

Credit & Political Risk

Claims Payments Overview 2008 - 2010

Trade Credit and Political Risk insurance is more relevant than ever before.

The credit and political risk insurance industry has been a stable, reliable partner to international investors and banks for decades, through both tough times and strong economic conditions. With the onset of the global financial crisis in late 2008, the industry was stress-tested as never before, facing and paying claims across its global portfolio.

Zurich, a market leader in political risk and trade credit insurance, was no exception. But what was exceptional about Zurich was that not only did we respond and pay valid claims, but we also remained consistent and active in writing new business straight through the crisis with our non-cancellable political risk and trade credit insurance policies.

In 2011, as customers face new challenges in regions such as the Middle East, North Africa, and Japan Zurich will work with customers to manage these risks with the same consistent underwriting approach.

The identity of Zurich's insureds and the specifics of the claims remain confidential, but a sampling of our 2008-2010 Political Risk Insurance (PRI) and Trade Credit Insurance (TCI) claims activity reinforces the need for Trade Credit and Political Risk insurance in this volatile business climate.

2008 – 2010
**Total Zurich Political Risk and
 Trade Credit paid losses:
 \$360,000,000**

2008 – 2010 Significant Political Risk and Trade Credit Claim Payments by Country

Ukraine	\$114,000,000
Kazakhstan	\$54,000,000
China	\$47,000,000
Mexico	\$38,000,000
Bahrain	\$25,000,000
Thailand	\$16,000,000
Turkey	\$13,000,000
United States	\$6,500,000
Ecuador	\$4,500,000
Bolivia	\$4,000,000
Indonesia	\$4,000,000
Brazil	\$3,000,000
Singapore	\$2,000,000

Fact Situations and Paid Losses for Selected Claims

\$32,000,000, China, TCI

The insured sold commodities to a buyer who began experiencing trouble as commodity prices fell as a result of the economic crisis as well as other poor financial decisions.

\$30,500,000, Kazakhstan, TCI

An international bank confirmed a letter of credit insurance support of an agricultural products transaction. The bank in Kazakhstan subsequently was unable to honor the debt because of possible bank insolvency.

\$25,750,000, Mexico, TCI

An international metals company suffered a loss when their customer was unable to remit payments due to the downturn in the global economy.

\$25,500,000, Bahrain, TCI

Our insured confirmed a letter of credit issued by a bank in support of commodity sales. The bank subsequently experienced financial problems and was unable to honor the letter of credit.

\$22,500,000, Kazakhstan, TCI

An international bank participated in a loan agreement with a bank in Kazakhstan that supported a purchase by a local company. Payments under the facility were not made as agreed and a loss to the international bank ensued.

\$8,900,000 - Turkey, TCI

A lender extended credit to a textile manufacturer. The manufacturer was subsequently unable to repay the loan and the lender suffered a loss.

\$13,500,000 - Ukraine, TCI

A lender financed the sale of commodities and other items to buyers supported by letters of credit from Ukrainian banks. The lenders suffered losses when the Ukrainian bank became insolvent and was unable to meet its obligations due to the effects of the global credit crisis.

\$12,500,000 - Bolivia, PRI

An international commodities company purchased a PRI policy with coverage for certain political risks in connection with its ownership and operation of several Foreign Enterprises around the world. The Insured's wholly-owned subsidiary controlled mining assets in Bolivia. In 2007, the President of Bolivia issued a Supreme Decree which nationalized certain assets of the insured's subsidiary and the insured suffered a loss because of this nationalization.

\$850,000 – Seychelles, PRI

A loan to a state-owned entity was guaranteed by the Ministry of Finance. Subsequent to financial difficulties, the loan was rescheduled. After worsening economic conditions, the loan went into default and the guaranty was called. Following nonpayment of the guaranty, a claim was filed and paid.

Zurich

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