###### **APPROVED**

**General Director**

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**policy of RISK INSURANCE**

1. **Objective**

The objective of this document is to define Company policy with regard to insurance coverage.

2. **Policy**

 In accordance with \_\_\_\_\_\_\_\_\_\_\_ should obtain and maintain insurance policies as follows:

* + - 1. all-risks insurance covering all plant, buildings, equipment and goods of whatever nature (other than hydrocarbons prior to extraction) used or intended for use in connection with activities under the Agreement while in Kazakhstan or in transit therefrom or thereto;
			2. insurance covering loss of Petroleum and its by-products up to the point in time and location at which title and risk of loss has been transferred in full from \_\_\_\_ or \_\_\_\_ to a third party;
			3. insurance covering clean-up costs for damage to the natural environment, including pollution of the air and water and surface and subsurface soils and waters contained within, under or over the Contract Area and other areas used in connection with activities conducted under or pursuant to the Agreement;
			4. comprehensive general liability insurance covering property damage and bodily injury from all insurable risks arising from or with respect to the Contract Area and other areas used in connection with Petroleum Operations and Investor’s activities under the Agreement;
			5. control-of-well insurance covering control of well and re-drill costs following accidents to wells located in the Contract Area;
			6. health, life and accident insurance for employees and other individuals engaged by Investor in connection with activities under the Agreement; and
			7. such other insurance in respect of the Contract Area and the activities of Investor under the Agreement as would, in accordance with international good oil-field practice, be maintained by a reasonable and prudent Operator.

Potential insurers shall be selected by means of holding tenders for comprehensive insurance against risks in petroleum industry.

3. **Insurance Coverage Chapters**

3.1 **Insurance of Property**: insurance coverage of risks of loss (perishing) or damage to property of the Assured.

 This type of insurance is mandatory under the terms of \_\_\_\_\_\_\_\_\_\_\_.

The object of insurance is proprietary interest of the Assured related to ownership, use and disposal of fixed and other assets which are owned or controlled by the Assured, against the risks of direct physical destruction of or physical damage to the assets.

Insured cases are qualified as loss (perishing) of or damage to property resulting from the following events:

fires, lighting strokes, explosions;

loss of well control during drilling, operation, workover, testing, or plugging-back of a well;

fall of manned aircrafts or debris thereof, or objects therefrom;

explosion of boilers, gas storages, gas pipelines, pressure vessels, and other similar equipment, as also explosion of explosive substances or gases, used for household and industrial purposes;

floods, washouts, earthquakes, hurricanes, windstorms, and rainstorms;

spontaneous occurrence of craters, springs, or sink-holes;

breakdown of systems for water supply, heating, sewerage, or automatic fire-fighting; ingress of water or other liquids to the territory of insurance or other premises;

burglary, brigandage, robbery;

intentional actions by third parties aimed at damage or destruction of the insured property;

vehicle run-over accidents.

Insured amount/limit: the amount recoverable shall be **the purchase (replacement) cost** **of property** before accrual of depreciation with consideration of customs clearance of the property into free circulation on the territory of the Republic of Kazakhstan.

Territory of insurance: Republic of Kazakhstan

3.2 **Insurance of Petroleum Operations**: insurance coverage of risks of loss (perishing) of or damage to property of Assured, and risks of unforeseen expenditures related to loss of well control during drilling, operation, workover, surveys, or plugging back of a well.

 This type of insurance is mandatory under the terms of \_\_\_\_\_\_\_\_\_\_.

The object of insurance under this Chapter is proprietary interest of the Assured, which emerges during Petroleum Operations within the period of insurance, related to the risk of unforeseen expenditures, which the Assured could incur because of loss (perishing) of or damage to property of the Assured, regaining control over insured wells, re-drill or restoration of insured wells, or any portion thereof, removal of debris, dismantling demolition, or reinforcement of the destroyed (damaged) property.

Insured cases shall be occurrence of costs and expenditures of the Assured incurred in connection with:

* regaining or attempts to regain control over an insured well, which got out of control;
* putting out or attempts of putting out of a fire on insured well, which fire occurred above land surface or seabed, fires on other wells resulting from fire, ignition, or loss of control over the insured well;
* putting out of other fires which threaten loss of control of or ignition on insured well;
* re-drill or restoration of insured wells or any section thereof, if damage or demolition of wells resulted because of loss of control, fire, ignition, or damage to drilling/workover equipment or drilling platforms by explosions below or above land surface or seabed, lightning strokes, collision with vehicles or aircrafts, storms or hurricanes, floods, fall of a drilling rig or crane mast, subsidence of a drilling unit or crane mast into a well mouth, earthquakes, or volcanic activity.

Insured amount/limit: **\_\_\_\_\_\_\_\_ (\_\_\_\_ Million) US Dollars** for each and any insured event. If the losses are in excess of US$2.0 Million, then the insured amount could be reinstated by means of additional payment of insurance premium to cover the difference of the outstanding insured amount.

Territory of insurance: Republic of Kazakhstan

3.3 **Insurance of Petroleum:** insurance coverage of risks of loss (perishing) or waste of Petroleum and its by-products of the Assured. The term “Petroleum” means collectively or individually, Crude Oil and Natural Gas, as well as those substances produced therewith or derived therefrom.

