



Structured Credit and
Political Risk Insurance

Report and Market Update

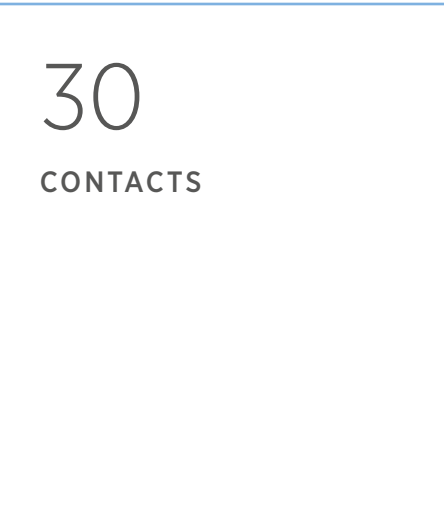
July 2020



Gallagher

Insurance | Risk Management | Consulting

Contents



Introduction



In the past editions we have typically used the introduction section of this report to provide high-level commentary on selected political and credit driven activity from certain regions of the world. However, at the time of writing, the dominant theme in the headlines continues to be the impact of COVID-19 on both the global economy at a macro level, and individual sectors and businesses at a more focussed level. The prognosis being that there are very few who are immune to the impact of current events.

The credit and political risk segment of the insurance industry – particularly that element which is most concerned with the underwriting of default risk across both government and corporate sectors – has at least the potential to see significant impact. As such, ahead of producing this latest edition of our Report and Market Update, between 24th June and 9th July 2020, we anonymously surveyed individual underwriters covering the significant majority of the commercial insurance market

engaged in this class. The findings represent responses from 76 individual underwriters, spanning 46 insurers. We have spoken to multiple underwriters from each insurer to ensure that we are not only presenting market statistics, but also painting a picture of underwriter sentiment (as opposed to the ‘party line’).

Following this introduction, we provide a series of graphs that present the data from a number of the questions posed. Firstly, however, here is a summary of some of the key themes.

Risk Appetite

The impact of the current environment has adjusted insurers' risk appetite in different ways, which in turn has had a variety of implications. What the survey demonstrates is that the primary consequence has been an adjustment to insurers' view of credit risk (the underwriting of private counterparty payment and performance risk). For example, only 29% of respondents have either maintained or increased their expectations of forecast credit income for 2020 (under the CR risk code - please see product glossary on page 6), with the balance having made a reduction. Of course, some of this will also be linked to the expectation of a reduction in underwriting opportunity with new trade and investment currently down. However, the differentiation between the risk codes indicates that credit is hardest hit (see later graph).

To get closer to the core issues, we asked insurers to name three ways in which they have adjusted their appetite. As feedback to this question was free text, we will not be able to demonstrate graphically, however, we have pulled together the key themes, and list the top four as follows:

- 1. Establishing new minimum criteria.** Including minimum rating requirements, tougher credit analysis, and a focus on security.
- 2. Taking a sector specific approach.** There were many comments largely connected to what insurers are seeking to avoid, such as overloading with much more oil & gas, and the aviation sector (we explore more positive opportunities later).

3. Risk pricing and minimum premiums. Once appetite has fundamentally been established, it is clear that insurers are looking for enhanced returns.

4. Line size and level of indemnity. Whilst this report shows that the capacity - in terms of ability to write substantial lines - is currently being maintained, the application of this is reduced at a transactional level, while insurers seek greater risk share from their clients.

Arguably connected to this is the level of oversight that this product area receives. Approximately 40% of respondents advised that they are experiencing some level of increased stakeholder engagement. Whilst this very much varies from business to business, what is clear from the feedback is that this heightened oversight comes internally, from underwriters' own management structures, rather than externally from reinsurers. Whilst direct underwriters may be electing to enhance their reporting to reinsurers, for the most part it does not appear that there has been great external pressure to do so.



Current Concerns & Claims

Whilst risk appetite reflects today's adjusted approach to underwriting, insurers must also consider those risks which already exist within their portfolio. As such, we asked insurers to name their top three areas of concern with respect to sector, the risk of government non-payment and pure political risk. The findings, whilst of course not surprising, highlight what insurers are currently grappling with together with what may be driving some of the change in appetite.

Fuller commentary in this respect can be found within later graphs, however, the headlines are as follows:

Primary sectors of concern:

1. Aviation
2. Oil & Gas
3. Tourism

Primary government non-payment concerns:

1. Zambia
2. Angola
3. Ecuador

Primary countries of concern with respect to political risk:

1. Argentina
2. China
3. Tanzania

Despite the risk held in the market, it is interesting to note that only 29% of respondents have been notified of claims "whether due to government action taken, or a deterioration in credit, that they consider specifically attributable to COVID-19". On the face of it, this may seem surprising, however, within the transactional (often referred to as single situation) credit and political risk market, this response is perhaps as expected. By and large, the exposures underwritten in this segment of the market are typically with respect to governments and corporates of a certain minimum size. Thus, the findings support the view that, so far, insured exposure, which is fundamentally payment risk in nature and that may already be experiencing challenges, has for the most part been the subject of waivers and prolongation as opposed to formal default, and the consequential claims.





Opportunity

Not wanting to only look at the challenges faced by the market, we asked insurers to consider what they see as the opportunities arising out of the current circumstances. Given that the full effect of COVID-19 on the broader political and economic landscape is yet to be fully realised, it may seem a little early to say with a high degree of confidence what these will be, however, there is clearly an air of optimism, with one responder stating, “[We] have never seen such good risks to be honest”.

Some of the themes that emerged from insurers’ feedback are as follows:

- **Credit quality both private and sovereign.** It is clear that insurers are already seeing, and expect to continue to see, better-rated private and government risks. An example being the opportunity to underwrite investment grade sovereign risk that would not normally find its way into the insurance market.
- **Political risk.** Whilst much of the commentary thus far has related to credit and contract frustration business (written under the CF and CR risk codes, respectively), it is clear that insurers are expecting new opportunity in the underwriting of political risk. This is driven by a number of factors including the perception of heightened risk as some developing economies face possible destabilisation, alongside what may have previously seemed relatively secure markets deteriorating in investors’ eyes.
- **New and/or growth sectors.** As some of the sectors most familiar to the market have been particularly affected by COVID-19, most obviously as a consequence of the fall in oil price, underwriters are looking to other areas, such as technology and telecommunications, and large-scale infrastructure projects.

- **Further growth in the commercial insurance market’s partnership with public agencies.** Given the increasing role that the public sector plays in times of crisis, what was already the largest growth area over the last few years is expected to continue the trend.
- **Improved pricing.** Whilst insurers are largely price takers in this area of the market, the buyers of cover are themselves seeking better returns and therefore there is a little more available for insurers.

In summary, the structured credit and political risk insurance market, as with many sectors, stands to be impacted by the broader consequences of COVID-19, in both a political and economic sense. However, the market data we hold – some of which goes back to 2001 – proves an almost consistent growth in the insurance market’s support for the credit and political risk class, which on the one hand is led by capital of one form or another, and on the other is met by demand. The market has weathered many storms, including the Global Financial Crisis of 2008/09, and we expect the same of the current situation.

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Product Glossary

On behalf of our clients, Gallagher's Structured Credit and Political Risk team arrange insurance products to mitigate the risks arising out of trading, financing and investing - often with a focus on developing markets.

Interpreting the Numbers

The Lloyd's market uses risk codes to track cover being provided. The applicable risk code is determined by the characteristics of the underlying loan, trade, contract or investment being made. These risk codes are also recognised by non-Lloyd's insurers. Later in this report, we provide market capacity data by risk code for each insurer. To assist with interpretation of this data, below we summarise the primary risk codes, as well as the main types of insurance which relate to these risk codes.

As advised previously, the Financial Guarantee ('FG') risk code is no longer used for the insuring of unsecured non-trade finance. However, as many insurers still have different underwriting capabilities depending on whether the financing is for 'trade' or 'non-trade'. As such, we use the letters 'NT' to show the capacity for underwriting the latter (please note: NT is not a formal risk code).

Risk Codes

Credit Risk (Risk Code CR)

Applicable where the counterparty risk insured is a commercial entity with a majority private ownership.

Contract Frustration (Risk Code CF)

Applicable where the counterparty risk insured is a government entity or a commercial entity controlled and/or majority-owned by a government entity(ies). Alternatively, this risk code is applicable where the counterparty risk is a privately-owned commercial entity but the perils insured are limited to political risks.

Political Risk (Risk Code PR)

Applicable where the cause of loss is limited to government frustration and/or political perils.

Types of Cover

Non-Payment (CR, CF or NT)

- Indemnifies the policyholder for loss caused by the failure and/or refusal of an obligor to honour its contractual debt obligation.

Non-Delivery / Pre-Finance (CR or CF)

- Indemnifies the policyholder for loss caused by the failure and/or refusal of a supplier to honour its obligations under a pre-financed supply contract or return pre-financed sums.

Pre-Shipment Insurance (CR or CF)

- Indemnifies the policyholder in circumstances where, prior to the establishment of an amount owing under an export contract, the buyer terminates the contract (in circumstances where they have no right to do so), or where there is an occurrence of certain pre-defined political perils which prevent the fulfilment of the contract.
- Can be combined with Post-Shipment Insurance to form 'Pre and Post Shipment Cover'.

Post-Shipment Insurance (CR or CF)

- Indemnifies the policyholder in circumstances where, after the establishment of an amount owing under an export contract, the buyer fails to pay sums due, or is unable to, as a consequence of the occurrence of Currency Inconvertibility and/or Exchange Transfer.
- Can be combined with Pre-Shipment Insurance to form 'Pre and Post Shipment Cover'.

Political Risk Insurance (PR)

- Indemnifies the policyholder for loss caused by government frustration and/or political perils, including but not limited to:
 - Confiscation, expropriation, nationalisation, deprivation (CEND)
 - Forced abandonment or divestiture
 - Selective discrimination
 - Licence cancellation
 - Political violence and terrorism (including strikes, riots, civil commotion, malicious damage, terrorism, and sabotage)
 - War and civil war
 - Currency Inconvertibility and/or Exchange Transfer
- Cover can be placed in respect of assets or the repayment of debt.

Market Research

When considering the findings of the survey, please note the following:

1. As previously stated, we wrote to 76 individual underwriters representing 46 insurance companies or Lloyd's syndicates. We have spoken to multiple underwriters from each insurer to ensure that we are not only presenting market statistics, but also painting a picture of underwriter sentiment (as opposed to the 'party line'). Whilst this risks skewing the figures a little, i.e. the risk of double counting the themes that affect one business, we're confident the findings paint an accurate picture as presented.
2. Whilst we have feedback from 76 respondents, not all questions are relevant to all insurers. For example not all insurers underwrite private counterparty default, under the CR risk code. As such, the level of feedback can differ from question to question.

The survey was completed between 24th June, 2020 – 9th July, 2020.

