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CONCEPT NOTE

ON THE ESTABLISHMENT OF POLITICAL RISK INSURANCE IN UKRAINE

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ACRONYMS

DFC	U.S. International Development Finance Corporation
DIA	Direktinvestitionen Ausland (Investment guarantees scheme of the Federal Republic of Germany)
FDI	Foreign Direct Investments
FSR	USAID Financial Sector Reform Activity
IFC	International Finance Corporation
MIGA	Multilateral Investment Guarantee Agency
NBU	National Bank of Ukraine
OECD	Organization for Economic Co-operation and Development
PRI	Political Risk Insurance
PVI&T	Political Violence and Terrorism Insurance
UNCTAD	United Nations Conference on Trade and Development
USAID	United States Agency for International Development

BACKGROUND

Ukraine is experiencing economic suffering that has not been seen in Europe since World War II. Estimated amounts of the war's financial toll on Ukraine increase everyday with ongoing missile attacks on civilian infrastructure and the nation's power grid. Different stakeholders are estimating amounts ranging from USD 600 billion to USD1 trillion[1]. Private sector capital, domestic and foreign, will be needed to finance the re-building of Ukraine. As this Concept Note highlights, this necessitates political risk insurance (PRI) that covers war-related losses *and* detrimental interference by the government, such as expropriation, currency inconvertibility and transfer risk and breach of contract, to name a few.

This concept note is a summary of a detailed paper identifying the history, requirements, constraints and options related to introducing PRI in Ukraine. While it is drafted with an eye on recovery, it includes war-related risks as part of its analysis and options. The paper argues that existing public and private PRI providers face serious challenges to providing adequate coverage due to the volume of the resources required and charters, mandates, policies and procedures of existing PRI institutions. "Business as usual" will not attract the domestic and foreign investment that will be required. An "out-of-the-box" approach to PRI needs to be developed collaboratively by various stakeholders equal to the scope of the problem. Likewise, an adequate PRI mechanism will depend importantly on the determination of the Ukrainian government to fight corruption, implement measures to stimulate a competitive economy, and join the European Union.

This note is meant to stimulate discussion among the core stakeholders of a PRI Mechanism particularly bilateral donors, international financial institutions (IFS), national guarantee and insurance agencies, and the government of Ukraine (GoU).

Section 1 of this discussion paper (attached) gives a brief overview of Ukraine's performance as an investment destination over the last two decades and the availability and use of guarantees and PRI by investors prior to Russia's invasion. Section 2 proposes an approach and four options to a comprehensive solution (referred to as the 'PRI Mechanism') to create a reliable and transparent PRI framework that brings together the efforts and experience of national, international, public and private actors. The approach and options are designed to achieve the following:

- leverage PRI-related contributions from international institutions, national governments, charitable funds, other donors,
- provide best practices for political risks underwriting and claims management from IFIs, national investment guarantee institutions and the private PRI market,
- restore private PRI market's confidence in Ukraine-related transactions,
- keep the underwritten risks off the books of existing development agencies, thus not impairing their Profit and Loss Statements with claims paid,
- enable broader coverage of political risks for Ukrainian investors,
- mitigate the risk of unpaid claims to foreign investors due to currency transfer restrictions.[2]

[1] It is beyond the scope of this paper to discuss in detail the methodology for calculating these estimates.

