Market Insights Report - H2 2025

Better Decisions for Sustainable Growth

December 2025

Start reading

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In a period of intense geopolitical and macroeconomic volatility, businesses need to be alert to the trends that threaten their ability to trade and access finance. Aon's Market Insights Reports aim to give clients the confidence and clarity they need to make better business decisions.

Click here to read our previous reports H2 2024 and H1 2025.

Introduction

Welcome to our H2 2025 Market Insights Report, offering a comprehensive perspective on the evolving Credit Solutions landscape in a year marked by mounting geopolitical tensions, persistent supply chain challenges, and the disruptive impact of changing tariffs. As organizations navigate this volatile environment, strategies for risk management and financial resilience have become more critical than ever.

Globally, businesses are facing elevated and persistent risks, including economic slowdown, rising rates of insolvency, and increasing geopolitical instability. According to the 2025 Aon Global Risk Management Survey (GRMS), senior executives are placing top priority on safeguarding liquidity, maintaining operational agility, and responding swiftly to regulatory changes. Risks related to cash flow and liquidity have grown more acute, while geopolitical uncertainty, now recognized among the top ten risks for organizations in 2025, is expected to exert even greater influence in the years ahead.

Industry performance has become increasingly divided. Sectors such as technology and data centres continue to outpace more traditional industries, fuelled by advances in AI and cloud computing. In contrast, construction, materials, and manufacturing industries are challenged by rising costs and ongoing supply chain disruptions. These pressures have led to greater investment and tighter project timelines, creating both opportunities and heightened risks, as well as highlighting the need for robust performance security solutions to minimize delays and manage subcontractor exposure.

As growth slows, particularly in interest rate-sensitive sectors and markets, insolvency risks are climbing. It is essential for companies to take proactive steps to manage cash flow, optimize working capital, and control credit exposures to withstand inflationary pressures and financial volatility. The prevailing climate calls for sharper liquidity management, agile capital strategies, and more rigorous cash flow forecasting, supported by enhanced financial resilience and specialized insurance solutions.

These themes were brought into sharp focus during our Credit Solutions Market World event in October 2025, where more than 200 participants from over 60 Aon carriers in trade credit, structured credit, political risk, and surety insurance convened for lively discussion alongside our specialty colleagues. The growing importance of credit solutions, empowering **Better Decisions for Sustainable Growth**, was evident throughout these conversations.

In this report, we aim to provide actionable insights to help you strengthen your financial footing and capitalize on new opportunities in today's evolving credit landscape.

Oliver Henderson
Chief Broking Officer
Credit Solutions, Aon

Ana Dieguez
Head of Global Clients
Credit Solutions, Aon

Credit Solutions Market World October 8th, 2025

Oliver Henderson, Tracy-Lee Kus and Stuart Lawson speaking at our Market World event.

More than 200 participants from over 60 carriers across our trade credit, structured credit and political risk and surety insurers and reinsurers, together with our specialty colleagues.

Connecting with carriers to explore new ways to deliver better results for clients, sharing industry insights, building stronger relationships and encouraging innovation.

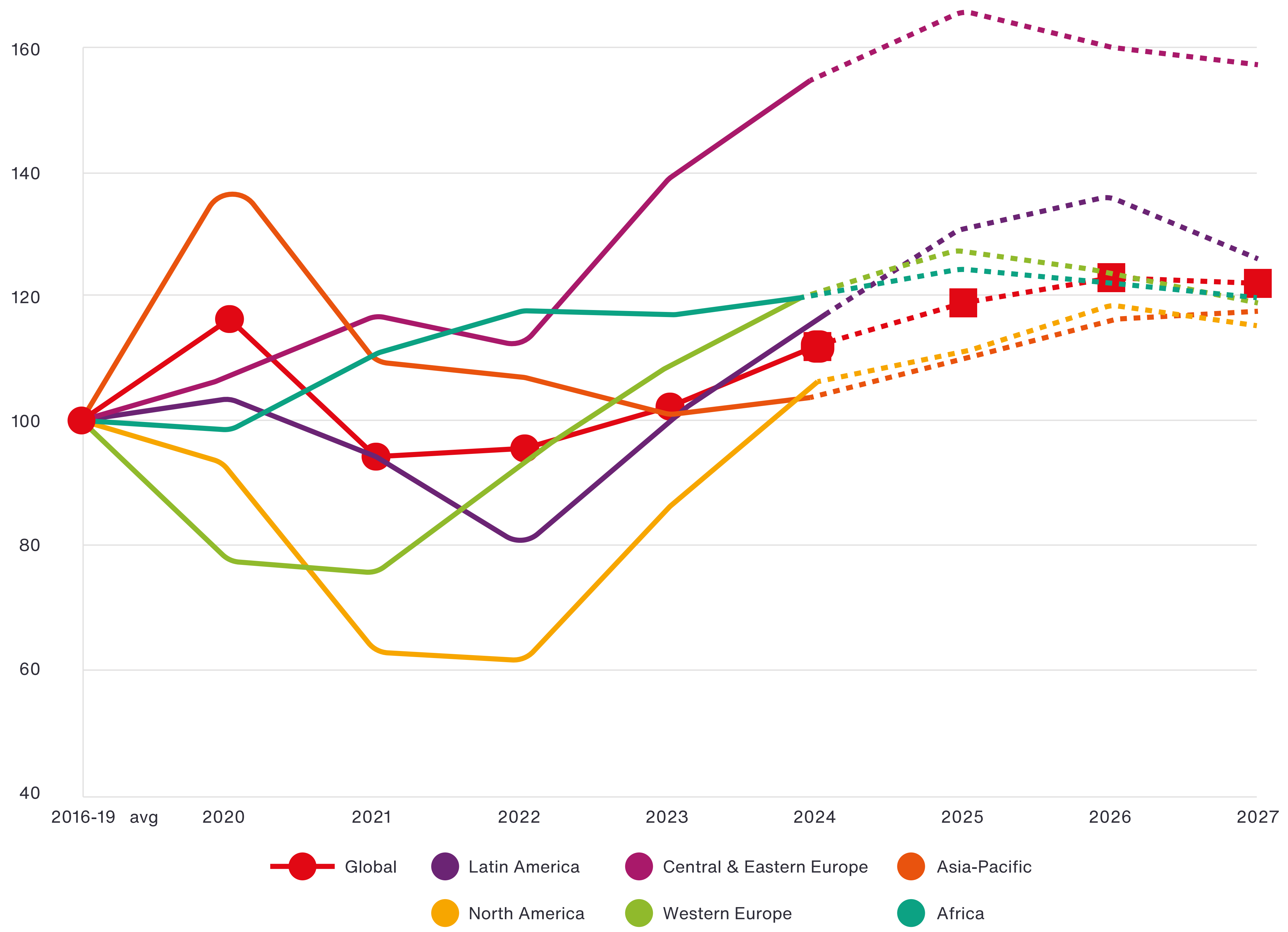
Growth Under Turbulence

Global Volatility Forces Businesses to Constantly Adapt

2.1 - Research Indicates an Increase in Insolvency Trends

- Businesses worldwide should prepare for elevated insolvency risks as economic expansion slows. Strategic planning, liquidity management and vigilance against structural and geopolitical threats will be crucial for mitigating the impact of rising business failures.
- While U.S. businesses initially benefited from solid economic momentum, the lagged effects of higher interest rates and reduced consumer spending are expected to push insolvencies higher, especially in interest-rate-sensitive sectors such as consumer retail, real estate and discretionary services.
- In the eurozone and UK, the energy crisis, subdued industrial activity and persistent structural challenges, particularly in manufacturing and energy-intensive industries, are likely to drive higher corporate defaults and restructurings in these markets.
- Asia-Pacific remains the global growth leader, with China and India supporting robust expansion. Nevertheless, export driven sectors and highly leveraged businesses are exposed to insolvency risk, especially if global demand softens or financing costs rise.
- Insolvency risks in Latin America and Africa are shaped by commodity price volatility, external financing conditions and domestic vulnerabilities. While steady growth helps contain failures in some sectors, rising costs and political instability can threaten more fragile firms.
- Central and eastern Europe is recovering but sectors tied to the Russia/Ukraine conflict, such as agriculture, energy and logistics, remain susceptible to bankruptcies and prolonged restructuring.
- The Middle East saw a sharp increase in insolvencies in 2023 due to oil price volatility and production cuts, impacting energy and import dependent sectors. As the energy market stabilizes, insolvency rates are expected to gradually decline, but businesses in oil and gas, construction and tourism should remain alert to ongoing risks.

The Rise in Insolvencies to Reach +6% and +4% in 2025 and 2026



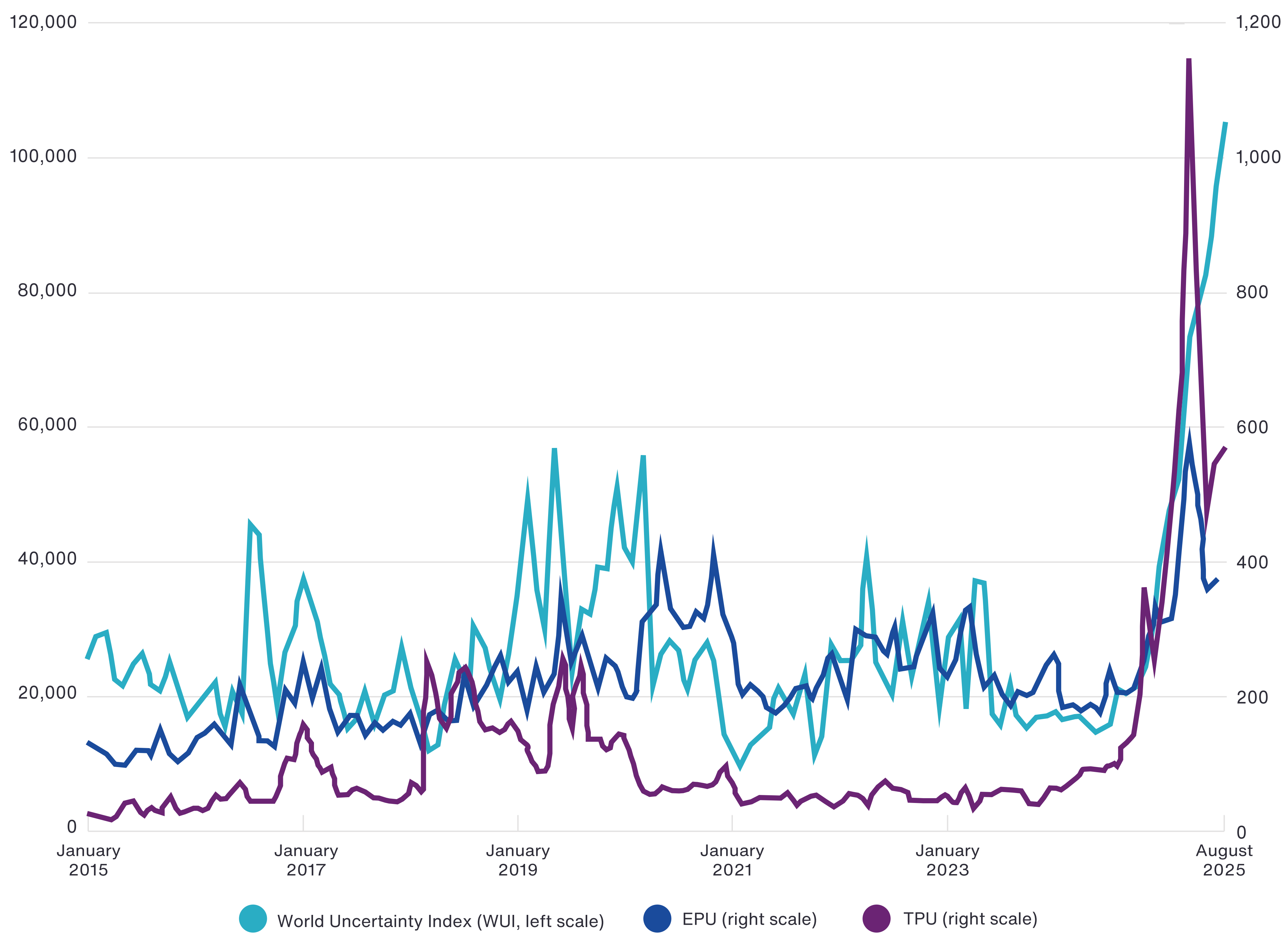
Sources: National Statistics, Allianz Research
Note: Based on the available data as of September 25th, 2025

Global Volatility Forces Businesses to Constantly Adapt

2.2 - Spikes in Business Uncertainty

- Both advanced and emerging economies have experienced changing policy priorities and are adapting to evolving international realities.
- Newly introduced tariff measures have led to increased protectionism worldwide, with tariff rates reaching multi-decade highs. While some countries responded with limited countermeasures, global trade policy uncertainty remains high due to the absence of durable and transparent agreements.
- Uncertainty surrounding trade policies has shifted attention from just tariff levels to the broader effects on prices, investment and consumption, increasing strains on global economic outlooks.
- Several major economies have moved towards more stimulative fiscal policies, including shifts in defense and public spending, raising concerns about the sustainability of public finances.
- Significant cuts in development aid and more restrictive migration policies have been implemented in 2025, especially impacting low income and developing countries and altering labor market dynamics in traditional migrant receiving economies.
- While revised trade policies and uncertainty prompted downward revisions of global growth forecasts, subsequent policy adaptations brought slight improvements. Changes in inflation forecasts have varied, reflecting differing exposures and responses across countries.
- Short-term global resilience, driven by actions such as front loading of consumption and investment and adjustments in trade flows, has provided temporary relief.
- As global trade shifts, successful companies that embrace innovation and agility can thrive amid uncertainty. By adapting resource management, advancing technology and nurturing talent, they are positioned to drive growth in a changing environment.

Overall, Economic Policy and Trade Policy Uncertainty Indices



Sources: Ahir, Bloom and Furceri 2022; Caldara and others 2020; Davis 2016; and IMF staff calculations

Global Volatility Forces Businesses to Constantly Adapt

2.3 - Aon GRMS Insights and Strategic Risk Mindsets

- Economic slowdown remains a top global risk, ranking consistently high among risk leaders due to lingering uncertainties and repeated shocks. The survey highlights concerns about declining consumer and business confidence, labor market stresses and tighter financial conditions.
- Cash flow and liquidity risks have continued to rise, ranking higher in importance among senior risk leaders compared to previous years. Top concerns include insufficient cash to cover daily operations, potential for default on debts and challenge of maintaining enough working capital. Geopolitical risk has become a top concern for organizations, climbing in rank among the top 10 global risks in 2025 and expected to rise further going forward.
- Economic uncertainty, higher interest rates, inflation and global events have increased pressure on cash flows. Many businesses report tighter margins, increased cost of capital and disruptions to supply chains that make cash and liquidity management more difficult.
- Leaders cite rising unpredictability due to increased frequency and intensity of geopolitical events and rapid regulatory changes in multiple countries.
- Commodity price risk and material scarcity are still among the top 10 global risks, with no sign of rescinding. Causes include geopolitical tensions, inflationary pressures, extreme weather events, regulatory changes and supply chain disruptions.
- Organizations are strengthening financial resilience through i) cash flow management, ii) regular P&L scenario planning and iii) enhanced monitoring of macroeconomic indicators.

