



BEIRUT LAW FIRM

**Specialized in Business and Corporate Laws
With Emphases on the Insurance industry**



Offshore Insurance

BEIRUT LAW FIRM

CONTENT AND SCOPE OF DISCUSSIONS

01

LB Insurance Law

02

LB Petroleum Laws
& Regulations
(OPRL, PAR
& EPR)

03

ACAL Argument

04

Assessment

05

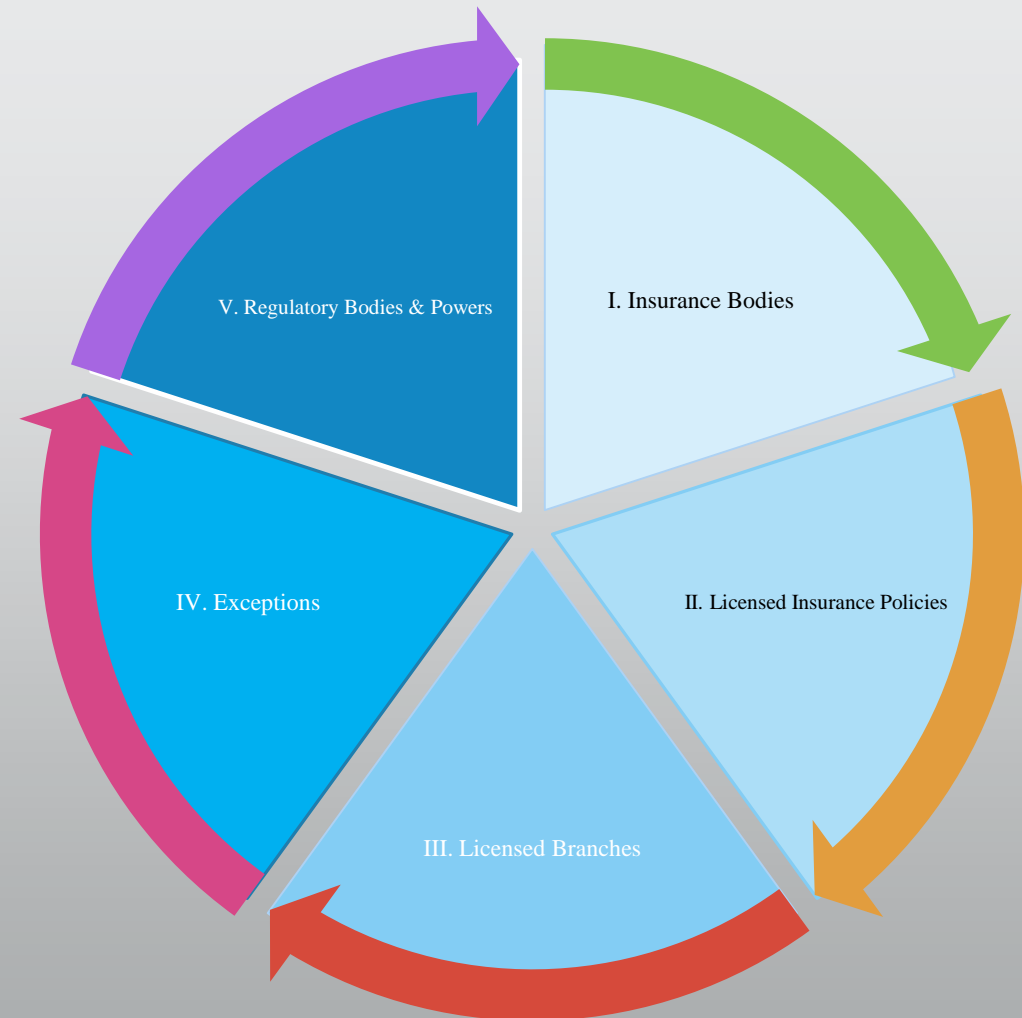
Solutions
& Recommendations



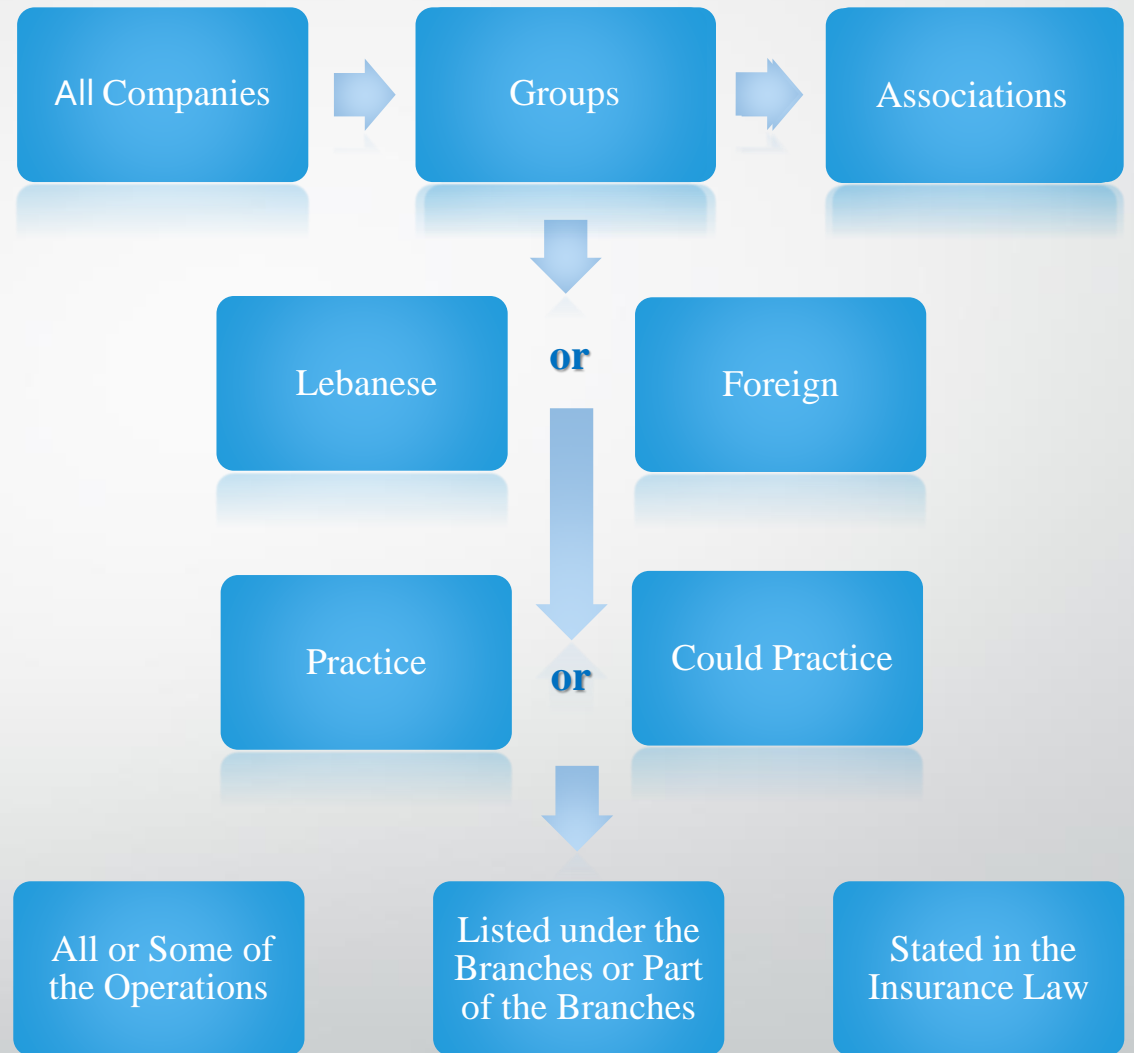
