

Political Risk Insurance enables Banks, Traders and Corporates to engage in foreign trade and investment, without the threat of country risk or political violence. Not only does this encourage companies to rapidly expand their overseas operations – it also allows them to operate in high margin emerging markets, and so dramatically increase their ability to compete.

Political Risk Insurance can enable customers to obtain cheaper financing. It can allow them to remove liabilities from their balance sheets. And it can ensure the viability of trade and projects which would not otherwise be workable.

The Political Risks team at Benfield has great depth of experience in Structured Trade and Project Finance, together with Trade Credit and Terrorism. We stay alert to developments in all relevant markets, including banking, trading and insurance.



POLITICAL RISK INSURANCE

Expropriation – Capital Markets



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Companies are able to raise capital by issuing bonds. If, however, the company is situated in an emerging market, this may have a negative impact on the rating of the bond issuance. The lower the rating, the higher the cost of raising capital.

Political Risk Insurance protects bonds issued in emerging markets (private placements and Rule 144a issuances) against:

- Currency Inconvertibility / Exchange Transfer
- Expropriation
- Political Violence

This Political Risk protection raises the rating of the issuance, resulting in significant savings to the borrower.

Bonds which have been enhanced in this way include:

1. Bradesco (Brazil's largest private bank)

- USD 500 million
- Rating: BAA1
- Arranger: UBS Warburg

2. Petrobras (Brazil)

- USD 450 million
- Rating: BBB- (Fitch)
- Arranger: UBS Warburg

3. AES Clesa – (Electricity distribution company – El Salvador)

- USD 65 million
- Rating: BBB- (Fitch)
- Arranger: ING Barings

4. Hurriyet – Gazetecilik ve – Matbaacilik (Turkish newspaper publisher)

- USD 20 million
- Rating: BBB- (Fitch)
- Arranger: J.P. Morgan

5. Femsal Cerveza (Beer manufacturer in Mexico)

- USD 150 million
- Rating: A- (Fitch)
- Arranger: Warburg Dillion Read

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Auckland, New Zealand
Boston, USA
Bratislava, Slovak Republic
Brussels, Belgium
Buenos Aires, Argentina
Dallas, USA
Hamilton, Bermuda
Istanbul, Turkey
Johannesburg, South Africa
Kansas, USA
London, UK
Los Angeles, USA
Madrid, Spain
Melbourne, Australia
Mexico City, Mexico
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New York, USA
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