Structured Credit and Political Risk Insurance

Report and Market Update

Summer 2021

Gallagher

Insurance | Risk Management | Consulting

About Gallagher

Founded by Arthur Gallagher in Chicago in 1927, Gallagher has grown to become one of the largest insurance brokerage, risk management, and human capital consultant companies in the world. With significant reach internationally, the group employs over 32,000 people and its global network provides services in more than 150 countries.

Gallagher's London divisions offer specialist insurance and risk management services. We provide bespoke policy wordings, programme design and risk placement solutions, and consulting support across a range of specialisms. We manage complex, large, global risks on a direct and wholesale basis and serve as a primary access point to Lloyd's of London, London company markets, and international insurance markets.

WE HELP BUSINESSES GO BEYOND THEIR GOALS. IT'S THE GALLAGHER WAY.

Contents

Introduction

Welcome to the latest edition of our Report and Market Update, which considers the commercial insurance market as it relates to Structured Credit and Political Risk (SCPR). At the time of writing, COVID-19 and its impact through a range of measures, whether health-related or with respect to the economy, at both a local as well as international level, continues to feature significantly in the news headlines. Many parts of the world have experienced a level of economic recovery, and some sectors such as resource and commodities (of particular interest to many in the SCPR insurance market) have witnessed a rebound in prices. However, even with the ever-increasing roll out of vaccine programmes, concerns remain as new strains of the COVID-19 virus emerge.

In our prior two reports, we have included findings from market surveys, conducted specifically to address the impact of COVID-19 and its affect on risk appetite. As we consider that the position has not significantly altered over the last six months – other than to say that with losses not having materialised as feared, there are signs of risk appetite returning – we have not on this occasion surveyed insurers. We will pick this up again in January 2022.

In this report, you will find:

Consulting

We have not in prior reports highlighted this area of our activity and so wish to use the publication of this latest Report and Market Update to put a spotlight on our growing consultancy capability when addressing political and market entry risk in developing economies. Turn to this section to find out details of our approach and how we can advise you when considering investments in emerging economies.

Risk Commentary

As in prior editions, we have partnered with Fitch Solutions to bring you their latest views in terms of developing political and country-level economic risk as well as more detailed input for selected markets.

Market News

Despite the stability of the market, there is always some movement whether fresh capital is being deployed to underwrite in this product class or individual underwriters moving between insurers. Check out this section to keep up to speed with both recent activities as well as developments anticipated over the next six months.

Market Capacity

As always we are publishing the latest statistics in terms of available capacity and tenors across the various products provided by commercial insurers in this arena. Please remember to check out the footnotes for any specific capabilities or limitations of individual carriers.

Why Do Firms Worry About Political and Market Entry Risk?

As businesses grow, the search for new commercial opportunities often sees firms and organisations look beyond the boundaries of their domestic market, and begin to consider what overseas markets may offer. **They look to overseas markets to drive their growth, either organically or through acquisition and see diversification of geography as a pillar of corporate stability**. This has become particularly true in emerging markets, a classification that currently applies to almost 80% of countries: in recent years powerhouses such as China, India, Brazil, Indonesia, Thailand and many others have made up the lion's share of global growth.

The main obstacle to successful market entry, and the proximate cause of most failures, is **unfamiliarity**. Operating in new markets, particularly developing or emerging ones, in the same way, that companies work at home is simply not an option. In many cases, these new operating models can themselves create risks that need to be managed.

Gallagher's Political Risk consulting team work with clients to develop market entry strategies, assess associated risks, put in place measures to protect investment, and transfer residual financial exposure into the insurance market.

Outlined below is how boards and senior leadership teams should be thinking about the market entry process, how risks usually tend to materialise, and how to 'bolt in' risk management into an overall strategy to ensure that the company's exposure is managed appropriately through preparation, advisory and insurance.

Our suggested approach

The diagram below outlines three different types of support, which are suitable for supporting the development of the strategy, and then working at the country or project level.

Phase 1: Managing risk in the strategy phase

At this initial stage, we would support clients by providing a highly tailored Political Risk Map and analysis covering regions of interest to help inform where the company may choose to seek out feasible investments.

This is an excellent first step because it joins together strategy and risk management; jurisdictions in which political risk is unmanageable would be avoided, and the focus would be on countries where we feel the situation fits within our client's risk appetite. This may also identify potential opportunities which may not have been previously considered.

Phase 2: Market entry risk assessment

If clients begin considering large project investments, we would conduct a detailed country-level market risk assessment to identify potential threats, assess risk levels, and come up with a comprehensive risk treatment strategy.

This document would be the cornerstone of how the client enters that market (and may even inform specific project selection).

Phase 3: Project due diligence

At the most tactical level, once a specific project or acquisition opportunity has been identified, we'll conduct comprehensive due diligence on operations, partners, land ownership, and reputation. This can also be carried out directly without Phase 2 for smaller projects.

Phase 1: Strategy Phase

When: While the strategy is being considered and developed

Identifying regions of interest

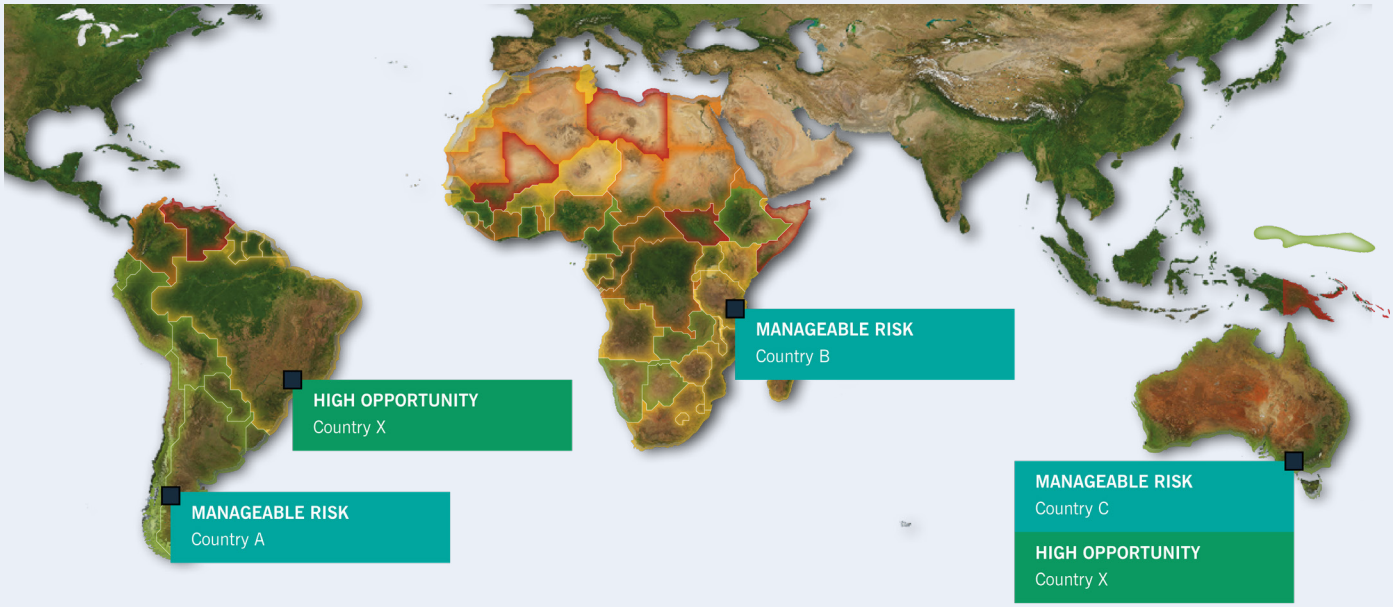
The very first step of any collaborative consulting engagement is to work with the client to understand potential regions of interest. This will allow us to really focus on these regions when developing initial political risk analysis to adequately inform potential market entry decisions in the future.

Identifying a 'potential project profile'

Identifying some project types would likely form part of the strategy. This would also be critical to understand in more detail from a market entry perspective: specific project types, sizes and profiles tend to be associated with very different levels of risk even within the same jurisdiction. A small project in Ethiopia may be a higher risk than a large project in Kenya. Working with the client to get even more detail on what acquisition or investment types are of interest before carrying out any political risk analysis in support of the strategy.

Developing tailored political risk mapping + analysis

When the regions of interest and the 'potential project profiles' are understood, a tailored political risk map and report are developed which is issued to the client to provide a clearer, proactive picture of where risk sits below, meets, or exceeds the company's risk appetite. **From our experience, this document tends to make it easier for strategy teams, senior leadership and boards to identify potential opportunities in which risk is likely to be manageable before any significant investment is made.**



Qualifying potential opportunities

This political risk mapping and analysis exercise can also serve to qualify and quantify potential areas of opportunity that have not yet been considered. The analysis may spot a specific sector, within a specific jurisdiction, that holds significant promise as a result of political, economic, cultural or other structural trends over a 5–7 year time horizon. This means that the political analysis is able to spot potentially attractive projects or opportunities at a much more granular level of detail than just the country level.

Delivering a final strategy risk report

At the end of our political risk mapping and analysis process, we deliver a final strategy risk report to the client to use as a guideline for identifying subsequent market entry opportunities. This provides a number of benefits:

- It provides a baseline to identify which geographic and sectoral opportunities are associated with lower levels of political and other risk.
- It prepares senior leadership and the board by helping them understand, in granular detail, the nature of the risk in key locations.
- It provides an initial insight into required risk mitigation, and, what might be required in different countries based on the projects being considered.
- It will help strategy and M&A teams ask the right questions about specific investments, general investment decisions, and the client's future strategy.
- It will ensure that long-term forecasting across political and other risks is considered at an early stage, particularly in volatile environments that currently seem stable.
- The process of working with Gallagher to develop the report will reduce the company's unfamiliarity with the market entry process, and with specific markets themselves.

