

# Advance and protect



## Introduction



**Patrick Tiernan**  
Chief Executive

I have set a clear strategic direction that sharpens Lloyd's financial edge and maximises our unique capital advantage, in order to advance and protect Lloyd's position as the pre-eminent global marketplace for insurance risk.

The risk landscape demands that a storied institution such as Lloyd's raises the bar and fulfils its purpose of bringing together the world's leading risk takers to advance global progress.

Our strategy has four drivers.

First, leading underwriting performance. Sustainable profitability through the cycle is the primary measure of success. We will maintain underwriting discipline and rigour, while being bold in embracing nascent risks.

Second, building an efficient and flexible marketplace. We will reduce friction, lower the cost burden and create predictable, risk-based oversight.

Third, maximising our capital advantage. Our unique structure allows more insurance risk to be taken per unit of capital than any other financial institution in the world. We will protect, deploy and extend that advantage to increase market returns.

Fourth, creating a Lloyd's to be proud of. Service, focus, and an excellent culture are not soft ambitions. They are competitive necessities. We will invest where we increase return or relevance, and we will stop doing what does not.

This strategy is ambitious but executable. It depends on clarity, cohesion and consistent delivery.

It will also require us to curate a culture where our people have the confidence to take the risk, the empowerment to make it happen and the desire to own the outcome.

Many organisations claim a unique advantage. Few can substantiate it. Lloyd's can.

Fewer still can capitalise on that advantage from a position of strength. Lloyd's can.

Even rarer are institutions whose core purpose aligns directly with an essential economic imperative.

Risk transfer – properly executed – underpins growth, resilience and innovation. This is the role Lloyd's has played for 337 years and still does today.

It is a privilege to lead this organisation at a moment when this alignment, and the opportunity it presents, are so clear.

## About Lloyd's

Lloyd's is the only insurance marketplace of its kind in the world.

In 2025, the Lloyd's market wrote £57.9bn of insurance premium. Risks are considered, priced and insured by a marketplace of 60,000 risk professionals, protected by £49.5bn of capital.

Lloyd's is uniquely structured to connect the global insurance ecosystem. We are committed to bringing together risk takers to protect and advance global progress and economic growth.

From its inception more than 300 years ago, Lloyd's has been a market of firsts – helping global commerce flourish by allowing risk to be pooled and shared. It has developed into a key pillar of risk management in the global financial system.

Lloyd's has consistently turned emerging threats into insurable realities – from shipping and aviation, space and cyber, to renewable energy and storage. The risks have changed over the years. But our fundamental principle – helping people, organisations and businesses move forward boldly and with confidence – has not.

We have launched a new strategy to make Lloyd's the world's pre-eminent global marketplace for insurance risk.

### **Our purpose**

We bring together the world's leading risk takers to advance global progress.

### **Our strategy**

A disciplined, market-led and necessary sharpening of our financial edge.

### **Our unique advantage**

Lloyd's can shoulder more insurance risk per dollar of capital than any other financial institution in the world.



## The strengths underpinning our marketplace

In addition to our **unique capital advantage**, Lloyd's role as an ecosystem that connects customers, capital, brokers and underwriting is underpinned by an enviable array of strengths:

### Licences

We offer unparalleled access to global insurance markets, with 80 direct licences and 200 reinsurance licences across the world, many of which are embedded in local legal systems.

### Syndication

Our ability to syndicate risk across multiple carriers provides optionality and efficiency for brokers.

### Settlement

Central settlement, and the Settlement and Trust Fund Office, reinforce our strong position for complex risk placement.

### Innovation

Lloyd's reputation for product, distribution and capital innovation has made it a market of firsts throughout its history, a reputation that is being extended into the future by the success of the Lloyd's Lab and London Bridge 2.

### Expertise

Our marketplace balances competition with collaboration, enabling policyholders to access world-leading underwriting, structuring, and capital expertise.