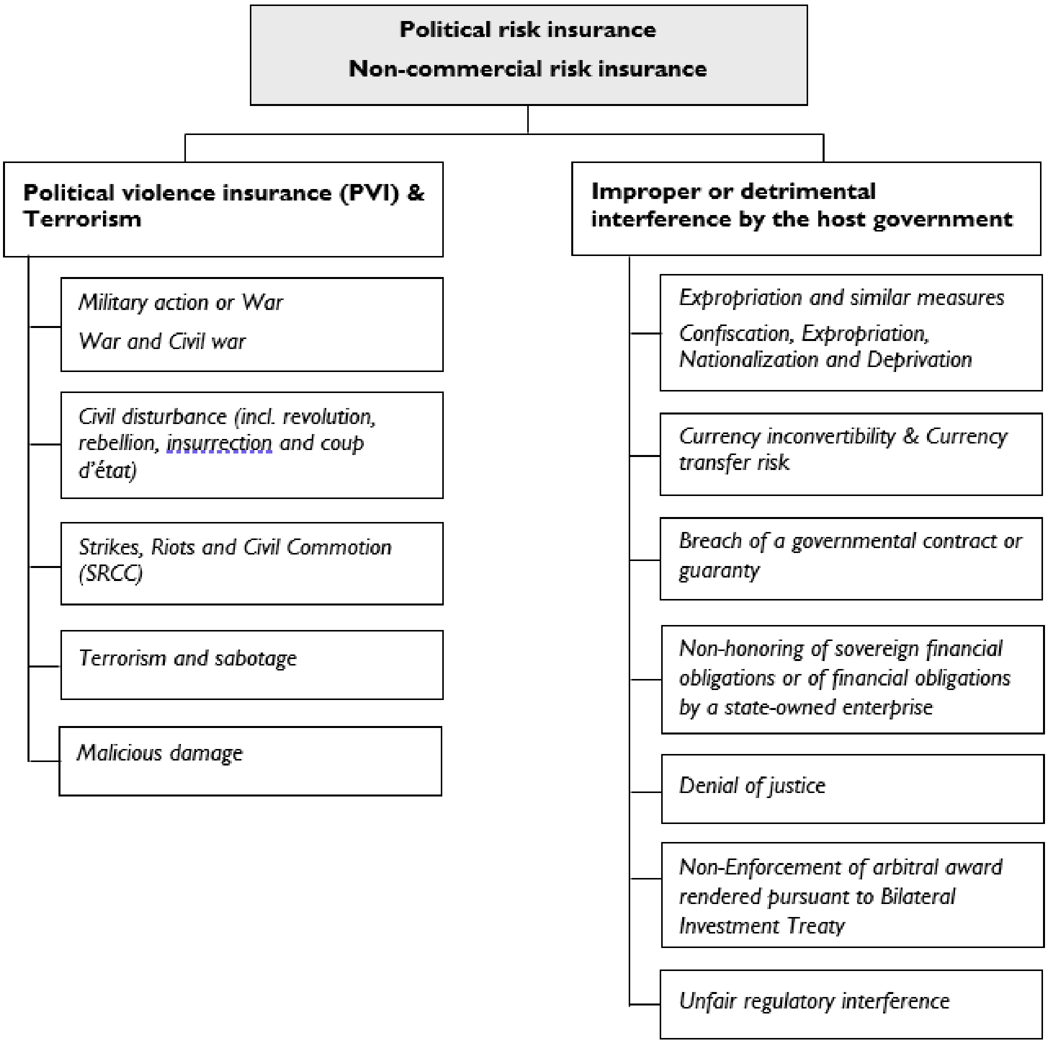
[2] At the time of writing this project, there are partial restrictions on currency transfers introduced by the NBU after the start of the war, including on the transfer of reinsurance premiums.

Other issues concern funding sources, organization and decision-making, current operational procedures and practices, and existing instruments for the protection of investors are also addressed.

I. Defining and Dissecting PRI

There is no generalized methodology for assessing political risks, uniform wording of insurance (guarantee) contracts, or even a single unified classification of risks and terminology in this area. The term and definition of Political Risk has evolved significantly over the past 70 years, for example expanding coverage against losses due to political violence (terrorism). PRI providers are developing and using their own proprietary risk assessment methodologies. Figure 1 shows the main types of insurance coverage used by the world insurance practice to protect against Political Risk that can be purchased individually or in multiple combinations.

Figure 1: A possible approach to classification of the Political Risk



PRI and Ukraine

Even prior to the invasion, Ukraine was not perceived as an easy investment destination. Several largely unsuccessful attempts to create a business climate that would attract FDI failed due to a lack of basic property rights, excessive bureaucracy and regulations, the absence of an independent judiciary, oligarchic control of key sectors of the economy, and corruption. Since 2014 Ukraine has been labelled as a high or very high risk by private ratings agencies and the OECD Country

Risk Classification, which encompasses transfer and convertibility risk and cases of *force majeure* (e.g., war, expropriation, revolution, civil disturbance, floods, earthquakes),[3] placed Ukraine in the lowest categories for all but two year, 2007 and 2008. FDI in those two years was over 100% higher than the average FDI in the past 25 years and 4x greater than the average of the last ten years.

