



PRISM

POLITICAL RISK INSURANCE
SUPPORT & MANAGEMENT

For Foreign Direct Investment

optio



PRISM

POLITICAL RISK INSURANCE THAT IS
RELEVANT FOR THE 2020'S

An updated and expanded form of Political Risk Insurance that includes practical Crisis Management Support in addition to the standard political risk coverage for loss of assets due to perils such as expropriation, war and political violence.

PRISM was developed for companies with assets, staff or permanent operations in emerging markets. Such companies need insurance that does more than merely indemnify for asset loss due to risks such as war or expropriation. They also need Crisis Management Support when the political or security situation starts to deteriorate, so as to minimise or avoid loss.

They need, in particular, help dealing with the threats to employees in crisis situations such as coups, revolutions, war and civil commotion. By providing crisis management support for both human and financial risks (in conjunction with indemnity for financial loss caused by traditional political risk perils) PRISM revolutionises the political risk product and makes it meaningful and relevant for the 2020's.

PRISM provides the Insured with immediate 24 hour Crisis Management Support through the deployment of Control Risks, the leading global provider of Crisis Management Support. It also provides the full range of political risk coverage available in the Private Market, but with wider Business Interruption cover in areas historically not covered by the political risk insurers such as embargo and temporary abandonment.

PRISM is underwritten by Optio Underwriting under a binding authority led by Hiscox. Hiscox have a long and exclusive relationship with Control Risks in the Political Risk and Crisis Management field.





PRISM

A unique insurance product combining Political Risk Insurance with Crisis Management Support powered by Hiscox designed for companies setting up permanent operations in countries with heightened geo-political and security risk and for contractors working on projects in such countries involving the import of high value plant & equipment.

Permanent abandonment

of assets or operations in the Host Country caused by Confiscation, Expropriation, Nationalisation, Selective Discrimination, Forced Abandonment, Forced Divestiture, Operating Licence Cancellation.



Partial loss of Assets or Shareholding, caused by Expropriation, Forced Abandonment and Forced Divestiture - where the Insured has suffered partial deprivation.



Physical Damage to assets caused by Political Violence.



Non Transfer or Inconvertibility of earnings and remittances.



Business Interruption due to Political Violence.



Non Honouring of Arbitration Award by a Government body.



Inability to re-export equipment following the completion of a contract.



“Crisis Management Support” powered by Hiscox and Control Risks.



THE PRISM ADVANTAGE

All standard coverage set out opposite plus the following:

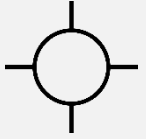
Crisis Management Support. Helping the Insured manage actual or threatened through the deployment of specialist losses expertise provided and coordinated by Control Risks. PRISM is designed both to help the Insured avoid or minimise loss situations and to indemnify it in the event the situation cannot be resolved.

Crisis Management Support is provided for all the standard political risk perils plus a number of additional scenarios such as:

- Detention of staff under duress,
- Illegal occupation,
- Blockade,
- Malicious prosecution.

Additional perils resulting in permanent abandonment such as export licence, cancellation, export embargo.

Enhanced business interruption coverage, and specifically non damage BI caused by the temporary abandonment, export embargo and export licence cancellation.



POLITICAL RISK – COVERAGE SCENARIOS

PERMANENT ABANDONMENT

Caused by the following Insured Risks:

- Expropriatory act.
- Selective discrimination
- Forced abandonment*
- Forced divestiture
- Export licence cancellation
- Export embargo
- Operating licence cancellation.

* Forced abandonment due to war, civil war, rebellion, revolution, insurrection or civil commotion.

DEPRIVATION OF PART OF THE SHAREHOLDING OR ASSETS

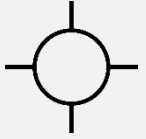
Caused by the following Insured Risks:

- Expropriatory act.
- Forced abandonment*
- Forced divestiture.

PHYSICAL DAMAGE

Caused by the following Insured Risks:

- Revolution
- War
- Civil war
- Civil commotion
- Insurrection
- Riot
- Terrorism
- Rebellion
- Strike or
- Sabotage.



NON-TRANSFER, INCONVERTIBILITY

Caused by the following Insured Risks:

- An action by the Government that prevents the Foreign Enterprise from:
 - legally converting local currency received by or held for the account of the Foreign Enterprise into Policy Currency in order to make an Insured Remittance; or
 - transferring outside of the Host Country the amount of Policy Currency which constitutes an Insured Remittance; or
- Failure and refusal by the Government of the Host Country (or by entities authorised under the laws of the Host Country) to operate in the foreign exchange markets.



BUSINESS INTERRUPTION

Caused by the following Insured Risks:

- Political violence
- Forced abandonment
- Export embargo
- Export licence cancellation.



