# AXA XL Credit and Surety Market Survey 2025

# Contents

# Foreword

Credit and surety insurance experienced a long period of stability after the 2007/08 global financial crisis came to an end. However, a series of events – Covid-19, Russia's invasion of Ukraine and the Middle Eastern crisis – brought renewed volatility and uncertainty to the world's financial markets and economies. At AXA XL, and as a dedicated Credit and Surety reinsurer, we felt that it was time to analyse the impact of these events on the sector. For example, is the recovery – albeit to below-trend growth rates – and resilience that is being reported in global economies mirrored in market performance, and if so, what elements have driven that resilience?

We also wanted to evaluate the extent to which the updated Basel IV Accord is impacting Credit and Surety bank business and growth opportunities. In addition, with data at the core of our sector, is artificial intelligence (AI) already playing a significant role and for what tasks? And finally, given the climate crisis, how is environmental, social and governance (ESG), in particular the energy transition, impacting the sector?

The purpose of this market survey was to help answer these questions by collating the views and insights of worldwide industry professionals, and by researching relevant background trends. We also consider the short-term outlook, although signs of renewed volatility in the financial markets post-survey make outlook estimations more challenging.

The report begins with a high-level summary of the survey findings. This is followed by an in-depth survey write-up, information on relevant background trends and concluding remarks.

The survey and research for this report were carried out by our trusted, long-term partner, Faber Consulting, based in Zurich, Switzerland.

Our sincerest thanks to the senior industry professionals who took part in this survey. We are extremely grateful for their time and valuable insights, without which this report would not have been possible.

We would be delighted to discuss the findings of this report with you and look forward to your feedback.

**Felix Winzap**
Head of Credit & Surety
Global Credit & Surety Reinsurance, AXA XL

# Key survey findings

## Growth dominates post-Covid (2022–24) market performance

**Credit and Political Risk**
Pages 8–12

- 60 % of survey respondents observed substantial, steady growth in overall market premium volume during the post-Covid years. Key growth drivers included inflationary pressures, economic recovery and increased demand from banks. 54 % expect post-Covid market growth to slow.
- Market loss ratios have remained benign overall, though Political Risk and Contract Frustration loss activity is increasing (e.g., Ghana, Zambia, Niger, Russia and Ukraine). 90 % expect loss ratios to deteriorate in coming years.
- 100 % of respondents with a global view reported substantial capacity increases in the market, with the majority expecting this to stabilise through to 2026.
- Market terms and conditions have tightened for Political Risk and Contract Frustration. Otherwise, terms and conditions have weakened, driven by low loss ratios, increased capacity and banks' requiring the removal of exclusions, e.g., nuclear exclusions, when using insurance for capital relief.

**Surety**
Pages 13–16

- The majority of respondents reported substantial growth in market premium volume, highlighting the key drivers of inflation, Covid stimulus packages, economic recovery, infrastructure investment, recapturing lost business from when Covid struck, and an enhanced ability to capture bank business. The majority expect market growth to continue.
- 50 % reported that market loss ratios have deteriorated post-Covid. However, respondents unanimously reported that loss ratios remain excellent.
- 71 % reported increased market capacity, all others reported stable capacity.
- Terms and conditions are loosening, and rates are reported to be largely under pressure despite increased risk.

## Bank business market growth expected to continue

Pages 17–20

- 75 % of respondents reported growth (50 % substantial growth, 25 % minor growth) of bank business post-Covid, and with a stable growth outlook trend.
- 80 % of those that reported substantial growth represented the Credit and Political Risk classes, and all of these had a global or European market viewpoint.
- Respondents reported that banks highly value the economic benefit of insurance and that there is enormous potential for growth.
- Irrespective of the Basel IV outcome, Credit and Surety products that benefit the banks – e.g., credit insurance required by banks for loans – are expected to continue to experience growth.

## Geopolitical tension impacts within range of acceptable volatility

Pages 21–22

- 73 % reported no impact on their business from geopolitical tensions, although selectivity has increased and the pull-out from Russia continues.
- The impacts of geopolitical tensions were described as manageable and remaining within expected volatility levels.

## Widespread AI usage led by underwriting and risk assessment

Pages 23–28

- There is a high AI value expectation across the sector: 43 % are using AI in at least one business area, with 58 % of these companies also planning new projects or the ongoing development of their existing AI tools.
- Another 32 % are close to implementing AI in at least one business area or are investigating and/or testing its performance.
- 75 % of those developing AI capabilities are doing this together with third-party providers.
- Underwriting and risk assessment lead the AI-usage table (83 %).

## Insurers supporting the energy transition

Pages 29–31

- Insurers are supporting the energy transition through a diverse range of approaches and initiatives.
- However, there were no reports of ESG-rating underwriting targets or of ESG being a risk assessment factor
- 23 % reported a net zero target.

Note: Percentages refer to the percentage of respondents who shared a view on the specific topic.

# Survey methodology

This survey was carried out in August and September 2024 as a series of video calls with senior industry professionals that focused on a defined range of topics. The content presented in this report is the aggregated and summarised findings of those face-to-face discussions.

We are extremely grateful to the 31 executive and senior-level survey participants from 28 companies (mainly insurers and reinsurance brokers) across Europe, Latin America, North America, the Middle East and Asia, who kindly agreed to share their insights and perspectives for this report.

Participating companies included:

- Advent Insurance
- Afianzadora Latinoamericana
- Antares Global
- Apollo
- Aseguradora Fidelis
- Atradius
- Austral Seguradora
- Axis Insurance
- Bondaval
- Confianza Ecuador
- Convergence
- Export Development Canada (EDC)
- Etihad Credit Insurance
- Allianz Trade/ Euler Hermes Re
- Fianzas y Crédito
- Howden Re
- Israeli Credit Insurance Company (ICIC)
- InterRisk
- Junto Seguros
- Kovr Seguradora
- Lockton Re
- Markel
- Sompo International
- Taiping Reinsurance Brokers
- Tinubu

# Survey results

# Market performance 2022–24 and outlook to 2026

**Below, we have gathered together the survey respondents' insights on market performance indicators and key drivers at the global and market level. Substantial market growth, increased capacity and loosening terms and conditions were dominant themes. Looking ahead, slowing growth is expected for Credit and Political Risk, whereas Surety growth is expected to continue.**

## Credit and Political Risk

**Growth dominates post-Covid (2022–24) market performance**

60 % of respondents – the majority of which had a global market view – spoke of substantial, steady growth in premium volume over the post-Covid years, adding that this growth was mainly driven by Europe and the US. Minor growth was predominantly reported for individual markets.

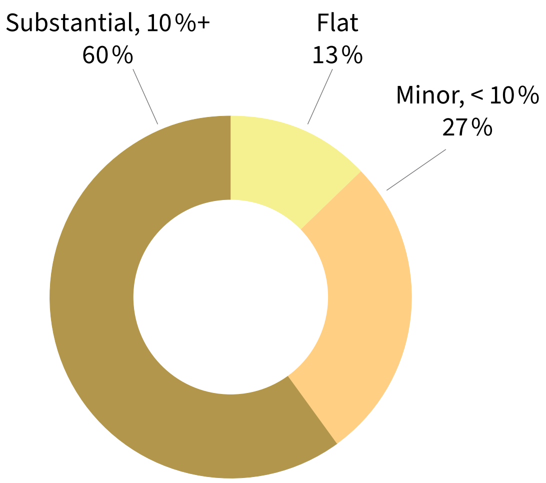



**Figure 1: Estimated Credit and Political Risk market growth (change in premium volume) over the period 2022–2024.**

Source: AXA XL Market Survey 2025.

**Key drivers of post-Covid growth**

The top reported driver of post-Covid growth was **inflationary pressures** (including rising commodity prices) caused by the pandemic and the war in Ukraine. Intertwined with this driver was the economic boost from governmental Covid support programmes and investments. As revenues/turnovers have correspondingly increased, so too have industry premiums. Highlighting how closely our industry is tied to **economic growth**, global turnover growth was noted to have been especially good between 2H 2021 and Q1 2023, mirroring recovering post-Covid GDP trends (see pages 33–35), but to have subsequently slowed in key markets (excluding the US) alongside slowing economic growth. The booming economy of the UAE, which also avoided Covid lockdowns, was also a noted driver of local UAE market growth.

Another key market growth driver was **increased demand from banks** – including for capital relief (bank portfolio business, see also pages 17–20), as banks are offering more credit, and as a result of banks' increased knowledge of the benefit of insurance products.

Respondents also reported increased demand linked to **rising risk awareness aggravated by ongoing geopolitical tensions and economic uncertainty**. These drivers are also apparent in high client retention rates. In what has been a notably volatile, uncertain world, clients want protection and are retaining their policies.

**Infrastructure investment trends** were also seen as a key growth driver, with existing clients increasing limits, new clients seeking coverage, and new trade and commercial sectors, such as building cloud data centres, adding to business needs.

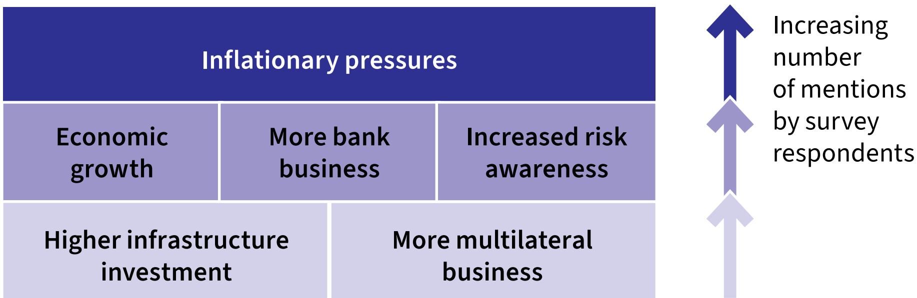



**Figure 2: Key drivers of Credit, Political Risk and Contract Frustration market growth 2022–24.**

Source: AXA XL Market Survey 2025.

### But change is afoot

Respondents noted that there are now signs of a growth slowdown, which was also evidenced in the performance outlook responses: 54% of those that shared an opinion of the 2025–26 outlook, expect post-Covid growth to slow (of these, over half expect growth to slow from substantial to minor). 38% expect growth to continue at a similar rate due to balancing positive and negative growth drivers (of these, over half expect to see ongoing substantial growth).

### Key drivers of the slowing growth outlook (2025–26)

Those reporting a growth slowdown expect this to happen as the key driver of post-Covid premium growth – **inflation** – **continues to decline** and as turnovers continue to track **slowing economic growth** (see pages 33–35). It was stressed that although the global economy is currently stable, uncertainty remains high, volatility is continuing in the financial markets, inflation is an ongoing issue and businesses are refinancing at elevated interest rates. Despite the market growth potential from high risk awareness, the global economy is not booming, businesses are being squeezed and are spending less.

Another potential applicator of the brakes to market growth is the **change in bank rules** associated with Basel IV (see pages 17–20). Respondents reported that much remains uncertain in terms of the ultimate impact. It could be that the changes make insurance less favourable to banks as a tool for capital relief (in markets where regulation means that insurance is capital efficient for banks), or it could be that more markets can use insurance in this way. As one respondent noted, Basel IV will be key to the evolution of the Credit and Surety market.

An observed increasing trend for short-term credit clients to **self-insure given historically low loss ratios** was also raised as a potential driver of slowing future growth.

**Increasingly competitive pricing** was another potential contributor to slowing growth. Lower pricing reflects the excellent loss ratio experience and capacity increases (see below). Related to this driver, several respondents described how downward pricing trends in the Political Risk market are leading to market contraction.

> **“Respondents noted that there are now signs of a growth slowdown.”**

Helping to counter these negative drivers, respondents highlighted banks’ requirements for credit insurance for loans and the ongoing tense geopolitical and uncertain economic environment, adding that inflationary pressures are ongoing – prices have not yet fallen to pre-Covid levels – and that there is a high demand for Political Risk protection.

**Worsening loss ratio trend primarily reflects a return to normality**

Respondents described how Covid and its lockdowns initially caused panic in the form of market contraction. However, government support schemes and low activity levels sent insolvencies plummeting (see pages 35–36), which led to rapid market growth and hardened pricing in 2021.

After Covid came Russia's war in Ukraine and several sovereign defaults, but again, market losses did not materialise to the extent feared.

In the wake of ending Covid governmental support schemes, stabilising lower economic growth and higher interest rates, insolvency losses subsequently increased (see also pages 35–36), but again, not to any meaningful extent. Rising loss ratios were mainly perceived by respondents as a return to normal (pre-Covid) levels. Short-term credit loss ratios, for example, were reported to have improved substantially in the immediate aftermath of Covid, reaching as low as 20%, before rising again to a more normal (pre-Covid) level of approximately 40%. Others similarly reported market loss ratios initially falling below the 10-year average and thereafter rising again to normal levels.

**Loss ratios overall have remained benign** despite Covid, Russia's war in Ukraine and sovereign defaults (the latter including some large losses, e.g., Ghana and Ukraine[1], impacting Contract Frustration and Political Risk loss ratios). As one respondent summarised, pricing has remained good, Political Risk losses have been asymmetrical, i.e., concentrated in Russia (including confiscation claims in Retail, Aviation and Oil/Gas) which many players did not write, and sovereign defaults have been spread well in the market.