Developing risk management guidelines for market entry

Once we have delivered the strategy risk report, we can also develop a set of high-level guidelines for the client to ensure that it does not put a foot wrong during the market entry. We can work alongside external legal counsel and other advisors during this process. This ensures that: policies and procedures can be created off the shelf for approval and integration into existing corporate governance to ensure the stage is set for proactive market entry activities.

Policies and procedures covering:

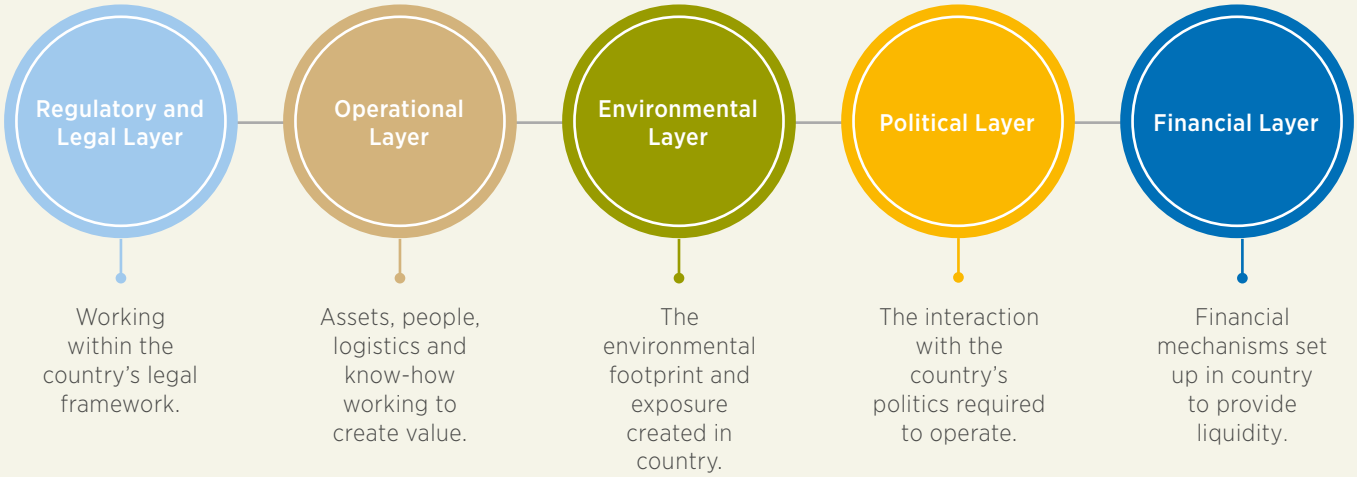
Phase 2: Market Entry Risk Assessment

When: Once a specific attractive jurisdiction has been identified

Market entry risk assessment

From our experience of working with clients on market entry (and maintaining market presence) in a risk-led way, we think the best way to think about the issue is by understanding that any company's dive into a new geographic market consists of a number of layers. Each of these layers sits on top of one another, and interacts to create an operational entity in the country or region under discussion. An explanation of these layers is shown below.

Market entry layers



Market entry stages

ONE: Identify opportunities

TWO: Define business model

THREE: Quantify investment

FOUR: Regular travel

FIVE: Due diligence

SIX: Create corporate structure

SEVEN: Assess legal exposure

EIGHT: Assess viability

NINE: Place insurance

TEN: Make investment

Phase 3: Project Due Diligence and Support

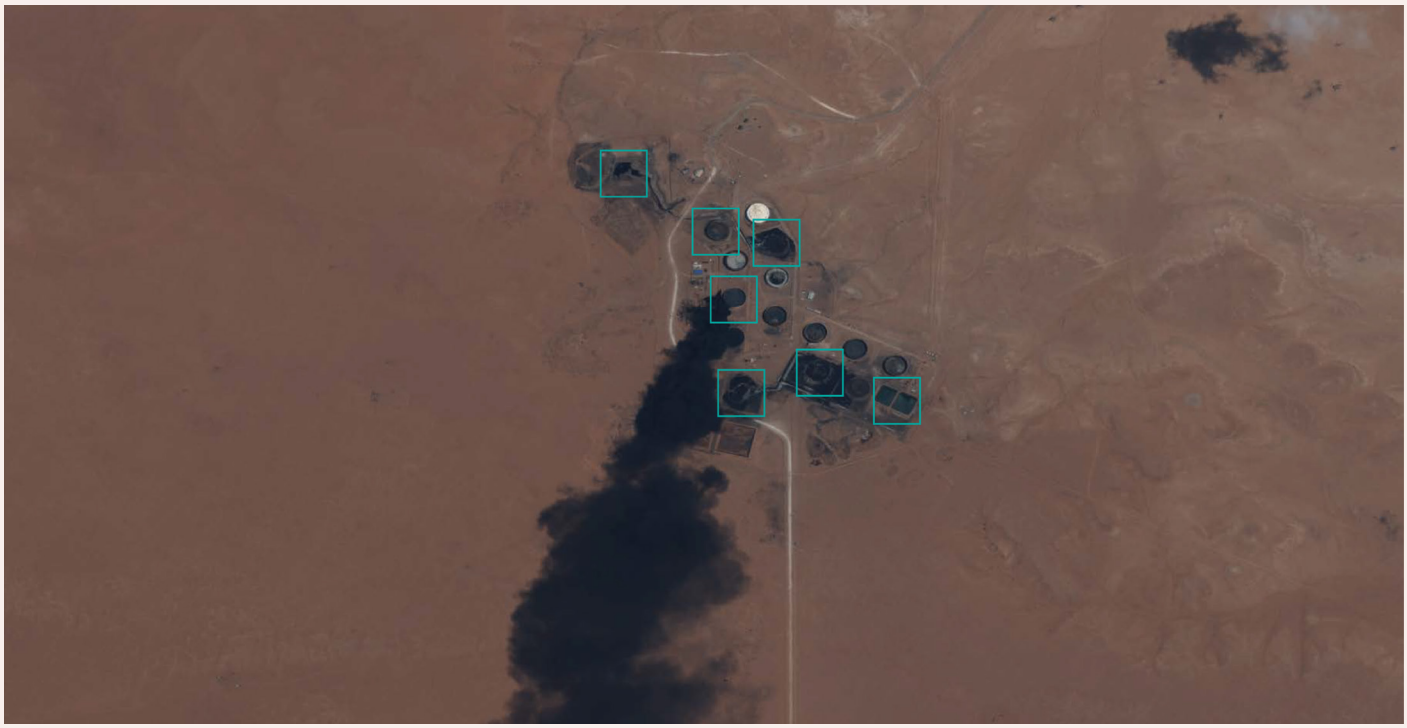
When: Once a specific project has been identified

Initial enquiries

Usually, based on the market risk assessment, our clients decide to continue with the process. The risk scenarios identified help to focus on specific potential issues, and we're able to utilise extensive overseas resources - coupled with proprietary data and specialist technologies - to assist them with pre-investment due diligence.

Satellite and land analysis

Gallagher has strategic relationships with firms specialising in taking high resolution satellite imagery (including LIDAR) to help our clients identify potential local communities, points of interest, and land use in the area of the proposed project. This would be particularly important for greenfield sites, and this would be incorporated into project due diligence.



Stakeholder mapping

It is important, alongside identifying corruption and reputational risks, to provide a slightly more granular assessment of key stakeholders associated with the project in question. In conjunction, we also attempt to look at how various stakeholder groups and government positions are connected with the identified project, and how they influence the wider market entry process. We collect this information through social media analytics, open-source research and human source enquiries and will present it in a graphical format to aid analysis by the client's senior leadership.

On the ground visits

Carrying out project due diligence across satellite, open source, corporate records and other forms of data are critical but fundamentally, there is absolutely no substitute for deploying a Gallagher political risks consultant to the country to understand the context, meet and learn from local partners, and ask the right questions. Although COVID-19 has made this more difficult, it is not impossible in many emerging markets and we continue to travel on a case-by-case basis.

Risk transfer through insurance

At the very end of the process, following market risk assessments, pre-investment due diligence, and market risk management, we are in the best possible position to place your political risk insurance into the market in a way which is efficient, effectively covers your residual country risk and provides value.

Gallagher can provide comprehensive credit insurance to protect you against non-payment from a commercial customer as a result of bankruptcy, protracted default or political risks. If you have assets overseas, we can provide you with political risk insurance to help protect you in the event of political interference from the host government, allowing you to own and operate valuable assets and operations to serve your global customer base.

Our specialist team at Gallagher has extensive experience in delivering credit and political risk insurance for our clients. Our established relationships with Lloyd's of London and international insurance markets mean that we can be confident in our ability to obtain the most appropriate coverage for clients.

With combined expertise from a range of backgrounds - from insurance to banking, to the public sector - we understand the importance of building relationships, not just business.

