LLOYD’S INVESTOR AND ANALYST AFTERNOON

29th July 2010
Agenda

- Introduction, Luke Savage
- H1 2010 Catastrophe Update, John Parry
- Investments, Stuart Simpson and Nicola Hartley
- Solvency II, Paul Appleton
- PMDR, Markus Gesmann and Patrick Conlon
- International Markets, Stephen Moore
- Wrap Up, Luke Savage
HI 2010: CATASTROPHE UPDATE

John Parry
Head, Market Finance
Agenda

- Background
- Q1 catastrophes
- Deepwater Horizon
- Outlook
Lloyd’s has seen a gradual shift in business mix...
...continuing to have significant exposure in North America...
...and catastrophe claims have a significant impact on Lloyd’s results

Major Loss Impact on combined ratio %

Source: Lloyd's pro forma financial statements
It has not been a great start to 2010….
...the Chilean quake is one of the largest ever non-US losses to Lloyd’s

- Lloyd’s estimated net ultimate claims of $1.4bn
  - Will add c5 points to the full year combined ratio
- Industry loss estimates continue to show significant uncertainty
  - Catastrophe model agencies and company reports $6-12bn
- Lloyd’s Market team visit to assist claims process
  - Improve understanding of claims handling requirements
  - Formalise availability of loss adjustor reports, and reserve updates from cedants
Deepwater Horizon adds to major loss incidence and uncertainty

- Ongoing event so no prospect of final loss certainty in near term
- US litigation barely started
- On information to date, Lloyd’s net ultimate claims estimated at $300m to $600m
  - Range reflects uncertainty and potential liability exposures
  - Paid the rig physical damage claim within 7 days
Outlook

- A further major catastrophe would potentially exceed annual budget for major claims following first half year experience
- An active hurricane season remains forecast
- Limited investment income to compensate
INVESTMENTS AT LLOYD’S

Stuart Simpson - Treasurer
Nicola Hartley - Manager, Central Fund Assets
Investments at Lloyd’s are spread across the ‘Chain of Security’

<table>
<thead>
<tr>
<th>Category</th>
<th>Investment responsibility</th>
<th>Value £bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Syndicate premium assets</td>
<td></td>
<td>30.9</td>
</tr>
<tr>
<td>Members’ funds at Lloyd’s</td>
<td></td>
<td>13.2</td>
</tr>
<tr>
<td>Central assets</td>
<td></td>
<td>2.2</td>
</tr>
<tr>
<td>Managing agents</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Members</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lloyd’s Treasury</td>
<td></td>
<td>46.3</td>
</tr>
</tbody>
</table>

Source: Lloyd’s, as at 31 December 2009
The value of Lloyd’s invested assets has grown in recent years

Source: Lloyd’s, as at 31 December 2009
Investment returns achieved by syndicates vary significantly…

Distribution of syndicate investment returns

Source: Lloyd’s, as at 31 December 2009
...but Lloyd’s total investment returns have been consistently robust...

Investment return contribution to Lloyd’s pro forma results

Source: Lloyd’s, as at 31 December 2009
…and are a major contributor to Lloyd’s profitability

Lloyd’s pro forma results

Source: Lloyd’s, as at 31 December 2009
Lloyd’s investment assets are predominantly cash and high quality bonds.

Lloyd’s market assets:
- Corporate bonds: 35%
- Cash & LOCs: 28%
- Government: 33%
- Equities: 2%
- Alt Assets: 2%

Corporate bonds:
- AAA: 45%
- AA: 25%
- A: 21%
- Below A: 9%

1. Includes supranationals and government agencies
Source: Lloyd’s, as at 31 December 2009
Low prevailing bond yields will lead to low investment returns in the near term

**US 2yr Government Bond Yield History**

Source: Bloomberg, as at 30 June 2010
CENTRAL FUND
Sources of funding are key to Central Fund investment strategy...

