



Lloyd's:

Transforming for Tomorrow

2026





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Introduction

Five years ago, Conning published a report on the Lloyd's market (*Old Lloyd's, New Lloyd's—What the Future at Lloyd's May Mean for the Insurance Industry*) that described a set of mounting challenges and the ambitious reforms then being proposed under the banner of the "Future at Lloyd's."

The market remains in motion, and the recent round of leadership changes shows Lloyd's is determined to step up to the opportunity to differentiate itself from the crowd. Patrick Tiernan began his tenure as the CEO of Lloyd's in May, but the changes extend beyond London and include significant organizational moves in the Americas as well—which accounts for nearly two-thirds of Lloyd's global premium. These appointments matter not only for the personalities they bring, but also for what they represent: a commitment for Lloyd's to be the pre-eminent marketplace for global risk.

With new leadership teams in place and many of those reforms now in effect, this is an opportune time to revisit the market, reassess its progress, and take stock of the risks and opportunities ahead with an updated report.

Conning has examined the Lloyd's market at several critical points in the past.

- » **1991: Lloyd's of London—A Changing Market.** Examined Lloyd's in the midst of challenging years that featured escalating asbestos and pollution claims issues coupled with structural problems in the market.
- » **1996: Lloyd's of London—A New World of Capital—Is the Genie Out of the Bottle?** Analyzed post-crisis reforms, focusing on capital changes and their implications for Lloyd's future.
- » **2010: Lloyd's in the 21st Century—After the Precipice.** Reviewed Lloyd's transformation, including capital structure, governance, and controls.
- » **2020: Old Lloyd's, New Lloyd's—What the Future at Lloyd's May Mean for the Insurance Industry.** Assessed Lloyd's ambitious modernization plan and its impact on brokers and competitors.

This study examines not only the market's recent reform initiatives, but also the risks and opportunities that lie ahead. By tracing Lloyd's journey from its coffee house origins to its current role as a global leader in specialty insurance, we reveal how its unique syndicate model, capital structure, and commitment to innovation have enabled it to adapt through crisis and change.

Executive Summary

The Lloyd's insurance market traces its origins to the coffee house operated by Edward Lloyd in London in the late 17th century. From this informal setting, Lloyd's evolved into a key element of the risk management function within the global financial system. At its beginning, the ability to manage risks through the Lloyd's market allowed for the expansion of global commerce that would not have been possible without such a facility. The market continues to play that role today, although the nature of the risks has evolved considerably.

Lloyd's historically has been known for its willingness to underwrite unconventional or high-risk ventures, and it continues to offer complex, specialist coverage where standard insurers are unwilling or unable to do so, including for newer and emerging risks with which mainstream insurers may be less familiar.

Unique Characteristics of the Lloyd's Market

Lloyd's operates as a marketplace rather than a conventional insurer, distinguished by its syndicate model, layered capital structure, and global licensing. This structure enables efficient risk sharing, rapid decision-making, and access to over 200 jurisdictions. Lloyd's combines deep specialist expertise with centralized infrastructure and oversight, supporting both resilience and adaptability. Its heritage of underwriting unconventional risks and its commitment to innovation have allowed Lloyd's to remain relevant through centuries of change.

Lloyd's in the Global Financial System

Lloyd's is a critical enabler of global trade and investment, providing insurance capacity for complex and emerging risks. The market's ability to support infrastructure projects, cyber risk, and supply chain exposures positions it as a cornerstone of the global financial system. Lloyd's also facilitates ILS (insurance-linked securities) through platforms like London Bridge 2, expanding access for institutional investors and reinforcing London's role as a global risk hub.

Evolution of the Lloyd's Market

Lloyd's history is marked by cycles of crisis and renewal. From its origins in the London coffee house, the market has evolved through reforms prompted by catastrophic events and regulatory challenges. Innovations such as the Central Fund and the shift to corporate capital have strengthened Lloyd's resilience. Each challenge has led to structural upgrades, reinforcing Lloyd's reputation for reliability and its ability to underwrite complex risks.

By the mid 2010s, however, structural issues began to emerge as obstacles to sustainable, profitable growth. Inefficiencies, unprofitability, and outdated processes were challenging its competitiveness. A string of underwriting losses from 2016 to 2020 raised concerns about Lloyd's reputation for disciplined underwriting. The difficulties of the 2010s created a new mandate: simplification efforts to make governance and charges clear, proportionate, and predictable; and commerciality initiatives aim to widen the funnel, deepen relationships, showcase innovation, and articulate Lloyd's competitive advantages.

The Response: Reform and Strategic Initiatives

Recent reforms have focused on underwriting discipline, operational efficiency, and commercial strategy. Lloyd's has adopted principles-based oversight, replacing prescriptive rules with outcome-focused principles. Fee structures have been simplified, and new frameworks such as Syndicate-in-a-Box have lowered barriers to entry. The market's commercial mindset is reflected in expanded multinational capabilities, enhanced education through the Lloyd's Academy, and a prioritization of innovation via Lloyd's Lab.

Principles-Based Oversight

The shift to principles-based oversight represents a major cultural and operational change. Thirteen core principles now guide market participants, emphasizing sustainable profitability, effective risk management, and organizational health. Oversight is tailored to the scale and complexity of each syndicate, fostering accountability and continuous improvement.

Adoption of a Commercial Mindset

Lloyd's is expanding market access and supporting the growth of new and existing participants. The commercial strategy emphasizes global reach, client-centricity, and innovation. Education and outreach, particularly through the Lloyd's Academy, are central to demystifying the market and building confidence among brokers and clients. Academy programs have demonstrated measurable impact, with high participant satisfaction and increased engagement in the Lloyd's market.

Multinational Proposition

Lloyd's global licensing and local partner model enable seamless cross-border insurance and reinsurance. Tools like Crystal+ streamline regulatory and tax compliance, while local currency claims settlement enhances client experience. Early results from new market entries indicate positive momentum and future growth potential.

Lloyd's Lab: The Innovation Engine

Lloyd's Lab is central to market transformation, serving as a structured, market-driven innovation program. It connects InsurTechs and data scientists with market practitioners, accelerating the development and adoption of new solutions. The Lab's impact is evident in operational improvements, premium growth, and the creation of new products and business classes.

Lloyd's Academy: Opening Doors

The Lloyd's Academy addresses knowledge gaps and misconceptions about the market, especially outside London. Through immersive programs and digital learning, it equips professionals with the expertise needed to access and leverage Lloyd's. Survey data show that 93% of Broker Academy participants intend to pursue client-facing risks, and 59% are already engaged in active placements. The Academy's evolving curriculum supports market access, capital engagement, and future-proofing the industry.

Measuring Progress

Lloyd's has seen increased confidence from global financial institutions, as evidenced by new market entrants and M&A activity. Financial metrics show marked improvement: gross premiums written have grown at a double-digit compound rate since 2020, underwriting performance has strengthened, and the solvency ratio has reached new highs. Expense ratios have improved, and the quality of capital has increased, supporting sustainable growth.

Participating in Lloyd's

Lloyd's has made it easier for investors and insurers to participate, offering multiple entry points—from investing in managing agents and syndicates to engaging in ILS and sidecar structures. The London Bridge 2 platform provides institutional investors with flexible, regulated access to the market, supporting both traditional and innovative capital solutions.

Looking Ahead

Lloyd's is committed to future-proofing the marketplace through modernization, harnessing the collective strength and scale of the market, and driving innovation—ensuring it remains agile, trusted, and relevant. The market's ability to adapt—balancing tradition with innovation—positions Lloyd's to remain the pre-eminent global marketplace for specialty risk in an era of increasing volatility.



The Evolution of the Lloyd's Market: A Cycle of Renewal

The Lloyd's insurance market traces its origins to the coffee house operated by Edward Lloyd in London in the late 17th century. Lloyd's Coffee House became a hub for maritime merchants, shipowners, and captains, who gathered to discuss shipping news, trade, and the risks associated with maritime commerce. This informal setting evolved into a place where underwriters could assess and accept risks, often in the form of marine insurance policies.

By 1734, Lloyd's began publishing its own shipping news, the *Lloyd's List*, which provided vital information for maritime commerce. Over time, the informal network became a more structured entity, culminating in the establishment of Lloyd's of London as a formal insurance market in 1871, under a special Act of Parliament.

Its unique structure—face-to-face broking (increasingly augmented by digital tools), subscription placement for large/complex risks, and global trading rights—enabled Lloyd's to scale from marine origins to aerospace, energy, cyber and beyond, while retaining its London hub and global reach. At its beginning, the ability to manage risks through the Lloyd's market allowed for the expansion of global commerce that would not have been possible without such a facility. The market continues to play that role today, although the nature of the risks has evolved considerably.

Lloyd's historically has been known for its willingness to underwrite unconventional or high-risk ventures—such as insuring the Titanic, space exploration missions, and celebrity body parts—and continues to offer complex, specialist coverage where standard insurers are unwilling or unable to do so, including for newer and emerging risks that mainstream insurers may be less familiar with.

Uniqueness of the Lloyd's Market

Lloyd's stands out for its unique structural advantages—a platform that efficiently blends private capital, specialist underwriting, and global reach. The market's challenge today is leveraging these strengths amid demands for innovation and efficiency. Below are some unique characteristics that set Lloyd's apart:

Structural advantages. For more than 300 years, Lloyd's has been central to global risk transfer, not only as an insurance market, but also as a distinctive institutional system.

Lloyd's structure—syndicate model, layered capital (chain of security), global licenses, centralized infrastructure, and a culture combining heritage with innovation—sets it apart and underpins its resilience, enabling efficiency and adaptability.

Syndicate model. The syndicate model fosters a concentration of expertise unparalleled in the industry. Managing agents bring together underwriters, claims specialists, actuaries, and analysts whose focus is often on very specialized segments of risk. One syndicate might be a leader in insuring marine cargo moving through conflict zones; another might specialize in renewable energy performance guarantees; another could focus on cyber liability for multinational corporations.

The syndicate model also enables a subscription-based approach to placing large or complex risks. Instead of a single insurer taking the entire exposure, multiple syndicates participate on a proportionate basis. This allows for a broader spread of risk, encourages participation from diverse sources of capital, and permits more efficient deployment of expertise. By bringing together leading underwriters, brokers, and claims professionals under one umbrella, Lloyd's delivers scale, competition, and diversification—deploying the power of the marketplace to solve complex problems. This structure allows corporate, private, and institutional investors to access risk in ways that suit their appetites.

One of the often-overlooked benefits of the Lloyd's model is the speed of decision-making it enables. The physical underwriting room in London—augmented today by digital placement systems—still allows for rapid, face-to-face negotiation and consensus-building. For a risk manager trying to arrange coverage quickly, that immediacy is invaluable.

Chain of security. Lloyd's guarantees the payment of valid claims through a three-layer capital structure. The first link in the chain is the capital held at the syndicate level. These are the assets and reserves of each syndicate, managed by its respective managing agent, and earmarked to meet claims on the business it underwrites.

The second link consists of Funds at Lloyd's—additional capital that members (whether corporate investors or individual "Names") must deposit. The amount is calculated based on each member's underwriting commitments, with a regulatory capital requirement plus a 35% uplift to provide a margin of safety. These funds are ring-fenced and available to meet liabilities if syndicate resources are insufficient.

Finally, the third link is the Central Fund, a mutual pool maintained by the Lloyd's Corporation itself. This fund exists as a backstop to pay claims in the rare event that both syndicate assets and Funds at Lloyd's are exhausted. Importantly, the Central Fund is funded by annual levies on market participants, ensuring it remains viable over time.

Global licensing. With licenses in over 200 jurisdictions, Lloyd's offers syndicates seamless global access to risks and clients. A single Lloyd's policy can cover exposures in multiple jurisdictions without the need for complex, fragmented arrangements. In around 80 markets, Lloyd's has negotiated agreements that allow cover to be provided directly: reducing cost, complexity, and ensuring full compliance. For capital providers, it means access to a worldwide flow of risks without having to negotiate entry into each market individually.

This global reach is further strengthened by Lloyd's multinational capabilities, which provide a simple, compliant, and efficient way to service customers wherever they operate. Through a single, coordinated arrangement, Lloyd's can cover multiple territories, reducing administrative overhead and ensuring regulatory compliance across borders.

Supporting this global footprint is the Lloyd's Global Network, a system of more than 300 agents based in key commercial hubs and ports. These agents act as Lloyd's representatives, providing local claims support, survey services, and market intelligence.

Central infrastructure and oversight. Lloyd's Corporation provides regulatory oversight, infrastructure, and governance without underwriting risk itself. Centralized services and enforcement of standards maintain market stability, protect collective funds, and support strategic development. The combination of infrastructure and oversight also supports Lloyd's strategic priorities—performance, digitalization, purpose, and culture—ensuring that the market evolves in a coordinated way rather than through fragmented, unaligned initiatives.

Heritage and innovation. Lloyd's has long been a center for insurance innovation, pioneering firsts from motor and aviation to political risk and cyber. Its longstanding reputation instills trust among stakeholders, while its history of underwriting new types of risks demonstrates continuous innovation. Today, that spirit is embedded through its Innovation (ICX) class, where syndicates can write an additional 5% of their total annual business plan in innovation-related products, making it easier to experiment and channel capital into forward-looking solutions.

Initiatives like the Lloyd's Lab—Lloyd's innovation accelerator program which has supported over 100 startups, raised \$1 billion and has a 95% success rate—shows commitment to adapting to emerging challenges. Many Lab firms respond to the market's emerging risk challenges that require new technology solutions, data models, or processes that can adapt to a rapidly changing landscape.

Importance of structure. The interplay of its foundational structures allows Lloyd's to adapt to evolving risks while retaining scale and trust. Periodic reforms and digitalization have strengthened its capabilities, keeping it relevant in a changing environment.

Lloyd's in the Global Financial System

Lloyd's views itself as more than just an insurance marketplace; it is a critical component of the global financial system. By enabling the transfer of complex risks, it supports global trade, investment, and innovation. Without insurance capacity for major infrastructure projects, for example, financing might be prohibitively expensive or unavailable altogether. Without coverage for emerging perils like cyber attacks or supply chain disruption, many businesses would be unable to operate with confidence.

The market's structural advantages make it uniquely capable of filling these roles. Other insurers may match Lloyd's in certain niches, and other capital markets mechanisms—such as insurance-linked securities—offer alternative forms of risk transfer. However, few, if any, combine such a broad scope of expertise, capital security, global reach, and governance in a single platform. Note that Lloyd's has also sponsored Insurance Linked Security Transformer vehicles into being, providing ILS investors with a route to Lloyd's underwriting through the London Bridge 2 platform.

In that sense, Lloyd's does not simply participate in the global financial system; it enables parts of it to function. As long as it can preserve and adapt the structural strengths that have sustained it for centuries, Lloyd's will continue to fulfill its mission: bringing people together in a trusted environment to exchange risk efficiently, so they can move towards achieving their objectives with confidence.

A Comparison with the New York Insurance Exchange on How Lloyd's Has Been So Successful

The Lloyd's marketplace is without a rival anywhere in the world, but this was not always the case. The NYIE (New York Insurance Exchange) was launched in 1980¹ as a bold initiative to create a U.S.-based counterpart. Much like its far older peer, NYIE was similarly designed as a centralized marketplace for underwriting complex and large-scale insurance and reinsurance risks with syndicates, brokers, and underwriters under a unified regulatory and operational framework. Initially, the Exchange experienced rapid growth, with the number of syndicates growing from 16 to over 30 by 1984 and the number of brokers exceeding a hundred over the same period. It had grown into the eighth-largest reinsurer in the U.S. at the time. However, despite its early momentum, the NYIE struggled and ultimately ceased operations in 1987.^{2 3}

The Exchange's failure stemmed from a combination of structural, financial, and market-related issues. A prolonged soft market led to declining premium adequacy. Some syndicates were undercapitalized and poorly managed, leading to five insolvencies in 1986. The Exchange also developed a reputation as a "market of last resort," attracting high-risk business that other insurers avoided. In addition, the Exchange's back-office operations failed to keep pace with its growth. The final blow came when the Exchange's security fund called down \$25 million in member deposits to cover potential claims, triggering a mass exodus of syndicates. Although some participants remained solvent and willing to continue, the loss of confidence and leadership sealed the Exchange's fate.

This period was a dark time for Lloyd's as well, but the comparison between the two markets in terms of structure and management demonstrates how unique features of Lloyd's, which were not used by NYIE, ended up being critical for long-term success. First, both exchanges have the ability to police writing amounts, surplus levels, and line-of-business authorities. Lloyd's makes full use of these on a regular basis to ensure a strong market. NYIE seemed to allow issues to build within syndicates up to the point of failure. Lloyd's proactively works with managers, brokers, and its own resources to address weakened syndicates, ensuring a strong claims payment reputation. NYIE chose to abrogate this responsibility to New York State to liquidate weak syndicates, undermining its reputation. Lloyd's, when presented with particularly challenging liabilities beginning in the 1980s and early 1990s, chose to internally reinsure these in the RITC (Reinsurance to Close) process, which started in 1985. Especially difficult liabilities were placed into a central entity, Equitas, which aided in more efficiently and accurately dealing with such liabilities. NYIE did not use such a structure, although it had been proposed. It is these features, strong internal management, solvency, and runoff procedures, that have contributed to Lloyd's resilience.

How Lloyd's Structural Advantages Compare with Global Insurers

Lloyd's is often compared with the largest global insurers—companies like Allianz, Swiss Re, Munich Re, and AIG—that also operate across continents, offer specialty insurance and reinsurance, and maintain significant capital strength. While these institutions compete for many of the same risks, their underlying structures and business models differ in ways that explain why Lloyd's retains a unique position.

Corporate Entity vs. Marketplace

Allianz, Swiss Re, and their peers are integrated corporate entities. They own their underwriting capital, employ their underwriting teams directly, and make strategic decisions centrally. Lloyd's, by contrast, is a marketplace platform. It does not own underwriting capital; instead, it provides the rules, infrastructure, and oversight for a network of independent capital providers and managing agents.

This structural distinction has implications for agility and diversity of expertise. A corporate insurer's underwriting strategy is set at the top and implemented across global business units. At Lloyd's, each syndicate makes its own underwriting decisions within the framework of market rules, allowing for a wider variety of risk appetites and product innovations to coexist. The result is a competitive micro-economy within the market, with innovation often emerging from smaller, entrepreneurial syndicates that might not exist inside a tightly integrated corporate structure.

Capital Structure and Security

An insurer relies on its consolidated balance sheet and regulatory capital under Solvency II to back every policy it writes. Lloyd's capital is more fragmented but protected by the chain of security—syndicate-level reserves, Funds at Lloyd's, and the Central Fund.