Looking ahead, 90% consider that loss ratios will worsen in coming years (figure 3), primarily as normal (pre-Covid) insolvency levels have not yet been reached. Respondents also flagged that there are currently a lot of Contract Frustration losses "on watch", with some adding that a claims spike may be just around the corner, in particular as on-watch Contract Frustration losses are beginning to crystallise and ad-hoc losses linked to higher interest rates are emerging. Ongoing political instability, macroeconomic volatility and elections around the world added to the higher overall loss potential outlook. Large corporate fraud, for example, was identified as an increasingly important loss driver for Credit in the ongoing challenging economic environment.

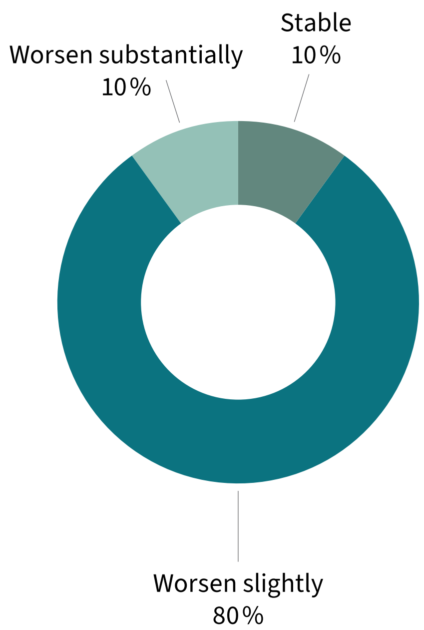



**Figure 3: Credit and Political Risk loss ratio outlook 2025–26.**

Source: AXA XL Market Survey 2025.

1 Ukraine losses worsened in the months after this survey was carried out. However, loss ratios remain low.

### Capacity has risen substantially

**100 %**

**All participants with a global market view reported substantial capacity increases**

Participants with a global view all reported substantial post-Covid capacity increases, which should come as no surprise given the long-term profitability of the sector.

Respondents described new entrants, including large players and ad-hoc managing general agents (MGAs), incumbents increasing their risk appetites, an increase in Political Risk specialists and the arrival of new brokers with niche structures. The fact that reinsurers are providing quality support to the market was also highlighted as a key contributor to capacity growth. Although noting that capacity allocation can be capricious, one respondent added that players' capacity allocations are mainly stable. Another commented that there have been no major exits from the line. Shared post-Covid trend estimations included:

- Whole market +10–15 %
- Trade Credit +20 %
- Contract Frustration +10 %

### Capacity is expected to stabilise

As with market growth expectations, the outlook for capacity development is one of slowing, with the majority expecting capacity levels to stablise.

In addition to increasing loss ratios, rate pressures and (possible) over-expansions, respondents highlighted distribution issues including long lead times for new clients and talent shortages as limitations for future market growth.

### Diverse fall and rise of rates

In Trade Credit, increased capacity and low losses were reported to have driven a rate nose dive, with one estimation of a fall of up to 20 % from 2020 to 2023. The majority expect rates to stabilise, though some consider that rates will continue to fall slightly unless there is a global (loss) event.

In contrast, as bank margins rose during Covid in the higher risk environment, so did the rates for bank credit portfolio business. Bank margins are now falling, so rates have been falling. One respondent added that there is now more pooling around the good deals, where pricing is now quite soft, while other deals have seen hardening rates, so risk-adjusted is flat.

Contract Frustration rates were reported to have fallen as government budgets have increasingly come under pressure, cutting demand. However, rates are expected to rise again given increasing loss ratios, e.g., most recently associated with Ukraine.

Political Risk rates were considered to have gone too low but increased substantially since 2022 and are expected to increase further as Russian-related losses continue to crystallise.

### Reinsurance needs are largely stable

Respondents were extremely positive about the value of reinsurance support. Reinsurance needs were described as being stable and with a stable outlook.

Adding insights, respondents commented that reinsurance is used as a tool for the big events/exposures, that demand for higher layers is rising, and that some large (insurance) players are buying more to increase their capacity levels – a trend also partly impacted by accumulations from market aggregation – while monoliners are possibly buying a bit less cover.

There is, however, some pressure in the reinsurance market. One respondent commented that reinsurance risk capital is becoming more expensive, with class-specific influences and some share contraction for certain players (adding that this can, however, be taken up by the wider reinsurance community), and that they expect this to continue. Exposure changes were noted by another to be driving some reinsurers to adjust structures. However, there was also an expectation from respondents that reinsurance market pressures will ease.

**Weakening terms and conditions led by banks' use of insurance**

In line with low loss ratios and substantial capacity increases, Credit and Contract Frustration conditions were reported as light, especially for financial institutions. The banks are seen as sophisticated buyers that dictate rates (bank margins), have good (master/standard) wordings and are strictly regulated. That latter point is where a change to terms and conditions is currently afoot due to Basel IV and capital relief requirements (see pages 17–20): there is an increasing trend to remove insurance exclusions so that terms are under the control of the bank. One of the key exclusions that respondents spoke about – especially for markets of the Organisation for Economic Co-operation and Development (OECD) and if banks are writing in the US – was the nuclear exclusion. Comments included that insurance is stepping-up to this change for investment grade credit banks in the US. However, it was also pointed out that reinsurers are concerned by this, and that this could drive a reduction in bank business.

Other observed trends included a push towards 100% indemnity, particularly for long-standing relationships.

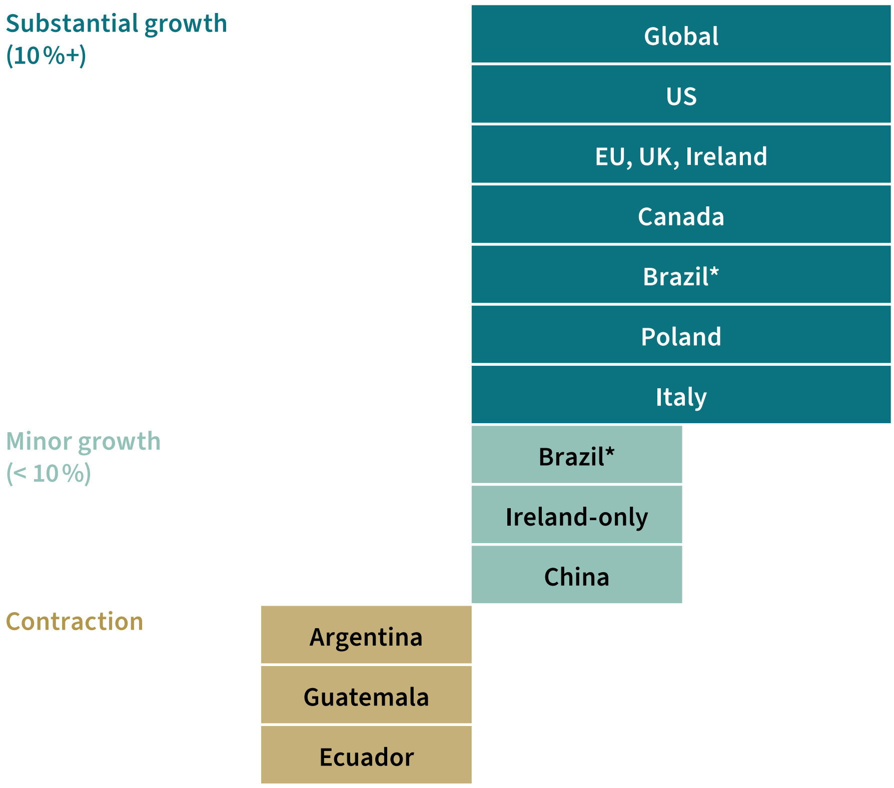
In the Political Risk and Contract Frustration classes, with losses on the rise, terms were reported to be tightening.

## Surety

**Growth dominates post-Covid (2022–24) market performance**

The majority of respondents reported substantial growth in Surety premium volume (figure 4), with an estimation that the global Surety market has reached USD 20 billion – compared to Trade Credit estimates of USD 8-10 billion – and that Surety growth has been approximately four times that of Trade Credit over this period.

In terms of the 2025–26 outlook, the majority of respondents expect growth to continue at a similar rate to 2022–2024 – exceptions included Argentina, where a positive shift from contraction to minor growth is expected, and Poland and Italy, where growth is expected to slow from substantial to minor.




* Reported by 50% of respondents from the Brazil market

**Figure 4: Estimated surety market growth (change in premium volume) over the period 2022–2024.**
Bond types vary depending on the market/region.

Source: AXA XL Market Survey 2025.

Respondents with global market views pointed to **inflation, Covid stimulus packages** and **economic growth/recovery** as key drivers of Surety growth. Inflation, for example, was hailed as the primary driver of substantial US contract surety growth, with comments including that US construction contract values – which drive bond amounts and therefore premium – increased by more than inflation.

**Infrastructure investment** was another key growth driver. Respondents highlighted this in particular for the US and Canada – with investments linked to the US's 2022 Inflation Reduction Act. The expectation is that US and Canadian market growth will continue, although at the time of this survey, the outcome of the US election added uncertainty to the outlook. And as one respondent observed, renewable energy projects sped-up ahead of the US election. Overlapping with the growth driver of Covid stimuli, the Italian Surety market benefitted from EU Covid relief funds for infrastructure investment, funds that will keep the market buoyant for at least another 3 to 4 years.

## "Respondents with global market views pointed to inflation, Covid stimulus packages and economic growth/recovery as key drivers of Surety growth."

Respondents with a view of the EU, UK and Ireland markets added that growth stemmed from the **recapturing of business lost when Covid struck** – when risk appetites fell and Surety books shrank – combined with the market's **enhanced ability to capture bank business** (which began a decade ago, but accelerated in the last 2 to 4 years). Another respondent added that the high cost (to banks) of equity for bank guarantees has supported this shift, and, speaking from a global perspective, that regulation is key to the outlook of Surety business (see also pages 17–20).

Single-market responses revealed further insights into how **political and economic drivers** substantially impact the Surety market. In Ireland, for example, political stability and public investment continuity were noted as positive growth factors, alongside pent-up demand for housing. In Poland, the considerable negative growth impact of withheld EU funds was noted, but with a positive outlook including from ongoing GDP recovery (forecasted < 3.2 % in 2025, compared to 2.7 % in 2024) and the positive trend in construction guarantees.

Continuing with political and economic drivers, Ecuador experienced market contraction alongside political unrest, decreasing public investments and a loss of confidence in the government. Until the situation improves, the outlook is expected to remain subdued. Political tensions were also reported to have reduced exposure in Peru and increased market selectivity in Chile. Argentina's Surety market contracted in 2024 as public expenses were restricted to reduce inflation, although the expectation is for a switch to minor growth as private investors/bonds are beginning to compensate for lost public bonds, and assuming the economy rebounds and economic stability returns. Guatemala saw a similar trend, with public investments (federal) cut by 20–30 % – a decline that is largely expected to continue. China was also reported to have experienced a decline in premium volume linked to suspended infrastructure investments, but with a stable outlook alongside improving economic conditions.

Brazil's Performance and Judicial Bond markets saw healthy growth (respectively +40–45 % and +10 %). On the demand side, key growth drivers included plentiful litigation (Judicial Bonds are approximately 75–80 % of Brazil's Surety market), large infrastructure projects (including some circa. USD 4 billion deals), increased cooperation with banks and deteriorating credit ratings). Overall, Surety penetration is low and the economy is recovering, so the outlook is for growth to continue.

### Loss ratios remain excellent despite slight post-Covid deterioration

**6 %**

Improved slightly

**44 %**

Stable

**50 %**

Worsened slightly

**The majority of respondents reported slightly worse or stable Surety loss ratios**

Respondents unanimously referred to excellent Surety loss ratios – even if these had slightly deteriorated since the pandemic, which 50 % reported. Respondents highlighted the positive impact of strong Covid governmental support. Some losses were mentioned, for example, UK and Nordic construction losses, construction losses in Poland in 2023 and some large US losses, but it was added that these had had little impact. Current-year loss ratio estimations included 15–16 % (Italy), 30 % (Brazil), 25–30 % (US) and close to zero (Guatemala and Argentina). A stable loss ratio outlook is expected by the majority of respondents, although uncertainties around the global economic outlook could drive a slight deterioration.

### Capacity is not in short supply

Given the loss ratios, it can be no surprise that 71 % of respondents observed an increase in capacity, while the remaining 29 % reported stable capacity (primarily for Latin American markets excluding Brazil). A constant flow of new capacity was reported for US Surety. Brazil has also seen a substantial capacity increase, with respondents describing two to three new players a year (now circa. 43 players, up from circa. 20 players some 7 to 8 years ago) and abundant reinsurance capacity. Reinsurance capacity was also raised as a driver of the substantial capacity increase in China.

The outlook for capacity was more varied. In Brazil, although the majority of respondents expect growth to continue, there are expectations that capacity could contract if reinsurance capacity tightens. The US, EU/UK/Ireland and China market expectations were for continued substantial capacity increases. All other respondents expect slight increases or stable capacity levels.

### Rates are largely under pressure despite increased risk

Respondents reported that rates in Latin America (Chile and Ecuador excluded), the EU and APAC have been under pressure due to healthy results and excess capacity. One estimate for Brazil was of a 15–20 % rate reduction per risk. The majority expect pressure on rates to continue.

US Surety rates were reported as having been stable forever and likely to remain so. Stable rates were also reported for China, with a possible decrease ahead from over-capacity.

Respondents also stressed that the risk – i.e., economic risk – has in fact increased, and that this is not yet reflected in the rates due to high capacity levels.

Some rate increases were, however, reported, such as in UK construction due to recent losses.