> **"Effective cash flow strategies are crucial for capitalizing on opportunities and sustaining growth in volatile times."**
>
> Gary Lorimer
> Global Growth Leader
>
> Credit Solutions
> Aon

Top Global Risk Rankings in 2025

Rank	Top 10 Current Risks (2025)	Compared to 2023
1	Cyber Attack or Data Breach	—
2	Business Interruption	—
3	Economic Slowdown or Slow Recovery	—
4	Regulatory or Legislative Changes	↑ 1
5	Increasing Competition	↑ 5
6	Commodity Price Risk or Scarcity of Materials	↑ 1
7	Supply Chain or Distribution Failure	↓ 1
8	Damage to Reputation or Brand	—
9	Geopolitical Volatility	↑ 12
10	Cash Flow or Liquidity Risk	↑ 1

Rank	Top 10 Future Risks	Compared to 2025
1	Cyber Attack or Data Breach	—
2	Economic Slowdown or Slow Recovery	↑ 1
3	Increasing Competition	↑ 2
4	Commodity Price Risk or Scarcity of Materials	↑ 2
5	Geopolitical Volatility	↑ 4
6	Regulatory or Legislative Changes	↓ 2
7	Business Interruption	↓ 5
8	Artificial Intelligence (AI)	↑ 21
9	Climate Change	↑ 3
10	Cash Flow or Liquidity Risk	—

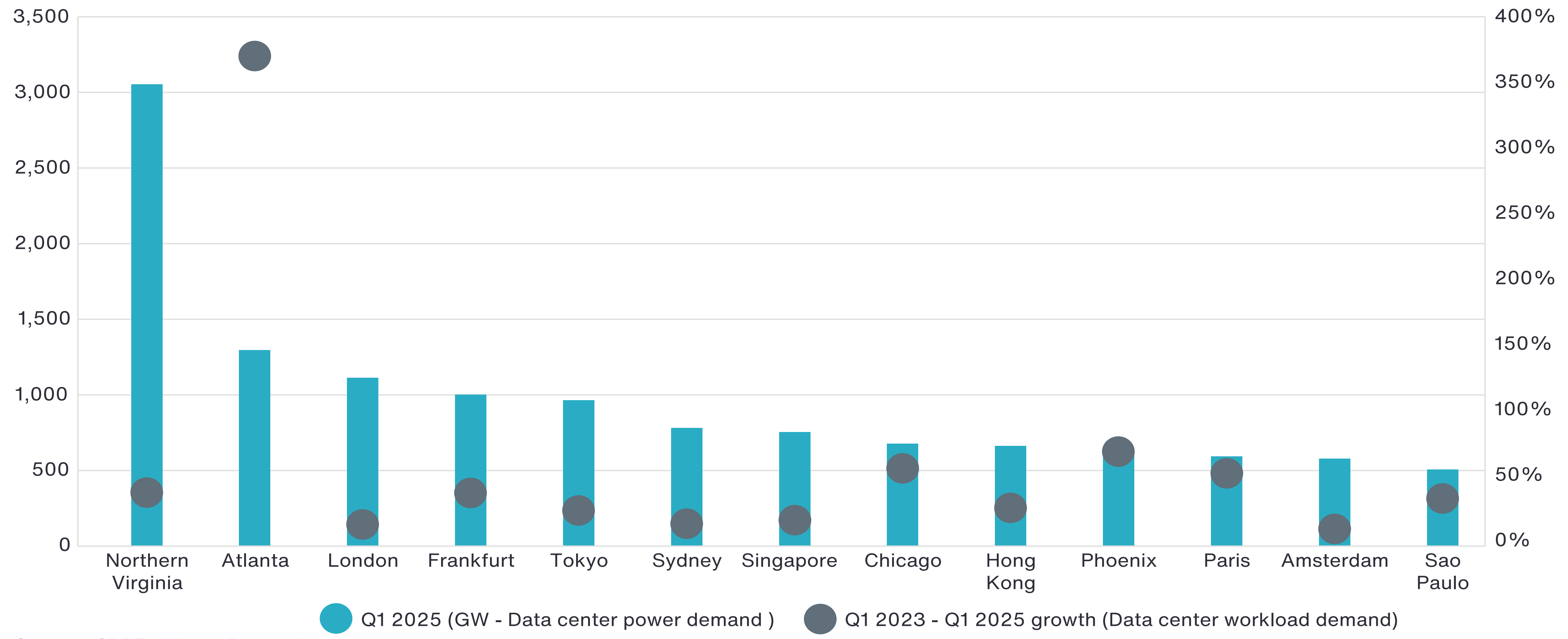
Source: Aon's Global Risk Management Survey

Global Volatility Forces Businesses to Constantly Adapt

2.4 - AI and Cloud Services Fuel Global Data Center Construction

- Generative AI and cloud computing are driving record data center construction globally, especially across the U.S., Europe, China and Asia-Pacific.
- North America's data center capacity under construction more than doubled to 6,350 MW by end-2024, representing over $74 billion in investment. U.S. inventory grew 43 percent year-over-year but supply still lags demand, as shown by ultra-low vacancy rates.
- Europe and the EMEA region saw operational capacity grow 21 percent by mid-2025, with ongoing projects totaling nearly $200 billion and plans for rapid continued expansion.
- In China and Asia-Pacific, data center construction is aggressive, with China's installed IT load set to double by 2030 (requiring about $40 billion) and Asia-Pacific construction and planning signaling strong growth into 2027.

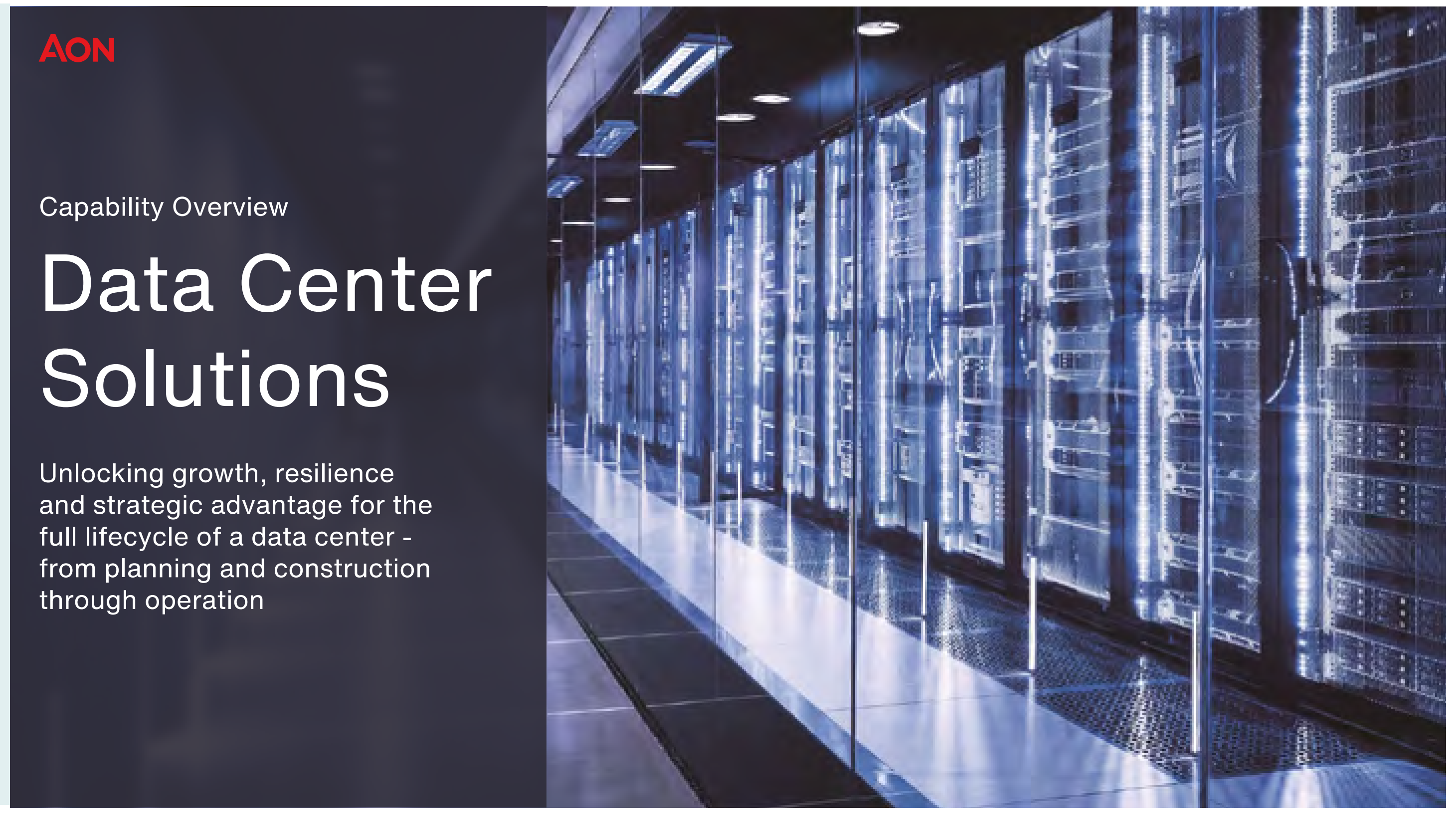
Data Center Inventory by Market and Two-Year Growth



Sources: CBRE, Allianze Research

> "In today's volatile construction environment, where project timelines stretch, counterparties shift and capital is tight, credit insurance and surety bonds aren't just financial tools. They are critical enablers of growth, liquidity and continuity."
>
> James MacNeal
> Global Industry Specialty Leader
>
> Construction and Infrastructure
> Aon

Explore More

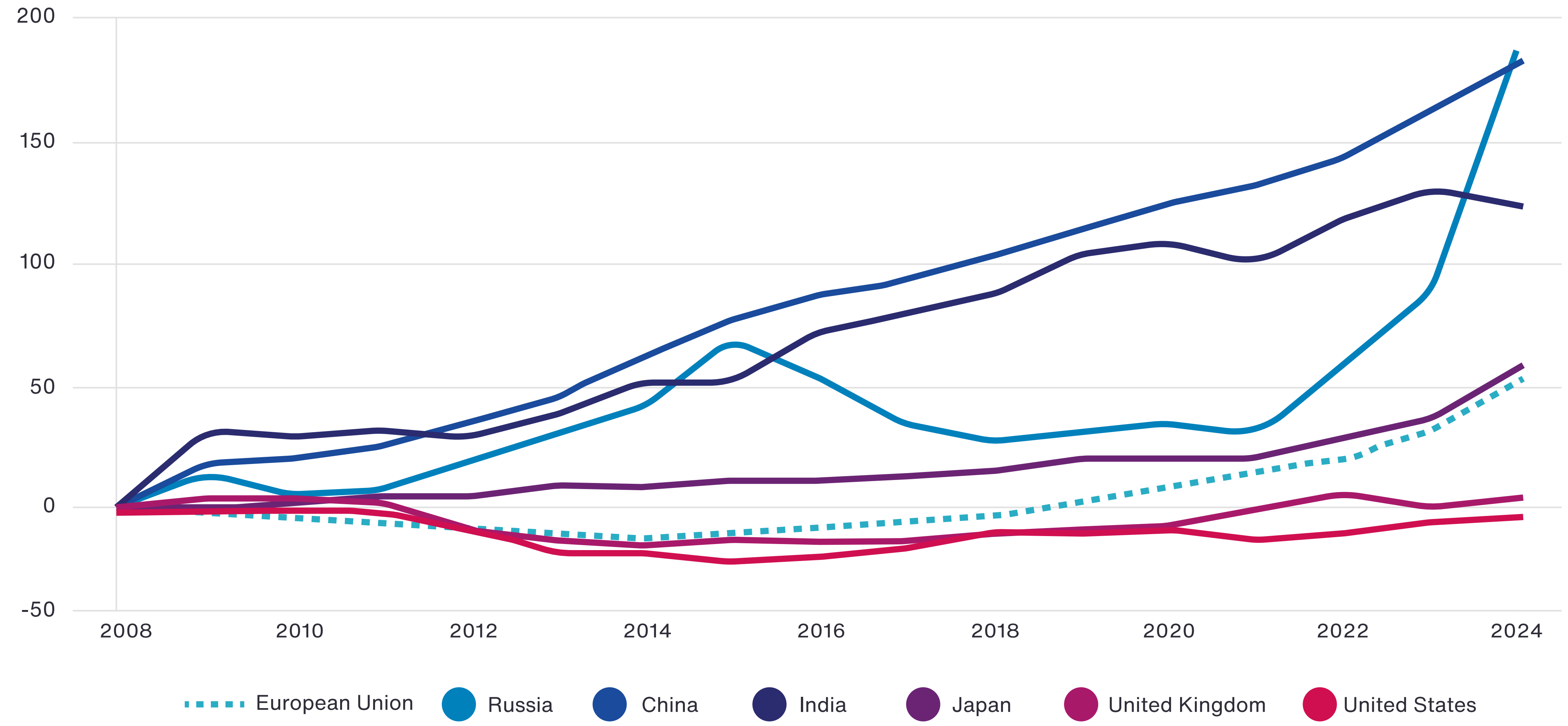


Global Volatility Forces Businesses to Constantly Adapt

2.5 - Defense Spending Surge and Shift

- European defense spending has sharply increased post Ukraine invasion; EU defense budgets rose 19 percent to €343 billion in 2024 and are projected to reach €392 billion in 2025, with ambitions for 3.5 percent of GDP by 2035.
- Germany is vastly expanding its defense budget, targeting €153 billion in 2029 (3.5 percent of GDP), aiming to build Europe's largest conventional military force.
- Poland leads Europe in defense spending (4.8 percent of GDP in 2025 and targeting 5 percent in 2026), aided by special taxes and significant US military financing tied to purchasing American equipment such as F-35 jets.
- European industry is diversifying toward defense, with companies like Porsche SE and Rheinmetall ramping up production and partnering internationally. Economic impacts can vary, with benefits stronger where spending drives innovation, new technologies and civilian applications.