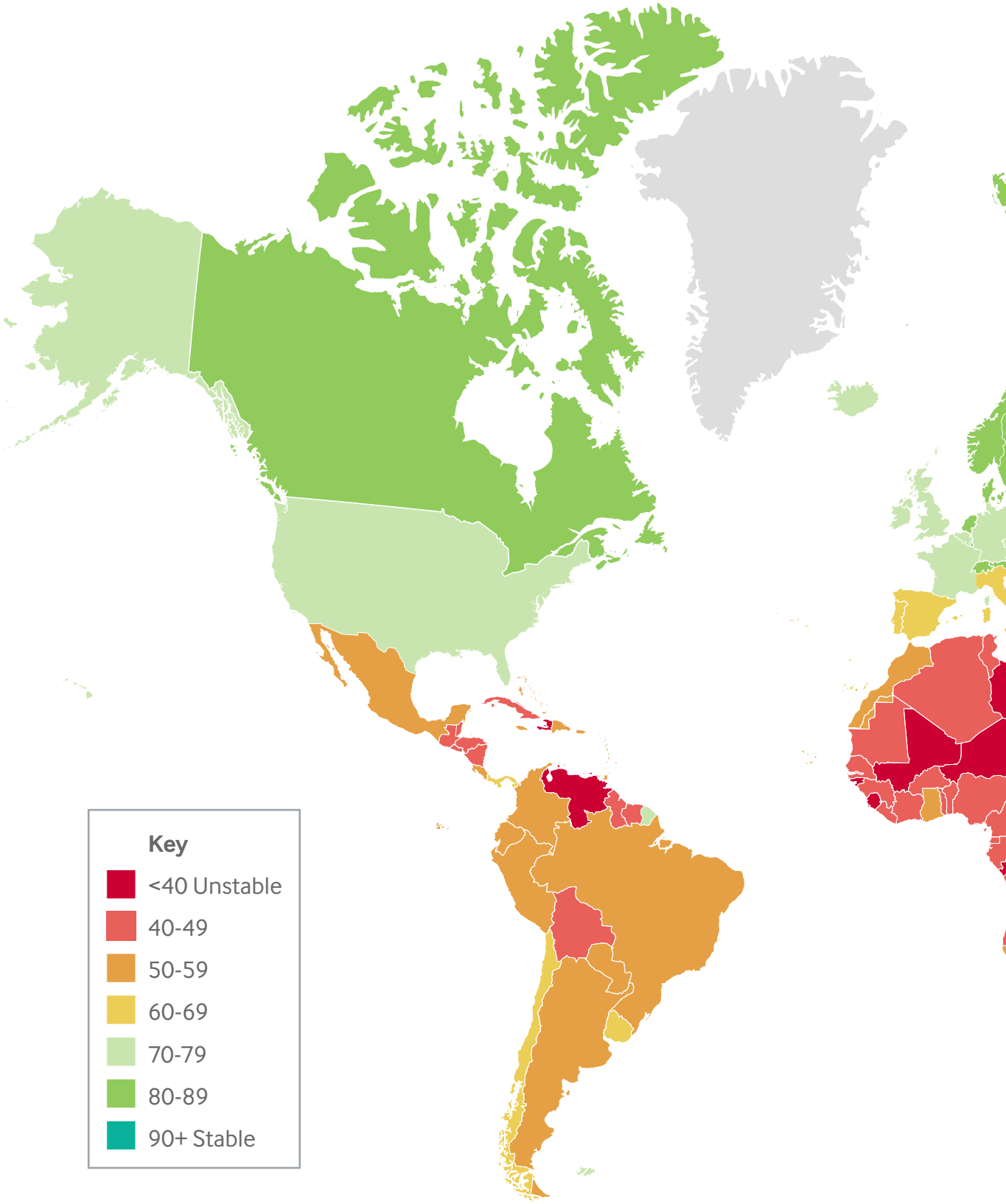
Emerging Market Review

The following pages monitor changes in Country Risk Ratings, compiled by Fitch Solutions, and provide an outlook for various emerging markets.

We compare selected countries' Country Risk Ratings as at July 2020 to those just prior to the publication of this Market Report, as at July 2021.

Emerging Market Review

This section and the commentary on specific countries which follows have been compiled in association with Fitch Solutions.

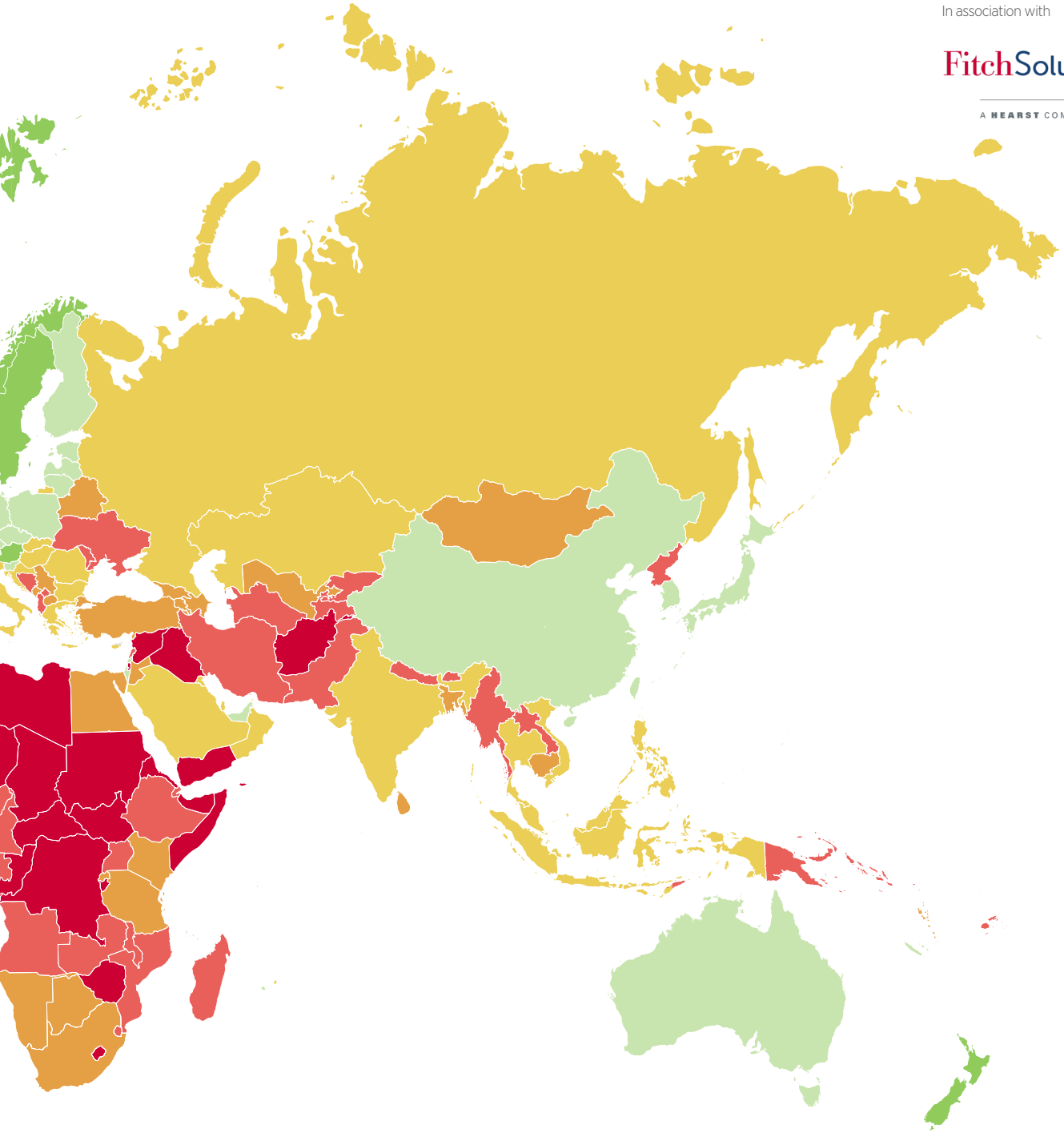


About Fitch Solutions

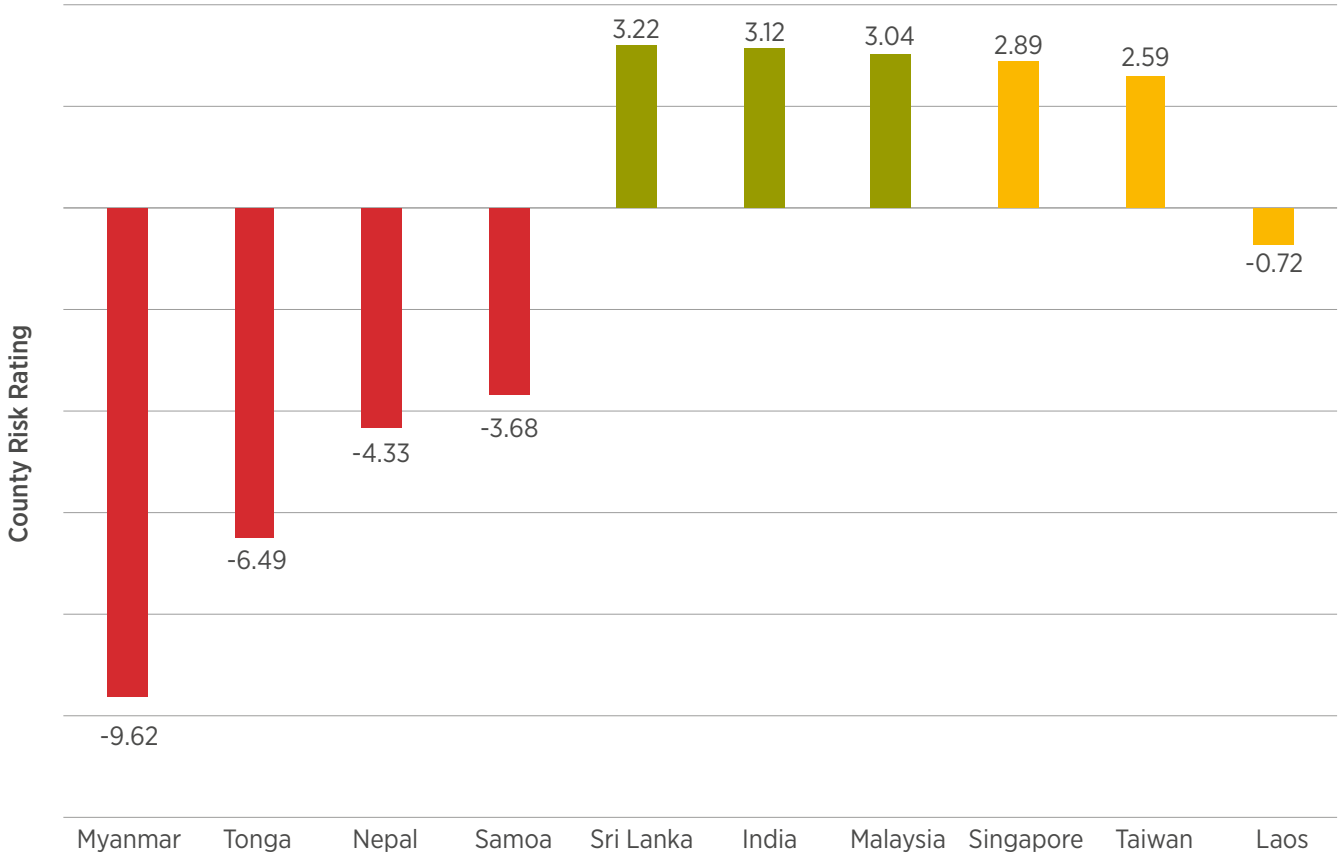
Fitch Solutions help clients to excel at managing their counterparty risk, gain deeper insights into the debt and fixed income markets, and get comprehensive intelligence about the macroeconomic environment.

