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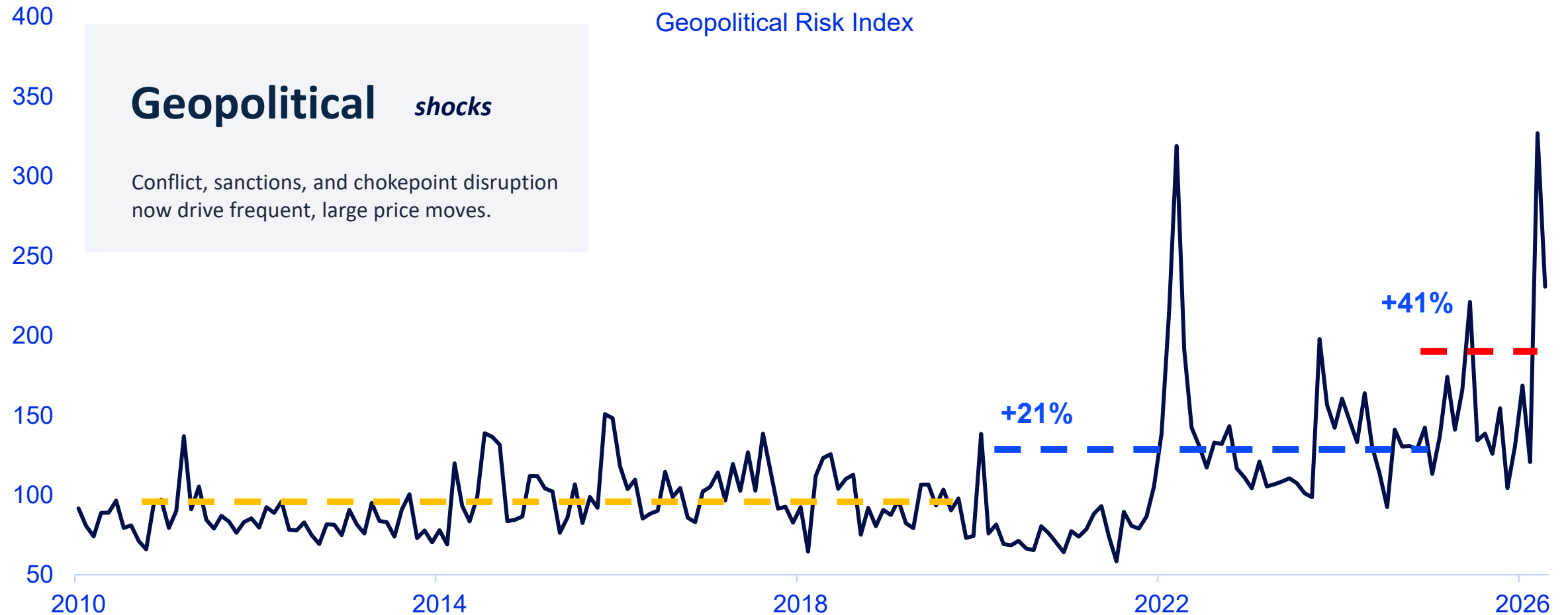
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Cambridge Risk Symposium

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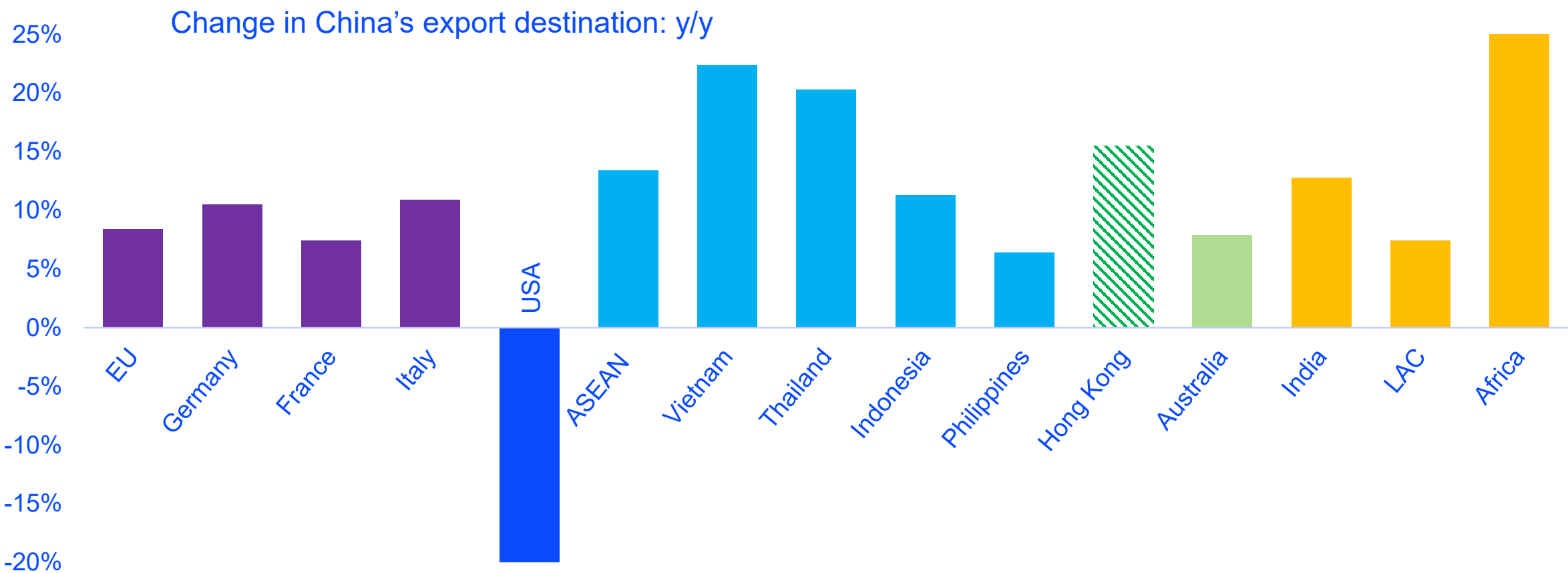
Geopolitics reshaping the world