### Brand

Lloyd's has an iconic reputation around the world with underwriters, capital providers, brokers, regulators and policyholders.

Our strategy: market-led  
with a necessary sharpening  
of our financial edge

There is a single, foundational truth at the heart of the Corporation's thinking: that Lloyd's is a marketplace and a Society for its members.

Our purpose

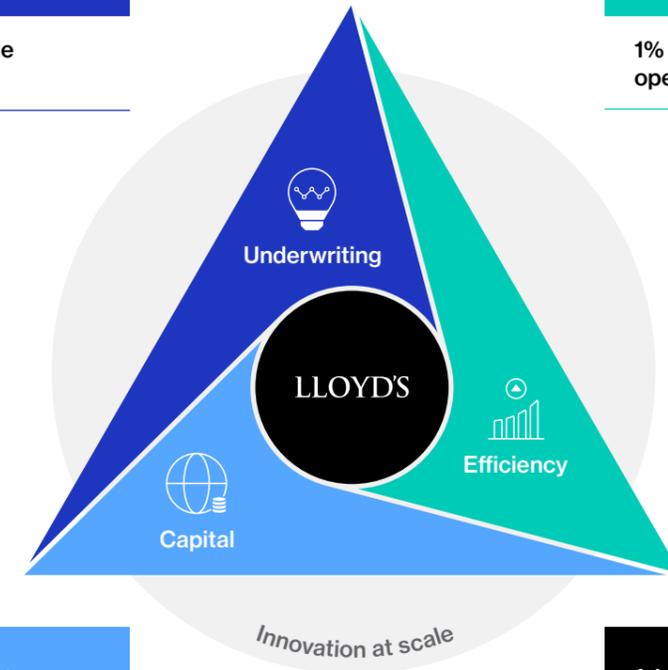
We bring together the world's leading risk takers to advance global progress

Leading underwriting performance

Market through-the-cycle  
COR of sub-95%

Efficient flexible marketplace

1% incremental cost to  
operate at Lloyd's



Maximised capital advantage

Market through-the-cycle  
return on capital above 12%

A Lloyd's to be proud of

Excellent culture

Corporation cost-to-income  
ratio sub-80%

Top-tier customer Net Promoter Score

Our behaviours

Take the risk

Make it happen

Own the outcomes

# Our purpose

To create alignment and clarity on the Corporation's future role, we have a new purpose:

“We bring together the world's leading risk takers to advance global progress.”

Our purpose recognises:

**We are the Corporation:**

A global collection of experts who run the marketplace.

