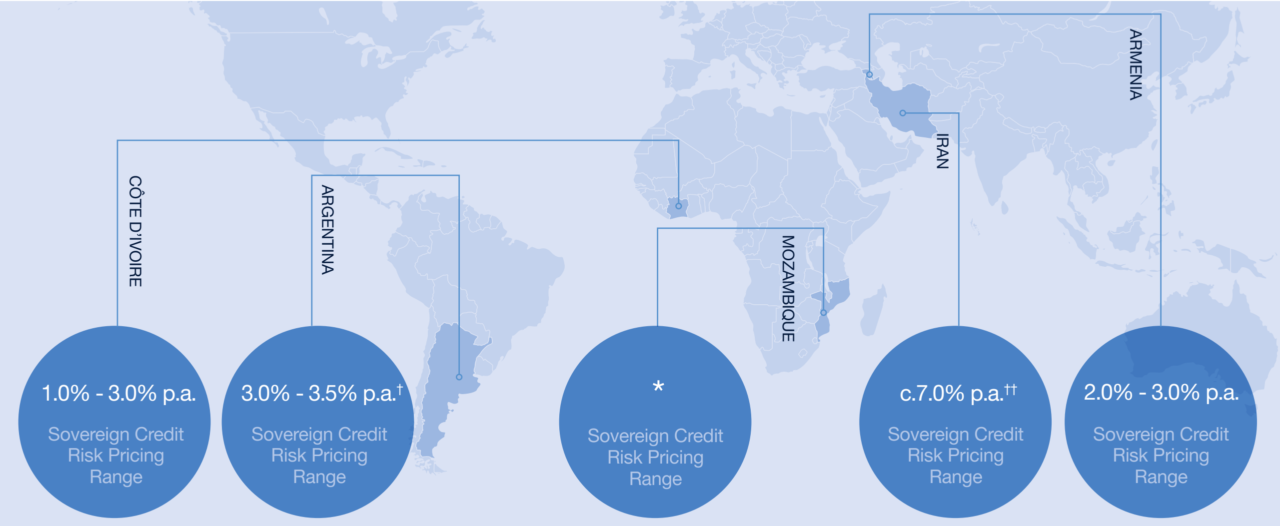
RISK OUTLOOK

CREDIT, POLITICAL AND SECURITY RISKS JUNE 2018



ARGENTINA

Argentina is likely to secure a loan agreement with the IMF, which will support investor sentiment but raise the risk of civil unrest.

Page 3

IRAN

US withdrawal from the Iranian nuclear agreement will undermine Iran's economy and has the potential to destabilise the Middle East.

Page 5

ARMENIA

New Prime Minister Nikol Pashinyan is likely to face opposition in parliament, limiting the scope for significant reforms.

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ALSO IN THIS ISSUE

Introduction

This issue of Risk Outlook looks at recent developments in Argentina. We analyse the impact that the volatility of the peso will have on the country's economy. We also consider whether Argentina is likely to secure an arrangement with the International Monetary Fund and what impact this may have on social stability and the 2019 presidential elections.

In addition to Argentina, we provide a detailed, forward-looking assessment of developments within the security, trading and investment environments in Iran, Armenia, Côte d'Ivoire and Mozambique, all of which have been the subject of recent enquiries from JLT's client base and will experience dynamic security and economic conditions in 2018. We also provide a Rating Roundup, summarising a selection of World Risk Review ratings changes in additional countries.

The relationship driven, consultative approach within the Credit, Political and Security (CPS) Risks division helps us to quantify, prioritise and minimise our clients' political risk, security and trade credit exposures.

N.B

In addition to the sovereign credit risk pricing ranges shown above, this Risk Outlook contains pricing information on confiscation, expropriation, nationalisation and deprivation (CEND), full political violence and terrorism and sabotage insurance. The various costs for contractors, investors and lenders are available for a three to five year tenor, for the countries covered in this month's Risk Outlook.

