

OVERSEAS PRIVATE INVESTMENT CORPORATION  
WASHINGTON, D.C. 20527, USA



March 15, 2002

OFFICE OF THE  
PRESIDENT

The Honorable Charles E. Grassley  
Ranking Member  
Committee on Finance  
United States Senate  
Washington, D.C. 20510

Dear Senator Grassley

I am pleased to respond to your letter of February 25, 2002, requesting answers to questions in follow-up to the materials and briefings the Overseas Private Investment Corporation (OPIC) has provided in the Committee on Finance as part of its review of projects involving the Enron Corporation.

As previously indicated, we are pleased to work with you and your staff to help your understanding of OPIC and the safeguards it has in place to do its work of mobilizing private investment in developing countries and contributing in a meaningful way to the foreign policy goals of the United States. OPIC operates in more than 140 developing countries — financing economic development projects, large and small, and mitigating economic and political risks.

OPIC accomplishes its mission at no cost to American taxpayers. Over its history, OPIC has built up reserves of \$4.5 billion and has recovered over 94 percent of total insurance claims settled.

Enclosed are the answers to your questions. If you can be of further assistance, please let me know

Sincerely,

Peter S. Watson  
President and  
Chief Executive Officer

Enclosures

cc The Honorable Max Baucus, Chairman ✓  
Patrick G. Heck, Tax Counsel  
Dean A. Zerbe, Chief Investigative/Tax Counsel

Senate Finance Committee

**EXHIBIT 46**

**Senate Finance Committee Questions  
to  
Overseas Private Investment Corporation**

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**Please provide the total amount of tax dollars from any source that contribute to OPIC's budget each year, with a comparison to the non-tax dollars that contribute to OPIC's budget each year, and the source of those non-tax dollars.**

**Answer:** OPIC's annual budget is not funded by tax dollars.

OPIC is a government corporation required to operate on a self-sustaining basis. OPIC's annual budget is funded from two sources of non-tax dollars: (1) premiums and fees received from OPIC's clients; and (2) interest OPIC earns on investments in U.S. Treasury securities. Non-tax dollars OPIC collects that exceed annual budgetary authority are maintained by OPIC as reserves.

Every year since its inception, OPIC has been able to deposit excess collections into its reserves, which is why those reserves have grown to \$4.5 billion in the past 31 years. OPIC's reserves are available to cover future losses OPIC may incur in its insurance and finance programs. In short, OPIC covers all its expenses through non-tax dollars.

**2. What was the dollar amount of the initial Congressional appropriation creating OPIC?**

**Answer:** OPIC was provided start-up funds of \$106 million from appropriations during fiscal years 1970 to 1974, all of which has since been returned to the U.S. Treasury.

OPIC repaid its initial appropriations pursuant to then Section 240B. of the Foreign Assistance Act of 1961, as amended. In FY 1982, OPIC paid a dividend of \$50 million to the General Fund of the U.S. Treasury, and in FY 1983, OPIC paid a final dividend of \$56 million. With these two payments, all start-up appropriations were returned to the U.S. Treasury.

**3. Did OPIC become an independent agency or has it always been an independent agency? If it became an independent agency, did its level of taxpayer funding change? If so, how did it change?**

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**Answer:** OPIC operates as an agency of the United States within the Executive Branch of the U.S. Government, and, pursuant to Title IV of the Foreign Assistance Act of 1961, does so under the policy guidance of the Secretary of State. In 1971, OPIC began operations as a wholly-owned government corporation separate from any other department or agency of the U.S. Government. OPIC is governed by a Board of Directors made up of 15 members with eight private sector members appointed by the President of the United States and confirmed by the Senate, and seven Directors designated by the President of the United States who are U.S. Government officials, including the President of OPIC, the Administrator of the Agency for International Development, the United States Trade Representative, an official of the Department of Labor, and three other public officials, traditionally representing the Department of State, the Department of Treasury, and the Department of Commerce.

Before 1971, the programs currently administered by OPIC had been administered by U.S. Agency for International Development (USAID). Title IV (Public Law 91-175) of the Foreign Assistance Act of 1961, as amended in 1969 and Executive Order 11579, dated January 19, 1971, transferred to OPIC all obligations, assets, and related rights and responsibilities arising out of, or related to, the predecessor programs that had been administered by USAID.

The funding transferred from USAID was used in the course of management of the portfolio of projects acquired from USAID. In developing its new book of business, OPIC initially relied on the capital that had been appropriated for the start-up of the new OPIC program. As OPIC's business grew and generated earnings, OPIC was able to cover its expenses and accumulate reserves and was able by the mid-1980s to repay its start-up appropriations in full.

Since all the funding appropriated for OPIC's programs has been fully repaid from earnings, it is correct to say that OPIC's programs are funded entirely out of non-tax dollars.

