GALLAGHER SPECIALTY | Q3 2022

STRUCTURED CREDIT AND POLITICAL RISK INSURANCE

MARKET UPDATE

Gallagher

Insurance | Risk Management | Consulting

About **Gallagher**

Gallagher is one of the world's leading insurance brokerage, risk management and consulting firms.

As a trusted insurance broker and consultant in communities around the globe, we help people and businesses move forward with confidence. With more than 39,000 employees worldwide, we connect to the places where we do business.

Within our Structured Credit and Political Risk team at Gallagher, we have extensive experience working with many varied sectors, as well as helping companies to navigate potential challenges in the market. No matter the size of the organisation we partner with and the challenges presented by the industry, we work tirelessly to provide solutions that maximise value for our clients.

Gallagher has a strong international presence offering extensive insurance solutions and products worldwide. We continue to expand across the globe through acquisitions and partnerships with well-established and reputable insurance broking and consulting businesses. Thanks to the fantastic personal relationships we have built with the insurance, reinsurance and ART communities, working with us means you can access some of the most innovative products and service offerings wherever you are and whatever the size of your business.

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Introduction

Welcome to the latest edition of our market update.

In this update, we look at global macroeconomic challenges and, in particular, how they have affected risks faced by those trading with or investing in a range of emerging markets (EMs). We will also provide an update on the Structured Credit and Political Risk (SCPR) insurance market, address changes in capacity, and highlight market moves over the last six months.

The world currently faces a wide range of significant challenges, both political and economic.

Global growth estimates continue to be revised lower and lower by economists. Fitch Solutions' January 2022 forecast of 4.1% growth was adjusted to 3% in June 2022, with further downward revisions possible.

This is largely driven by the direct and indirect impact of Russia's invasion of Ukraine, which has increased uncertainty and resulted in tightening of monetary policy globally. The potential for further downward revisions in growth applies across the board, to both EMs and developed markets (DMs).

Overall, there appear to be four macroeconomic pressures on global growth:

- Supply issues, inflation and tightening financial conditions
- Heightened market volatility
- Increasingly sluggish Chinese growth
- Turbulence from increasing political risk.

The world currently faces a wide range of significant challenges, both political and economic.

Supply Chain

Supply side challenges are putting upside pressure on global prices.

Rolling lockdowns in China, Russian-related supply issues, and general labour shortages are causing significant issues in the supply chain, which have forced commodity prices to elevated levels, where they are expected to remain for some time (although possibly not at the record highs seen in H1 2022).

Energy prices remain highly sensitive to further supply shocks in response to the Russia/Ukraine situation.

These supply difficulties leave inflation riding high, well above central bank targets, and in some cases more than double or triple those targets. Central banks have responded by raising interest rates in an effort to curb excess consumer demand, but those tightening financial conditions threaten growth and the post-pandemic recovery. Furthermore, they do little to address the supply chain issues – arguably the primary source of inflationary pressure.

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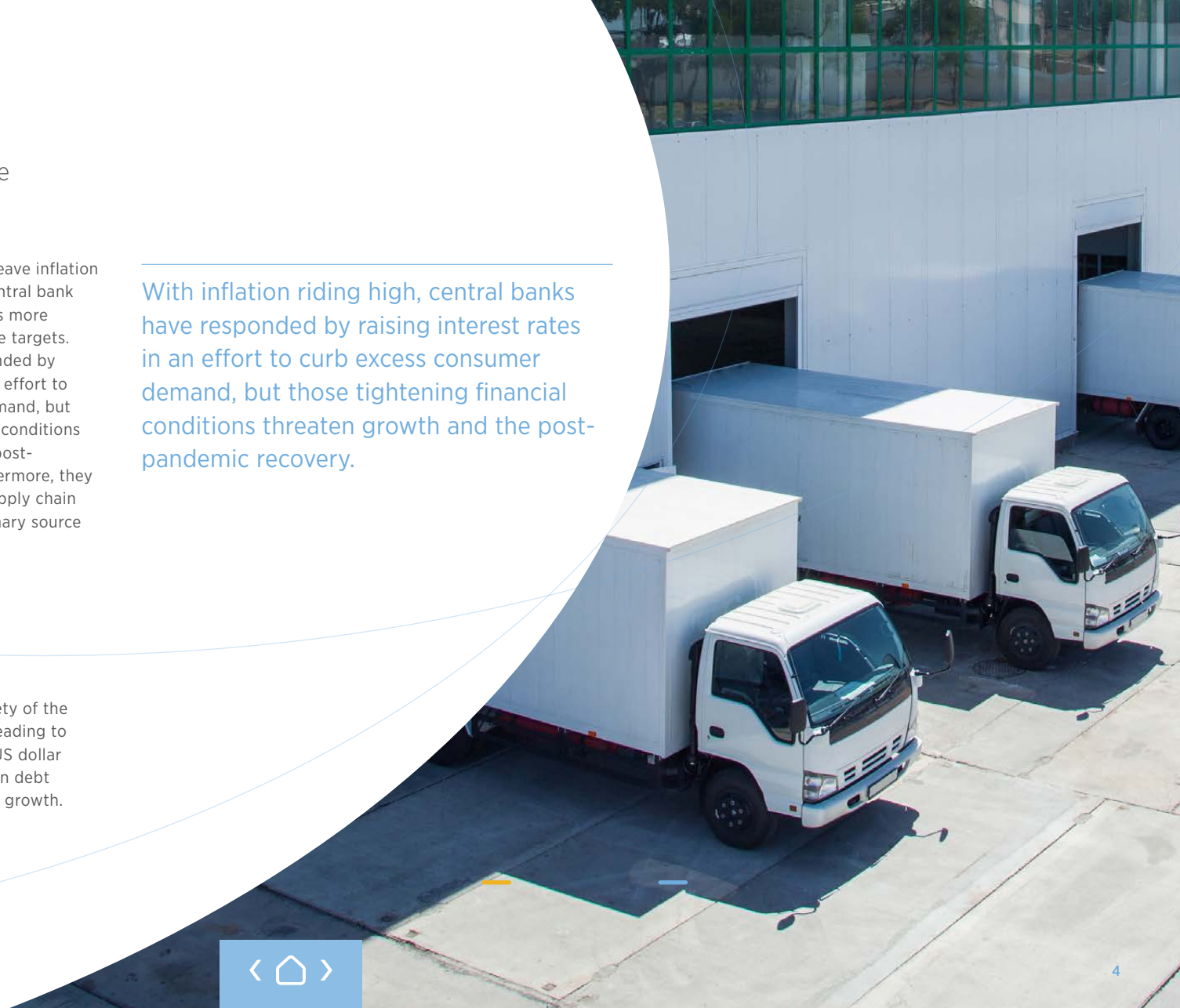
Market Volatility

Fuelled by sharp interest rate hikes, financial markets remain very volatile, weighing on sentiment, as well as household and corporate balance sheets.