History and Growing Limitations of PRI in Ukraine

MIGA provides the only available, consistent project-specific information on the use of PRI by foreign investors when investing in Ukraine. In 23 years, from 1998 to 2021, fewer than a dozen investors have used its guarantees and only two in the last ten years.[4] All focused on coverage against expropriation and currency transfer restriction, and half included risk of war and civil disturbance. More than half of its guarantees have been to cover loans to foreign financial institutions, including shareholder loans (i.e., from a holding company).

Investment guarantees of the Federal Republic of Germany (DAI) totaled 592 investment projects guaranteed by the German government worldwide, with an outstanding guarantee amount of EUR28.7 billion in 2020, of which only 20 were in Ukraine. Between 1992 and 2019, 199 guarantee applications (for EUR1.8 billion) were submitted by German companies investing in Ukraine, of which 100 (for EUR1.2 billion) were accepted[5]. For the period 2013 to 2022, the total volume of valid guarantees did not exceed EUR 0.6 billion, and now it is at the level of EUR0.3 billion, distributed among 18 ongoing projects. Germany's cover of political risks for earnings or profits payable as well as of convertibility and transfer risk and payment embargo or moratorium risk had been suspended long before the war. …there were 4 new applications in 2021[6].

The most significant private market for PRI is Lloyd's of London, comprising a limited number of syndicates and international insurance companies. Only about a third of Lloyd's approximately 100 syndicates are active in PRI and only about 40 other private insurance companies underwrite political risks. Before the war, the London PRI market played a dual role in protecting against political risks in Ukraine, including government expropriation and breach of contract (for non-Ukrainian entities doing business in Ukraine). Prices soared in 2014 and Lloyds and others began to limit coverage. Until around the end of summer 2021, both foreign investors and Ukrainian businesses could receive the 'Property/Business Interruption Due to Political Violence'[7] risk coverage, sometimes even for government-controlled parts of Donetsk and Luhansk Oblasts. From December 2021, there was a practical freezing of international insurance and reinsurance in Ukraine.

Before the war, the London PRI market played a vital role in the fronting schemes used by Ukrainian insurance companies to secure proper PR coverage for their domestic clients while meeting legal requirements and tax regulations. Foreign reinsurers provided 95-99.99% of coverage for the insured amount, did the underwriting and claims control. Structuring of transactions, placement of risks in reinsurance on the international market, preparation of agreements, and coordination of claims settlement were usually carried out under the supervision of Ukrainian representative offices of international brokers. Ukrainian insurers collected insurance

3 https://www.oecd.org/trade/topics/export-credits/arrangement-and-sector-understandings/financing-terms-and-conditions/country-risk-classification/

4 To avoid double counting, in cases where the *Guarantee holder* was renamed, the old and new names were counted as one if the *Project Enterprise* and the MIGA Project ID remained the same.

5 Investment Guarantees of the Federal Republic of Germany – Annual report for 2018, Federal Ministry for Economic Affairs and Energy of Germany.

6 Investment Guarantees of the Federal Republic of Germany – Annual report for 2021, Federal Ministry for Economic Affairs and Climate Protection of Germany.

7 The author did not find any information on whether risks from category 'Improper interference by the host government' were ever written by a Ukrainian insurance company.

premiums, paid out the losses after receiving the relevant decisions and indemnities from foreign reinsurers, and earned their fronting fees.

Other Restrictions and Requirements that Impact Coverage in Ukraine

There are additional limitations and requirements pertinent to existing solutions that will impact the provision of PRI in the future. This includes investor eligibility restrictions criteria used by public PRI providers – let's look at them using the example of three significant players: MIGA, DFC, and DIA.

MIGA covers both public and private and public investors, but its mandate is squarely on FDI rather than domestic investment, which eliminates most Ukrainian owners and investors. A "juridical person" must be from and legally incorporated in one or more MIGA member states *other than the host country*, and they must operate on a commercial basis.[8] Exceptions require a complicated procedure including a majority voting by the Board of Directors.[9]

DFC provides PRI and reinsurance to public insurers and "qualifying sovereign entities", i.e., agencies of foreign states that have a purpose that is like the purpose of DFC, and international financial institutions.[10] At the same time, projects or companies in which host country governments have majority ownership or effective management control (except for investments in privatizing companies) are categorized as Categorically Prohibited and therefore ineligible.[11] DFC can provide PRI to non-U.S. investors, including host country nationals or corporate entities, but generally not expropriation risk.