1. Claims Notifications

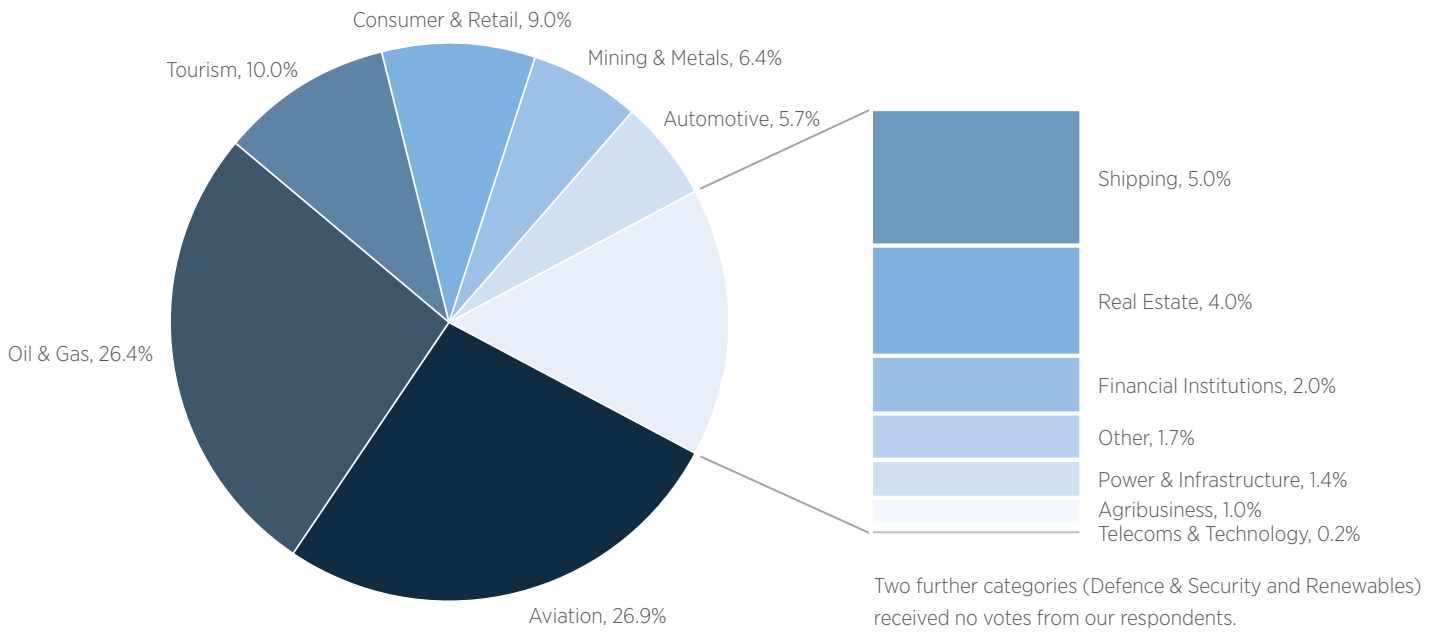
At the time of responding to this survey, have you been notified of any claims whether due to government action taken, or a deterioration in credit, that you consider specifically attributable to COVID-19?



2. Sectors of concern

Please list the top three sectors in your portfolio which concern you the most.

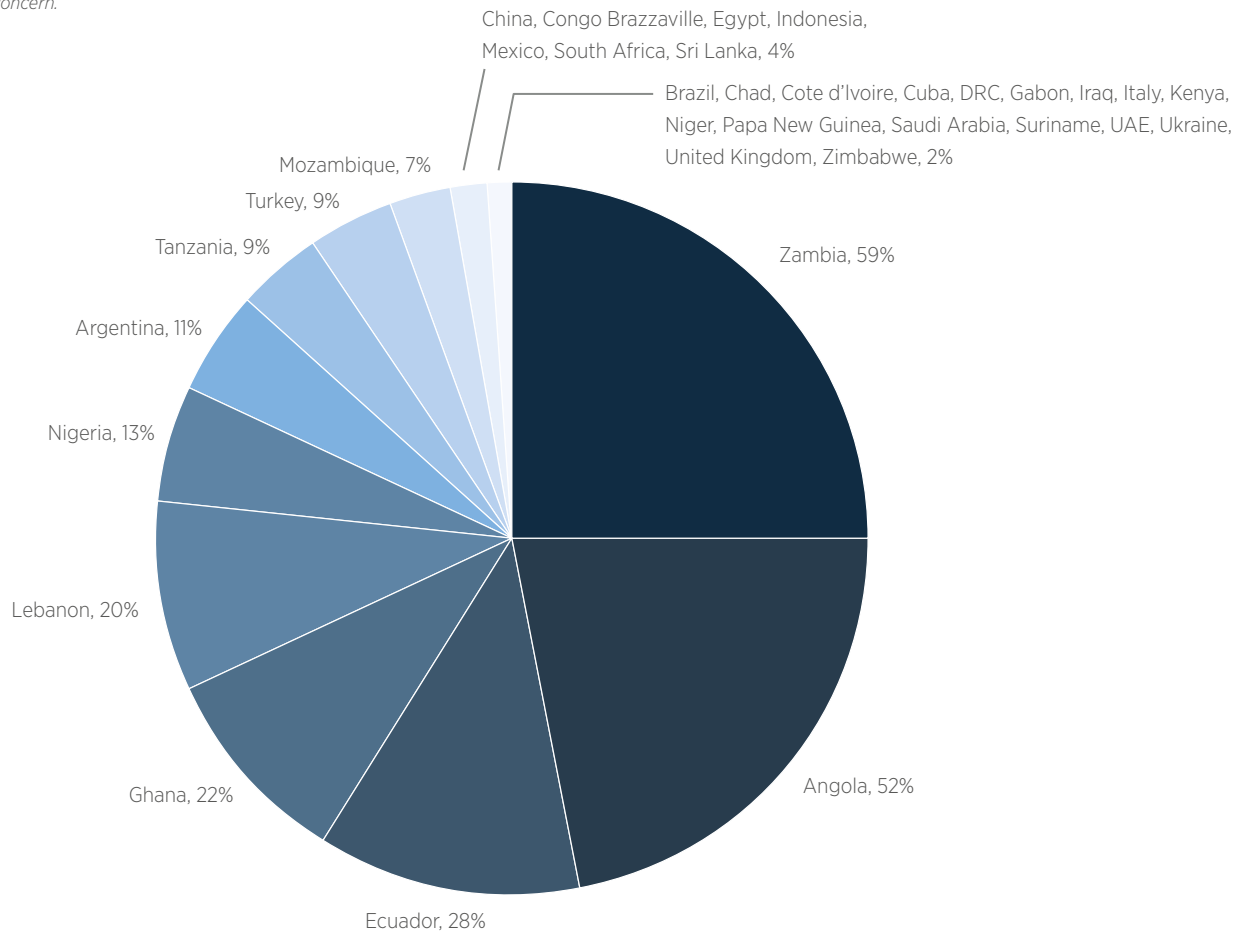
Note: responses are weighted according to the order of each Respondent's answer (i.e. their top choice carries more weight than their third choice).



3. Countries of concern (Soverign Non-Payment)

With respect to the risk of non-payment of government obligations, please list the three countries in your portfolio which currently concern you the most.

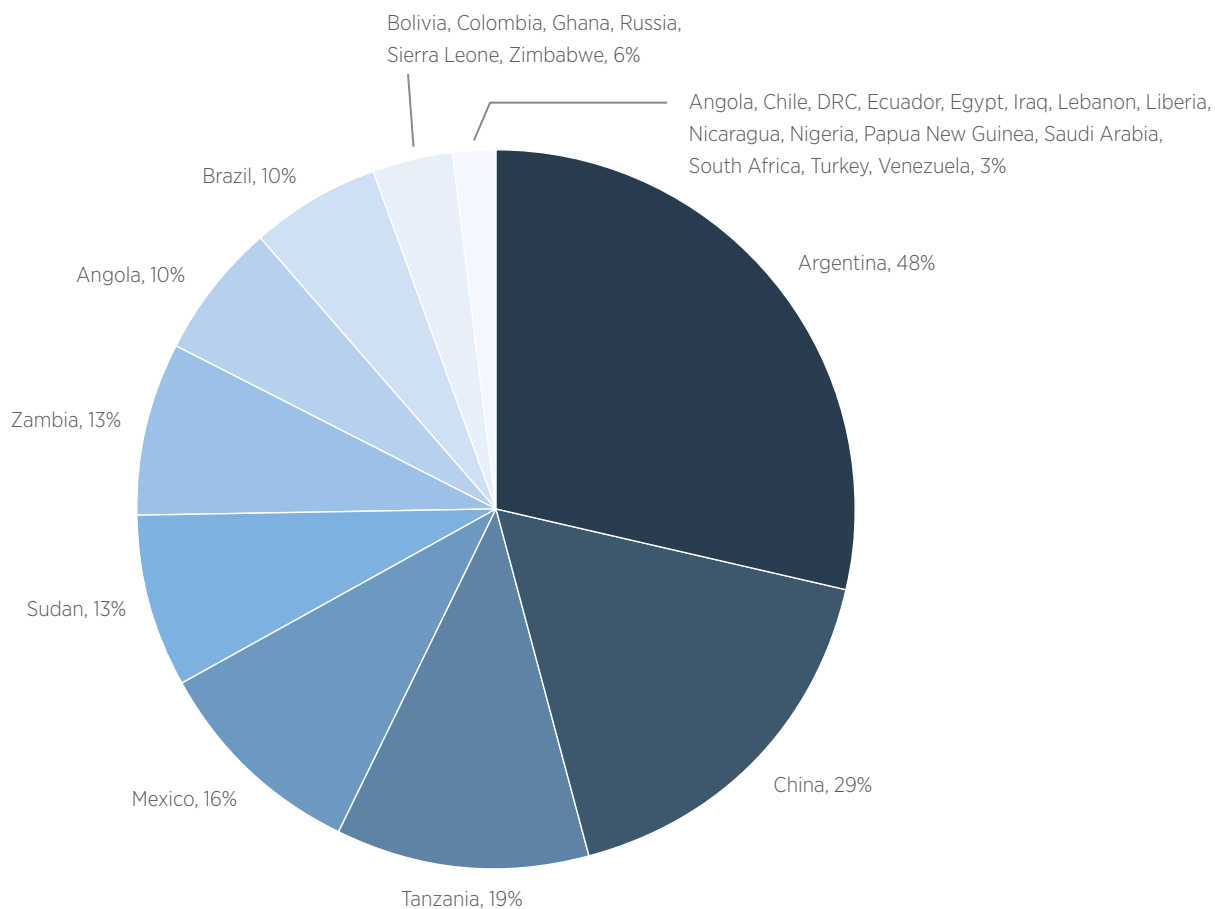
Note: figures represent proportion of respondents who mentioned the relevant country as one of their top 3 countries of concern.



