



MEDIA RELEASE

Aon Political Risk Map: political stability next victim of credit crunch

Iceland and Greece serve as early warnings

Country ratings highlights:

- The past year has seen a number of High Risk countries continue to deteriorate to the point that the creation of a Very High Risk category was warranted.
 - A reflection of the general rise in the risk level globally, the past year has seen 18 countries downgraded to a higher risk level.
 - On the other hand, four High Risk countries saw an improvement in their status to Medium-High Risk. A total of 13 countries were upgraded to a lower risk level.
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SYDNEY, 30 January, 2009:

2009 will see the political consequences of the global credit crunch start to have an impact, according to the 16th annual Political Risk Map, recently launched by Aon Risk Services, a division of Aon Corporation.

In a global webcast, Aon's political risk and trade credit experts discussed how the economic instability caused by the credit crunch was having a flow-on effect on political stability.

Miles Johnstone, director of Aon's Political Risk team in the UK, explained: "This year's map reflects how the impact of the credit crunch is shifting from being an economic problem to a political problem. When an economy is in downturn, the government has less resource available to deal with issues when they arise, potentially leading to political instability.

"We are seeing this particularly in several Eastern European countries, as well as Iceland and Greece, where there is a rise in exchange transfer and sovereign non-payment risk as well as an increase in widespread protests and street disturbances."

The emergence of Very High Risk nations

The past year has seen a number of High Risk countries continue to deteriorate to the point where Aon believes the gap between seven countries – Afghanistan, Congo DRC, Iran, Iraq, North Korea, Somalia and Zimbabwe – and other High Risk countries warranted the creation of a Very High Risk category.

Miles commented: "The level of risk in these countries continues to get worse. It has reached the point where although we have been able to secure insurance cover for some clients in some of these territories, it is not always available."

The Commodity Crunch

This year's map includes a Commodity Crunch Exposure Matrix, which identifies the countries most vulnerable to political instability in 2009 if commodity prices continue to fall, as has been suggested by some forecasters.

Roger Schwartz, senior vice president of Aon Trade Credit, said: "Volatility in global commodity prices in the 1970s and early 1980s contributed to political and economic instability in a number of countries. Countries that recently benefited from very high commodity prices may suffer as they fall. Particularly vulnerable countries are Guyana, Iraq, Papua New Guinea, Venezuela and Zimbabwe.

"Interestingly, the resource nationalism prevalent last year when commodity prices were rising continues, despite the fact prices are now firmly on a downward trend."

A move to the middle

A reflection of the general rise in the risk level globally, the past year has been notable for a significant shift from the Low Risk category to the Medium-Low category. Six Eastern European countries, Estonia, Hungary, Latvia, Lithuania, Slovakia and Slovenia, as well as Greece and Iceland, received a downgrade.

On the other hand, four High Risk countries, Malawi, Moldova, Syria and Turkmenistan, saw an improvement in their status to Medium-High Risk.

Movements on the 2009 map:

Fourteen countries have been upgraded to a lower risk level: Algeria, Benin, Cameroon, Colombia, Kuwait, Lesotho, Libya, Malawi, Moldova, Morocco, Syria, Tunisia, Turkmenistan and Western Sahara.

Eighteen countries have been downgraded to a higher risk level: Afghanistan, Congo DRC, Estonia, Greece, Hungary, Iceland, Iran, Iraq, Latvia, Lithuania, Malaysia, Mauritania, North Korea, Slovakia, Slovenia, Somalia, Thailand and Zimbabwe.

Miles Johnstone concluded: "It is an uncertain future for many companies and many sectors. Just how some of these issues, such as the commodity crunch, will play out is still unclear. We have seen a significant increase in enquiries over the past year from companies seeking political risk cover. It remains to be seen how and to what extent demand for cover is affected by the ongoing impact of the credit crunch on global trade and investment.

"As the global business landscape continues to change, the Political Risk Map provides our clients with the analytical tools to assess the various contingencies and determine how they may impact their sustainable growth, continuity and profitability."

Ends

For access to the webcast, images or further information visit

<http://www.aon.com/2009politicalmap> or contact:

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About the 2009 Political Risk Map

Aon ranked the political risk of 209 countries and territories, measuring risk of currency inconvertibility and transfer; strikes, riots and civil commotion; war; terrorism; sovereign non-payment; political interference; supply chain interruption; legal and regulatory risk. The risk in each country was ranked as Low, Medium-Low, Medium, Medium-High, High or Very High. A country with an “elevated” risk is defined as any country with a risk ranked at Medium-Low, Medium, Medium-High, High or Very High.

The results of the analysis are detailed on the 2009 Political Risk Map, produced by Aon Risk Services in partnership with Oxford Analytica, an international consulting firm. Oxford Analytica draws its analysis from a global network of more than 1,000 experts – including senior faculty members at Oxford University and at major research institutions worldwide – to make independent judgments about geopolitical risk.

The Political Risk Map is published annually by Aon Risk Services, a unit of Aon Corporation. With more than 400 specialists in 60 offices around the world, Aon has been providing political risk and trade credit insurance and consulting services, such as country audits, since 1912.

About Aon

Aon Corporation (NYSE: AOC) is the leading global provider of risk management services, insurance and reinsurance brokerage, and human capital consulting. Through its more than 36,000 colleagues worldwide, Aon readily delivers distinctive client value via innovative and effective risk management and workforce productivity solutions. Our industry-leading global resources, technical expertise and industry knowledge are delivered locally through more than 500 offices in more than 120 countries. Aon was named the world's best broker by *Euromoney* magazine's 2008 Insurance Survey. In 2008, Aon ranked highest on the *Business Insurance* ranking of the world's largest insurance brokers based on commercial retail, wholesale, reinsurance and personal lines brokerage revenues. Aon also was ranked by A.M. Best as the number one insurance broker based on brokerage revenues in 2007 and 2008, and was voted best insurance intermediary, best reinsurance intermediary, and best employee benefits consulting firm in 2007 and 2008 by the readers of *Business Insurance*. Sign up to receive Aon news alerts by email or RSS feed at: <http://aon.mediaroom.com/index.php?s=58>.

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