* *Due to the high risk of sovereign default, insurers are unlikely to accept new enquiries.*

† *Appetite is very limited due to the uncertainty regarding the request for an IMF loan and the conditions that will be attached to this.*

†† *Due to US sanctions, many insurers would be unable and unwilling to write these risks.*

RATING ROUNDUP THIS MONTH'S WORLD RISK REVIEW RATINGS CHANGES

Mexico

↑ Contractual Agreement Repudiation (5)

Andrés Manuel López Obrador (AMLO) continues to lead in opinion polls ahead of Mexico's presidential elections in July 2018. It therefore appears increasingly likely that AMLO will be elected president, which would elevate contractual risks. AMLO has announced that he would review existing contracts in the oil & gas and infrastructure sectors awarded by the current administration. As part of his anti-corruption agenda, AMLO has also pledged to enhance scrutiny of private sector companies operating in the energy sector. This in turn raises the prospect of contractual alteration if evidence of illegality in the awarding of hydrocarbon contracts is uncovered.

Kenya

↓ Strikes, Riots & Civil Commotion (6)

In March 2018, President Uhuru Kenyatta and opposition leader Raila Odinga agreed to a political truce. Odinga had disputed the results of the October 2017 presidential election and called for a series of demonstrations and strikes. In November 2017, 5 people were killed in Nairobi during violent clashes between opposition supporters and security forces. However, as a result of improving relations between the two leaders, the risk of strikes, riots and civil commotion has decreased. While anti-government demonstrations and inter-ethnic disputes will continue to pose a risk, social unrest is likely to remain localised.

1 = Low Risk ↑ = Increased Risk

10 = High Risk ↓ = Decreased Risk

World Risk Review Ratings

June 2018

ARGENTINA	●	MOZAMBIQUE	●
IRAN	●	Low Risk	1
ARMENIA	●	High Risk	10
CÔTE D'IVOIRE	●		

The monthly Risk Outlook is supported by JLT's proprietary country risk rating tool, World Risk Review (WRR), which provides risk ratings across 9 insurable perils for 197 countries. The country risk ratings are generated by a proprietary, algorithm-based modelling system incorporating over 200 international indices.

ARGENTINA

Rating Outlook: Strikes, Riots & Civil Commotion; Sovereign Credit Risk; Country Economic Risk

Peso volatility led Argentina to seek financial aid from the International Monetary Fund in May 2018. While a loan agreement is likely to be forthcoming, spending cuts will raise the risk of civil unrest.

IRAN

Rating Outlook: Strikes, Riots & Civil Commotion; War & Civil War; Country Economic Risk; Legal & Regulatory Risk

President Donald Trump's decision to exit the Iranian nuclear agreement will elevate the risk of conflict between Iran and the US or Israel and reduce Iranian oil exports.

ARMENIA

Rating Outlook: Strikes, Riots & Civil Commotion; Country Economic Risk; Legal & Regulatory Risk

Nikol Pashinyan became prime minister in May 2018 following peaceful protests nationwide against his predecessor. However, the ruling party is likely to limit the potential for reform.

CÔTE D'IVOIRE

Rating Outlook: War & Civil War; Terrorism

Rapid economic growth will generate investment opportunities, but the threat of army mutinies persists and the risk of political instability is likely to rise.

MOZAMBIQUE

Rating Outlook: Terrorism; Country Economic Risk; Sovereign Credit Risk; Legal & Regulatory Risk

Economic conditions are gradually improving but sovereign credit risks remain high and the threat of terrorism is growing in the north of the country. ■

Argentina

Sharp depreciation in the value of the peso led Argentina to seek a loan from the International Monetary Fund (IMF) in May 2018. While an IMF standby arrangement would support investor confidence, it would also be likely to entail additional spending cuts that undermine President Mauricio Macri's approval ratings and raise the risk of social unrest.