4. Countries of concern Political Risk (Expropriation etc.)

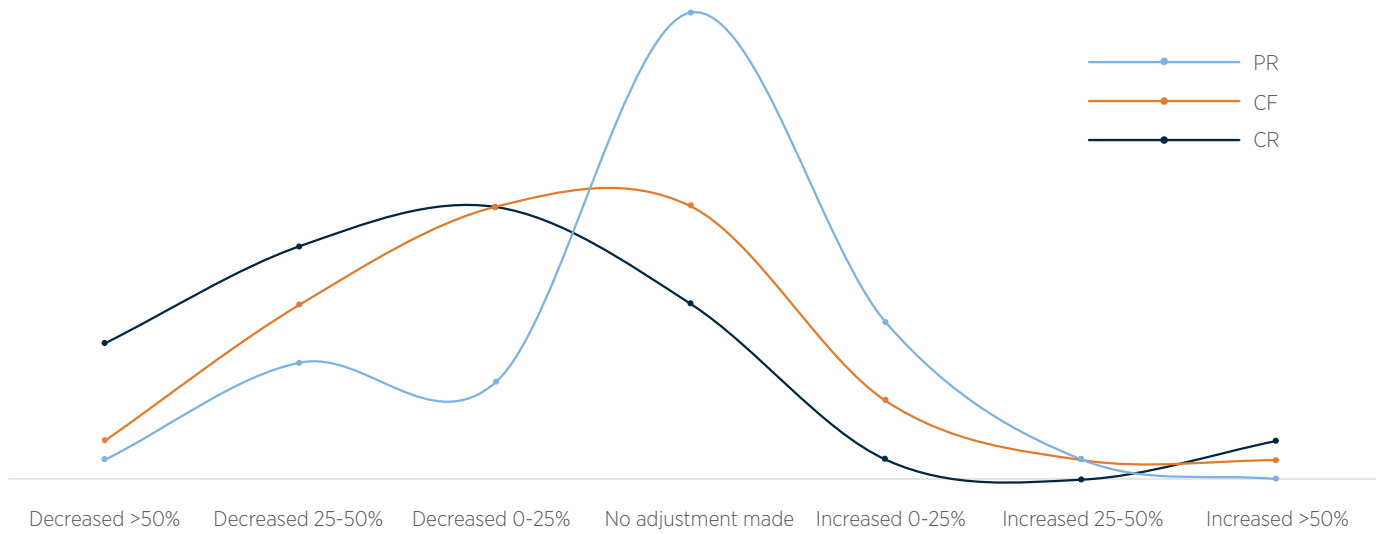
With respect to political risk (expropriation etc), please list the three countries in your portfolio which currently concern you the most.

Note: figures represent proportion of respondents who mentioned the relevant country as one of their top 3 countries of concern.



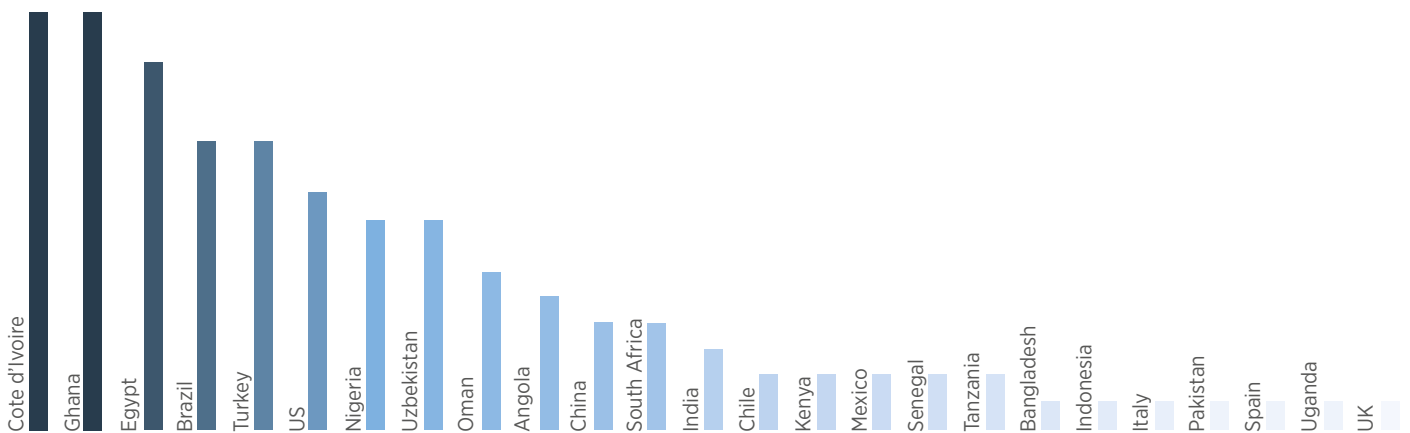
5. Adjustment to Forecast Premium Income in 2020

Regarding business underwritten under the risk codes CF / CR / PR, how, if at all, have you adjusted your anticipated income in light of COVID-19?



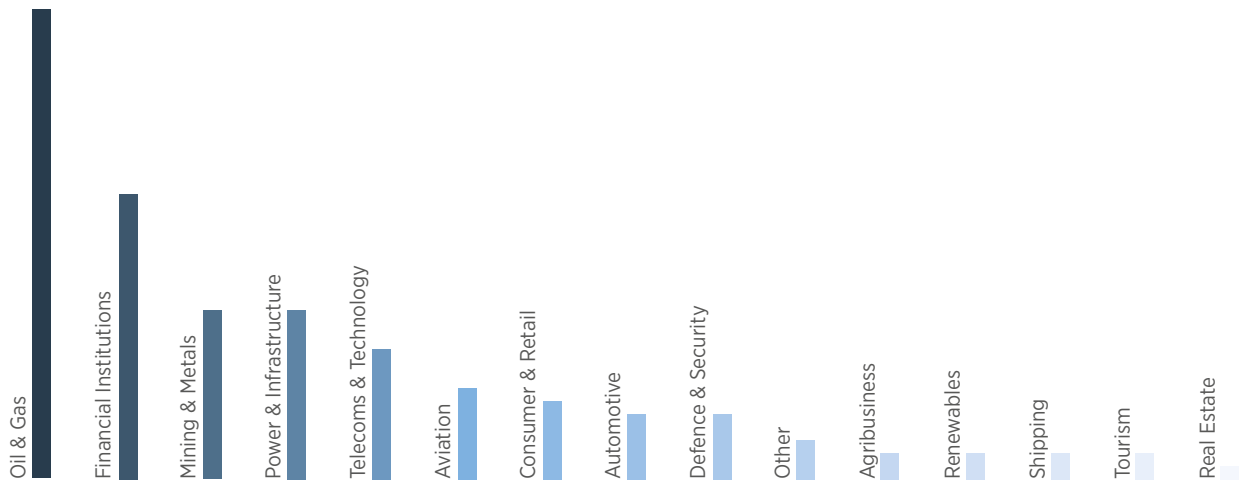
6. Countries in Greatest Demand by Transaction Volume

Please name the three countries in which you are currently seeing the greatest demand. Please consider this by volume of enquiries rather than the aggregate of limit you are being asked to insure.



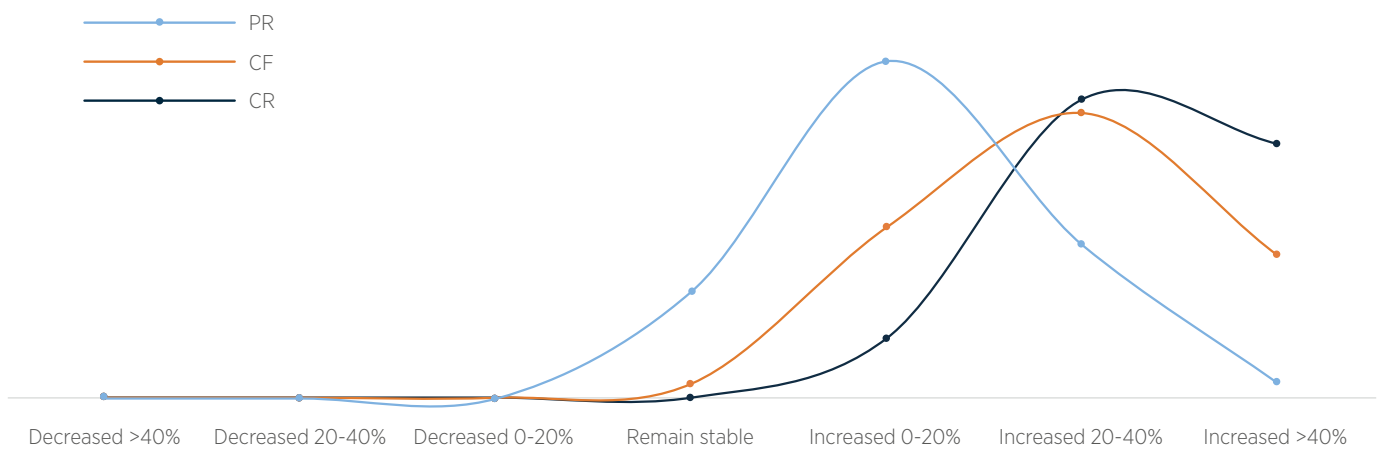
7. Sectors in Greatest Demand by Transaction Volume

Please name the three sectors in which you are currently seeing the greatest demand. Please consider this by volume of enquiries rather than the aggregate of limit you are being asked to insure.

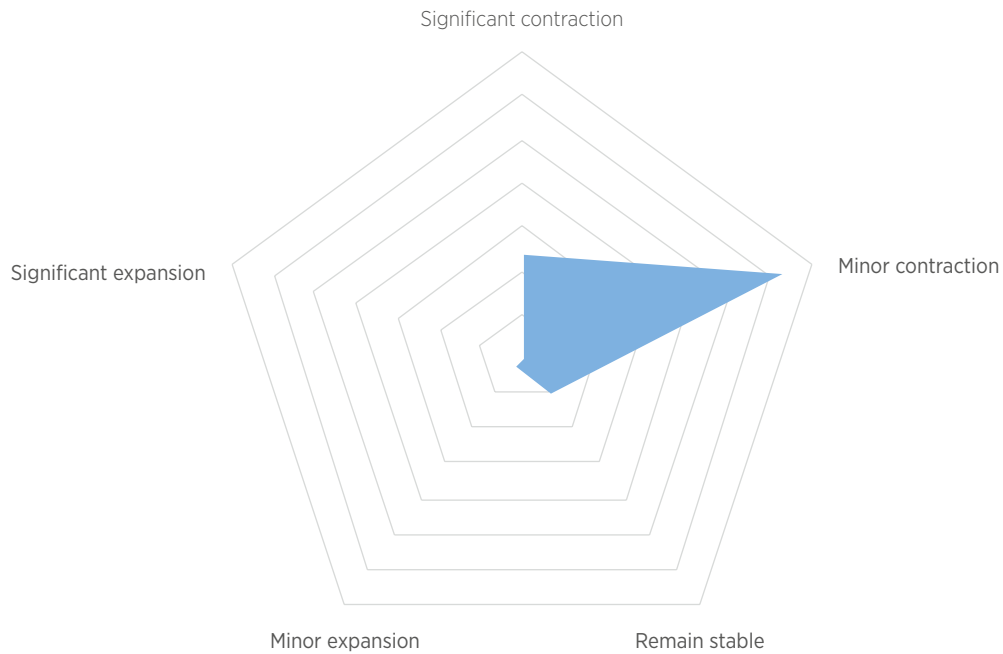


8. Expected Adjustment to Pricing Levels

On average, for Private Counterparty Default (CR), Sovereign Default (CF), and Political Risk Insurance (expropriation etc., under PR risk code), how do you expect pricing to adjust as a result of COVID-19?



