

LLOYD'S

OUTSTANDING

MAKING LLOYD'S STAND OUT
FROM THE CROWD

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BACKGROUND

This report outlines a project that started in January 2004 in response to a recommendation made by the Chairman's Strategy Group. The overall objective has been to define what Lloyd's name should stand for and recommend how it can be strengthened and used to support the brands in the Lloyd's Market. Why? Because Lloyd's is probably the best known and least understood brand in the insurance sector.

In its early days the project was led by a steering group comprising representatives from Lloyd's, the Market, Lloyd's brokers and Saffron, a brand consultancy. About 500 people contributed their views to the development of the brand idea, values and personality. Since then many more have helped to spell out the implications of that early work and identify ways of bringing the brand to life that would have a positive impact on Lloyd's and the Market.

We've called this report Outstanding because the project it describes is both about ensuring that Lloyd's stands out from the rest of the insurance sector and about making the whole experience of Lloyd's outstanding.

Brands and branding

For many people the word brand has connotations of spin and superficiality; it reeks of flashy logos and slick advertising campaigns. Lloyd's has a different view. For us an organisation's brand should encapsulate the essence of the business. Effective brands have three outstanding characteristics.

Firstly they stand for something: they are based on an idea, they espouse a coherent set of values and they have distinctive personalities. For example Orange stands for optimism, First Direct for straightforwardness, 3i for the creative use of money.

Secondly they are three-dimensional: the brand idea, values and personality are not merely a veneer, they permeate every aspect of the organisation – products and services, environments, communications and behaviour.

And thirdly they're aspirational as well as pragmatic: they deliver on their promises but they're also ambitious in what they offer, giving people good reasons to choose them rather than their competitors.

WHAT ARE THE BIG ISSUES?

1

Four main issues emerged

Lloyd's is different

When you look at some of the differences between Lloyd's and the other players in the insurance sector, what's striking is just how different Lloyd's is. Usually the branding challenge is to find a point of difference to highlight; in this case the challenge is to decide which point to focus on.

Lloyd's stands for

- Individuality
- Personal approach to business
- Rooted in history
- Underwriter is king
- Bespoke products

Most other players stand for

- Corporation
- Systems, rules
- Little apparent connection with the past
- Manager is king
- Off-the-shelf products

2

Lloyd's is confusing

Lloyd's comprises many different entities and each of them tends to present itself and Lloyd's differently from the others. Sometimes they make little reference to each other, sometimes those references are less than complimentary. It's very difficult for an outsider to understand what Lloyd's is and this can get in the way of appreciating what Lloyd's has to offer.

3

Lloyd's is dominated by its past

If you talk to different people about Lloyd's they'll each have their own idea of what it stands for. Insofar as any consensus emerges, Lloyd's image is that of an old-fashioned, British institution that insures anything and always pays up. Where Lloyd's will be in five or ten years' time is a matter of some debate.

4

Lloyd's faces a conundrum

That conundrum is that there are strong forces (increased regulation, technology and modern underwriting disciplines) that are pushing Lloyd's to become more like a conventional corporate. Lloyd's must continue to evolve and adapt – something it has successfully managed to do over the past three centuries. But if Lloyd's moves too far in the corporate direction it risks losing its point of difference – its essence.

HOW DOES THE LLOYD'S BRAND RATE?

We evaluated Lloyd's brand against four criteria

COHERENCE

Lloyd's has a number of issues here. There's little agreement around what Lloyd's stands for. The boundaries are unclear because certain entities which use the Lloyd's name (eg Lloyd's Register and Lloyd's List) aren't actually part of Lloyd's. There are multiple ways of writing 'Lloyd's'. And looking at websites, marketing and other materials, Market support for Lloyd's is patchy and vice versa.

TRUST

Lloyd's has an excellent and well-founded reputation for paying claims but its customer service levels could be better, especially the slow production of policy documents. Lloyd's reputation with investors is still tarnished by the events of the late 80s and early 90s but has improved considerably in recent years.

