

CIRCULAR REF: 2016/010

**CIRCULATED TO ALL MEMBERS, BROKERS AND DIRECTORS
ATTENTION INSURANCE DEPT**

**14 APRIL 2016
MCH/PO**

IRAN TRADING - INCREASED LIMIT OF FALL-BACK COVER

Members are referred to our Circulars dated [22 February 2016](#) and [21 March 2016](#).

As previously notified, the International Group has bought “fall-back” cover, 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, for the 2016/17 policy year.

The Group has now been able to obtain a higher limit of cover (€100 million) compared to that which was available initially (€70 million) 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 because of the limitations of fall-back cover, whilst mitigated to an extent by the increase in limit and the additional reinstatement, it does not provide a long term solution to Members’ needs. The Group therefore continues to engage with the US administration and a further report will be made in due course.

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

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CIRCULAR

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