**Reinsurance capacity is supporting the market**

There was a general consensus that reinsurers (upwardly) adjusted attachment points and reinsurance pricing after Covid and in light of increased losses. Reinsurance capacity, however, has remained in adequate supply and cessions have stayed largely stable or reduced slightly.

**Terms and conditions are stable or loosening**

Given that markets are awash with capacity, comments on changes to terms and conditions were dominated by loosening to maintain or gain market share. Observations included that some US market entrants have loosened the personal indemnity waiver (which will make loss recovery more challenging) and that terms and conditions have not been sufficiently tightened by sureties in the UK and Europe given the increased risk. Overall, this loosening trend is expected to continue.

In Brazil, the SUSEP Circular nº 662/2022, published April 2022, included the removal of standard clauses from surety bond policy wordings, contributing to lower rates and higher broker commissions. However, this might be balanced by the new insurance law that will come into effect in December 2025, adding uncertainty to the market.

Respondents reported stable terms and conditions in Canada, Italy, Poland, Ecuador, Ireland and Argentina, with an expected switch to tightening in the latter two markets.

# Bank-related opportunities

**For the Credit and Surety sector, banks can be both a competitor and client. We wanted to investigate how the bank-insurer relationship has developed in recent years, including the impact of Basel IV. Amongst the many and varied insights by market and class of business, we found that banks have predominantly become key clients and that imminent Basel IV regulation is not seen as a major threat to market growth.**

**Banks as a client/distribution channel: Increased demand from banks a key growth driver**

Banks were repeatedly referred to by respondents as both a competitor and as an important client and distribution channel (with variation by market, see below). Many respondents stressed a positive trend. Comments included that banks' awareness of insurance has increased, that banks prefer to share/mitigate exposure with insurers rather than with other banks (their direct competitors), and that some insurers have become firmly entrenched in the banks' business model.

> "Some insurers have become firmly entrenched in the banks' business model."

Banks were described as excellent partners for insurers as they provide sophisticated underwriting and risk management. Other comments included that banks highly value the economic benefit of insurance and that there is enormous potential for growth. Indicating an eagerness to partner with insurers, we also heard that banks are bringing new product lines to insurers, for example Fund Finance which has developed over the last 3 to 4 years.

Increasing bank demand – which was noted to be a long-term trend over at least the last decade – has been one of the main drivers of post-Covid Credit market growth (pages 8–9). Respondents reported longer participations and increasing exposures, and that short and long-term Credit business has become highly dependent on the banks, in particular given banks' requirements for their clients to buy credit insurance in order to receive bank funding.

Banks are also an important client and business provider for the Surety market. Bank-fronted surety – whereby the bank issues a letter of credit which the surety backs – was described as a new, growing, cost-effective product in the US Surety market. This was also described in Europe, with a recent shift to syndicated facilities where banks and insurers sit alongside each other with the client.

> "Rating, as well as reliability, expertise and scale, were flagged by respondents as key requirements for banks."

## Additional insights: The bank-insurer relationship

Banks, that offer letters of credit and/or bank guarantees, can be a competitor of Credit, Surety and Political Risk insurance. However, they are also one of the market's biggest clients, buying – or requiring that their clients buy – insurance to manage their risk portfolio; i.e., to mitigate risk, increase capacity, manage internal limits/sector concentrations and diversify their portfolio. In markets where regulators recognise insurers as a lower-risk counterparty and where certain criteria are met, banks can also effectively utilise insurance for capital relief.

### Potential for growth as banks face higher capital requirements under Basel IV

The new capital rules in the Basel IV Accord could drive growth for Credit, Surety and Political Risk insurers from bank-business on multiple fronts, but there remains a sizeable level of uncertainty, as respondents repeatedly highlighted in this survey.

### The Basel IV Accord

Basel IV (also known as Basel 3.1 (UK), Basel Endgame (US) or finalised Basel III (EU)), is an internationally agreed set of measures (standard minimum requirements) developed by the Basel Committee on Banking Supervision to strengthen the regulation, management and supervision of internationally active banks. The accord was implemented on 1 January 2023 and banks have five years to comply. Basel IV aims to increase the resilience of banks and restore confidence in the banking system after the 2007–09 financial crisis.

Basel IV increases banks' regulatory capital and reduces free capital. Key points include:

- More complex, risk-sensitive risk ratings for various types of assets.
- Raising of the "output floor". Constrained use of internal models to calculate capital requirements; regulatory approval is required. By 2027, a minimum of 72.5% of the standardised model's capital requirement must be kept, even if using an internal model.
- Systemically important banks (too big to fail) must keep more capital in reserve as a leverage ratio buffer.

### Positive impact on credit, surety and political risk insurance[2, 3, 4]

Higher capital requirements mean that banks' business and capital strategies will adapt to optimise their balance sheets. For example, banks are likely to seek to transfer more risk to the significant risk transfer (SRT) market and bank products could become more expensive and, therefore, less attractive to customers. Banks might also move away from low-risk assets if these are overstated under the Basel IV standardised model; and/or they might implement off-balance sheet solutions or increase the risk transfer levels (including to the SRT market) of such risks.

Credit, Surety and Political Risk insurers stand to gain from the Basel IV Accord by providing alternative products to customers seeking to reduce their operational and credit risks, and by offering unfunded capacity and risk-efficient capital management solutions to banks.

### Issues around capital relief and removing conditionality

As our survey respondents noted, however, there remains uncertainty as to exactly how the rules will be finalised and implemented by jurisdictions – in particular regarding whether insurance will be able to be used effectively for capital relief, as per current practice in the EU, or if insurers will be treated identically to banks and, therefore, not represent any capital efficiency advantage, as per current practice in the US.

An impact indication came for the EU shortly after this survey was carried out in a report by the European Banking Authority (EBA). The report noted that under Basel IV, credit insurance will still reduce capital requirements for banks, but not as significantly as before. This would likely reduce bank demand. However, the impact on the whole sector will ultimately depend on how the European Council and European Commission decide to implement the accord.[5]

There are also concerns around pressures to remove conditionality (see also pages 12 and 20, where respondents discuss removal of the nuclear exclusion).

Lobbying of regulators continues in the EU and US[6], and it remains unclear as to how the dust will finally settle.

2 Credit Insurance as a Credit Risk Mitigant to Diversify Risk under the Capital Rules, International Trade and Forfaiting Association and the International Association of Credit Portfolio Managers White Paper, June 2023
3 Basel IV and the butterfly effect: A lesson in unintended consequences, Moody's, February 2023
4 What Basel IV Means for U.S. Banks, Investopedia, 2023
5 EBA publishes long-awaited report on the use of credit insurance by banks, ISICA, October 2024
6 For example: Explainer: What is the 'Basel III endgame' and why are US banks worked up about it? Reuters, April 2024

**Substantial growth expected to continue**

50 % of those who shared a view on bank business development reported substantial growth from 2022–24 (figure 5), with an ongoing outlook of substantial growth through to 2026. Notably, of those who reported substantial bank business growth, 80 % represented the Credit and Political Risk classes, and all had a global or European market viewpoint. Minor growth was reported for Surety in the US, China and Israel, and this is largely expected to continue. Stable volumes were reported for Brazil, Argentina and Italy.

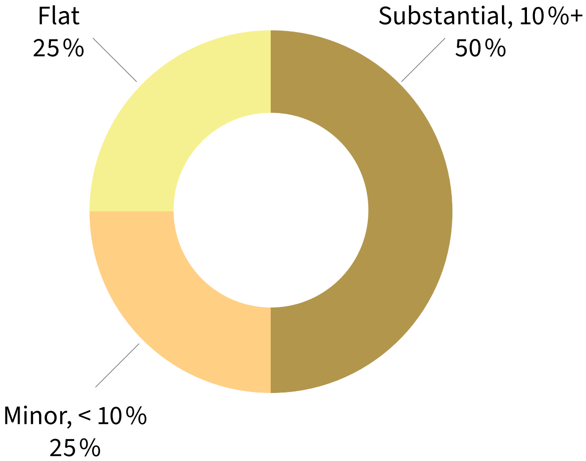



**Figure 5: Estimated bank business market growth (change in premium volume) over the period 2022–2024.** Outlook was consistent to past performance according to all respondents who shared a view on this.

Source: AXA XL Market Survey 2025.

All respondents expect current growth trends to continue, indicating a strong consensus that Basel IV will not have a negative impact on the Credit, Surety and Political Risk sector.

**Requirements to partner with banks**

**Rating**, as well as **reliability, expertise and scale**, were flagged by respondents as key requirements for banks. The market exit of a large credit insurer, for example, would be a threat to bank-insurer relationships. A quality underwriting team is also vital, necessitating talent retention and the ability to attract new talent (with ex-bankers potentially a good source of expertise). Insurers also need to support the **administration** of the business: insurance poses a significant operational challenge for banks because insurance policies are not loans, so banks cannot use their systems to administer them. The challenge is to deal with thousands of insurance policies attached to loans that are continually being repaid. This is a barrier to scale, and thus an area – if functionality is improved – that could lead to sizeable market growth. Linked to this topic of administration and indicating a potential market growth driver, one respondent proposed the idea of enhanced operational efficiency – perhaps with the help of AI (see also pages 23–28) – as a way to open up the market beyond tier-1 banks to also include tier-2 banks.

Adding detail as regards requirements for capital relief solutions, respondents stressed that these require a mutual interest to partner. For the banks, rating is key. A high rating increases the capital relief and, as one respondent added, it also helps to mitigate any reduction in capital relief from regulatory change.

Counter-party risk is another concern if the bank only partners with one insurer. Solutions suggested by respondents included working with reinsurers to spread counter-party risk. From an insurer's perspective, there is a need for caution given long-term projects, large tickets and the potential for adverse risk selection. Solutions included that a bank's retention should be significant, to the order of 20-80 % depending on the country/project.

**Competition with the banks in Surety varies by region**

In Europe, respondents described how banks are not just clients, but also compete with sureties in the bond market, with an estimated market split of 70–80 % banks and 20–30 % sureties, and with variation by market (each has distinct regulation).

In China, insurers and banks also compete in some segments. However, banking products were described as less efficient. In addition, the banks are not as motivated as sureties to develop the product as this is not a core pillar of their business model.

## "Irrespective of the Basel IV outcome, Credit and Surety products that benefit the banks - e.g., credit insurance required by banks for loans - are expected to continue to experience growth."

In the US, banks are prohibited from the Surety space (bank-fronted surety, described above on page 17, is rather an example of partnership with sureties for bank credit).

Competition in Latin America was described as minimal and there were no reports of partnering. In Ecuador, for example, insurance has become more competitive and has been successfully pulling business from the banks. In Argentina, banks have different (higher) regulatory requirements to insurers and therefore do not compete with sureties, which already present a very crowded space. In Guatemala, banks can only provide financial guarantees, so do not compete with sureties; respondents added that banks and insurers are essentially silos, with little interaction.

Banks are also not present in the Performance Bond market in Brazil, apart from some competition with international banks for international customers entering the country. There is, however, some competition in Brazil in the Judicial Bond market, although insurers were reported to provide greater price flexibility, while the banks have tighter regulation and are less price competitive.

**Basel IV outcomes will affect future bank demand, but not all products equally**

The majority of respondents saw no negative impact to date from Basel IV. However, looking ahead, as one respondent summarised, it all depends on how Basel IV, the regulators and banks ultimately view Credit and Surety. Many considered that the current situation in the EU – with insurers as an efficient capital relief partner for banks – was unlikely to change. However, the subsequent EBA report could imply a potential growth slowdown ahead.

Irrespective of the Basel IV outcome, Credit and Surety products that benefit the banks – e.g., credit insurance required by banks for loans – are expected to continue to experience growth. Furthermore, as respondents highlighted in the market growth section of this survey, increased awareness of insurance by banks has increased bank demand – presumably, this could continue.

**Opinions on removal of the nuclear exclusion for bank business**

Respondents also brought to light pressure to remove insurance policy exclusions to meet Basel IV conditionality requirements. Everyone that raised this issue gave the example of the nuclear exclusion, in particular if writing in the US. It was noted that pressure to remove the nuclear exclusion has in fact been around for approximately the last five years in the Structured Credit and Political Risk markets, and that insurers apply aggregate limits for this, in line with bank needs. The focus of concern was that these limits will not be sufficient if Basel IV requires all insurance policies to remove the nuclear exclusion. Several respondents felt that capacity – especially reinsurance capacity – constriction is a likely outcome in that eventuality.

As with the abovementioned capital relief issue, some respondents felt that this conditionality issue involves an element of uncertainty. Basel IV seems to be accelerating pressure to remove exclusions, but not all consider that this is or will ultimately be required.

# Impact of geopolitical tensions

**The world right now feels very tense. We asked respondents about the impact of this on their business. Overwhelmingly, we found that tensions have not had a significant impact on the Credit and Surety sector. The current situation - even though there have been losses and more losses are expected - was described as manageable and within the range of acceptable volatility.**

**More caution but no significant impact**

The majority (73 %) of respondents experienced no impact on their business from geopolitical tensions. Others observed slight business volume increases (18 %) or decreases (9 %).

**18 %**
Writing slightly more business

**73 %**
No impact

**9 %**
Writing slightly less business

**The majority of resondents reported no impact on their business volume from geopolitical tensions**

Market impact insights included that:

- There has been a general increase in selectivity.
- There is more caution now, e.g., as regards China and Taiwan.
- Players have pulled out of Russia; noting also that this began in 2014.
- There have been losses, e.g., in Ukraine and several African countries.
- Political Risk losses have been focused on Russia.
- Expropriation protection for overseas (non-mobile) assets is being reconsidered.