DISTINCTIVENESS

Lloyd's is the only truly famous, global insurance brand. It is unique in having real emotional associations and though it has suffered setbacks in the past, it still has immense cachet.

APPEAL

Lloyd's has a mystique and a glamour that are difficult to deconstruct but derive, at least in part, from a combination of tradition, mythology (the coffee house, Cuthbert Heath, etc), idiosyncrasy and exclusivity.

WHAT CONCLUSIONS CAN WE DRAW?

Its brand is one of Lloyd's greatest assets. It is inextricably bound up with Lloyd's reputation. It gives managing agents instant recognition and credibility outside their home markets. And it can help define and protect Lloyd's essence in times of change. Inevitably there are strengths and weaknesses.

Lloyd's brand strengths

- High awareness
- Appeal/mystique/emotion
- Genuine difference

Lloyd's brand weaknesses

- Lack of coherence
- Weak back office systems
- Lack of ownership/support

Without a long-term, concerted effort, including the active support of the Market and whatever is necessary to provide the highest levels of service, Lloyd's brand will inexorably decline and lose its value. It's easy for that to happen without anyone noticing until it's too late.

WHAT SHOULD LLOYD'S STAND FOR?

Starting point

The positioning of Lloyd's brand is a given – Lloyd's is the world's leading specialist insurance market and is committed to being the natural choice for the trading of specialist insurance and reinsurance. Beyond that the brand needs to capture a number of aspects of Lloyd's: the fact that it's been around for a long time, its ability to reinvent itself, its pioneering spirit and its distinctive way of doing business. Above all it needs to reflect Lloyd's uniqueness in its sector.

The brand idea

The brand idea is the simplest, shortest expression of what the brand stands for – the central thought that drives all brand expressions now and in the future. The brand idea for Lloyd's has emerged from a great deal of research and consultation and is encapsulated in the phrase

Constant originality

This is not a strap line and would not necessarily appear on Lloyd's material, just as optimism doesn't appear on Orange's material but comes through in everything they do and say. Constant originality is a big idea with a wide range of nuances which we've summarised in the table overleaf.

good faith
consistency
reliability
security

CONSTANT

creativity
individuality
authenticity
adaptability

ORIGINALITY

Constant originality conveys two complementary sides of Lloyd's character. The combination is what makes Lloyd's so different.

GOOD FAITH

Lloyd's always pays valid claims and has done so throughout its history. This is a point of principle. It is also a product of the long-standing relationships Lloyd's underwriters establish with their clients.

SECURITY

Our strong and stable ratings reflect our high quality and diverse capital base and our commitment to delivering strong financial performance across the cycle.

RELIABILITY

In order to offer confidence to its capital providers and policyholders, Lloyd's has put in place a robust chain of security and a dedicated expert risk management function.

CONSISTENCY

Lloyd's has been around for more than three centuries, surviving world crises from the San Francisco quake of 1906 to 9/11. During that time many aspects of Lloyd's have changed but our priorities and values have remained constant.

CREATIVITY

We find innovative solutions to risks others can't and we're often the first into new risk categories. For example, in recent years we have insured the first privately funded space flight and produced the first household policy for blight.

INDIVIDUALITY

We do our own thing in our own way. We have a unique market structure, we give our underwriters the freedom they need to make decisions, we set great store by doing business face-to-face and we tailor solutions to individual clients' specialist risks.

AUTHENTICITY

At Lloyd's you get the real thing. You deal directly not with a computer but with an underwriter – an individual who uses a combination of experience, expertise and intuition as well as actuarial calculation to come up with a solution to your risk.

ADAPTABILITY

Lloyd's keeps reinventing itself in response to changing customer needs. For example, over time our capital base has changed and in the recent past we've introduced a franchise structure and led market reforms and technology development.

