AM Best
September 2024
Lloyd's

Best's Rating of Lloyd's 2024

Our Insight, Your Advantage®

September 2024

Lloyd's Credit Report

Best's Credit Ratings - for the Rating Unit Members

Rating Effective Date: August 07, 2024

Best's Financial Strength Rating (FSR)	A+	**Outlook:**	Stable	**Action:**	Upgraded
Issuer Credit Rating (ICR)	aa-	**Outlook:**	Stable	**Action:**	Upgraded

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Assessment Descriptors

Balance Sheet Strength	**Very Strong**
Opperating Performance	**Strong**
Business Profile	**Very Favorable**
Enterprise Risk Management	**Appropriate**

Rating Unit - Members

Rating Unit: Lloyd's | AMB #: 085202

AMB #	Rating Unit Members
078649	Lloyd's Ins Co (China) Ltd
095926	Lloyd's Insurance Co. S.A.

Contents

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Rating Rationale

Balance Sheet Strength: Very Strong

- The market has the strongest level of risk-adjusted capitalisation, as measured by Best's Capital Adequacy Ratio (BCAR).
- A robust capital-setting regime, which incorporates a risk-based approach to setting member-level capital, helps protect risk-adjusted capitalisation from volatility.
- Member-level capital is subject to fungibility constraints as it is held on a several rather than joint basis.
- Balance sheet strength is underpinned by a strong Central Fund that is available, at the discretion of the Council of Lloyd's, to meet the policyholder obligations of all Lloyd's members.
- An offsetting factor is the market's significant exposure to catastrophe risk and its dependence on reinsurance to manage this risk.

Operating Performance: Strong

- Lloyd's is expected to report strong operating performance across the underwriting cycle, taking into account potential volatility due to its catastrophe exposure.
- Improved market conditions, as well as the robust performance oversight by the Corporation, materialised in measurable improvements in underwriting performance, as evidenced by combined ratios of 84% and 92% in 2023 and 2022, respectively.
- The market's expense ratio has historically been considered relatively high compared to that of peers. However, this has decreased over the medium term largely due to top-line growth, specific actions taken by syndicates to reduce costs and changing business mix.
- The market's consolidated operating performance cannot be viewed as a leading indicator of its future balance sheet strength to the same extent as it is for other insurers. Earnings generated by the market do not directly build or erode Lloyd's capital base, as profits and losses are distributed to the market's capital providers when a year of account is closed. Lloyd's continues to demonstrate that it is able to retain and attract capital to the market.

Business Profile: Very Favorable

- Lloyd’s has an excellent position in the global general insurance and reinsurance markets as a leading writer of specialty property and casualty risks. Although Lloyd’s syndicates operate as individual businesses, the collective size of the market allows them to compete with international groups under the Lloyd’s brand.
- Unique business proposition given the market’s ability to provide access to insurance business globally through its multitude of reinsurance and direct insurance licences.
- The portfolio is well diversified by geography and line of business and positions Lloyd’s well to benefit from current market conditions and rate improvements.
- Product risk is moderate to high; however, it is mitigated through robust underwriting expertise and good exposure-management practices. Higher risk lines include reinsurance, energy, aviation, some marine business and a high proportion of the casualty and property business written. The majority of small commercial and consumer business, as well as some of the business written through coverholders, is typically of lower risk.

Enterprise Risk Management: Appropriate

- Lloyd’s enterprise risk management framework is well developed and appropriate for the size and complexity of the market.
- Risk management capabilities are aligned with the market’s risk profile.
- The Corporation’s risk management function works closely across other functional areas of the Corporation to provide the market additional oversight.
- An internal capital model, in place since 2012, is used to calculate the solvency capital requirement under the Solvency II regime as well as to stress test the market’s risk-adjusted capitalisation. In AM Best’s opinion, the internal capital model strongly supports the Corporation’s ability to assess the capital adequacy of the market.

Outlook

- The stable outlooks reflect AM Best’s expectation that risk-adjusted capitalisation will remain at the strongest level, supported by Lloyd’s capital and catastrophe management strategy, the continued availability of the Central Fund insurance, and the requirement for members to replenish their Funds at Lloyd’s following losses. Operating performance is expected to remain strong over the underwriting cycle given the ongoing oversight. The successful execution of Blueprint 2 is expected to support Lloyd’s ability to remain competitive.

Rating Drivers

- Negative rating actions could arise should Lloyd’s fail to maintain underlying performance in line with expectations.
- Negative rating actions could arise following a material deterioration in the market’s risk-adjusted capitalisation, for instance, due to a substantial loss to the Central Fund or a reduction in member-level capital requirements set by Lloyd’s.
- Positive rating pressure could arise following the successful execution of Lloyd’s strategy, which leads to improvements in the resilience of the market’s balance sheet and enhances its competitiveness against peers.

Key Financial Indicators

AM Best may recategorize company-reported data to reflect broader international reporting standards and increase global comparability.

Best's Capital Adequacy Ratio (BCAR) Scores (%)

Confidence Level	95.0	99.0	99.5	99.6
BCAR Score	75.4	62.8	57.3	55.4

Source: Best's Capital Adequacy Ratio Model - Global

Key Financial Indicators

GBP (000)	2003	2022	2021	2020	2019
Net Premiums Written:					
Non-Life	39,351,000	34,570,000	28,439,000	25,826,000	25,659,000
Composite	39,351,000	34,570,000	28,439,000	25,826,000	25,659,000
Net Income	10,663,000	-769,000	2,277,000	-887,000	2,532,000
Total Assets	165,095,000	161,530,000	138,155,000	128,304,000	119,878,000
Total Capital and Surplus	44,665,000	39,602,000	35,757,000	33,146,000	29,844,000

Source: BESTLINK – Best's Financial Suite

Key Financial Indicators & Ratios

GBP (000)	2023	2022	2021	2020	2019	Weighted 5-Year Average
Profitability:						
Balance on Non-Life Technical Account	5,910,000	2,641,000	1,741,000	-2,676,000	-538,000	...
Net Income Return on Revenue (%)	26.2	-2.4	8.1	-3.2	8.9	8.8
Net Income Return on Capital and Surplus (%)	25.3	-2.0	6.6	-2.8	8.8	7.9
Non-Life Combined Ratio (%)	84.0	91.9	93.5	110.3	102.1	95.2
Net Investment Yield (%)	3.9	-0.5	1.8	2.2	3.5	2.2
Leverage:						
Net Premiums Written to Capital and Surplus (%)	88.1	87.3	79.5	77.9	86.0	...

Source: BESTLINK – Best's Financial Suite

Credit Analysis

Balance Sheet Strength

Lloyd's very strong balance sheet strength assessment is underpinned by risk-adjusted capitalisation at the strongest level, as measured by Best's Capital Adequacy Ratio (BCAR), as well as its strong financial flexibility. The market has significant potential exposure to catastrophe losses and is dependent on reinsurance to manage this risk. However, a robust market-wide capital-setting regime, which incorporates a risk-based approach to setting member-level capital, and the requirement for members to replenish their Funds at Lloyd's (FAL) after a loss, helps protect risk-adjusted capitalisation against volatility.

Lloyd's balance sheet strength is supported by a strong Central Fund that is available, at the discretion of the Council of Lloyd's, to meet the policyholder obligations of all Lloyd's members. It is the existence of this partially mutualising link that is the basis for a market-level rating. The protection afforded to members through the Central Fund is enhanced by Central Fund insurance, which was renewed in 2024 for a period of five years.

The market's member-level capital is held on a several rather than joint basis and is only available to meet the liabilities of the providing member. The resulting fungibility constraints on capital, as well as the market’s elevated exposure to catastrophe risk, are considered offsetting factors for the balance sheet strength assessment.

Capitalisation

The BCAR scores shown in this report are based on the 2023 year-end figures published in the Lloyd’s annual report, which contains the audited financial results of Lloyd’s and its members in proforma financial statements and includes the financial statements of the Society of Lloyd’s (referred to in this report as the Society or the Corporation). The proforma financial statements include the aggregated accounts, which are based on the accounts of each Lloyd’s syndicate, members’ FAL, and the Society’s financial statements.

The Society was formed in 1871, when the then existing association of underwriters at Lloyd’s was incorporated by the Lloyd’s Act. The Society produces consolidated financial statements that cover Lloyd’s activities outside the underwriting market and Lloyd’s central resources (the Central Fund).

Lloyd’s benefits from risk-adjusted capitalisation at the strongest level, as measured by BCAR. This assessment takes into account capital resources available at member level, in the form of Members’ FAL, and centrally in the form of the Central Fund and net assets of the Corporation. Capital credit is given in BCAR for FAL provided through LOCs, as if drawn these LOCs will turn into Tier 1 capital for Lloyd’s. Nonetheless, the use of LOCs as FAL reduces somewhat the quality of available capital. AM Best does not give explicit credit for contingent capital in the ‘callable layer’, which is the ability of the Corporation to supplement central assets by calling funds from members of up to 5% of their overall premium limits.

Any assessment of Lloyd’s capital strength is complicated by the compartmentalisation of capital at member level. Member-level capital in the form of FAL and members’ balances are held on a several rather than joint basis, meaning that any member need meet only its share of claims. However, Lloyd’s central assets are available, at the discretion of the Council of Lloyd’s, to meet policyholder liabilities that any member is unable to meet in full. This link in the Chain of Security comprises of the Central Fund and other central assets, as well as subordinated debt. These central assets can be supplemented by funds called from members of up to 5% of their overall premium limits. It is the existence of this partially mutualising third link, and the high liquidity of the Central Fund in particular, that is the basis for a market-level rating.

During 2021, Lloyd’s secured insurance for the Central Fund through a five-year, multi-layered cover, which was renewed in 2024 for another five years. The Central Fund insurance provides protection to the Central Fund, and therefore the market, against severe tail events. The cover will reimburse aggregate payments from the Central Fund that are in excess of USD 1 billion and is provided by international reinsurers of excellent credit quality.

Lloyd’s Internal Model (LIM) captures Lloyd’s unique capital structure and takes into account fungibility constraints on member-level capital and the mutual nature of central assets. If a severe market loss led to the exhaustion of some members’ FAL, central assets would be exposed to any further losses faced by these members. The model captures this mutualised exposure, so that, at different return periods, the exposure of both member-level capital and central capital is demonstrated.