Rising interest rates and fears of a global recession have prompted a sell-off in EM currencies, as investors move to the safety of the major global currencies, leading to depreciation against the US dollar and associated increases in debt servicing costs, impacting growth.



Chinese Growth

The Chinese economy faces regulatory pressure in the tech sector, continued stress in its real estate market, and economic disruption caused by lockdowns under the zero-Covid policy.

Beijing is targeting 5.5% growth in 2022, but analysts believe that will be difficult to achieve, given the factors highlighted. Market consensus is growth will be more like 4.1% this year - slower growth that forms a headwind, dragging down global growth and influencing investor sentiment.

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Political Risk

Covid fatigue, the ever more severe cost of living crisis, and slower growth, are leading to increased popular dissatisfaction and weighing on political stability.

Furthermore, a raft of upcoming elections across EMs and DMs could see policy shifts and/or deadlock, contributing to increased uncertainty in the political landscape throughout the world. October's presidential election in Brazil will be particularly interesting, where leftist former president Luiz Inácio Lula da Silva, who served from 2003 to 2010, may win, bringing the risk of policy shifts in a less market-friendly direction.

Russia's invasion of Ukraine signifies a sharp increase in security risks emerging across Europe (Eastern Europe, CIS, and the Baltics), whilst Latin America's congested 2022/23 election calendar is likely to lead to both political and economic insecurity.

In Asia, the increased threat of protests is contributing to a heightened risk environment. Political risk in Sub-Saharan Africa, whilst impacted less by global trends, remains high, relative to international levels. There are possible benefits to the current environment for the Middle East and North Africa (MENA), given the potential for increased energy revenues providing for government spending, but the risks around food supply are severe in some economies in the region.

Overall, macroeconomic fundamentals are weakening in EMs, despite elevated commodity prices. High energy prices generally hurt EMs which are, for the most part, net energy importers. Fiscal and current account deficits are widening, and government debt burdens are increasing, leading to increased vulnerability to outside shocks. As with DMs, inflation is also a major challenge in EMs, where fuel and food prices account for a large proportion of the inflation basket. When combined, increasing debt and rising interest rates will make it difficult for EM governments to provide economic support to their people. As such, rising inflation and the potential for food and energy shortages is likely to lead to increased political risk and civil unrest - conditions similar to those seen prior to the Arab Spring in 2010/11. Nigeria, Brazil, Egypt, and Russia (further exacerbated by the current sanctions regime) are just a few examples of countries particularly prone to these risks.

A raft of upcoming elections across EMs and DMs could see policy shifts and/or deadlock, contributing to increased uncertainty in the political landscape throughout the world.

The Insurance Market

Despite the increasingly uncertain risk environment, we have been encouraged to see market capacity grow across the four risks areas we track at Gallagher – project risks (PR), political/sovereign trade risks (CF), commercial trade risks (CR), and non-trade.

Risk appetite has undoubtedly shifted in the face of the challenges highlighted on the previous page, and particularly in response to Russia's invasion of Ukraine. Global energy prices, for example, are certainly affecting appetite for risks in the sector in both importing and exporting economies, and across EMs and DMs. Encouragingly, overall the SCPR insurance market remains robust and committed to supporting clients in the face of global uncertainty in 2022 and beyond.

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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', 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.

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 prefinanced 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, sabotage)
- War and Civil War
- Currency Inconvertibility and/or Exchange Transfer.

Cover can be placed in respect of assets or the repayment of debt.

Emerging Market **Review**

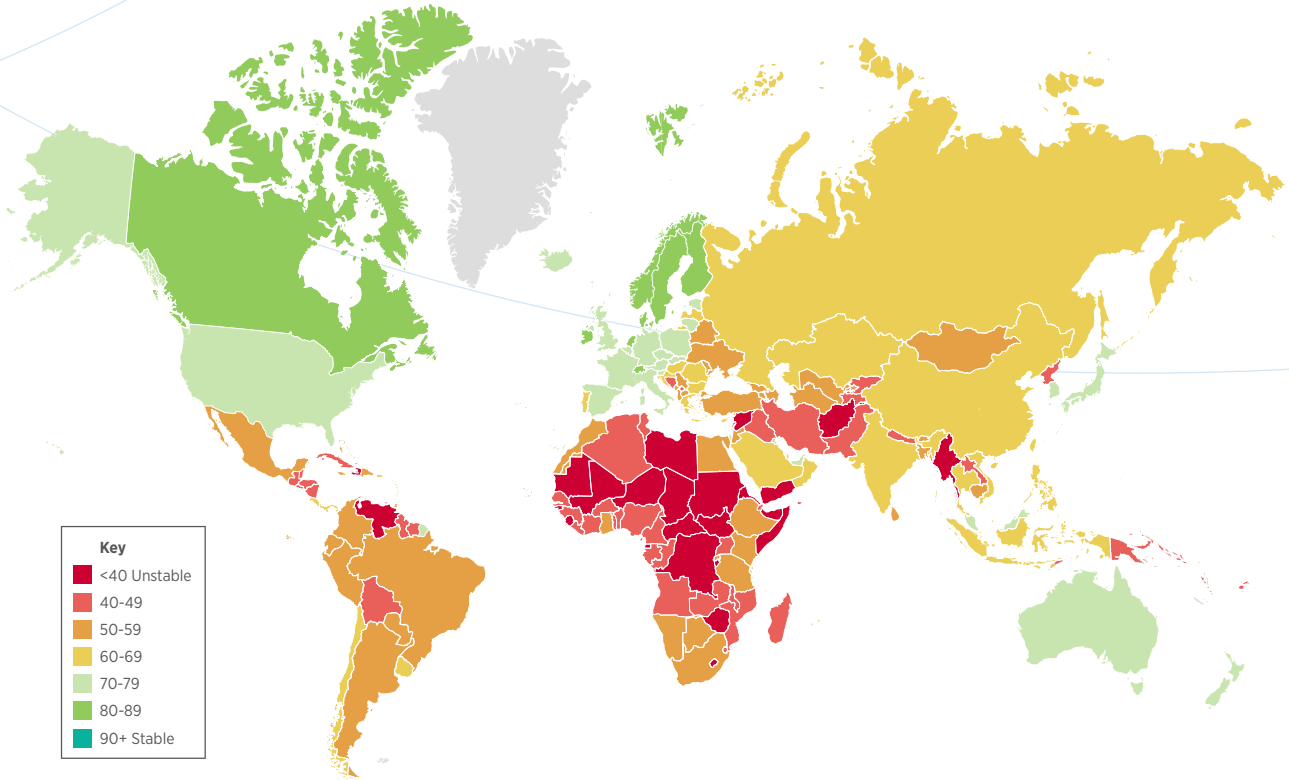
This section and the commentary on specific countries which follows have been compiled in association with Fitch Solutions.