Security Environment

Protests against Macri's economic reform agenda remain frequent in Argentina. The risk of social unrest is likely to rise further after the government entered negotiations in May 2018 with the IMF. The organisation is highly unpopular in Argentina due to its association with the country's economic crisis of the early 2000s. Additional austerity measures would be likely to accompany an IMF deal, and would further elevate the risk of demonstrations and strikes by Argentina's powerful trade unions.

Cargo in Buenos Aires faces a high risk of disruption. In February 2018, Argentine truck drivers established roadblocks in a number of neighbourhoods in Buenos Aires in protest against Macri's economic policies. There is an elevated risk of property damage in major cities as protests may become violent. In December 2017, thousands of demonstrators clashed with police in Buenos Aires over new pension laws. Security forces responded with tear gas and rubber bullets, and nearby properties and stores were reportedly looted.

Trading Environment

Rapid depreciation in the value of the peso in late April 2018 led Argentina's central bank to raise interest rates on three occasions until they reached 40% on 4 May 2018. However, renewed currency pressure prompted Macri to seek a credit line from the IMF worth a reported USD 30 billion on 8 May 2018. The peso's volatility has been triggered by rising interest rates in the US, Argentina's upward revisions of its inflation targets in December 2017 and the introduction of a new capital gains tax in April 2018. Argentina is likely to secure a loan agreement with the IMF, which would be positive for investor sentiment as it would signal a commitment to fiscal and economic reform.

Argentina is likely to secure a loan agreement with the IMF

Since he assumed office in December 2015, Macri has made gradual progress on improving Argentina's macroeconomic fundamentals. However, while inflation has decreased from around 47% in mid-2016, it is likely to remain elevated at around 23% in

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2018. The fiscal deficit remains elevated, reaching 6% of GDP in 2017. However, the government adjusted its 2018 fiscal deficit target from 3.2% to 2.7% of GDP in May 2018, and it is likely to meet this more ambitious goal. GDP growth is forecasted to slow from 2.9% in 2017 to 2.6% in 2018, driven by market volatility and drought.

Sovereign credit risks are elevated, as central government debt is forecasted to rise from 57% in 2017 to 63% in 2018. The depreciation of the peso will contribute to a rising debt burden, as nearly 70% of total government debt is foreign-currency denominated. Argentina's foreign reserves have increased under Macri, but some of the progress has been undone in recent weeks. Due to attempts to support the peso, reserves fell from USD 64 billion at the start of the year to USD 55 billion by early May 2018.

Investment Environment

Presidential elections are due to be held in October 2019. Although Macri remains likely to be re-elected, he will face a much stronger challenge from the Peronist opposition than was previously expected. However, Macri is likely to continue pursuing market-friendly policies. In early May 2018, Congress approved a law to reform capital markets that loosens restrictions on investments in Argentina and protects private firms from government interference.

Labour reform that would reduce costs and enhance contract flexibility for employers will remain a key government priority in 2018. However, the reforms may encounter opposition in Congress, increasing the likelihood that proposals are watered down. In addition, the labour reforms are likely to be delayed as measures to stabilise the peso and reduce the fiscal deficit will be prioritised in the coming months.

See full pricing outlook for Argentina on page 11.

RATING OUTLOOK

Strikes, Riots & Civil Commotion; Country Economic Risk; Sovereign Credit Risk

Iran

President Donald Trump's decision to withdraw from the Iranian nuclear agreement has raised the risk of conflict between Iran and the US or Israel. Iran's economy will decelerate as oil exports fall, and international firms operating in the country will face additional regulatory challenges.

Security Environment

On 8 May 2018, President Donald Trump announced that the United States would exit the Iranian nuclear agreement, known as the Joint Comprehensive Plan of Action (JCPOA), and withdraw all nuclear-related sanctions relief. President Hassan Rouhani has indicated that Iran will remain in the JCPOA until it has had time to evaluate the level of support in Europe, Russia and China for continued sanctions relief. There will be growing pressure from Iran's hard-line conservatives to restart the nuclear programme and retaliate against the US. However, any resumption of the nuclear programme may spur US or Israeli airstrikes on nuclear sites, something Iran will be keen to avoid.