1. Corporation & Central Fund assets for solvency purposes
2. Current stated before 2010 NCF contributions
Source: Society of Lloyd's financial statements
…since investment risk is affected by liability dispositions

VAR (£m)¹

<table>
<thead>
<tr>
<th>Component</th>
<th>Value (£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments</td>
<td>100</td>
</tr>
<tr>
<td>Relevant liabilities</td>
<td>250</td>
</tr>
<tr>
<td>Diversification benefit</td>
<td>150</td>
</tr>
<tr>
<td>Investments &amp; liabilities</td>
<td>200</td>
</tr>
</tbody>
</table>

¹ Value at Risk: 12 month horizon, 99.5% confidence
Source: Lloyd’s, as at 31 March 2010
Investment dispositions seek to optimise returns within established risk limits…

Central Fund assets

- Government Bonds: 35%
- Hedge Funds: 4%
- EM & HY Bonds: 3%
- Property Equity: 2%
- EM Equity: 2%
- Global Equity: 6%
- Corporate Bonds: 45%
- Cash: 3%

Corporate bonds

- AAA: 46%
- AA: 24%
- A: 30%
- Below A: 0%

1. Includes supranationals and government agencies

Source: Lloyd’s, as at 31 Dec 2009
…and these dispositions have generated robust investment returns

Lloyd’s central assets investment return

£m

2005 2006 2007 2008 2009

9.3% 3.2% 6.6% 7.8% 5.2%

1. Includes cash and foreign exchange exposure

Source: Lloyd’s, as at 31 December 2009
Summary

- Investment assets at Lloyd’s now exceed £46bn
- Overall investment dispositions are conservative
- Investment returns make a significant and consistent contribution to Lloyd’s results
- Central Fund investments are managed within a structured risk framework
- The near term outlook for investment returns is poor
SOLVENCY II AT LLOYD'S

Paul Appleton
Senior Manager, Accounting Policy

Lloyd's Investor and Analyst Day
29 July 2010
Agenda

- Solvency II programme at Lloyd’s
- Solvency II at syndicate level
- Summary
Agenda

- Solvency II programme at Lloyd’s
- Solvency II at syndicate level
- Summary
“the association of underwriters known as Lloyd's”

Annex III (p635) of SII Framework Directive
How does the directive apply to Lloyd’s …

Solvency II

EU member states (including the UK)

Insurance company

The association of underwriters known as Lloyd’s

Reinsurance company

Lloyd’s Solvency II implementation programme

Lloyd’s internal model
… and how does this impact the market?
A key objective for Lloyd’s….

“Implementing Solvency II at Lloyd’s in a way that protects and, where possible, enhances Lloyd’s capital structure and efficiency”

Lloyd’s Year-end Report 2009

“…developing a compliant, approved internal capital model is imperative to retaining Lloyd’s capital advantages…”

Lloyd’s Strategy 2010-2012
... and our programme is designed to maintain Lloyd’s competitive advantage

“...developing a compliant, approved internal capital model is imperative to retaining Lloyd’s capital advantages...”

Lloyd’s Strategy 2010-2012
A complex programme...

Steering Group (Luke Savage/Sean McGovern)
- Programme Manager (Fiona Dawson)
- Technical Leader (Paul Appleton)

Working group (all workstream leaders + Paul Appleton and Fiona Dawson)
- Lobbying and communication
  - James Walmsley
- Lloyd’s internal model (LIM) approval
  - Henry Johnson
- Capital set at right level
  - Jerome Kirk
- Risk Management Framework/Governance
  - Olly Reeves
- Reporting
  - George Maina
- Syndicate level implementation
  - Lorraine Harfitt

LMA/ market involvement in workstreams determined by reference to activity

Engagement with the FSA

Engagement with the LMA

LMA High Level group

Ongoing Lloyd’s/ LMA dialogue

LMA Committee
... and the scale is extensive

- Corporation: 6 workstreams – around 90 people
- ERM framework scoping - 20 workshops with over 50 people
- Dry run has 9 subject areas: each has
  - Detailed dry run guidance (over 200 pages)
  - Technical workshops
- Technical provisions guidance (over 100 pages)
- Regular briefings for:
  - Senior managing agent execs and non-executive directors
  - Other managing agent staff
  - Professional advisers
QIS4 gave alarming results and shows why internal model approval is vital

The syndicate QIS4 SCR averaged 157% of ICA

Current QIS5 proposals indicate a further increase closer to 200% of ICA
The LIM will depend on syndicate internal models…

... and both must meet Solvency II standards
Agenda

- Solvency II programme at Lloyd’s
- Solvency II at syndicate level
- Summary
So how are we helping the market prepare?

