



Roundtable participants:

Paul Sanders, regional manager, UK, Zurich

Kit Brownlees, managing director, political, project and credit risks, Gallagher London

Charles Berry, chairman, BPL Global

Nick Robson, head of credit and political risk, JLT Risk Solutions

George Bolton, director, Ace Global Markets

Mike Holley, head of special products, Atradius

Robert Barlow, director, global markets, Willis

Ray Antes, head of political risk, AIG

John MacNamara, head of structured commodity trade finance, Deutsche Bank

Andy Lennard, director and founder, Texel Finance

Chairman: Kevin Godier, freelance financial journalist

Godier: At last year's roundtable, Charles Berry elegantly predicted that the sub-prime crisis was "the beginning of a long slow-motion train crash in the financial markets, which is beginning to impact in emerging markets." To what extent is the insurance industry suffering as a result of the fallout? Are you somewhat de-coupled, and what is the impact on your businesses and upon your market?

Brownlees: For us it's a two-way process, I think. On the one hand, we're suffering from the lack of stability from the banks, which is affecting our business. On the other hand, we're having better business from our large corporate clients, who are now insuring counter-party risk and deals that they might not have insured in the past.

Robson: From the JLT perspective the activity has been high throughout this year and has remained high, although we can see a tail off towards the end of the year on the bank side as people hold fire until the

market improves. I'd agree with Kit that the corporate part of our business has been more active than ever in recent months.

MacNamara: As a buyer of insurance I've had a really busy year - one of the busiest years in my career - doing pre-export finance. But the insurance is becoming increasingly uneconomic and I've got two problems. A - I can't get half the insurance approved because we're frightened of them. And B - it's become more and more expensive bearing in mind that liquidity costs have also gone up so the formula of insurance premium plus liquidity costs has generally buffed the market. So where we used to do deals and have quite a chunky insurance take up now we're trying to take as little insurance as possible.

Barlow: What's this fear based on? Is it based on anything actuarial or is it based on just gut reaction that insurance is troubled and doesn't pay out?

MacNamara: I'm sure it is a mixture of gut reaction, ignorance and analysis. Firstly, the ignorance is that we obviously

don't know how well you pay out because when was the last time I made a claim against any of you? Secondly, all financial institutions whether they are banks or anything else are under a certain cloud at the moment, you just don't know who's next for whatever reason. I think there's a suspicion in terms of the analysis that the investment income of the average insurance company is not going to be what it used to be. And in your category particularly the analysts we have are covering a very large number of names and they have relatively little time to look at your analysis, and it's very desktop and very numbers orientated. So unless we can get you in front of individual analysts and tell a bit of a story around the numbers, you get some very basic and conservative views.

Brownlees: Do they view Lloyds as a whole or do they look at just a couple of the underwriters there?

MacNamara: Different banks have different approaches, but for us we don't give any value to Lloyds at all, that could change, that's under review.

Lennard: We've certainly had an outstanding year and I think anyone involved in a structured trade product either from an insurer's standpoint or a lender's standpoint – if you haven't had a good year this year you would never have a good year because everything moved in your favour. The question becomes, as we've seen in the last few weeks, what does the last quarter look like and what does the first half of next year look like? If there's no liquidity to lend then there's nothing to insure. It's as simple as that. The banks can't afford to lend because they can't afford the funding rates. Then there's no need to buy insurance, because there's no one borrowing.

“If there's no liquidity to lend then there's nothing to insure. It's as simple as that. The banks can't afford to lend because they can't afford the funding rates.”

Robson: But for that handful of banks that we know have an ability to lend – those who have the right capital ratios – there are few places other than the insurance market to distribute, which is the other side of that coin.

MacNamara: I do think the insurers have some advantages – while it's not the only home it's a good home for a variety of reasons – one it's a tailored product so we get a much closer match to the underlying risk from you guys than we get from a lot of the other investors, which is good. And the other thing is with the underwriters you can have a relationship with them and particularly at times like this that's important. You want to have that to and fro – we pick our brokers precisely on whether they let us deal direct with the underwriters, and that's important.

