



ZURICH

**Zurich Emerging Markets Solutions
Political Risk and Credit Insurance**

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APPLICATION FOR POLITICAL RISK INSURANCE

NOTE: All financials should be noted in the currency of the investment or loan.

1. APPLICANT

A.
Name: _____

Authorized Representative: _____

Address: _____

City: _____ State: _____ Country: _____ Zip Code: _____

Telephone: _____ Telefax: _____

2. PROJECT DESCRIPTION

A. Project
name: _____

B. Country: _____

C. Name and address of foreign enterprise: _____

D. Place and legal form of organization: _____

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E. Project location within host country: _____

F. Purpose/Business: _____
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G. New _____ Expansion _____ Privatization _____ Other _____

H. Describe how management control of the project is allocated: _____

I. Describe the security measures that will be implemented to protect the project site: _____
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3. PROJECT FINANCIAL STRUCTURE (In the investment/loan currency)

Indicate source and amount of funds for the project. If the project is an expansion of an existing enterprise, please indicate on a separate sheet its capital structure prior to the expansion.

	Percentage of <u>Ownership</u>	<u>Equity</u>	<u>Debt</u>	<u>Other (specify)</u>
A. From Applicant:	_____	_____	_____	_____
B. Other Foreign Investors:				
Name				
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
C. From Host Country:				
Private:	_____	_____	_____	_____
Government:	_____	_____	_____	_____
D. International Financial Institutions (<i>Please identify if Export Credit Agency, private bank, capital markets, etc.</i>)				
Name				
_____	_____	_____	_____	_____

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E. TOTAL PROJECT COST

_____ = _____ + _____ + _____
 (Equity) (Debt) (Other)

4. EQUITY COMPONENT (In the investment/loan currency)

A. What is the total amount of the equity investment for which insurance is sought? _____

1) What is the amount of the cash portion of your equity contribution? _____

2) What is the amount of the in-kind (machinery, equipment or inventory) portion of your equity contribution? (Please attach a schedule and explain valuation of assets):

3) Other (specify) _____

B. Shares Applicant will acquire as a result of the equity contributions*:

	<u>Number</u>	<u>Purchase Price Per Share</u>	<u>% of Total Outstanding Shares</u>
Common Shares	_____	_____	_____
Preferred Shares	_____	_____	_____

**If no shares will be acquired as a result of the equity contribution, please explain.*

C. Are there any restrictions on the transfer of shares (including right of first refusal)? If yes, please explain.

5. DEBT COMPONENT (In the investment/loan currency)

If you intend to insure a loan, loan guaranty, or lease, give details of each.

	<u>Principal Amount</u>	<u>Total Interest Amount</u>
Loan	_____	_____
Loan Guaranty	_____	_____
Lease	_____	_____

(Please provide loan repayment or lease schedule)

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B. Indicate whether the loan to be insured is from a parent company, bank or other financial institution:

C. Is the debt subordinated to any other financing? Please explain. _____

- D. If a lease,
- 1) is it an operating or financial lease? _____
 - 2) what is the guaranteed residual value? _____
 - 3) what is the amount of the balloon payment, if any? _____

6. INSURANCE COVERAGE

- A. Select a coverage amount for each component of your investment. The amount should be based on your initial investment, plus additional amounts (if any) for re-invested profits or interest over the requested policy period.

	<u>Equity</u>	<u>Debt</u>	<u>Other (please specify)</u>
<u>Coverage</u>			_____
Expropriation	_____	_____	_____
Inconvertibility	_____	_____	_____
Political Violence	_____	_____	_____

- B. Will you have any other political risk insurance, including as part of your standard property policy, on your investment in the foreign enterprise? If yes, please explain.

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7. SALES

- A. Estimate the project's **average annual** direct sales after project completion
- | | <u>Years 1-3</u> | <u>Years 4 +</u> |
|-----------------------------|------------------|------------------|
| 1. Sold in the host country | _____ | _____ |
| 2. Hard currency exports | _____ | _____ |
- B. Will project output sold in the host country replace products the country must now import?
1. Yes _____ No _____
 2. If yes, indicate value of **average annual** imports replaced: _____

8. PROJECT FINANCIALS

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- A. Estimated date of investment: _____
- B. Projected start up date: _____
- C. Internal Rate of Return: _____
- D. Projected remittance schedule: (***annual average*** in the project/loan currency)

	Years 1-2	Years 3-5	Years 6-10
1) Dividends and profits	_____	_____	_____
2) Loan principal and interest	_____	_____	_____
3) Lease payments	_____	_____	_____
4) Return of capital (partial/total divestment)	_____	_____	_____
5) Fees (licenses, royalties, etc.)	_____	_____	_____
6) Other (specify)	_____	_____	_____

- E. 1) By what method will the foreign enterprise be making remittances out of the host country?