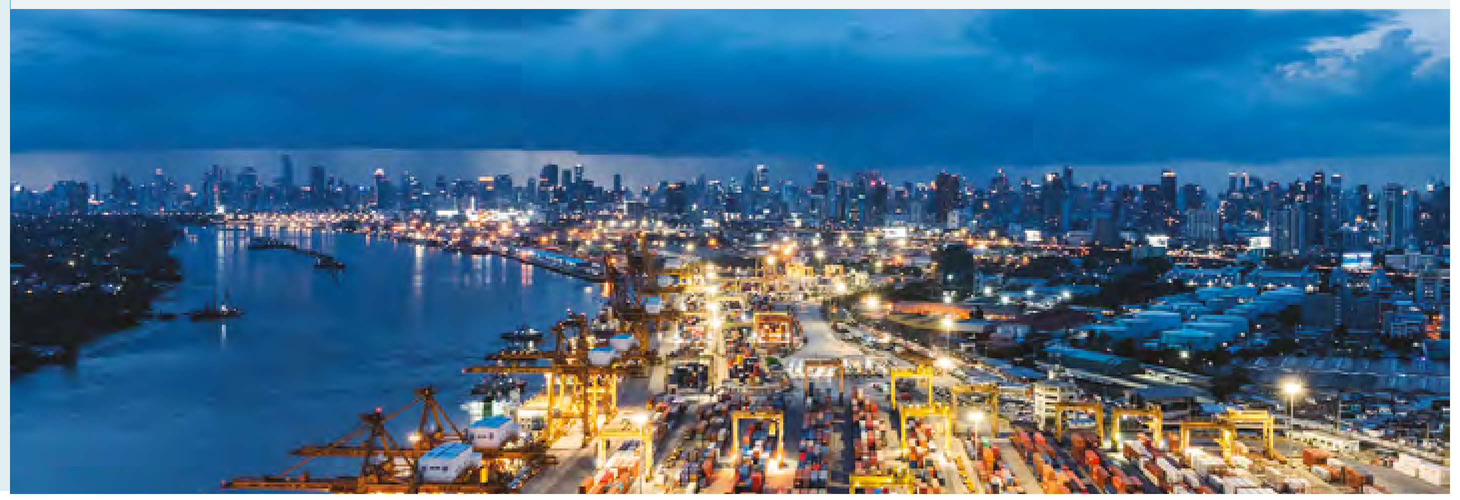
Change in Total Military Spending, as a Percentage Compared to 2008



Sources: Le Monde

> **"The past year has demonstrated that executives need to adopt a decision-making framework for risk that can match the velocity of geopolitical events. This dynamic approach needs to be informed by analytics and contemplate the role of risk capital in offsetting the impact from these events."**
>
> Richard Waterer
> Global Risk Consulting Leader
>
> Aon

Explore More



Trade Credit

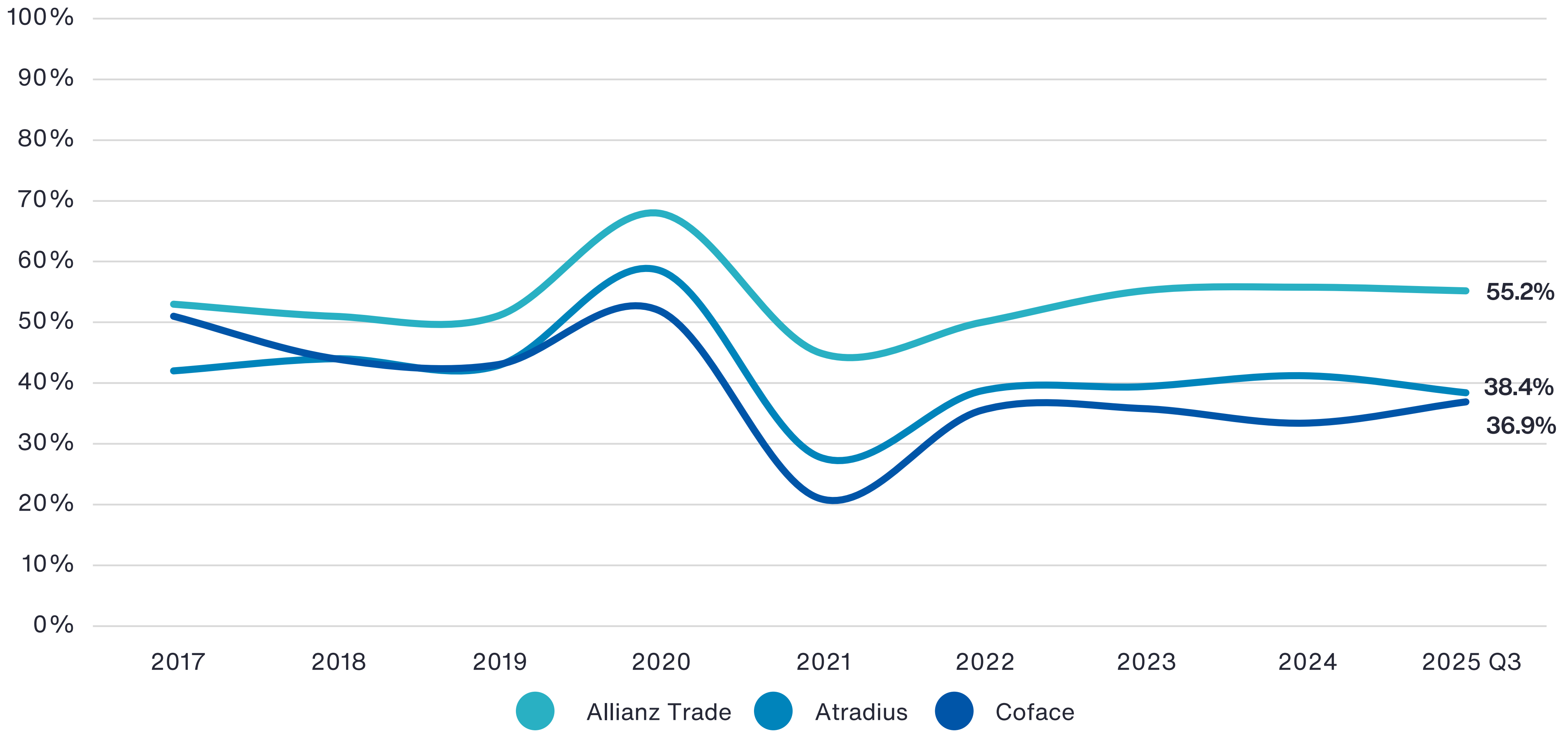
Trade Credit

3.1 - Key Carrier Results

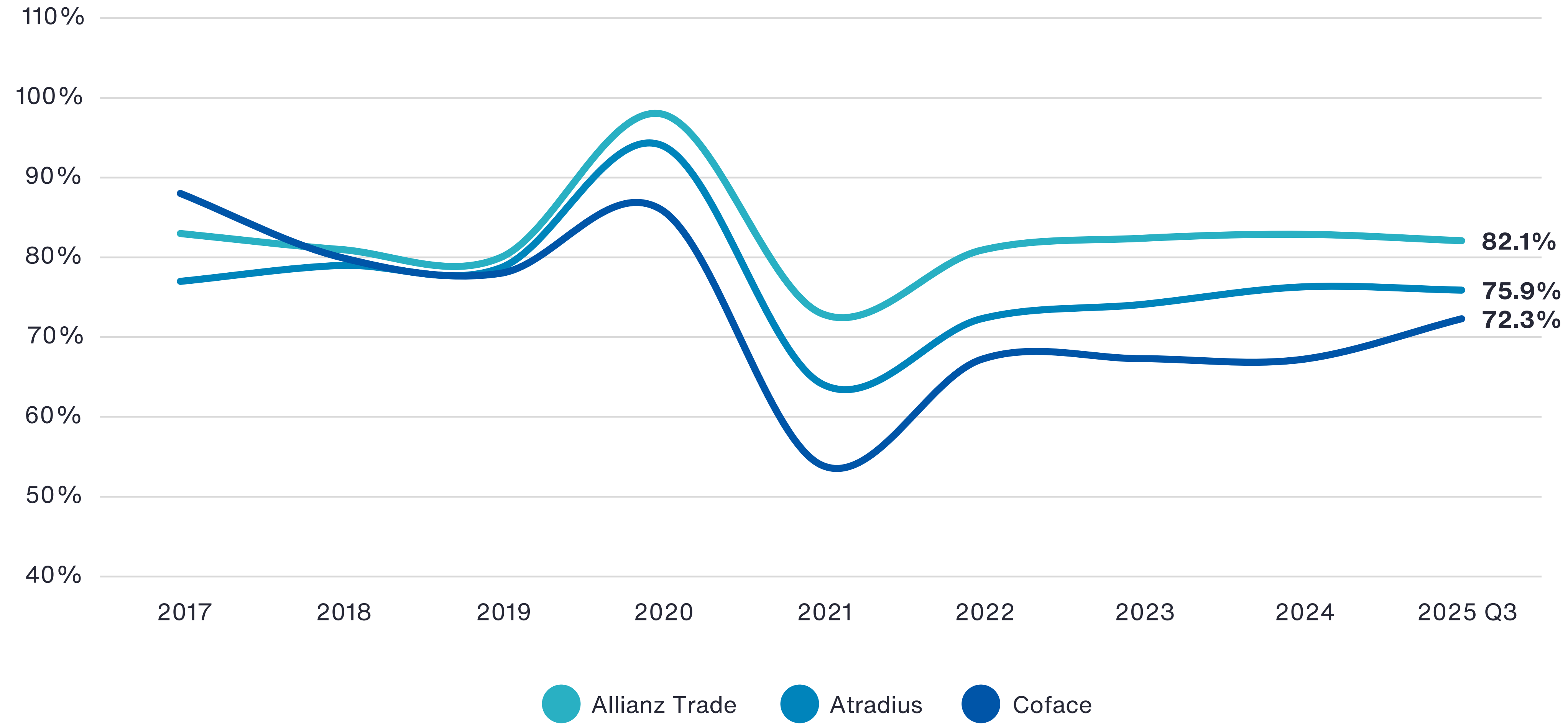
- 2025 trade credit premium revenue growth continues to be slow at 1 percent, with top line growth being reported in ancillary activities of surety and business information where carriers have diversified these activities.
- Q3 2025 results for the largest trade credit insurers showed continued strong operating results, despite continued normalisation of claims activity and prudent provisioning in the context of a continuing subdued economic environment and limited growth in client activity.
- Premium rate renewals through Q3 2025 decreased by 1–2 percent amid soft market conditions, which are expected to persist short-term unless there are major loss events.
- Loss ratios remain stable between 37–55 percent, and combined ratios are steady at 72–82 percent, both aligning with long-term averages. Business insolvencies are projected to increase in 2026, driven by sluggish economic growth, interconnected risks and geopolitical instability.
- Claims inflow is rising to historic average levels with some increased severity, leading to heightened uncertainty in the underwriting outlook. This has prompted underwriters to start to intensify risk prevention measures.

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 reporting

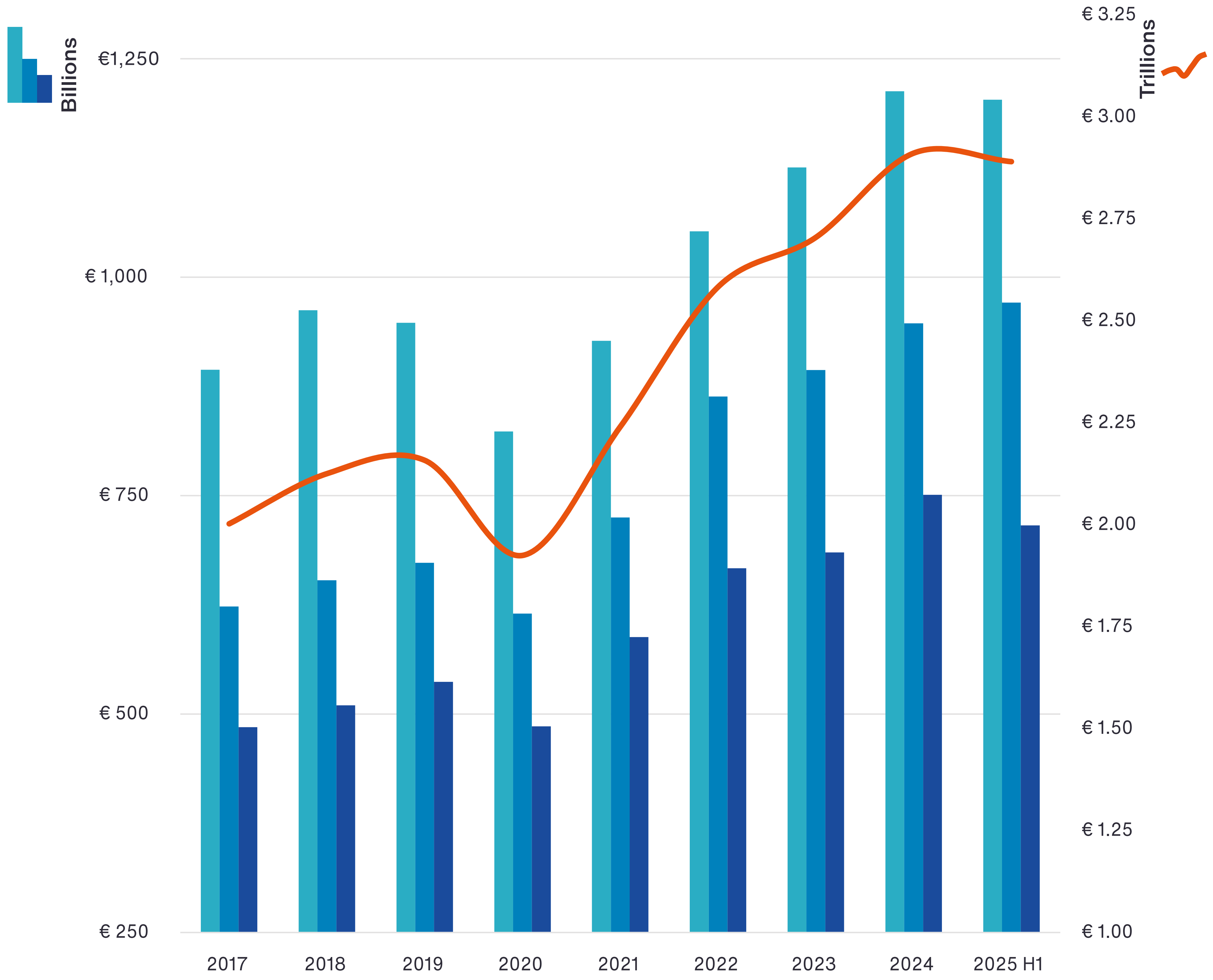
Trade Credit

3.2 - Coverage Trends

- Following a period of growth, appetite and capacity growth, measured by Total Potential Exposure (TPE) in Euros, plateaued at an all time high at H1 2025.
- Since 2019, TPE has risen by 35 percent with expansion in capacity intended to support client activity and economic growth, so the TPE development this year follows slow economic growth, reduced inflation levels and lower commodity prices.
- Insurers are exercising increased risk prevention measures but continue to provide good levels of risk acceptance at around 74 percent and maintain strong support. Insurers overall appetite and approach to sector specific risks means that risk selection in more challenging trade sectors and high-demand obligor names may require innovative approaches to structuring and accessing capacity.
- As noted in sections 3.3 and 3.4, credit limit approval rates remain stable at a global level at 74 percent although with regional and sectoral differences, reflecting concerns of rising levels of insolvencies and increased preventative underwriting measures.
- Healthy market conditions and strong operating results for Trade Credit Insurance continues to attract new risk capital making alternative or complementary capacity options more common and accessible to clients. As noted in Section 4.1, an increased focus on the security offered by policies, particularly to support Financial Institutions requirements for risk mitigation, has seen recent announcements from both Atradius and Coface to open syndicates in the Lloyds market in 2026. Further, Bondaval has entered a strategic new partnership with Swiss Re to benefit from both their rating and global reach.