Godier: Can we swing this a little towards AIG. Did the situation a few weeks back have any knock-on effects for your market, in terms of its profile and reputation?

Antes: First I'd like to say that the problems that AIG encountered were not in the core insurance business first and foremost, unfortunately they were so large that I'd have to say that of course AIG

took a hit in terms of reputation in some sense. We are seeing some of the renewal business drop a bit and some of the new business but we're going through an education process with a lot of clients and even brokers about how various subsidiary insurance companies work and how they're regulated and there's more than enough capital to handle the business.

Godier: Around the table –how does this affect the business?

Holley: Negatively, very negatively because it basically means that every time you meet anybody they are asking you - is your company stable and are you a good

clients ask us to remove AIG from policies and replace them then we will do that.

Lennard: But it's a subscription market and if you need a placement you need as many players as you can go to and if one of the players has severe difficulties, the buyer of the product is going to question without any doubt about what affect is it having on the other players on that policy.

Godier: Will the recent series of bank collapses be mirrored in the insurance sector?

Berry: No, absolutely not. There won't be a need for a series of bail-outs in the property casualty market. The insurance industry is in very good health at the moment. It's very resilient.

Barlow: If you look at hurricane Ike, it's the third biggest hurricane in history, and everybody is just saying 'oh well'.

Berry: The point is we don't have any fundamental distortion going on. We did have 15-20 years ago: then we had our equivalent to sub-prime – it was called the LMX spiral. Then insurers could make money by writing sub-standard, loss-making business and then trade it away into an overheated and distorted secondary market. It led to all Lloyd's problems and reconstruction and renewal. But since then the whole market has been very, very focused on underwriting for profit and for that reason the insurance industry is very sound at the moment. We've had our ups and downs, of course – 9/11, Katrina, Ike. But they have been handled pretty well. The next bump is obviously the credit crisis which will hit both sides of the balance sheet. But the property/casualty insurers will deal with this too.

Sanders: I also think that a lot of insurers have been very good at getting information out in the market. Zurich has been very good at going on record and explaining what their exposures are.

Berry: It's not typical of the market. As Ray says, the problem has not come from their insurance business. Others like XL, for example, and Swiss Re had limited involvement, but to nowhere near the same level. But this is known about and in

creditor? And to be honest when we meet our reinsurers, we find ourselves asking their insurers the same question.

Sanders: But you were probably being asked those questions regardless of what happened with AIG and the financial institutions?

MacNamara: But you are also asking what sort of exposures there are, aren't you?

Sanders: Do you think demand for the product has actually dried up at all as a result of the AIG situation?

Holley: No I don't think so. But if there's one insurance company going through a stressful period like that it's basically not good for any of us. That's my opinion.

Brownlees: But if we judge our industry against what has happened with the banks – well you can see that we shouldn't be too down on ourselves here.

Barlow: Our corporate view on AIG is very clear – they meet every single security criteria that we require at the moment – that's not to say we're not monitoring the situation almost on an hourly basis, but at the moment they meet our criteria. If

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the open. We've been asking, and we don't think others have the same problem.

Sanders: Speaking for us, I believe these problems are minimal and are in the public domain.

Berry: Even on the asset side of the balance sheet which is a concern, you need to remember that general insurers are very conservative – they generally don't have a lot of equities in their books. They're so

of property casualty insurers collapsing, but I think in terms of the impact on our market place in supply of capacity next year, there are a few factors which we have to take note of. John mentioned earlier on – the reduction and return on investment portfolios – it's true they are pretty "low risk" investment portfolios but nonetheless there will be a lower return on them and values have shrunk. Meanwhile costs of capital have risen for everybody and if the market turns, not because of a

reinsurance brokers and underwriters have begun to say over the course of the last month that renewals are going to be tougher than we thought they would be a month or so ago.

Lennard: My major concern is that an over-enthusiastic analyst at a rating agency who will and can produce a report that decimates an insurance company overnight, rightly or wrongly. They are self appointed regulators.



dull, and dull is good.