Lloyd’s is subject to the Solvency II regulatory regime. As agreed with the UK regulator, the Prudential Regulation Authority (PRA), Lloyd’s calculates two separate Solvency Capital Requirements (SCRs) and two separate SCR coverage ratios: a market-wide SCR (MWSCR) and a central SCR (CSCR). The MWSCR calculates the total capital consumed at a 99.5% value at risk (VaR) confidence level over a one-year period for the Lloyd’s market as a whole (including the exposure of both member-level and central assets).

The CSCR is calculated at a 99.5% VaR confidence level over a one-year period in respect of risks facing the Society and its Central Fund. It captures exposure to losses that may not affect the majority of syndicates (and so would not erode capital at overall member level) but would have an impact on central assets. Calculating a CSCR addresses the fact that a 1-in-200 year loss to central assets could be bigger than the loss to central assets in a 1-in-200 year market loss event. By calculating both figures, Lloyd’s has a better view of the likelihood that central and market level assets are sufficient.

Lloyd’s has approval from the PRA to use existing LOCs, in the form that they are provided as FAL, as Tier 2 capital for Solvency II purposes. However, any new LOCs provided as FAL need to be individually approved. Under Solvency II, at least 50% of the solvency capital requirement must be met by Tier 1 capital.

Since 2018 Lloyd’s has been implementing a phased reduction in the proportion of FAL that can be provided via LOCs, and, since December 2020 members’ Tier 2 capital is not allowed to exceed 50% of their economic capital assessment (ECA) in order to minimise assets ineligible for regulatory capital credit. As at 31 December 2023, LOCs accounted for approximately 17% (2022: 21%) of total FAL and all Lloyd’s Tier 2 assets were eligible to meet the MWSCR.

The MWSCR coverage ratio stood at 207% at year-end 2023 (2022: 181%) and the CSCR coverage ratio at 503% (2022: 412%). Lloyd’s risk appetite for MWSCR coverage is a minimum of 140% and the CSCR coverage is a minimum of 200%. The MWSCR target is low relative to peers, but this should be seen in light of Lloyd’s good financial flexibility and capital-setting process. The Lloyd’s CSCR has improved materially in recent years, reflecting the reductions in the SCR primarily driven by the modelled benefits of the Central Fund insurance.

Lloyd’s employs strict capital-setting criteria both at member level and centrally. Individual syndicates are required to calculate a SCR at a 99.5% confidence level over both a one-year and an ultimate horizon for each underwriting year. The ultimate basis drives the determination of member level capital. A 35% uplift is applied to the ultimate SCR to arrive at the FAL requirement. The stability in the market’s solvency levels, as a result of the capital-setting process, is considered to be a strength for the balance sheet assessment.

Lloyd’s members are required to replenish their FAL to meet their current underwriting liabilities as part of the “coming into line” process each year. However, Lloyd’s can require a member to recapitalise outside of this process if deemed necessary. Most members underwrite with limited liability. However, if FAL are eroded due to losses, affected members will have to provide additional funds to support any outstanding underwriting obligations to continue to underwrite at Lloyd’s. This requirement in effect provides the market with access to funds beyond those reflected in its capital structure.

Member contributions to the Central Fund reduced in 2016 to 0.35% of gross written premiums (from 0.50% of capacity) per annum. The contribution rate can be increased to strengthen the Central Fund at any time.

Lloyd’s good financial flexibility is enhanced by the diversity of its capital providers, which include corporate and individual investors. Traditional Lloyd’s businesses remain committed to the market. In addition, Lloyd’s continues to attract new investors, drawn by its capital efficient structure and global licences. As the capital to support underwriting at Lloyd's is supplied by members on an annual basis, an important factor in AM Best's analysis of the market is its ability to retain and attract the capital required for continued trading.

To this end, as detailed in the Future at Lloyd's prospectus, one of the objectives of Lloyd's is to improve the ease of doing business and, specifically, make it easier for capital to enter the marketplace. This included reinventing the way that capital comes into the market and making it flexible to access a diverse set of insurance risks on the Lloyd's platform.

In 2021, Lloyd's sponsored a new multi Insurance Special Purpose Vehicle, London Bridge Risk PCC Ltd., to act as a reinsurance risk transformation vehicle onshore in the UK and facilitate the participation of institutional investors. Lloyd's sponsored a second transformation vehicle in 2022, London Bridge 2 PCC Ltd (LB2), which allows the issuance of both preference and/or debt securities to fund reinsurance obligations. By the end of 2023, the London Bridge vehicles had raised over USD 750 million in capital to support underwriting at Lloyd's, and in early 2024, LB2 issued its first catastrophe bond to provide multi-year protection for named storm and earthquake events affecting the United States, Canada and parts of the Caribbean.

Liquidity Analysis (%)	**2023**	**2022**	**2021**	**2020**	**2019**
Liquid Assets to Total Liabilities	73.3	68.1	69.8	70.7	69.9
Total Investments to Total Liabilities	83.6	78.6	82.0	84.0	81.3

Source: BESTLINK – Best's Financial Suite

Asset Liability Management - Investments

The majority of Lloyd's investments are managed independently by the individual syndicates' managing agents, while the assets in the Lloyd's Central Fund are managed centrally by the Corporation. Although syndicates are able to define their own investment strategy, asset risk is generally low, with more than three quarters of the market's total investments held in bonds and cash/deposits. Exposure to shares and other variable yield securities accounted for circa 10% of invested assets in 2023.

In AM Best's opinion, Lloyd's maintains good overall liquidity. Managing agents are responsible for the investment of syndicate premium trust funds, although Lloyd's monitors liquidity levels at individual syndicates as part of its capital adequacy review. Overall, these funds exhibit a high level of liquidity, as most syndicate investment portfolios tend to consist primarily of cash and high-quality fixed-income securities of relatively short duration. Lloyd's also monitors projected liquidity for its central assets, which are tailored to meet the disbursement requirements of the Central Fund and the Corporation (including its debt obligations).

An investment platform to pool assets across the market was launched in the second half of 2022. The initial platform funds, Lloyd's Private Impact Fund and Lloyd's Private Credit Fund, were launched 2023. In 2024, two additional funds, USD Enhanced Yield Liquidity Fund and CAD Core Fixed Income Fund were launched. Should participation in the investment platform be in line with the Corporation's expectations this could lead to some meaningful enhancements in non-technical returns for members, particularly smaller managing agents.

Composition of Cash and Invested Assets GBP (000)	2023	2022	2021	2020	2019
Total Cash and Invested Assets	100,686,000	95,872,000	83,998,000	79,951,000	73,193,000
Cash (%)	11.3	12.8	13.0	13.1	13.2
Bonds (%)	65.9	63.7	60.6	59.7	60.4
Equity Securities (%)	10.4	10.1	11.4	11.3	12.4
Real Estate, Mortgages and Loans (%)	8.8	10.3	11.0	12.1	10.4
Other Invested Assets (%)	3.6	3.1	3.9	3.8	3.6
Total Cash and Unaffiliated Invested Assets (%)	100.0	100.0	100.0	100.0	100.0
Total Cash and Invested Assets (%)	100.0	100.0	100.0	100.0	100.0

Source: BESTLINK – Best's Financial Suite

Reserve Adequacy

Robust oversight of reserves is provided by the Corporation. In AM Best's opinion, reserving in the Lloyd's market tends to be prudent, with the majority of market participants incorporating an explicit margin in reserves above actuarial best estimates. Reserve surpluses, which are not fungible across the market, vary significantly between syndicates.

Total prior-year reserve releases benefited the combined ratio by 2.2 percentage points in 2023, compared to a benefit of 3.6 percentage points in the previous year. Releases were reported across all lines of business except for aviation, due to strengthening of loss estimates pertaining to the Russia/Ukraine conflict.

Over the 2024 calendar year, a subset of Casualty classes, in particular US General Liability, will be subject to further additional oversight by Lloyd's. There will be a review of the appropriateness of reserves due to the changing inflationary environment with consideration of social inflation allowances and monitoring.

Lloyd's exposure to open run-off years has significantly reduced over the past decade, principally due to better management of these years. At the beginning of 2023, there were seven syndicates whose 2017, 2018 and 2019 underwriting years remained open. In 2023, these run-off years reported an aggregate loss of GBP 7 million (2022: loss of GBP 15 million), including investment return. There were five syndicates whose 2017/2018/2019 underwriting years remained open post 31 December 2023. The total number of open underwriting years at 1 January 2024 is five.

Operating Performance

Lloyd's is expected to report strong operating performance across the underwriting cycle, taking into account potential volatility due to its catastrophe exposure.

In 2023, the market reported a net profit of GBP 10.6 billion. This resulted from an underwriting profit of GBP 5.9 billion and investment profit of GBP 5.3 billion. These results translated into a robust return-on-equity ratio of 25%, which was the highest return reported by Lloyd's in a decade and significantly exceeded its 10-year weighted average return-on-equity ratio of 6%.

The market's operating performance assessment is based on analysis of the overall consolidated performance of Lloyd's, considering the stability, diversity, and sustainability of the market's sources of earnings. The assessment also incorporates analysis of the performance of individual syndicates, including the spread between the strongest and worst performers, with a particular focus on the potential exposure of central capital resources to losses from individual members.

The Lloyd's market's consolidated operating performance cannot be viewed as a leading indicator of its future balance sheet strength to the same extent as it is for other insurers. Earnings generated by the market do not directly build or erode Lloyd's capital base. The capital to support underwriting at Lloyd's is instead supplied by capital providers. Therefore, AM Best considers the impact of the market's results on its ability to retain and attract the capital required for continued trading.

Despite volatility in performance over the longer term, the market has continued to attract new capital, with several new participants in 2023. AM Best notes that there have been also a number of syndicate closures since 2018, coinciding with the Lloyd's Decile 10 review and the winnowing out of weaker performing syndicates from the market as part of the Corporation's Performance Management Directorate (PMD) strategy.

Underwriting Performance

For several years the market's underwriting performance was below AM Best's expectations for a strong assessment. However, remedial work undertaken by the market and robust performance oversight by the Corporation, as well as improving market conditions in more recent years, have supported measurable improvements in underlying performance, with the accident-year combined ratio (excluding major claims) falling in each year since 2017. In 2023, the overall combined ratio improved to 84.0% (2022: 91.9%), resulting in an improved five-year average (2019-2023) combined ratio of 95%.