> **"With Swiss Re Corporate Solutions supporting us, Bondaval can truly scale our technology-driven approach to credit protection. Now underpinned by Swiss Re's S&P AA- rated financial strength and global footprint, we can deliver our advanced offering to even more clients worldwide."**
>
> Ewa Rose
> Group Chief Underwriting Officer
>
> Bondaval

Limit Capacity Evolution



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

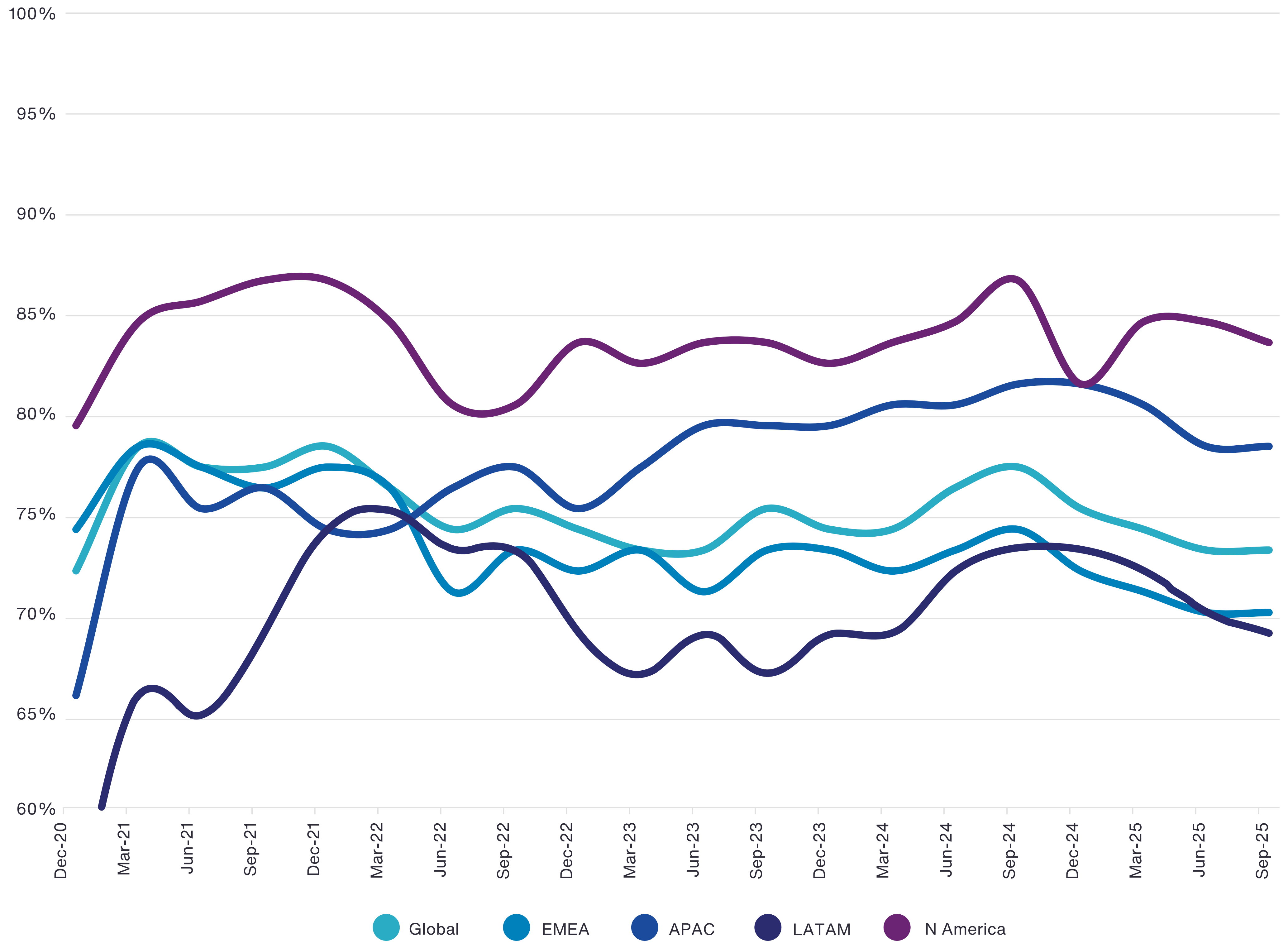
Sources: Allianz, Coface and Grupo Catalana Occidente reporting

Trade Credit

3.3 - Trade Credit Limit Trends by Region

- Credit limit approval rates reflected a cautious global outlook for the 12 months to September 2025, as shifting economic and geopolitical conditions influenced lending decisions.
- Latin America's approval rates fell 4 percentage points to 70 percent. Moderate economic gains came from strong commodity exports and rebounding domestic demand, while softer inflation allowed some central banks to consider rate cuts. Political and currency risks, however, kept growth prospects modest and reform needs high.
- North America saw approval rates decline from 87 percent to 84 percent, still the highest globally. The region benefited from solid consumer activity, tech investment and supply chain recovery. While inflation eased and policy stabilized, global uncertainties and regulatory changes weighed on some sectors. Growth is expected to remain steady but moderate.
- Asia-Pacific's approval rates decreased 3 percentage points to 79 percent. The region delivered strong growth on the back of consumer demand, technology and trade, led by China and India. Foreign investment boosted Southeast Asia, but uneven recovery and global volatility remain risks.
- EMEA approval rates dropped to 71 percent, a multi-year low. Europe's moderate recovery was supported by falling inflation and stable labor markets but hampered by fiscal strains and weak exports. Oil steadied the Middle East. Africa posted mixed results. Risks persist from geopolitical tensions and energy instability.
- Globally, moderate growth was sustained by improved demand, supply chains and inflation trends. However, regional disparities and external threats, including political tensions and commodity price swings, persisted. Global approval rates declined 4 percentage points year-on-year to 74 percent.

Regional Acceptance Rates



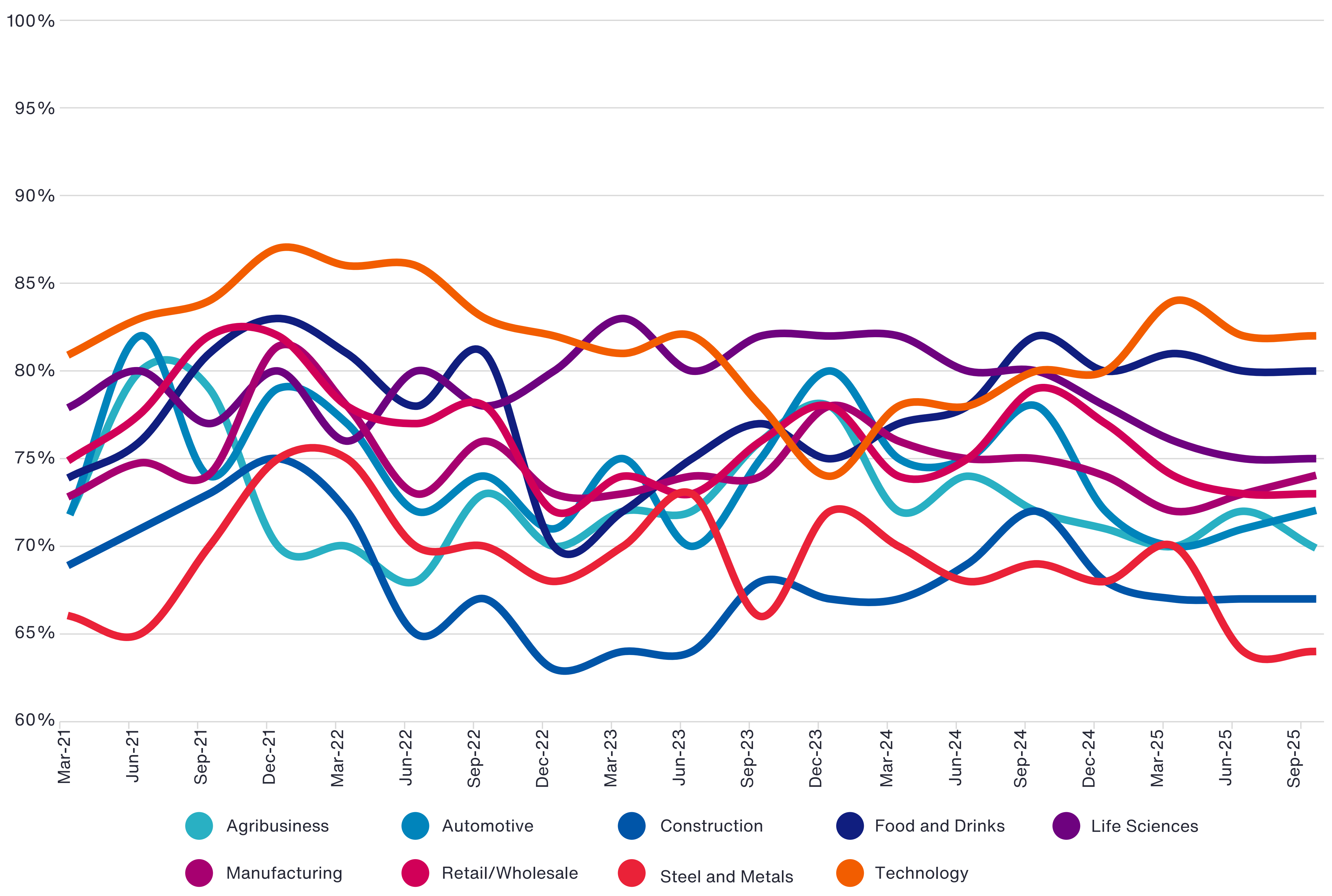
Source: Aon TradingDesk Insights

Trade Credit

3.4 - Trade Credit Limit Trends by Industry

- Trade policy shifts and ongoing tariff disputes among major economies fueled supply chain complexity and added costs, prompting firms to diversify sourcing and invest in digital trade solutions. With global risk appetite dropping 4 percentage points to 74 percent by September 2025, cautious sentiment dominates.
- Technology sector approval rates rose 2 percentage points to 82 percent, as continuous advancements in AI, cloud and cyber security drove growth and innovation despite occasional market hurdles. The sector outperformed traditional industries, powered by digital transformation and analytics demand.
- Construction, and Steel and Metals approval rates fell to 67 percent and 64 percent respectively, pressured by labor shortages, supply disruptions and cost volatility. Both segments leaned on ongoing infrastructure and sustainability projects, maintaining reasonable stability amid continuing external challenges.
- The Food and Drink sector's performance declined 2 percentage points to 80 percent, shaped by rising demand for healthier and sustainable products. Growth in plant based innovation and digital sales contrasted with persistent inflation and supply chain constraints.
- Approval rates for Manufacturing and Retail/Wholesale fell to 74 percent and 73 percent respectively. Automation and smart production generated moderate manufacturing gains, countered by cost and geopolitical pressures. The retail industry's pivot to ecommerce and customer personalization provided some relief, but inflation and margin pressures persist.
- Life Sciences and Agribusiness saw approval rates slide to 75 percent and 70 percent respectively. Continued biotech and health innovation sustained the life sciences sector, while agribusiness leveraged advances in sustainability and biotechnology amid climate and commodity headwinds.
- Automotive sector approval rates declined 6 percentage points to 72 percent. Despite challenges from supply chain issues and inflation, sustained investment in electrification, smart mobility and infrastructure projects ensured ongoing transformation and sector resilience.

Sector Acceptance Rates



Source: Aon TradingDesk Insights

Connected Perspectives
Tailored Industry Insights for Strategic Impact:

Construction | Food, Agribusiness and Beverage
Power and Energy | Life Sciences

Political Risk and Structured Credit

Political Risk and Structured Credit

4.1 - Market Trends

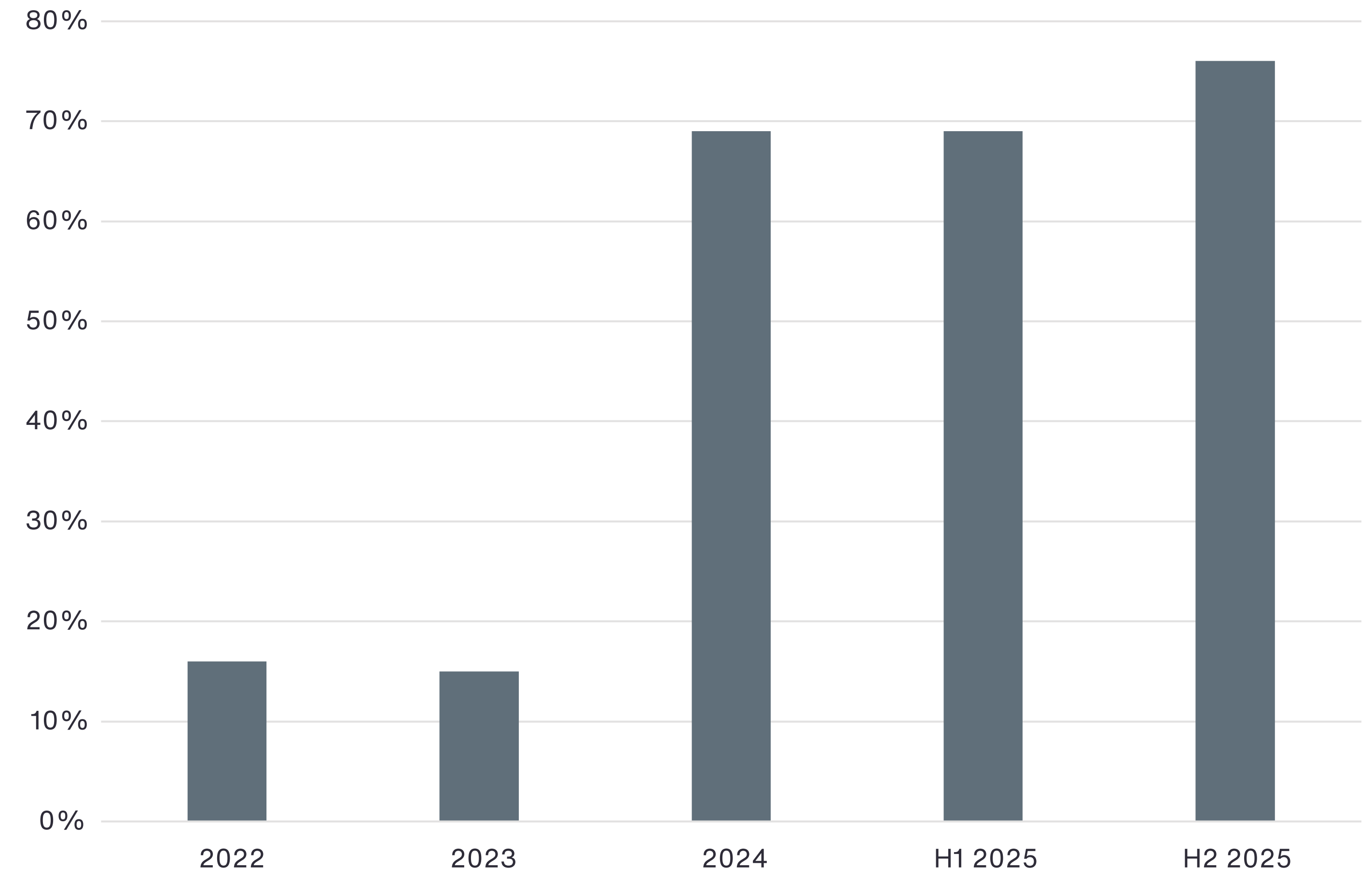
Market Ratings Strengthen as Specialist Insurers Evolve

