Credit Solutions

Market Insights Report - H1 2025

Better Decisions for Sustainable Growth

Start reading

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In a context of intense geopolitical and macro-economic volatility, it is critical for businesses to be alert to the specific trends that may affect their ability to trade and access finance. Our periodic Market Insights Reports aim to help clients navigate credit insurance and Surety market dynamics to support business objectives.

Our reports also explore some of Aon's key initiatives around creating client value and helping clients make better decisions.

Please feel free to review some of our previous reports, issued in H1 2024 and H2 2024.

Introduction

Welcome to our H1 2025 Market Insights Report, which examines the key developments shaping the Credit Solutions environment during a volatile 2025 where risks associated with trade are dominated by geo-political tensions, supply chain reassessments and tariff impacts.

Global GDP is projected to decelerate to approximately 2.8 percent by 2026, driven by the tapering of fiscal stimulus, evolving monetary policies, and ongoing geopolitical uncertainty. The U.S. economy is expected to slow, while the Asia-Pacific region continues to lead in growth. Other regions face a range of challenges, including energy crises and political conflict. U.S. trade protectionism is also anticipated to significantly disrupt global supply chains, inflation, and economic performance-potentially reducing U.S. GDP around 1.5 percent and contributing to rising global insolvency rates. Meanwhile, artificial intelligence remains a major focus for business leaders, with optimism around its contribution to GDP growth through productivity improvements and investment, though outcomes will vary across sectors and regions.

As outlined in Aon's recent Client Trends 2025 report, the convergence of four powerful megatrends-Trade, Technology, Weather, and Workforce-is fueling increased complexity, volatility, and uncertainty for businesses and society. While technology is streamlining global trade, it is also introducing new regulatory and market risks. The recent bankruptcy of Northvolt, a Swedish electric vehicle battery startup once hailed as Europe's key contender against Asian dominance, illustrates the sector's volatility. At the same time, climate change is destabilizing trade routes and supply chains, impacting financial performance. For example, Brazil's AgroGalaxy entered judicial recovery following extreme weather events that damaged crop yields and weakened agricultural markets.

In this context, we were delighted to welcome over 1,400 attendees joined our 2025 virtual Credit Solutions Conference to hear from global experts, industry leaders, and senior decision makers. Together, they explored the pressing credit issues shaping today's business environment—equipping participants with the clarity and confidence needed to make **Better Decisions for Sustainable Growth**.

Oliver Henderson
Chief Broking Officer
Credit Solutions, Aon

Watch our editor's picks from the Credit Solutions Conference

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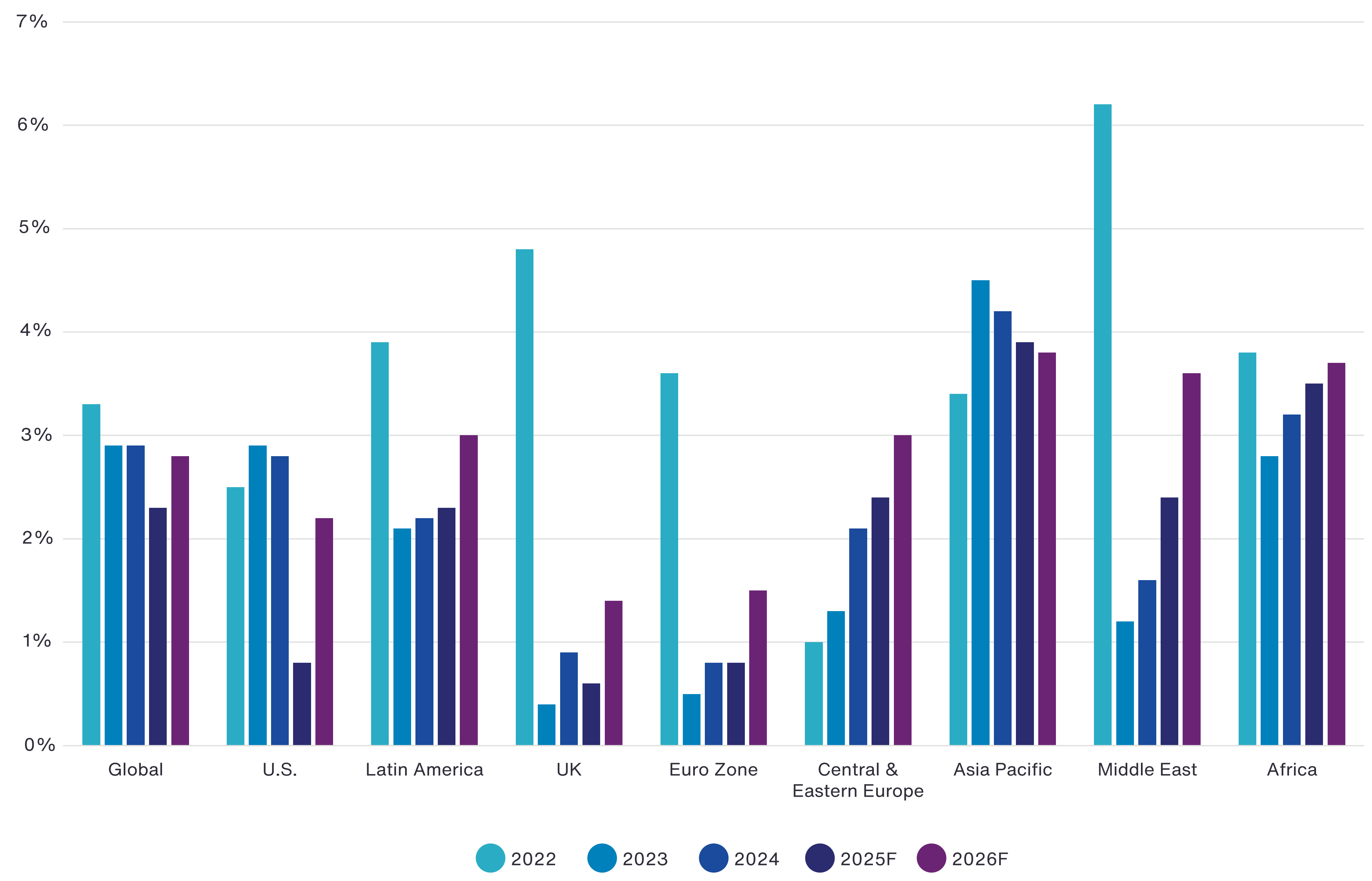
Growth Under Turbulence

Evolving Macro Trends Require Businesses to Constantly Adapt

2.1 - Overall GDP trends

- Allianz's data on GDP growth highlights a period of moderating and uneven global economic expansion. Following a robust post-pandemic rebound in 2022, with global GDP rising by 3.3 percent, growth is projected to decelerate, stabilizing around 2.8 percent by 2026. This trend reflects the fading impact of earlier fiscal stimulus, tighter monetary policy, and persistent geopolitical uncertainties.
- Growth trajectories vary significantly across regions. The U.S. has seen solid growth but is expected to slow, reflecting the lagged effects of higher interest rates and waning consumer demand. The Eurozone and UK face more pronounced headwinds, with Eurozone growth barely above zero in 2023 and 2024, before a modest recovery to 1.5 percent in 2026. This weakness is attributed to the lingering impact of the energy crisis, subdued industrial activity, and structural challenges.
- Asia-Pacific remains the global growth engine, led by China and India, with the region maintaining strong forecasts throughout the forecast period. Latin America and Africa deliver steady, moderate gains, supported by commodity exports, though they face challenges from global financial conditions and domestic vulnerabilities. Central and Eastern Europe rebounds after a difficult 2023 as the region adjusts to the ongoing effects of the Russia-Ukraine conflict.
- The Middle East experienced a sharp slowdown in 2023, driven by oil price volatility and production cuts, but is forecast to recover gradually in subsequent years.
- While inflation pressures are expected to ease, structural issues such as aging populations in advanced economies and geopolitical risks continue to shape the global economic landscape. Policymakers and businesses should prepare for persistent regional divergence and a slower pace of global expansion.

GDP trend evolution across regions (2023-2026)



Source: Allianz Research

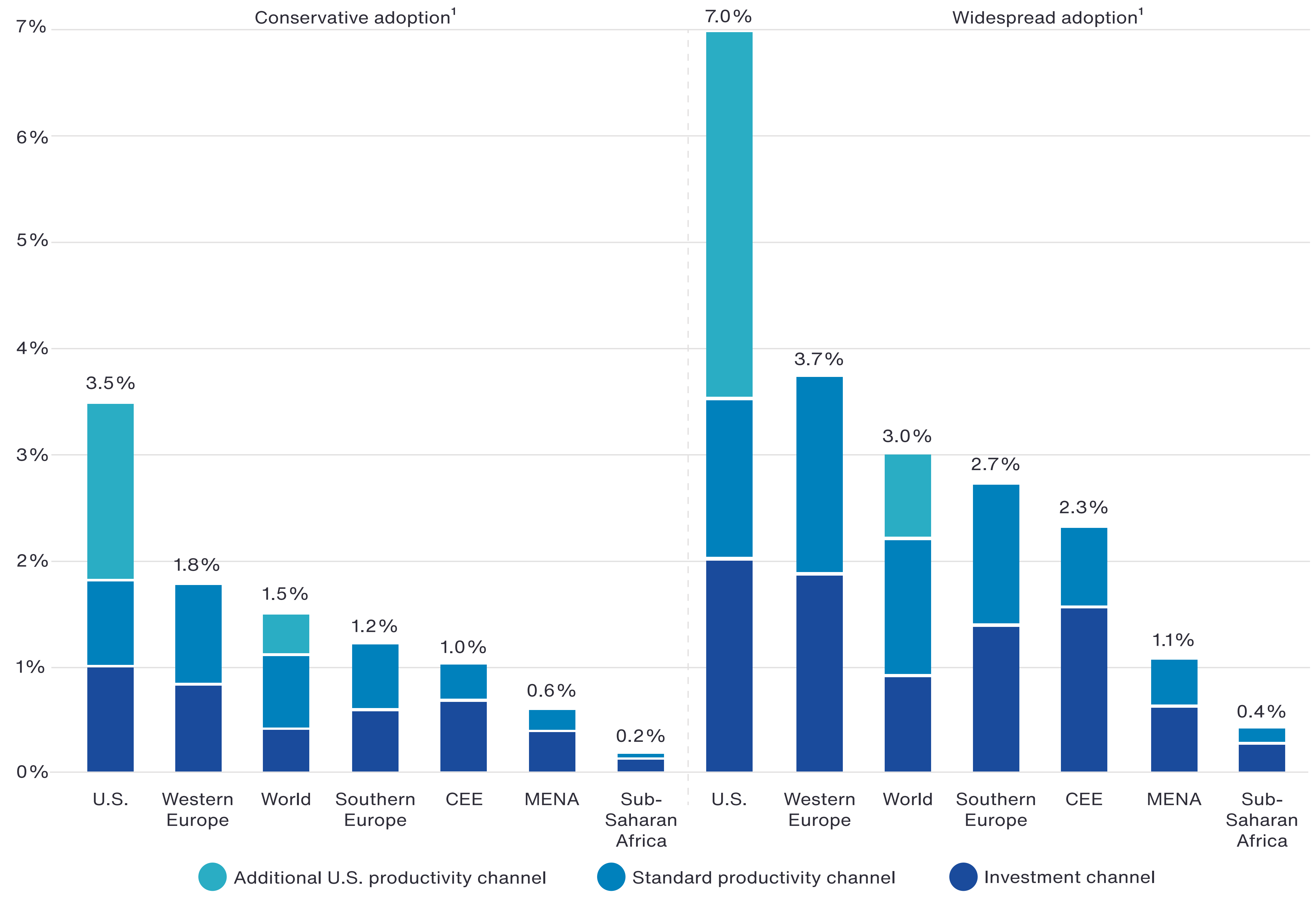
Evolving Macro Trends Require Businesses to Constantly Adapt

2.2 - Impact of AI on GDP trends

- Artificial intelligence (AI) is expected to have a significant impact on real GDP levels by 2033, with the U.S. potentially seeing a 7 percent increase under a widespread adoption scenario.
- Western Europe could experience a 3.7 percent increase in real GDP due to AI, while the global average impact is projected to be 3 percent.
- AI adoption is expected to boost productivity across various sectors, with the most significant gains in professional and administrative services, information and communication, and finance and insurance.
- The investment channel and standard productivity channel are key drivers of AI's impact on GDP, with additional productivity gains expected in the U.S..
- AI's impact on GDP will vary by region, with Southern Europe, Central and Eastern Europe, and MENA regions seeing more modest gains compared to the U.S. and Western Europe.
- The widespread adoption of AI could lead to significant productivity improvements in sectors such as human health, social work, and other manufacturing industries.

