

LLOYD'S  
**ANNUAL  
REPORT**  
2010

## CORPORATE RESPONSIBILITY COMMUNITY

# LLOYD'S COMMUNITY PROGRAMME

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Building on the success of 2009, a total of 1,464 people from the Lloyd's market volunteered through Lloyd's Community Programme. Activities that focused on helping young people get ready for work were particularly popular.

### DEVELOPING SKILLS FOR UNIVERSITY

The Cambridge Heath Sixth Form College (CHSFC) opened its doors for the first time in September 2009. The college was built on the foundations of three Ofsted-rated outstanding secondary schools in Tower Hamlets – Oaklands, Morpeth and Swanlea. All three are schools that Lloyd's Community Programme volunteers have worked with. Lloyd's is happy to be following the students through into their further education at such a critical stage.

In November 2010 a new mentoring scheme working with 32 Year 12 students (aged 17) was launched. Developing Skills for University is based around the Extended Project AS level which CHSFC is requiring all its students to undertake and which is designed to help them develop the independent learning and study skills required for university.

27 mentors have volunteered for the programme from Amlin, Beazley, Capita, Catlin, Lloyd's and Talbot. They meet twice per half term with their mentees, working one to one or with a small group. These sessions help develop the six learning and study skills required by the Extended Project as well as provide an insight into working life.

A new university bursary programme was also launched by Lloyd's Community Programme at the college to help students meet some of the cost of going to university. As tuition fees are set to rise sharply, this is a timely initiative which should enable talented local youngsters to follow the most suitable study options, perhaps at universities outside London where they might otherwise find the living costs insurmountable. For the academic year 2011/12, up to three students will each receive £3,000 per year as a result of this new programme, which will be supported by the charitable fund set up in memory of the renowned Lloyd's underwriter Cuthbert Heath.

Rebecca Coker-Adeleke, Director of the college, said: "This is an amazing opportunity for our students. We have pupils who are incredibly excited about the prospect of going to university, but daunted by the prospect of

university fees and the added burden of living costs. We are so pleased to have been chosen to be involved in this programme."

### CITY BUSINESS TRAINEESHIP

In the second year of supporting the City Business Traineeship Programme which arranges paid summer internships for promising local A-Level students, 18 placements were achieved at Lloyd's and various market companies. Simon Hepworth, Director and General Manager with Amlin Plus has been named the City Business Traineeship Project Champion 2010 award winner for his work with the programme and his support for trainee Beatrice Ezekpo.

Simon commented: "I am delighted that Beatrice found her time at Amlin so rewarding. We very much enjoyed having her work with us and were all impressed by her commitment and ability. This was not simply an exercise in giving a candidate an induction to insurance as Amlin also gained from this exercise with Beatrice producing some excellent work and tirelessly representing the company on our stand at the Hickstead Grand Prix."

### TEAM CHALLENGES

Team Challenges are one-day events that provide practical help to community organisations. They have been growing in popularity in recent years, with 13 companies and 763 volunteers taking part in 2010.

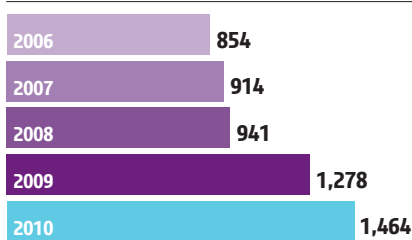
This year, a group of volunteers from member company RJ Kiln, which has participated for three years, won the Volunteer Team 2010 award from East London Business Alliance (ELBA), by creating a café area at St John At Hackney Community Space Centre. Liam Kane, CEO of ELBA said "We encourage team volunteering opportunities that share skills and work alongside community partners. RJ Kiln fits the bill perfectly for the team's work with St John's".

In 2010 Lloyd's Community Programme reached 50 member companies from the Lloyd's market, a record number of supporters. Barbican and Antares, both new managing agents, have also joined the programme for 2011.