- 2025 has marked another step forward in the evolution of the market, underpinned by improvements in insurer financial ratings and a continued drive toward specialized solutions. These shifts, coupled with the evolving needs of financial institutions and corporates alike, reinforce the market's ability to deliver innovative solutions backed by strong security.
- 76 percent of insurers now have access, or are anticipated to have access by 1 January 2026, to paper rated "AA-" or above, an increase of 7 percentage points since March 2025. This demonstrates the depth of the financial strength of the market, a key benefit for clients, especially for bank insureds seeking capital relief under evolving regulatory frameworks.
- Several notable upgrades to "AA-" or above occurred in H2 2025 which are not reflected in the headline statistics (as these insurers already had access to Lloyd's of London AA- rated paper), including Arch, HDI, QBE and The Hartford. These upgrades further solidify the depth of financial strength among market players..
- The trend toward specialization identified in our H1 Report continues, whereby specialist insurers and MGAs are aiming to meet the unique requirements of clients in sectors such as power and energy and renewables. OKA's entry as a "green credit insurer", covering transition project financing, "green" and "blue" bonds and sustainability-linked financing, for example. Similarly, Kita offers coverage tailored to carbon projects and carbon credits. On the other hand, Atrium is expected to join the market in 2026 with a broad and impactful offering.

Market Growth Moderates Amid Strategic M&A Activity

- While 2026 is expected to see some new entrants into the structured credit insurance market, we anticipate that the rate of growth will not reach the 10 percent year on year growth seen last year given M&A activity within the broader insurance sector.
- Starr has entered into a definitive agreement to acquire IQUW Group, encompassing IQUW, IQUW Re Bermuda and specialist motor syndicate ERS, subject to regulatory approval and customary closing conditions.
- Convex Group Limited has announced a new, long-term ownership structure. Onex Corporation and American International Group, Inc. will acquire 63 percent and 35 percent equity stakes in Convex, respectively.
- Everest Group, Ltd. has agreed to sell the renewal rights to its Global Retail Commercial Insurance business to American International Group. This move signals Everest's strategic intent to focus on its core global reinsurance, wholesale and specialty insurance activities.

Growing Share of AA- Rated Carriers in the Market



Source: Aon Research

Aon's Senior Client Manager, Madeleine Whiteley in conversation with Trade Finance Global.
Podcast: You can't predict the weather, but you can insure for it: Credit insurance and the future of energy.

"

The financial strength of Insurer counterparties is incredibly important to most purchasers of structured credit insurance, and in particular to Banks. With 76% of structured credit insurers now having access to security rated "AA-" or above by S&P, the market is well-positioned to help clients grow their businesses and improve returns."

Samuel Brown
Head of Structured Credit & Political Risk, UK

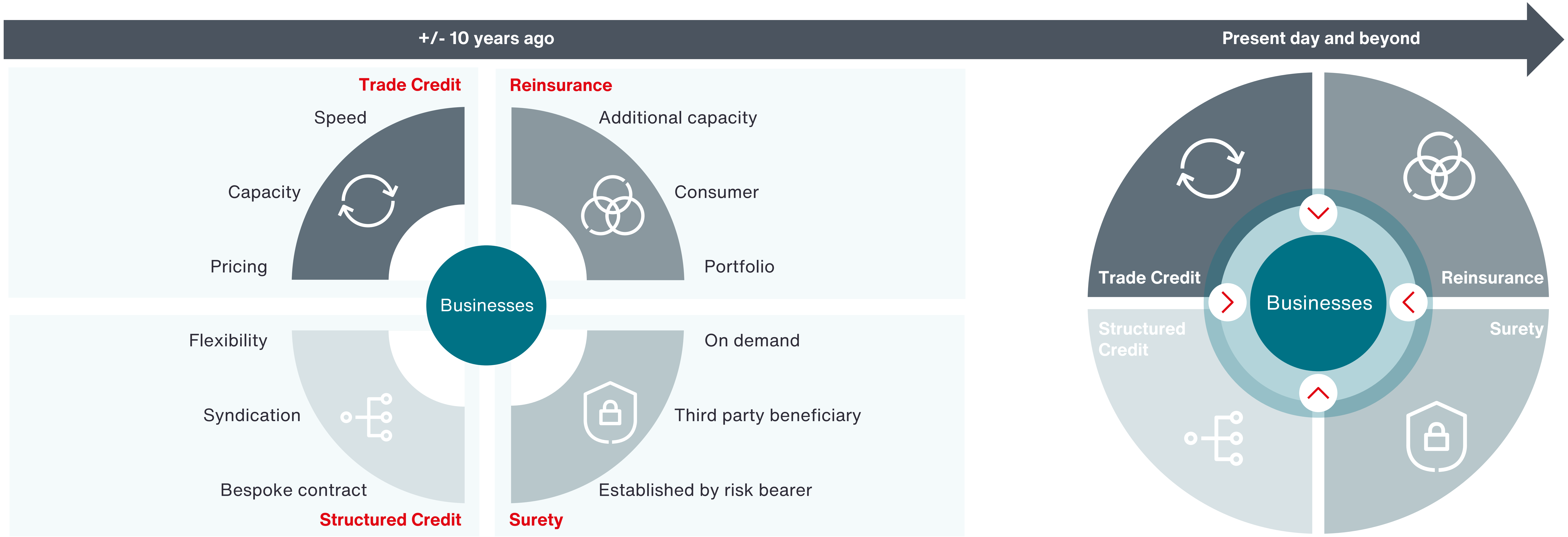
Credit Solutions
Aon

Political Risk and Structured Credit

4.2 - The Industry is Converging: Evolution of Client Solutions

- With insurance market capacity at an all-time high, and increased convergence across Credit Solutions driving product innovation, there are now unique opportunities to combine the advantages of Trade Credit, Structured Credit, Reinsurance and Surety. This environment presents an opportunity for both new and existing clients to revisit and enhance their product offerings and capital optimization strategies.
- Many of our clients across industries are successfully capitalizing on market convergence by adopting a strategic approach to Credit Solutions. This enables them to expand their activities across regions, countries, and range of underlying transactions, driving growth, and enhancing their competitive position in the market.

> **"Since joining Aon, I've been impressed by the innovative insurance solutions available from the market. With regulation and working capital needs growing introducing new challenges for the market. Successful insurers will embrace the reality of converging solutions to meet client needs. At Aon, we are committed to working with our clients to proactively tackle the new reality, helping accelerate change within the industry."**
>
> Joel Palmer
> Trade Finance Lead
>
> Credit Solutions
> Aon

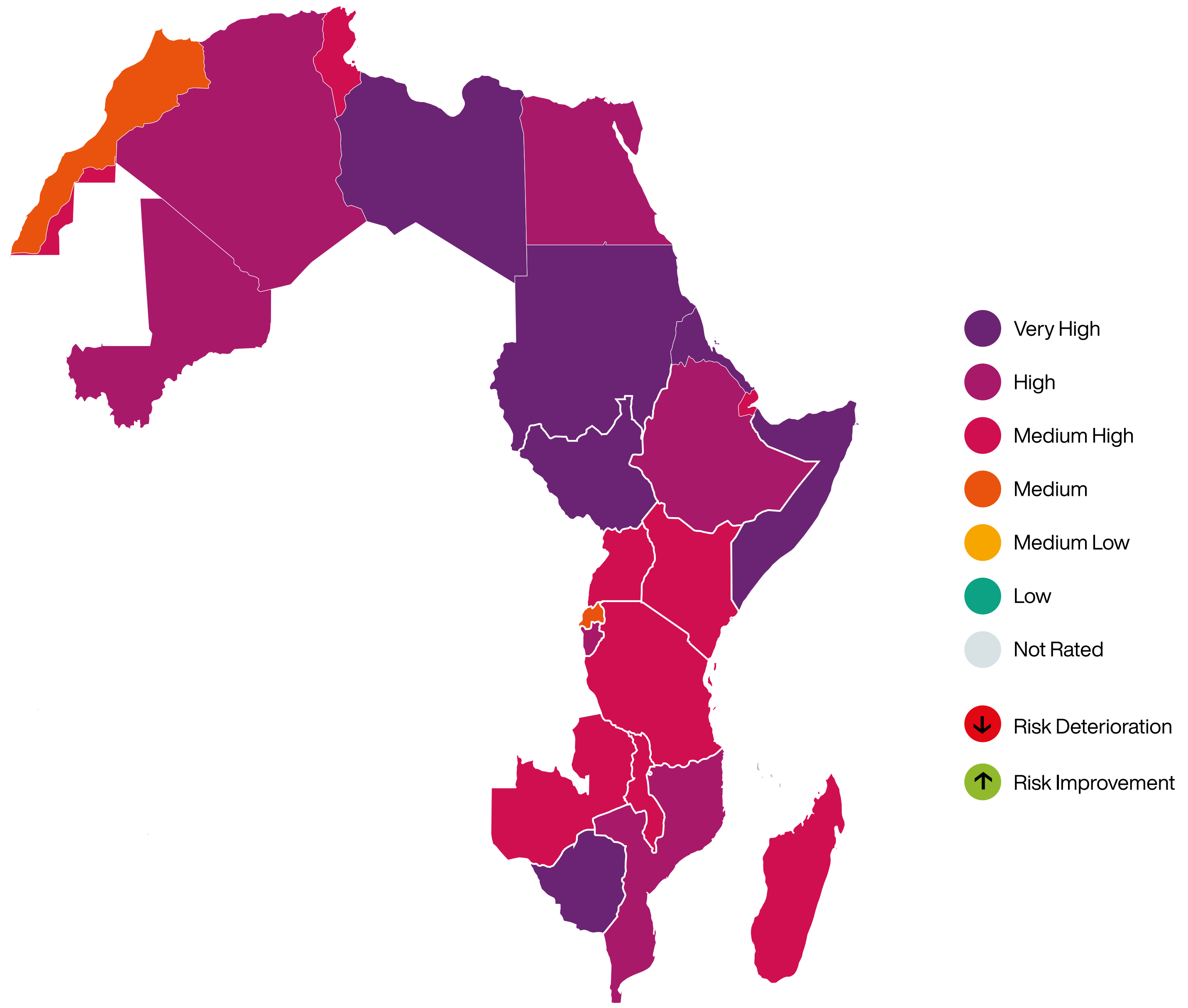


Political Risk and Structured Credit

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	High ↓	Medium High	High	Medium High	High	Medium High
Burundi	High	Very High	High	Medium High	High	High
Djibouti	Medium High ↑	Medium High	High	Medium High	High	Medium
Egypt	High	Medium High	High	Medium High ↑	Medium High	Medium High
Eritrea	Very High	Medium High	Very High	High	Very High	High
Ethiopia	High	High	High	Medium High	High	Medium High
Kenya*	Medium High	Medium High	Medium High	Medium High	Medium High	Medium Low ↑
Libya	Very High	Very High	Very High	Medium High	Very High	Very 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	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	Very 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	High ↑	Medium High	High	Medium 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 currenlty rated Caa2 Moody's.