01. Rules & Regulations

Lebanese Insurance Law Decree No.: 9812 / 04.05.1968

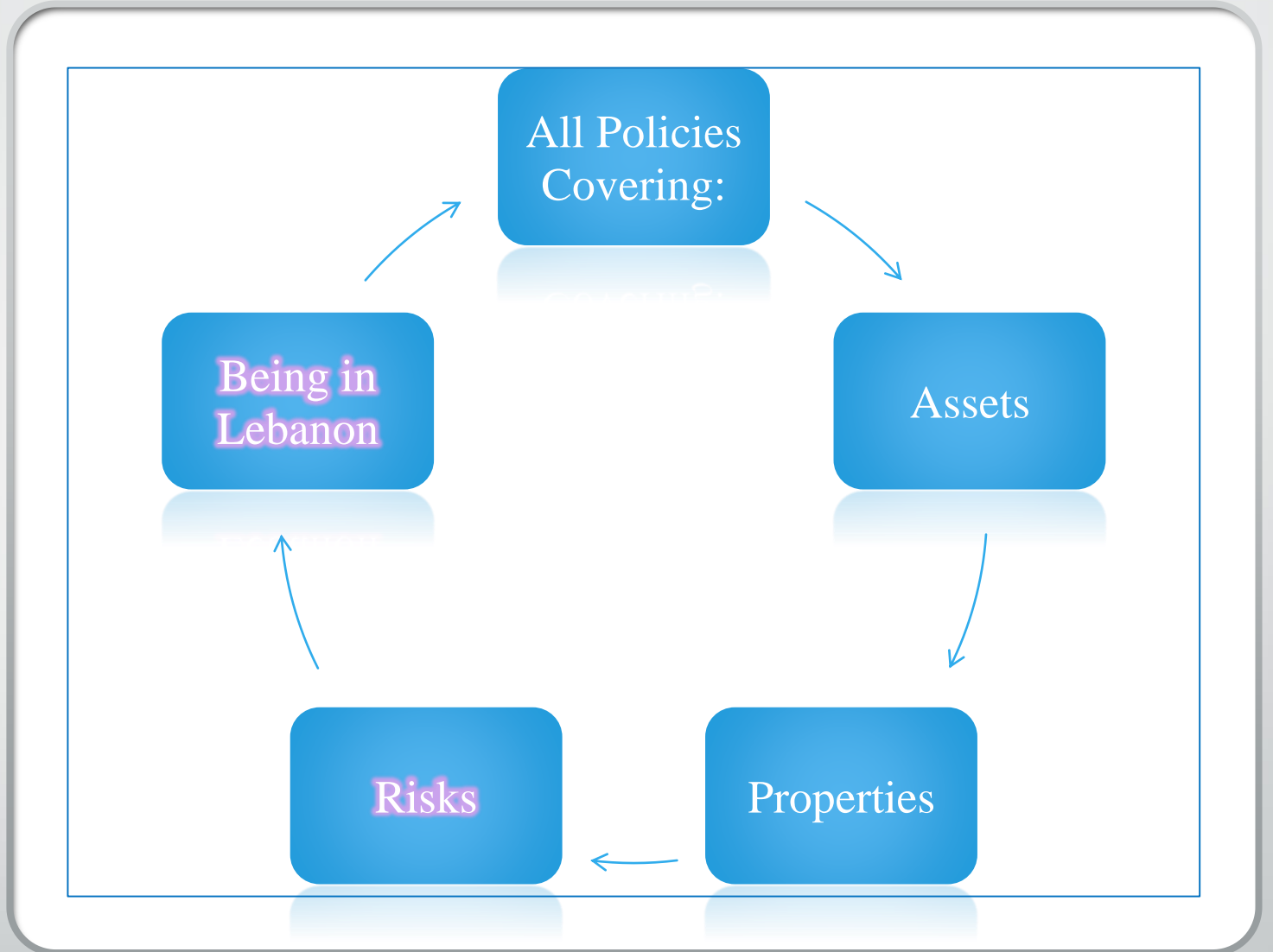
Comprehensiveness of the **Lebanese** Insurance Law