Underwriting performance is subject to volatility due to the nature of business underwritten; however, the 2023 year was benign for Lloyd's in terms of natural catastrophe experience. As a result, major claims contribution to the combined ratio reduced to 3.5% as compared to 12.7% in 2022. Major claims for 2023 comprised natural catastrophe losses such as Hurricane Idalia, Maui Wildfire, Hurricane Otis and the Middle East Earthquake. The 2023 events were less severe as compared to 2022 events such as Hurricane Ian, Hurricane Fiona, Australian Floods and non-natural catastrophe losses such as the Ukraine conflict.

The attritional loss ratio remained relatively stable at 48.3% in 2023 (2022: 48.4%) and is reflective of the positive rate environment and emphasis on underwriting discipline across the market. Prior year reserve releases benefitted the combined ratio by 2.2 percentage points (2022: 3.6 percentage points).

In terms of line of business performance, property reinsurance outperformed the rest with a combined ratio of 72.8% in 2023 (2022: 95.6%), largely driven by a strong rating environment and favourable prior year movement. Aviation and motor business were the only lines that reported higher combined ratios in 2023 compared to 2022. While aviation results were weakened by strengthening of loss estimates for the Russia/Ukraine conflict, motor business experienced lower prior year releases in 2023 compared to 2022. Nonetheless, both lines reported underwriting profits in 2023.

The market's operating expense ratio is high compared to that of peers, often in the mid-to-high 30% range. However, the ratio has decreased from 39.2% in 2018 to 34.4% in 2023, in part due to a change in business mix. Actions are being taken through the Future at Lloyd's initiative to reduce the cost of placing business at Lloyd's, although any benefits will likely take time to materialise.

After experiencing rate strengthening in 2023, there are signs of moderating pressures in certain lines in 2024. However, good overall rate adequacy is expected to persist, and the market continues to focus on prudent risk selection. Underwriting results for 2024 are likely to remain strong, although will be subject to natural catastrophe claims experience in the remainder of the year.

Performance on a Year of Account (YOA) Basis:
The 2021 YOA closed at the end of 2023 with an overall profit of GBP 2.8 billion (2020 underwriting year profit: GBP 290 million). Despite major claims events such as COVID-19, Hurricane Ida, European Floods and US Winter storm Uri, the 2021 pure underwriting YOA reported an underwriting result that was boosted by the addition of releases from 2020 and prior years, which were reinsured to close at the end of 2022.

Investment Performance
Investment returns (including gains/losses) for the market were on average 2.1% in the period 2019-2023, ranging from -3.5% (2022) and 5.4% (2023). In 2022, interest rates rose rapidly as central banks sought to contain higher levels of inflation. Higher yields pushed down the price of bonds, and the consequent unrealised losses underpinned the market's investment losses of GBP 3.1 billion. In 2023, the market reported significant investment profit of GBP 5.3 billion driven by the strong performance of the fixed income portfolio in a high interest rate environment and the unwind of unrealised fair value losses on the bond portfolio that were reported in 2022.

Financial Performance Summary GBP (000)	**2023**	**2022**	**2021**	**2020**	**2019**
Pre-Tax Income	10,663,000	-769,000	2,277,000	-887,000	2,532,000
Net Income after Non-Controlling Interests	10,663,000	-769,000	2,277,000	-887,000	2,532,000

Source: BESTLINK – Best's Financial Suite

Operating and Performance Ratios (%)	**2023**	**2022**	**2021**	**2020**	**2019**
Overall Performance:					
Return on Assets	6.5	-0.5	1.7	-0.7	2.1
Return on Capital and Surplus	25.3	-2.0	6.6	-2.8	8.8
Non-Life Performance:					
Loss and LAE Ratio	49.6	57.5	57.9	73.2	63.4
Expense Ratio	34.4	34.4	35.5	37.2	38.7
Non-Life Combined Ratio	84.0	91.9	93.5	110.3	102.1

Source: BESTLINK – Best's Financial Suite

Business Profile

Lloyd's very favourable business profile assessment reflects its excellent position in the global general insurance and reinsurance markets as a leading writer of specialty property and casualty risks. The market's ability to provide access to insurance business globally through its multitude of reinsurance and direct insurance licences is a key competitive strength. In addition, the growing size of the market demonstrates its ability to attract and retain investors due to its unique business proposition that offers a capital efficient structure.

Market Position:
Lloyd's occupies an excellent position in the global general insurance and reinsurance markets as a leading writer of specialty property and casualty risks. The market's position is particularly strong in non-life reinsurance, where Lloyd's was ranked as the 4th largest global non-life reinsurer based on 2022 gross written premiums (GWP). Lloyd's is also a market leader in marine insurance, and has a strong position in aviation, energy, and specialty property and casualty insurance.

Although Lloyd's syndicates operate as individual businesses, the collective size of the market allows them to compete with major international groups under the Lloyd's brand. The market's competitive strength stems from its strong brand, licences, and reputation for innovative and flexible underwriting, supported by the pool of underwriting expertise in London.

In 2024, notable players like Aviva and Fidelis Insurance entered the market. In addition, initiatives such as the London Bridge vehicles and the Investment Platform are contributing towards the attractiveness of the market.

Product Diversification and Product Risk:
Total GWP grew by 12% in 2023 to GBP 52 billion (2022: GBP 47 billion) due to a combination of risk-adjusted rate change and exposure growth, which was largely from the better performing syndicates. Insurance business accounted for 67% of premium revenue in 2023 and reinsurance for the balance. This split has been relatively stable in recent years.

The market is well diversified by line of business with a focus towards commercial lines business over personal lines. The current portfolio mix positions Lloyd's well to benefit from current market conditions and rate improvements.

Product risk is moderate-to-high, as the business that comes to Lloyd's is predominantly specialty business that requires expert underwriting. High product risk lines include reinsurance, energy, aviation, most marine business, and a high proportion of the casualty and property business written (although some of the property and casualty business written through coverholders is lower risk).

Reinsurance is the market's largest segment and accounted for 33% of GWP in 2023. Reinsurance business comprises of property, casualty and specialty reinsurance (primarily marine, aviation and energy reinsurance).

Property insurance business is Lloyd's second largest segment, which accounted for 28% of GWP in 2023. The property book is a global book but with some concentration towards US excess and surplus lines business. There is also a bias towards commercial risks with residential risks written being mainly non-standard risks. The book also includes terrorism, power generation, engineering and nuclear risks.

Casualty business is Lloyd's third largest segment and in 2023 accounted for 25% of GWP. The book has a focus towards the US, but the UK, Canada, and Australia are also significant markets. The main products written are general liability and professional indemnity. Accident and health business is also accounted for within this segment.

The remaining lines of marine, aviation, and transport (8%), energy (3%), motor (2%), and life (<0.1%) together accounted for approximately 13% of GWP in 2023. Lloyd's writes a diversified marine book, including cargo, hull, marine liability, specie and fine art. The energy book consists of onshore and offshore property and liability risks. The motor book is focused on the UK, covering commercial and personal motor business, with a focus on niche personal risks. An international book is also written, with a focus on North America. Aviation business includes airlines, general aviation, space and war.

Geographical Diversification:
Lloyd's writes a global portfolio, albeit with some bias to North America, which accounted for nearly half of the premium in 2023. The remainder was split across UK, the rest of Europe, Central Asia and Asia Pacific, Other Americas and rest of the world.

Over the past 20 years, Lloyd's has built out its licence network considerably, to be able to write insurance and/or reinsurance business in Brazil, Mexico, Colombia, Dubai, China, Singapore, and India, as well as a number of smaller markets. This work was undertaken in response to the growth of local and regional (re)insurance hubs and the preference of clients to place business locally. The market's network of licences provides syndicates with access to a wide international client base, which is of benefit in particular to the syndicates that are not part of global insurance groups.

Distribution Channels:
The distribution of Lloyd's business is dominated by insurance brokers, and in particular by the top three largest global brokers. Lloyd's brokers play an active part in the placement of risks and in providing access to regional markets.

In addition, a significant part of Lloyd's business is distributed via coverholders (accounting for circa 30% of GWP), which write business on behalf of syndicates under the terms of a binding authority. Coverholders are important in bringing regional business to Lloyd's and providing the market with access to small and medium-sized risks.

The Lloyd's distribution model is expensive, with business often passing through several distribution links before arriving at Lloyd's. The market's reliance on brokers also makes it vulnerable to price-based competition. Although in overall terms, Lloyd's is important to the large global brokers (as well as to the specialised London market brokers), the importance of individual syndicates is less so.

Modernisation Programme:
In May 2019, Lloyd's management team unveiled a modernisation plan called the Future at Lloyd's. The proposed reforms include plans to radically reduce the cost of doing business and creating new digital platforms for placing insurance risk and streamlining claims services. If the plan is successfully implemented, cost reductions are likely to support profitability. In AM Best's view, the Future at Lloyd's programme is making important progress towards modernising the market's operations.

The latest areas of focus highlighted in Blueprint Two (published in November 2020) sets out a vision for the end-to-end modernisation of business models, practices, and systems within Lloyd's - this is to overhaul paper-based processes and implement a more digital, data-led and automated approach.

Some of the Blueprint's features are the use of a core data record (CDR) for consistent data standards and an intelligent market reform contract (IMRC). Moreover, the recently established London Market Data Council agreed the scope and approach of the CDR and IMRC to standardise the data used across the Lloyd's market. Successful delivery of these much-needed modernisation initiatives should support the market to become better-equipped to meet evolving customer needs and realise future cost savings.

Failure to deliver these successfully could reduce the confidence and support of the market in the Corporation's wider Future at Lloyd's ambitions in the short-term.

Corporate Overview:
Lloyd's is the London-based market where approximately 100 individual syndicates underwrite all types of insurance and reinsurance business, apart from long-term life insurance. Each syndicate is formed by one or more members of Lloyd's, who join together to provide capital and accept insurance risks. Lloyd's members are mainly corporate members although a small proportion of Lloyd's underwriting capacity continues to be provided by private individuals.

