

Political Risk

Both cross-border investments, in the form of either debt or equity, and plant and equipment operated overseas are exposed to political risks. These risks are often unforeseeable and can have a material impact on an investors, lenders or contractors' ability to benefit from their investment or loan repayment. At Liberty Specialty Markets, our goal is to provide solutions to the political risks that our clients face in order to allow them to invest with confidence and to prosper.

Liberty Specialty Markets, part of the Liberty Mutual Insurance Group, is a leading private market provider of political risk insurance to investors and lenders including:

- Financial institutions
- Funds (including institutional investors and private equity)
- Corporates
- Public agencies (including multilateral agencies, developmental financial institutions and export credit agencies)

With over 200 years of combined political risk underwriting experience, our [For Mutual Advantage client-focused strategy](#) is combined with a strong and stable balance sheet, global footprint and market-leading claims capability. We are uniquely positioned to provide bespoke political risk insurance solutions to our clients.

Class of business	Line size	Tenor
Political Risk	Maximum USD 100m	15 years (up to 20 years for public agency clients)

Coverages available

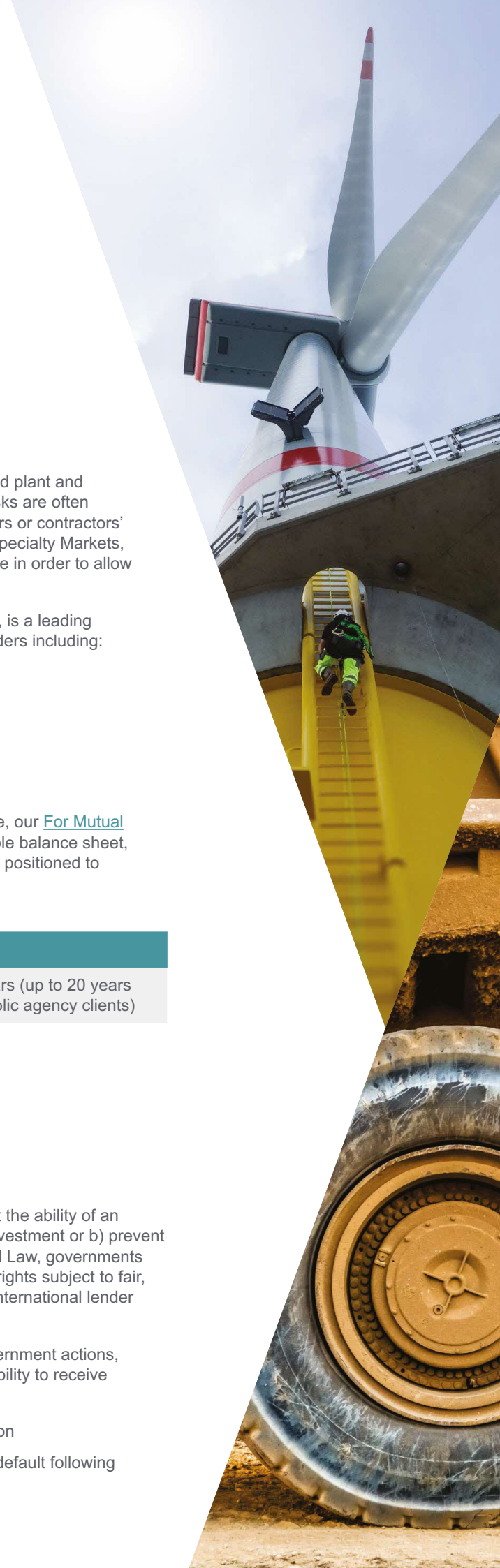
We provide the following political risk coverages:

Government Action (including Expropriation)

Governments may take certain actions that either a) materially impact the ability of an investor to benefit from their fundamental rights associated with an investment or b) prevent a lender receiving repayment under a loan facility. Under International Law, governments have the ability to take actions which negatively impact an investor's rights subject to fair, adequate and timely compensation being provided. The rights of an international lender will vary depending on the legal framework in any given jurisdiction.

Political Risk insurance is designed to provide protection against government actions, impacting either a) an investor's fundamental rights or b) a lender's ability to receive repayment under a loan facility, including:

- Confiscation, expropriation, nationalisation
- Forced divestiture
- Selective discrimination
- Licence cancellation
- Arbitration award default following breach of contract



Political Violence

In both developed markets and emerging economies, political violence is a consistent threat to investors. The political environment is volatile and unpredictable. Political violence can manifest itself in different ways, with the potential to have a direct or an indirect physical impact on the insured investment/loan facility. We are able to provide investors and lenders with coverage for losses arising due to:

- Direct physical damage to either a) the insured investment or b) the operations of the beneficiary of the insured loan, as a result of political violence
- Abandonment of either a) the insured investment or b) the operations of the beneficiary of the insured loan, as a result of political violence and an ensuing threat

Import/Export Embargo

Industrial development, cross-border trade and globalisation have contributed to increasing trade flows globally. These trade flows may however be prevented/frustrated through government actions such as import/export restrictions. These restrictions may be put in place for a variety of reasons including economic competition between states and sanctions imposition.

Investors and lenders are often heavily reliant on fluid imports and/or exports in order to either a) realise the benefit of their investment and/or b) to receive repayment under loan facilities that they have extended. We provide coverage to investors, being importers and/or exporters, against the risk of a government embargo action impacting the ability to successfully fulfil this business need, resulting in the cessation of operations, and therefore preventing the investor from realising the benefit of their investment. We also provide coverage to lenders against the risk of a government embargo action impacting their ability to receive repayment under the loan facility that they have extended.

Currency Inconvertibility and/or Non-Transfer

There is a long track record of governments imposing currency restrictions. Investors and lenders are exposed to this risk. The inability to convert local currency and/or repatriate hard currency could materially impact either a) an investor's ability to benefit from their investment or b) a lender's ability to receive repayment under a loan facility.

We provide coverage against the following currency-related risks:

- Inability to covert local currency into hard currency in the country of investment or the host country of a loan beneficiary
- Inability to repatriate funds (in the form of dividends, shareholder loan repayment or commercial loan repayment) from either a) the host country of the investment back to the investor's country or b) the host country of the loan beneficiary back to the lender's country

With you for the long term

Being a mutual means we're consistent and here for the long term. Our experienced teams are resourceful, responsive and empowered to make decisions quickly. You'll benefit from our technical underwriting capabilities, the strength of our relationships with our broker partners, and our unique approach to claims service.

Because what's good for you, is good for us.

Claims confidence

Claims are handled by our Claims Counsel ensuring access to the highest level of technical expertise in a complex area. Fully legally qualified, the team works in partnership with our dedicated underwriters to ensure a complete understanding of your needs.

As a recognised lead market, our expertise enables us to keep control of the claim, with appropriate specialist support where necessary. We remain focused on proactive recovery efforts, partnering only with leading experts to ensure the best returns for us and for our clients. We have long been considered as a differentiator, and our outstanding reputation has enabled the team to lead the market through some of its most complex claims.

Contact Us

Our regional product leaders would be happy to discuss your political risk insurance requirements. Contact details can be found on our website:

libertyspecialtymarkets.com