



# POLITICAL AND WAR RISK INSURANCE IN UKRAINE



# POLITICAL AND WAR RISK INSURANCE

## Insurance scenarios

Destruction or interruption of business due to **political violence**



War and civil disturbance cover

Government nationalizes or otherwise makes it impossible to operate the project through **discriminatory measures**



Expropriation cover

Inability to convert or transfer dividends or loan payments due to **foreign exchange restrictions**



Currency inconvertibility and transfer restriction cover

**Default by the government under key project documents** (e.g. concessions, off take agreements) confirmed by an arbitral award



Breach of contract cover



# POLITICAL AND WAR RISK INSURANCE

International agencies: MIGA



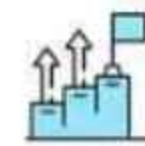
**110**  
million USD

support for Ukraine's Reconstruction  
and Economy Trust Fund

## Political Risk Insurance



Transfer Restriction and  
Currency Inconvertibility



Expropriation



Breach of Contract by  
Governments and State-  
Owned Entities



War and Civil  
Disturbance

**Trade Finance guarantees**  
for Ukraine to import vital  
goods and equipment for  
infrastructure repairs, or  
agricultural production

**Political Risk Insurance** for  
international banks to  
facilitate access to finance,  
as well as liquidity support  
to Ukrainian businesses

## Three coverage forms

- ✓ Loss of assets
- ✓ Temporary business interruption (for equity)
- ✓ Permanent loss of use

Loss has to be a direct and immediate  
**result of acts of war**

Acts of **sabotage or terrorism** can also be covered

**215**  
mln USD

insurance guarantees  
provided since the  
beginning of the war

Annual rate: **2-3%**  
Insurance period: **10 years**  
Amount of  
loss coverage: **up to 90%**



# POLITICAL AND WAR RISK INSURANCE

## International agencies: MIGA's cases

2016

Boryspil



**6.4**  
million USD  
total investments



### MIGA cover:

Amount: **6.4 million EUR** (equity)

Tenor: **10 years**

Risk(s): Expropriation, Currency Inconvertibility and Transfer Restriction, **War and Civil Disturbance**

Issued: **December 2016**

2023

Dragon Capital  
property management

65%

35%



European Bank  
for Reconstruction and Development

**70**  
mln USD  
Total  
investments

**M10** Lviv Industrial Park



and also



### MIGA cover:

Amount: **9.1 million USD**

(equity and shareholder loan)

Tenor: **10 years**

Risk(s): **War and Civil Disturbance**

Issued: **September 2023**



**40**  
million EUR

Portfolio guarantees  
to facilitate financing  
of small and medium-  
sized businesses



# POLITICAL AND WAR RISK INSURANCE



International support: DFC



**357**  
million USD

Coverage  
of the amount  
of losses: **up to 85%**

**50**  
million USD

Reinsurance facility

**150**  
million USD

Insurance for Ukraine's  
agricultural export sector

**152**  
million USD

Insurance for manufacturing  
company

**5**  
million USD

Support for Ukrainian students'  
access to higher education

## Cases

**40**  
million USD



10-year loan portfolio guaranty

**28**  
million USD



Loan portfolio guaranty co-sponsored  
by USAID to aid small businesses and  
agricultural sectors

**62**  
million USD



Political risk insurance

**27**  
million USD



Loan for the construction of a hotel in Kyiv



# POLITICAL AND WAR RISK INSURANCE

International support: IFC



**2**  
billion USD

Package of financing and guarantees to support the Ukrainian private sector



**30**  
million USD

Invested in **Horizon Capital** to support information technology sector

**100**  
million USD

**50%**  
of risks  
are covered  
by IFC



IFC takes up to **50% credit risk** on the portfolio of SME loans up to 100 million USD under **IFC's Small Loan Guarantee Program**, supported by the European Commission