9. The market has seen significant expansion in the aggregate stamp capacity for Credit Risk, CF & Political Risk over the last decade. How do you expect COVID-19 and the current climate to affect market capacity over the next two to five years? I expect:





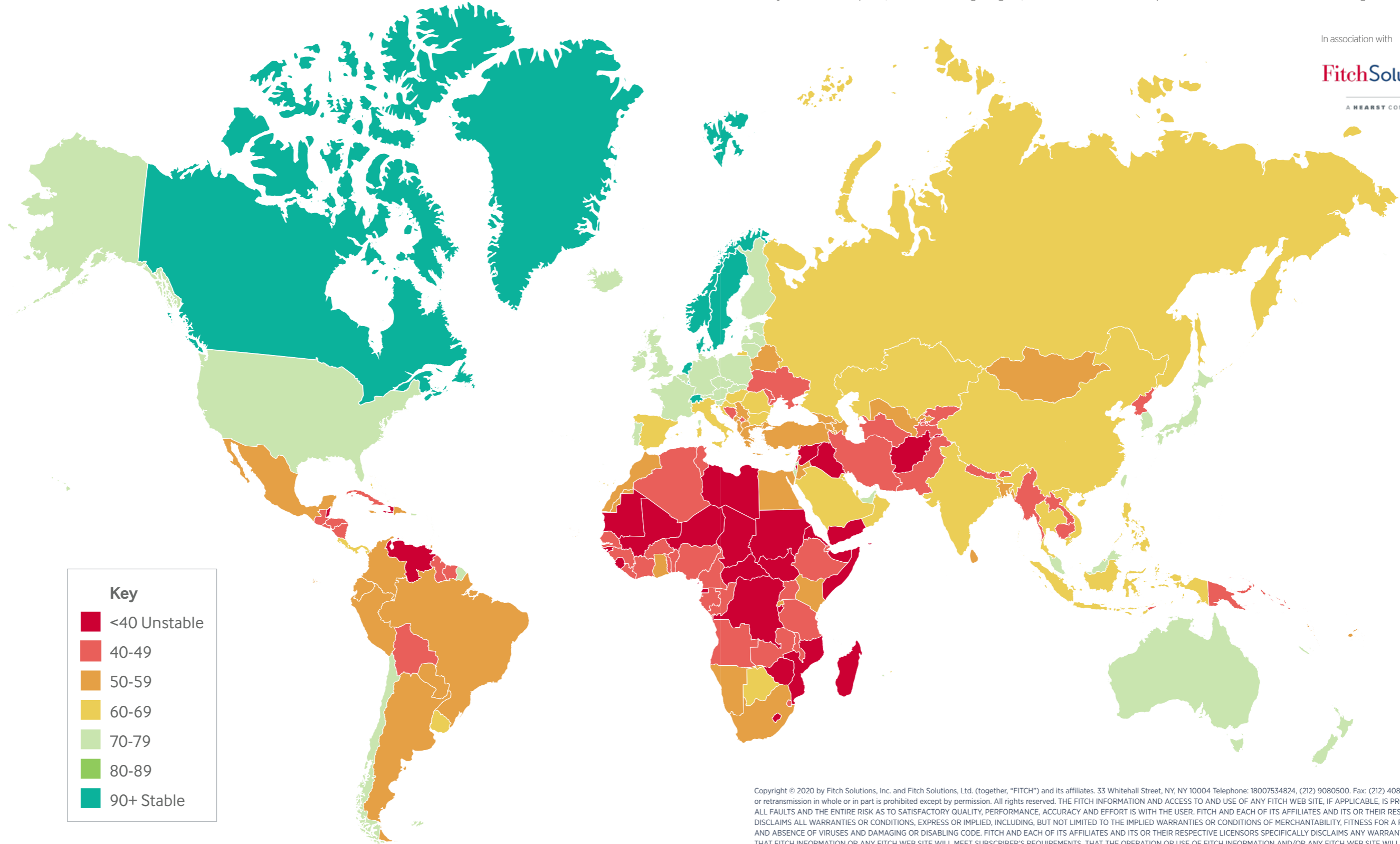
Emerging Market Review

This section, and the commentary on specific countries coming up, has been compiled in association with Fitch Solutions.

About Fitch Solutions

Fitch Solutions help clients to excel at managing their counterparty risk, gain deeper insights into the debt and fixed income markets, and get comprehensive intelligence about the macroeconomic environment.

For more than 30 years Fitch's Country Risk and Industry Research service has provided business intelligence that helps their clients better understand the risks and opportunities they face in emerging markets. Their global team of economists, political risk experts and industry analysts deliver frequent, forward-looking insights, data and forecasts to improve their customers' decision-making.

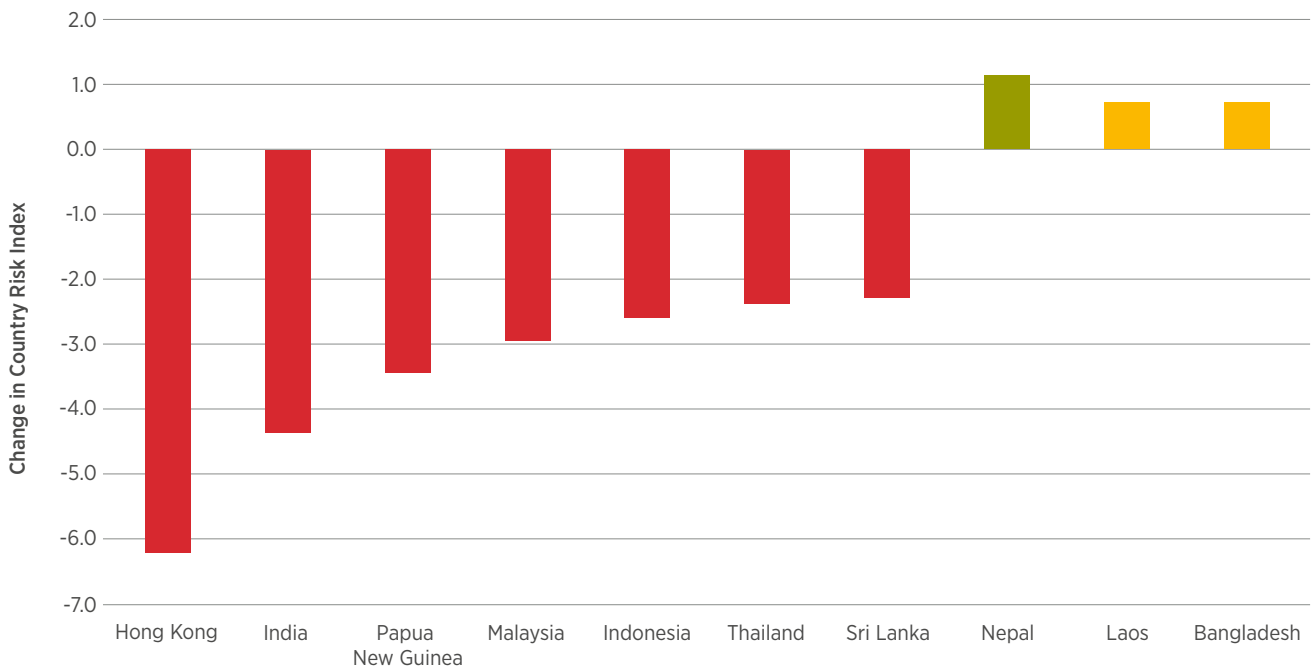
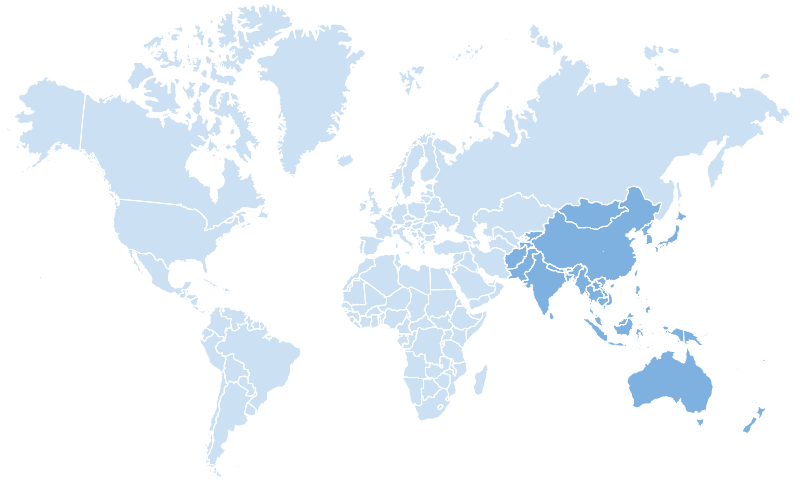


Key

- <40 Unstable
- 40-49
- 50-59
- 60-69
- 70-79
- 80-89
- 90+ Stable

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Asia Pacific



Hong Kong has seen major protests against China's efforts to reduce the territory's autonomy. With China having passed a new National Security Law for Hong Kong on July 1, tensions remain high ahead of legislative elections in September 2020.