**We bring together:**

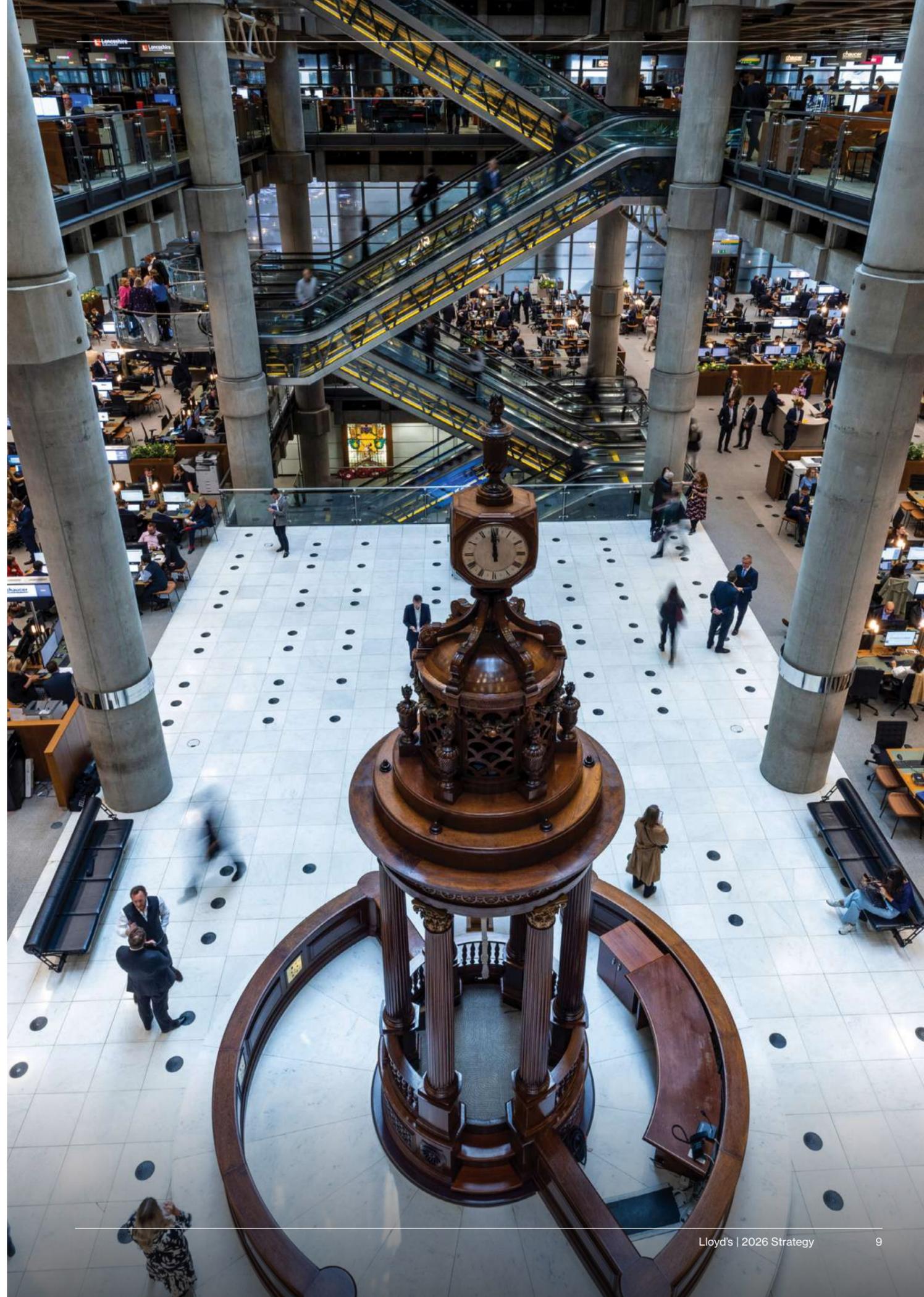
Convening stakeholders in one place has been and will continue to be an important role. We will react to the changing nature of risk and commerce and will be fast, flexible and efficient.

**We focus on world-leading risk takers:**

Existing not to avoid risk, but to enable those who take it on – no matter how complex, global or new. We seek to attract the very best – be they underwriters, brokers, capital providers or customers; those who will lead solutions, pricing, terms and conditions, but also those who embrace our standard of excellence.

**We enable global progress:**

Facilitating our members to advance global progress, however they define it, within the limitations of the law and sanctions.



## Strategic drivers

Our new strategy is designed to sharpen our financial edge and meet our vision to be the pre-eminent global marketplace for insurance risk.

Underpinning this ambition are four strategic drivers:

## Leading underwriting performance

A thriving market must be able to attract the world's best risk takers and have them operating at scale to provide bold but disciplined underwriting.

We will promote expertise and discipline in the marketplace with the most respected oversight regime in the world to ensure we are rigorous in underwriting core risks and bold in embracing nascent risks.

**Ambition:**  
Market through-the-cycle\* combined operating ratio of below **95%**

### This will be achieved by:

- Attracting the leading global underwriters to Lloyd's.
- Creating internal and external clarity on our approach to risk.
- Making the Corporation more predictable, and the market more investable, by setting out transparent, risk-based stances on topics relevant to the operation of the market.
- Supporting innovation in areas such as risk structuring, capital, and product.
- Enabling the development of innovative market solutions and the creation of blocks of capacity of the scale necessary to address the world's most pressing issues.
- Making it easier for firms to enter the marketplace and grow within it, if they meet our exacting requirements.