I- “Licensed” Insurance Bodies



II- “Licensed” Insurance Policies



III- Insurance Branches

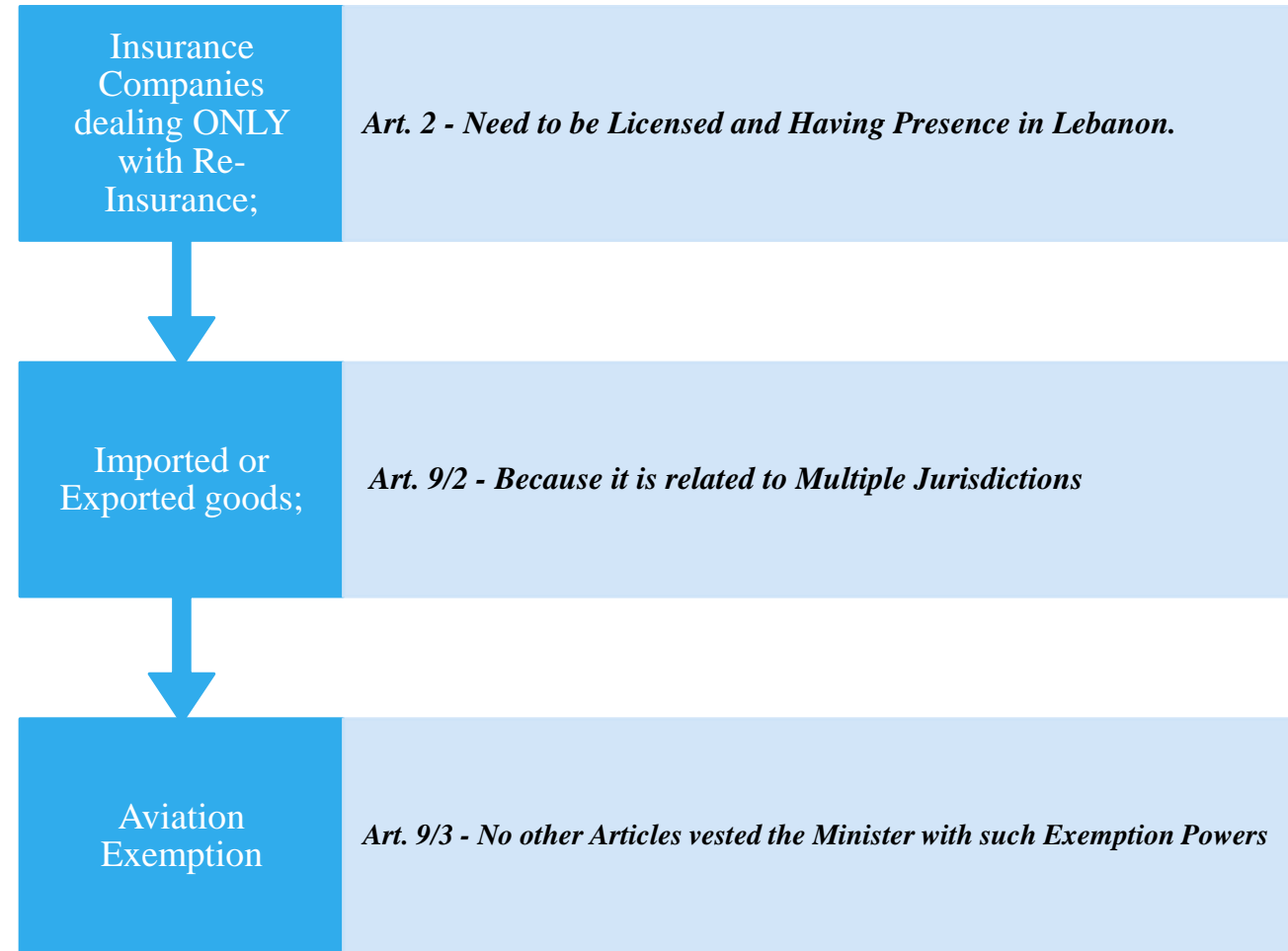
For Insurance & Re-Insurance Companies



Covering the Following Risks

- i. Life**
- ii. Fire, Natural Causes and Disasters**
- iii. Transportation by Land, Sea & Air**
- iv. Civil Responsibility:**
 - a) Accidents**
 - b) Civil Liability**
 - c) Vehicles**
 - d) Labor & Workers Compensation**
 - e) Personal Accidents**
 - f) Medical Care & Hospitalization**
 - g) Burglary and Misuse**
 - h) Malpractice**
 - i) Any Other Risk that has not been Explicitly Stated in this law!**

IV- Exceptions



V-Regulatory

Bodies & Powers



A. Authorities & Powers

Council of Ministers

➤ As from time to time suggested by the Minister, Deliberate on the Objection of Non-Licensing

