Convene 200 Aldersgate, St. Paul's - London

AM Best's Europe Insurance Market Briefing - London



05 November 2026

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Vasilis Katsipis
Acting Managing Director,
Market Development, EMEA

05 November 2026

Our 2026 EMEA Insurance Market Briefings

3 & 4 March



Germany – Cologne, Munich

10 March



France – Paris

AM Best Hosted Events:
Learn more about the events we organise throughout the year, and find out how to participate

17 June



Italy – Milan

6 September



Reinsurance – Monte Carlo

5 November



Europe – London

Agenda – Insurance Market Briefing

10:00 Welcome and Introductory Comments
Vasilis Katsipis, Acting Managing Director, Market Development, EMEA

10:10 EMEA Market Overview
Greg Carter, Managing Director, Analytics, EMEA & AP

10:30 Thematic Session: Economic and Geopolitical Outlook
Ann Modica, Director, Credit Rating Criteria Research & Analytics

11:00 Keynote Presentation: Managing Geopolitical Risks in an Uncertain World
Rachel Turk, Chief of Market Performance, Lloyd's of London

11:45 

12:05 Thematic Session: Navigating the Landscape - What is on the Radar?
Mahesh Mistry, Head of Analytics, London
Dr Mathilde Jakobsen, Senior Director, Acting Head of Analytics, Amsterdam

12:35 Panel Discussion: Dynamics of Insurance Markets as Cross-Border Conflict Rises

Moderator:
David Benyon, Editor & Host of The Political Risk Podcast

Panellists:
- *Neil Beresford, Partner, Clyde & Co LLP*
- *James Watt, CVO, The Ambassador Partnership LLP*
- *Kevin Kajiwara, Global Chair, Political Risk Advisory, Teneo*
- *Babak Tavassolie, Head Analyst, Political & Credit Risk, SCOR Business Solutions*
- *Valeria Ermakova, Associate Director, Credit Rating Criteria Research & Analytics, AM Best*

13:30 Networking Lunch

Agenda – Insurance Market Briefing

14:30 Thematic Session: Impact of Geopolitical Uncertainty on Underwriting
Jessica Botelho-Young, Director, Analytics, London
Morgane Hillebrandt, Associate Director, Analytics, Amsterdam

15:00 Thematic Session: Consequential Impact on Emerging Markets
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15:15 Thematic Session: Methodology Considerations in the Wake of Geopolitical Fall-Outs
Eli Sanchez, Director, Analytics, Amsterdam
Tim Prince, Director, Analytics, London
Kanika Thukral, Associate Director, Analytics, London

15:45 Closing Comments
Vasilis Katsipis, Acting Managing Director, Market Development, EMEA

Q&A Sessions

Use the QR code to submit questions to our speakers and provide feedback on our sessions



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Disclaimer

US Securities Laws explicitly prohibit the issuance or maintenance of a credit rating where a person involved in the sales or marketing of a product or service of the CRA also participates in determining or monitoring the credit rating, or developing or approving procedures or methodologies used for determining the credit rating.

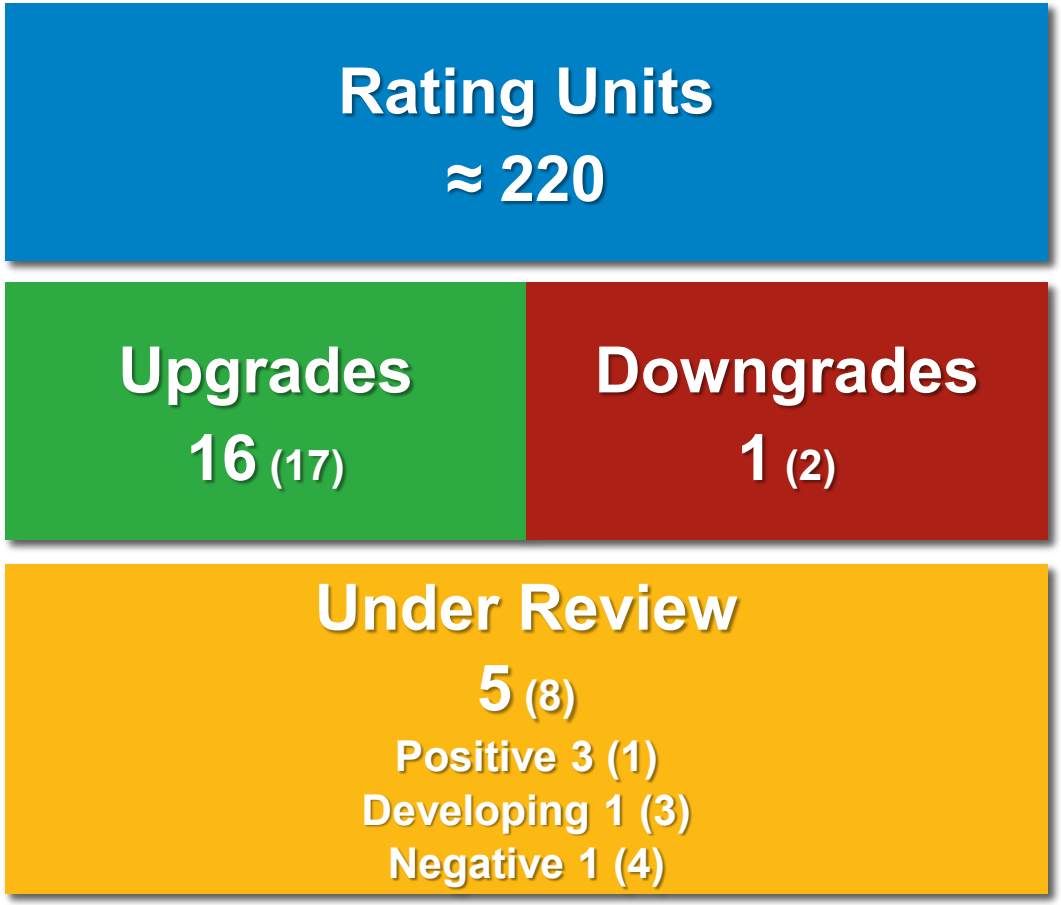
No part of this presentation amounts to sales / marketing activity and AM Best's Rating Division employees are prohibited from participating in commercial discussions.

Any queries of a commercial nature should be directed to AM Best's Market Development function.

EMEA Market Overview
Update on Credit Rating Activity & Outlooks

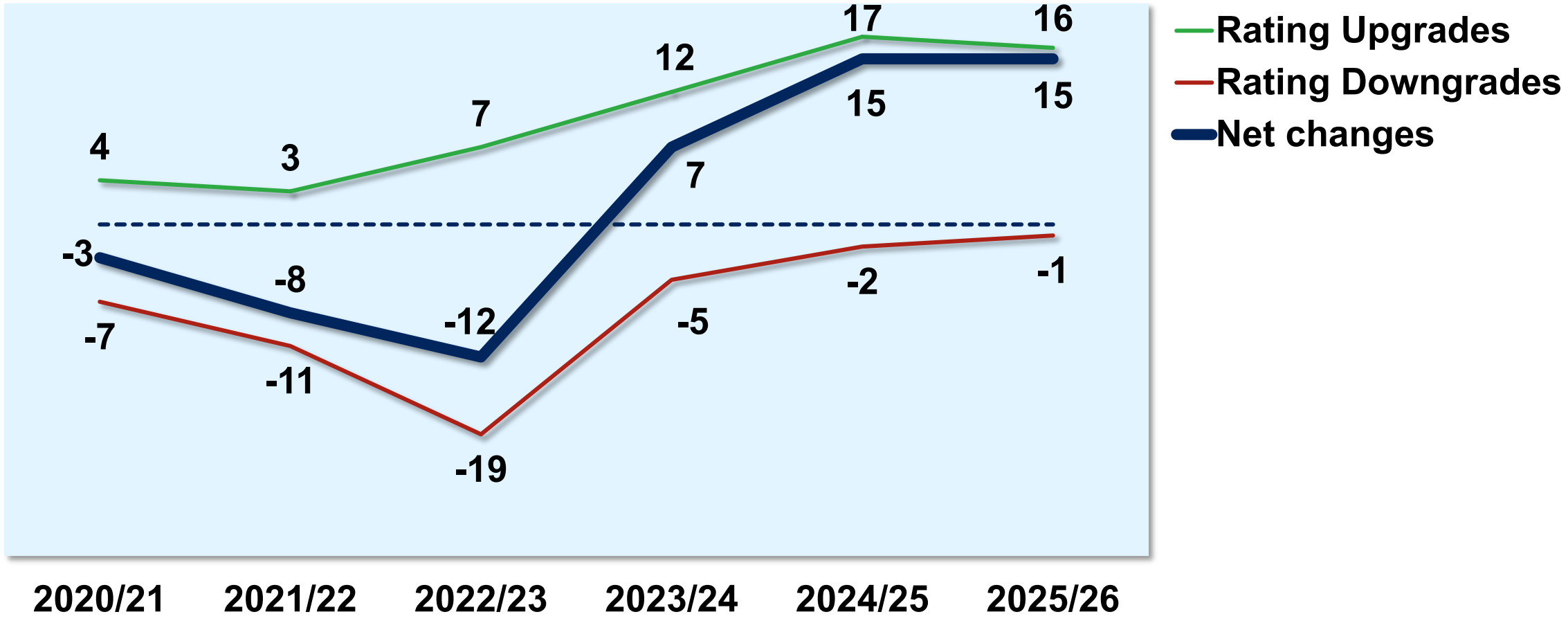
Greg Carter
Managing Director, Analytics, EMEA & Asia Pacific

Rating Actions



Note: Published rating actions 1 October 2025 to 30 September 2026. 2024/25 numbers in brackets.

Trend – Rating Movements



1 October to 30 September

Credit Drivers – Causes of Rating Actions 2025/26

Changes in Balance Sheet Strength
6 Upgrades, 1 Downgrade

Operating Performance
1 Upgrade

Business Profile
None

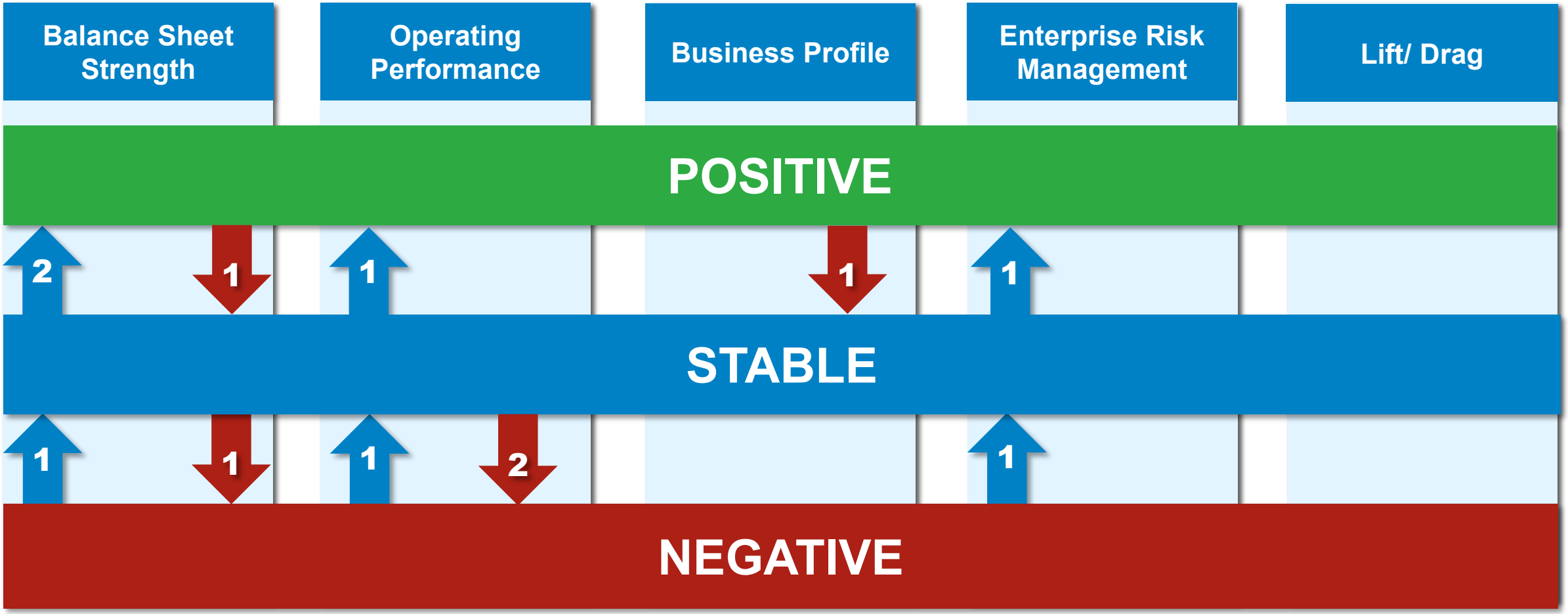
Enterprise Risk Management
None

Changes to Lift/Drag
9 Upgrades

Outlook Changes

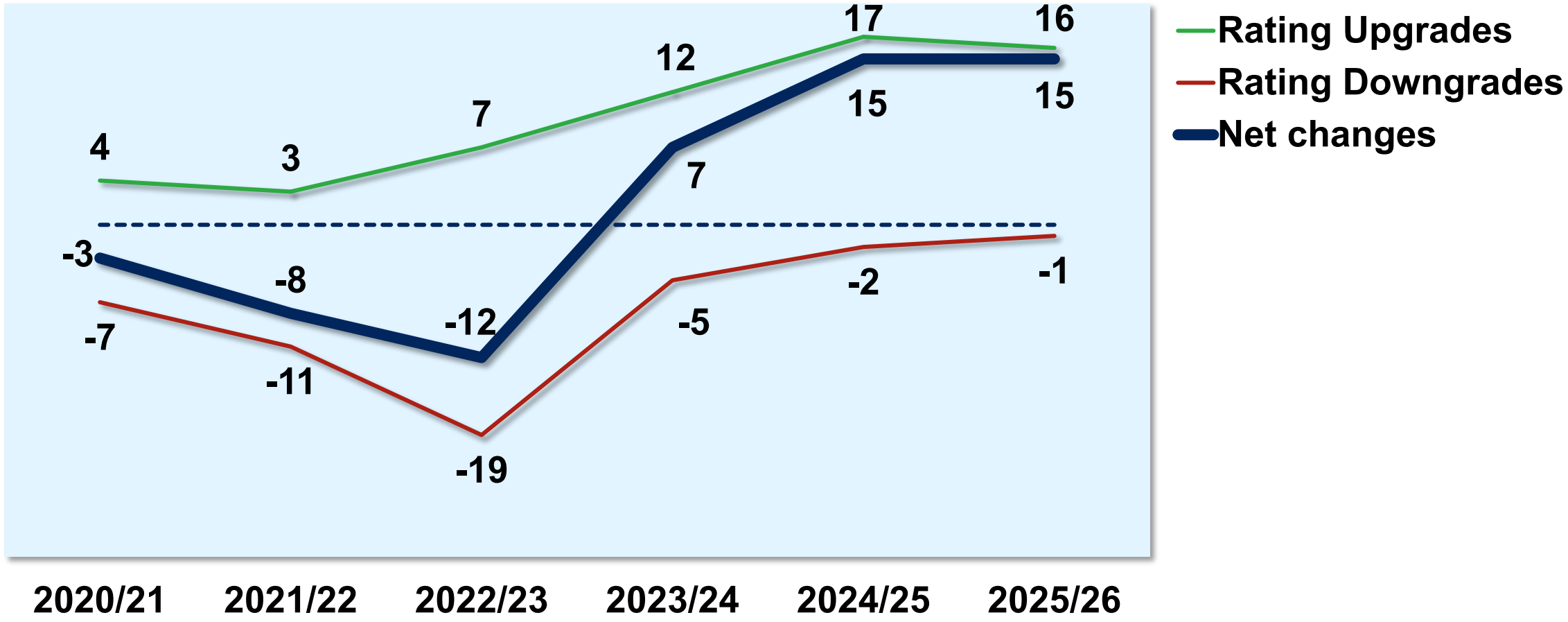


Drivers of Outlook Changes



1 October 2025 to 30 September 2026

Trend – Rating Movements



1 October to 30 September

What's Driving the Credit Cycle/Rating Cycle?



Key Takeaways – November 2025

AI/Cyber/Technology

Higher (highest?) priority in the shorter term

Climate change

Will continue to dominate the risk landscape longer term

Geopolitics

Impacts on inflation and growth are current wildcards

Key Takeaways – November 2026

Geopolitics
Impacts on inflation, interest rates and growth

Reinsurance market
Will discipline hold or are we looking at rapidly softening market?

