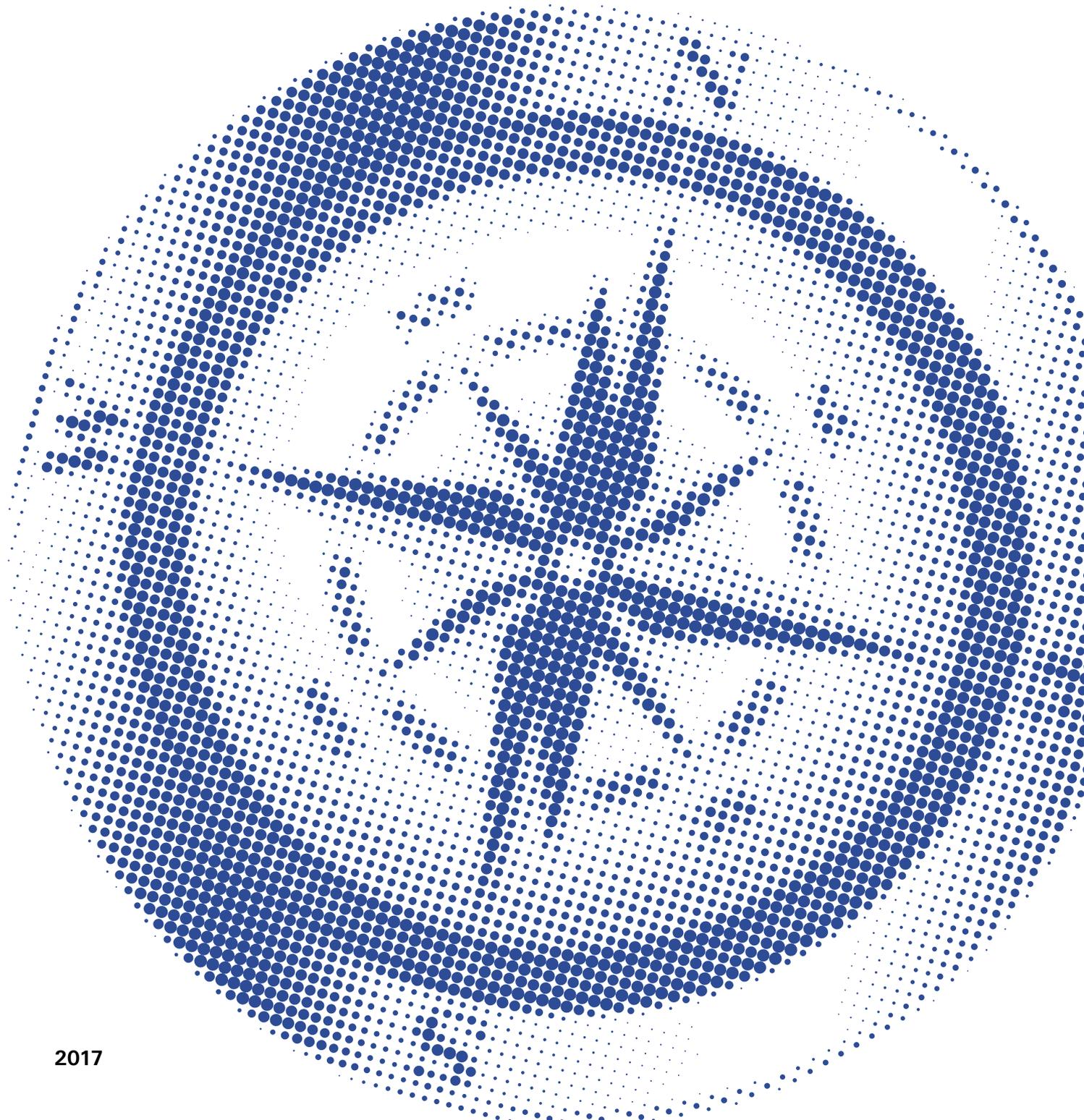




**Swiss Re**  
Corporate Solutions

Political Risk Insurance

# Insuring uncertain futures





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# Political Risk Insurance

Political Risk Insurance provides protection for investors and corporate clients from political risk perils as a result of a foreign governments' actions causing a financial loss to business operations and investments. At Swiss Re Corporate Solutions we are working together with our clients to provide worldwide political risk coverage to help manage and mitigate these risks.