Trump's decision has the potential to destabilise the Middle East, as rhetoric between Israel and Iran escalated rapidly in the wake of the announcement. On 9 May 2018, the Israel Defence Forces (IDF) reported that 20 rockets had been launched at its posts by the Iranian Quds Force in the Golan Heights, Syrian territory occupied by Israel since 1967. No damage was reported, and 4 rockets were intercepted by the Iron Dome defence system. Israel responded with airstrikes on Iranian targets in Syria, indicating that the majority of Iran's military assets in Syria had been destroyed.

Israel's response suggests that the country will seek to escalate military action against Iran to force the country's withdrawal from Syria. Iran's ability to retaliate will be limited as the economic and political costs of such action would be high, particularly as Iran seeks to shore up the JCPOA with European partners keen to preserve the deal. War risks between Iran and the US will rise in the immediate future, although the US will be reticent to enter a fresh conflict. The US is only likely to take military action, which would likely involve airstrikes, if Iran resumes nuclear activities.

Trump's decision has the potential to destabilise the Middle East, as rhetoric between Israel and Iran escalated rapidly in the wake of the announcement

Renewed sanctions will exacerbate economic weaknesses and are therefore likely to increase protest risks in Iran. Dissatisfaction has already been mounting over the limited impact of sanctions waivers on standards of living. Economically

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motivated strikes by truck drivers began in late May 2018 and have disrupted the transportation of ground cargo. As the re-imposition of secondary sanctions will further limit foreign investment in Iran, renewed protests are a possibility.

Trading Environment

The re-imposition of US sanctions will undermine the Iranian economy, with growth forecasted to slow marginally to 3.1% in 2018 before declining to 0.8% in 2019. The deceleration will be underpinned by a fall in foreign investment and a drop in oil exports of up to 500,000 barrels per day. The rial has fallen by over 46% against the dollar since early 2018, and is likely to continue to depreciate in the medium-term. This will exacerbate hard currency shortages and lead to a modest uptick in inflation, which is forecasted to rise from 10.0% in 2017 to 10.5% in 2018.

A lack of clarity surrounding potential European Union (EU) measures to help European firms maintain their operations in Iran is likely to weigh on investment inflows. However, countries such as China, India and Turkey are unlikely to fully comply with the US's unilateral re-imposition of sanctions and may even increase their imports, mitigating the extent of the economic impact on Iran.

Investment Environment

The anticipated uptick in foreign investment in Iran following the signing of the JCPOA in July 2015 has not fully materialised. Stringent rules around US engagement with Iran ensured that the compliance requirements for international firms remained challenging. As a result of the withdrawal of the US from JCPOA, the barriers to operating in the country have further increased. Following 90- and 180-day grace periods to allow commercial entities to wind down commercial activities with Iranian entities, a wide range of industries such as the automotive and energy sectors will be affected by the re-imposition of US sanctions. While the EU has reaffirmed its commitment to the agreement, it remains to be seen whether the EU will introduce measures to protect European business activities in Iran, and this additional regulatory uncertainty will further complicate an already challenging investment environment.

See full pricing outlook for Iran on page 11. ■

RATING OUTLOOK

Strikes, Riots & Civil Commotion; War & Civil War; Country Economic Risk; Legal & Regulatory Risk

Armenia

Serzh Sargsyan's bid to retain power by transitioning from president to prime minister led to peaceful protests that forced his resignation in April 2018. Nikol Pashinyan, the leader of the protest movement, replaced Sargsyan as prime minister in May 2018. However, Pashinyan's agenda is likely to face opposition in parliament, limiting the scope for significant reforms.

Security Environment

Following a decade in power as president, Serzh Sargsyan switched to the role of prime minister in April 2018, prompting peaceful protests nationwide that led to his resignation later in the same month. Sargsyan's appointment, which took place as Armenia transitions to a parliamentary system that strengthens the powers of the role of prime minister, was viewed by many as an illegitimate extension of his rule.