**4. Have any other statutory changes in recent years changed OPIC's financial operations? If so, please explain.**

**Answer:** Since it began operations in 1971, OPIC has operated as a self-sustaining agency.

The means by which OPIC meets this statutory requirement was modified in 1990 with passage of the Federal Credit Reform Act of 1990 (FCRA) which made changes to all U.S. Government credit-related agencies, including OPIC's financial operations.

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Today, OPIC's annual appropriations provides authority for OPIC to pay its annual credit budget authority from its earnings and, unlike other agencies, OPIC is not funded by taxpayer dollars. In instances where the FCRA requires that funding come from the U.S. Treasury General Fund, OPIC continues to reimburse the Treasury by paying a dividend from its earnings. Through the dividend process, OPIC has maintained its self-sustaining status.

In the early years of implementing Credit Reform, OPIC was required to take money appropriated from the General Fund of the Treasury to fund certain credit costs, even though OPIC had sufficient resources of its own to fund those costs. In each year in which such appropriations occurred, OPIC chose to pay to the Treasury a dividend from its non-tax dollar earnings in the amount of the appropriated funds. By paying this dividend, OPIC demonstrated its ability and desire to maintain its status as a self-sustaining agency that operates only on non-tax resources.

5. **Does OPIC's reserve fund of more than \$4 billion contain tax dollars? If so, what proportion of the reserve fund is tax dollars?**

**Answer:** OPIC has \$4.5 billion of reserves made up entirely of non-tax dollars.

6. **You say in one of the charts accompanying your letter that "OPIC's insurance exposure represents its potential liability to Enron in the event the conditions for payment of a political risk insurance claim should be realized. However, OPIC's exposure in this regard is limited to only a portion of the total amount of insurance coverage." Please explain the circumstances under which a "political risk insurance claim should be realized" and provide the dollar amount of insurance coverage to which OPIC would be exposed. If so, please elaborate on the dollar amount involved.**

**Answer:** OPIC insurance claim payments come from its own reserves, not appropriated funds.

Under OPIC insurance contracts, the burden of proof rests with the insured, which must demonstrate that it is entitled to compensation in the amount claimed. Enron would have to demonstrate that the conditions for payment that are established in its contract have been satisfied and that, pursuant to the compensation provisions of the contract, it is entitled to the amount that it claimed; i.e., \$142,860,000, which is the maximum amount for which OPIC could be liable to Enron.

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Enron's OPIC insurance contracts are subject to an overall stop loss agreement, which reduces the aggregate amount OPIC could be required to pay on all its Enron contracts to, \$204,135,072, an amount that is less than the sum of the individual contract amounts. OPIC has entered into such agreements with investors who have insured a number of investments with OPIC and are willing to accept the possibility of lower compensation in the unlikely event of claims on multiple contracts, in consideration of premium discounts.

As noted in question 7 below, even assuming OPIC makes a payment to an insured, OPIC may have its payment reimbursed in part or full. Accordingly, historically, OPIC has recovered 94 percent of claims settled. OPIC's record of claims paid and denied is only part of a much larger record of OPIC's collaboration with insured investors and foreign governments to resolve incipient investment disputes, thereby preserving worthwhile projects while averting OPIC insurance claims. OPIC monitors potential claim situations, even when the investor has not given formal notice under the insurance contract. Working with the American Embassy, other U.S. Government agencies, and the responsible agencies of the foreign government, OPIC acts as an intermediary, advocate, or honest broker, depending on the circumstances, and often succeeds in improving the general investment climate, as well as avoiding insurance claims. At any given time, most of the claims matters on OPIC's agenda are attributable to this more general problem solving role.

7. **Since 1985, please list all political risk insurance claims filed with OPIC, and which of those were paid by OPIC. Please note the amount and year of each claim, and whether the amount of the payment for a claim was different than the amount of the claim filed with OPIC. Also, please provide a brief explanation for why each claim was either paid or denied, and a brief explanation of the original project and companies involved.**

**Answer:** (See Attachment A.)

**Of the claims paid by OPIC, how much was recovered from third parties, and how much was paid for either by money OPIC received in congressional appropriations, or through OPIC fees?**

**Answer:** OPIC claim payments are made from OPIC's own reserves, not appropriated funds.

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The success of OPIC's insurance program has been grounded upon its proven record of paying valid claims and, having paid the claims, its record of achieving recoveries as assignee of the investor's claims.

In the case of inconvertibility claims, OPIC recovers its claim payments when the local currency that OPIC accepts in connection with the claim payment is purchased for USG use in the project country. Unless the local currency devalues significantly while held by OPIC, the prospects of recovery are excellent. Overall, OPIC's recoveries on inconvertibility claims are approximately 90 percent of the compensation paid.

In the case of expropriation claims, OPIC succeeds to the investor's claim for compensation against the foreign government. Typically, OPIC has negotiated settlements with the foreign government providing for payment over time. Taking into account these anticipated payments, OPIC's recoveries on expropriation claims will provide full repayment of all compensation paid. In connection with political violence claims, there is generally no right to recover claims paid.