Figure 10

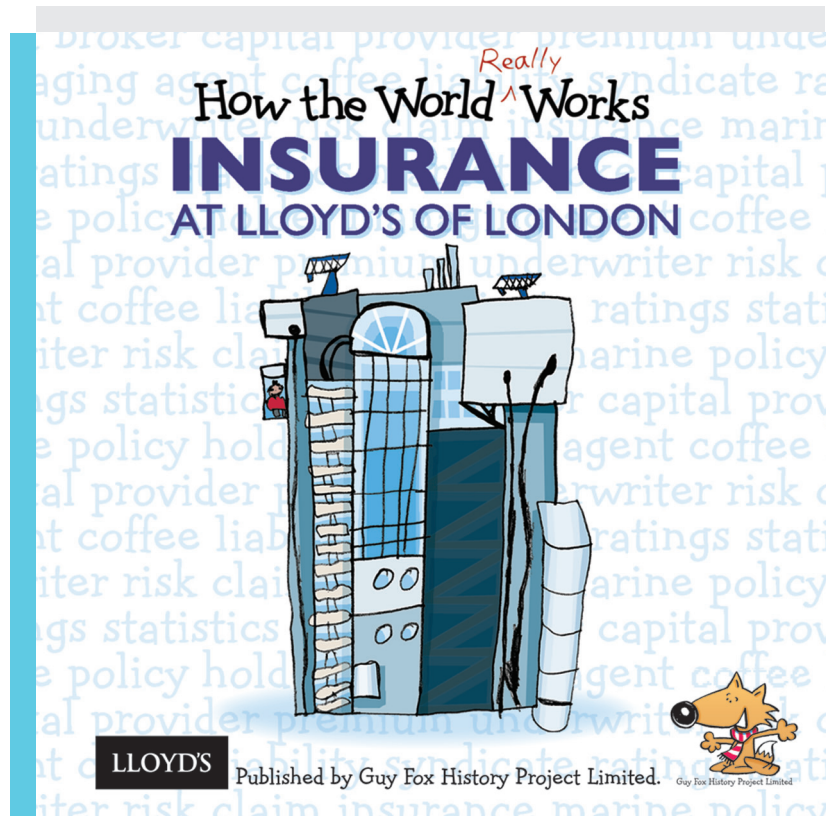
### LLOYD'S COMMUNITY PROGRAMME VOLUNTEER INVOLVEMENT

Number of volunteers



## LLOYD'S COMMUNITY PROGRAMME MEMBERS

ACE  
 Advent Underwriting Ltd  
 Amlin plc  
 Antares Managing Agency Limited  
 Aon Ltd  
 Argo International  
 Ascot Underwriting Limited  
 Atrium  
 Barbican  
 Barlow Lyde & Gilbert  
 Beazley Group plc  
 BMS Group Ltd  
 Brit Syndicate Ltd  
 Canopus Managing Agents Ltd  
 Capita Insurance Services  
 Catlin Underwriting  
 Chaucer Syndicates Ltd  
 Clyde & Co  
 Dewey & LeBoeuf  
 Edwards Angell Palmer & Dodge UK LLP  
 Ernst & Young LLP  
 Faraday Underwriting Ltd  
 Glencairn Ltd  
 Hampden Agencies Ltd  
 Hardy Underwriting Agencies Ltd  
 Heath Lambert Group  
 Hiscox plc  
 Ince & Co  
 Jardine Lloyd Thompson Group plc  
 Liberty Syndicates  
 Lloyd's  
 Lockton  
 Markel  
 Marketform Group  
 Mazars  
 Miller Insurance Services Ltd  
 Mitsui Sumitomo Insurance Limited  
 Munich Re Underwriting Ltd  
 Newline Underwriting Management Ltd  
 Novae  
 Omega Underwriting Agents Ltd  
 PricewaterhouseCoopers LLP  
 QBE European Operations  
 R J Kiln & Co Ltd  
 Reynolds Porter Chamberlain LLP  
 Talbot  
 Thompson Heath & Bond Limited  
 Travelers Syndicate Management Limited  
 Xchanging Claims Services  
 XL Group



## HOW THE WORLD REALLY WORKS

In 2010, 28 volunteers from 11 Lloyd's market companies worked with Christchurch Primary School in Tower Hamlets to produce an illustrated children's guide to Lloyd's, as part of a creative project developed by educational charity Guy Fox History Project Limited.

Children were invited into Lloyd's to learn about insurance, and how Lloyd's operates, through drawing activities, a tour, and a question and answer session with staff members. The children helped illustrate and design Lloyd's Community Programme's first publication, a pocket-sized book called 'How the World REALLY Works – Insurance at Lloyd's of London', which was launched at a summer party in July 2010. The children attended the party as VIP guests and took part in a book signing with Lloyd's Chief Executive, Richard Ward.

The book continues to be a great success, with requests for copies coming from all over the world. Keen to build on this interest, Lloyd's Community Programme plans to use the book as part of a financial literacy programme that will run in Tower Hamlets primary schools in 2011.

