



STEAMSHIP MUTUAL

To the Members

March 2011

Dear Sirs,

POLITICAL UNREST IN LIBYA AND SANCTIONS MEASURES

As reported widely in the media, governmental authorities around the world are responding to the political situation in Libya. The United Nations passed a Resolution (1970/2011) on 26th February imposing a number of restrictive measures against Libya and named Libyan entities. The EU followed up with additional measures. The US has unilaterally issued similar measures blocking property and prohibiting transactions relating to Libya.

UN LIBYAN SANCTIONS

In brief, these measures include the following: -

Arms Embargo

1. All Member States are required immediately to take measures to prevent the direct or indirect supply, sale or transfer to Libya, from or through their territories or by their nationals, or using their flag vessels or aircraft, of arms and related material of all types, including weapons and ammunition, military vehicles and equipment, paramilitary equipment, and related spare parts, and technical assistance, training, financial or other assistance, related to military activities or the provision, maintenance or use of any arms and related material, including the provision of armed mercenary personnel whether or not originating in their territories.

This embargo is subject to various exceptions, including relating to the supply of protective military equipment to UN personnel, representatives of the media and humanitarian workers.

2. All Member States are required to prohibit (i) the procurement of such items from Libya, and (ii) the use of their flagged vessels or aircraft for that purpose, whether or not such items originate in the territory of Libya.
3. All Member States are required to inspect, in accordance with their national authorities and legislation and consistent with international law, all cargoes to and from Libya, in their territory, including seaports and airports, if the State concerned has information that provides reasonable grounds to believe the cargo contains items the supply, sale, transfer, or export of which is prohibited by Resolution 1970/2011. If any such prohibited items are found, they are to be seized and disposed of either through destruction, rendering inoperable, or safe storage.

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Travel Ban

1. All Member States are required to take measures to prevent the entry into or transit through their territories of the individuals listed in Annex I of 1970/2011, subject to various exceptions based on humanitarian or legal grounds.

Asset Freeze

1. All Member States are required to freeze all funds, other financial assets and economic resources which are in their territories, which are owned or controlled, directly or indirectly, by the individuals or entities listed in Annex II of the Resolution or by individuals or entities acting on their behalf or at their direction, or by entities owned or controlled by them.
2. All Member States are required to ensure that any funds, financial assets or economic resources are prevented from being made available by their nationals or by any individuals or entities within their territories, to or for the benefit of the individuals or entities listed in Annex II of the Resolution or individuals otherwise designated by the Committee.

Sanctions Committee

1. A designated sanctions committee has been set up to, inter alia, monitor implementation of the Resolution and designate or exempt further individuals or entities from the sanctions as appropriate.

The individuals subject to the travel ban and asset freeze measures referred to above are set out in Annexes 1 and 2 of the Resolution, and can be found on the attached document UN Security Council 10187:

<http://www.un.org/News/Press/docs/2011/sc10187.doc.htm>

EU LIBYAN SANCTIONS

The Council of the European Union has adopted UN Resolution 1970/2011. In addition to implementing the measures set out in the UN Resolution, the EU Decision goes further in imposing a visa ban on an additional 10 individuals, and an asset freeze on a further 20 individuals. The Managers will endeavour to publish the formal EU decision on this website as soon as it is released. EU decisions require implementing legislation by each Member State in order to come into force. It is expected that most EU States will quickly adopt appropriate implementing instruments.

US LIBYAN SANCTIONS

On 25th February 2011, the US administration issued an Executive Order in relation to Libya.

Section 1 of the Executive Order blocks transfers, payments, export, or otherwise dealing in property and interests in property that are in the US, or find their way into the US, or otherwise come within the possession or control of a United States person, of persons including those listed in the annex to the Executive Order, (6 members of the Gadhafi family), and any other persons that are determined by the US administration as being connected with the incumbent regime. Such connected persons could include any that have "materially assisted, sponsored or provided financial, material, logistic or technical support for, or goods or services in support of political repression in Libya".

Section 2 extends the blocking provisions in Section 1 to the Government of Libya, its agencies, controlled entities, and the Central Bank of Libya.

Section 5 extends the blocking provisions to the provision of funds, good or services to or for the benefit of any persons or entities that are subject to the sanctions, as well as to the receipt of funds, good and services from the latter.

Section 6 provides that the blocking provisions apply notwithstanding any contracts, licenses or permits entered into or granted prior to the 25th February 2011. In other words, performance of existing contracts that would have the effect of breaching the Executive Order is prohibited.

IMPACT OF SANCTIONS MEASURES

The position in Libya is uncertain, changing and seemingly very volatile. Going forward, it is possible that there may be difficulties in providing cover and bail for arrests that take place at Libyan ports, or where payments involve Libyan banks or beneficiaries, or where loss or liability arises as a result of civil strife. Furthermore, a failure to comply with sanctions measures may result in loss of cover or membership.

Those members who may be affected by the sanctions, and/or whose contractual arrangements may be curtailed or otherwise impacted are encouraged to contact the Club Managers, who will endeavour to advise upon issues affecting Club cover and who can arrange for legal advice as required.

Further developments will be covered in Risk Alerts published on the Club's website www.simsl.com.

Yours faithfully,

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