



The Arab Investment & Export Credit
Guarantee Corporation “DHAMAN”

WHO WE ARE & WHAT WE DO

Workshop Dhaman / Miller

Paris, Wednesday March 27, 2019



Dhamaan is a multilateral institution with full juridical personality and multilateral status, the first institution of its kind to be established in the world.

Established by Arab Countries in 1974 and headquartered in Kuwait with a regional office in Riyadh, Saudi Arabia.

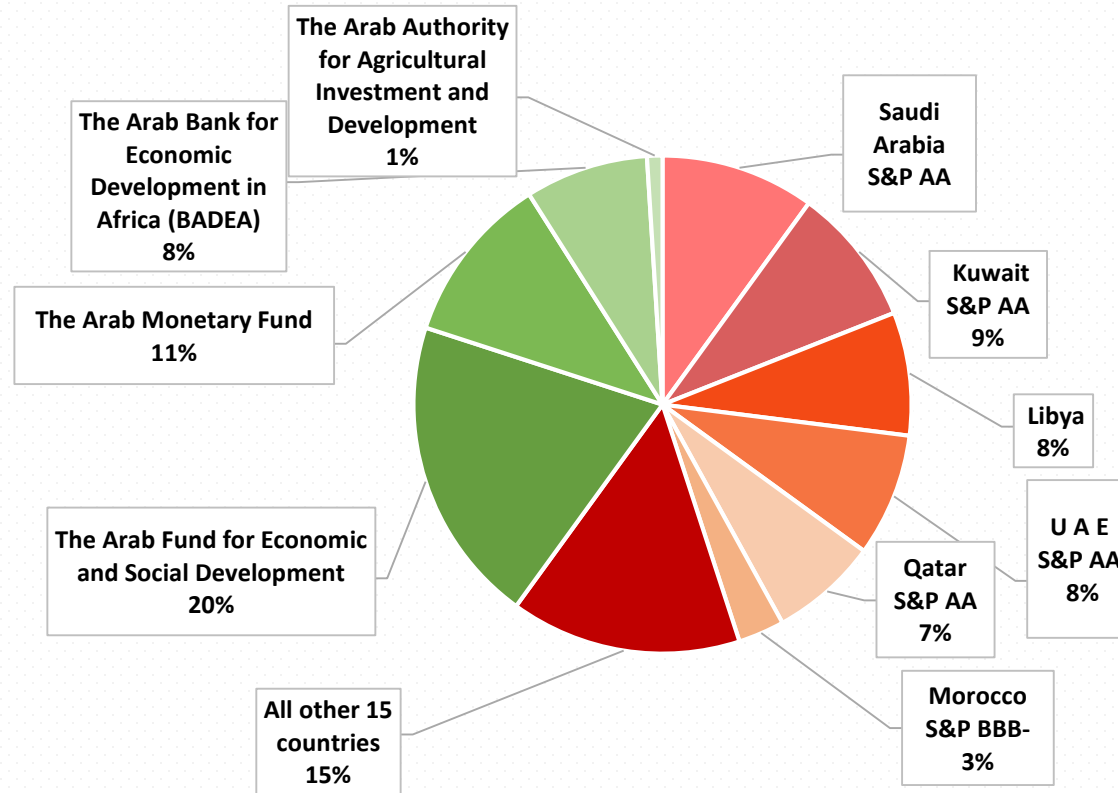
Permanent and founding Member of Aman Union, Member of the Berne Union / Prague Club

MANDATE

To participate in Member Countries' following development areas by providing Credit and PRI solutions:

- Industrial development
- Agricultural development and food security
- Infrastructure development
- Domestic and foreign trade development
- Foreign Direct Investments development

SHAREHOLDING STRUCTURE



MEMBER COUNTRIES

Algeria, Bahrain, Djibouti, Egypt, Emirates, Iraq, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, Palestine, Qatar, Saudi Arabia, Somalia, Sudan, Syria, Tunisia, Yemen.

Voting power is weighted according to the share of capital each Member Country has.

