



Insurance (Ministerial Order 3.2010 of 15 July 2010).

Ministerial Order number 3/2010, dated 15 July, for the approval of the Implementing Regulation of Decree 56/2007, regulating insurance services in the Hydrocarbon Sector in the Republic of Equatorial Guinea

WHEREAS

Decree 56/2007, regulating insurance services in the Hydrocarbon sector of the Republic of Equatorial Guinea, provides for the approval of a Regulation;

The referred norm, according its provisions, is an integral part of the Law 8/2006, 3 November, about hydrocarbons in the Republic of Equatorial Guinea;

The aforementioned Decree 56/2007 grants GEPetrol, the exclusive collection and management of financial resources invested by petroleum companies, providing said companies with adequate insurance cover, with the purpose of providing them with coverage in case of an event that would negatively affect their assets arising from risks in petroleum operations, in agreement with the Minister of Mines, Industry and Energy.

Giving the above, an awareness of the enormous responsibility that comes with this challenge is recommended, and in order for risk management to be achieved efficiently and with absolute transparency, the Government sees fit to adopt a regulation, which follows the development policy of the hydrocarbons sector, outlined by the Government itself, whose technical implementation and execution concern the Petroleum Company of the Republic of Equatorial Guinea.

By virtue of and pursuant to Article 2 of Decree 56/2007, after deliberation of the executive Council of this Ministry held on 14 July 2010

I DECREE

Article 1. Definitions – For the proposal of this regulation, unless otherwise understood from the content, the words and expressions used but not defined in this part, shall have the same meaning as those defined in Law 8/2006 about hydrocarbons of Equatorial Guinea. Other expressions and words not defined in said law shall have the meaning that is described below, with the understanding that the definitions used in singular shall equally apply to the plural, and vice versa, as follows:

I. - Risk management and Administration activities. They refer to all activities related to the identification, valuation, analysis, transfer and the finance of, personal as well as proprietary,, insurable interest concerning Petrol risks, including its assets, as well as all risks that are exposed in petroleum operations.

II.- Decree – For the purpose of this Order, it refers to Decree 56/2007, regulating the insurance services in the sector of hydrocarbons in the Republic of Equatorial Guinea.

III.- Management and Administration of Risks: They refer, including but not limited to those elements that the Insurer uses in order to facilitate and guide the management and administration of risks such as: Laws, Contracts, Institutions and similar instruments.



IV.-Law- For the purpose of this Regulation, it refers to Law 8/2006 dated 3 November, concerning Hydrocarbons in the Republic of Equatorial Guinea.

V-Sector: It refers to the scope of Hydrocarbons in Equatorial Guinea.

Article 2.- Object

This regulation aims to determine rules to which the activity of providing insurance services in the sector of hydrocarbons in Equatorial Guinea shall be subject, whose management and Administration is entrusted to GEPetrol pursuant to Decree 56/2007.

Article 3.- Control of Management and administration of risk and insurance activities

The control of all management and administration of risk and insurance activities shall be run, exclusively by the Campaña Nacional de Petróleos de Guinea Ecuatorial, as determined in Article 1 of Decree 56/2007. For this and for efficiency, dynamism and specialisation reasons, GEPetrol has created the subsidiary GEPetrol Seguros, to which its powers, rights and obligations under the Decree shall be transferred.

Article 4.- Extension of Authority and Control

The controller of all activities of Risk and Insurance Management and Administration determined in the preceding article, is empowered to carry out or undertake the following activities:

- a).- Identification and elaboration, coordination with companies that operate in the hydrocarbons sector in Equatorial Guinea, with statistics that reflect the probability of casualty occurring, accidental loss, and/or personal as well as proprietary damage of any kind, such as a corresponding economic and environmental impact.
- b).- Define the guidelines that shall govern the handling of information relative to the control of risks; in order to guarantee an efficient management of the business database.
- c).- Supervision and control of the process of defining, negotiating and achieving support, in both the national and international market, with the objective of transferring risk.
- d).- Approval, instructions, rules, procedures, operations, contract terms, policy specifications; establishing the maximum and minimum exemptions and deductibles, such as basic cover for certain risks, and approval of insurable assets.
- e).- Modification of the plans and procedures of risk management, as is considered relevant.

