Stable, Enduring Protection for Overseas Interests

When political upheaval threatens your client’s operations or assets, you need a strong partner.
From economists, to attorneys, to claims negotiators, AIG puts at your disposal local expertise needed to mitigate political risk-related losses the world over.

In a Volatile World, We Put Stability and Experience on your Side

Our political risk insurance helps investors, financial institutions, and corporate clients protect overseas investments against unpredictable losses from a wide range of political perils. While others step in and out of the market, you can count on us to stay, year after year, tailoring the protection clients need. Whether it is a foreign government’s action or inaction, a political uprising or currency inconvertibility, if it threatens a client’s overseas property, income or assets, we can address it.

We offer non-cancelable policy terms, up to 15 years (and up to 25 years for certain projects), with limits up to $150 million.

AIG has a proven record of providing political risk insurance, consistently, for nearly four decades. We are there when and where clients need us — with a long-established global network that today spans more than 100 countries, AIG has been operating in nearly 70 percent of our markets for more than 25 years. We were the first private insurer to be part of the Berne Union, and the first U.S.-based carrier licensed to operate in key developing markets, from China, to Indonesia, to India. You can have the utmost confidence that we have the local knowledge to help clients resolve problems before they escalate — and the in-country resources and relationships to resolve claims expeditiously when they erupt.
Coverage at a Glance
We structure coverage for an extensive range of overseas exposures including:
• equity investments
• physical assets
• cross-border loans
• contracts for goods and services
Policies are customized for the diverse political perils of today’s world, including:
• confiscation, expropriation, and nationalization
• currency inconvertibility/non-transfer
• political violence (includes terrorism and war)
• contract frustration from political events
• sovereign payment default
• wrongful calling of on-demand contract guarantees and bonds

Enduring Solutions
We offer non-cancelable policy terms, up to 15 years, with limits of up to $150 million available for a single risk. Limits can also be provided in Euro, Pound, or Yen. Higher limits may be provided through coinsurance or reinsurance arrangements.

We listen, understand our client’s issues — and tailor solutions to individual needs.
As companies shift their focus from cutting costs to competing globally, political risk insurance enables them to pursue overseas opportunities with confidence.

Focused on Customer Needs

We specialize in crafting insurance expressly for the political risks of:

• **Equity Investors.** Changes in government or government policy can place a multinational’s physical assets and investments at risk of expropriation or political violence. And if local economic priorities shift, a company with overseas investments can find it difficult to repatriate profits, intra-company fees or dividends.

• **Financial Institutions & Capital Markets.** While emerging market transactions can offer higher potential margins, they also present significant levels of country risk linked to trade finance, project, asset backed, and working capital loans as well as bank inter-branch lending.

• **Importers and Exporters.** Doing business with customers and governments overseas involves numerous potential risks, including the inability to convert and transfer currency. Moreover, the performance of private in-country counterparties can be impacted by unforeseen political perils, such as confiscation, political violence, or license cancellation.

• **Contractors.** The specialized mobile assets and equipment required on overseas project locations can present substantial, unique exposures. Local governments may seize a contractor’s assets; assets can be damaged by political violence; or equipment may be left behind if a contractor is forced to evacuate a country in turmoil. Contractors also face the risk of non-payment on contracts with foreign counterparties.

- [Equity Investors](#)
- [Importers and Exporters](#)
- [Financial Institutions](#)
- [Contractors](#)
The worldwide need for power, energy, and infrastructure project financing is immense, but at the same time fraught with a multitude of commercial and political risks. Numerous factors can delay or derail projects and send project loans spiraling into distress or default. As a project finance lender, you need to carefully manage your exposure and concentration to project risks. Our new comprehensive non-payment Project Finance Risk Insurance policy helps you manage this exposure and concentration to project risks by insuring project finance lenders against losses resulting from non-payment of project finance loans for any reason.

Enhancing Project Liquidity

Our Project Finance Risk Insurance affords coverage for defined losses arising from a borrower’s failure to honor its payment obligations under the project finance loans with senior secured lenders. By partnering with AIG, lenders have the ability to make a larger financing commitment to a project, or reduce their net exposure to meet their target final hold level. Coverage is available for new or existing project and Public Private Partnership (PPP) financings, and for both cross-border and domestic loans for projects in various sectors, including:

- Power
- Oil & Gas
- Renewable Energy
- Infrastructure
- Mining
- Transportation (road, port, and airport concessions)

Coverage is tailored for all types of project finance lenders, including banks, export credit agencies, multilateral agencies and other investors.