- Ongoing support and feedback via dedicated account manager and technical review team
- Guidance issued
  - three tranches to date between April 2009 and March 2010
- Technical support and publishing of FAQs on www.lloyds.com
- Regular market briefings for agents and advisors
  - additional technical workshop sessions to support dry run process
- Increased and targeted communications
- Influencing legislative developments
  - lobbying EU policymakers to ensure Solvency II is implemented in a way which suits Lloyd’s unique structure
Dry run process is designed to help as well as measure market preparation...

- **Qualitative**
  - **Phase 1 - Preparation**
    - Implementation plans
    - Guidance & Workshops
    - Preparatory work with LMA
  - **Phase 2 - Delivery (Stage 1)**
  - **Phase 2 - Delivery (Stage 2)**
  - **Phase 2 - Delivery (Stage 3)**
  - **Phase 3 - Refinement**

- **Quantitative**
  - Preparatory work with LMA
  - SCR calculation kernel
  - Technical provisions

- **Regulatory**
  - QIS 5

<table>
<thead>
<tr>
<th></th>
<th>09</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
<td>Q4</td>
</tr>
<tr>
<td></td>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
<td>Q4</td>
</tr>
<tr>
<td></td>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
<td>Q4</td>
</tr>
<tr>
<td></td>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
<td>Q4</td>
</tr>
</tbody>
</table>

Lloyd's | Agents | Both
... and achieve Solvency II compliance in stages
What does the dry run need to achieve?

Agents need to:

- Meet minimum requirements set out in March 2010 dry run guidance
- Be able to provide relevant supporting evidence to demonstrate progress
- Be realistic in self assessment scoring

No-one is expected to be fully compliant with Solvency II at this stage…

- …but agents must show progress and clear plan to reach full compliance by implementation date

Lloyd’s needs to:

- Convince the FSA we have a robust process for monitoring progress and assessing agents
- Be consistent and proportional in our reviews
Agenda

- Solvency II programme at Lloyd’s
- Solvency II at syndicate level
- Summary
Progress against objectives

- FSA have agreed in principle that they will attempt to maintain ‘as far as possible’ the current supervisory framework
  - Lloyd’s leading feedback to agents on gap analysis, implementation plans etc
- FSA have agreed that Lloyd’s will seek approval of a single internal model for Lloyd’s (within which each syndicate’s model will be an integral component)
- Development of Society risk appetite and governance framework
- Good progress at agent level
Summary

- Hugely complex and resource intensive
- Internal models are vital to retain capital advantage
- But it’s not just about capital
  - qualitative elements are fundamental
  - cultural and behavioural change needed
- The dry run is now underway
  - pleased with the progress to date
  - but recognise the level of work to do
  - non-stop until 2012
PMDR: PERFORMANCE MANAGEMENT DATA RETURN

Markus Gesmann, Manager, Analysis
Patrick Conlon, Manager, Information Management
FROM A FINGER IN THE AIR TO A FINGER ON THE PULSE
How do you value insurance?
Selling a Product vs. Making a Promise

- Insurers sell the promise to pay future unknown claims for an upfront received premium over a given time horizon.
- Unlike other industries insurers don’t know the production cost of their product.
When do you know the price was right?

The pricing of casualty business was disastrous in the late 90’s
It took years to realise. Years in which we continued to write poor business
Lloyd’s historical Return on Capital

Source: Lloyd’s Annual Reports, Statistics relating to Lloyd’s 2001; Lloyd’s data for 1983 – 1999 on three year accounting (assuming written=earned premium and 18% brokerage), and from 2000 onwards on annual accounting basis.
Revalidate your business plan continuously

- Monitor price movements closely
  - Renewal rate movements
  - Achieved price vs. planned price
What is PMDR?

