

ENFORCEMENT INFORMATION FOR August 6, 2015

Information concerning the civil penalties process is discussed in OFAC regulations governing the various sanctions programs and in 31 C.F.R. part 501. On November 9, 2009, OFAC published as Appendix A to part 501 Economic Sanctions Enforcement Guidelines. See 74 Fed. Reg. 57,593 (Nov. 9, 2009). The Economic Sanctions Enforcement Guidelines, as well as recent final civil penalties and enforcement information, can be found on OFAC's Web site at <http://www.treasury.gov/ofac/enforcement>.

ENTITIES – 31 C.F.R. 501.805(d)(1)(i)

Navigators Insurance Company Settles Potential Liability for Apparent Violations of Multiple Sanctions Programs: Navigators Insurance Company (“Navigators”), an insurance company headquartered in New York that specializes in marine insurance and related lines of business, professional liability insurance, and commercial umbrella and primary and excess casualty businesses, has agreed to remit \$271,815 to settle its potential civil liability for 48 apparent violations of: the Foreign Assets Control Regulations, 31 C.F.R. part 500 (the FACR); Executive Order 13466 of June 26, 2008, “Continuing Certain Restrictions With Respect to North Korea and North Korean Nationals” (“E.O. 13466”); the North Korea Sanctions Regulations, 31 C.F.R. part 510 (the NKSR); the Iranian Transactions and Sanctions Regulations, 31 C.F.R. part 560 (the ITSR); the Sudanese Sanctions Regulations, 31 C.F.R. part 538 (the SSR); and the Cuban Assets Control Regulations, 31 C.F.R. part 515 (the CACR). The Office of Foreign Assets Control (OFAC) has determined that Navigators voluntarily self-disclosed the apparent violations to OFAC, and that the apparent violations constitute a non-egregious case.

Between May 8, 2008 and April 1, 2011, Navigators and its London, U.K. branch (“Navigators U.K.”) issued global protection and indemnity (“P&I”) insurance policies that provided coverage to North Korean-flagged vessels and covered incidents that occurred in or involved Iran, Sudan, or Cuba—some of which led to the payment of claims. Navigators did not have a formal OFAC compliance program in place at the time it engaged in these apparent violations, and personnel within Navigators U.K. misinterpreted the applicability of OFAC sanctions regulations.

Between May 8, 2008 and February 18, 2011, Navigators provided insurance coverage to North Korean-flagged vessels under 24 P&I insurance policies and collected \$1,142,237 in premium payments in relation to these policies.¹ In addition, between February 23, 2009 and October 11, 2010, Navigators paid seven claims totaling \$12,236 in relation to these policies. The base penalty amount for this set of apparent violations was \$577,237. Between March 16, 2009 and May 11, 2010, Navigators provided insurance coverage and processed 11 claims payments totaling \$72,962 that involved Iran. The base penalty amount for this set of apparent violations was \$36,481. Between April 28, 2009 and February 17, 2010, Navigators provided insurance coverage and processed five claims payments totaling \$260,912 that involved Sudan. The base penalty amount for this set of apparent violations was \$130,456. On April 1, 2011, Navigators made a claim payment in the amount of \$21,736 in which a Cuban national had an interest. The

¹ On May 8, 2006, OFAC amended the FACR to prohibit U.S. persons from owning, leasing, operating, or insuring any vessel flagged by North Korea. These prohibitions were continued by E.O. 13466 of June 26, 2008.

base penalty amount for this apparent violation was \$10,868. The total base penalty amount for the 48 apparent violations was \$755,042.

The settlement amount reflects OFAC's consideration of the following facts and circumstances, pursuant to the General Factors under OFAC's Economic Sanctions Enforcement Guidelines, 31 C.F.R. part 501, app. A. The following were considered aggravating factors: Navigators managers and supervisors knew or had reason to know that the majority of the insurance policies and claims payments at issue involved OFAC-sanctioned countries; Navigators is a commercially sophisticated financial institution; and Navigators did not have a formal OFAC compliance program in place at the time the apparent violations occurred. The following were considered mitigating factors: Navigators has not received a penalty notice or Finding of Violation from OFAC in the five years preceding the earliest date of the apparent violations; Navigators took appropriate remedial action in response to the apparent violations, including the formation and implementation of a comprehensive OFAC compliance program; and Navigators cooperated with OFAC's investigation by providing all information in a responsive, well-organized fashion, and by signing a tolling agreement and two extensions to that agreement.

For more information regarding OFAC regulations, please visit: <http://www.treasury.gov/ofac>.