NON HONOURING OF ARBITRATION AWARD

Caused by the following Insured Risks:

- The failure of the Contracting Party (which must be a Public Body) to fulfil their obligations of payment under an arbitration award made in favour of the Insured and/or the Foreign Enterprise.



CRISIS MANAGEMENT SUPPORT

When a Covered Event occurs, or if there is a clear and imminent danger of a Covered Event occurring, the Insured contacts Control Risks on a dedicated 24 hour emergency contact number exclusive to the PRISM programme.

Control Risks will provide Crisis Management Support Services to help the Insured in:

1. assessing the nature of an Insured Risk and its potential impact on the Insured's physical assets and business operations;
2. avoiding or otherwise mitigating the impact of an Insured Risk;
3. maintaining and/or resuming normal business operations during and/or immediately following the occurrence of an Insured Risk;
4. provision of post incident support and advice.



WHAT IS INCLUDED?

THREAT
ASSESSMENT,
SITUATION
EVALUATION
AND
INTELLIGENCE



DEPLOYMENTS
OF EXPERTISE



INCIDENT
MANAGEMENT



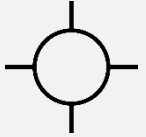
RECOVERY
& POST
INCIDENT
SUPPORT



Crisis Management Support is available both for threats of a “political” nature, such as expropriation, selective discrimination or nationalisation as well as for threats of a security nature such as:

- War
- Forced abandonment
- Political violence
- Staff detention under duress
- Illegal occupation
- Malicious prosecution & blockade.





CRISIS MANAGEMENT SUPPORT



Threat Assessment

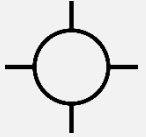
1. 24-hour emergency contact number to global security centre where an experienced duty officer will provide advice and/or arrange for an expert consultant to support the Insured;
2. Research and analysis conducted by geo-political/security/ investigators or other suitable experts to evaluate the situation, profile the threat actors/groups, map the stakeholders and provide intelligence relevant to the Insured Risk;
3. Web and social media scanning relevant to the threat or Insured Risk;
4. Investigation services including case management, suspect and witness interviews and evidence collection;
5. Assessment of stakeholders, power brokers-brokers and influencers- understanding what is happening and who is behind it;
6. Threat assessment report with options and recommendations for mitigation of the Covered Event.



Deployment of Expertise

PROVISION OF INCIDENT SPECIFIC EXPERTISE

1. Consultants; access to, and if necessary deployment of, cyber, security, investigators, and political crisis consultant(s);
2. Evacuation advice; where the security situation is deteriorating, guidance as to whether the Insured or Insured Persons should stand fast or evacuate; the most appropriate means and direction by which to leave, and when to leave;
3. Close-protection officers and security personnel;
4. Security review of affected site(s) and advice on the implementation of temporary remedial physical and procedural security measures;
5. Surveillance and counter surveillance, where permissible under local laws;
6. Life-safety incident management including threat assessment, selection and training of communicators and intermediaries, drafting of communique and other associated tasks.



Incident Management

1. Deployment of crisis management expert(s) to the Insured's headquarters or other agreed location(s) to support the Insured's crisis management team;
2. Support in implementing existing crisis management plans or, in the absence of existing plans, the facilitation of crisis management procedures;
3. Guidance on stakeholder communication and management of the media;
4. Liaison services with all interested parties including but not limited to law enforcement, government officials and families of affected Insured Persons or relevant to the Insured Risk;
5. Contingency planning advice and guidance.



Recovery POST INCIDENT SUPPORT & RECOVERY

1. Identification of legal obligations and liabilities including notification of regulators and other government organisations (which may require the procurement of independent legal advice);
2. Security awareness training for affected Insured Persons;
3. Business continuity advice related to the Insured's property and operations which may include guidance on community relations;
4. Victim and witness de-briefing and rehabilitation support;
5. Support for litigation including; eDiscovery, digital forensic analysis, identification of facts, obtaining witness statements, formal interviewing of suspects and ensuring evidence is accurate and admissible in the relevant jurisdiction;
6. Production of post incident analysis and case de-brief report.



PRISM

THE BENEFIT OF HAVING IMMEDIATE ACCESS TO CONTROL RISKS

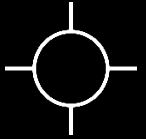
Immediate and guaranteed recourse to Control Risks in the event of an Insured Risk arising during the policy period.

In the absence of such a guaranteed facility, the Insured would struggle to react appropriately and swiftly in a crisis situation – thereby jeopardising the safety of staff that may be located in the Host Country...

...because when the 03.00 AM emergency call is received from the Host Country, there is no time to investigate potential crisis management firms to assist and advise. Concluding that search and on-boarding could take 72 hours and time will be of critical importance.

