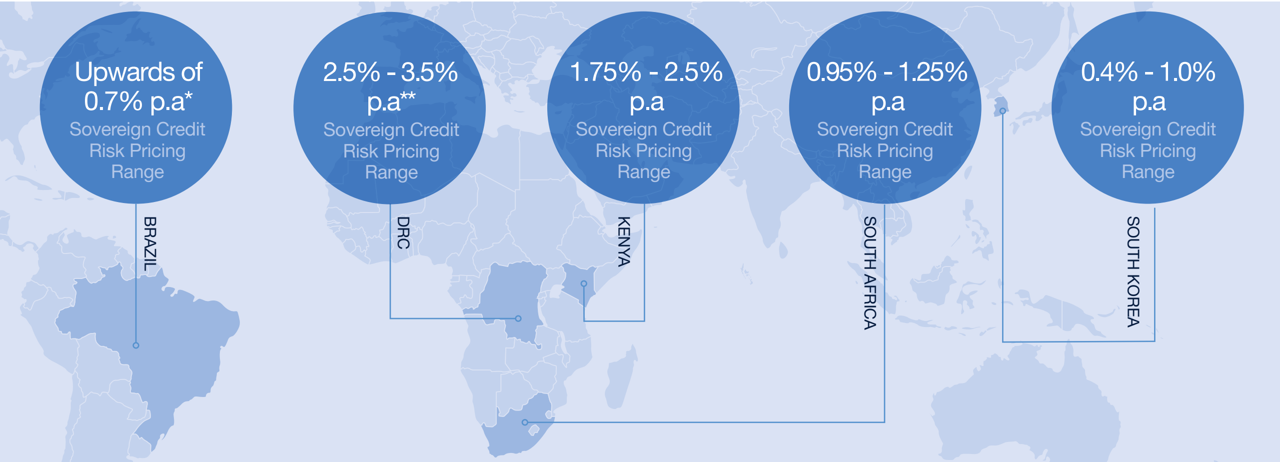
RISK OUTLOOK

CREDIT, POLITICAL AND SECURITY RISKS FEBRUARY 2017



SOUTH AFRICA

Political divisions will deepen in the run-up to the ANC's elective conference in December 2017, weighing on economic reform.

Page 3

SOUTH KOREA

A corruption scandal involving President Park Geun-hye will expose foreign firms to brand and reputational risks in 2017, as well as elevating protest risks.

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BRAZIL

Michel Temer will struggle to implement much-needed fiscal reforms, although the power sector will benefit from reduced government intervention and regulatory reform.

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ALSO IN THIS ISSUE

Introduction

The common thread linking all five of the countries covered in February's Risk Outlook is a rising risk of strikes, riots and civil commotion in 2017. Whether caused by corruption scandals, election disputes or unpopular economic reforms, all are likely to see citizens or unions take to the street to protest. The resulting levels of violence and property damage will vary in each country. Companies operating in these environments will be exposed to these threats and should consider the extent to which their personnel and business operations are at risk, implementing adequate risk management and insurance strategies.

In this edition of Risk Outlook we consider how South Africa will fare in 2017. The African National Congress' elective conference is on the horizon in December 2017, promising deepening political divisions and policy inertia. We also provide a detailed forward-looking assessment of developments within the security, trading and investment environments for South Korea, Brazil, Kenya and the Democratic Republic of Congo, all of which have been the subject of recent enquiries from JLT's client base. 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.

* There is limited appetite or capacity in the market.

** Pricing will depend upon the exact location of the risk given challenges in the country, it will vary on a case by case basis.

RATING ROUNDUP THIS MONTH'S WORLD RISK REVIEW RATINGS CHANGES

Jamaica

Sovereign Credit Risk (6)

Under a 4 year stabilisation programme supported by the International Monetary Fund (IMF) Jamaica has successfully implemented structural reforms and fiscal consolidation. The 2016/17 budget anticipates a deficit of 0.6% of GDP and a balanced budget is expected by 2017/18. A follow-up 3 year Stand-By Arrangement with the IMF will sustain reform momentum year-on-year.

