unaware of any businesses at Lloyd's defying international sanctions. If we discovered any underwriters breaching sanctions we would take action immediately."

As well as pledging to take strong action against any traders that don't move into line with the sanctions regime, Lloyd's pointed out that underwriters do not write policies for specific cargo or journeys.

"When a ship is insured, an insurer does not generally specify the cargo it should carry or where to, unless of course it is in violation of treaties," he added.

It is unclear, though, whether insurers that sold to oil carriers that they know transport oil to Iran would fall foul of the sanctions regime, even though the type of commerce that the ships are engaged in is not mentioned in the policies.

Speaking to **The Insurance Insider**, Michelle Linderman, a partner at London law firm Ince, said that clients were already seeking advice on a range of national and international sanctions pertaining to trade with Iran.

However, she added that if the new legislation were to come into effect there could be far-reaching implications. "With HR2194 the US government is looking to expand things considerably."

Under current US economic sanctions, non-US companies doing business with Iran can face penalties if one of their directors is a US citizen, or if the company has significant US operations. But, under the proposed legislation, companies that are majority-owned by US investors and US-owned subsidiaries could be hit for refusing to sever links with Iran.

The US is serious about trying to stop other countries trading with Iran, Linderman said, pointing to the December decision to fine Credit Suisse \$536mn for its links with individual Iranians and companies, including the Atomic Energy Organisation of Iran.

"The new proposals are very wide-ranging and could have quite serious consequences. We're still looking at it at this stage. We'll have to wait and see what the impact is on individual companies. Any company that may be affected will have to consider whether it is at risk of breaching the sanctions and whether it can continue to trade with Iran," she concluded.