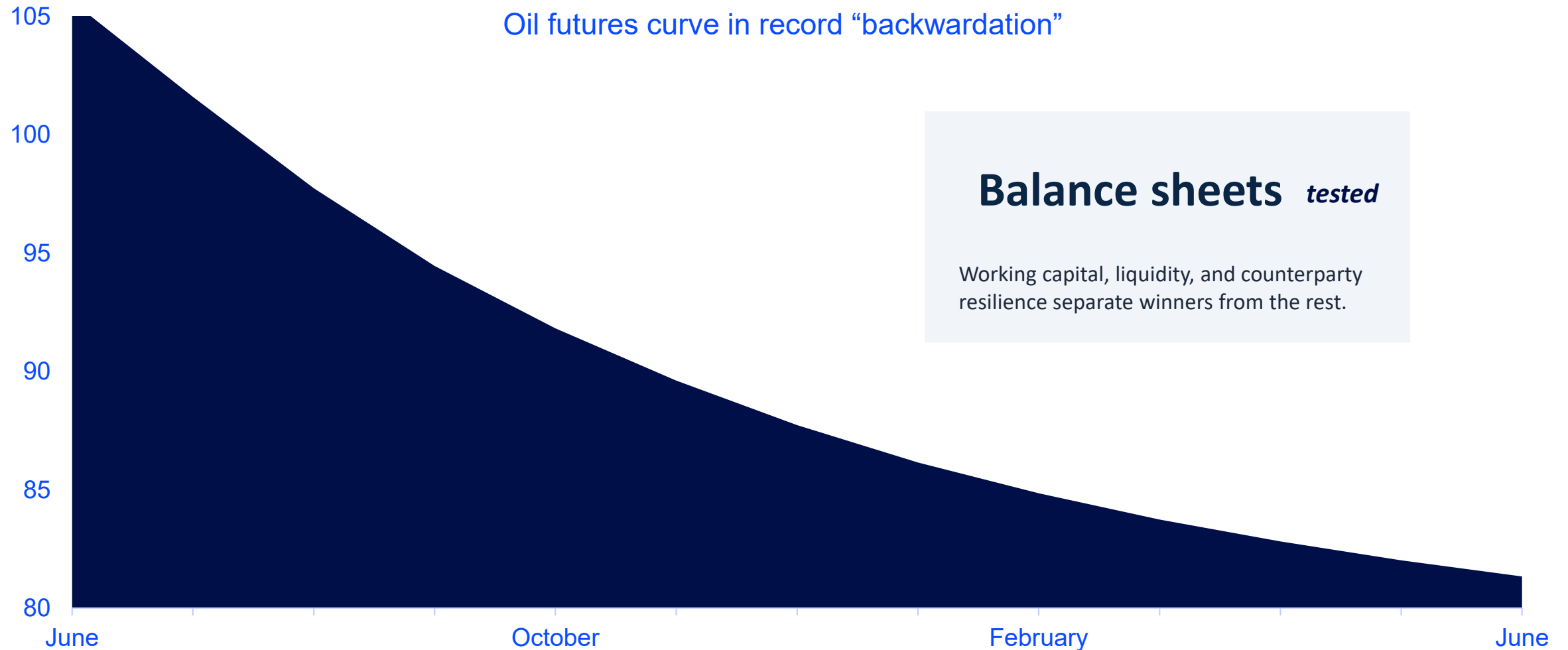
Geopolitics reshaping the world

Trade flows *rewired*

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



Geopolitics reshaping the world



US-Israel-Iran conflict

Scenarios



Resolution: transit recovery begins imminently

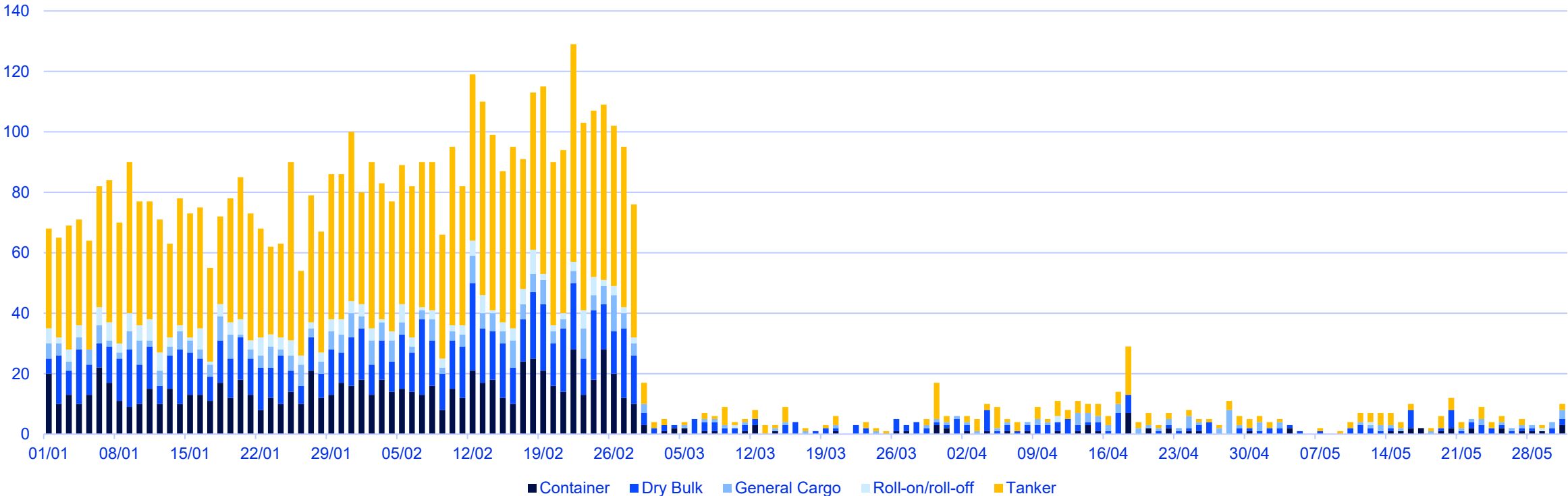


Baseline: marginal transit recovery without clear resolution in near term



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

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



Source: IMF PortWatch