Minister of Economy

➤ Extra-Ordinary Powers

National Council of Insurance

➤ Consultancy Body with Specific extra Powers

Control Commission on Insurance Bodies

➤ Regulatory & Monitoring Commission

Actuaries & Auditors

➤ Monitoring, Reporting & Performing

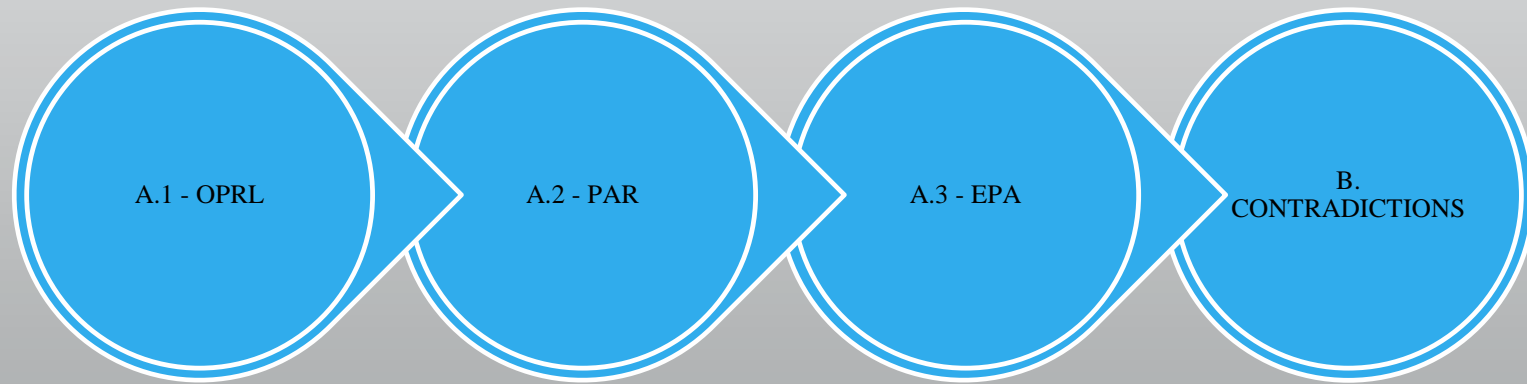
Lebanese Competent Courts & ADR Centers

➤ All Disputed Insurance Policies have to be Resolved in Lebanon

B. Processes & Procedures

- i.** Licensing (Grant, Suspend and Withdraw)
- ii.** Capital Determination (For the Lebanese and the Foreign)
- iii.** Pledged Guarantees (Cash & Fixed Assets)
- iv.** Insurance Policies (Issuance & Amendments or Cancellation)
- v.** Follow-up & Monitoring (Control Commission, Actuary & Audit)
- vi.** Accountability and Sanctions (Imprisonment & Fines)

02- Insurance Provisions in the Petroleum Laws & Regulations



Offshore Petroleum Laws & Regulations

A.1 - Interpretation of Art. 67 & 73 of the OPRL

A.2 - Interpretation of the Art. 128 & 158 of the PAR

A.3 - Interpretation of Sec. 30 & 31 of the EPA

B. Contradictions & Conflict of Powers



A.1 - Offshore Petroleum Resources Law

- **Art. 73 OPRL**
 - **Sec. One:**
 - Insurance Obligations
 - Qualified Insurance Companies
 - Scope of Risks & Damages to be covered
 - **Sec. Two:**
 - Sub-contractors (**Labor**)

A.2 - Petroleum Activities Regulations for Lebanon

(At. 158 of the PAR)



- The Right Holder shall contract¹, maintain² and renew³ all adequate insurance (*Branches/ Policies!!*):
 - In accordance with the OPRL;
 - **Other applicable Lebanese laws (INSURANCE LAW)**; and
 - **Such other insurance as the Minister may impose.**
- In the event insurance is procured from a jurisdiction other than the Republic of Lebanon:
 - Applicable Laws & Regulations of such other jurisdiction shall be applied;
 - **But without infringing the Lebanese regulatory requirements.**
- Other Insurance **options (Policy)**, **required** at the Right Holder's discretion, could be provided, following the Minister's approval, through one or more of the following **options**:
 1. By a **Self-owned** or **controlled** Captive Insurance;
 - Policy Premiums & Coverage equivalent to the Int. Insurance Market (**CCOIC**);
 2. **Aggregate** Insurance (**Package**);
 - Premiums competitive with the Int. Markets Standards & Rates for such Policies.
 3. **Through the international insurance markets** at prevailing rates, provided that:
 - Through a **Fully-owned** Captive Company;
 - **Through tender calls** for **RE-INSURANCE** for Policies issued from ICs licensed in Lebanon.