RATING

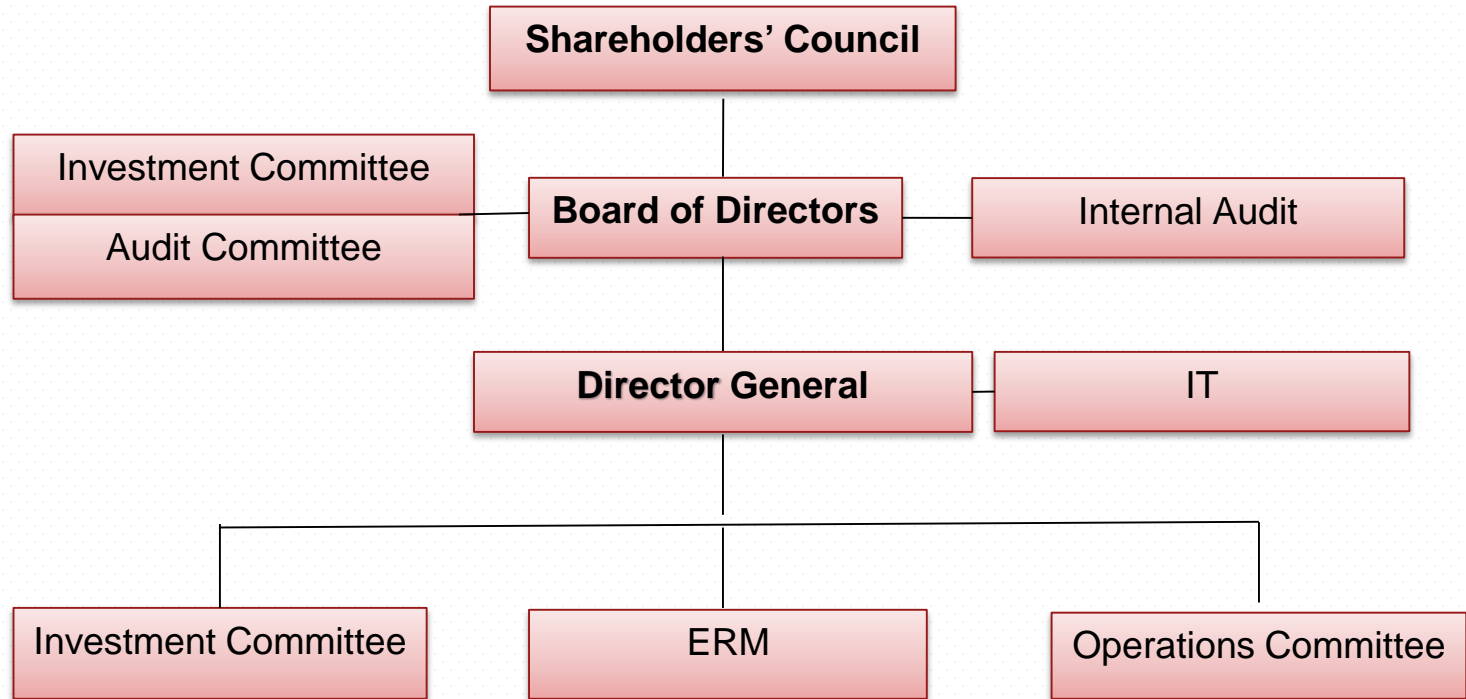
In March 2018, Standard & Poor's Rating Services, under its revised criteria for multilateral lending institutions (MLIs) and other Supra-nationals, reaffirmed its **“AA” rating and continued Stable Outlook on Dhaman for the 11th consecutive year**, reflecting its very strong business profile and strong financial profile.

The Major Rating Factors are:

- Business Strength over more than 40 years.
- Stable and supportive relationship with Member States.
- Strong governance model.
- Very strong risk-based capital adequacy.
- High liquidity.
- Ability to meet its obligations towards policyholders.



GOVERNANCE



Covered risks, maximum line sizes (\$) and tenors (Years)