For more than 30 years Fitch's Country Risk and Industry Research service have 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.

In association with



Asia Pacific

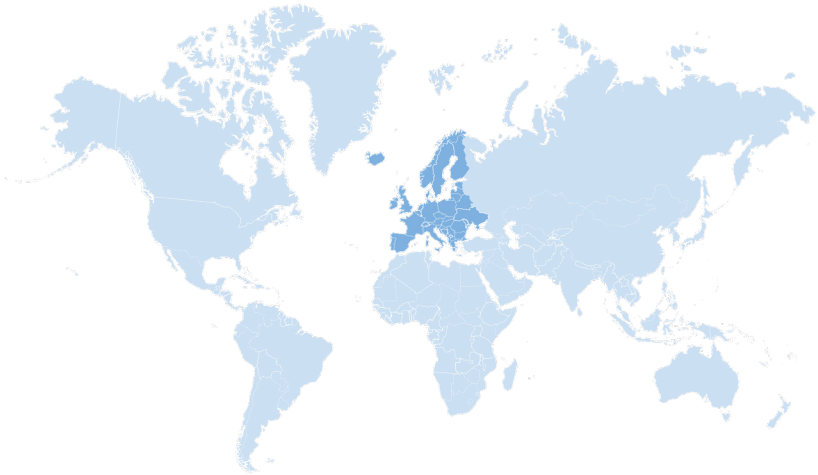


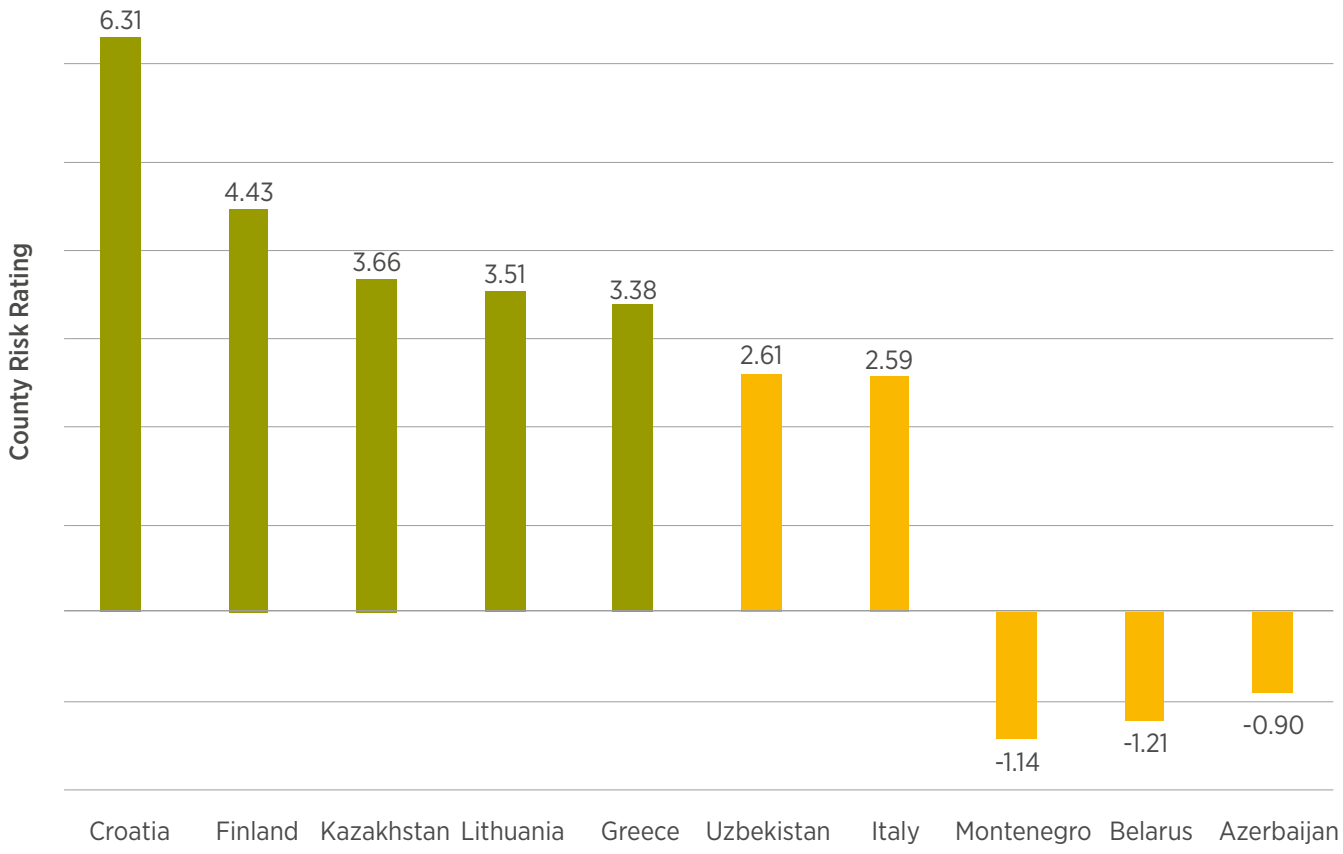
Myanmar's political crisis will persist over the coming years, featuring at least two warring factions – the Tatmadaw (military) and the People's Defence Force, the latter backed by pro-democracy protestors and some of the country's more than a dozen ethnic militias. The eventual victor will govern the country over the medium term. Accordingly, we have revised down our real GDP growth outlook for Myanmar with the expectation of a considerable contraction of 20.0% in GDP in FY2020/21 (October-September).

Sri Lanka's economic risks will continue to rise as it struggles to keep the pandemic under control and the vaccination roll-out remains slow. We expect the economy to grow by 4.5% in 2021, albeit with significant downside risks. Although the political situation has stabilised following the 2020 elections that saw the return of former prime minister Mahinda Rajapaksa to that position, the administration is struggling to implement supportive fiscal policies amid a very high public debt load.

- 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





Croatia's tourism-dependent economy continues to be hit by COVID-19, though we expect a gradual return to reforms once the pandemic is under control. The election of a stable centre-right government in July 2020 and significant fiscal support from the Next Generation EU recovery fund (up to EUR 6.3bn by 2026, nearly 12% of GDP, conditioned by reforms) bode well for economic recovery and reform momentum. However, more politically sensitive reforms, such as public sector wages, will likely be delayed, and are only due to take effect from 2025.

Belarus' political risks will remain high following the disputed presidential election in August 2020, which led to major protests and four rounds of Western sanctions, the last of which targeted Belarusian exports and access to financial markets. President Alexander Lukashenko may ultimately be forced to step down, though the timing and terms of his departure would to a significant degree depend on Moscow, which continues to provide Minsk with vital economic support and has offered to provide military and law enforcement assistance.