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

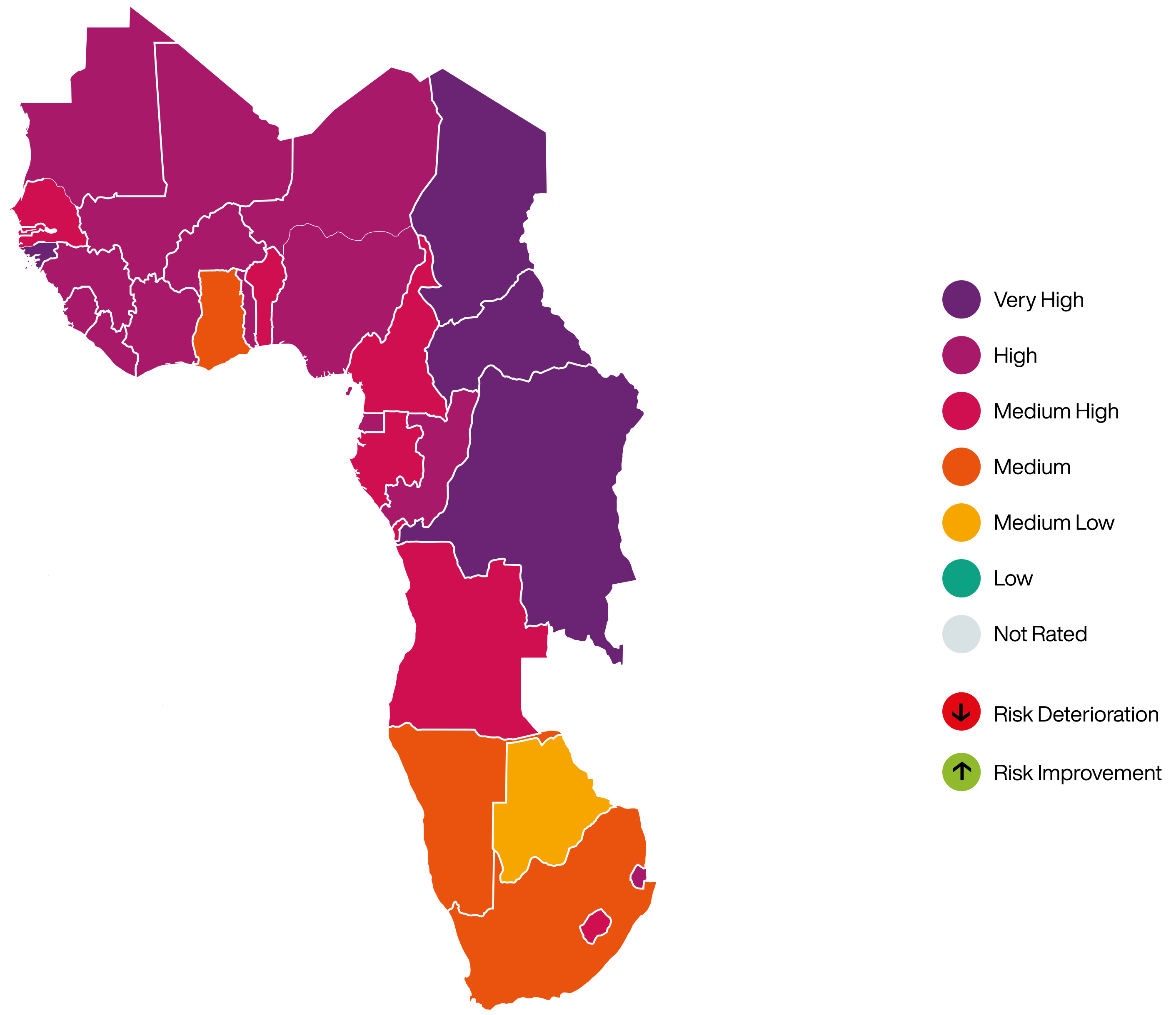
Source: Aon's Political Risk Map

Political Risk and Structured Credit

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	High
Congo Brazzaville	High	High	Very High	High	Very High	Medium High
Congo DRC	Very High	Very High	Very High	Medium High	High	Medium
Cote d'Ivoire	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	Medium Low
Ghana*	Medium	Medium	Medium	Medium	Medium High	Medium
Guinea Bissau	Very High	Medium High	High	High	Very High	High
Lesotho	Medium High	Medium High	Medium High	Medium	Medium High	Medium
Liberia	High	Medium High	High	Medium High	Very High	Medium
Mauritania	High	Medium High	High	Medium High	High	Medium
Namibia	Medium	Medium Low	Medium	Medium High	Medium High	High
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 has been engaged with the IMF and/or creditors in connection with their sovereign debt. Ghana currently rated B- S&P and Caa1 Moody's. Senegal currently rated S&P CCC+ and Caa1 Moody's.



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Source: Aon's Political Risk Map

Political Risk and Structured Credit

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 High	Medium High	Medium Low
Costa Rica	Medium Low	Medium Low	Medium	Medium Low	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	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	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	High	Medium High
Trinidad & Tobago	Medium	Medium	Medium	Medium	Medium High	Medium Low
Uruguay	Medium Low	Medium Low	Medium Low	Medium Low	Medium High	Medium Low
Venezuela	Very High	High	Very High	Very High	Very High	Very High

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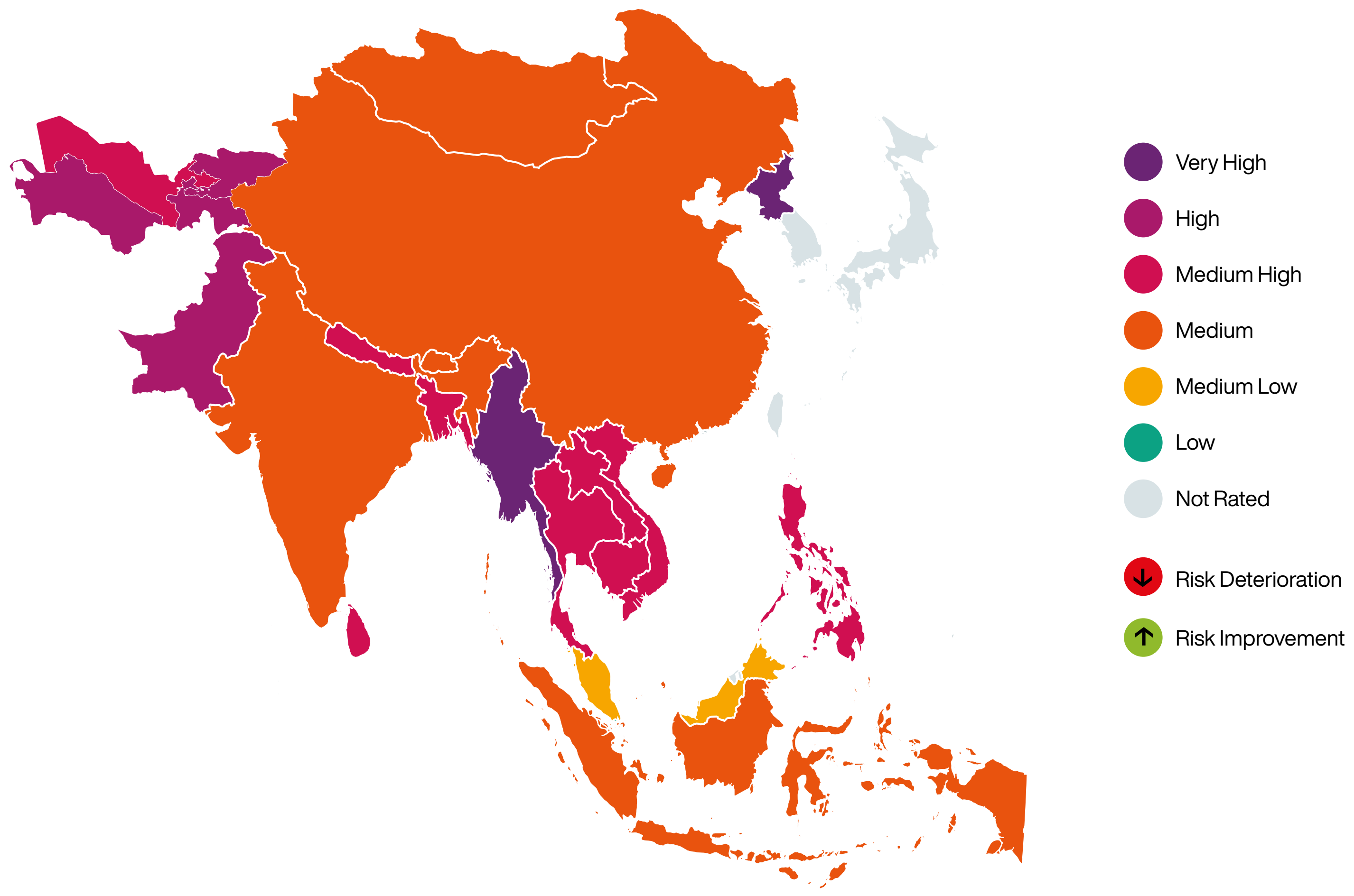
Source: Aon's Political Risk Map

Political Risk and Structured Credit

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 ↓
Burma/Myanmar	Very 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
Philippines	Medium High	Medium High	Medium ↑	Medium	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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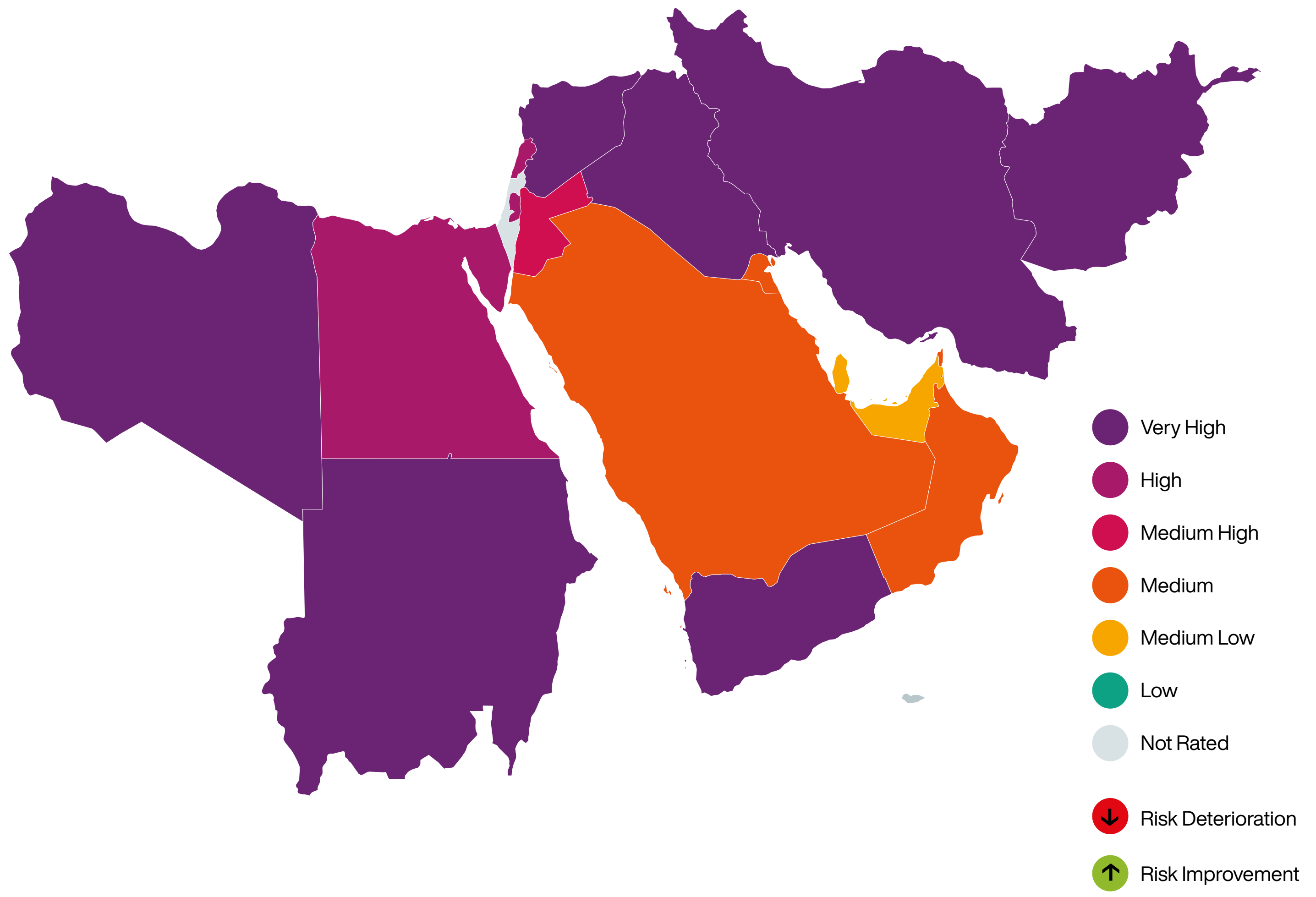
Source: Aon's Political Risk Map

Political Risk and Structured Credit

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	Medium High ↑	Medium High	Medium High
Iran	Very High	Medium High	Very High	High ↑	High	High
Iraq	Very High	Very High	Very High	High ↓	Very High	Medium High ↓
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	Very High ↓
Oman	Medium	Medium Low	Medium	Medium	Medium Low	Medium Low
Qatar	Medium Low	Low	Medium	Medium Low	Medium Low	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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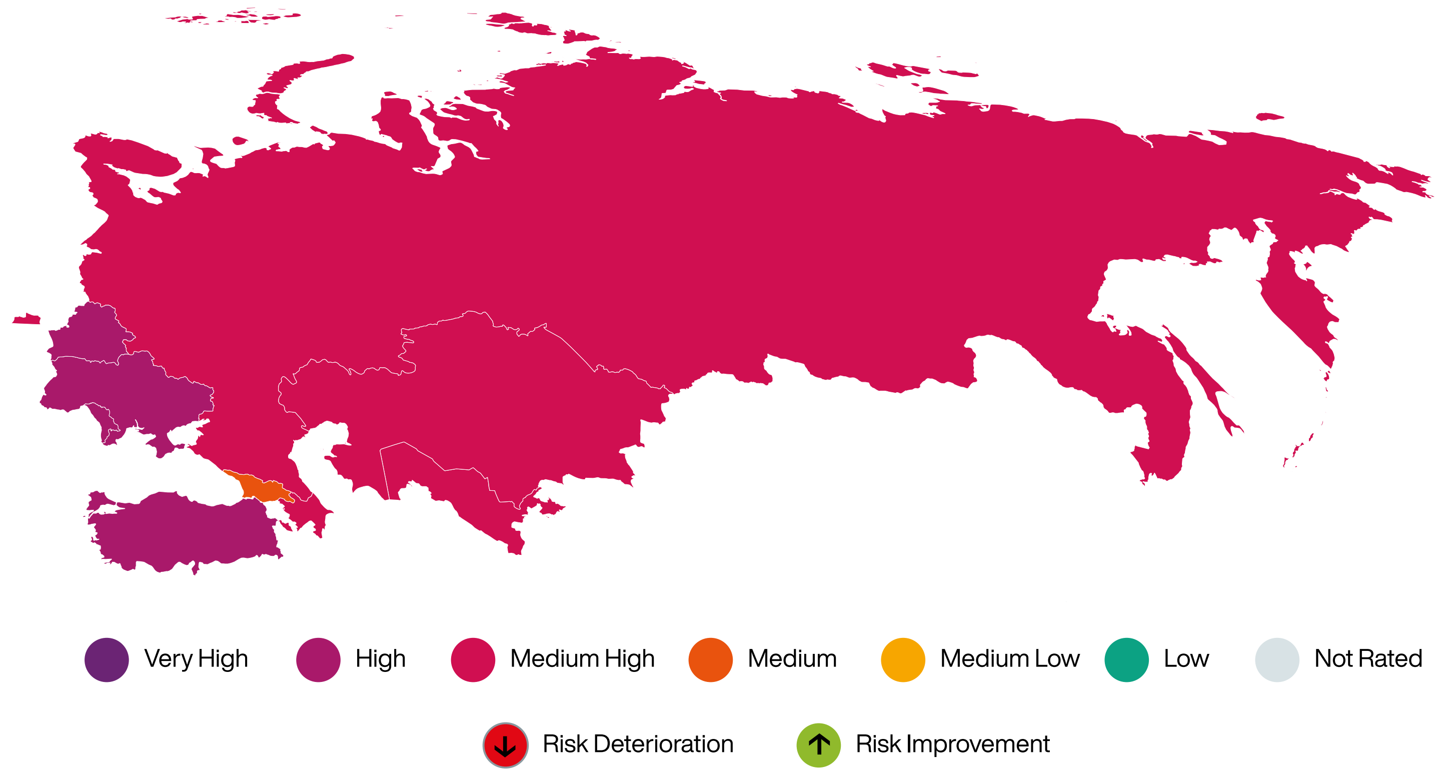
Source: Aon's Political Risk Map

Political Risk and Structured Credit

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	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	Medium	Medium High
Ukraine	High	High	Medium High	High	Medium	High