Burkina Faso

Terrorism (5)

On 23 December 2016, 12 Burkinabé soldiers were killed by a group of around 40 Islamist militants in Nassoumbou. This is part of a recent uptick in attacks against Burkina Faso's military, with previous incidents in June and October 2016. The most recent attack was likely carried out by a faction of Jamaat Tawhid wal Jihad fi Gharb Afriqa. Similar incidents are expected in 2017, as militants attempt to derail Burkina Faso's 2016-20 national development plan.

Bangladesh

Country Economic Risk (5)

The Bangladeshi economy continues to perform well, with growth anticipated to be 6.3% in FY2016. This is due to the economy's relative isolation from external shocks. Exports to China form less than 2.5% of total exports, reducing exposure to a Chinese slowdown. Bangladesh is also a net oil importer and has benefitted from suppressed global prices.

Poland

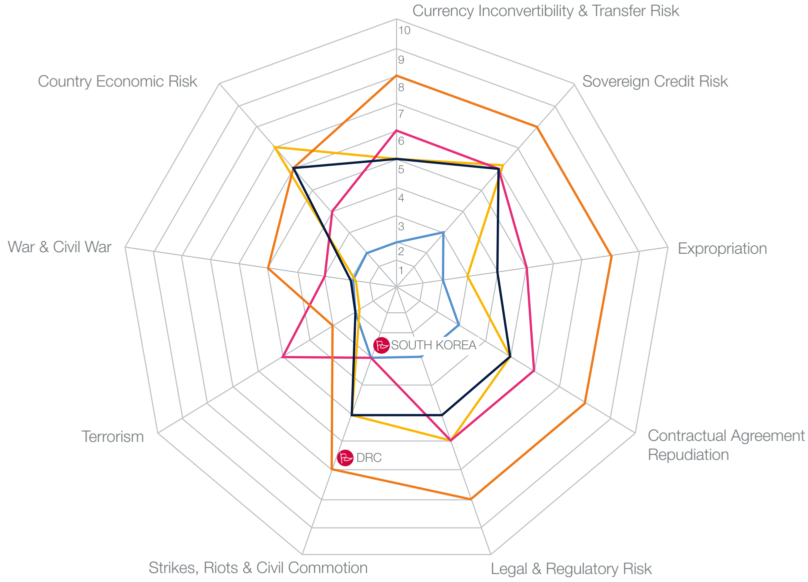
Strikes, Riots & Civil Commotion (3)

Thousands of people protested in December 2016 against government plans to limit media access to parliament. Protestors marched from the presidential palace to the parliament building, where they blocked access to the entrance. Protestors had to be forcibly removed by police to allow MPs to exit. Opposition MPs also blocked access to parliamentary chambers, forcing votes to be held elsewhere.

1 = Low Risk
10 = High Risk
= Under Review (Monitoring for increased risk)
= Under Review (Monitoring for decreased risk)
= Increased Risk
= Decreased Risk

JLT World Risk Review Ratings

February 2017



SOUTH AFRICA	
SOUTH KOREA	
BRAZIL	
KENYA	
DEMOCRATIC REPUBLIC OF CONGO	

Low Risk	1
High Risk	10
Under Review (Monitoring for increased risk)	
Under Review (Monitoring for decreased risk)	

The monthly Risk Outlook is supported by JLT's proprietary country risk rating tool, World Risk Review (WRR) which provides risk ratings across nine insurable perils for 197 countries. The country risk ratings are generated by a proprietary, algorithm-based modelling system incorporating over 60 international sources of data.

SOUTH AFRICA

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

Construction sector growth is forecasted to rise moderately from 1.6% in 2016 to 2.1% in 2017.

SOUTH KOREA

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

The corruption scandal surrounding President Park raises brand and reputational risks for foreign firms operating in South Korea.

BRAZIL

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

President Michel Temer's planned spending cuts to health, education and pensions will be a source of protests by labour unions and public sector employees in 2017.

KENYA

Rating Outlook: Strikes, Riots and Civil Commotion; Currency Inconvertibility and Transfer Risk

A strong pipeline of transport and power infrastructure projects will drive construction sector growth of 8.5% in 2017.

