



المؤسسة العربية لضمان
الإستثمار وائتمان الصادرات
The Arab Investment & Export
Credit Guarantee Corporation



A+
S&P Global
Ratings

Direct Investment Insurance Policy (DIIP) Product Guide



Disclaimer: This guide is designed to provide information on the investment insurance service provided by Dhaman; it cannot be considered an exhaustive and complete presentation of the service. While every effort has been made to make the information presented here as complete and accurate as possible, it may contain errors, omissions, or information that was accurate as of its publication but subsequently has become outdated by insurance changes or conditions, new laws, or regulations, or other circumstances. Dhaman denies any liability or responsibility to any person or entity for any loss or damage alleged to have been caused, directly or indirectly, by the information or other content in this guide.

WHO WE ARE

The Arab Investment & Export Credit Guarantee Corporation (Dhaman) is a multilateral credit and political risk insurer owned by 21 Arab countries and 4 pan-Arab financial institutions. Established in April 1974 as the first multilateral investment insurance provider globally, it is based in Kuwait.

Dhaman aims to promote FDIs in Arab countries by providing worldwide investors and lenders with political risk insurance.

OUR RATING

On March 27, 2024, Standard & Poor's Global Ratings attributed a rating of 'A+' long-term issuer and financial strength credit ratings on Dhaman. The outlook is stable.

The major rating factors are Dhaman's solid financial risk profile, exceptional liquidity, strong enterprise risk profile, and extraordinary shareholder support.

OUR MEMBER COUNTRIES

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

WHAT WE COVER

The **Direct Investment Insurance Policy (DIIP)** covers the losses an insured investor suffers in an Arab country due to a political risk materialization.

The losses are incurred when the insured investment is forced to discontinue business due to a political risk occurrence or when the insured investor's ability to repatriate his capital and dividends is restricted.

ELIGIBILITY CRITERIA

To be eligible for support under the **DIIP**, the underlying investment must satisfy Dhaman's criteria of eligibility, which include, among others, the following conditions:

Eligible Investor:

- Investor from a country other than the Arab host country.
- Expatriate investing in his Arab home countries, provided the invested funds are transferred from abroad.

Eligible project¹:

- A greenfield or a brownfield project in an Arab country.
- A project that is financially sustainable and economically viable.
- A project that meets the developmental objectives of the host country.
- A project that complies with the environmental and social regulations of the host country.

INSURED RISKS

The investor is entitled to insure one or more of the following risks:

- **Confiscation, Expropriation, Nationalization (CEN)**
Compulsory seizure, or any other action the host country's public authorities take depriving the investor of his fundamental rights in a project. "Creeping" expropriation - continual restrictions of property rights that have an expropriator effect- is also covered over time.
- **Currency Inconvertibility and Transfer Restrictions**
Direct or indirect measures or actions taken by the public authorities in the host country² that restrict the ability of the investor to:

¹ Investments in the defense industry, casinos, spirits, etc., are not eligible for insurance.

² Economic devaluation of the currency is not covered.

- i. Convert local currency from the insured project (profits, capital, interests) into foreign exchange for transfer outside the host country.
 - ii. Transfer foreign exchange outside the host country.
- **Political Violence (PV)**
Acts of war, terrorism, civil disturbance, revolutions, coup d'états, and insurrections directly damage or destroy the insured project's tangible assets or interrupt the operations essential to the project's financial viability.
 - **Breach of Contract**
The inability of the investor to enforce an award rendered in his favor against the host country's "denial of justice" pursuant to a breach or repudiation by the host country of an agreement on the investment project.

DURATION OF COVERAGE

- The coverage duration is 10 years, extendable upon the investor's request.
- For investments in projects involving a PPA or a PPP, the covered period matches the term of the agreement.
- The investor is allowed to cancel the **DIIP** on any policy anniversary.
- Dhaman cannot terminate the policy unless a claim is paid or the insured investor breaches any of its obligations.

WHY CHOOSE DHAMAN?

Insuring investments in Arab countries by Dhaman offers investors a unique set of advantages:

- **50** years of operational experience in the Arab world & strong support of member countries.
- Securing investments in challenging Arab countries when others may not be willing to cover.
- The unique insurer that provides both conventional & Sharia-compliant insurance products.

- Fastest response in the PRI markets thanks to the status of Dhaman and member countries' support.
- Competitive pricing and Lower insurance costs supported by the PCS and the PR claim recovery ratio.
- Adjusting the amount of cover with each policy renewal to reflect the actual value of the insured project.
- Canceling the insurance policy without being committed to paying termination fees.
- Obtaining up to 100% compensation. Dhaman has recovered 100% of paid claims in Arab countries thanks to its unique "de jure" Preferred Creditor Status (**PCS**).

INSURANCE PROCEDURE

- Preliminary Application: submitted by the investor and giving an overview of the project, free of charge.
- Non-Binding Indication: provided by Dhaman to the applicant detailing the scope of cover and the pricing.
- Final application: Upon NBI acceptance and establishment of the financing plans, the investor submits a definitive application -for which a fee is charged- along with the project documentation.
- Due diligence: Dhaman conducts a comprehensive project review that includes site visits, risk analysis, economic and financial viability assessment, and evaluation of developmental, environmental, and social impact.
- Host country approval: obtaining the host country's approval for the insurance is necessary for Dhaman to issue the insurance policy and to avail its **PCS** in case of a claim.
- **DIIP** issuance: "Dhaman" provides the investor with the insurance terms and conditions, and the policy is bound.

COST OF THE INSURANCE

- Application fee: payable upon submission of application.
- Due diligence fee: payable after issuance of the binding indication. The entire amount will be credited towards the first-year premium if the policy is bound; otherwise, only the unused portion of the fee will be refunded.

- Insurance premiums: each of the insured risks is priced separately. The premium rate varies by country rating and risk rating within the host country. The premiums are paid at the policy inception and yearly at the beginning of each policy period.

COMPENSATION

Dhaman pays 90% of the loss. Depending on the net recovered amount from the host Arab country, the insured investor may obtain up to 100% of the loss.

HOW TO APPLY

Dhaman is here to support you in implementing your project in Arab countries. To find out more about the **DIIP**, please get in touch with our investment insurance team leader:

Mr. Nizar Najem

Head of Investment Guarantee Unit

nizar@dhaman.org

+965 24959536

Our preliminary application form is also available if you are keen to get a non-binding insurance quotation:



Preliminary Investment Insurance Application

Applicant details:

Applicant Name:		Nationality:	
Address:			
Tel:		Fax:	E-mail:
Authorized Person:			
Title:			

Type and Value of Investment:

<input type="checkbox"/> Direct Investment	<input type="checkbox"/> Equity Participation	<input type="checkbox"/> Loan	<input type="checkbox"/> Contractor's Equipment
<input type="checkbox"/> In-Kind	<input type="checkbox"/> In Cash	Amount to be covered:	

Risks to be covered:

<input type="checkbox"/> Breach of Contract	<input type="checkbox"/> War & Civil Disturbance
<input type="checkbox"/> Currency Inconvertibility and Transfer Restrictions	<input type="checkbox"/> Expropriation

Beneficiary Project:

Project Name:	
Address:	
Host Country:	
Expected Date of Fund Transfer:	

Notes:

- 1- This is a non-binding application; the applicant shall bear no commitment by presenting this application.
- 2- All information in this application will be treated strictly confidentially.
- 3- At a later stage, the applicant shall provide additional detailed information and complete the final insurance application form.

Name

Title:

Signature:

Date: ././...

To send by:
Email: operations@dhaman.org

KEY FACTS & FIGURES

PCS

100%

A+

50

Legal
Preferred
Creditor Status

Recovered
political risks
claims

Outlook stable
by S&P Global
Ratings

Years
of
experience

operations@dhaman.org



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