MANGOSAT COMPLIANCE STATEMENT AND PROPOSED EQUIVALENT COVERAGE FRAMEWORK

PROBLEM DESCRIPTION & SOLUTION*: Field Service Providers such as Mangosat operating in Middle East, Africa and Central Asia face a layered compliance challenge when it comes to insurance requirements flowed down from US prime contracts.*

Mangosat is fully committed to upholding the spirit and intent of any insurance provisions and to ensuring personnel performing Mangosat Field Services are adequately protected throughout their engagements. However, we must inform (this document) our US Clients and Customers of several structural and market realities impacting literal compliance with clauses as outlined in typical service level agreements (SLA).

Mangosat proposes an equivalent risk-allocation framework to achieve the same protective objective.

Background

Standard US insurance policies like general liability, workers' compensation, auto and professional liability often have territorial restrictions that exclude or limit coverage outside the US. Furthermore, many (developing world) jurisdictions require locally admitted insurance - meaning policies must be issued by an insurer licensed in that country. This creates a gap: subcontractors including *Mangosat* might be contractually obligated under the prime contract to maintain specific US-based coverages with defined limits, additional insured endorsements, and waivers of subrogation. However, they're also legally required by the host country to carry local policies for workers' compensation, motor liability, and sometimes general liability.

Additional complications arise from the Defence Base Act (DBA) for work on US government contracts overseas. This mandates specialised workers' compensation coverage for employees including local nationals and third-country nationals. Compliance with country-specific insurance regulations can also be challenging as some may prohibit non-admitted insurers. Furthermore, foreign exchange controls impact premium payments and claims settlements while varying definitions of "additional insured" status may not be recognised under local law.

Mangosat also frequently struggles to produce certificates of insurance that satisfy both the US prime's flowdown requirements and the host nation's regulatory authorities, and they may face penalties, contract default, or denied claims if either set of obligations is not properly addressed.

PART I – WORKERS' COMPENSATION, EMPLOYER'S LIABILITY, AND MARITIME COVERAGE

If Mangosat Field Services under the SLA are to be conducted in Africa, the Middle East and Central Asia, it will primarily involve independent subcontractors from each region rather than employing Mangosat personnel directly. This engagement model, coupled with the vastly different insurance markets across jurisdictions, raises several key issues.

1. Engagement model and Workers' Compensation.

As Workers' Compensation (WC) and Employer's Liability (EL) obligations arise out of an employer-employee relationship, the obligation to provide such coverage at the statutory level rests in the first instance with each independent subcontractor in respect of its own personnel.

Mangosat's approach is therefore to (i) flow the insurance requirements down to each subcontractor to the extent available in their respective markets, (ii) verify their coverage as part of Mangosat's subcontractor qualification process, and (iii) maintain contingent Employer's Liability coverage at Mangosat's level to respond in the event of any misclassification claim or coverage gap.

2. Country-specific market realities.

Placing Workers' Compensation (WC), Employer's Liability (EL), and Maritime coverage across Africa, the Middle East, and Central Asia ("AME-CA") in compliance with US prime-contract requirements is structurally difficult.

US contracts assume a body of statutory law (state WC, USL&H, Jones Act, Defense Base Act) and a developed insurance market that simply do not exist as a single product in most AME-CA jurisdictions.

The practical solution is almost always a two-tier placement: a locally admitted policy that's compulsory and a non-admitted Difference-In-Conditions / Difference-In-Limits (DIC/DIL) wrap issued from London, the US, Dubai or Bermuda.

Needless to say, this can be expensive and often the costs aren't related to recoverable benefits, the actual service delivered or its associated field service charges.

Maritime coverages - The maritime provisions of the clause raise a separate issue. The U.S. Longshore and Harbor Workers' Compensation Act, the Jones Act, and the Death on the High Seas Act are United States federal statutes whose application is limited, by their own terms, to U.S. navigable waters, U.S.-flagged vessels, and U.S. maritime employees.