The Guy Fox History Project is an educational charity working in London to bring history to life for children of all ages through design workshops and arts education.

## CORPORATE RESPONSIBILITY CHARITIES

# THE LLOYD'S CHARITIES PROVIDE A COLLECTIVE RESPONSE TO ISSUES OF IMPORTANCE TO THE LLOYD'S MARKET

For over 50 years, Lloyd's Charities Trust has been providing charitable support to a wide range of local, national and international charities on behalf of the Lloyd's market.

### LLOYD'S CHARITIES TRUST

Based on the findings of a donations review in 2009, Lloyd's Charities Trust changed its focus this year to concentrate on areas that reflect the market's unique character and business, and which will also maximise the charity's impact:

- > **Making a great city greater:** in London, Lloyd's Charities Trust gives to tackle disadvantage and foster opportunity.
- > **Preparing for the future:** Lloyd's Charities Trust provides support to give individuals and communities the resources and skills they need to meet the challenges of a rapidly changing world.
- > **Responding to disasters and emergencies:** around the world, Lloyd's Charities Trust gives to relieve suffering and rebuild lives.

The initiatives described below show some of the funding given in 2010.

### BRIGHTER FUTURES FOR LONDONERS

Lloyd's is proud to be one of London's great historic institutions, but while London creates opportunities for many, huge disparities still exist. In October, Brighter Futures for Londoners, a three-year partnership with Bromley by Bow Centre and the Prince's Trust was launched. The aim is to provide advice, training and support to help disadvantaged Londoners overcome the challenges they face and seize the opportunities London offers. Lloyd's Charities Trust plans to donate over £350,000 to these charities, and people working in the Lloyd's market are encouraged to take part in fundraising and volunteering activities to support the charities.

Bromley by Bow Centre in East London is a voluntary organisation that provides services to some of the most vulnerable in the city. Lloyd's donation will support the Centre's Success for Life project which will help long-term unemployed parents move into sustainable employment and improve the prospects for their families, perhaps through opportunities created by the 2012 Olympics and other local regeneration projects. Those taking part will benefit from IT courses, employability workshops, work placements, and one-to-one advice.

Support will be given to the Prince's Trust's Progression Mentoring Programme, which provides continuing support to young people who have previously completed a Prince's Trust programme – the aim being to ensure they are given the best chance of entering education, training or employment. Mentors will provide these young people with the support and level of interest that many of us take for granted.

### RESPONDING TO DISASTERS AND EMERGENCIES

Lloyd's Charities Trust also continues to respond to disasters and emergencies around the world, making donations in response to situations both in countries where Lloyd's does business, and in areas where many people can't afford the protection of insurance. In 2010, these included the Disasters Emergency Committee Haiti Earthquake Appeal, the Chilean Red Cross Earthquake Appeal and the Disasters Emergency Committee Pakistan Floods Appeal.

For the Disasters Emergency Committee Pakistan Floods Appeal, Lloyd's offered to match donations made to the appeal up to a total of £20,000. Those working in the Corporation and Lloyd's market, as well as the general public, were encouraged to visit [www.thebiggive.org.uk](http://www.thebiggive.org.uk) and make a donation. The total was reached within a week, raising £40,000 to support those affected by the worst floods in Pakistan's history.

### LLOYD'S MARKET CHARITY AWARDS

Recognising that one of the market's key strengths is its people, Lloyd's is keen to continue to support charities important to those working in the market, who can apply for a £1,000 donation to a charity or community organisation for which they volunteer or raise funds, or which has helped them through difficult times.

Applications were received from individuals in 24 different companies in the Lloyd's market in 2010, with the total number of applications increasing by over 50%. The trustees of Lloyd's Charities Trust selected the award winners – many of whom had shown exceptional levels of commitment to their chosen charities – and made 30 donations of £1,000. These were presented at a lunchtime reception attended by the award winners and representatives from their chosen charities.

The trustees will be inviting applications for the 2011 Lloyd's Market Charity Awards from 1 August 2011, and are keen to once again recognise the fantastic work those in the Lloyd's market undertake on behalf of a wide variety of charities.

#### LLOYD'S PATRIOTIC FUND

During the year, Lloyd's Patriotic Fund has increased its donations to organisations supporting serving and former service men and women. A commitment from Lloyd's Council in 2010 to give £1 million to Lloyd's Patriotic Fund over a five year period enabled the fund to donate £200,000 in 2010 to a new armed forces charity, Families of the Fallen. This charity provides extra financial support to families of British servicemen and women killed in Afghanistan and Iraq.

