



# African Trade Insurance Agency

Agence pour l'Assurance du Commerce en Afrique



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# Turning Your Risks into Opportunities



**Rennie Kariuki**  
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# Insuring Africa, Guaranteeing Opportunity



## Presentation Outline

1. Introduction to ATI – The ATI Story
2. ATI Products
  - Political Risk Insurance
  - Trade Credit Insurance
  - Political Violence Insurance
  - Bond Insurance



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# A Key Question:

## What are some of the Challenges for Manufacturers and Exporters?

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- Political Risks (Government actions affecting Foreign Direct Investment)
- Access to finance
- Access to supplier credit
- Currency issues on cross border transactions
- Non-payment for goods supplied on credit
- Lack of credit information when approached by new clients
- Lack of knowledge about credit insurance
- Political Violence, Terrorism & Sabotage

# 1. Introduction to ATI

“ATI – we connect Africa to the world’s political risk insurance, trade credit & bond markets.”



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# Africa's Export Credit Agency



## The ATI Story

In 2001, seven African countries came together to determine how best to attract more FDI into the continent. Their study showed political risks to be the biggest deterrence to investments.

This study led to the creation of the African Trade Insurance Agency. ATI is registered with the UN as a multilateral organisation. We offer insurance, co-insurance, reinsurance and other instruments.

ATI has both a business and a development mandate aimed at reaching profitability while improving the business climate in each of our member countries.



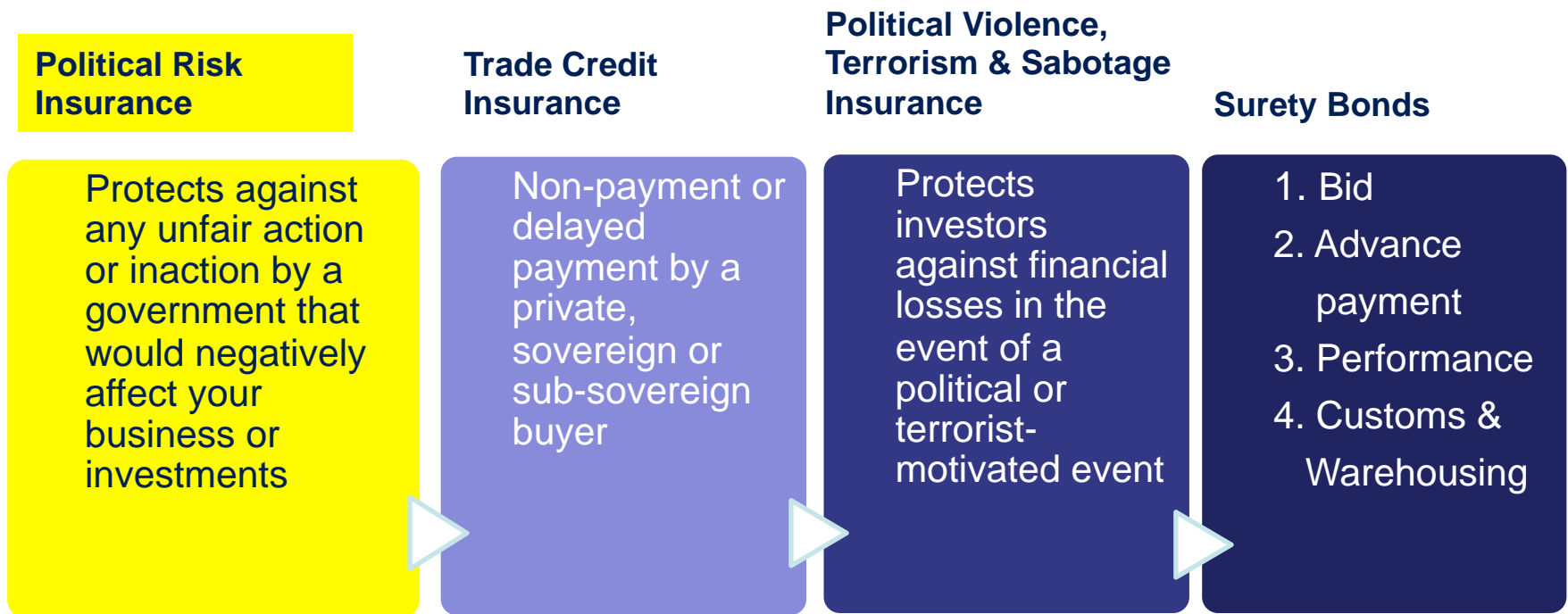
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## 2. ATI Products

“ATI has often provided ground breaking solutions for previously untouched risks in Africa.”



# How Can ATI Help?



ATI can offer a combination of all products for comprehensive coverage as well as co-insurance or reinsurance on specific products.