DEMOCRATIC REPUBLIC OF CONGO

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

On 31 December 2016, politicians agreed a deal in which President Joseph Kabila will remain in office until elections occur at the end of 2017, but will not be able to seek a third term.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South Africa

Risk Outlook

Growing public discontent will heighten the risk of protests in South Africa in 2017. Economic growth will be hampered by political infighting, with revenue shortfalls further elevating sovereign credit risks. The fragile financial position of the country's state-owned enterprises (SOEs) will drag on opportunities for investors in the infrastructure sector.

Security Environment

Labour disputes and socio-economic grievances often lead to strikes, riots and civil commotion in South Africa, with elevated risks of property damage and business interruption for private companies. Labour strikes are likely to affect the mining sector in particular in the one year outlook, as trade unions compete for influence in order to increase membership. In January 2017, 1,700 workers staged a sit-in strike at Kusasalethu gold mine west of Johannesburg, demanding payment of bonuses and the sacking of the mine's general manager. Such incidents often turn violent, leading to arson and property damage.

Grievances with the ruling African National Congress (ANC) raise the likelihood of public protests in the short to medium term, particularly in urban centres such as Johannesburg, Cape Town and Durban. In September and October 2016 student protests broke out across the country over a proposed 8% hike in tuition fees. A number of demonstrations turned violent as students attacked police and set fire to university buildings, causing an estimated USD 44 million of property damage.

1,700 workers staged a sit-in strike at Kusasalethu gold mine in January 2017

Trading Environment

Political infighting in the ANC will weigh on South Africa's economic performance in 2017, as focus shifts to the December elective conference and reforms stall. President Zuma also continues to oppose Finance Minister Pravin Gordhan's efforts at reform in key SOEs. As a result, real GDP growth in 2017 will only see a moderate acceleration, rising to 1.1% from 0.5% in 2016. The fiscal deficit is expected to be 3.8% of GDP in FY2016/17, above the government target of 3.2%. A ZAR 36 billion tax shortfall is forecasted in 2017/18. There is also a high risk of further fiscal slippage in the next 12 months, as the ANC may begin to use additional spending to bolster support ahead of the 2019 election.

Continued on page 4 ▶▶

Low growth and limited fiscal reform will likely lead to a downgrade by major credit ratings agencies in the 12-month outlook. In late 2016, the country was spared a downgrade into junk status due to confidence in the government's reform agenda. Political inertia will now cause the ratings agencies to amend their position. A downgrade would raise foreign debt servicing costs and elevate non-payment risks, due to increased borrowing costs and a likely weakening of the rand. The impact would be most keenly felt in SOEs, where around 40% of debt is held in foreign currency.

Investment Environment

Political uncertainty will drag on growth in the construction sector in the medium term as investor confidence wavers. Although construction sector growth is forecasted to rise moderately from 1.6% in 2016 to 2.1% in 2017, private investors have become wary of graft and the ability of SOEs to meet their debt obligations. In August 2016 South African firm Futuregrowth Asset Management suspended loans to six SOEs, including Eskom and rail firm Transnet, over governance concerns. Over the long term, large scale planned investment in port and rail infrastructure could provide opportunities for investors, although the government's fragile financial position will likely see investment plans moderated. Transnet has already reduced its planned infrastructure investment up to 2019 from ZAR 336 billion to ZAR 277.8 billion.

Corruption risks are elevated for companies in South Africa. In November 2016 a report released by a former Public Protector outlined evidence of cronyism and corrupt business practises at the top of the South African government, substantiating corruption allegations that have been levelled at President Jacob Zuma for a number of years.

See full pricing outlook for South Africa on page 11. ■

RATING OUTLOOK
Strikes, Riots & Civil Commotion; Sovereign Credit Risk

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South Korea

Risk Outlook

The ongoing corruption scandal surrounding President Park Geun-hye will raise the risk of large-scale protests in 2017. Despite political uncertainty dragging on growth, a manageable debt burden and continued current account surpluses will moderate long term country economic risks. A new anti-graft law will present legal and regulatory challenges to foreign firms in the short term.

