ENFORCEMENT INFORMATION FOR June 26, 2017

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 website at** http://www.treasury.gov/ofac/enforcement**.**

ENTITIES – 31 C.F.R. 501.805(d)(1)(i)

American International Group, Inc. Settles Potential Liability for Apparent Violations of Multiple Sanctions Programs: American International Group, Inc. (AIG) of New York, NY, an international insurance and financial services organization incorporated in Delaware and headquartered in New York, has agreed to remit $148,698 to settle its potential civil liability for 555 apparent violations of the following OFAC sanctions programs: the Iranian Transactions and Sanctions Regulations, 31 C.F.R. Part 560 (ITSR); the Weapons of Mass Destruction Proliferators Sanctions Regulations, 31 C.F.R. Part 544 (WMDPSR); the Sudanese Sanctions Regulations, 31 C.F.R. Part 538 (SSR); and the Cuban Assets Control Regulations, 31 C.F.R. Part 515 (CACR), (collectively, the "Apparent Violations").

OFAC has determined that AIG did voluntarily self-disclose the Apparent Violations, and that the Apparent Violations constitute a non-egregious case. The total base penalty amount for the apparent violations was $198,266.

From on or about November 20, 2007, to on or about September 3, 2012, AIG engaged in a total of 555 transactions totaling approximately $396,530 in premiums and claims for the insurance of maritime shipments of various goods and materials destined for, or that transited through, Iran, Sudan, or Cuba, and/or that involved a blocked person. While most of the Apparent Violations occurred under global insurance policies, dozens of apparent violations occurred under single shipment policies. OFAC identified 455 apparent violations totaling $274,463.64 in which AIG extended insurance coverage to parties that were engaging in a voyage, shipment, or transshipment to, from, or through Iran, and/or accepted premium payments or paid claims arising from that insurance coverage, in apparent violation of § 560.204 of ITSR. In addition, OFAC identified 38 apparent violations of § 538.205 of the SSR, all of which pertained to global insurance policies that provided insurance coverage for shipments going to or from Sudan, with premiums received totaling $13,321.44. Moreover, OFAC identified 33 apparent violations of § 544.201 of the WMDPSR, all of which involved shipments aboard blocked Islamic Republic of Iran Shipping Lines vessels, with premiums received totaling $105,065.94. Finally, OFAC identified 29 apparent violations of § 515.201 of the CACR, all of which pertained to AIG's provision of insurance coverage in connection with shipments to or from Cuba, or its processing of premiums or claims arising from this coverage or that involved a Cuban entity, with premiums received totaling $3,679.

AIG's OFAC compliance program in place at the time of the Apparent Violations included recommendations for when to use exclusion clauses in the policies it issued regarding coverage or claims that implicated U.S. economic sanctions. While a majority of the policies were issued with

exclusionary clauses, most were too narrow in their scope and application to be effective. In addition, some of the policies were issued without such clauses. Separately, some insureds, mindful of existing exclusionary clauses in their open cargo or worldwide master policies, sought single shipment policies that had no exclusionary clauses.

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: AIG engaged in a pattern or practice that spanned multiple years in which it issued and maintained insurance policies and processed claims and premium payments in apparent violation of multiple U.S. sanctions programs; AIG issued policies and insurance certificates, and/or processed claims and other insurance-related transactions, that conferred economic benefit to sanctioned countries or persons and undermined the policy objectives of several U.S. economic sanctions programs; and AIG is a large and commercially sophisticated financial institution.

The following were considered mitigating factors: AIG has not received a penalty notice or Finding of Violation from OFAC in the five years preceding the earliest date of the transactions giving rise to the Apparent Violations; AIG had an OFAC compliance program in place at the time of the Apparent Violations that included, in most instances, the use of sanctions exclusion clauses to try to prevent the company from issuing policies or processing claims that implicated U.S. economic sanctions; AIG took remedial action in response to the apparent violations; and AIG cooperated with OFAC's investigation, including by voluntarily self-disclosing the Apparent Violations, submitting detailed and well-organized information to OFAC, and signing tolling agreements that tolled the statute of limitations.

This enforcement action highlights the important role that properly executed exclusionary clauses and robust compliance controls play in the global insurance industry's efforts to comply with U.S. economic sanctions programs. As outlined in OFAC's Frequently Asked Questions regarding Compliance for the Insurance Industry, the best and most reliable approach for insuring global risks without violating U.S. sanctions law is to insert in global insurance policies an explicit exclusion for risks that would violate U.S. sanctions laws.

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