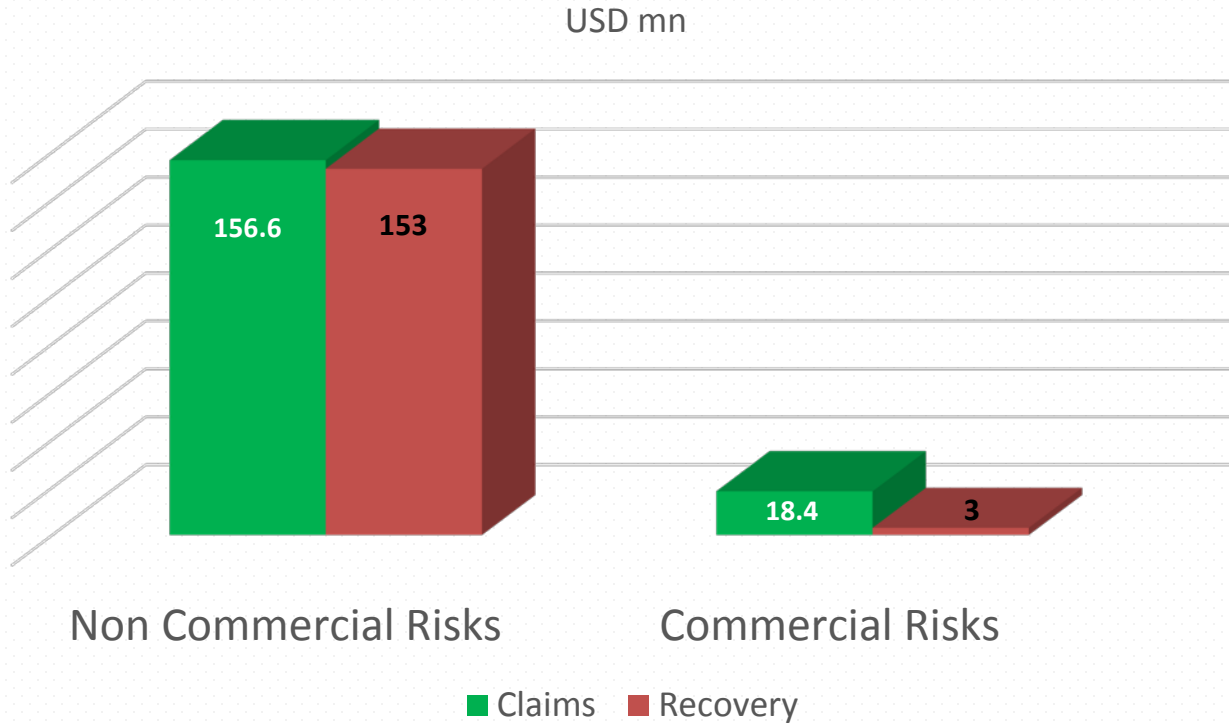
Contract Frustration		Credit		Confiscation Expropriation		Political Violence		Currency Inconvertibility and Exchange Transfer		Breach of Contract		Non Honoring of Sovereign Financial Obligation	
<i>Inability to perform a contract with private or public obligors for political reasons, including non-payment / non-honouring by public obligors.</i>		<i>Private Obligor non-payment.</i>		<i>Host government act(s) that expropriate / confiscate / deprive a company of assets / equity / ability to operate / contractual rights</i>		<i>War, civil war, revolution, insurrection, terrorism or sabotage in the host country causing assets damage and/or Business Interruption</i>		<i>Host government operation of a law or of an order, decree or regulation having the force of law which prevents, restricts or controls the conversion from local currency to Policy Currency and/or the transfer of the Policy Currency outside the host country</i>		<i>Host government's breach or repudiation of a contract with the investor, includes arbitral or judicial award default</i>		<i>Host government's failure to make a payment when due under an unconditional financial payment obligation or guarantee</i>	
Line	Tenor	Line	Tenor	Line	Tenor	Line	Tenor	Line	Tenor	Line	Tenor	Line	Tenor
90	10	90	7	90	15	90	15	90	15	90	15	90	15
Waiting Period: 180 days													



PREFERRED CREDITOR STATUS

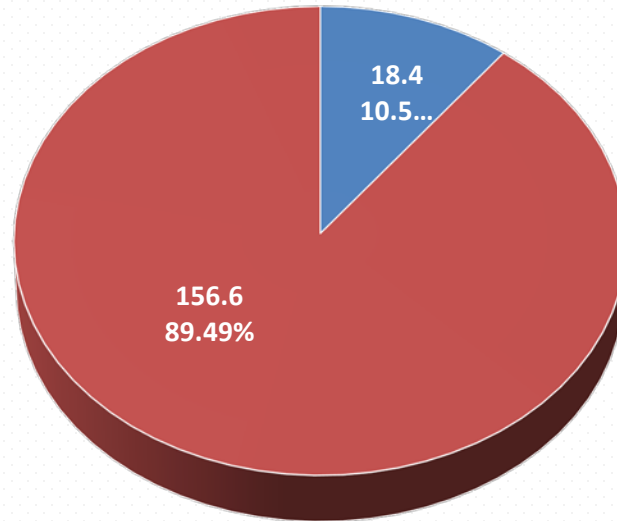
- As per its Articles of Association, Dhaman enjoys a **Preferred Creditor Status** with its member countries.
- Non Objection Letter: notes that the Government recognises Dhaman's support of the underlying project and represents a commitment to reimburse DHAMAN any claim paid to the insured.
- Fields of application: investment insurance, mobile assets insurance, sovereign and sub sovereign financial obligations.
- Recovery rate of political risk related claims: circa 100%.