Insurance can be a key source of resilience for critical systems

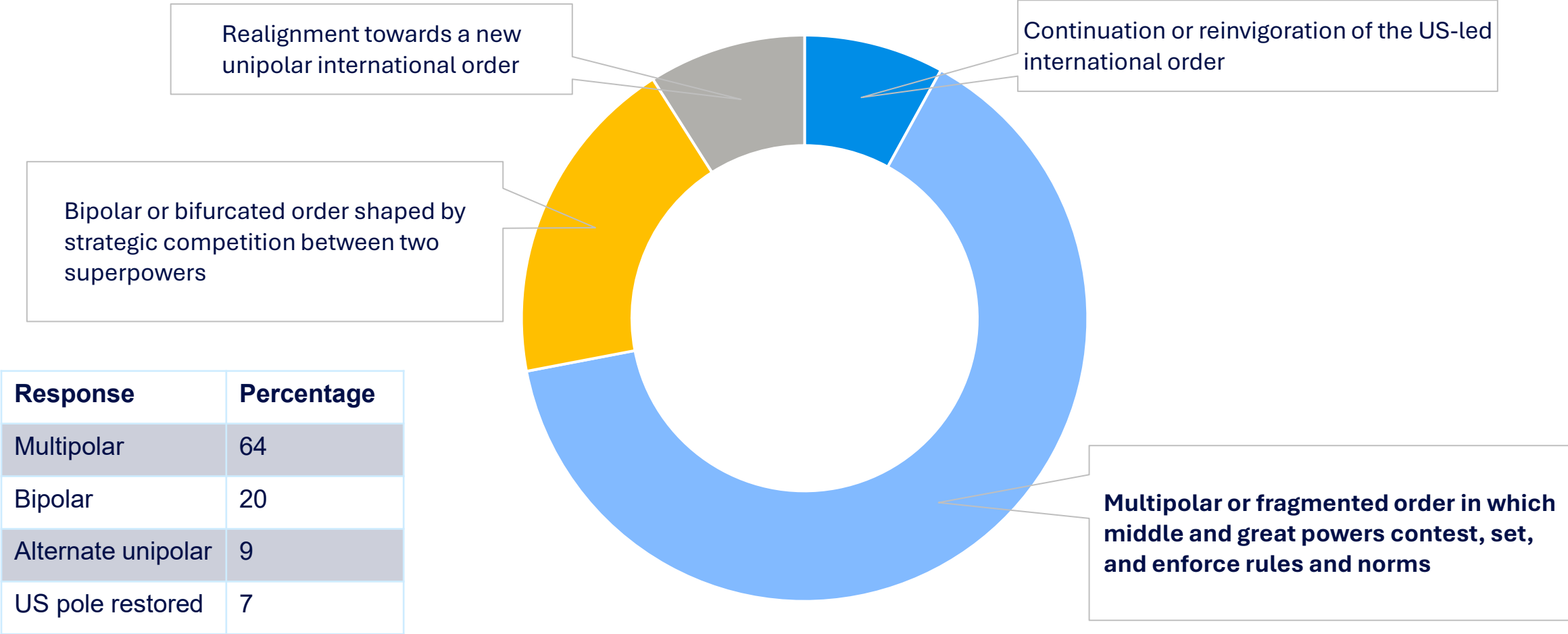
Political Risk Insurance (PRI)	Credit Insurance		Surety Bonds & Guarantees
PRI provides protection following a breach of contract resulting from a foreign country discriminative action. Named political perils include; • Confiscation, Expropriation, Nationalisation, • Political Violence and War • Currency 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	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.	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%

