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
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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.

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. So 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

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.