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Further protests would pose a significant risk of business interruption, as demonstrations in April and early May 2018 attracted tens of thousands of people

Protest leader and opposition politician Nikol Pashinyan replaced Sargsyan as prime minister following his election by parliament in May 2018. In the coming weeks, Pashinyan will present his programme to parliament.

While the election of Pashinyan will reduce the likelihood of mass protests in the short-term, the risk of civil unrest will remain. Popular demand for reform may be frustrated if Pashinyan fails to meet expectations, while the ruling Republican Party of Armenia (HHK) retains a majority in parliament and has offered no pledges of support for Pashinyan's proposals. Parliamentary gridlock remains likely unless early elections are called in the coming months, which Pashinyan has advocated. Further protests would pose a significant risk of business interruption, as demonstrations in April and early May 2018 attracted tens of thousands of people and led to roadblocks in Yerevan and suspensions of public transport. The risk of intervention by Russia, which maintains a military base in the country, is likely to temper any moves by Pashinyan to strengthen Armenia's ties to the European Union. While low-level skirmishes persist on the border between Armenia and Azerbaijan over the disputed status of Nagorno-Karabakh, full-scale war remains unlikely.

Trading Environment

Pashinyan has not been forthcoming with details of any specific policies but economic policy is likely to remain broadly unchanged. Real GDP growth is forecasted to decelerate from 7.5% in 2017 to 5.0% in 2018, yet growth will continue to be driven by robust export volumes and recovering domestic consumption. Armenia's government debt profile also benefits from a high level of concessional loans with low interest rates. Government debt is moderate at 58.6% of GDP in 2017, and is forecasted to gradually decline to 54.2% by 2019. While the level of foreign-currency debt is high at 81%, foreign exchange reserves are stable at USD 2.1 billion, equivalent to 6.5 months of import cover. However, Armenia remains vulnerable to any economic downturn in Russia, its largest trading partner and a key source of remittances.

Investment Environment

Pashinyan's election to the role of prime minister raises the prospect that business-friendly measures will be introduced. Pashinyan has indicated that he will seek to encourage foreign investment and break up economic monopolies, but there is a lack of clarity surrounding his policies and he may find it challenging to pass reforms in parliament. Armenia's mining sector is likely to be supported by rising copper prices, which are forecasted to increase from USD 6,200 per tonne in 2017 to USD 7,000 in 2018. In addition, the Amulsar gold mine, which contains 7.8 tonnes of gold, is due to come online later this year.

Armenia's judiciary is not entirely independent and has traditionally sided with the government, while bribes are frequently solicited in order to secure contracts or influence the judiciary. However, expropriation and contractual agreement repudiation are relatively rare, and Armenia's business environment has gradually improved in the past 5 years. In 2016 and 2017, Armenia introduced laws to strengthen contract enforcement, including the introduction of an automated system that randomly assigns judges to cases. In addition, Armenia signed a Comprehensive and Enhanced Partnership Agreement with the European Union in November 2017, which is likely to support attempts to improve the regulatory environment.

See full pricing outlook for Armenia on on page 11.

RATING OUTLOOK

Rating Outlook: Strikes, Riots & Civil Commotion; Country Economic Risk; Legal & Regulatory Risk

Côte d'Ivoire

Côte d'Ivoire's rapid economic growth and ambitious infrastructure programme will continue to generate investor interest. However, there is a persistent threat of army mutiny and the risk of political instability is likely to rise in the lead-up to the 2020 presidential elections.

Security Environment

Political stability in Côte d'Ivoire continues to be undermined by persistent divisions within the military, which emerged following post-election conflict in 2010-11. On 6 January 2017, troops in Bouaké took to the streets, demanding the payment of bonuses previously promised to them. During mutinies that followed across the country, four soldiers were killed in Yamoussoukro and Abidjan port was briefly closed, disrupting cocoa exports. The government offered staggered bonuses to the troops totalling around USD 19,000 each. Further mutinies occurred in February and May 2017. In January 2018, fighting in which at least one soldier was killed was reported between military units in Bouaké.

