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Cambridge Risk Symposium

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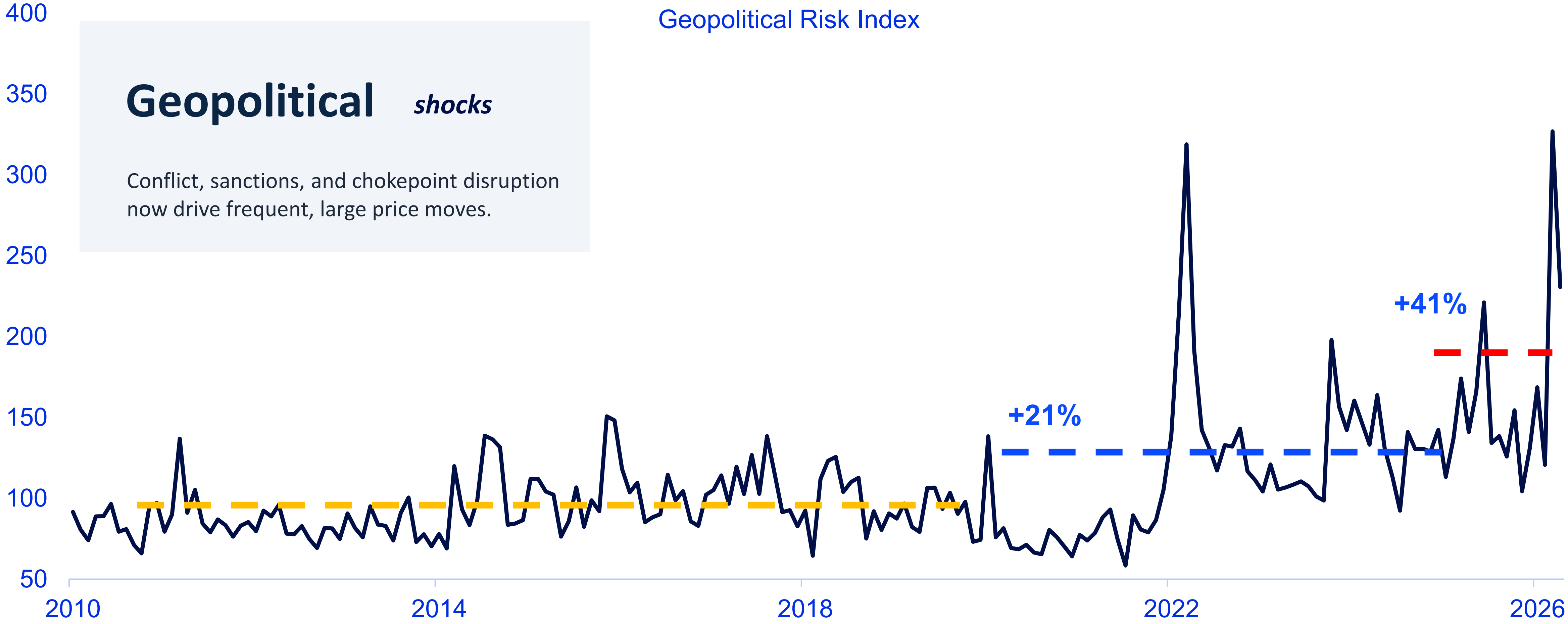
Geopolitics reshaping the world

Geopolitical ***shocks***

Conflict, sanctions, and chokepoint disruption now drive frequent, large price moves.