Security Environment

The ongoing political corruption scandal will heighten protest risks in 2017. President Park Geun-hye has been linked to charges against her close associate Choi Soon-sil, who is accused of using her ties with the president to coerce the country's chaebol conglomerates to pay large sums to foundations in her name. From October 2016 there were regular large-scale demonstrations in response to the scandal in urban areas, with the number of protesters reaching 1.7 million in Seoul in November 2016. Following this the South Korean National Assembly voted overwhelmingly to impeach President Park by 234 votes to 56. A Constitutional Court review will be finalised within the first six months of 2017, and if the impeachment is upheld then Park will be removed from office with new elections to take place within 60 days. In the short term anti-government protests will therefore continue, remaining largely peaceful and the risk of property damage will be limited. However, as corruption investigations continue there is a heightened risk of individual attacks against commercial entities in relation to the scandal. In December 2016 a truck was driven into the broadcasting building of media firm JTBC, in protest at the company's reporting on the corruption scandal, causing property damage.

> As corruption investigations continue there is a heightened risk of individual attacks against commercial entities.

Trading Environment

The ongoing political crisis and uncertainty over the country's future leadership will drag slightly on investment decisions in the short term. GDP growth is forecasted to fall to 2.5% in 2017 from 2.7% in 2016. This will be partially offset by up to USD 6 billion of spending on infrastructure in preparation for the 2018 Winter Olympics, to be held in Pyeongchang. Construction of hotels, leisure facilities and improvements to transport links will all boost the infrastructure sector, which is forecasted to grow 3.3% in 2017. Meanwhile, the government estimates that the games will generate economic benefits worth USD 12 billion to the South Korean economy.

> The corruption scandal surrounding President Park raises brand and reputation risks for foreign firms operating in South Korea.

In spite of internal headwinds South Korea's fiscal prudence will ensure that sovereign credit risks remain low in the medium term. The country's debt burden is moderate, with the debt to GDP ratio expected to rise from 39.6% in 2016 to 40.1% in 2017. Meanwhile, the current account has remained in surplus every year since 1997, reaching 7% in 2016. This has allowed South Korea to build substantial buffers to external economic shocks, mitigating country economic risks. Foreign reserves were around USD 370 billion at the start of 2017, representing more than 8 months of import cover.

Investment Environment

The corruption scandal surrounding President Park raises brand and reputation risks for foreign firms operating in South Korea. In January 2016 authorities sought the arrest of Samsung vice-chairman Lee Jae-yong over allegations that the group paid bribes of over USD 36 million to Choi Soon-sil. Although a South Korean court rejected the arrest warrant for Mr Lee on this occasion, companies with business links to the chaebol face the risk of reputation damage if they become embroiled in ongoing corruption investigations.

The increased focus on domestic conglomerates has seen a number of fines levied by the South Korea Fair Trade Commission. In May 2016 two companies affiliated with Hyundai Group were fined USD 1.1 million for conducting illegal business transactions. An anti-graft law implemented in September 2016 aims to reduce corruption risks in the country, but its strict new terms will increase legal and regulatory risks for foreign companies working with government entities. The law applies a limit of around USD 27 on dinners bought for public officials, as well as USD 45 for gifts and USD 95 for donations. Although the government's long term objective of reducing corruption is risk positive, foreign companies will need to readjust established gifts and entertainment practises in order to avoid regulatory fines.

See full pricing outlook for South Korea on page 11. ■

RATING OUTLOOK

Strikes, Riots & Civil Commotion; Legal & Regulatory Risk

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Brazil

Risk Outlook

President Michel Temer will find it difficult to implement the fiscal reforms required to improve Brazil's economic outlook in 2017. Popular opposition to any spending cuts will contribute to an uptick in protests in 2017. However, Brazil's power sector will benefit from reduced government intervention, privatisation and regulatory reform in the medium term.

Security Environment

Temer's planned spending cuts to health, education and pensions will be a source of protests by labour unions and public sector employees in 2017. Civil groups such as Vem Pra Rua will also mobilise in protest at persistent corruption scandals. November and December 2016 saw an uptick in protest activity. A 'National Day of Mobilisation' on 11 November 2016, saw demonstrations in 18 states, with 10,000 marching in Belo Horizonte. Most protests passed peacefully, but in Brasília some protestors burned a number of cars. The police responded with tear gas and rubber bullets.