Concerns over deteriorating political stability were raised between July and August 2017, following a series of at least five armed attacks on police assets and four prison escapes. In September 2017, the government blamed the incidents on allies of former president Laurent Gbagbo, although no evidence has been given for these claims. Any further incidents will elevate the risk of property damage, although security establishments will remain the primary targets.

In May 2018, Côte d'Ivoire's ruling coalition, the Rally of Houphouetists for Democracy and Peace (RHDP), agreed to merge into a unified political party. While the union will attempt to mitigate the RHDP's internal divisions, political

Any further incidents will elevate the risk of property damage, although security establishments will remain the primary targets

tensions are likely to increase ahead of the 2020 presidential elections, as the issue of who should succeed President Alassane Ouattara remains unresolved, raising the possibility of politically-motivated violence.

Côte d'Ivoire has increased security at hotels and restaurants popular with expatriates, following an attack by al-Qaeda in the Islamic Maghreb

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(AQIM) on a hotel in Grand Bassam in March 2016 in which 19 people were killed. Enhanced security measures will moderate the threat of further terrorist attacks on soft targets in the south of the country, although additional attacks in northern areas remain likely. Any incidents are likely to involve firearms and/or improvised explosive devices.

Côte d'Ivoire is exposed to exchange rate risks, as over 38% of the government debt burden is denominated in dollars

Trading Environment

While political tensions pose a significant risk, Côte d'Ivoire's economic growth is set to remain robust. Real GDP growth is forecasted to slow slightly from 7.6% in 2017 to 7.5% in 2018, as growth will continue to be driven by the mining and transport sectors as well as investment in infrastructure. However, Côte d'Ivoire's economy remains reliant on cocoa exports, which account for around 30% of GDP. While cocoa prices have climbed by 50% since reaching a low in December 2017, their value remains volatile, posing downside risks to the economy.

Côte d'Ivoire is pursuing fiscal consolidation as part of a programme agreed with the International Monetary Fund (IMF) in December 2016. While the 2018 fiscal deficit target of 3.7% of GDP is unlikely to be met, a rise in tax revenues is likely to see the deficit gradually fall to 4.1% of GDP in 2018 and 3.5% in 2019. Government debt is forecasted to remain relatively stable at under 45% of GDP until 2021, supported by high GDP growth. In March 2018, Côte d'Ivoire issued a EUR 1.7 billion Eurobond, which will support its balance of payments.

Côte d'Ivoire is exposed to exchange rate risks, as over 38% of the government debt burden is denominated in dollars. However, the potential for sudden currency depreciations will be mitigated as debt is increasingly denominated in euros, which have a fixed rate of exchange with Côte d'Ivoire's CFA franc.

Investment Environment

President Ouattara continues to pursue investor-friendly policies, and Côte d'Ivoire's business environment has improved significantly since the end of the civil war in 2011. In 2016, Côte d'Ivoire launched a four-year National Development Plan, and major projects under construction include an expansion of Abidjan port terminal and a railway link to Burkina Faso. In addition, the government is seeking to almost double power generation capacity to 4000 MW by 2020. Other initiatives to encourage foreign investment include 2014's Mining Code, which guarantees stable tax and customs regimes for mining permit holders.

Although corruption persists, the creation of specialised commercial courts in 2012 has improved contract enforcement. The average time required to enforce a contract in Côte d'Ivoire's is 525 days, below the OECD average. While the judiciary is politicised and is unlikely to rule against the government, the risk of contract alteration is tempered by Ouattara's desire to attract foreign investment.

See full pricing outlook for Côte d'Ivoire on page 11.