The corporate model allows insurers to redeploy capital quickly across lines or geographies. The Lloyd's model, while requiring more coordination, offers an extra layer of collective security: if one syndicate encounters a severe loss, the Central Fund acts as a backstop without putting the entire market at risk of insolvency. This mutualized safety net is absent in the corporate model, where all losses ultimately hit the same balance sheet.

Geographic Reach and Licensing

Large global insurers operate through their own subsidiaries and branches, each licensed and capitalized in its operational jurisdictions. This requires significant administrative effort and sometimes limits their ability to write cross-border business without local incorporation.

Lloyd's enjoys a structural shortcut: a centralized set of global licenses that all market participants can use. A new syndicate entering Lloyd's gains access to more than 200 territories without having to establish local entities in each. This makes Lloyd's particularly attractive to niche underwriters and new capital providers that want global reach without building a global footprint. It also provides a unique multinational platform that eliminates some of the complexities of multinational coverage in the company market.

Infrastructure and Shared Services

In a corporate insurer, operational infrastructure—claims systems, compliance, legal, and IT—must be built, maintained, and funded entirely in-house. Lloyd's provides centralized infrastructure for all syndicates: claims processing systems, settlement platforms, and compliance support.

For a small or midsized managing agent, this dramatically lowers the cost of entry into the global specialty insurance market. It also creates standardization, which enhances the market's reputation and operational resilience.

Culture and Innovation

Swiss Re and Allianz both invest heavily in innovation, often through corporate venture arms, research teams, or partnerships with InsurTechs. However, corporate innovation initiatives can face the inherent challenge of scaling new products within a large, risk-averse organization.

Lloyd's, with dozens of independent syndicates competing under one roof, has a built-in incentive for experimentation. A managing agent that identifies a new market opportunity—such as insurance for emerging renewable technologies—can develop and launch a product without having to secure consensus from a global corporate leadership team.

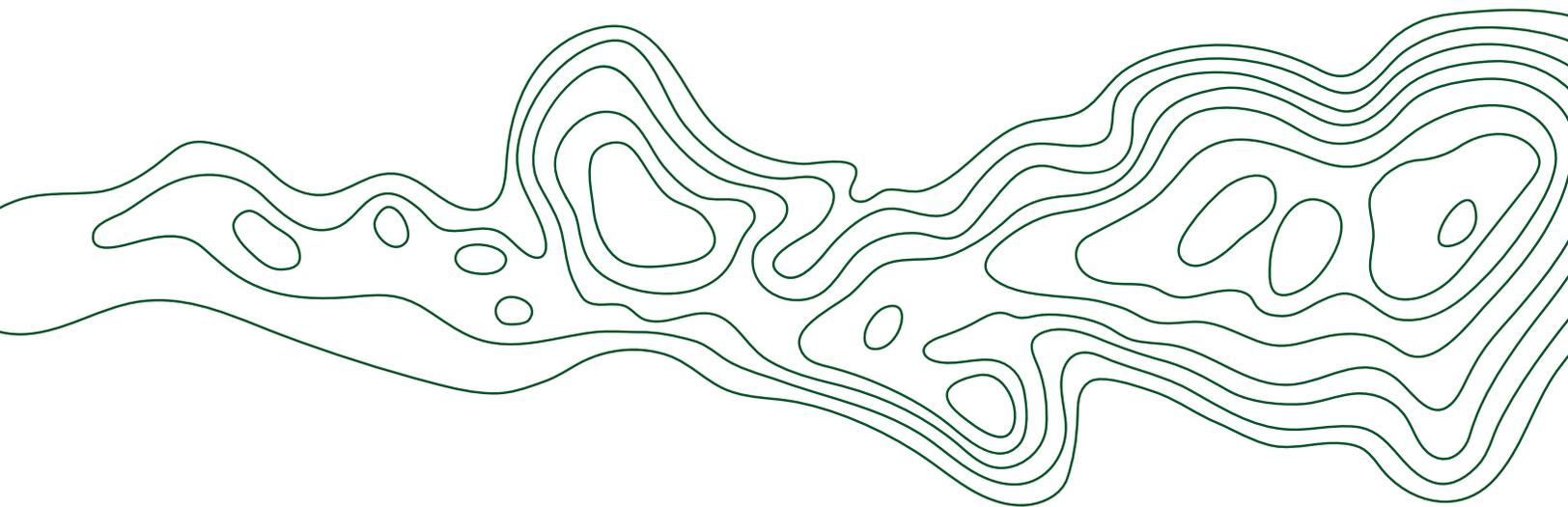
Furthermore, Lloyd's brand as the home of unusual or difficult-to-place risks attracts clients and brokers looking for solutions that may not fit neatly into a corporate insurer's existing portfolio.

The Competitive Implication

These differences mean that Lloyd's is not simply another "big insurer" competing on price or capacity. It is a platform business for the insurance sector, leveraging shared infrastructure, pooled capital, and a dense concentration of expertise to create value for participants and clients.

Global insurers have the advantage of strategic coherence and the ability to direct resources across the enterprise quickly. Lloyd's offers an alternative value proposition: a globally connected marketplace where diverse underwriting talent and capital can operate under a trusted banner, with the flexibility to address risks that may be too niche, too complex, or too experimental for a single corporate balance sheet.

In this sense, Lloyd's structural advantages are less about being "bigger" than other global insurers, and more about providing a platform that both large global insurers as well as start-ups can utilize to achieve their own strategic goals—the benefits of the platform has allowed it to remain relevant for centuries and will likely keep it central to the world's risk-sharing ecosystem for decades to come.



A Market Shaped by Crisis

The history of the Lloyd's market has not been without challenges. The market has been shaped by crises, but each challenge forced Lloyd's to shed a layer of tradition and adopt a more resilient structure.

Between 1906 and 1912, Lloyd's of London forged its modern reputation through a series of catastrophic events that tested the market's resolve and shaped its claims-paying ethos. The decisive moment came after the 1906 San Francisco earthquake, when underwriter Cuthbert Heath instructed his agents to "pay all of our policyholders in full," even when policy language might have allowed denials. That good-faith approach set Lloyd's apart in the United States and established a culture of honoring obligations without argument. The pattern repeated with the 1912 sinking of the Titanic—then the largest marine loss in history—which Lloyd's paid within 30 days. Through these and other disasters, including the Kingston and Messina earthquakes, Lloyd's demonstrated both financial resilience and a willingness to pay promptly, turning a London marine market into the world's most trusted insurer of complex risks.

A critical transformation occurred in the middle part of the previous century, amid the turmoil of the two World Wars. Lloyd's had grown from its maritime roots into aviation and non-marine risks, but war losses and trade disruptions challenged the market. Syndicate failures and inconsistent reserving practices spurred the creation of centralized oversight. In 1923, Lloyd's established the Central Fund, a pooled reserve funded by an annual levy on all Names, to protect policyholders if a syndicate defaulted. Auditing and solvency requirements soon followed. These wartime reforms created the safety net and regulatory discipline that underpin Lloyd's creditworthiness to this day.

The most existential threat came in the late 1980s and early 1990s, when Lloyd's faced a deluge of claims. Latent asbestos, pollution, and health-hazard (or APH) claims arrived alongside a cluster of major catastrophes (e.g., Piper Alpha, North European storms, Hugo, Loma Prieta), while layers of London Market LMX (excess-of-loss) reinsurance recycled the same losses around the market—amplifying gross claims and confusing ultimate incidence. Hundreds of individual "Names," who had pledged unlimited personal liability to underwrite risks, were bankrupted. Lloyd's response was sweeping, dramatic, and innovative. It created Equitas in 1996 to assume and manage all pre-1993 liabilities, effectively drawing a line under the old era. More consequentially, it allowed corporate members—firms with limited liability—to join the market alongside traditional Names. The "Reconstruction and Renewal" plan professionalized governance and introduced central oversight of solvency and underwriting standards. Today, corporate capital provides more than 90% of Lloyd's underwriting capacity, transforming what had been a club of wealthy individuals into an institutional marketplace.

Additional crises prompted important advances:

- » **Hurricane Andrew (1992).** The unprecedented losses from Hurricane Andrew underscored the need for improved catastrophe modeling and risk diversification. This event marked a turning point for Lloyd's catastrophe risk practices.
- » **Financial crisis (2008).** Although Lloyd's weathered this global economic downturn better than many institutions, it highlighted the importance of robust capital adequacy and regulatory compliance

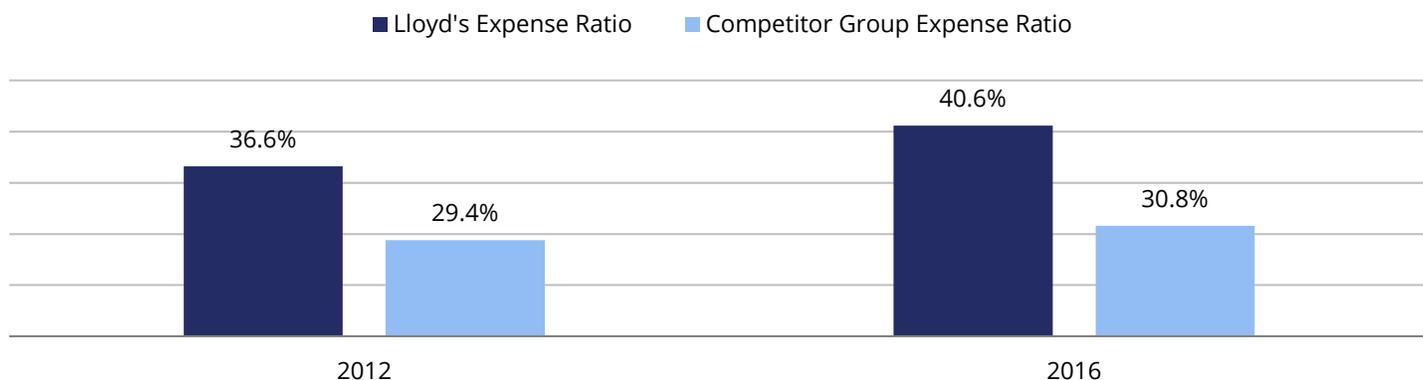
By 2010, Lloyd's had emerged from these trials leaner, more transparent, and better capitalized. The Central Fund safeguarded policyholders; corporate capital ensured financial depth; and performance management enforced discipline.

Its history suggests that each period of upheaval, however painful, has forced the market to adapt in ways that preserved its singular role as the pre-eminent risk transfer platform: underwriting the world's most complex and unusual risks when no one else will.

The Most Recent Crisis: Competitiveness, High Costs, and Uneven Performance

By the mid 2010s, however, structural issues began to emerge as obstacles to sustainable, profitable growth. Inefficiencies, unprofitability, and outdated processes were challenging its competitiveness. A string of underwriting losses from 2016 to 2020 raised concerns about Lloyd's reputation for disciplined underwriting. Distribution and administrative costs pushed total expense ratios to 40%; Lloyd's had become an expensive way to arrange coverage.

Net acquisition and admin expense ratios for Lloyd's and its competitor group (weighted average)

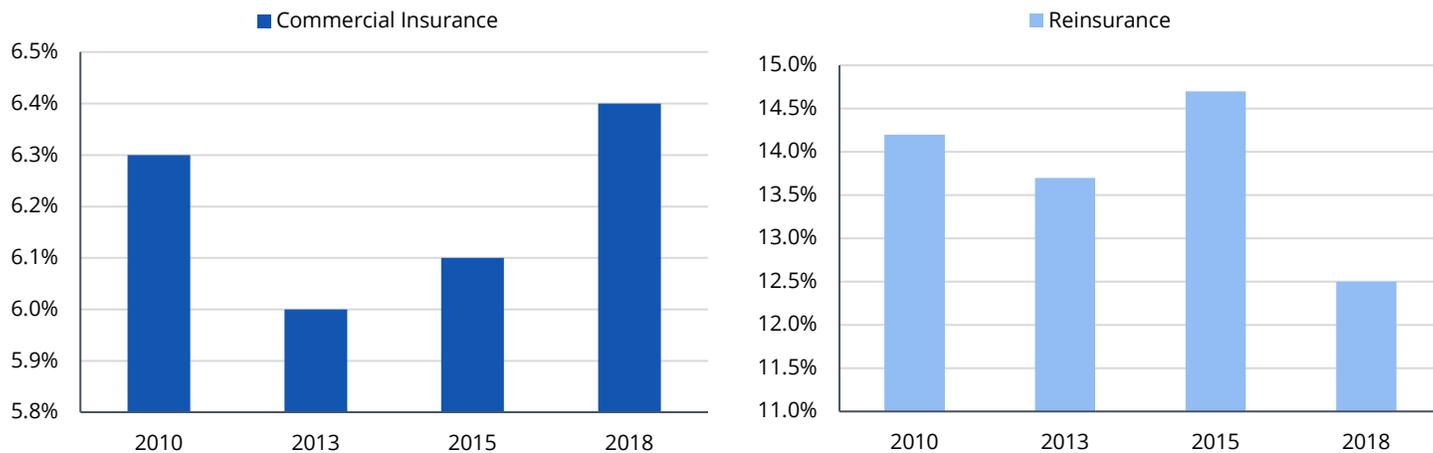


Prepared by Conning, Inc. Source: Lloyd's, <https://assets.lloyds.com/assets/pdf-analysts-investors-morning-at-lloyds-jan-2018/1/pdf-analysts-investors-morning-at-lloyds-jan-2018.pdf>

Market participants felt they were chafing at the existing rules-based oversight framework that held all to the same standards, regardless of size, business complexity, or past performance.

The London Matters series, commissioned by the London Market Group, reaffirmed London's global importance in commercial insurance but also highlighted competitive erosion: London's share (60% of which is Lloyd's premium) of global reinsurance was slipping; market share in high growth regions was small and, in places, falling (source: LMG London Matters report 2017). A 2020 follow-up to that report reaffirmed those conclusions and found the issues raised still to be concerns.

Share of global markets, London Market gross written premium by placement type, % of global total



Prepared by Conning, Inc. Source: London Matters, 2020

Lloyd's still consistently outperformed its competitor group's combined ratio, but 2016 results, while still posting an underwriting profit, had deteriorated by 8 percentage points.

2017-2018: Losses Expose Deeper Weaknesses

The tipping point came with back-to-back heavy catastrophe years. In 2017, Hurricanes Harvey, Irma, and Maria, California wildfires, and other events pushed Lloyd's to a combined ratio of ~114% and a pretax loss of ~£2 billion; catastrophe claims alone added ~18.5 percentage points to the ratio. In 2018, losses persisted (combined ratio ~104.5%; loss ~£1 billion), with another above-average catastrophe year that included Hurricanes Michael and Florence and additional California wildfire activity. Even stripped of cats, however, the attritional (non-cat) loss ratio was too high—up more than 4 percentage points above its ten-year average. This provided concerning evidence that prolonged soft pricing and elevated costs had eroded core profitability. Reserve releases and benign loss years could no longer mask structurally weak underlying performance (S&P Global 4/18/2018).

Brexit and Regulatory Complexity

Brexit added new friction. To preserve EEA (European Economic Area) access, Lloyd's established Lloyd's Insurance Company S.A. (Lloyd's Brussels), licensed by the National Bank of Belgium, to write EEA nonlife risks from January 1, 2019. The move maintained continuity for clients but added governance and process complexity, reinforcing the case for streamlining oversight and market operations.

Performance Focus

Lloyd's pivoted hard on performance. Beginning in 2018, the market launched the "Decile 10" remediation—requiring managing agents to fix or exit the worst performing 10% of their books and to address chronically unprofitable classes. This central intervention curtailed the long held autonomy of syndicates but materially improved the market's technical result.

The Road Ahead

Throughout its history, each crisis forced a structural upgrade—coffee-house networking to formal incorporation; reputation-defining claims practices after 1906/1912; central security to buttress unlimited liability; and, after the APH/LMX decade, corporate capital plus Equitas to de-risk the past and finance the future. That arc of “challenge reform stronger architecture” is the through-line from 1688 to today.

The difficulties of the 2010s—losses, costs, complexity, market share concerns—have created the current mandate:

- » simplification efforts to make governance and charges clear, proportionate, and predictable
- » commerciality initiatives aim to widen the funnel (new entrants and capital), deepen relationships (more business with existing participants), showcase innovation, and articulate Lloyd’s multinational advantage

The Response

A number of efforts are underway in the market to address the challenges outlined in the “Evolution of the Lloyd’s Market” chapter and to steer the market back toward sustainable, profitable underwriting. These initiatives have a two-fold objective:

- » To make it easier to do business with Lloyd’s—simplifying processes and improving transparency.
- » To refocus on the corporation’s broader commercial strategy built around multinational program capabilities, innovation, education, and global market expansion.

The first order of business was to get profitable underwriting back on track. More stringent performance reviews, restructuring of portfolios, and rate actions, although painful at times, helped to drive a return to underwriting profitability, as detailed in the previous section. Driving underwriting profitability remains the primary driver and core focus for all of the reform efforts.

The Corporation of Lloyd’s moved to a principles-based oversight framework in 2023 that allows flexibility for participants with different capabilities and performance track records. Importantly, these changes were even endorsed by the primary U.K. regulator, the PRA (Prudential Regulation Authority).

Lloyd’s has dramatically simplified its fee structure from a myriad of formulae and pages of sometimes conflicting rules to effectively a 1% flat fee on up to £3 billion of gross premium for most syndicates.

Even underwriting culture has been targeted for reform. The lead/follow reform clarified responsibilities for lead underwriters while enabling efficient “follow-only” syndicates, including algorithmic strategies. The intention was to cut duplicated work, raise quality, and encourage innovation, all while preserving the competitive tension that makes Lloyd’s unique. Meanwhile, the Syndicate-in-a-Box (or SIAB) framework allowed entrepreneurial teams to test innovative models with lower costs and lighter oversight.

Innovation-focused initiatives in the Lloyd's market are designed to modernize the insurance market and foster new product development. Key programs include the Lloyd's Lab, which turns market insights into viable insurance products through core programs such as the Accelerator, and the ICX (Innovation Class of Business), which allows Lloyd's syndicates to explore and experiment in a contained environment, paving the way for successful product scaling without disrupting existing operations.

Lloyd's Academy was launched to equip professionals with the insight and access needed to navigate today's complex risk landscape.

Capital access was also reimagined. The London Bridge PCC structures provided institutional investors with a simpler, tax-efficient way to deploy capital into Lloyd's syndicates.