Impact of artificial intelligence (AI) on real GDP level in 2033

Relative to no-AI scenario; in percentage



Sources: EY-Parthenon; EY EAT; EY UPGRADE CGE model

1. *"The widespread AI adoption scenario follows the 1990s-2000s adoption rate of information and communications technology. The conservative scenario assumes 60% slower integration, based on existing relationship between AI and ICT adoptions."*

Evolving Macro Trends Require Businesses to Constantly Adapt

2.3 - Elevated tariff risks and volatility

- Allianz has analyzed the projected trajectory of the U.S. global effective import tariff rate under a range of announced, likely, and worst-case scenarios as of May 2025. The analysis reveals a dramatic escalation in U.S. trade protectionism, with significant implications for global supply chains, inflation, and economic growth.
- The U.S. effective import tariff rate, which stood at just 2.5 percent prior to the Trump administration, is shown rising incrementally with each new round of tariffs. The most significant jump occurs with the implementation of the "Liberation Day" tariff package in April, which included a baseline 10 percent tariff on nearly all imports and pushes the weighted average tariff rate to a peak of 25.5 percent.
- The chart also outlines ongoing de-escalation scenarios, including bilateral deals with Canada and Mexico, sector-specific carve-outs, and broader global negotiations. Even after these mitigating actions, the baseline scenario projects a tariff rate of 10.2 percent-more than four times the pre-Trump level-indicating a structural shift toward sustained protectionism in U.S. trade policy.
- This elevated tariff environment is expected to fuel inflationary pressures, disrupt global supply chains, and dampen both domestic and international economic growth. The risk of retaliatory tariffs and heightened policy uncertainty further compounds these challenges.
- The U.S.'s evolving tariff policy represents substantial macroeconomic risk for 2025 and beyond, requiring businesses and investors to adapt strategies in anticipation of persistently higher trade barriers and increased market volatility.

Sources: Allianz Trade Publications, Atradius Publications, Coface Publications

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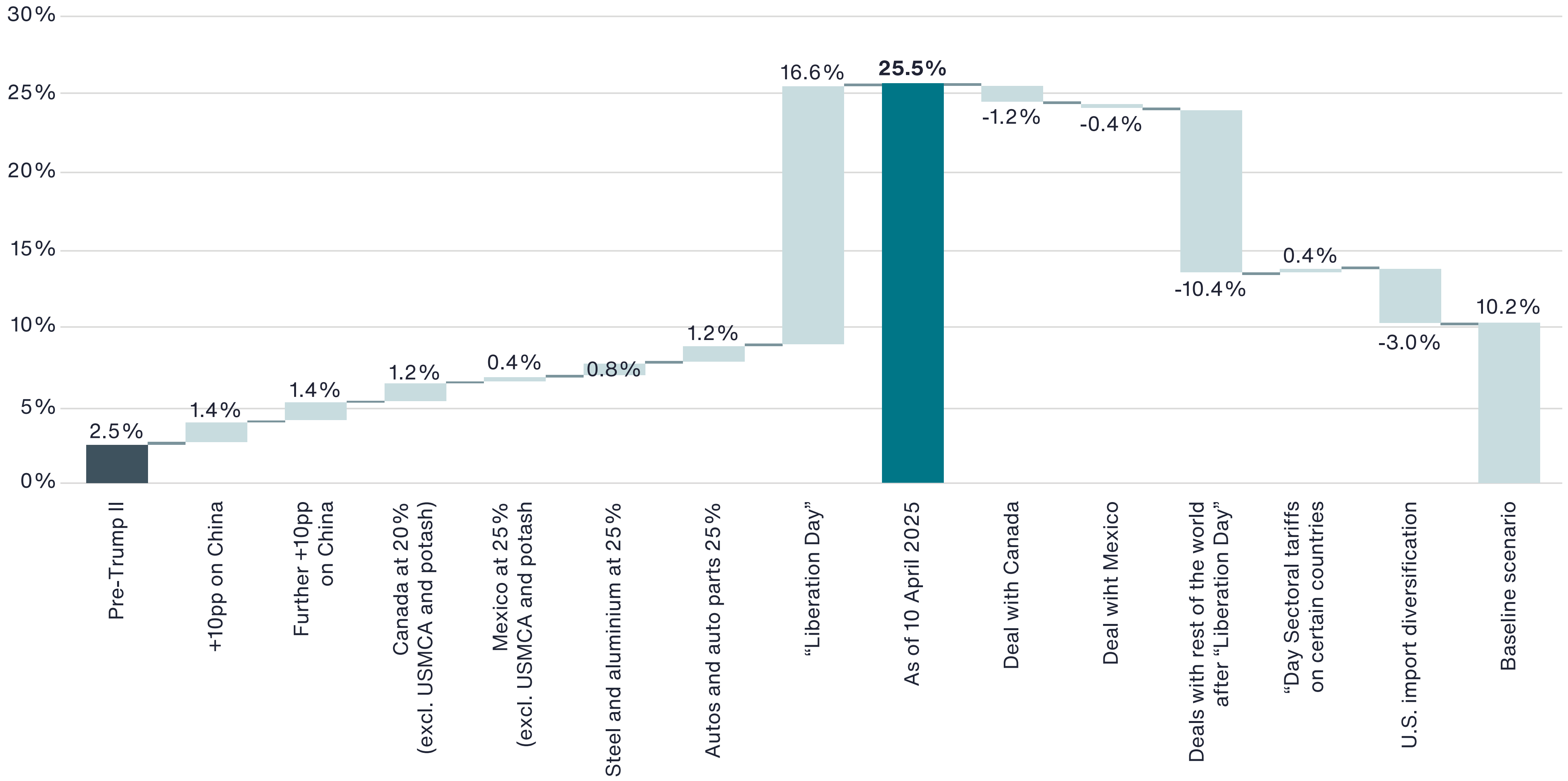
U.S. global effective import tariff rate (weighted average, %)

Announced likely, worst case



Source: Allianz Research

On May 15, around 150 guests attended a live recording of the popular HC Commodities Podcast at The Aon Centre, organized by the International Trade and Forfaiting Association (ITFA).

Stuart Lawson, Global Head of Aon Credit Solutions, was among the panellists who discussed 'Navigating Volatility: Trends and Risks in Commodities Trade.

Evolving Macro Trends Require Businesses to Constantly Adapt

2.4 - Research indicates increase in insolvency trends

- The announced “Post Liberation Day” (Post-LD) tariffs in April marked a significant shift in global trade policy, with broad implications for economic growth, inflation, and business stability worldwide.
- The announced U.S. tariffs are still an evolving situation as bilateral trade deals continued to be pursued, but have already sent ripples through the global trade landscape.
- New tariffs increase import costs for businesses and consumers, disrupting global supply chains and raising prices across many sectors.
- Marelli, a multinational car parts manufacturer that filed for Chapter 11 bankruptcy protection in June 2025, cited tariff-related pressures as a tipping point to its financial difficulties.
- With insolvencies forecast to rise globally to 9 percent in 2025 and a further 5 percent in 2026, more companies are expected to use trade credit insurance to insure non-payment risk, grow buyer relationships, aid credit management decision-making and secure lending facilities.
- The Post-LD scenarios also signal a shift toward protectionism, risking fragmentation of global supply chains and reduced economic efficiency. Heightened geopolitical tensions and policy uncertainty further dampen investment and consumer confidence.

> “
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> **Trade tariffs inject volatility into global markets, disrupting supply chains, inflating costs, and shaking investor confidence. Each policy shift can trigger swift market reactions, delaying growth and investment. To navigate this uncertainty, businesses need to adapt their risk strategy, engage expert partners, and proactively monitor trade developments."**
>
> Anton Posner
>
> CEO Mercury Group & ITFA Board Member

Post Liberation Day scenario to accelerate global insolvencies to +9% increase in 2025 and a further +5% increase in 2026