OPIC's historical recovery rate of total claims settled is 94 percent. The total amount of claims paid and settled from the beginning of Fiscal Year 1971 through September 30, 2001 is \$783 million, while the total amount of claims recovered (cash and receivables) by OPIC for the same period is \$736 million. Accordingly, OPIC total net expense for this period has been limited to \$47 million, which is paid from OPIC's own reserves which currently stand at \$4.5 billion.

**8. If OPIC pays a claim on political risk insurance, how is that money replenished? Does OPIC seek that amount in congressional appropriations?**

**Answer:** When OPIC pays a political risk insurance claim, the amount to cover the claim comes from OPIC's reserves, which consist of non-tax dollars. OPIC then makes every effort possible to replenish OPIC's reserves by recovering the amount of money paid out on the claim through a variety of mechanisms available to it. OPIC has never sought to replenish its reserves from congressional appropriations.

Historically, the recovery rate on total insurance claims OPIC has settled is an impressive 94 percent. This recovery rate has allowed OPIC not only to maintain reserves but also to increase them to the current level of \$4.5 billion. However, because OPIC's programs are backed by the full faith and credit of the U.S. Government, there are mechanisms OPIC can use to get funding from the U.S. Treasury if OPIC reserves are insufficient to pay claims.

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These mechanisms are laid out in Section 235(d) of the Foreign Assistance Act. This section provides for OPIC to draw on the U.S. Treasury to pay claims, if necessary, if OPIC's Insurance Reserve is reduced to less than \$25 million. This section also gives OPIC the authority to borrow up to \$100 million from the Treasury, but such borrowings must be repaid within one year of issue.

It is important to note that in OPIC's 31-year history, it has never had to call on the Treasury to cover a loss. With \$4.5 billion in reserves, it is unlikely OPIC will ever have to.

- 9. Is it accurate that Enron and two other companies have asked OPIC to pay them \$200 million to settle a "political risk insurance" claim over the Dabhol, India, power plant? If so, please describe the claims review process, including the timeframe for the review.**

**Answer:** In December 2001, Enron, Bechtel and GE sent OPIC letters asserting claims under their OPIC expropriation coverage for the full active amounts of coverage, which totals \$200,000,000. OPIC responded to each of the investors, indicating what information would be required to complete an application for compensation. To date, none of the investors has begun to provide the additional information that is required for a formal claim consideration.

OPIC insurance contracts require the insured to demonstrate that is entitled to compensation in the amount claimed. Typically, the claims process requires several exchanges of information requests and documentation before the application is complete. OPIC then reviews the completed application and prepares a written determination as to whether compensation is payable and in what amount.

Enron and the other two companies would have to demonstrate that the acts of which they complain fall within the scope of coverage, that the amount of compensation claimed is justified under the provisions of their insurance contracts and that they have and will fulfill their duties under the contract; e.g., as to continuing eligibility and cooperation in assignment of rights to OPIC.

OPIC's final decision on a claim would be made by its President and CEO, upon the recommendation of its Vice President and General Counsel, with the concurrence of its Vice President for Insurance.

The process cannot begin until the insured investors take steps to substantiate their claims. Once a completed application is received, depending on the complexity of

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the matter, OPIC may require several months to complete its analysis and render a determination. Historically, OPIC has recovered 94 percent of claims settled.

- 10. Have taxpayers borne the cost of other OPIC-supported projects involving other bankrupt companies? If so, please provide an accounting of those incidents**

**Answer:** Taxpayers have not borne the cost of any OPIC-supported project involving bankrupt companies. As previously explained, any costs associated with OPIC's activities are fully covered by OPIC's \$4.5 billion in reserves.

- 11. How many companies with OPIC or OPIC-backed loans or insurance have declared bankruptcy since 1985? Did OPIC recover any of its funds expended on loans or insurance guarantees for the bankrupt companies? If so, provide the amount, including any breakdown of taxpayer funds (money from congressional appropriations) versus OPIC funds (money from fees).**

**Answer:** OPIC does not separately track the bankruptcies of companies with OPIC loans, guaranties or insurance, and thus cannot quantify the number of companies with OPIC support that have declared bankruptcy since 1985. The impact of such bankruptcies on OPIC varies depending on the relationship of the bankrupt entity to OPIC, as discussed below.

Finance projects

- (a) Bankruptcy of project sponsor. Because OPIC loans are generally made to a project company located in a developing country, with loan repayments coming from the revenues of that company rather than from the sponsors, OPIC is not ordinarily a creditor of a project's sponsors. The bankruptcy of a sponsor could have some effect on a project company during the period prior to completion of the project when the sponsor had responsibility for completing the project. However, post-completion the sponsor's bankruptcy would not directly affect OPIC's credit. We are aware of only a very few instances in which a project sponsor has declared bankruptcy pre-completion. In any such case in which OPIC ultimately suffered any loss, as noted above the loss would be paid entirely from OPIC's resources, and not from taxpayer funds.
- (b) Bankruptcy of project company. The bankruptcy of a project company to which OPIC had lent funds would have a direct impact on OPIC as a creditor, but we have identified no instances in which a project company has declared bankruptcy. Of course, over the history of OPIC's finance program, some borrowers have experienced financial difficulties, and not all have been able to repay their loans

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in full. In such cases, OPIC has pursued its rights as a creditor to recover against collateral (such as liens on local assets), and any ultimate loss has come from OPIC's resources, not taxpayer funds.