The sections that follow examine these market-led responses and strategic initiatives in more detail. Together, these initiatives aim to recapture Lloyd's historical role as a premier gateway between global capital and global risk.

Simplification of Governance and Charges: from Rules to Principles, from Duplication to Clarity

For many years, Lloyd's oversight of syndicate managing agents was anchored in a rules-based framework known as "minimum standards." This approach, while well-intentioned, became increasingly complex and unwieldy over time. The number of requirements grew to approximately 750, covering every aspect of governance, process, and policy. Every managing agent, regardless of size, business model, or risk profile, was expected to comply with this exhaustive checklist. Oversight was heavily compliance-driven, with Lloyd's teams conducting regular audits to ensure every box was ticked and every document was in place.

However, this system revealed significant limitations. The "one-size-fits-all" nature of minimum standards failed to account for the diversity within the Lloyd's market. Large, diversified syndicates and smaller, specialized operations were held to the same standards, even though their risks and operational realities differed dramatically. Moreover, the focus on process and documentation often overshadowed the actual outcomes being achieved. There were instances where syndicates were fully compliant—"green across all requirements"—yet continued to post losses. This disconnect between compliance and performance raised fundamental questions about the effectiveness of the oversight regime.

The Catalyst for Change

By 2017-2018, the need for a new approach had become clear. The persistence of loss-making syndicates, despite rigorous adherence to the rules, highlighted the limitations of a purely compliance-based system. Lloyd's leadership recognized that simply enforcing processes and policies was not sufficient to ensure market health or sustainable profitability. The market's diversity further underscored the need for a more flexible, differentiated approach, one that could accommodate varying business models, risk appetites, and operational complexities.

This realization prompted a strategic shift: moving away from prescriptive rules and minimum standards toward a framework focused on outcomes and principles. The goal was to foster a culture of accountability and performance, where the emphasis would be on what syndicates achieve, rather than how they achieve it. This shift also aimed to free up both Lloyd's and managing agents from the administrative burden of perpetual audits and compliance checks, allowing resources to be redirected toward more meaningful oversight and value creation.

The Shift to Principles-Based Oversight

The result of this transformation is the current principles-based oversight framework. Instead of hundreds of detailed rules, Lloyd's now articulates its expectations through 13 principles. Each principle is defined at the outcomes level, setting clear expectations for what syndicates should deliver—such as sustainable underwriting profitability, effective risk management, and a healthy organizational culture.

This approach recognizes that there are many ways to achieve a desired outcome and that the path will differ depending on the nature of the syndicate. For example, the principle related to exposure management expects all syndicates to manage catastrophe risk appropriately, but the specific controls and infrastructure required will vary based on the amount of cat business written. This flexibility allows the framework to be both rigorous and adaptable, supporting innovation and diversity within the market.

The 13 Principles outline the core responsibilities required of all managing agents to uphold the market's performance, capital resilience, and financial and reputational integrity.

The 13 Principles

	DIMENSION	PRINCIPLE
Performance	1. Underwriting Profitability	Managing agents should produce and execute syndicate business plans which are logical, realistic and achievable, and ensure the delivery of a sustainable profit including expense management.
	1. Legacy Reinsurance Underwriting Profitability (RITC syndicates only)	Managing agents should ensure their strategy for underwriting legacy reinsurance transactions is clear and that pricing assumptions are sufficiently robust, to ensure the sustainable run-off of acquired liabilities.
	2. Catastrophe Exposure	Managing agents should ensure syndicates maintain appropriate control of catastrophe risk (from natural and non-natural perils) in line with their wider business strategy. Catastrophe risk management and modelling practices must comply with Solvency II requirements.
	3. Outwards Reinsurance	Managing agents should define and execute syndicate outwards reinsurance strategy and purchasing plans which effectively support the wider syndicate business strategy and objectives.
	4. Claims Management	Managing Agents should execute a Claims Management Strategy that is aligned to and supported by the business, delivering a high-quality claims service which includes a prompt and fair customer service, complying with legal and regulatory obligations.
	5. Customer Outcomes	Managing agents should embed a culture and associated behaviours throughout their business to ensure that they consistently focus on good customer outcomes and that products provide fair value.
Solvency	6. Reserving	Managing agents should ensure syndicates set reserves which are underpinned by a robust reserving process. All Actuarial Function requirements should be met in line with Solvency II.
	7. Capital	Managing agents should ensure syndicates' Solvency Capital Requirement (SCR) appropriately reflects their risk profile and is calculated using a Solvency II compliant internal model.
	8. Investments	Managing agents should ensure syndicate investment risk is effectively controlled, informed by wider business strategy and adheres to the Prudent Person Principle (PPP) requirements.
Operational	9. Liquidity	Managing agents should ensure syndicates have contractual access to sufficient liquidity in order to withstand a severe liquidity event (defined by Lloyd's), underpinned by a robust liquidity risk management framework.
	10. Governance, Risk Management and Reporting	Managing agents should have governance structures and internal risk management and control frameworks in place which align to Solvency II requirements, enable sound and prudent management of the business and support delivery of the business strategy.
	11. Regulatory and Financial Crime	Managing agents should have robust frameworks in place to assess and address regulatory and financial crime risks arising from their UK and international businesses. Frameworks should support compliance with law, regulation and guidance, and allow for well informed, transparent relationships with Lloyd's and applicable regulators.
	12. Operational resilience	Managing agents should maintain robust and resilient operations, embedding cyber resilience and effective third-party risk management.
	13. Culture	Managing agents should be diverse and create an inclusive and high-performance culture.

Prepared by Conning, Inc. Source: Lloyd's



Lloyd's: Transforming for Tomorrow

Materiality and the Maturity Matrix

A key innovation of the new framework is the introduction of materiality and a maturity matrix. Rather than applying the same expectations to all syndicates, Lloyd's now differentiates based on the scale, complexity, and risk profile of each business. Materiality refers to the significance of a particular risk or activity within a syndicate's operations.

The maturity matrix provides a structured way to benchmark syndicates across each of the 13 principles. Maturity levels range from foundational to advanced, reflecting the sophistication of a syndicate's practices. Expected maturity is primarily determined by objective metrics, such as gross written premium for underwriting profitability or workforce size for culture, but Lloyd's also applies judgment, adjusting expectations based on unique aspects of a syndicate's risk profile. This ensures that oversight is both fair and context-sensitive.

While the Maturity Matrix for each Principle and Sub-Principle provide examples and indicators specific to each technical area, they are not comprehensive. Additional general guidelines help illustrate the progression of maturity levels from Foundational to Advanced.

The Maturity Matrix

FOUNDATIONAL (Low materiality)	INTERMEDIATE (Moderate materiality)	ESTABLISHED (High materiality)	ADVANCED (Highest materiality)
<i>Syndicate with foundational capabilities.</i> Core competencies and processes in place to effectively manage lower materiality risk exposure	<i>Syndicate with intermediate capabilities.</i> Consistent with good market practice observed at Lloyd's, demonstrating comprehensive, well embedded processes to effectively manage moderate materiality risk exposure	<i>Syndicate with established capabilities.</i> Consistent with strong practice observed at Lloyd's and globally, demonstrating sophisticated processes and strong capabilities to effectively manage high materiality risk exposure	<i>Syndicate with advanced capabilities.</i> Consistent with Lloyd's and global best practice, showing leadership on emerging techniques, and proactively supporting Lloyd's in improving standards across the market

Prepared by Conning, Inc. Source: Lloyd's Principles for doing business at Lloyd's

Culture as a Principle

One of the most significant additions to the new framework is the explicit inclusion of "culture" as a principle. Under the old minimum standards, expectations around culture were minimal—often limited to a single line about conduct. The principles-based framework elevates culture to a central focus, recognizing its critical role in market health and reputation.

Lloyd's now employs a combination of quantitative and qualitative measures to assess culture. These include annual market-wide culture surveys that gather input from all market participants, as well as data on workforce size, grievances, and incidents related to workplace behavior. In addition, ongoing interactions with managing agents provide valuable insights into organizational culture that may not be captured through surveys or formal returns. These data points are used to help ensure consistent market standards and enable Lloyd's to form a comprehensive view of each syndicate's culture and its alignment with market expectations.

Continuous Assessment and Evolution

Oversight under the principles-based framework is dynamic and continuous. Rather than relying on periodic audits, Lloyd's teams engage in ongoing assessment of syndicate performance against the principles. For example, the team responsible for underwriting profitability reviews quarterly performance data to determine whether a syndicate is on track. If results deteriorate, this may trigger a deeper review or intervention, but the emphasis remains on outcomes rather than process compliance.

This approach allows Lloyd's to be more agile and responsive to changing market conditions. The framework is designed to be stable—providing consistency and clarity for managing agents—but not static. Lloyd's expects to recalibrate the maturity matrix and underlying metrics as the market evolves, ensuring that oversight remains relevant and effective. For example, as the market grows and syndicates increase in scale, thresholds for advanced maturity may be adjusted to reflect new realities.

Stakeholder Engagement and Regulatory Confidence

The development and implementation of the principles-based framework was a collaborative effort, involving close engagement with managing agents, the LMA (Lloyd's Market Association), and regulators such as the PRA. Working groups of subject matter experts contributed to the drafting and refinement of each principle and its supporting guidance. The PRA's confidence in the new oversight model has even led to a reduction in direct regulatory scrutiny for some managing agents, reflecting trust in Lloyd's ability to ensure effective governance.

Impact and Future Direction

Feedback from managing agents has been overwhelmingly positive, with many noting that oversight conversations now center on substantive performance drivers rather than administrative compliance. This shift has freed up capacity and resources, allowing both Lloyd's and market participants to focus on strategic priorities. Still, the transition demands a cultural change within Lloyd's oversight teams—moving from a “tick-box” approach to one that emphasizes judgment and holistic assessment.

The principles-based framework is designed to evolve with the market. As conditions shift and new challenges arise, Lloyd's will recalibrate expectations and metrics to ensure governance remains robust, relevant, and supportive of sustainable growth.

To put the new system in perspective, here is how the top ten syndicates performed under the new system compared to the old one.

Under the new system, according to Conning's calculations, the top ten active syndicates (by five-year average combined ratio through 2023) increased gross premium written by 110% year-over-year in 2024, compared to 6.5% year-over-year growth for the market overall. By contrast, under the previous system, the top ten syndicates (through 2021) grew premiums by 16.6% year-over-year in 2022, roughly in line with the market's 19% growth, although we caveat that several factors beyond the change to principles-based oversight contributed to this divergence.

This additional growth in 2024 contributed approximately £1.6 billion in premium, representing about 3% of Lloyd's total market gross premium for 2025.

Adoption of a Commercial Mindset

Another critical element of the market's transformation efforts is the adoption of a commercial mindset, reshaping the approach to growth, innovation, and global engagement. This shift is not just a change in language but a comprehensive strategy that touches every aspect of the market's operations and ambitions.

A central element of this strategy is the focus on expanding market access. Lloyd's is actively working to attract new entrants and encourage existing global players, especially those with multiple platforms to increase their participation in the market. By making it easier for innovative syndicates and managing agents to join, and by supporting the expansion of established participants, Lloyd's aims to drive meaningful growth and enhance its influence within the specialty insurance sector. This effort is reinforced by Lloyd's strengthened multinational proposition, which simplifies cross-border placements and provides robust compliance tools, key advantages for global insurers seeking scale and efficiency.

Education and outreach are also critical components. Lloyd's recognizes that, for many brokers and clients, the market can seem complex or unfamiliar. To address this, the Lloyd's Academy offers a range of programs, from introductory to executive level, including tailored offerings for U.S. wholesalers. These initiatives are designed to demystify the Lloyd's platform, reduce barriers to entry, and build confidence among market participants. The goal is to ensure that brokers and clients understand Lloyd's well enough to choose it confidently over traditional insurers.

Innovation is another pillar of the commercial mindset. The establishment of Lloyd's Lab, the development of advanced analytic tools, and the creation of new distribution channels all reflect a commitment to staying at the forefront of specialty risk solutions. Lloyd's is investing in data and analytics, finding new ways to access, analyze, and share information. This enables syndicates to benchmark their performance against peers and supports continuous improvement across the market.

The commercial strategy also emphasizes the importance of Lloyd's global network. Effective outreach and advocacy ensure that Lloyd's remains relevant and accessible to clients and partners worldwide. The global network acts as an extension of London, supporting international trading relationships and sourcing innovation from across the insurance ecosystem.

As CEO Patrick Tiernan has stated, "My primary focus will be supporting the commercial success of our market participants while keeping an iron grip on underwriting discipline and safeguarding the financial strength of the Corporation."

Ultimately, the adoption of a commercial mindset is about positioning Lloyd's for sustainable growth and continued leadership in the global specialty insurance market.

Multinational Proposition

One of Lloyd's enduring commercial advantages is its global licensing network, which enables the market to write insurance on a cross-border basis in approximately 80 territories and reinsure in over 200. This structure allows Lloyd's to avoid the patchwork of local policies typically required elsewhere, instead offering central settlement, consistent policy wordings, and robust compliance guidance, crucial for complex D&O, specialty property, and liability programs. Clarifying and marketing this proposition, including the suite of market tools and tax support, is a central plank of Lloyd's commerciality agenda.

Evolving the Model: Local Partner Network

While Lloyd's licensing capabilities are not new, the market has recently enhanced its multinational proposition by complementing these licenses with a local partner network in key jurisdictions. In territories where Lloyd's does not hold a direct insurance license, such as Brazil, Mexico, and India, the new model enables access through local insurers, eliminating the need for costly fronting arrangements. This approach provides admitted local policies and leverages Lloyd's reinsurance and cross-border capabilities, closing critical gaps for multinational clients with exposures in these regions. The model was piloted in the UAE and has since launched in Mexico, with Brazil and India expected to go live in early 2026.

Regulatory Tools: Crystal+ and API Integration

To support the complexity of multinational business, Lloyd's has consolidated its regulatory, compliance, and tax resources into a single platform—Crystal+. This tool replaces three legacy systems (Risk Locator, Stamp Decision Tool, and Crystal), streamlining the user journey from 88 clicks to just seven in some cases. Crystal+ provides market participants with quick, intuitive access to global regulatory requirements, compliance obligations, and tax information. In 2025, Lloyd's introduced API capabilities, allowing brokers, managing agents, and other market participants to integrate Crystal+ data directly into their systems. An AI-powered chat assistant is also in development for 2026, further simplifying access to regulatory guidance.

Market Support: Summary of Cover and Local Expertise

Recognizing the need for clarity at the client level, Lloyd's has launched a "summary of cover" service in multiple languages, providing concise, jurisdiction-specific overviews of coverage. While not a legal document, this service enhances transparency for multinational clients. Additionally, Lloyd's maintains a global network of country managers and a dedicated International Trade and Advice team, ensuring local expertise is available to help market participants navigate complex regulatory environments.

Claims and Settlement: Paying in Local Currency

A key differentiator for Lloyd's is the ability to settle claims in local currency where it holds a direct license. This capability, especially valued in marine and specialty lines, ensures timely and accurate payments to clients in their home jurisdictions—a critical factor for multinational programs.

Early Success and Future Growth

The Mexico launch provides an early example of the new model in action, with adoption and premium growth being tracked as key success metrics. While it is still early days for some initiatives, Lloyd's is committed to continuous improvement, with feedback loops in place to refine tools and expand the network based on market needs.

With its strengthened multinational platform, Lloyd's is not only simplifying access for clients, but also paving the way for future growth and innovation across the worldwide insurance market.

Lloyd's Lab: The Innovation Engine Powering Lloyd's Market Transformation

Central to the transformation is a prioritization of innovation, reshaping the market's approach to growth and global engagement while embedding new ideas across every facet of its operations. At the heart of this innovation imperative sits Lloyd's Lab, a dynamic accelerator and innovation hub. The Lab (launched 2018) has become a visible beacon for InsurTechs and data science. It connects innovators with market practitioners and accelerates pilots, from cargo IoT and catastrophe analytics to claims automation. The Lab's cohorts and follow-on capital raises have helped position Lloyd's as a home for practical innovation that can be scaled through the marketplace.

A Market-Driven Approach to Innovation

Unlike conventional accelerators, Lloyd's Lab is uniquely market-driven. Each ten-week cohort is shaped by the real needs of Lloyd's underwriters, brokers, and policyholders. The Lab actively solicits problem statements from the market, ensuring that every solution developed is targeted at genuine pain points, whether it is improving underwriting accuracy, streamlining operations, or enhancing the policyholder experience. This collaborative approach means that innovation at Lloyd's Lab is never theoretical; it is practical, commercial, and immediately relevant.

Collaboration at Scale

Lloyd's Lab convenes a diverse ecosystem, with more than 50 insurers, 300 brokers, and a global network of mentors within its iconic London space. Yet its reach is global, with hybrid programs and regional outposts that leverage Lloyd's international reputation. The Lab's ability to bring together stakeholders from across the insurance value chain, foster relationships, and accelerate product development is a gold standard for industry collaboration. Each company in a cohort is paired with a unique panel of mentors, ensuring that ideas are stretched, refined, and commercialized with direct market input.

Commercial Impact and Success

The Lab's Accelerator program's results speak for themselves: 97% of participating companies remain active, and 85% have secured commercial contracts with the Lloyd's market. This high success rate is a testament to the Lab's rigorous selection process and its focus on return on time and market impact, rather than just investment returns. Alumni have launched world-first insurance products and frameworks for emerging risks—cyber, carbon capture, data centers, and niche sectors like U.S. trucking—demonstrating the Lab's versatility and commercial relevance.

Lloyd's Lab has become a launchpad for transformative innovation, with several standout successes illustrating its impact.

- » InsurX, for example, developed smart follow technology that accelerated placement speed, reducing a two-week process to just 15 minutes. Since graduating, InsurX has traded more than \$125 million in premium and now serves over 40 global brokers and 17 managing agents.
- » Optalitix built a catastrophe reporting tool now used market-wide, saving an estimated 79,000 administrative hours and helping report \$7 billion in claims across 81 syndicates. This real-time transformation frees capacity for higher-value decision-making and reduces inefficiencies across the Lloyd's market.
- » Artio is pioneering insurance for early-stage carbon projects; with Lab support, it secured coverholder status in just four weeks and now quotes three to four times faster than the market average.
- » Kita, the world's first carbon insurance specialist, entered Lloyd's Lab Cohort 8 just four months after its founding. With the Lab's support, Kita rapidly became a Lloyd's coverholder, launching specialized parametric insurance products now underwritten by industry leaders such as Chaucer Group, Munich Re, RenaissanceRe, and Tokio Marine Kiln.