A worsening fiscal situation at the state level will exacerbate protest risks in H1 2017. State budget deficits have reached around 10%, leading to the sacking of thousands of civil servants and reduced social spending. In December 2016, following the elimination of a cash transfer programme for low-income families and a hike in public transport costs, protesters attacked Rio de Janeiro's state legislative assembly. Eight police officers were injured. However, protests in Brazil are largely peaceful with limited incidents of violence and property damage.

State budget deficits have reached around 10%, leading to the sacking of thousands of civil servants and reduced social spending.

Trading Environment

The appointment of investor-friendly Temer in August 2016 boosted business confidence. However, this has waned as it has become apparent that the president will struggle to implement much needed fiscal and pension reforms in 2017. Although Congress approved a ceiling on fiscal expenditure in December 2016, deep opposition from within Congress, labour unions and civil society will stall further unpopular measures this year. There will be a narrow reduction in the fiscal deficit from 10.0% in 2016 to 8.9% in 2017. Political risks will weigh on investor sentiment in 2017, contributing to a challenging growth outlook. Recession continued into Q3 2016, with a 0.8% contraction in GDP from the previous quarter and growth is forecasted at 0.4% in 2017.

Political risks will weigh on investor sentiment in 2017, contributing to a challenging growth outlook.

This will contribute to sluggish near term growth in power demand. In December 2016, the government cancelled a second reserve energy auction, citing sufficient power capacity in the market. Despite this, there is a positive longer term outlook for the sector. Temer supports power sector privatisation and this will open up investment opportunities in generation and distribution. The government and state-owned utility Eletrobras will divest stakes in 6 power distribution companies and award concessions for 5 hydropower plants in 2017/18, following the sale of Eletrobas' stake in distributor Celg-D in November 2016. As a result, between 2017 and 2025 total power capacity is forecasted to grow by an annual average of 2.6%.

Investment Environment

Obtaining environmental licences for power projects can be a protracted process in Brazil. Indigenous communities have a right to be consulted on potential projects and this can lead to legal challenges and, in some cases, the suspension of projects. In August 2012, a regional federal court suspended construction on the Belo Monte hydro-power dam. Whilst construction eventually proceeded, in January 2016 the operating licence was revoked until owner Norte Energia SA met requirements to protect local indigenous communities. Licenses were once again restored, and the plant has been coming online gradually since 2016 and will be fully operational by 2019.

President Temer's efforts to reduce government intervention in the power sector will improve the business environment. The auction mechanism for energy contracts has been revised. Transmission capacity must now be taken into account when awarding contracts, and this should minimise the number of project delays. The role of state development bank BNDES will also be reduced, although the bank launched a USD 144 million green bond fund in November 2016 to support renewable energy projects. This will contribute to strong growth of 11.3% year-on-year in non-hydro renewables capacity in 2017.

See full pricing outlook for Brazil on page 11.

RATING OUTLOOK

Strikes, Riots & Civil Commotion;
Country Economic Risk

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Kenya

Risk Outlook

Whilst the risk of political violence in Kenya is heightened in the lead up to the August 2017 general election, disorder is not likely to reach the levels seen in 2007. Robust growth and access to concessional funding will mitigate country economic risks in the medium term. An improved public-private partnership (PPP) model offers opportunities for international investors in transport infrastructure.

Security Environment

The risk of strikes, riots and civil commotion is elevated in the lead up to the general election on 8 August 2017. Previous elections have witnessed political violence. After the 2007 general election, clashes over the disputed result descended into inter-ethnic violence largely between the Kalenjin and Luo tribes and the Kikuyu community. Almost 1,200 people were killed over a 2 month period. It is unlikely that violence will escalate to this level in 2017. The opposition Coalition for Reforms and Democracy (CORD) is fragmented and support for President Uhuru Kenyatta remains robust, with approval ratings of 75% in December 2016.