Insurance Projects

If a company with OPIC political risk insurance declared bankruptcy, the only likely effect on OPIC would be that the company might cease to pay premiums for its OPIC insurance coverage. In that case, the OPIC insurance coverage would terminate and OPIC would have no further exposure for political risk insurance claims by that company. If OPIC had already paid a claim to a company that subsequently declared bankruptcy, the bankruptcy would likely have no effect on OPIC's recovery in respect of such a claim, since generally OPIC has no right to recover its claim payment from the insured party in any case. Instead, recoveries generally come from the government of the country where the project is located. The bankruptcy of the insured company would have no effect on the host government's or any other party's liability to compensate OPIC in respect of the claim. Thus, the bankruptcy of the insured would have no effect on recovery of funds paid out on insurance claims.

- 12. An OPIC spokesman was quoted by the Associated Press today as saying Enron was among the agency's "top 10 borrowers." Please provide a list of the other top nine corporate borrowers and the amount of their outstanding balance with the agency. Please also describe the level of taxpayer liability for the outstanding loan balance held by each company.**

**Answer:** As explained in the response to question 11 above, pursuant to its finance programs OPIC lends to project companies in developing countries. Project sponsors such as Enron are not OPIC borrowers and OPIC is not ordinarily a creditor of a project's sponsor. OPIC has \$4.5 billion in reserves which available to cover any future losses that OPIC may incur in its insurance and finance programs, and so there is no anticipated taxpayer liability for any outstanding loan balance. The top sponsors based on outstanding exposure to project company borrowings associated with each sponsor as of 9/30/2001 are as follows: Enron Corporation, \$464,601,290; Edison Mission Energy, \$278,316,497; InterGen, \$216,000,000, AIG Millennium G.P., LLC, \$201,146,410, NCH Advisors, \$187,425,000; The Williams Companies, Inc., \$145,384,615; GEF Management Group, \$130,000,000; CMS Generation Company, \$124,433,514; Energy Initiatives, Inc., \$112,500,000, GTE Service Corporation, \$109,000,000.

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ATTACHMENT A.

RESPONSE TO QUESTION 7.

Claims Paid by OPIC\* (January 1, 1985 through September 30, 2001)

Claim #	Date Paid	Investor	Project Description	Country	Claim Type	Claim Amount (Filed)	Claim Amount (Paid by OPIC)*	Comments
1	1/2/85	Morgan Guaranty	Branch Banking	Philippines	Inconvertibility	\$412,867	\$363,598	Central Bank restrictions on foreign exchange prevented the Foreign Enterprise transfer of its earnings to Morgan Guaranty.
2	1/10/85	Armco	Mfg Steel Grinding Balls	Philippines	Inconvertibility	\$112,640	\$112,640	Inconvertibility claim from Armco caused by the Philippine Central Bank's Moratorium on foreign debt transfers.
3	1/25/85	Armco	Mfg Steel Grinding Balls	Philippines	Inconvertibility	\$300,000	\$297,000	Second inconvertibility claim filed by Armco under the same circumstances as the first claim in the Philippines.
4	1/25/85	Bank of America	Development of a Loan Company	Dominican Republic	Inconvertibility	\$1,569,765	\$1,680,000	Central Bank placed restrictions on foreign exchange, so that the Foreign Enterprise was unable to transfer its earnings to Bank of America.
5	1/26/85	Kimberly Clark	Manufacture Paper Products	Philippines	Inconvertibility	\$101,278	\$100,265	Inconvertibility claim from Kimberly Clark caused by the Philippine Central Bank's Moratorium on foreign debt transfers.
6	2/12/85	Atitlan	Mfg. Metal Culverts & Metal Products	Guatemala	Inconvertibility	\$198,180	\$198,180	Due to currency shortages in Guatemala, the Foreign Enterprise was unable to transfer funds to Atitlan.
7	2/12/85	Philip Morris	Mfg Cigarettes	Dominican Republic	Inconvertibility	\$1,333,583	\$498,000	The investor could not transfer its earnings at the official exchange rate and could only use the parallel rate, which was a lower exchange rate. Inconvertibility coverage does not cover devaluation, and so OPIC paid the claim at the rate available to the investor.
8	3/14/85	Equator Bank	Fertilizer Plants	Sudan	Inconvertibility	\$2,571,252	\$2,545,540	The foreign government guaranteed project debt but was unable to honor its obligations. Under the unusual contract issued to Equator Bank, because the default led to an obligation to fund a security account with local currency, the default was covered under inconvertibility coverage.
9	3/29/85	Bank of America	Development of a Loan Company	Dominican Republic	Inconvertibility	\$869,900	\$1,000,000	Second inconvertibility claim filed by Bank of America under the same circumstances as the first claim in the Dominican Republic.
10	4/23/85	Kimberly Clark	Expand Facility For Crepe Paper Products	Philippines	Inconvertibility	\$178,200	\$178,200	Second inconvertibility claim filed by Kimberly Clark under the same circumstances as the first claim in the Philippines.