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## Broad Coverage



# What is Covered under Political Risk Insurance

- Transfer Restriction
- War & Civil War (Business interruption or Physical damage)
- Embargo
- Expropriation (includes Confiscation, Deprivation, Nationalization, Forced Abandonment, Selective Taxation, Unilateral Cancellation of Contracts/ Licenses, Backtracking on Investment Incentives
- Unfair Calling of Bonds
- Sovereign/Sub-Sovereign Non-payment
- Non-honouring of Sovereign Guarantees



# Non-payment by Sub-Sovereign Buyers



- Sector:** Textiles manufacturer
- Transaction:** Sales on deferred payment terms to public sector buyers – in 2 Countries
- Tenor:** 1 Year renewable
- Value-add:** ATI policy to be assigned to the financier
- How we Help:** We can help you do more business with Gov't buyers



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# Key Questions

## Pricing & Payment



### **Tenor:**

Up to a maximum of 10 years

### **Size (Gross Exposure):**

Political Risks: Up to US\$ 100 million (no Min)

**Indemnity - Insured Percentage:** Up to 100%

### **Pricing:**

Price to Risk, depends on Perils being insured, country risk, tenure and Bank's margins among others

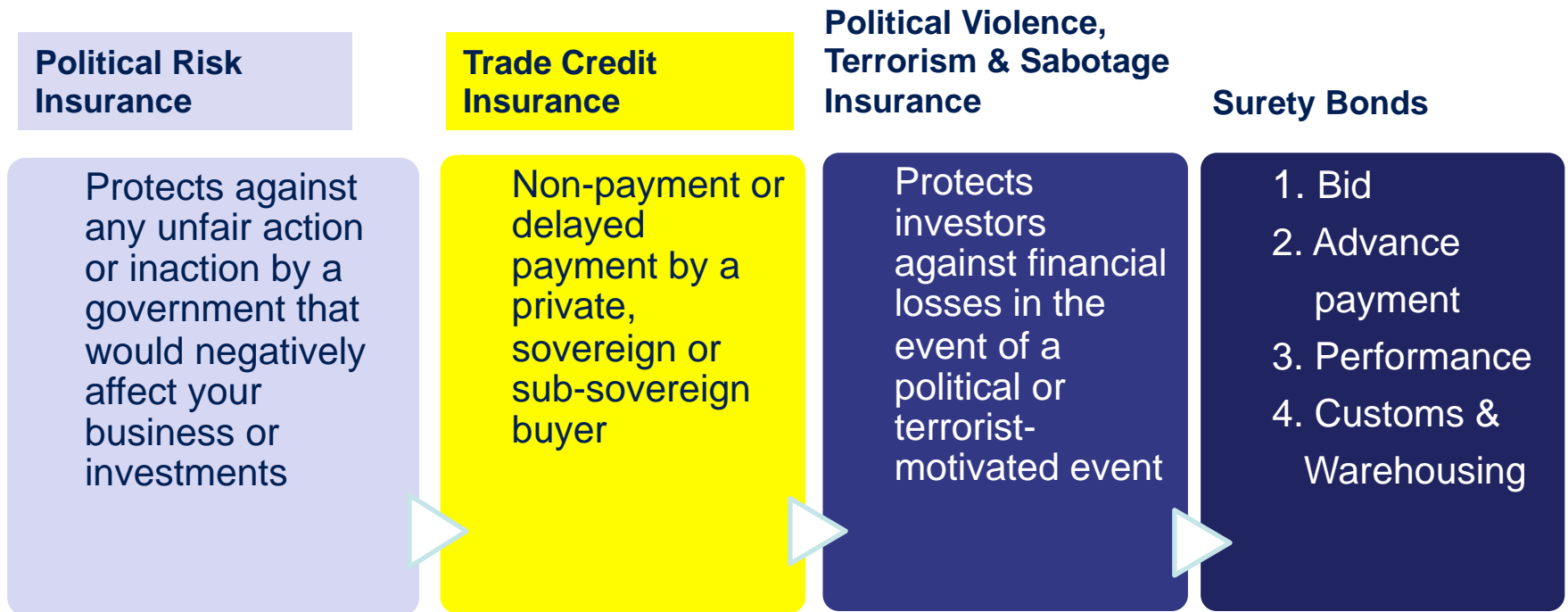
- 1.5% to 3.2% p.a.
- Minimum Premium: \$3,500 – \$5,000

### **Flexible Premium Payment:**

Payable Upfront, Annually or Semi-annually



# What we Offer



ATI can offer a combination of all products for comprehensive coverage as well as co-insurance or reinsurance on specific products.



# CRI Cover for Traders



## What is Covered?

### **For Trade Transactions:**

Covers Non-payment by one or several buyers due to:

- Insolvency, Protracted delay
- Refusal to pay
- Political Risks

### **For Banks:**

Covers the bank on corporate facilities such as:

- Term loans
- LC confirmation lines
- Working capital financing
- Export loans
- Guarantees
- Invoice discounting/Interim Cert. Disc.