They have no extraterritorial application to work performed in e.g. African or ME waters, and no insurer underwrites these specific statutory coverages for non-U.S. exposures because the underlying liability does not arise.

To the extent Mangosat Services involve watercraft or work over water, Mangosat proposes the standard international substitute: Protection and Indemnity (P&I) Insurance. This should be placed through an International Group P&I Club or equivalent covering crew liabilities third-party liabilities and "in rem" claims. The terms should broadly equate to those required under the Marine General Liability and Charterer's Liability clauses.

3. Mangosat faces challenges in meeting typical US contractual requirements.

US prime contracts and master service agreements (MSA) — particularly in oil & gas, defence, marine construction, telecom and satellite ground stations, NGO, and federal work — typically demand a stack of coverages and endorsements that no single AME-CA market can issue natively.

The recurring pain points are:

a) Coverage forms that do not exist locally:

- Statutory WC to US state benefits, USL&H, Jones Act, and Defense Base Act (DBA) are creatures of US federal and state law. Only US-domiciled carriers, or Lloyd's syndicates writing through US paper, can issue them.
- Maritime Employers Liability (MEL), P&I (International Group), Hull, and Charterer's Liability rely on specialty London, Bermuda, Singapore, and Oslo markets — not on AME-CA local capacity.
- Foreign Voluntary Workers Compensation (FVWC), with endemic-disease, repatriation, 24-hour, and war/terrorism extensions, comes from a small panel of US, Bermuda, and London carriers.

b) Limits and endorsements:

- Required EL towers ($1M / $1M / $1M as a floor, $5M–$25M for oil majors) far exceed the EL caps that local statutory schemes typically offer.
- Standard US endorsements — waiver of subrogation, additional insured, primary and non-contributory, severability of interests, 30-day notice of cancellation — are not freely issued by many local admitted markets, and language must often be negotiated case-by-case.
- US contracts commonly require A.M. Best A- VII or better. Most local admitted markets fall below that threshold or are unrated, which forces the real risk transfer onto the DIC/DIL master policy.

c) Regulatory and market friction:

- Many jurisdictions prohibit non-admitted insurance outright (Algeria, Angola, Nigeria), require compulsory cessions to state or regional reinsurers (Africa Re, local nationals), or operate "cash before cover" rules that delay binding.
- Premium taxes, withholding taxes, and FX repatriation controls (most acute in Egypt, Nigeria, Lebanon, Uzbekistan, Turkmenistan) raise the all-in cost and complicate claims payment in USD.
- Claims handling cultures differ. Loss adjusters trained to US standards are scarce outside the GCC and South Africa, and medical-evacuation pathways for serious injuries assume infrastructure that may not be present.
- Sanctions — OFAC, UK, EU — close out Iran, Syria, North Korea-adjacent dealings, and have substantially closed Russia and Belarus since 2022. Even London markets generally decline absent a specific licence.
- Sociopolitical risk drives unpredictable war, terrorism, and political-violence pricing, and triggers exclusion clauses (e.g., LMA 5390, sanctions limitation and exclusion clauses) that can disable the policy at the moment it is needed.

As an internationally operating company, Mangosat faces daily principal frictions that fragment our business regions into (1) functioning, (2) fragmented and sometimes (3) effectively impossible markets. Consequently, regions where Mangosat provides services split into three tiers based on whether placement to US-contractual standard is achievable, achievable with friction, or effectively closed:

1. **Functioning Markets**: Local admitted paper is available, English-language wordings are achievable, A-rated capacity exists, claims handling is broadly aligned to international practice, and DIC/DIL wraps are generally accepted. Examples include: GCC states, Israel, South Africa and to a certain extend Egypt, Morocco, Kenya, Mauritius, Botswana, Namibia and Kazakhstan.
2. **Fragmented Markets:** Local capacity exists but is (very) thin, ratings are weak, wordings diverge from US norms, and mandatory cessions or local-content rules complicate DIC structuring. Achievable, but slower, (much) more expensive, and more dependent on specialist brokers. Examples include: Nigeria, Ghana, Ivory Coast, Senegal, Tanzania, Uganda, Ethiopia, Angola, Mozambique, DRC, Cameroon, Gabon, Algeria, Tunisia, Jordan, Pakistan, Azerbaijan, Uzbekistan, Turkmenistan, Tajikistan, Kyrgyzstan.
3. **Effectively Impossible Markets:** Either prohibited by sanctions or no functioning insurance sector exists. DBA may still be achievable from the US side for federal contractors in some of these locations, but at punishing rates and with heavy war/terrorism exclusions. Examples include: Iran, Syria, (Lebanon), (Iraq), Afghanistan, Yemen, Sudan, South Sudan, Somalia, Eritrea, Libya