AI/Cyber/Technology
High priority in the shorter term

Q&A

Greg Carter
Managing Director, Analytics, EMEA & Asia Pacific

Use the QR code to submit questions to our speakers

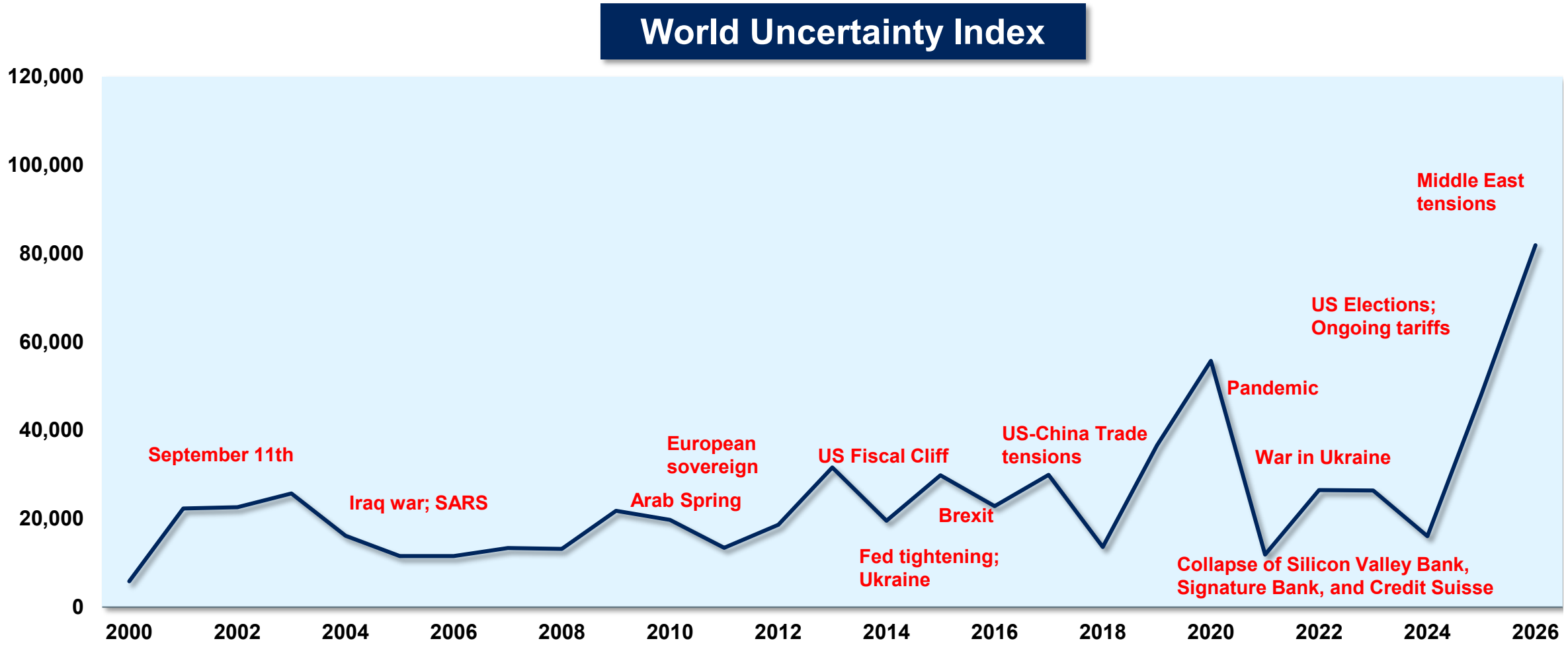
Economic and Geopolitical Outlook

Ann Modica
Director, Credit Rating Criteria Research & Analytics

Agenda


Current Geopolitical Risks
01
Three Eras of Global Order
Cold War, US-led World Order & Geoeconomics
02
Example of Geoeconomics in Action
Currency, Trade
03

Higher Uncertainty is Becoming the New Normal



Economics Has Become a Tool of Geopolitical Competition

World powers move to block some Russian banks from global SWIFT transaction system

Venezuela wants its gold back from Bank of England

Emerging economies are pushing to end the dollar's dominance. But what's the alternative?

U.S. Plans to Deploy More Missile Systems in the Philippines, Challenging China

Russia attacks Ukraine as defiant Putin warns US, NATO

UK votes to leave EU after dramatic night divides nation

The dollar remains the West's ace in the hole

Iran war is the greatest threat to global energy 'in history', warns IEA

Tit-for-Tat Sanctions

U.S. cuts off Russian central bank

China hits back at US tariffs with export controls on key rare earths

How the U.S. Stumbled Into Using Chips as a Weapon Against China

Export restrictions on semiconductors and other cutting-edge tech have become an important foreign-policy tool, but the long-term consequences could be dangerous for America and the world.

Dutch central bank moves gold bars out of New York over 'geopolitical unrest'

If Russian Currency Reserves Aren't Really Money, the World Is in for a Shock

Sanctions have shown that currency reserves accumulated by central banks can be taken away. With China taking note, this may reshape geopolitics, economic management and even the international role of the U.S. dollar.

The battle to secure economically critical metals

A 'new Cold War'?: How the US-China trade dispute is deepening

Shifts in the Global Order

Three Eras of Global Order

	Cold War Order 1945-1991	US Led Global Order 1991- Late 2010's	Emerging Geoeconomic Order Present
Structure of System	Bipolar	Unipolar/US led	Multipolar and fragmented
Main Competition	US v. Soviet Union	Limited great-power rivalry/US dominant	US and China at centre; EU, Russia, India and others increasingly relevant
Nature of Competition	Ideological and military	Economic integration and competition within a common system	Economic, technological, financial and geopolitical competition simultaneously
Primary Objective	Contain rival bloc and expand ideological influence	Expand markets, trade and the rules-based international system	Reduce vulnerabilities, protect strategic industries and gain leverage

Economics as a Tool of Power

	Cold War Order 1945-1991	US Led Global Order 1991- Late 2010's	Emerging Geoeconomic Order Present
Trade Policy	Trade concentrated among allies	Liberalization, WTO expansion, global supply chains	Tariffs, export controls, subsidies, sanctions
Supply Chains	Largely organized within political blocs	Globalized around efficiency and lowest cost	Organized around resilience, security and trusted partners
Technology	Military and technological race	Technology increasingly globalized and commercially driven	Technology becomes a central arena of strategic competition
Finance	Competing economic ideology/limited cross-bloc financial integration	USD-centered global financial integration expands	Finance increasingly used as geopolitical leverage; asset freezes and payment restrictions

Power Flows Through Strategic Dependencies





Source: AI generated images

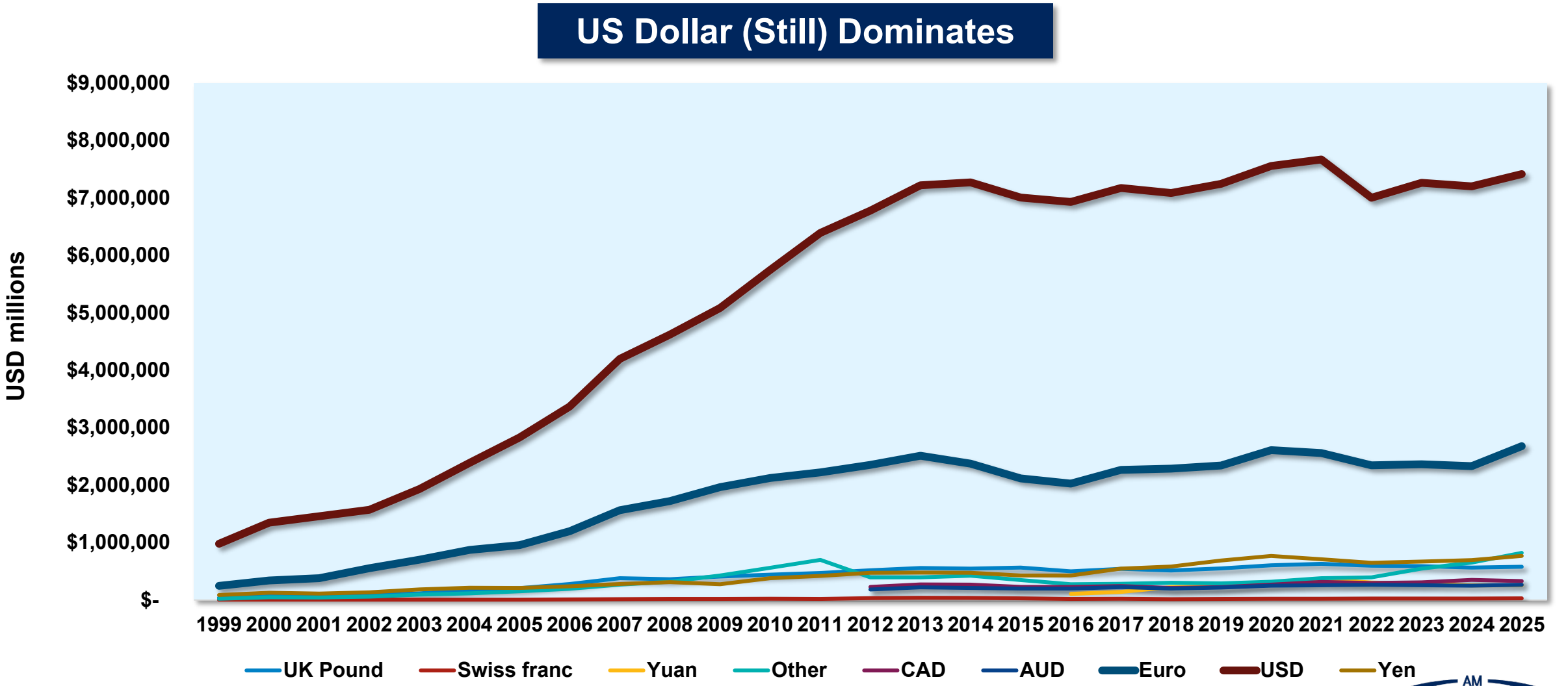
Geoeconomics in Action: From Theory to Reality

Currency as Power

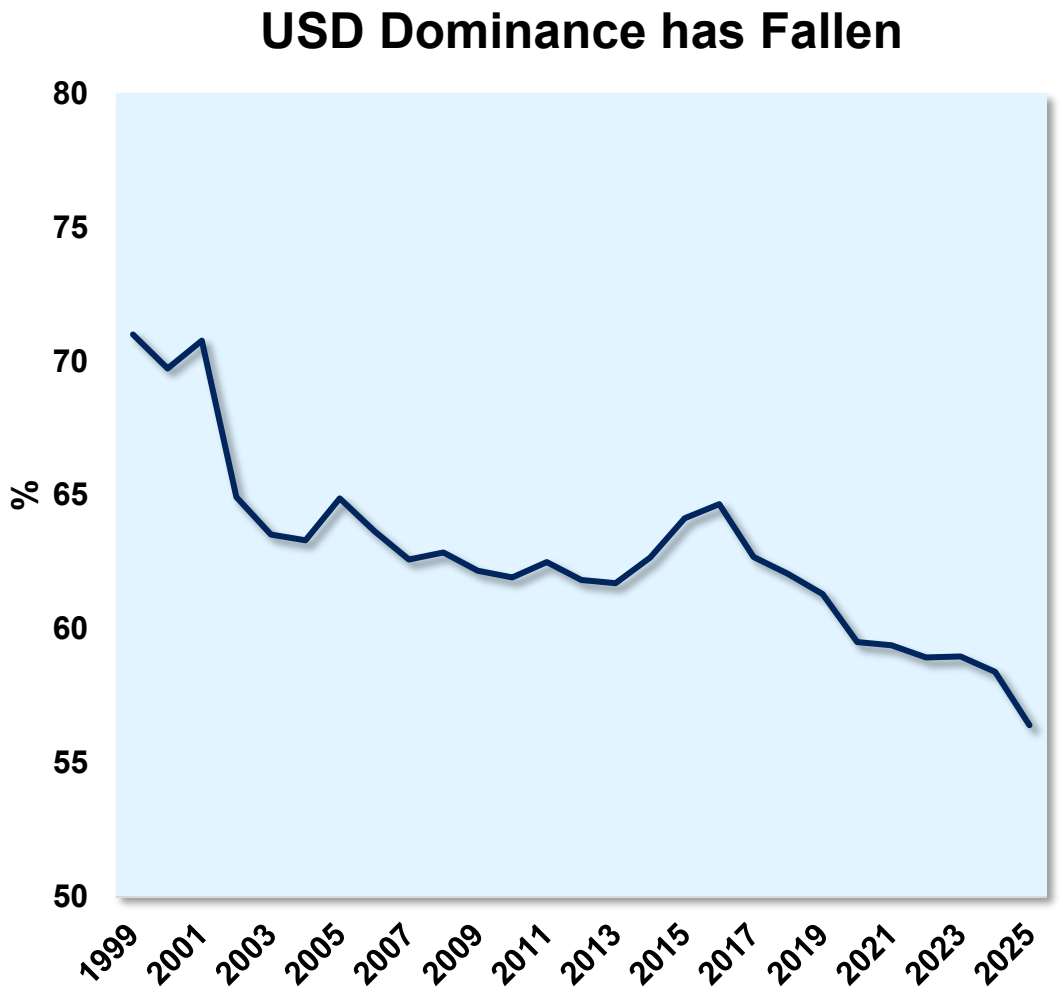


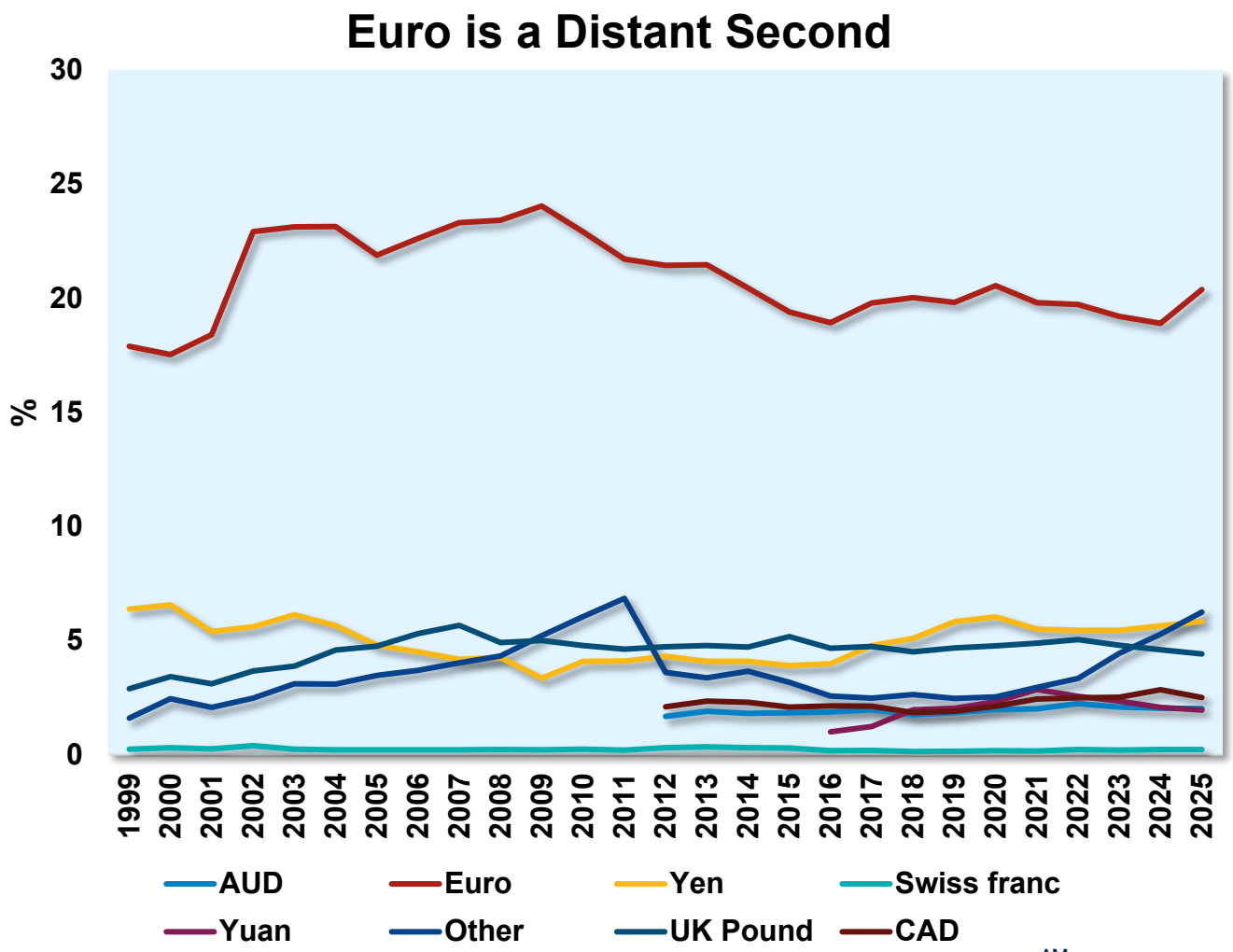
Source: Standford University Institute for Economic Policy Research

