

Political Risk

Complete Insurance Solutions

Distinctive. Choice.



International expansion can provide new growth opportunities

However, multinationals face a number of risks when investing overseas in emerging markets. Some of the risks can be mitigated through the due diligence process or by commercial means. Other risks, such as political risks, are harder to predict. The difficulty is further compounded by the long term nature of the investments and the changing political climates in developing countries.

What are Political Risks?

Political risks are the risks facing companies doing business in emerging markets. These risks can arise from the actions of a government entity that can deprive a company of all or part of its assets, or prevent or restrict the performance of a contract. Political Risk can also include creeping expropriation, a series of events or acts that can be relatively insignificant on their own but, when taken together, undermine the viability of an investment.

The Risks that can be Covered

Asset Based Risk

Confiscation, Expropriation and Nationalization (CEN)

- An act or series of acts by the host government which deprive the company of the control or the benefits of their investment

Currency Inconvertibility and Transfer Risk

- The inability of the investor to exchange deposits of the local currency into a hard currency and/or to transfer currency out of the country

Political Violence

- Property damage incurred as a result of war, terrorism, strikes, riots, civil commotion and malicious damage

Trade Based Risk

Contract Frustration

- The failure of the government to honour its payment obligations under a purchase contract, or a private buyer/supplier defaulting on its obligations as a result of political risk events.

Export/Import Embargo

- Illegal cancellation of an import or export license by the host government

Benefits of Political Risk Insurance

Political risks can jeopardize your foreign investments and trade. Political Risk Insurance can be used to enhance your confidence in these foreign markets as well as improve access to financing. The coverage preserves the values on your balance sheet and protects your cash flow.



Jardine Lloyd Thompson Canada Inc.

Our global risk specialists have the ability to analyze and structure customized solutions that best serve your needs. JLT Group also offer risk consultancy services including detailed country reports and portfolio risk modeling.

JLT Canada is a subsidiary of the Jardine Lloyd Thompson Group, which is one of the world's largest insurance brokerage firms. JLT Group employs 5,000 professionals worldwide and has offices in 33 countries. All the benefits of this worldwide network can be accessed from our Canadian offices. In Canada, JLT was formed in 1900, operates from seven offices in four provinces and employs over 250 professionals. The company has maintained steady growth since its founding in Canada.

We measure our achievements by the success of our clients.

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