RATING OUTLOOK
War & Civil War; Terrorism

Mozambique

Whilst economic conditions are gradually improving in Mozambique, the country's sovereign creditworthiness remains weak. The country's debt burden is the highest in Sub-Saharan Africa and exchange rate pressures continue to pose downside risks. Despite growing terrorism risks in the northern Cabo Delgado province, oil and gas assets with adequate security are unlikely to be directly affected.

Security Environment

Mozambique faces a nascent threat from Islamist militant groups, with risks concentrated in Cabo Delgado province in the north of the country. In October 2017, approximately 30 unidentified gunmen launched attacks on 3 police stations in Mocímboa da Praia. The group stole 2 AK-series assault rifles and killed 2 police officers. Local reports indicated that the attackers had links to Somalia-based group al-Shabaab, although this has not been confirmed. However, there will likely be an uptick in attacks in the 12-month outlook, as Islamist groups encourage the disaffected Muslim population in Cabo Delgado to participate in attacks. In an indication of the changing risk environment, there have been four further attacks since the October 2017 incident. Onshore oil and gas assets with adequate security measures are unlikely to be directly affected, although Western commercial assets will remain aspirational targets.

The risk of civil war in Mozambique has fallen since May 2017, when an indefinite ceasefire was announced by opposition party-cum-rebel group Resistência Nacional Moçambicana (Renamo). However, the sudden death in May 2018 of the Renamo leader, Afonso Dhlakama, will raise near-term uncertainty over the future of peace negotiations with the government. Renamo's interim leader, Ossufo Momade, has asserted that the group will continue with peace negotiations.

However, if Renamo fails to unify around a single candidate to replace Dhlakama, a protracted leadership contest could delay the signing of a final deal. If the negotiations fail, Renamo would likely restart small arms attacks on security forces and road traffic on the EN1 road, potentially generating project delays in the oil and gas sector.

Trading Environment

Sovereign credit risks in Mozambique remain elevated. In April 2016, the revelation that the government held an additional USD 1.4 billion in public sector debt led the International Monetary Fund (IMF) to suspend financial support, and donor assistance is unlikely to restart in the near future. Moreover, in January 2017, Mozambique failed to honour a USD 59.8 million interest payment on a 2023 bond, before missing a 15-day grace period. The country's debt burden was estimated at 113.1% of GDP in 2017, with the majority of debt denominated in foreign currency. This exposes Mozambique to significant exchange rate risks. Whilst the metical is forecasted to stabilise in the 12-month outlook, it is expected

The country's debt burden was estimated at 113.1% of GDP in 2017

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to depreciate against the dollar by an annual average of 3.3% in the period to 2021, further straining the government's position.

In spite of persistently elevated sovereign credit risks, there are signs that economic risks are moderating in Mozambique. Inflation has eased in recent months, falling to 3.8% in January 2018 from 20.6% 12 months earlier. This will help to drive private consumption, whilst greater currency stability will support foreign investment in liquefied natural gas (LNG). However, real GDP growth will remain below historical averages, with a rate of 3.6% forecasted in 2018.

Investment Environment

Mozambique is emerging as a major player in the liquefied natural gas (LNG) sector, following the discovery of extensive natural gas in the Rovuma basin in 2010. Confidence in the country's potential as an investment destination fell following debt revelations in 2016, yet interest will likely strengthen in the 12-month outlook. ExxonMobil purchased a 25% stake in ENI's offshore interests in March 2017, an indicator of renewed confidence in Mozambique's LNG sector. Moreover, a final investment decision (FID) on ENI's USD 8 billion floating LNG facility at the Coral field was reached in June 2017. Gas production is slated to begin in 2022, with ENI securing a 20-year purchase contract with BP. The government is keen to attract foreign investment in LNG projects, given a lack of domestic expertise in the sector, and this will mitigate the risk of adverse legal and regulatory action.