How it Flows

With coverage in place, the project finance lender remains the lender of record, continuing to manage the full amount of the loan commitment to the borrower, but shares part of the non-payment risk on the loan with AIG. In the event of a covered loss, AIG makes a payment on the claim from the insured lender in exchange for assignment of the loan and associated security for the amount of the covered loss.
Enduring Solutions

Our coverage gives project finance lenders the assurance of long-term stability, with limits up to $150 million per transaction and terms up to 25 years. The insured portion of a loan may equal but not exceed the amount of risk retained by the insured lender — so the interests of the lender and insurer are aligned.

In a Volatile World, Put our Stability and Experience on your Side

You can count on AIG to be there, year after year, tailoring the protection you need to take advantage of opportunities both at home and abroad. We are there when and where clients need us — with a long-established global network spanning more than 200 countries worldwide. So you can have the utmost confidence that you will have access to the local in-country knowledge, resources, and relationships you need to resolve problems before they escalate — and resolve claims expeditiously when they do erupt.

How Coverage Can Work For You

A multinational commercial bank wanted to participate as a lead arranger in financing a multi-billion dollar oil & gas project, but it was constrained by existing project exposure and risk management credit limits. AIG structured a Project Finance Risk Insurance solution that allowed the lender to reduce project exposure, while maintaining the attractive transaction structure it desired — and creating incremental capacity.

AIG has more than 90 years of experience protecting investors around the globe — and a proven track record, having paid more than $500 million in political risk claims worldwide.
Structured Credit offers commercial banks and corporations comprehensive non-payment insurance to help these institutions meet client needs and adapt to changing market demands. We understand a full range of corporate and trade financing structures to support our financial partners in providing innovative financing solutions. Our Structured Credit platform can help fill any gaps in AIG’s other product offerings for quality private and public sector borrowers with policy tenors up to 10 years and flexibility on geographies, industry, amortization profiles, use of proceeds, and collateral. Structured Credit has experience helping financial institutions gain regulatory capital relief using tailored credit insurance policies.

Typical Transaction Types
- Pre-Export & Pre-Payment Financing
- Non-trade Corporate Term Loans
- Revolving Credit Facilities
- Syndicated Loans
- Bullet or Balloon Repayments
- Bank Trade Loans
- Diversified Payment Rights Programs
- Receivables Purchase & Supply Chain Financing
- Secured Working Capital Facilities
- Inventory Financing
- Asset Based Lending
- Project or Infrastructure Financing
- Tolling Contracts
- Acquisition Financing
- Public Non-Sovereign or Sub-Sovereign Loans
- Leasing

Borrowers
- Public and Private Corporations
- Emerging Market and OECD Countries
- Diverse Industries and Sectors
- Commodity Producers
- Vertically Integrated Companies
- Manufacturers
- Service Companies
- Energy
- Telecommunications
- Transportation
- Infrastructure
- Trading Companies and Distributors
- Private or State Banks

Transactions NOT Insured
- Real Estate Lending
- Construction Companies
- Securitizations (ABS, CDO, CLO)
- Financial Guarantees
- Capital Market Conduits or Liquidity Facilities
- Residual Value

*Structured Credit has an industry leading maximum line of up to 10 years and $75MM for private obligors on trade and non-trade financing with market forward underwriting capabilities.
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When you extend loans or invest in overseas markets, you place your institution’s assets in the path of potential volatility. Unexpected developments — from government confiscation, to political uprisings, to currency inconvertibility — can spark sudden and substantial balance sheet losses. Political risk insurance from AIG can be custom-crafted to address your particular exposures — and give you a competitive advantage as you transact business in international markets.

**Customized for Your Lending**

Our coverage can be structured for your transactions, whether you are doing business with private, public, or state-owned enterprises. It can extend to your own loan or those you make on behalf of other banks, facilitating loan syndication or risk distribution among investors. With coverage in place, you can also potentially lower your reserve requirement, reducing the cost of lending.