## Swiss Re Corporate Solutions' offering

**Swiss Re Corporate Solutions can offer bespoke policies that can be tailored to cover a wide range of assets and businesses including:**

### **Insurable Interests**

- Equity investment in overseas joint ventures subsidiaries, concession projects
- Fixed mobile assets and equipment owned or leased abroad
- Import and export licenses
- Replacement cost or book value of property, inventory and contents
- Fees, profits and dividends
- Trade and operational licenses
- Bonds and guarantees
- Goods and service contracts

### **Target Clients**

- Multinational Companies
- Contractors
- Importers and Exporters
- Projects

**The purpose of political risk coverage is to protect clients from losses against perils such as:**

- Confiscation, expropriation, nationalization, deprivation
- Forced divesture and abandonment
- Non-repossession of assets
- Selective discrimination
- License cancellation/trade embargoes
- Political violence (including war and terrorism)
- Business interruption
- Contract frustration
- Wrongful calling of bonds
- Non-performance
- Sovereign payment default
- Arbitration award default
- Currency inconvertibility/non-transfer

## At Swiss Re Corporate Solutions

- We cover all standard PRI perils of Investment Insurance
- We provide meaningful capacity up to 75m per single risk
- We are flexible towards proportional and non-proportional cover structures
- We carry a very strong investment-grade issuer rating of S&P AA-
- We can cover tenors up to 10 years (risk quality dependent)
- We engage a team of highly experienced professionals from Underwriting, Claims and Contracts to ensure the best service for our clients from first contact through to payment of their claims
- We have an established global network of specialised PRI Loss Adjusters and Counsels to assist with the mitigation of any claims

# Risk Coverage Definitions

## **Confiscation, expropriation, nationalization and deprivation**

A government seizes an asset(s) which results in the loss of investment or selectively discriminates against the contract counterparty.

## **Currency inconvertibility or non-transfer**

The action (or inaction) of a government that prevents a company converting dividends, profits or proceeds from local currency into foreign currency or transferring funds outside of the foreign country.

## **Political violence**

A violent act undertaken with the primary intent of achieving a politically objective in the form of war, civil war, revolution, Coup d'Etat, insurrection, rebellion, hostile act, civil commotion, riot, strike, terrorism or sabotage or wilful destruction by a government entity which result in physical damage to property.

## **Contract frustration**

- Sovereign payment default  
The failure or refusal of a foreign government of a sovereign state to pay its contractual obligation.
- Non-performance  
The failure of a government to honor a contract or refusal to pay an arbitral award.

## Additional Coverage Definitions

### **Forced abandonment or forced divestiture**

The complete abandonment of a foreign investment for 180 consecutive days as a result of political violence, permanent divestiture of all (or part of) the insured investment or at the direct request of a host government or the application of governmental law, order or decree.

### **Arbitration award defaults**

Protects the insured from non-payment of an arbitral award by the host country government.

### **Selective discrimination**

The imposition of any law, order, decree, regulation or import/export restriction by the foreign government, applied selectively against foreign entities but not applied against locally owned entities with similar interest and standing (if any), which is beyond the control of the insured and/or co-insured.

### **Import/export or operating license cancellations/trade embargoes**

The cancellation of a valid import/export or operating license by the host government can force a company to terminate operations. Government imposed trade embargoes can prohibit trade with certain countries.

### **Non-repossession of assets**

The action or inaction of the foreign country government which results in the failure to repossess or deregister mobile assets or equipment from the foreign country in accordance with the relevant transaction agreements.