However, a common sentiment was that **the impact – especially at the global level – is minimal**, with reasons shared including that business has correspondingly shifted to other regions, supply chain disruption is taken into account in risk assessments and is managed globally, and penetration is very low, hence there is significant global growth potential. Adding insights to supply chain risk management, one respondent shared that they spoke to their clients in the engineering and construction markets about the flexibility in their contracts and possibilities to cover the changes, adding that adjustments associated with Russia have been market-wide and mainly led to additional administration.

Respondents described the current situation as manageable and **well within expected volatility levels** for the sector. As one respondent summarised, there is a lot of noise now, but there has always been noise. Carriers go on and off risk, premiums adjust. Good insurers weather such volatility well.

**Latin America** unanimously reported no impacts from the recent and current geopolitical tensions associated with Russia and the Middle East, with comments including that the region is largely disconnected from current events.

Several respondents commented that geopolitical tensions in general make the product easier to sell due to **heightened risk awareness**. We also heard this earlier in the survey (page 8) as respondents discussed the positive growth expectation linked to ongoing tensions. Others noted that geopolitical tensions can hold back growth, giving the example of China/Taiwan.

**Inflation** – with its roots in the pandemic and Russia/Ukraine, and to an extent also the Middle Eastern crisis – has already been identified in the survey as a key driver of market growth (pages 8 and 14). In this regard, geopolitical tensions have also increased market volume.

**Shifting trade and near-shoring** comments relating to geopolitical tensions included that barriers to trade are higher (EU/US and China) and that there has been an increase in near-shoring, for example in Canada, where the government is working to boost national supply chains and increase investment in (local) electric vehicle manufacturing, battery development and energy storage. However, no specific impacts from these trends were reported, which presumably reflects the factors discussed above.

**Markets focused on local business and/or on imports/exports with politically-aligned countries reported no impact** – for example, US Surety has seen no impact, neither has Canada where up to approximately 80 % of the business supports exporters to the US.

An interesting added insight from a European respondent referred to **increased military spending**. This will result in less spending on infrastructure projects and therefore less business for our sector.

# AI usage

**The launch of OpenAI's ChatGPT[7] in November 2022 signaled a sea change in AI awareness and applicability. We wanted to find out the extent to which our survey respondents' companies are now using - or planning to use - AI-based tools. The survey revealed that the majority are indeed using, or are on the cusp of using, AI technology, primarily in underwriting and risk assessment, and for a wide range of tasks.**

### High AI value expectation

As figure 6 shows, the survey revealed a spread of usage levels across the sector: 43% are using AI in at least one business area (with 58% of these companies also planning new projects or the ongoing development of their existing AI tools); 32% are close to implementing AI in at least one business area or are investigating and/or testing its performance; 25% are neither using AI nor investigating its potential usage. That 75% of respondents' companies are using, or close to using, AI technologies, indicates a high AI value expectation across the sector.

"75% of respondents' companies are using, or close to using, AI technologies."

Those that are not using or planning to use AI were all single market, rather than global, respondents, which may indicate that cost or regulation are contributory factors. Comments from some of those not using AI indicated a wait-and-see approach.

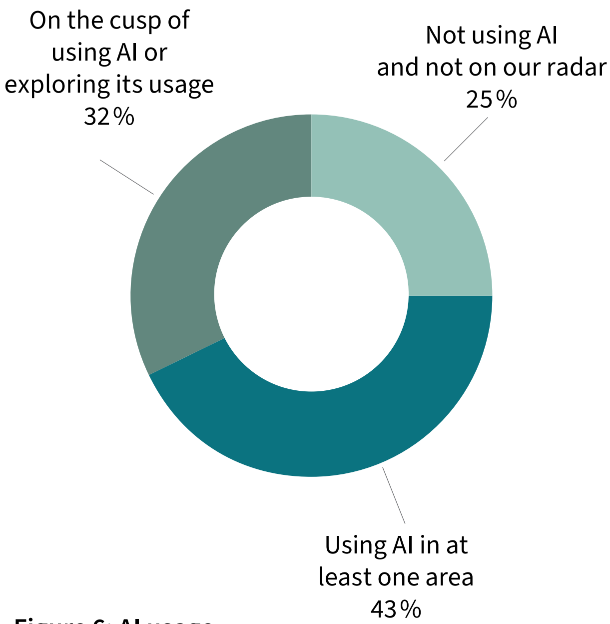



**Figure 6: AI usage.**

Source: AXA XL Market Survey 2025.

7 Generative Pretrained Transformer (GPT)

## Additional insights: AI ability and accountability

### What is AI?

AI refers to a machine's ability to perform cognitive functions that we usually associate with humans, such as learning, problem-solving and creativity.

**Traditional AI** is based on preprogrammed algorithms and rules, e.g., rules engines and expert systems. This type of AI focuses on analysing data and making predictions.[8]

Another key area of AI – the area associated with the AI boom that we are seeing today – is based on what's known as machine learning; i.e., **machine learning** is a sub-set of AI.

Instead of requiring explicit programming, machine learning algorithms detect patterns and learn how to make predictions and recommendations by processing data and experiences, and can adapt in response to new data and experiences. The arrival of **deep learning** algorithms[9] able to process a wider range of data resources, enabled the current AI-applications boom, including **generative AI** models like ChatGPT.[10]

The term generative AI specifically refers to AI models and tools that can create new content, including code, audio, images, text and videos. The new content is based on and designed to resemble the algorithm's training data.

### AI business usage increasing

Businesses are increasingly adopting AI. For example, according to a survey by McKinsey, 2024 saw a substantial uptick in business AI usage; from 2017 to 2023, approximately 50% of organisations used AI[11], in 2024 that increased to 72%.[12] AI chip sales are soaring, although 2024 saw signs of a growth slowdown and impacts on AI stocks.[13]

### AI risks

For businesses, AI technology comes with a range of associated risks, for example:

- Bias[14], inconsistency and hallucination[15]
- Transparency and explainability
- Legal and compliance, including intellectual property, data privacy and security
- Fraud and adversarial attack

### AI risk mitigation

The ability to mitigate AI risks will vary based on whether a model is developed in-house using own data, developed together with a third-party developer, or purchased off-the-shelf (pretrained); note that AI can also be integrated into standard business software.

Risk mitigation initiatives include:

- Implementing an AI risk management framework and governance model
- Understanding the algorithm/s and how it makes decisions
- Knowing the data set that the model is/has been trained on
- Maintaining human oversight
- Focusing on terms and conditions, including of open-source licenses applicable to open access AI[16]
- Monitoring regulatory change
- Being aware of AI applications used by business partners

### Sustainability and scaling issues

Generative AI models require huge amounts of energy and data – a ChatGPT query uses ten times more energy than a standard Google query – and are driving a rapid expansion of data centres.[17] This raises important sustainability questions. For businesses, understanding the emissions associated with different AI models and approaches, and at different build/usage phases, is critical for assessing ESG impacts.[18]

Scalability, i.e., that using more computing power and data seems to continually improve a transformer's (the "T" in GPT) performance, leads to the expectation that capabilities will continue improving and ultimately reach artificial general intelligence (AGI).[19] However, in addition to the issue of power consumption and sustainability, AI scalability is questionable due to factors including the need for evermore training data.[20]

Footnotes on page 25

**25%**
Purely in-house

**75%**
From or in partnership with third-party providers

**Of those reporting AI projects, the majority are doing this together with third-party providers**

### Third-party providers playing a major role

Respondents reported that their companies are working on AI projects in partnership with third-party providers (75%) or developing capabilities purely in-house (25%). The growing role of external parties mirrors other industry findings, including that 63.4% of Q3 2024 InsurTech funding deals went to AI-centered Insurtechs.[21] Interestingly, in the survey, the decision to work with third-party providers or to develop in-house did not align to company size – it is not just some of the bigger players that have chosen to develop AI systems purely in-house, some smaller players described small teams of existing employees with operational experience and strong technical skills quickly producing effective AI platforms.

> "Respondents spoke of improved underwriting decision-making, new data, faster analytics and enhanced efficiency."

8 The Difference Between Generative AI And Traditional AI: An Easy Explanation For Anyone, Forbes, 2023
9 Based on deep (multi-layered) neural networks
10 What is machine learning, McKinsey, April 2024
11 Using AI in at least one business function
12 The state of AI in early 2024: Gen AI adoption spikes and starts to generate value, McKinsey, May 2024
13 The state of AI in early 2024: Gen AI adoption spikes and starts to generate value, McKinsey, May 2024
14 Data and algorithmic bias
15 Incorrect or misleading results
16 What risks need to be considered by a business using artificial intelligence? Osborne Clarke
17 How AI Is Fueling a Boom in Data Centers and Energy Demand, TIME, June 2024
18 How generative AI model training and deployment affects sustainability, PwC
19 Why the T in ChatGPT is AI's biggest breakthrough – and greatest risk, New Scientist, August 2024
20 Ibid.
21 Global InsurTech Report Q3 2024, Gallagher Re, 2024

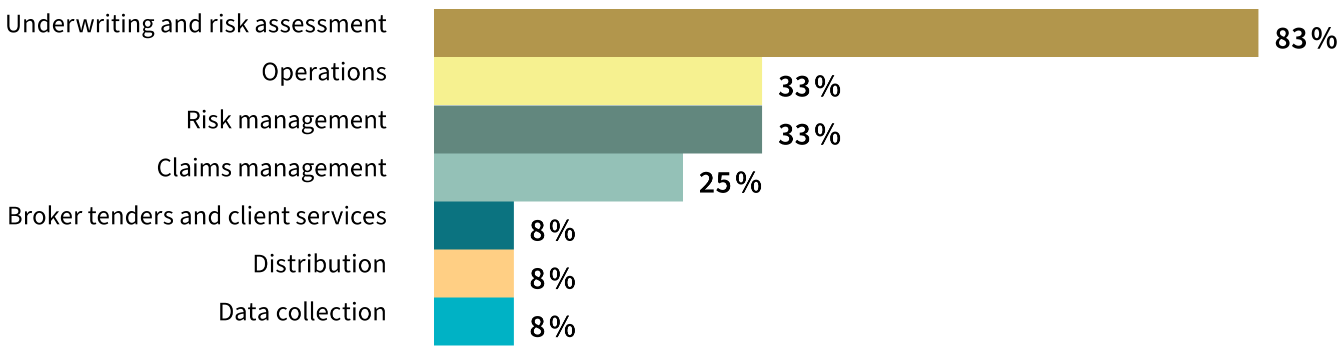



**Figure 7: Current AI usage by business area.** Percentages shown indicate the percentage of companies reporting AI usage that are using it for that business area – as some companies reported multiple areas of usage, the total exceeds 100 %.

Source: AXA XL Market Survey 2025.

**AI usage highest in underwriting and risk assessment**

The most frequently reported AI usage areas were underwriting and risk assessment, followed by operations, risk management and claims management (figure 7).

In terms of benefits, respondents spoke of improved underwriting decision-making, new data, faster analytics and enhanced efficiency. One respondent noted that AI has helped to improve their client retention levels by lowering volatility and reducing the need to restrict limits.

Examples of usage in **underwriting and risk assessment (including data analytics)** included:

- For original underwriting risk assessment, rating, risk rate scoring, credit analysis and comparisons (e.g., with S&P Global and Moody's models); one respondent added how their AI supported software also takes into account economic analysis and projections.
- Fully automated risk assessment for smaller risks/ small bonds.
- To base underwriting decisions not just on credit information, but also on AI-identified payment patterns in the clients' experience (project in pipeline).
- For data collection.
- For data analytics (e.g., Microsoft Power BI software).
- For small-scale underwriting tasks.
- Embedded AI for name matching.
- To create underwriting memos from complex submissions; one respondent added that this task could now be done in under 10 minutes.
- Together with APIs[22] (fully connected to brokers), with AI performing the analytics and pricing.
- For data scraping, i.e., transferring data from submissions into systems (project in pipeline).
- For underwriting questioning (project in pipeline).

22 Application programming interface (API)

Examples of usage in **operations** included:

- ChatGPT for drafting emails.
- For building out IT infrastructure (development times were reported to be significantly cut by using AI to support coding).
- For administration, e.g., quarterly reporting.
- To enhance workflow, e.g., to extract and capture data from data sources, log enquiries, read emails and extract data from submissions.
- For data management to upgrade legacy systems (project in pipeline).
- For use in all client-facing areas, e.g., invoices out and payments (project in pipeline).

Respondents highlighted how AI is benefitting operations by reducing low-grade administrative tasks. Use of ChatGPT varied: some are using this extensively, while others have no access.

Respondents also reported usage in **risk management**, with examples including an AI project to monitor credit ratings over time to identify patterns and better model the portfolio.

**Claims management** was another key area, with the example of AI enhancing **fraud detection**. One respondent described how AI is being used in their company to compare financial statements and spot unusual movements that could signify fraud, and that they are currently working to extend this capability to large losses. Another discussed how banks and corporates using AI to detect fraud could respectively help to improve underwriting results and increase capacity.