A.3 - Exploration and Production Agreement for Petroleum Activities (Sec. 31 of the EPA – The Insurance)



- Obligation of the Right Holder:
 - Contract and Maintain All Required Insurance Policies:
 - Highest International Standards
 - **According to the Lebanese Applicable Law**
 - **In Case**, Policies are issued in a *State* with a Jurisdiction other than Lebanese, → ***according to the Applicable law of such Jurisdiction.***

B - Contradictions

B.1 (OPRL)

- Does NOT oppose the LB Insurance Law;
- It did NOT state the Captive Insurance

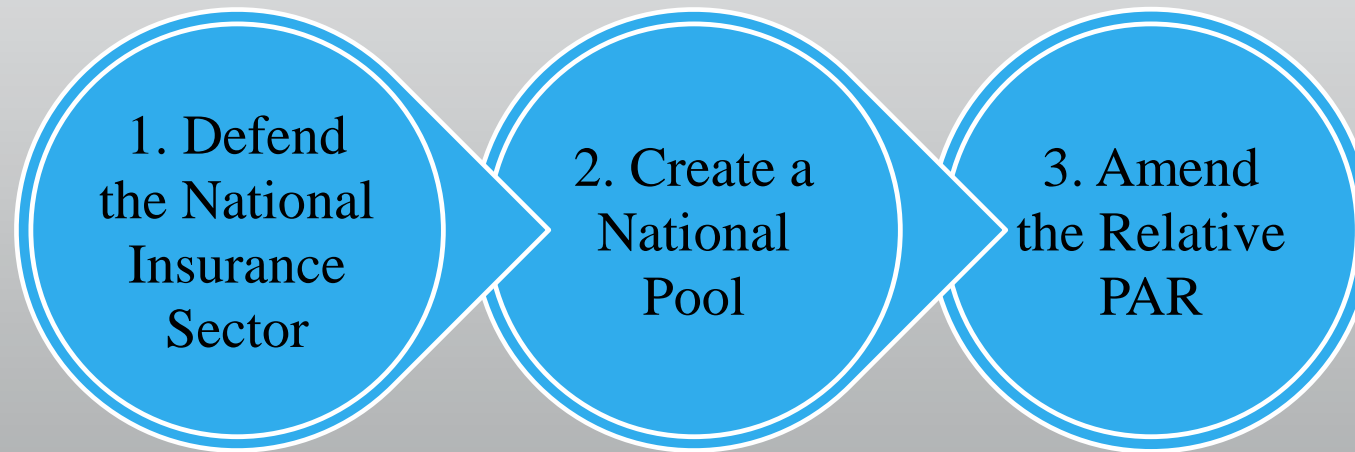
B.2 (PAR)

- The First 3 Sections were Peremptory and did NOT contradict with the LB Insurance Law;
- the 4th Section, was a bit like granting the RHO Optional choices for Alternatives!

B.3 (EPA)

- Was General;
- Did NOT contradict with the LB Insurance Law

03- ACAL Argument



04. Assessment

The OPRL does NOT Oppose the LB Insurance Law

- At the Contrary, it Calls for its implementation!

The PAR Does not Totally contradict with the LB Insurance Law

- But, it grants more Options than what the OPRL has granted, or what the Ins. Law allows!

The EPA is a Pact that should not, in any way, contradict with any Law

- The Provision of Section 31, remained in its Generalities!

The Argument of ACAL based on Art. 45 of the Ins. Law is not accurate

- Art. 45 addresses the Mandatory Policies related to the Body Injuries caused by Car Accidents!

The Incompetency of Lebanese Capitals is NOT a successful Dispute

- Great Capitals are NOT required when Re-Insurance Coverage exists!

05. Solutions & Recommendations

Implement the Insurance Law with everything related to Insurance

- Especially for the Regulatory and for Control!

The Collaboration of the Petroleum Bodies and the Ministry of Economy

- Reliance on the Insurance Law in everything related to Petroleum Insurance and Depend on the Ministry of Economy for Licensing and Control!

Balance between the needs of the RHOs and the Lebanese Insurance Sector

- Find a way to Satisfy Both Sectors for the Interests of All!

Protect the Lebanese Insurance Industry

- Listen the Principals of the Industry and the Experts in the Field of Insurance!

Create Means of Collaboration between the RHOs and the LICs

- Ventures, Partnerships, Brokerage, Fronting and Re-Insurance, etc...

Find Short Term and Long Run Solutions (*For the Signed EPAs, EPAs for the 2nd Round and Definite Solution for the Long Run!*)

- Use the Powers of the Minister of Energy to recommend the Compliance with the LB Insurance Law, Amend the Insurance Law with New Regulations related to Petroleum Activities!