### **Wrongful calling of bonds**

This coverage offers protection against losses caused by the unfair calling of bonds or guarantee:

- By a government sector obligor
- Due to actions by either a foreign government or contractors' government
- Due to the outbreak of war or other political violence
- Non-honoring of an arbitration award
- Seizure of investments or assets

### **Business interruption**

Loss of projected net profits resulting from an act of expropriation or political violence.

## Multinational Companies

Swiss Re Corporate Solutions provides coverage for multinational companies against losses to overseas assets and investments as a result of unforeseen political risk events. The aim of Political Risk Insurance is to allow our clients to manage and mitigate the risk of transacting business in foreign countries by protecting their investments against such political risk events – in doing so we aim to help companies realize the full potential of their foreign investments.

### Specific Multinational Company Risks

- Multinational companies with overseas investments in subsidiaries, joint ventures or concession projects face the risk of government interference as well as change to government policy, which pose considerable risk to such investments.
- The transfer of dividends as well as company profit and internal fees often requires prior approval by the local country's central bank which may prove problematic if the local economic situation changes.
- Discriminatory political actions on a company's business can lead to increased costs, forced shut downs, fines and penalties which ultimately results in a loss of profitability and potential liquidity damages.

### Risk coverage

- Confiscation, expropriation, nationalization and deprivation
  - Forced abandonment or forced divestiture
  - Non-repossession of assets
  - Selective discrimination
  - Import/export or operating license cancellations/trade embargoes
- Currency inconvertibility or non-transfer
- Political violence
- Contract frustration
  - Sovereign payment default
  - Non-performance
  - Arbitration award defaults
  - Wrongful calling of bonds
- Business interruption

### Insurable interests

- Equity investment in overseas joint ventures subsidiaries, concession projects
- Mobile assets and equipment owned or leased abroad
- Replacement cost or book value of property, inventory and contents
- Fees, profits and dividends
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## Contractors

Contractors operating in foreign countries can find their engineering and construction assets affected by political risk events. Swiss Re Corporate Solutions looks to provide coverage to protect contractors against various political perils that could significantly impact production and profitability such as loss to plant and equipment and wrongful calling of bonds.

### Specific Contractor Risks

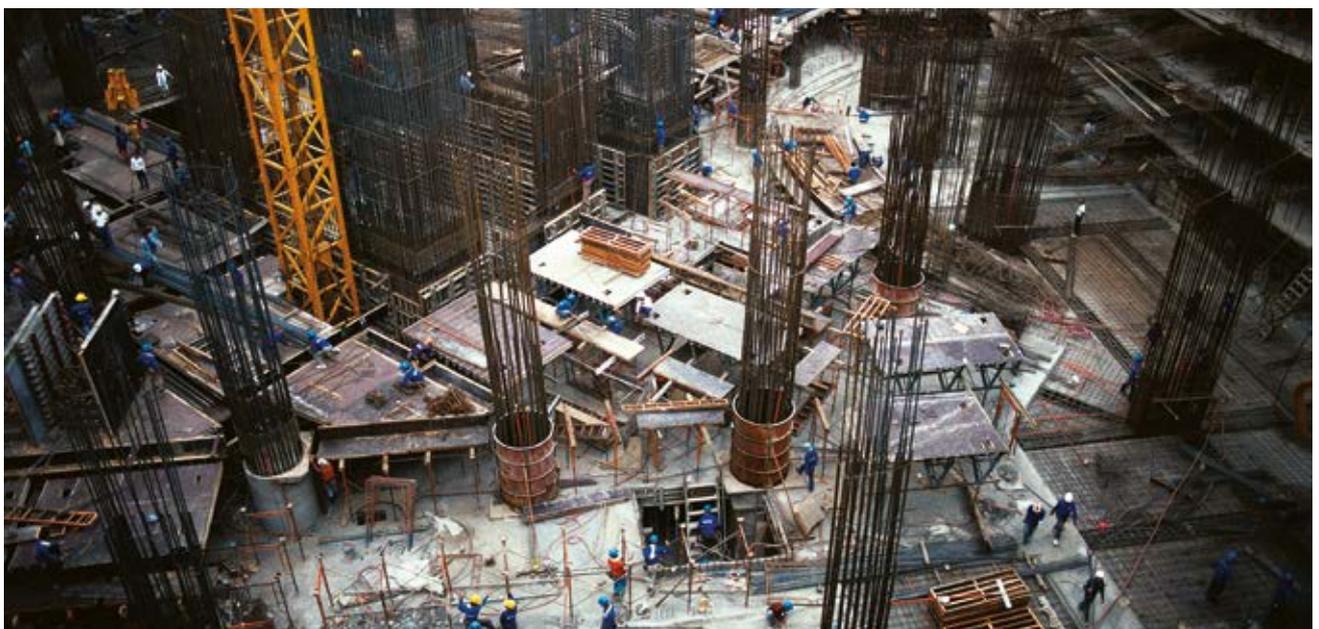
- Overseas contractors have significant financial exposures due to specialized mobile assets and equipment on site. These assets may be subject to confiscation or forced divestiture by the local government.
- Equipment and mobile assets may be deprived or forced to be left behind as a result of a country evacuation, forced abandonment due to political violence or the continued refusal by the host government, to allow investors or contractors access to equipment.
- The wrongful calling of on-demand bid or contract bonds and guarantees by a government sector for unfair political reasons can prove damaging to contractors and companies trying to establish themselves in new foreign markets.

