

# Insuring your success

Bringing African opportunities closer



“Africa’s Trade Credit & Political Risk Insurer”

ati | aca

**African Trade Insurance Agency**  
Agence pour l'Assurance du Commerce en Afrique

## WHO WE ARE

We offer a variety of insurance and financial products tailored to the needs of investors, banks, traders and anyone doing business in Africa.

### WE PROVIDE LOCAL PRESENCE AND LOCAL KNOWLEDGE

With a team of skilled professionals, we are able to give you an accurate picture of the risks in Africa.

### WE OFFER A UNIQUE & FLEXIBLE RANGE OF SOLUTIONS

Our insurance products are flexible. They can cover small to large exports, imports investments and contracts on a short-to-medium or long term basis. We are also able to insure, co-insure and reinsure your transactions.

### WE ENSURE THAT YOUR PROJECTS WILL BE PAID

We have a preferred creditor status with our member countries, guaranteeing that transactions we insure will receive priority under any condition that may hinder the project.

### WE BRING A GLOBAL NETWORK OF STRONG FINANCIAL PARTNERS

This network provides an international collection service, added reinsurance capacity, market intelligence among other benefits. Our partners are among the highest rated institutions in the world.

### WE HELP STRENGTHEN YOUR BOTTOM LINE

We are the second highest rated insurer in Africa, rated 'A Long Term' by Standard & Poor's. This enhances the value of your policy with financial institutions and can help you access financing at better rates.

## WHAT WE DO

Africa offers some of the largest trade and investment opportunities. To successfully unlock these possibilities requires a keen understanding of the commercial and political environment. This is where we come in.

### YOU NEED US IF YOU ARE PLANNING TO DO ANY OF THESE ACTIVITIES IN AFRICA:

- Invest
- Trade (exports and imports)
- Finance a transaction
- Enter into a contract
- Offer credit terms to your corporate clients

### THESE TRANSACTIONS CAN EXPOSE YOU TO MANY RISKS, WHICH WE CAN COVER. THESE RISKS INCLUDE:

- You will not be paid because your client is bankrupt
- You won't be paid and you won't even know why
- The money your client deposited for you cannot be converted into the currency you need
- The host government cancels your licence
- The host government expropriates your investments
- The guarantee you've given is called unfairly
- Your goods are damaged during a politically-motivated incident

### KEY FIGURES

| (US\$ millions)              | 2010  | 2011  | %Change |
|------------------------------|-------|-------|---------|
| Gross written premium        | 4.7   | 10    | +112    |
| Total assets                 | 106   | 162   | +53     |
| Shareholders' capital        | 96    | 148   | +54     |
| Gross Exposure               | 384   | 593   | +54     |
| Volume of business supported | 1,217 | 3,512 | +188    |



## BENEFITS

'Taking the worry out of business risk'

### BANKS

- You can insure your corporate loans against default
- You can request your borrowers to take ATI cover for added protection
- You can insure your cross-border transactions against political risks
- You can take our insurance as a substitute for letters of credit confirmation
- You can enhance your invoice discounting product by insuring the receivables

These solutions allow you to lend more with the flexibility of using a less expensive insurance option as collateral.

### CONTRACTORS

We can find solutions for some of the risks you face. These include non-payment or delayed payment and unfair cancellation of your contract during its term.

### EXPORTERS OR IMPORTERS

You face the challenge of being far from your buyer or seller and being exposed to payment problems. On the financing side, you may have to use expensive Letters of Credit to support your transactions.

This ties up your working capital and forces you to trade on cash terms rather than on a more competitive credit basis. Trade credit insurance can help you to overcome some of these obstacles.

### INSURANCE BROKERS

You can extend your product range by joining ATI's Broker Program. Eligible brokers from across the globe enjoy our generous remuneration package on referred business. For more information on how to become an ATI broker, visit our website.

### INSURERS

You can expand your product line and capacity with ATI as a reinsurance partner. ATI offers both facultative and treaty reinsurance for trade credit and political risk insurance.