About Fitch Solutions

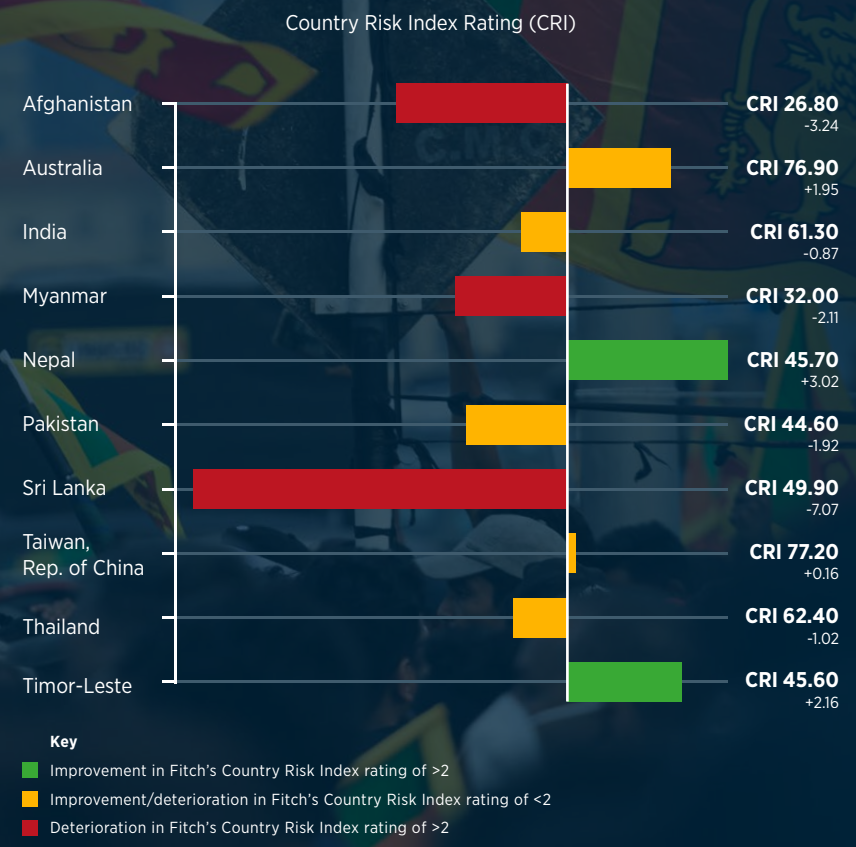
Fitch Solutions help clients to excel at managing their counterparty risk, gain deeper insights into the debt and fixed income markets, and get comprehensive intelligence about the macroeconomic environment. For more than 30 years Fitch's Country Risk and Industry Research service have provided business 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

FitchSolutions Fitch Connect



Asia



Sri Lanka will suffer a recession in 2022 due to its balance of payments crisis, with shortages of essential items, rising inflation and tightening financial conditions disrupting economic activity.

This has triggered an ongoing political crisis and violent protests, which forced Prime Minister Mahinda Rajapaksa to resign in May. These risks all complicate the ongoing negotiations of a USD3.0bn IMF bailout, which would help ease the crisis if implemented.

Protest risks are rising in **Nepal** due to increasing inflationary pressures and an approaching general election in November 2022. This will probably fail to end the infighting between political leaders, which, in the past, has led to frequent cabinet reshuffles and policymaking gridlock. Economic risks will be exacerbated by Nepal's current account deficit, which will remain at a multi-decade high. Although the country has a large stockpile of foreign reserves, higher oil prices and lacklustre tourist arrivals would increase external vulnerability risks.

Afghanistan's short- and long-term political risk index scores have fallen sharply to reflect substantial uncertainties stemming from the Taliban's takeover of the country in 2021, and a highly challenging outlook for 2022. Media reports have suggested a power struggle within the Taliban, and the economy has been left reeling from an exodus of skilled workers, a cut-off in international aid, and an external asset freeze. Afghanistan faces additional risks from surging food prices and faces catastrophic hunger conditions according to the UN World Food Programme.

Protest risks are rising in Nepal due to increasing inflationary pressures and an approaching general election in November 2022.

Sub-Saharan Africa

Key

- Improvement in Fitch's Country Risk Index rating of >2
- Improvement/deterioration in Fitch's Country Risk Index rating of <2
- Deterioration in Fitch's Country Risk Index rating of >2

Tanzania will likely see stronger economic growth in 2022 due to solid capital expenditure by the government.

Despite rising price pressures, we expect that risks to social stability will remain relatively limited. Meanwhile, Tanzania also reconciled relations with several of its neighbours, thus lowering trade barriers and strengthening security along Tanzania's border with Mozambique.

We expect policymaking in **Nigeria** to remain largely on hold over the coming months as politicians position themselves for the general elections due in February 2023. However, neither of the two leading candidates are thought to be reformers, suggesting that there will be little change in policymaking trajectory. This will raise protests risks, which are already elevated due to disagreements over how to share power between Nigeria's majority Muslim North and its mostly Christian South. Meanwhile, lack of investment in new hydrocarbons projects means that Nigeria will struggle to take advantage of higher oil prices, leading to below average real GDP growth of 2.5% in 2022.

Angola will benefit from a relatively strong economic rebound in 2022, thanks to high oil prices and increased oil production as energy majors, TotalEnergies and BP, commission new oil capacity this year.

We expect policymaking in Nigeria to remain largely on hold over the coming months as politicians position themselves for the general elections due in February 2023.

This will bode well for Angola's fiscal and external accounts, thus strengthening the currency and providing tailwinds to household consumption. In turn, this will help Angolan President João Lourenço secure a victory at the August 2022 general election and allow him to continue to pursue privatisation and a gradual removal of fuel subsidies.

Europe

Russia became the most heavily sanctioned country in the world following the invasion of Ukraine in February 2022.

