



EFIC Political Risk Insurance (Investors)

Terms and Conditions

EFIC insures Australian companies making new investments in overseas enterprises. Our Political Risk Insurance (Equity) facility provides insurance against the Australian investor incurring financial loss mainly arising from political events, such as:

- expropriation, eg nationalisation of the Foreign Enterprise by the overseas host government;
- war damage or political violence; and
- currency inconvertibility and exchange transfer blockage.

EFIC's Political Risk Insurance (Equity) facility may be of assistance if you're looking at a new investment involving:

- an Australian company investing overseas;
- minimum investment value of \$500,000; and
- political risks that are perceived to be material.

INSURER

Export Finance and Insurance Corporation (EFIC).

INSURED

Any company incorporated and operating in Australia and undertaking an investment outside of Australia.

FOREIGN ENTERPRISE

The overseas company into which the investment is made.

NATURE OF INVESTMENT

Insurance may be extended to cover investments undertaken by way of direct equity, shareholder loans, or guarantees to third party lenders.

INSURED EVENTS

EFIC will provide insurance against a loss incurred by the Insured where the main cause of the loss is one of the political events of:

- expropriation;
- war damage or political violence; and
- currency inconvertibility and exchange transfer blockage.

EXCLUSIONS

EFIC will have no liability for claims arising as a result of political violence events originating from labour, student or environmental issues.

EFIC'S MAXIMUM LIABILITY

This is the maximum amount which EFIC will insure and is typically the amount of the investment, plus an allowance for the growth in value of the Foreign Enterprise.

LEVEL OF INDEMNITY

Amounts insured will be indemnified to a level of up to 90%.

TERM OF POLICY

Policy will be for a duration of up to 10 years, with consideration being given on a case by case basis for cover of up to 15 years.

CURRENCY OF POLICY

Policies will be issued in the same currency as the investment. This must be a freely available and convertible currency.

FEES AND CHARGES

The following fees and charges are payable by or recoverable from the Insured:

- 1) an establishment fee, payable at time of execution of the policy, calculated at a flat percentage rate of the amount of EFIC's Maximum Liability;
- 2) a premium, calculated on a per cent per annum basis, payable in advance on the amount of cover required by the Insured for the forthcoming insurance period. Insurance periods will be either six or 12 monthly;
- 3) a stand-by fee, calculated on a per cent per annum basis, payable at the beginning of any insurance period on the amount of EFIC's Maximum Liability which will be unused during the forthcoming insurance period;
- 4) any travel costs incurred by EFIC in undertaking its due diligence and in the finalisation of any documentation required for the transaction at actual cost;
- 5) all in-house and external legal fees; and
- 6) any stamp duty, other charges, duties and taxes payable in relation to the transaction including, but not limited to, any withholding tax and goods and services tax that may be payable on premiums and stand-by fees.

DOCUMENTATION

Documentation for the transaction will include a policy between EFIC and the Insured, and if required, an agreement between EFIC and any other providers of political risk insurance.

ASSIGNMENT/SUBROGATION

In the event of the payment of a claim, EFIC will require to be subrogated to, or to have an assignment of, the interests of the Insured in the Foreign Enterprise. Prior to the payment of a claim for expropriation, the Insured must deliver to EFIC the unencumbered shares in the Foreign Enterprise.

To structure your finance package, please contact EFIC:

Export Finance and Insurance Corporation

Level 10, Export House, 22 Pitt Street, SYDNEY NSW 2000 AUSTRALIA

Tel: +61 2 9201 2111

Fax: +61 2 9251 3851

Email: finance@efic.gov.au

Web: <http://www.efic.gov.au>