# Lenders All Risks Insurance

**Transaction:** Bank Guarantees to a Supplier

**Value:** Ksh. 100 million

**Risk Country:** Tanzania

**Tenor:** 1 Year

**Insured:** Local bank

**Trader:** Local trader

**Cover:** Lenders All Risks Insurance

**How we Help:** Bank used ATI insurance to provide these guarantees to the supplier



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# Comprehensive Insurance

**Transaction:** Coverage of debtor receivables

**Value:** US\$4 million

**Tenor:** 1 Year

**Insured:** An African Bank

**Importer:** A South African-based importer

**Buyer:** A local mining company

**Cover:** Comprehensive Insurance Cover – US\$3.2 million

**Premium Rate:** 2.8%

**Indemnity:** 80%

**Details:** A South African based fuel importer faced a challenging situation. Rising fuel prices combined with its client's need to ramp up production meant they required greater capacity to fill the order. They sought help from a premier African bank, which set up a financing facility.



# Key Questions

## Pricing & Payment



**Tenor:** Up to a maximum of 10 years

**Size (Gross Exposure):** Up to US\$50 million (no Min)

**Indemnity - Insured Percentage:** Up to 85%

**Flexible Premium Payment:**

Payable upfront, annually. Other options can also be negotiated

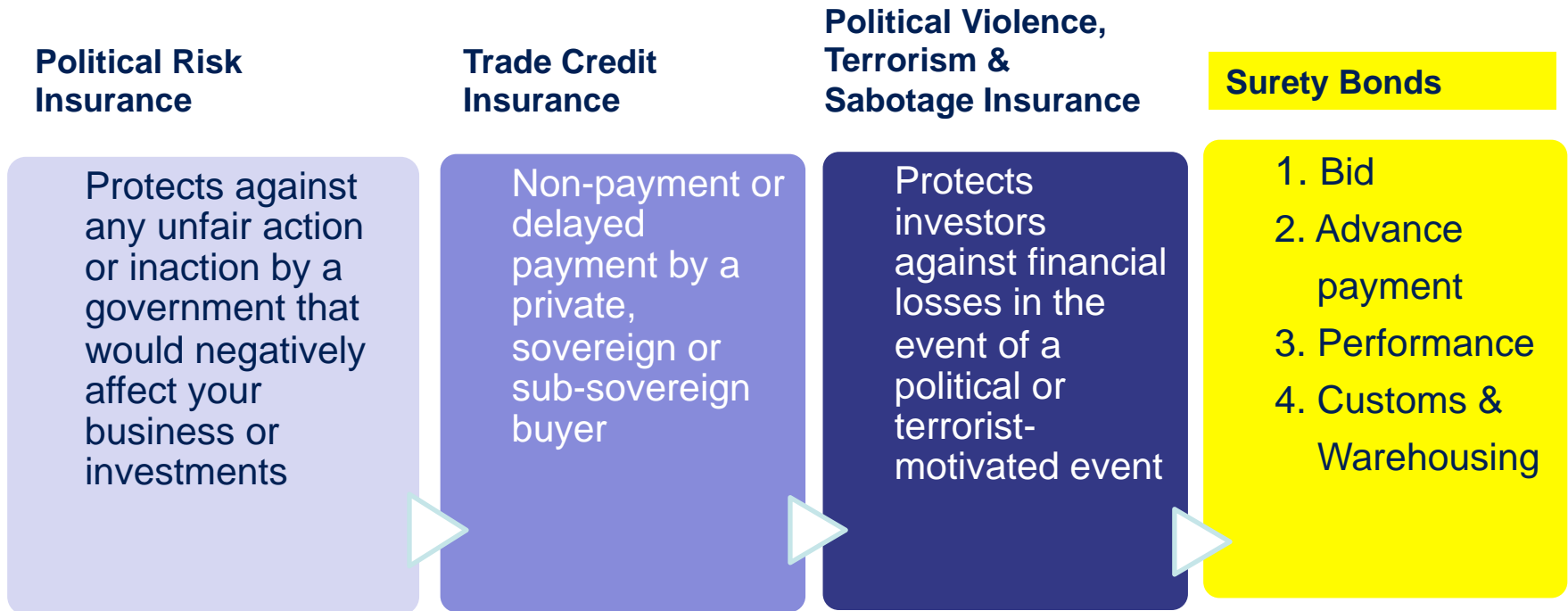
**Pricing:** Competitive but priced to the risk

**Range:**

- Credit Risks - Single buyer: 2.4% to 4%
- Lenders All Risks: 1.5% to 4.0% p.a. or up to 70% of Bank's Risk Margin
- Minimum Premium: \$3,500 – \$5,000



# What we Offer



**ATI is working with Banks and Insurance Companies to Offer Bond Reinsurance Products!**



# Indemnification Percentage & Maximum Liability

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- Indemnification percentage is 80 to 85%
- Maximum liability per bond is \$2,000,000
- Minimum liability per bond is \$200,000
- Right of subrogation of ATI after payment of claim



# Countries Where ATI is Currently Active

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- Benin
- Burundi
- Democratic Republic of Congo
- Kenya
- Madagascar
- Malawi
- Rwanda
- Uganda
- Tanzania
- Zambia



# Africa's Export Credit Agency



# ATI Contacts

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