Currency Composition of International Reserves



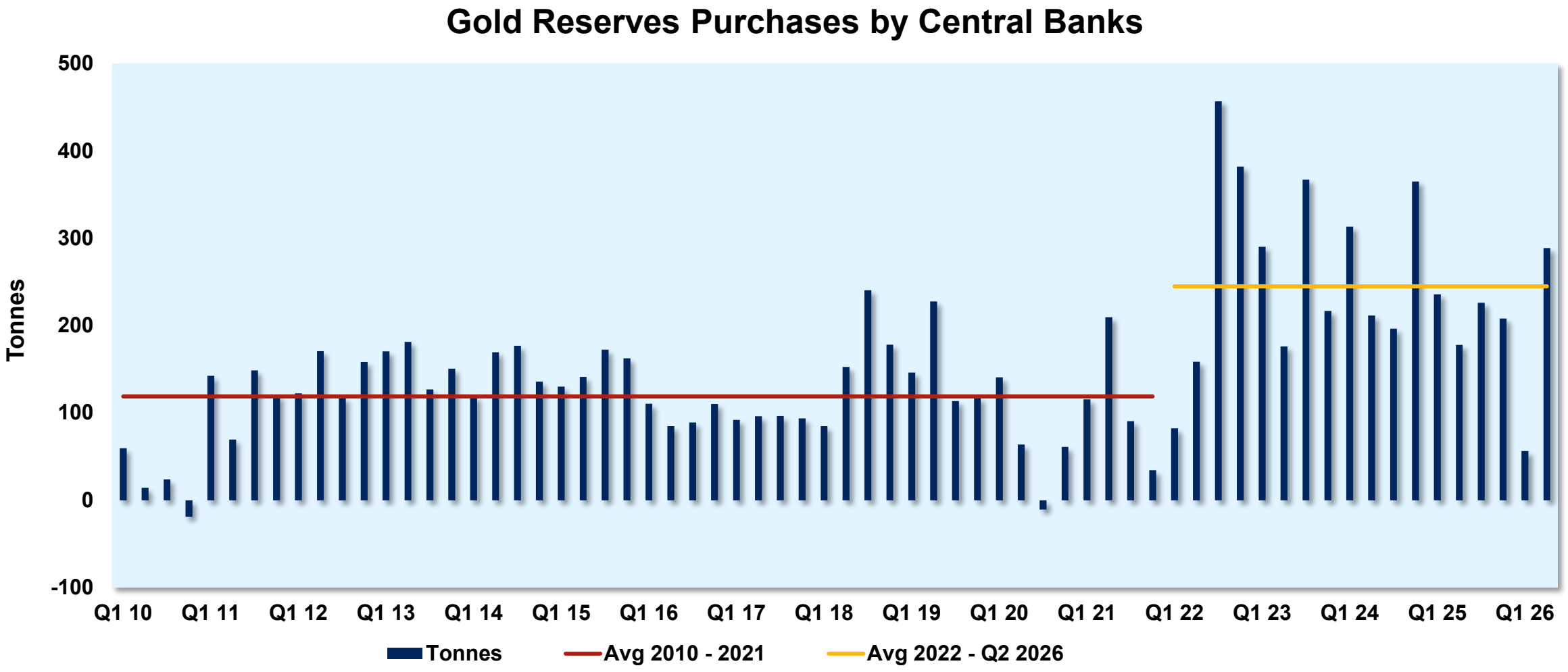
USD Dominance Remains/Diversification is Increasing





Add Notes and Sources Here

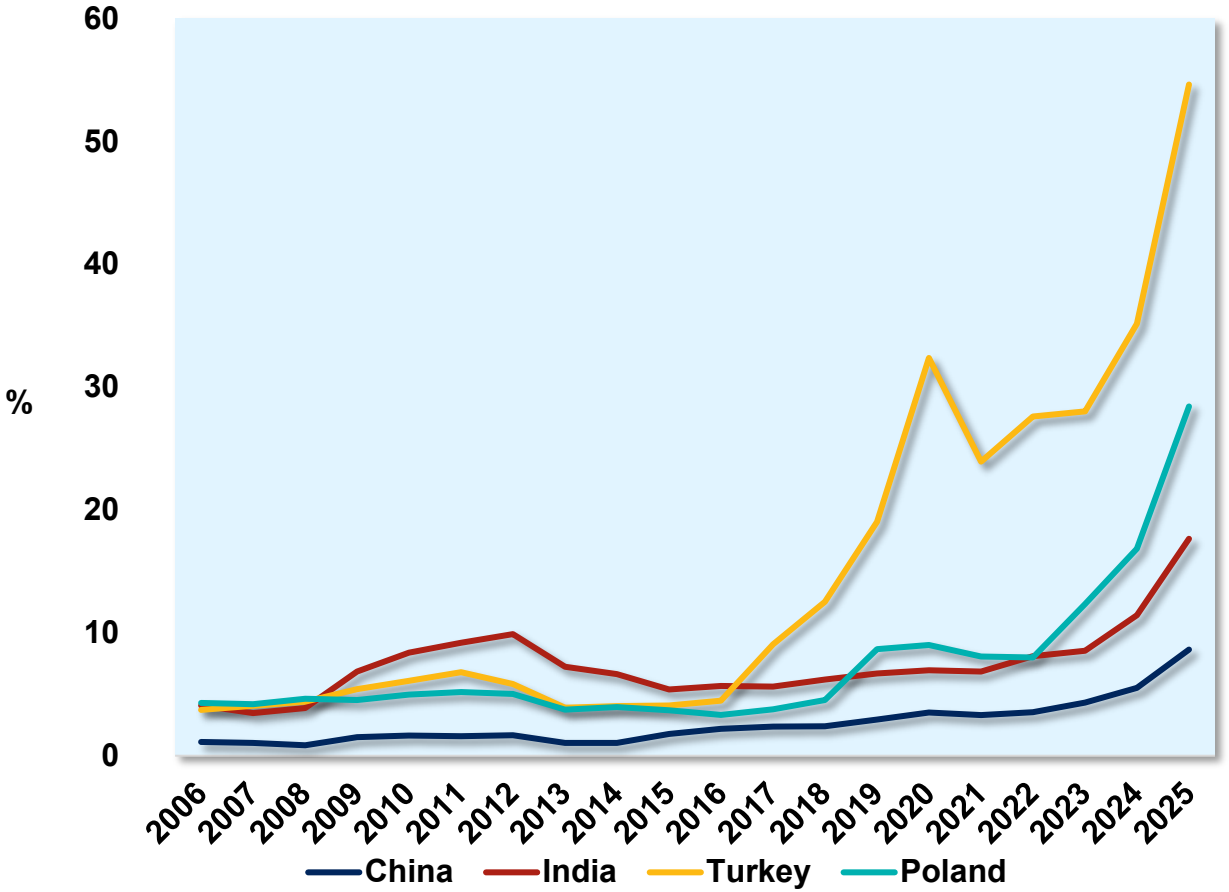
Geopolitical Risk is Driving Gold Demand



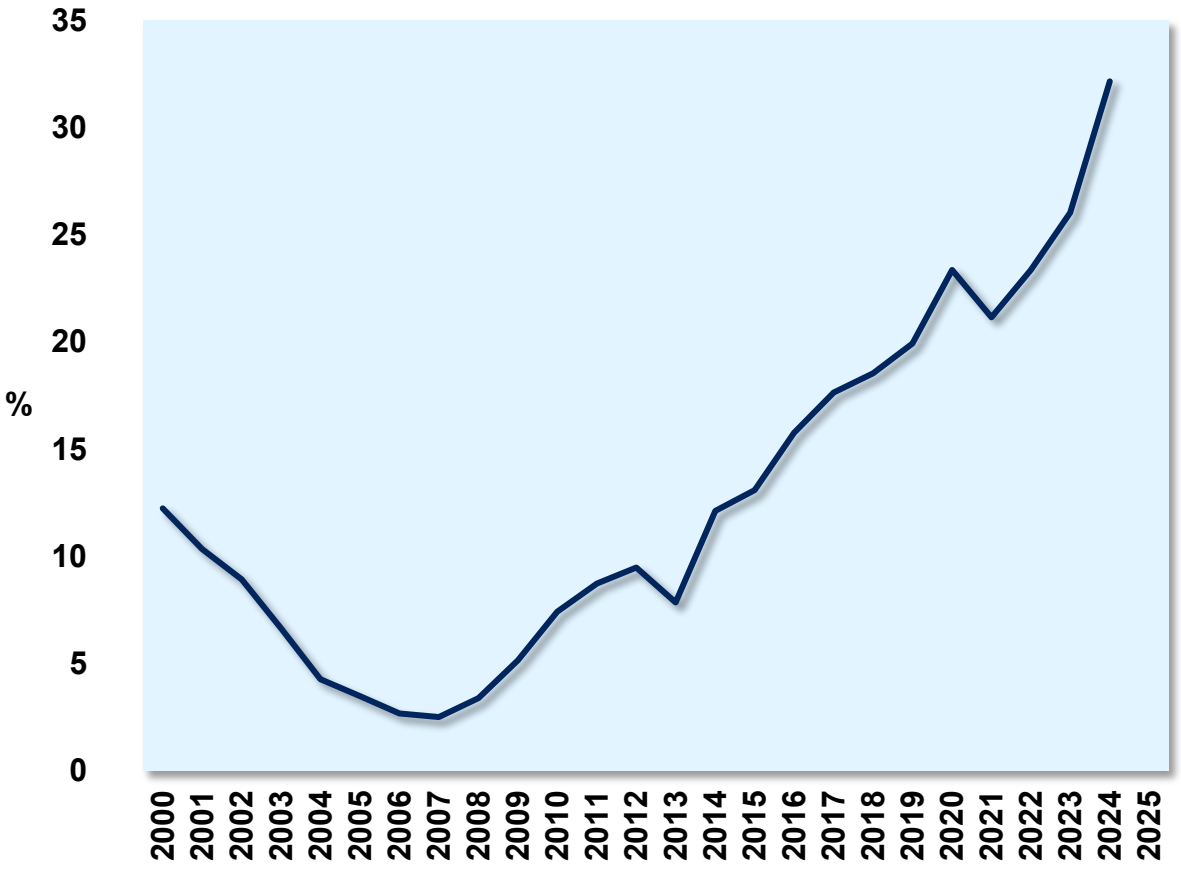
Add Notes and Sources Here

Some Countries are Rapidly Increasing Gold Allocations

Countries with Greatest Gold Accumulation



Russia's Gold Accumulation Sky Rockets



Add Notes and Sources Here

Trade



Source: Shutterstock

Trade is Increasingly Organized Around Strategic Alignment



US-China decoupling



Russia Trade Pivot After 2022



Rise of “Connector Countries”

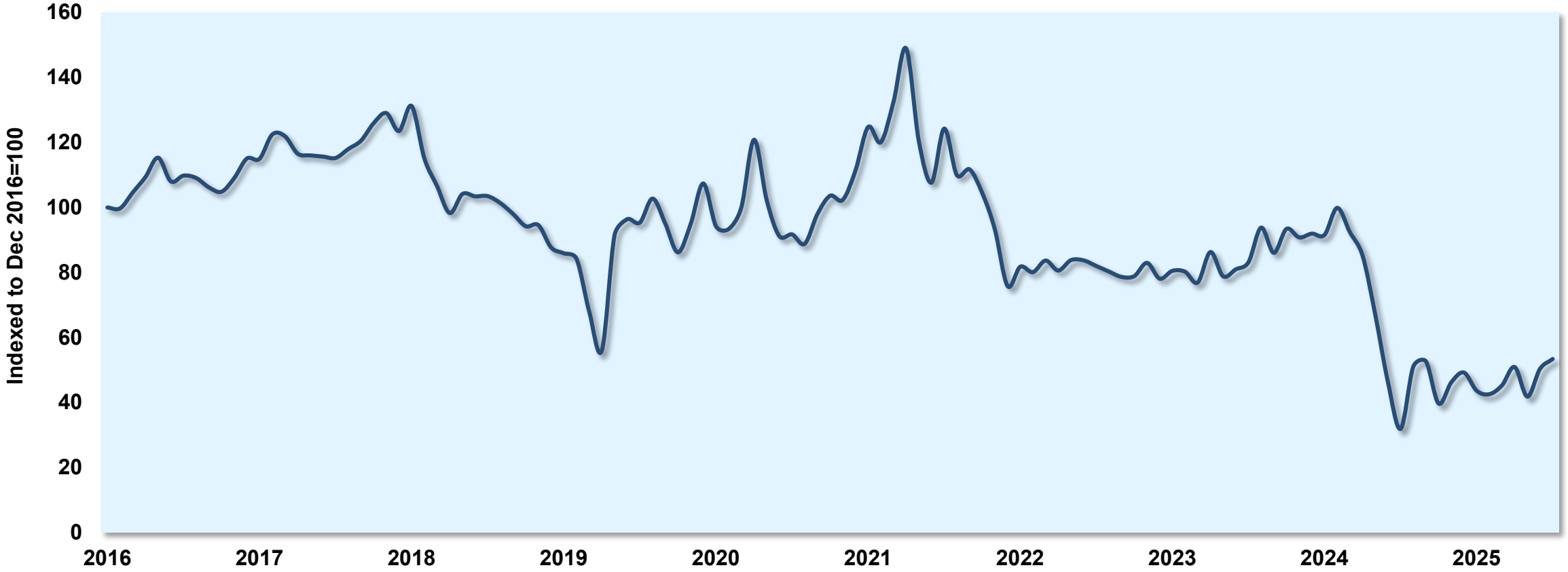


Greater Supply Chain Redundancy

Add Notes and Sources Here

US Trade Balance with China – Nearly Halved Since 2016

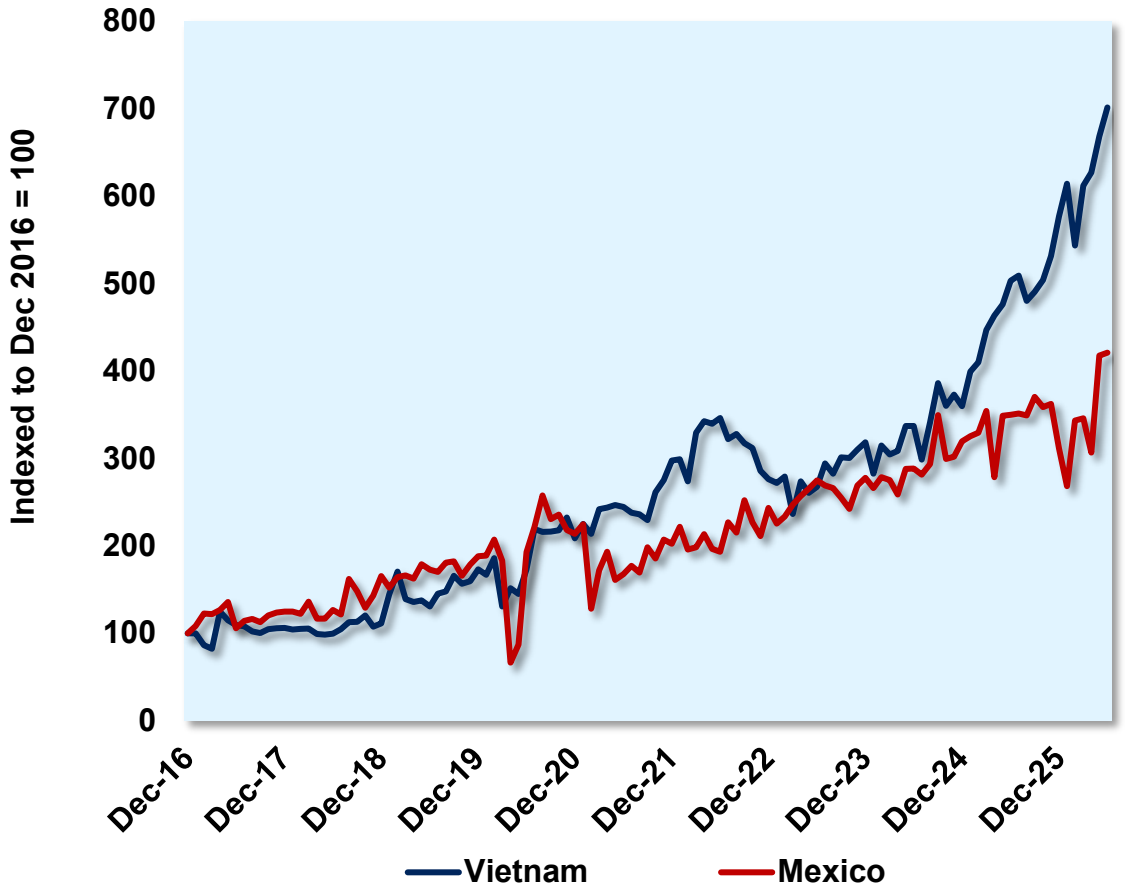
US-China Economic Integration Has Weakened