AI was also reported to be in use for **broker tender texts** and **credit models** – whereby an insurer's portfolio is run through a model, which incorporates AI, to assess the optimal reinsurance structures for the insurer – and for **distribution**. Indicating the immense potential in this area, an Insurtech expert described how AI – together with digitalisation and APIs – is in some markets streamlining and enhancing the sector's distribution value chain, adding that not all are following this path, that new developments are needed for partnering beyond national borders, and that rising claims may help to drive investment in this area.

## Additional Insights: The many Benefits of Digitalisation

As shared in the International Credit Insurance & Surety Association (ICISA) December 2024 interview with Richard Wulf, Executive Director of ICISA, titled "Reasons to digitalise trade"[23], digitalisation and having more available data points is a win-win for the Credit sector and the businesses and communities that it supports.

Firstly, to improve transparency and better monitor supply chains for compliance with sanctions and export controls, a need that is becoming increasingly important since the Russia/Ukraine war and evolving tariff landscape under the second Trump presidency.

Secondly, to reduce uncertainty and thereby enable insurers to offer wider coverage, develop new products, enter new markets (including developing economies such as in Africa) and reduce rates.

Thirdly, to monitor the environmental impacts of complex, short-term supply chains for ESG requirements. And finally, to detect and reduce fraud, such as through open trade registries, in order to help reduce claims costs and premiums.

The need for common standards – which already exist in the form of the **Model Law on Electronic Transferable Records (MLETR)**, and as already applied in the UK, France and some African economies – was stressed in the interview as being vital to facilitate digital solutions.

23 This interview is published online on the ICISA website

Combining current AI-usage areas with projects in the pipeline, the chart (figure 8) follows a similar pattern to current usage only, with operations gaining some ground. Planned projects included a **data management** project incorporating AI to resolve a legacy system with decades of data in excel spreadsheets.

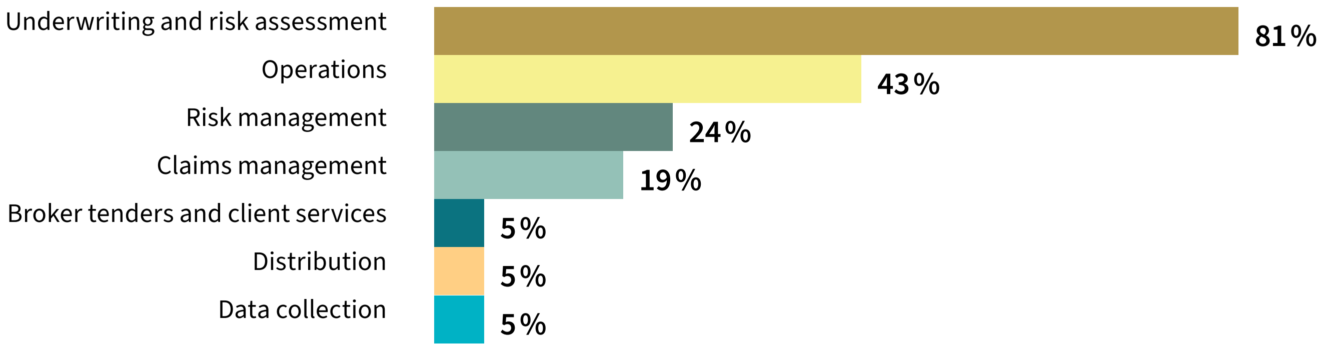



**Figure 8: Current AI usage and AI projects in the pipeline, by business area.** Percentages shown indicate the percentage of companies reporting AI usage or planned usage for that business area – as some companies reported multiple usage/ planned usage areas, the total exceeds 100 %.

Source: AXA XL Market Survey 2025.

### AI threats were not a dominant theme

Though respondents spoke predominantly of opportunities and benefits, high costs (several respondents mentioned projects that had been stopped due to cost/benefit concerns), data security (including with the use of public AI models), hallucinations, data needs/data access issues for system improvement, and experts still being needed to look critically at the outputs, were all raised as potential threats.

# ESG impacts

**ESG is a broad topic, spanning the energy transition and other environmental, social and governance factors. The focus of our conversations for this survey was the "E" (environmental), and more specifically, emissions. The survey revealed that despite a lack of ESG-based underwriting targets, insurance markets are strongly - and through diverse approaches - supporting the energy transition.**

### Supporting the energy transition

ESG-related regulations to promote sustainable business practices and informed decision making are gaining ground around the world, led by Europe.[24]

The majority of respondents reported a strong shift in market risk profiles from fossil fuels to renewables, which one respondent described as a trend that began approximately eight years ago.

### Impact of market competition for ESG-positive business

Respondents reported that demand associated with the energy transition is high – as also seen in the market performance and infrastructure investment sections of this report – and, therefore, that there is no significant competition around ESG-positive business. However, there is some competition, as evidenced by comments that ESG is sometimes used by brokers to request a discount, and that there has been some competitive pressure on rates for wind and solar.

However, as many respondents added, it is not just about infrastructure for renewables, but also about transitioning away from carbon (including decommissioning, repurposing[25] and restoration). For some businesses, significant (often costly) changes are necessary for decarbonisation – with SMEs being particularly at risk. Transitioning also requires different interim steps and timings depending on the country/region – for example reflecting development needs in Africa – and can be challenged by intertwined industries, such as the use of coal in steel production.

Most respondents reported that their companies are supporting the energy transition and that there is a push to a more green economy. Beyond compliance with the relevant regulation/s, this push was reported to come either from the group/board/executive level, from international partners with more stringent ESG regulations (e.g., Argentina), or even solely from an internal moral compass.

Most of the insurers that we spoke to will not write coal and arctic sands risks, but oil and gas, including trades, are not off the table in order to support the transition. One respondent commented that if regulation were to prevent insurers from writing oil and gas, this would impact the market.

We heard of no specific ESG-rating underwriting targets and for the majority, ESG rating does not impact risk assessment.

Interestingly, the survey revealed a highly diverse range of approaches and initiatives related to ESG in underwriting and risk assessment (see following page).

24 Corporate Sustainability Reporting Directive (CSRD), Sustainable Finance Disclosure Regulation (SFDR), EU Taxonomy
25 For example: The UK coal-fired power station that became a giant battery, BBC News, 2024

**Examples of approaches and initiatives shared by survey respondents relating to ESG in underwriting and risk assessment**

Corporate policy:

- Company guidelines prevent writing coal.
- ESG is corporate policy – there is a group ESG unit and E, S and G guidelines must be followed.

ESG supervision:

- A sizeable ESG team attends weekly credit meetings and advises on client ESG aspects – such as industries taking too long to decarbonise – which can lead to withdrawal of cover.
- Appointed sustainability officer and sustainability reporting requirements.
- ESG business is tracked at the corporate level.

ESG underwriting strategies:

- A country-dependent strategy supports energy transition projects that will deliver an emissions improvement, even if still carbon-emitting.
- No strict ESG guidelines, but a moral compass is applied to help the energy transition, in particular based on country/regional needs, e.g., not writing new fossil fuel infrastructure but supporting projects that increase the efficiency of existing ones.
- No support for oil and gas, unless the client presents a plan to reduce their carbon footprint.
- A shift from supporting oil/gas/mining exploration to restoration.
- Group strategy in place to reduce the level of carbon in the underwriting portfolio by reducing capacity for high-carbon business, losing some corporate business and offering better terms for transition, e.g., for electric vehicles.
- Positive-ESG business is looked at more favourably.
- Concern over the reputational impact to the insurer from negative-ESG feeds into underwriting decisions.

Risk assessment impacts:

- Unless a risk is prohibited, underwriting is based on risk assessment, e.g., on credit analysis, and not on ESG, i.e., there is no subsidising or penalising risks based on ESG.
- Negative-ESG can increase risk, given, for example, a reduced capital pool and higher debt costs, and therefore less margin for error.
- Positive-ESG can also increase risk – new technologies associated with the energy transition, e.g., battery storage, are an emerging risk. Not all projects will be successful, and as one respondent highlighted, what if a new and improved technology comes along, increasing the default risk associated with the prior technology?

Products:

- Supporting a "debt-for-nature" initiative that helps countries in debt distress by cancelling some debt in exchange for a pledge to protect nature.
- Issued an ESG contracts portfolio.
- Observed rising demand for environmental bonds in Ecuador.

**"The majority of respondents reported a strong shift in market risk profiles from fossil fuels to renewables."**

### ESG challenges

However, highlighting that there are significant challenges for some, comments included that shifting the book is easier to say than do, and that it can be difficult to integrate ESG criteria into Surety underwriting, with some insurers doing this better than others.

Some respondents spoke of reinsurers following their cedants and, therefore, of having their hands tied in respect of ESG in underwriting, whilst others expect ESG pressure from reinsurers to increase, adding to the aforementioned push.

### Banks pre-screen business for ESG

Respondents highlighted that banks have strong ESG compliance requirements. Every project/loan has an ESG segment. Bank business is therefore pre-screened for negative ESG, alleviating insurers' difficulties in applying ESG criteria.

### Outlook of increasing pressure on insurers to have net-zero targets

Of the respondents who shared a view on own-company net-zero targets, only a fifth reported having net-zero targets.

Indicating that this could have increasing business impacts, a respondent with a global perspective mentioned a potential client requesting their company's net-zero target, and that they had lost this business as they did not have this. The expectation was that clients will increasingly request net-zero targets.

# Background Trends

To support the survey results, the following pages include research-based information on economic growth, insolvency, trade and infrastructure trends.

# Global economy continues to squeeze businesses

## The global economy is resiliently recovering from the shocks of the pandemic and war in Ukraine - but is far from fully recovered. Insolvencies shot back up in 2023 as pandemic support schemes ended in a challenging global environment, lackluster economic growth is expected to persist and downside risks, including intensified protectionist policies, add uncertainty to the economic outlook. Innovation and continuing to adjust to weakened demand and elevated operating and borrowing costs remain key for businesses.

**Resilient, but shifted to below-trend growth**

As reported by the International Monetary Fund (IMF)[26], after the economic shocks of the pandemic and Russia's invasion of Ukraine, headline inflation neared pre-pandemic levels in most economies at the end of 2023, after peaking in 2022, and world gross domestic product (GDP) rose to a steady growth rate of an estimated 3.3% (figures 9 and 10). This return to relative health, aided by tightened monetary policies, falling energy prices and immigration flows, points to an impressively resilient global economy.

Global headline inflation is expected to continue its steady decline from 6.7% in 2023 to 4.2% in 2025 and 3.5% in 2026, bringing most economies within or close to targets. Interest rates are following suit, supporting trade and investment. For example, the US made a first half percentage point cut to its benchmark rate in September 2024[27]; although US inflation remained above target in December 2024 at 2.9% compared to the 2% target, and, given expected inflationary pressures[28], further cuts are not expected before the second half of 2025.[29] Also in September 2024, Euro zone inflation dipped below 2% for the first time since 2021[30]; although it edged back up slightly in the remaining months of the year, reaching 2.4% in December[31], the month in which the European Central Bank cut rates for the fourth time in the year.[32]

GDP growth has risen and stabilised, but it is nevertheless underwhelming – 3.3% is below the 2000-2019 historical average of 3.7%.[33] China's 2025 growth projection of 4.6%, for example, also remains below its 5% target.[34] The IMF expects this subdued, below-trend global growth to persist, highlighting that inflationary pressures remain – including from wage increases and supply chain issues linked to climate change, health and geopolitics. Growth is also held back by structural challenges including aging populations and low productivity growth – building the case for structural reforms, including to enable innovation – and will be impacted by future efforts to stabilise debt dynamics and rebuild fiscal buffers.[35] At the time of writing, political and policy uncertainty is also negatively impacting the current outlook, although this aspect is expected to improve in 2026.[36]

26 Policy Pivot, Rising Threats, World Economic Outlook, IMF, October 2024; Global Growth: Divergent and Uncertain, World Economic Outlook, IMF, January 2025
27 Reactions as Powell suggests 50 bp more cuts in store for 2024, Reuters, September 2024
28 Including from fiscal and trade policy changes, deregulation and immigration curbs.
29 US inflation ticks up in December and remains above Fed's 2% target rate, The Guardian, January 2025
30 Euro zone inflation dips below 2%, strengthening rate cut case, Reuters, October 2024
31 Euro zone inflation jumps on higher energy costs, Reuters, January 2025
32 ECB cuts rates again and keeps door open to further cuts, Reuters, December 2024
33 Global Growth: Divergent and Uncertain, World Economic Outlook, IMF, January 2025
34 Ibid.
35 Policy Pivot, Rising Threats, World Economic Outlook, IMF, October 2024
36 Global Growth: Divergent and Uncertain, World Economic Outlook, IMF, January 2025

Furthermore, the outlook is tilted to the downside due, for example, to regional conflicts, monetary tightening persisting for too long, potential resurgence of financial market volatility, protectionism and a potentially deeper growth slowdown in China.[37]

The World Bank likewise reported stabilising global growth, additionally highlighting that this is at an insufficient level for progress on key development goals. It estimates that by 2026, countries which are home to more than 80 % of the world's population will on average still be growing at a slower rate than they were in the decade before the pandemic.[38]