DIA, the Investment guarantee scheme of the Federal Republic of Germany, provides investment guarantees solely to entrepreneurs with their registered office or residence in the territory of the Federal Republic of Germany.[12] Moreover, if, at the time of the insured event, more than 50% of the guarantee holder's capital or the voting rights are in foreign hands or if the guarantee holder is subject to foreign control, losses are not covered.[13]

All multilateral and national agencies now have stringent environmental/social requirements (commonly referred to as ESG which– Environment, Social, Governance). The *IFC Performance Standards on Social and Environmental Sustainability and Industry Sector Guidelines* are the global benchmark and basis for the ESG operational practices of many multilateral and national PRI providers. A good example is the Environmental and Social Policies and Procedures (ESPP) of the DFC which require projects applying for any kind of DFC support (investment, guarantees, insurance and reinsurance) go through a rigorous and time-consuming clearance process to prove they are environmentally and socially sustainable and compatible with low and no-carbon economic development. It also includes extensive reporting requirements in English and costly third-party audit requirements. While a reduction and/or simplification of environmental and social requirements would help a PRI mechanism move faster and grow larger, it is obviously a sensitive matter.

[8] Ibid, item 1.21: "Where the majority of the equity in the investor is publicly owned, the Underwriting Authority must determine whether the Applicant operates on a commercial basis. Where the investor carries out some operations on a commercial basis and others on a non-commercial basis, it shall be eligible only in respect of investments that form part of its commercial operations".

[9] Ibid, Paragraph 1.18.

[10] Section 9601(4)(B), U.S. Code: Title 22.

[11] See item 16, Appendix B and Clause 3.6. of the Environmental and Social Policies and Procedures. U.S. International Development Finance Corporation, 2020.

[12] §1, Investitionsgarantien der Bundesrepublik Deutschland. Allgemeine Bedingungen.

[13] Ibid., §4(2).

2. PRI Mechanism proposal

The purpose of a dedicated PRI mechanism for Ukraine is to provide the requisite protection to lenders and investors while attracting additional PRI providers to cover Ukrainian risk. In other words, it needs to serve immediate transactional demands while building the marketplace so that the Mechanism can be retired within 5-10 years when Ukraine can be sufficiently served by pre-existing PRI providers.

This mechanism should perform the following tasks:

- Ensure the accumulation and targeted use of a money pool that acts as a carrier of political risks related to investments in Ukraine.
- Crowd in private commercial PRI insurance providers and make effective use of the existing infrastructure of the domestic insurance market (i.e., representative offices of international insurance brokers, representatives of international surveyor groups).
- Create a 'first risk layer' that can absorb a significant part of the losses under PR insurance contracts.
- Carry out insurance indemnities for insured events related both to political violence *and* detrimental government interference.
- Provide Ukrainian investors with the similar protection options as foreign ones.
- Offer reasonable, simplified eligibility requirements and procedures in terms environmental standards to match market conditions and expedite reconstruction financing.
- Promote awareness of how to access PRI with consulting support in obtaining insurance coverage and meeting the requirements.
- Transfer knowledge and develop national expertise in risk assessment and underwriting of PRI.