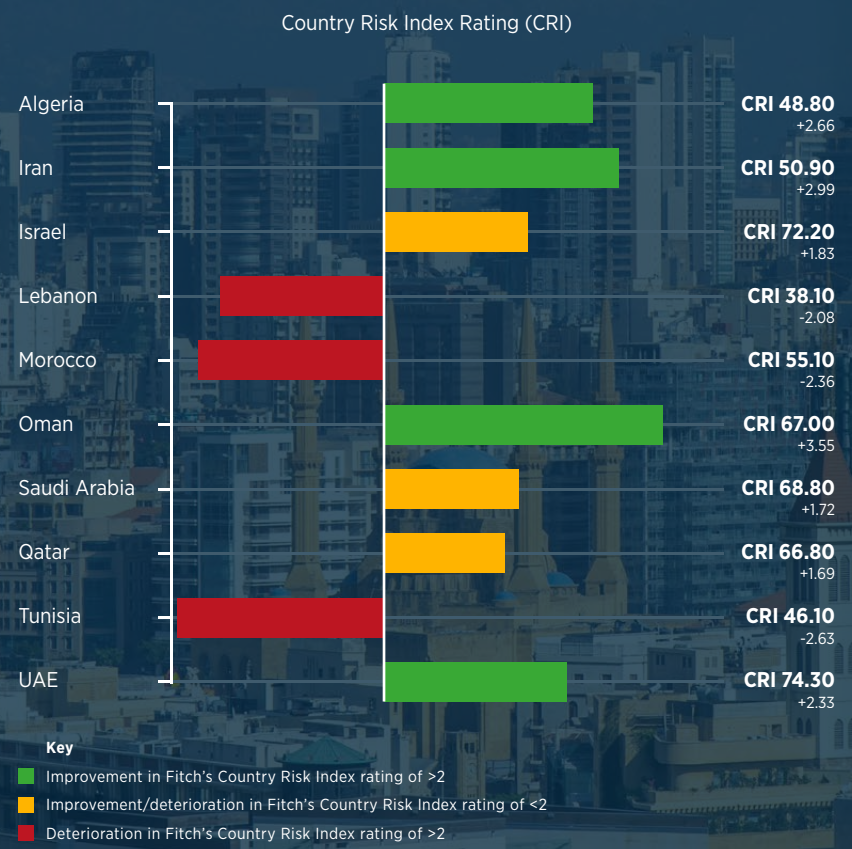
We believe that virtually all of these sanctions will remain in place over the coming years, ensuring that Russia remains almost entirely cut off from global financial markets. While strict capital controls and monetary policy tightening contained inflationary pressures and prevented capital flight, this comes at the expense of economic activity: we forecast a 12.5% contraction in 2022 with no significant recovery in subsequent years.

> Ukraine will fall into a deep recession this year as the Russian invasion takes a heavy toll on the country's economy.

Turkey's economic outlook deteriorated significantly in H122. The economy is among the most exposed to Russia's invasion of Ukraine globally due to already high inflation and a greater degree of the Turkish tourism sector reliance on Russian arrivals. This will exacerbate political tensions ahead of the presidential election in June 2023, which could lead the government to double down on unorthodox economic policies and nationalist rhetoric abroad. Meanwhile, the risk of election disputes, protests, and policymaking gridlock after the election will increasingly affect investor sentiment.

Ukraine will fall into a deep recession this year as the Russian invasion takes a heavy toll on the country's economy. The war will continue to weigh on sentiment and severely constrain economic output capacity in the easternmost territories of the country, where intense military combat is now taking place. Taken together, these territories account for around 20% of the country's GDP, limiting production capacity in the industrial and agricultural heartland of the country. Macro-financial stability risks will remain elevated as long as the war persists, although tight capital controls and resolute financial support from the country's Western backers will help contain further downside for Ukrainian assets.

MENA



Lebanon will continue to face a wide range of challenges in H2 22, including shortages of US dollars, a triple-digit inflation rate, a difficult operating environment for businesses, and political divisions.

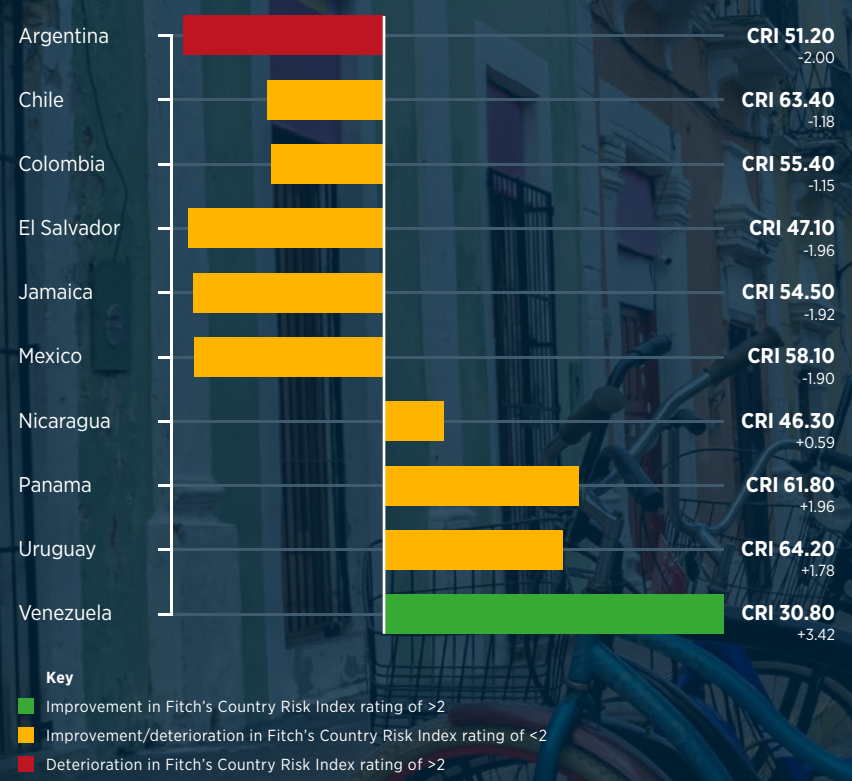
After reaching a staff-level agreement with the IMF in April 2022, Lebanon will likely reach a final deal to shore up Banque du Liban's foreign currency reserves. However, the May parliamentary election produced a more fragmented parliament, which risks delaying the ratification of IMF-mandated laws. Meanwhile, protest risks will remain elevated amid worsening economic and social conditions and a looming presidential election in October 2022.

Algeria will see increased political stability as President Abdelmadjid Tebboune continues to consolidate political power amid improving macro-economic conditions in 2022. Higher revenues from hydrocarbon sales will allow the authorities to spend more in order to mitigate social discontent and stimulate economic activity. We anticipate that this will lower the risk of major protests and increase the political legitimacy of President Tebboune.

Oman will experience solid economic growth in 2022 and 2023 amid concerted government efforts to diversify the sources of economic activity. Measures to improve governance will also bode well for both policy implementation and continuity, showing commitment on the part of the government to pursue development and diversification efforts. We also believe that social instability risks will remain contained as the authorities will allow for minor fiscal slippages to counter inflationary pressures.

Protest risks in Lebanon will remain elevated amid worsening economic and social conditions and a looming presidential election in October 2022.

Latin America



In **Colombia**, the central bank's rate-hiking cycle and the election of leftist President Gustavo Petro will pose headwinds to investment growth in the near term, particularly for extractive industries, which will likely dampen fossil fuel production and exports in the medium-to-long term.