In 1871, the then existing association of underwriters at Lloyd's was incorporated by the Lloyd's Act as the Society and Corporation of Lloyd's (referred to in this report as the Society or the Corporation), making the Society the legal entity which oversees the Lloyd's market. Its purpose is to facilitate the underwriting of insurance business by Lloyd's members, to protect members' interests in this context and to maintain Lloyd's Central Fund. The Society is also the holding company for Lloyd's Insurance Company S.A. and Lloyd's Insurance Company (China) Limited.

Enterprise Risk Management

The enterprise risk management (ERM) of Lloyd's is assessed as appropriate. The market's enterprise risk framework is considered to be developed and risk management capabilities are aligned to the risk profile.

Lloyd's ERM is designed to manage risks arising from the market and the Society. It provides an extra layer of oversight over the market's risks that are also managed through the risk functions of individual managing agents. Nonetheless, there are limitations on the ability of the Corporation to actively manage the market's risks, as it is supervising individual and competing syndicates each with their own risk appetites and commercial strategies.

Under the Lloyd's Act 1982, the Council of Lloyd's (the Council) is responsible for the management and supervision of the market as the governing body of the Society. The key committees of the Council are the Audit Committee, the Market Supervision and Review Committee and the Risk Committee. The Risk Committee is responsible for the identification and management of Lloyd's key risks.

The Council manages risks by setting and monitoring a risk appetite framework. The risk appetites are reviewed on a regular basis and may be updated as required. The framework includes key risks and a number of underlying monitoring metrics. The risk appetites are structured under the three risk objective pillars of sustainability, solvency, and operational.

Over the past several years, there has been a much tougher tone and more active approach taken by the Corporation's oversight functions to managing under-performing syndicates as well as the under-performing lines of generally well performing syndicates. The enhanced oversight has led to some syndicates being put into run-off as well as others exiting certain loss-making lines of business. This additional scrutiny has led to meaningful improvements in underlying performance over the last several years.

The Society of Lloyd's and its managing agents are regulated by The Bank of England, acting through the PRA, as well as by the Financial Conduct Authority (FCA). Lloyd's remains subject to the Solvency II regulatory and capital regime, which came into force on 1 January 2016. It applies to the "association of underwriters known as Lloyd's" as a collective entity.

Lloyd's uses an internal capital model to calculate its SCR and SCR coverage ratios, with approval from the PRA. An internal model has been in use since 2012, although the current model has undergone radical change since then. In AM Best's opinion, the Corporation's ability to assess the capital adequacy of the market has been strongly improved by its capital modelling work.

Lloyd's recognises that one of the greatest risks to the Central Fund is the market's exposure to natural catastrophes, albeit risks from non-natural catastrophe losses, such as cyber and liability, are growing. The catastrophe model component of Lloyd's internal capital model allows the Corporation to assess catastrophe risk across return periods and, in AM Best's opinion, has improved its ability to monitor the market's aggregate catastrophe exposure against a defined risk appetite. An enhancement noted in 2020, was the introduction of the Catastrophe Risk Oversight Framework, now a Principle within the Principles Based Oversight framework, which enables Lloyd's to apply more stringent minimum capital requirements to exposure growth in syndicates with poor performance track records and catastrophe risk management capabilities. In 2024, recognizing the increased frequency of secondary perils, Lloyd's began requiring syndicates with material exposures for such perils to report more granular data, ensuring they are appropriately captured in the syndicates' models and in the Lloyd's Catastrophe Model. Due to the nature of business written, Lloyd's has significant exposure to catastrophe losses, making this aspect of risk management particularly important.

Lloyd's Realistic Disaster Scenarios (RDSs) continue to play a critical role in exposure management at Lloyd's, both as benchmark stress tests validating the internal model output and as a source of data. The scenarios are defined in detail annually by Lloyd's and are used to evaluate aggregate market exposures as well as the exposure of each syndicate to certain major events. Syndicate-level scenarios are prepared by each managing agent, reflecting the particular characteristics of the business that each syndicate writes. In addition, Lloyd's asks for syndicates' aggregate exceedance probability (AEP) loss at a 1-in-30-year and 1-in-200 return period for various regional perils. As the Lloyd's RDSs represent different return periods for different syndicates, collecting this additional data helps to ensure a uniform treatment of syndicates' exposure to large losses.

Reinsurance Summary
Lloyd's has moderate dependence on reinsurance. This is due to the nature of the market, which consists of small-to-medium sized businesses that independently purchase reinsurance. The market as a whole ceded 25% of its GWP in 2023. This amount includes reinsurance from syndicates to their related groups as well as reinsurance between individual Lloyd's syndicates.

Lloyd's oversight function monitors individual syndicates' reinsurance placements to ensure the appropriateness and credit quality of the market's overall use of reinsurance.

Environmental, Social & Governance
As a writer of global commercial property policies, Lloyd's is exposed to the impacts of changing climate trends, namely the increased severity and frequency of natural catastrophe losses. In AM Best's view the market uses reinsurance to manage climate risk and has applied more stringent minimum capital requirements for syndicates approved to write catastrophe-exposed business (based on their past performance). Catastrophe modelling and accumulations are managed to ensure that the market's exposure to natural catastrophes is maintained within its risk appetite.

Furthermore, to actively support the transition to a low carbon economy, the Corporation published guidance to the market on how they can manage the risks of transition alongside the growth opportunities spurred on by new economic activities. This guidance provided information on how Lloyd's will engage with the market on reviewing their own sustainability strategies, as well as toolkits for use by the market in setting transition plans. In addition, Lloyd's in collaboration with Moody's has developed a proof-of-concept solution to measure insurance-associated carbon emissions across the market.

Lloyd's has a large book of US casualty business that is susceptible to adverse social inflation trends. AM Best defines social inflation as the rise in cost of current and future claims caused by higher court awards and legislated rises in claims payments driven by changing social behaviour. This has contributed to reserve strengthening of casualty provisions over several years and has been an area of additional oversight and focus by the Corporation's actuarial team.

In terms of investment strategy, Lloyd's currently allocates 5% of Central Fund assets to impact investments and has committed to increasing this to 10% by 2025. Impact investments are made with an aim of generating positive, measurable social and environmental impact alongside a financial return.

In recent years, Lloyd's has strengthened its position in the sector in terms of ESG leadership by becoming the leader of the SMI Insurance Task Force. The Corporation also established a Sustainability Committee, which is responsible for driving action and providing robust challenge across its environmental and social priorities and commitments.

Financial Statements

Balance Sheet	12/31/2023 GBP (000)	%	12/31/2023 USD (000)
Cash and Short Term Investments	11,408,000	6.9	14,525,122
Bonds	66,366,000	40.2	84,499,846
Equity Securities	10,446,000	6.3	13,300,265
Other Invested Assets	12,466,000	7.6	15,872,210
Total Cash and Invested Assets	100,686,000	61.0	128,197,443
Reinsurers' Share of Reserves	31,804,000	19.3	40,494,125
Debtors / Amounts Receivable	25,501,000	15.4	32,468,893
Other Assets	7,104,000	4.3	9,045,097
Total Assets	165,095,000	100.0	210,205,558
Unearned Premiums	25,065,000	15.2	31,913,761
Non-Life - Outstanding Claims	78,774,000	47.7	100,298,208
Total Gross Technical Reserves	103,839,000	62.9	132,211,968
Debt / Borrowings	907,000	0.5	1,154,829
Other Liabilities	15,684,000	9.5	19,969,496
Total Liabilities	120,430,000	72.9	153,336,293
Retained Earnings	10,663,000	6.5	13,576,558
Other Capital and Surplus	34,002,000	20.6	43,292,706
Total Capital and Surplus	**44,665,000**	**27.1**	**56,869,265**
Total Liabilities and Surplus	**165,095,000**	**100.0**	**210,205,558**

Source: BESTLINK – Best's Financial Suite

Income Statement	Non-Life GBP (000)	Life GBP (000)	Other GBP (000)	12/31/2023 Total GBP (000)	12/31/2023 Total USD (000)
Gross Premiums Written	52,149,000	...	...	52,149,000	66,398,193
Net Premiums Earned	36,925,000	...	...	36,925,000	47,014,387
Net Investment Income	...	...	3,850,000	3,850,000	4,901,974
Realized capital gains/(losses)	...	...	-215,000	-215,000	-273,747
Unrealized capital gains/(losses)	...	...	1,675,000	1,675,000	2,132,677
Total Revenue	36,925,000	...	5,310,000	42,235,000	53,775,291
Benefits And Claims	18,302,000	...	...	18,302,000	23,302,838
Net Operating And Other Expenses	12,713,000	...	557,000	13,270,000	16,895,895
Total Benefits, Claims and Expenses	**31,015,000**	**...**	**557,000**	**31,572,000**	**40,198,733**
Pre-Tax Income	**5,910,000**	**...**	**4,753,000**	**10,663,000**	**13,576,558**
Net Income before Non-Controlling Interests	**...**	**...**	**...**	**10,663,000**	**13,576,558**
Net Income/(loss)	**...**	**...**	**...**	**10,663,000**	**13,576,558**

Source: BESTLINK – Best's Financial Suite

September 2024

Best's Credit Report: Society of Lloyd's

Best's Credit Rating:

Rating Effective Date: August 7, 2024

Best's Issuer Credit Rating (ICR)	a+	**Outlook:**	Stable	**Action:**	Upgraded

The rating of the holding company is determined by reference to the Issuer Credit Rating (ICR) of the operating insurance company members of the associated rating unit Lloyd's AMB# 085202. It reflects consideration of holding company sources and uses of cash, the competing demands placed upon holding company resources and normal subordination of holding company creditors to claims of the policyholders of the operating insurance companies. In general, therefore, the holding company's Issuer Credit Rating is notched from those assigned to the operating companies of the rating unit.

Holding Company Assessment

Financial Leverage Summary - Holding Company 051215 Society of Lloyd's

Financial Leverage Ratio (%)	21.20
Adjusted Financial Leverage Ratio (%)	13.20
Interest Coverage (x)	5.20

Key Financial Indicators

AM Best may recategorize company-reported data to reflect broader international reporting standards and increase global comparability.