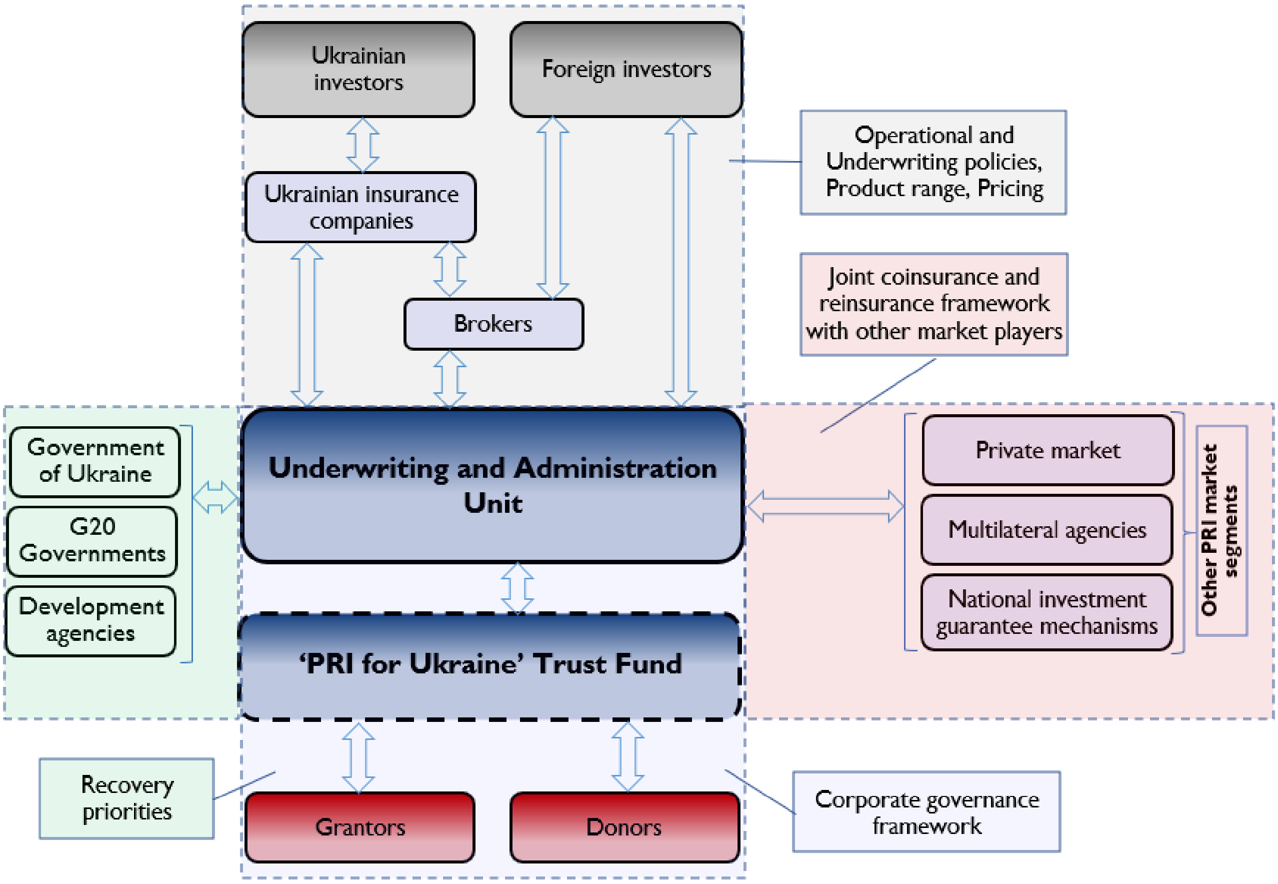
To successfully perform these unprecedented tasks, the PRI Mechanism should meet following fundamental requirements:

- ✓ Be independent from the GoU – from the process of raising financial resources to underwriting risks and paying claims – as proposed in each of the four options below.
- ✓ Support investment projects in line with Ukraine's recovery priorities set by the GoU and other relevant stakeholders (e.g., EU, private sector, IFIs, etc.) and EU accession.
- ✓ Place funds outside of Ukraine under effective international control.
- ✓ Have a robust and transparent corporate governance and professional management.
- ✓ Be limited in scope of action – both geographically (only Ukraine) and in terms of time (of limited duration)—enshrined in its statutory documents.

THE CONCEPTUAL FRAMEWORK

The PRI Mechanism can be viewed as a set of components and their interactions within a corporate governance framework. At the center of the framework are two core entities, the PRI Trust Fund and Underwriting and Administration Unit. At the same time, the Mechanism will operate within the global and national marketplace, building and fostering complex relationships with numerous external stakeholders.

Figure 4: General conceptual framework of the proposed PRI Mechanism



Ideally this framework would be agreed upon by contributing and supporting governments and IFIs as an Establishing Convention.

PRI Mechanism Organization

There are several critical actors needed for the preparation, establishment, governance and operation of the PRI Mechanism. These roles could be played by one or several institutions discussed further in as options for implementation below.