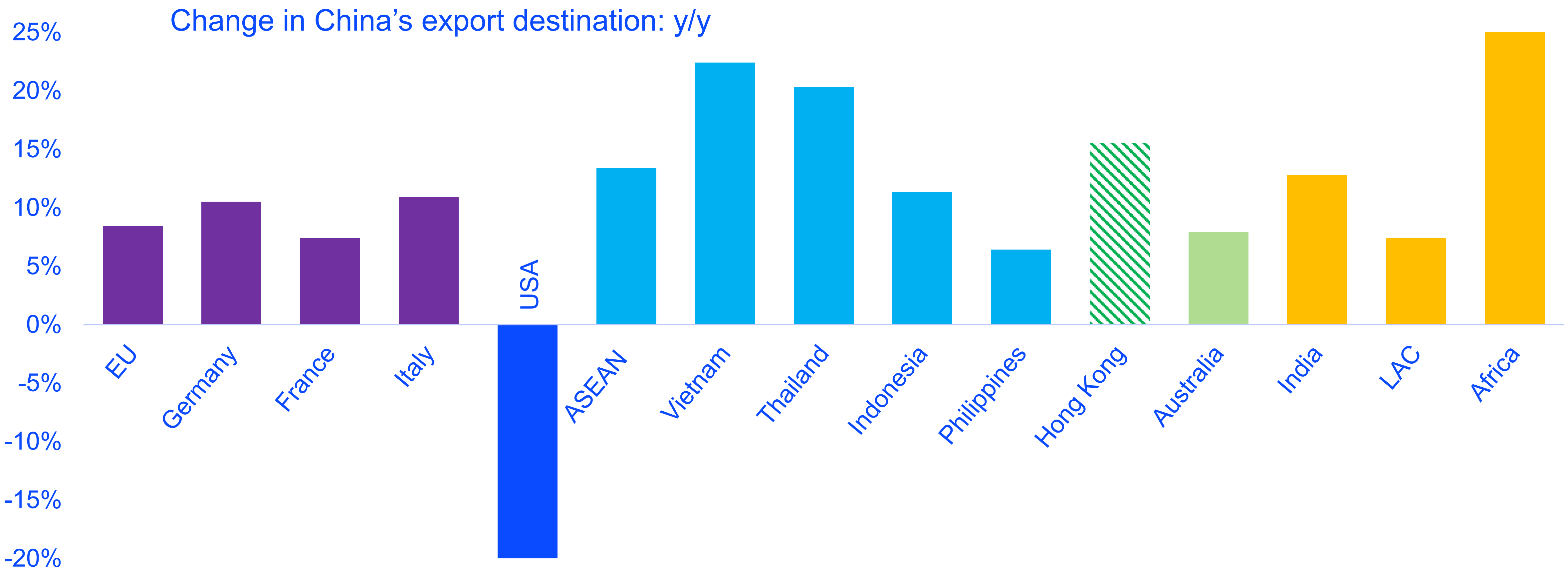


Source: Caldara, Dario and Matteo Iacoviello (2022), "Measuring Geopolitical Risk," American Economic Review, April, 112(4), pp.1194-1225.