Historical claims / recoveries 1975-2018



Historical Claims Paid 1975 - 2018

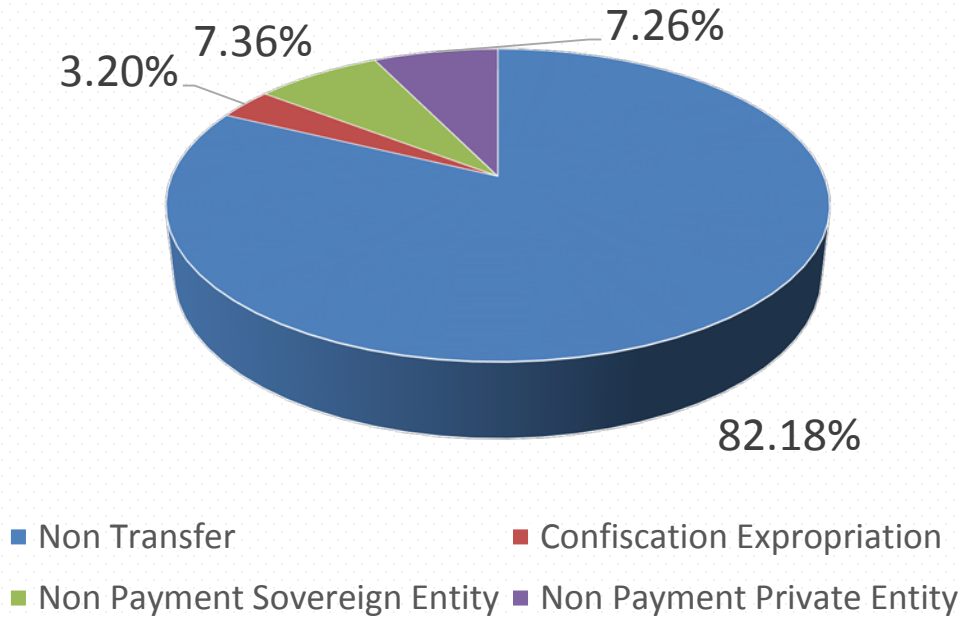
USD 175 MN



■ Commercial ■ Non Commercial



Historical Claims Paid By Type Of Risk 1975-2018



Underwriting Authorities & Escalation Process

Underwriter

Head of Unit

Assistant Director, Operations

Director, Operations

Director General

Operations Committee

All underwriting decisions are taken internally



UNDERWRITING APPROACH

Our underwriting philosophy: properly evaluating a risk and making rational, reasonable decisions on acceptability, pricing and level of coverage.

Own in house scoring model and country risk analysis

Leverage Dhaman's high level relations with Member Countries to mitigate transactions risks

Excellent knowledge of risk countries: rectify common risk misperceptions in the insurance market

Mitigate risks through treaty and facultative reinsurance



REINSURANCE

TREATY

Scope: Short term business

Percentage ceded: 50%

Our reinsurers:

Munich Re (leader): AM BEST A+
Superior, Stable.

Swiss Re:

S&P AA- "Very Strong", Stable.

Catlin Re Switzerland:

S&P: AA-, Stable.

FACULTATIVE

Scope: Medium to long term
business, specific transactions
export credit and investment
insurance.

Percentage ceded: varies.

Our reinsurers: main international
reinsurers and Lloyds' syndicates.



PRODUCT MIX

For Exporters / Suppliers

Comprehensive short term policy.

Single transaction policy, M to LT.

For Investors

Equity and non equity investments, Shareholder's loans, Mobile Assets

For Financial Institutions

DCIP

Buyer credit Insurance

Loan Insurance (project finance)

Loss payee assignment for credit insurance policies.