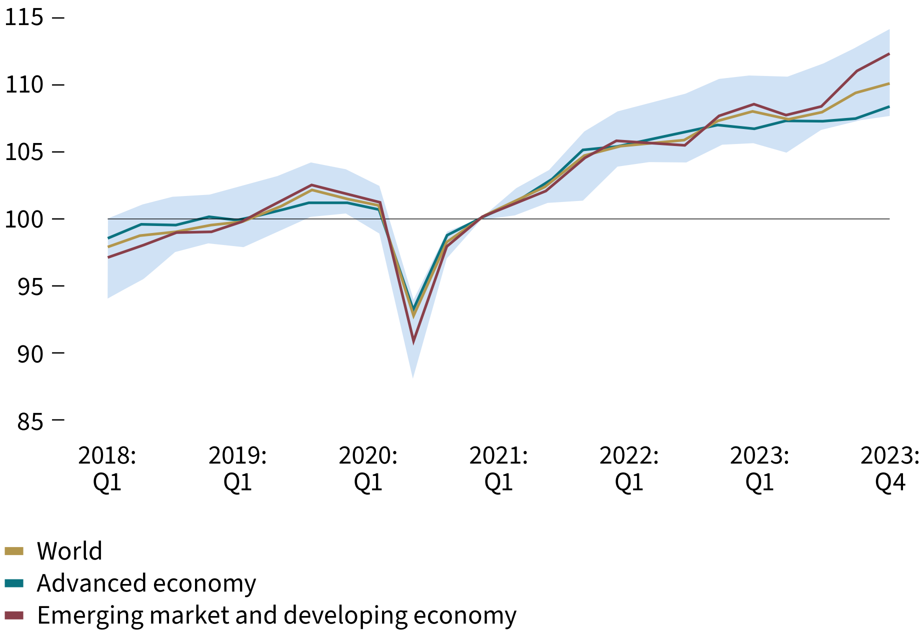



**Figure 9: World real GDP development (index 2020:Q4 = 100).**

Source: World Economic Outlook, IMF, April 2024

37 Policy Pivot, Rising Threats, World Economic Outlook, IMF, October 2024
38 Global Economic Prospects, World Bank Group, June 2024

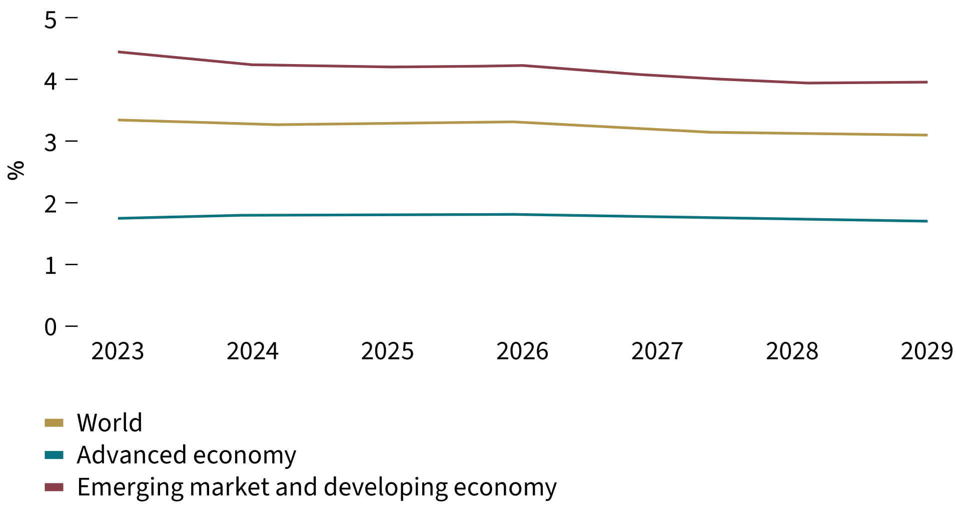



**Figure 10: GDP growth outlook as of October 2024.**
As of January 2025, the IMF growth projections for 2025 and 2026 were stable at 3.3%.

Source: World Economic Outlook, IMF

### Insolvency levels expected to normalise

Aided by state fiscal support schemes and temporary changes to insolvency legislation to counter the negative impacts on businesses of the pandemic and then the war in Ukraine, global business insolvency rates for 2020, 2021 and 2022 fell below 2019 (pre-pandemic) levels.[39]

In 2023, as state support measures ended, businesses faced – and continue to face – a world of stubbornly elevated interest rates, loan repayments, ongoing weakened demand in the lower growth environment, rising geopolitical uncertainty and elevated operating/input costs (including from supply-chain pressures[40], wage inflation and increased regulation).

With substantial variation by country, insolvencies began to rocket back up in 2023, with many exceeding their pre-pandemic averages. Around the world, so-called zombie companies – under-performing firms with high levels of debt that have been propped up by the previous low interest rate environment and potentially also by fiscal support during the pandemic – were reported to be a key driver of the observed increases.[41]

> “Insolvencies began to rocket back up in 2023, with many exceeding their pre-pandemic averages.”

39 Global Insolvency Outlook: Reality Check, Allianz Research, 2024
40 Supply chain snags cited as bankruptcy filings pile up, S&P Global, March 2024
41 Takeaways from AP analysis on the rise of world’s debt-laden ‘zombie’ companies, Associated Press News, June 2024

In a 2024 study by Allianz Research, for example, the majority of analysed countries experienced a business insolvency rebound or overshoot in 2023 compared to 2019, half of all countries (including the most advanced economies in America, Europe and Asia) began 2024 with insolvency numbers above their 2016–19 pre-pandemic average[42]; by October 2024, this had increased to an expectation of two-thirds of countries.[43] Atradius reported a 31% year-on-year increase in global insolvencies in 2023, a projected increase of 23% in 2024, and the expectation of a gradual improvement in 2025 under a more stable operating environment as interest rates fall and growth gains some momentum (figure 11).[44]

Examples of record highs include the US, which in 2023 saw the highest number of corporate bankruptcy filings since 2010[45] and an accelerating pace of monthly bankruptcies in the first quarter of 2024.[46] Insolvencies in Australia reached a record high in May 2024, 41% above Australia's pre-pandemic record, with payment defaults also reaching record levels.[47] In May 2023, the UK recorded its highest number of corporate bankruptcies since 2008.[48]

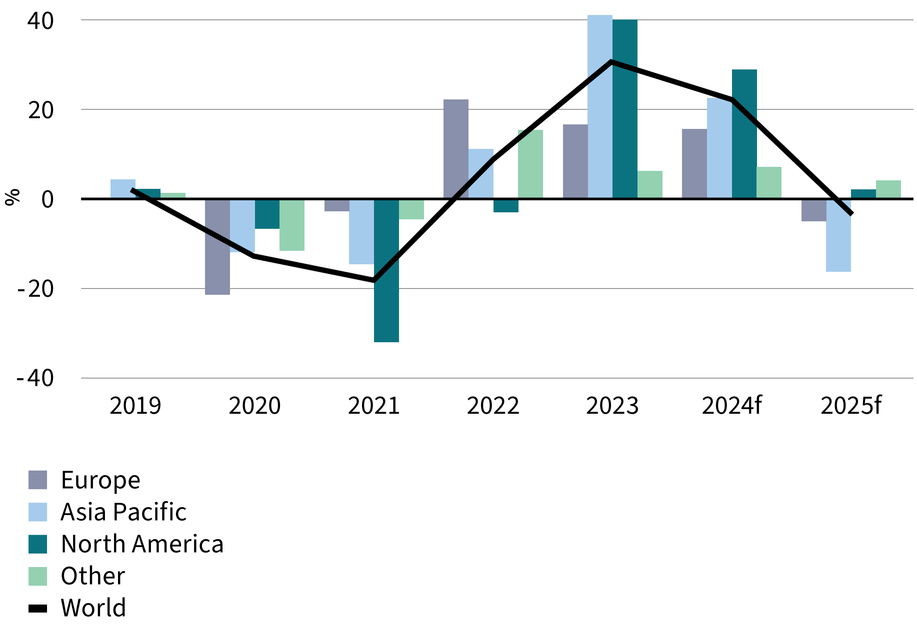



**Figure 11: Insolvencies by region, % year-on-year growth; 2024 and 2025 forecast.** Normalisation to the 2019 (pre-pandemic) mean is expected for 2025.

Source: Atradius, 2024.[49]

42 Global Insolvency Outlook: Reality Check, Allianz Research, 2024. This study covers 44 countries which accounted for 85% of global GDP in 2023.
43 Global Insolvency Outlook – The ebb and flow of the insolvency wave, Allianz, October 2024
44 Insolvency Outlook September 2024, Atradius
45 US bankruptcies hit 13-year peak in 2023; 50 new filings in December, S&P Global, January 2024
46 US corporate bankruptcies pick up pace in March; 59 new filings, S&P Global, April 2024; US corporate bankruptcies in April reach highest monthly level in a year, S&P Global, May 2024
47 Business insolvencies surge to record high – rate increases 38% on average across all industries, CreditorWatch, June 2024
48 Trading Economics, website page: United Kingdom Bankruptcies
49 Insolvency Outlook September 2024, Atradius

# Fragile growth outlook for world trade

## The trend of world merchandise trade mirrors that of economic development, namely "recovery and resilience, but with a caveat". The 2023 world merchandise trade volume was up 7% on 2019 and the outlook through to 2025 is for growth – however – geopolitical tensions, regional conflicts, protectionism and economic policy uncertainty could throw a large spanner in the works.

**Merchandise trade volume: flat in 2023, slight increase in 2024, fragile growth outlook**

The exports component of the merchandise trade volume is a key determinant of Trade Credit insurance demand.

As reported by the World Trade Organization (WTO), after a 2.2% year-on-year increase in 2022, the world merchandise trade volume (average of exports and imports) fell year-on-year by 1.1% in 2023, a fall driven by weak demand (from high inflation and rising interest rates) in almost all regions, led by Europe and CIS. However, 2023 was a healthy 7% up on 2019 (pre-pandemic).[50]

Looking forward to 2024 and 2025, and the WTO is positive in terms of merchandise trade volume growth. Based on an assumption of increasing real household incomes from easing inflationary pressures and lower interest rates boosting investment spending by firms, the WTO forecasts growth of 2.7% in 2024 and 3.0% in 2025, with all global regions (apart from Europe in 2024) contributing to export and import growth, led by Asia (figures 13 and 14).[51]

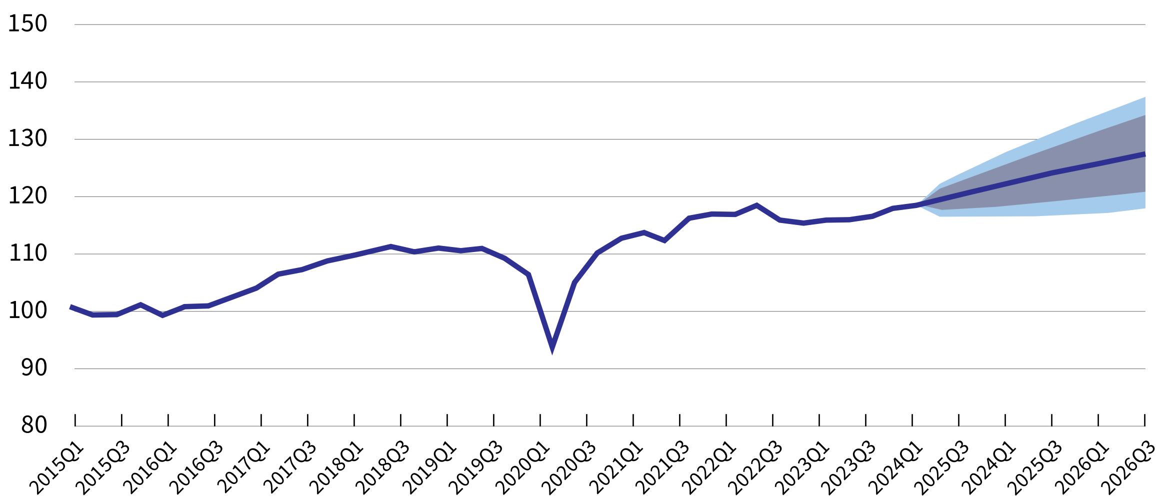



**Figure 12: World merchandise trade volume (average of exports and imports);** seasonally adjusted volume index, 2015 = 100. The shaded area represents random variation and subjective risk assessment of risk.

Source: Global Trade Outlook and Statistics, Update October 2024, WTO

50 Global Trade Outlook and Statistics, Update October 2024, WTO
51 Ibid.

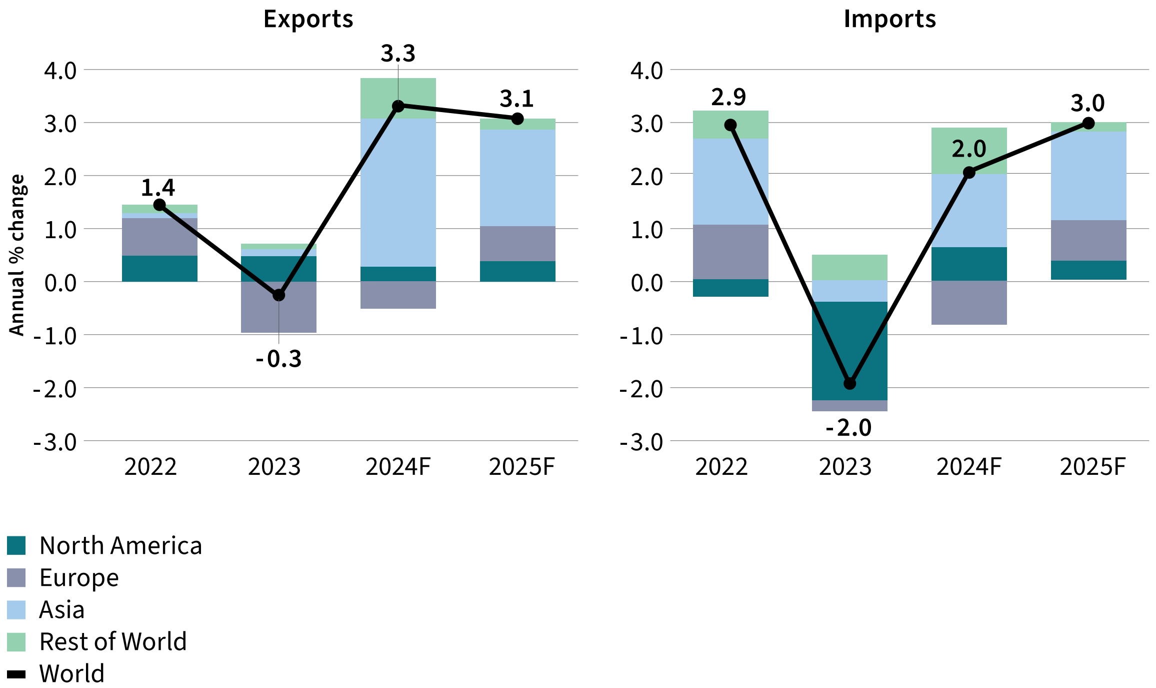



**Figure 13: Contributions to world merchandise trade volume growth by region,** 2024 and 2025 forecasted. Asia is expected to lead merchandise trade volume growth in 2024 and 2025.