**Doing business with private sector obligors? Coverage will respond to losses due to:**
- Confiscation, expropriation, and nationalization: government acts that interrupt scheduled loan payments or deprive you as a lender of fundamental creditor rights following a missed payment
- Currency inconvertibility or non-transfer: government controls that prevent the purchase or transfer of hard currency for loan repayment
- Political violence: politically motivated acts of violence, including terrorism, war, and civil war, that cause interruption to scheduled payments

**Doing business with public sector obligors and state-owned enterprises? Coverage will respond to losses due to:**
- Non-honoring of a promissory note or a sovereign guarantee: failure of a sovereign entity to honor payment obligations under a promissory note, bond, loan, or guarantee
- Non-honoring of a letter of credit: failure of a sovereign entity to honor payment obligations under a letter of credit

**Coverage can be tailored for numerous transactions, including:**
- Asset-based loans or securitizations
- Bond issues
- Hedge facilities
- Leases
- Letters of credit
- Limited recourse project finance loans
- Merger, acquisition or expansion loans
- Mortgages
- Parent/subsidiary or branch funding loans
- Refinancing
- Structured finance transactions
- Trade finance or working capital loans
- Vendor/buyer finance
Mitigating Your Political Risks

Financial Institutions and Capital Markets

Solutions Your Way

Our political risk insurance gives you the assurance of long-term stability with non-cancelable policy terms up to 15 years. Limits of up to $150 million are available per transaction, and can be provided in Euro, Pound or Yen. Coverage is available for 100 percent of private sector transactions and 95 percent of each public sector transaction.

AIG has more than 90 years of experience protecting institutions around the globe — and a proven track record, having paid more than half a billion in political risk claims worldwide.

In a Volatile World,
Put our Stability and Experience on Your Side

You can count on AIG to be there for your business, year after year, tailoring the protection you need to take advantage of opportunities both at home and abroad. We are there when and where clients need us — with a long-established global network spanning more than 200 countries worldwide. You can have the utmost confidence that you will have access to the local in-country knowledge, resources, and relationships you need to resolve problems before they escalate — and help resolve claims expeditiously when they do erupt.

Our dedicated political risk underwriters are at your service in New York, Chicago, Seattle, Toronto, London, Tokyo, and Singapore — ready to put our global network, relationships, and expertise to work for you.

How Coverage Can Work For You

When a U.S. based financial institution won the mandate to arrange a syndicated working capital facility for an overseas food processor, it saw a great opportunity — but also country limit constraints and costly provisioning requirements in its path. The institution needed financial support for itself and syndicate participants. AIG tailored a political risk insurance policy that provided sufficient risk transfer to make the risk acceptable to the institution’s lenders at a cost that was affordable to the borrower. And we can tailor a solution that works expressly for you too.
Mitigating Your Political Risks

Equity Investors

Whether you are investing in natural resources, new infrastructure, or manufacturing facilities overseas, you are placing your assets in the path of potential political perils. The risk is even greater when you have investments — from pipelines to warehouses — concentrated in a particular region. No one knows when or where the next uprising, overthrow, or economic crash will occur. While hindsight is 20/20, prudent investors have the foresight to secure political risk insurance from AIG to safeguard against unforeseen and potentially catastrophic political events.

Peace of Mind, Worldwide

Our coverage is structured to address the wide range of political risk exposures that go hand in hand with investment — anywhere in the world, including:

- Confiscation, expropriation, and nationalization: government acts against an enterprise that result in the loss of investment or assets
- Currency inconvertibility or non-transfer: government controls that prevent the purchase or transfer of hard currency for dividend payments, loan repayment, or remittances
- Political violence: politically motivated acts of violence, including terrorism, war, and civil war resulting in physical damage to property.

Specific Project Risks:

For multinational companies engaged in long-term projects, whether in infrastructure, mining, oil and gas, or telecommunications, we can provide project specific coverages such as:

- Non-honoring of an arbitration award: default of an arbitration award by a public sector counterparty in its capacity as a contractual partner of the insured; or, in the case of a private sector counterparty, action by the host country government that causes that counterparty to default on an arbitration award
- Non-honoring of a guarantee: failure of a sovereign entity to honor its hard-currency or local-currency payment obligations under a guarantee agreement issued in support of a project
- Inability to export due to operating license cancellation: cancellation of a currently valid export or operating license at the direction of the host government

Special Enhancements:

Special enhancements can further tailor coverage to your particular exposures, addressing:

- Forced abandonment or forced divestiture: complete abandonment of a foreign investment as a direct consequence of political violence; or permanent divestiture of all or part of an insured investment at the direction of the insured’s government
- Export or operating license cancellation: cancellation of a valid export or operating license by the host government
- Business interruption: loss of projected net profit resulting from an act of expropriation or political violence
Mitigating Your Political Risks

Equity Investors

Tailored to Fit

Coverage can be customized for numerous exposures, including:

- Equity in overseas subsidiaries or joint ventures
- Shareholder loans to overseas subsidiaries or joint ventures
- Intra-company fees and profit distribution
- Property, inventory, or equipment located abroad

Built to Last

Our political risk policy can indemnify you for up to $150 million per country, with terms of up to 15 years, covering up to 100 percent of the investment value.

How Coverage Can Work For You

The CFO of a U.S.-based electronic components manufacturer with 85 percent of its income derived from global operations realized his company had a lot to lose, should political upheaval strike. A single political risk insurance policy was structured to cover these potential losses in over 30 countries. The five-year policy is non-cancelable and the premium rate is fixed, providing long-term security at a predetermined cost.

In a Volatile World, Put our Stability and Experience on Your Side

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Our dedicated political risk underwriters are at your service in New York, Chicago, Seattle, Toronto, London, Tokyo, and Singapore ... ready to put our global network, relationships and expertise to work for you.

Additional information about AIG can be found at www.aig.com and www.aig.com/strategyupdate | YouTube: www.youtube.com/aig | Twitter: @AIGinsurance | LinkedIn: www.linkedin.com/company/aig.

American International Group, Inc. (AIG) is a leading global insurance organization. Founded in 1919, today we provide a wide range of property casualty insurance, life insurance, retirement products, mortgage insurance and other financial services to customers in more than 100 countries and jurisdictions. Our diverse offerings include products and services that help businesses and individuals protect their assets, manage risks and provide for retirement security. AIG common stock is listed on the New York Stock Exchange and the Tokyo Stock Exchange.

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For importers and exporters alike, growing means engaging outside your home turf, selling into new markets and territories or tapping new local suppliers for your overseas project. Importing and exporting anywhere puts your balance sheet at substantial risk: Recent events in numerous countries underscore the “domino effect” of unexpected developments in a single country. Whether it’s a political uprising or currency devaluation, a disruption in one country can have a devastating impact on your business operations in the markets where you do business. Political risk insurance from AIG enables importers and exporters to protect their balance sheets and ongoing business operations from losses that can arise from political events, ranging from embargoes to license cancellations. With coverage in place, an importer can diversify its supply chain with confidence. An exporter is more likely to find bank financing at favorable rates when export receivables are backed by a political risk insurance policy.

What’s Covered?
Doing business with private sector counterparties?
Your coverage can respond to losses due to:

- Confiscation, expropriation, and nationalization: government expropriatory acts or selective discrimination against a contract counterparty that results in non-payment on the contract
- Currency inconvertibility or non-transfer: government controls that prevent the purchase or transfer of hard-currency for payment under a contract
- Political violence: terrorism, war, civil war, rebellion, revolution, insurrection, civil commotion, or other similar disturbance which prevents a counterparty from fulfilling contract terms
- Government act, law, decree, or regulation: an act, law, decree, regulation, or embargo by the host government that prevents fulfillment of contract terms
- Inability to import or export: cancellation of an import or export license by the host government
- Diversion of voyage: additional transport or insurance charges caused by interruption or diversion of a shipment outside of the country or exportation due to war or embargo
- Non-honoring of an arbitration award: government actions that result in default of the counter-party’s obligation to pay an insured under an arbitration award

Doing business with public sector counterparties?
Your coverage will respond to:

- Non-payment by a sovereign buyer: failure of the government obligor or state-owned enterprise to honor its contractual payment obligation
- Non-delivery by a sovereign supplier: failure of a government exporter to deliver goods or services and failure to reimburse the importer for amounts advanced for those goods or services pursuant to the sales contract
- Non-honoring of a sovereign guarantee: failure of the government guarantor, such as a ministry of finance, central bank, government-owned bank, or state-owned enterprise, to honor its payment obligations under a guarantee issued in support of a trade contract
Mitigating Your Political Risks

Importers and Exporters

Built to Last

Our political risk policy can indemnify you for up to $150 million in any one country, with policy terms up to 15 years. Coverage is available for up to 95 percent of a contract’s value.