These examples demonstrate how Lloyd's Lab is not only fostering innovation, but also delivering measurable commercial value and operational efficiency across the Lloyd's market.

Versatility and Global Reach

While London remains the epicenter, Lloyd's Lab's influence extends worldwide. By establishing regional outposts and running hybrid programs, the Lab addresses local challenges while maintaining the concentration effect of London's insurance ecosystem. Its partnerships and MOUs with global insurance hubs allow cohort companies to engage directly with customers and stakeholders in diverse markets, amplifying the Lab's impact and reputation.

Setting the Standard for Industry Innovation

Lloyd's Lab is recognized by governments and regulators as a benchmark for insurance innovation. Its neutral convening power, market-driven focus, and collaborative product development model are being emulated in other insurance hubs. The Lab's evolving service model, now including innovation training, product development sprints, and proof-of-concept programs, reflects a commitment to continuous improvement and responsiveness to market feedback.

A Catalyst for Market Transformation

Ultimately, Lloyd's Lab is more than an accelerator; it is the innovation engine for Lloyd's, driving commercial value, operational efficiency, and global leadership. By de-risking innovation and accelerating adoption, the Lab empowers the Lloyd's market to respond to emerging risks and adapt to new technologies.

Industry observers describe Lloyd's Lab as a structured innovation program that helps market participants explore new solutions and turn emerging risks into commercial opportunities. Since its launch in 2018, the Lab has been linked to outcomes such as operational improvements, premium growth for supported companies, and the creation of an Innovation Class of Business for testing new products. Its activities span four pillars: an Alumni Network for ongoing collaboration, Lab Discovery initiatives addressing market-wide challenges, CII-accredited training programs to build innovation skills, and consulting services for tailored support. Lloyd's Lab is also recognized as a hub for financial start-ups in the UK.

Lloyd's Academy: Opening Doors to the World's Leading Specialty Market

Educating market entrants, syndicates and risk professionals about the Lloyd's market is essential to its strategy in order to demystify the market and reduce barriers to entry. Through immersive programs, global bootcamps, and digital learning, the Academy equips professionals with the expertise, networks, and insights needed to access and leverage the Lloyd's market.

Lloyd's is a truly global marketplace; however, the further one gets from London, the market seems to be less well understood. Many risk professionals, even seasoned ones, hold misconceptions about what Lloyd's insures, how accessible it is, and how the market operates. The OnDemand component was an Academy initiative created to close this gap, clarifying Lloyd's and making its expertise accessible worldwide. Survey findings suggest that most participants in Lloyd's Broker Academy, a program focused on client-facing risks, plan to pursue such opportunities, with about 93% indicating this intention. Furthermore, approximately 59% reported they are already engaged in active placements within Lloyd's market. These outcomes demonstrate how targeted Academy programs are steadily bridging the knowledge gap and creating tangible pathways into the market.

The Academy is more than a training platform; it unites previously disparate professional development efforts under a unified, intentional brand. By aligning programs with the needs of both the market and its participants, the Academy supports Lloyd's commercial strategy and sustainable growth. It offers tailored learning for different career stages - from foundational 101 modules for newcomers to competitive, high-touch signature programs for senior professionals. These programs are delivered both in-person and virtually, with physical programs reaching around 1,300 participants annually and digital modules scaling to thousands more.

Program Structure and Impact

- » **Foundational learning.** Interactive, CPD-accredited e-learning modules relevant to a wider range of professionals, including those who place or support market business and risk professionals who want to learn more about Lloyd's.
- » **Mid-career bootcamps.** One- to two-day deep dives in global insurance hubs (Chicago, San Diego, Miami, Singapore, Dubai, Mexico City) cover Lloyd's essentials and foster regional engagement.
- » **Signature programs.** Selective, experiential courses in partnership with CIAB, RIMS, FERMA, and others, including hands-on experiences like shadowing underwriters and pitching risks on the Lloyd's underwriting floor.
- » **Networking and placement.** Programs that emphasize building relationships, with 50% of recent Council Academy delegates entering active placement conversations post-program. Alumni have even relocated internationally to pursue Lloyd's market opportunities.

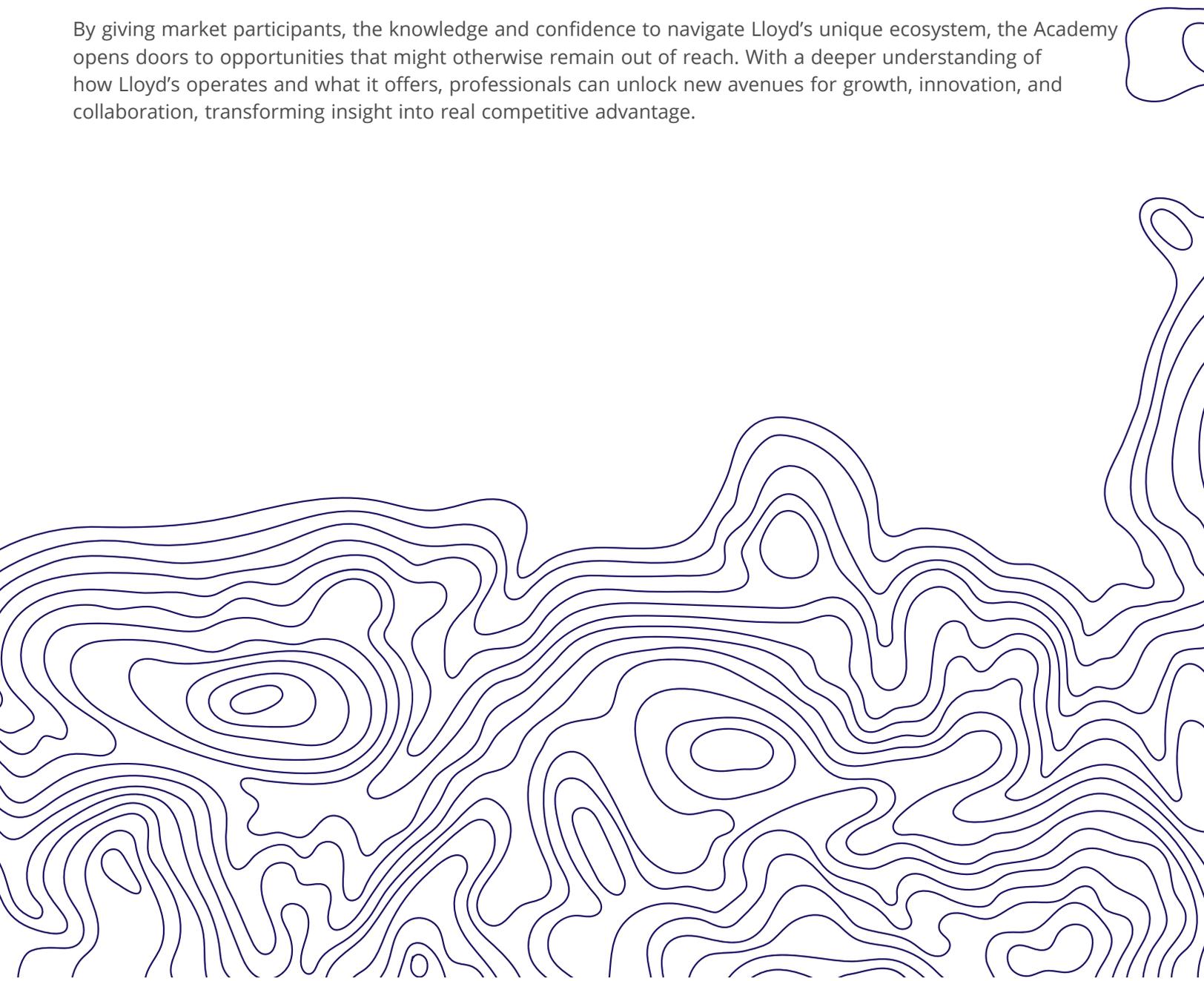
The Academy tracks its impact through pre- and post-program surveys, typically seeing a 30% lift in participants' understanding of Lloyd's and their willingness to place business in the market. Satisfaction scores consistently reach 90%. While directly attributing premium growth to Academy participation is challenging, anecdotal evidence shows significant business resulting from program connections.

The Academy is still young but rapidly evolving. Its strategic focus includes expanding On-Demand modules, integrating learning into major partnerships, and developing bespoke programs to support commercial strategy, such as upskilling new market entrants or educating global teams of existing market participants.

With both in-person and online programs, the Academy ensures that participants outside the UK can access insights and professional development. This is especially relevant for U.S.-based firms evaluating Lloyd's as a platform for growth. The Academy also underpins Lloyd's modernization agenda, positioning upskilling as a lever for innovation and transformation.

Lloyd's Academy is not just about professional development; it is about market access, capital engagement, and future-proofing the industry. By equipping professionals with the knowledge to navigate specialty risk and by creating pathways for new entrants, the Academy reinforces Lloyd's role as a global hub for innovation and resilience. Through the Academy, Lloyd's demonstrates a long-term commitment to educating and empowering market participants, helping today's professionals build the expertise and confidence needed to engage with the Lloyd's platform and unlock future opportunities.

By giving market participants, the knowledge and confidence to navigate Lloyd's unique ecosystem, the Academy opens doors to opportunities that might otherwise remain out of reach. With a deeper understanding of how Lloyd's operates and what it offers, professionals can unlock new avenues for growth, innovation, and collaboration, transforming insight into real competitive advantage.



Measuring Progress

As management introduces changes to the marketplace, Conning monitors progress and evaluates performance from multiple angles.

Signs of Increasing Confidence from Global Firms

Several global financial institutions—Sompo/Endurance, Aviva, Goldman Sachs, CRC, Skyward Global, Fairfax Financial, Radian—are set to enter or enlarge their position within the Lloyd's market via acquisition. In addition, Convex (Syndicate 1984), Coface (2546), Santam (1918), Atradius (1864), and Somers Re (3705) have also recently been granted approval to enter the market with their own syndicates. Start-up Oak Re's partial capital raising through London Bridge 2 and the decision of Ryan Specialty's recent reinsurance sidecar (RAC Re) to select AXIS-managed Lloyd's syndicate 1686 in order to transact has proved the value-added of recent initiatives.

Conning believes increased activity and entry from sophisticated financial institutions represents a significant vote of confidence in the marketplace and management's recent initiatives.

Select Merger and Acquisition (M&A) Activity

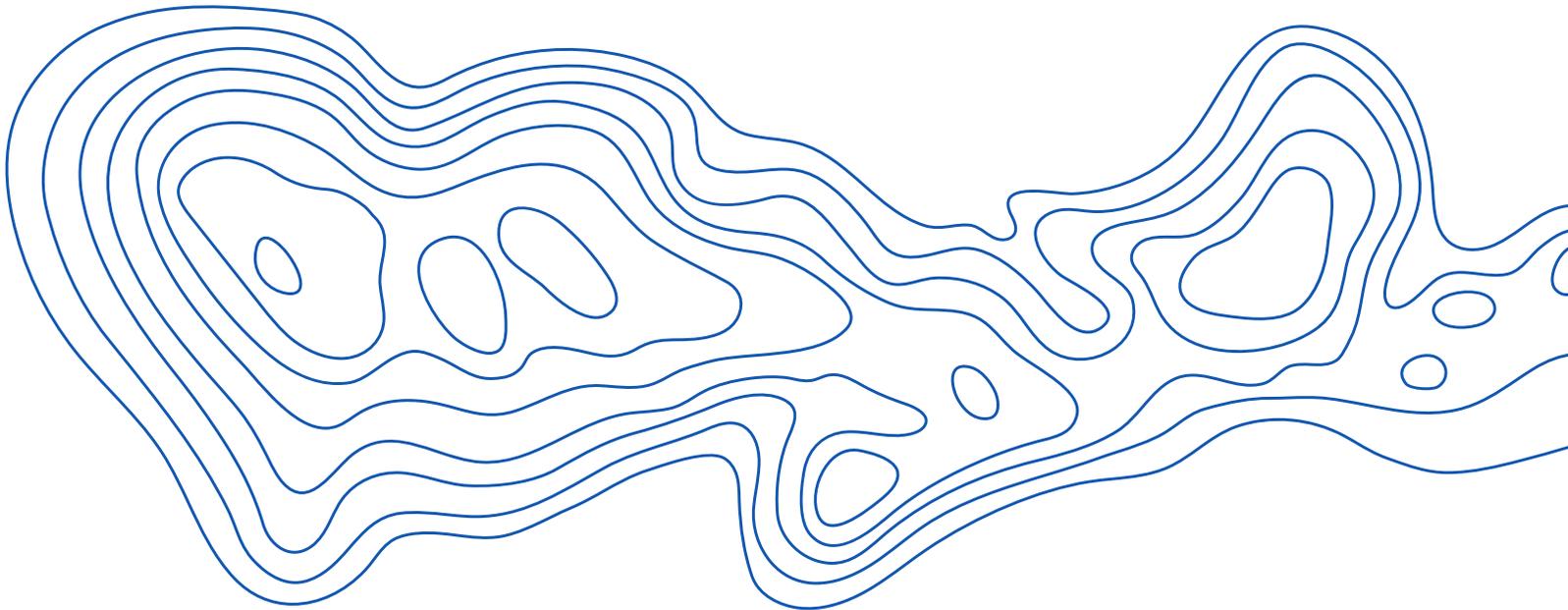
Buyer	Target	Deal Status (at 9/15/25)	Deal Value (\$M)	Announcement Date	Target Country	Buyer Country
Aviva plc	Probitas Holdings (Bermuda) Limited	Completion	242	Mar-24	Bermuda	UK
The Goldman Sachs Group, Inc.	Lilley Plummer Risks Limited	Completion	'--	Oct-24	UK	USA
B.P. Marsh & Partners PLC	Pantheon Specialty Limited	Completion	13	Oct-24	UK	UK
Bishop Street Underwriters LLC	Landmark Underwriting	Completion	'--	Nov-24	UK	USA
Fairfax Financial Holdings Limited	Brit Limited	Completion	383	Dec-24	UK	Canada
CRC Insurance Group, LLC	Atrium Underwriting Group	Definitive Agreement	'--	Jul-25	UK	USA
Skyward Specialty Insurance Group, Inc.	Apollo Group Holdings Limited	Definitive Agreement	555	Sep-25	UK	USA
Radian Group Inc.	Inigo Limited	Definitive Agreement	1,700	Sep-25	UK	USA
Starr International Company, Inc.	IQUW Syndicate Management	Definitive Agreement	'--	Oct-25	UK	USA

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Lloyd's Share of Existing Customers

Conning measured the net premiums written at syndicates controlled by the managing agents at select Bermuda/U.S. insurers relative to their total net premium written as a proxy to gauge Lloyd's success in attracting business from existing customers. With the caveat that these insurers may send business through Lloyd's that might not have been underwritten by the syndicates managed by their agencies and the business underwritten by the syndicates managed by their agencies might not flow through the parent organizations, by this proxy, Lloyd's ability to win an increasing share of business from existing customers has been mixed.

Lloyd's share of business from our sample of six U.S./Bermuda-based insurers has increased overall based on Conning's estimate of 9.1% in 2018, the period before many of the recent reforms started to take effect, to 10.1% in 2024; however, this share fell at three insurers (Arch, RenaissanceRe, Markel) while rising at three others (AIG, Axis, WRB). We note that even at firms where this ratio fell the business managed at Lloyd's increased significantly.



Managed Syndicate Premium Relative to Group Premiums

Net Premiums Written (\$M)	2017Y	2018Y	2019Y	2020Y	2021Y	2022Y	2023Y	2024Y	Change v. 2018
Total of Managed Lloyd's Syndicates									
Arch Managing Agency Limited	545	527	512	581	666	919	1,053	1,287	144%
RenaissanceRe Syndicate Management Limited	422	519	487	411	792	423	431	632	22%
W. R. Berkley Syndicate Management Limited	130	163	203	169	313	313	363	394	143%
Talbot Underwriting Ltd. (AIG)	722	750	792	1,556	1,748	1,521	1,723	1,530	104%
Axis Managing Agency Limited	1,143	1,129	926	911	1,140	1,114	1,345	1,596	41%
Markel	629	596	609	586	559	616	597	791	33%
Total	3,591	3,684	3,529	4,213	5,217	4,906	5,512	6,230	69%
Public Company Total									
Arch Capital Group Ltd.	4,961	5,347	6,039	7,438	9,018	11,077	13,468	15,732	194%
RenaissanceRe Holdings Ltd.	1,871	2,132	3,381	4,096	5,939	7,196	7,468	9,952	367%
W. R. Berkley Corporation	6,261	6,433	6,863	7,262	8,863	10,004	10,954	11,972	86%
AIG	25,759	26,797	25,454	23,456	26,417	26,760	27,206	23,902	-11%
AXIS Capital Holdings Limited	4,027	4,659	4,490	4,336	4,927	5,263	5,102	5,757	24%
Markel Group Inc.	4,418	4,788	5,412	5,932	7,120	8,203	8,398	8,296	73%
Total	38,852	40,709	41,738	42,252	50,238	55,037	59,096	61,558	51%
% Lloyds of Total									
Arch Capital Group Ltd.	11%	10%	8%	8%	7%	8%	8%	8%	-2%
RenaissanceRe Holdings Ltd.	23%	24%	14%	10%	13%	6%	6%	6%	-18%
W. R. Berkley Corporation	2%	3%	3%	2%	4%	3%	3%	3%	1%
AIG	3%	3%	3%	7%	7%	6%	6%	6%	4%
AXIS Capital Holdings Limited	28%	24%	21%	21%	23%	21%	26%	28%	3%
Markel Group Inc.	14%	12%	11%	10%	8%	8%	7%	10%	-3%
Total	9%	9%	8%	10%	10%	9%	9%	10%	1%

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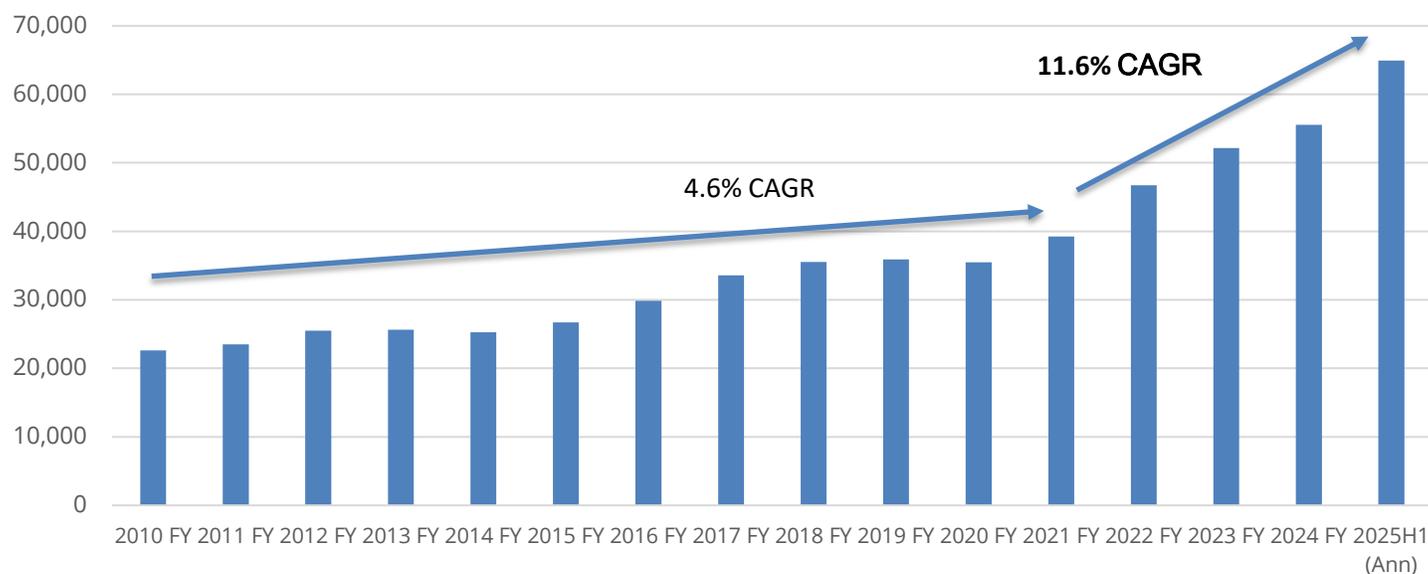
Lloyd's: Transforming for Tomorrow

An Assessment of Financial Metrics

Revenue

Lloyd's financial results have shown a marked improvement in recent years. First on revenue metrics, GPW (gross premiums written) have risen nearly 12% compounded annually since 2020 through the first half of 2025 (annualized), which is impressive in absolute terms, but particularly impressive given this represents an over 2× acceleration relative to the growth rate from 2010 until 2020. The growth from 2020 outpaces the GPW growth of 9.9% of the sum total of Beazley, Hiscox, Lancashire, and AXIS Capital over the same period.