> **"Geopolitical Volatility reached the top 10 for the first time this year in Aon's Global Risk Management Survey 2025 and so it is no surprise that we continue to see increased demand for political risk insurance. Insurers continue to be supportive of new clients entering the market. Aon teams are steadfast on helping clients understand how our products can help drive growth, manage and transfer risk and enhance capital and financing."**
>
> Laurie Flaux
> Deputy Head of Political Risk & Structured Credit, London Global Broking Centre
>
> Credit Solutions
> Aon

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

Source: Aon's Political Risk Map

Surety

Surety

5.1 - Market Trends

Global Trends

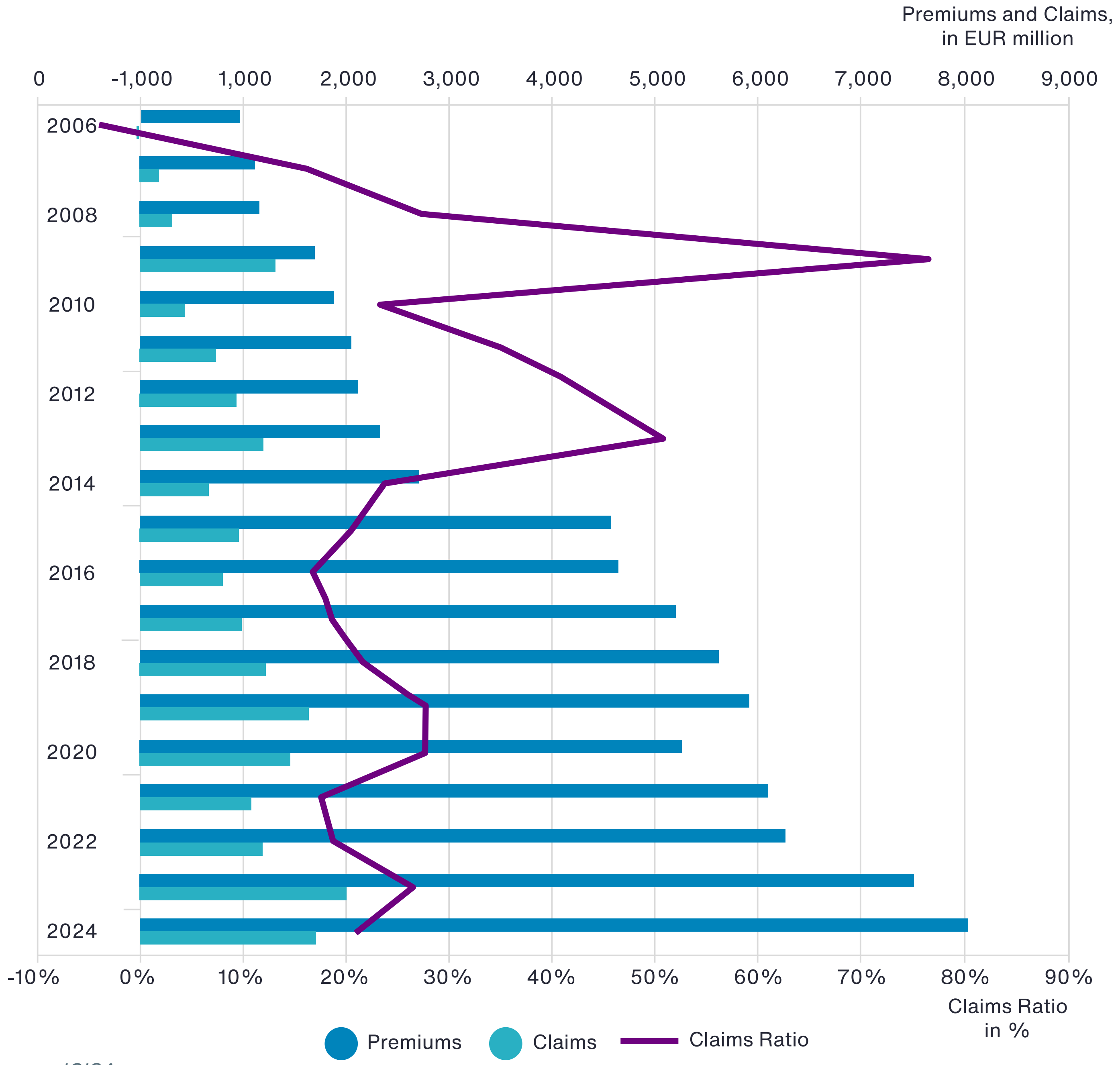
- The global surety market is expected to maintain around a 5 percent annual growth rate, projecting a market size of $30 billion by 2030. Growth will be strongest in sectors such as transportation, energy, renewables, water and wastewater.
- Surety capacity and rates are forecast to remain steady, with underwriting increasingly focused on performance, risk mitigation and credit quality. Regulatory changes make surety more appealing versus bank guarantees, offering lower costs and off-balance-sheet advantages.
- Environmental, Social and Governance (ESG) factors are being integrated into the surety underwriting process. Some insurers are now assessing how well companies address ESG issues before providing bond coverage.
- Public infrastructure projects, inflationary pricing leading to larger contracts and the broad expansion of commercial surety are key market drivers globally. The rise of public-private partnerships is also increasing demand for surety bonds to guarantee contract fulfilment.
- With continued global economic uncertainty, surety is playing an essential role to support businesses with their working capital management.

EMEA

- EMEA is experiencing increased surety capacity, with new entrants and domestic insurers expanding and international players entering new countries, partly due to higher bank capital adequacy requirements under Basel IV.
- The UK market is expected to see growth with more insurers interested in participation, but underwriting caution will persist in construction to limit claims exposure.
- A more stable macroeconomic environment and resilient balance sheet management should encourage greater surety capacity and appetite across EMEA into 2026. Continued focus will be placed on indemnity structures and monitoring business performance in riskier sectors, particularly with more liquid bond instruments.

> **"Over the past decade, surety has evolved beyond its traditional use in construction, becoming a vital risk management tool across sectors such as oil and gas, renewables and manufacturing. This rapid diversification is driven by the significant value creation and financial flexibility surety brings to these industries."**
>
> Daniel Storr
> Co-Head of Surety, EMEA
>
> Credit Solutions
> Aon

Surety premiums, claims and claims ratio



Source: ICISA

In GTR's Industry Perspective, Daniel Storr explains the role Surety sits at the intersection of banking and insurance, and how it can be leveraged across Industry Verticals.

Surety

5.1 - Market Trends

North America

- North America remains the world's largest and most mature surety market, benefiting from ongoing premium growth, low loss ratios and robust infrastructure spending. Growth is driven by government investment in traditional and renewable energy, transportation, digital infrastructure, healthcare, housing and water projects.
- Surety capacity in North America is abundant, and rates remain highly competitive with no expected increases; however, operational risks such as supply chain issues, labor shortages and rising costs could affect how capacity is deployed in future years.

Latin America

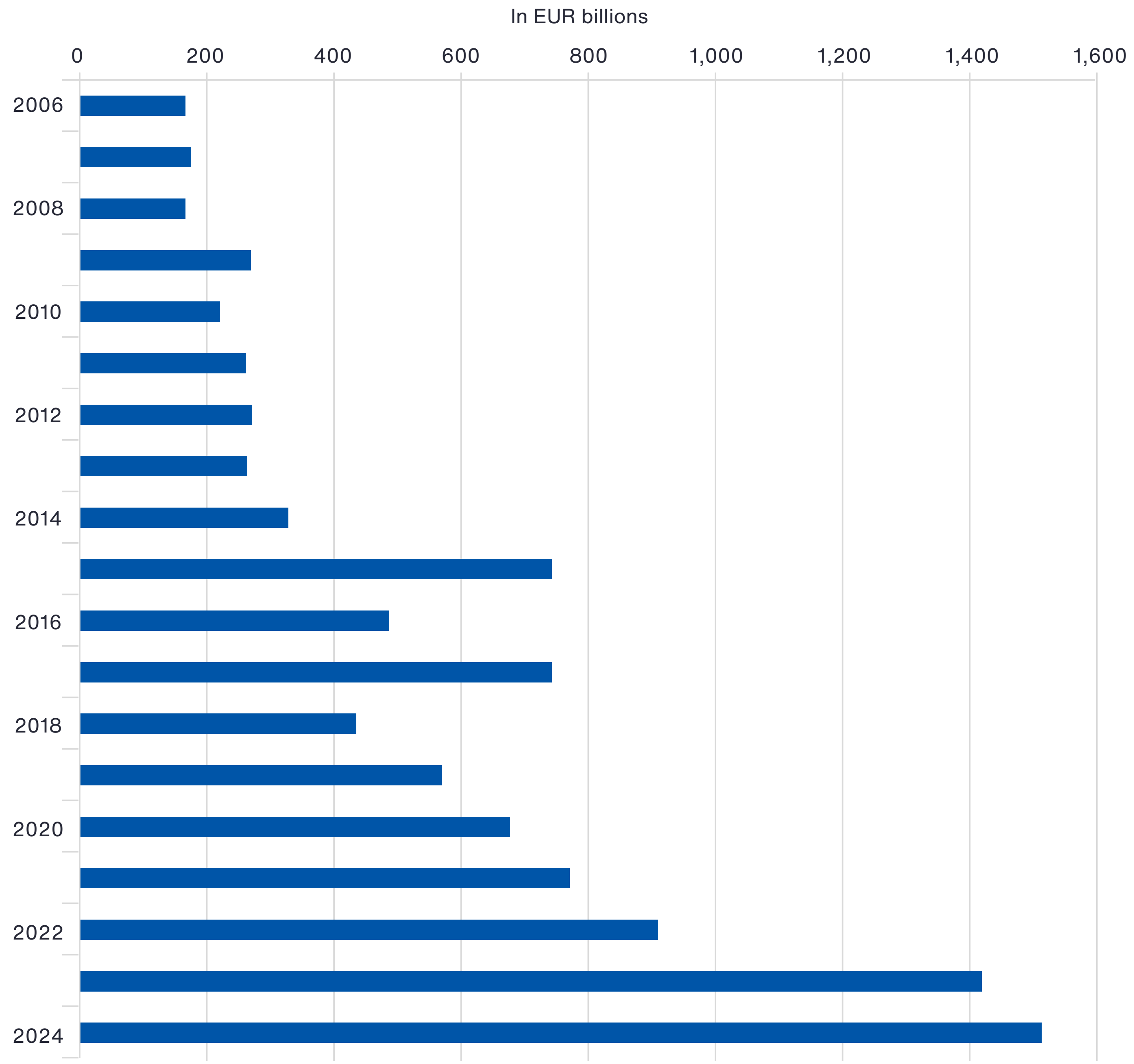
- Latin America's surety bond market is growing, especially in construction and infrastructure, with capacity generally adequate though varying by country. Political uncertainties, claims experience and changing reinsurance conditions may cause rates to edge upward in some markets, although they have stayed flat in recent years.
- Regulatory developments, such as Brazil's new Bidding Law and legislative changes in Mexico, are driving expansion and diversifying the market. Increasing public and private infrastructure investment, environmental compliance requirements and the expansion of public-private partnerships are boosting demand for surety bonds across the region.

Asia-Pacific

- APAC surety markets are evolving quickly. Australia and South Korea offer stability and growing utilisation, while China, Japan (export) and India (domestic) are poised for significant expansion.
- Surety demand will be driven by an estimated $1.7 trillion annual infrastructure requirement through 2030 and the fast-moving energy transition. Rates are steady, capacity is stable in established markets, and investment-grade names can secure significant and cost-effective facilities.

> **Surety is quietly becoming a key capital-efficiency tool, underpinning APAC's infrastructure boom. As bank guarantee facilities face demand pressure, surety delivers flexible additional capacity, standalone via bilateral arrangements or partnered with banks to expand overall limits. We expect a continued trend of Asia businesses contracting in the Americas given high foreign direct investment in the region."**
>
> Anthony Hong
> Surety Broking Leader, Asia
>
> Credit Solutions
> Aon

Insured Exposure



Source: ICISA

Surety

5.2 - Performance Security Applications for Data Centers

- The rapid expansion of data centers globally has heightened the need for robust performance security solutions to manage the unique risks and financial demands of these projects. Data center developers face tight construction schedules, high penalties for delays and the necessity to coordinate specialized subcontractors.
- If companies solely look to use their bank facilities to satisfy contractual requirements, this can restrict working capital at a pivotal time. To address these challenges, two primary instruments can be used: surety bonds and Subcontractor Default Insurance (SDI) (for the time being, SDI is only available in North America).
- Surety bonds are an established tool that ensures project completion and the payment of subcontractors and suppliers. They can protect developers from delays, cost overruns and non-performance by requiring performance and payment bonds from trade partners. Surety bonds can play a strategic role, especially in covering obligations under Power Purchase Agreements for the interconnection security around payments to utilities or grid operators. Other applications also include equity contribution commitments, deferred consideration, licensing and permitting.
- SDI in North America offers a modern alternative, particularly attractive for data center projects. SDI protects developers and EPC contractors from financial losses due to subcontractor default, providing immediate access to funds for rapid replacement or supplementation of defaulting subcontractors. This is crucial for data centers, where delays can be extremely costly. SDI also gives the insured control over the claims process and subcontractor selection, broadening the pool of eligible subcontractors beyond those who might not qualify for surety bonds. Additionally, SDI covers a wider range of costs, including indirect expenses not typically covered by surety bonds, such as extended general conditions and acceleration costs.
- As data center projects grow in scale, current SDI market limits may not always cover the full value of large subcontract packages. It is therefore critical to work with multiple carriers to secure higher coverage limits and employs enhanced prequalification services to mitigate risks. This ensures that even when insurance limits are stretched, clients remain protected through proactive risk management.

Data centers are one of the fastest growing construction sectors, with energy demand forecast to nearly triple by 2030. Securing grid access and alternative energy sources is now a strategic priority for developers and investors.

Tailored surety bonds and innovative Subcontractor Default Insurance (SDI) solutions optimize capital, manage complex risks and ensure timely project completion, supporting the critical infrastructure that powers our digital world.

"

Aon's strategy emphasizes bifurcating bonds for development and operational phases, tailoring bond forms to meet all parties needs, which can include implementing pay-on-demand structures. This approach can enable cost savings compared to traditional letters of credit that are often collateralized by cash. The flexibility and liquidity of these bond forms optimize capital usage and increase surety appetite post-construction."