All I'm saying is we have a very strong message – if you can get some capacity in the coming months it's probably underwritten by strong, reputable players.

Barlow: Is it capacity though – if somebody came along to you guys and said there's an extra US\$500mn in Russia, would you take on US\$500mn in Russia? Surely it's a case of risk perception, balancing your own books – as well as the capacity.

Berry: I think we all agree that where our market has capacity I'm sure we can find uses for it.

Robson: I don't know if everyone agrees, but I don't think there's a systemic risk

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major catastrophe on this occasion, but perhaps because of an aggregation of loss issues and the credit crunch, property casualty core business will become a relatively more attractive write again, and we may see the possibility of some migration of the capital that has been coming towards the credit and political risk market in the last few years back to core property casualty business. Nothing dramatic appears to be going on like this at the moment but credit and political risk

Berry: Why do we go on believing them when for 20 years they have been telling us that AIG was our best-rated company?

MacNamara: It was the same in 1997 when we saw not one but two countries plummet from AA- to deeply sub-investment grade, from Tuesday morning to Thursday afternoon. A rating is not a guarantee, but unfortunately Basel II gives it the character of a guarantee.

Lennard: It's hard when a client comes to us and says – 'oh, we've just been informed by whoever that the rating of AIG has been downgraded. We have to do something about it. What power do we have as brokers to go back to the client and say why do you believe them?

Godier: Can we swing from the internal to the external perspective, and the potential trouble spots, either in emerging markets or in

Bolton: The big issue we face is that the banking sector contains a lot of short-term one-year exposure out there and the big issue is they will need to refinance – that one year period on some of these deals is coming up in the next three, four or six months and that's where we will run into problems. It doesn't matter whether it's Russia or China, Ukraine, South Korea or Vietnam – they're not going to be able to refinance because there is a lack of liquidity in the market. If there's lack of trust in the

Bolton: It is still a big buyer. Even with no growth they are still the biggest buyer on the planet.

Sanders: I'm quite sure you're right about the impact upon accepting goods they've already locked into buying at higher prices, they have track record on doing that and refusing and creating problems, but I'm not sure if that's where we should expect to see greater credit risk per se. In terms of other risk certainly as we look at our portfolio we



OECD markets. Where are the claims laying in wait?

Lennard: China, very much. If it isn't already, I think is going to be a huge, huge problem. You're going to see Chinese companies who will decide whether or not they like a price of an import they've agreed to buy, changing their mind overnight. They'll take a view that it's not in the interests of the country to import suddenly because they need to satisfy domestic production and it'll happen overnight. That will cause hundreds if not billions of dollars worth of problems, similar to what we saw in terms of Brazilian soy beans going to China two or three years ago. I see that happening. Also, Russia, it depends how important the strategic product is to the government.

western world banks imagine what it is with the emerging markets.

Lennard: But if they don't refinance, the result is going to be very clear.

MacNamara: That's good news for me because one of the things that's constrained my access to insurance in, say, Russia – particularly in terms of pricing – has always been what brokers tell me. They say 'oh well it's the underwriters. Why should they do your pre-export finance, which is quite cheap, when they can get 2% for confirming Russian Bank LCs. And there's your answer.

Lennard: Over the last 10 years, the world has lived off China growth at 8-10%. So what happens when China growth is 2%, 1% or no growth?

would expect second tier banks in Russia and CIS to present problems.

Robson: South East Asia is interesting. I was on a conference call this morning concerning a transaction we are working on in one of the key South East Asian economies. It has become clear that the planned international banking syndication is not going to work in the near term, but the domestic banks who were going to fund a small fraction of the transaction deal are effectively saying we've got liquidity and can do more. This is a reflection of the fact that a number of Asian banks did learn some lessons in 97/98 – cash has become king, they've generally matched the currency of their assets and liabilities and today for the right domestic finance deal they are now there.

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Barlow: There are a few problems. But there's no problem with liquidity in some markets where you wouldn't expect that to be the case. Vietnam, for example.