### INVESTORS

You may be interested in financing a project in an African country but the political and currency risks may prevent you from seeing it through. You can benefit from the Preferred Creditor status we have with member countries.

This guarantees that projects we insure will be protected against damage or loss resulting from unfair government action or inaction.

### MANUFACTURERS

We can assume your credit risk. This gives your suppliers comfort to extend credit terms to you.

### AFRICAN GOVERNMENTS & AGENCIES

You may have difficulty purchasing goods or services from international vendors on credit terms. We can provide your lenders and suppliers with non-payment insurance on your behalf. This enables them to lend to you or offer you supplier credit without the need for a sovereign guarantee.

[www.ati-aca.org](http://www.ati-aca.org)

# PRODUCT MENU

'Making everyday brighter for business'

## TRADE CREDIT INSURANCE

This insurance protects you against non-payment risks. As an added benefit, you can also receive valuable credit information on buyers and access to financing on improved terms.

There are two types of Trade Credit products:

Whole Turnover (WTO) insures your entire portfolio of buyers or debtors.

Typically this is a short-term policy that covers business-to-business and trade related transactions;

The Single Obligor (SO) product covers only one buyer or debtor but it is flexible in terms of the type of transactions it covers. This policy is a short-to-medium term product covering on average a period of one to two years.

### RISKS COVERED

- ✿ A corporate buyer/borrower who refuses to pay or is unable to pay due to insolvency
- ✿ A corporate buyer/borrower who fails to pay due to deteriorating financial circumstances
- ✿ A corporate buyer/borrower who extends your payment beyond the agreed credit period (protracted default)

### ATI TRADE CREDIT INSURANCE - KEY FEATURES

We are able to offer flexible and competitive costs to meet your needs. We base our costs on factors such as the payment history of your buyer/debtor.

This table provides a basic guideline on our key terms.

|                                    | Whole Turnover                   | Single Obligor       |
|------------------------------------|----------------------------------|----------------------|
| Credit terms (tenor)               | Up to one year                   | Average 1 – 5 years  |
| Price range                        | 0.3 – 1.9% of insurable turnover | 1.8 – 3% of exposure |
| Minimum size of the risk insurable | No minimum**                     | No minimum**         |

\* We can combine our products to find a flexible solution that covers the risks you are most concerned about.

\*\* Subject to minimum pricing

## POLITICAL RISK INSURANCE

This insurance protects your investments, projects, goods and contracts against any unfair political action or inaction by a government that would cause damage, financial loss or business interruption in any of our member countries. It can also cover loss due to war & civil disturbance.

### RISKS COVERED

Here is a selection of the risks we cover under this product.

- ✿ Expropriation of your assets
- ✿ Inability to convert or transfer out of the country local funds into freely convertible currency such as US dollars

- ✿ Business interruption or damage to your goods due to war or civil disturbance
- ✿ Trade embargoes or any other sanctions imposed by the Security Council of the United Nations
- ✿ A host government or its agency unfairly refuses to reimburse you for a performance, bid or other pre-paid project bond
- ✿ Non-payment by host governments or its agencies
- ✿ Default by a host government on an arbitration award
- ✿ Breach of contract by a host government
- ✿ Contract frustration such as unilateral cancellation of your operating contract or license

## POLITICAL VIOLENCE, TERRORISM & SABOTAGE INSURANCE

This insurance protects you against financial losses directly resulting from politically motivated violence or terrorism and sabotage events.

We can insure you directly on a stand-alone basis or through an insurer under

a reinsurance contract.

### RISKS COVERED

- ✿ Damage to property
- ✿ Loss of income or revenues due to business interruption

### PRICING ON POLITICAL RISK INSURANCE

We price to the risk assessed in a particular country but we strive to keep our rates competitive and to consider your needs first. Our country risk assessment is based on a number of factors including political stability, exchange rate regulations and legislation governing areas such as expropriation.