That said, the country will see above-trend growth in 2022 due to strong domestic consumption, while Petro's cooperation with centrist establishment parties such as the Partido Liberal Colombiano will moderate policymaking and help improve investor sentiment.

Growth in **Panama** will slow due to global economic headwinds and Covid-19 lockdowns in China, depressed demand for Panamanian metal exports, and also reduced traffic through the Panama Canal, which is a key driver of economic activity. While the government has successfully quelled several protests through dialogue with civil society groups — in contrast to other markets in the region — persistent economic headwinds and elevated inflation will raise the risk of public unrest in the months ahead.

Mexico will see relatively weak growth in 2022 amid elevated inflation, which we expect will pose a modest risk to the popularity of President Andrés Manuel López Obrador (AMLO). Moreover, a coalition of opposition parties is likely to block the president's reform agenda, including the planned nationalisation of the energy sector, and reforms of law enforcement and the electoral system.

In the quarters ahead, attention will increasingly turn to the 2024 general election and the race to succeed AMLO, who is not eligible for another term. Ruling party candidates are likely to continue the president's policies of fiscal austerity and increased government intervention in the oil sector if one of them wins.

A coalition of opposition parties in Mexico is likely to block the president's reform agenda, including the planned nationalisation of the energy sector.

Market news

Aegis

Tessa Horan joins as Underwriting Assistant.

Antares

Callum Matthews, previously at AWAC, joins the team as an Underwriter.

Cincinnati

Paul Barrett joins as a Senior Underwriter, from Swiss Re.

Allianz Trade

Alongside the name change from Euler Hermes, **Mark Cable** has joined the team as a Senior Underwriter from WTW. **Paddy Harman** has been promoted to Sovereign Practice Lead. **James Williams** joins the team as a Junior Underwriter.

The Hartford

Ryan Murphy has joined The Hartford from Liberty Specialty Markets as an Underwriter, based in London. From ICIEC, **Osama Elshiekh** has joined The Hartford as Senior Underwriter, based in Chicago.

Liberty

Mia Jureidini has joined Liberty's financial risks solution (FRS) division as political risk underwriter, reporting to William Limb, the political risk practice leader. Jureidini joins from WTW, where she was a senior broker.

Pernix Specialty

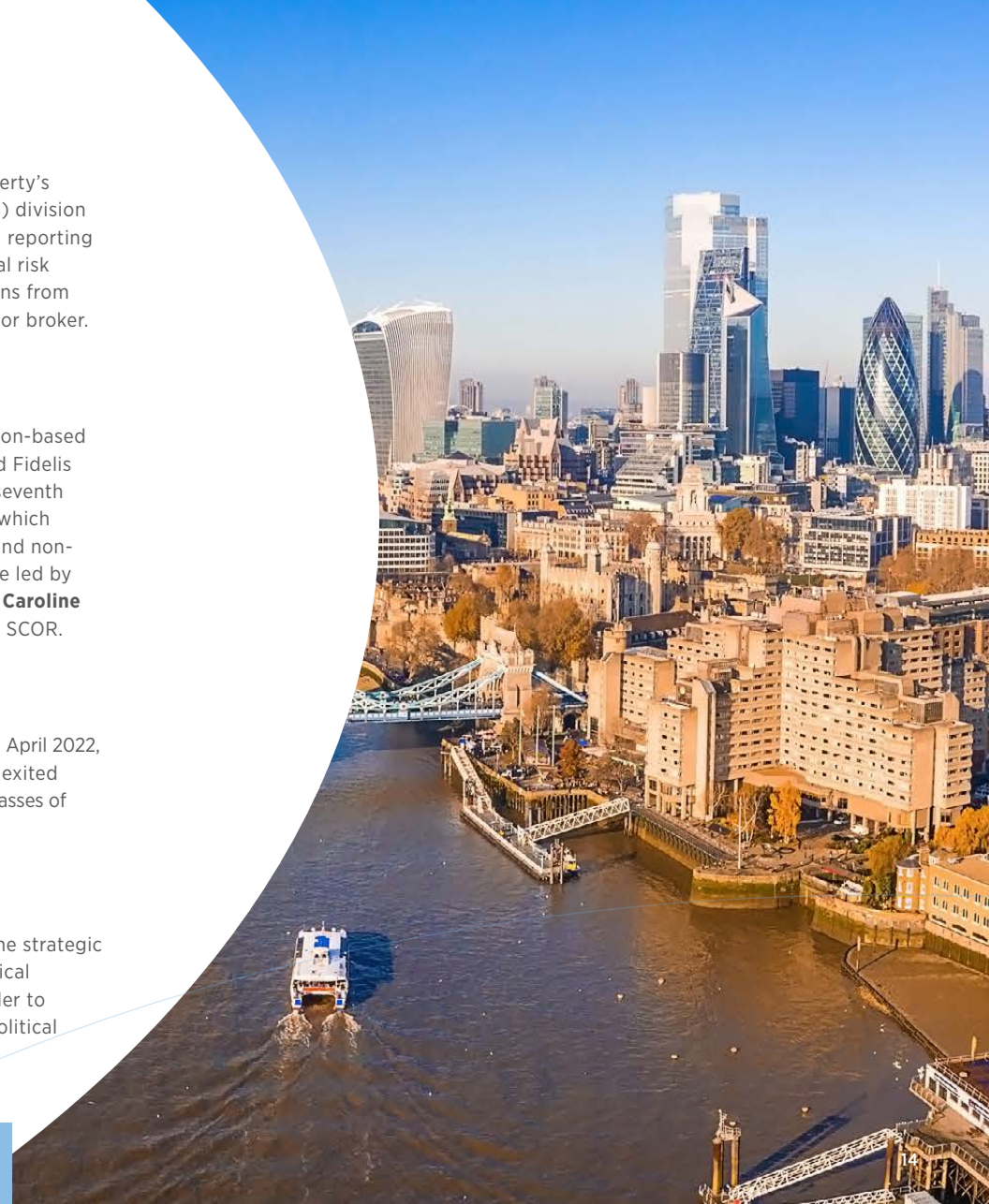
Pine Walk Capital, the London-based specialist MGA platform and Fidelis subsidiary, has launched a seventh MGA, Pernix Specialty Ltd, which specialises in political risk and non-payment risks. Pernix will be led by CEO **Kade Spears** and CUO **Caroline Coulson**, both previously at SCOR.

WRB Underwriting

After pausing underwriting in April 2022, WRB has now permanently exited the credit and political risk classes of insurance.

Hiscox

In July 2022 Hiscox made the strategic decision to place their political risk book into run-off in order to concentrate on their core political violence book.