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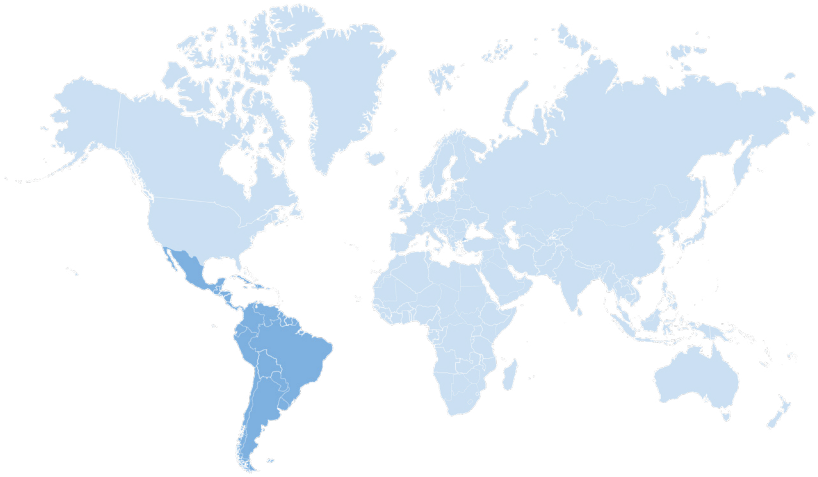
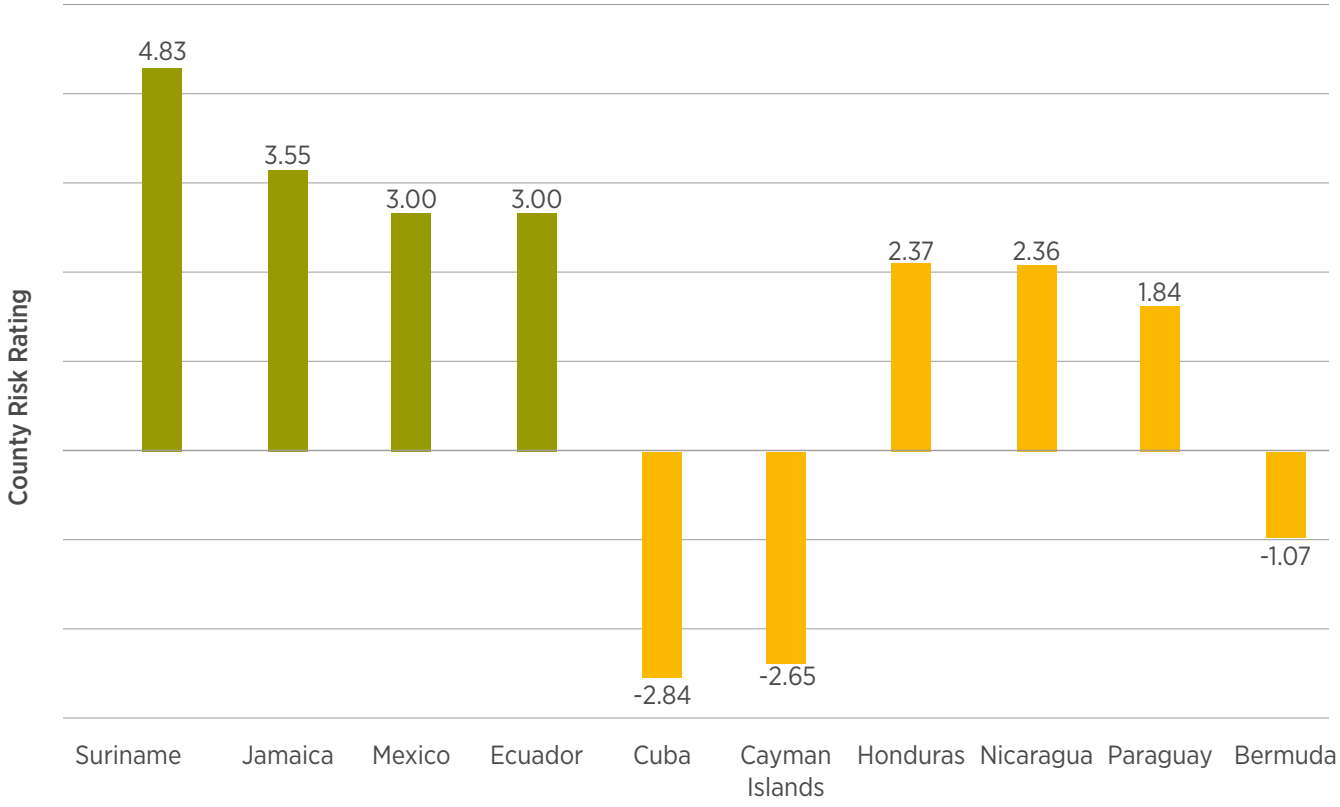
- Deterioration in Fitch's Country Risk Index rating of >1

Latam and Caribbean



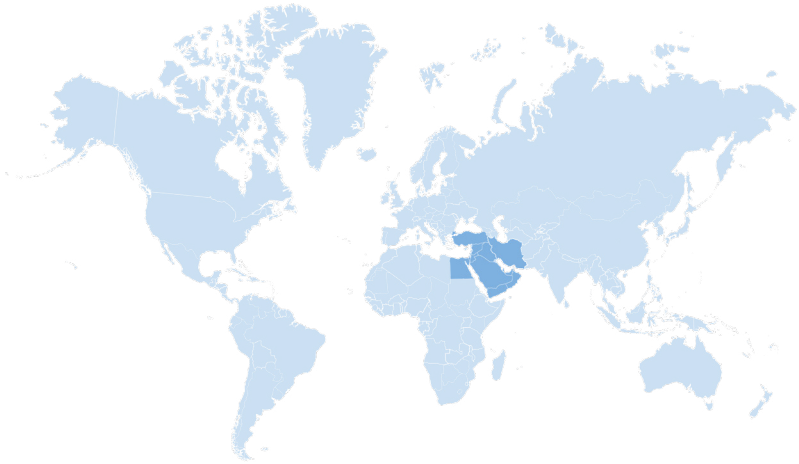


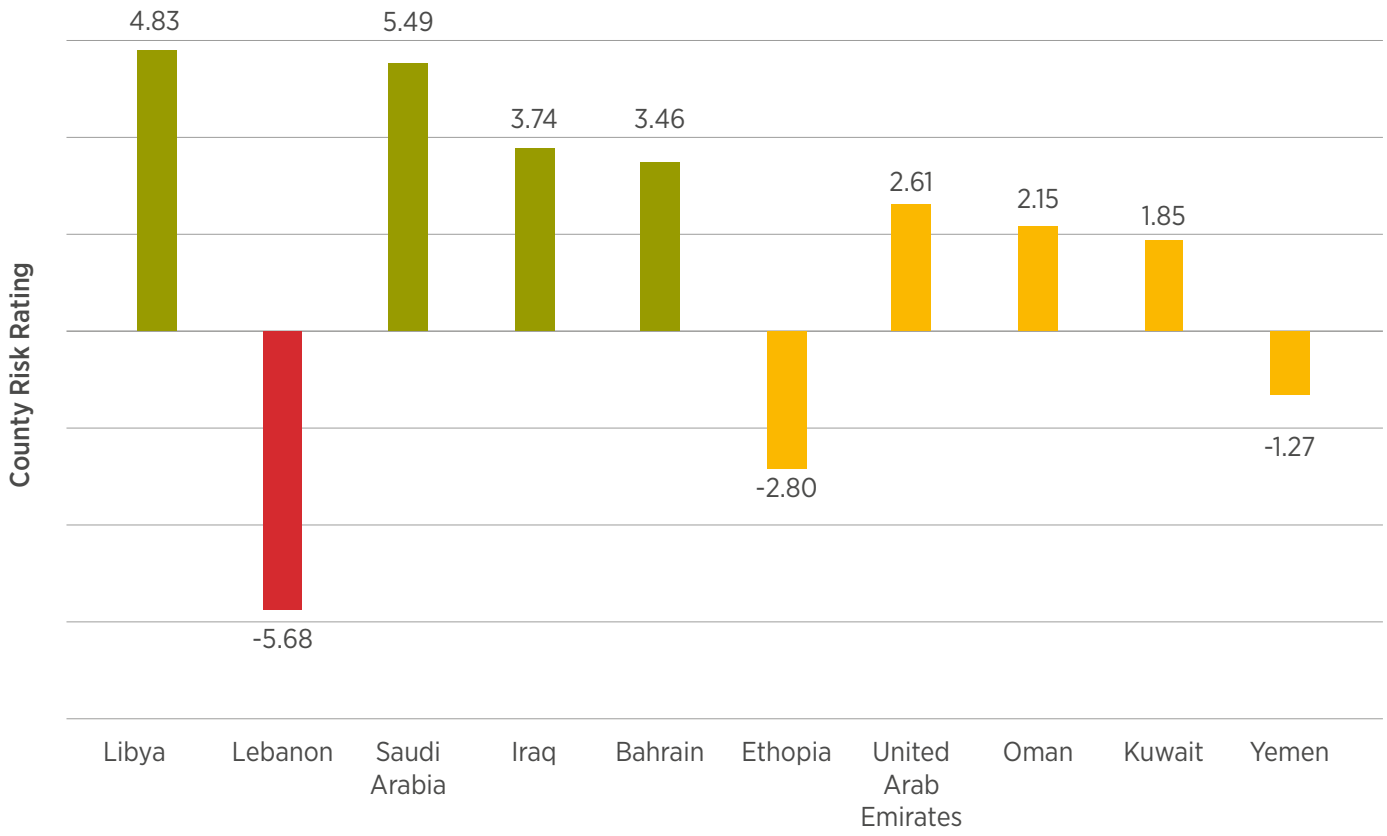
Mexico is likely to see a relatively strong economic rebound in 2021, benefiting from robust growth in the US. However, growth will be constrained by a lack of fiscal and monetary stimulus and policy uncertainty under President Andrés Manuel López Obrador (AMLO). AMLO's Morena party and its allies retained a majority in congress in June's midterm elections, allowing the president to pursue his agenda short of constitutional change. Reforms to sideline private companies in the energy sector remain a significant concern to investors.

Ecuador's new centre-right president Guillermo Lasso has significantly reduced risks to economic policy continuity, as he is likely to maintain the government's commitments to the IMF to curb public spending. However, a divided legislature will slow policy-making and undermine Lasso's ability to advance his agenda. Additionally, popular mobilisation, particularly organised by indigenous groups, is likely to emerge if Lasso seeks to ease labour rules or reform the social security system.