Robson: Which may well speak well for the domestic corporations in those territories, which of course can't be said for the larger corporations in Western Europe – many of which have got huge refinancing risk in the next year, so it's clear that we haven't seen these issues played through yet.

Holley: Talking of trade sectors – one of the problems I feel is that in the same way that in the mortgage market sub-prime borrowers seem to have a limitless belief in the ability of houses go up and up and up in value and then over leverage themselves with that belief, I think exactly the same thing has happened in the commodity world. There's been an immense amount of over exuberance where people have believed that steel prices and other commodities are just going to grow forever. A lot of companies in emerging markets

same or it'll be down- it can only be one of those three!

And we've always tried to factor that in. If you look at the big transactions that we've led this year for example Rosneft, where we led twice this year, its public information that on the first pre-export financing, which was US\$3.4bn, the oil price was US\$100, whereas the basest price on which we calculate our 120% over-collateralisation ratio was US\$27 per barrel. On the second transaction which we did in July which was US\$3.2bn, the oil price was US\$147 but the basest price we used was US\$48.

Lennard: But if you did it now at an oil price of US\$75 a barrel – what would you put your price down at?

MacNamara: Somewhere in the 20s. A lot of Russian exporters particularly on the oil front and also elsewhere haven't had altogether all the benefits of the upside because of the tax regime, so frankly if it goes up or down US\$50 doesn't make a huge amount of difference to them as they only see maybe two of that. And certainly from the lenders perspective we never assumed it was going to stay at US\$147. I can't tell you where it's going to be, but it certainly won't be the spot. In the days when we did Sonangol, when oil was US\$45 we were using US\$18. OK the loan to value ratio – the over collateralisation ratio was 80%, 120%, 125% – that's been the going rate for as long as I can remember. It's not particularly scientific but it's always been on a basest price. The guys that are going to be struggling are the guys that use the spot price – and there are some of those around.

Antes: On the project side, I think there's going to be a lot of stress now with commodity prices falling.

MacNamara: The commodities prices now are where they were in about 2006 and in 2006 it was still good. Everybody says – 'oh copper's collapsed to 5000' – but for most of my career it's been somewhere between 1,500 - 2,500.

Lennard: The difference now is there's not a lot of money around to finance anything in commodities and if the money's around it's not getting through to those that need it on a day to day basis



Lennard: How do you see Pakistan?

Robson: It is massively problematic – the Middle Eastern funding is drying up which has kept it floating for the last three years and clearly the political situation is very volatile. It's going to be tough, but there are corporations we're working with who are still happy with Pakistan business and seem to have a good operating model. However, trouble will kick in when the Middle Eastern banks start pulling those cheap credit rates.

Sanders: Everyone's looking at the banking sectors in Russia, Kazakhstan, Ukraine – I think one of the lessons that we have to learn from what's happened in the last six months is we will have losses – but at this point it is difficult to know where they're going to come from. I think we have to be prepared for more losses next year.

borrowed phenomenally on huge expansion plans based on that misguided belief, and with commodity prices falling the way they are now I think that we could see problems in our market from exactly that.

MacNamara: I wanted to pick up on commodities sectors precisely because this is bread and butter for me and one of the discussions we're having with our credit colleagues precisely on this is at what point does the price begin to hurt and what we try to get across is most of us on the commodity front aren't fresh out the packet. It's always been one of those areas where there was a bit more tolerance of, shall we say, of the grey hair than in some other sectors of banking. One thing that comes through every time is – I can't tell you what the price will be next year but either it'll be up or it'll be the

MacNamara: I think if there's money around the thing you should finance is commodities. It's very basic – you've got collateral. This should be precisely the time for lenders to take the collateral and invest the capital in lending against commodities.

Godier: For the insurers around the table what's the stage at which the oil price really rings your alarm bells? Are we there yet or are we moving towards it?

Sanders: I think it's about making sure the deals are well-structured, and they can bear a low oil price and so it comes down to the structuring of the deal at the time.