Source: Allianz Research

Trade Credit

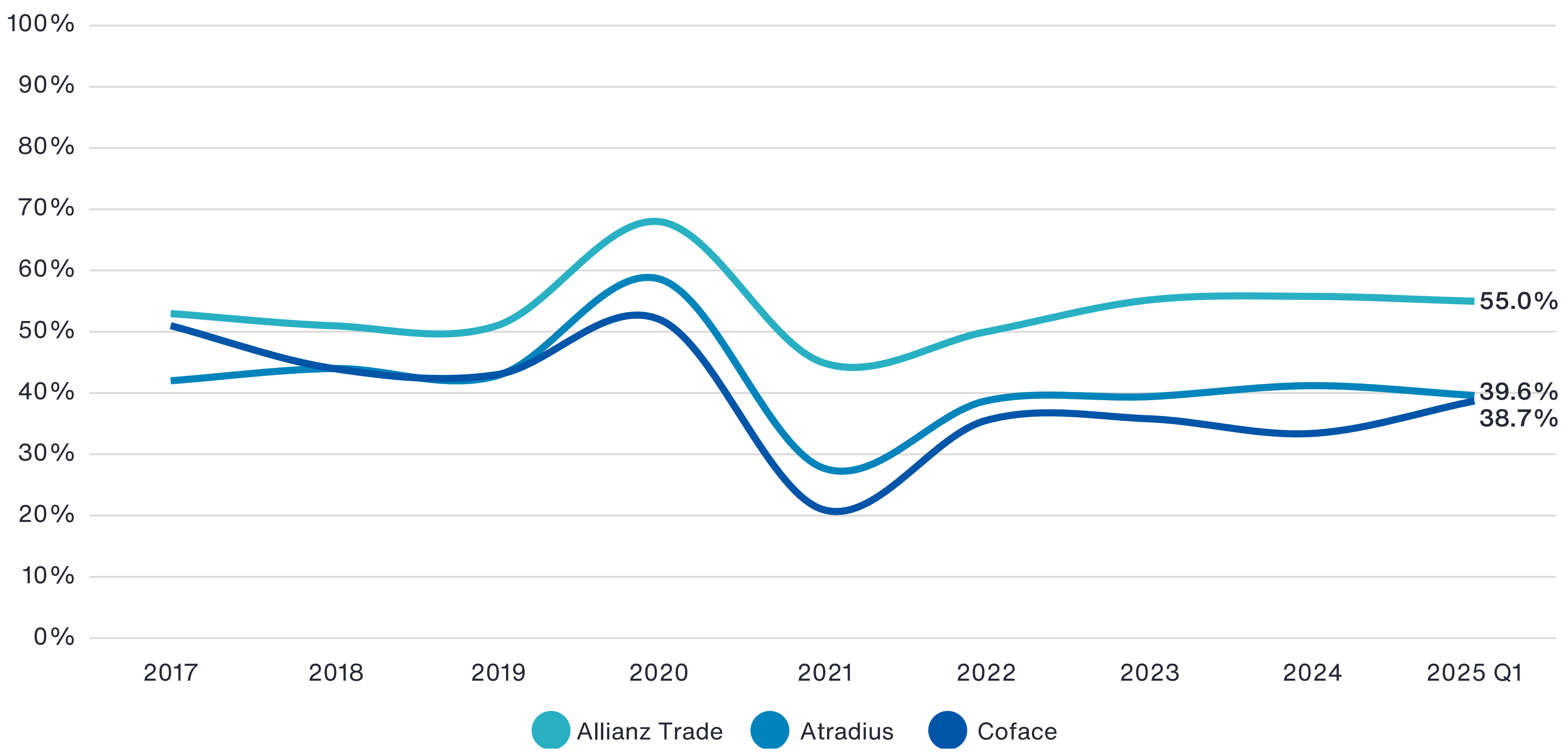
Trade Credit

3.1 - Key carrier results

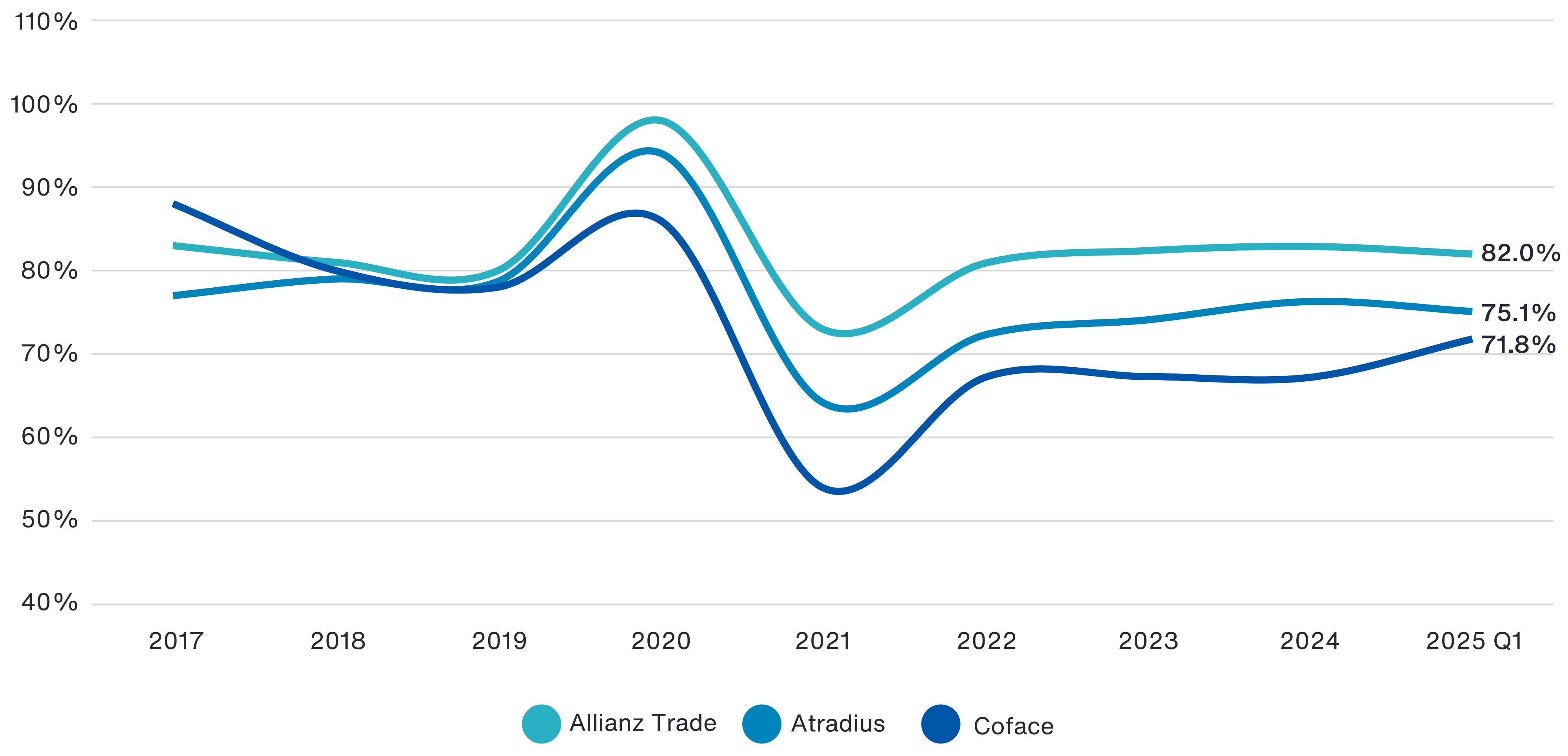
- The 2024 results for the largest trade credit insurers showed strong operating performance, driven by good levels of business retention and new business. Despite rising corporate insolvencies leading to more frequent claims, the severity of these claims and their impact has been limited.
- In Q1 2025, trade credit premium revenue growth was slow, with the claims cycle normalizing. There was a slight increase in insured activity, possibly due to the Liberation Day tariff deadline. Claims remained at historic average levels, but increased uncertainty and volatility in global trade have shifted the underwriting outlook for 2025 towards a downside.
- Loss reserving and calculation methods vary, but reported net loss ratios are currently stable, ranging from 39 to 55 percent, aligning with long-term averages. Combined ratios are also stable, between 71 and 82 percent, consistent with historical averages. Business insolvencies are predicted to rise in 2025, exacerbated by trade wars, tariffs, slow global economic growth, interconnected risks, and geopolitical instability, as detailed in section 2.4 of the report, so the impact of these on the above ratios remains to be seen.
- Premium rates for Q1 2025 renewals reflected a continued soft market, with overall rate decreases of about 1 to 2 percent due to healthy competition and good operational performance. Despite a global outlook tilting downward, these conditions are expected to persist in the short term, barring severe loss events. The impact of these soft market conditions will depend on the insured's risk profile and the insurer's risk selection capabilities.

Insurer results are based on 2019-25 company financial reporting, available industry information and Aon data

Loss Ratio evolution



Combined Ratio evolution



Sources: Allianz, Coface and Grupo Catalana Occidente annual report

Previous
Trade Credit

Next
Coverage trends

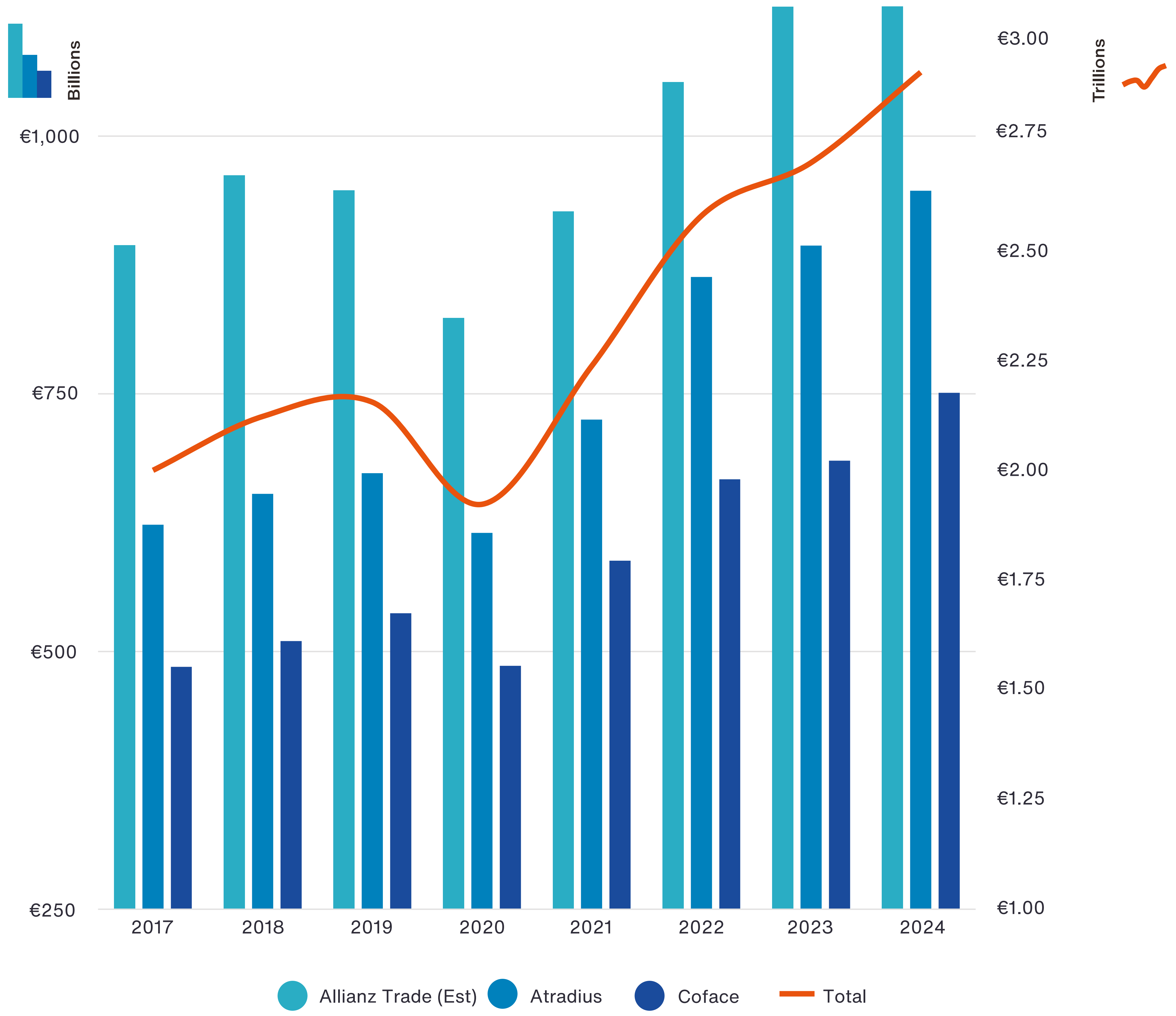
Trade Credit

3.2 - Coverage trends

- The largest insurer's appetite and capacity, measured by Total Potential Exposure (TPE) in EUR, increased by nearly 8 percent in 2024 compared to 2023, reaching an all time high. This trend has continued in Q1 2025 and has outpaced premium growth, reflecting soft market conditions and heightened client demands.
- Since 2019, TPE has risen by 35 percent. This expansion in capacity is intended to support client activity and growth, and is expected to continue, albeit at a slower pace due to the low economic growth environment, assuming no unexpected shocks occur.
- Looking ahead to 2025, considering economic developments, trade wars, and tariff impacts, we report high levels of risk acceptance at approximately 75 percent, with credit insurers maintaining strong support. Insurers' ability to select risks means that more challenging trade sectors and high-demand obligor names may require innovative approaches to structuring and accessing additional capacity. Insurers may experience ongoing volatility and uncertainty, influencing their overall appetite and approach to sector specific risks.
- In 2024, market conditions have attracted new capacity through Managing General Agents (MGAs) and other new entrants, making alternative or complementary/supplemental capacity options more common and accessible to clients.
- As noted in sections 3.3 and 3.4, global credit limit approval rates have decreased by 2 percentage points over the past six months, reflecting concerns of rising levels of corporate insolvencies through increased "prevention" actions but overall remain stable/supportive.