- 2) Is local currency legally and freely convertible into U.S. dollars? If no, please explain. _____

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- 3) What license/approvals are required by the host country to transfer amounts in (1) above out of the country and have they been received? _____

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9. APPLICANT'S RELATIONS WITH HOST GOVERNMENT

- A. Describe host government protection (import tariffs, duties, quotas, prohibitions, subsidies, tax concessions, etc.) for the project:

- B. Identify all contracts or other agreements between the host country government and the Applicant or foreign enterprise and attach copies of these agreements (e.g., pricing, raw material supplies):

- C. Please specify the arbitration procedures and mechanism for resolution of disputes in the contracts or agreements listed in (B) above:

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D. Describe any specific host government decrees, laws, or directives which might affect project imports or exports (e.g. mandatory local procurement, minimum export requirements):

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E. What authorizations (if any) are required from the host government before the investment can be made? Have such authorizations been obtained?

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F. List any circumstance which the Applicant is aware of that could give rise to a loss under the policy (including known existing or potential disputes or litigation involving this project, the foreign enterprise, the Applicant and the host country):

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G. Is the Applicant involved in any other operations in the host country, and has the Applicant ever been expropriated before in the host country or in another country? Please explain.

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10. EMPLOYMENT

Estimate the number of persons employed by the project during project construction/ongoing:

	Management / Technical	Labor
Local	/	
Expatriate	/	

11. ENVIRONMENTAL IMPACT

A. Has or will an environmental assessment of the project be performed? _____

B. List key industrial, chemical and/or mechanical processes associated with this project: _____

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C. During construction, operation and after closure, what potentially adverse effects could this project have on the environment and worker health and safety?

D. During construction, operation and after closure, will the Applicant have sufficient control over the design and operation of the project to mitigate any such adverse effects? Please explain.

E. Are there any pre-existing conditions on the site that will require site remediation? If so, what measures will be necessary or have been negotiated to satisfy applicable existing environmental guidelines and regulations?

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F. Will the project comply with environmental, health and safety laws, regulations and guidelines of the:

- | | | | |
|----|----------------------|-----------|------------------------------------|
| 1) | Host country: | Yes _____ | No _____ |
| 2) | Applicant's country: | Yes _____ | No _____ |
| 3) | World Bank: | Yes _____ | No _____ |
| 4) | Other: _____ | Yes _____ | No _____ (Example: EU Regulations) |

12. HOST COUNTRY DEVELOPMENTAL IMPACT

A. What effect will project production have on the quality and availability of comparable products within the local markets? Indicate the project's projected percentage share of domestic production:

B. Describe any ancillary employee and community benefits of the project (e.g., medical facilities, education, technological contributions, roads, power plants):

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REQUIRED ATTACHMENTS

Please attach the following documents with this application, or provide as they become available:

- Latest Applicant Annual Report or Equivalent 10K
- Joint Venture Agreement
- Agreements between the host country (including state enterprises) and Applicant/foreign enterprise (e.g. power purchase agreement)
- Business Plan
- Loan and/or Loan Guaranty Agreement
- Environmental assessment
- Operating permits, licenses, and land titles

The undersigned authorized officer of the Applicant declares that to the best of his/her knowledge the statements set forth in this application are true and no material information has been withheld.

The undersigned agrees that the existence of any policy that may be issued will not be disclosed to the Host Government. All information in this application will be treated confidentially by the Company.

Signing of this application does not bind the undersigned to purchase the insurance, but it is agreed that this application shall be the basis of insurance should a policy be issued and will be attached to form part of the policy.

APPLICANT (Investor or Lender): _____

BY: _____ DATE: _____
(Signature)

PRINTED NAME AND TITLE: _____

BROKER: _____

BY: _____ DATE: _____
(Signature)

PRINTED NAME AND TITLE: _____

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