

Credit & Political Risk Claims Overview

The Zurich advantage: our experience shows

Trade Credit Insurance and Political Risk Insurance are designed to cover catastrophic losses that are low in frequency and high in severity.

Risk managers may have little experience dealing with rare loss situations that occur in unfamiliar countries and that must be resolved in different languages, cultures and legal structures. In these situations, Zurich can make a big difference.

In more than 150 emerging markets, Zurich insures multinational corporations, investors, infrastructure developers, exporters and financial institutions in order to help manage their risks. We are not only our customer's insurer, but also their advocate, by working with host governments and other parties on their behalf to help avoid or mitigate losses caused by political events or payment defaults.

Our Claims Promise

Zurich works closely and cooperatively with our insureds through every stage of the claims process. The key component of any insurance policy is the ability of the insurance company to investigate the circumstances surrounding a potential claim and pay the claim when it is determined that such a loss is covered. We are a HelpPoint to our customers during those critical moments that require swift action, targeted insight and solid relationships. We deliver when it matters.

Risk Mitigation

Due to the nature of markets in which we write trade credit and political risk insurance, the advocacy and loss-minimization assistance we provide to insureds is an important component of our overall claims service. We work to find a solution that is in the best interest of the customer. Often our efforts can lead to the reduction or elimination of a loss and produce a result for the customer that is more favorable than a traditional claim payment when deductibles, co-insurance and other factors are taken into account. This has been clearly demonstrated in a case in Argentina, as shown below.

Zurich has long-standing relationships with local entities such as export credit agencies and multilateral development banks that have diplomatic ties with host governments. These contacts can help us to mitigate losses for the insured. Our leadership position in prominent organizations, such as the Berne Union, has helped contribute to very favorable results for insureds in otherwise difficult circumstances. We also maintain ongoing dialogue with host country officials to stay abreast of political developments that might affect our insureds, and help to mitigate losses. These advocacy efforts in host countries also include the sharing of our insights and experience in trade export transactions with the insured's government.

A successful outcome in Argentina

In 2002, Argentina imposed currency controls that prevented companies from transferring and converting local currency into Western hard currencies in order to pay debts existing outside the country. This situation was potentially devastating for several of Zurich's insureds who had loaned money to Argentine obligors, but could not receive payments. Zurich's membership in the Berne Union proved valuable since the Argentine Central Bank permitted borrowers who owed money to lenders insured by Berne Union members to convert and transfer funds. Borrowers under Zurich-insured loans were able to transfer funds offshore and avoid default during a particularly difficult time for the Argentine economy. Zurich remains an active member of the Berne Union.

The Claims Process – early notice helps

Every Zurich insurance policy contains information on how a claim should be filed, who to contact, the applicable Waiting Period, etc. However, the best way to help assure a positive outcome is for the insured to notify Zurich as early as possible of any events that might lead to a claim. With early notice, we can work on a strategy that helps to minimize losses and keep an insured venture or transaction on target. Early notice also helps us to monitor the situation, so that if a claim does result, we will be better prepared to perform the due diligence that leads to a timely claim determination.

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