

## POLITICAL RISK INSURANCE POLICY

In the last two decades, the world has witnessed a huge turnaround in the international trade practices. All type of business is on the lookout to spread out their operations across national and international market. Liberalization of international trade practices, policies and processes has further expanded new horizons of international trade for developing market. Though developing markets can offer great opportunity, they also present a variety of unpredictable political events which are beyond an investor's control. Examples of such events include illegal seizure of assets by the government, government acts that have the effect of expropriation, civil war, terrorism and restrictions on the conversion and transfer of currency. Such unpredictable political events can have an adverse impact on foreign operations and can quickly destroy the value of investment. For instance, forced exit of GMR Infrastructure from Maldives caused a huge loss to the Indian company. GMR who has claimed a compensation of \$800 million from the Maldives government, could have easily cut its losses had it purchased a political risk cover. Also, risks associated with such events are not covered under standard policy. Thus, to provide protection from such risk HDFC ERGO has introduced new product titled **Political Risk Insurance Policy**.

**Political Risk Insurance Policy** by HDFC ERGO has been designed to protect investor's investments in overseas market against unpredictable losses due to specified political perils. The intent of this policy is to protect investor's rights, assets and investment against the negative effects of arbitrary government action.

### RISK COVERED FOR YOU

Political perils we are covering under this policy are as follows:

- **Expropriatory Act** - provides protection against losses resulting due to various acts of expropriation such as confiscation, nationalization or seizure of plant, property, equipment or funds or due to breach, cancellation or termination of a fundamental agreement by the host government.
- **Selective Discrimination** - provides protection against losses resulting due to imposition of any law, order, decree or regulation by the host government, applied selectively against the project or insured but not applied against locally owned entities with similar interest.
- **Forced Abandonment** - protects insured against losses resulting due to complete abandonment of the operations of the project in the host country due to host country deteriorating security situation and where such abandonment is at the direction of the insured's government.
- **Forced Divestiture** - protects insured against losses resulting due to imposition of any law, order, decree or restriction imposed by the Government of the Insured's country.
- **Deprivation** - protects insured against losses resulting due to implementation of any law and order by the host government, implementation of which in any circumstances outside the control of the insured.
- **Political Violence** - Covers damage, destruction, or loss of any tangible property of the foreign enterprise relating to the project due to politically motivated acts of violence such as war, riots, strikes terrorism etc.
- **Currency Inconvertibility** - protects insured in the events local currency cannot be converted into hard currency or that insured are restricted in transferring funds from the host country.

### MAJOR EXCLUSIONS

- Failure to comply with the laws of the host country.
- Engaged in any criminal activities.
- Insolvency of the Insured.
- Breach by the insured of any contractual agreements with the host government.
- Fails to take reasonable measures to protect or preserves the property from political violence.
- Fails to exercise all reasonable efforts to convert local currency through all lawful mechanisms.
- Devaluation or fluctuation of local currency.
- Any chemical, biological, bio-chemical or electromagnetic weapon.

### BENEFITS OF BEING INSURED UNDER THIS POLICY

- Protect companies operating internationally against the negative effects of arbitrary government action.
- Insuring assets against expropriation.
- Covering business against political violence.
- Protecting currency against inconvertibility.

### YOU CAN REQUEST A QUOTE TODAY

For more information about our new Political Risk Insurance Policy and the full range of HDFC ERGO Insurance products contact your local broker or HDFC ERGO representative.

### ANTI REBATING WARNING

Section 41 of the Insurance Act 1938

- (i) No person shall allow or offer to allow, either directly or indirectly as an inducement to any person to take out or renew or continue an insurance in respect of any kind of risk relating to lives or property in India, any rebate of the whole or part of the commission payable or any rebate of the premium shown on the policy, nor shall any person taking out or renewing or continuing a policy accept rebate except such rebate as may be allowed in accordance with the published prospectus or tables of the insurer.
- (ii) Any person making default in complying with the provisions of this Section shall be punishable with fine which may extend to ₹10 Lakhs.

Disclaimer: Please read the Terms & conditions before concluding the sale.