# GUIDELINES

## SURETY BONDS

Bonds are an essential element of most contractual relationships. This product protects government agencies and contracted companies to ensure that contracts are completed according to mutually agreed terms. Although a bond will not provide complete indemnity to the project owner, it acts as a deterrent for contractors to do their utmost to comply with the terms of a contract.

Bonds offer protection at every stage of a contract - from inception, when a company bids for a contract and may have to provide a bid bond, to the implementation phase, when questions may arise about the agreed-to terms of the performance. Bonds also protect the project sponsor to ensure that the money they have advanced to the contractor is secure.

ATI's role is to issue bonds to project sponsors or the contracted firm, and to reinsure the bank or the insurance company issuing the bond. We also add value to transactions by doing our own credit analysis on the contracted firm.

### ATI CURRENTLY OFFERS THE FOLLOWING BOND PRODUCTS:

- ✿ **Bid Bonds:** protects the party who has advertised for the project against a contractor who submits a bid but does not take up the contract when awarded. Bid bonds act as a deterrent so that a prospective contractor submits bids which can be implemented under the terms quoted.
- ✿ **Advance Payment Bonds:** protects the issuer of the contract to ensure their advance payment to the contractor will be reimbursed in the event the works are not completed satisfactorily
- ✿ **Performance Bonds:** ensures that the contractor performs his duties as per the terms specified in the contract.
- ✿ **Customs and Warehousing Bonds:** protects any party who has allowed an importer or a logistics agent to obtain delivery of goods, or store goods in warehouses.

ATI will assess the needs and the potential of each member country and decide case by case on the products it will issue or reinsure.

## SOCIALLY RESPONSIBLE

We follow a simple philosophy in our business practises – “anything we produce should add value to the community we live in.”

As a member of the global community, we follow international environmental best practices on every project we underwrite. Our safeguards ensure that our projects do not cause harm to people or the environment. Our policies screen and exclude any project using child labour, supporting money laundering or corrupt practices.

For a copy of our policy wordings, which lists all our exclusions, contact us and for our environmental policy visit our website.

## MAIN TERMS

### WE OFFER

- ✿ Policy periods of up to 10 years (including pre-shipment periods of up to 12 months)
- ✿ No minimum transaction size
- ✿ Price to risk

Maximum project size with reinsurance:

- ✿ Political Risk Insurance at US\$100 million
- ✿ Trade Credit Insurance at US\$50 million

### POLICY INDEMNITY

|           | POLITICAL RISK                                   | COMMERCIAL RISK |
|-----------|--|-----------------|
| Private   | up to 100%                                       | up to 90%       |
| Public    | up to 100%                                       | up to 95%       |
| Sovereign | up to 100%<br><small>(incl. non-payment)</small> |                 |



## GUIDELINES

### ELIGIBILITY

#### FOR POLITICAL RISK INSURANCE OR REINSURANCE

The investment/project must be located in at least one of our African member countries (see Page 10 for our current list of member countries).

#### FOR CREDIT INSURANCE INVOLVING TRADE TRANSACTIONS

- ✿ International Trade: Either the seller or buyer must be located in one of our African member countries; and the foreign country's regulations must allow ATI to offer cover to their exporters
- ✿ Domestic Trade: Both the seller and the buyer must be located in the same African member country

#### FOR TRADE CREDIT INSURANCE INVOLVING FINANCING TRANSACTIONS

- ✿ Either the borrower or project must be located in one of our African member countries (for International Trade); or
- ✿ The lender, borrower and the project must be located in the same African member country (for Domestic Trade)