Geopolitics reshaping the world

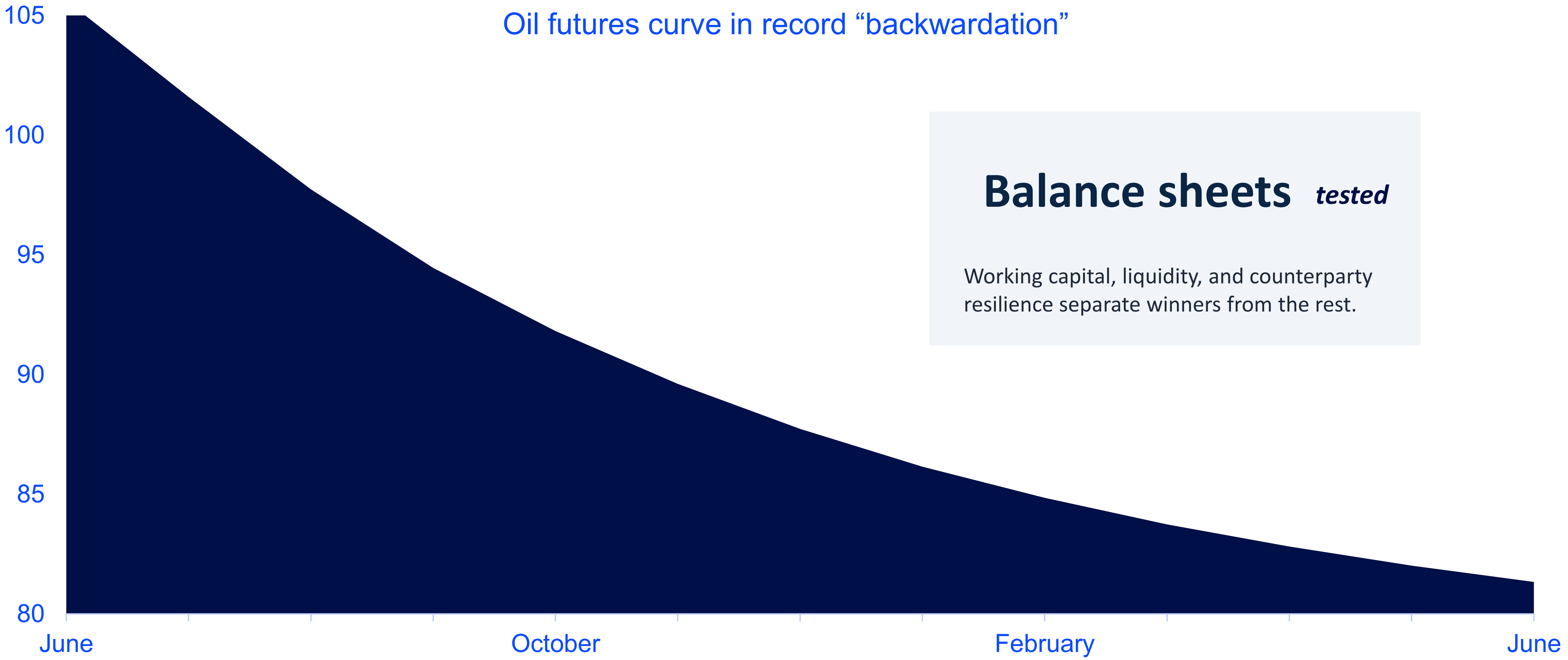
Trade flows ***rewired***

Supply chains realign around new corridors, partners, and pricing benchmarks.



Source: National Customs Authority of China

Geopolitics reshaping the world



Balance sheets ***tested***

Working capital, liquidity, and counterparty resilience separate winners from the rest.

Source: TradingView, data as of May 2026

US-Israel-Iran conflict

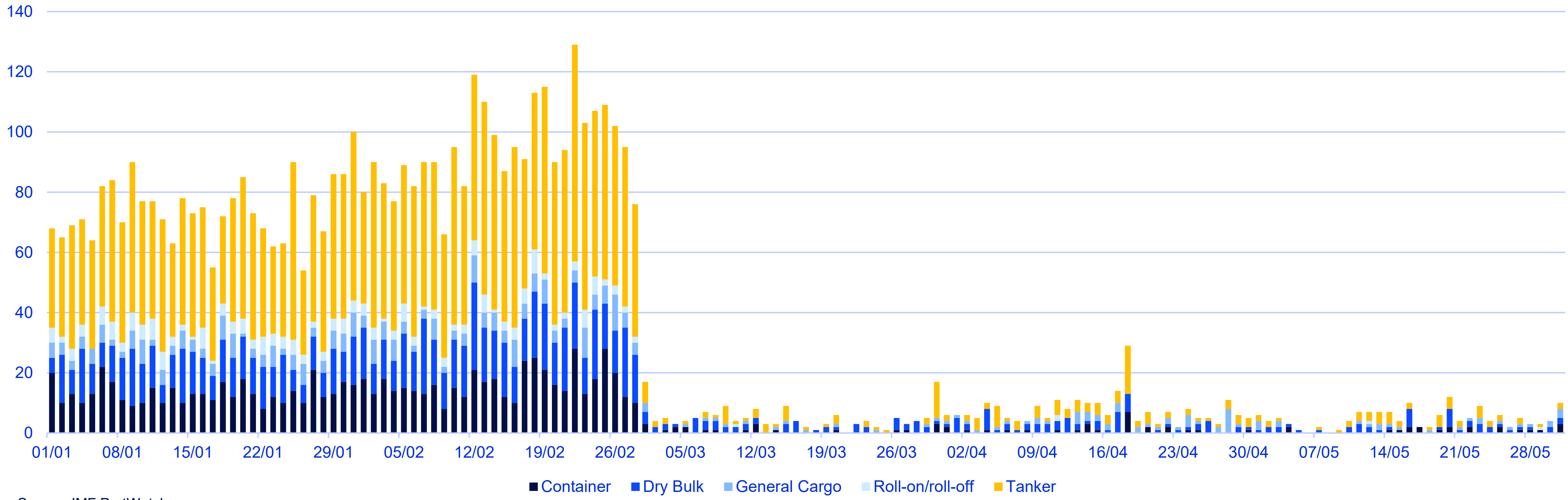
Scenarios

Resolution: transit recovery begins imminently

Baseline: marginal transit recovery without clear resolution in near term

Severe escalation: No resolution to shipping, with or without conflict resumption

Strait of Hormuz ship transits (January 1 – May 31)



Source: IMF PortWatch

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Insurance can be a key source of resilience for critical systems

Political Risk Insurance (PRI)

PRI provides protection following a breach of contract resulting from a foreign country discriminative action.