This type of insurance is mandatory under the terms of \_\_\_\_\_\_\_\_\_\_\_\_.

The object of insurance is the proprietary interest of the Assured related to ownership, use and disposal of hydrocarbons and its by-products, which are owned or controlled by the Company, from the risks of loss.

Insured amount/limit with regard to crude oil is calculated based on PLATT'S EUROPEAN MARKETSCAN publication as per the moment of occurrence of insured case, adjusted to take into account differences in quality, grade or gravity, transportation and any special terms and conditions relating to the sale of such crude oils.

Insured amount/limit with regard to natural gas and its by-products is calculated based on PLATT'S LPGASWIRE on terms PLATT'S FOB ARAB GULF for propane fraction as per the moment of occurrence of insured case, adjusted to take into account the terms and conditions of transportation.

Insured amount/limit: **\_\_\_\_\_\_\_\_\_\_\_ (\_\_\_\_\_ Million) US Dollars** for each and any insured event.

Territory of insurance: Republic of Kazakhstan

3.4 **Comprehensive General Liability Insurance:** insurance coverage of general liability of the Assured for damage to life, health, and proprietary interests of third parties (both legal entities and individuals), and to the environment, resulting from accidental pollution of natural environment.

This type of insurance is mandatory under the terms of \_\_\_\_\_\_\_\_\_\_\_\_\_\_.

The object of insurance is the proprietary interest of the Assured related to his obligation to compensate for the damage to life, health and property of third parties (both legal entities and individuals), harm to environment, as well as clean-up costs for damage to the natural environment, including pollution of the air and water and surface and subsurface soils and waters.

Insured amount/limit: **\_\_\_\_\_\_\_\_\_\_\_\_\_ (\_\_\_\_\_ Million)** **US Dollars** for each and any insured event. If the losses are in excess of US$\_\_ Million, then the insured amount could be reinstated by means of additional payment of insurance premium to cover the difference of the outstanding insured amount.

Territory of insurance: Republic of Kazakhstan

3.5 **Comprehensive Automobile Liability Insurance**: insurance coverage of general liability of the Assured for damage to life, health, and proprietary interests of third parties during operation of vehicles resulting from a motor vehicle accident due to the fault of the Assured.

This type of insurance is mandatory under the terms of \_\_\_\_\_\_\_\_\_\_\_.

The object of insurance is the proprietary interest of the Assured related to his obligation to compensate the damage caused by vehicles of the Assured to life, health and property of third parties, as well as to drivers and passengers in case of occurrence of an insured case within the period of insurance.

Insured case shall be damage caused by vehicles of the Assured to life, health or property of third parties, as well as to drivers and passengers resulting from a motor vehicle accident due to the fault of the Assured, as a result of which the Assured becomes liable for compensation of the caused damage.

Insured cases shall also include damage caused by objects falling off a moving vehicle (parts of the vehicle or the freight transported).

Insured amount/limit: **\_\_\_\_\_\_ (\_\_\_\_\_thousand) US Dollars** for each and any insured event.

Territory of insurance: Republic of Kazakhstan

3.6 **Vehicle Insurance**

The object of insurance is the proprietary interest of the Assured related to ownership, use, and disposal of vehicles.

This type of insurance is mandatory under the terms of \_\_\_\_\_\_\_\_\_\_\_.

Insured case shall be loss (perishing) or damage to Property resulting from stealage thereof or a motor-vehicle accident: collision with other vehicles, run-over (knock in) moving or stationary objects (installations, obstructions, animals, people, etc.), or vehicle rolling over during exploitation.

Insured amount/limit: the amount recoverable shall be **the purchase (replacement) cost** of vehicles before accrual of depreciation with consideration of customs clearance of the property into free circulation on the territory of the Republic of Kazakhstan.

Territory of insurance: Republic of Kazakhstan

3.7 **Insurance of Employees against Industrial Accidents**

Insurance coverage of liability of the Assured for damage to life and health of employees related to fulfilment of their duties within or outside the company premises, as well as during travel to/from places of work on vehicles, provided by the company.

This type of insurance is mandatory under the terms of \_\_\_\_\_\_\_\_\_\_\_.

The object of insurance is the proprietary interest of the Assured related to his civil liability, arising from damage to life or health of employee as a result of an accident or occupational disease related to fulfilment of duties by employees.

This insurance covers also the liability of the Assured for damage to health of an employee if the industrial accident occurred within the period of insurance, while the damage to health revealed itself after expiration of insurance contract.

Insured case shall be emergence of employer liability arising from damage to life or health of employee as a result of an accident or occupational disease related to fulfilment of duties resulting in:

* continuous loss of labour capacity without registration of disablement;
* disablement and/or;
* death of an employee.

Insured amount/limit: the ceiling scope of liability per each employee shall be limited to **\_\_\_\_\_\_\_\_\_\_\_ (\_\_\_\_\_ million) US Dollars**.

Territory of insurance: territory of the company or other place of work during working hours; on business trips, as well as during fulfilment of instructions of the Assured; on the way to/from places of work on vehicles provided by the Assured; during working hours on public transport or on foot if implementation of duties is associated with travel; during working hours on personal vehicles subject to approval of the Assured for use of such vehicles for travelling on business matters.