Lloyd's of London Limited—Gross Written Premium (£M)



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A closer examination of recent growth trends reveals an even more impressive trajectory. While GPW growth appears to have moderated since FY22, much of this slowdown is attributable to pricing dynamics and foreign exchange (FX) fluctuations—factors largely outside Lloyd's direct operational control. In contrast, underlying volume growth has accelerated significantly. In fact, volume growth in the first half of 2025 is more than double the pace achieved in 2022 and 2023.

Lloyd's of London Limited—Reported Components of Gross Written Premium Growth

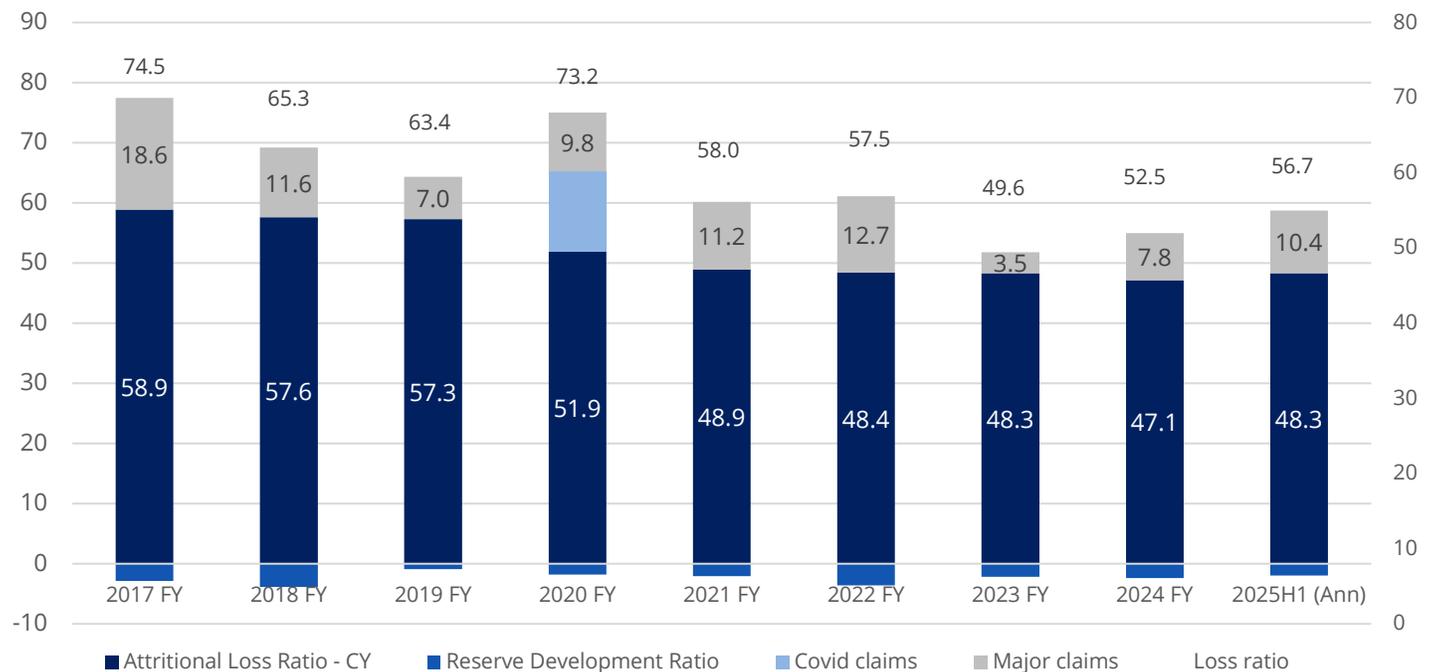
	2018-2021	2022 FY	2023 FY	2024 FY	1H25
Total Premium Growth	10.4%	19.1%	11.7%	6.5%	6.2%
FX	-1.6%	7.0%	0.1%	-2.3%	-2.2%
Price	27.1%	8.0%	7.2%	0.3%	-3.5%
Volume (Estimate)	-15.1%	4.1%	4.4%	8.5%	11.9%

Prepared by Conning, Inc. Source: Company documents, Conning estimates

Underwriting Performance

Underwriting performance has improved dramatically as well. The loss ratio went from an average of nearly 69% from 2017 until 2020 before dropping to an 55% average from 2021 until the first half of 2025.

Lloyd's of London Limited—Loss Ratio



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Looking deeper, we see that the underwriting improvement has been even more remarkable. The largest source of improvement was in the loss ratio excluding prior-year reserve development and major/large claims (often referred to as the “underlying” or “attritional” loss ratio), which was over 8 percentage points lower in the first half of 2025 versus the 2017-2020 average. Major/large claims are generally volatile from period to period, and management teams have discretion over the timing of reserve releases—hence, improvement in the underlying loss ratio is generally considered to be more sustainable and a better indicator of the progress from management actions. Finally, the major/large losses as a percentage of net premiums earned also improved 1.3 percentage points versus the 2017-2020 average. This may improve further with a benign catastrophe environment in the second half of 2025.

Components of the Combined Ratio

% NPE	2017 FY	2018 FY	2019 FY	2020 FY	2021 FY	2022 FY	2023 FY	2024 FY	2025H1 (Ann)	1H25 v. LT Ave
Calendar Year Loss Ratio	58.9	57.6	57.3	51.9	48.9	48.4	48.3	47.1	48.3	-8.1
Reserve Development Ratio	-2.9	-3.9	-0.9	-1.8	-2.1	-3.6	-2.2	-2.4	-2.0	0.4
Covid claims	0.0	0.0	0.0	13.3	0.0	0.0	0.0	0.0	0.0	-3.3
Major claims	18.6	11.6	7.0	9.8	11.2	12.7	3.5	7.8	10.4	-1.3
Expense ratio	39.5	39.2	38.7	37.2	35.5	34.4	34.4	34.4	35.8	-2.9
Combined ratio	114.0	104.5	102.1	110.4	93.5	91.9	84.0	86.9	92.5	-15.3

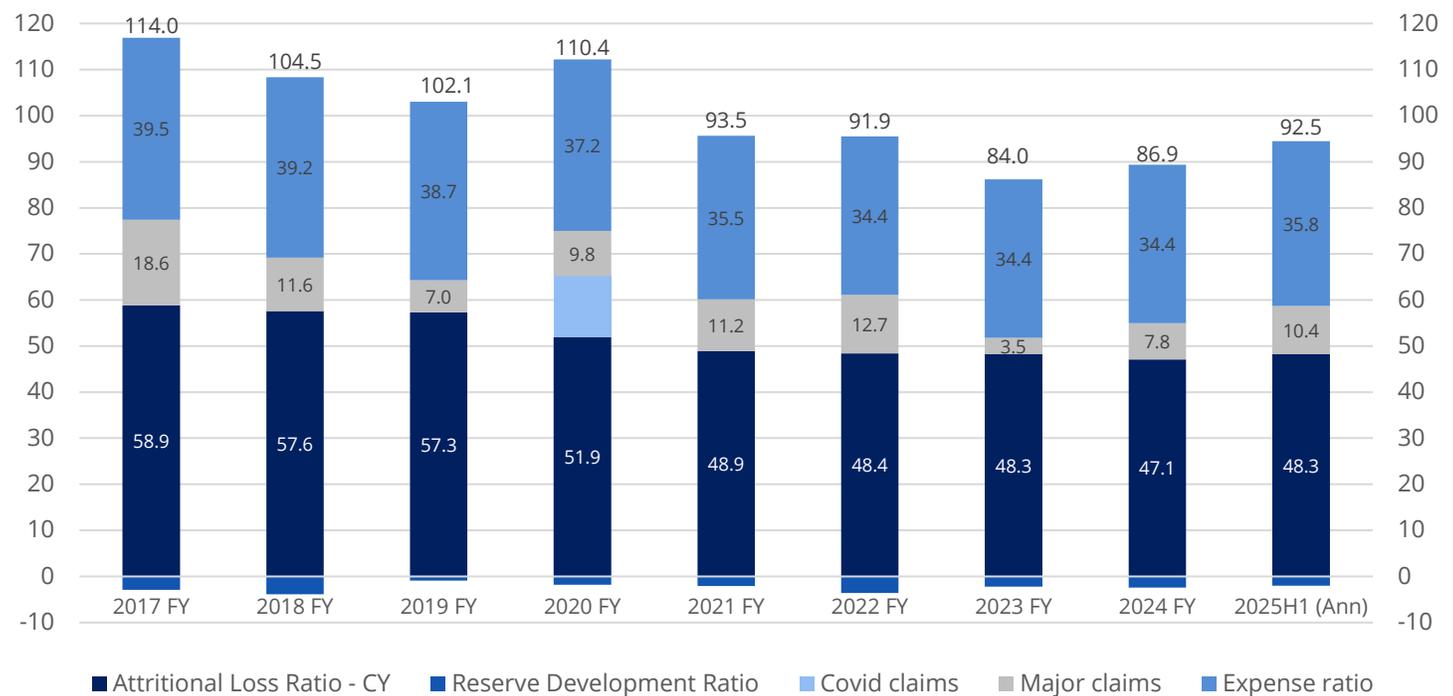
LT Ave = average of the full years 2017-2020

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Expenses

Equally impressive in our view, the expense ratio has improved by nearly 3 percentage points in the first half of 2025 compared to the 2017-2020 average, which is also likely sustainable and a metric over which management has more control. Lloyd's expense ratio of 35.8% was in line with other specialty peers such as AXIS, Markel, and RLI, which had an average expense ratio of 35.2% in the first half of 2025.

Lloyd's of London Limited—Expense Ratio



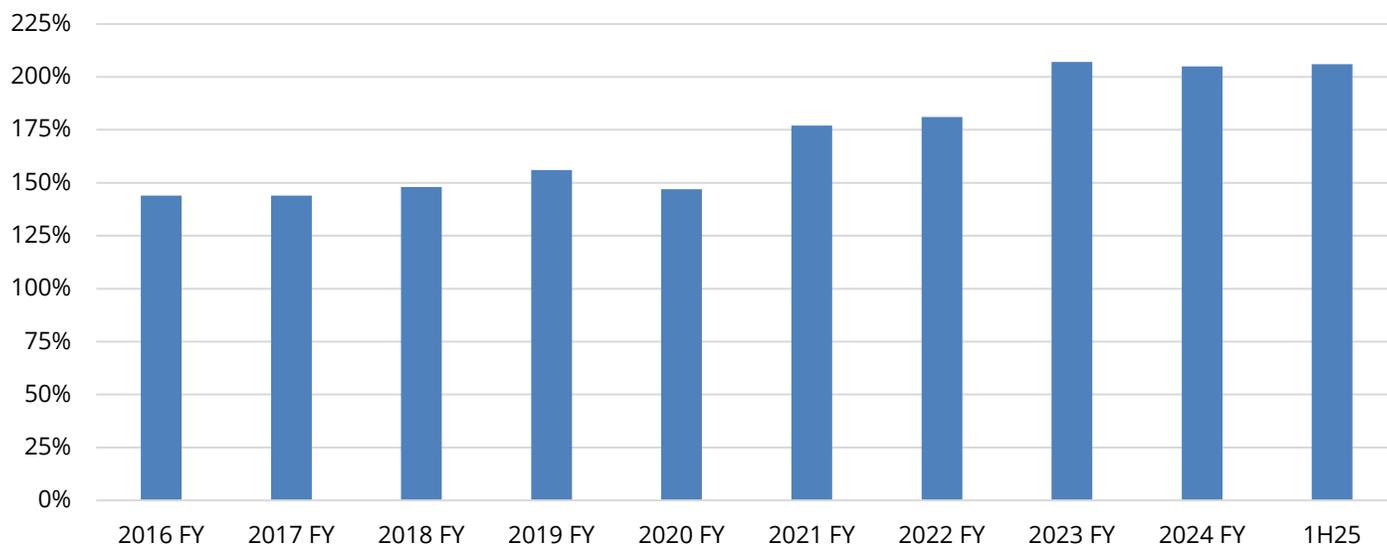
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Solvency

The capital situation appears to be stronger. The market-wide solvency ratio based on Solvency II principles has risen from around 144% in 2016 and 2017 to 206% in the first half of 2025.

These metrics are more impressive upon a deeper review. The share of capital coming from Tier 1 unrestricted own funds has risen from 64% in 2016 to 85% at year-end 2024, which indicates increasing quality of the solvency capital. The share of total capital coming from debt has also fallen from over 3% in FY16 to less than 2% as of the first half of 2025. In addition, the central solvency ratio (CSR), which measures capital available in Lloyd's central funds that act a crucial backstop in its 'Chain of Security', has also improved from 388% at YE21 to 468% at 1H25.

Market-wide Solvency Ratio (%)



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Additional Capital Quality Metrics

	2016 FY	2017 FY	2018 FY	2019 FY	2020 FY	2021 FY	2022 FY	2023 FY	2024 FY
Tier 1, Own Funds, % of Total Available Capital	64%	65%	68%	72%	75%	78%	81%	84%	85%
Debt/Total Capital	3.1%	2.9%	2.8%	2.6%	3.2%	3.0%	2.2%	2.0%	1.9%

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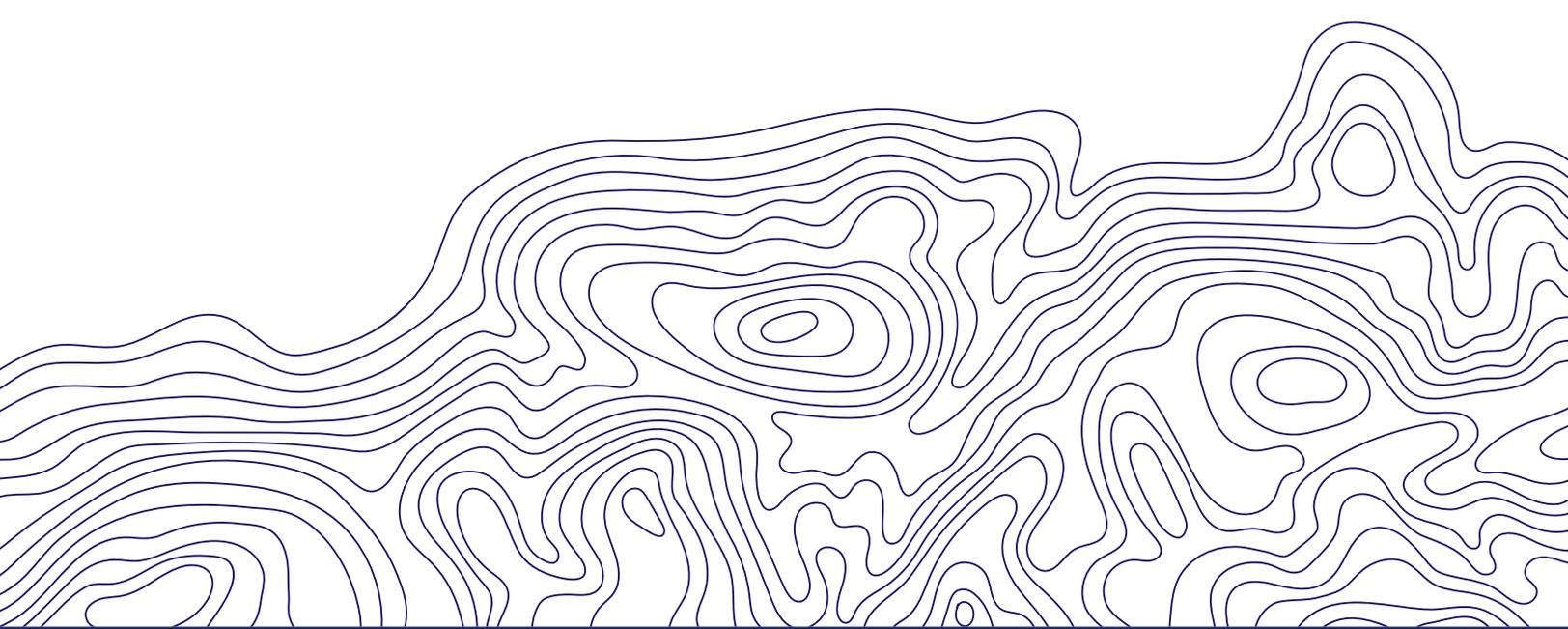
Lloyd's regards profitability as its primary strategic compass—the north star that directs decision-making and operational priorities to ensure sustainable performance and enduring value creation. Based on these metrics, Conning believes that changes have begun to produce results that have been trending in the right direction.