Historically, OPIC has recovered 94 percent of total claims settled. OPIC claim payments are made from OPIC's \$4.5 billion reserves, not appropriated funds. The success of OPIC's insurance program has been grounded upon its proven record of paying valid claims and, having paid the claims, its record of achieving recoveries as assignee of the investor's claims. The total amount of claims paid and settled from the beginning of Fiscal Year 1971 through September 30, 2001 is \$783 million, while the total amount of claims recovered (cash and receivables) by OPIC for the same period is \$736 million. Accordingly, OPIC total net expense for this period has been limited to \$47 million, this amount being covered by OPIC reserves.

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Claim #	Date Paid	Investor	Project Description	Country	Claim Type	Claim Amount (Filed)	Claim Amount (Paid by OPIC)*	Comments
11	4/23/85	Kimberly Clark	Expand Facility For Crepe Paper Products	Philippines	Inconvertibility	\$343,888	\$343,888	Third inconvertibility claim filed by Kimberly Clark under the same circumstances as the first claim in the Philippines.
12	5/23/85	Atitlan	Mfg. Metal Culverts & Metal Products	Guatemala	Inconvertibility	\$161,000	\$159,748	Second inconvertibility claim filed by Atitlan under the same circumstances as the first claim.
13	7/10/85	Kimberly Clark	Expand Facility For Crepe Paper Products	Philippines	Inconvertibility	\$82,796	\$82,253	Fourth inconvertibility claim filed by Kimberly Clark under the same circumstances as the first claim in the Philippines.
14	8/7/85	General Foods	Packaging of Beverages	Philippines	Inconvertibility	\$205,578	\$163,858	Central Bank restrictions on foreign exchange prevented the Foreign Enterprise from transferring its earnings to General Foods.
15	9/4/85	Equator Bank	Fertilizer Plants	Sudan	Inconvertibility	\$2,340,025	\$2,339,791	Second inconvertibility claim filed by Equator Bank under the same circumstances as the first claim.
16	9/4/85	Seaboard	Flour Mill	Sierra Leone	Inconvertibility	\$633,250	\$645,581	Seaboard was unable to repatriate its earnings due to a shortage of dollars in Sierra Leone.
17	9/25/85	Atitlan	Mfg. Metal Culverts & Metal Products	Guatemala	Inconvertibility	\$452,072	\$452,072	Third inconvertibility claim filed by Atitlan under the same circumstances as the first claim.
18	11/1/85	Equator Bank	Fertilizer Plants	Sudan	Inconvertibility	\$1,412,182	\$1,398,060	Third inconvertibility claim filed by Equator Bank under the same circumstances as the first claim.
19	11/22/85	Kimberly Clark	Expand Facility For Crepe Paper Products	Philippines	Inconvertibility			Fifth inconvertibility claim filed by Kimberly Clark under the same circumstances as the first claim in the Philippines.
20	12/27/85	Kimberly Clark	Expand Facility For Crepe Paper Products	El Salvador	Inconvertibility	\$769,518	\$769,518	El Salvador Central Bank had a chronic shortage of foreign exchange and could not effect transfers to Kimberly Clark.
21	1/17/86	Kimberly Clark	Expand Facility For Crepe Paper Products	Philippines	Inconvertibility	\$138,356	\$138,356	Sixth inconvertibility claim filed by Kimberly Clark under the same circumstances as the first claim in the Philippines.
22	2/13/86	Phelps Dodge Corp.	Mfg Electrical Bldg. Wires & Cables	El Salvador	Inconvertibility	\$236,000	\$136,558	The Foreign Enterprise was unable to make payment in U.S. dollars of dividends and technical assistance fees to Phelps Dodge as a result of the inaction by the El Salvador Central Bank, which resulted in passive blockage of foreign currency transfers.
23	3/27/86	Bernard Sal.	Commercial Fishing Operation	St. Kitts	Expropriation	\$257,400	\$180,000	The claim involved possible expropriation of the investor's fishing license.
24	4/2/86	Seaboard	Flour Mill	Sierra Leone	Inconvertibility	\$200,384	\$207,584	Second inconvertibility claim filed by Seaboard under the same circumstances as the first claim in Sierra Leone.
25	4/7/86	Kimberly Clark	Expand Facility For Crepe Paper Products	Philippines	Inconvertibility	\$178,200	\$178,200	Seventh inconvertibility claim filed by Kimberly Clark under the same circumstances as the first claim in the Philippines.