MacNamara: There's a number that's doing the rounds for Russia which is US\$53 based on the Russian government budget. The break even price in Russian budget is going to be US\$53, I've heard from two or three sources. But everybody in western governments have been running a budget deficit, and still doing business, with a lot less in the central bank kitty than the Russians have got.

Holley: It's not just the absolute price, it's also the rate of change and whether businesses everywhere can deal with that rate of change.

“You always have to look at a way to source the capacity to get the deal done, and I can only think of one key transaction in recent months that we've really struggled with.”

Berry: And don't forget there are two sides to this coin. High oil prices can produce claims to the PRI market, as they hurt those countries that are net oil importers. There were potentially a lot of losers out there when oil was at the US\$140 or higher mark.

MacNamara: This is absolutely right and people talk about the high cost base of a lot of production particularly on the metal side but a big part of that was the energy price, and if it's not the energy price then it's the iron ore. But just as

people were coming in and saying I'm going to put the price up, now the buyers are saying I want to push the price down, so the cost base isn't immune from change.

Lennard: But it's the volatility that's also the killer. You hedge forward, the price continues going up, then you've got to find money to meet a margin call and that money has to found. It has to be cash and if you don't find the cash you'll be closed down – as in the soya guys in March and April.

Godier: For the brokers, where are clients coming to you and saying we need capacity, can you place this?

Lennard: Russia, Turkey, Ukraine, Ecuador, Venezuela. We all see it the same.

Barlow: It's not just concentration on those countries it's concentration on the same obligor for those countries again and again and again.

Robson: It's interesting as a broker. You always have to look at a way to source the capacity to get the deal done, and I can only think of one key transaction in recent months that we've really struggled with - this which was our last major Kazakh deal. It was a very large transaction

where existing country and sector aggregations were already challenging and the security structure whilst good was unfamiliar to underwriters. This aside, as Robert says, the problems are specific countries and specific obligors within those countries. It is worth noting that most analysts also now expect Argentina to fall off the cliff edge again.

Godier: Is Brazil still a problem?

Robson: Brazil is a growing problem. There have been four or five soy bean

related defaults there, and the stock market fell 22% last week and Lula himself put his hand up and said there's some fundamental problems here. He's running a budget deficit, inflation's rising and it's two years from the next change of government, and he hasn't quite fulfilled what he said in his first term of office in terms of social reform. This said Brazil is more robust that it has ever been before.

Lennard: The Brazilian real has deteriorated dramatically in the last two-three weeks and if you're an exporter you're going to earn a fair chunk more now than you did a month ago.

MacNamara: The country crisis always favours the exporter – because you have local currency costs and hard currency revenue.

Bolton: Like a lot of the banks we're just sitting back and saying 'whoa', let's take a breath, let's see what's going on. But at the bank, Mac has probably been working on a deal for three-six months or whatever and it's just about to close and he's desperate for the coverage from the insurance market to get it done. Whereas we are sitting there, and we've only been working on the deal for maybe a month, so a lot less time and in a totally different environment, and we're just saying we can't deal with this right now, we don't know what we're dealing with, so we're going to have to take a breath. For deals that we've been working on for six months, we are still seeing them through, unless there's been fundamental shift in the economy. But when it comes to new deals, we don't know what we're playing with.

MacNamara: Don't you think we've learned from all our previous crises – I think everybody around this table remembers the 97/98 crisis in Asia, and previous crises before that. OK in the end the level goes up, the level goes down, whether it's price or volume or whatever, but we still have to do something next year.

Bolton: I'm not suggesting we're taking a breather for 12 months.

Berry: In the earlier discussion, there seemed to be an anxiety about the

demand side of our market. I don't see that as the issue. Yes, there will be less longer term bank deals around. But demand is going to switch back to the corporates and shorter term trade deals. So the issue is going to be supply. I think we'll have to wait and see how the renewal season goes, but even if everybody's treaty remains the same – and capacity remains the same – given the longer term deals already on the books, we're going to be short of the capacity compared with the demand level.

Godier: What's the feeling from the reinsurers at the moment, given

Godier: The impression I get from all of you is that good solid sound underwriting, which in a sense stays in the background, is the best form of PR.