- Monthly data feed from syndicates’ underwriting systems
- Information on premium income by risk, including
  - Price changes for renewals
  - Price comparison against business plans
- Key tool to monitor syndicates’ business plan
- More information on www.lloyds.com/pmd
What is the price change?

Value Last Year: £100,000

During the year: Added extension costing £50,000

Value This Year: £100,000

Housing Market Crashed
What is the risk adjusted price change?

**Last year** we charged a rate of 2% of the insured value of £10m.

Premium = £200k

**This year** we insure two ships with an insured value of £22m and we add piracy as a new cover. Last year we would have charged a rate of 10% for this year’s T&C. However, this year we achieve a rate of 11%.

Premium = £2.42m
### PMDR – Reporting Rate Movements

<table>
<thead>
<tr>
<th>F170</th>
<th>F180</th>
<th>F190</th>
<th>F200</th>
<th>F210</th>
<th>F220</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expiring 100% Prem</td>
<td>Deductible Change</td>
<td>Breadth of Cover Change</td>
<td>Other Change</td>
<td>Pure Rate Change</td>
<td>Current 100% Prem</td>
</tr>
</tbody>
</table>

#### Risk-adjusted price change

\[
= \frac{(\text{Price charged this year} - \text{Price charged for this year’s coverage last year})}{\text{Price charged for this year’s coverage last year}}
\]
Key principles

- All values captured in PMD are in monetary amounts
- Changes due to deductible, and due to breadth of cover are on expiring exposure
- Changes due to breadth of cover focus on changes on the coverage for perils
- Changes in deductible and changes in breadth of cover have to be treated independently
- When changes of exposure of the same kind are added (e.g. changes in the indemnity size) these have to be priced on this year’s policy terms and the price you would have achieved last year
**PMDR – Example**

- **Expiring Terms:** One ship, sum insured £10m, rate 2%
- **Change of Terms:** One ship added with sum insured £12m. Piracy cover added @ rate 8%.
- **Current Terms:** Two ships, sum insured £22m, rate 11%
- **Risk adjusted price change equals +10%**

<table>
<thead>
<tr>
<th>F170</th>
<th>F180</th>
<th>F190</th>
<th>F200</th>
<th>F210</th>
<th>F220</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expiring 100% Prem</td>
<td>Deductible Change</td>
<td>Breadth of Cover Change</td>
<td>Other Change</td>
<td>Pure Rate Change</td>
<td>Current 100% Prem</td>
</tr>
<tr>
<td>200,000</td>
<td>+0</td>
<td>+800,000</td>
<td>+1,200,000</td>
<td>+220,000</td>
<td>2,420,000</td>
</tr>
</tbody>
</table>
Market Questionnaires

Percentage of correct answers received from agents

% Correct Risk Adjusted Price

Scenario Number

2009
2010
Achieved price vs. planned price

- PMDR benchmark price is defined as the price to deliver the loss ratio approved in the business plan
- Achieved Price % = Price Achieved / Planned Price
- Required on new and renewed risks

