



EAGLE OCEAN MARINE

CIRCULAR

MARCH 28, 2016

TO ALL INSUREDS AND BROKERS

Dear Colleagues:

THE UNITED STATES IMPOSES ADDITIONAL SANCTIONS WITH RESPECT TO NORTH KOREA

On March 16, 2016, President Obama issued an Executive Order imposing additional economic sanctions on North Korea. They implement, in part, the most recent UN-mandated sanctions against North Korea, and generally ratchet-up embargoes on the North Korean regime.

The additional sanctions:

1. Block the property and all interests in property of the Government of North Korea (GONK) or the Worker's Party of North Korea (WPNK). This means that US persons are prohibited from engaging in all economic activities and transactions with or involving the GONK or the WPNK. Unless authorized by the US Treasury Department, this prohibits all business with, or involving, the GONK or the WPNK. The term "Government of North Korea" means the Government of the Democratic People's Republic of Korea and its agencies, instrumentalities, and controlled entities.
2. Provide for the designation of additional North Korean and other entities as sanctions targets or blocked entities (SDNs), which entities include but are not limited to:
 - a. North Korean entities in the transportation, mining, energy and financial services sector;
 - b. Persons or entities that have sold, supplied, transferred, or purchased, directly or indirectly, to or from North Korea or any person acting for or on behalf of the GONK or the WPNK metal, graphite, coal, or software, where any revenue or goods received may benefit the GONK or the WPNK, including North Korea's nuclear or ballistic missile programs;
 - c. Persons or entities that have engaged in, facilitated, or been responsible for the exportation of workers from North Korea, including exportation to generate revenue for the GONK or the WPNK; and

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- d. Persons or entities that have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, any person whose property and interests in property are blocked by the Additional Sanctions.

3. Prohibit:

- a. the exportation or reexportation, direct or indirect, from the United States, or by a United States person, wherever located, of any goods, services, or technology to North Korea;
- b. new investment in North Korea by a United States person, wherever located;
- c. any approval, financing, facilitation, or guarantee by a United States person, wherever located, of a transaction by a foreign person where the transaction by that foreign person would be prohibited by the additional sanctions if performed by a United States person or within the United States;
- d. the entry into the United States of blocked North Korean citizens.

As to their impact on the availability of Eagle Ocean Marine cover for vessels trading with North Korea, the additional sanctions prohibit Eagle Ocean Marine, and by extension, the American Club (a US person located in the United States) from providing insurance cover to vessels trading with North Korea. However, the Treasury Department may authorize Eagle Ocean Marine and the American Club to provide cover with respect to trade with North Korea as long as the underlying trade is not prohibited by US, UN or other sanctions in regard to North Korea.

The impact of the additional sanctions on the Eagle Ocean Marine Insureds

US Persons: Insureds who are US persons must comply with all the requirements and prohibitions of the Additional Sanctions.

Non-US Persons: Insureds who are not US persons are not bound by the provisions of the Additional Sanctions that apply only to US persons. However, non-US person Insureds may implicate prohibitions applicable to US persons to the extent their transactions and activities involve North Korea as well as a US person.

Furthermore, Insureds must bear in mind that non-US persons, irrespective of their nationality or domicile, may be designated as North Korean sanctions targets if they engage in the various activities outlined in paragraph 2. above. If this were to happen, the designated entity would appear on the U.S. (OFAC) SDN list and be precluded from conducting any business with the United States or with US persons, including the American Club. As a practical matter, this would also greatly hamper their ability to deal with non-US persons.

It should be noted that the additional sanctions described above supplement existing US economic sanctions against North Korea. These sanctions were the subject of Eagle Ocean Marine Circular of March 7, 2016 to which further reference should be made in this regard.

Questions and further guidance

For any questions regarding any aspect of the foregoing and other sanctions in general, Insureds are asked to contact Charles J. Cuccia, Senior Vice President – Compliance, ph +1 212 847 4539, mob +1 917 215 2883, or by e-mail at charles.cuccia@american-club.com.

Yours faithfully,



Joseph E.M. Hughes, Chairman & CEO
Eagle Ocean Agencies, Inc.

Eagle Ocean Marine is an American Club fixed premium facility offering gold standard International Group club service, underpinned by the impeccable security of reinsurance at Lloyd's.

