

LLOYD'S

LLOYDS

The world's leading specialist insurance market

Then and Now



HISTORY OF LLOYD'S



- From those beginnings in a coffee house in 1688, on Tower Street Lloyd's has been a pioneer in insurance and has grown over 325 years to become the world's leading market for specialist insurance.
- Unlike many other insurance Brands, Lloyd's is not a company, Lloyd's is a market where our members join together as syndicates to Insure a risk

Leadenhall Street
1928 - 1958



Lime Street
1958 - 1986



The Royal
Exchange
1774



Lime Street
1986 - now



WHERE WE ARE TODAY



- Located at 1 Lime Street, in the City of London, England, it was designed by renowned architect, Lord Richard Rogers, and built between 1978 and 1986.
- The new building was opened by Her Majesty Queen Elizabeth II.
- The building is innovative in having its services such as staircases, lifts, electrical power conduits and water pipes on the outside, leaving an uncluttered space inside.

60M HIGH ATRIUM, LIT
NATURALLY THROUGH A
HUGE BARREL-VAULTED
GLASS ROOF.

THE LUTINE BELL



THE ADAM ROOM

- The 11th floor houses the Committee Room, an 18th century dining-room designed for the 2nd Earl of Shelburne by Robert Adam in 1763; it was transferred piece-by-piece from the previous (1958) Lloyd's building across the road



DIVERSIFICATION OF LLOYDS

Uberrimae fidei

(Latin for "of the utmost good faith") is the motto of Lloyd's

- Lloyd's is an international market, combining global insight with local knowledge
- Lloyd's robust financial model ensures the stability of the market and security for customers
- At the forefront of understanding and protecting against emerging risk
- We accept business from over 200 countries and territories worldwide
- It serves as a partially mutualised marketplace where multiple financial backers, underwriters, or members, whether individuals (traditionally known as Names) or corporations, come together to pool and spread risk

BRAND VALUES

Rarely explicitly stated, but these are the values that drive behaviour at Lloyd's.

- An appetite for risk - we're happy to consider risks that others can't or won't.
- Expertise and intuition - not just based on sheer weight of experience, but on our willingness to trust our judgment and common sense, rather than relying on actuarial models.
- Agility - the freedom that Lloyd's structure gives us to make decisions and move quickly.
- Dependability - the solidity and security of Lloyd's, underpinned by our reputation for paying claims.

CHAIN OF SECURITY.

- Lloyd's unique capital structure provides excellent financial security to policyholders and capital efficiency for members.
- There are three links in the chain of security:
 - Syndicate level assets
 - Members' funds at Lloyd's
 - Central assets
- Members underwrite for their own account and are not liable for other members' losses.
- The Corporation is responsible for setting both member and central capital levels to achieve a level of capitalisation that is robust yet allows members the potential to earn superior returns.

LLOYDS SECURITY STRENGTH

- Three of the world's leading insurance rating agencies recognise Lloyd's strengths and the financial strength of the market.
- In 2015, all three rating agencies reaffirmed Lloyd's ratings:

STANDARD & POOR'S A+ (STRONG)
FITCH RATINGS A+ (STRONG)

A⁺

A.M. BEST A (EXCELLENT)

A

As at 31 December 2010.



RESULTS 2015

Profit of £2.1bn for 2015. Pre-tax profit of £2.1bn (2014: £3.0bn).

- Return on capital of 9.1% (2014: 14.1%).
- Combined ratio of 90.0% (2014: 88.4%).
- Gross written premiums increase 6% to £26.7bn (2014: £25.3bn).
- Profits remain significant despite fall in investment returns and pressure on prices.
- Increasing financial strength demonstrates prudential resiliency 59 Managing Agents

FORECAST 2016

- 59 Managing Agents
 - 98 Syndicates
- £27.5bn of Income



LLOYDS SOUTH AFRICA

- Lloyd's underwriters are licensed under the Short-term Insurance Act No.53 of 1998 allowing them to transact all classes of direct and reinsurance business excluding medical expenses, funeral and life business.
- The South African market is the largest source of revenue for Lloyd's on the African continent with Gross Premium amounting to R2,477m (£180m £1=R15)
- Lloyd's business in South Africa is dominated by transportation, property and liability which combined account for 69% of the overall book of business.
- 75% is placed via South African intermediaries and the remainder is direct assured business.



LLOYDS SOUTH AFRICA INSURANCE BILL UPDATE

Insurance Bill and Personal Lines

- In January a new draft Insurance Bill was published and this was tabled with Parliament in February 2016. The Bill remains under review by Parliament and there remain several stages to pass before the Bill receives Assent.
- The Bill states that Lloyd's underwriters would need to obtain permission from the FSB in order to write personal lines business, and Lloyd's is negotiating closely on this matter.

Reinsurance

- FSB has taken on board views from Lloyd's and the broader international reinsurance community against their plans to downgrade credit ratings. They announced on 3 November 2015 that the next draft of the Reinsurance Regulatory Review will not include this element.

Reporting and Funding

- To meet the FSB's enhanced prudential standards, Lloyd's is enhancing resource in both the London and South African offices.
- Increased funding and reporting requirements, this will include the provision of more detailed financial and exposure data.

Conduct

- As part of the FSB 'Twin Peak' restructure, Lloyd's is working closely with the FSB to ensure that information being sought is something that Lloyd's can collate and provide centrally.

THE FUTURE

- **2012 Vision 2025 launched**
- In May 2012, Prime Minister David Cameron visited Lloyd's to help launch Vision 2025 – a brand new strategy for its further development, positioning Lloyd's to take advantage of opportunities presented by the world's developing economies.
- Lloyd's needs to be larger than today targeting profitable growth from both developing and developed economies.
- The aim is to ensure that Lloyd's remains the global centre for specialist insurance and reinsurance.
- Supporting a truly international underwriting community.
- Having a small number of powerful overseas hubs in key major overseas markets.



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