Brownlees: And also paying claims. My own experience is that I've been incredibly impressed by the claim paying of the underwriters.

Sanders: Some of the best PR for us is that, particularly in terms of the banks, we, as an industry, have remained there. We haven't disappeared. We are still there, still open, for good deals, I think

Barlow: We haven't.

Antes: We've had a few.

Lennard: We've seen in one particular sector and one particular country, I would say not a plethora but two or three involving the soya bean sector of Brazil.

Sanders: We've paid claims this year. We've had TCI claims in Turkey, particularly. I think we've also paid three claims there this year, on Brazil, Indonesia and the Philippines.

Lennard: There's certainly more notification of delays on payment coming



that business is obviously volatile, but good margins are available?

Berry: Well the feedback a month ago was good, but in the last two or three week I'm not so sure.

Barlow: I think the general reinsurance market is hardening, there's no doubt about that. When reinsurers can make their money out of the things they understand like bricks and mortar, ships, and aeroplanes they will.

there have been a lot more claims paid this year in a timely manner. I do think that will be a challenge for 2009, but I like to think that the market will respond similarly.

Barlow: There seems to be some disparity around this table. Some people are telling me that there is lots of noise, lots of claims being notified, in volumes.

Robson: We haven't had many claims this year.

through. The extra 30 days is needed, or 60 days. I see that coming down the pipe.

Holley: In the whole turnover credit world that you see at Atradius, we have certainly seen an uptick in smaller claims since the beginning of the year.

Antes: AIG has also felt it, linked to consumer finance. Anything to do with discretionary consumer spending - that's where you're going to be hit.

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Godier: Has Basel II improved the interface between bank and insurance markets?

MacNamara: Basel II is written for banks and not for insurance companies – and it has been very convenient. It shows that it's not just us being awkward. We can say, we have got rules, and they are going to affect everybody on the banking side. I think Basel II is going to be a force for good in trade finance, and structured trade finance. If you look at the fine print of the Basel II documents, which I encourage you all to do, it is actually a very good guide to what counts in a trade-related structure. So, from that perspective, it's back to basics, it is a bit more old-fashioned, but insurance for me is a much, much better product than a year ago, and much more so than five –

in the past redundant. However it still took time to make changes – I remember talking to a number of insurers who just would not accept a need to change products at all. Indeed change only came in a number of cases when they were confronted with the reality that for a client working in the Basel II environment on the basis of a risk-adjusted regulatory capital model, products that did not impact the new reg cap position and could only be used to address historic risk adjusted economic capital positions were by definition no longer effective, and what

for our products. A consequence of this is that the banks now have a better understanding of the insurance products they are dealing with, and there should be less of the misunderstandings that we have had in the past.

Godier: Is the product a guarantee?

Robson: It is not irrevocable or unconditional but it can meet the requirements of a guarantee set out in the Basel II guidelines – so it's a guarantee in inverted commas.

“But insurance for me is a much, much better product than a year ago, and much more so than five – or even 10 – years ago.”



or even 10 – years ago and every year it seems to get better, and Basel has played its little part in getting rid of some of the more extraneous exclusions, particularly, I think. The language in the policies is better than it used to be, I think, and maybe Basel II has been a catalyst for that.

Robson: It had the potential to make a significant part of what we had done

role would this leave for insurers with the banks? The corollary of this position was clearly that if you could address the new reg cap environment with insurance products then the value of those products would increase significantly. So the interface from our perspective was very much associated with addressing the opportunity whilst ensuring that insurers had an understanding of where the banks were coming from and the consequences

MacNamara: I've only got two ways to book a deal. Either it's cash or it's a guarantee. What Basel II does is redefines guarantee, and allows banks to book insurance under the heading of guarantee. Old Basel I said a guarantee had to be unconditional, but now it can be conditional providing the conditionality is within the control of the insured. And from that perspective that's helped me a lot. One of the big issues

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we've always had, in these discussions, is that you want me to warrant third party events, which I can't do, you want me to warrant terms that are outside my control. I've got a rule that says I can't do that.