Named political perils include;
- Confiscation, Expropriation, Nationalisation,
- Political Violence and War
- Currency Inconvertibility, Exchange Transfer & Expropriation of Funds
- Force Divesture,
- Licence Cancellation
- Arbitration Award Default

Benefits of PRI are quantifiable and demonstrable impact on project IRR through S&P Global modelling

Credit Insurance

Non-payment Insurance (NPI)

NPI policies cover failure or refusal of a counterparty (private or sovereign) to pay an amount owing under a contract, for any reason.

- Tenors from spot trade to 15 years
- Applicable to counterparty risk in both developed and select emerging markets

Trade Credit Insurance (TCI)

TCI covers non-payment due to protracted default or insolvency across a portfolio of counterparts

- Tenors short term,12-24 months supporting revolving trade
- Cancellable and non-cancellable structures, subject to the policy excess.

Surety Bonds & Guarantees

A Surety bond is a credit product that guarantees the obligations of one party (principal) to another party (beneficiary).

- Tenors up to 5 years, on-demand or conditional instruments.
- Competitive alternative to Letters of Credit (LOCs), cash deposits, or other types of corporate guarantees that can support multiple performance obligations.

Political risk insurance does more than cover insured losses: it lowers country risk premiums, enabling investment to go forward on more favorable terms

	Base			Post-PRI			Change		
	Ghana	Indonesia	Brazil	Ghana	Indonesia	Brazil	Ghana	Indonesia	Brazil
Country risk premium	6.30%	1.84%	2.91%	2.23%	1.05%	1.41%	-4.07%	-0.79%	-1.50%
Moody's rating	B3	Baa2	Ba2	Baa2	A3	A3	7	2	5
S&P rating	B-	BBB	BB	BBB	A-	A-	7	2	5
NPV adjusted for country risk	-89.2	83.4	25.5	80	113.9	101.5	169.2	30.4	75.9
IRR adjusted for country risk	2.44%	6.05%	7.44%	7.02%	7.84%	8.34%	4.58%	1.80%	0.89%

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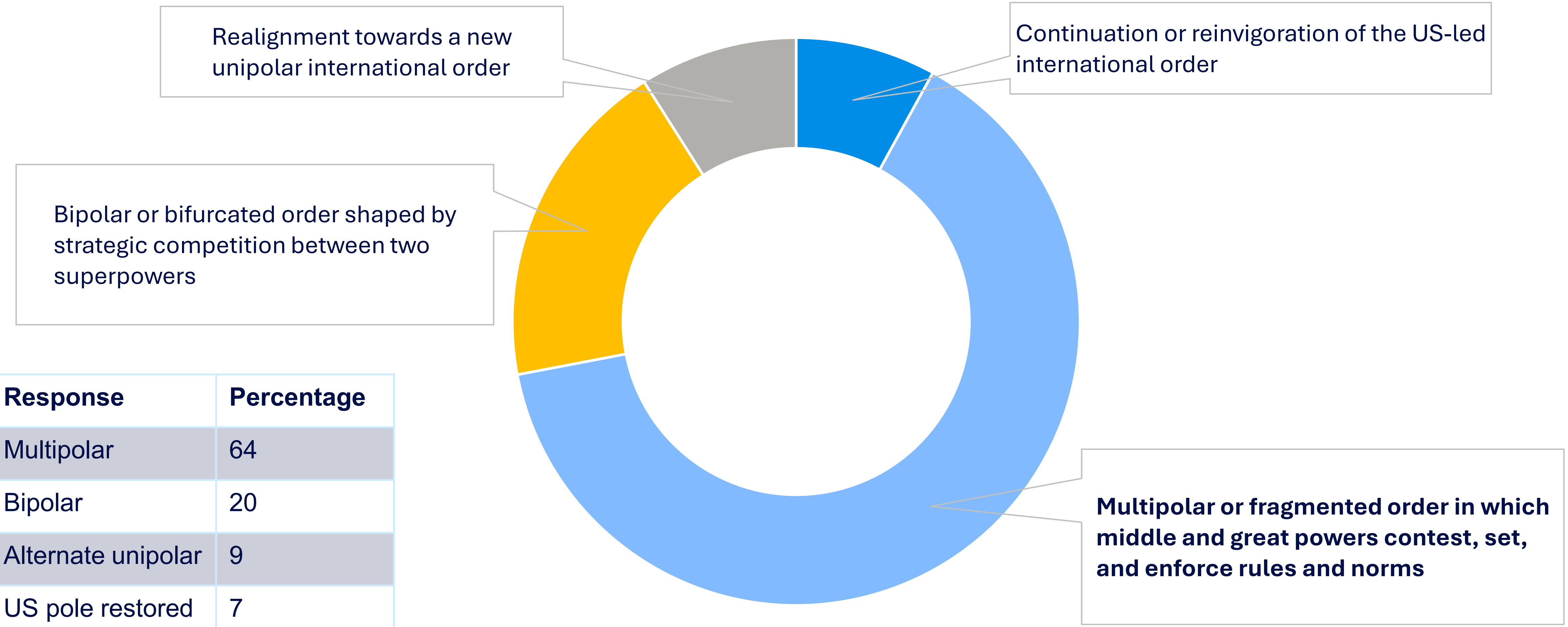
Source: S&P Global