### We will succeed when:

- All the best underwriters are operating at Lloyd's at scale and with purpose.
- There is a sustained increase in the pace and ambition of innovation.
- Lloyd's is the world's leading underwriting market by performance and relevance.

\* 10 year average





## Strategic drivers (continued)

### Efficient and flexible marketplace

Operating at Lloyd's offers market participants unparalleled structural advantages. To fully realise these, the cost and speed of doing business at Lloyd's must be competitive with other international insurance hubs.

We will lower the burden and speed up processes to reduce friction through flexible infrastructure, risk-based oversight and predictable decision-making.

**Ambition:**  
**1% incremental cost to operate at Lloyd's**

**This will be achieved by:**

- Adapting our oversight to the range of business models, maturity, capabilities and risk materiality of market participants.
- Making our oversight approach more targeted on risks as we further embed Principles Based Oversight, removing activity that does not directly relate to risks impacting market financial performance, capital, regulatory permissions and reputation.
- Stripping back reporting to only what is necessary and valued.
- Speeding up our response times.
- Pivoting towards an open architecture ecosystem.
- Transitioning away from Blueprint Two and refocusing Velonetic on incremental technology modernisation, protecting market operational resilience.
- Partnering with the market to enable process simplification, common data standards and technology modernisation.

**We will succeed when:**

- The friction, measured by cost and time that the Corporation imposes on the market, has been reduced to a minimum.
- We have embedded Principles Based Oversight so it is more targeted and focused on key risks.
- We have minimised duplication of regulatory activity in collaboration with the PRA, FCA and international regulators.
- We have replaced centralised enforcement of market infrastructure with operational resilience, flexible open architecture, and enablement of individual strategic choice.
- We have streamlined our data requirements, with common data standards, to collect only the data required to deliver our core responsibilities, reducing friction and simplifying our offering.

# Maximised capital advantage

Lloyd's today is the most capital-efficient place in the world to connect capital to insurance risk. We provide unrivalled flexibility to underwriters looking to source capital to back insurance risk. Our underwriters can trade on their own balance sheets, leveraging the resources of third-party institutional capital and/or by connecting to Names capital.

We will protect, advance and deploy our unique capital advantage to allow increased return for the same level of risk within the marketplace compared to outside Lloyd's.

### **Ambition:**

Market through-the-cycle\* return on capital of above **12%**, which members could choose to increase through the use of Lloyd's unique capital advantages.

### **This will be achieved by:**

- Creating a fortress balance sheet designed to withstand the scale and volatility of the risks ahead.
- Broadening the benefit of capital efficiency provided by Lloyd's by removing pain points from our end-to-end capital journey.
- Introducing more flexibility for capital entering, investing in, and seeking to realise investments from Lloyd's.
- Creating the optionality to extend the market's unique capital advantage by increasing the financial strength of the market.
- Removing barriers to market innovation on assets and capital.
- Tailoring oversight and requirements for different types of capital provider.
- Introducing efficiency for Names capital through simpler processes and a more predictable service model.

### **We will succeed when:**

- Lloyd's has an unassailable balance sheet, fit to handle market expansion and volatility.
- We have increased flexibility around entry, exit and deployment of capital.
- We have put in place enhanced capital management capabilities and tooling that are better suited to the breadth of capital providers in the market.

\* 10 year average





## Strategic drivers (continued)

### A Lloyd's to be proud of

Leading Lloyd's comes with the duty to protect and advance a marketplace that the world has trusted for centuries.

That is why the Corporation itself is at the heart of the strategy and will strive to achieve a pride in all our dealings that is felt by all with whom we deal.

