

Allianz Global Corporate & Specialty

Impact of Economic Sanctions on the (Re)insurance Industry

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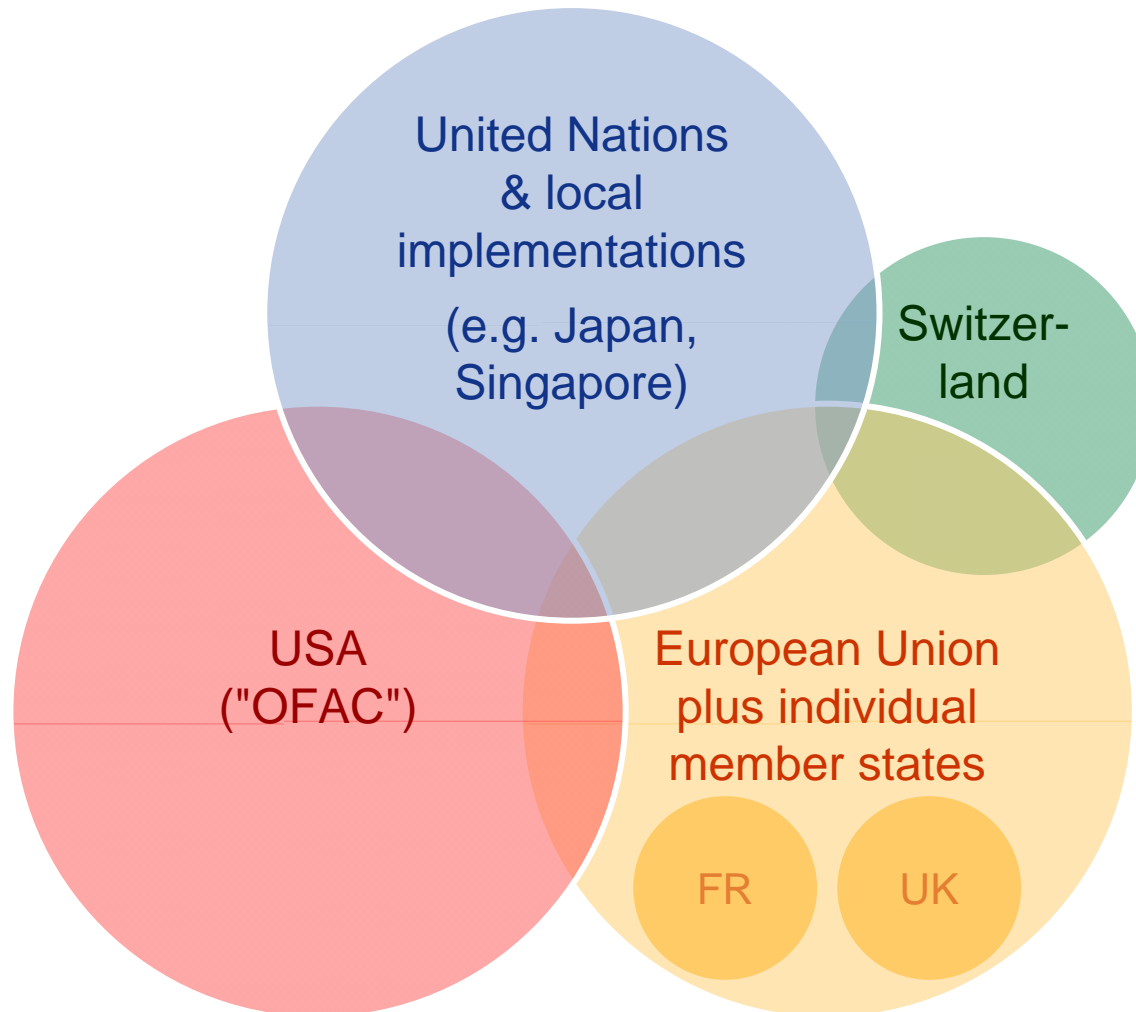
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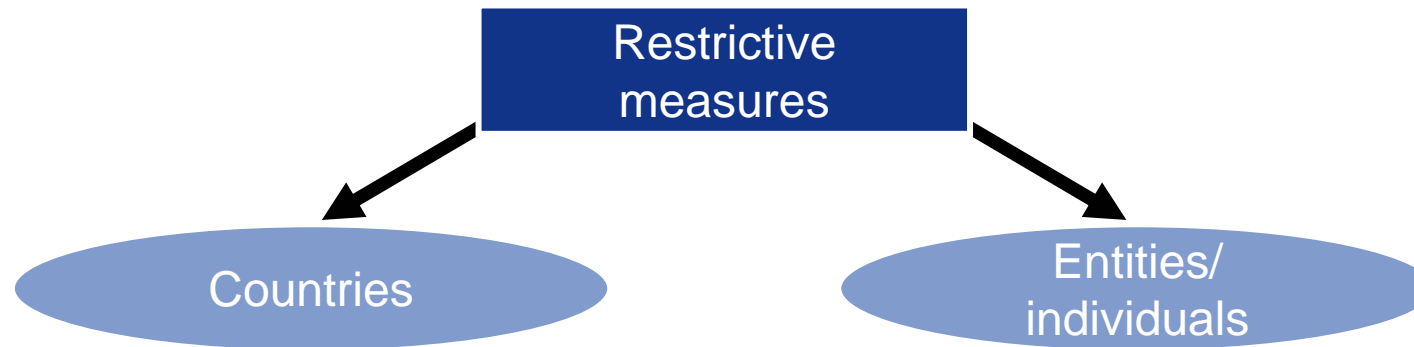
Agenda