Historically, OPIC has recovered 94 percent of total claims settled. OPIC claim payments are made from OPIC's \$4.5 billion reserves, not appropriated funds. The success of OPIC's insurance program has been grounded upon its proven record of paying valid claims and, having paid the claims, its record of achieving recoveries as assignee of the investor's claims. The total amount of claims paid and settled from the beginning of Fiscal Year 1971 through September 30, 2001 is \$783 million, while the total amount of claims recovered (cash and receivables) by OPIC for the same period is \$736 million. Accordingly, OPIC total net expense for this period has been limited to \$47 million, this amount being covered by OPIC reserves.

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26	4/7/86	Kimberly Clark	Expand Facility For Crepe Paper Products	Philippines	Inconvertibility	\$117,285	\$117,285	Eighth inconvertibility claim filed by Kimberly Clark under the same circumstances as the first claim in the Philippines.
27	6/23/86	Seaboard	Flour Mill	Sierra Leone	Inconvertibility	\$42,416	\$42,416	Third inconvertibility claim filed by Seaboard under the same circumstances as the first claim in Sierra Leone.
28	10/24/86	Freeport McMoran	Mine Copper	Indonesia	Political Violence	\$337,868	\$201,128	Damage to the mine site by dissident political elements.
29	11/26/86	Kimberly Clark	Expand Facility For Crepe Paper Products	Philippines		\$104,291	\$104,291	Ninth inconvertibility claim filed by Kimberly Clark under the same circumstances as the first claim in the Philippines.
Paper Products								
31	5/19/87	Standard Fruit	Banana Plantation	Nicaragua	Expropriation	\$3,000,000	\$2,000,000	same circumstances as the first claim in the Philippines. The investor filed an expropriation claim in 1983 based on alleged government responsibility for loss of banana export project. OPIC made an advance payment of \$2,000,000, while the investor engaged in arbitration and litigation against the foreign government. This dispute was settled, and the determination was made final.
32	7/9/87	Gillette Corp.	Mfg Razor Blades	Iran	Expropriation	\$1,129,699	\$920,700	As in other claims arising out of the Iranian Revolution of 1979, OPIC determined that the investor had been deprived of the substantial rights of a shareholder as a result of creeping expropriation.
33	8/21/87	Caribe Crown	Agribusiness	Haiti	Political Violence	\$24,210	\$24,210	Goods in process were lost as a result of disruptions caused by political violence.
34	6/6/88	Philippine Geothermal	Electric Power Generation	Philippines	Political Violence	\$1,321,467	\$1,321,467	Project payment flows were disrupted due to damage caused by political violence.
35	9/13/88	Seaboard	Flour Mill	Guyana		\$989,306	\$980,854	Inconvertibility claim caused by the shortage of foreign exchange in Guyana.
36	12/30/88	Pheips Dodge Corp.	Mfg Electrical Bldg Wires & Cables	Honduras	Inconvertibility	\$366,511	\$326,561	Pheips Dodge applied to the Honduras Central Bank for foreign exchange and the Bank approved the request. However, due to the shortage of U.S. dollars, Pheips Dodge was unable to convert the local currency.
37	4/14/89	Ralph Mathieu	Jobba Bean Plantation	Haiti	Expropriation	\$66,000	\$30,000	Investor alleged that foreign government refused to enforce investor's rights to use of project land.
38	8/30/89	Philip Morris	Mfg Cigarettes	Dominican Republic	Inconvertibility	\$2,080,565	\$2,080,565	Central Bank placed restrictions on foreign exchange, so that the Foreign Enterprise was unable to transfer its earnings to Philip Morris.
							\$45,534	Shipment of raw material damaged as a result of political violence.

