



April 2016

To the Members

Dear Sirs,

Iran Trading – increased limit of fall-back cover

Members are referred to Circulars [L.272](#) dated February 2016 and [L.273](#) dated March 2016.

As previously notified, the International Group has bought “fall-back” cover for the 2016/17 policy year, which is designed to respond to reinsurance recovery shortfalls that would result from the inability of US-domiciled reinsurers on the Group GXL and Hydra reinsurance programmes to make payments due to the continuing application of US primary sanctions.

The Group has now been able to obtain a higher limit of cover (€100million) compared to that which was available initially (€70million) and further secured underwriters’ agreement to a second full reinstatement of cover. All other features of the cover remain unchanged.

The Group remains of the view that the limitations of the fall-back cover, whilst mitigated to an extent by the increase in limit and the additional reinstatement, mean that it does not provide a long term solution to Members’ needs. The Group therefore continues to engage with the US administration to find a solution to the ramifications for P&I insurance of continuing application of US primary sanctions, and a further report will be made in due course.

All clubs in the International Group have issued a similar Circular.

Yours faithfully,

**STEAMSHIP MUTUAL UNDERWRITING
ASSOCIATION LIMITED**

L.274

STEAMSHIP MUTUAL UNDERWRITING ASSOCIATION LIMITED

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MANAGERS: STEAMSHIP P&I MANAGEMENT LLP

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(Registered in England and Wales – Registration Number OC376859. FCA registration number 597046)
AQUATICAL HOUSE 39 BELL LANE LONDON E1 7LU
Tel: +44 20 7247 5490 Website: www.steamshipmutual.com