

# POLITICAL RISK INSURANCE FOR EQUITY INVESTORS

**A**IG Global Trade & Political Risk Insurance Company (AIG Global) provides insurance to protect against loss of overseas assets and investments that result from specific political perils. This protection enables investors to realize the full upside potential of their foreign investments while mitigating exposure to often catastrophic and unforeseen political events.

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*You've insured the company cars: what about your exposure in emerging markets?*

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## OUR CLIENTS ...

AIG Global assists global companies in managing their international exposures. Our clients—manufacturers, project developers, contractors and service firms included—look to AIG Global for political risk solutions. Whether a company is entering an overseas market for the first time or is an experienced multinational with extensive international activity, AIG Global can design a political risk insurance program that makes sense.

## THE ASSETS AND INVESTMENTS WE INSURE ...

- ◆ equity in overseas subsidiaries or joint ventures
- ◆ loan repayments, intra-company fees or profit distributions
- ◆ property, inventory or equipment located abroad
- ◆ equipment leased abroad

### CASE SCENARIO

A European electronics components manufacturer with 85% of its income generated from overseas operations, approached AIG Global for help in managing its huge overseas exposure. AIG Global responded by issuing a single Political Risk Insurance policy covering potential losses to the company's assets and income in over 30 countries. The 5-year policy is non-cancelable and the premium rate is fixed, giving the company long-term security at a predetermined cost. The policy is also flexible—allowing for periodic adjustments to limits over the policy period to reflect fluctuations in exposure.

## FLEXIBLE COVERAGE ...

AIG Global designs programs to meet the specific needs of each insured. Political Risk Insurance policies can cover a single investment or a portfolio of investments, in one country or in many.

## THE RISKS WE COVER ...

**Confiscation, Expropriation and Nationalization** — government confiscation, expropriation or nationalization of an enterprise that results in partial or total loss of investments or assets

**Currency Inconvertibility or Non-Transfer** — government controls that prevent the purchase or transfer of hard currency for dividend payments, loan repayment or other remittances

**Political Violence** — politically motivated acts of violence, including war and civil war, that result in physical damage to property

*Programs can be enhanced to address losses due to a number of other specialized risks, including:*

**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 the insured investment at the direction of the insured's government

**Export or Operating License Cancellations** — 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

### *Substantial Capacity Worldwide*

Policyholders can be indemnified for up to \$80 million per country, with terms of up to 15 years. Higher limits may be available on a case-by-case basis. Coverage is available for up to 100% of investment value.

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To learn more, visit AIG Global's Web site at <http://aigglobal.aig.com> or contact your local AIG Global office.

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