Key Financial Indicators GBP (000)	**2023**	**2022**	**2021**	**2020**	**2019**
Net Premiums Written:					
Net Income	268,000	98,000	7,000	46,000	137,000
Total Assets	20,163,000	19,097,000	16,238,000	14,509,000	7,857,000
Total Capital and Surplus	3,497,000	3,283,000	3,058,000	3,023,000	2,601,000

Source: BESTLINK – Best's Financial Suite

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Key Financial Indicators & Ratios GBP (000)	**2023**	**2022**	**2021**	**2020**	**2019**	**Weighted 5-Year Average**
Profitability:						
Balance on Non-Life Technical Account	42,000	30,000	4,000	125,000	125,000	...
Net Income Return on Revenue (%)	221.5	144.1	20.0	44.2	53.9	95.5
Net Income Return on Capital and Surplus (%)	7.9	3.1	0.2	1.6	5.5	3.7
Net Investment Yield (%)	2.0	1.1	0.5	-0.5	2.9	1.2

Source: BESTLINK – Best's Financial Suite

Credit Analysis
Balance Sheet Strength

Capitalisation

Capital Generation Analysis GBP (000)	2023	2022	2021	2020	2019
Beginning Capital and Surplus	3,283,000	3,058,000	3,023,000	2,601,000	2,417,000
Net Income	268,000	98,000	7,000	46,000	137,000
Currency Exchange Gains (Losses)	-25,000	30,000	-31,000	16,000	-14,000
Stockholder Dividends	...	...	...	-4,000	...
Other Changes in Capital and Surplus	-29,000	97,000	59,000	364,000	61,000
Net Change in Capital and Surplus	214,000	225,000	35,000	422,000	184,000
Ending Capital and Surplus	3,497,000	3,283,000	3,058,000	3,023,000	2,601,000
Net Change in Capital and Surplus (%)	6.5	7.4	1.2	16.2	7.6

Source: BESTLINK – Best's Financial Suite

Liquidity Analysis (%)	2023	2022	2021	2020	2019
Liquid Assets to Total Liabilities	31.5	32.1	39.5	45.3	76.9
Total Investments to Total Liabilities	35.1	35.2	41.9	46.7	87.0

Source: BESTLINK – Best's Financial Suite

Asset Liability Management - Investments

Composition of Cash and Invested Assets GBP (000)	2023	2022	2021	2020	2019
Total Cash and Invested Assets	5,855,000	5,571,000	5,518,000	5,360,000	4,575,000
Cash (%)	41.5	45.5	47.2	48.5	37.1
Bonds (%)	41.8	39.9	40.8	40.4	43.2
Equity Securities (%)	6.3	5.7	6.5	8.1	8.0
Real Estate, Mortgages and Loans (%)	1.7	1.6	1.9	0.6	0.7
Other Invested Assets (%)	8.0	6.6	3.0	1.9	10.5
Total Cash and Unaffiliated Invested Assets (%)	99.2	99.2	99.3	99.6	99.5
Investments in Affiliates (%)	0.8	0.8	0.7	0.4	0.5
Total Cash and Invested Assets (%)	100.0	100.0	100.0	100.0	100.0

Source: BESTLINK – Best's Financial Suite

Operating Performance

Financial Performance Summary GBP (000)	2023	2022	2021	2020	2019
Pre-Tax Income	358,000	124,000	6,000	56,000	170,000
Net Income after Non-Controlling Interests	268,000	98,000	7,000	46,000	137,000

Source: BESTLINK – Best's Financial Suite

Operating and Performance Ratios (%)	2023	2022	2021	2020	2019
Overall Performance:					
Return on Assets	1.4	0.6	...	0.4	2.1
Return on Capital and Surplus	7.9	3.1	0.2	1.6	5.5

Source: BESTLINK – Best's Financial Suite

Business Profile

Geographical Breakdown of Gross Premium Written GBP (000)	2023	2022	2021	2020	2019
China	68,000	63,000	73,000	...	...
Total Asia	**68,000**	**63,000**	**73,000**	**...**	**...**
European Community	3,897,000	3,164,000	2,659,000	...	...
Total Europe	**3,897,000**	**3,164,000**	**2,659,000**	**...**	**...**
Total	**3,965,000**	**3,227,000**	**2,732,000**	**...**	**...**

Source: BESTLINK – Best's Financial Suite

Financial Statements

Balance Sheet	12/31/2023 GBP (000)	%	12/31/2023 USD (000)
Cash and Short Term Investments	2,427,000	12.0	3,090,153
Bonds	2,448,000	12.1	3,116,892
Equity Securities	369,000	1.8	469,826
Other Invested Assets	611,000	3.0	777,950
Total Cash and Invested Assets	5,855,000	29.0	7,454,820
Reinsurers' Share of Reserves	9,375,000	46.5	11,936,625
Debtors / Amounts Receivable	4,220,000	20.9	5,373,073
Other Assets	713,000	3.5	907,820
Total Assets	20,163,000	100.0	25,672,338
Unearned Premiums	2,288,000	11.3	2,913,173
Non-Life - Outstanding Claims	7,087,000	35.1	9,023,452
Total Gross Technical Reserves	9,375,000	46.5	11,936,625
Debt / Borrowings	907,000	4.5	1,154,829
Other Liabilities	6,384,000	31.7	8,128,364
Total Liabilities	16,666,000	82.7	21,219,818
Retained Earnings	2,968,000	14.7	3,778,976
Other Capital and Surplus	529,000	2.6	673,544
Total Capital and Surplus	3,497,000	17.3	4,452,520
Total Liabilities and Surplus	20,163,000	100.0	25,672,338

Source: BESTLINK – Best's Financial Suite

Income Statement	Non-Life GBP (000)	Life GBP (000)	Other GBP (000)	12/31/2023 Total GBP (000)	12/31/2023 Total USD (000)
Gross Premiums Written	3,965,000	...	...	3,965,000	5,048,397
Net Investment Income	...	...	113,000	113,000	143,876
Realized capital gains/(losses)	...	...	10,000	10,000	12,732
Unrealized capital gains/(losses)	...	...	186,000	186,000	236,823
Other Income	8,000	...	...	8,000	10,186
Total Revenue	8,000	...	309,000	317,000	403,617
Net Operating And Other Expenses	-34,000	...	-7,000	-41,000	-52,203
Total Benefits, Claims And Expenses	-34,000	...	-7,000	-41,000	-52,203
Pre-Tax Income	42,000	...	316,000	358,000	455,820
Income Taxes Incurred	...	...	...	90,000	114,592
Net Income before Non-controlling Interests	...	...	...	268,000	341,228
Net Income/(loss)	...	...	...	268,000	341,228

Source: BESTLINK – Best's Financial Suite

March 21, 2024

Rating Lloyd's Operations

Outline

The following criteria procedure should be read in conjunction with *Best's Credit Rating Methodology (BCRM)* and all other related BCRM-associated criteria procedures. The BCRM provides a comprehensive explanation of AM Best's rating process.

A. Market Overview

This criteria procedure focuses on AM Best's rating process for all of Lloyd's operations: the Society of Lloyd's, the Lloyd's market, and Lloyd's syndicates, including insurance groups with corporate members that contribute capital to Lloyd's syndicates.

The Society of Lloyd's and the Lloyd's Market

Lloyd's is the London-based market where individual syndicates underwrite all types of insurance and reinsurance other than long-term life insurance. Each syndicate consists of members of Lloyd's. These members are mainly corporate entities, although private individuals still provide a small proportion of Lloyd's underwriting capacity.

The syndicates operate as individual businesses, but the collective size of the market allows them to compete effectively with global (re)insurance groups, under the Lloyd's brand and with the support of Lloyd's Central Fund (the Central Fund).

The Society of Lloyd's (the Society) is the legal entity that oversees the Lloyd's market. The Society's purpose is to facilitate the underwriting of insurance business by Lloyd's members, to protect members' Lloyd's-related interests, and to maintain the Central Fund.

Method of Accounting

Lloyd's annual report contains the financial results of Lloyd's and its members in pro forma financial statements (PFFS), and includes the financial statements of the Society.

The PFFS include aggregated statements based on the accounts of each Lloyd's syndicate, members' funds at Lloyd's (FAL) and the Society's financial statements.

The Society produces a consolidated financial statement that covers Lloyd's activities outside the underwriting market and Lloyd's central resources (including the Central Fund).

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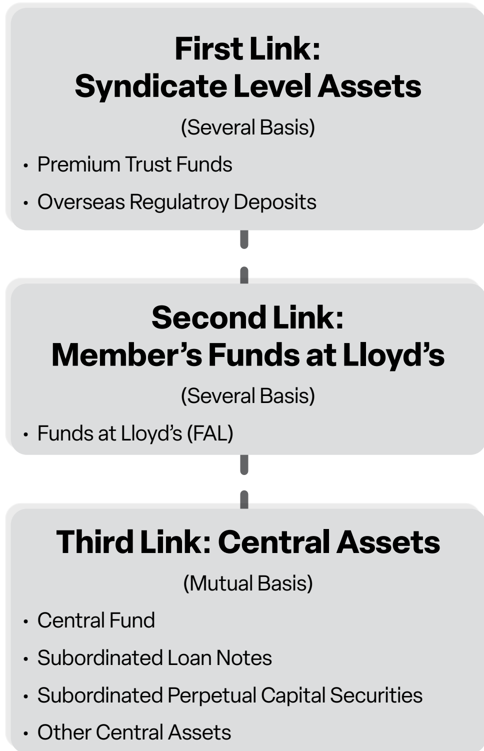
To ensure that the PFFS are reported on the same accounting basis as other insurers, Lloyd's makes adjustments (such as a notional investment return on the FAL in the non-technical account) to its capital and investment returns. The PFFS (which incorporate Lloyd's central resources) are in accordance with U.K. GAAP, rather than International Financial Reporting Standards (IFRS). The Society has adopted IFRS for its financial reporting.

Lloyd's "Chain of Security"

AM Best's assessment of Lloyd's balance sheet strength is based on the company's unique capital structure, which Lloyd's calls the "chain of security." This "chain of security" encompasses the Premium Trust Funds, FAL, the Central Fund, the Society's net assets, and other assets, as **Exhibit A.1** shows, and is a critical element in AM Best's rating assessment of the Lloyd's market.