FOR EXPORTERS

French / European exporters exporting to Arab Countries:

Eligible exports: commodities, equipment, food and other developmentally sound goods and services.

Type of insurance policy:
Single Transaction Policy (STP).

Risks covered: Pre-shipment, CR & CF.

Term: short, medium or long term, depending on the underlying transaction.

FOR INVESTORS

French / European investors investing in Arab Countries

Eligibility

Project must be located in an Arab member country.

Greenfield project or extension of existing project.

Project must be run on commercial basis.

Host country approval is required beforehand.

Total or partial ownership of the project Future profits can be covered.

FOR INVESTORS

Key benefits:

Protects balance sheet against losses due to political risks,

Attracts additional project capital,

Enables investor to penetrate high risk but high return markets,

Transfer of the risk from the host country to a AA rated insurer,

Facilitates project finance: both shareholder and non shareholder (banks) loans are eligible for cover.

Policy period: 10 years, can be extended to 15 years.

Sample Mobile Assets Insurance Contract

Mobile Assets: Powerships for electricity generation

Contractor Nationality: Turkey

Host Country: Lebanon

Asset Value: Approximately US \$ 270 million

Risks insured: CEND

Current status: The project is running for the fifth consecutive year



FOR INVESTORS

Sample Direct Investment Insurance Contract

Project: hotel and mall

Contractor Nationality: Kuwait

Host Country: Iraq

Asset Value: USD 70 million

Risks insured: CEND, ET, War/Terrorism, Breach of Contract

Current status: The project is running for the fourth consecutive year



Documentary Credit Insurance Policy

Master Insurance Policy or Specific Insurance Policy, protects Confirming Bank from the default of the Issuing Bank,

Covered risks: Political & Commercial,

Enhances Confirming bank's Country & Credit limits,

Preapproved limits for + 500 issuing banks worldwide,

Response time: same day for preapproved banks to 3 working days for non preapproved banks.

Documentary Credit Insurance Policy (continued)

Pricing:

- Premium may be quoted directly by Dhaman: we take into consideration the country rating, ranking of the issuing banks within their home country (Top vs. 2nd Tier banks), tenor and settlement conditions
- Premium can be a percentage (70-75%) of the confirmation fees, subject to being compatible with market pricing and in line with our own pricing schedule.

Master Trade Insurance Policy

This new policy was launched in January 2019.

In addition to LCs, it covers a wide a wide spectrum of FI related trade finance instruments.

The policy has been drafted in line with the Insurance Act 2015.

The policy meets the internationally recognized standards for disclosures, fair representations, warranties and remedies for fraudulent claims.

Buyer Credit Insurance Policy

Trade Finance related,

Protects lending banks against the default of the importer or the bank of the importer as the case may be,

Risks: Political & Commercial.



For Banks & FI Solutions

Loan Insurance Policy

Project Finance related, loan tenor must exceed 3 years,

Loan can be extended to private obligor,

or to / guaranteed by Public Entity: Non honoring of Sovereign Financial Obligation.

Leasing Insurance Policy

Financial & Operational Lease.

Policy protects lessor against default of the lessee.

Commercial And / or Non-Commercial Risks covered.

Covers capital equipment leased to lessees from Member Countries regardless of the origin of the equipment.

INDUSTRY RELATIONS

Brokers:

- Dhaman is fully approved by the International brokers
- Cooperation with brokers includes insurance, reinsurance and coinsurance.
- Dhaman uses either its own wording or the brokers' wording once approved by Dhaman.

Example of transactions covered with Miller:

- Commodity export to Egypt, claim paid.
- M/L term loans extended to telecommunication companies in Iraq.
- Trucks exported to Sudan.

INDUSTRY RELATIONS

Underwriters:

- Lloyd's underwriters & Syndicates: coinsurance & reinsurance.

ECAs and Multilaterals:

- Coinsurance & reinsurance



OUR VALUE PROPOSITION



Strong position in Arab Markets:

- ✓ Over 40 year operational experience in the Arab region.
- ✓ Long lasting capital support from member countries mainly GCC countries (A+ rated).
- ✓ Preferred Creditor Status.
- ✓ Access to decision makers and information sources.

Resources Mobilization Capabilities:

- ✓ Strong S&P rating.
- ✓ Strong international network.
- ✓ Strong and permanent reinsurance support from the market.



Thank You For Your Attention.