Lloyd's Patriotic Fund also remembers those who have served in previous conflicts. In association with the Soldiers, Sailors, Airmen and Families Association (SSAFA), the charity continues to support individuals and families in urgent need of financial help – many of whom are WW2 veterans or widows. It made 125 grants during the Patriotic Fund's financial year.

The fund also donated to other charities, including: Afghan Heroes, the Battle Back Appeal, Ghurkha Welfare Trust, National Gulf Veterans and Families Association and The Royal Navy and Royal Marines Children's Fund.

#### LLOYD'S BENEVOLENT FUND

Founded in 1829, the Lloyd's Benevolent Fund is a registered charity which aims to help all those in need, who work or have worked, in the Lloyd's community. Dependants and others are also eligible for assistance at the discretion of the trustees. The fund offers financial assistance in the form of grants and can provide practical help for those unable to cope with everyday problems. Anyone connected to Lloyd's who finds themselves in need of support can contact Lloyd's Benevolent Fund at One Lime Street, London EC3M 7HA.

#### LLOYD'S TRICENTENARY FOUNDATION

Established in 1988 to mark the 300th anniversary of the market, Lloyd's Tricentenary Foundation provides funding for scientific, technical, medical and business-related research and education. The Foundation now focuses on commissioning research projects relevant to the insurance industry.

In 2010, the Foundation continued to support the Insurance Intellectual Capital Initiative, whose first research programme received matched funding from the Economic and Social Research Council. This project studied the London and Bermuda insurance markets, with findings presented at the Monte Carlo Rendezvous in September. The Foundation also supports an individual Lloyd's Research Fellow who completed his post-doctoral research work in 2010.



For further information please visit  
[www.lloyds.com/charities](http://www.lloyds.com/charities)

## CORPORATE RESPONSIBILITY ENVIRONMENT

# LLOYD'S, AND THE WHOLE INSURANCE SECTOR, HAS A ROLE TO PLAY IN RESPONDING TO CLIMATE CHANGE

"ClimateWise's ambition is to bring together the leaders of the global insurance industry to fight the risks of climate change. Set against this ambition, the initiative has made valuable progress during the past year which has been a challenging one for all who are committed to fighting climate risk."

ClimateWise: Third year review  
November 2010

### LLOYD'S AND CLIMATEWISE

The ClimateWise initiative encourages insurance companies worldwide to respond to the challenge of climate change as quickly and as effectively as possible. Lloyd's was a founding signatory in September 2007. Forty insurance companies are members, including 14 managing agents in the Lloyd's market. ClimateWise reviews the progress its members make towards achieving its six main principles, and in November 2010 published its third annual review. Highlights of Lloyd's progress against these six principles is set out below.

#### 1. SUPPORT RISK ANALYSIS

Lloyd's Emerging Risks team worked with Climate Change Risk Management Ltd, using data from the Met Office, to produce a report studying rainfall in East London. The study showed there was only one day of extreme daily rainfall (exceeding 40mm) between 1915 and 1960 compared to ten between 1960 and 2006. This finding is significant in that it demonstrates that critical climate trends can be missed unless data is analysed in appropriate detail.

The impact of climate change on water will vary around the world, with some areas facing flooding and others droughts. Only 1% of water is readily available for human use and demands for this already limited resource will increase as the population grows and climate change takes more effect. The risks we all now face from water scarcity were examined in a 360 Risk Insight report produced in April 2010.

External research was also supported through sponsorship of academic research into climate-induced landscape risk, as well as research into developing more accurate computer models that will provide greater awareness of the changing nature of risks due to climate change.

#### 2. INFORM PUBLIC POLICY MAKING

In 2010, as industry advisers to the Insurance and Private Pension Committee of the Organisation for Economic Co-operation and Development (OECD), Lloyd's contributed to a consultative document examining ways that governments can mitigate and finance catastrophe risks. We have continued to work with the London Climate Change Partnership (LCCP), which brings together different industry parties to study the impact of climate change on London. In 2010, this work is being used by the UK National Adaptation Programme, coordinated by the UK government.

#### 3. SUPPORT CLIMATE AWARENESS

In September, Lloyd's contributed to a global insurance industry statement on adapting to climate change in developing countries. The statement encourages governments to better use the insurance industry's knowledge to implement strategies to adapt to climate change. Lloyd's understands the role the industry can play in developing and providing insurance that incentivises reducing losses, and also in providing general risk management expertise and raising awareness of climate change beyond the insurance sector.

