

Export Development Canada

Political Risk Insurance – Resources Sector

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Canada 


Realize a World of Opportunity

Who is EDC?

About EDC



- › Canada's Export Credit Agency
- › Crown corporation wholly owned by Government of Canada
- › Financially self-sustaining
- › Operates on commercial principles

EDC's Role



- › Only institution exclusively dedicated to providing:
 - › Support and development of Canada's export trade and international business efforts, and
 - › Financing and insurance solutions for Canadian exporters and investors

\$104B

In export business
facilitated

7,343

Customers served

\$29.2B

Business in emerging
markets

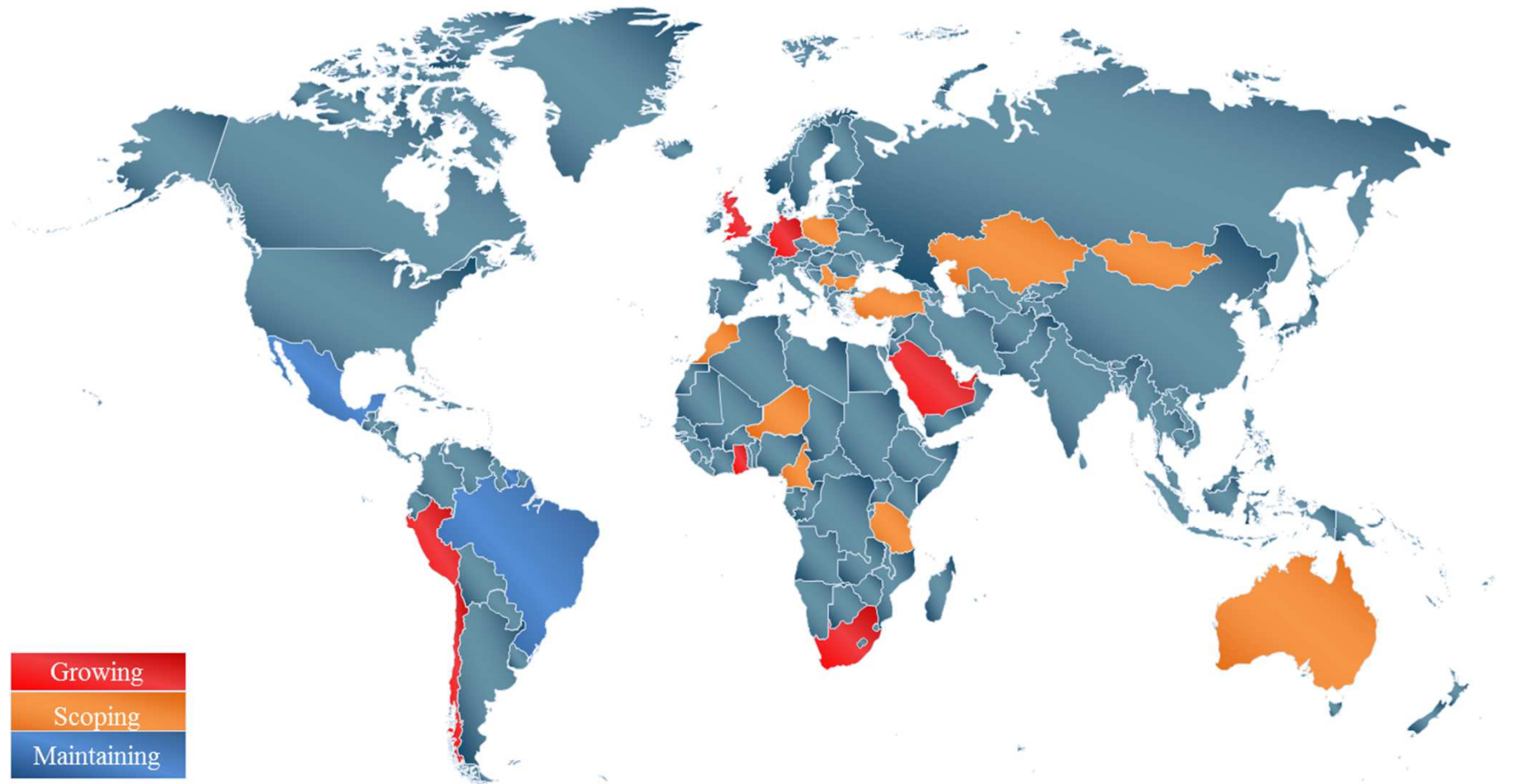
EDC's Foreign Representation



MINING SECTOR VOLUME (CAD \$)

Product	2015	2014
Financing	\$4.0B	\$2.4B
Political Risk Insurance	\$540M	\$500 M
Accounts Receivable Insurance	\$8.1B	\$8.1B
Contract Insurance and Bonding	\$ 1.6B	\$ 1.4B
TOTAL	\$ 14.2B	\$ 12.7B