Long-term: leaders now expect the world to change

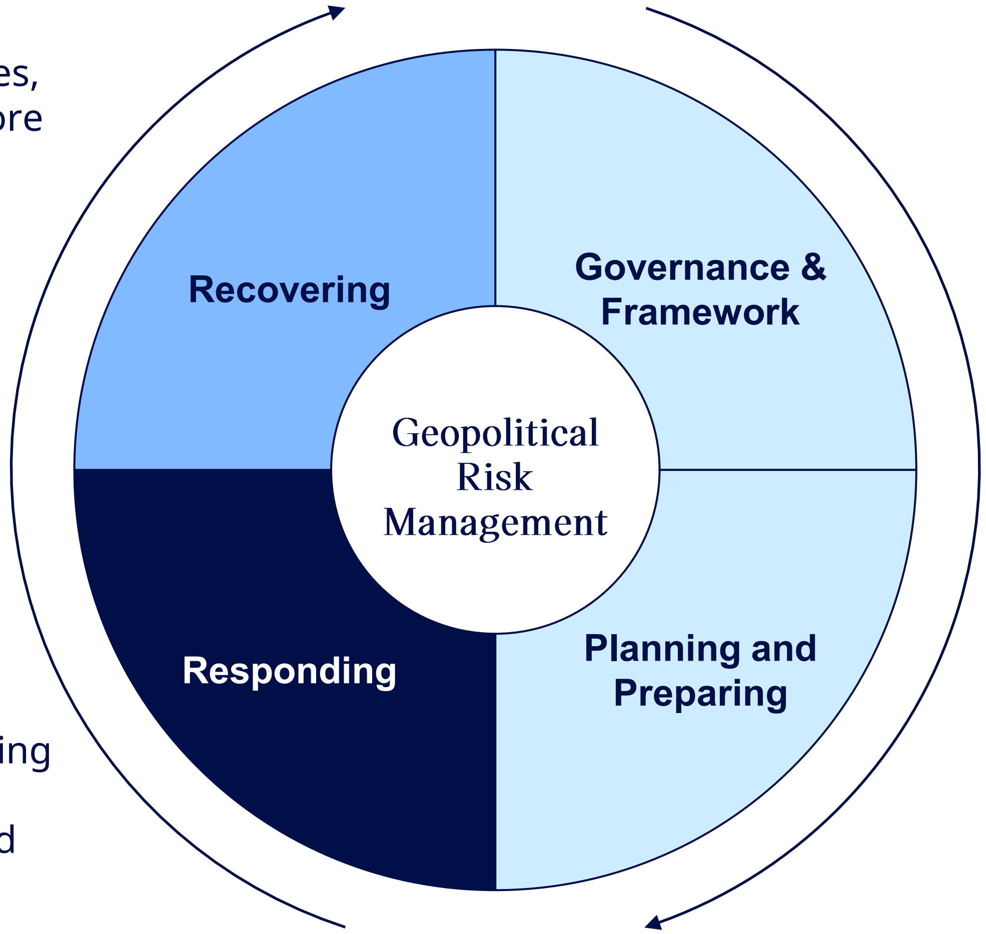
Question: Which best characterizes the political environment in 10 years?



Response	Percentage
Multipolar	64
Bipolar	20
Alternate unipolar	9
US pole restored	7

Source: WEF global risk perception survey

Core components of a geopolitical risk management framework



Recovery

Help organizations quantify losses, improve recoverability, and restore resilience following a disruptive event.

Governance and framework

Establish the governance, decision thresholds, and risk architecture needed to manage geopolitical disruption in a structured and timely way.

Responding

Support organizations in protecting people, sustaining critical operations, and making informed decisions as disruption unfolds.

Planning and Preparing

Assess exposure and put in place the scenarios, plans, and readiness measures needed to manage severe but plausible disruption before it occurs.

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We are leaders in risk, strategy and people. One company, with four global businesses, united by a shared purpose to build the confidence to thrive through the power of perspective.