

OPIC Highlights

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OPIC AND LEASING

OPIC Support for Cross-Border Leasing

The availability of appropriate capital equipment can be a critical component of a successful investment. Because cross-border leasing has become a popular means of financing capital investments in many developing and emerging market countries, the Overseas Private Investment Corporation offers political risk insurance support to mitigate the associated risks. OPIC will insure against expropriation of leased equipment, defaults on lease payments resulting from inconvertibility and damage to leased equipment caused by politically-incited violence.

OPIC's Insurance for Leasing

OPIC's three types of political risk insurance: expropriation, inconvertibility and political violence, can be tailored to meet the needs of companies wishing to insure capital or operating leases. The insurance is available to U.S. investors leasing to private sector entities for projects with a tenor of three years or more.

Operating Leases

Under operating leases, where the U.S. lessor expects to recover the leased assets when the lease expires, expropriation and political violence compensation is based on the value of the leased assets, including installation and transportation costs.

Under OPIC's inconvertibility coverage, compensation is paid if defaults on lease payments are caused directly by deterioration in the conditions for conversion of local currency or transfer of dollars.

OPIC also provides coverage against unlawful host government actions that prevent a lessor from enforcing its right to repossess, re-export or de-register leased equipment.

Capital Leases

Capital or financial leases are those where ownership of the asset is expected to be transferred to the lessee at the end of the lease. Under OPIC's inconvertibility coverage, compensation is paid if defaults on lease payments are caused directly by deterioration in the conditions for conversion of local currency or transfer of dollars. In the case of expropriation or political violence, compensation is payable if one of these events directly causes a default on a lease payment.

For More Information

For more information on OPIC insurance programs for leasing, please contact OPIC's Insurance Department at 202-336-8400.

OPIC Insurance

OPIC provides innovative political risk insurance coverage for U.S. investments in new projects, expansions of existing operations, acquisitions with positive developmental effects, and privatizations in any of the 145 developing countries where OPIC operates.

OPIC's political risk insurance covers against the following risks: inconvertibility, expropriation and political violence. Eligible investors may purchase one or a combination of these coverages. OPIC can provide up to \$250 million in coverage per project and can cover equity investments, parent company debt, third party loans, loan guaranties, technical assistance agreements and cross-border leases.

Coverage is also available for U.S. contractors and exporters, including coverage against certain breaches by the foreign buyer of the contractual dispute resolution procedure, and wrongful calling of bid, performance, advance payment and other guaranties posted in favor of foreign buyers.

The insurance provided by OPIC does not cover the commercial risks of a project.



OPIC is a U.S. government agency that helps U.S. businesses invest overseas, fosters economic development in new and emerging markets, complements the private sector in managing risks associated with foreign direct investment, and supports U.S. foreign policy. Because OPIC charges market-based fees for its products, it operates on a self-sustaining basis at no net cost to taxpayers. Since 1971, OPIC has supported over \$142 billion worth of investments that will generate \$64 billion in U.S. exports and create more than 253,000 American jobs. For general information, contact OPIC InfoLine at (202) 336-8799. For information via the Internet please go to <http://www.opic.gov>. To subscribe to OPICNews, please send an email to us at OPICNEWS@OPIC.gov with 'subscribe' in the subject line.