Financial Institutions and Capital Markets

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.

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