However, protests by CORD supporters are likely in response to electoral reforms introduced by Kenyatta in January 2017. These reforms allow for a manual voting system to be used in the event that the electronic system fails, which the opposition claim will facilitate vote rigging during the election. Although foreign companies are not likely to be specifically targeted during disorder, road blockages raise the risk of business interruption for companies in a number of sectors, including agri business and construction.

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Trading Environment

Strong economic growth will help Kenya manage its debt burden in the medium term. Real GDP growth is forecasted to hit 6.1% in 2017, rising to 6.5% in 2018, driven by high levels of investment in infrastructure. Although debt is expected to rise to 56.5% of GDP in 2017 from 55.1% of GDP in 2016, it will remain at manageable levels. In addition, access to a Stand-By Credit Facility of up to USD 1.5 billion from the International Monetary Fund (IMF) further mitigates sovereign credit risks.

Uncertainty over potential violence in the run up to the presidential election in August will heighten the risk of currency depreciation. The Kenyan shilling hit its lowest level against the US dollar for 15 months in January 2017. This trend is likely to persist ahead of the election as investors become wary of political violence, and demand for US dollars increases. In the medium term the outlook is more stable. Foreign reserves remain robust at USD 6.97 billion at the start of 2017, covering over 4.5 months of imports, and are supported by the availability of IMF funds. If necessary, this will allow the government to intervene to prevent a significant slide in the value of the shilling, mitigating currency inconvertibility risks in 2017.

A strong pipeline of transport and power infrastructure projects will provide opportunities to foreign investors.

Investment Environment

A strong pipeline of transport and power infrastructure projects will provide opportunities to foreign investors, with the construction sector forecasted to grow by 8.5% in 2017. The government has sought private investment in the road network, with plans to develop 672.8 km of new and improved roads each year from 2017. In November 2016 the government announced five key projects to be undertaken through the PPP model, including the 180 km Nairobi-Kibwezi road. In 2016 improvements to the country's PPP model were conducted in consultation with international firms including the UK's PricewaterhouseCoopers. As a result future PPP projects will benefit from clear structure and inbuilt revenue generation plans, increasing their attractiveness to foreign investors.

There remain legal and regulatory risks to private companies investing in infrastructure projects. Project timelines often drag, with delays to land acquisition particularly affecting construction. The Lamu Port project was held up for two years due to disputes over the compensation of landowners, with the first phase now expected to be completed by 2019. The risk of contractual agreement repudiation is higher for majority government-backed projects than those that are internationally-financed.

See full pricing outlook for Kenya on page 11.

RATING OUTLOOK

Strikes, Riots & Civil Commotion; Currency Inconvertibility & Transfer Risk


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Democratic Republic of Congo

Risk Outlook

Over the next two years real GDP growth will accelerate in Democratic Republic of Congo (DRC), driven by a recovery in the extractive sectors. However, elevated levels of political risk will weigh on investment in the short-term. Although a transitional deal to end the rule of President Kabila has been agreed, the political situation remains fragile, and protests are likely in 2017.

Security Environment

As President Joseph Kabila remained in office beyond the 19 December 2016 constitutional limit, protests and riots in Kinshasa, Lubumbashi, Boma and Matadi led to the deaths of at least 40 people in December 2016 as security forces used tear gas and live ammunition to disperse protestors. On 31 December 2016, politicians agreed a deal in which Kabila will remain in office until elections occur at the end of 2017, but will not be able to seek a third term in office. This will mitigate the risk of sustained opposition protests in the short term. However, recurring one day protests are likely in urban centres in 2017, particularly if the transitional deal breaks down and elections are further delayed. Anti-Kabila sentiment in the eastern Kivu provinces will be exacerbated by the president's attempts to remain in power, escalating the risk of small-arms attacks by militant groups on mining and cargo assets.

Economic growth prospects for the DRC are positive in the medium-term due to significant foreign investment in the mining sector.

Trading Environment

The DRC's budget deficit will narrow over the next few years due to the government's commitment to cut expenditure and a positive outlook for copper prices. However, further unrest in the lead up to proposed elections by the end of 2017 could limit government efforts to reduce spending, as international donors may withdraw funding. Delays to the presidential election have led the World Bank and African Development Bank to put approximately USD 250 million in budget support on hold. Further to this, additional public spending will be required to hold the election itself, with costs estimated to be as much as USD 1.8 billion.