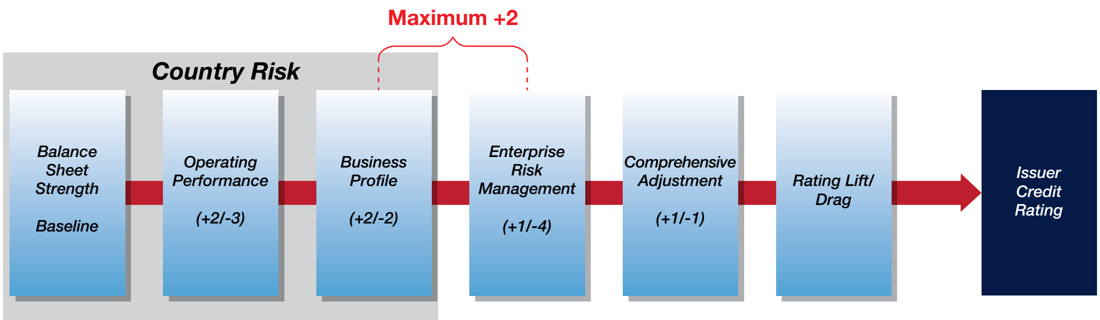
Any assessment of Lloyd's capital strength is complicated by the compartmentalisation of capital at the member level. The first two links in the chain of security—the Premium Trust Funds and FAL— are on a several rather than joint basis, meaning that a member needs to meet only its share of claims. In contrast, the third link (Lloyd's central assets) is available—at the discretion of the Council of Lloyd's—to meet the policyholder liabilities that any member is unable to meet in full. This third link comprises not just the Central Fund but also the net assets of the Corporation of Lloyd's and any issued hybrid securities that qualify for capital credit, and can be supplemented by a call on members' funds up to a specified percentage of their overall premium limits. This partially mutualising third link, and the liquid Central Fund in particular, is the basis for a market-level rating.

Exhibit A.1:
Lloyd's Chain of Security



The Lloyd's market rating is the "floor of security" for all policies written at Lloyd's. It reflects the chain of security and, in particular, the role of the Central Fund, which partially mutualises capital at the market level, ensuring that each syndicate is backed by capital consistent with an Issuer Credit Rating (ICR) of at least that of the Lloyd's market. A policyholder exposed to a syndicate weaker than the market would still have market-level security, given the Central Fund's role as a guarantee fund. However, AM Best believes that the characteristics of some syndicates could be consistent with an ICR at or above the level of the market rating.

Exhibit A.2:
AM Best's Rating Process



A change to the market rating would automatically trigger a review of all syndicate ratings, as these cannot be viewed in isolation from the market as a whole—but would not necessarily mean that any particular rating would change. A change to a syndicate's rating would depend not just on the reason for the change to the Lloyd's market rating but also on the specific characteristics that support the syndicate's rating.

The Rating Process

AM Best's rating process for all of Lloyd's-related operations is based on the same building blocks as the process for conventional insurers (**Exhibit A.2**). For syndicate-specific ratings, an "s" modifier—e.g., "A+ s"—differentiates ratings on individual syndicates from other ratings.

Assessing Syndicates

To understand the link between the Lloyd's market rating and the ratings on individual Lloyd's syndicates, the following considerations should be taken into account:

- Syndicates cannot exist or be analysed in isolation from their participation in the Lloyd's market. When assigning ratings to individual syndicates, this dependence must be taken into account.
- All syndicates benefit from the financial strength of Lloyd's; therefore, the rating on a syndicate will be at least equal to the rating on Lloyd's.
- A syndicate could have a higher rating than the Lloyd's market usually for two reasons: 1) its operating performance or 2) lift from a financially stronger group.

B. Balance Sheet Strength

Lloyd's Market

Capital Management Strategy

Best's Capital Adequacy Ratio (BCAR) is used in the assessment of risk-adjusted capitalization for the Lloyd's market based on the PFFS. Lloyd's balance sheet strength assessment takes into account capital resources available at the member level and centrally; the fungibility constraints on member- level capital; and the likelihood and potential impact of future drawdowns on central assets by Lloyd's members.

Because Lloyd's capital structure consists of both mutual capital, which can be used to meet the obligations of all syndicates, and member-level capital, which is available to meet that member's obligations only, it has specific fungibility considerations. The BCAR cannot capture the lack of fungibility in some parts of the capital structure. However, given that Lloyd's stochastic internal capital model (LIM) reflects these unique features of Lloyd's capital structure, the Solvency Capital Ratios (SCRs)—as approved by the regulator—are taken into consideration as an additional indicator of capital adequacy.

The Corporation of Lloyd's is responsible for annually setting capital at member level, using the syndicates' SCRs. AM Best's assessment of the market's balance sheet strength incorporates a view of the appropriateness of Lloyd's approach to setting member-level capital. A critical component of the Lloyd's market balance sheet strength assessment involves not only the adequacy of the capital requirements, but also the market's ability to fulfil those requirements.

Financial Flexibility

AM Best's assessment of Lloyd's financial flexibility takes into account its ability to access a broad range of capital providers, which include corporate and individual investors, as well as the option to make additional capital calls when required. Although equity credit may be given for qualifying hybrid instruments issued by the Society of Lloyd's, no explicit credit is typically given in the BCAR for the "callable layer". The callable layer does not necessarily provide additional funds to meet Lloyd's market liabilities, as capital is drawn from member-level capital to supplement central assets. However, AM Best recognizes in its assessment of the fungibility of Lloyds capital that the existence of the "callable layer" means that there is the potential, in an extreme stress scenario, for some of the member-level funds to be made available to support central resources.

Letters of Credit

Historically, a significant and stable proportion of FAL is accounted for by letters of credit (LOCs). In its calculation of available capital, AM Best will consider including FAL provided as LOCs, given that such LOCs can be drawn at the discretion of Lloyd's, and that, if drawn, will become Tier 1 capital for the Lloyd's market.

Assessing Syndicates

A syndicate's balance sheet strength assessment will be the same as that of Lloyd's, given that fundamentally all of the syndicates are protected by the central resources of the Lloyd's market. A syndicate's assessment does not include a separate holding company assessment.

C. Operating Performance

Lloyd's Market Market Performance

The assessment of Lloyd's operating performance involves the analysis of the market's overall consolidated performance, taking into account the stability, diversity, and sustainability of the market's sources of earnings. The assessment also incorporates the performance analysis of the individual syndicates—including the existing gaps between the strongest and worst performers—with a particular focus on the potential exposure of central capital resources to losses from individual members.

Lloyd's performance is not directly comparable to that of other insurers, because it is not actively managed centrally. The Corporation's Performance Management Directorate has a definite role in agreeing to business plans and monitoring performance, but Lloyd's is ultimately a market of competing businesses, each of which has its own decision-making process.

In addition, the market's consolidated operating performance cannot be viewed as a leading indicator of its future balance sheet strength to the same extent as it is for other insurers. Earnings generated by the market do not directly build or erode Lloyd's capital base, as profits and losses are distributed to the market's capital providers when a year of account is closed (usually at the end of 36 months). The capital to support underwriting at Lloyd's is instead supplied by capital providers (members) annually. Therefore, greater weight may be given to the impact of the market's results on its ability to retain and attract the capital required for continued trading.

Any assessment of Lloyd's operating performance must also take into account the potential erosion of central capital resources owing to losses incurred by individual members. Most members of Lloyd's write with limited liability. In the event of substantial underwriting losses, if those members are unwilling or unable to provide additional funds to support any outstanding underwriting obligations, there may be a drawdown on central capital resources.

Assessing Syndicates

Due to the role of the Central Fund and the protection it provides to its members, the operating performance of Lloyds acts as a floor to the assessment of the syndicate. However, in AM Best's opinion, a syndicate could have a higher rating than the Lloyd's market because of a more favourable operating performance assessment, principally because an individual syndicate's profits are not made available to meet the obligations of other members. Therefore, the assessment of Lloyd's market's operating performance may not fully reflect the positive impact that an individual syndicate's standalone earnings can have on its ability to meet its own obligations to policyholders.

AM Best's assessment of an individual syndicate's operating performance considers the same factors as that for conventional insurers in that it centres on the stability, diversity, and sustainability of its earnings sources. Expenses will include costs associated with operating at Lloyd's, such as contributions to central resources.

D. Business Profile

Lloyd's Market

The business profile assessment of the Lloyd's market follows the process outlined in the BCRM.

Assessing Syndicates

The business profiles of all of the syndicates are inextricably linked to that of Lloyd's. As a result, the assessment of Lloyd's business profile acts as a floor for the assessment of any syndicate's business profile. Likewise, any weakening of Lloyd's business position will act as a drag on an individual syndicate's rating.

E. Enterprise Risk Management (ERM)

Lloyd's Market

AM Best's ERM assessment of the Lloyd's market evaluates both the overall risk management framework of Lloyd's and the risk management framework for each individual syndicate. Failure at one syndicate could lead to pressures on the Lloyd's market's ERM assessment even if the overall risk management framework is considered appropriate.

Assessing Syndicates

AM Best acknowledges that all syndicates benefit from the ERM framework and risk monitoring at Lloyd's level. As a result, the assessment of Lloyd's ERM acts as a floor for the assessment of any syndicate's ERM. Likewise, any weakening of Lloyd's ERM will act as a drag on an individual syndicate's rating.

F. Lift for Syndicates

Although AM Best considers the Lloyd's market rating a "floor" for all of the syndicates' ratings, certain syndicates could merit higher ratings. One reason is simply because of the steps described in the previous sections—such as the case of a syndicate with a more favourable operating performance assessment. Also, syndicates that belong to wider (re)insurance or non-insurance groups may be eligible for a higher rating owing to rating lift.

Rating lift may apply if the syndicate is backed by a capital provider (the lead rating unit) that, in AM Best's opinion, has a higher credit rating than the Lloyd's market. The lead rating unit is also expected to be fully committed to supporting the syndicate beyond its corporate member's limited liability obligations and before recourse to Lloyd's Central Fund. AM Best undertakes a detailed analysis of the capital provider's commitment and would have to be satisfied that the capital provider would not cease underwriting at Lloyd's under adverse circumstances not related to its own syndicate's performance (e.g., an additional Central Fund levy). Eligibility for rating lift owing to capital backing may be affected if a corporate member participates in other syndicates, since capital held at the member level is fungible across all of the syndicates in which a member participates.

G. Rating the Society of Lloyd's

The rating on the Society is derived by notching from the rating on Lloyd's and reflects AM Best's opinion that the ability of the Society to meet its obligations is inextricably linked to that of Lloyd's. The rating on Lloyd's also takes into account the assets and liabilities of the Society (as the analysis is based on consolidated financials), as well as the financial flexibility of the Society, including its ability to raise debt.