**Example:**
- Planned ULR: 60%
- Achieved Price %: 95%
- Updated target ULR: $60 / 95 = 63\%$
# PMDR in practice

<table>
<thead>
<tr>
<th>Syndicate No / COB</th>
<th>PMDR Written Premium (000's)</th>
<th>Current Year PMDR % of Approved Plan</th>
<th>Lapsed Premium %</th>
<th>New Premium %</th>
<th>Current Year Rate Change % (RARC)</th>
<th>Previous Year Rate Change % (RARC)</th>
<th>% of Total Premium with Benchmark Price</th>
<th>Benchmark Price Overall</th>
<th>Plan Loss Ratio %</th>
<th>Loss Ratio % with benchmark price applied</th>
<th>Latest Actual Loss Ratio %</th>
</tr>
</thead>
<tbody>
<tr>
<td>xxx</td>
<td>yyy</td>
<td>51%</td>
<td>18%</td>
<td>25%</td>
<td>-1%</td>
<td>3%</td>
<td>100%</td>
<td>94%</td>
<td>68%</td>
<td>72%</td>
<td>74%</td>
</tr>
<tr>
<td>xxx</td>
<td>yyy</td>
<td>66%</td>
<td>18%</td>
<td>18%</td>
<td>0%</td>
<td>2%</td>
<td>100%</td>
<td>95%</td>
<td>68%</td>
<td>72%</td>
<td>67%</td>
</tr>
<tr>
<td>xxx</td>
<td>yyy</td>
<td>51%</td>
<td>13%</td>
<td>19%</td>
<td>-1%</td>
<td>4%</td>
<td>85%</td>
<td>117%</td>
<td>73%</td>
<td>62%</td>
<td>78%</td>
</tr>
<tr>
<td>xxx</td>
<td>yyy</td>
<td>62%</td>
<td>30%</td>
<td>30%</td>
<td>-2%</td>
<td>5%</td>
<td>100%</td>
<td>111%</td>
<td>72%</td>
<td>65%</td>
<td>71%</td>
</tr>
<tr>
<td>xxx</td>
<td>yyy</td>
<td>52%</td>
<td>23%</td>
<td>17%</td>
<td>-1%</td>
<td>8%</td>
<td>46%</td>
<td>115%</td>
<td>65%</td>
<td>56%</td>
<td>67%</td>
</tr>
<tr>
<td>xxx</td>
<td>yyy</td>
<td>59%</td>
<td>32%</td>
<td>34%</td>
<td>-1%</td>
<td>5%</td>
<td>87%</td>
<td>111%</td>
<td>67%</td>
<td>60%</td>
<td>82%</td>
</tr>
<tr>
<td>xxx</td>
<td>yyy</td>
<td>53%</td>
<td>26%</td>
<td>11%</td>
<td>-1%</td>
<td>3%</td>
<td>47%</td>
<td>100%</td>
<td>64%</td>
<td>63%</td>
<td>75%</td>
</tr>
</tbody>
</table>

- Are we getting the business as planned?
- Are we getting the business at the planned price?
PMDR Benefits

- Huge enhancement in PMD’s ability to oversee the market’s underwriting performance
- PMDR improves proactive cycle management
- Consistent market view on reporting price movements
- More granular data allow rigorous data validation and integrity checks
- Better protection of Central Fund, Brand and Rating

<table>
<thead>
<tr>
<th>Past</th>
<th>Present</th>
<th>Future</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quarterly Monitoring Return</td>
<td>PMDR</td>
<td>Syndicate Business Plan</td>
</tr>
</tbody>
</table>
Thank you.

- Questions?
Statistics relating to Lloyd’s 2010

- Summary of market statistics
- P&L and balance sheet information by syndicate
- Underlying data available
- Online: www.lloyds.com/stats
INTERNATIONAL MARKETS

Stephen Moore
Manager, Market Development
Agenda

• Lloyd’s International Network
• Lloyd’s Strategy
• Coverholder Update
• Broker Update
Geographic split of Lloyd’s – Overview

2009 Lloyd’s Gross Written Premiums
GBP21,973m

Source: Lloyd’s 2009 Annual Report
Lloyd’s US business is diversified but high concentrations in both business and geography remain.

**2009 Written Premium $12.8bn**

- **Reinsurance**: 48%
- **OMC**: 27%
- **RI**: 25%
- **E+S**: 21%
- **Motor**: 8%
- **Energy**: 8%
- **Aviation**: 2%
- **Transit**: 2%
- **PA & H**: 1%
- **Liability**: 1%
- **Marine**: 1%
- **Misc.**: 1%
- **Property**: 54%

**Source:** Xchanging Report RPT231
Lloyd's is specifically registered or licensed to write reinsurance business only.*

Territories where Lloyd's is not registered or licensed but can transact cross-border reinsurance business.*

Insurance + Reinsurance
52 territories where Lloyd's is licensed to underwrite insurance and reinsurance business.*
Office network reflects demands of each territory