Trust Fund Champion

A Trust Fund Champion is required to instigate and lead the international promotion of the PRI Mechanism, convene an International Donor Conference, and attract initial contributions to the PRI Trust Fund. The Champion needs to be a political heavy weight, able to raise contributions and ideally be one of its initial funders. The Champion need not be directly involved in PRI or an insurance expert, however it must have or acquire sufficient know-how to guide participants to an agreement on an Establishing Convention that codifies the purpose, scope, functions and requirements of the PRI Mechanism. This includes convincing participants that challenging and sensitive issues, such as eligibility and ESG requirements.

Organizational Platform

If the Trust Fund Champion is not a PRI provider, it will need the technical support, or Organizational Platform, that provides it with the practical experience in PRI to perform the legal, methodological, and technical preparations for the launch of the PRI Mechanism – both before and after the International Donor Conference. The Organizational Platform's major deliverable prior to the International Donor Conference will be the draft of the Establishing Convention. Its role after the adoption of the Establishing Convention depends on the selection of the Underwriting and Administration Unit. Under one of the options for implementation (see Table 3, Option 3), it may be required to provide the political risk assessment methodology, operational and actuarial policies, product range, pricing, contract management system, and other prerequisites to set up the Mechanism's in-house Underwriting and Administration Unit.

PRI Trust Fund / Trustee

The Trust Fund is financial basis for the PRI Mechanism that directly provides political risk (re)insurance in Ukraine and supports other public or private PRI providers to do so. The Trust Fund would pool funds from grantors and donors, mostly likely from international institutions (IFIs, multilateral development agencies), supportive governments and agencies, charitable funds, and even from individuals. Where possible it could also be the recipient of back up guarantees from IFIs and foreign governments. The Trust Fund's participants would play the key governance role. They would appoint representatives to the Mechanism's Supervisory Board to act on their behalf to set the key policies and ensure the PRI Mechanism's corporate governance, underwriting and claims administration are of the highest standards. The Trust Fund participants would also select a Trustee that receives, holds, invests, allocates, and reports on these funds as instructed by the Supervisory Board.

Underwriting and Administration Unit

The Underwriting and Administration Unit is the core insurance-technical and administrative element of the Mechanism. Its legal form and organization may vary depending on the specific implementation option chosen. It should perform the following basic functions:

- elaborate policies, directives and procedures related to area of its competence, and submit them for approval by the Supervisory Board,
- conclude agreements with the Government of Ukraine and all state bodies designated by it, which are necessary for the reliable functioning of the PRI mechanism,
- develop collaborations with other PRI providers to complement its own (re)insurance capacity and enter coinsurance and reinsurance arrangements with them,
- develop cooperation with insurance brokers and Ukrainian insurance companies, conclude cooperation agreements with them,
- accept and initially consider the applications submitted by potential guarantee holders and ceding Ukrainian insurers,
- prepare requests to applicants for additional information, representations and warranties, analysis of documents submitted,
- assess investment projects in terms of their technical feasibility and financial and economic viability over the requested period of policy (guarantee) or reinsurance
- assess the risks to be assumed under the requested policies (guarantees) or reinsurances,
- consult applicants on the decreasing the investment projects' risk exposure, develop proposals to the Government of Ukraine measures to improve the investments' risk profile,
- issue policies (guarantees) and conclude reinsurance agreements within the limit of guarantee capacity and the reinsurance limit set by the Supervisory Board,
- determine premiums and fees to be charged for policies (guarantees) and reinsurance coverage provided and other contractual terms,
- collect and examine the documentation and information related to events giving rise to a covered loss,
- consult policy (guarantee) and reinsurance holders on claims minimization measures,

- assess claims,
- pay valid claims under issued policies (guarantees) and concluded reinsurance agreements,
- make necessary steps to receive from the Government of Ukraine recovery of claims paid under the policies (guarantees) covering the risks of Improper or detrimental interference by the host government.

OPTIONS FOR IMPLEMENTATION

The options provided relate to the delegation of roles and the choice between selecting an existing PRI provider or building an Underwriting and Administration Unit dedicated to the PRI Mechanism. Table 3 summarizes four combinations, followed by additional descriptions and comments including pros and cons.