Economic growth prospects for the DRC are positive in the medium-term due to significant foreign investment in the mining sector. The recent increase in commodity prices, in particular in copper, means that real GDP growth will likely rebound to 5% in 2017, having decelerated in 2016 to 4%. The international community continues to support the DRC, and its substantial natural resource base also means that the sovereign credit position is stable. Debt levels are very low, constituting approximately 13.9% of GDP, which also mitigates sovereign credit risks.

Corruption risks remain significantly elevated in DRC, with informal payments by companies across the economy a commonplace.

Investment Environment

Corruption risks remain significantly elevated in DRC, with informal payments by companies across the economy a commonplace. Graft within government and the public sector is endemic. The Kabila family's business interests are worth hundreds of millions of dollars and span numerous sectors including mining, banking, pharmaceuticals and energy. A United States Securities and Exchange Commission report released in October 2016 estimated that over USD 100 million had been paid in bribes to public officials by US hedge fund Och-Ziff between 2005 and 2015, in order to gain preferential access to the Congolese mining market.

Despite this, Kabila's proactive approach to attracting foreign investment and creating a functioning operating environment for international companies has helped drive significant economic growth since the end of the civil war in 2003. Large multinationals such as Anglo-Swiss firm Glencore Plc and American company Freeport-McMoRan Inc. have entered the Congolese mining industry. The Kabila administration has worked alongside its international partners to improve the business environment, introducing investment codes and creating commercial courts in the country's 10 largest cities since 2008, with support from the European Union. In February 2016, Kinshasa hosted the United Nations Private Sector Investment Conference for the African Great Lakes Region, showcasing investment opportunities to the international community. Integration with the international business community, alongside the DRC's reliance on external concessional funding, lessens the risk of expropriation of assets for international firms.

See full pricing outlook for DRC below. ■

RATING OUTLOOK

Strikes, Riots & Civil Commotion; Country Economic Risk

Pricing Outlook

	CEND RISK PRICING RANGE	SOVEREIGN CREDIT RISK PRICING RANGE	FULL POLITICAL VIOLENCE PRICING	TERRORISM & SABOTAGE ONLY PRICING
South Africa	0.45% - 0.85% p.a	0.95% - 1.25% p.a	0.05% p.a	Due to the existence of the SASRIA scheme, terrorism cover is usually not provided by the standalone market.
South Korea	0.4% - 1.0% p.a	0.4% - 1.0% p.a	0.018% p.a	0.016% p.a
Brazil	0.7% - 1.5% p.a*	Upwards of 0.7% p.a†	0.03% p.a	0.015% p.a
Kenya	0.7% - 1.1% p.a	1.75% - 2.5% p.a	0.065% p.a	0.05% p.a
Democratic Republic of Congo	2.5% - 3.5% p.a**	2.5% - 3.5% p.a**	0.5% p.a	0.1% p.a

* Pricing is dependent upon the deal specifics and commodity in question.

** Pricing will depend upon the exact location of the risk given challenges in the country, it will vary on a case by case basis.

† There is limited appetite or capacity in the market.

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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	YEAR	INDUSTRY SECTOR	SUMMARY OF CIRCUMSTANCES
Brazil	2016	Trading	Non-payment of sums due under pre-payment contract in respect of sugar deliveries
Brazil	2015	Commodity Trading	Non-honouring of collateral agreement/non-delivery of sugar
Brazil	2014	Commodity Trading	Non-delivery of sugar under pre-payment contract
Brazil	2009	Commodity Trading	Credit protracted default in relation to shipments of chemicals
Kenya	2013	Telecommunications	Losses arising from delays in payments under contract and guarantee to supply broadband equipment to buyer in Kenya
South Africa	2013	Banking	Non-payment under a loan agreement in relation to insured's investment in mining operations
South Africa	2010	Ceramics	Credit protract default: rescheduling of debt
South Africa	2009	Ceramics	Credit insolvency: debtor in liquidation. Inability to perform under contract to supply building products

JLT 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. ■