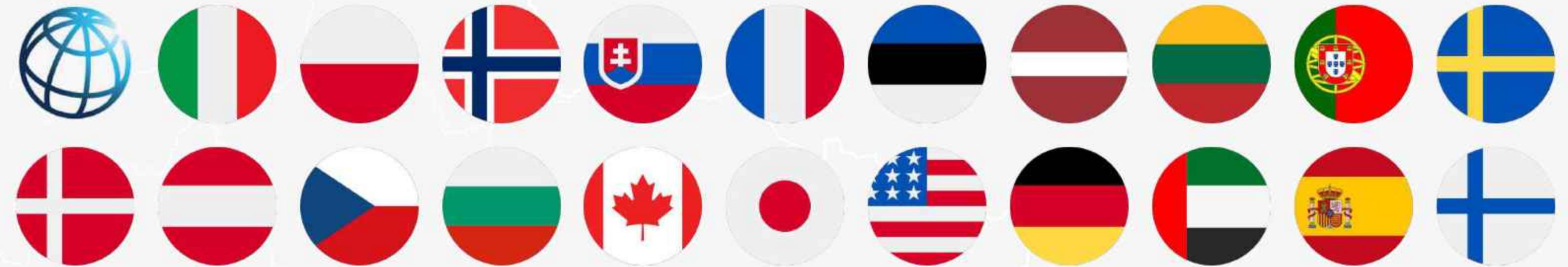
# POLITICAL AND WAR RISK INSURANCE

International support: Export credit agencies

**22**  
**ECAs**

**1+ bln USD**

Volume of the  
collected fund



**bpi**france

Guarantee holders:  
**French companies**

**Covered risks:**

- property damage or nonpayment
- non-transfer
- expropriation
- political violence

Coverage of the amount of losses: **up to 95%**

**KUKE**  
Grupa PFR

Guarantee holders:  
**Polish companies**

**Insurance for:**

- export of goods
- transportation
- investments of Polish companies in Ukraine against political and war risk
- projects in the reconstruction of destroyed infrastructure and construction of new public utility facilities

Coverage of the amount of losses: **up to 100%**

**SACE**

Guarantee holders:  
**Italian Companies**

**Covered risks:**

- expropriation;
- nationalisation;
- war;
- currency restrictions;
- breach of contract;
- loss of profits due to war or civil unrest

Coverage of the amount of losses: **up to 100%**

**Eksfin**<sup>NO</sup>  
EXPORT FINANCE NORWAY

Guarantee holders:  
**Norwegian companies**

**Covered risks:**

- expropriation;
- civil unrest;
- new foreign exchange restrictions

Coverage of the amount of losses: **up to 100%**



# POLITICAL AND WAR RISK INSURANCE



International support:  
UK Export Finance



UK Export  
Finance



**2021 Political, Free Trade and Strategic Partnership Agreement between Ukraine and the UK** provides UK Government-backed insurance coverage for Ukraine



UKEF is ready to support sovereign- and subsovereign-backed financing



**3.5 billion GBP** - the maximum cover limit



**25 million USD** - IFC Ukraine MRPA, risk sharing facility to support trade flow of essential goods into Ukraine



**30 million GBP** - EBRD Trade Facilitation Programme in Ukraine, to support trade flows of critical goods



# POLITICAL AND WAR RISK INSURANCE



## Ukraine War Risk Reinsurance Facility

McGILL  
AND PARTNERS

FortuneGuard

Lloyd's  
Lab  
INSURTECH

ARX

50

million USD  
Policy Limits



Affordable coverage for  
**commercial property and  
investments**

more than

100km

from the front line

from

1%

premium rates  
of the insured limit

\*\*Learn More



The facility protects against **threats**;

- drones
- missiles
- air defense wreckage

**AI-powered** analytics and tailored pricing based on;

- asset location
- history of missile strikes
- proximity to critical infrastructure.



# POLITICAL AND WAR RISK INSURANCE



## Ukraine Recovery Guarantee Facility

**AON**



**European Bank**  
for Reconstruction and Development

**110**

million EUR

Insurance  
fund



Reinsurance support to  
international reinsurers  
and Ukrainian insurance  
companies

Annually facilitates  
the insurance of  
goods and vehicles in  
transit worth over

**1 billion EUR**



**Objects of insurance;**

- cargo
- vehicles
- rail assets

**INGO**

**COLONNADE**  
A FAIRFAX COMPANY

**UNIQA**



## POLITICAL AND WAR RISK INSURANCE

International support:  
Marsh & LLOYD'S



**Affordable war risk insurance for vessels in the Black Sea** heading to and from Ukrainian ports



**Covers all non-military goods:** iron ore, steel, electrical equipment, and container cargoes



Insurance of the hulls of ships and separate liability insurance (P&I) up to **50 million USD**