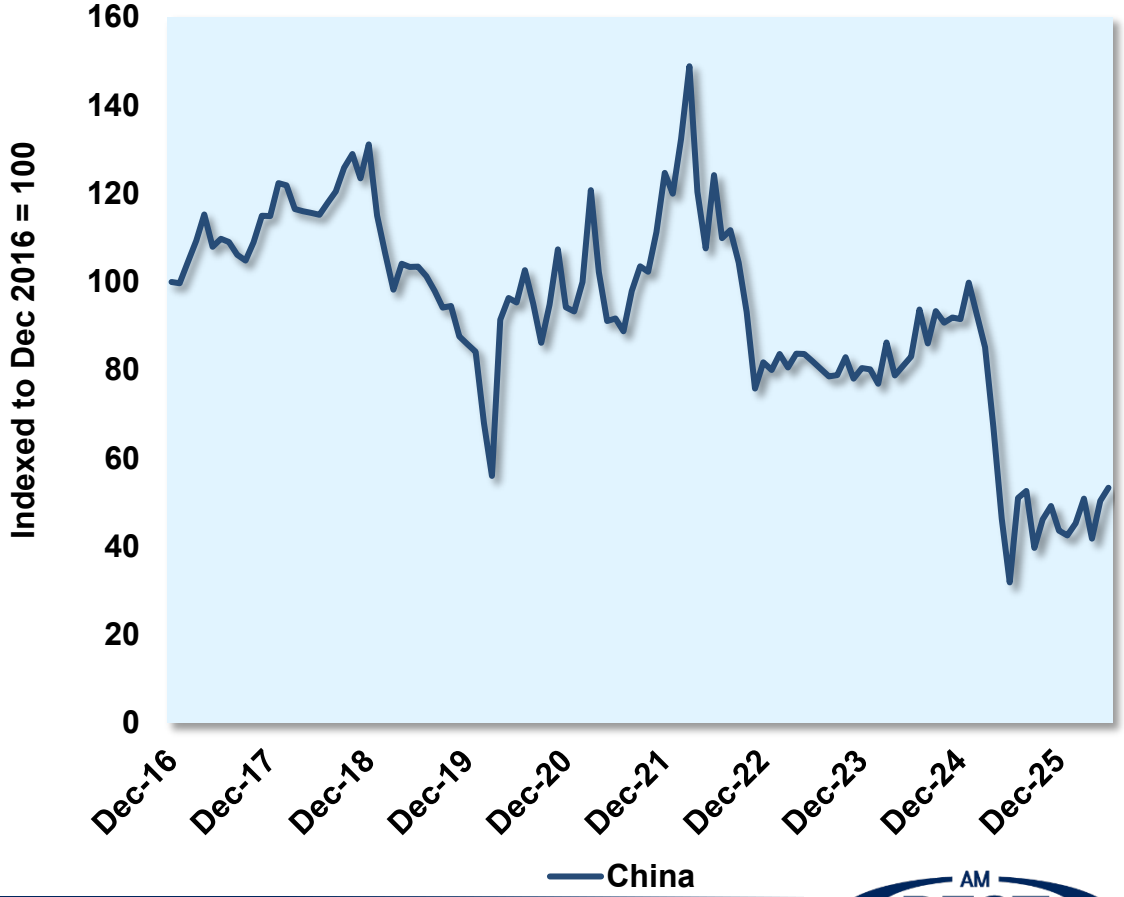
Index: December 2016=100

US Trade Partners are Shifting

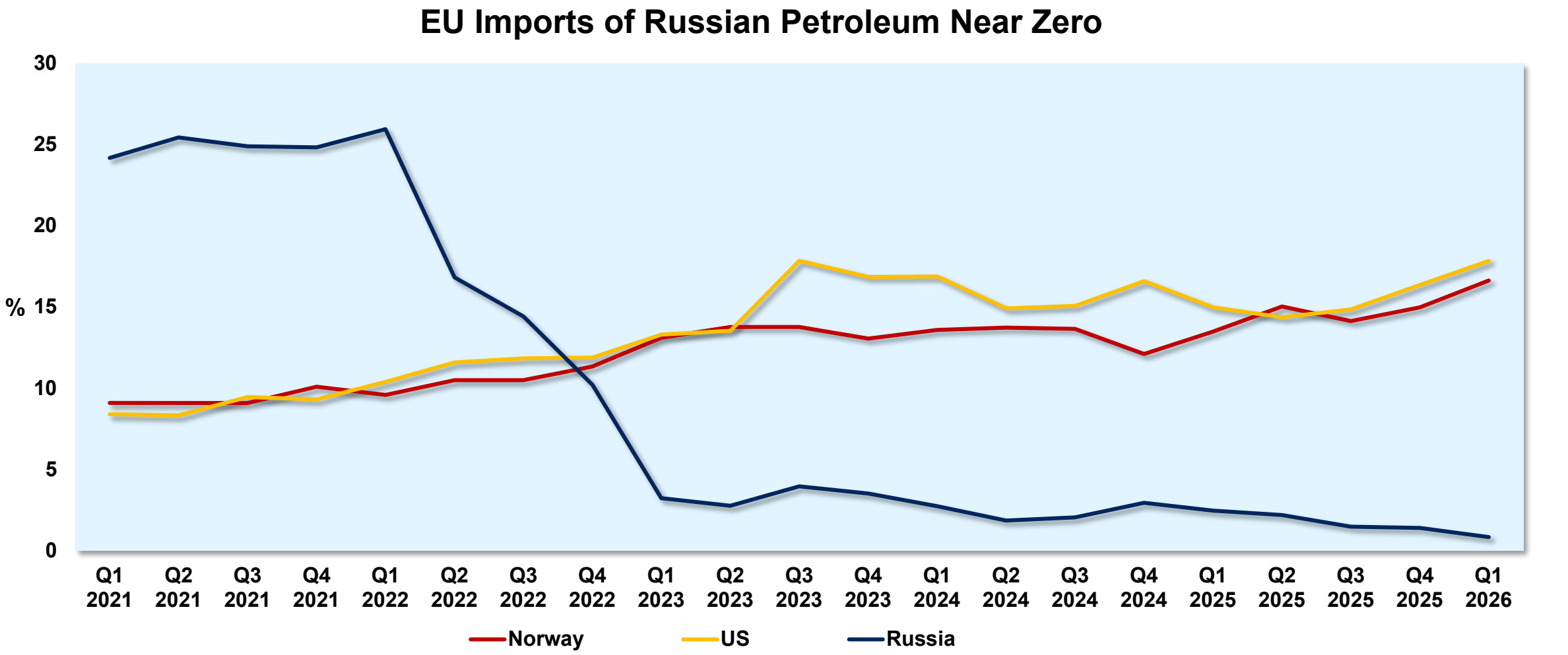
Imports Shift Towards Alternative Partners



Imports Shift Away from China



EU Imports of Petroleum from Russia



Sanctions Redirected Russian Oil Flows East

January 2021	% of Total Exports
Netherlands	23.2
China	13.1
South Korea	9.3
Finland	8.5
Poland	6.4
Sweden	5.5
Germany	5.3
Other (under 5%)	28.7

	Jan 2021 % of Total Exports	June 2023 % of Total Exports
India	3.0	43.2
China	13.1	32.1
Turkey	0.9	7.2
Saudi Arabia	0.0	6.4
Other (under 5%)	28.7	11.1

Add Notes and Sources Here

Conclusions

1

Geopolitical power is increasingly derived from controlling strategic dependencies

2



Countries are prioritizing resilience and security alongside efficiency

3



Trade, energy, finance and technology are increasingly becoming instruments of leverage

4



Globalization is evolving rather than disappearing

Taken together, these trends suggest the global landscape may become increasingly transactional and fluid, with countries pursuing issue-specific partnerships based on economic, security, and strategic interests.

Add Notes and Sources Here

Q&A

Ann Modica
Director, Credit Rating Criteria Research & Analytics

Use the QR code to submit questions to our speakers

LLOYD'S

Managing Geopolitical Risks in an Uncertain World

AM Best's European Insurance Market Briefing 2026

Rachel Turk
Chief of Performance and Strategy, Lloyd's

05 November 2026

LLOYD'S

Key themes

- Being risk aware, not risk off
- Coverage vs pricing
- Navigating changing market conditions
- Insurability
- Opportunities

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Lloyd's brings together the world's leading risk takers

1. **Access to data and information**
   A marketplace of c. $100bn specialty premium

2. **Decisions coming together**
   Aggregated view of over 56 different insurance entities

3. **Unique advantage and key strengths**
   Capital, brand, expertise, innovation, settlement, syndication and licenses

Uniquely positioned to be risk aware, not risk off

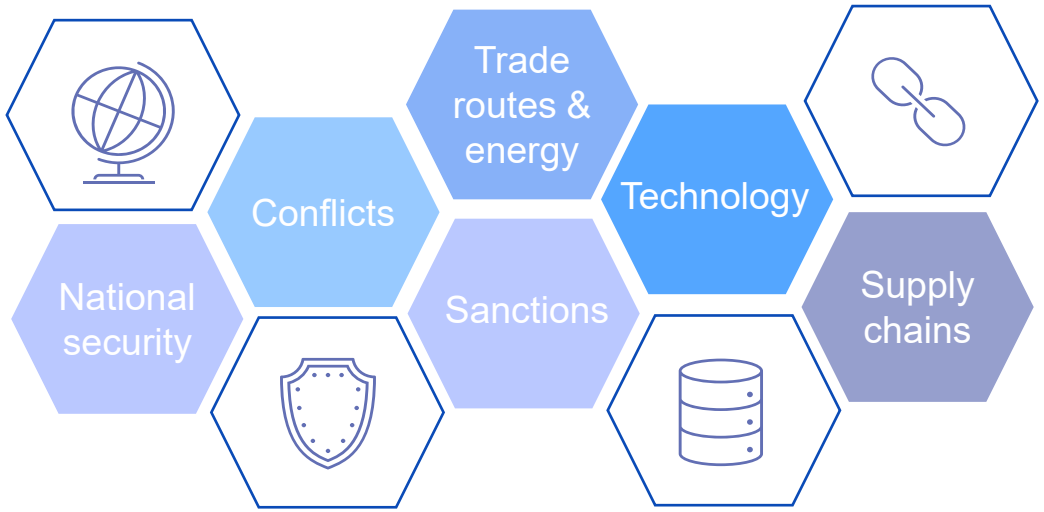


LLOYD'S

A more connected risk environment

The world is not simply more volatile –
it is more connected

Consequences move through portfolios in ways that are not always obvious



How geopolitical risk can travel



Conflict disrupts a shipping route

Supply chains and transport costs shift

Energy prices and inflation respond

Effects surface across distant portfolios

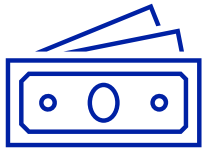
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Divergence in sanctions

Underwriters need to be geopolitically aware. They need to understand the **major political shifts** underway.

How might major political shifts impact:

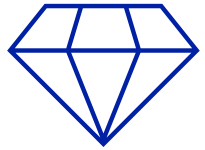
Pricing



Inflation



Asset value

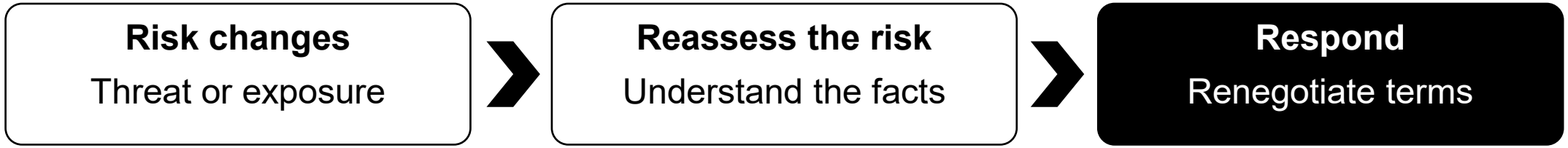


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Coverage and pricing

Responding when the underlying risk changes – 'Notice of Cancellation'



Pricing

Expensive does not equal unavailable

Greater uncertainty requires a higher pricing margin

Margins can come under pressure quickly

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Keeping insurance relevant to tomorrow's risks

We need to meet client demand where it is

- Supply chains
- Contingent Business interruption
- Intellectual Property
- Digital infrastructure
- Cyber
- AI
- Defence
- Energy infrastructure

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Managing geopolitical risks in an uncertain world

01	**Know what you are covering**	Clarity matters. Ambiguity rarely favours the insurer
02	**Understand the whole portfolio**	Exposures can move through a portfolio quickly
03	**Price the world we live in**	Be honest about adequacy and challenge assumptions
04	**Act before results force you to**	Respond when economics change, not when losses arrive
05	**Protect your ability to be ambitious**	Sustainable profit creates capacity to take on new risks

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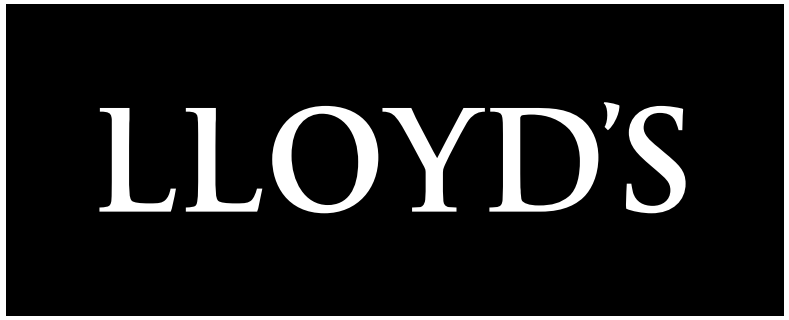
The nature of risks will continue changing, our role does not

Our role is to **provide more certainty** to clients

We are a **fundamental part** of the **global financial** and **economic system**

We need to keep being **risk aware, not risk off**

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Agenda

11:45 

12:05 **Thematic Session: Navigating the Landscape - What is on the Radar?**
Mahesh Mistry, Head of Analytics, London
Dr Mathilde Jakobsen, Senior Director, Acting Head of Analytics, Amsterdam

12:35 **Panel Discussion: Dynamics of Insurance Markets as Cross-Border Conflict Rises**

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- *Kevin Kajiwara, Global Chair, Political Risk Advisory, Teneo*
- *Babak Tavassolie, Head Analyst, Political & Credit Risk, SCOR Business Solutions*
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Tim Prince, Director, Analytics, London
Kanika Thukral, Associate Director, Analytics, London

15:45 **Closing Comments**
Vasilis Katsipis, Acting Managing Director, Market Development, EMEA

Navigating the Landscape: What is on the Radar?

Mahesh Mistry
Senior Director, Head of Analytics, London

Dr Mathilde Jakobsen
Senior Director, Acting Head of Analytics, Amsterdam

Navigating the Landscape: What is on the Radar?



Headlines

Trump's tariffs are back in court — again

Kten.com

Marsh CEO Says Geopolitics Tops CEO Risks

Bloomberg, September 2026

A Fractured World Order: How Geopolitics Shapes Inflation

by Global Insights Center Staff

The Hartford, May 2026



Browne Jacobson, June 2026

„Zerstörerische Wut gegen das Land, in dem man lebt" – die Nacht der Krawalle

Die Welt, November 2026

French police fire tear gas as more than 300,000 march across France in latest anti-government protests

The Indepndent, October 2026

Middle East conflict delivers first major test of post-Ukraine reinsurance wordings

The Insurer, September 2026

Insurers Must Pay Up for Jets Seized by Russia, UK Judge Rules

Insurance Journal, June 2025

Mass protests in France spiral into worst riots in years

Reuters, October 2026

Geopolitical instability and digital infrastructure are reshaping global insurance markets,

Willis, May 2026

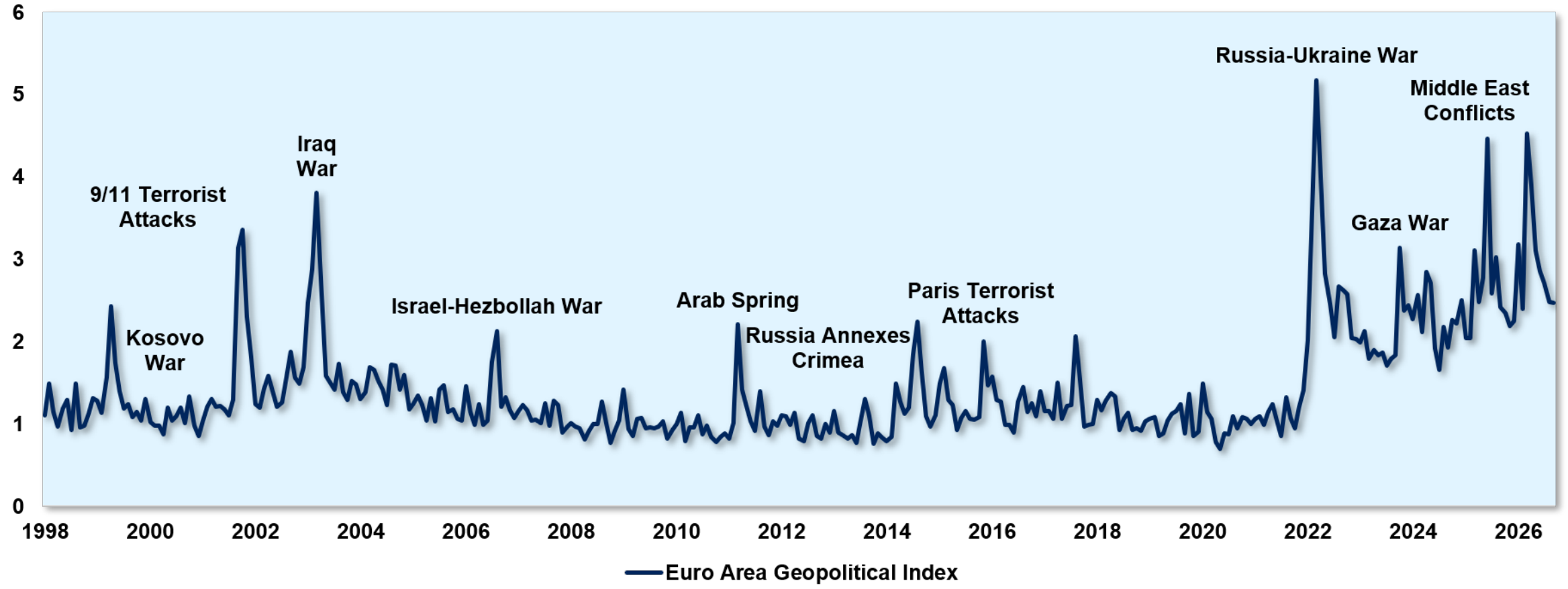
30-year Treasury bond yield scales to highest level since 2002