- 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

MENA



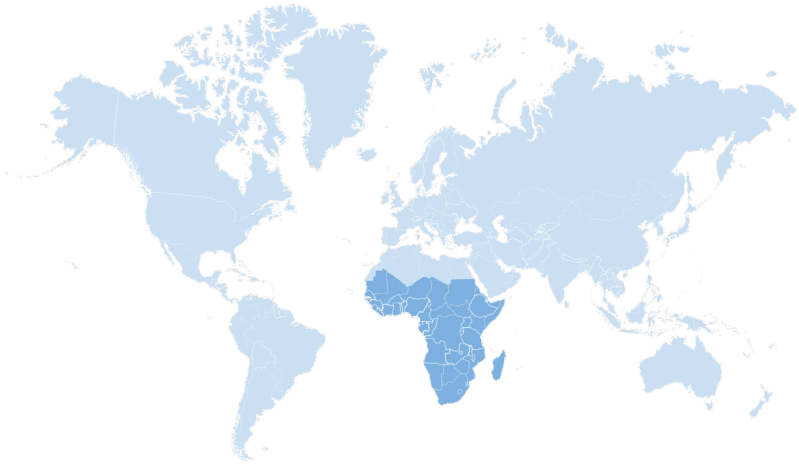


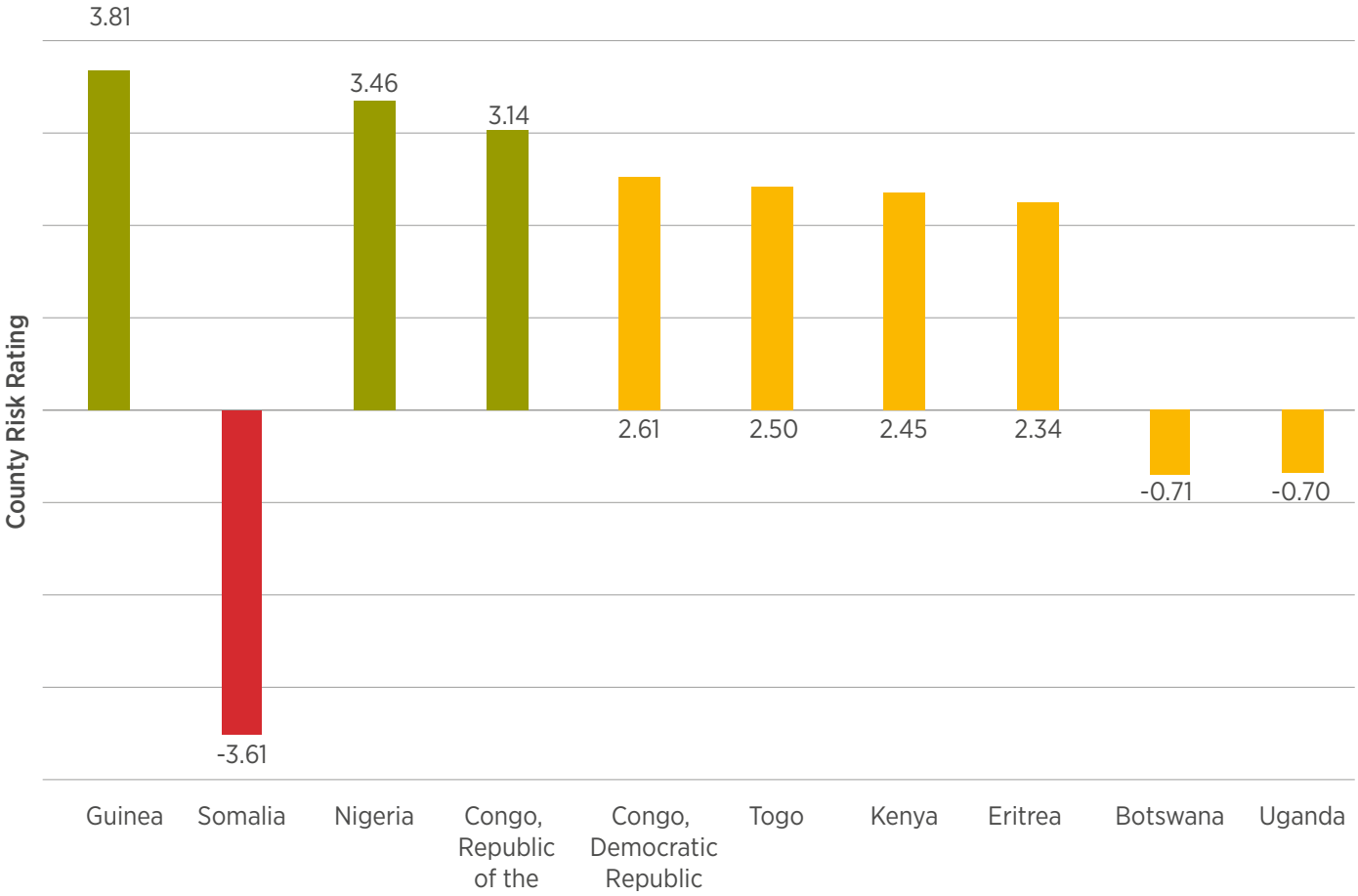
Libya will likely continue to experience the strongest economic performance in the MENA region in 2021, driven by base effects (after ten years of conflict) and renewed oil exports. Increased mediation from foreign powers and the installation of an interim government will ensure short-term political stability. While we see increased chances of the 24 December 2021 general election going ahead as planned, the persistent on-the-ground presence of Turkish and Russian troops will remain a downside risk.

Lebanon's economy is set to contract for the fourth consecutive year in 2021, as sustained political deadlock over the formation of a new government prevents the implementation of reforms and further delays negotiations with the IMF for a rescue package. Public unrest will continue to pose additional downside risks, particularly following the August 2020 Port of Beirut explosion, and amid worsening economic and social conditions. Tensions could rise further ahead of elections due in April 2022.

- 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





We forecast real GDP growth of 5.0% in **Guinea** in 2021, with the mining sector remaining the main driver. However, mining-led growth is unlikely to lead to significant improvements in living standards, while mobility restrictions and high inflation will erode household incomes. Political risk will thus remain elevated despite protests against President Alpha Condé's third term having subsided rapidly. Overall, these frustrations are unlikely to escalate to the point where they threaten Condé's position.

Somalia will remain extremely fragile politically amid continued tensions over the next national elections. The re-election of the incumbent president, Mohamed Abdullahi Mohamed ('Farmaajo'), could result in a further fracturing of the state given severe antipathy towards him amongst some state leaders. We forecast economic growth of only 2.1%, given the continued impact of the COVID-19 pandemic both domestically and internationally (since it will likely reduce remittances). Further attacks by al-Shabaab Islamist militants would also constrain growth.

- 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

Africa Specialty Risks

Amir Hussain joins as Underwriter, previously at Hamilton.

AXA XL

David Watson joins as Senior Underwriter after eight years at Axis Capital.

Axis Capital

Richard Jelf returns from Singapore to join the London office as Senior Underwriter.

Blenheim

Edward Fox will join David James in the coming months to form the new Structured Credit and Political Risk team. Blenheim expects to start underwriting in September.

Brit

Paul Carrington and Manuel Ríos join as Underwriter and Credit Analyst, respectively.

Canopius

Patrick Sheriff will join the team, and is due to start in September.

Chaucer

Millie Webb has joined as an Underwriting Graduate.

Chubb

Megan Williams joins as Research Analyst.

Credendo GSR

In June, Credendo completed the merger of its two subsidiaries, Excess & Surety and Single Risk, to form Credendo Guarantees and Specialty Risks.

Hamilton

Hugh O'Grady and Darcy Wright join the team as Underwriter and Assistant Underwriter, respectively.

Hartford

Kerry Magnus joins the team as Senior Underwriter.

HDI Specialty

James Morrell joins as Senior Underwriter from Brit. Marcin Komorowicz joins from Bank of America as a Credit Analyst.

Liberty

George Bibby and Caitlin MacNamara join the Liberty team as Assistant Underwriters.

Mosaic

Finn McGuirk, Katherine Villers, and Sophie Young, formerly of Hamilton Insurance, have moved to a new Lloyd's Syndicate, Mosaic Insurance (Syndicate 1609), to underwrite credit and political risk. Charles Mackay, also formerly of Hamilton Insurance, is the active underwriter.

Swiss Re

In May, Norm Kimber relocated from New York to lead the EMEA Political Risk Insurance and Sovereign Credit team in London.

Talbot

Andrew Summers joins as Senior Class Underwriter.

Tierra

Andrew Beechey, formerly of Liberty & Zurich, has started a new MGA, focused solely on insuring ESG project finance transactions. The MGA's capacity is provided by Ascot & Argo.

Vantage

Dan Riordan leads the new Vantage team as Global Head, located in Washington, DC. Vantage will establish their line sizes and tenors in August.