The government is keen to attract foreign investment in LNG projects, given a lack of domestic expertise in the sector

Mozambique's persistently weak debt position will continue to generate uncertainty around the government's ability to participate in project financing. The debt situation could also mean that the government looks to expand its stake in the nascent hydrocarbon sector, as it has done in previous years. However, any future regulatory changes that are introduced are unlikely to apply retroactively to existing concession agreements.

See full pricing outlook for Mozambique below.

RATING OUTLOOK
Terrorism; Country Economic Risk; Sovereign Credit Risk; Legal & Regulatory Risk

PRICING OUTLOOK

COUNTRY	CEND RISK PRICING RANGE	SOVEREIGN CREDIT RISK PRICING RANGE	FULL POLITICAL VIOLENCE	TERRORISM & SABOTAGE ONLY
Argentina	1.5% - 2.0% p.a.	3.0% - 3.5% p.a.†	0.04% p.a.	0.015% p.a.
Iran	c. 7.0% p.a.††	c.7.0 p.a.%††	Due to the wide-ranging nature of US sanctions, insurance is unlikely to be available.	
Armenia*	0.85% - 1.25% p.a.	2.0% - 3.0% p.a.	0.05% p.a.	0.025% p.a.
Côte d'Ivoire	1.0% - 2.0% p.a.	1.0% - 3.0% p.a. †††	0.1% p.a.	0.035% p.a.
Mozambique	Due to a number of on-going claims and the high risk of sovereign default, insurers are unlikely to accept new enquiries. However, they will roll over capacity in exceptional circumstances.		0.08% p.a.	0.02% p.a.

* Underwriters remarked that they rarely see Armenian enquiries.
† Appetite is very limited due to the uncertainty regarding the request for an IMF loan and the conditions that will be attached to this. Pricing would be dependent on the strategic nature of the underlying deal and the length of the tenor.
†† Due to US sanctions, many insurers will be unable and unwilling to write these risks. For the markets that are able to support Iranian risk, pricing is very likely to be upwards of 7.0% p.a.
††† One insurer's pricing was considerably lower than the others, broadening the pricing range.

JLT provides insurance broking, risk management and claims consulting services to large and international companies. Our success comes from focusing on sectors where we know we can make the greatest difference – using insight, intelligence and imagination to provide expert advice and robust – often unique – solutions. We build partner teams to work side-by-side with you, our network and the market to deliver responses which are carefully considered from all angles.

As one of the world's strongest credit, political and security risks teams we help banks, commodity traders and corporations to understand, mitigate and transfer the effects of political and country economic risk, counterparty (credit) risk, political violence and kidnap & ransom. Through a relationship driven, consultative approach we use a systematic methodology to quantify, prioritise and minimise your company's political risk, security and trade credit exposures.

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CLAIMS DATA

Claims management is central to the value that we seek to add at JLT, and foremost in our minds when we work for any client. Claims are not an afterthought; they drive our placing process. JLT has a diversified client base by sector and geography and JLT has had all Political Risk Insurance claims either paid in full, settled in agreement with the client or withdrawn by the client.

Please see below for historic claims data for the countries covered by this report:

LOCATION	INDUSTRY SECTOR	YEAR	SUMMARY OF CIRCUMSTANCES
Côte D'Ivoire	Commodities	2011	Non-payment of sums due under insured contract. The Insured were forced to agree to a reduction in the payable debt.

JLT'S CREDIT, POLITICAL & SECURITY RISK EXPERTISE

Organisations with international operations are exposed to counterparty and country risks in the course of their daily trade and investment. The diversity of JLT's client base reflects the fact that all balance sheets can benefit from the leverage and protection given by structured use of credit and political risk insurance. JLT has been a leader in political risk insurance since the advent of the market in the early 1980s and enjoys strong relationships with all insurers in this sector. At any one time we manage upwards of USD 60 billion of insurance capacity and we have had extensive success in collecting claims on our clients' behalf.

The insurance contracts we arrange relate to a wide variety of transactions brought about by our diverse client base and we also offer a range of risk consulting services. ■