Insurer results are based on 2019-25 company financial reporting, available industry information and Aon data

Limit capacity evolution



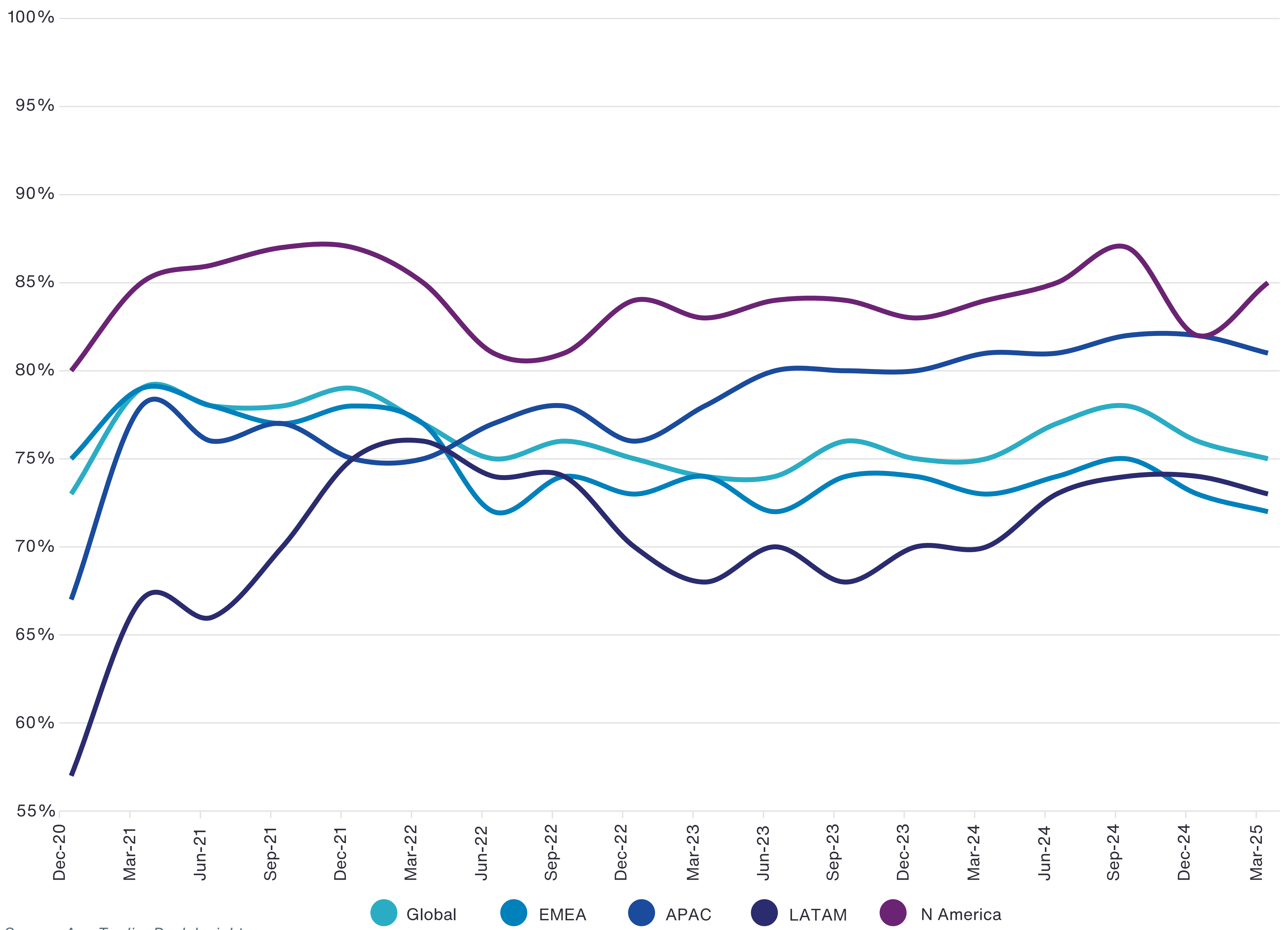
Sources: Coface and Grupo Catalana Occidente annual report

Trade Credit

3.3 - Trade Credit limit trends by region

- Trade has slowed, with subdued investment and spending amid policy uncertainty. Inflation pressures persisted in advanced economies, while growth diverged regionally. Global credit approvals remained steady at 75 percent, reflecting cautious sentiment.
- The EMEA region's economy showed modest but uneven growth in the first quarter of 2025. Growth disparities persisted and recovery remains fragile amid ongoing risks. Credit limit approval rates for the region decreased by 1 percent to 72 percent in the last 12 months, the lowest point since September 2020.
- Credit limit approval rates in Latin America increased by 3 percentage points to 74 percent for the period ending March 2025. The region experienced modest GDP growth of approximately 2.0 percent in Q1 2025 despite external challenges. Brazil and Mexico faced slowdowns due to weaker demand and tighter U.S. trade policies, while Argentina rebounded from recession with decreasing inflation and reforms.
- North America encountered significant challenges early in 2025. The U.S. economy contracted by 0.3 percent, its first decline since 2022, driven by import surges ahead of tariffs. Canada's growth decelerated amid trade tensions, with recession risks if tariffs persist. Mexico's GDP growth remained weak at 0.5 percent. Credit limit approvals rose 1 point to 85 percent year-on-year but was 2 percentage points below the September 2024 peak.
- In APAC, credit limit approval rates held steady at 81 percent. GDP growth moderated to 3.9–4.2 percent in Q1 2025. Southeast Asia and India led growth, supported by domestic demand and supply chain diversification. China's growth slowed to about 4 percent amid weak demand and U.S. tariffs. Japan stabilized with rising exports and gradual monetary tightening.

Regional acceptance rates



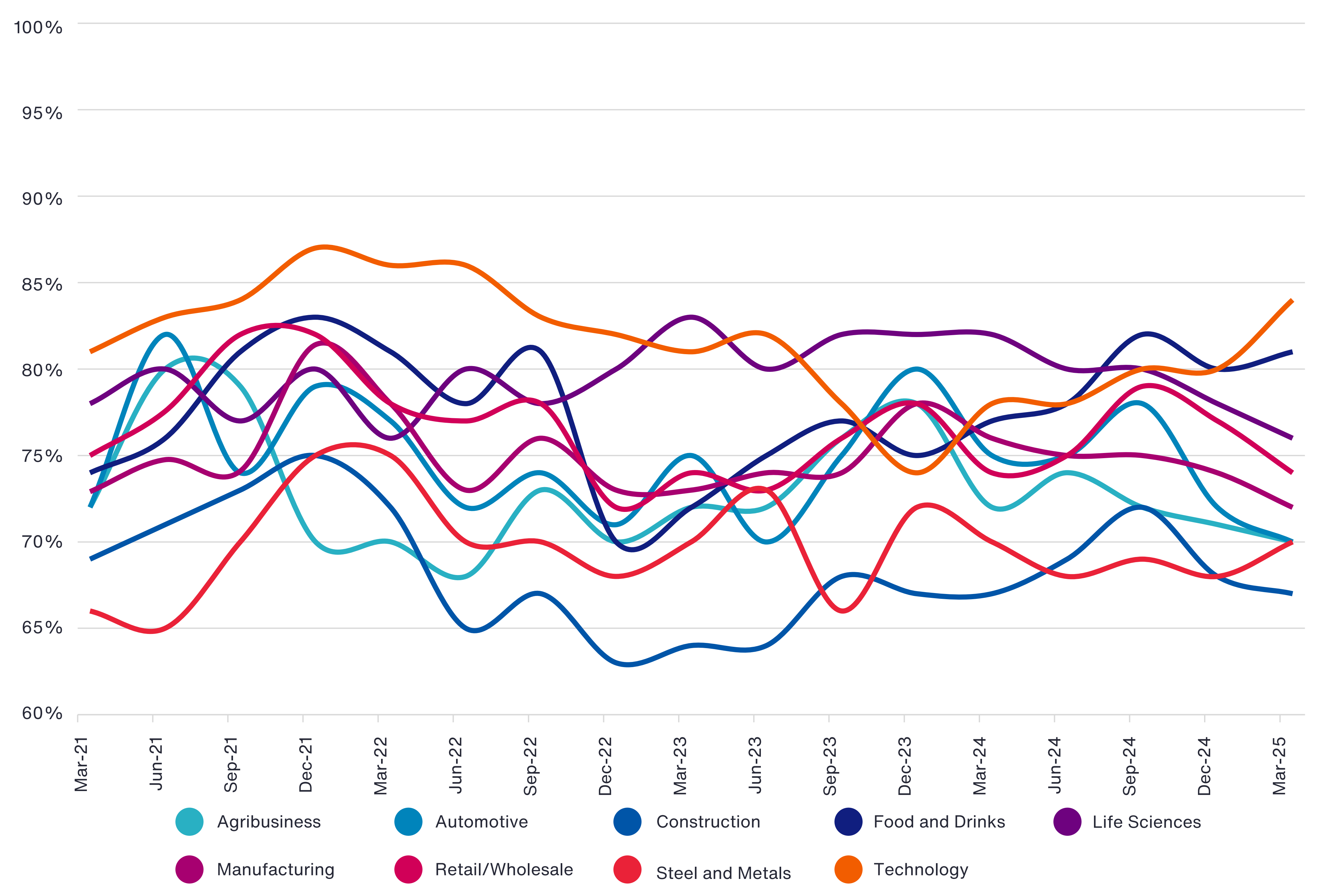
Source: Aon TradingDesk Insights

Trade Credit

3.4 - Trade Credit limit trends by industry

- Economic uncertainty has reached unprecedented levels, driven by persistent inflation, supply chain disruptions, and global fragmentation. Geopolitical tensions are undermining business sentiment, reducing investment, and constraining international trade. Despite these challenges, global risk acceptance at Q1 2025 remained stable at 75 percent compared to the same period in 2024.
- The Technology sector saw a 6 percent increase in approval rates, reaching 84 percent in March 2025, the highest since June 2022. This growth is fuelled by investments in artificial intelligence, cloud infrastructure, and cybersecurity, with rapid advancements in Agentic AI and generative models.
- Approval rates for Construction, Retail & Wholesale, and Steel & Metals remained stable at 67 percent, 74 percent, and 70 percent, respectively. The Construction sector experienced a 0.4 percent output increase despite adverse conditions, with forecasts predicting 2–3.5 percent growth in 2025. Global steel production fell 0.4 percent year-on-year.
- The global retail sector showed mixed results, with FMCG, cosmetics, and e-commerce performing well, while fashion struggled. Inflation and cautious spending are shaping the landscape, prompting retailers to focus on digital strategies.
- Approval rates for Automotive and Agribusiness declined to 70 percent. The automotive sector showed mixed performance, with growth in China but declines in Europe and North America. Agribusiness saw growth in crop protection and fertilizers but lower overall profits.
- Life Sciences and manufacturing approval rates fell by 6 percent and 4 percent to 76 percent and 72 percent, respectively. The life sciences sector experienced robust growth due to investor confidence and AI-driven innovation, while global manufacturing stagnated due to weak demand.