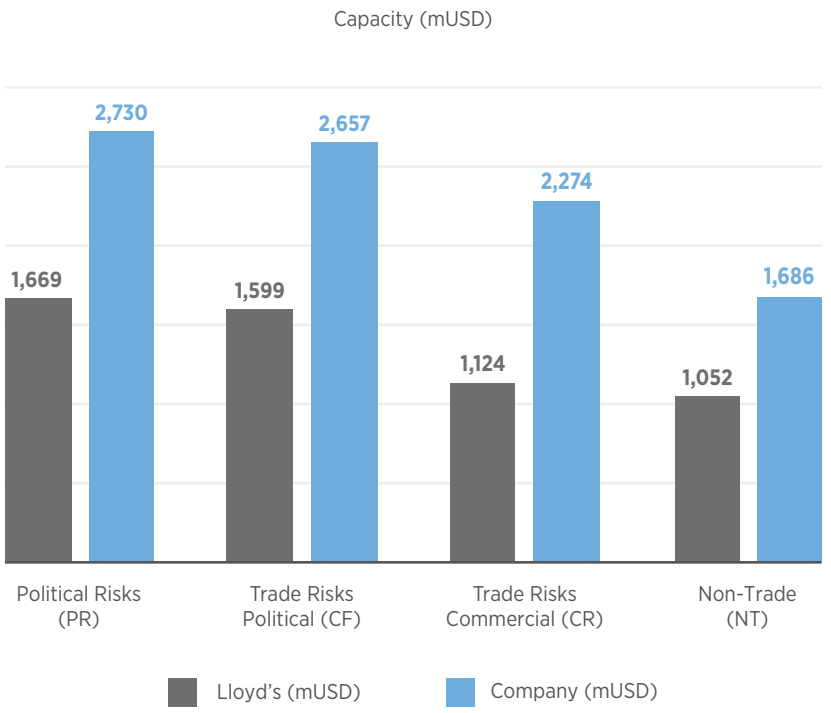
Market **capacity**

The following market capacity data has been compiled by Gallagher Specialty 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 2022, and where an insurer has a Lloyd's and company market platform, their data is not double-counted in the calculation of total capacity.

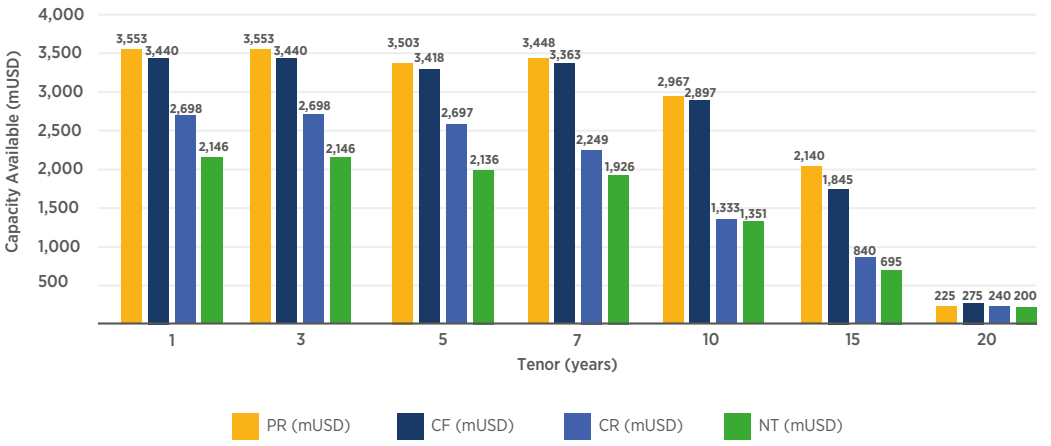
Total market capacity

	Political Risks (PR)	Trade Risks Political (CF)	Trade Risks Commercial (CR)	Non-Trade (NT)
Lloyd's (mUSD)	1,669	1,599	1,124	1,052
Company (mUSD)	2,730	2,657	2,274	1,686
Total July 2022	**3,553**	**3,440**	**2,698**	**2,146**
Total January 2022	3,523	3,410	2,698	2,121

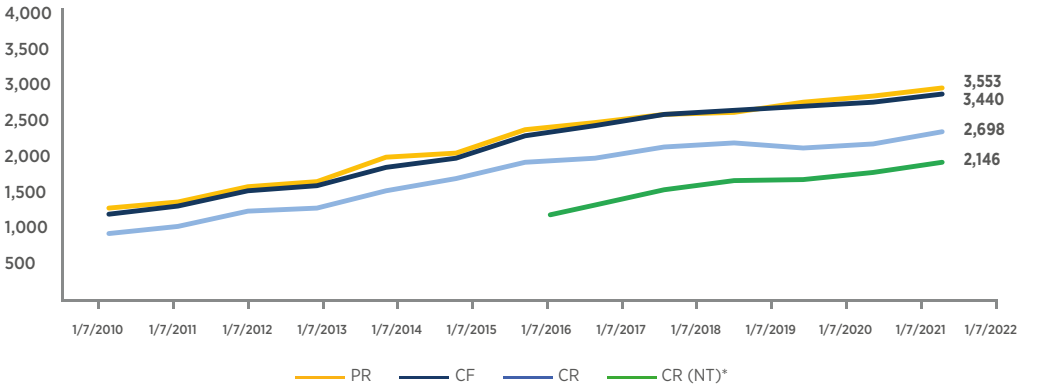
Data accurate as at 1st July 2022, prior to Hiscox's withdrawal from the product class.



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.

Lloyd's **Market Capacity**

The following data has been compiled by Gallagher Specialty using the information provided by each insurer. Data is correct as of 1 July 2022.
Please note that the following data refers to UK syndicate numbers, however the same capacity is available via Brussels stamps for EEA Insureds.

