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Analytica

Value at Political Risk

Imagine if you could quantify the cost of political risk events

The threat posed to businesses by political upheavals or social change, such as expropriation or mass strikes, are difficult risks to manage as the past is often a poor guide to the future.

Political risks can emerge rapidly in societies that have enjoyed stable business conditions for years, so that simple trend assessments or data analysis are inadequate in gauging the financial impact of political risk.

“*Political risk has increased significantly, now becoming a reoccurring and material cost of doing business. If these levels remain elevated, companies will fall under increasing pressure from shareholders for greater levels of transparency around the losses actually incurred and the companies' ability to monitor, quantify and manage these risks as well as their strategy to mitigate them.*”

Christophe Meurier

Global Head of Financial Solutions, Willis
Towers Watson

The VAPOR Advantage

VAPOR is a unique analytics tool, which allows global companies to assess in real dollar terms, the financial impact of political risk exposure by industry and country.

VAPOR gives businesses a competitive edge by:

- Estimating dollar-value losses for political risk events over time
- Monitoring political risk exposures on an ongoing basis in light of changing world conditions
- Assessing the severity of particular political risk contingencies under alternate investment scenarios

Companies that can estimate the cost of political risk contingencies over time can expect a lasting financial performance gain.

Features

By harnessing the combined strength of Oxford Analytica's geopolitical analysis and the extensive political risk experience of the Willis Towers Watson team, we have created an online modelling tool with the following features:

- Investment scenario builder
- Industry specific datasets
- Interactive map allowing for comparative risk assessment
- Exposure graphs
- Easy data upload via Excel
- Export results of the mathematically generated portfolio value at risk results at any desired percentile

VAPOR covers six different political risk perils, across 14 industries in over 160 countries, with risk ratings updated regularly.

Industry types	Perils
<ul style="list-style-type: none"> ▪ Agriculture ▪ Wholesale & retail ▪ Financial services ▪ Food services, leisure & real estate ▪ Construction ▪ Education, health care & social assistance ▪ Metals & mining ▪ Gas & water utilities ▪ Information, technology and telecoms ▪ Transportation & warehousing ▪ Manufacturing ▪ Oil & gas ▪ Power utilities ▪ Professional, scientific & technical services 	<ul style="list-style-type: none"> ▪ Confiscation ▪ Political violence ▪ War ▪ Exchange transfer ▪ Import/export embargo ▪ Sovereign non-payment

The outputs

The VAPOR system produces two main types of financial value outputs:

1. An estimate of the expected cost of doing business as a result of political risk for a business in a particular industry, in a particular jurisdiction, over a given time horizon.
2. A mathematically generated estimate of the cost of a 'worst case' political risk contingency over the portfolio of exposures globally.

Contact us

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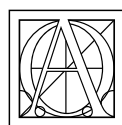
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