Table 3: Possible organizational and operational setups for the PRI Mechanism

Option	*Preparatory and establishment phase*		*Regular business activities phase*
	Trust Fund Headliner/ Label	**Organizational platform**	**Underwriting and Administration Unit**
1 'PRI for Ukraine' Trust Fund within an existing PRI agency	Multilateral or national agency with PRI expertise	Multilateral or national agency with PRI expertise	Multilateral or national agency with PRI expertise
2 Existing PRI expertise within a new governance structure	Institution of a Trust Fund's founding state	Multilateral or national agency with PRI expertise	Multilateral or national agency with PRI expertise
3 New PRI Agency descended from an existing one	Institution of a Trust Fund's founding state	Multilateral or national agency with PRI expertise *Turnkey UW unit blueprint*	Full-fledged in-house Underwriting and Administration Unit
4 New PRI agency based on the global PRI market's best practices	Institution of a Trust Fund's founding state	Private contractor *Turnkey UW unit blueprint*	Fully-fledged in-house Underwriting and Administration Unit
Result	*Preparatory work done, Establishing Convention adopted by the donors' conference, Trust Fund established and attracts contributions, methodological basis and organizational blueprint for the Underwriting Entity completed*		*PRI Mechanism's insurance-technical and administrative functions are performed*

OPTION 1: Trust Fund and Underwriting Unit within an existing PRI agency

In theory, a well-established PRI agency/mechanism (i.e., MIGA, DFC, Germany's DIA) could assume all four of the aforementioned roles. This 'turnkey solution' assumes that the PRI agency is both the Organizational Platform and Underwriting and Administration Unit.

Potential advantages

↑ considerable time savings in the preparatory phase

↑ existing methodology, products, procedures, and human capital. In the case of MIGA, there is also existing experience of setting up and managing a trust fund

- ↑ possibility to leverage experience in large-scale projects in the industries particularly relevant for Ukraine (infrastructure, energy, grain production, mechanical engineering, processing industry, etc.),
- ↑ private PRI market confidence in the PRI Mechanism leading to additional insurance capacity from it through reinsurance, co-guarantees and similar risk-pooling arrangements,
- ↑ contribution to a positive image of the project and expand opportunities for attracting foreign investments.

Potential difficulties and disadvantages

- ↓ a multilateral agency may require approval of the governments not participating in the Trust Fund and/or are unsupportive of Ukraine.
- ↓ the pre-existing political and operational boundaries, corporate culture, established business practices and decision-making process of the host agency may be difficult to adapt, including simplified procedures and relaxing requirements related to environmental and social standards.
- ↓ changing the eligibility criteria for Ukrainian investors could be seen as an erosion of the basic principles of the agency's 'core activity'.
- ↓ would require operating under two different paradigms and two sets of policies and basic documents
- ↓ the demands of the Mechanism will stretch the limits of any agency's human resources.

This option also calls into question of the role PRI's Mechanism's governance bodies (especially the Supervisory Board and Management Board) and the feasibility of having a 'separate set' of the Mechanism's corporate governance bodies may also be relevant under Option 1.

OPTION 2: Existing PRI expertise within a new governance structure

Option 1 provides many immediate advantages. However, it would need an influential institution of a powerful supporting state (e.g., the U.S. State or Treasury Departments) to act as Trust Fund Champion. Under this hybrid option, a sponsoring state or institution establishes the Trust Fund in combination with an experienced PRI agency that acts as the Organizational Platform and assumes responsibility as the Underwriting and Administration Unit.

Potential advantages

- ↑ the Trust Fund Champion could take over persuading the donors and grantors to agree to relaxation of the ESG-related monitoring, reporting, and third-party audits requirements,
- ↑ a Trustee not related to a specific multilateral or national PRI agency would – at least to some extent – allay concerns about the 'precedent problem.'[14] The Supervisory Board can more easily set policies distinct from those of the Underwriting Unit itself, including eligibility and ESG requirements.

Potential difficulties and disadvantages

- ↓ Such a combination would require a significant coordination effort between two institutions of different legal nature, mandates and organizational structures, both during the start-up phase and during the Mechanism's regular operation.
- ↓ Similar to Option 1, Option 2 also requires operating under two different paradigms and two sets of policies and basic documents, working within an existing culture, and will likely stretch the limit of any agency's resources.