The central assets of the Society of Lloyd's, including the Central Fund, are available to meet the Society's senior obligations. The Society of Lloyd's can increase the contributions to the Central Fund from members of the Lloyd's market. The Society's senior obligations include, but are not limited to, Central Fund "undertakings", whereby the Central Fund meets the insurance liability of insolvent members of Lloyd's on a discretionary basis. Under normal circumstances, Lloyd's Council executes an undertaking for a 12-month period to meet these liabilities (which can be renewed). Central Fund undertakings constitute unsecured obligations of the Society that rank pari passu with the Society's other unsecured senior obligations.

Accordingly, there can be no distinction between the ability of the Lloyd's market and the Society to meet their senior obligations. The Society's ability to meet its senior obligations is therefore the same as Lloyd's. However, in practice, Lloyd's policyholders are likely to be paid ahead of senior debtholders. Therefore, in the absence of any other relevant information, the ICR on the Society is placed one notch below the ICR on Lloyd's.

H. Insurance Groups with Lloyd's Operations

Market Knowledge

An insurance group writing business at Lloyd's will typically own a corporate member that participates in the Lloyd's market by providing capacity to one or more syndicates. It accepts insurance business through syndicates on a several basis for its own profit and loss and holds the capital supporting its share of business written in the form of FAL. For these insurance groups, both the performance of and the capital supporting business written at Lloyd's are captured in the consolidated analysis via the corporate member.

The rating process for groups with a Lloyd's platform is substantially the same as it is for all insurance groups. However, the unique capital structure and practices of the Lloyd's market introduce distinct issues, particularly with respect to the analytical treatment of group capital used to support underwriting at Lloyd's.

Balance Sheet Strength

As part of the analysis of a group's consolidated balance sheet strength, AM Best uses the BCAR to calculate the net required capital to support the group's financial risks (including those of the corporate member) and compares it with the group's available capital (including capital lodged as FAL), to estimate excess or shortfall.

The level of FAL determines the amount of insurance business a member can underwrite at Lloyd's. Consequently, a member unable or unwilling to replenish its FAL will have to reduce the amount of Lloyd's business it writes. Thus, if its FAL are exhausted and not replenished, the corporate member will no longer be able to underwrite at Lloyd's.

Notably, if a member's FAL are inadequate to meet its syndicate's losses, a managing agent may ask Lloyd's to meet the cash call out of its central assets. However, in the group's consolidated BCAR analysis, AM Best gives no capital credit for the access a member's insurance creditors have to Lloyd's central assets, primarily because only the obligations of the corporate member—not those of the wider group—can be met by Lloyd's central assets.

AM Best's analysis of a group's Lloyd's business focuses on an assessment of the risks generated directly by the syndicates in which the corporate member participates.

Segregation of Capital for Lloyd's Business

FAL are defined as capital lodged and held in trust at Lloyd's as security for policyholders and to support a member's overall underwriting business. The funds lodged can be investments and cash but are often letters of credit (LOCs) drawn on one or more banks.

When investments and cash are provided by a group company, or when an LOC is backed by collateral from a group company, the assets are clearly encumbered. To reflect the limitations on the transfer of this capital across the group, AM Best may apply a nominal 1% capital charge to the group assets that support FAL in the group's consolidated BCAR. This is in line with AM Best's baseline treatment of balances associated with non-controlled assets.

The analyst may increase the asset risk factor beyond the nominal 1% following an evaluation of the likelihood that FAL will be used to pay syndicate losses. The evaluation would take into account the historical and expected performance of the group's Lloyd's business, as well as the potential exposure of this business to large, market-wide losses.

Letters of Credit Supporting FAL for Insurance Groups with Lloyd's Operations

Insurance groups commonly use LOCs—either collateralized or uncollateralized—to meet their FAL requirements. In the case of a collateralized LOC, assets backing the LOC are included in AM Best's assessment of a group's available capital, although a capital charge may be applied to the assets.

An undrawn, uncollateralized LOC supporting FAL receives no capital credit in a group's consolidated BCAR. The rationale for this treatment is that, if the LOC were to be drawn down, it would become short-term bank debt on the group's balance sheet; AM Best does not afford capital credit to short- term bank debt.

However, AM Best does recognize that, under a stress scenario, an uncollateralized LOC could be converted readily to cash to meet the group's Lloyd's obligations. For this reason, AM Best would take into account an uncollateralized LOC in its assessment of the group's financial flexibility and liquidity.

Internal Reinsurance and Lloyd's Business

In an insurance group, earnings from the group's corporate member are often transferred to another group entity, typically to realize tax efficiencies—and frequently through quota-share reinsurance, with the group reinsurer providing a share of the corporate member's FAL matching the proportion of risk assumed. For example, if there is a 50% whole-account quota share in place, the corporate member and reinsurer each may provide 50% of the FAL.

When determining the appropriate treatment in the reinsurer's BCAR of the Lloyd's business assumed and the FAL lodged to support this business, AM Best will first conduct a detailed review of the reinsurance contract and the treatment of the risk assumed in the reinsurer's accounts.

If the Lloyd's-related risk is reflected accurately on the reinsurer's balance sheet and income statement—for example, if there is a standard quota share agreement in place—AM Best will include the risk associated with this business and the capital supporting this risk (a share of FAL) in its analysis of risk-adjusted capitalization in the BCAR. AM Best will also conduct a BCAR analysis excluding the risk and capital relating to the Lloyd's business.

When the proportion of FAL provided by the reinsurer exceeds the proportion of the Lloyd's business it assumes, AM Best will deduct an amount equal to the excess from capital in its analysis of the reinsurer, to avoid giving credit for capital that supports risks not captured in the reinsurer's accounts and BCAR.

Occasionally, the transfer of premium and reserve risk to the reinsurer is not reflected in the reinsurer's accounts in a manner that allows AM Best to capture the assumed risk accurately in the BCAR—for example, when the reinsurance transaction is a quota share of the corporate member's profit/loss. In this case, in the absence of additional information, AM Best will deduct from available capital an amount equivalent to the reinsurer's share of FAL. Additional adjustments may be made to ensure that Lloyd's-related risk assumed by the reinsurer is not reflected in the BCAR.

Because participation in Lloyd's is on a limited liability basis, the group reinsurer is not usually legally obliged to pay out more than its share of FAL to support its Lloyd's losses. By deducting FAL from available capital, AM Best reflects the maximum loss that the reinsurer would incur from the assumed Lloyd's business. Any business or reputational issues that may arise if the group is unable or unwilling to replenish its FAL are captured by AM Best in the consolidated analysis of the insurance group.

Determination of the IHC's Rating Through Notching

AM Best's rating on an insurance holding company (IHC) is based on the Issuer Credit Rating of the operating insurer(s) on which the IHC primarily depends to meet its obligations. The rating reflects the analysis of (1) the credit risk implications of the IHC as a legal entity separate from the operating insurer(s) and (2) the normal subordination of IHC creditors to operating company policyholders.

For an insurance group with a significant Lloyd's operation, the entity on which the holding company most depends to meet its obligations may be a Lloyd's syndicate. In this case, using the syndicate rating in the notching process is seldom appropriate.

Lloyd's chain of security—in particular, the role of the Central Fund, which partly mutualises capital at the market level—ensures that each Lloyd's syndicate is backed by capital consistent with the ICR of at least that of the Lloyd's market. Consequently, a syndicate rating cannot fall below the Lloyd's market rating.

Lloyd's central assets are available to meet only the insurance liabilities of the corporate member. When determining the holding company ICR of a group with a significant Lloyd's operation, AM Best conducts an enterprise-level analysis of the consolidated organization (excluding any credit for Lloyd's central assets). This forms the basis for an overall operating company ICR, which is then used in the notching process.

Appendices

Appendix 1

Gross Written Premium by Syndicate (2023)

(GBP Millions)