<table>
<thead>
<tr>
<th>TYPE</th>
<th>MARKET DEVELOPMENT SCOPE</th>
<th>TERRITORIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>Local underwriting with co-located Syndicates (or via a Lloyd’s regulated entity); Country Manager with Market Development Role</td>
<td>China, Japan, Singapore</td>
</tr>
<tr>
<td>3</td>
<td>Country Manager with Market Development Role</td>
<td>Benelux, France, Germany, Ireland, Italy, Poland, Spain, Sweden, Switzerland, Australia, Hong Kong (SAR), Brazil, South Africa</td>
</tr>
<tr>
<td>2</td>
<td>Country Representative for regulatory requirements</td>
<td>Cyprus, Greece, Israel, Malta, New Zealand</td>
</tr>
<tr>
<td>1</td>
<td>Country Representative for minimum regulatory requirements</td>
<td>Austria, Denmark, Norway, Portugal, Argentina, Belize, Chile, Namibia, Zimbabwe</td>
</tr>
</tbody>
</table>
Market Development Decision Matrix

1. CANDIDATE TERRITORIES
   - INITIAL RESEARCH
     - Global Opportunities
   - INITIAL APPETITE
     - CEO Survey
     - LMA / LIIBA
   - EXTERNAL OPPORTUNITY
     - Governments
     - Regulators

2. RESEARCH OPPORTUNITIES
   - FURTHER RESEARCH
     - Legal & Regulatory Opportunities
     - Regional Watch
   - RESEARCH VISIT

3. RESEARCH APPETITE
   - MARKET CONSULTATION
     - Market Survey
     - Follow-up with managing agents and brokers
   - MARKET VISIT (if appropriate)

4. BUSINESS CASE
   - BUSINESS CASE
     - Strategic Fit
     - Cost / Benefit Case

Internal
- MARKET DEVELOPMENT STEERING GROUP (SG)
- SG + EXECUTIVE TEAM (ET)
- ET DECISION
- ET + FRANCHISE BOARD DECISION

Discuss whether to continue
Discuss whether to continue
Assess mandate to continue
Licence decision
LLOYD’S INTERNATIONAL MARKETS STRATEGY
Lloyd’s strategy

International Markets strategy is based on 3 pillars:

- Distribution strategy
- Market development strategy
- Promotion of the Lloyd’s brand

A key priority for 2010 is improving access to business.
International Markets strategy

1. Distribution strategy
   • Broker relationship management
     o Ensure market development activities are aligned with broker strategies
     o Enhance Lloyds.com broker section
     o Help brokers in implementing new market technology
   • Coverholder development
     o Enhance coverholder processes
     o Promote the coverholder channel
   • Routes to market
     o Improve efficiency of the Lloyd’s market processing environment
     o Develop stronger relationships with producing brokers in local markets
International Markets strategy

2. Market development strategy

• New licence development
  - China – Implement China direct licence and new operating model
  - India – lobby for recognition of Lloyd’s & ability to write onshore RI
  - Czech Republic - seek an establishment licence

• Optimize use of existing licences and trading rights
  - Clarify coverholder permissions in Asia and Africa
  - Lobby for MAT business in Mexico to be written directly

• Improve efficiency and cost effectiveness of existing trading centres
International Markets strategy

3. Actively promote the Lloyd’s brand

• Promote Lloyd’s in key markets
  o South Korea & Vietnam promotional events
  o Russia market development visit (Moscow)
  o Mexico market development visit (Mexico City)
  o Assess business case for opening a Lloyd’s office in Russia and/or Mexico

• Promote key emerging markets at Lloyd’s
  o New market intelligence for Russia, Mexico, Brazil and Middle East
  o Presentations by Lloyd’s country managers in London

• Other promotional activities
  o 360°Events, COB events, CH events, inwards broker and cedant visits, etc.
COVERHOLDER UPDATE
Coverholder business is strategically important to Lloyd’s…

- > 2,500 coverholders (inc. 200 service co’s)
- > 6,800 binders
Three key initiatives are underway

COVERHOLDER PROGRAMME

STANDARDS WORKSTREAM
- Improve the operational efficiency of the coverholder channel through data standards and e-trading solutions

ROUTE TO MARKET W/S
- Make the route to market for new coverholder business as simple and transparent as possible