Sector acceptance rates



Source: Aon TradingDesk Insights

Political Risk and Structured Credit

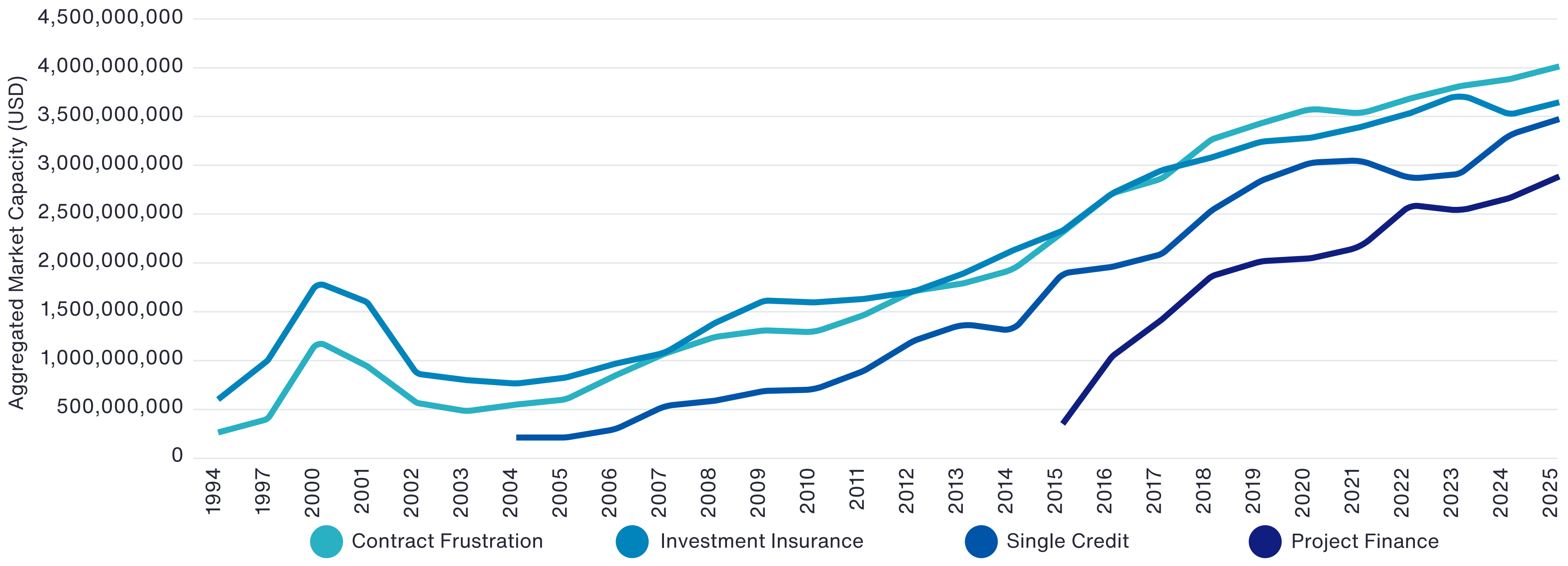
Political Risk and Structured Credit

4.1 - Insurance market trends

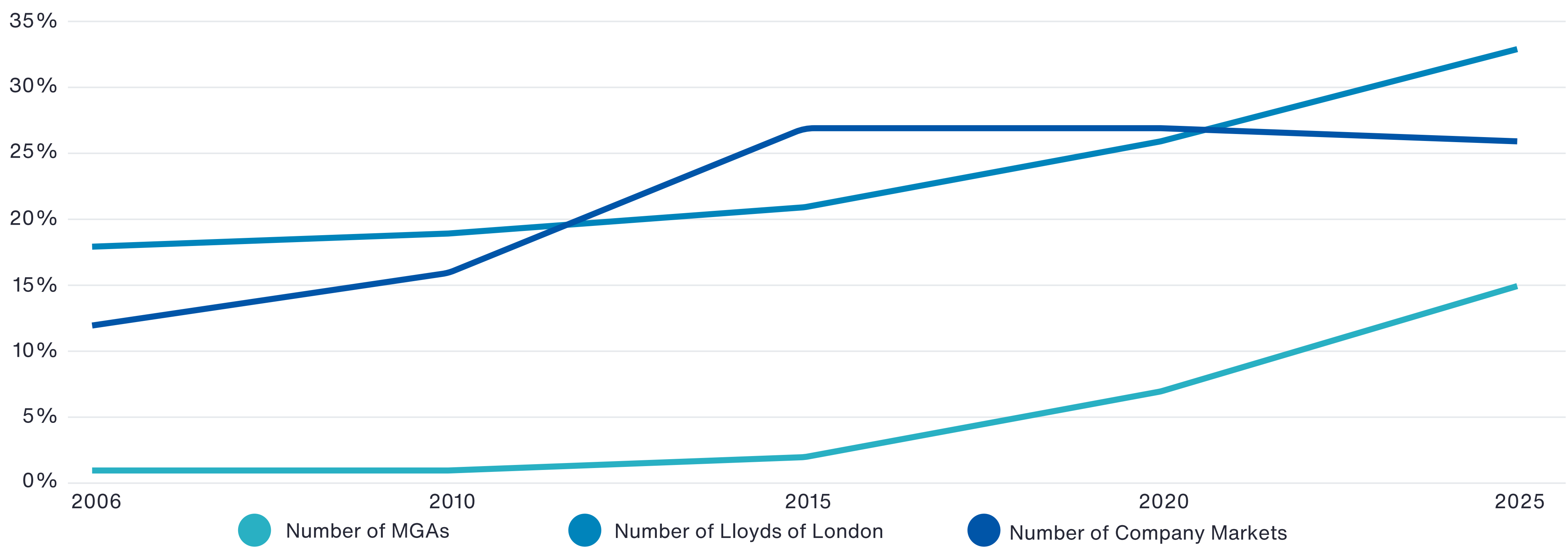
- 2025 has seen capacity increases across all three general products: Single Credit, Contract Frustration (non-payment by Sovereign, SOE or Sub Sovereign counterparties), and Political Risk Insurance ("PRI") (named perils only).
- In addition to organic growth from existing Insurers, growth is also coming from an increase of 10 percent in the number of Insurers in the market, following 6 years of relative stability.
- We are seeing a trend of specialist MGAs entering the market, which is no surprise: the trend in recent years has been for existing Insurers to expand their capability to underwrite a broader offering of financial products.
- Specialist MGAs with dedicated expertise can provide a value-add to clients in areas such as structured credit and renewable energy.

> **"Insurers have shown increased appetite over the last year. With existing insurers broadening their offering and a number of new entrants into the market, the credit insurance market continues its strong tradition of evolving and growing to meet the needs of its clients."**
>
> Samuel Brown
> Structured Credit & Political Risk Director
> Aon's Credit Solutions

CPRI insurer aggregate maximum capacity



Number and type of insurer is evolving



Source: Aon Research

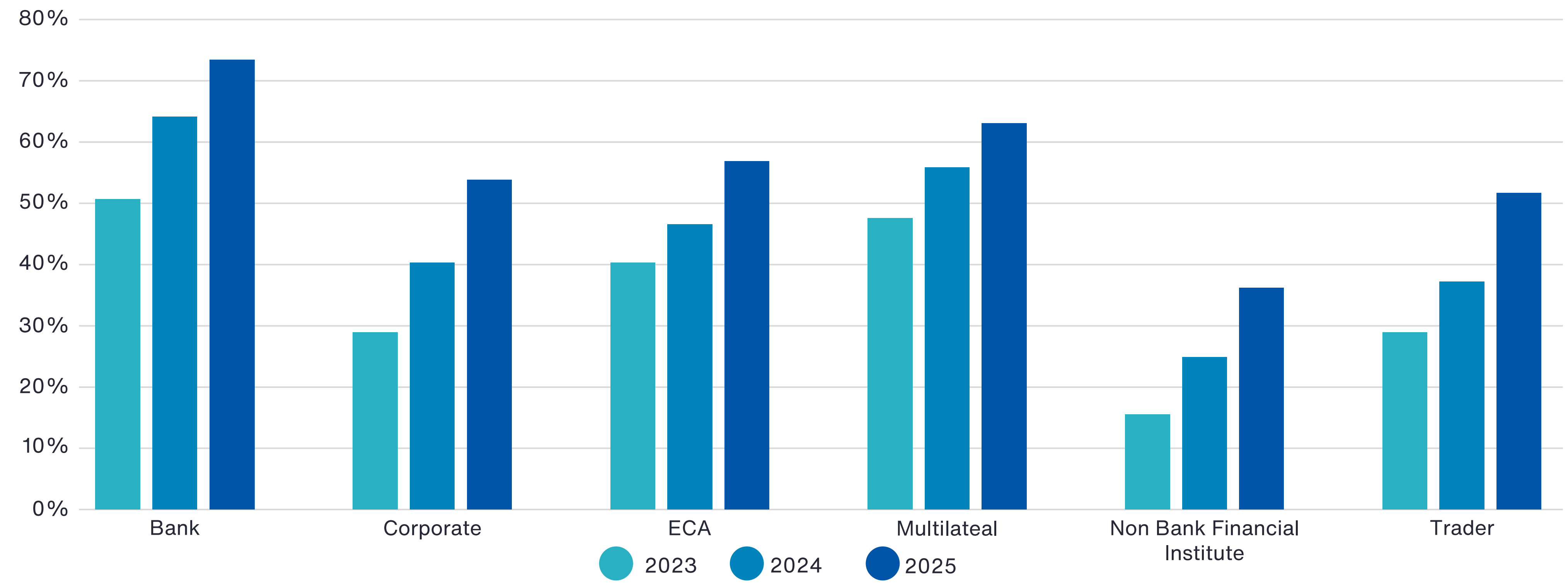
Political Risk and Structured Credit

4.2 - Broadening insurer appetite across client types and sectors

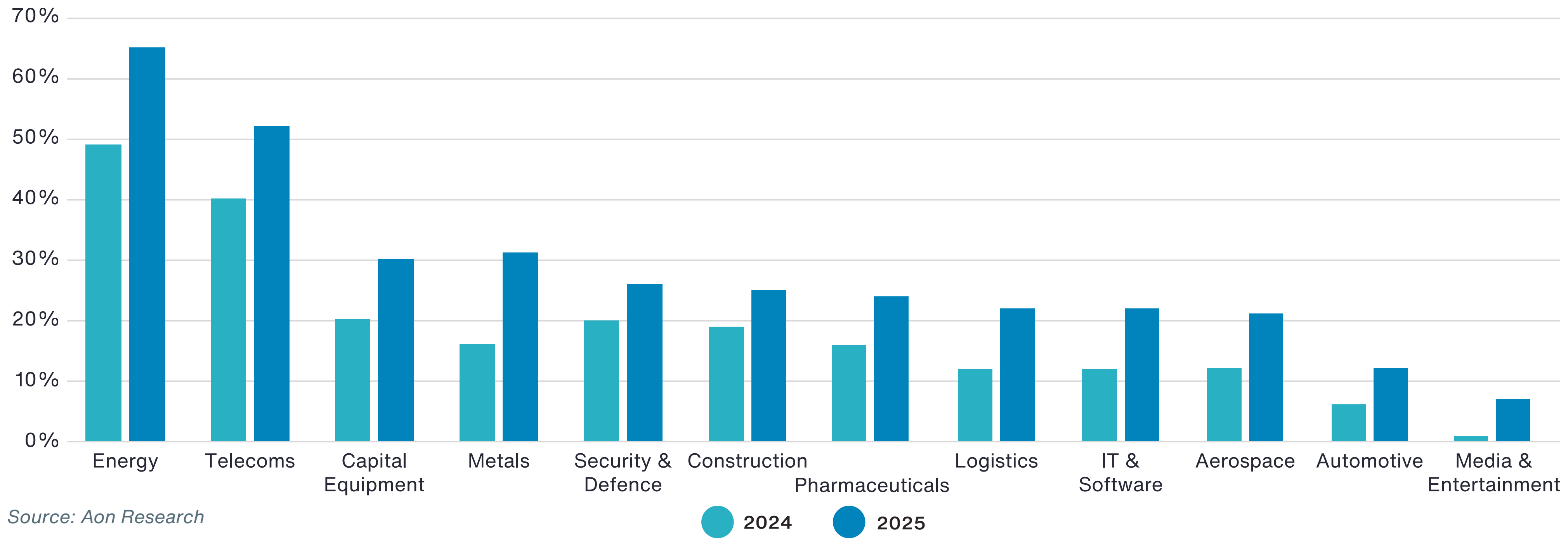
- Insurers have continued to expand their capability to underwrite a broader offering of financial products, and we have seen a marked increase in the capacity available for assets such as Swaps, Capital Call Facilities, and NAV Facilities, in line with the markets' strong tradition of responding to clients' needs.
- Insurer appetite has grown across a broad range of sectors, with transactions in the energy and telecommunications industries unsurprisingly being well sought after.
- While Bank clients continue to be well-supported by the market due to their systematic approach to distribution, we have noticed that Insurers are very clearly moving to support Non-Bank Financial Institutions and Traders further to diversify their client base, but perhaps also with one eye on how the implementation of Basel 3 may impact some Banks' purchasing behaviours.