We must become a leading hub for the next generation of insurance talent and the preferred partner in innovation. We must focus relentlessly on the Corporation's own performance, and our service to customers and stakeholders.

We will improve focus and clarity, boost innovation and talent, and mutualise the benefits for our members. We will invest in the people, process, data and technology capabilities required to achieve the Corporation's ambition.

**Ambition:**  
**Excellent culture as measured against industry benchmarks.**

**Sub-80% cost-to income ratio.**

**Top-tier customer Net Promoter Score from managing agents and members.**

**This will be achieved by:**

- Focusing relentlessly on the culture of the Lloyd's Corporation and market, and empowering the Corporation with our target behaviours.
- Constantly listening and reacting to the needs of managing agents and members where the Corporation can drive financial or efficiency outcomes.
- Improving the Corporation's change delivery track record.
- Doubling the Corporation's early careers intake.
- Enhancing training and development of Corporation talent.
- Defining our Corporation data, technology and AI strategies.
- Having a highly skilled, AI-trained global team in place.

**We will succeed when:**

- The Corporation is delivering the strategy and increasing trust with the market.
- The Corporation's culture is excellent, universally recognised and a beacon for global talent.
- There is a consistent front-of house offering focused on customer service, and delivering outcomes for our market.
- The Corporation can respond rapidly to the strategies of market participants.
- The Corporation is generating a surplus that can be deployed to give the Council options to strengthen the capital advantage, invest in the future of the market, or reduce market overheads.
- The Corporation is an organisation that people are proud to work for and with.

## The only insurance marketplace of its kind

### Building on our strengths

Our market traces its origins to Edward Lloyd's coffee house in late 17th century London. From this humble beginning, our market has developed into a key pillar of risk management in the global financial system.

From its inception, Lloyd's has helped global commerce flourish by allowing risk to be pooled and shared. Although the nature of the risks has evolved considerably over the past 337 years, we still play the same fundamental role to this day.

Lloyd's was not designed; it has evolved over time. This process has bestowed the marketplace with a unique advantage and many fundamental strengths.

We will create the conditions that attract the world's leading underwriters and investors and allow them to operate at scale to serve brokers and clients around the globe.