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40	9/30/89	Phelps Dodge Corp.	Mfg Electrical Bldg Wires & Cables	Honduras	Inconvertibility	\$400,908	\$357,209	Second inconvertibility claim filed by Phelps Dodge because of the same circumstances as the first claim in Honduras.
41	4/1/90	Citibank, N.A.	Branch Banking	Dominican Republic	Inconvertibility	\$1,130,061	\$1,495,186	Dominican Republic Central Bank placed restrictions on foreign exchange, so that the Foreign Enterprise was unable to transfer its earnings to Citibank.
42	4/1/90	Phelps Dodge Corp.	Mfg Electrical Bldg Wires & Cables	Honduras	Inconvertibility	\$528,367	\$470,775	Third inconvertibility claim filed by Phelps Dodge because of the same circumstances as the first claim in Honduras.
43	5/30/90	Kimberly Clark	Manufacture Paper Products	Honduras	Inconvertibility	\$300,960	\$300,960	Inconvertibility claim due to the enactment of restrictive regulations that prevented the Foreign Enterprise from converting the Local Currency to dollars.
44	8/8/90	Philip Morris	Mfg Cigarettes	Dominican Republic	Inconvertibility	\$1,685,735	\$1,640,331	Second inconvertibility claim filed by the Philip Morris under the same circumstances as the 1989 claim.
45	8/31/90	Chase Manhattan Bank	Branch Banking	Dominican Republic	Inconvertibility	\$2,139,546	\$799,762	Dominican Republic Central Bank placed restrictions on foreign exchange, so that the Foreign Enterprise was unable to transfer its earnings to Chase Manhattan.
46	8/31/90	Chase Manhattan Bank	Branch Banking	Dominican Republic	Inconvertibility	\$1,958,519	\$799,762	Second inconvertibility claim filed by Chase Manhattan under the same circumstances as the first claim in the Dominican Republic.
47	3/31/91	Keene Industries	Rubber Plantation	Liberia	Political Violence	\$2,429,352	\$2,429,352	Rubber plantation was overrun, damaged and looted extensively by rebel group.
48	5/16/91	Tea Importers	Tea Processing Factory	Rwanda	Political Violence	\$29,167	\$6,169	Vehicle owned by project company taken by government troops, lost in fighting against rebels.
49	8/31/91	Kimberly Clark	Manufacture Paper Products	Panama	Political Violence	\$46,519	\$55,911	Project assets were damaged or looted during U.S. military intervention in Panama.
50	9/27/91	Zachry & Dillingham	Construct Irrigation Canals & Structures	Sri Lanka	Expropriation	\$8,100,000	See comment	Investors won a \$55 million arbitral award against the foreign government based on disputes arising out of a construction contract. OPIC was obliged to pay if any part of the award remained unpaid. Instead, OPIC provided a \$30,000,000 guaranty that enabled the government to borrow funds to pay the investor. With other funding from AID and the foreign government, OPIC's guaranty brought about a global settlement. OPIC has made no out-of-pocket payments and has received guaranty fees from the foreign government in the amount \$3,278,373.
51	11/7/91	Carter Day	Seed Processing Plant	Egypt	Expropriation	\$67,500	\$43,750	Foreign government called bid bond during contract negotiations.

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Claim #	Date Paid	Investor	Project Description	Country	Claim Type	Claim Amount (Filed)	Claim Amount (Paid by OPIC)*	Comments
52	1/10/92	Continental Grain	Soybean Processing	Brazil	Inconvertibility	\$1,620,000	\$2,009,894	The insured investor guaranteed bank loans to its Brazilian subsidiary that were rescheduled. Having paid under the guaranty, the parent company was obliged to accept the Brady Bonds that the international banks had agreed to take in lieu of payment. OPIC paid this claim for inability to transfer nominal dollar deposits with the central bank.
53	3/18/92	Henry R. Jahn	Bucket Excavators	Syria	Expropriation	\$45,416	\$20,371	Government called an on-demand performance guaranty that was provided under the insured contract to satisfy its claim under an unrelated contract. Claim was paid for wrongful calling.
54	6/24/92	Hoyt & Worthen	Leather Tanning	Haiti	Political Violence	\$159,079	\$155,897	Inventory and raw materials were damaged as a result of political violence.
55	11/23/92	Haitian Tropical	Agribusiness	Haiti	Political Violence	\$534,094	\$434,110	Crop was lost because it could not be shipped due to international economic sanctions against the government.
56	1/21/93	Continental Grain	Soybean Processing	Brazil	Inconvertibility	\$72,288	\$72,288	Same situation as 52 - a final payment.
57	3/11/93	Keene Industries	Rubber Plantation	Liberia	Political Violence	\$1,112,390	\$1,110,894	Rubber plantation assets were destroyed in bombing raid by peacekeeping force.
58	5/13/93	Keene Industries	Rubber Plantation	Liberia	Political Violence	\$1,895,581	\$1,674,843	Rubber plantation facilities and assets were destroyed or taken in fighting between factions contending for power in Liberia.
59	9/20/93	Schwartz/Jacobo witz	Jewelry	Yugoslavia	Political Violence	\$386,000	\$155,644	Investors claimed loss of their jewelry manufacturing project as a result of conditions caused by fighting among factions in Yugoslavia. No covered damage to project assets; investors abandoned project, in part, because political violence may have increased cost of doing business. Arbitrator awarded partial compensation.
60	11/22/93	Agronom	Poultry, Cattle Feeding & Meat	Zaire	Political Violence	\$216,813	\$185,885	Damaged was incurred and royalty contract payments were missed as a result of a mutiny by government troops, and the resulting damage to the business climate.
61	12/29/93	Tea Importers	Tea Processing Factory	Rwanda	Political Violence	\$107,300	\$53,966	Plantation facilities were damaged during fighting between government and rebel forces.
62	7/18/94	Haitian Tropical	Agribusiness	Haiti	Political Violence	\$305,900	\$305,900	Crop was lost because it could not be shipped due to international economic sanctions against the government.
63	6/19/95	Charles Hoyt	Leather Tanning	Haiti	Political Violence	\$420,000	\$319,091	Damage was incurred as a result of disruption to project operations due to political violence.