Lloyd's has also been involved in the ClimateWise Sustainable Claims Committee, which has been looking at how to minimise the impact of insurance claims on the environment, for example rebuilding properties after a catastrophe in a sustainable way. Together with a representative from the company market, Lloyd's presented the key findings of the committee's report to the 2010 ClimateWise conference, attended by Secretary of State for Energy and Climate Change, Chris Huhne.

The report emphasised that sustainable claims practices can be cheaper than alternatives and made a number of recommendations to insurers. These include applying targets and benchmarks for reducing their carbon footprint, supporting and incentivising their supply chains to reduce their carbon footprint, and providing 'green for old' replacements or repairs.

#### 4. INCORPORATE CLIMATE CHANGE INTO OUR INVESTMENT STRATEGIES

Lloyd's uses its power as a shareholder to persuade the companies it has invested in to respond more effectively to the impact of climate change, believing better management of environmental risks will support longer term shareholder value.

Since 2008, external specialists have been appointed to engage with the companies in which Lloyd's Central Fund invests, and voting rights have been exercised in pursuit of environmental, social and governance (ESG) issues. In 2010, on our behalf, our appointed representative voted at 80 shareholders' meetings and contacted 856 of the companies in which investments are held, leading to 283 instances of them changing their approach to ESG issues. When talking to companies about climate change, our external specialists typically ask for better measurement, monitoring and management of emissions and for the development of enhanced climate change strategies.

## 5. REDUCE OUR ENVIRONMENTAL IMPACT

Lloyd's Environmental Working Group meets regularly to develop and monitor the progress of an environmental action plan for the Corporation of Lloyd's. The group includes departmental representatives from Finance, Operations, Property Services, IT, Catering and Community Affairs. Its main objective is to reduce the environmental impact of Lloyd's operations and physical assets. The plan, which is created each year, focuses on energy consumption, but also covers issues such as waste, transport and procurement. The Lloyd's Building in London and Fidentia House in Chatham use renewable electricity supplies.

Lloyd's Property Services team has been working on a two-year programme of projects to improve the energy efficiency of the Lloyd's Building. A target to reduce energy consumption and related carbon emissions by 5% in 2010, compared to 2008, was set. A reduction of 8% was achieved. Projects completed in 2010 include changing the phasing of lighting in the building and refurbishing air handling units. Projects underway, and due to finish in 2011, include a major refurbishment of the famous escalators in the building to introduce energy-saving functions, as well as the installation of more energy efficient technology for cooling the building. The IT team has introduced an automatic night-time shut down of Corporation computers.

Engineering consultancy Scott Wilson helped calculate greenhouse gas emissions from Lloyd's UK operations. In 2010, the total was 14,557 tonnes (2009: 14,961), of which 1,638 tonnes (2009: 1,904) were Scope 1 emissions; 11,128 tonnes (2009: 11,338) Scope 2 and 1,790 tonnes (2009: 1,719) Scope 3.

## 6. REPORT AND BE ACCOUNTABLE

Director of Finance, Risk Management and Operations, Luke Savage, is responsible for ensuring Lloyd's acts on the ClimateWise principles. Details of compliance by members of the market who now report through Lloyd's are also available on our website.



To find out more about Lloyd's environmental activities please visit [www.lloyds.com/climatewise](http://www.lloyds.com/climatewise)

Further information is available at [www.lloyds.com/carbonemissions](http://www.lloyds.com/carbonemissions)



## SUSTAINABLE ENERGY SECURITY

As part of the 360 Risk Insight programme, in June Lloyd's published a white paper: Sustainable Energy Security: Strategic Risks and Opportunities for Business. The paper highlighted the need to move towards a low carbon economy, emphasising the importance of reducing our reliance on carbon-emitting fossil fuels and that businesses can no longer rely on traditional energy sources due to supply constraints.

The paper was produced in co-operation with Chatham House, a leading UK think-tank, with industry, academic and policy experts attending a workshop in March to discuss the main energy security issues facing business and help inform the paper. The paper was then launched at an event at Chatham House on 8 June 2010, with speeches from Richard Ward, CEO of Lloyd's, and the UK Energy Minister, Charles Hendry. Both drew attention to the importance of developing global regulation to tackle the growing threat of climate change – a message highlighted in the report. An All-Party Parliamentary Group also discussed the key findings of the paper in the House of Commons on 14 September 2010.



To find out more about Lloyd's 360 Risk Insight programme please visit [www.lloyds.com/360](http://www.lloyds.com/360)