> **"Insurers are increasingly open to various sectors and client types, indicating a softening market. Geopolitical, economic, and regulatory changes are influencing risk perception, insurer priorities, and capital distribution. In uncertain times, insurance is here to help clients navigate these challenges."**
>
> Alice Black
> Structured Finance Leader
> Aon's Credit Solutions

Insurer preference by client type



Insurer sector preference



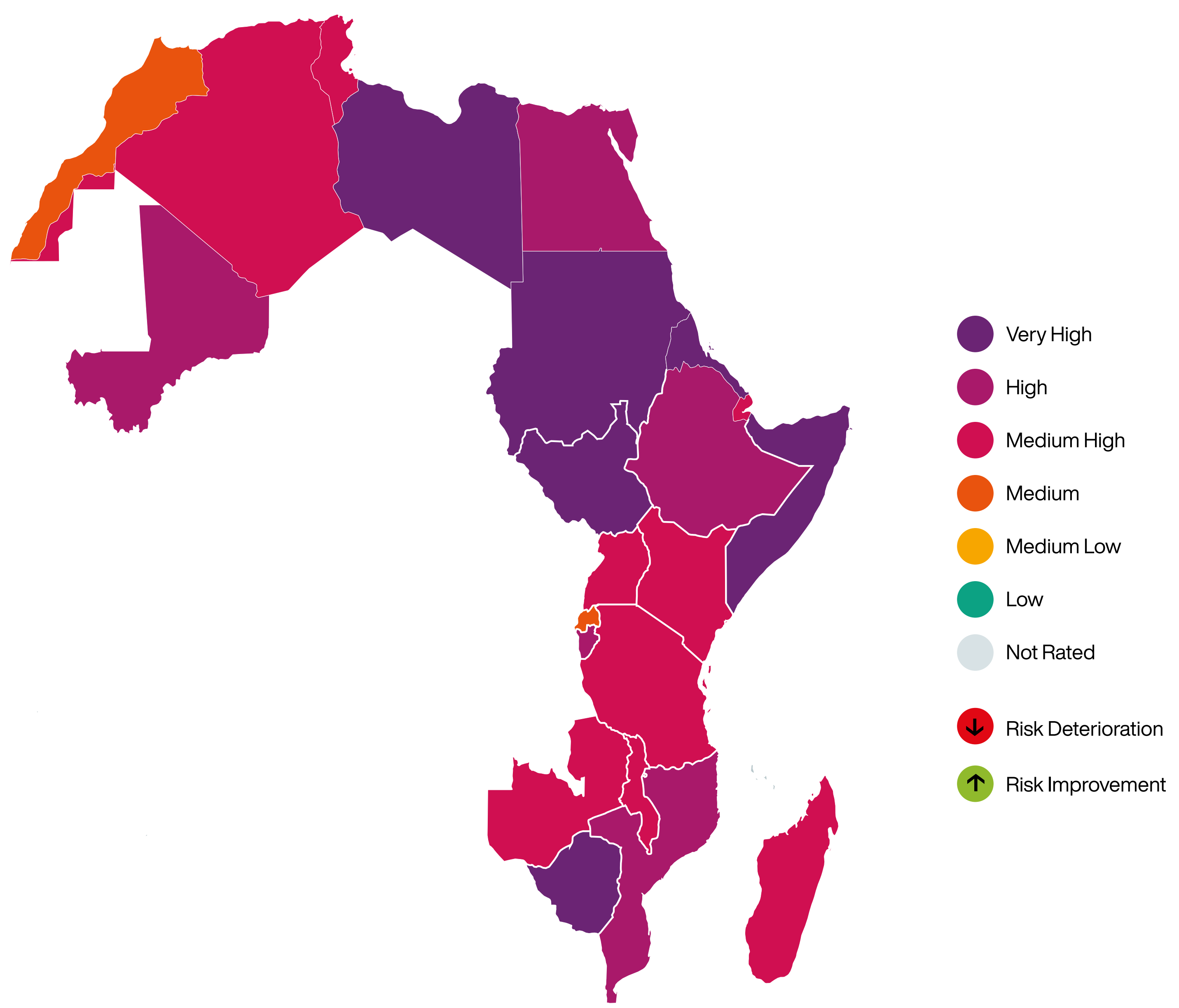
Source: Aon Research

Evolving Macro Trends Require Businesses to Constantly Adapt

4.3 - Risk insights: Northern and Eastern Africa

Country	Overall Country Risk	Supply Chain Disruption	Political Interference	Sovereign Non-Payment	Risk of Doing Business	Exchange Transfer
Algeria	Medium High	Medium High	High	Medium High	High	Medium High
Burundi	High	Very High	High	Medium High	High	High
Djibouti	High	Medium High	High	Medium High	High	Medium
Egypt	High	Medium High	High	High	Medium High	Medium High
Eritrea	Very High	Medium High	Very High	High	Very High	Very High
Ethiopia	High	High	High	Medium High	High	Medium High
Kenya*	Medium High	Medium High	Medium High	Medium High	Medium High	Medium
Libya	Very High	Very High	Very High	Medium High	Very High	High
Madagascar	Medium High	Medium High	High	Medium High	High	Medium High
Malawi	Medium High	Medium	Medium High	Medium High	High	High
Morocco	Medium	Medium	Medium	Medium High	Medium Low	Medium
Mozambique	High	Very High	High	Very High	High	Medium
Rwanda	Medium	Medium Low	Medium	Medium High	Medium	Medium
Somalia	Very High	Very High	Very High	High	Very High	Medium
Sudan North	Very High	Very High	Very High	High	Very High	Very High
Sudan South	Very High	Very High	Very High	High	Very High	Very High
Tanzania	Medium High	Medium	High	Medium High	Very High	Medium
Tunisia	Medium High	Medium	Medium High	Medium High	Medium	Medium High
Uganda	Medium High	Medium High	High	Medium High	High	Medium
Western Sahara	Medium High	Medium High	High	Medium	High	Medium
Zambia*	Medium High	Medium High	Medium High	Medium High	Medium High	Medium
Zimbabwe	Very High	Medium High	High	High	Very High	Medium High

*These countries have engaged or are engaging with the IMF and/or creditors in connection with their sovereign debt. Kenya currently rated B- S&P and Caa1 Moody's. Zambia currently SD S&P and Caa2 Moody's.



Powered by: Continuum Economics - Leading independent macroeconomic, policy and financial markets research firm.

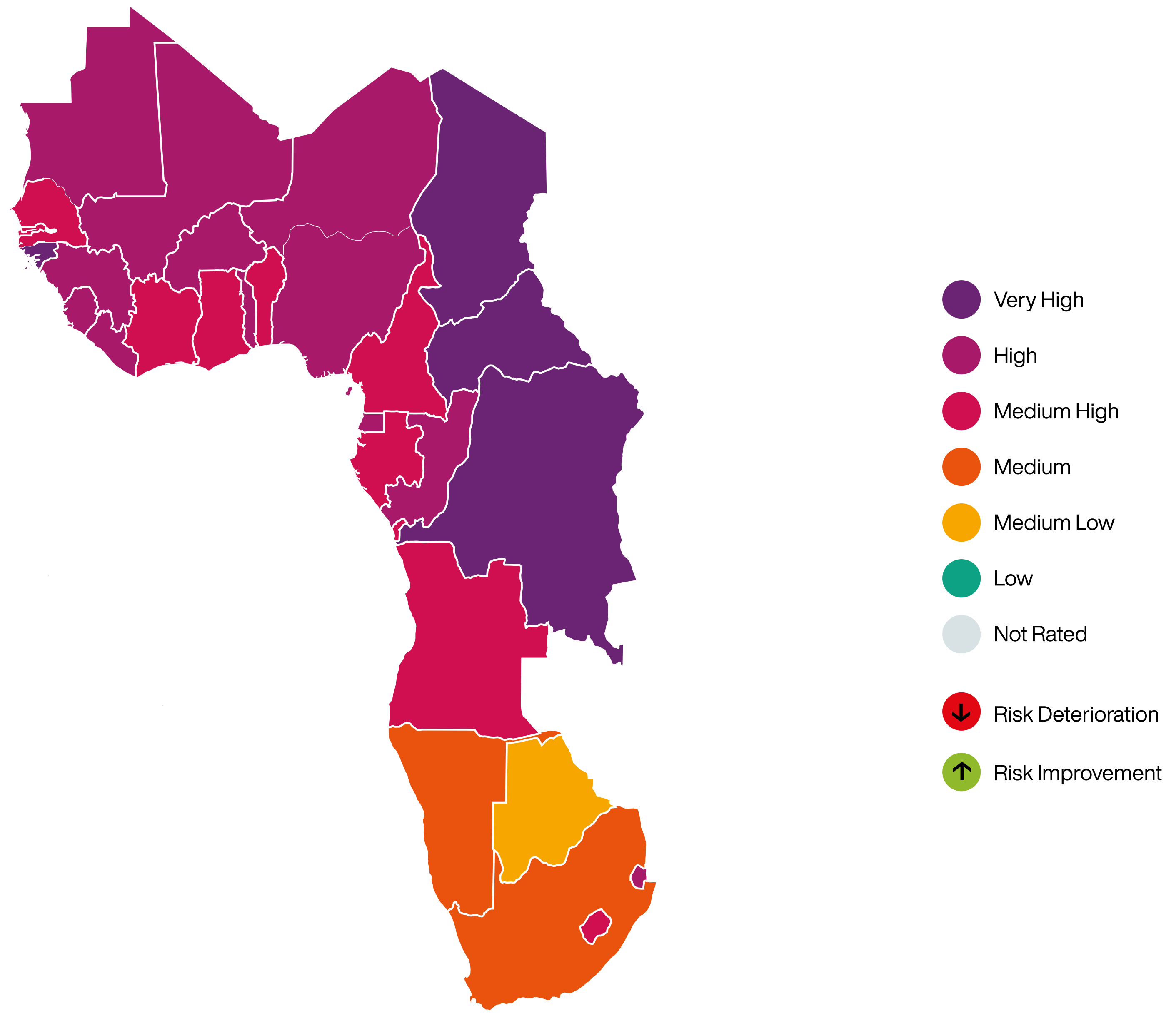
Source: Aon's Political Risk Map

Evolving Macro Trends Require Businesses to Constantly Adapt

4.4 - Risk insights: Western, Middle and South Africa

Country	Overall Country Risk	Supply Chain Disruption	Political Interference	Sovereign Non-Payment	Risk of Doing Business	Exchange Transfer
Angola	Medium High	Medium High	High	Medium High	High	Medium
Benin	Medium High	Medium	Medium High	Medium High	Medium High	Medium High
Botswana	Medium Low	Medium Low	Medium	Medium	Medium	Medium Low
Burkina Faso	High	Very High	High	Medium High ↑	High	Medium High ↑
Cameroon	Medium High	Very High	High	Medium High	High	Medium
Central African Republic	Very High	Very High	Very High	High	Very High	Medium High
Chad	Very High	High	Very High	Medium High	Very High	Medium High ↑
Congo Brazzaville	High	High	Very High	High	Very High	Medium High
Congo DRC	Very High	Very High	Very High	Medium High	High	Medium High
Cote d'Ivoire	Medium High	Medium	Medium High	Medium High	Medium High	Medium High
Equatorial Guinea	High	Medium High	Very High	Medium High	Very High	Medium High
Gabon	Medium High	Medium High	High	High	High	Medium
Gambia	Medium High	Medium High	Medium High	Medium High ↓	High	Medium
Ghana*	Medium High	Medium	Medium	Medium High	Medium High	Medium
Guinea Bissau	Very High	Medium High	High	Very High ↓	Very High	High
Lesotho	Medium High	Medium High	Medium High	Medium	Medium High	Medium
Liberia	High	Medium High	High	High	Very High	Medium
Mauritania	High	Medium High	High	Medium High	High	Medium ↑
Namibia	Medium	Medium Low	Medium	Medium	Medium High	Medium
Niger	High	Medium High	High	Medium High	High	High
Nigeria	High	Very High	High	Medium High	High	High
Senegal*	Medium High	Medium	Medium ↑	High	Medium High	Medium High
Sierra Leone	High	Medium High	High	High	High	High ↓
South Africa	Medium	Medium	Medium High	Medium High	Medium High	Medium
Swaziland	High	Medium High	High	Medium High	Medium High	Medium
Togo	High	High	High	High	High	High

*Ghana engaging with the IMF and/or creditors in connection with their sovereign debt. Ghana currently rated CCC+ S&P and Caa2 Moody's. Senegal currently rated S&P B with negative outlook



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Source: Aon's Political Risk Map

Evolving Macro Trends Require Businesses to Constantly Adapt

4.5 - Risk insights: Latin America

Country	Overall Country Risk	Supply Chain Disruption	Political Interference	Sovereign Non-Payment	Risk of Doing Business	Exchange Transfer
Argentina	Medium High	Medium	Medium High	Medium	High	Medium High
Bolivia	High	Medium High	Very High	High	High	Medium High
Brazil	Medium	Medium High	Medium High	Medium High	High	Medium
Chile	Medium Low	Medium Low	Medium Low	Medium Low	Medium Low	Medium Low
Colombia	Medium	Medium	Medium High	Medium	Medium High	Medium Low
Costa Rica	Medium Low	Medium Low	Medium	Medium	Medium	Medium Low
Cuba	High	High	Very High	Medium High	Very High	High
Dominican Republic	Medium	Medium Low	Medium	Medium	Medium	Medium Low
Ecuador	Medium High	Medium High	Medium High	Medium	High	Medium
Falkland Islands	Medium Low	Medium	Medium Low	Medium Low	Low	Medium Low
French Guiana	Low	Low	Low	Low	Low	Low
Guatemala	Medium High	Medium High	Medium High	Medium	Medium High	Medium Low
Guyana	Medium High	Medium	Medium High	Medium	High	Medium Low
Haiti	High	High	Very High	Medium High	Very High	Medium Low
Jamaica	Medium	Medium Low	Medium	Medium Low	Medium	Medium Low
Mexico	Medium High	Very High	Medium High	Medium	Medium High	Medium
Nicaragua	Medium High	High	High	Medium High	High	Low
Panama	Medium	Medium	Medium	Medium High	Medium	Medium
Paraguay	Medium	Medium High	Medium High	Medium	Medium High	Medium
Peru	Medium	Medium	Medium High	Medium	Medium	Low
Puerto Rico	Medium Low	Medium Low	High	Medium Low	Medium	Medium Low
Suriname	Medium High	Medium High	Medium High	Medium	High	Medium
Trinidad & Tobago	Medium	Medium	Medium	Medium	Medium High	Medium Low
Uruguay	Medium Low	Medium Low	Medium Low	Medium Low	Medium Low	Medium Low
Venezuela	Very High	High	Very High	Very High	Very High	Very High