Brand values

The way in which the Lloyd's Market works and Lloyd's way of doing business haven't come about by accident – they've evolved over a period of more than three centuries. Underpinning them is a set of values that to a large extent define what makes Lloyd's Lloyd's and go a long way towards explaining why constant originality is such a characteristic of Lloyd's. Those values emerged in the course of research and are integral to Lloyd's brand. They are:

- **risk taking** – insurance is all about transferring risks and Lloyd's appetite for risk is unparalleled in the sector
- **expertise and intuition** – dealing face-to-face with brokers every working day, Lloyd's underwriters develop a great deal of experience and expertise in a very short time. They're also prepared to use their common sense and intuition rather than placing undue reliance on actuarial models
- **agility** – Lloyd's syndicates have shallow management hierarchies and Lloyd's underwriters have more freedom than their counterparts elsewhere to make decisions so they can be flexible and move quickly

- **dependability** – this is a counterbalance to the other values and something that emerges regularly in conversations with brokers and policyholders. It has to do with both the solidity of Lloyd's and the good faith that underpins its excellent reputation for paying claims.

Brand personality

A brand's personality influences the ways in which the brand expresses itself, most notably through its look and feel and tone of voice. Lloyd's brand personality is currently less well developed than its idea and values. To that extent it is more aspirational than the other aspects of Lloyd's brand. We've used two words to define Lloyd's brand personality – confidence and flair.

We believe that Lloyd's should proclaim what it is: bold and colourful, not bland and predictable. It should have the confidence to express a view, to take a leadership position and to support and promote the diverse market players.

And it should have the courage to adopt the new and celebrate the old. Overall we'd like to see Lloyd's become a contemporary and famous global brand with idiosyncratic English style.

WHAT DOES ALL THAT MEAN IN PRACTICE FOR LLOYD'S?

Lloyd's brand goes hand-in-hand with Lloyd's strategy to be the natural choice for specialist insurance. It will be credible and effective in helping to attract and retain business only if all the aspects of Lloyd's service are outstanding.

The brand idea, values and personality have implications for many areas of Lloyd's business. We've summarised a number of those implications on the following page (the set of issues we've highlighted is by no means comprehensive and work is underway to address a number of them). We've also identified a number of areas for action that would add value to the Lloyd's Market. Most of the initiatives should not be hugely expensive nor particularly time-consuming. The exception is the refurbishment of One Lime Street which would be a major undertaking.

Implications of the brand idea, values and personality for Lloyd's...

CUSTOMER EXPERIENCE

Innovation, specialisation, customisation, rapid response are all very much in line with Lloyd's brand but slow production of policies and payment of claims could undermine it. It is critical that Lloyd's delivers business process reform improvements, if we are to make a considerable difference to customer experience.

The programme of improvements for 2005 and beyond includes:

- a new version of lloyds.com that features better content, search tools and news feeds
- a plan to make Lloyd's a more efficient place for brokers to do business by providing information about underwriter availability and trialling a broker queuing system
- proposals to ensure that Lloyd's makes a favourable first impression on its callers, visitors and guests. Among other things, this involves reviewing switchboard, reception and security arrangements.

BEHAVIOUR

Entrepreneurial underwriters, shallow management structures and a can-do attitude all help to build the brand. Any hint of arrogance, complacency or needless bureaucracy would detract from it. The Market needs the Franchisor's support to deliver constant originality.

Initiatives underway to help achieve that include:

- building a Franchisee Relations team to seek feedback from franchisees on what's working well and what needs attention and to achieve more customer focus
- running a conference to present the franchise business plan to franchisees and seek their input
- introducing a more rigorous, values-based performance appraisal system.

COMMUNICATIONS

Lloyd's needs to develop a more distinctive tone of voice and look and feel to project the brand and make people aware of its unique position in the insurance sector. It should also do more to promote the Market and vice versa.