In emergency situations, there is a high probability that every Crisis Management Company will be operating at full stretch for their existing clients and will not be in a position to take on new clients.

For threats of a political nature (vs security nature) it is often difficult to ascertain the principle agitators and stakeholders, and how to respond. Control Risks supports the Insured by identifying and mapping stakeholders and establishing the key drivers for the government and potential allies to help the Insured negotiate effectively.



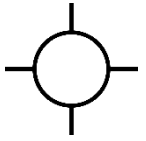
INSURED PERSONS

PRISM provides Crisis Management Support to the following “Insured Persons”

- Directors, Officers and Employees of the Insured or the Foreign Enterprise whilst in the Host Country; including their immediate family members (parents, children, siblings, grandparents, spouse or domestic partner);
- Any person(s) directly involved in the handling of an Insured Risk or employed in the Host Country by the Insured or the Foreign Enterprise during an Insured Risk;
- Any person or customer of the Insured while on the Insured’s or the Foreign Enterprise’s business premises in the Host Country, or while travelling with the Insured in the Host Country;
- Any person(s) whilst in the care, custody or control of the Insured or the Foreign Enterprise in the Host Country, for whom the Insured or Foreign Enterprise has accepted responsibility.

PRISM COVERAGE PARAMETERS

- 36 months non cancellable cover, renewable annually;
- Indemnity for Loss PLUS Crisis Management Support designed to avoid or minimise actual or threatened loss;
- Full range of traditional political risk coverage, plus wider, enhanced cover for the non damage business interruption caused by political acts such as embargo, plus Business Interruption Cover for non permanent Forced Abandonment plus certain non-damage BI scenarios;
- Crisis Management Support extends to the following perils that are not usually covered by political risk insurance.
 - Wrongful Detention,
 - Illegal Occupation,
 - Blockade,
 - Malicious Prosecution.



WHO SHOULD BUY PRISM?

Companies with subsidiary operations in emerging markets such as manufacturing, distribution and assembly operations. Consideration also given to higher risk activities such as mining and renewable energy.



Contractors performing contracts in emerging markets where high-value equipment owned and operated by the Insured is located.



Companies with staff located in the Host Country who are at risk of deteriorating security and political situation.



Companies who do not have the expertise and resources to manage a major political or security crisis internally, and who will benefit from immediate access to the world's leading crisis management organisation.





SELF INSURANCE SHOULD NOT BE AN OPTION

- Seemingly stable countries can deteriorate alarmingly, without warning. Chile 2019. Ukraine 2014. Turkey 2016. Ethiopia (failed coup) 2019.
- We are overdue a sovereign debt crisis in many sub investment grade countries. Such a crisis will colour attitudes to Foreign Direct Investment. It is likely to be systemic.
- Political continuity is fragile;
 - In 2017 few commentators expected Cristina Kirchner to be back in government in Argentina in 2019. Attitudes to FDI are vulnerable to changes in the political establishment.
- Businesses (foreign businesses in particular) are particularly vulnerable during and in the aftermath of a coup or revolution;
 - After the failed 2016 Turkish coup police raided the Istanbul headquarters of the Aydinli Group, a big textile company licensed to make Pierre Cardin merchandise in Turkey. The government alleges it was connected to the coup conspirators. Turkish TV showed the company's chairman being led away by police. In January, he was replaced by a government trustee.
 - Close to 1,000 businesses were expropriated in 2017 by the Turkish authorities in the coup aftermath.
- Employers should establish in advance appropriate steps to manage crisis situations so as to safeguard the security of staff. Attempting to do this once the crisis has commenced is not practical.

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Optio brings together the specialist expertise of Ascent Underwriting, Cove Programs, Bay Risk Services and Northcourt Limited, to create one of the largest independently owned specialty MGAs, managing in excess of \$250 million GWP.

We are here to drive innovation in insurance to manage risk more effectively. By harnessing expertise and embracing technology, we strive to evolve with the needs of our business partners.

Using a combination of technology and market specialists, we create new products, services and solutions that bring efficiency to the market. With an open culture and unified approach, our people aim to form strong, long-term relationships with business partners so we can exceed expectations every time.

