

General Advantages

- Speed: can bind a policy a few days after receiving all necessary underwriting info
- No requirements on national content; few on environmental, social, developmental factors
- Easy to syndicate
- Flexibility on policy wording, often with fewer conditions
- Confidentiality
- Terms: No need to comply with OECD guidelines

Advantages: PRI

- Capacity: Private market now has over \$3bn in potential capacity for PRI project risks
- Private market has a great deal of experience and tailored policy language, loss experience

Advantages: Sovereign Non-honoring policy

- Capacity: Private market has about \$1.3bn potential for NH 10 years
- Diversification: Banks now have many well rated insurers to spread risk
- Private market wordings Basel III compliant for many banks

Similarities with ECA's

- Long tenors and high limits available for many risks
- Rated on a par with many ECA's
- Able to syndicate risk
- Plenty of claims experience
- Capital relief for banks possible

Disadvantages Relative to ECA's

- Few private insurers offer unconditional guarantees
- No full faith and credit of gov
- Little deterrence or halo effect
- Less home gov support in event of claim
- May be more expensive
- More counterparty due diligence by bank required