EXPERIENCE WORKSTREAM
- Make life easier for a coverholder to do business with Lloyd’s
BROKER UPDATE
Broker relationship management
- business as usual…

- Gather **feedback from ‘top 30’ brokers** and country managers to understand:
  - Broker strategies
  - Strategic issues and concerns
- Maintain and develop Lloyd's **relationship with LIIBA**
- Manage the **registration process** for new Lloyd's Brokers
- Support **inwards visits** by key (re)insurance clients
...with developments for 2010

- More tailored broker relationship management programme
- Enhanced broker section on Lloyds.com
- Marketing and educational material aimed at local brokers
- Programme of events for local brokers
- Raise Lloyd’s profile in the regional UK insurance market
Ratings and Investor Relations

- Vinay Mistry
  - Vinay.Mistry@lloyds.com
  - 020 7327 5935

- Kamran Hossain
  - Kamran.Hossain@lloyds.com
  - 020 7327 5922

- Anna Bender
  - Anna.Bender@lloyds.com
  - 020 7327 6336

- Jennie Kent
  - Jennie.Kent@lloyds.com
  - 020 7327 5811
Disclaimer
The information contained in this presentation is being provided on a confidential basis and should not be made available to the general public, the media or any third party without the express prior written consent of Lloyd's. This information is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation. It is the responsibility of any person communicating the contents of this document or communication, or any part thereof, to ensure compliance with all applicable legal and regulatory requirements.

The content of this presentation does not represent a prospectus or invitation in connection with any solicitation of capital. Nor does it constitute an offer to sell securities or insurance, a solicitation or an offer to buy securities or insurance, or a distribution of securities in the United States or to a U.S. person, or in any other jurisdiction where it is contrary to local law. Such persons should inform themselves about and observe any applicable legal requirement.

Lloyd's has provided the material contained in this presentation for general information purposes only. Lloyd's accepts no responsibility and shall not be liable for any loss which may arise from reliance upon the information provided.

This presentation includes forward-looking statements. These statements reflect Lloyd's current expectations and projections about future events and financial performance, both with respect to Lloyd's in particular and the insurance, reinsurance and financial and services sectors in general. All forward-looking statements address matters that involve risks, uncertainties and assumptions because they relate to events and depend on circumstances that will occur in the future and which are beyond the control of Lloyd's. Based on a number of factors, actual results could vary materially from those anticipated by the forward-looking statements. These factors include, but are not limited to, the following:

(a) rates and terms and conditions of policies may vary from those anticipated;
(b) actual claims paid and the timing of such payments may vary from estimated claims and estimated timing of payments, taking into account the preliminary nature of such estimates;
(c) claims and loss activity may be greater or more severe than anticipated, including as a result of natural or man-made catastrophic events;
(d) competition on the basis of pricing, capacity, coverage terms or other factors may be greater than anticipated, or Lloyd's products could become uncompetitive in light of changes in market conditions;
(e) reinsurance placed with third parties may not be fully recoverable, or may not be paid on a timely basis, or such reinsurance from creditworthy reinsurers may not be available or may not be available on commercially attractive terms;
(f) developments in the financial and capital markets may adversely affect investments of capital and premiums, or the availability of equity capital or debt;
(g) changes in legal, regulatory, tax or accounting environments in relevant countries may adversely affect (i) Lloyd's ability to offer its products or attract capital, (ii) claims experience, (iii) financial return, or (iv) competitiveness;
(h) mergers, consolidations, divestitures and other transactions by third parties could adversely affect Lloyd's, including but not limited to changes in the distribution or placement of risks due to increased consolidation of insurance and reinsurance brokers; or
(i) economic contraction or other changes in general economic conditions could adversely affect (i) the market for insurance generally or for certain products offered by Lloyd's, or (ii) other factors relevant to Lloyd's performance.

The foregoing list of factors is not comprehensive, and should be read in conjunction with other cautionary statements that are included herein or elsewhere. Lloyd's cautions readers to consider carefully such factors. Any forward-looking statements speak only as of the date they are made. Lloyd's undertakes no obligation to update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise.