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## Implications of Arab Spring and political transitions raise concerns for businesses around the world: Aon Political Risk Map

Interest in political risk insurance increasing as chief stakeholders take notice

**CHICAGO (February 8, 2012)** – While clarity has begun to emerge in some of the countries affected by the [Arab Spring](#), the resulting tension has spurred or intensified protests in dozens of countries, both within the region and elsewhere. According to Aon's 2012 [Political Risk Map](#) released today, this remains a concern for businesses operating in those nations.

[Aon Risk Solutions](#), the global [risk management](#) business of [Aon](#) Corporation (NYSE: AON), measured political risk in 167 countries and territories to assess the risk level of exchange transfer, sovereign non-payment, political interference, supply chain disruption, legal and regulatory, and political violence.

“These uprisings and protests remain a key concern in 2012 and we see this reflected in rating downgrades of several countries,” said [Roger Schwartz](#), senior vice president of political risk for Aon Risk Solutions’ [Crisis Management](#) Practice. “This is forcing CEOs and CFOs of businesses with overseas operations in emerging markets to revisit risk management and risk mitigation measures.”

In addition, the outcome of elections in the U.S., France, Russia and China may contribute to greater global uncertainty. The eurozone debt crisis remains a significant risk, and extends to those countries economically or otherwise dependent on the region.

Aon’s map provides an indication of overall levels and types of political risk, which relates to the actions or inactions of foreign governments, including third-party countries which may deprive a business of its assets, prevent or restrict the performance of a contract and affect repayment of loans to financing banks.

Political risk can exist for businesses that invest, operate, trade or lend in emerging markets.

### **About the 2012 Aon Political Risk Map**

Aon measured political risk in 167 countries and territories to assess the risk level of exchange transfer, sovereign non-payment, political interference, supply chain disruption, legal and regulatory, and political violence. Each country is rated as Low, Medium-Low, Medium, Medium-High, High or Very High. European Union and Organisation for Economic Cooperation and Development member countries are not rated in the 2012 map.

Country ratings reflect a combination of analysis by Aon Risk Solutions, Oxford Analytica, a global analysis and advisory firm, and the opinions of 26 Lloyd’s syndicates and corporate insurers actively writing political risk insurance.

### **Upgrades (where the overall country or territory risk is rated lower than the previous year)**

Three upgrades: Moldova, Ukraine, Uruguay

### **Downgrades (where the overall country or territory risk is rated higher than the previous year)**

21 downgrades: Azerbaijan, Bahrain, Belarus, Colombia, Croatia, Egypt, Falkland Islands, Gabon, Guatemala, Guinea Bissau, Libya, Morocco, Oman, Pakistan, Swaziland, Syria, Thailand, Tunisia, Uganda, Vietnam, Western Sahara

Each country on the map is rated according to the different types of risks it faces, and these risks are indicated by the following icons:



**Exchange Transfer:** The risk of being unable to make hard currency payments as a result of the imposition of local currency controls. 71 countries have this risk icon, including Bolivia, Kenya, Swaziland, Pakistan and Turkmenistan.

**Legal and Regulatory:** The risk of financial or reputational loss as a result of difficulties in complying with a host country's laws, regulations or codes. 104 countries have this risk icon, making it the most common risk on the map. Countries with this risk icon include Belarus, Kazakhstan, Somalia, Thailand and Yemen.

**Political Interference:** The risk of host government intervention in the economy or other policy areas that negatively affect overseas business interests; e.g., nationalization and expropriation. 92 countries and territories have this risk icon, including five new entrants for 2012: Egypt, Gambia, Libya, Peru and Western Sahara.

**Political Violence:** The risk of strikes, riots, civil commotions, sabotage, terrorism, malicious damage, war, civil war, rebellion, revolution, insurrection, hostile act by a belligerent power, mutiny or coup d'etat. 81 countries have this risk icon, including Bahrain, Libya, Senegal, Sierra Leone and Turkmenistan.

**Sovereign Non-payment:** The risk of failure of a foreign government or government entity to honor its obligations in connection with loans or other financial commitments. 85 countries have this risk icon in 2012, including Croatia, Dominican Republic, Egypt, Nigeria and Vietnam.

**Supply Chain Disruption:** The risk of disruption to the flow of goods and/or services into or out of a country as a result of political, social, economic or environmental instability. This is the least common risk icon with 61 countries, including Guinea Conakry, Papua New Guinea, Syria, Tuvalu and Vanuatu.

For more information, visit <http://www.aon.com/2012politicalriskmap>.

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