EDC's Active Mining Markets



EDC'S PRI PRODUCTS

	<u>PRI OF ASSETS</u> <u>(FOREIGN FUNDS</u> <u>INSURANCE)</u>	<u>PRI OF EQUITY</u>	<u>CONTRACT</u> <u>FRUSTRATION</u> <u>INSURANCE (CFI) –</u> <u>SOVEREIGN BUYER</u>	<u>NON-HONOURING OF</u> <u>SOVEREIGN</u> <u>OBLIGATIONS (NHS)</u>
THE INSURED	Exporter/Foreign Investor	Foreign Investor	Exporter/Foreign Investor	Bank
IN SUPPORT OF	Export contract/Foreign investment	Foreign investment	Export contract/Foreign investment	Buyer financing of Export Contract
RISKS COVERED	Expropriation Political Violence (damage and destruction) Transfer and Conversion	Expropriation Political Violence / Forced Abandonment Transfer and Conversion	Sovereign credit risk (inability &/or unwillingness to pay)	Sovereign credit risk (inability &/or unwillingness to pay)
INSURABLE INTEREST	<ul style="list-style-type: none"> - Ownership of equipment, inventory, cash - Right to benefit from ownership - Currency 	<ul style="list-style-type: none"> - Ownership of the investment (equity, S/H Loans) - Right to benefit from ownership - Currency 	Right to payment under a contract with a sovereign buyer	Right to payment under the sovereign loan/guarantee

PRI SUPPORT STORY



Customer: Strategic EDC Customers

Description: Equipment deployed to Iraq and Venezuela for execution of drilling services contract in the Oil & Gas sector



Challenge: Coverage required for high risk countries



Solution: EDC PRI of Asset Policy, insuring the risks of expropriation/confiscation and political violence, forced abandonment



Result: Faced with dwindling opportunities on the domestic front, EDC's PRI coverage allowed the Canadian company to diversify its backlog and pursue business in riskier markets

PRI SUPPORT STORY



Customer: Bank Syndicate lead by Scotiabank, Toronto

Description: Development and Operation of the Pueblo Viejo Gold Mine Project in the Dominican Republic



Challenge: Unique PRI of Loans Policy Structure, giving step-in rights to the Project Sponsor; Environmental Legacy Issues also required in-depth due diligence.



Solution: EDC PRI of Loans Policy, insuring the risk of payment default on the project financing for the mine's development; EDC PRI facilitated commercial lender involvement.



Result: EDC's PRI coverage facilitated Canadian foreign investment and procurement to the mine, as well as access to a new market for Barrick Gold Corporation, the Canadian sponsor.

Qualifying for EDC Support

- Mandate & Canadian Benefits tests
- Borrower & bank eligibility
- Maximum EDC hold / Notional Obligor Risk Threshold Limits
- Know Your Customer: Anti-Corruption, Anti-Money Laundering, Anti-Terrorism

Information Required for Underwriting

- Description of the business and counterparties
- Nature and value of assets, investment, loan
- Coverage requirements (insured risks & amounts, period of coverage)
- Project / Asset location (transportation logistics)
- Project stage: Pre-Feasibility or License Awarded?
- Commercial Viability of Project / Host Country Benefits
- Legal, regulatory & contractual framework

EDC Corporate Social Responsibility

- Does the Project Sponsor have a social license to develop and operate in the host investment country?
- EDC's Environmental Review Directive
- KYC: Anti-Corruption, Anti-Money Laundering, Anti-Terrorism

CSR Operating Principles



Business Ethics



Environment



Transparency



Community Investment



Employee Engagement

Vision / Core Values

PRI Claims Paid in the Resources Sector since 1995

Region	\$ million	Risk
Middle East	300	Political Violence
Asia	8.6	Expropriation
Asia	6	Expropriation
Asia	5.5	Expropriation
Latin America	1.2	Transfer & Conversion
Latin America	0.3	Transfer & Conversion
Total	321.6	

CLAIMS PROCESS

Filing a claim:

- › Max. 30 days after end of Claim Waiting Period
- › Policyholder's burden of proof:
 - a) Risk and Loss have occurred and continues through claim waiting period
 - b) Loss caused by insured peril
 - c) Existence of Assets or Investment and right, title and interest
 - d) Loss amount

CLAIMS PROCESS

Claims determination and recovery duties:

- › Not before end of Claim Waiting Period
- › Within « reasonable time » following receipt of all information
- › EDC pays within 30 days following positive determination
- › EDC may direct insured to institute legal proceeding or assign rights to recoveries to EDC

BENEFITS OF PRI

- › Balance sheet and cash flow protection
- › Allows the pursuit of opportunities in challenging markets
- › May facilitate arranging debt or equity investments
- › Addresses Boards' rising expectations relative to Enterprise Risk Management

BENEFITS OF EDC PRI

- › Halo effect / advocacy
- › Where it makes sense, we fill market gaps
 - countries, tenor, deal size
- › Helping SMEs central to our mandate
- › In house PRI expertise and market intelligence
- › AAA rating

Contacting Us

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