***Importan Note**: In functioning markets, premium broadly tracks risk and benefits are recoverable. In fragmented and conflict-adjacent markets, the ratio of premium to recoverable benefit becomes adverse — sometimes severely.*

Part II – Liability Limits, Endorsements, Carrier Rating, and Certificate Requirements

In addition to the Workers' Compensation, Employer's Liability, and maritime coverage issues, the broader insurance provisions of clause raise a number of further structural and market difficulties when applied to work performed in Africa, Middle East and Central Asia.

Each point is addressed below in the same spirit of identifying achievable alternatives rather than seeking general relief.

1. Liability limits (USD 1,000,000 / USD 2,000,000 combined single limit).

The required limits — USD 1,000,000 CSL for auto liability, or USD 2,000,000 CSL for combined General Liability and Auto — are well above market-standard limits in the jurisdictions of performance where motor third-party policies are typically written at limits one to two orders of magnitude below the U.S. standard, and excess-layer capacity is limited and expensive.

In effectively impossible markets, commercial motor and general liability capacity is essentially unavailable on commercially reasonable terms. Where higher limits are required, they must be placed through international markets which is feasible but adds materially to cost and lead time, and is generally arranged on a project-specific basis rather than as standing cover.

Mangosat can place coverage at the required limits where the international market will accept the risk, but asks that the requirement be acknowledged as project-specific and that reasonable cost recovery be available where the insured limit substantially exceeds local market norms.

2. Additional Insured endorsements.

The "additional insured by endorsement" concept is a U.S. and common-law insurance market construct. It is recognized in the London and South African markets but is not a standard feature of policies issued in the AME-CA market. Where placement is made through international markets, additional insured endorsements naming all parties involved can generally be obtained, although the requirement that such cover provide "the same coverage to the additional insureds – as the primary insured's coverage provides" is broader than what most international markets will agree to and typically requires bespoke wording.

Mangosat will use commercially reasonable efforts to obtain additional insured status for Client and parties on policies placed through international markets, but cannot warrant an exact "same-coverage" outcome on every line.

3. Waiver of Subrogation.

Like additional-insured status, blanket waiver of subrogation in favor of our Client, and an open list of affiliated parties is a U.S. market convention. It is obtainable in international markets but is generally not a standard feature of AME-CA-zone policies.

Mangosat will procure waiver of subrogation endorsements on internationally placed policies; on locally placed policies (where required by statute or by the nature of the cover, waiver of subrogation may not be available as a matter of policy form or local regulation.

4. Primary and Non-Contributory.

The "primary and non-contributory" standard is similarly a U.S. construct and is not a default feature of policies in the markets of performance.

Mangosat can obtain primary-and-non-contributory wording on internationally placed coverage, subject to underwriter agreement and additional premium. On purely locally placed coverage, this wording is generally not available and the policy will respond on its own terms.

5. Notice of Cancellation (30 days / 10 days).

Notice-of-cancellation provisions vary significantly across the relevant markets. Many often do not contain U.S.-style cancellation-notice provisions at all.

Mangosat will procure 30-day cancellation notice (10 days for non-payment) on internationally placed policies where the underwriter will agree; on locally placed policies, the notice period will be whatever the policy form and local law provide. Mangosat commits to passing through to Client any cancellation or material change notice it receives, within a reasonable period of receipt.