We've developed a new look and feel that reflect Lloyd's brand idea and personality. During 2005 the new look and feel began to permeate everything we produce in print and online, from stationery to literature and from the signs at our offices to the events we run and attend around the world. We have also:

- promoted the Market more actively through lloyds.com and the Lloyd's annual report
- delivered an imaginative programme of events to celebrate the bicentenary of Nelson's death
- begun to develop a stronger voice for Lloyd's on industry issues, starting with the publication of *Risk in the Boardroom*, a report commissioned from the Economist Intelligence Unit
- developed guidance for Lloyd's managing agents to use the Lloyd's brand and help promote Lloyd's wherever they have an opportunity to do so.

ENVIRONMENT

One Lime Street is a fantastic expression of the brand but work is needed to refresh the interior – especially the underwriting room, the reception area, shop and catering. Lloyd's overseas offices could do with more charisma and consistency.

Lloyd's has spent little on One Lime Street since it was built and it is now badly in need of refurbishment. The aim of the refurbishment will be to make it the most attractive and efficient place to do business. The timing of this work will depend on budget availability, but already we have:

- agreed an outline design scheme
- sought initial Market feedback from a small group of underwriters and brokers
- re-launched the Nelson exhibition and planned a re-launch of the Lloyd's shop.

During 2005 we have also developed a modular design scheme for Lloyd's offices outside the UK.

HOW CAN WE MAKE LLOYD'S MORE COHERENT?

Lloyd's lack of coherence is one of its most obvious weaknesses from a branding perspective. It's particularly significant given what a challenge it is for the uninitiated to understand Lloyd's. There are three main reasons for that:

- Lloyd's is not a conventional insurance company
- it has a unique and complex structure
- the way in which it presents itself has developed over time in a piecemeal fashion.

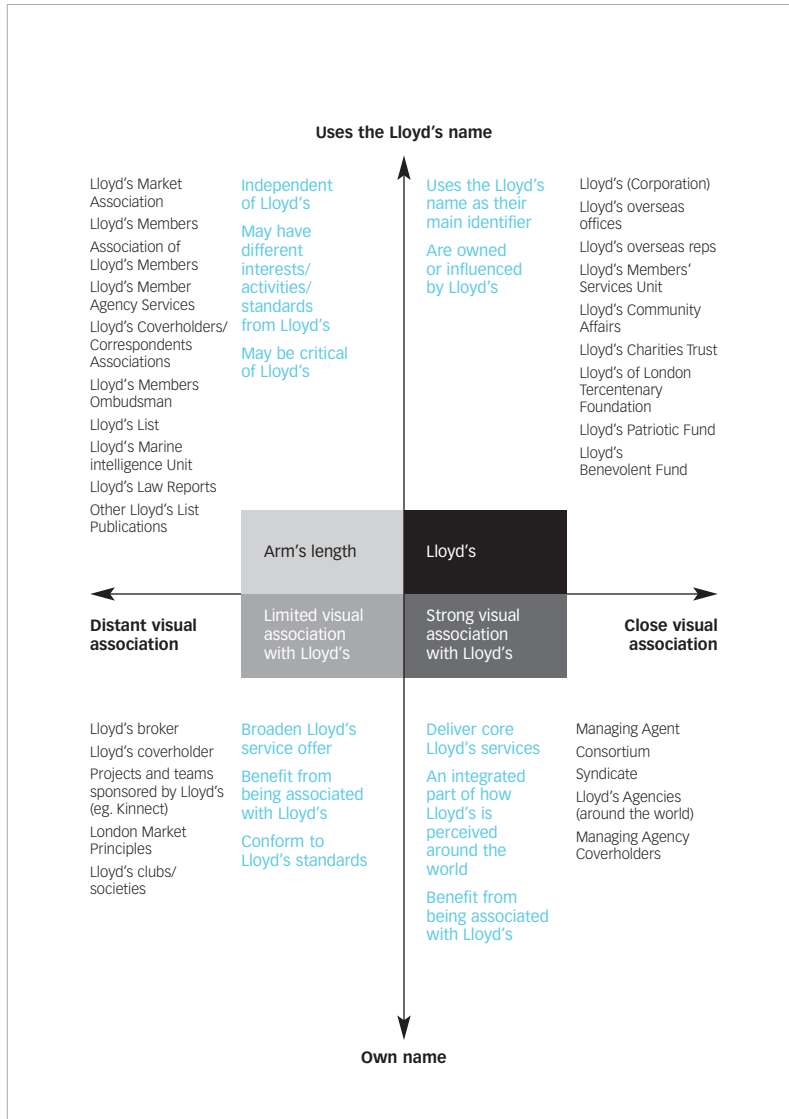
There's nothing to be done about the first two but there's a strong case for developing a more systematic approach to branding in order to tackle the third. For the system to work it must be easy to understand and apply.