CNBC

Oil Risk Premium Is Becoming Structural

Rigzone, September 2026

Euro Area Geopolitical Index Since 1998 is Nearing its Peak

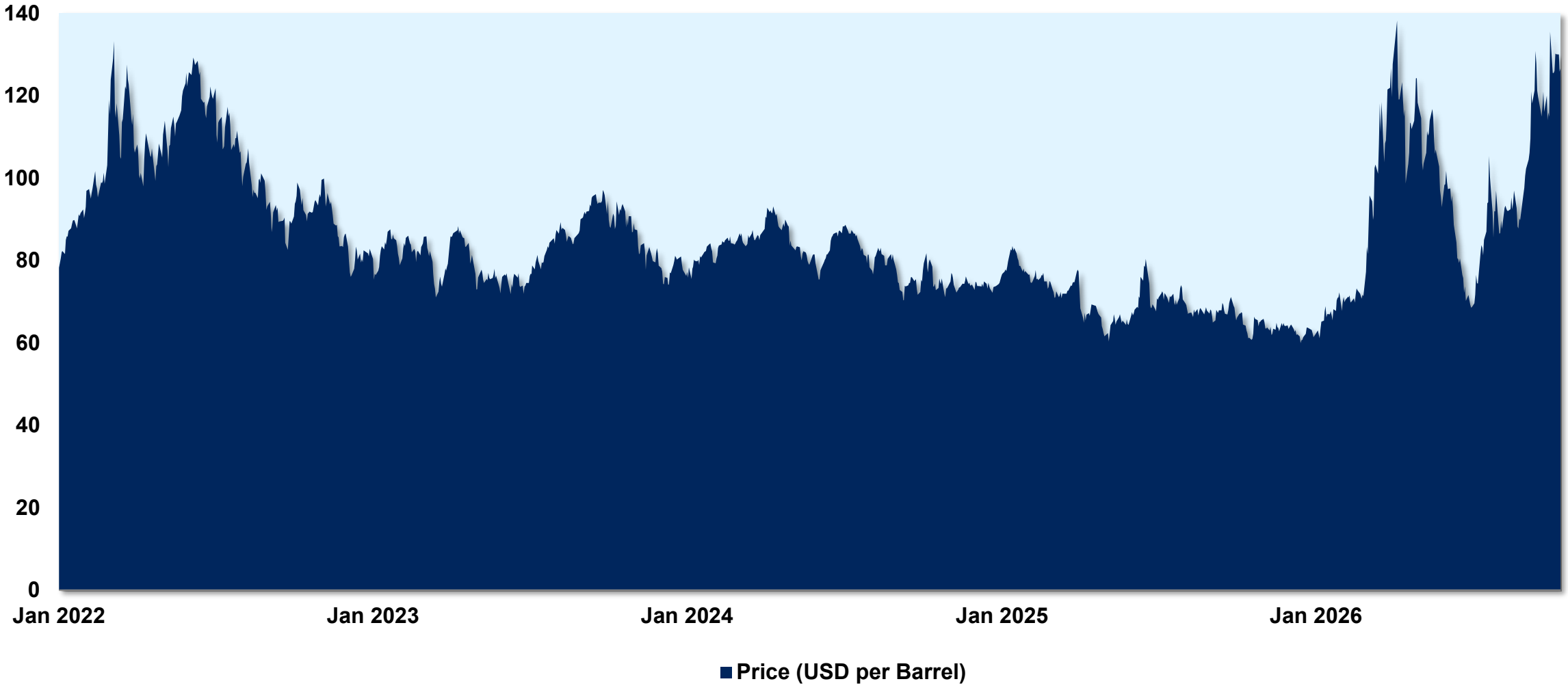


Source: The impact of geopolitical risk on the euro area economy: Past experience and future prospects | CEPR

Geopolitical Risk Elevates Uncertainty and Volatility for (Re)Insurers

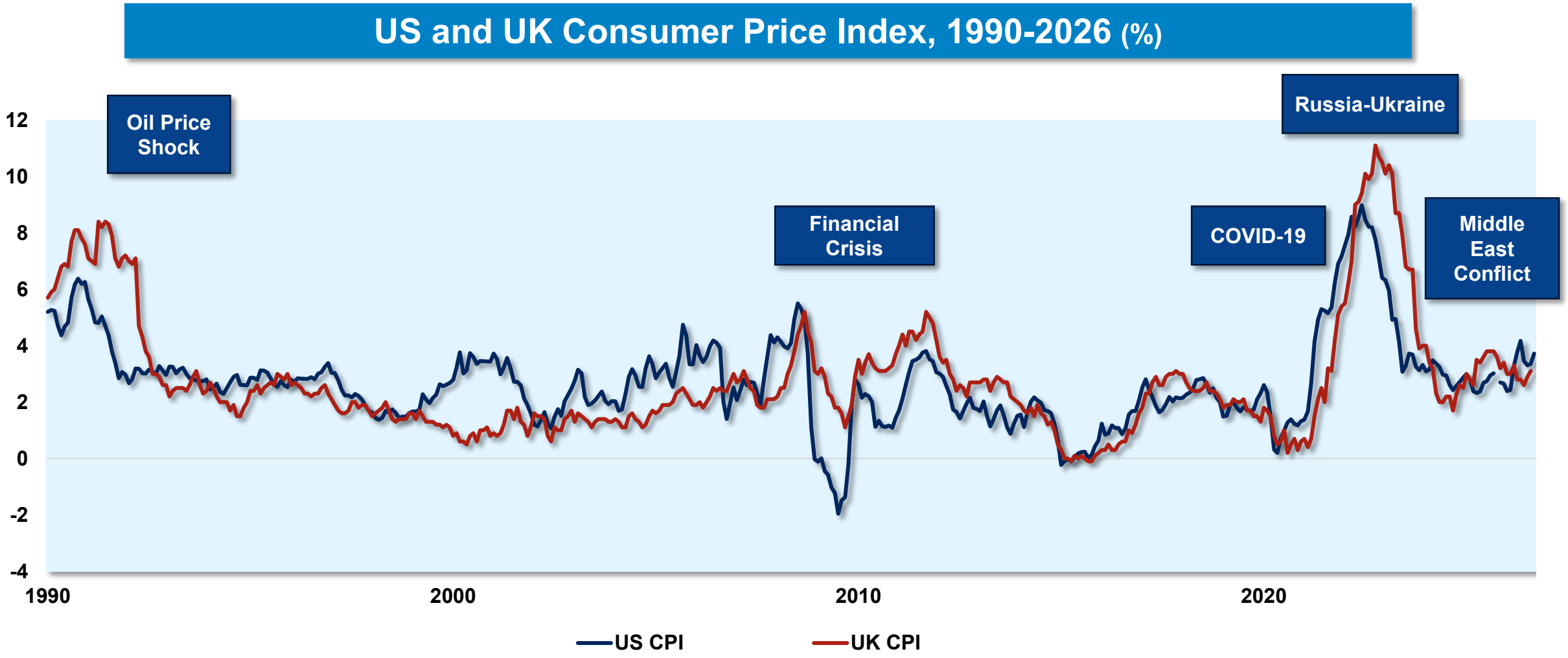


Brent Crude: Middle East Conflict Raises Energy Costs Since Russia-Ukraine



Note
Data correct to Oct 14, 2026
Source: United States Energy Information Administration

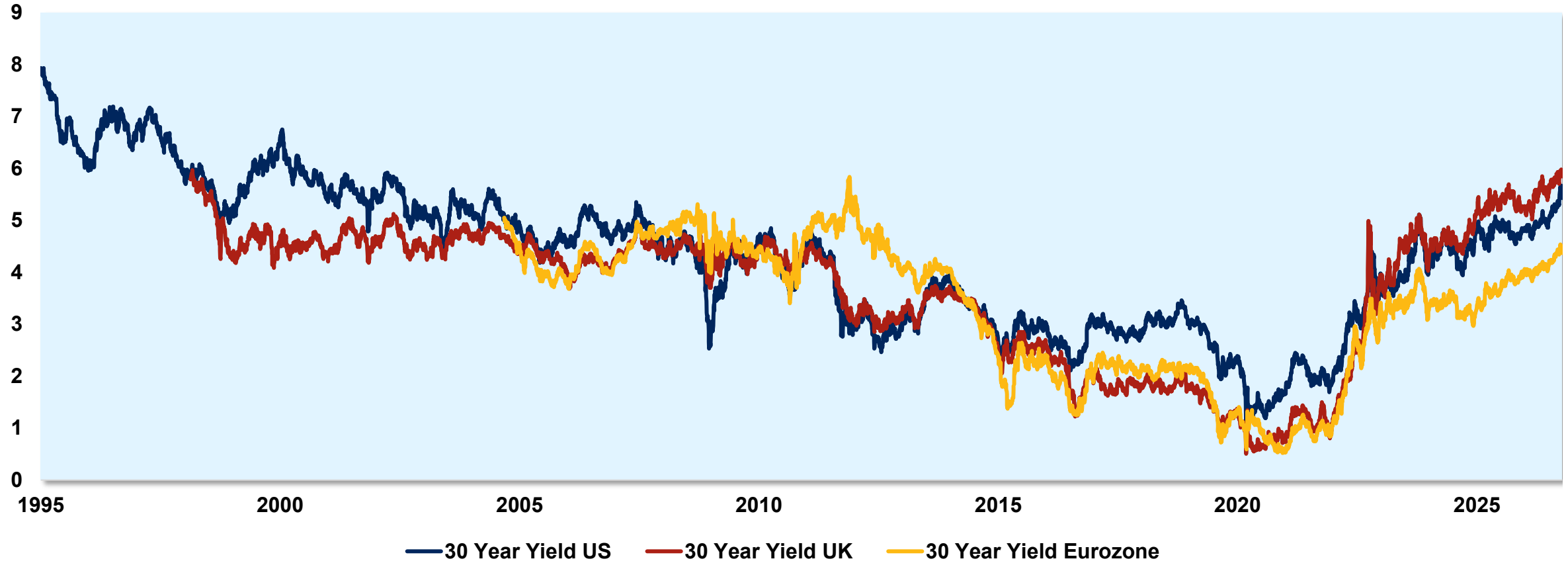
Inflation Remains Sticky



Sources: FRED and ONS

Bond Yields at 20 Year High

30-Year Government Bond Yields, 1995-2026 (%)

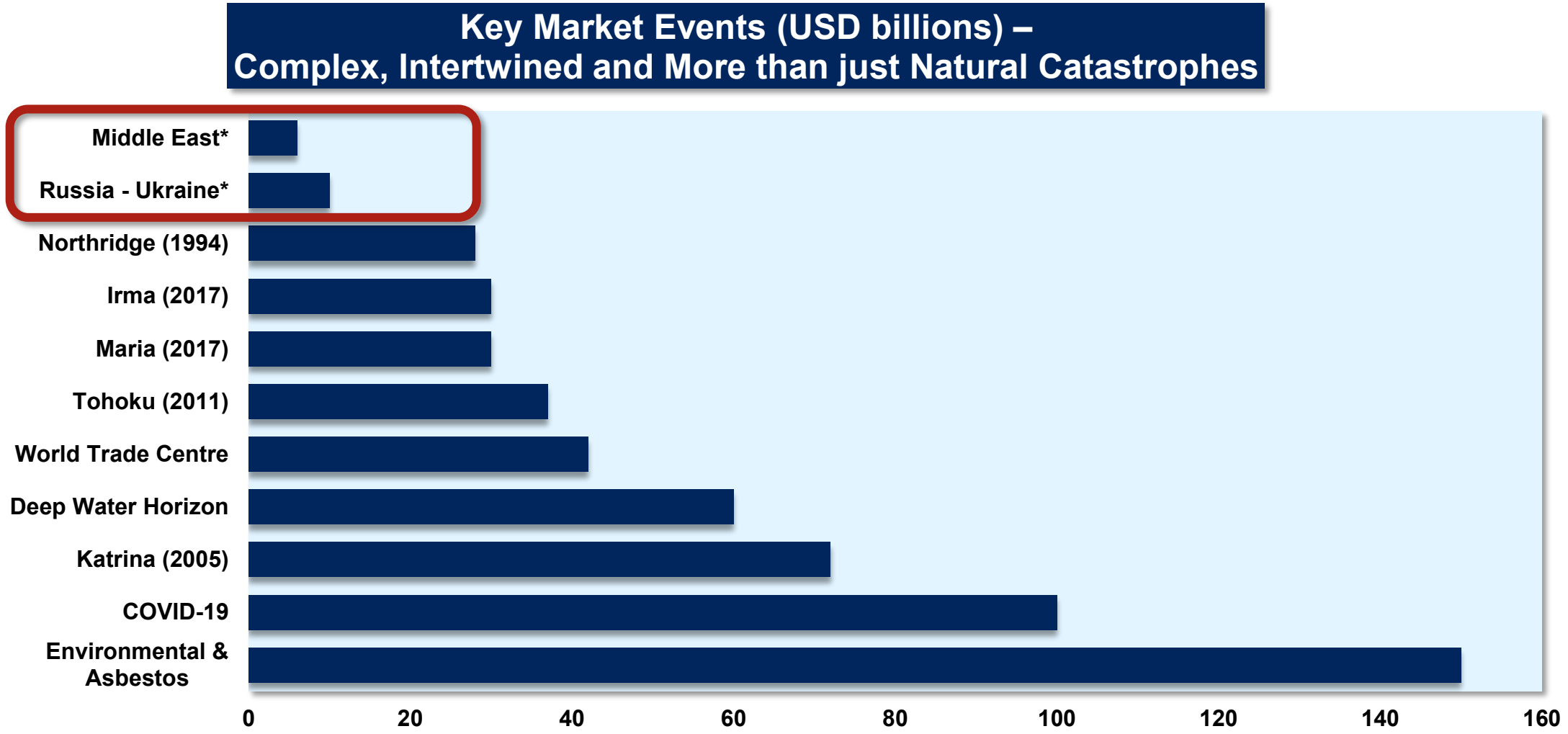


Sources: FRED, Investing.com, ECB Data Portal

Dissecting the Impact of Geopolitical Conflicts

	Russia – Ukraine	Iran – Israel – USA
Countries Involved	Largely constrained to two countries	Mainly three; widening regional exposure
Duration	Four years+	Reaching its first year
Estimated Loss	~USD 10 billion	~USD 5-6 billion
Underlying Commonality	Energy price rise, financial market volatility, rising inflation and interest rates	
Secondary Effects	Supply chain disruptions, cost of living issues, food scarcity (grains, fertilizer)	
Markets Affected	Risks interconnected globally, emerging markets suffering more (currency risk)	
Local Markets	Operation risk, asset volatility	Iran – closed market, Israel – government covered risk, GCC – largely reinsured
International	Sanctions followed, stranded assets, marine aviation BI	Wider exposures, PV terrorism, marine, property damage, BI not covered
Exposure Mngt	Single reins tower, policy wording, T&Cs	Widening exposures, event clauses, reinsurance cover

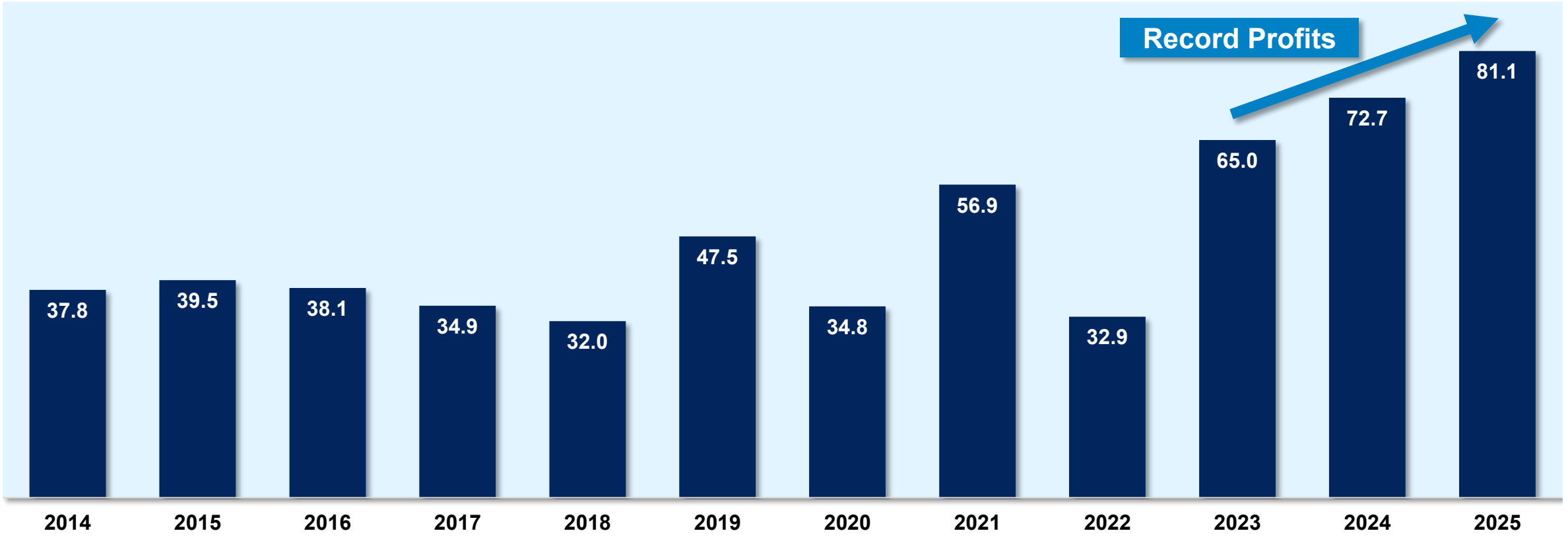
Losses from Geopolitical Conflicts Less Significant and More Manageable



Notes:
*Estimated

What has Happened to Performance?