Participating in Lloyd's

Lloyd's management has made significant strides to make the market easier for investors, agents, and underwriting firms to access.

Ways to Participate in the Market

There are a number of ways for investors and insurers to participate in the market. These include investing in the shares of publicly traded companies that are active in the marketplace. Insurers and investors may wish to invest in a managing agent or a syndicate. A managing agent allows greater control over business and underwriting decisions, is scalable with new syndicate launches, and contains very little direct underwriting/balance sheet risk. Syndicate investments allow for participation with an uncorrelated source of insurance returns and leverage on an investment. Up to 50% of capital to support underwriting can be tier II capital, which includes letters of credit, meaning there is the opportunity for significant underwriting leverage per amount of paid-in capital. There are several other flavors beyond traditional syndicates, such as syndicates-in-a-box, special purpose arrangements, and captive syndicates that allow for participation in more customized blocks of business with lower regulatory requirements or start-up expenses. Investors can also participate in ILS (insurance-linked securities), sidecars, and catastrophe bonds for more bond-like returns. If conducted via a London Bridge 2 vehicle, it is possible to receive regulatory preapproval for issuers and clear tax efficiency for investors. Lloyd's ILS has global licensing and lower collateral requirements, which can be an advantage in certain types of deals that involve multiple jurisdictions.



Method	Advantages	Disadvantages	Sample recent deals	Reported select returns	Tax benefits possible?	Regulatory Pre-approval
Shares in publicly traded stocks of company active in the Lloyds market	Simple, low cost, high liquidity, transparent data	High volatility, equity market correlation, no direct benefit from insurance operations	IPOs: Fidelis, Skyward Specialty	+13% (CAGR on average over 5 years until Oct. 12, 2025 for Hiscox, Lancashire, Beazley)	No	N/A
Managing agent (direct investment)	No or very limited underwriting / balance sheet risk, greater control over the business and underwriting, scalable with new syndicate launches	Long set up times, long time for brand and track record establishment, limited liquidity, operational complexity, higher deal multiples	CRC Group: Atrium Underwriting; Aviva: Probitas; Ariel Re		No	N/A

Invest in a syndicate:

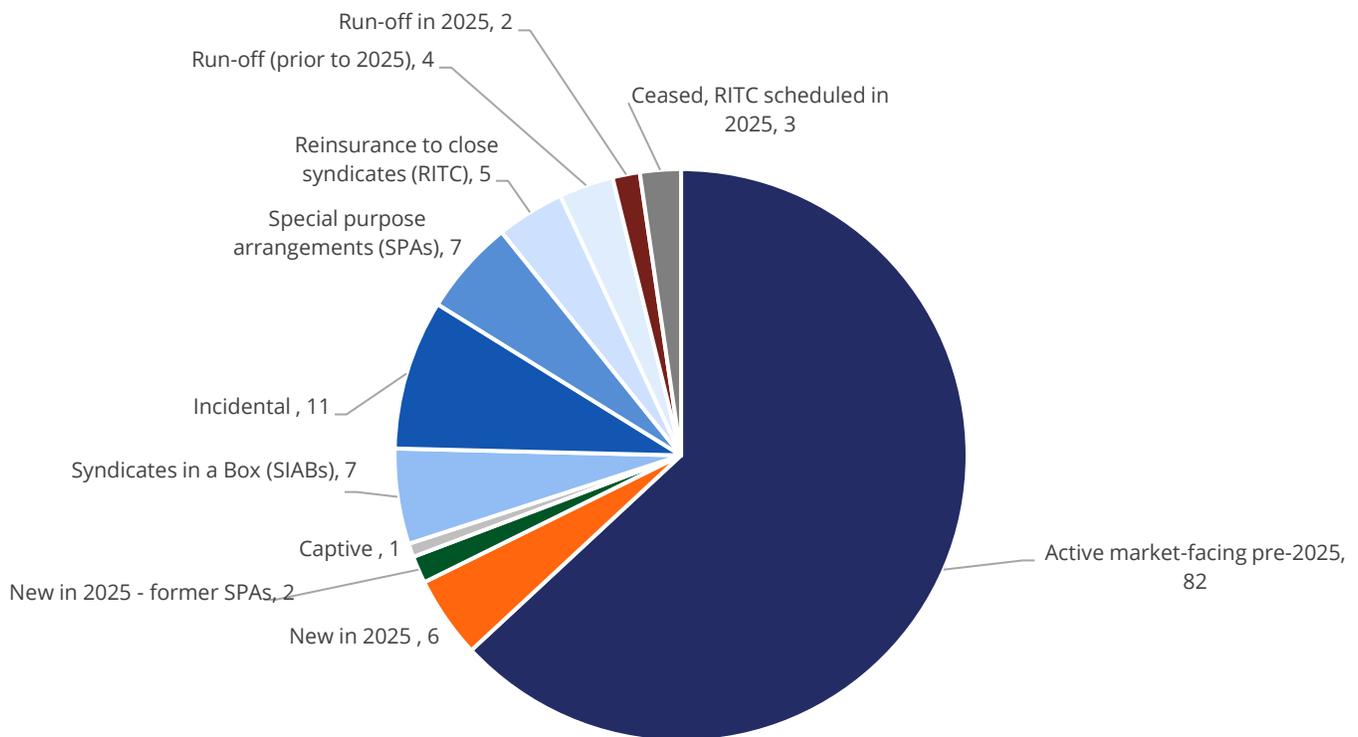
Regular	Able to gain leverage on investment, diversification, uncorrelated returns	Liquidity, fees, limited public data, complex accounting, volatility, dependence on managing agent, 2-6 months set up time	Asta Convex 1984; Polo Oak Re 2843	Hampden: 24% annually 4Q01-Q122	Yes	Yes
Special Purpose Arrangement (SPA)	Faster market entry, lower start up costs, flexible	Limited control, dependency on host syndicate, less diversification	Ariel 6136			
Syndicate-in-a-box (SIAB)	Lower capital requirements, reduced regulatory burden, faster market entry, exposure to newer products, reduced expenses via reduced physical requirements	Limited data, higher risk of failure, less business diversification, unproven strategies	Agile 2427			
Captive syndicate	Reduced reliance on fronting, lower collateral requirements, increased risk retention, greater risk self-management, ability to assume affiliated third-party risks	Accepts only risk from affiliated entities, greater oversight and capital requirements than typical captive, public reporting	Apollo Quaerere 1100			

Insurance-linked Securities:

Sidecar (non-SPA)	Lower capital required, diversified portfolio of risk, global licensing, scalable, 2-6 weeks timeframe	Not all of the capital deployed at once, structural complexity, lack of control over the portfolio	Ryan Alternative Capital Re, Ltd. ("RAC Re")		Yes	Yes
Catastrophe bonds	Global licensing, broader risk placement (greater flexibility to add liability business), stronger regulatory / governance	Complexity, limited track record (versus Bermuda)	Flood Re Vision 2039-Series 2025-1; Beazley - Fuchsia 144A	Swiss Re Catastrophe Bond Index: +17% in 2024	Yes	Yes
Bermuda ILS (non-Lloyds)	Greater investor familiarity, existing infrastructure, regulatory fast-track approval	Greater jurisdictional risk, lack of track record with casualty risk, high collateral requirements, lack of embedded leverage			Yes	No

Prepared by Conning, Inc., Sources: Conning, Inc., Hampden Agencies, Argenta Group, Artemis

Syndicates by Status at September 1, 2025



Prepared by Conning, Inc. Source: Lloyd's Market Directory

Participation Mechanics

Members. Most syndicates, and some London Bridge 2 (LB2), investments require the establishment of a Member. A Member is the basic capital providing unit that ultimately supports underwriting business at Lloyd's. The majority of capital is provided by Corporate Members, often an LLP or SLP set up to underwriting business at Lloyd's. This entity must be a UK resident. Individual Members (Names) historically have provided capital with unlimited liability, but since the introduction of limited liability vehicles in 1994, these provide a small share of capital. To establish a Member, the services of a members' agent, which act as a central point of contact for Lloyd's activities, is often required. There are three active members' agents: Argenta Private Capital, Hampden Agencies, and Alpha Insurance Analysts. These provide services such as advising on syndicate selection, managing Funds at Lloyd's, and performance reporting. Some corporate participants are able to operate directly without the services of a members' agent with the approval of the Lloyd's Council. All Members appoint an approved broker to invest their funds at Lloyds.

Managing agents. All underwriting business at Lloyd's is required to operate via a managing agent. The managing agent employs the underwriters who bind insurance contracts on behalf of members. Forming a new syndicate or investing in an existing syndicate would require a managing agent partner. As of September 1, 2025, there were 56 active managing agents, managing 2.3 syndicates on average (1.6 active marketing facing syndicates on average).

Agency	Syndicate Numbers
Asta Managing Agency Limited	24
Beazley Furlonge Limited	8
Apollo Syndicate Management	8
QBE Underwriting Limited	6
Polo Managing Agency Limited	6
Hiscox Syndicates Limited	6
Tokio Marine Kiln Syndicates Limited	3
Talbot Underwriting Limited	3
Chaucer Syndicates Limited	3
Atrium Underwriters Limited	3
Ark Syndicate Management Limited	3
Ariel Re Managing Agency Limited	3
Argenta Syndicate Management Limited	3

Note: Includes incidental syndicates, SIABs, SPAs, RITC syndicates, ceased and run-off syndicates with open years.

Prepared by Conning, Inc., Source: Lloyd's Market Directory

Syndicates. Formation of a new syndicate would require the involvement of the Lloyd's New Entrants team, Business Opportunities Committee, before requiring approval from the Lloyd's Council. The process typically takes three to six months. Once operating, many choose to remain under the management of a third-party managing agent. However, should sponsors wish to establish their own managing agency, Lloyd's has recently worked with the PRA to reduce new managing agency approval periods to eight to nine months from twelve to eighteen months previously.

Cash flow and investment exits. Lloyd's syndicates operate on a three-year distribution cycle, which means risks underwritten each year, season for two more years before closing. Profits are paid out typically in May of the closing year. Syndicates complete a reinsurance to close transaction (RITC) at the end of the three years, which allows another syndicate to handle claims from that underwriting year on a go-forward basis. Most reinsurance to close transactions are completed within the same syndicate group with later years reinsuring prior years. Premiums are held in trust until the year is closed. There were five specialist syndicates on RITC transactions that can handle RITC transactions from other syndicates as well. Exit liquidity can also be achieved for members via a sale to another party, which members' agents typically facilitate.

Insurance-linked securities. London Bridge 2 (LB2), discussed in more detail below, refers to London Bridge 2 PCC Limited, which is a protected cell company incorporated in England to effectively transform risk in the Lloyd's market into investable securities. LB2 is authorized and licensed by the primary regulators in the UK (PRA and FCA) to reinsure business underwritten within the Lloyd's marketplace. There is the ability in newer structures to underwrite business not previously in the Lloyd's market by placing it through a syndicate prior to the risk moving to LB2; hence, LB2 has wide scope for the business it can support. Each transaction is conducted in its own segregated protected cell that is ringfenced in the event of insolvency. Similar to a regular insurance company, investors' rights to assets are subordinated to the reinsured parties. LB2 is independently owned by an orphan trust with its own Board of Directors. Artex Capital Solutions has been appointed by the Board to be the insurance management services provider, which acts as the primary point of contact, manages the operation of the cells, and handles day-to-day administration.

There are two principal types of transactions: reinsurance to a member and reinsurance to a syndicate. Reinsurance to a member requires the establishment of a Member as described above. Transactions involving reinsurance to a syndicate do not require a member for the investors and can be used for investments that are similar to traditional catastrophe bonds. We discuss these in more detail in the “Capital Flexibility Through London Bridge 2” section below.

Toward an Applicant-Centric Process

Lloyd’s has transitioned its approach to onboarding new entrants and expanding existing participants from a process often perceived as time-consuming and cumbersome to one that prioritizes the business needs of applicants. This shift reflects a cultural change—moving away from rigid, sequential steps toward a more flexible and collaborative model.

Previously, applicants for new syndicates progressed through a series of stages in strict order: New Entrants discussion, Triage Assessment, Business Opportunities Committee review, Lloyd’s Council “in-principle” approval, operational and administrative setup, and finally, permission to operate. Each stage could take several weeks, and key committees might have infrequent meeting schedules, significantly extending timelines.

Today, for well-qualified applicants, Lloyd’s seeks to run key processes in parallel, fostering collaboration across teams to reduce approval times without compromising the rigor or quality of assessments. As a result, the time required to establish a syndicate has decreased from 6–8 months to 3–6 months in most cases, with even shorter timelines now possible.

Well qualified applicants are those defined as being from:

1. Businesses already in the marketplace with a proven track record of performing well against the principles-based standards outlined elsewhere in this report.
2. Companies with strong underwriting and operational performance that are expected to score highly in the evaluation process.
3. Firms that broaden access to Lloyd’s and provide the marketplace with exposure to areas of business previously under-represented by existing participants.

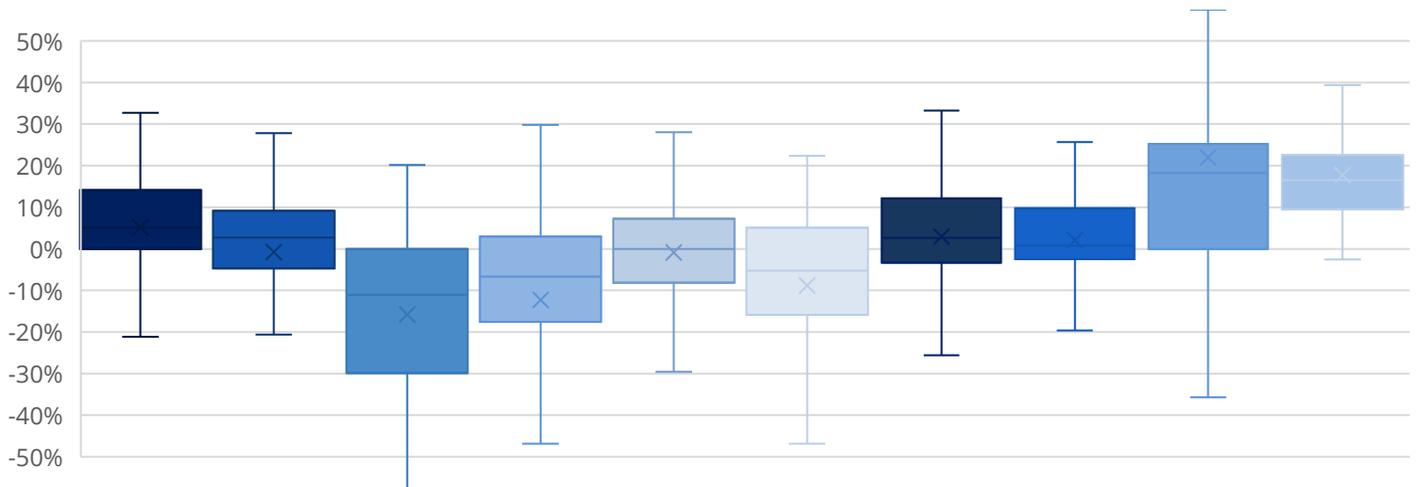
Conning recommends that firms with an interest in a Lloyd’s entity with these attributes begin the discussion regardless of their required timelines as the execution speed could surprise positively.

Syndicate Results

Individual Syndicates

When we review the pretax returns on individual syndicates, unsurprisingly there is a wide dispersion in results. At the mean, results were fairly lackluster from 2016 to 2022 before improving in 2023 and 2024. The performance at the upper end more than doubled in terms of profitability in 2023 and 2024 over prior years, but some syndicates at the lower end performed worse than the lower end in 2021 and 2022, likely a result of the distribution of catastrophe loss activity during those periods. The key recommendation is that investors do need to pay attention to the syndicate and the managing agent with whom they have entrusted to guide their capital in way similar to a mandate for an asset manager in other asset classes.