To make the system easy to understand we've based it on two straightforward questions that can be applied to every entity that is associated with Lloyd's: is Lloyd's part of its name? and how closely should its association with Lloyd's be? The chart on the following pages illustrates how the system works.

To make the system easy to apply we've developed guidelines that take account of users' requirements to incorporate Lloyd's logo without having to make any significant changes to existing designs or incur significant extra costs.

As well as making Lloyd's more transparent, the new system should help make it clear to people that Lloyd's has got its act together. Over time greater consistency will also enable Lloyd's to raise its profile.

WHY SHOULD THE MARKET PROMOTE LLOYD'S?



It makes sense for the Market to promote Lloyd's (and for Lloyd's to promote the Market) because each can add value to the other.

Lloyd's is one of the most prestigious names in the insurance sector – recognised and respected around the world. It acts as a magnet for business and provides reassurance to prospective customers.

The businesses in the Market typically are leaders in their chosen fields with excellent reputations in their own right. But most gain further credibility and lustre from their association with Lloyd's, particularly when they venture outside their home markets where they are not so well known. They have a strong vested interest in protecting and enhancing Lloyd's reputation as well as plenty of opportunities to promote Lloyd's.

There is a view that a business should focus all its efforts on building its own brand – that joint branding is at best a sign of weakness and can even be a threat. Such views make less and less sense in a world where companies increasingly collaborate as well as compete with each other: a world where even a major, global corporation such as Intel joins forces with Dell and others to promote their respective brands.

In the case of Lloyd's, mutual brand building would enable the Market to maintain and enhance Lloyd's profile and reputation without having to contribute to a big overall marketing budget. For more information on mutual brand building please visit www.lloyds.com/brand.

WHAT ARE THE BENEFITS OF ALL THIS ACTIVITY?

First and most importantly we believe that the brand as we've described it (idea, values, personality) accurately represents Lloyd's. Yes, it's aspirational and to some extent originality is being threatened by the demands of regulation, technology and necessary underwriting discipline. But it's also rooted in the history and reality of the institution and is one of the main reasons why Lloyd's is so successful at attracting talent and business. Lloyd's ignores it at its peril.

The theme of constant originality is unique to Lloyd's: no other player in the sector could credibly make such a claim nor is anyone trying to do so. By working together to deliver and promote it, Lloyd's and the individual players in the Market have the opportunity to raise their profiles, enhance their reputations and stand out from the crowd. Going it alone is not a viable option for either party.

Constant originality is a clear, simple, relevant message. That's particularly important because Lloyd's doesn't usually talk directly to its policyholders so there's plenty of scope for misunderstanding. The clarity and simplicity of the message are echoed in the new system for using Lloyd's logo which should make Lloyd's easier for outsiders (and insiders) to understand.

Finally, constant originality moves the agenda forward by providing a challenge and not allowing Lloyd's to rest on its laurels. Already as a direct result a number of initiatives are underway to improve various aspects of Lloyd's and ensure that it remains the world's leading market for specialist insurance.

For information and guidance on using the Lloyd's brand, please email brandstrategy@lloyds.com



Since merchants first met to insure their ships at Edward Lloyd's coffee shop over 300 years ago, nearly every aspect of the way we do business has changed. But one constant is the bold confidence proclaimed by our motto, reflected in both our unique appetite for risk and our worldwide reputation for settling valid claims.

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