Article 5.- Risk and Insurance Management and Administration Instrument

I.- GEPetrol shall have the sole and exclusive power to establish, incorporate and capitalise the instruments of petroleum risk management in accordance with the legislation in force.

II.- With the aim of providing special interest to the local content, risk management shall include but not be limited to the following activities:

- a).- Service of Engineering Risks



- b).- Identification of risks, their valuation and analysis
- c).- Negotiation of Insurance and Reinsurance
- d).- Activities in relation and/or in addition to Insurance
- e). –Management of Pension Funds
- f).- Control of losses and programs of risk prevention
- g).- Management of funds destined to the restoration, disintegration and abandonment of petroleum production equipment , processing plants, offices and other structures.
- h).- Estimates of additional and/or associated risks, such as estimates of financial services
- i).- Estimates of work-related risks.

Article 6. Insurance and Reinsurance

- a).- For practical and specialisation reasons, GEPetrol transfers its powers under Decree 56/2007 to its subsidiary GEPETROL SEGUROS, which shall be responsible for anything concerning the capitalisation and management of financial resources invested by insurance companies. In this regard, it shall be responsible for 100% of the insurance policies involving petroleum risks underwritten by the companies. Where required, GEPetrol Seguros shall be able to underwrite agreements with International Financial Entities specialising in Reinsurance.
- b).- All the terms and conditions of Insurance and Reinsurance shall be determined in the policies to be underwritten by the companies.
- c).- Each insurance company or group of insurance companies shall be responsible for the underwriting of policies in accordance with this regulation.
- d).- The insurance policy shall be prepared in two languages, Spanish and English.

Article 7.- Recuperation of Costs

All Insurance costs submitted by the companies in the corresponding employment and budget programs, which are not compliant with the provisions of this Regulation, shall not be considered as cost of petroleum operations; and therefore, they shall not be recoverable nor deducted from taxes due to the Government.

For the purposes of what is set out in the preceding paragraph, GEPETROL SEGUROS shall submit a report to the Ministry of Mines, Industry and Energy with the updated information about insurance expenses declared by the companies, and verified by GEPETROL SEGUROS.

Article 8.- Existing Contracts

For the implementation and execution of the provisions of this Regulation, GEPetrol shall provide the necessary assistance in collaboration with petroleum companies in order for the Insurance and Reinsurance policies to be subscribed by said companies prior to the entry into force of Decree 56/2007, to adapt themselves to what has been provided for in the Decree as well in this Regulation. The aforementioned shall not prejudice the provisions in the Laws and Regulations in force in the Republic of Equatorial Guinea.



Article 9.- Conflict resolution

All disputes arising from the interpretation and/or application of this Regulation shall be resolved before a Commission formed by the persons in charge of insurance in the concerned company and by the Managers of GEPetrol SEGUROS.

Notwithstanding the above, GEPETROL SEGUROS shall organize seminars to provide all companies operating in the hydrocarbons sector in Equatorial Guinea with the strategy designed for the provision of insurance services.

Article 10.- Best Practice in the Petroleum industry

For the monitoring of responsibilities deriving from the insurance purpose of this Regulation, the principles and customs generally accepted in the international petroleum Industry shall be applied.

ADDITIONAL PROVISION

First.- This regulation forms an integral part of Decree 56/2007, and therefore, all companies operating in the hydrocarbons sector in Equatorial Guinea are subject to it, the latter which might be amended on a periodical basis for actualisation purpose.

Second.- The General Direction of Hydrocarbons of the Ministry of Mines, Industry and Energy is empowered to decide how many norms are required for the proper implementation of this Regulation, as well as how many measures are required to this effect.

REPEAL PROVISION

Provisions of equal or lower standing contradictory to what has been determined in this regulation shall be repealed.

Final Provision

This regulation shall enter into force from its publication in the national media and/or in the Official Journal of the Government.

So I order by this Ministerial Order, done in Malabo on the 15th day of July in the year two thousand and ten.

FOR A BETTER GUINEA

Marcelina OWONO-EDU
Minister of Mines , Industry and Energy