### Risk coverage

- Confiscation, expropriation, nationalization and deprivation
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### Insurable interests

- Mobile assets and equipment owned or leased abroad
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## Importers and Exporters

Political risk can disrupt international trade by way of license cancellation, trade embargoes or government actions/inactions that impede the completion of contracts. Swiss Re Corporate Solutions has the capabilities to offer structured political risk solutions that can protect against these principal risks to importers and exporters.

### Specific Importers and Exporters Risks

- Companies conducting business with foreign clients and governments can encounter a number of potential risks including non-payment or contract cancellation by public counterparties due to government intervention as well as non-payment due to exchange transfers and currency inconvertibility problems.
- The implementation of import/export embargoes or license cancellation by foreign governments can have detrimental effects on revenue, contract obligations and client relationships.
- A company's political risk exposure for contract frustration and non-payment increases if the local government is the counterparty in the transaction.

### Risk coverage

- Confiscation, expropriation, nationalization and deprivation
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## Projects

The demand for political risk insurance for multinational companies that engage in long term projects in emerging markets or high risk areas has significantly increased. Whether the project involves oil, gas, infrastructure or telecommunication, Swiss Re Corporate Solutions is a committed partner to its clients that utilizes its political risk insight and underwriting capabilities to provide tailored solutions to support the successful completion of such projects.

### Specific Project Risks

- Protecting a project owners' stake in a special purpose vehicle from contract frustration risks can help mitigate potential investment exposure and reassure creditors commitments.
- Government confiscation of developing or established project assets as well as license cancellation pose a substantial risk to long term project viability.
- Local communities or factions that are concerned by external entities extracting natural resources or projects that pose a perceived impact to the local environmental can provoke political violence towards such projects.

### Risk coverage

- Confiscation, expropriation, nationalization and deprivation
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## Key contacts

We engage a team of expert professionals from Underwriting, Claims and Contracts to ensure the best service for our clients from first contact through to payment of their claims.

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Swiss Re Corporate Solutions offers innovative, high-quality insurance capacity to mid-sized and large multinational corporations across the globe. Our offerings range from standard risk transfer covers and multi-line programmes, to highly customised solutions tailored to the needs of our clients. Swiss Re Corporate Solutions serves customers from over 50 offices worldwide and is backed by the financial strength of the Swiss Re Group. For more information about Swiss Re Corporate Solutions, please visit [corporatesolutions.swissre.com](http://corporatesolutions.swissre.com) or follow us on Twitter @SwissRe\_CS.

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