Products available:

Political Violence & Terrorism	Political Risk
Accident & Health	Medical Billings Regulatory E&O
Marine Specialty	Healthcare
Professional Indemnity	Transactional Risk



Products available:

Cyber



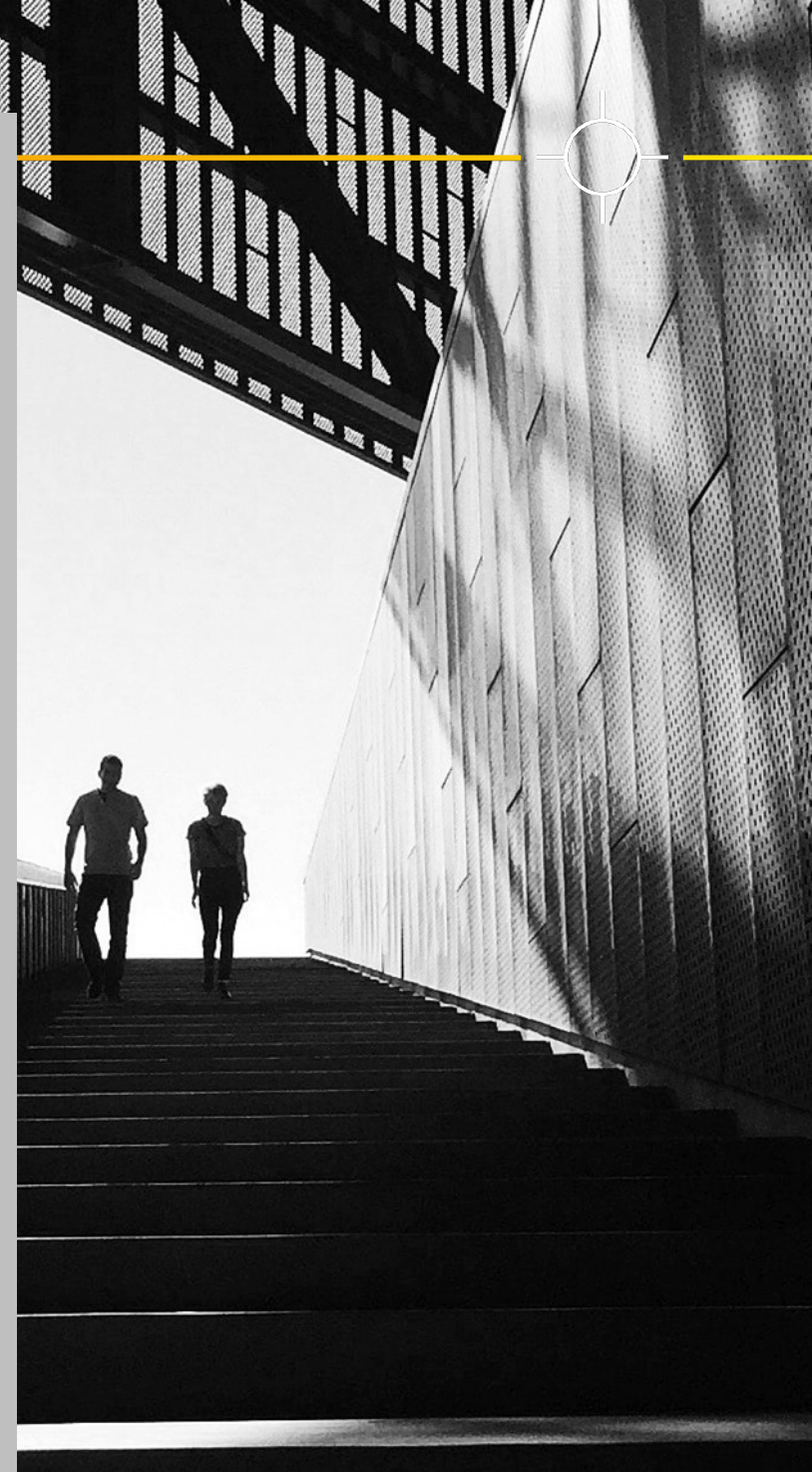
Products available:

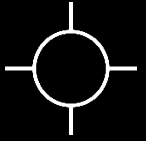
Commercial Construction
Residential Construction
Subcontractor Default Insurance



Products available:

Nuclear Property
Nuclear Liability





OUR PARTNERS

Our underwriter partners



ATRIUM

Our risk management partner

Control Risks

Control Risks is a specialist risk consultancy. We are committed to helping our clients build organisations that are secure, compliant and resilient in an age of ever-changing risk and connectivity. For more than 20 years, Control Risks has partnered exclusively with Hiscox to provide expert advice and assistance to clients who are facing issues of extortive crime. Further information is available on our website – controlrisks.com

APPLYING FOR COVER

Simple, straightforward, application forms can be provided by us on request.

We aim to provide Non Binding Indications of terms within 72 hours of receiving the submission.

The process of converting a non-binding indication to an in-force policy is generally quick and straightforward.

Further details can be provided by Optio Underwriting, a trading name of Ascent Underwriting (attention Nick Hedley, Head of Political Risk) nick.hedley@optiogroup.com at 10th Floor, 1 Minster Court, London EC3R 7AA. 0208 629 8008



Future thinking

www.optiogroup.com

For any further information, please contact a member of our team.

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