[14] For example, MIGA has introduced such vehicle – the West Bank and Gaza Investment Guarantee Trust Fund in Palestine, which is not a MIGA member. Therefore, according to a MIGA officer statement, the creation of a similar mechanism for Ukraine would set an undesirable precedent, which many other member countries would like to follow.

OPTION 3: New PRI Agency ascends from an existing one

As with Option 2, an influential institution of a supporting state will act as Trust Fund Champion and Trustee. A national or multi-lateral PRI agency will act as the Organizational Platform and will incubate an Underwriting and Administration Unit, transferring knowledge, skills, and systems. It will spin off a fully equipped Underwriting and Administration Unit into and existing or new legal entity.

Potential advantages

- ↑ the PRI agency involved could transfer its knowledge, experience, and ideas thereby saving significant time to build the Mechanism's internal competencies
- ↑ the PRI agency would not have to house the unit for the long-term or operate under two paradigms
- ↑ the Underwriting and Administration Unit would not be bound or constrained by another agency's mandate, culture or existing practices
- ↑ under certain circumstances – if the involved PRI agency would consider this task as its contribution to the international support of Ukraine – it can also imply significant financial savings.

Potential difficulties and disadvantages

- ↓ the legal "home" of the Underwriting and Administration Unit needs to be negotiated or established.
- ↓ the reservations of the PRI agency involved could be (partially) allayed by the proposed limitation of the mechanism's mandate – both geographically and temporally. Another argument would be the idea of focusing on mature professionals (shortly to retire) as PR underwriters when staffing the in-house Underwriting and Administration Unit (see next subsection).

OPTION 4: New PRI agency based on the global PRI market's best practices

In this option, an influential institution of a supporting state will act as Trust Fund Champion and Trustee. However, the operational platform, methodology and underwriting expertise, and human capital could be provided by the private PRI market. The contractor to develop a 'blueprint' for the Underwriting and Administration Unit would be selected through a transparent and inclusive bidding procedure based on a comprehensive Request for Proposal. Given the difficulties related to other options described above, it could prove more effective in the medium term for the mechanism to achieve its objectives.

Potential advantages

- ↑ the unprecedented context and goals requires an unorthodox approach that maximizes flexibility, including simplified eligibility and ESG requirements
- ↑ the Mechanism can be built outside of a specific corporate culture, decision-making style, and operational policy
- ↑ the public-private structure is in keeping with current trends in development finance
- ↑ the urgency calls for institutional agility more likely found in the private sector
- ↑ a contractor model is easier to wind down
- ↑ a diverse team of professionals can be more easily recruited from different geographies, backgrounds and experiences, including relevant industry experiences
- ↑ the Mechanism can offer a wider product range mixing the best offerings of different PRI market segments

Potential difficulties and disadvantages

- ↓ appointment of a private entity to develop the Mechanism's Underwriting and Administration Unit might affect the Mechanism's prospects in a way not easily to predict
- ↓ it may not be perceived as creditworthy as a national or multi-lateral agency
- ↓ it is arguably less likely to be sustainable lacking a national or multi-lateral home
- ↓ it would demand more from the Supervisory and Management Board

Whether this model can be implemented will depend crucially on the Administrator – a person with relevant experience in international insurance, appointed by the Mechanism's Management Board to manage the PRI Mechanism's regular business activities. This should be an insurance heavyweight with both strategic vision and tact, capable of fusing mature professionals[15] from different professional backgrounds into one team, ready to face complex challenges every day. Here are a few:

- ↓ Establishing of fruitful cooperation with existing PRI providers while striving for significant simplification of processes compared to their existing practices,
- ↓ Best meeting the needs of investors in the geographical context of one country while preventing the accumulation of bad risks,
- ↓ Keeping the premiums and fees on a reasonable level while building up sufficient reserves to pay claims without recourse to the Trust fund.
- ↓ Consideration should also be given to involving Ukrainian insurance professionals at least in the preliminary review of applications, communication with applicants regarding additional information related to projects and claims.

[15] To avoid potential conflicts of interest (especially those associated with the proposed limitation of the PRI Mechanism's operations in time, such as corresponding career boundaries for younger staff), it might be preferable to attract experienced specialists of pre-retirement age to the Underwriting Unit, for whom this career phase will be the last before retirement.