Zurich

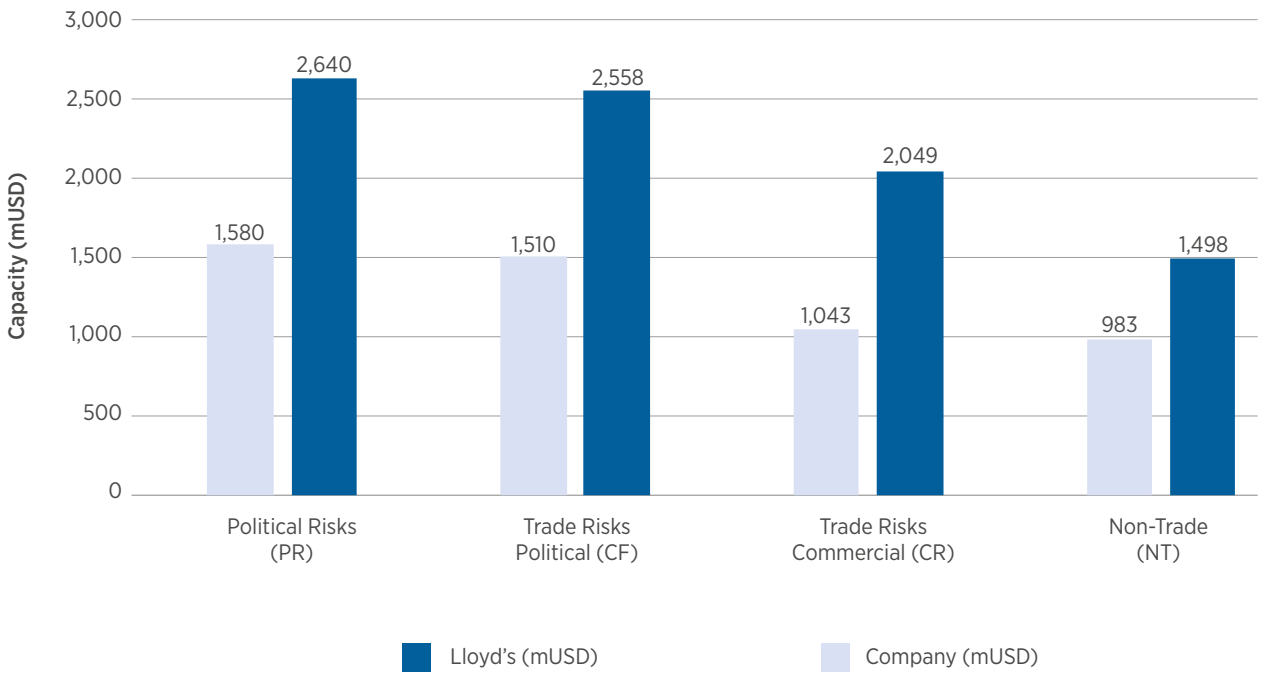
Kully Ubhi joins the team as Senior Trade Credit Underwriter.

Market Capacity

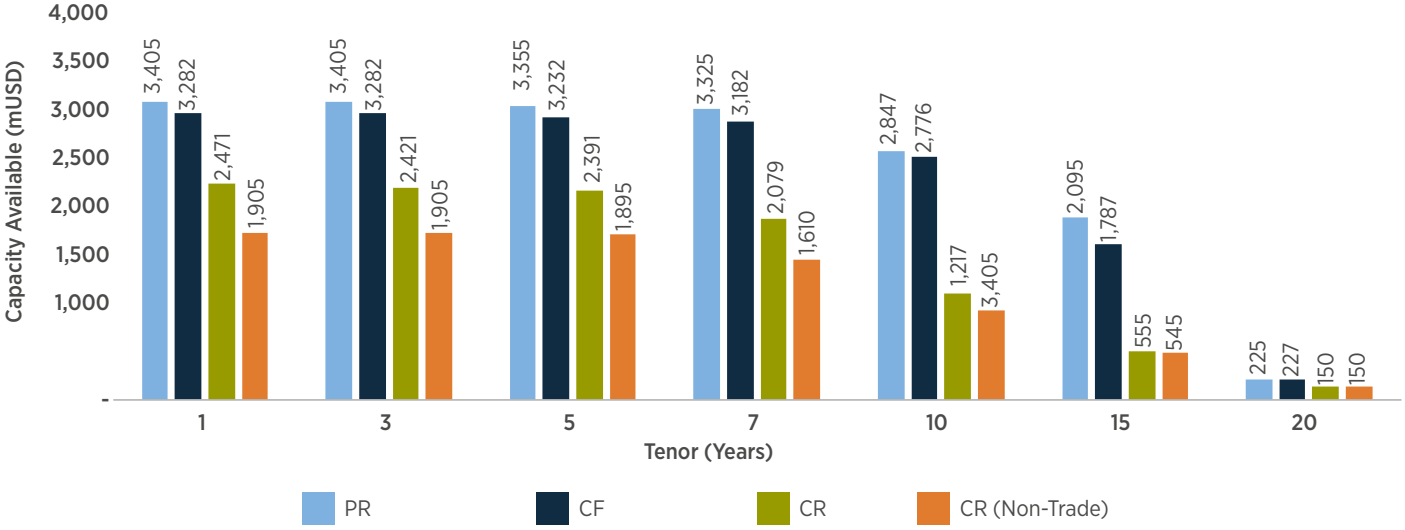
The following market capacity data has been compiled by Gallagher from information provided by each insurer to summarise the recent changes in the Structured Credit and Political Risk insurance market. Capacity is broken down between each insurer (whether Lloyd's syndicate or insurance company), showing their maximum line size and policy tenor, as well as the category of insurance (see Product Glossary). All data is correct as of July 2021, 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

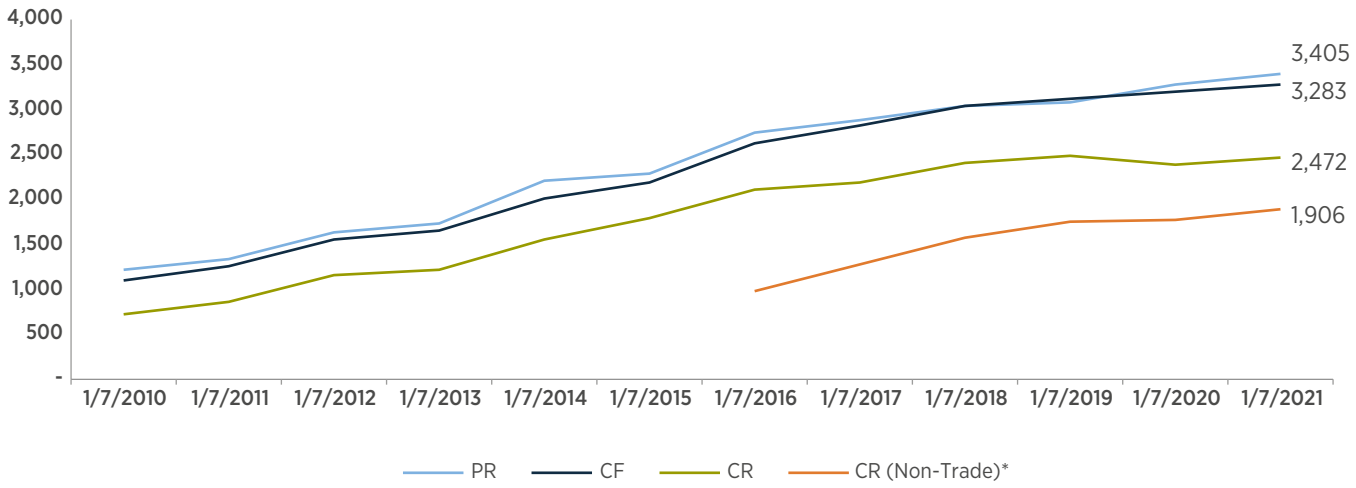
	Political Risks (PR)	Trade Risks Political (CF)	Trade Risks Commercial (CR)	Non-Trade (NT)
Lloyd's (mUSD)	1,580	1,510	1,043	983
Company (mUSD)	2,640	2,558	2,049	1,498
Total July 2021	3,405	3,283	2,472	1,906
Total January 2021	3,309	3,269	2,532	1,864



Total capacity available by tenor



Market growth by capacity*



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

Company Market Capacity

The following data has been compiled by Gallagher using the information provided by each insurer. Data is correct as of 1 July 2021.

Please note that the following data refers to UK syndicate numbers, however the same capacity is available via Brussels stamps for EEA Insured's.

Entity	Political Risk (PR) Line	Political Risk (PR) Tenor	Contract Frustration (CF) Line	Contract Frustration (CF) Tenor	Credit (CR) Line	Credit (CR) Tenor	Non-trade (NT) Line	Non-trade (NT) Tenor	RATING(S)
Africa Specialty Risks[1]	16	7	16	7	10	5	0	0	A- [S&P]
AIG[2]	150	15	150	15	100	10	150	10	A+ [S&P]
Allied World[3]	10	5	10	5	10	5	10	3	A- [S&P]
Arch Insurance Company (Europe) Ltd[4]	40	15	40	15	5	5	40	15	A+ [S&P/Fitch], A+ [A.M. Best], A2 Moody's
Ascent Underwriting[5]	10	3	3	36	0	0	0	0	A+ [S&P], via Lloyd's
Aspen Insurance UK Ltd[6]	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] Moody's A2 OL-ve
AXA XL	150	20	150	20	150	20	150	20	AA- [S&P/Fitch]
Axis CRS[7]	50	15	50	15	50	15	50	15	A+ [S&P]
Chaucer Dublin[8]	40	12	40	12	20	7	20	7	A - [S&P]
Chubb[9]	150	15	100	15	25	8	25	7	AA [S&P]
Coface[10]	97	10	97	10	97	8	12	5	AA- [Fitch] A2 [Moody's]
Convex UK[11]	70	15	60	10	25	10	25	10	A - [S&P]
Credendo ECA[12]	50	15	50	15	50	10	10	5	AA [S&P]
Credendo Guarantees and Specialty Risk[13]	25	7	25	7	25	7	15	5	A- [Fitch and AM Best] and A- [S&P]
Euler Hermes[14]	182	8	182	10	182	10	61	5	AA [S&P]
Everest Insurance[15]	150	15	150	15	50	7	50	5	A+ [S&P]
Fidelis[16]	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	50	15	50	15	40	15	30	7	A+ [S&P]; A [A.M. Best]
Lancashire[17]	200	10	75	10	0	0	75	10	A-[S&P]
Liberty Mutual Insurance Europe SE[18]	100	15	100	15	100	10	100	7	A [S&P]
Markel	30	10	50	10	150	7	20	5	A/A+ [S&P/Fitch]
MS Amlin Insurance SE[19]	40	12	40	12	10	5	40	12	A [S&P]
QBE	20	5	20	7	50	2	25	5	A+ [S&P]
SCOR UK Company Ltd[20]	35	15	35	15	35	10	35	7	AA - [S&P]
Sompo Int. Insurance Europe SA / Endurance Worldwide Insurance Limited[21]	60	15	60	15	60	15	60	10	A+ [S&P]