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64	8/29/95	Tea Importers	Tea Processing Factory	Rwanda	Political Violence	\$1,131,046	\$178,429	The plantation facilities were damaged or looted during fighting between government and rebel forces.
65	3/29/96	Andre Greenhouses Inc.	Construct + Oper Of Greenhouses	Dominican Republic	Political Violence	\$43,986	\$21,000	Mob seized small part of project land.
66	9/30/96	Nord Resources Corp	Rutile Mining	Sierra Leone	Political Violence	\$2,000,000	\$1,500,000	Advance payment to restart project shut down by damage caused by rebel forces. See 71.
67	10/15/96	C & W Trading Co.	Tea Processing Factory	Rwanda	Political Violence	\$20,276	\$1,561	Project vehicle was seized in government action suppressing rebellion.
68	10/15/96	Tea Importers	Tea Processing Factory	Rwanda	Political	\$20,276	\$8,317	Joint investor in project described in 67.
69	3/31/97	Alliant Techsystems, Inc.	Munition Systems Reclamation	Belarus	Expropriation	\$5,900,000	\$5,900,000	Government breached terms of, and frustrated performance of, essential project agreements with the investor.
70	2/10/98	African Holding Company	Mfg and Sell Tires and Rubber Products	Zaire	Political Violence	\$4,467,154	\$3,950,000	Project assets were looted or destroyed during mutiny by government troops. OPIC found that events causing loss did not constitute insurrection or revolution. Arbitrators disagreed. Amount of compensation was negotiated.
71	5/19/98	Nord Resources Corp	Rutile Mining	Sierra Leone	Political Violence	\$15,700,000	\$14,204,500	Project was heavily damaged and shut down by action of rebel groups.
72	8/25/99	Joseph Companies Inc.	Vegetable Oil Processing	Jamaica	Expropriation	\$1,494,000	\$1,494,000	Government breached terms of investment agreement, behaved arbitrarily and unreasonably.
73	9/19/99	Alliant Techsystems, Inc.	Munition Systems Reclamation	Ukraine	Expropriation	\$20,997,569	\$17,700,000	Government breached terms of and frustrated performance of essential project agreements with the investor.
74	11/15/99	MidAmerican Energy Holdings Company	Geothermal Power Services	Indonesia	Expropriation	\$217,500,000	\$217,500,000	Government canceled project, failed to comply with and actively interfered with international arbitration.
75	6/6/00	F.C. Schaffer & Associates	Construct Sugar Factory	Ethiopia	Political Violence	\$9,563	\$9,563	Shipment of parts lost as a result of war between Ethiopia and Eritrea.
76	8/28/00	Citibank, N.A.	Branch Banking	Sudan	Expropriation	\$1,055,607	\$1,055,607	Foreign government exercised regulatory authority arbitrarily.
77	5/24/01	Citibank, N.A.	Branch Banking	Sudan	Expropriation	\$3,750,000	\$3,750,000	Foreign government failed to return hard currency deposits upon closing of branch operation.

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Total Claims Denied\*\* (January 1, 1985 through September 30, 2001)

Date	Investor	Project Description	Country	Claim Type	Claim Amount (Filed)**	Comments
4/22/85	Caribe Crown	Agribusiness	Haiti	Political Violence	\$67,190	Losses arose from failure of joint venture partner to make contract payments, not political violence. Arbitrator dismissed claim as time-barred.
9/14/93	Marine Shipping Corporation	Grain Handling	Egypt	Expropriation	\$3,030,746	Negotiated sale of the Insured project that was the subject of the expropriation claim. Arbitrators agreed that claim was properly rejected and awarded OPIC attorney fees and costs. OPIC has sued for collection.
2/3/94	Green Mining Export Services Inc	Bauxite Mining	Guyana	Expropriation	\$11,675,300	Conditions for coverage and compensation under OPIC insurance were not satisfied. OPIC prevailed in arbitration and litigation and eventually facilitated a settlement between investors and foreign government.
1/30/96	Bank of Boston	Project Loan to Third Party	Venezuela	Inconvertibility	\$334,904	Borrower had repaid the insured lender with dollars obtained through legal parallel market. OPIC declined to compensate borrower for its exchange loss. (No arbitration.)
1/21/99	Hoyt & Worthen	Leather Tanning	Haiti	Expropriation	\$121,271	Investor experienced one-time increase in operating costs due to road construction, not compensable under OPIC expropriation coverage. (No arbitration.)
1/17/98	Great American Life Corporation	Life Insurance Company	Russia	Expropriation	\$351,000	Investor experienced losses on investments in government bonds and general decline in business after August 1998 financial crisis. OPIC found these circumstances outside scope of expropriation coverage. (No arbitration.)

\*\* Represents situations where formal claims have actually been lodged with OPIC. OPIC does not collect data in instances where informal dialogue with insureds does not result in a claim made. OPIC's record of claims paid and denied is only part of a much larger record of OPIC's collaboration with insured investors and foreign governments to resolve incipient investment disputes, thereby preserving worthwhile projects while averting OPIC insurance claims.