Source: Global Trade Outlook and Statistics, Update October 2024, WTO

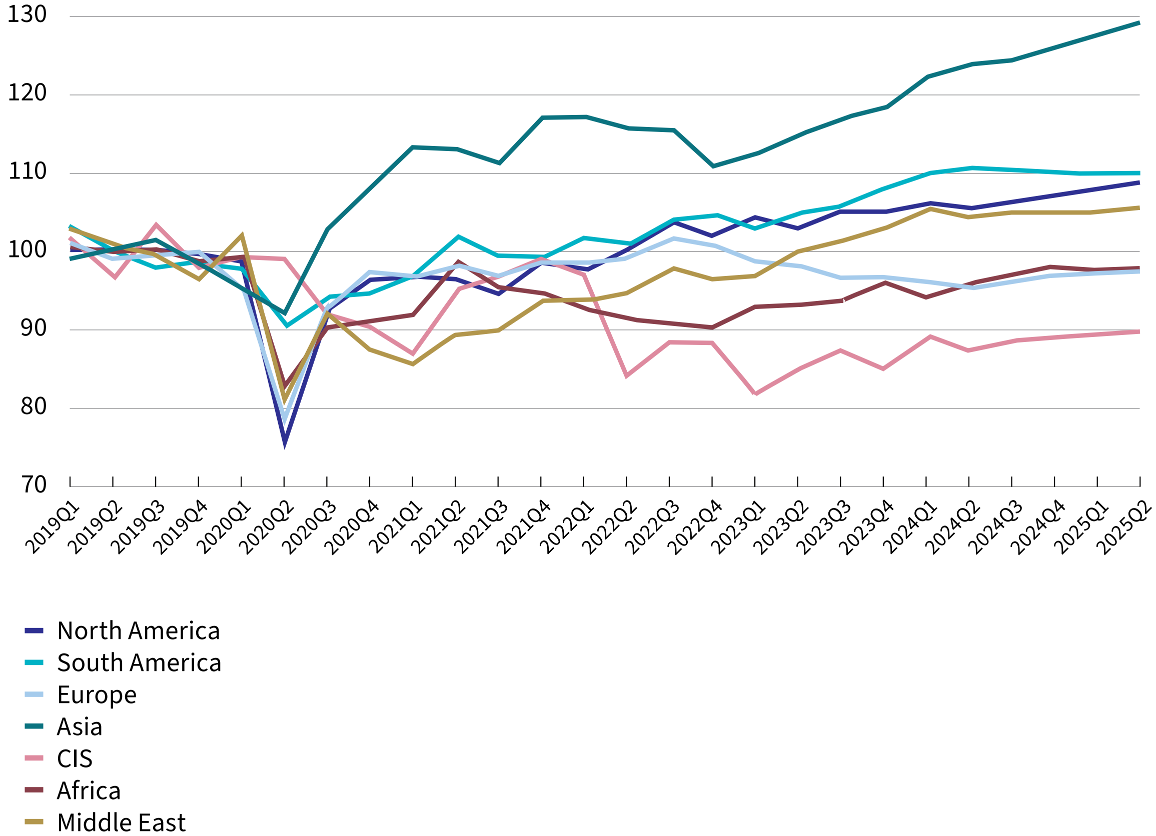



**Figure 14: Merchandise exports trade volume by region,** volume index 2019 = 100, 2024Q3 to 2025Q2 forecasted.

Source: Global Trade Outlook and Statistics, Update October 2024, WTO

**"Regional conflicts, rising geopolitical tensions and protectionism stand to negatively impact trade, adjusting trade patterns, adding inflationary pressures and increasing trade policy uncertainty."**

**Merchandise trade value: continuing to improve and 27% up on 2019 (in first half of 2024, year-on-year)**

Merchandise trade value is a key determinant of Trade Credit insurance exposure.

After the downturn of the pandemic, the USD value of merchandise trade rapidly increased in 2022, but at a slowing rate through the year (figure 15). By 2023Q1, value growth became negative, and it remained so until the first half of 2024 when essentially flat growth of 0.1% was recorded (compared to the same period of 2023).[52] The observed period of declining trade values reflected falling commodity prices (after these spiked when the war in Ukraine began), lower trade volumes and exchange rate fluctuations.[53] The shift to a positive trend party reflects the slowing fall in commodity prices.[54]

Note, world trends can mask considerable variation by country. For example, on the merchandise export side, some economies experienced a fall in 2023 compared to 2022, for example the Russian Federation (-28%) and Asian manufacturing economies including the Republic of Korea (-8%) and China (-5%), while others saw year-on-year export value growth, for example Mexico (+3%) and Germany (+1%).[55] Country variation was also reported by the WTO for the first half of 2024 year-on-year. For example, export values fell year-on-year for Bolivia (-21%) and Australia (-11%), the UK (-2%) and Germany (-2%), while export values grew for China (+4%) and the US (+2%).[56]

Encouragingly, the improving merchandise value trend as of 2023Q4 is continuing, and despite an essentially flat year-on-year growth rate for merchandise trade value in

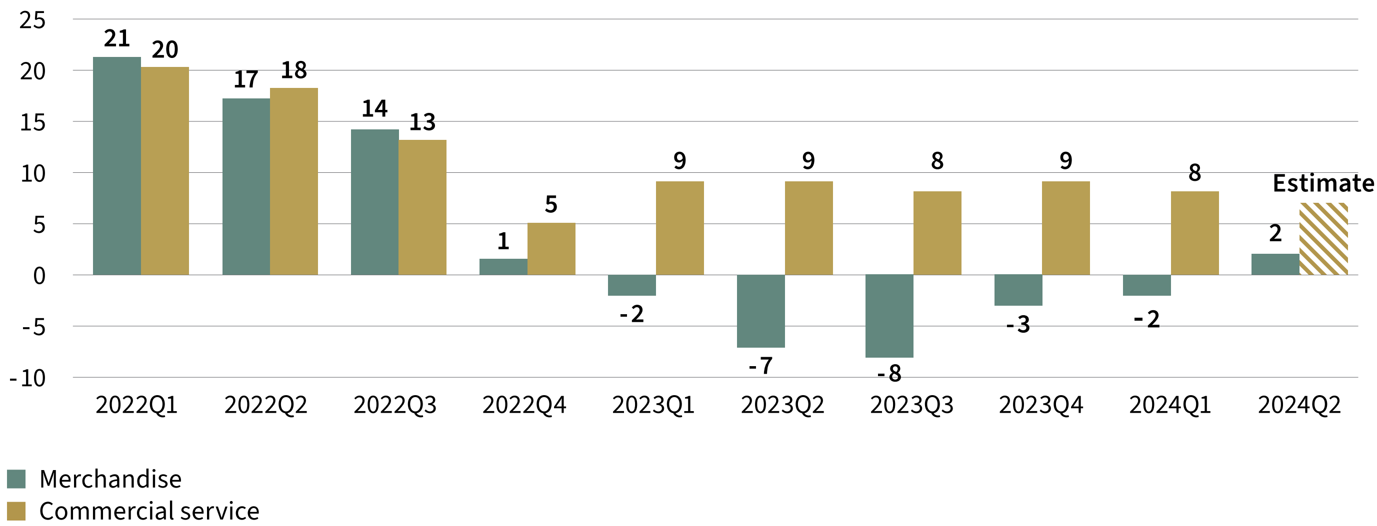



**Figure 15: World merchandise trade growth in USD value terms,** year-on-year % change.

Source: Global Trade Outlook and Statistics, Update October 2024, WTO

52 Global Trade Outlook and Statistics, Update October 2024, WTO
53 Global Trade Outlook and Statistics, April 2024, WTO
54 Global Trade Outlook and Statistics, Update October 2024, WTO
55 Global Trade Outlook and Statistics, April 2024, WTO
56 Global Trade Outlook and Statistics, Update October 2024, WTO

the first half of 2024, the value was 27% up on the same period in 2019. Furthermore, as can be seen in figure 15, overall trade values continue to be buoyed by commercial services value growth, which was up 8% in 2024Q1.[57]

**Growth outlook – a potential spanner in the works**

Despite the post-Covid recovery and growth of world trade volume and value, and the trade activity growth expectations for 2024 and 2025, there is a significant outlook caveat: regional conflicts, rising geopolitical tensions and protectionism stand to negatively impact trade, adjusting trade patterns, adding inflationary pressures and increasing trade policy uncertainty. Election outcomes can also have an impact on geopolitical and macroeconomic (including exchange rate) factors – in particular the 2024 US election outcome, following which fears of a global trade war increased.[58]

Example recent-year impacts:

- Re-routing shipping due to the **Red Sea attacks** resulted in container port bottlenecks in Europe and Asia. For example, at the end of June 2024, congestion at Singapore ‘s container port was at its highest level since the pandemic.[59]
- Since 2018, there has been 30% less growth in **bilateral trade between the US and China** compared to their trade with other economies.[60]
- Since the start of the Ukraine war, **trade between geopolitically-aligned country blocs** has been growing 4% slower than trade within such blocs; this applies to the least complex products for which alternative supplies are available.[61]

57 Global Trade Outlook and Statistics, Update October 2024, WTO
58 Asia markets slump as Trump’s new trade war rattles global confidence, CNN Business, February 2025
59 Singapore port congestion shows global ripple impact of Red Sea attacks, Reuters, June 2024
60 Trade growth likely to pick up in 2024 in spite of challenging environment, WTO, April 2024
61 Global Trade Outlook and Statistics, Update October 2024, WTO

# Massive infrastructure investment needs

**Infrastructure is vital to economic development, climate resilience and meeting net zero[62] emission commitments to limit the catastrophic impacts of global warming. The world stands at a critical turning point. Massive infrastructure investment is required, including to meet an estimated USD 34 trillion shortfall for the net zero energy transition. As shown below, infrastructure investment is continuing on a solid growth path.**

### Infrastructure investment for net zero targets

The scale of infrastructure investment needs is complex to assess, but to give an indication, the following examples relate to estimations of investments needed to meet net zero targets, i.e., for climate-relevant infrastructure only.

*Global*

In 2024, BloombergNEF (BNEF) reported[63] that despite a 17% increase in global investment in the clean energy transition in 2023, an additional investment of USD 34 trillion is required to meet net zero by 2050.[64] BNEF also found that solar is likely to be on track for meeting the COP28 goal of tripling global renewable capacity by 2030, but that other sectors such as wind and storage are falling behind.[65] Factors including removing access barriers and doubling grid investment were also reported to be key.[66]

*Europe*

Europe has a total estimated investment need of USD 300–350 billion in climate-relevant infrastructure to the end of this decade, necessitating a 41% increase in annual investment compared to the 2016-2020 average.[67]

*Emerging and developing economies*

For emerging and developing economies to meet global net zero by 2050, the International Energy Agency (IEA) reported that given projected emissions growth over the next two decades, annual capital investment into clean energy will need to increase 7-fold, from less than USD 150 billion in 2020 to over a USD 1 trillion by the end of the 2020s.[68]

**"Infrastructure construction is forecast to grow at an annual average rate of over 5% for the next five years."**

62 https://www.un.org/en/climatechange/net-zero-coalition
63 Is Net Zero by 2050 Still Possible? Yes, But It'll Cost 19% More, Bloomberg, May 2024
64 This is a 19% increase on the study's base case scenario of governments relying solely on economically competitive technologies; expected warming +2.6oC above pre-industrial.
65 Tripling Global Renewables By 2030 Is Hard, Achievable and Necessary to Achieve Net Zero, BloombergNEF, November 2023
66 Grid Investment Must Outpace Renewables for Net Zero, BNEF Says, Bloomberg, May 2024
67 Europe's infrastructure investments are not growing fast enough to reach net zero, ETH Zurich Blogs, April 2023
68 Financing Clean Energy Transitions in Emerging and Developing Economies, World Energy Investment 2021 Special Report, International Energy Agency (IEA), 2021

### Public and private infrastructure investment trending upwards

*Public investment*

Infrastructure construction was forecast to expand by 10.7% in real terms in 2023, following an average annual growth rate of 4.3% in the previous five years.[69] Indicating a continuing growth outlook, infrastructure construction is forecast to grow at an annual average rate of over 5% for the next five years.[70]

Examples of allocated public funds for infrastructure:

- Funds of USD 1.2 trillion authorised by the US 2021 Infrastructure Investment and Jobs Act for transportation and infrastructure spending, including new funding for water systems, broadband expansion (BEAD program) and clean energy transition.[71]
- EUR 648 billion in loans and grants available from the EU's Recovery and Resilience Facility, including for green and digital transitions.[72]
- A 5.9% increase in infrastructure investment in China in 2023 compared to 2022.[73] This includes CNY 61.9 billion (USD 9.2 billion) allocated to transport investment.[74]
- Indonesia: the government allocated IDR 392 trillion (USD 25.8 billion) for infrastructure spending in 2023, up 7.8% compared to the 2022 budget allocation.[75]
- In 2023, Brazil announced an investment of BRL 349 billion (USD 64.4 billion) on transport infrastructure as part of the Growth Acceleration Program (PAC).[76]

*Private investment*

The PPIAF Global Infrastructure Hub Infrastructure Monitor 2023[77] reported that in 2022, after eight years of stagnation, private investment[78] in infrastructure increased by 41% above the 2015–2019 (pre-pandemic) average. Other findings included that North America and Europe accounted for the largest shares of the year's raised and invested infrastructure capital, that there was a clear shift towards investments for energy renewables in low, middle and high income-group countries, and that growth of investment in energy renewables was outpaced by that of other green investments (e.g., energy transmission and battery storage projects).