European Top 30 Non-Life Insurers Profit After Tax 2014-2025 (EUR billions)



It should be noted that a significant number of companies in the table underwrite both life and non-life business. The profit after tax value therefore does not speak to their non-life performance alone. Source: AM Best data and research

Drivers of Performance Over Recent Years

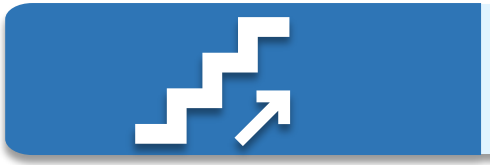
Record profits in 2023-2025 driven by:



Supportive interest rates

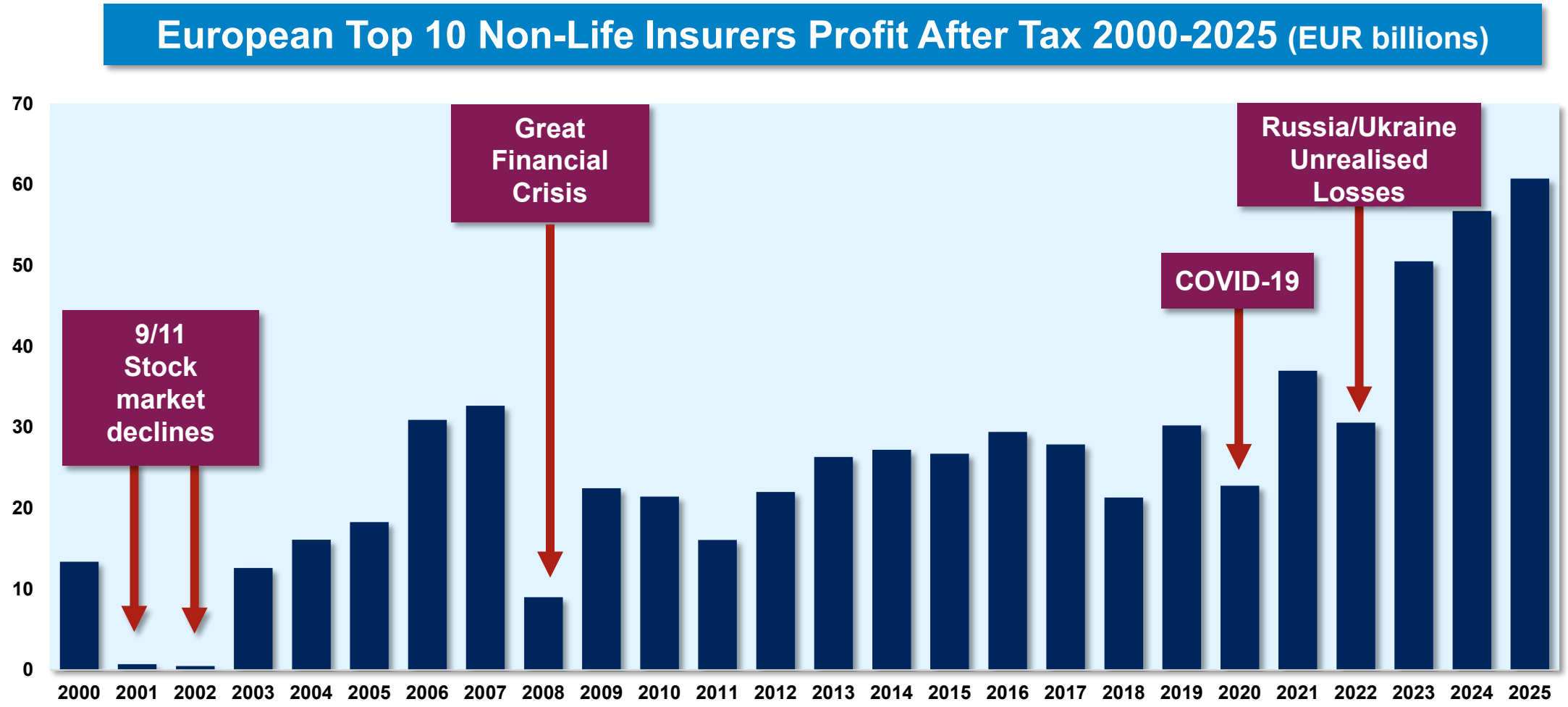


Good equity market performance



Significant rate increases to keep up with inflation

What Events can Disrupt Performance?



Source: AM Best data and research

What is on the Minds of CEOs (CFOs and CROs)?

Building Balance Sheet Resilience

- Building reserve buffers
- Realizing unrealized losses to lock in better yields
- Intangible write-offs

Contingency Planning

- Contingency planning
- Knowing where your resources and trade flows are located
- Tax & regulation

Accumulation & Exposure Management

- Accumulation between lines of business
- Accumulations across insurance and investment activities
- Sensitivity & stress testing practices

Key Takeaways

Industry
Proven resilient to recent events

Balance sheets
Strengthening in recent years

Risk management practices
Becoming more advanced and sophisticated

Risks
Increasingly complex and interconnected

Uncertainty and volatility
Elevated

AI and technological advancements
New challenges emerging

The new order
Difficult to predict

Q&A

Mahesh Mistry
Senior Director, Head of Analytics, London

Dr Mathilde Jakobsen
Senior Director, Acting Head of Analytics, Amsterdam

Use the QR code to submit questions to our speakers

Introducing Today's Panel

Moderator



David Benyon
Editor & Host

The Political Risk Podcast

Panellists:



Valeria Ermakova
Associate Director, CRCRA

AM Best



Neil Beresford
Partner

Clyde & Co



James Watt
CVO

The Ambassador Partnership LLP



Babak Tavassolie
Head Analyst, Political & Credit Risk

SCOR Business Solutions



Kevin Kajiwara
Global Chair, Political Risk Advisory

Teneo

Q&A

David Benyon
Editor & Host of The Political Risk Podcast

Use the QR code to submit questions to our speakers

Agenda

13:30 Networking Lunch

14:30 Thematic Session: Impact of Geopolitical Uncertainty on Underwriting
Jessica Botelho-Young, Director, Analytics, London
Morgane Hillebrandt, Associate Director, Analytics, Amsterdam

15:00 Thematic Session: Consequential Impact on Emerging Markets
Ben Diaz-Clegg, Associate Director, Analytics, London

15:15 Thematic Session: Methodology Considerations in the Wake of Geopolitical Fall-Outs – Country Risk, Stress Testing, Risk Management
Eli Sanchez, Director, Analytics, Amsterdam
Tim Prince, Director, Analytics, London
Kanika Thukral, Associate Director, Analytics, London

15:45 Closing Comments
Vasilis Katsipis, Acting Managing Director, Market Development, EMEA

Impact of Geopolitical Uncertainty on Underwriting

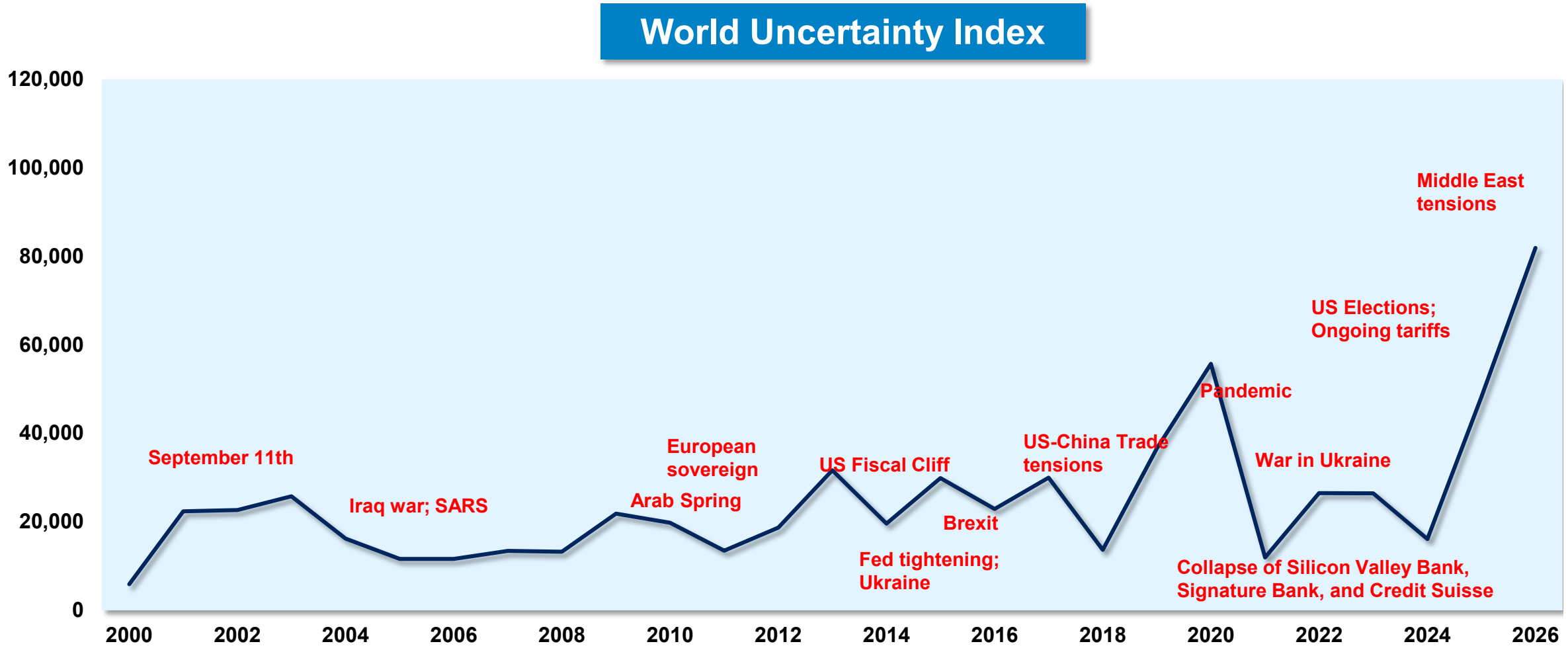
Jessica Botelho-Young
Director, Analytics, London

Morgane Hillebrandt
Associate Director, Analytics, Amsterdam

Agenda


Decades of Global Disruptions
01
Trade Credit & Political Risk Deep Dive
02
Two Case Studies
03
Why it Matters for Credit Quality
04
Key Takeaways
05

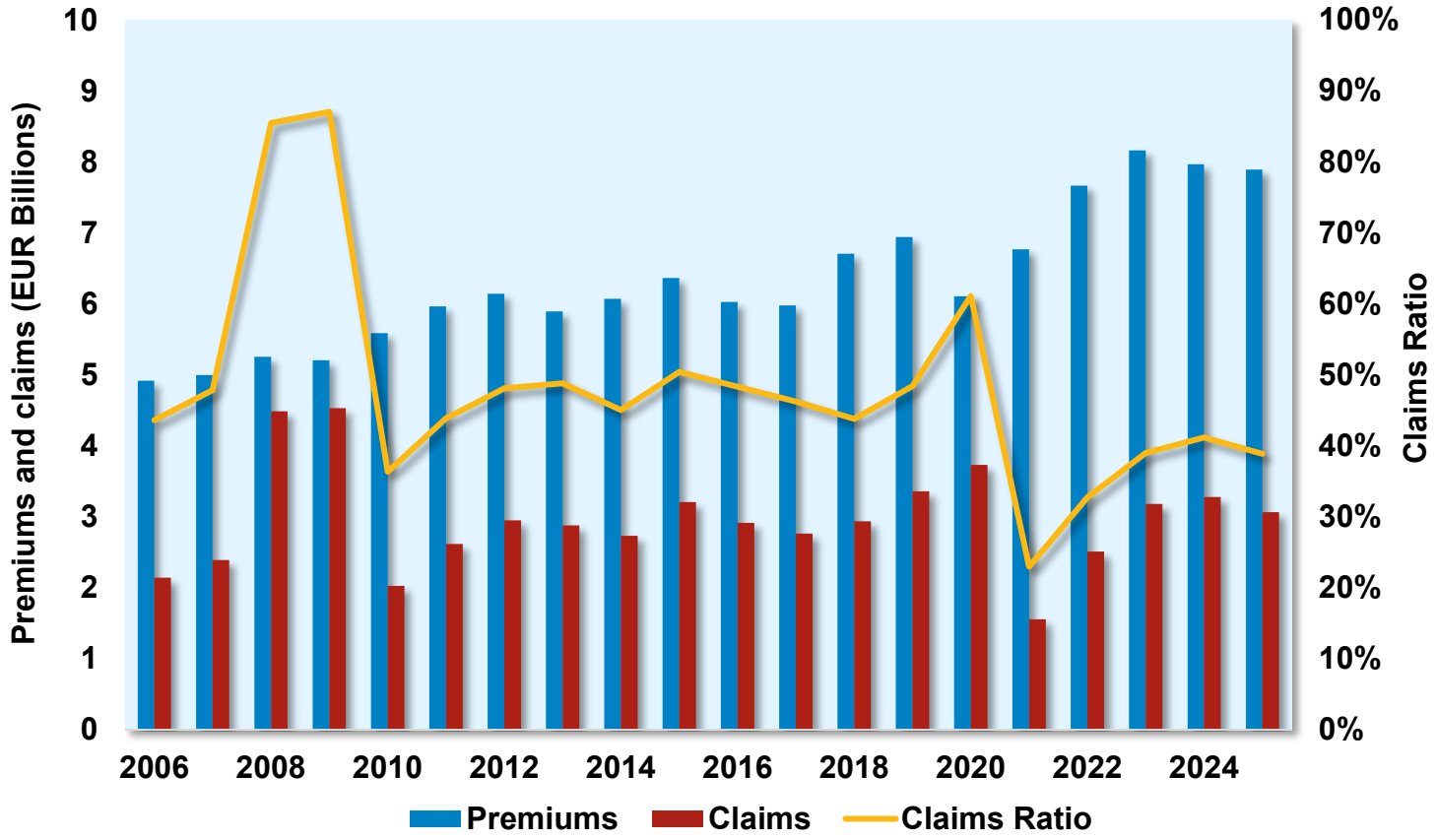
Higher Uncertainty is Becoming the New Normal



Source: The impact of geopolitical risk on the euro area economy: Past experience and future prospects | CEPR

Trade Credit and Political Risk Deep Dive

Trade Credit Insurance – Premiums, Claims and Claims Ratio of ICISA Members



- Good management over the cycle with only a few years impacted by systemic events
- Country risk is shifting toward **event risk**
- Geopolitical risk increasingly spreads through **interconnected networks**
- **Payment-system exposure** requires continuous monitoring
- **Accumulation risk** is now a core underwriting concern
- **Scenario-based underwriting** should guide portfolio decisions

Source : ICISA, International Credit Insurance & Surety Association

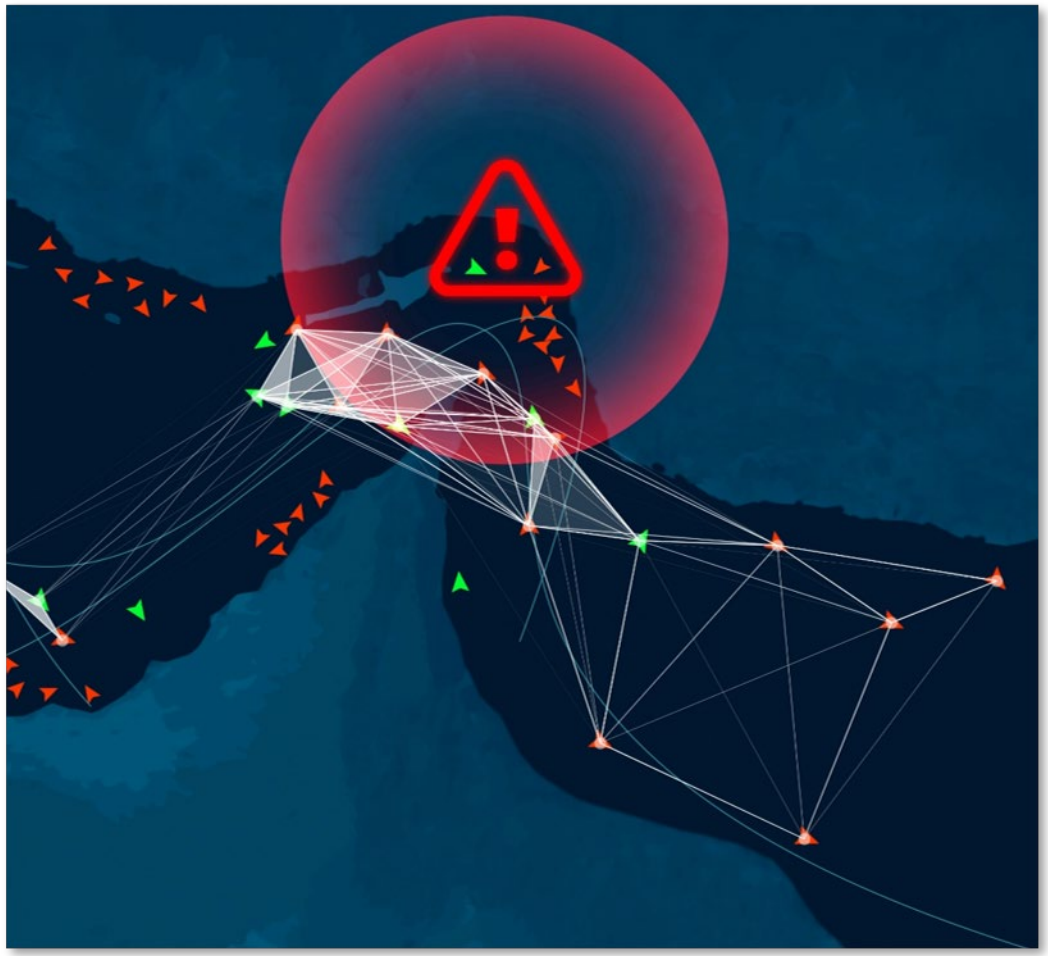
Case Study – Iran Conflict & Maritime Escalation (2026 – Present)

What Happened?