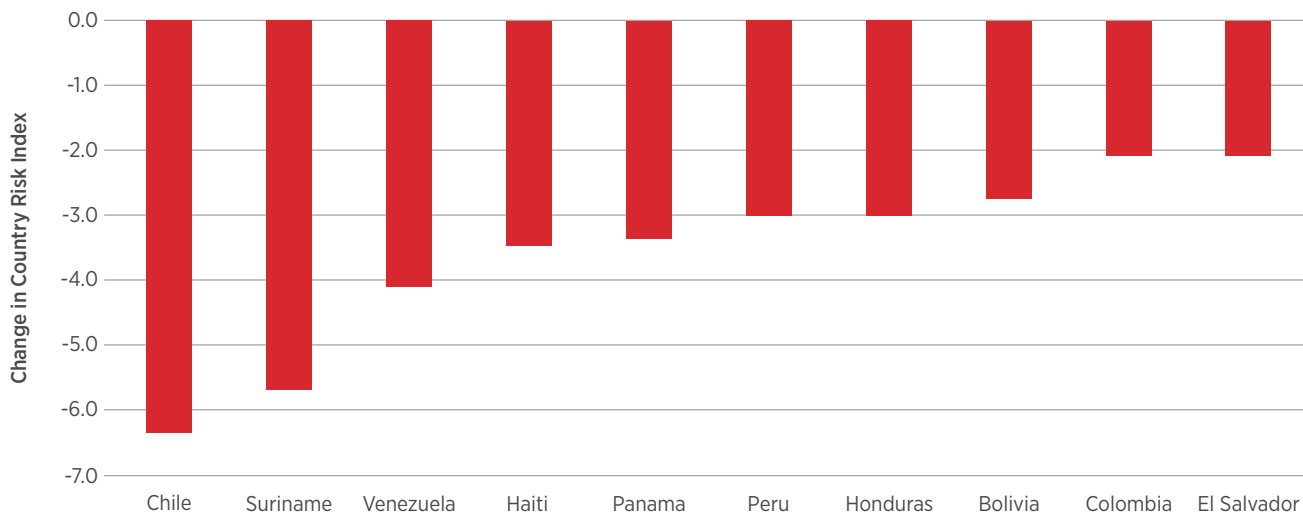
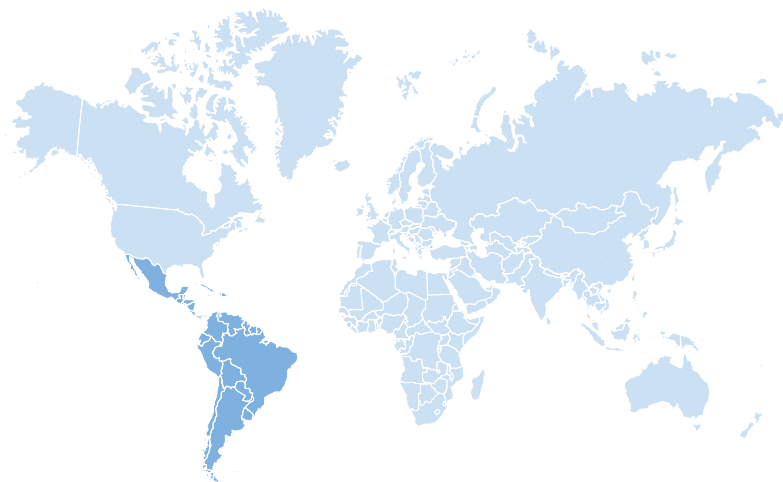
There are greater social instability risks in **India**, following the introduction of a new citizenship law, economic disruptions caused by COVID-19, as well as rising tensions with Pakistan and China following clashes in 2019 and 2020, respectively.



Malaysia's new government appears to be less inclusive of the country's minorities than its predecessor, the Mahathir administration, which collapsed in February 2020 following a period of political instability.

- Improvement in Fitch's Country Risk Index rating of >1
- Improvement/deterioration in Fitch's Country Risk Index rating of <1
- Deterioration in Fitch's Country Risk Index rating of >1

LATAM and Caribbean



There were massive protests in **Chile** in late 2019 against inequality and the high cost of living. The economic disruption caused by COVID-19, and a forthcoming constitutional referendum scheduled for October 2020 is prolonging uncertainty.



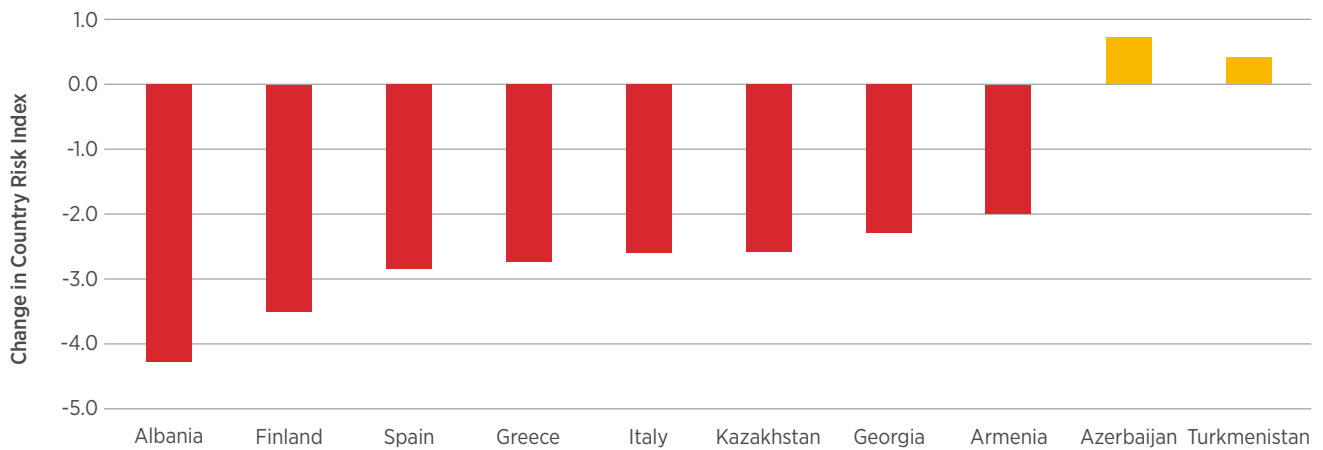
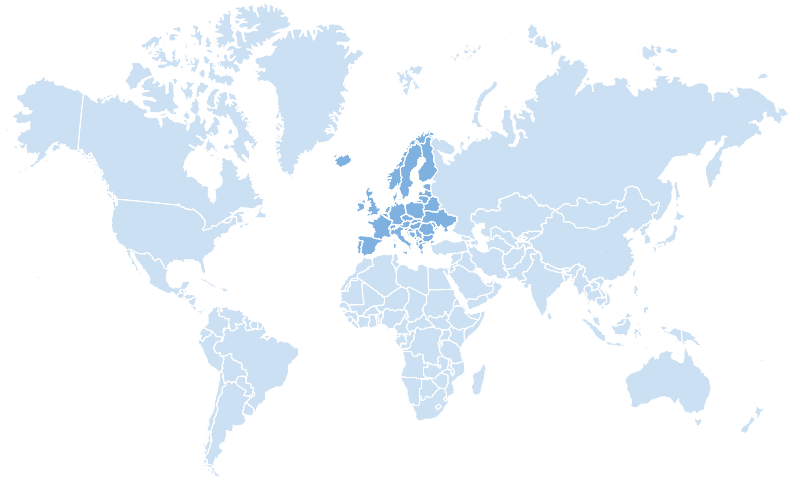
In **Bolivia**, long-serving President Evo Morales was toppled following protests in November 2019. Apart from preparing for elections in September 2020, the interim government has also had the added difficulty of dealing with the COVID-19 pandemic.



An extended constitutional struggle between President Martin Vizcarra and the opposition in **Peru** led to early legislative elections in January 2020. Since then, the onset of COVID-19 has disrupted the economy, raising uncertainty ahead of the next presidential elections in April 2021.

- Improvement in Fitch's Country Risk Index rating of >1
- Improvement/deterioration in Fitch's Country Risk Index rating of <1
- Deterioration in Fitch's Country Risk Index rating of >1

Europe and CIS



In **Albania**, setbacks in EU accession talks combined with renewed anti-government protests in 2019 reduced momentum behind several key reforms, including in the justice and electoral systems. Together with the COVID-19 pandemic, this exacerbated tensions between the ruling and main opposition parties.



Spain's fiscal outlook had weakened prior to the COVID-19 outbreak after Prime Minister Pedro Sanchez was forced to rely on the parliamentary support of the anti-austerity Unidas Podemos. The pandemic put further pressure on Spain's fiscal position, exacerbated by dependence on tourism, while the government struggled to contain the virus. The aftermath poses risks to political stability.

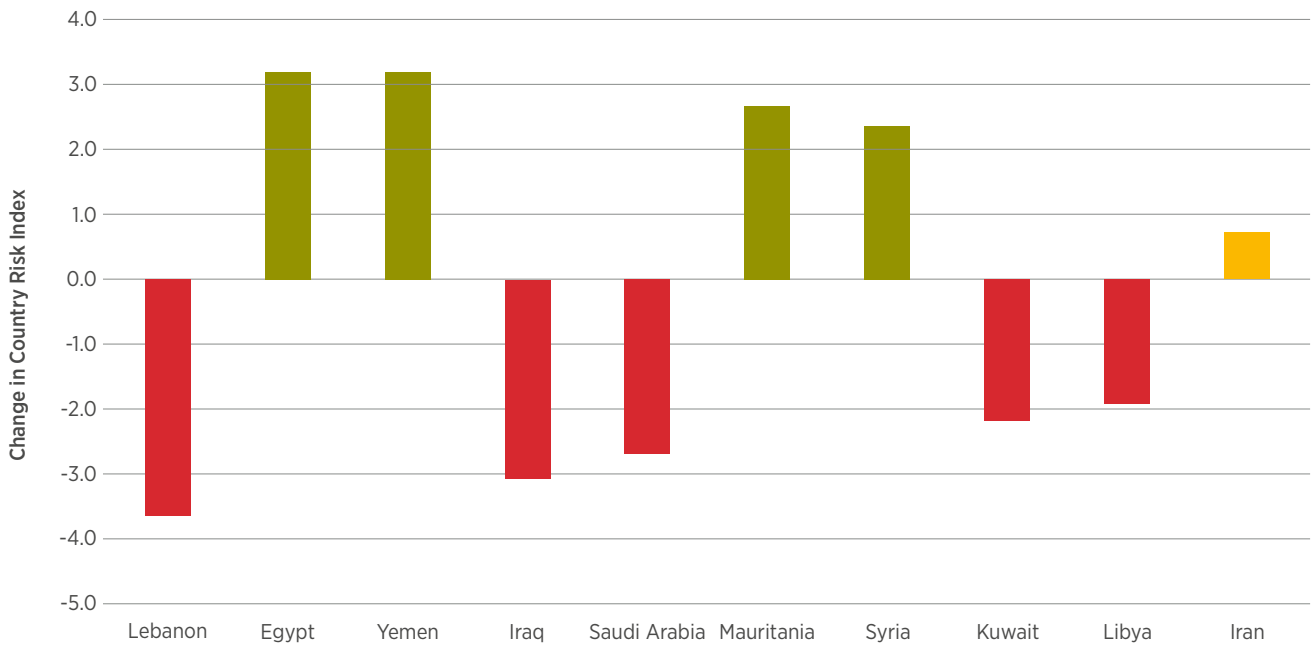
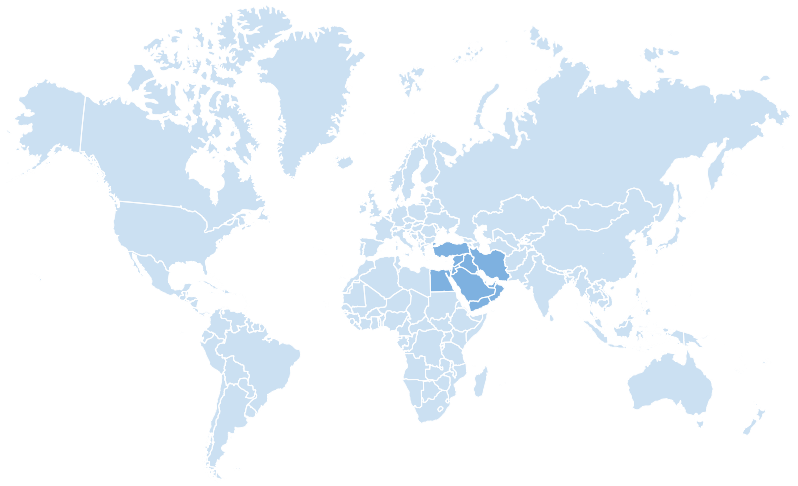


In **Italy**, political stability remains poor after a government reshuffle in Q319 led to the current left-wing coalition taking power. Although the outbreak of COVID-19 has put infighting on hold, we still forecast Italy's public debt ratio to soar to 165% of GDP in 2020, which has helped push the EU towards a recovery fund involving unprecedented joint debt issuance.