Entity	Political Risk (PR) Line	Political Risk (PR) Tenor	Contract Frustration (CF) Line	Contract Frustration (CF) Tenor	Credit (CR) Line	Credit (CR) Tenor	Non-trade (NT) Line	Non-trade (NT) Tenor	RATING(S)
Sovereign[22]	80	15	80	15	0	0	80	15	AA [S&P/Fitch]
Starr International (Europe) Ltd. (SIEL) / Starr Europe Insurance Ltd. (Starr Malta)[23]	50	10	50	10	0	0	50	10	A [A.M. Best]
Swiss Re	75	20	75	20	200	5	0	0	AA-[S&P] Aa3 [Moody's]
The Hartford[24]	100	15	60	15	40	7	25	7	A+ [S&P] A1 [Moody's] A+ [AM Best]
Tokio Marine HCC[25]	60	10	60	10	60	7	30	7	A+ [S&P/Fitch]
Zurich[26]	150	15	150	15	100	10	35	5	AA- [S&P/Fitch]

Notes

1. ASR's capacity is provided across GIC Re (BBB+, India) and Peak Re (A-, Hong Kong). Deployment of capacity can be separate or combined.
2. AIG's NT figures relate to nontrade CF. Their nontrade CR line is USD 100m. AIG can write project finance lines of USD 100m, up to 10 years.
3. Nontrade capacity is very limited, obligors must be rated BB+ or better.
4. Arch's NT figures relate to CF nontrade. They can only write USD 5m for five years on nontrade CF business.
5. Ascent is an MGA writing on behalf of Lloyd's syndicate(s), hence their lines carries the Lloyd's security rating. Exclusively corporate clients, no banks or multilaterals.
6. On company paper, Aspen can write USD 100m for 15 years on project finance business.
7. Axis CRS can write USD 75m for 20 years on project finance business. They also only write PR behind ECAs/multilaterals. Max line for secured aircraft financing is USD 50m per aircraft.
8. Chaucer can write CF bonds up to USD 40m to 12 years. Nontrade CR tenor can write USD 20m for seven years.
9. Chubb can write USD 25m for 10 years on project finance business.
10. Coface's maximum lines are denominated in EUR. For the sake of this report, a EUR/USD exchange rate of 1.21 has been used. For projects that benefit from DFI/multilateral financing, they can write up to 15 years.
11. Convex can write longer tenors and larger line sizes on an exceptional basis.
12. Credendo ECA can write to 20 years for project finance business. Their max. tenor for bank-to-bank CR exposure is limited to three years.
13. Credendo G& SR's maximum lines are denominated in EUR. For the sake of this report, a EUR/USD exchange rate of 1.21 has been used.
14. Euler Hermes' maximum lines are denominated in EUR. For the sake of this report, a EUR/USD exchange rate of 1.21 has been used. They can write to 12 and 15 years for aircraft finance and project finance respectively. They can also write to 15 years for ECAs/multilaterals.
15. Everest can write to 15 and 12 years for project finance and aircraft finance business, respectively.
16. Fidelis' USD 300m 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.
17. Lancashire's NT figures relate to nontrade CF business only.
18. For PR/CF, Liberty can write to 20 years for public agencies (ECAs, multilaterals etc.). They can also write to 20 years for project finance business and up to 12 years on asset finance transactions.
19. MS Amlin's NT figures relate to nontrade CF business only.
20. SCOR|Channel are able to offer up to a maximum of USD 87.5m on Lloyd's and Company platforms. They can also write to 12 years for aircraft finance business.
21. 15 years CF and CR saved for high grade project finance risks
22. Sovereign's NT figures relate to nontrade CF business only.
23. Starr's NT figures relate to nontrade CF business only.
24. Hartford can write to 12 years for project finance and asset-backed finance business on private names
25. TMHCC can write to 12 years for ECAs/multilaterals, and can exceed the advised tenors on a set number of PF deals annually.
26. For NT, Zurich can write USD 35m for five years for obligors rated BBB- and above. For obligors rated BB- to BB+, Zurich can write USD 25m for three years.

Lloyd's Market Capacity

The following data has been compiled by Gallagher using the information provided by each insurer. Data is correct as of 1 January 2021.

ENTITY	Political Risk (PR) Line	Political Risk (PR) Tenor	Contract Frustration (CF) Line	Contract Frustration (CF) Tenor	Credit (CR) Line	Credit (CR) Tenor	Non-trade (NT) Line	Non-trade (NT) Tenor	RATING(S)
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[3]	15	7	15	7	5	7	15	7	Lloyd's: A+ [S&P]
Arch Synd 2012[4]	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[5]	50	15	50	15	35	7	35	7	Lloyd's: A+ [S&P]
Ark Synd 4020[6]	20	7	20	7	0	0	20	7	Lloyd's: A+ [S&P]
Ascot Synd 1414[7]	50	10	50	10	15	7.5	15	7.5	Lloyd's: A+ [S&P]
Aspen Synd 4711[8]	60	15	60	10	60	8	60	8	Lloyd's: A+ [S&P]
AXA XL Synd 2003	150	20	150	20	150	20	150	20	Lloyd's: A+ [S&P]
Axis Synd 1686[9]	50	12	50	12	30	10	50	7	Lloyd's: A+ [S&P]
Beazley Synd 623 / 2623	50	15	50	15	30	15	0	0	Lloyd's: A+ [S&P]
BRIT Synd 2987	40	10	40	10	40	10	40	10	Lloyd's: A+ [S&P]
Canopius CPR Synd 4444	100	15	100	15	100	15	100	15	Lloyd's: A+ [S&P]
Canopius TPR Synd 4444	50	7	50	7	10	7	10	7	Lloyd's: A+ [S&P]
Channel Synd 2015[10]	35	15	35	15	35	10	35	7	Lloyd's: A+ [S&P]
Chaucer Synd 1084[11]	40	12	40	12	20	7	30	12	Lloyd's: A+ [S&P]
Chubb Synd 2488[12]	150	15	100	15	25	8	25	7	Lloyd's: A+ [S&P]
Cincinnati Synd 318	10	7	10	7	5	5	10	7	Lloyd's: A+ [S&P]
Hamilton Synd 4000[13]	15	7	15	7	7.5	5	7.5	5	Lloyd's: A+ [S&P]
Hartford Synd 1221[14]	40	15	40	15	40	7	25	7	Lloyd's: A+ [S&P]
Hiscox Synd 3624	20	3	0	0	0	0	0	0	Lloyd's: A+ [S&P]
LRE 5370 – Reinsured by Lloyd's Syndicate LRE 3010[15]	50	10	50	10	0	0	0	0	Lloyd's: A+ [S&P]
Liberty Synd 4472[16]	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[17]	30	10	50	10	100	7	20	5	Lloyd's: A+ [S&P]
Mosaic Synd 1609[18]	15	7	15	7	5	5	15	7	Lloyd's: A+ [S&P]
MS Amlin Synd 2001[19]	40	12	40	12	10	5	40	12	Lloyd's: A+ [S&P]
Munich Re Synddicate 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	25	5	Lloyd's: A+ [S&P]
Starr Synd 1919[20]	50	10	50	10	0	0	50	10	Lloyd's: A+ [S&P]

ENTITY	Political Risk (PR) Line	Political Risk (PR) Tenor	Contract Frustration (CF) Line	Contract Frustration (CF) Tenor	Credit (CR) Line	Credit (CR) Tenor	Non-trade (NT) Line	Non-trade (NT) Tenor	RATING(S)
Talbot Synd 1183[21]	50	7	50	7	10	7	10	7	Lloyd's: A+ [S&P]
Tokio Marine HCC Synd 4141	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[22]	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 nonpayment (CR & CF), Antares can write to 12 years on the aircraft finance business. For CF & PR, they can write to 15 years if reinsuring a multilateral.
3. Apollo's NT figures relate to CF nontrade only.
4. Arch's NT figures relate to CF nontrade. They can only write USD 5m for five years on nontrade CR business.
5. Argo can write up to 15 years for long-term infrastructure/asset finance including aviation finance.
6. For CF, Ark can write to 10 years for specified multilaterals. Their figures for NT relate to CF nontrade only.
7. For PR/CF, Ascot can write to 15 years for ECAs/multilaterals.
8. On the syndicate paper, Aspen can write USD 60m for 15 years on the project finance business.
9. Axis can only write USD 30m for nontrade CR business.
10. SCOR|Channel is able to offer up to a maximum of USD 70m on Lloyd's and Company platforms. They can also write to 12 years for aircraft finance business. No longer have Consortium 9820.
11. Chaucer can write CF bonds up to USD 40m to 12 years. Nontrade CR tenor can write USD 20m for seven years.
12. Chubb can write USD 25m for 10 years on the project finance business.
13. For PR/CF, Hamilton can write to 15 years behind an ECA/ Multilateral.
14. For CR, Hartford can write to 12 years for project finance and asset-backed finance business on private names.
15. This security is only for EEA domiciled Insured's.
16. For PR/CF, Liberty can write to 20 years for public agencies (ECAs, multilaterals, etc.). They can also write to 20 years for project finance business and up to 12 years on asset finance transactions.
17. For CF & CR, Markel can write to 15 and 10 years respectively for ECAs/Multilateral Insureds.
18. Mosaic's 15m nontrade line is in respect of CF risks only. Their non-trade capability for CR is USD5m for five years.
19. MS Amlin's NT figures relate to nontrade CF business only.
20. Starr's NT figures relate to nontrade CF business only.
21. For PR/CF, Talbot can write to 10 years for ECAs.
22. WRB can write to 12 years for ECAs/multilaterals; 15 years for MIGA.

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