Daniel Machado

Data Center Surety Vertical Leader

Aon

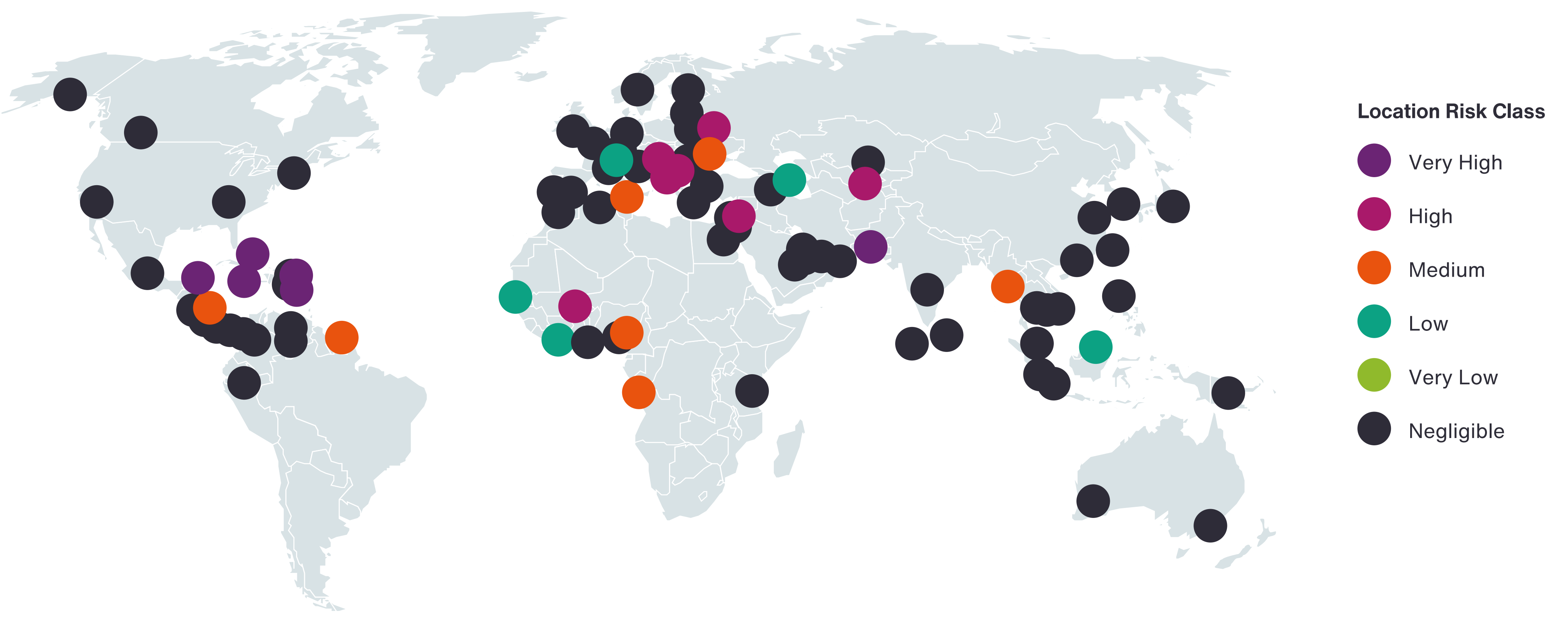
Spotlight: Supply Chain Risks and Solutions

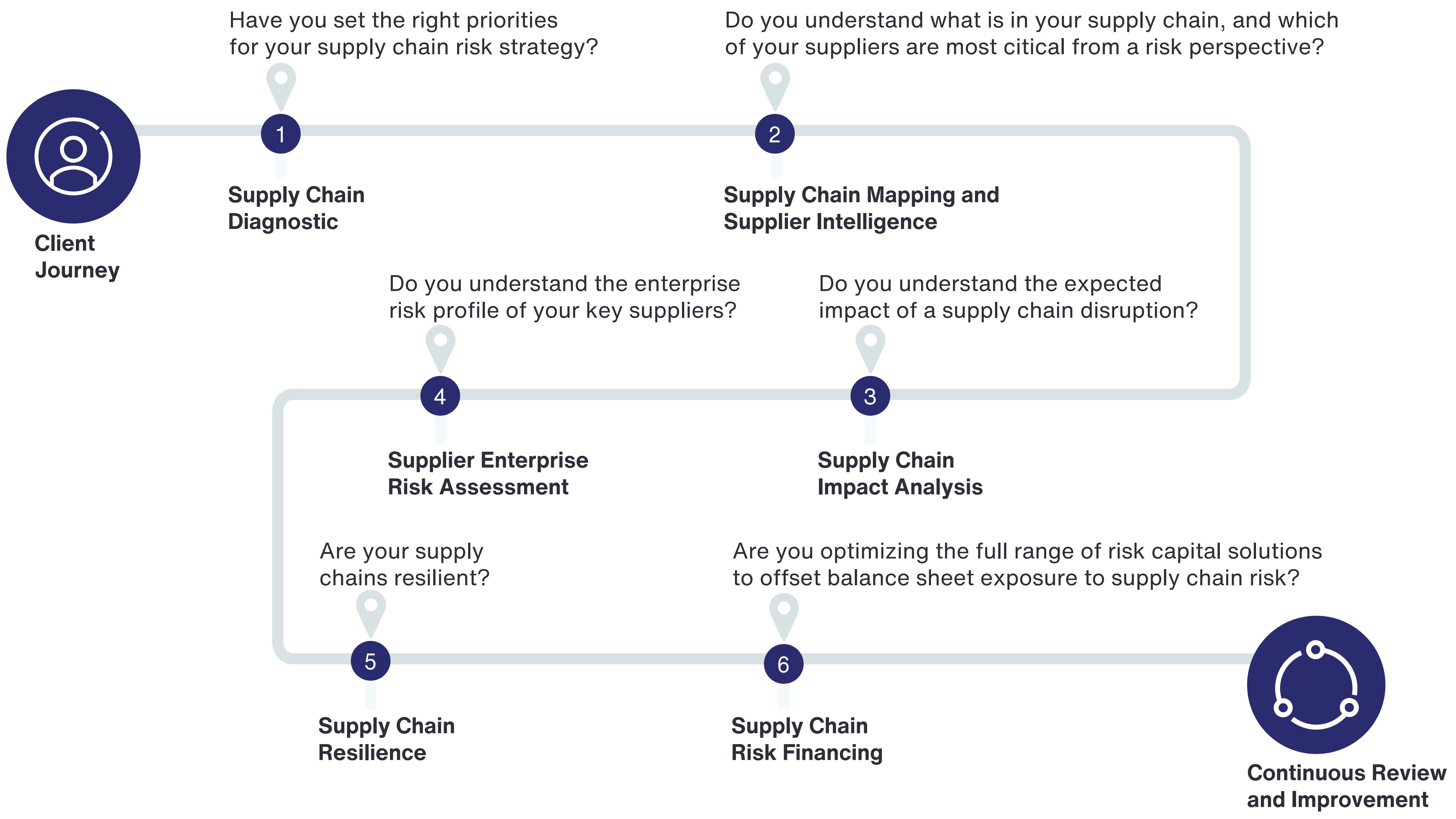
Spotlight: Supply Chain Risks and Solutions

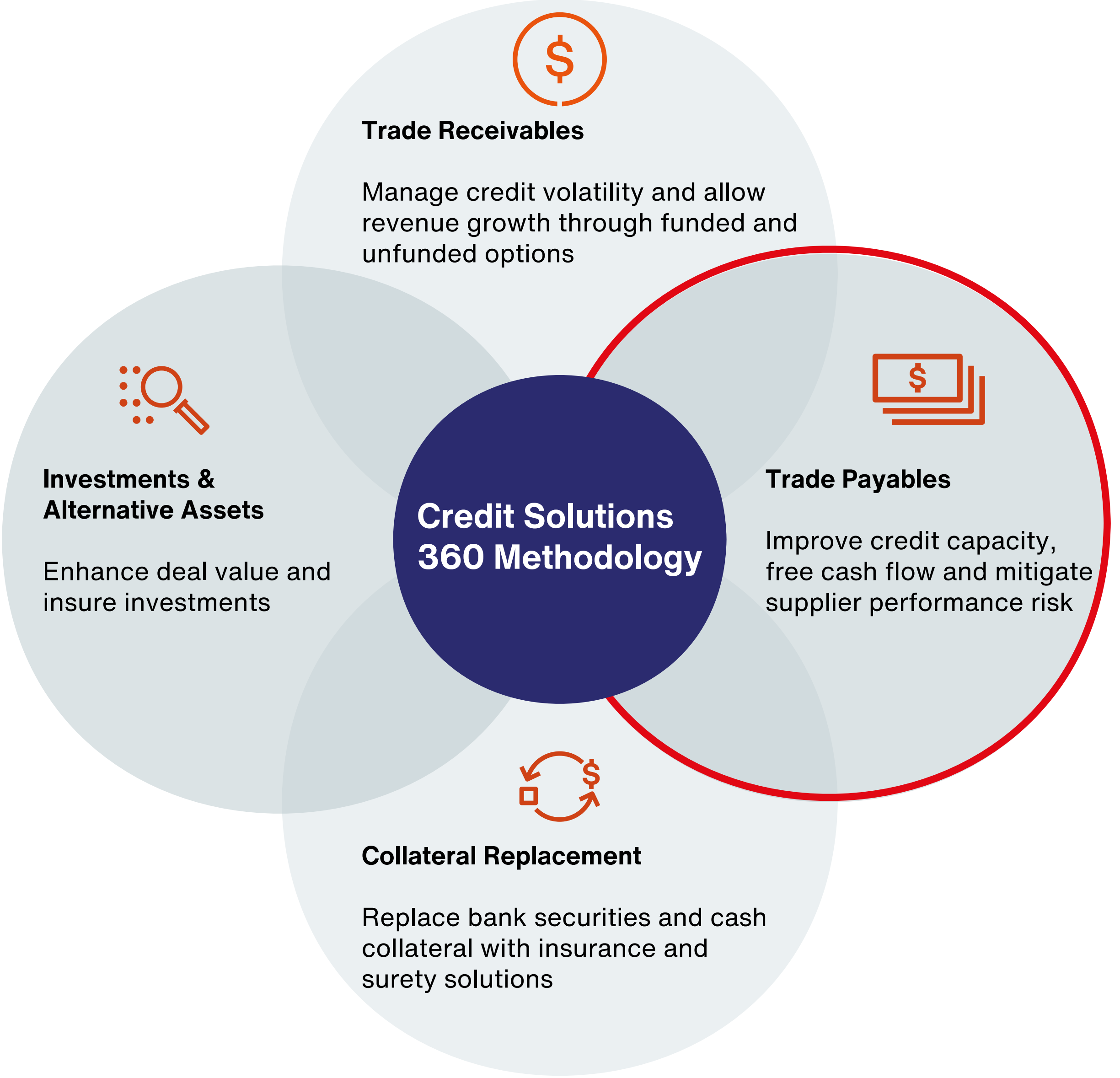
6.1 - Interconnected Risks Demand Integrated Supply Chain Solutions

- Global supply chains are more interconnected and more vulnerable than ever before. Disruptions from natural disasters, operational incidents, geopolitical events and supplier failures can have a far reaching impact on business performance.
- Aon's Supply Chain Risk Management Solutions are designed to help organizations understand, manage and mitigate risks across their entire supply chain. By leveraging advanced analytics, AI powered tools and deep risk expertise, Aon empowers clients to make better decisions about supply chain risks.

Supplier Intelligence







Recently launched, Aon's enhanced Supply Chain Risk Consulting helps leaders tackle global supply chain challenges with greater clarity. Our new offering combines predictive analytics, AI tools and expert advice to uncover hidden vulnerabilities, quantify exposures in over 200 countries and deliver actionable insights in real time, empowering clients to make better, faster decisions.

Local Contacts

Local contacts

EMEA

Austria	Hubert Jaeger	hubert.jaeger@aon-austria.at
Baltics	Darius Klemka	darius.klemka@aon.lt
Belgium	Sven Cortoos	sven.cortoos@aon.com
France	Gilles Robert	gilles.robert@aon.com
Germany	Uli Schultheiss	uli.schultheiss@aon.de
Greece	Nicholas Badimas	nicholas.badimas@aon.gr
Ireland	Suzanne Hughes	suzanne.hughes@aon.ie
Italy	Lisa Knall	lisa.knall@aon.it
Netherlands	Rogier van Velden	rogier.van.velden@aon.nl
Poland	Zbigniew Brzozowiec	zbigniew.brzozowiec@aon.pl
Portugal	Diogo Teixeira	diogo.teixeira@aon.pt
South Africa	Maria Teixeira	maria.teixeira@aon.co.za
Spain	Jon Barrenechea	jonander.barrenechea@aon.es
Nordics	Tiia Sirviö	tiia.sirvio@aon.fi
Switzerland	Olga Glazko	olga.glazko@aon.com
Turkey	Ali Can Ateşli	ali.can.atesli@aon.com
UAE/ME	Ralph Dahan	ralph.dahan@aon.com
United Kingdom	Will Jones	will.jones4@aon.com

APAC

Australia	Ivelina Roche	ivelina.roche@aon.com
China	Andy Jiang	andy.jiang@aon-cofco.com.cm
Hong Kong	Eric Wang	feng.wang@aon.com
India	Yogesh Chiplonkar	yogesh.chiplonkar@aon.com
Indonesia	Andres Sitorus	andres.sitorus@aon.com
Japan	Kaoru Inada	kaoru.inada@aon.com
Korea	Anthony Hong	anthony.hong@aon.com
Malaysia	Elaine Chu	elaine.chu@aon.com
New Zealand	Neil Bhikharidas	neil.bhikharidas@aon.com
Philippines	Peter Pangilinan	peter.john.pangilinan@aon.com
Singapore	Jennifer Chan	jennifer.chan@aon.com
Taiwan	Ryan Chen	ryan.chen@aon.com
Thailand	Siri-on Luangaroonlerd	sirion.luangaroonlerd@aon.com
Vietnam	Khanh Dao	dao.bao.khanh@aon.com

Americas

Argentina	Juan Facundo Bone	juan.bone@aon.com
Brazil	Vanessa Dos Santos	vanessa.santos@aon.com
Canada	Abraham Katan	abraham.katan@aon.ca
Chile	Fernando Davila	fernando.davila@aon.com
Colombia	William Guerrero	william.mauricio.guerrero@aon.com
Mexico	Amanda Nuñez	amanda.sarai.nunez.jimenez@aon.com
United States	Bryan Michels	bryan.michels@aon.com
United States	Mariano Viale	mariano.viale@aon.com

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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For report inquiries

Steve Taylor
Deputy Head
Global

Credit Solutions
Aon
stephen.taylor2@aon.com

Samuel Brown
Head of Structured Credit & Political Risk
UK

Credit Solutions
Aon
samuel.brown@aon.co.uk

Oliver Henderson
Chief Broking Officer
Global

Credit Solutions
Aon
oliver.henderson@aon.co.uk

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

Credit Solutions
Aon
laurence.flaux@aon.co.uk

Ana Dieguez
Head of Global Clients
Global

Credit Solutions
Aon
ana.dieguez@aon.co.uk

Daniel Storr
Co-Head of Surety, EMEA
London Global Broking Centre

Credit Solutions
Aon
daniel.storr@aon.co.uk