The **UK** accounts for the largest improvement in political risk globally since June 2019, as the Conservative Party overcame its internal divisions on Brexit and won a large parliamentary majority in December 2019. However, the consequent boost to its country risk index is largely offset by the economic impact of the COVID-19 pandemic, which we believe will see real GDP plunge by 7.7% in 2020.

- Improvement in Fitch's Country Risk Index rating of >1
- Improvement/deterioration in Fitch's Country Risk Index rating of <1
- Deterioration in Fitch's Country Risk Index rating of >1



Lebanon has seen a sharp fall in our short-term political and economic risk indices, as an ongoing lack of political will for reform continues to fuel protests and has led to a decision to stop all foreign debt servicing in March 2020 to slow the depletion of foreign reserves. While we expect negotiations with the IMF will eventually lead to a rescue deal in some form, a failure to secure this would result in a sharp fiscal adjustment.



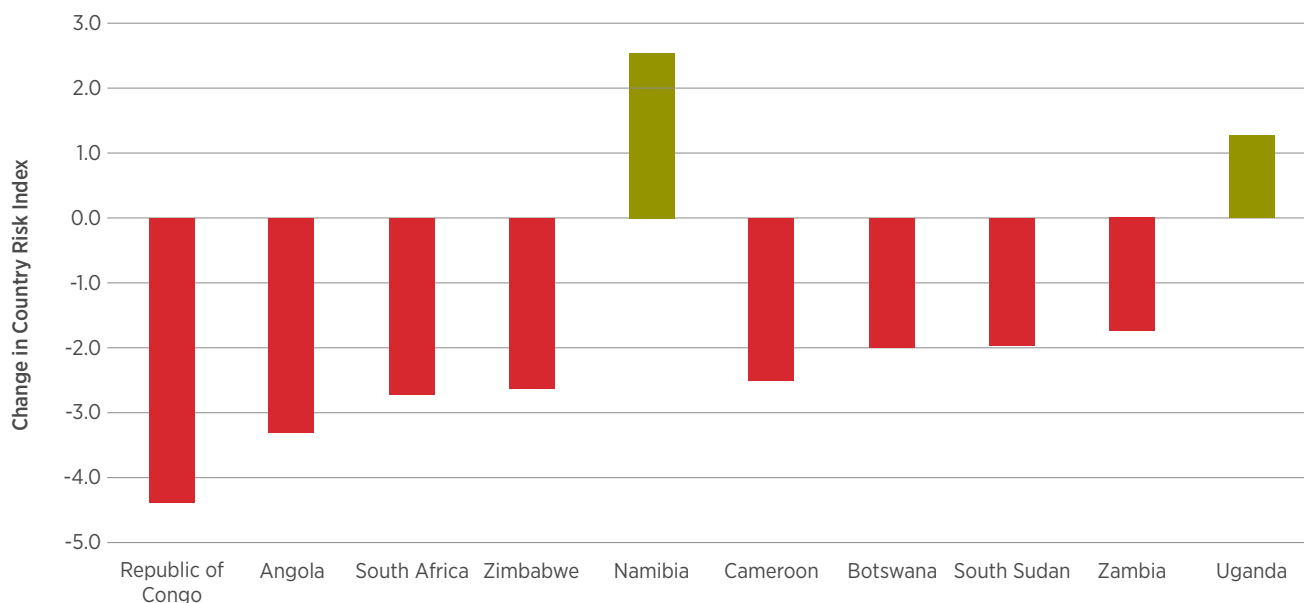
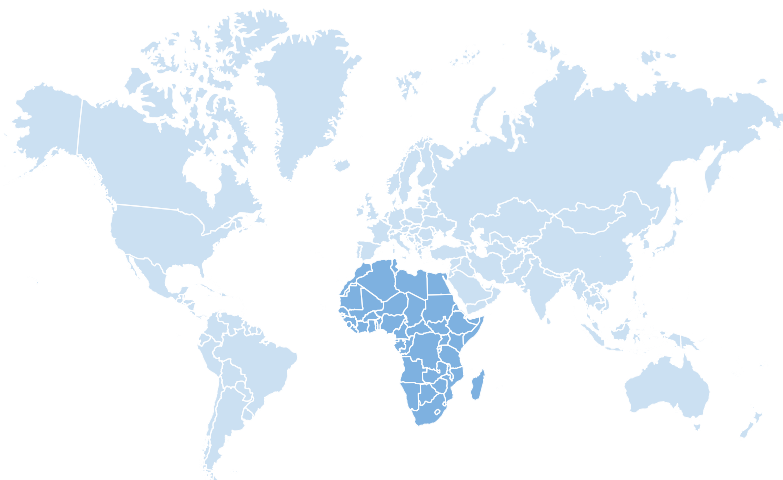
Egypt will likely prove relatively resilient to the COVID-19 pandemic compared to other emerging markets as the country has so far avoided a full lockdown and the brunt of the economic impact will be split between two fiscal years. However, we still forecast an expanded budget deficit of 10.3% of GDP in FY2020/21 (July-June) and persistently high borrowing costs.



Iran continues to face substantial pressure from the US, which eliminated its top general in January 2020 and is now pushing to extend a conventional arms embargo on Iran, due to expire in October 2020. While downside risks remain substantial, an increasingly possible victory of a Democratic candidate in the US election could pave the way for a rapprochement with Iran that could lead to sanctions relief.

- Improvement in Fitch's Country Risk Index rating of >1
- Improvement/deterioration in Fitch's Country Risk Index rating of <1
- Deterioration in Fitch's Country Risk Index rating of >1

Sub-Saharan Africa



Due to COVID-19 and structural weaknesses, we forecast **South Africa's** budget deficit to increase to 15.8% of GDP, its largest shortfall since 1970s, and the biggest fiscal gap of any emerging market. The accompanying slowdown in growth will increase union resistance to public sector wage cuts and reforms in state-owned enterprises, such as South African Airways (SAA) and energy utility Eskom.



In **Zimbabwe**, the COVID-19 outbreak will add to unrest risks and further delay reforms as we forecast real GDP to decline by 13.2% in 2020, on top of a 10.5% contraction in 2019. While not our core view, regime change through a military intervention remains a possibility, the prospect of which will see the government prioritise payment of military salaries and provision of food and services.



South Sudan's unity government formed on February 22, indicating progress in some areas, such as the demarcation of state borders in the country. However, other challenging issues such as security sector reform remain unresolved, and will test the stability of the government, along with the negative impacts of COVID-19.



Cote d'Ivoire faces a period of political uncertainty ahead of presidential elections in October 2020 after the ruling party's candidate with underlying health problems died on July 8. This may prompt incumbent President Ouattara to re-consider a bid for a controversial third presidential term, adding to already elevated unrest risks.

- Improvement in Fitch's Country Risk Index rating of >1
- Improvement/deterioration in Fitch's Country Risk Index rating of <1
- Deterioration in Fitch's Country Risk Index rating of >1

Market News

Allied World

In July 2020, Allied World placed the London credit and political risk team into run-off. As such, the syndicate will cease to write credit & political risk business, however the US team will continue as before.

Antares

David Motherway has joined the team in the role of Political and Financial Risk Analyst. David has ten years of banking experience, and was most recently in the Natural Resources and Energy credit team at Lloyds Banking Group.

Ascent Underwriting

Nick Hedley, previously of Allied World has joined Ascent Underwriting as the Head of Political Risk and Trade Credit. Ascent launched its proprietary "PRISM" political risk product in November 2019, with support from Control Risks.

Canopus

Andrew Tongue, previously Underwriter at Swiss Re, has joined Canopus in the Trade and Political Risk Team, whilst Toby Findlay has joined the Credit and Political Risk team as Underwriter from RK Harrison. Richard Sims has also joined as a dedicated claims adjuster from Xchanging.

Convex

Navaid Farooq, previously of Anvil Underwriting and Catlin has joined Convex as the Head of Political Risks. He was joined in July by Murray Ross, formerly Head of Europe Political Risk and Credit at Chubb.

Crum and Foster

Don Asadorian, who was until May of this year with Liberty, has left and is joining up with his former colleague Dan Sussman to help build a trade credit and political risk practice at the Fairfax Group backed Crum & Forster. Currently they have licensing capability in the US and intend to establish a European licensed platform within the coming months.

Hamilton

Amir Hussain, previously of AmTrust, has joined Hamilton as a Political Risk Underwriter.

HDI

Nick Robinson has joined HDI Global Specialty (HGS) as Head of Political and Credit Risk and Anthony Vaughan as Senior Analyst and Underwriter. They will be writing Non-Payment risk in London and working in conjunction with the existing HGS team in Stockholm for Confiscation Risks. Both Nick and Anthony were previously at Neon.

QBE

From the 1st January the existing Political Risk team at QBE in London, consisting of Jack Waltham and Matt Lockwood, moved out of QBE's International division (Syndicate 1036) and into Global Credit & Surety (Syndicate 1886) to further meet clients' needs and expectations through better product alignment and global reach.

StarStone

In June 2020, Enstar placed Starstone International and its operating companies including Starstone International SE and Lloyd's Syndicate 1301 into run-off. As such, the syndicate will cease to write credit & political risk business.

Swiss Re

Paul Barrett and Toby Marshall have joined Swiss Re as Senior Underwriters, having been at Neon and Aegis respectively.

Tokio Marine Kiln

Charlotte Pritchard has joined Tokio Marine Kiln as Underwriter in the Special Risks team. She previously held the position of Underwriter at Barbican.

