



In the beginning

It is believed that at some time during 1688 Lloyd's Coffee House opened in Tower Street, London. The first mention of Lloyd's appeared in the late 1680s when an advertisement in the London Gazette offered "a reward of a guinea for information about stolen watches, claimable from Mr Edward Lloyd's Coffee House in Tower Street".

However this coincided with both the sudden rise in popularity of coffee drinking in England and the increasing demand for marine insurance.

The first London coffee house was opened in 1652. From the time of King Charles's restoration to the throne in 1660, coffee houses proliferated until by the end of the century they were numbered in hundreds. They provided pleasant meeting places and in the City of London their popularity as places for business transactions was quickly established.

After the English Civil War, the growing importance of London as a centre of trade led to a steady increase in the demand for insurance of ships and cargoes. Business in those days was conducted very informally.

A merchant with a ship to insure would request a 'broker' to take the policy from one wealthy merchant to another until the risk was fully covered. The broker's skill lay chiefly in ensuring that policies were underwritten only by people of sufficient financial integrity.

People who could meet their share of a claim, if need be, to the full extent of their personal fortunes. At his coffee house, and until his death in 1713, Lloyd encouraged a clientele of ships' captains, merchants, ship owners and others with an interest in overseas trade.

So, at a time when communications were unreliable, Lloyd gained an enviable reputation for trustworthy shipping news. This was crucial to successful underwriting and ensured that 'Lloyd's' became recognised as the place for obtaining marine insurance.



A society of underwriters

Throughout the 18th Century, the informal gathering of merchants at Lloyd's Coffee House gradually assumed a more cohesive identity. However, there was little or no restriction of activities and the professionalism of the group was mixed.

So in 1769, a number of Lloyd's more reputable customers decided to break away and set up a rival establishment in nearby Popes Head Alley. This was one of the first signs of any community of interest among underwriters and led rapidly to the establishment of a properly constituted society.

'New Lloyd's Coffee House' as it was called, soon proved to be too small. So a committee was elected to find new premises. Some 79 underwriters and brokers each subscribed £100 towards a new premises. Lloyd's had become the property of subscribers.





In 1774, rooms were leased in the Royal Exchange and 'New Lloyd's' left the coffee business for good. While still referred to as 'Lloyd's Coffee House' for many years, it was much more like a place of business. The modern Lloyd's had been born. Over the next century the society of underwriters at Lloyd's gradually evolved.

Membership was regulated and the elected Committee was given increased authority. This period culminated in 1871 with the incorporation of Lloyd's by Act of Parliament.

The Lloyd's Act gave the Society a formal legal basis allowing it to acquire property and make byelaws with the full authority of Parliament behind them. It confirmed Lloyd's as a business institution with guidelines that can be seen still working successfully today.



The Lutine Bell

The Lutine Bell, weighing 106 pounds and measuring 18 inches in diameter, is synonymous with the name of Lloyd's. Traditionally it has been rung to herald important announcements – one stroke for bad news and two for good.

The bell was carried on board the French frigate La Lutine (the sprite) which surrendered to the British at Toulon in 1793. Six years later as HMS Lutine and carrying a cargo of gold and silver bullion, she sank off the Dutch coast. The cargo, valued then at around £1 million, was insured by Lloyd's underwriters who paid the claim in full.

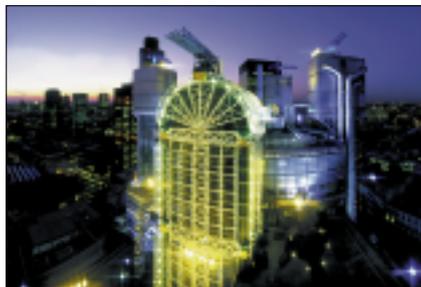
There were numerous salvage attempts and in 1859 the wreck yielded its most important treasure - the ship's bell. It was hung in Lloyd's Underwriting Room at the Royal Exchange and was rung when news of overdue ships arrived.

Whenever a vessel became overdue, underwriters would ask a specialist broker to reinsure some of their liability based on the possibility of the ship becoming a total loss. When reliable information became available the ringing of the bell ensured that everyone with an interest in the risk became aware of the news simultaneously.

The bell has hung in four successive Underwriting Rooms. In the Royal Exchange 1890s-1928, Leadenhall Street 1928-1958, Lime Street 1958-1986; and in the present Lloyd's building since 1986.

The bell is no longer rung as the result of a vessel becoming "overdue". Today, the ringing of the Lutine bell is generally limited to ceremonial occasions, although in rare instances exceptions are made. For example, the bell was rung following the terrorist attacks on September 11 2001.





Lloyd's today

Lloyd's may be able to trace its roots to a 17th century coffee shop, but that has little bearing on the market's current practices. Today, Lloyd's is home to some of the most skilled and experienced specialist underwriters in the world, leading the industry in creating new areas of insurance, such as kidnap and ransom, space and aviation and cyber-liability, in addition to covering more standard classes of insurance.

Lloyd's also utilises a range of modern IT systems to process the millions of risks dealt with every year. Certain classes of insurance, fine art and cargo for instance, can now be bought on-line from registered insurance professionals based at Lloyd's. And by visiting the website, insurance brokers and other professionals from all over the world can gain information on available cover.