- Repeated threats to shipping through the Strait of Hormuz
- Hormuz chokepoint exposure
- Multi-vessel loss concerns
- Proxy attacks against energy infrastructure

Impacted Lines of Business:

- Marine War
- Political Violence
- Energy
- Marine Hull
- Marine Cargo
- Trade Credit



Sources: International Maritime Organization (IMO); U.S. Energy Information Administration (EIA); MarineTraffic AIS vessel tracking data; OpenStreetMap; NGA maritime reference data. Shipping lanes shown are schematic and illustrative rather than precise navigational routes. AI generated.

What Changed for Underwriters? Marine War

Pricing

- Material increases in marine war rates
- More frequent repricing cycles
- Voyage-specific pricing

Capacity

- Capacity remains available; however, it is more selective
- Voyage-by-voyage basis

Exposure Management

- Increased focus on vessel concentration in ports and transit corridors
- Considering key trade routes like catastrophe zones

Wordings

- Cancellation provisions
- Sanctions clauses
- Specific Hormuz-related endorsements
- “Listed area” provisions

What Changed for Underwriters? Political Violence

Pricing

- Higher base rates for risks in Gulf states and adjacent territories
- Increased risk loadings for critical infrastructure
- Greater differentiation between insureds

Capacity

- Capacity remains, but deployment has become more selective
- Reduced line sizes
- Greater reliance on FAC placement

Exposure Management

- Greater use of aggregation modelling
- Increased focus on critical infrastructure
- Supply chain mapping

Wordings

- Scrutiny of war exclusions
- Cyber trigger language
- Terrorism definitions
- Denial of access and business interruption
- Cancellation provisions

Case Study: Russia-Ukraine War (2022 – Present)

What Happened?

- Russian banks cut off from Western markets tied to financial, trade and export sanctions.
- >400 foreign-owned aircraft stranded in Russia, for a commercial value estimated at around USD 10bn
- Closure of Black Sea shipping routes disrupted global trade
- Extensive litigation (war risk vs all risk)
- Abrupt and rapid increase in war premiums



Impacted Lines of Business:

- Aviation
- Marine
- Energy
- Political Violence
- Trade Credit
- Cyber

Source: Institute for the Study of War

All-Risk vs. War Risk : Aviation Claims Tied to the Russia/Ukraine Conflict

Dimension	All-Risk	War-Risk
Core scope	Physical loss or damage unless specifically excluded	War and political perils, including confiscation, seizure, restraint or detention
Coverage limits	Generally broader limits	Often subject to lower limits or aggregate sub-limits
Potential cause of loss	Commercial decision by an airline not to return aircraft	Government action preventing aircraft from leaving Russia
Russia-related position	All-Risk insurers argued that the losses were caused by a defined war/political peril, specifically Russian government “restraint” or “detention”	War-Risk insurers argued that Russian airlines independently retained the aircrafts
Key trigger	Non-return alone, subject to exclusions and policy wording	Russian Government Resolution 311 of 10 March 2022

Aviation Claims – Market Response



Why it Matters for Credit Quality

Stronger insurers demonstrate:

- Aggregation management
- Disciplined underwriting
- Responsive pricing
- Strong reinsurance programmes
- Robust wording governance

Weaknesses appear when:

- Accumulations are poorly understood
- Geopolitical models rely on historical assumptions
- Wordings create uncertainty

Considered within:

- Balance Sheet Strength
- Operating Performance
- Enterprise Risk Management

Key Takeaways

Geopolitical risk affects multiple lines of business
Cannot be managed within product silos

Policy wording matters
Reduces the risk of potential large and costly disputes

Exposure visibility, pricing agility, and wording clarity are critical
Practical sources of resilience

Accumulation risk can be underestimated
Especially in a low frequency, high severity event

Q&A

Jessica Botelho-Young
Director, Analytics, London

Morgane Hillebrandt
Associate Director, Analytics, Amsterdam

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Sovereign Default – Impact on Emerging Markets

Ben Diaz-Clegg
Associate Director, Analytics, London

Should Insurance Companies Ever be Rated Above their Sovereign?

Under Certain Conditions, AM Best Thinks so…

AM Best EMEA Issuer Credit Ratings (ICR) vs Sovereign Ratings

As at December 2025	< ccc+	b-	b	b+	bb-	bb	bb+	bbb-	bbb	bbb+	a-	a	a+	aa-	aa	aa+	aaa
Switzerland										2	1		3	1	2		
Germany												1		1	3		
Luxembourg									1		5		1				
United Kingdom								1	1	1	4	1	2	3			
United Arab Emirates									2	2	5	2	1				
Qatar									1	1	4						
Kuwait											1	2	1				
France											1	1	2	1	1		
Spain									1			2	4				
Italy									1	1	2	3		1			
Botswana								1									
South Africa											2						
Jordan						1	2			1	1						
Türkiye			1														
Kenya							2			1							
Bahrain						1		2	1	3	1		1				
Egypt					2	2			2			1					
Ghana				1													
Nigeria				1				1				1					
Ethiopia						1											
Lebanon						1			1								

Sovereign rating of the given country

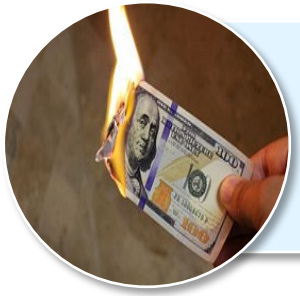
ICR is **HIGHER** than their sovereign

ICR is **LOWER** than their sovereign

Not all Sovereign Defaults are the Same



A restructure/renegotiation of terms



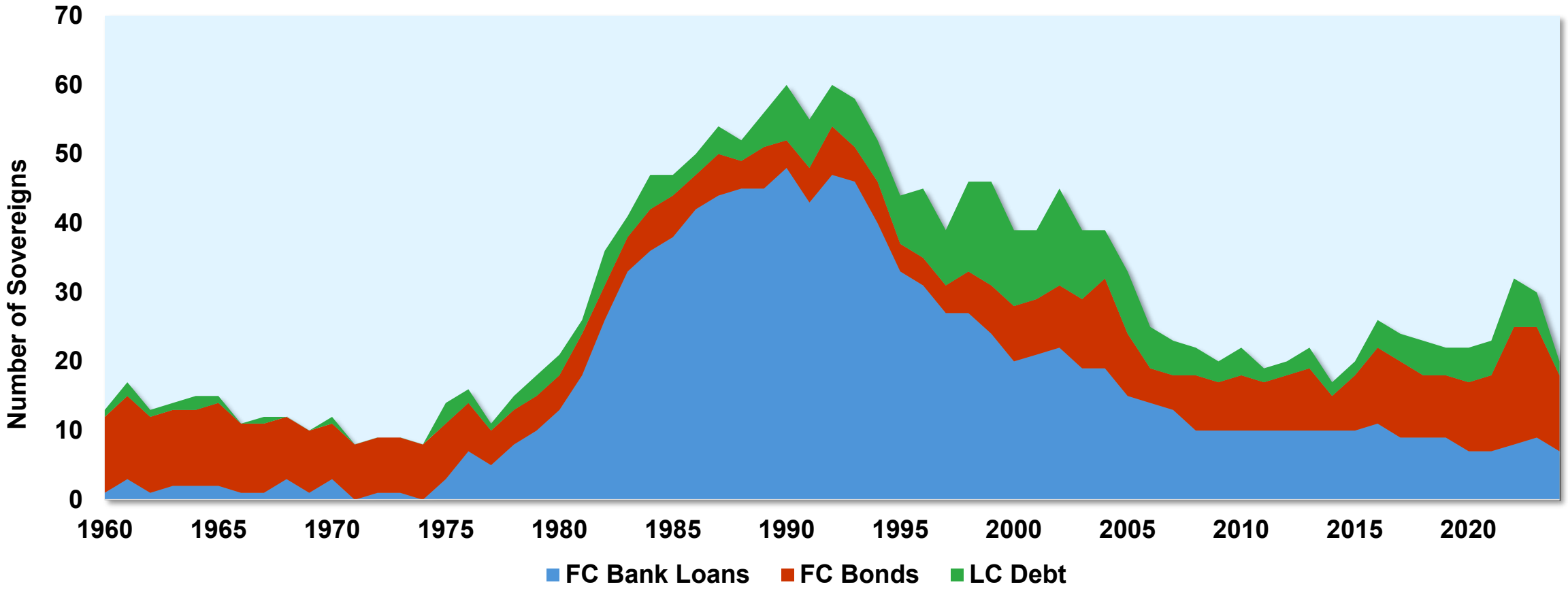
A failure to pay coupon or principal



The exchange of an old currency for a new one on confiscatory terms

Sovereign Defaults Are Not Only Limited To Foreign Currency Obligations

Count Of Sovereigns in Default in a Given Year, 1960-2024



Source: BOE-BOC Sovereign Default Database

Sovereign Default Case Study – Lebanon



Source: AM Best data and research, Image: AI-generated documentary-style reconstruction based on publicly documented satellite imagery, press photography, and official damage assessments.

Case Study – Arab Re

- Regional reinsurer. ~USD 100mn in capital
- GWP spread across MENA and Asia
  ~10% of GWP from Lebanon pre-crisis

- ~50% of investments in Lebanon pre-crisis (Deposits and Eurobonds)
- Conservative retro protection

Pre-2018
bbb-/Sta

- Robust BCAR ~55%*
- Diversified regional profile
- Heavy exposure to investments in Lebanon generating attractive returns

2021
bb-/Neg

- BCAR 21%* following material impairments
- Some deposits reinvested during early turmoil
- Offshore premiums retained in MENA and European banks
- Foreign liquidity falls to 85%

2023
bb-/Sta

- BCAR recovered to 30%* following steady profits
- Capital controls easing on fresh inflows of USD
- Foreign liquidity improved to 100%
- Real estate proving an effective inflation hedge

Today
bb/Pos

- BCAR recovering further to 35%*
- Foreign liquidity: >100%
- Growing profitably. Lebanese GWP just 2% of portfolio
- Agreement to sell Lebanese real estate

* BCAR scores at VaR 99.6

Key Takeaways

Diversification and stress testing is key
Not all defaults are the same

Local currency defaults do happen
Countries cannot always print money in response to crisis

When sovereigns default (re)insurers can be resilient
Live cases where rated (re)insurers successfully continue to pay claims

AM Best does not cap ratings to a sovereign
Certain elements of country risk can be managed and mitigated

Q&A

Ben Diaz-Clegg
Associate Director, Analytics, London

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Methodology Considerations in the Wake of Geopolitical Fall-Outs

Country Risk

Eli Sanchez
Director, Analytics, Amsterdam

Country Risk: Country Risk Assessments and Geopolitical Risk

Country risk sets the rating range for the baseline assessment

Very Low → Low → Moderate → High → Very High

Rating Unit Balance Sheet Assessment (Rating Unit)	Country Risk Tier				
	CRT-1	CRT-2	CRT-3	CRT-4	CRT-5
Strongest	a+/a	a+/a	a/a-	a-/bbb+	bbb+/bbb
Very Strong	a/a-	a/a-	a-/bbb+	bbb+/bbb	bbb/bbb-
Strong	a-/bbb+	a-/bbb+	bbb+/bbb/bbb-	bbb/bbb-/bb+	bbb-/bb+/bb
Adequate	bbb+/bbb/bbb-	bbb+/bbb/bbb-	bbb-/bb+/bb	bb/bb-	bb/bb-/b+
Weak	bb+/bb/bb-	bb+/bb/bb-	bb-/b+/b	b+/b/b-	b/b-/ccc+
Very Weak	b+ and below	b+ and below	b- and below	ccc+ and below	ccc and below

Country Risk: Country Risk Assessments and Geopolitical Risk



Country Risk: Country Risk Assessments and Geopolitical Risk

AM Best monitors developments continuously, but country risk evaluations are intended to be stable and are rarely changed outside the annual review cycle

Country	August 25	August 26
Belgium	CRT-1	CRT-2
France	CRT-1	CRT-2
Luxembourg	CRT-1	CRT-2

Country Risk: Country Risk Assessments and Geopolitical Risk

Despite the event, Macro/Micro effects accounted in rating process

Particular Event

- US – Iran War (Closure of Strait of Hormuz)

Macro and Micro Impact

- Inflationary pressures
- Higher interest rates

Effect in Financial Strength of Rated Entities

- ALM sensibilities
- Cost structure
- Changes in coverages
- Effects on particular insurance segments

Key Takeaways

Monitoring of risks and trends
CRTs components are constantly monitored

Effects on CRTs
Changes in CRTs evolve over time, not suddenly

Direct Effect on Ratings
Revision of the effect on ratings is done when CRT changes

Indirect Effect on Ratings
Even with CRT unchanged; economic, political or financial events are incorporated in the rating process across the building blocks