The PPIAF report also highlighted, however, that raised infrastructure capital fell in 2023 – indicative of the sensitivity of capital markets to economic and geopolitical conditions – and that low-risk infrastructure opportunities dominate.

**"Raised infrastructure capital fell in 2023 – indicative of the sensitivity of capital markets to economic and geopolitical conditions – and low-risk infrastructure opportunities dominate."**

69 Global infrastructure outlook to 2027, MEED, January 2024
70 Ibid.
71 Bipartisan Infrastructure Law (BIL) / Infrastructure Investment and Jobs Act (IIJA), US Department of Transportation website page
72 The Recovery and Resilience Facility, European Commission website page. Value at 2022 prices.
73 China orders curbs on debt spending; 2024 infrastructure steel demand seen steady, S&P Global, January 2024
74 Global infrastructure outlook to 2027, MEED, January 2024
75 Ibid.
76 Ibid.
77 Infrastructure Monitor 2023, Public-Private Infrastructure Advisory Facility (PPIAF) Global Infrastructure Hub
78 Primary markets

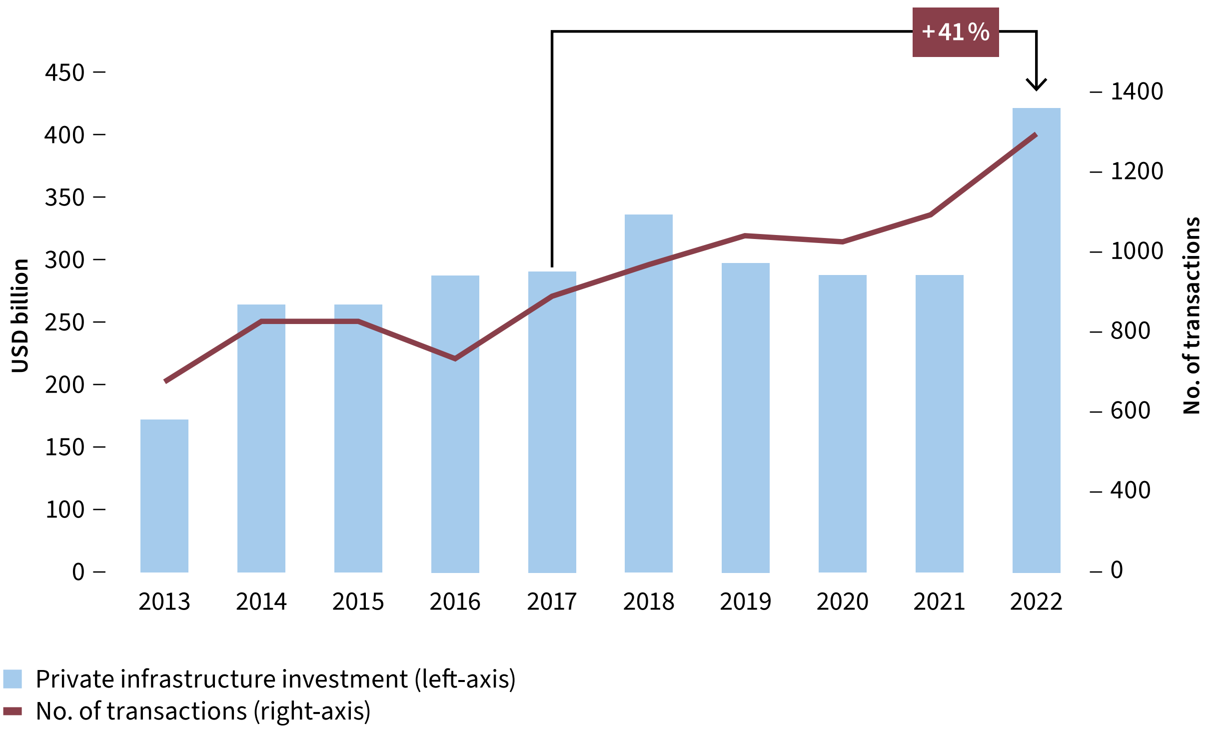



**Figure 16: Private infrastructure project investment,** primary markets, % increase compared to the 2015–2019 average.

Source: PPIAF Global Infrastructure Hub.[79]

Identifying an increase in the diversification of private infrastructure investments, the World Bank Group reported that private infrastructure investment decreased in 2023 to USD 86 billion, down from USD 91.3 billion in 2022, but that the number of projects increased from 260 to 322 and the number of countries increased from 54 to 86.[80] This study also found that that China, Brazil, the Philippines, India and Peru together received approximately 77 % of the total 2023 private infrastructure investment. In terms of sector, private investment in the energy sector tripled in 2023 year-on-year (most of this gain deriving from the EAP region), investment in the transport sector fell sharply due to a decline in road investment in China and India, port investment doubled, and ICT investment quadrupled. Energy sector private investment was found to be increasingly focused on renewables (figure 17), dominated by solar (41 %) and wind (29 %).

79 PPIAF Global Infrastructure Hub Infrastructure Monitor 2023
80 Private Participation in Infrastructure (PPI) 2023 Annual Report, World Bank Group

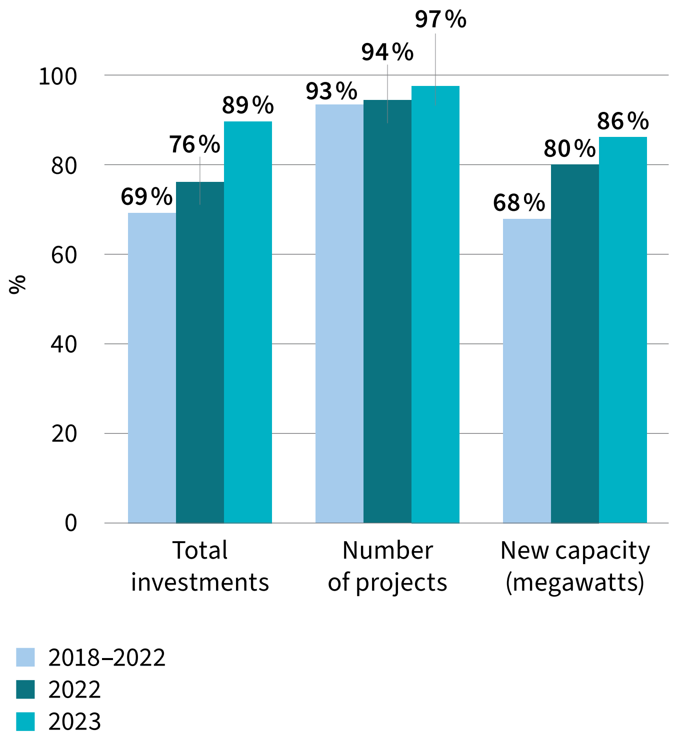



**Figure 17: Private investment in renewables as a percentage of total private energy investment in low and middle-income countries; new projects.**
Investment is increasingly focused on renewables.

Source: World Bank Group.[81]

81 Private Participation in Infrastructure (PPI) 2023 Annual Report, World Bank Group

**Capital goods' investment also on a clear growth path, albeit slowing**

Capital goods are the physical assets or resources used to produce consumer goods and services, e.g., buildings, machinery, infrastructure for economic activities, software and technology. Global capital goods revenue – the investment made into capital goods – is therefore an indicator of economic development trends and expectations.

According to a 2024 report by Roland Berger[82], although capital goods real volume growth slowed in 2023 due to end-market slowdowns, geopolitical tensions and supply chain issues, sustained price increases ensured another year of revenue growth (figure 18, left-hand chart). Looking ahead, growth is expected to continue – albeit at an ongoing slowing pace (figure 18, right-hand chart) – buoyed primarily by weakening inflationary pressures in Europe and infrastructure programmes in North America, but also tempered by the uncertainties of ongoing geopolitical tensions and conflicts, elections, interest rate (monetary easing) timelines and the sustainability of higher pricing.

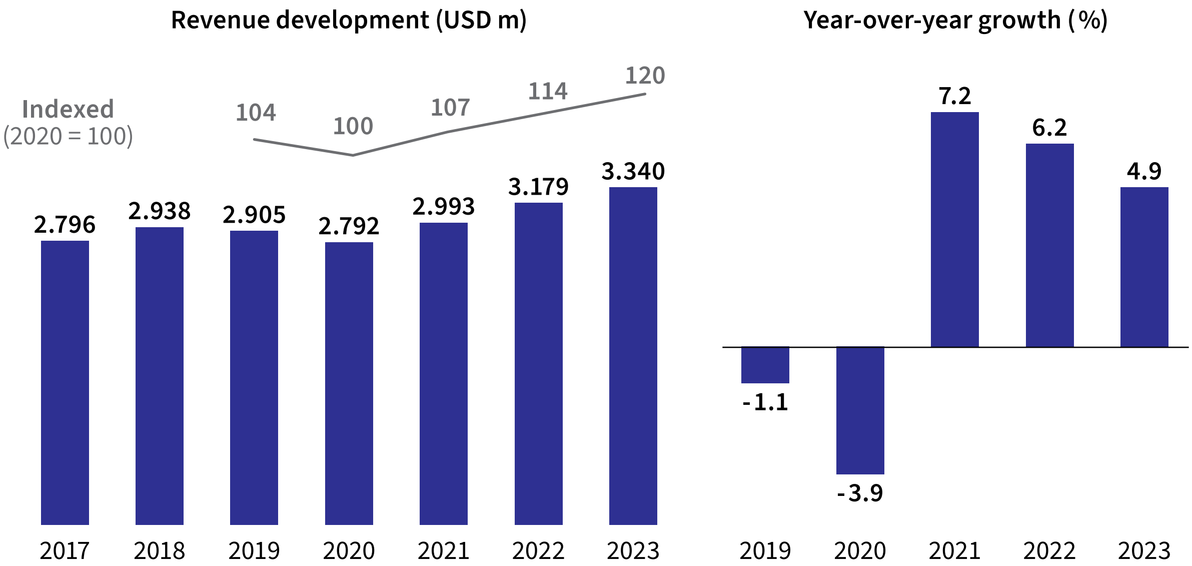



**Figure 18: Capital goods revenue development and year-over-year growth.**

Source: Roland Berger.[83]

82 Capital goods players outperform expectations in a challenging year, Roland Berger, April 2024
83 Ibid.

# Concluding remarks

Since the initial shock of the pandemic and subsequent increased geopolitical tensions, economic landscapes shifted to high inflation, elevated interest rates and lower economic growth. Businesses, many initially supported by pandemic fiscal schemes, increasingly sought risk protection in a more volatile, uncertain world. Economic growth has since recovered and stabilised, albeit to a below-trend rate, pandemic support schemes have mostly ended and inflation has neared pre-pandemic levels.

After initial capacity contraction, the Credit and Surety market experienced substantial premium volume growth, not just due to rising demand and inflation, but also due to recovering trade volumes, massive infrastructure investment needs, changing bank rules and increasing demand from banks, and competitive rates. Only Political Risk saw contraction.

And loss ratios remain excellent. Political Risk and Contract Frustration loss activity is increasing, but even here, ratios are manageable.

Overall, the outlook for the Credit and Surety sector is for continued growth – although rising geopolitical tensions, protectionism and renewed volatility in the financial markets could change this trajectory. Growth rate estimations vary, but to give a rough estimation of potential 2030 market size: for Trade Credit, assuming 5% year-on-year growth and an estimated 2024 market size of USD 10 billion, the market could reach USD 13.4 billion; for Surety, assuming 8% year-on-year growth and an estimated 2024 market size of USD 20 billion, the market could reach USD 31.8 billion.

At AXA XL Re, through our subsidiary XL Re Europe, we are committed to supporting the dynamic growth of the Credit, Surety and Political Risk sector as a trusted and consistent reinsurance partner. Our dedicated team of underwriters, based in Zurich, Switzerland, manages a robust global portfolio. By combining financial strength and industry expertise with leading technology and agility, we empower our clients to achieve their growth objectives.

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