MARKET	INSURER	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)
Lloyd's	AEGIS Synd 1225[1]	30	10	30	10	15	7	15	7	Lloyd's: A+ [S&P]
Lloyd's	Antares Synd 1274[2]	30	10	30	10	20	7	20	7	Lloyd's: A+ [S&P]
Lloyd's	Apollo Synd 1969	15	7	15	15	5	7	15	7	Lloyd's: A+ [S&P]
Lloyd's	Arch Synd 2012[4]	31	15	31	15	5	5	31	5	Lloyd's: A+ [S&P]
Lloyd's	Argenta Synd 2121	20	7	20	7	20	5	0	0	Lloyd's: A+ [S&P]
Lloyd's	Argo Synd 1200	50	15	50	15	35	15	35	7	Lloyd's: A+ [S&P]
Lloyd's	Ark Synd 4020[5]	20	7	20	7	0	0	20	7	Lloyd's: A+ [S&P]
Lloyd's	Ascot Synd 1414[6]	50	10	50	10	15	7.5	15	7.5	Lloyd's: A+ [S&P]
Lloyd's	Aspen Synd 4711[7]	60	15	60	10	60	8	60	8	Lloyd's: A+ [S&P]
Lloyd's	AXA XL Synd 2003	150	20	150	20	150	20	150	20	Lloyd's: A+ [S&P]
Lloyd's	Axis Synd 1686[8]	50	12	50	12	30	10	50	7	Lloyd's: A+ [S&P]
Lloyd's	Beazley Synd 623 / 2623	50	15	50	15	30	15	0	0	Lloyd's: A+ [S&P]
Lloyd's	Blenheim Political Risk Consortium 7702[9]	15	7	15	5	1	3	15	7	Lloyd's: A+ [S&P]
Lloyd's	BRIT Synd 2987[10]	33	10	33	10	33	10	33	10	Lloyd's: A+ [S&P]
Lloyd's	Canopius CPR Synd 4444	100	15	100	15	100	15	100	15	Lloyd's: A+ [S&P]
Lloyd's	Canopius TPR Synd 4444	50	7	50	7	10	7	10	7	Lloyd's: A+ [S&P]
Lloyd's	Channel Synd 2015	70	15	70	15	70	10	70	7	Lloyd's: A+ [S&P]
Lloyd's	Chaucer Synd 1084[12]	60	12	60	12	20	7	20	7	Lloyd's: A+ [S&P]
Lloyd's	Chubb Synd 2488[13]	150	15	100	15	25	8	25	7	Lloyd's: A+ [S&P]
Lloyd's	Cincinnati Synd 318	15	10	15	10	7.5	5	15	10	Lloyd's: A+ [S&P]
Lloyd's	Hamilton Synd 4000[14]	15	7	15	7	7.5	5	7.5	5	Lloyd's: A+ [S&P]
Lloyd's	Hartford Synd 1221[15]	40	15	40	15	40	7	25	7	Lloyd's: A+ [S&P]
Lloyd's	Hiscox Synd 0033	20	3	0	0	0	0	0	0	Lloyd's: A+ [S&P]

MARKET	INSURER	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)
Lloyd's	Lancashire Syndicate 3010	50	10	50	10	0	0	0	0	Lloyd's: A+ [S&P]
Lloyd's	Liberty Synd 4472	100	15	100	15	100	15	100	10	Lloyd's: A+ [S&P]
Lloyd's	MAP Synd 2791	20	3	20	3	0	0	0	0	Lloyd's: A+ [S&P]
Lloyd's	Markel International Synd 3000[19]	30	10	50	10	100	7	20	5	Lloyd's: A+ [S&P]
Lloyd's	Mosaic Syndicate Services Limited[20]	15	10	15	10	5	5	15	10	Lloyd's: A+ [S&P]
Lloyd's	MS Amlin Synd 2001[21]	40	12	40	12	10	5	40	12	Lloyd's: A+ [S&P]
Lloyd's	Munich Re Synddicate 457	35	15	35	15	35	7	35	7	Lloyd's: A+ [S&P]
Lloyd's	NOA Synd 3902	20	10	20	10	0	0	0	0	Lloyd's: A+ [S&P]
Lloyd's	QBE Synd 1886[23]	25	5	25	10	100	5	25	5	Lloyd's: A+ [S&P]
Lloyd's	Starr Synd 1919[24]	50	10	50	10	0	0	50	10	Lloyd's: A+ [S&P]
Lloyd's	Talbot Synd 1183[25]	50	7	50	7	10	7	10	7	Lloyd's: A+ [S&P]
Lloyd's	Tokio Marine HCC Synd 4141	25	5	25	5	25	5	0	0	Lloyd's: A+ [S&P]
Lloyd's	Tokio Marine Kiln Synd 510	60	7	40	7	40	5	0	0	Lloyd's: A+ [S&P]
Lloyd's	IQUW Synd 1856	25	10	25	10	0	0	25	10	Lloyd's: A+ [S&P]

Notes

1. Aegis' NT figures relate to public obligors. For private obligors, they can write up to five years. For PR/CF, they 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. Their figures for NT relate to CF non-trade only.
4. Arch's NT figures relate to CF non-trade. They can only write USD 5m for 5 years on non-trade CR business.
5. For CF, Ark can write to 10 years for specified multilaterals. Their figures for NT relate to CF non-trade only.
6. For PR/CF, Ascot can write to 15 years for ECAs/multilaterals.
7. Aspen can write up to 15 years for Project Finance and for CF / PR behind ECAs, DFIs and Multilaterals. As part of their new 'Project Leaf', for CF/CR they can write up to 20 years for ESG related Project Finance. For CF/CR policies defined as counter party risk the max tenor is 6 years
8. Axis can only write USD 30m for non-trade CR business.
9. Blenheims's NT figures relate to CF non-trade. As part of the Blenheim Political Risk Consortium 7702, 33.334% of capacity in Lloyd's is from Syndicate 1458 (RenRe) with the remaining 66.666% provided by syndicate 5886 (Blenheim).
10. For PR/CF, Brit can write to 15 years behind an ECA/ Multilateral.
11. USD 70m max line on either Company or Syndicate paper. They can also write to 12 years for aircraft finance business. No longer have Consortium 9820
12. Chaucer can write CF bonds up to USD 40m to 12 years and swaps up to $30m. CR limit for swaps and bonds is $20m.
13. Chubb can write USD 25m for 10 years on project finance business.
14. For PR/CF, Hamilton can write to 15 years behind an ECA/ Multilateral.
15. For CR, Hartford can write to 12 years for project finance and asset-backed finance business on private names
16. Line in USD or Euros
17. Up to 15 years available to Multilateral and ECA (Re)Insured's
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. For CF & CR, Markel can write to 15 & 10 years respectively for ECAs/Multilateral Insureds.
20. Mosaic's 15m non-trade line is in respect of CF risks only. Their non-trade capability for CR is USD5m for 5 years.
21. MS Amlin's NT figures relate to non-trade CF business only.
22. Line in USD or Euros
23. QBE's PR figures relate to PR excluding PV. The maximum tenor including PV is 3 years.
24. Starr's NT figures relate to non-trade CF business only.
25. For PR/CF, Talbot can write to 10 years for ECAs.
26. WRB can write to 12 years for ECAs/ multilaterals; 15 years for MIGA.