The Importance of Stress Testing in Uncertain and Volatile Times

Tim Prince
Director, Analytics, London

Manifestation of Risk



Incurred Claims

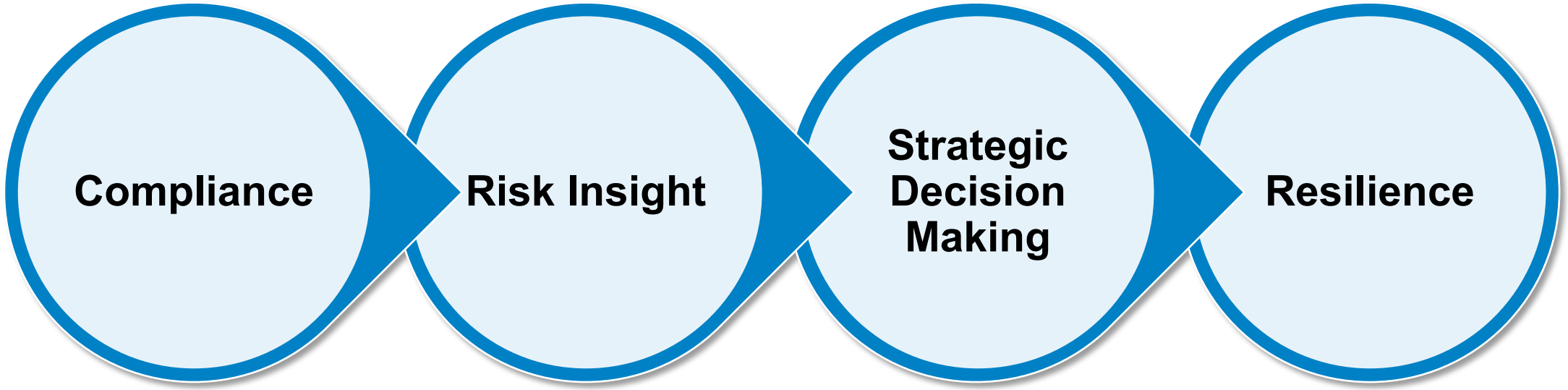


Asset Price Volatility

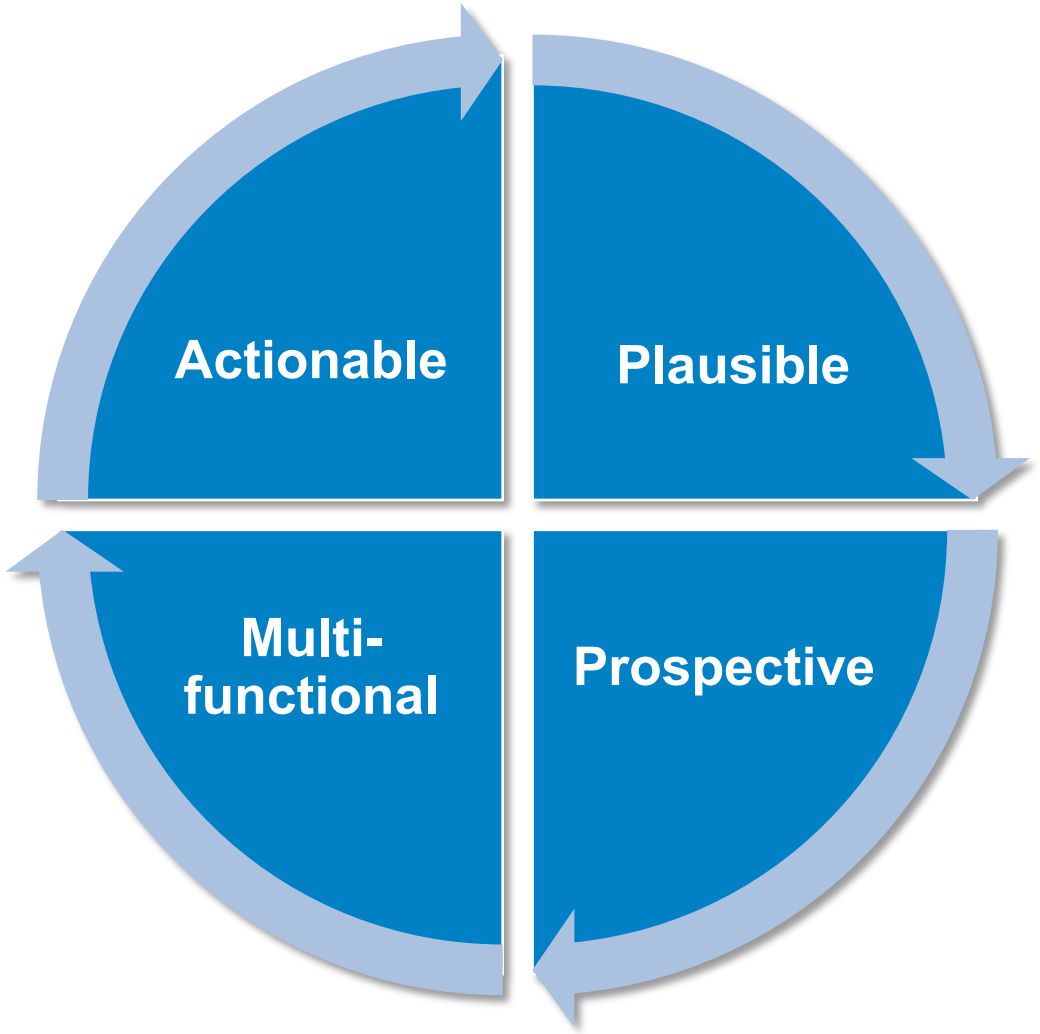


Operational Disruption

Beyond Regulatory Requirements



Effective Stress Testing



Stress Testing to Shape Business Strategy



- Accumulations
- Exclusions
- Reinsurance dependence

- Concentrations
- Liquidity
- Sovereign Exposure

Key Takeaways

Leadership
Engagement is essential

Evolution
To reflect a changing environment

Uncertainty ever-present
Stress testing is important because of uncertain times, not just during them

Risk Management

Kanika Thukral
Associate Director, Analytics, London

Financial Resilience – Best Practices



Capital & Liquidity

- Buffers in risk adjusted capitalisation
- Compliance with regulatory solvency requirements
- Liquidity to absorb shock events



ALM & Investments

- Credit quality - Defaults
- Widening credit spreads
- Duration and currency matching
- Concentrations



Exposure Management

- Validate modelling outputs (PMLs)
- Accumulations with impact on several classes
- Reinsurance/retro strategy - reinstatements



Stress Testing

- Define RDS
- Simultaneous asset & liability shocks
- Consider impact of non-modelled risks



Underwriting Portfolio Management

- Contract wording
- Ability to reprice and adjust limits
- Data quality and analytics



Operational & Cyber Resilience

- Business continuity when systems are attacked
- State sponsored cyber attacks

Enterprise Risk Management Practices

Rise of Non-Modelled Risks

Geopolitical tensions turn isolated perils into correlated, cross-border loss events that historical data captures poorly

GEOPOLITICAL PRESSURE

- Conflict and political violence
- Trade fragmentation and sanctions
- State-linked cyber and hybrid threats

WHY EXPOSURE ESCAPES TRADITIONAL MODELS

- Sparse or non-stationary data
- Interdependent accumulations
- Dependencies beyond the insured
- Classification and wording uncertainty

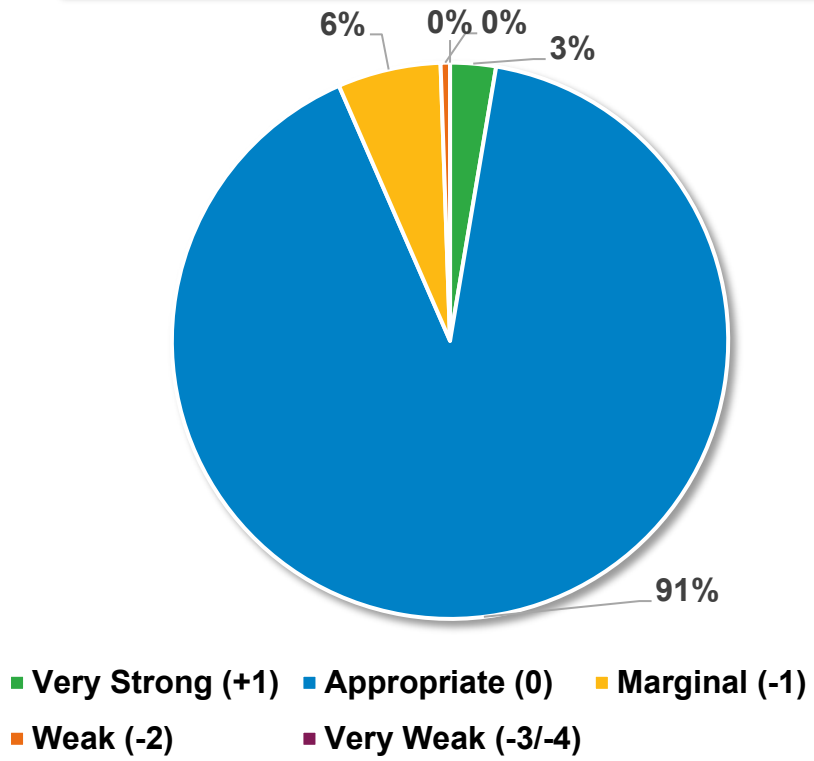
INSURANCE IMPACT

- Hidden accumulations
- Claims volatility
- Coverage uncertainty
- Capital and reinsurance pressure

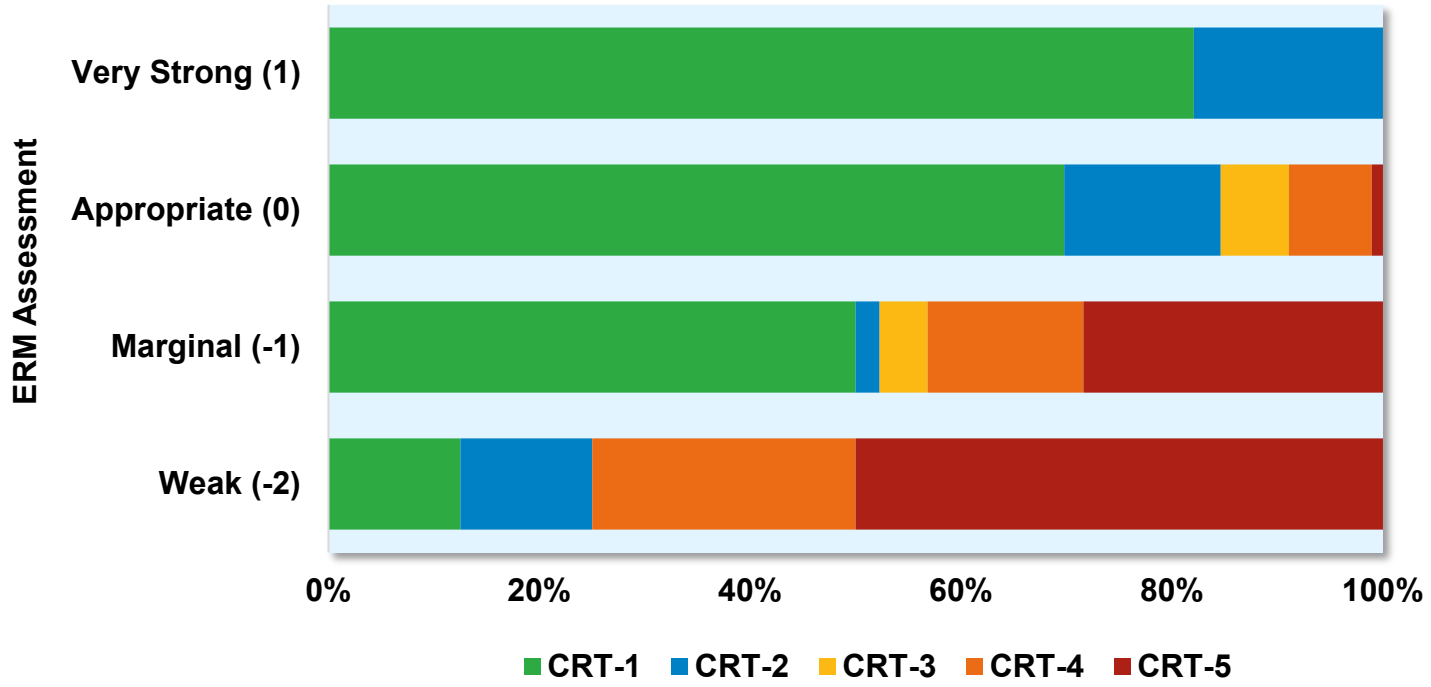
Hybrid framework of qualitative governance, scenario stress testing, and capital adjustments

AM Best's ERM Assessment – Country Risk Impact

Framework Assessment Distribution

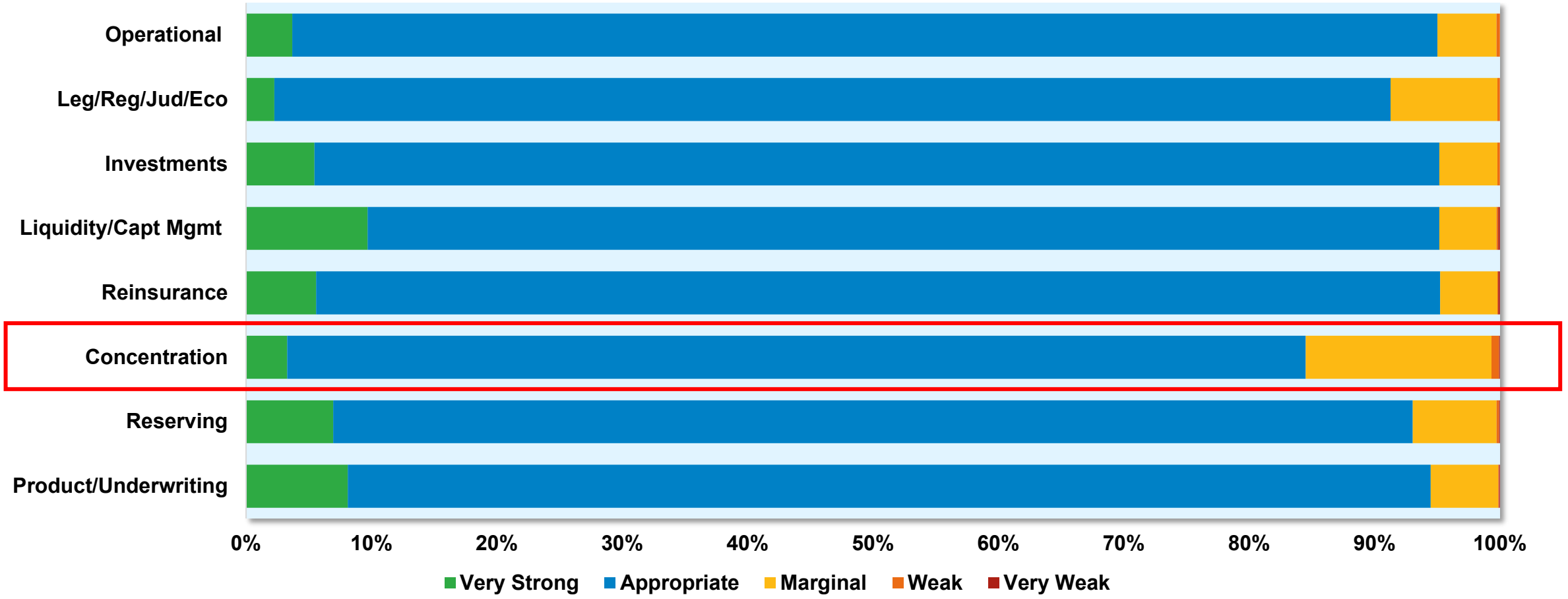


ERM Assessment vs. Country Risk



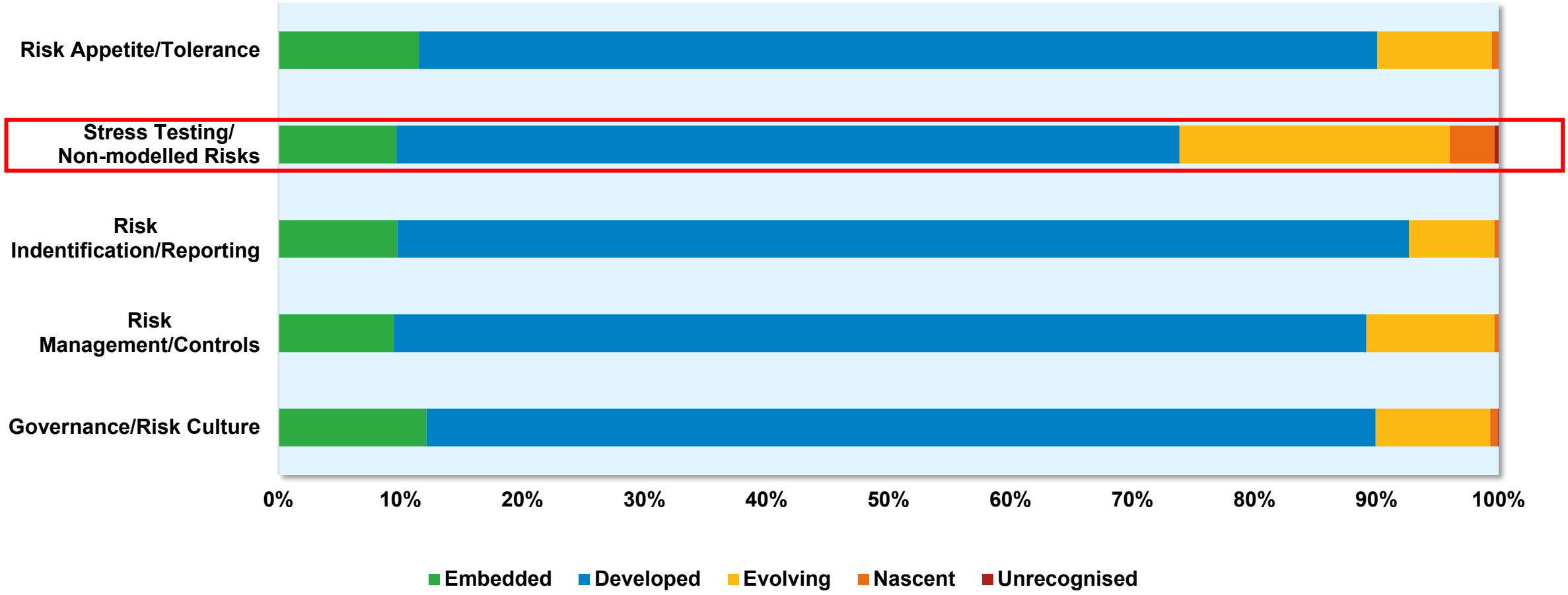
High Country Risks Levels can Impact Credit Quality

Risk Evaluation – AM Best's Risk Assessment Distribution – Global (YE 2025)



Understand Exposures due to Concentrations

Adaptable Framework – AM Best Framework Assessment Distribution – Global (YE 2025)



Key Takeaways

Risk Identification
Consider making non-modelled risks an explicit category in the risk register & risk appetite statement

Stress Testing
Define scenarios and run stress test to map accumulations across lines

Defined Risk Mitigation Plans
Set triggers and playbooks

Q&A

Eli Sanchez
Director, Analytics, Amsterdam

Tim Prince
Director, Analytics, London

Kanika Thukral
Associate Director, Analytics, London

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Convene 200 Aldersgate, St. Paul's - London

AM Best's Europe Insurance Market Briefing - London

Vasilis Katsipis
Acting Managing Director,
Market Development, EMEA

05 November 2026