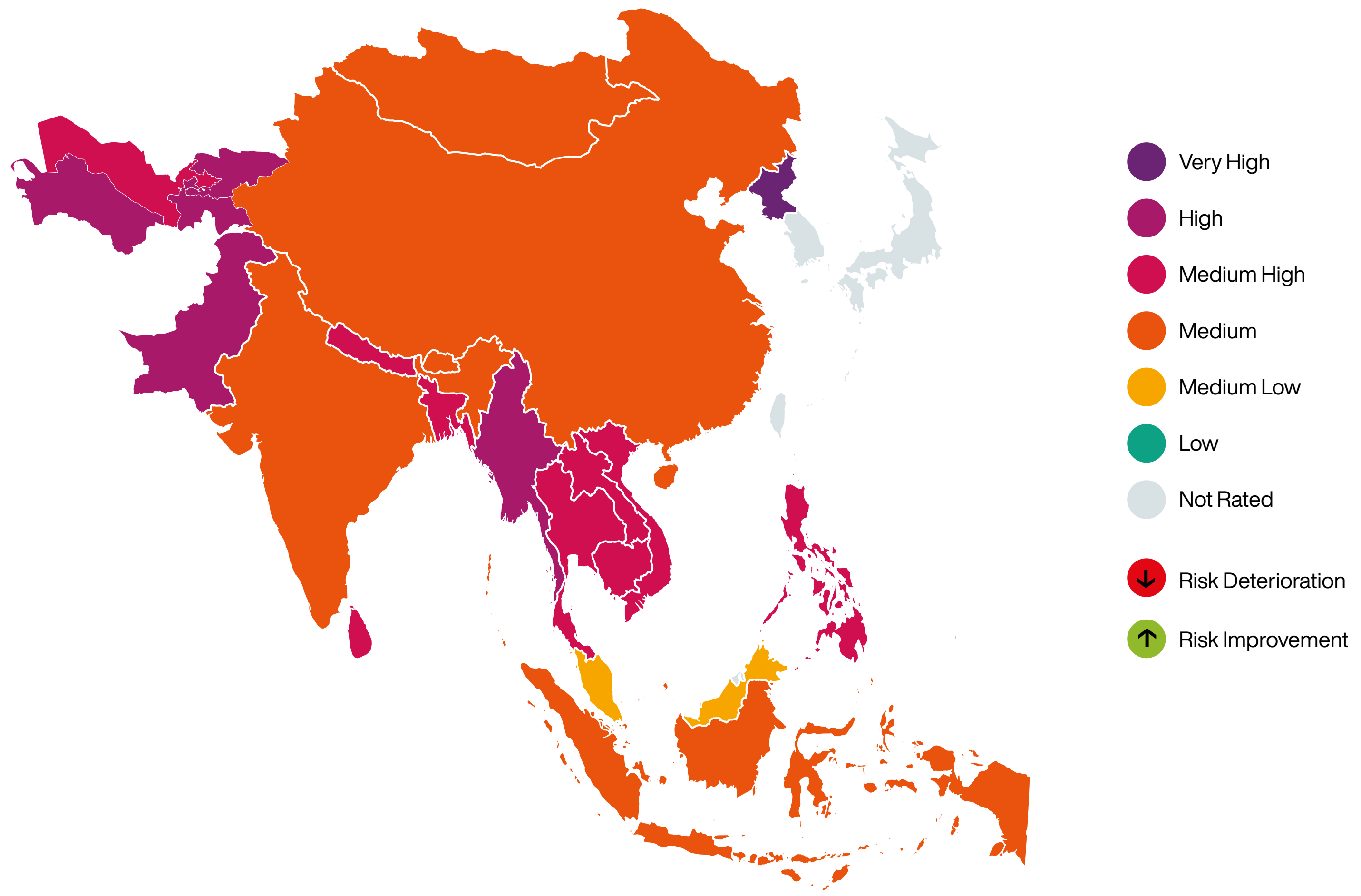
Powered by: Continuum Economics - Leading independent macroeconomic, policy and financial markets research firm.

Source: Aon's Political Risk Map

Evolving Macro Trends Require Businesses to Constantly Adapt

4.6 - Risk insights: Asia

Country	Overall Country Risk	Supply Chain Disruption	Political Interference	Sovereign Non-Payment	Risk of Doing Business	Exchange Transfer
Bangladesh	Medium High	Medium High	High	Medium	High	Medium
Bhutan	Medium	Medium Low	Medium Low	Medium	Medium	Medium High ↑
Cambodia	Medium High	Medium High	High	Medium	Very High	Medium Low
China	Medium	Medium Low	Medium	Medium High	Medium Low	Medium High
India	Medium	Medium High	Medium	Medium High	Medium	Medium
Indonesia	Medium	Medium Low	Medium	Medium Low	Medium High	Medium Low
Kyrgyzstan	High	High	Medium High	Medium	Medium High	Medium High
Malaysia	Medium Low	Medium Low	Medium Low	Medium	Medium Low	Medium
Mongolia	Medium	Medium	Medium	Medium Low	Medium High	Medium Low
Burma/Myanmar	High	Very High	High	Medium High	High	Medium High
Nepal	Medium High	Medium High	Medium High	Medium	Medium High	Medium
North Korea	Very High	High	Very High	Medium High	Very High	Low
Pakistan	High	Very High	Medium High	Medium High	Medium High	Medium High
Philippines	Medium High	Medium High	Medium	Medium High	Medium High	Medium
Singapore	Low	Low	Medium Low	Medium Low	Low	Medium Low
Sri Lanka	Medium High	Medium	Medium High	Medium High	Medium High	Medium High ↑
Tajikistan	High	Medium High	High	High	Medium High	Medium High
Thailand	Medium High	Medium	Medium	Medium	Medium Low	Medium
Turkmenistan	High	Medium High	Very High	Medium	Very High	High
Uzbekistan	Medium High	Medium	Medium High	Medium	Medium High	Medium High ↑
Vietnam	Medium High	Medium	Medium High	Medium	Medium	Medium



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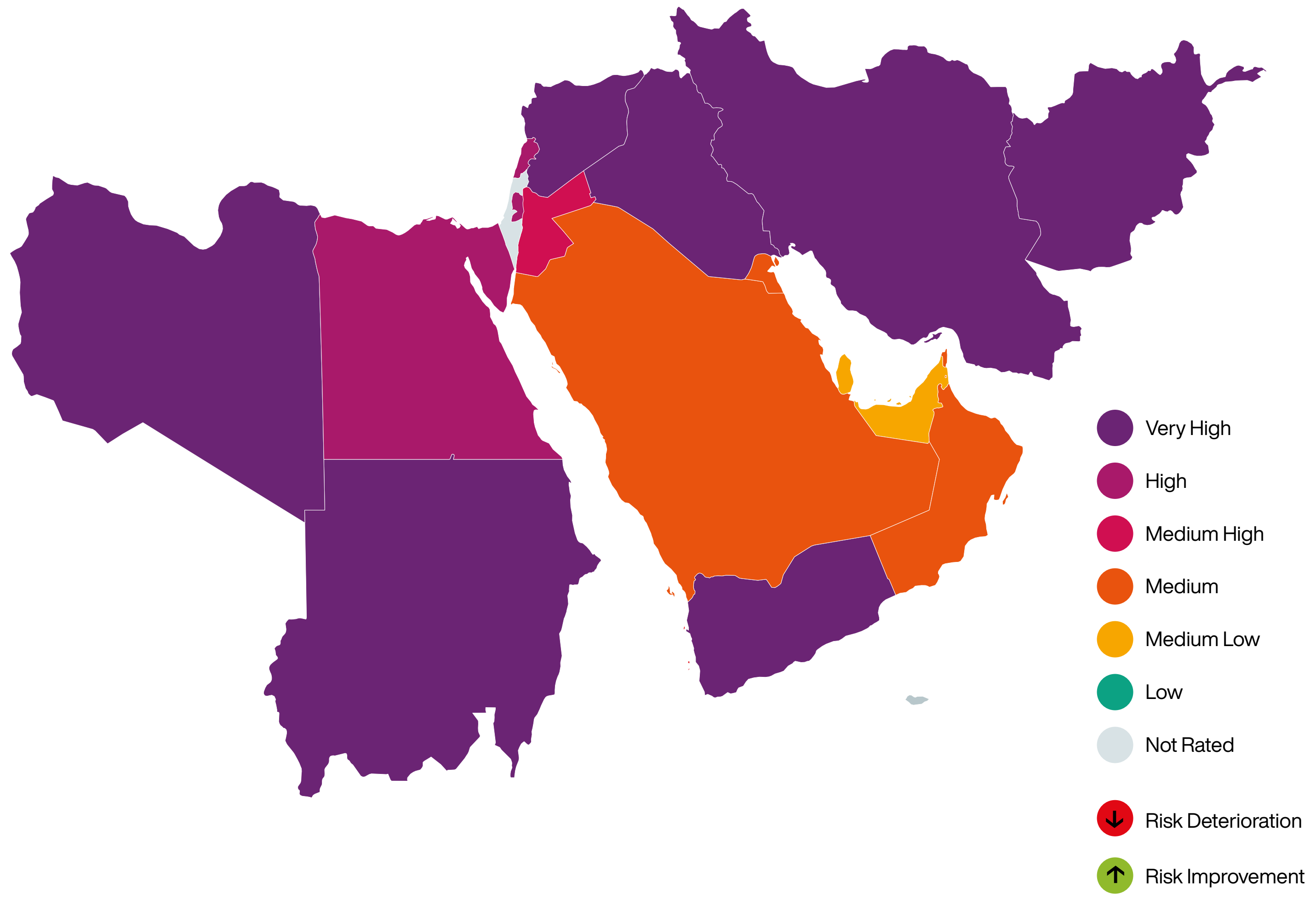
Source: Aon's Political Risk Map

Evolving Macro Trends Require Businesses to Constantly Adapt

4.7 - Risk insights: Middle East

Country	Overall Country Risk	Supply Chain Disruption	Political Interference	Sovereign Non-Payment	Risk of Doing Business	Exchange Transfer
Afghanistan	Very High	Very High	Very High	Medium High	Very High	Medium High
Egypt	High	Medium High	High	High	Medium High	Medium High
Iran	Very High	Medium High	Very High	High	High	Medium High
Iraq	Very High	Very High	Very High	Medium High	Very High	Medium
Jordan	Medium High	Medium Low	Medium High ↑	Medium High	Medium	Medium High
Kuwait	Medium	Medium Low	Medium High ↓	Medium Low	Medium	Medium Low
Lebanon	High	High	High	Medium High	High	Medium High
Libya	Very High	Very High	Very High	Medium High	Very High	High ↑
Oman	Medium	Medium Low	Medium	Medium	Medium Low	Medium Low
Qatar	Medium Low	Low	Medium	Medium Low	Medium Low	Medium Low ↓
Saudi Arabia	Medium	Medium Low	Medium	Medium	Medium Low	Medium Low
Syria	Very High	High	Very High	Very High	Very High	Very High ↓
UAE	Medium Low	Low	Medium Low	Medium Low	Medium Low	Low
Yemen	Very High	Very High	Very High	High ↑	Very High	High