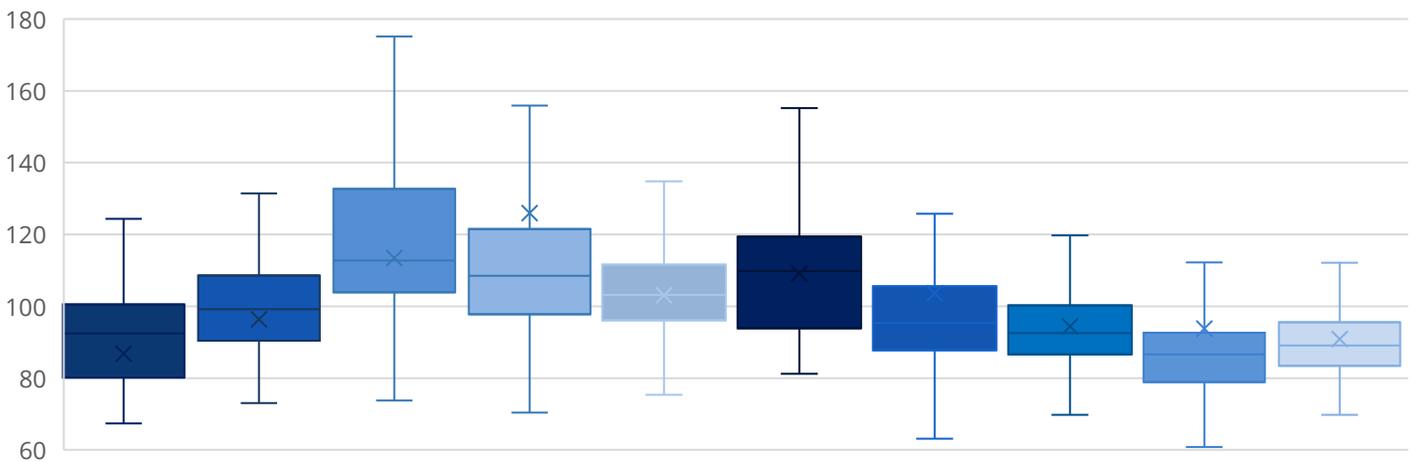
Pretax Net Income, % of Net Premiums Earned (Syndicate Level)



Note: X = Mean, includes data from 188 currently and formerly operating syndicates, only includes data for an underwriting year with over £2m in net premiums earned, excludes select runoff/shutdown years; X=Mean, Box = upper and lower quartile, Line = Median

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Combined Ratio (Syndicate Level)



Note: includes data from 188 currently and formerly operating syndicates, only includes data for an underwriting year with over £2m in net premiums earned, excludes select runoff/shutdown years; X=Mean, Box = upper and lower quartile, Line = Median

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Top Syndicates by 2024 Combined Ratio (with Minimum \$2m net Premiums Earned)

Rank	Syndicate	Syndicate Type	Combined Ratio, 2024
1	Lloyd's Syndicate - 6104 (Hiscox Syndicates Limited)	Active SPA	56.0
2	Lloyd's Syndicate - 1176 (Chaucer Syndicates Limited)	Active	59.2
3	Lloyd's Syndicate - 6103 (Managing Agency Partners Limited)	Active SPA	69.8
4	Lloyd's Syndicate - 3622 (Beazley Furlonge Limited)	Active	71.1
5	Lloyd's Syndicate - 1322 (Asta Managing Agency Limited)	Active	71.8
6	Lloyd's Syndicate - 1892 (Asta Managing Agency Limited)	Active	72.1
7	Lloyd's Syndicate - 2357 (Nephila Syndicate Management Limited)	Active	72.7
8	Lloyd's Syndicate - 4321 (Beazley Furlonge Limited)	Open	73.2
9	Lloyd's Syndicate - 318 (Cincinnati Global Underwriting Agency Limited)	Active	74.8
10	Lloyd's Syndicate - 1225 (AEGIS Managing Agency Limited)	Active	75.8

Note: Minimum of \$2m Net Premiums Earned all reported years, SPA= Special Purpose Arrangements (SPA), Open=Ceased operations but awaiting RITC

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Top Syndicates by Five-Year Average Combined Ratio (FY24)

Rank	Syndicate	Syndicate Type	Combined Ratio, 5yr Ave
1	Lloyd's Syndicate - 1176 (Chaucer Syndicates Limited)	Active	38.7
2	Lloyd's Syndicate - 1892 (Asta Managing Agency Limited)	Active	66.9
3	Lloyd's Syndicate - 2357 (Nephila Syndicate Management Limited)	Active	71.2
4	Lloyd's Syndicate - 1492 (Probitas Managing Agency Limited)	Active	78.2
5	Lloyd's Syndicate - 3623 (Beazley Furlonge Limited)	Active	78.8
6	Lloyd's Syndicate - 6107 (Beazley Furlonge Limited)	Former SPA	82.7
7	Lloyd's Syndicate - 1225 (AEGIS Managing Agency Limited)	Active	82.9
8	Lloyd's Syndicate - 2525 (Asta Managing Agency Limited)	Active	83.8
9	Lloyd's Syndicate - 3010 (Lancashire Syndicates Limited)	Active	85.3
10	Lloyd's Syndicate - 2488 (Chubb Underwriting Agencies Limited)	Active	85.6

Note: Includes only those syndicates with a minimum of \$2m Net Premiums Earned all reported years, SPA= Special Purpose Arrangements (SPA), Open=Ceased operations but awaiting RITC

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Investor returns are affected by investment income as well as underwriting results. Hence, there are several syndicates that rank in the top ten for returns (6104 for example) that did not rank in the top ten for combined ratios. We also note that each underwriting year stands on its own in terms of actual realized returns; hence investors in these syndicates likely experienced different actual returns.

Top Syndicates by Five-Year Pretax Net Income as a Percentage of Net Premiums Earned (FY24)

Rank	Syndicate	Syndicate Type	NI, % of NPE (5yr Ave)
1	Lloyd's Syndicate - 6104 (Hiscox Syndicates Limited)	Active SPA	75%
2	Lloyd's Syndicate - 1176 (Chaucer Syndicates Limited)	Active	65%
3	Lloyd's Syndicate - 1892 (Asta Managing Agency Limited)	Active	37%
4	Lloyd's Syndicate - 2357 (Nephila Syndicate Management Limited)	Active	34%
5	Lloyd's Syndicate - 1492 (Probitas Managing Agency Limited)	Active	24%
6	Lloyd's Syndicate - 1218 (Newline Underwriting Management Limited)	Active	24%
7	Lloyd's Syndicate - 2488 (Chubb Underwriting Agencies Limited)	Active	23%
8	Lloyd's Syndicate - 6107 (Beazley Furlonge Limited)	Former SPA	22%
9	Lloyd's Syndicate - 2525 (Asta Managing Agency Limited)	Active	21%
10	Lloyd's Syndicate - 1225 (AEGIS Managing Agency Limited)	Active	21%

Note: Includes only those syndicates with a minimum of \$2m Net Premiums Earned all reported years, SPA= Special Purpose Arrangements (SPA), Open=Ceased operations but awaiting RITC

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Top Syndicates by Five-Year Gross Premiums Written Growth (FY24)

Rank	Syndicate	Syndicate Type	GPW % Growth, 5yr
1	Lloyd's Syndicate - 5623 (Beazley Furlonge Limited)	Active	69%
2	Lloyd's Syndicate - 3623 (Beazley Furlonge Limited)	Active	56%
3	Lloyd's Syndicate - 1971 (Apollo Syndicate Management Limited)	Active	37%
4	Lloyd's Syndicate - 6103 (Managing Agency Partners Limited)	Active SPA	30%
5	Lloyd's Syndicate - 1910 (Ariel Re Managing Agency Limited)	Active	30%
6	Lloyd's Syndicate - 3010 (Lancashire Syndicates Limited)	Active	29%
7	Lloyd's Syndicate - 2791 (Managing Agency Partners Limited)	Active	28%
8	Lloyd's Syndicate - 6134 (Argenta Syndicate Management Limited)	Active SPA	24%
9	Lloyd's Syndicate - 2012 (Arch Managing Agency Limited)	Active	23%
10	Lloyd's Syndicate - 1892 (Asta Managing Agency Limited)	Active	23%

Note: Includes only those syndicates with a minimum of \$2m Net Premiums Earned all reported years, SPA= Special Purpose Arrangements (SPA), Open=Ceased operations but awaiting RITC

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Syndicate Results by Managing Agent

Dale Managing Agency Limited leads with an impressive 141% growth over five years, far ahead of others. Inigo follows at 50%, while the remaining top agents—such as Managing Agency Partners, Ariel Re, and Ascot—show growth between 21% and 28%, indicating strong but more moderate expansion across the sector.

Top Managing Agents by Five-Year Gross Premiums Written Growth (FY24)

Rank	Agent	GPW % Growth, 5yr
1	Dale Managing Agency Limited	141%
2	Inigo Managing Agent Limited	50%
3	Managing Agency Partners Limited	28%
4	Ariel Re Managing Agency Limited	26%
5	Ascot Underwriting Limited	23%
6	IQUW Syndicate Management Limited	22%
7	Aspen Managing Agency Limited	22%
8	Asta Managing Agency Limited	22%
9	Ark Syndicate Management Limited	21%
10	Probitas Managing Agency Limited	21%

Calculated by Conning from the sum of individual syndicate results.

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Nephila Syndicate Management Limited ranks first with a 30% profitability ratio, signaling exceptional underwriting performance. Newline and Probitas share second place at 24%, while others like Chubb and AEGIS maintain solid margins in the 18%-23% range, reflecting consistent profitability among leading agents.

Top Managing Agents by Five-Year Pretax Net Income as a Percentage of Net Premiums Earned (FY24)

Rank	Agent	NI, % NPE
1	Nephila Syndicate Management Limited	30%
2	Newline Underwriting Management Limited	24%
3	Probitas Managing Agency Limited	24%
4	Chubb Underwriting Agencies Limited	23%
5	AEGIS Managing Agency Limited	21%
6	Faraday Underwriting Limited	19%
7	Cincinnati Global Underwriting Agency Ltd.	18%
8	Ark Syndicate Management Limited	18%
9	Managing Agency Partners Limited	17%
10	Ariel Re Managing Agency Limited	17%

Calculated by Conning from the sum of individual syndicate results.

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Nephila again stands out with a 73% combined ratio, well below the market average, indicating superior underwriting discipline. Probitas and AEGIS follow at 79% and 82%, while most others cluster between 85% and 89%, suggesting strong overall efficiency but with varying degrees of cost control.

Top Managing Agents by Five-Year Average Combined Ratio (FY24)

Rank	Agent	Combined Ratio, 5yr Ave
1	Nephila Syndicate Management Limited	73%
2	Probitas Managing Agency Limited	79%
3	AEGIS Managing Agency Limited	82%
4	Chubb Underwriting Agencies Limited	85%
5	Cincinnati Global Underwriting Agency Ltd.	85%
6	Ark Syndicate Management Limited	85%
7	Ariel Re Managing Agency Limited	85%
8	Managing Agency Partners Limited	86%
9	Faraday Underwriting Limited	87%
10	Munich Re Syndicate Limited	89%

Calculated by Conning from the sum of individual syndicate results.

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Capital Flexibility Through London Bridge 2

In the evolving dance between capital and risk, access and agility are paramount. For Lloyd's—an institution built on centuries of underwriting innovation—the introduction of London Bridge 2 marks a defining moment. This purpose-built facility revolutionizes the relationship between capital providers and the market by granting unmatched flexibility, speed, and transparency. In an era when institutional investors seek diversified, noncorrelated returns, LB2 offers a nimble, regulated bridge into the heart of specialist underwriting.

From Traditional Entry Barriers to Seamless Access

Historically, institutional capital has encountered friction accessing Lloyd's market. Conventional entry—through syndicate membership or quota-share reinsurance—often required capital commensurate with underwriting commitments and adherence to bulky regulatory structures. LB2 changes this by offering a PCC (protected cell company) platform, fully licensed under the UK's Prudential Regulation Authority and Financial Conduct Authority with Scope of Permissions that allow transactions without ongoing regulatory approval, provided mandatory standards are met.

Each cell within LB2 is a ringfenced structure: isolated in liability and funded separately—protecting investors in other cells from cross-exposure. Through LB2, investors may deploy capital as debt or equity instruments, providing high degrees of customization—matching risk appetite with security structure.

Speed Meets Scale: Pre-Authorized, Quick-Deploy Framework

A key challenge in the ILS space has been market inertia: long lead times for regulatory sign-offs have often pushed institutional capital to offshore hubs like Bermuda. LB2 remedies this. Lloyd's has preapproved its Scope of Permissions, meaning new transactions and cells can be set up swiftly—without repeated regulatory hurdles—as long as documentation follows mandatory terms.

This speed-to-market appeal is a game changer. As Artex Capital Solutions notes, agents frequently ask, "How long is it going to take?" With LB2, underwriters and investors can respond with confidence, accelerating capital flows and enhancing transaction efficiency.

Broadening the Palette: Diverse Capital Structures, Broader Risk Classes

LB2 is not limited to conventional reinsurance models. It supports:

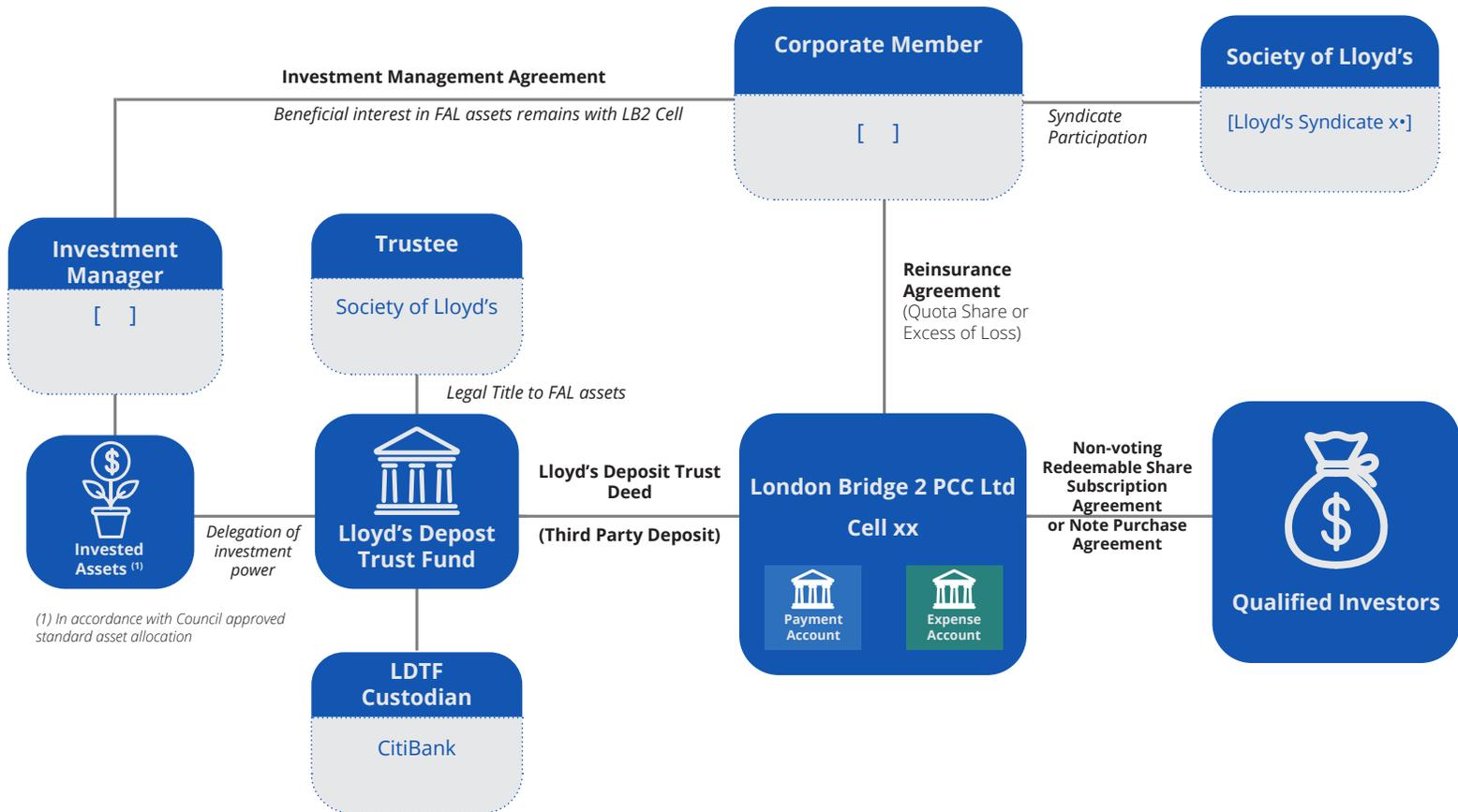
- » member reinsurance (whole-account quota-share or excess-of-loss underwriting)
- » syndicate-level reinsurance via quota-share (sidecars) or excess-of-loss arrangements
- » collateralized reinsurance, including catastrophe bonds

This array of structures allows for multiple issuance formats—preference shares, debt tranches, or even cat bond instruments—all issued by separately funded cells. This flexibility allows capital to tailor terms to specific risk and return profiles.

Whereas a syndicate can take three to six months for set up, LB2 structures can be set up in as little as two weeks, assuming no issues with KYC clearance. At the syndicate level, collateralized reinsurance is typically faster than member reinsurance with the involvement of a member and Funds at Lloyd's calculations, and excess of loss reinsurance is typically faster than quota share due to a well defined insurance limit.

In February 2023, Ariel Re became an early user of the LB2 structure to raise capital for its underwriting activities. LB2, through four distinct protected cells, issued non-voting redeemable preference shares to investors totaling US\$171.5 million. These funds supported four corporate Members that underwrite business within Syndicate 1910 for which Ariel Re is the managing agent in 2023 via whole-account quota share reinsurance agreements. The capital raised was deposited as Funds at Lloyd's under the Lloyd's Deposit Trust Fund. Recent structures have seen the involvement of asset managers in the provision of the investor capital and then the subsequent management of the FAL assets.

Sample London Bridge 2 Structure for Funds at Lloyd's Reinsurance



Prepared by Conning, Inc., Source: Society of Lloyd's

In December of that same year, Beazley issued a debut cat bond issuance via LB2. London Bridge 2 PCC Limited issued a single, \$100 million tranche 144A variable rate note via a protected cell named Fuchsia 2023-1 due in April 2027. The funds were used to collateralize a reinsurance agreement between the cell and Beazley. The agreement provided coverage against losses for named storms and earthquake events in North America for multiple years. Entities across Beazley's platform beyond its Lloyd's syndicate received protection including its U.S. E&S insurer and an Irish insurer. The transaction offered rapid execution with a regulated onshore platform.

Select London Bridge 2 Transactions

Bond Transactions

Deal	Insurance Sponsor	Asset Manager Sponsor	Capital Raised	Announcement Date	Risk
London Bridge 2 PCC Limited (Lapis 2025-1)	Brit Limited	n/a	\$100m	Mar-25	U.S. named storm, U.S. and Canada earthquake
London Bridge 2 PCC Limited (Vision 2039 – 2025-1)	Flood Re	n/a	£140m	Mar-25	UK flood
London Bridge 2 PCC Limited (Fuchsia 2 – 2024-1)	Beazley	n/a	\$200m	Dec-24	US, Canada, Caribbean named storms and earthquakes
London Bridge 2 PCC Limited (Fuchsia 2023-1)	Beazley	n/a	\$100m	Dec-23	US, Canada, Caribbean named storms and earthquakes

Equity/Sidecar-type Transactions

Deal	Insurance Sponsor	Asset Manager Sponsor	Premium Expected	Capital Raised	Announcement Date	Risk
Syndicate 2126	Fidelis	Blackstone	\$300m		Oct-25	Property, specialty and bespoke lines; Pine Walk MGA
Syndicate 2843	Oak Reinsurance	Bain	\$300m		Nov-24	Property, cyber, credit, marine, energy and terrorism
Syndicate 2478	ALIG / Talbot Underwriting Limited	Blackstone	\$715m		Dec-24	Diversified
Syndicate 3123	Fidelis Partnership		\$180m		Jul-24	Diversified
Syndicate 1910	Ariel Re			\$171.5m	Feb-23	Property catastrophe
Beat Syndicate 1416, Beazley Syndicate 5623, CFC Syndicate 1988	Beazley, Beat, and CFC	Ontario Teachers Pension Plan		>£100m	Nov-21	Diversified

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Tangible Capital Flow: Proven Performance and Momentum

LB2 is not just concept talking—it is producing capital. During 2025, LB2 established 16 new cells (up 89% YoY), raising \$943m of new institutional capital (up 48% YoY) to support underwriting plans for the 2026 Year of Account (YoA). In aggregate, the London Bridge vehicles have raised \$2.9bn of new institutional capital, across 34 cells cumulatively through YE25 with \$2.2b of this amount being used to fund corporate members that supported 21 syndicates while the remainder was used to fund catastrophe bonds.

