

Political Risk Insurance for Investment

Brussels – 21/04/2016

Presentation Overview



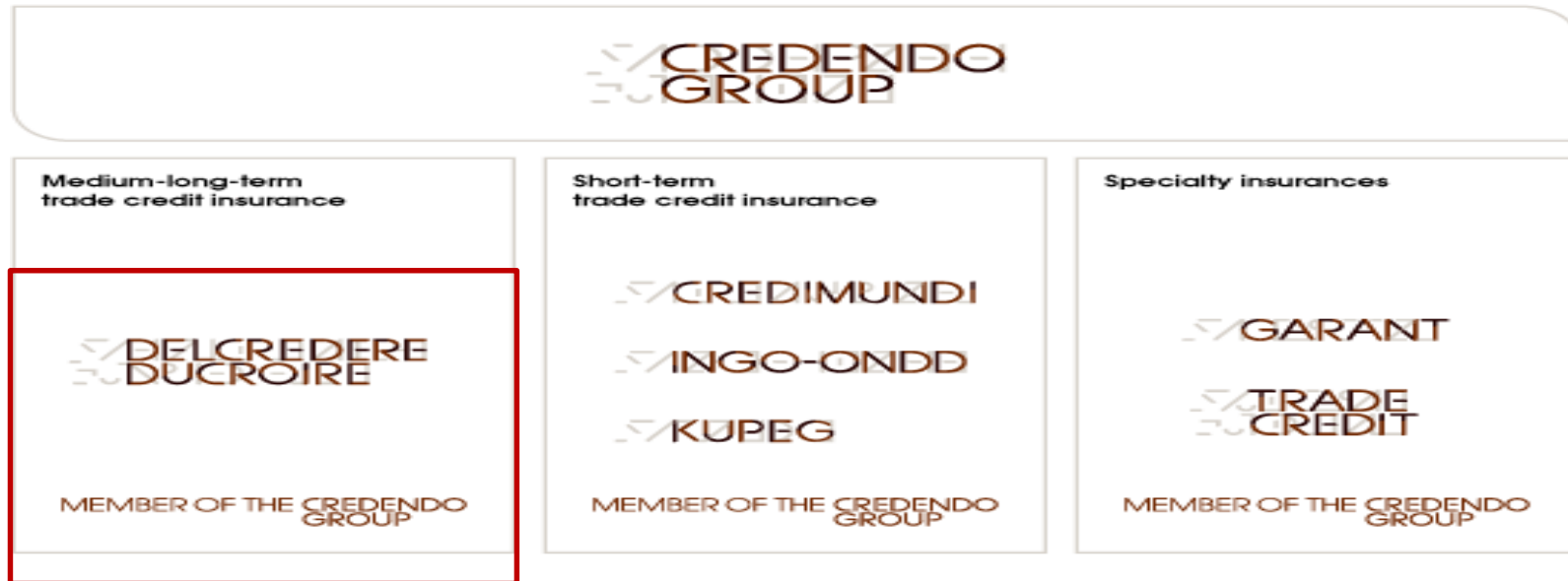
- Delcredere | Ducroire

In general, Key figures, Mission

- Political Risk Insurance for Investment (PRI)

“Theory & Practice”

Credendo Group Structure



Mission: Support international economic relations by covering **risks** relating to **exports**, **imports** and **investments** abroad

Belgian Interest !

- S&P rating: **AA** (long term) and A-1+ (short term)
- Backed by the **Belgian State**
- **Capacity per country** to insure risks for own account – overall ceiling = EUR 30 billion
- Key figures (2014):
 - amounts underwritten: EUR 13,9 billion
 - premium income: EUR 217 M
 - claims paid (group level): EUR 46 M

- **Credit Insurance** for **Belgian** export transactions and **direct financing** for small (< EUR 5 M) **Belgian** export transactions
- **Investment Insurance for Belgian investments abroad (PRI-Cover):**
 - Focus on **tailor-made** solutions for Belgian investors
 - Insurance against **political events** in/related to the foreign country
 - Commercial risks are **excluded**: investor is responsible for adequate management of its own investment
 - application “in tempore non suspecto”

Political Risk Insurance for Investment



- Type: Equity, Quasi Equity, Shareholder loan
- No fixed limits on maximum insured amount
- Cover possible for **almost any country**
 - **Exceptions:** a.o. Iraq, Afghanistan, Burundi, Somalia
 - **Iran** is open for cover!
 - analysis on a **case by case** basis
- All countries classified in a **risk category** from 1 to 7

Consult: <http://www.delcredereducroire.be/en/country-risks/>

DELCREDERE
DUCROIRE
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GROUP

Welcome to Delcredere | Ducroire

Country risks

Export Transactions Direct Investments

Apply Risk Filter Short Term Credit Medium/Long term Credits Special Transactions Commercial Risk

Risk assessment

Russia

Export Transactions

Political Risk (1 to 7)

Short Term

Medium/Long Term

Special Transactions

Commercial Risk (A to C)

Direct investments (1 to 7)

War Risk

Risk of expropriation and government action

Transfer risk

[Reset all](#)

Russia

Our insurance possibilities & terms

For the insurance of export transactions financed by short-term credits Delcredere | Ducroire can grant cover against political and commercial risks on open account terms, i.e. without a bank guarantee being required. Cover of export transactions financed by medium/long-term credits is, on the other hand, subject to the obtainment of a guarantee issued by the Russian State or of a bank guarantee for transactions with public buyers.

	Short term and special cash transactions	Medium/long term and investments
Delcredere Ducroire's ceilings for this country have been set at:	1 125 mn EUR	1 125 mn EUR
Availabilities under these ceilings to cover new transactions are:	Normal	Normal

PRI-product: “updated & upgraded”

- Last version of GT dates back to 1999
- **Growing** demand (geopolitical tensions) + **changing** PRI-market = incentive for update
- What has changed?
 - **transparent** wording and better structure
 - **additional political events** that can be covered
 - **causal link** is less strict
- First feedback: very positive. New demands for Saudi-Arabia / Morocco / India

Which risks can be covered?

1. Expropriation/Government measures → discriminatory!
2. Political Violence → political objective! → terrorism!
3. Business Interruption (as a consequence of Political Violence Damage) → temporary character!
4. Transfer and Inconvertibility risk → no cover for devaluation!
5. Embargo → by local government!
6. Award Default → amount awarded to the investor!

Scope of cover? - Practical Examples:

- Creeping expropriation
 - book value
- Operating license is withdrawn
 - book value
- Physical damage because of act of terrorism
 - lost profits / book value
- Moratorium by Central Bank
 - non-transferred amount

Pricing:

- premium on **per annum** basis
- premium rate **depends** on:
 - country of investment (higher risk = higher price)
 - political events covered (insured can choose adequate cover)
- Nominal premium due = premium rate calculated on **max. limit of liability** (amount of investment)
- **Indicative** pricing examples:
 - full cover for **Oman**: 0,65% p.a.
 - full cover for **Morocco**: 0,90% p.a.
 - full cover for **Algeria**: 1,52% p.a.

Process flow:

- Standard application form – investor provides information about the investment
- Dialogue for tailor-made solution
- Proposal for credit committee decision
- Fix final premium rate
- Issuance of insurance policy

Question is not: “will anything happen”, but rather: “if something would happen, what would be the impact on my investment?”

Any questions?

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Turning uncertainties into opportunities