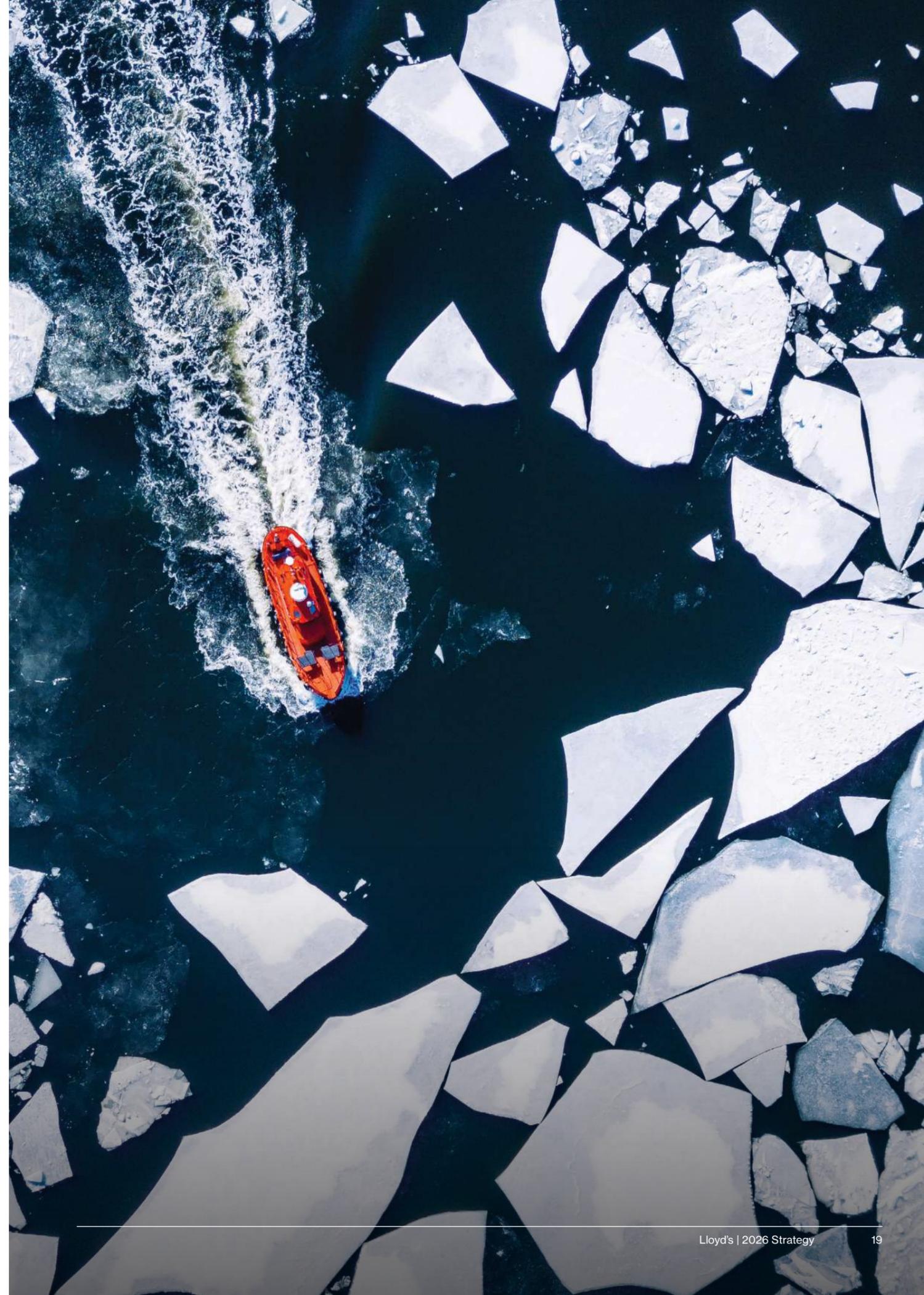
We must build on the strengths, but, above all, we must maintain and extend that which makes us unique.

Lloyd's is the only insurance marketplace of its kind in the world. Its capital structure is the unique advantage that can drive superior returns and rebalance the risk-reward equation.

The strengths of the Lloyd's marketplace – from our brand, expertise and innovation to licences, syndication, and central settlement – are especially valuable in the risk environment that we face.

The market requires a more efficient, flexible and simple operating environment. We will streamline decision making, adopt more targeted and proportionate oversight, and increase regulatory and reporting transparency and predictability. We are committed to maintaining high bars for entering and operating within the market.

This is how Lloyd's can increase its relevance in the coming years, by **bringing together the world's leading risk takers to advance global progress.**



## Lloyd's unique capital advantage

### Protect, advance and deploy our unique capital advantage

At Lloyd's, capital is protected by a chain of security that is more than \$160 billion deep, comprising Premium Trust Funds, Funds at Lloyd's (members' capital deposited at Lloyd's), and finally the Central Fund.

Rather than a single balance sheet, it has a layered and legally segregated capital stack, which acts like a shock absorber.

Policyholder premiums are held in ring-fenced trusts. Investor funds held by Lloyd's are not commingled. And the Central Fund acts as a permanent and mutual backstop for extreme events.

This unique level of diversification makes Lloyd's the most capital-efficient platform to write insurance at a AA-financial strength rating. Members can then choose to further enhance this capital advantage through member-level diversification, and the ability to use Letters of Credit.

**Our capital advantage:**  
Lloyd's can shoulder more insurance risk per dollar of capital than any other financial institution in the world.