Syndicate	Managing Agent	Gross Written Premium	Syndicate	Managing Agent	Gross Written Premium
33	Hiscox Syndicates Limited	1,844	2001	MS Amlin Underwriting Limited	1,749
44	Canopius Managing Agents Limited	1	2003	AXA XL Underwriting Agencies Limited	1,321
218	IQUW Syndicate Management Limited	413	2008	Enstar Managing Agency Limited	447
308	Tokio Marine Kiln Syndicates Limited	1	2010	Lancashire Syndicates Limited	353
318	Cincinnati Global Underwriting Agency Limited	290	2012	Arch Managing Agency Limited	556
382	Hardy Underwriting Agencies Limited	364	2015	SCOR Managing Agency Ltd	326
386	QBE Underwriting Limited	415	2019	Talbot Underwriting Ltd	588
435	Faraday Underwriting Limited	662	2121	Argenta Syndicate Management Limited	838
457	Munich Re Syndicate Limited	1,213	2232	Allied World Managing Agency Limited	417
510	Tokio Marine Kiln Syndicates Limited	1,793	2288	Asta Managing Agency Ltd	0
557	Tokio Marine Kiln Syndicates Limited	0	2357	Nephila Syndicate Management Limited	340
609	Atrium Underwriters Limited	972	2358	Nephila Syndicate Management Limited	95
623	Beazley Furlonge Limited	766	2488	Chubb Underwriting Agencies Limited	694
727	S. A. Meacock & Company Limited	115	2525	Asta Managing Agency Ltd	133
1084	Chaucer Syndicates Limited	1,658	2623	Beazley Furlonge Limited	3,533
1110	R&Q Syndicate Management Limited	6	2689	Asta Managing Agency Ltd	57
1176	Chaucer Syndicates Limited	37	2786	Asta Managing Agency Ltd	251
1183	Talbot Underwriting Ltd	1,111	2791	Managing Agency Partners Limited	678
1200	Westfield Specialty Managing Agency Ltd	582	2880	Asta Managing Agency Ltd	32
1218	Newline Underwriting Management Limited	255	2987	Brit Syndicates Limited	2,152
1221	Hartford Underwriting Agency Limited	415	2988	Brit Syndicates Limited	211
1225	AEGIS Managing Agency Limited	1,040	2999	QBE Underwriting Limited	2,225
1254	Polo Managing Agency Limited	99	3000	Markel Syndicate Management Limited	702
1274	Antares Managing Agency Limited	471	3002	AXA XL Underwriting Agencies Limited	30
1301	Inigo Managing Agent Limited	864	3010	Lancashire Syndicates Limited	327
1322	Asta Managing Agency Ltd	11	3268	IQUW Syndicate Management Limited	2
1347	Polo Managing Agency Limited	22	3456	Asta Managing Agency Ltd	13
1414	Ascot Underwriting Limited	1,441	3500	RiverStone Managing Agency Ltd	1,906
1416	Asta Managing Agency Ltd	68	3622	Beazley Furlonge Limited	30
1458	RenaissanceRe Syndicate Management Limited	812	3623	Beazley Furlonge Limited	25
1492	Probitas Managing Agency Limited	288	3624	Hiscox Syndicates Limited	194
1609	Asta Managing Agency Ltd	227	3902	Ark Syndicate Management Limited	205
1618	Brit Syndicates Limited	689	4000	Hamilton Managing Agency Limited	545
1686	AXIS Managing Agency Ltd.	1,383	4020	Ark Syndicate Management Limited	623
1699	Asta Managing Agency Ltd	142	4141	HCC Underwriting Agency Ltd	239
1729	Dale Managing Agency Limited	297	4242	Asta Managing Agency Ltd	345
1796	Asta Managing Agency Ltd	12	4321	Beazley Furlonge Limited	16
1840	Munich Re Syndicate Limited	1	4444	Canopius Managing Agents Limited	2,044
1856	IQUW Syndicate Management Limited	737	4472	Liberty Managing Agency Limited	1,697
1861	Canopius Managing Agents Limited	-	4711	Aspen Managing Agency Limited	806
1880	Tokio Marine Kiln Syndicates Limited	444	4747	Asta Managing Agency Ltd	92
1884	Premia Managing Agency Limited	60	5000	Travelers Syndicate Management Limited	433
1892	Asta Managing Agency Ltd	21	5183	Asta Managing Agency Ltd	- 5
1902	Asta Managing Agency Ltd	49	5623	Beazley Furlonge Limited	306
1910	Ariel Re Managing Agency Limited	705	5886	Blenheim Underwriting Limited	392
1919	Starr Managing Agents Limited	415	6103	Managing Agency Partners Limited	62
1945	Sirius International Managing Agency Limited	160	6104	Hiscox Syndicates Limited	15
1947	Hamilton Managing Agency Limited	117	6107	Beazley Furlonge Limited	34
1955	Arch Managing Agency Limited	589	6117	Ariel Re Managing Agency Limited	54
1967	W. R. Berkley Syndicate Management Limited	436	6131	Dale Managing Agency Limited	- 0
1969	Apollo Syndicate Management Limited	569	6132	Arch Managing Agency Limited	1
1971	Apollo Syndicate Management Limited	235	6134	Argenta Syndicate Management Limited	150
1975	Polo Managing Agency Limited	9	6136	Ariel Re Managing Agency Limited	55
1985	Asta Managing Agency Ltd	73			
1988	Asta Managing Agency Ltd	231			
1994	Apollo Syndicate Management Limited	0			
			Total:		53,962

Source: BESTLINK

No adjustments made for Reinsurance to Close, hence the difference between Appendices.

Appendix 2

Gross Written Premiums by Managing Agency Group (2023)

(GBP Millions)

Managing Agent	Gross Premiums Written	Managing Agent	Gross Premiums Written
Beazley Furlonge Limited	4,710	Antares Managing Agency Limited	471
Brit Syndicates Limited	3,053	Enstar Managing Agency Limited	447
QBE Underwriting Limited	2,640	W. R. Berkley Syndicate Management Limited	436
Tokio Marine Kiln Syndicates Limited	2,238	Nephila Syndicate Management Limited	435
Hiscox Syndicates Limited	2,053	Travelers Syndicate Management Limited	433
Canopius Managing Agents Limited	2,045	Allied World Managing Agency Limited	417
RiverStone Managing Agency Ltd	1,906	Starr Managing Agents Limited	415
Asta Managing Agency Ltd	1,751	Hartford Underwriting Agency Limited	415
MS Amlin Underwriting Limited	1,749	Blenheim Underwriting Limited	392
Talbot Underwriting Ltd	1,699	Hardy Underwriting Agencies Limited	364
Liberty Managing Agency Limited	1,697	SCOR Managing Agency Ltd	326
Chaucer Syndicates Limited	1,695	Dale Managing Agency Limited	297
Ascot Underwriting Limited	1,441	Cincinnati Global Underwriting Agency Limited	290
AXIS Managing Agency Ltd.	1,383	Probitas Managing Agency Limited	288
AXA XL Underwriting Agencies Limited	1,351	Newline Underwriting Management Limited	255
Munich Re Syndicate Limited	1,214	HCC Underwriting Agency Ltd	239
IQUW Syndicate Management Limited	1,151	Sirius International Managing Agency Limited	160
Arch Managing Agency Limited	1,146	Polo Managing Agency Limited	130
AEGIS Managing Agency Limited	1,040	S. A. Meacock & Company Limited	115
Argenta Syndicate Management Limited	987	Premia Managing Agency Limited	60
Atrium Underwriters Limited	972	R&Q Syndicate Management Limited	6
Inigo Managing Agent Limited	864		
Ark Syndicate Management Limited	828		
Ariel Re Managing Agency Limited	814		
RenaissanceRe Syndicate Management Limited	812		
Aspen Managing Agency Limited	806		
Apollo Syndicate Management Limited	804		
Managing Agency Partners Limited	740		
Markel Syndicate Management Limited	702		
Chubb Underwriting Agencies Limited	694		
Lancashire Syndicates Limited	679		
Hamilton Managing Agency Limited	662		
Faraday Underwriting Limited	662		
Westfield Specialty Managing Agency Ltd	582		
Total			**53,962**

Source: BESTLINK

No adjustments made for Reinsurance to Close, hence the difference between Appendices.

Appendix 3
Overview of Premium Limits and Membership (1993-2024)

Year of Account	Individual Gross Premium Limit (GBP Millions)	Individual % of Total	Corporate Gross Premium Limit (GBP Millions)	Corporate % of Total	Total Gross Premium Limit (GBP Millions)	Number of Active Members		
						Individual	Corporate	Total
1993	8,724	100%			8,724	19,377		19,377
1994	9,236	85%	1,595	15%	10,831	17,370	95	17,465
1995	7,761	77%	2,360	23%	10,121	14,573	140	14,713
1996	6,900	69%	3,044	31%	9,944	12,683	162	12,845
1997	5,779	56%	4,529	44%	10,309	9,872	202	10,074
1998	4,013	40%	6,129	60%	10,142	6,765	436	7,201
1999	2,668	27%	7,188	73%	9,856	4,458	667	5,125
2000	1,985	20%	8,123	80%	10,108	3,270	854	4,124
2001	1,789	16%	9,462	84%	11,252	2,823	896	3,719
2002	1,754	13%	11,473	87%	13,227	2,445	838	3,283
2003	1,832	12%	13,022	88%	14,853	2,177	768	2,945
2004	1,852	12%	13,223	88%	15,076	2,029	754	2,783
2005	1,433	10%	12,382	90%	13,816	1,604	708	2,312
2006	1,425	9%	13,580	91%	15,005	1,478	717	2,195
2007	1,082	7%	15,351	93%	16,433	1,106	1,020	2,126
2008	915	6%	15,191	94%	16,106	897	1,162	2,059
2009	822	5%	17,314	95%	18,136	765	1,241	2,006
2010	848	4%	22,174	96%	23,022	691	1,445	2,136
2011	757	3%	22,539	97%	23,297	631	1,530	2,161
2012	693	3%	23,491	97%	24,184	575	1,576	2,151
2013	651	3%	24,346	97%	24,998	520	1,626	2,146
2014	592	2%	25,936	98%	26,527	444	1,688	2,132
2015	431	2%	25,835	98%	26,266	321	1,771	2,092
2016	407	1%	27,105	99%	27,512	289	1,760	2,049
2017	372	1%	29,923	99%	30,296	258	1,764	2,022
2018	361	1%	31,929	99%	32,290	243	1,753	1,996
2019	323	1%	30,806	99%	31,130	224	1,731	1,955
2020	311	1%	33,215	99%	37,260	217	1,691	1,908
2021	308	1%	36,952	99%	37,217	196	1,677	1,873
2022	306	1%	39,640	99%	39,946	176	1,691	1,867
2023	354	1%	48,459	99%	48,813	169	1,625	1,794
2024	341	1%	53,051	99%	53,392	151	1,622	1,773

Only active members are shown. Members who are not underwriting but remain on the electoral register are not included in the figures.

Source: Lloyd's

Appendix 4

Calendar Year Gross Written Premium by Main Business Class (2022-2023)

(GBP Millions)

	2022	2023	% change
Reinsurance	15,365	17,338	12.8%
Property	12,045	14,767	22.6%
Casualty	12,987	12,991	0.0%
Marine, Aviation and Transport	3,851	4,297	11.6%
Energy	1,505	1,813	20.5%
Motor	895	889	-0.7%
Life	57	54	-5.3%
Total from syndicate operations	46,705	52,149	11.7%
Transactions between syndicates and the Society and insurance operations of the Society	0	0	
Total calendar year premium income	**46,705**	**52,149**	**11.7%**

Note: Figures include brokerage and commission.

Source: Lloyd's Annual Report 2023

Appendix 5

Gross Written Premium by Territory (2023)

	2023
US & Canada	58%
UK	11%
Rest of Europe	11%
Central Asia & Asia Pacific	14%
Other Americas	6%
Total	**100%**

Source: Lloyd's Investor Roadshow Presentation 2024

Appendix 6

Chain of Security

Syndicate Level Assets	➡	Premium Trust Funds Overseas Regulatory Deposits GBP81,308m (GBP72,059m) (Several basis)
Members' Funds at Lloyd's	➡	Funds at Lloyd's GPB31,895m (GBP34,139m) (Several basis)
Central Assets	➡	Central Fund GBP3,000m (GBP3,100m) Subordinated Loan Notes and Subordinated Perpetual Capital Securities GBP604m (GBP603m) Other Central Assets is Nil (Nil) (Mutual basis)

Note: Figures are shown as at 31 December 2023 (31 December 2022).

Source: Lloyd's

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