



## Political Risk Insurance (PRI) for property and investments: *knowledge is the key*

### Knowing the right questions ...

#### *political violence in emerging markets*

- why does a normal global property insurance program not provide adequate cover for riots and civil commotion in emerging markets?
- why does regular, stand-alone terrorism insurance not provide adequate cover against the actions of many terrorist organisations operating in emerging markets?
- what does the insurance market mean by 'war risks'?
- why have we re-established a market for 'war risks on land' covering physical damage and business interruption?
- why is the PRI market the only source of effective political violence cover for property in emerging markets?
- when political violence gets really serious, is property more likely to be damaged or confiscated?
- when can political violence cover from the PRI market be not only broader but also cheaper than stand-alone terrorism cover?

#### *foreign government risk in emerging markets*

- why do we see insurance as merely the last step in developing a risk management strategy for foreign government risk?
- when assessing your foreign government risk, why is it essential to focus on your rights as an investor?
- to what extent have your rights as an investor in emerging markets altered in recent years, and how has this impacted your PRI strategy and coverage?
- why have traditional PRI investment insurers offered equity and lenders form policies, not property insurance policies?
- under traditional private sector PRI policies why is 'expropriation' a breach of your rights by the foreign government, but a breach of your rights not necessarily 'expropriation'?
- how has BPL Global re-engineered traditional private market PRI policies to provide broader, more effective cover?
- which parts of our PRI menu do we consider as essential insurance for your emerging market exposures?

### Having the right answers ...

See our [PRI grid](#) which shows how **traditional property and terrorism insurance programs fail to provide adequate protection for property risks in emerging markets and how political violence and investment insurance from the PRI market provides a more effective solution.**



***Emerging Market Risk***

## The PRI grid – how do your programs compare?

			Property Insurance Market		Political Risk Insurance (PRI) Market			
✓ Normally included ✓ Available as an option	○ No cover given ✗ Explicitly excluded		Property Insurance	Stand-alone Terrorism	BPL Global	BPL Global	BPL Global	Traditional Private
			Program	Insurance	Political Violence & War Risks on Land	Investment Insurance	Lenders' PRI	Market Investment Insurance
<b>Tangible Property</b> loss or damage (PD) and business inter- ruption (BI)	Social Unrest	Riots/Strikes	✓	✗	✓	✓	○	○
		Civil Commotion / Uprising	✗	✗	✓	✓	○	○
	Sabotage & Terrorism	Covert, Isolated Attack	✗	✓	✓	✓	○	○
		Asymmetrical Warfare	✗	✗	✓	✓	○	○
	Rebellion	Revolution	✗	✗	✓	✓	○	○
		Rebellion	✗	✗	✓	✓	○	○
		Insurrection	✗	✗	✓	✓	○	○
	War	Civil War	✗	✗	✓	✓	○	○
		War	✗	✗	✓	✓	○	○
	Confiscation etc	Confiscation	✗	✗	✓	✓	○	○
		Seizure	✗	✗	✓	✓	○	○
		Capture	✗	✗	✓	✓	○	○
		Deprivation	✗	✗	✓	✓	○	○
	<b>Investments, Loans and Rights</b>	Expropriation & Investor Rights	Expropriation	○	○	○	✓	✓
Loss of Rights			○	○	○	✓	✓	○
Forced Divestiture			○	○	○	✓	✓	✓
Abandonment of Operations		Licence Cancellation	○	○	○	✓	✓	✓
		Forced Abandonment (Political Violence)	○	○	○	✓	✓	✓
		Sanctions	○	○	○	✓	✓	✓
Host Government Breach of Contract (if applicable)		Termination Cover	○	○	○	✓	✓	○
		Arbitration Award	○	○	○	✓	✓	○
		Default	○	○	○	✓	✓	○
Currency Inconvertibility		Denial of Justice	○	○	○	✓	✓	○
		Currency Inconvertibility	○	○	○	✓	✓	✓
		Exchange Transfer	○	○	○	✓	✓	✓

## Knowledge is the key ...

BPL Global is a member of the Global network of independent financial services firms specialising in the insurance of trade credit, terrorism and political risks.

Member firms share specialist knowledge concerning coverages such as Political Risk Insurance for property and investments and are committed to the principle that the interests of the client take precedence over all other considerations.

We and our partners welcome your enquiry.

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