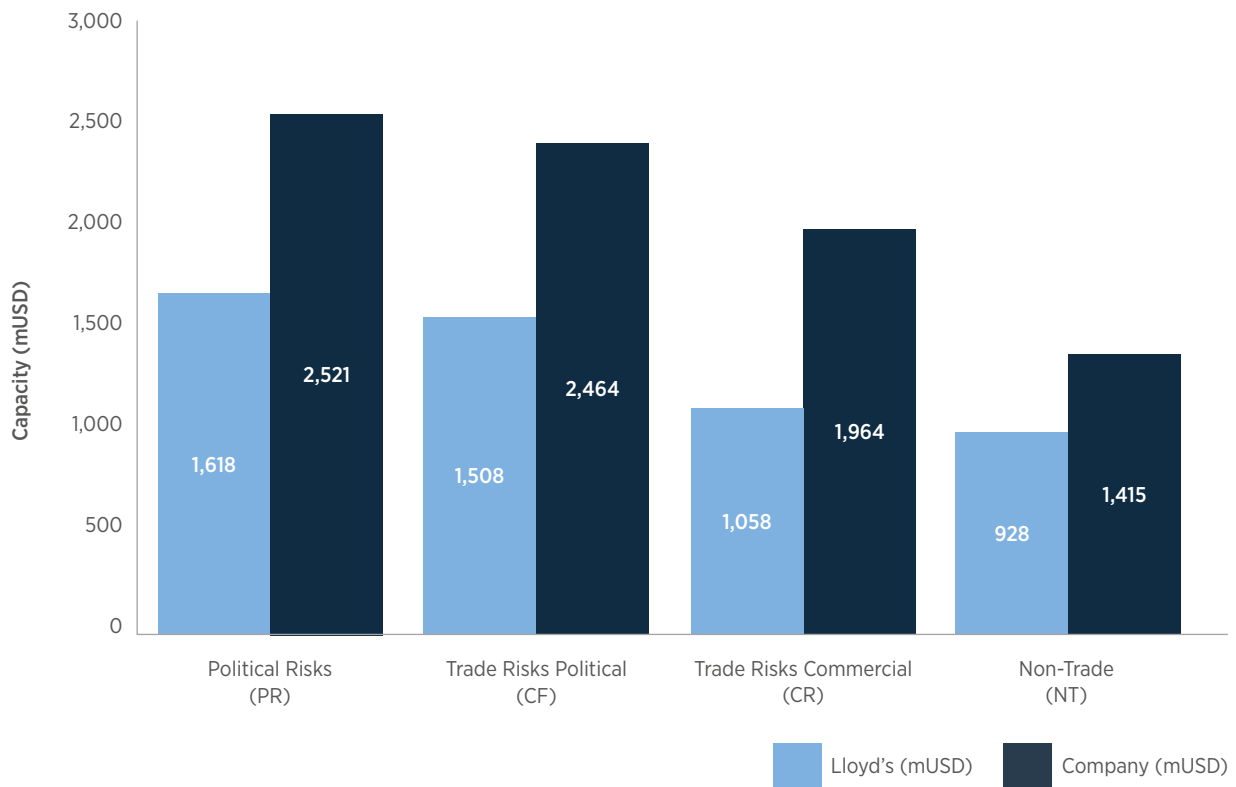


Market Capacity

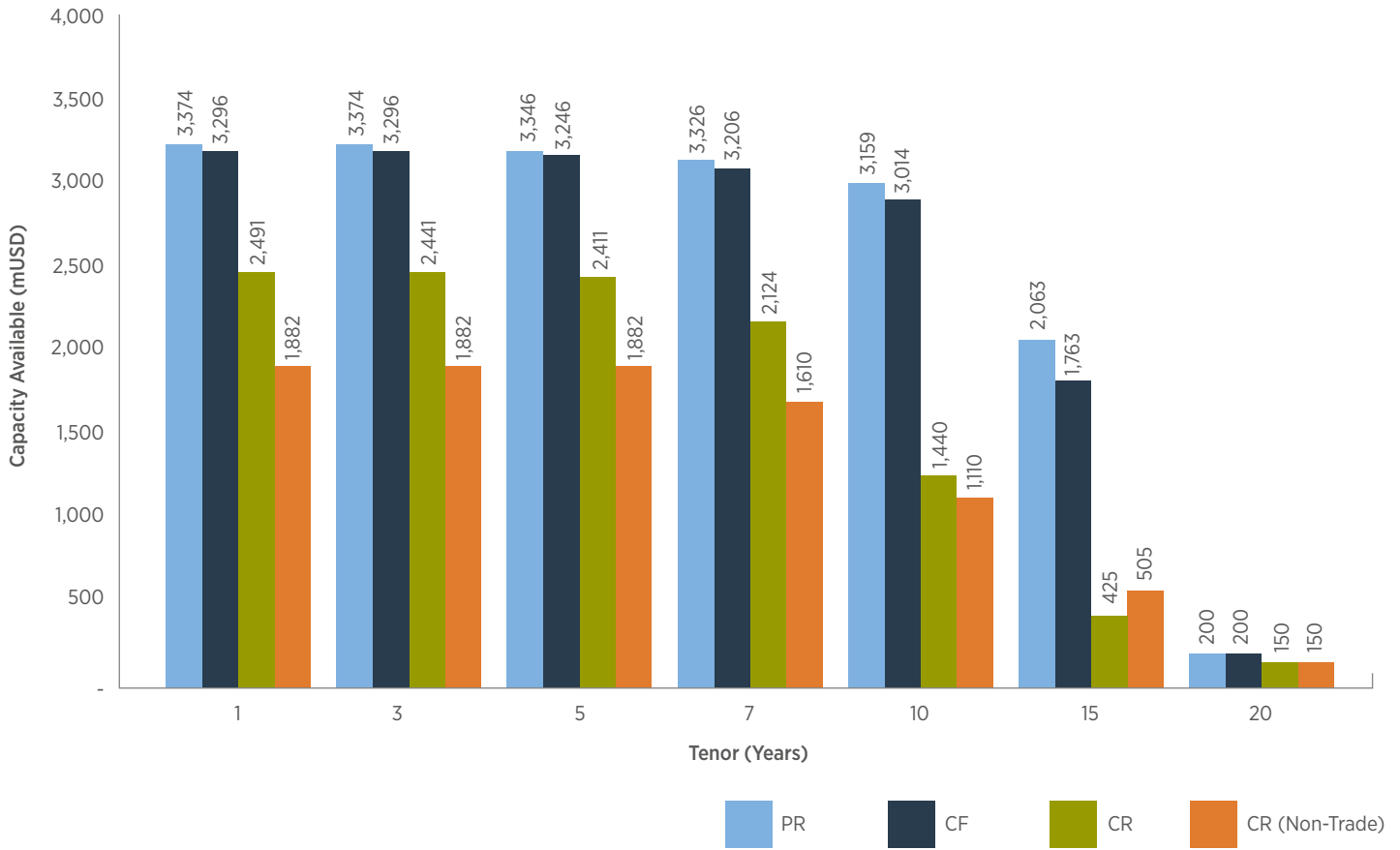
The following market capacity data has been compiled by Gallagher from information provided by each insurer to summarise the recent changes in the Credit and Political risk insurance market. Capacity is broken down between each insurer (whether Lloyd's syndicate or insurance company), showing their maximum line size and policy tenor, as well as the category of insurance (see Product Glossary). All data is correct as of July 2020, and where an insurer has a Lloyd's and company market platform, their data is not double-counted in the calculation of total capacity.

Total Market Capacity

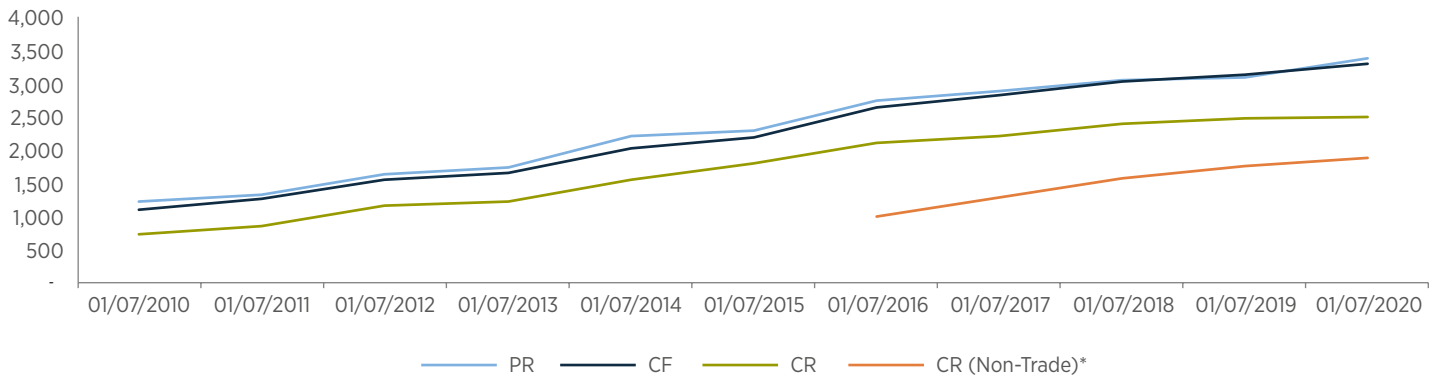
	Political Risks (PR)	Contract Frustration (CF)	Credit Risk (CR)	Non-Trade (NT)
Lloyd's (mUSD)	1,618	1,508	1,058	928
Company (mUSD)	2,521	2,464	1,964	1,415
Total July 2020	3,374	3,296	2,491	1,882
Total July 2019	3,092	3,128	2,580	1,752



Total Capacity Available by Tenor



Market Growth by Capacity*



* Non-trade data includes that previously referred to as 'Financial Guarantee', data which has only been recorded since July 2016.

Commercial Market Overview – Lloyd’s Market

The following data has been compiled by Gallagher using information provided by each insurer. Data is correct as at 1st July 2020.