6. Carrier rating (A.M. Best A-:V) – key issue.

This is the requirement most difficult to satisfy in the markets of performance, and Mangosat *asks for particular attention to it.*

A.M. Best is a U.S. rating agency. Most reputable insurers operating in the jurisdictions of performance — including well-capitalized, properly regulated, and statutorily required carriers — are not rated by A.M. Best. They may carry ratings from Global Credit Ratings (GCR, now part of Moody's), Fitch, or other regional agencies, or may not carry an international rating at all because they do not write U.S. business and have no commercial reason to incur the rating cost.

In many countries where Mangosat is providing field service, no active local insurer carries an A.M. Best rating at the required level.

Strict application of the A.M. Best A-:V requirement would effectively force the entirety of the insurance program offshore to international markets at significantly higher cost, and would in some cases preclude placement of locally compulsory coverages.

Mangosat proposes that the requirement be modified to read substantially as follows:

> *"All insurance required hereunder shall be provided by insurance carriers with an A.M. Best Rating of at least A-:V, or by carriers with an equivalent rating from another recognized international rating agency (including but not limited to S&P, Fitch, Moody's, or GCR), or, where such cover is not available from rated carriers in the jurisdiction of performance, by carriers approved in writing by Client, such approval not to be unreasonably withheld."*

This formulation preserves our Client underlying credit-risk objective while accommodating the realities of the markets of performance.

7. Certificates and Endorsements.

Certificates of insurance issued in the relevant markets do not follow the U.S. ACORD format and will not, as issued, contain references to the "Additional Insured, Waiver of Subrogation, Primary Insurance, Notice of Cancellation, and Carrier Rating" clauses by name.

Mangosat will procure certificates and endorsements that evidence the substantive coverage required, will provide copies of the actual policies on request, and will work with its brokers to produce summary documentation that maps each requirement to the corresponding policy provision in a format usable by Client's risk and insurance team. Mangosat asks that the Client accept this summary-mapping approach in lieu of strict ACORD-style certificate language, and that the ten-day delivery window for ad-hoc certificate requests be extended to thirty (30) days to accommodate the time required to obtain documentation from international and local insurers.

CONCLUSION and Proposed Path Forward

Taken as a whole, Mangosat's position is that it is willing and able to procure substantive insurance protection broadly equivalent to the protection contemplated by any Subcontract clauses, but that literal compliance with the U.S.-market conventions embedded in those clauses — limit levels, endorsement formats, rating standards, certificate language, and notice mechanics — is in some cases impossible and in others achievable only on a project-specific, international-placement basis at cost levels materially above local norms.

Mangosat respectfully requests that the insurance clauses of a typical US Service Level Agreement be modified, by side letter or by a country-specific schedule, to permit:

1) The independent-subcontractor engagement model, with flow-down obligations and contingent Employer's Liability cover at the level of Mangosat;
2) Substitution of locally compulsory coverages from local carriers regardless of A.M. Best rating, with international placement of higher-limit and broader-form coverages where commercially available and affordable;
3) substitution of P&I and Marine General Liability for the U.S. statutory maritime coverages in respect of any over-water or watercraft work in overseas countries.
4) Country specific provisions addressing the unavailability of conventional coverage and the substitution of personal accident and war / terrorism cover;
5) Substitution of equivalent endorsement and certificate language where U.S. forms (additional insured, waiver of subrogation, primary and non-contributory) are not available in local markets;
6) Modification of the carrier-rating requirement to accept equivalent international ratings or, failing that, written approval by the Client not to be unreasonably withheld;
7) Acceptance of certificates of insurance in the formats issued by the relevant insurers, with summary-mapping documentation prepared by Mangosat's broker; and
8) Reasonable cost-recovery treatment where requirements substantially exceed local market norms.

Mangosat is happy to share specimen policy wordings, broker letters, and standard subcontractor flow-down language, and to meet with Client's risk and insurance team to walk through the proposed framework country-by-country. Mangosat's objective is to satisfy the Client's underlying risk-allocation requirements while reflecting the realities of the markets in which the work will be performed.