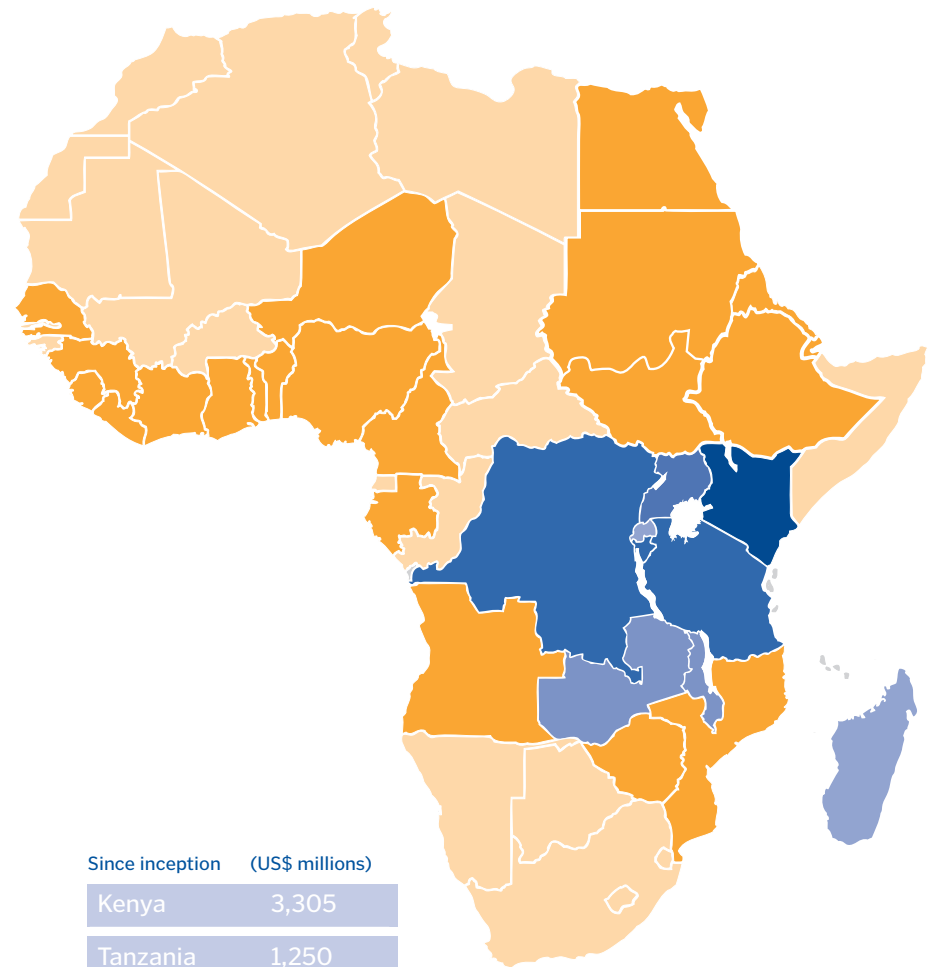
### APPLICATION

The first step is to submit an insurance enquiry form, which is available on ATI's website. Once the enquiry is approved, we will issue a Non-Binding Indication (NBI). If the terms and conditions quoted on the NBI are acceptable to you, we will ask to receive an application for insurance which we will review together with other documents, including an Environmental Information Note (EIN), where applicable.

Once we receive all relevant documents, we strive to underwrite deals and issue policies promptly. To submit an enquiry form online, visit our website.

### VALUE OF INVESTMENTS & TRADE FACILITATED BY ATI IN OUR MEMBER COUNTRIES

Since 2001, ATI has covered over \$7 billion\* worth of trade and investments into Africa. With our expansion strategy we intend to increase this figure dramatically over the next decade.



#### Since inception (US\$ millions)

|            |       |
|------------|-------|
| Kenya      | 3,305 |
| Tanzania   | 1,250 |
| Uganda     | 943   |
| Zambia     | 708   |
| DR Congo   | 414   |
| Rwanda     | 180   |
| Malawi     | 121   |
| Burundi    | 87    |
| Madagascar | 10    |

#### Prospective Member Countries

\* The figures stated here are as of June 2012 and are subject to change based on the volumes of business underwritten in each country.

# CONTACTS

## **ATI Head Office**

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## **ATI Representative Offices**

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