Long-term: leaders now expect the world to change

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



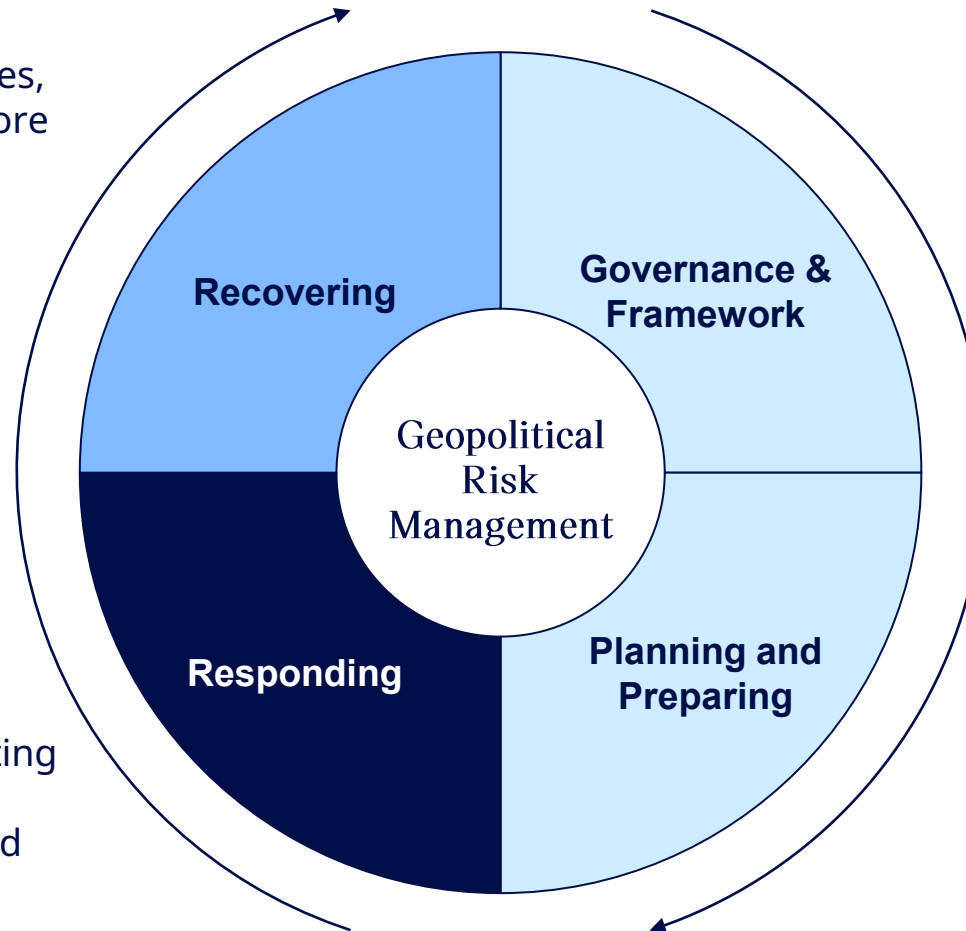
Core components of a geopolitical risk management framework

Recovery

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

Responding

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



Governance and framework

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

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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