- 1** Types of restrictive measures
- 2** Geographical scope of application
- 3** Impact on (re)insurance industry

Economic sanctions have multiple sources

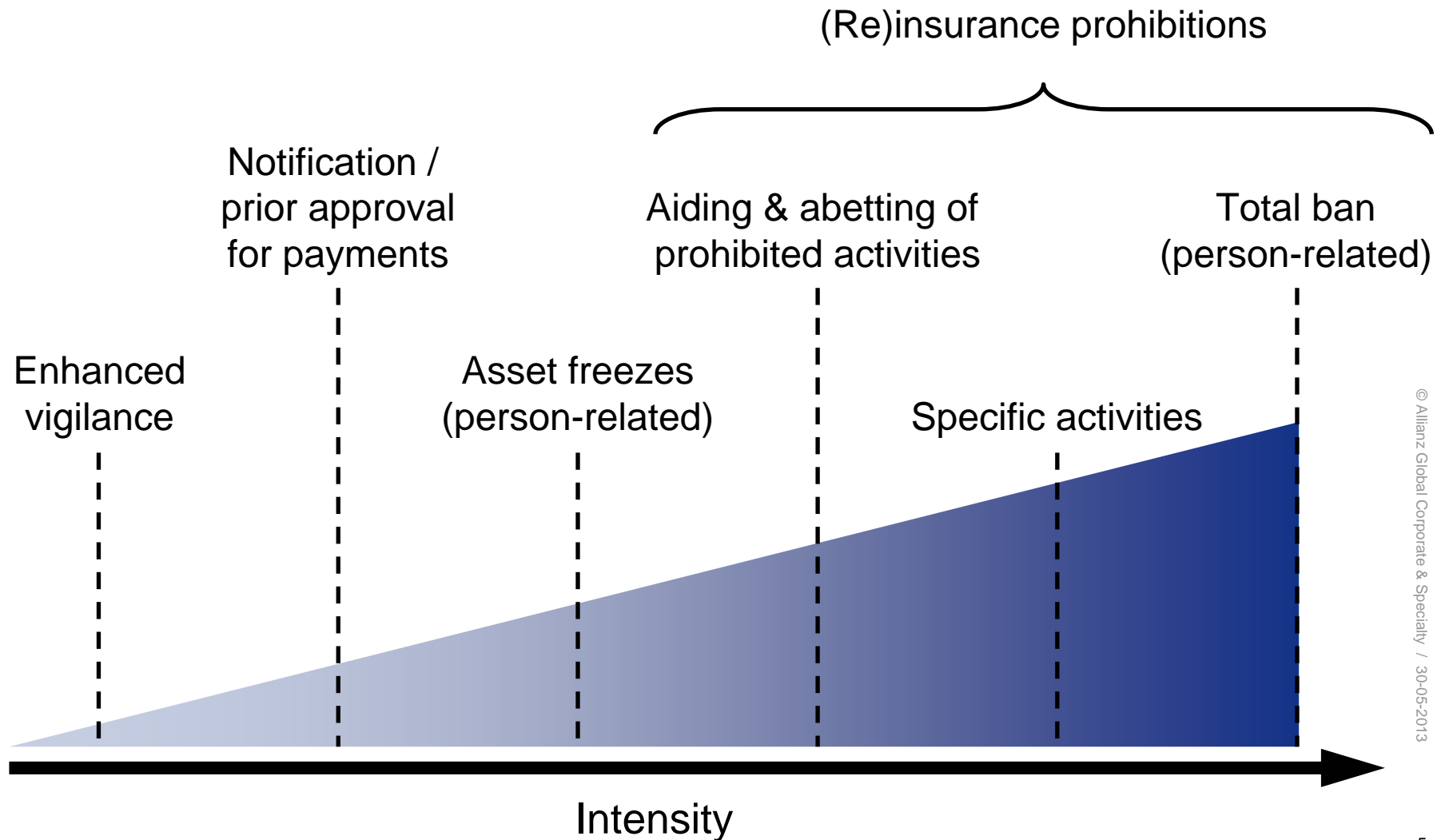


Legislators select from a catalogue of restrictive measures adjusted to the political situation



- Trade embargoes (e.g. arms, oil & gas, dual-use goods, goods and services related to certain activities)
- Payment restrictions
- Prohibition on investment and financing (e.g. oil & gas industry)
- Insurance has entered the focus of legislators in 2010

Insurance-related restrictive measures are increasing in intensity along a sliding scale



Geographical scope of application

- Home territory plus ships/aircraft
- Sanctions can have **extraterritorial effects**
 - EU / US **citizens**
 - Explicitly targeted at **foreign** nationals/companies (e.g. non-US companies owned or controlled by US persons, Foreign Sanction Evaders)
 - **Jurisdictional links** (e.g. payments in USD)
 - e.g. USA
 - Scope of sanctions can be broader than EU sanctions
 - ISA 1996, CISADA 2010, Executive Order 2012, ITRA 2012, IFCPA 2013
 - Restrictive measures are to be imposed on foreign companies active in the Iranian oil and gas sector and on foreign (re)insurers
 - Prohibition includes the **(re)insurance** of prohibited activities (directly or 'facilitation', total prohibition as from 1 July 2013)
 - Blocking regulations (e.g. EU, Germany, Canada, Mexico)



Impact of sanctions against Iran/Syria - Scenarios (1)

Marine

- Definitions of 'crude oil', 'petroleum products', 'petrochemical products', 'natural gas'
- Open cover policies
- Iranian/Syrian beneficiaries - Incoterms®
- Insurance certificates
- Marine Cargo / Liability / Hull
- Marine pools
- On-shoring of Iranian-controlled carriers
- Charter
- General average / average guarantees
- Pleasurecraft

Liability

- Exports

Impact of sanctions against Iran/Syria - Scenarios (2)

Property

- Non-Iranian/Syrian refineries processing and storing Iranian/Syrian crude oil
- Crude oil of Iranian origin mixed with non-Iranian crude oil

Aviation (Liability)

- Wet leasing
- Ground handlers
- Baggage loss

International Insurance Programmes

- Local policies vs master policy

Beyond sanctions

- "Alaed" case / reputational risk
- Support of circumvention of sanctions laws
- Sanctions clause
 - Interpretation of sanctions law by local export authorities
 - Instruction by local authorities
- Termination of cover
 - Cancellation for misrepresentation/ non-disclosure
 - Non-renewal
 - Breach of contract / damages



Thank you for
your attention.

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