INSURER: ‘Lloyd’s Markets’	Political Risks (PR)		Trade Risks Political (CF)		Trade Risks Commercial (CR)		Non-Trade (NT)		RATING(S)
	Total Max per risk (mUSD)	Max tenor (years)	Total Max per risk (mUSD)	Max tenor (years)	Total Max per risk (mUSD)	Max tenor (years)	Total Max per risk (mUSD)	Max tenor (years)	
AEGIS Synd 1225 ¹	30	10	30	10	15	7	15	7	Lloyd’s: A+ [S&P]
Antares Synd 1274 ²	30	10	30	10	20	7	20	7	Lloyd’s: A+ [S&P]
Apollo Synd 1969	15	7	15	7	5	7	5	7	Lloyd’s: A+ [S&P]
Arch Synd 2012 ³	25	10	25	10	5	5	25	5	Lloyd’s: A+ [S&P]
Argenta Synd 2121	20	7	20	7	20	5	0	0	Lloyd’s: A+ [S&P]
Argo Synd 1200	50	15	50	15	35	7	35	7	Lloyd’s: A+ [S&P]
Ark Synd 4020 ⁴	20	7	20	7	0	0	20	7	Lloyd’s: A+ [S&P]
Ascot Synd 1414 ⁵	50	10	50	10	15	8	15	8	Lloyd’s: A+ [S&P]
Aspen Synd 4711 ⁶	100	15	60	10	60	8	60	8	Lloyd’s: A+ [S&P]
AXA XL Synd 2003	200	20	200	20	150	20	150	20	Lloyd’s: A+ [S&P]
Axis Synd 1686 ⁷	50	12	50	12	30	12	50	7	Lloyd’s: A+ [S&P]
Beazley Synd 623 / 2623	50	10	50	10	30	10	0	0	Lloyd’s: A+ [S&P]
BRIT Synd 2987	40	10	40	10	40	10	40	10	Lloyd’s: A+ [S&P]
Canopus CPR Synd 4444/1861	100	15	100	15	100	15	100	15	Lloyd’s: A+ [S&P]
Canopus TPR Synd 4444/1861	50	7	50	7	10	7	10	7	Lloyd’s: A+ [S&P]
Channel Synd 2015 ⁸	53	15	53	15	35	10	35	7	Lloyd’s: A+ [S&P]
Chaucer Synd 1084	40	12	40	12	20	7	20	7	Lloyd’s: A+ [S&P]
Chubb Synd 2488 ⁹	150	15	100	15	25	8	25	7	Lloyd’s: A+ [S&P]
Cincinnati Synd 318	10	7	10	7	5	5	5	5	Lloyd’s: A+ [S&P]
Endurance Synd 5151	25	7	25	10	25	7	0	0	Lloyd’s: A+ [S&P]
Hamilton Synd 4000	20	15	20	15	8	5	8	5	Lloyd’s: A+ [S&P]
Hartford Synd 1221 ¹⁰	25	15	25	15	25	7	25	7	Lloyd’s: A+ [S&P]
Liberty Synd 4472 ¹¹	100	15	100	15	100	10	100	7	Lloyd’s: A+ [S&P]
MAP Synd 2791	20	3	20	3	0	0	0	0	Lloyd’s: A+ [S&P]
Markel International Synd 3000 ¹²	30	10	30	10	100	7	20	5	Lloyd’s: A+ [S&P]
MS Amlin Synd 2001 ¹³	40	12	40	12	10	5	40	12	Lloyd’s: A+ [S&P]
Munich Re Syndicate 457	35	15	35	15	35	7	35	7	Lloyd’s: A+ [S&P]
NOA Synd 3902	20	10	20	10	0	0	0	0	Lloyd’s: A+ [S&P]
QBE Synd 1886	20	5	20	7	50	2	10	5	Lloyd’s: A+ [S&P]
Starr Synd 1919 ¹⁴	50	10	50	10	0	0	50	10	Lloyd’s: A+ [S&P]
Talbot Synd 1183 ¹⁵	50	7	50	7	20	7	10	7	Lloyd’s: A+ [S&P]
Tokio Marine HCC Synd 4141 ¹⁶	25	5	25	5	25	5	0	0	Lloyd’s: A+ [S&P]
Tokio Marine Kiln Synd 510	60	7	40	5	40	5	0	0	Lloyd’s: A+ [S&P]
WR Berkley Synd 1967 ¹⁷	15	10	15	10	0	0	0	0	Lloyd’s: A+ [S&P]

Notes

¹ For PR/CF, Aegis can write to 15 years for specified multilaterals.

² For non-payment (CR & CF), Antares can write to 12 years on aircraft finance business. For CF & PR, they can write to 15 years if reinsuring a multilateral.

³ Arch's NT figures relate to CF non-trade. They can only write USD5m for 5 years on non-trade CR business.

⁴ For CF, Ark can write to 10 years for specified multilaterals. Their figures for NT relate to CF non-trade only.

⁵ For PR/CF, Ascot can write to 15 years for ECAs/multilaterals.

⁶ On the syndicate paper, Aspen can write USD60m for 15 years on project finance business.

⁷ Axis can only write USD30m for non-trade CR business.

⁸ As part of the Channel Consortium, 33.33% of capacity in Lloyd's is from Syndicate 1458 (RenRe). SCOR|Channel are able to offer up to a maximum of USD87.5m on Lloyd's and Company platforms. They can also write to 12 years for aircraft finance business.

⁹ Chubb can write USD25m for 10 years on project finance business.

¹⁰ For CR, Hartford can write to 12 years for project finance and aircraft finance business.

¹¹ For PR/CF, Liberty can write to 20 years for public agencies (ECAs, multilaterals etc.). They can also write to 15 years for project finance business and up to 12 years on asset-backed credit finance transactions.

¹² For CF & CR, Markel can write to 15 & 10 years respectively for ECAs.

¹³ MS Amlin's NT figures relate to non-trade CF business only.

¹⁴ Starr's NT figures relate to non-trade CF business only.

¹⁵ For PR/CF, Talbot can write to 10 years for ECAs.

¹⁶ TMHCC can write to 12 years for ECAs/multilaterals.

¹⁷ WRB can write to 12 years for ECAs/multilaterals; 15 years for MIGA.



Commercial Market Overview – Company Market

The following data has been compiled by Gallagher using information provided by each insurer. Data is correct as at 1st July 2020.

INSURER	Political Risks (PR)		Trade Risks Political (CF)		Trade Risks Commercial (CR)		Non-Trade (NT)		RATING(S)
	Total Max per risk (mUSD)	Max tenor (years)	Total Max per risk (mUSD)	Max tenor (years)	Total Max per risk (mUSD)	Max tenor (years)	Total Max per risk (mUSD)	Max tenor (years)	
AIG ¹	150	15	150	15	100	10	150	10	A+ [S&P]
Arch Insurance Company (Europe) Ltd ²	40	15	40	15	5	5	40	10	A+ [S&P/Fitch], A+ [A.M. Best], A2 Moody's
Ascent Underwriting ³	8	3	0	0	0	0	0	0	A+ [S&P], via Lloyd's
Aspen Insurance UK Ltd ⁴	100	15	100	10	100	8	100	8	A- [S&P] A2 [Moody's]
Atradius	0	0	150	7	150	7	50	5	A [A.M. Best]
AXA XL	200	20	200	20	150	20	150	20	AA- [S&P/Fitch]
Axis CRS ⁵	50	15	50	15	50	15	50	15	A+ [S&P]
Chaucer Dublin	40	12	40	12	20	7	20	7	A- [S&P]
Chubb ⁶	150	15	100	15	25	8	25	7	AA [S&P]
Coface ⁷	91	10	91	10	91	8	11	5	AA- [Fitch] A2 [Moody's]
Credendo ECA ⁸	50	15	50	15	50	10	10	5	AA [S&P]
Credendo Single Risk ⁹	28	7	28	7	28	7	17	5	A- [Fitch and AM Best] and A- [S&P]
Euler Hermes ¹⁰	170	8	170	10	170	10	57	5	AA [S&P]
Everest Insurance ¹¹	100	15	100	15	50	7	50	5	A+ [S&P]
FCIA ¹²	25	7	80	7	80	7	0	0	A+ [S&P]
Fidelis ¹³	300	15	250	15	125	15	125	15	A- [S&P], A [AM Best]
Groupama	0	0	30	3	30	3	0	0	A [Fitch]
HDI Global Specialty SE	20	7	0	0	0	0	0	0	A+ [S&P]; A [A.M. Best]
Lancashire ¹⁴	200	10	75	10	0	0	75	10	A-[S&P]
Liberty Mutual Insurance Europe ¹⁵	100	15	100	15	100	10	100	7	A [S&P]
Markel	30	10	30	10	100	7	20	5	A/A+ [S&P/Fitch]
MS Amlin Insurance SE ¹⁶	40	12	40	12	10	5	40	12	A [S&P]
QBE	20	5	20	7	50	2	10	5	A+ [S&P]
SCOR UK Company Ltd ¹⁷	35	15	35	15	35	10	35	7	AA - [S&P]
Sompo Int. Insurance Europe SA/Endurance Worldwide Insurance Limited	60	15	60	10	60	10	60	10	A+ [S&P]
Sovereign ¹⁸	80	15	80	15	0	0	80	15	AA [S&P/Fitch]

INSURER	Political Risks (PR)		Trade Risks Political (CF)		Trade Risks Commercial (CR)		Non-Trade (NT)		RATING(S)
	Total Max per risk (mUSD)	Max tenor (years)	Total Max per risk (mUSD)	Max tenor (years)	Total Max per risk (mUSD)	Max tenor (years)	Total Max per risk (mUSD)	Max tenor (years)	
Starr International (Europe) Ltd. (SIEL)/Starr Europe Insurance Ltd. (Starr Malta) ¹⁹	50	10	50	10	0	0	50	10	A [A.M. Best]
Swiss Re	75	15	75	15	200	5	0	0	AA-[S&P] Aa3 [Moody's]
The Hartford ²⁰	100	15	60	15	25	7	25	7	A+ [S&P] A1 [Moody's] A+ [AM Best]
Tokio Marine HCC ²¹	60	10	60	10	60	7	30	7	A+ [S&P/Fitch]
Zurich ²²	150	15	150	15	100	10	35	5	AA- [S&P/Fitch]

Notes

¹ AIG's NT figures relate to non-trade CF. Their non-trade CR line is USD100m. AIG can write project finance lines of USD100m, up to 10 years.

² Arch's NT figures relate to CF non-trade. They can only write USD5m for 5 years on non-trade CF business.

³ Ascent is an MGA writing on behalf of Lloyd's syndicate(s), hence their lines carries the Lloyd's security rating.

⁴ On company paper, Aspen can write USD100m for 15 years on project finance business.

⁵ Axis CRS can write USD75m for 20 years on project finance business. They also only write PR behind ECAs/multilaterals.

⁶ Chubb can write USD25m for 10 years on project finance business.

⁷ Coface's maximum lines are denominated in EUR. For the sake of this report, a EUR/USD exchange rate of 1.13 has been used.

⁸ Credendo ECA can write to 20 years for project finance business. Their max. tenor for bank-to-bank CR exposure is limited to 3 years.

⁹ Credendo SR's maximum lines are denominated in EUR. For the sake of this report, a EUR/USD exchange rate of 1.13 has been used.

¹⁰ Euler Hermes' maximum lines are denominated in EUR. For the sake of this report, a EUR/USD exchange rate of 1.13 has been used. They can write to 12 & 15 years for aircraft finance & project finance respectively. They can also write to 15 years for ECAs/multilaterals.

¹¹ Everest can write to 15 and 12 years for project finance and aircraft finance business, respectively.

¹² FCIA can write to 10 years for ECAs/multilaterals.

¹³ Fidelis' USD300m PR line applies to Confiscation (CEND) & Mortgagee's Rights Insurance (MRI). Furthermore, they can write up to 20 years on a case-by-case basis.

¹⁴ Lancashire's NT figures relate to non-trade CF business only.

¹⁵ For PR/CF, Liberty can write to 20 years for public agencies (ECAs, multilaterals etc.). They can also write to 15 years for project finance business and up to 12 years on asset-backed credit finance transactions.

¹⁶ MS Amlin's NT figures relate to non-trade CF business only.

¹⁷ As part of the Channel Consortium, 33.33% of capacity in Lloyd's is from Syndicate 1458 (RenRe). SCOR|Channel are able to offer up to a maximum of USD87.5m on Lloyd's and Company platforms. They can also write to 12 years for aircraft finance business.

¹⁸ Sovereign's NT figures relate to non-trade CF business only.

¹⁹ Starr's NT figures relate to non-trade CF business only.

²⁰ The Hartford can write USD40m on accounts receivable business. They can also write to 12 years for project finance & aircraft finance.

²¹ TMHCC can write to 12 years for ECAs/multilaterals, and can exceed the advised tenors on a set number of PF deals annually.

²² For Non-Trade, Zurich can write USD35m for 5 years for obligors rated BBB- and above. For obligors rated BB- to BB+, Zurich can write USD25m for 3 years.

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