The participants are **state banks of Ukraine (Ukreximbank, Ukrgasbank) and DZ Bank**



**0.75%** - insurance rate



# POLITICAL AND WAR RISK INSURANCE

## Ukrainian mechanisms



**137.6 mln UAH**  
Insured investments, **2024**

### Risks

- military conflict, including war or armed conflict, armed aggression, hostilities, mass riots;
- terrorist acts and/or sabotage;
- violent change or overthrow of the constitutional order or seizure of state power;
- occupation, annexation

### Direct investment insurance

Insured persons:  
**Individuals and legal entities residents or non-residents of Ukraine**

**Investor's share of corporate rights**  
must exceed 10%

**200 mln UAH**  
Insurance amount

**0.49% - 8.05%**  
Insurance rate

### Investment and insurance objects



Processing industry facilities



Export infrastructure

### Investment loan insurance

Insured persons:  
**Individuals and legal entities residents or non-residents of Ukraine**

Impact of investments on future exports is confirmed by **a feasibility study or business plan**

**200 mln UAH**  
Insurance amount

**0.95% - 4.05%**  
Insurance rate



# POLITICAL AND WAR RISK INSURANCE

Ukrainian mechanisms: Special insurance state broker

## State Agency for War Risk Insurance

**Draft Law 12372**  
*“On war risks  
insurance system”*  
is coming in force  
in 2025

- **reinsure contracts** of authorized insurers
- sell **standardized insurance products** through intermediaries
- receive **state guarantees** to cover losses

### Mandatory insurance for:

- objects pledged as collateral or mortgaged to banks
- construction or major renovation projects

### Voluntarily insurance for:

- all other objects

**48**  
million UAH

agency's **statutory capital**  
(state + mandatory insurance  
contributions + donor support)

## Three level system

1

**Authorized insurers**, which transfers to the State Agency for reinsurance obligations that exceed the limit of its own retention

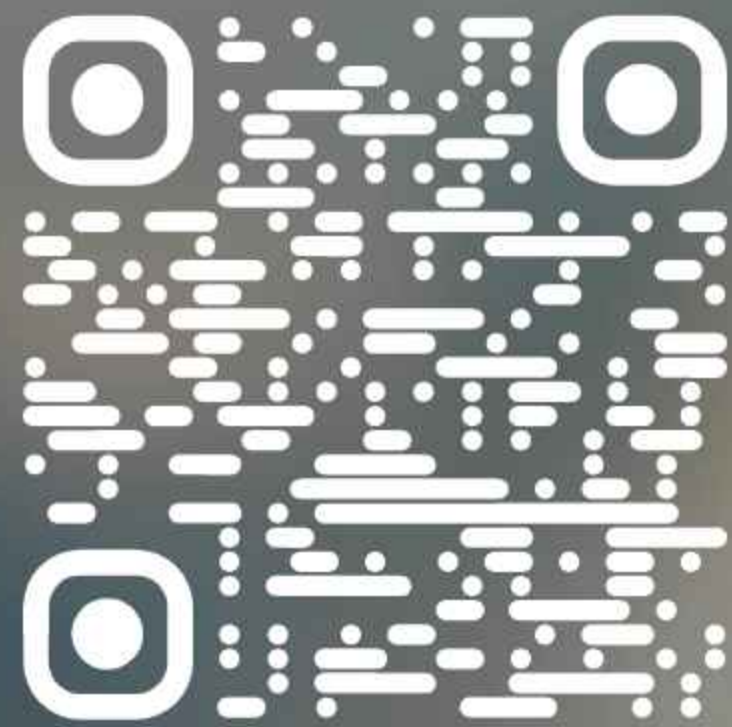
2

**State Agency** covers insurance contracts within the limits of its own retention and transfers excess risks for reinsurance to international reinsurers (cession or retrocession).

3

Reinsurance of risks by **non-residents**





**UkraineInvest**  
Guide

## YOUR INVESTMENT MATTERS



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