

Non-honoring of sovereign guarantee insurance

Solutions for emerging markets risks

Zurich offers highly flexible, long-term insurance coverage for investors, financial institutions, project developers and contractors confronting the political risks of emerging markets. Coverages are customized transaction-by-transaction to address the risks arising from political events where our clients do business, including defaults by sovereign entities. Multi-country and global programs are available.

Non-honoring of sovereign guarantee insurance

Non-honoring of sovereign guarantee insurance provides coverage to financial institutions, contractors and exporters in the event of payment defaults by sovereign, sub-sovereign and/or state-owned entities in emerging markets. Zurich's coverage can apply to sovereign payment defaults under direct loans, loan guarantees, letters of credit issued by state-owned banks, or sales contracts with state-owned or controlled businesses.

For example, Zurich might insure:

- A bank that lends money directly to a country's Ministry of Finance
- A construction firm whose payment for building an infrastructure project will come from the Ministry of the Interior, but guaranteed by the Ministry of Finance
- An exporter for the payment under a sales contract with a state-owned oil company

Zurich advantages

- Limits up to \$150 million and tenors up to 15 years that can accommodate almost all transactions. Zurich actively seeks coinsurance and reinsurance opportunities when needed capacity exceeds its own limits.
- Stand-alone, non-honoring coverage offers greater long-term security than self-insurance and other political risk options.
- Policy recognizes that sovereign debt rescheduling may significantly alter the original schedule of payments under the loan
- Flexible premium payments may be arranged; rates are locked in for the policy period.
- Coverage for expropriation, political violence and currency inconvertibility is available.

In addition, Zurich collaborates with government investment insurers, private insurers, multilateral agencies, international banks and other organizations to help optimize policy terms, capacity and flexibility for clients.

Experience, strength and relationships

Zurich's political risk insurance is grounded in the experience, financial strength and relationships that have made Zurich a leading underwriter of political risk and trade credit insurance for investors, infrastructure developers, multinationals, exporters and international financial institutions doing business in emerging markets.

Zurich's non-honoring of sovereign guarantee coverage applies to agreements with a Ministry of Finance, municipality or other sub-sovereign entity, or state-owned enterprises.

Zurich's in-depth understanding of the dynamics of business in emerging markets enables us to develop products that address the needs of companies pursuing opportunities in developing economies.

The relationships we have forged with private insurers, export credit agencies, multilateral organizations and multinational banks may enhance the products we offer our qualified customers. These collaborations may also elevate our ability to help mitigate losses for our clients.

Zurich is a member of The Berne Union, an international union of public and private insurers as well as ICISA, an international association of trade credit insurers and surety bond providers.

Zurich holds ratings of AA– (negative) from Standard & Poor's and A (stable) from A.M. Best.* These strong financial ratings are central to our ability to help our customers feel more secure when conducting business in emerging markets.

*Ratings as of June 30, 2009. For more information about ratings and financial information about Zurich American Insurance Company, visit www.zurichna.com.

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This is intended as a general description of certain types of insurance and services available to qualified customers through the companies of Zurich in North America. Your policy is the contract that specifically and fully describes your coverage. The description of the policy provisions gives a broad overview of coverages and does not revise or amend the policy.

Insurance coverages underwritten by member companies of Zurich in North America, including Zurich American Insurance Company. Certain coverages not available in all states. Some coverages may be written on a nonadmitted basis through surplus lines brokers.

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