Godier: Has the credit crunch seen ECAs reverting more to their traditional 'insurer of last resort' role? Or does their overlap with some aspects of the private market overlap ever translate into 'nuisance' territory rather than useful capacity tool?

Brownlees: This year they have been less of a nuisance, but I do think there has been a progressive relaxation of their rules every year. This year, for example, it has been Coface of France and Germany's

picture is pretty rosy – the ECAs have not spoiled the market.

Lennard: I think we need them. They are capacity. And capacity is going to be king next year.

Robson: I agree with you. We do quite a bit of work with ECAs over any given year, and with multilaterals. But I think the Basel II position on ECAs is inconsistent with a risk adjusted capital model. The documents you receive from many ECAs are typically like the policies we had 20 years ago, and their degree of tailoring to the underlying risk is often nominal. The idea that because you are an ECA, you can issue a policy that is highly conditional but is called a guarantee and automatically delivers significantly improved capital treatment over a less

how wrong it has turned out to be. Everything the PRI market can do has become hugely relevant again. The world's a pretty torrid place at the moment – and that presents a lot of challenge to the PRI market, but a lot of opportunity too.

Lennard: What we are going to experience is short-termism, where you literally get through each quarter, and see how you got through it. And prepare for the next quarter. I think long-term trends are important, but ultimately not very relevant, because we are living in such dramatic and volatile times. People keep talking about next year. Well, we have to think about next year now. What is your first quarter '09 business going to look like? And, if your pipeline looks poor at the end of November, you are going to have a poor first quarter, because December/January is only one month. The world stops on December 15 for one month. So short-termism is going to be where we are going to be at, and people are going to scrutinise each month's figures far more intensely than before, whether it be unemployment, inflation, commodity prices or whatever. Every index will be analysed and over-analysed, rightly or wrongly, for signs of green shoots.

Sanders: What's interesting is that the first nine months of this year has been very good for most of us. I know that for most of us that will change – but if we had been sitting here two years ago, we would have been saying: 'Oh, pricing's terrible', or moaning about excess liquidity and structures being clean. These would have been our issues, and we would have been asking how we could make money in that sort of a market.

But pricing and structures are coming back, and the quality of the credits that we are seeing are such that they would have gone straight to the bond market two years ago.

It is increasingly difficult to assess credit risk, but we are all in the business of risk mitigation in one way or another, and this is our time.

Lennard: This should be our time for a very long time. Production financing has always worked. Forget bonds and capital markets - how else are people going to raise money?

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Hermes. It is an irritant, but I would say that personally this year I haven't felt such a big impact. But I think the creep continues, and it does irritate.

Antes: The Berne Union meeting is taking place now a few miles from Calgary, in Banff, and I think the readout there is that the ECAs are definitely pulling in the reins, becoming more conservative, and looking more carefully at national benefit.

Berry: There are some issues about the ECAs' presence in the market from the private insurers' point of view, but from the client's point of view, ECAs bring more choice, and so the more the merrier. The only slight caveat on that is that I do have a concern that the ECAs follow market rules when operating in the market. If they don't, they might limit choice in some cases. This is a small but important detail that I think needs addressing.

Holley: If you look at the last five years in Germany, the ECA presence probably has limited choice. Apart from that the

conditional private market document is odd, notwithstanding the role of these institutions.

Robson: But this is the point in the cycle when the multilaterals – such as Miga, the Islamic Development Bank and the Inter-American Development Bank – should have a critical role to play. It will be interesting to see if they can deliver in this respect when capital is short.

Godier: Have there been any other significant, interesting or challenging market events or trends this year that are worth mentioning?

Berry: The longer term trend is the ever increasing relevance of what we do. If you go back to the time of George Bush Snr, people were questioning the need for the PRI market. It was the time of the Berlin Wall's collapse, and the 'end of history' – free markets and democracy all round. And Bush talked of a new world order where the rule of law, not the rule of the jungle, had come to govern the conduct of nations. When you think of that vision,