Visibility, Governance, and Institutional Comfort

Institutional investors demand transparency, governance, and yield alongside noncorrelation. LB2 delivers on all three.

Firstly, each cell's structure is overseen by a regulated Board—comprising independent directors and representatives from service providers like Artex Capital Solutions (insurance manager) and CSC Global, formerly

Intertrust (corporate trustee)—ensuring robust oversight.

Secondly, business planning, valuation, and reporting standards benefit from Lloyd's managing agent oversight and rigorous syndicate governance—bringing comfort and familiarity to capital providers accustomed to regulated environments.

Thirdly, LB2 opens access to Lloyd's specialty insurance classes—marine, cyber, political risk, energy infrastructure—unavailable in traditional ILS offerings or general-purpose capital routes.

Strategic Implications for Lloyd's Market

The structural flexibility LB2 provides has far-reaching implications:

- » **Diversified capital base.** Lloyd's can now attract nontraditional capital sources—hedge funds, pension funds, and alternative asset managers seeking de-correlated returns.
- » **Augmented solvency and growth capacity.** The capital availability from LB2 presents the opportunity to support future growth while augmenting traditional underwriting capital.
- » **Rehoming ILS onshore.** By providing a UK-based, regulated platform, LB2 counters the competitive threat from offshore centers and reinforces London's position as an ILS hub.
- » **Future-proofing Lloyd's.** Through LB2, Lloyd's adds an institutionalized layer of capital efficiency, innovation, and agility to its market architecture—extending its mission of bringing people together in a trusted environment to exchange risk efficiently, so they can move towards achieving their objectives with confidence.

Strategic Enabler

London Bridge 2 is more than an investment vehicle—it is a strategic enabler, allowing Lloyd's to blend tradition with capital innovation. By offering regulated, swift, and flexible access for institutional investors, LB2 enhances capital fluidity, supports complex underwriting, and replenishes Lloyd's ecosystem with new, valuable sources of capacity.

As global risks become more unpredictable—climate, geopolitical, cyber—Lloyd's needs adaptable, diverse capital to stay resilient. LB2 delivers exactly that, reinforcing Lloyd's relevance and strength for decades ahead.

Lloyd's Competitive Advantage on Casualty/Diversified ILS

A key development over the past year has been the growth of casualty insurance-linked securities. After a handful of transactions over the prior decade, there has been over \$2 billion in capital raised in just the past year by our calculations in the form of casualty-related sidecars alone. This is still an extremely small percentage of the market but is likely to grow significantly over the next few years.

Casualty business provides a stable source of long-term float that can be used to generate excess returns by asset managers. If these returns are married to the underwriting of a strong firm, it could prove quite powerful. In addition, investors are looking for uncorrelated sources of return. Casualty business is also facing pockets of constrained capacity. Conning believes these factors will help drive growth in the casualty ILS space.

One of the most significant barriers to growth in our opinion is the exit strategy of the vehicle, as some casualty reserves may take many years to fully pay out, potentially trapping capital and affecting economic returns. This can be addressed through commutation, novation, sale, or successor entities. We believe Lloyd's has a competitive advantage in the exit because of the already built reinsurance-to-close structure and ecosystem, which can give investors three-year liquidity (or sooner with a sale process). This system has been in place for decades, so most legal or logistical issues have been worked out. Rival processes have not been tested under a variety of conditions as much, giving Lloyd's a competitive advantage in this area. Lloyd's has an unrivalled ecosystem of reinsurance-to-close syndicates and run-off entries and members' agents and secondary investors who can provide liquidity to investors. Lloyd's global licensing platform allows the placement of business across many jurisdictions and business lines. Lloyd's also has regulatory approval activities across its platform, whereas rival structures might require new approvals. Finally, Lloyd's structures, as a result of the ability to use letters of credit as capital, also allow for leverage. As a result, Conning believes that Lloyd's stands to grow disproportionately in the casualty ILS space.

The recent RAC Re transaction will use AXIS Capital's Lloyds Syndicate 1686 to support the creation of a collateralized reinsurer that will be used to support Ryan Specialty's delegated authority business. Of note is the fact that this structure will allow the support of up to \$900 million of additional premium for only \$400 million of capital invested. The AIG/Blackstone transaction in December is another example. AIG via Talbot Underwriting is launching a syndicate (2478) that will provide reinsurance to other AIG entities across a diverse range of business. Funds were raised from Blackstone entities via the London Bridge 2 platform. Conning believes that these two transactions could end up being replicated many times.

Select Casualty insurance-Linked Securities Transactions

Sidecar Entity or Program	Sponsor	Other Partner	Asset Manager	Exposure	Capital Raised	Premiums	Date
Ryan Alternative Capital Re Ltd. (RAC Re)	Ryan Specialty	AXIS Capital via Lloyds Syndicate 1686	Flexpoint Ford, Sixth Street	Specialty cat, non-cat property, casualty risks	\$400m	\$900m	Sep-25
Scaur Hill Re Ltd.	Enstar		n/d (family office)	Casualty reinsurance (10% quota share)	\$300m		Aug-25
Wayfare Re	Ascot Group		Antares Capital	Casualty reinsurance	\$500m		Jul-25
Flywheel Re (Renewal)	Accelerant		Barings	Program risk	>\$175m		Jun-25
Excess Casualty Sidecar Program	Amwins Special Risk Underwriters (SRU)	Mitsui Sumitomo: MSIG USA		Excess casualty	n/d		Apr-25
Lloyd's Syndicate 2478	AIG / Talbot Underwriting		Blackstone	Diversified portfolio		Stamping capacity: \$715m	Dec-24
Fractal Re Ltd.	Starwind Specialty Insurance Services		Stone Point Credit	Casualty program business	\$270m		Oct-24
Ledger Re SPC	Ledger Investing		Fermat Capital	Casualty risks	\$100m		Sep-24
Harmony Re, Inc.	Concert Group Holdings, Inc.		n/d	Diversified portfolio			Sep-24
Pando Re Ltd.	Aspen Insurance		PIMCO	Casualty, global professional lines, and cyber	\$400m		Sep-24
Longtail Re	James River	State National (front)	Stone Ridge	Legacy excess and surplus lines	\$160		Jul-24
Monarch Point Re	AXIS Capital		Stone Point	Casualty reinsurance	\$400m		Sep-23
E3 Excess	CRC Group			Excess casualty	n/d		May-23
Flywheel Re	Accelerant			Program risk	\$175m		Aug-22
ABR Reinsurance (Cap raise)	ACE Limited (Chubb)		BlackRock	Diversified portfolio	\$210m	FY24: \$524m	2021
Gibson Re	Randall & Quilter Investment Holdings Ltd.			Legacy insurance risks	\$300m	\$2b reserves	Sep-21
Elevation Re (SPC) Ltd.	Premia Holdings Ltd.			Run-off reinsurance	\$265m+		Dec-20
Harrington Reinsurance Holdings	AXIS Capital		Blackstone	Diversified portfolio	\$500m		Jul-16
ABR Reinsurance	ACE Limited (Chubb)		BlackRock	Diversified portfolio	\$800m		Apr-15

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Looking Ahead

Lloyd's is committed to building a stronger, more resilient marketplace for the future. Future-proofing the market is about ensuring Lloyd's remains agile, trusted, and relevant in an era of volatility.

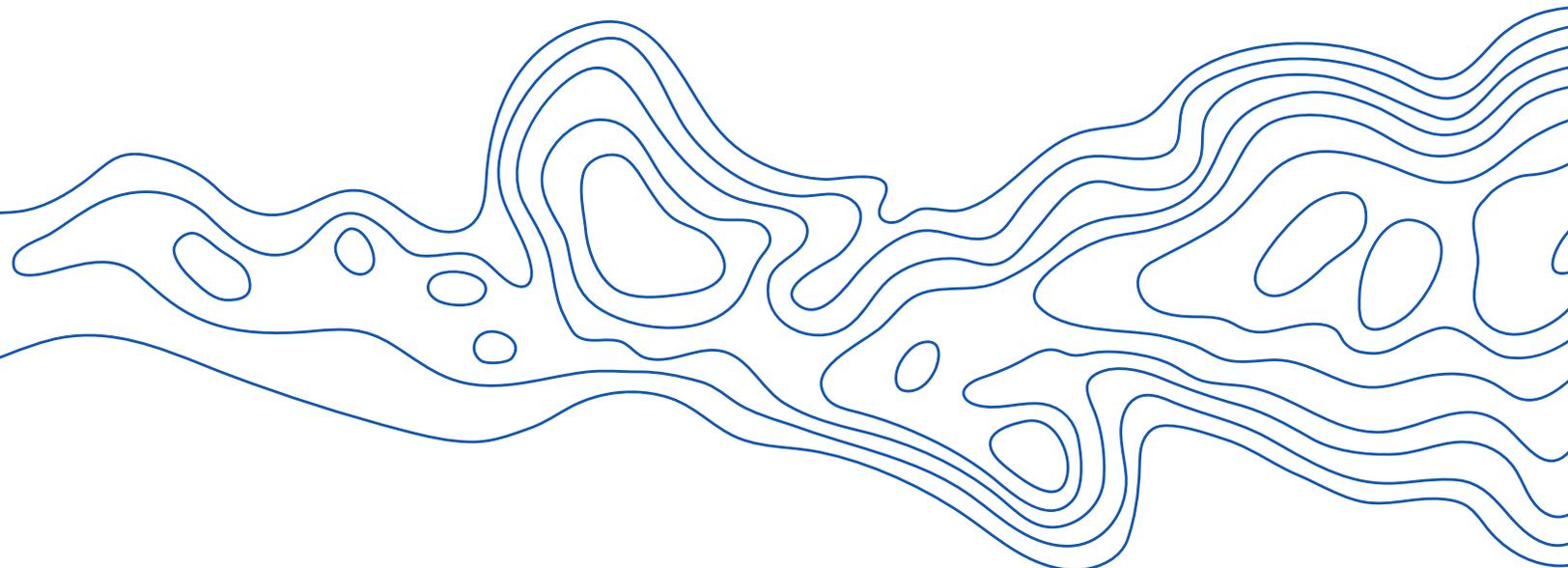
A key component of this is modernizing infrastructure. Initiatives such as the Core Data Record (a standardized dataset created at the moment a risk is bound to streamline premium settlement, claims, tax, and regulatory processes), redesigned placement platforms, and Faster Claims Payment (a funding and payment solution that provides fast and direct payment of a claim to a policyholder) are designed to simplify processes, accelerate settlements, and make digital trading the default.

These reforms are not without obstacles. Market participants must adopt new data standards, retool legacy systems, and adjust longstanding practices.

However, the trajectory is clear. With leadership transitions injecting fresh momentum, Lloyd's has moved beyond diagnosis into execution.

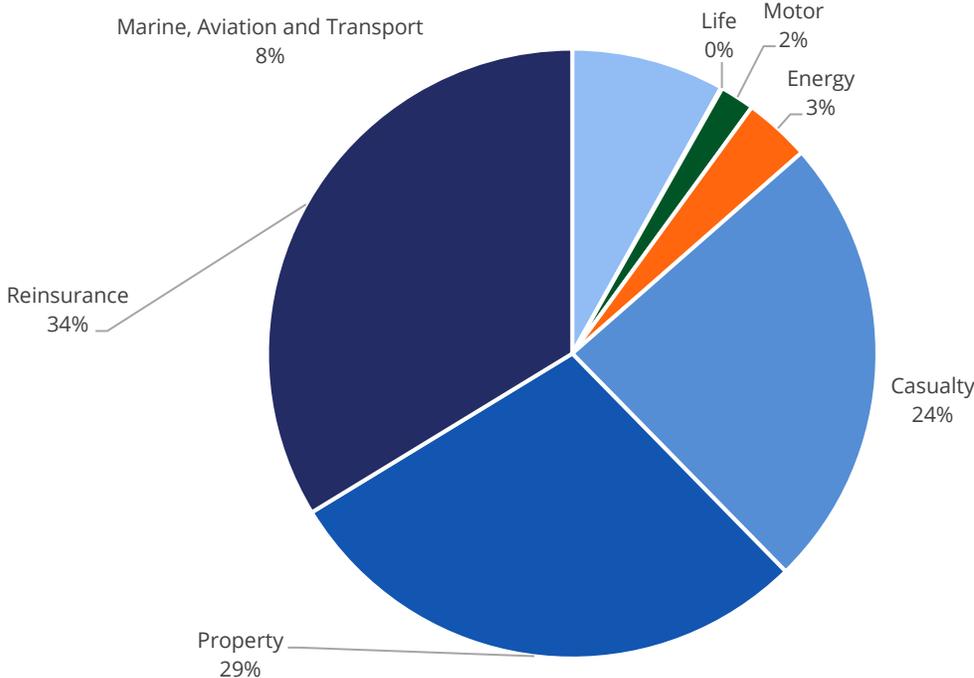
For insurers, brokers, and capital providers, this is a pivotal moment. In a world shaped by volatility—climate transition, cyber risk, and geopolitical uncertainty—progress depends on collective strength. The challenges that once threatened Lloyd's market leadership have been acknowledged and met with bold initiatives. Now, the focus is on continuing to share expertise and harness the scale of the marketplace to close protection gaps and create solutions that matter.

By aligning its 335-year heritage with a simpler, commercial mindset, Lloyd's can remain the pre-eminent global marketplace for specialty risk.



Appendix One

Lloyd's of London Limited – Gross Written Premium by Line of Business, 2024



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Appendix Two: Types of Syndicates:

Syndicates are the traditional market facing business units at Lloyd's.

They can be supported by one or more members of Lloyd's; the members are the insurers for their share of any risk written by the syndicate (separately, not jointly).

- » **Special Purpose Arrangement (SPA):** A Special Purpose Arrangement (SPA) is a type of Lloyd's syndicate that functions similarly to a reinsurance sidecar. It is a structure designed to allow investors to support a defined portfolio of insurance business.
- » An SPA can only enter into a single quota share reinsurance agreement with another Lloyd's syndicate—known as the "host syndicate." Both the SPA and the host syndicate must be managed by the same managing agent.
- » The quota share agreement may cover the host syndicate's entire account or be limited to specific classes of business. It is not required to reinsure all of the host syndicate's activities. SPAs are established to reinsure a single year of account but can be renewed annually to cover subsequent years. The host syndicate must retain at least 10% of any business it underwrites.
- » **Syndicate in a box (SIAB):** a market-facing Lloyd's syndicate that differs from traditional syndicates in several key ways:
 - It may write less than £100 million in gross written premium during its first year.
 - It is limited to only incidental exposure to Lloyd's major catastrophe risks, including U.S. windstorm, North American earthquake, Japanese windstorm, Japanese earthquake, and European windstorm.
 - It is expected to primarily underwrite short-tailed business.
 - By its third year, it should have a projected net operating expense ratio (including operating and acquisition costs) below 35%.
 - SIABs provide a pathway for sponsors with innovative and entrepreneurial business models to enter the Lloyd's market. In the third calendar year, Lloyd's will assess the SIAB's performance against Key Performance Indicators that were agreed upon at launch by Lloyd's, the proposed managing agent, and the syndicate's backer. Achieving these KPIs is a critical factor in determining whether the SIAB can transition to full syndicate status.
- » **Captive syndicate:** A type of Lloyd's syndicate established by a corporate group to retain first-party or related third-party risks.
 - First-party risks refer to insurance policies where the insured and the claimant are the parent company or entities within the group.
 - Related third-party risks involve coverage offered to a defined group affiliated with the enterprise—such as employees, customers, contractors, or strategic partners. These risks are typically better understood by the group or are subject to its influence through control, risk mitigation, or aligned incentives.
 - Writing unrelated third-party business is not permitted within a captive syndicate.
 - As of September 1, 2025, there is only one active captive syndicate—Quaerere Syndicate 1100, managed by Apollo. It was approved to operate in May 2024.
- » **Incidental Syndicate at Lloyd's:** An incidental syndicate is not a distinct legal entity but refers to a designation used for internal administrative and accounting purposes that includes a separate syndicate number (Central Settlement Number) to track specific portions of business without a formal standalone entity. These do not have separate authorization or stamp capacity beyond that of its "parent" syndicate. This term is found in the Lloyd's Market Directory, but it is not widely used.

Meet the Authors



Alan Dobbins is a Director at Conning where he heads the team responsible for producing research and strategic studies for the property-casualty insurance industry. He produces research and strategic studies related to the property/casualty insurance industry with a focus on personal lines. Prior to joining Conning in 2006, Mr. Dobbins was a management consultant with both BearingPoint and IBM Business Consulting Services. As a management consultant, he worked with insurers and other financial services clients on issues of strategy, performance measurement, management information, and cost management. Mr. Dobbins began his career as a commercial lines underwriter and has worked in Finance, Marketing and Product Development. He is a graduate of Colgate University with a Bachelor of Arts and earned an MBA from the University of Rochester.



Lauryn Kothavale is an Assistant Vice President at Conning, where she is responsible for providing production support, statistical data, research, and analysis for the property casualty, life, and health research and consulting teams. Lauryn covered several P&C sector lines of business and was responsible for providing strategic analysis and producing reports related to the property-casualty insurance industry. Prior to joining Conning in 2020, she worked in finance and operations at Travelers. Ms. Kothavale graduated from The University of Central Florida with a B.S. in Business Management. She received an Advanced Business Certificate in Digital Marketing and earned an MBA with concentrations in Marketing and Management of Technology from the University of Connecticut.



Richard Sbaschnig, CFA is a Director at Conning. Mr. Sbaschnig has covered the financial services industry for over 20 years. Most recently, he led a Financial Services research team at CFRA Research, an independent investment research and analytics firm. He was a member of the Financial Institutions investment banking team at Societe Generale. Before that, he served as a Senior Analyst at two hedge funds concentrated on the financial services industry. Mr. Sbaschnig was an Equity Research Analyst at Oppenheimer & Co. Inc. He began his career in the insurance sector at Swiss Re. Mr. Sbaschnig earned an M.Sc. in Economics from the London School of Economics and a B.A. in Economics from the University of Michigan.

Endnotes

1. [Y1050 Reinsurance To Close \(Ritc\)](#)
2. [Lloyd's Investor Roadshow, March 2023, p. 7](#)
3. "PRA to lower supervisory interaction with Lloyd's managing agents", Insurance Business UK, September 27, 2024
4. [Market bulletin, September 2024](#)
5. The bulk of the remainder of capital are letters of credit from high quality banks, which are callable on demand and if called, would convert to cash and Tier 1 capital.
6. <https://www.lloyds.com/about-lloyds/join-lloyds-market/underwriter>