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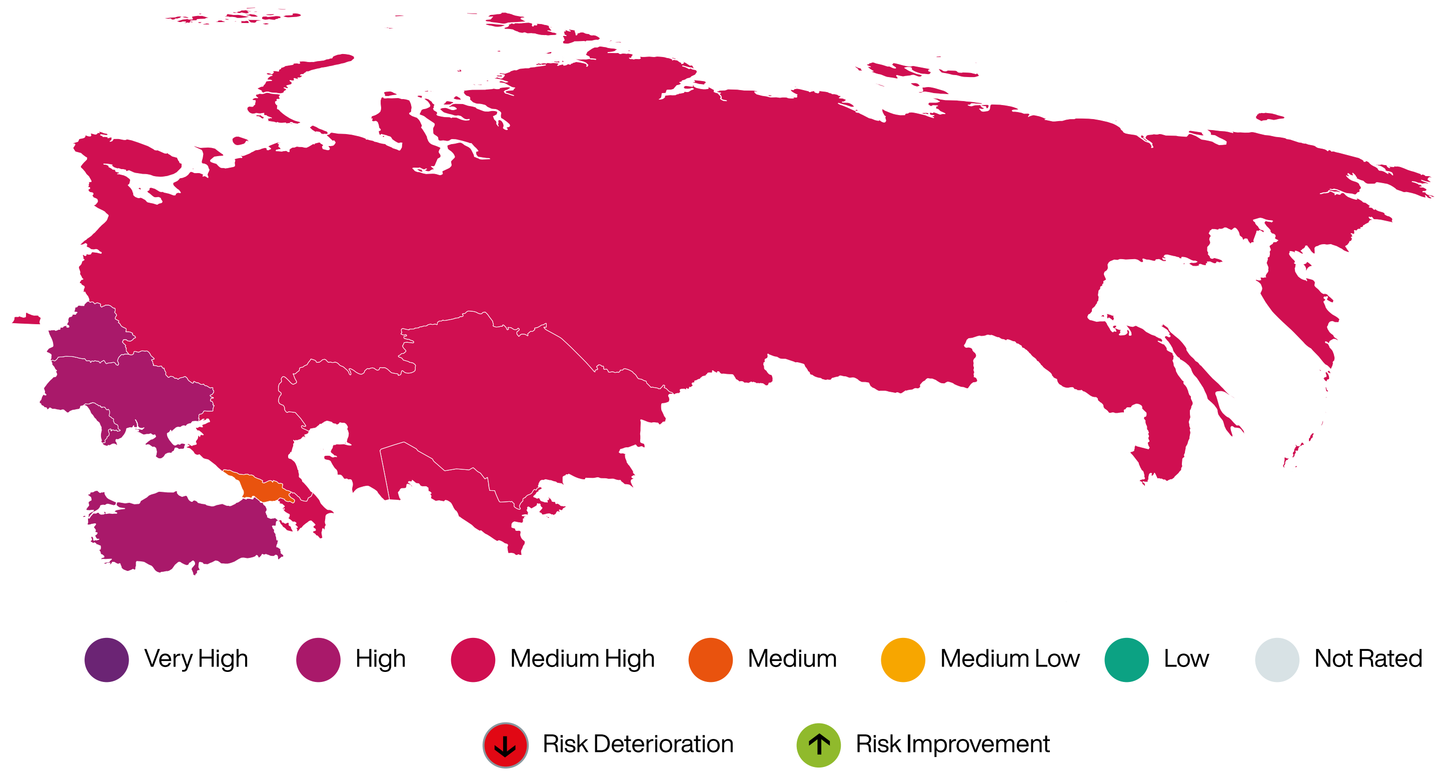
Source: Aon's Political Risk Map

Evolving Macro Trends Require Businesses to Constantly Adapt

4.8 - Risk insights: Emerging Europe and Commonwealth of Independent States (CIS)

Country	Overall Country Risk	Supply Chain Disruption	Political Interference	Sovereign Non-Payment	Risk of Doing Business	Exchange Transfer
Azerbaijan	Medium High	Medium	Medium High	Medium	Medium	Medium Low
Belarus	High	High	Medium High	Medium	Medium High	Medium High
Georgia	Medium	Medium Low	Medium	Medium	Medium Low	Medium High ↓
Kazakhstan	Medium High	Medium	Medium High	Medium	Medium	Medium High
Moldova	High	Medium High	Medium High	Medium High ↑	Medium	Very High
Russia	Medium High	High	High	Medium	Medium	Medium
Turkey	High	High	Medium High	Medium High	Medium	Medium High ↑
Ukraine	High	High	Medium High	High	Medium	High



“

As with all political risk insurance, insurers’ appetites can deteriorate quickly and so for any clients who have concerns, we would always encourage early engagement with the market. We have seen the market supporting our clients in jurisdictions which would have previously been viewed as stable, and we expect this to continue.”

Laurie Flaux

Deputy Head of Political Risk & Structured Credit, London Global Broking Centre

Aon’s Credit Solutions

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Source: Aon’s Political Risk Map

Previous
Risk insights: Middle East

Next
Surety

Surety

Surety

A panel of surety experts convened at Aon's virtual Credit Solutions Conference 2025 to discuss the latest market conditions in surety and explore how surety solutions can help navigate economic challenges and support growth across various industries. The following provides a synthesized summary of the panelists insights and key perspectives shared during the discussion.

Challenges in the construction sector

The Construction sector, where Surety bonds are extensively utilized to fulfill contractual obligations, has encountered several challenges in recent years. Key factors contributing to these challenges include: (i) tight margins across the sector, (ii) economic volatility intensified by hyperinflation within the supply chain, (iii) escalating energy and labor costs, and (iv) the prevalence of fixed-price contracts. These issues have led to an increased focus on working capital management. If not effectively managed, they can result in liquidity problems, adversely affecting company financials and the Surety market's capacity to deliver.

Emerging surety markets

As project values increase, Surety amounts also rise, presenting both a challenge and a responsibility for Surety providers to address market needs. Nonetheless, there are encouraging signs that capacity demand is being met, with new Surety markets emerging in the UK and Surety expansions occurring throughout EMEA and APAC regions. The construction sector shows promise as legacy contracts conclude, order books are replenished, and government planning constraints are eased.

Opportunities in energy security

There is considerable potential for Surety across various geographies, particularly within the energy sector. The intersection between contractors, manufacturers, and energy companies, such as pipeline firms and new power plant producers, necessitates substantial Surety or bank guarantees throughout the supply chain. The Surety industry has matured, requiring more frequent updates and enhanced transparency from clients to meet these demands.

Expanding uses for surety

Surety bonds are increasingly being employed beyond their traditional role as performance bonds. They offer businesses the ability to free up working capital by replacing bank-issued letters of credit. As an unsecured financial product, Surety can support corporations by serving as an off-balance sheet item, allowing banks to maintain their credit lines for other purposes. This positions Surety as a complementary tool rather than a competitor to banks.

Watch our panel discussion: Delivering surety solutions to unlock capital.

Expertise panel:

Daniel Storr – Co-Head of Surety EMEA, Credit Solutions, Aon

Jorrit Baken – Head of Surety The Netherlands, Liberty Mutual

Alexandra Watts – Surety Director, Travelers Insurance

Damian Manning – Head of Surety, Markel International

For additional thought leadership, explore the session recordings from Aon's Credit Solutions Conference 2025.

Surety

Surety in emerging sectors

The role of Surety is expanding notably into sectors such as oil, gas, and renewables. Decommissioning obligations for seabed assets, including oil rigs and wind farms, necessitate specific underwriting considerations. At the inception of these projects, a decommissioning or rehabilitation bond is required to ensure future site restoration.

Renewable energy projects, such as solar and wind, also demand various performance and payment bonds. These guarantees are increasingly common as governments invest in these developments. As a result, carriers are adjusting their Surety capacity priorities, exploring new opportunities in the commercial sector, and educating beneficiaries about the benefits of Surety bonds.

Private equity offers growth opportunities for Surety in Mergers and Acquisitions (M&A) and existing portfolio companies, but client education in this area is essential.

Qualities of a good surety risk

Surety underwriters prioritize transparency from prospective customers, which enables them to gain a comprehensive understanding of their clients, their businesses, management, and strategic direction. The three Cs of Surety, Credit, Capacity, and Character, highlight the importance of maintaining a strong relationship and open communication with clients.

Future challenges and opportunities

The Surety industry faces significant change due to global economic instability and political risks. It is crucial to analyze customer stability and manage the challenges posed by globalization. Co-Surety contracts, where providers with strong positions in different markets collaborate, can help address these challenges. Ultimately, the Surety sector is well-prepared to support clients in new areas, deploying substantial capacity once the risks are thoroughly assessed and understood.

Review our global Surety Market Report for more insights.

Conference Highlights

Previous
Surety in new sectors

Next
Conference highlights

Credit Solutions Conference highlights

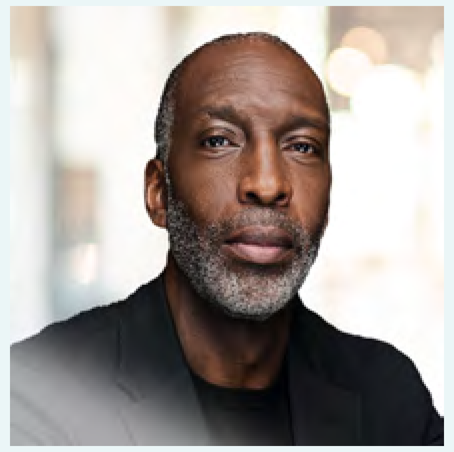
10
Discussion Sessions

44
Expert Speakers

1,470
Attendees

10+
In person events throughout 2025

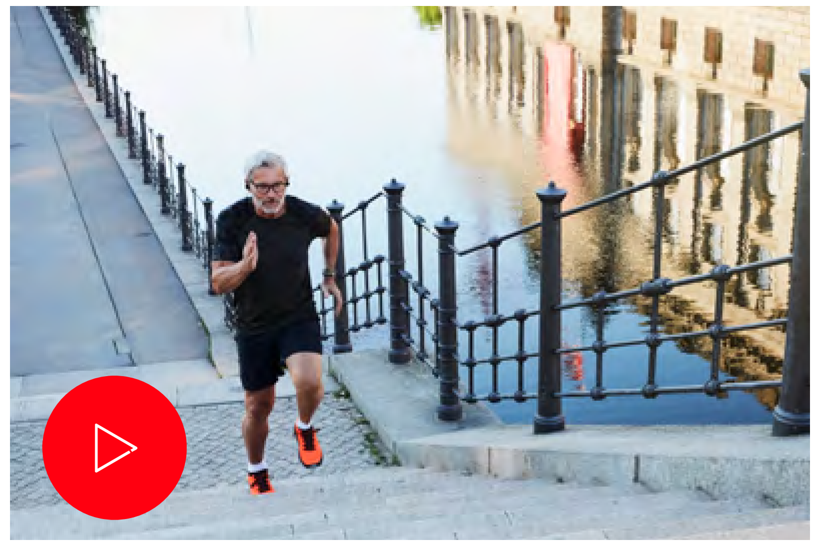
2
World Champion Keynotes



Michael Johnson
4-Time Olympic Gold Medallist & World Champion

Garry Kasparov
Former World Chess Champion

From insight to impact, helping clients make better decisions for sustainable growth



Precision Performance
Winning in the Long Run

Leadership Plays
Navigating Risk and Reward

Navigating the Future
Credit Insurance Market Outlook
The Impact of Data Driven Innovation

Inside the Negotiation Room
Securing Political Risk Insurance
Delivering Surety Solutions
Structuring Trade Credit Co-Insurance

Rethinking Credit Insurance
Risk Financing Techniques
Delivering Industry-Centric Credit Insurance
Growing and Connecting Talent

Catch up on what you may have missed - replay sessions from the Credit Solutions Conference 2025

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About

Aon plc (NYSE: AON) exists to shape decisions for the better — to protect and enrich the lives of people around the world. Through actionable analytic insight, globally integrated Risk Capital and Human Capital expertise, and locally relevant solutions, our colleagues in over 120 countries provide our clients with the clarity and confidence to make better risk and people decisions that protect and grow their businesses.

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