In a Volatile World, Put our Stability and Experience on Your Side

You can count on AIG to be there for you, year after year, tailoring the protection you need to take advantage of opportunities both at home and abroad. We are there when and where clients need us — with a long-established global network spanning more than 100 countries worldwide. You can have the utmost confidence that you will have access to local in-country knowledge, resources and relationships to help resolve problems before they escalate — and resolve claims expeditiously when they do erupt.

Our dedicated political risk underwriters are at your service in New York, Chicago, Seattle, Toronto, London, Tokyo, and Singapore ... ready to put our global network, relationships and expertise to work for you.

How Coverage Can Work For You

When a large U.S. supplier of telecommunications equipment was competing for a major contract with a leading Latin America provider of integrated wireless services, management knew it could meet the customer’s technical specifications ... but was unable to leap on the opportunity and offer competitive financing without bank support. Then it secured an AIG political risk insurance policy that mitigated the country risk — and opened the door to the bank funding needed to offer attractive terms to the buyer and capture the sale.

American International Group, Inc. (AIG) is a leading global insurance organization. Founded in 1919, today we provide a wide range of property casualty insurance, life insurance, retirement products, mortgage insurance and other financial services to customers in more than 100 countries and jurisdictions. Our diverse offerings include products and services that help businesses and individuals protect their assets, manage risks and provide for retirement security. AIG common stock is listed on the New York Stock Exchange and the Tokyo Stock Exchange.
Many construction, engineering, and services companies have learned the hard way when their equipment or mobile assets fall victim to political perils. Fortunes can turn overnight: political events - from uprisings, to coup d’états, to government confiscation of assets — are highly unpredictable. Yet moving your business forward means moving your equipment around the world to seize opportunities. Forging ahead into higher margin territories is far easier — and safer — with political risk insurance from AIG.

Comprehensive Contractors Plant and Equipment (CCPE) Insurance addresses losses of plant, equipment and other mobile physical assets arising from:

- Expropriatory acts such as confiscation, expropriation, nationalization, or requisition by the host country government that deprive the policyholder of the use or possession of its property
- Forced abandonment involving the complete abandonment of property, including mobile physical assets, as a result of an order by the contractor’s government to evacuate personnel from the host country
- Deprivation, or the inability to obtain an expert license from the appropriate authority in a host country, for the export of property or equipment outside the host country
- Politically motivated acts of violence, including terrorism, war, and civil war, that result in physical damage to assets

Wrongful Calling of Guarantee (WCG) Insurance protects contractors against unexpected losses that may result from the calling of a bond or guarantee due to no fault of the policyholder, including:

- Arbitrary and unfair calling of a guarantee by a government sector obligor
- Legitimate calling of a guarantee due to actions by either the foreign government or the contractor’s government
- Calling a guarantee due to the outbreak of war, revolution or insurrection
- Non-honoring of an arbitration award where the contractor has obtained an award in its favor
Mitigating Your Political Risks

**Contractors**

**Built to Last**

CCPE Insurance can indemnify you for up to $150 million per country, with policy terms up to 15 years. Coverage is available for up to 100 percent of asset value.

WCG Insurance can indemnify you for up to $150 million in any one country, with policy terms of up to 10 years. Coverage is available for up to 95 percent of the value of each bond or guarantee.

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Our dedicated political risk underwriters are at your service in New York, Chicago, Seattle, Toronto, London, Tokyo, and Singapore ... ready to put our global network, relationships and expertise to work for you.

**What Coverage Can Do For You**

A mid-sized contractor with millions of dollars of equipment deployed overseas was worried about the extent of its foreign exposure. Political violence could result in damage to the contractor’s equipment or force the contractor to evacuate the project location and abandon the equipment. The contractor was also concerned that government restrictions might make it impossible to get equipment out of a country once a job was completed. Because these risks were not covered by the company’s property policies, the contractor had to find another source of insurance. Management wanted a broad, flexible insurance policy that required minimal administration.

AIG responded by issuing a CCPE policy. The policy covers all of the company’s equipment in high-risk countries and provides flexibility to adjust the amount of coverage in each country as equipment is transferred from one overseas location to the next.