Company **Market Capacity**

The following data has been compiled by Gallagher Specialty using the information provided by each insurer. Data is correct as of 1 July 2022. *Please note that the following data refers to UK syndicate numbers, however the same capacity is available via Brussels stamps for EEA Insureds.*

MARKET	INSURER	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)
Company	AIG[27]	150	15	150	15	100	10	150	10	A+ [S&P]
Company	Arch Insurance Company (UK) Ltd[28]	40	15	40	15	5	5	40	15	A+ [S&P/Fitch], A+ [A.M. Best], A2 Moody's
Company	Optio Group	10	3	3	3	0	0	0	0	A+ [S&P], via Lloyd's
Company	Aspen Insurance UK Ltd[30]	75	15	75	10	75	8	75	8	A- [S&P] A2 [Moody's]
Company	Atradius[31]	0	0	150	7	150	7	50	5	A [A.M. Best] A2 Stable [Moody's]
Company	AXA XL	150	20	150	20	150	20	150	20	AA- [S&P/Fitch]
Company	Axis CRS[32]	50	15	50	15	50	15	50	15	A+ [S&P]
Company	Chaucer Dublin[33]	50	12	50	12	20	7	20	7	A [S&P]
Company	Chubb[34]	150	15	100	15	25	8	25	7	AA [S&P]
Company	Coface[35]	91	10	91	10	91	8	11	5	AA- [Fitch] A2 [Moody's]
Company	Convex UK[36]	70	15	60	10	25	10	25	10	A - [S&P]
Company	Credendo ECA[37]	75	15	50	15	50	10	10	5	AA [S&P]
Company	Credendo Guarantees and Specialty Risk[38]	25	7	25	7	25	7	20	5	A- [Fitch and AM Best] and A- [S&P]
Company	Crum and Forster[39]	15	10	15	10	15	10	15	10	A Stable [S&P] A [AM Best]
Company	Allianz Trade	170	8	170	10	170	10	57	5	AA [S&P]
Company	Everest Insurance[41]	150	15	150	15	50	7	50	7	A+ [S&P]
Company	FCIA[41]	25	7	80	7	80	7	0	0	A+ [S&P]

MARKET	INSURER	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)
Company	Fidelis[43]	300	15	250	15	125	15	125	15	A- [S&P], A [AM Best]
Company	Groupama	0	0	30	5	30	5	0	0	A [Fitch]
Company	HDI Global Specialty SE	50	15	50	20	40	20	40	10	A+ [S&P]; A [A.M. Best]
Company	Lancashire[44]	200	10	75	10	0	0	75	10	A-[S&P]
Company	Liberty Mutual Insurance Europe SE[45]	100	15	100	15	100	15	100	10	A [S&P]
Company	Markel	30	10	50	10	150	7	20	5	A/A+ [S&P/Fitch]
Company	Mosaic Syndicate Services Limited[46]	28	10	28	10	8	5	28	10	A-[S&P]
Company	Pernix Specialty	100	15	100	18	100	18	100	15	A- [S&P]
Company	QBE[47]	25	5	25	10	100	5	25	5	A+ [S&P]
Company	SCOR Europe SE	70	15	70	15	70	10	70	7	AA - [S&P]
Company	Sompo Int. Insurance Europe SA / Endurance Worldwide Insurance Limited	60	15	60	15	60	15	60	10	A+ [S&P]
Company	Sovereign[50]	80	15	80	15	0	0	80	15	AA [S&P/Fitch]
Company	Starr International (Europe) Ltd. (SIEL) / Starr Europe Insurance Ltd. (Starr Malta)[51]	50	10	50	10	0	0	50	10	A [A.M. Best]
Company	Swiss Re	75	20	75	20	200	5	0	0	AA-[S&P] Aa3 [Moody's]
Company	The Hartford[52]	100	15	60	15	40	7	25	7	A+ [S&P] A1 [Moody's] A+ [AM Best]
Company	Tierra Underwriting Limited	0	0	0	0	50	20	50	20	Lloyd's: A+ [S&P]
Company	Tokio Marine HCC	60	10	60	10	60	7	30	7	A+ [S&P/] AA- [Fitch] A++ [A.M. Best]
Company	Allied World	30	5	10	5	10	5	10	3	A- [S&P] A2 [Moody's]
Company	Africa Specialty Risks	16	7	16	7	10	5	10	5	BBB+ [A.M. Best] A3 [Moody's]
Company	Vantage Risk[56]	60	15	60	15	40	7	40	7	A - [A.M. Best]

Notes

27. AIG's NT figures relate to non-trade CF. Their non-trade CR line is USD 100m. AIG can write project finance lines of USD 100m, up to 10 years.

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

29. 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.

30. Aspen can write up to 15 years for Project Finance and for CF / PR behind ECAs, DFIs and Multilaterals. As part of their new 'Project Leaf', for CF/CR they can write up to 20 years for ESG related Project Finance. For CF/CR policies defined as counter party risk the max tenor is 6 years

31. Atradius can write up to 12 years for aircraft finance business.

32. 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 $50m per aircraft.

33. Chaucer can write CF bonds up to $40m to 12 years and swaps up to USD 30m. CR limit for swaps and bonds is $20m.

34. Chubb can write USD 25m for 10 years on project finance business.

35. Coface's maximum lines are denominated in EUR. For the sake of this report, a EUR/USD exchange rate of 1.13423 has been used. For projects that benefit from DFI/multilateral financing, they can write up to 15 years.

36. Convex can write longer tenors and larger line sizes on an exceptional basis.

37. 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

38. Credendo G & SR's maximum lines are denominated in EUR. For the sake of this report, a EUR/USD exchange rate of 1.13423 has been used.

39. Crum and Forster can use US Fire Insurance Company paper A- Positive (S&P) A (AM Best). Moreover, for European Insured's Crum and Forster use Hamilton Insurance DAC (HIDAC) paper (AM Best A-)

40. Euler Hermes' maximum lines are denominated in EUR. For the sake of this report, a EUR/USD exchange rate of 1.13423 has been used. They can write beyond 12 & 15 years for aircraft finance & project finance respectively subject to special approval. They can also write to 15 years for ECAs/multilaterals.

41. Everest can write to 18 and 12 years for project finance and aircraft finance business, respectively.

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

43. 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.

44. Up to 15 years available to Multilateral and ECA (Re)Insured's, Lancashire's NT figures relate to non-trade CF business only.

45. 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.

46. Mosaic's 28m non-trade line is in respect of CF risks only. Their non-trade capability for CR is USD5m for 5 years

47. QBE's PR figures relate to PR excluding PV. The maximum tenor including PV is three years.

48. USD 70m max line on either Company or Syndicate paper. They can also write to 12 years for aircraft finance business. No longer have Consortium 9820.

49. 15 years CF and CR saved for high grade project finance risks

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

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

52. Hartford can write to 12 years for project finance and asset-backed finance business on private names

53. For PR, TMHCC can write to 15 years for ECAs/multilaterals, and can exceed the advised tenors on a set number of PF deals annually.

54. Non trade capacity is very limited, obligors must be rated BB+ or better

55. Deployment of capacity can be separate or combined (i.e. GIC only or where combined 60/40 (GIC/ Peak). MGA with lines from GIC Re (India) and Peak Re (HK).

56. Vantage have available S&P "A" rated fronting partners in the US and London.

57. Appetite limited to green, clean and energy efficient technologies as well as carbon reducing technologies.

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