## Our capital structure

Lloyd's unique capital structure provides excellent financial security to policyholders and capital efficiency for members. Often referred to as the Chain of Security, the capital structure provides the financial strength that ultimately backs all insurance policies written at Lloyd's and the common security that underpins the market's strong ratings and global licence network.

### Syndicate assets

All premiums received by syndicates are held in trust by the managing agents as the first resource for paying customers' claims.

### Funds at Lloyd's

Each member must provide sufficient capital to support their underwriting at Lloyd's. Managing agents assess the Solvency Capital Requirement (SCR) for each syndicate that they manage, which sets out how much capital the syndicate requires to cover its underlying business risks at a 99.5% confidence level. The Economic Capital Assessment (ECA) which is the amount of solvency capital members must post to support a given syndicate, is equal to 1.35x the ultimate solvency capital requirement.

### Lloyd's central assets

Our central assets, at the discretion of the Council of Lloyd's, are available to meet any valid claims that cannot be met from the resources of any member. This includes Lloyd's Central Fund, which is a fund held by Lloyd's to protect policyholders in the rare event that a member needs additional assets to meet its liabilities.

See page 4 for a full description of Lloyd's strengths

# Lloyd's share of the global insurance market

Lloyd's GWP of \$76 billion in 2025 represents a ~3% share of wallet of the \$2.4 trillion global P&C insurance market.

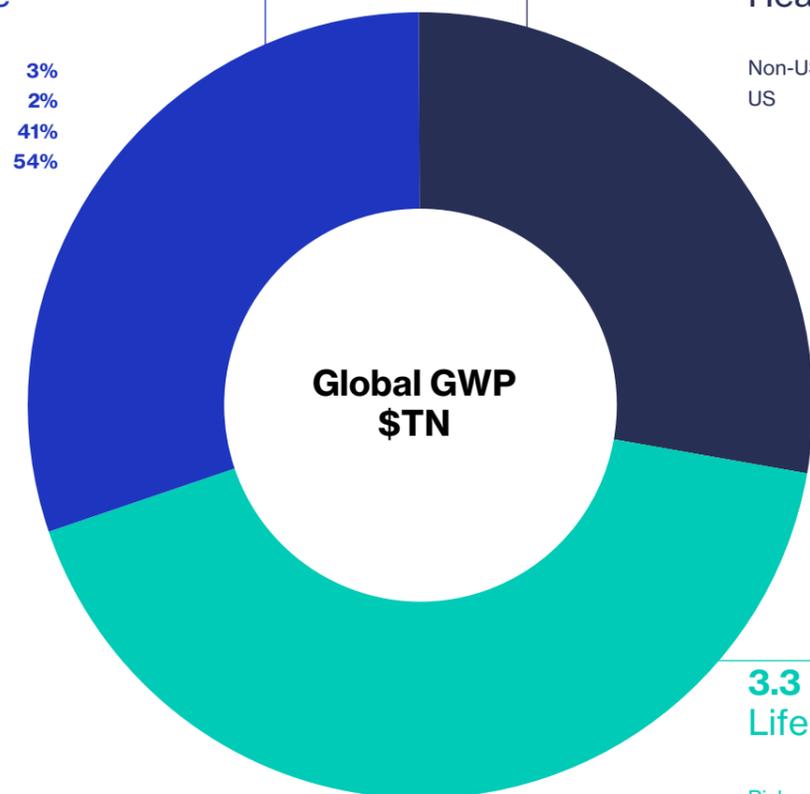
We are absent from the broader \$5.5 trillion insurance universe of Health, Life and Savings. We lack a clear right to win in these adjacent markets which require access, licences, and infrastructure we do not have today. Given this, we will remain a P&C market and focus on the \$1 trillion total addressable market within commercial insurance.

## 2.4' P&C Insurance

Lloyd's	3%
London Company Market	2%
Commercial lines*	41%
Personal lines*	54%

## 2.2 Health Insurance

Non-US	20%
US	80%



## 3.3 Life Insurance

Risk	80%
Savings	20%

<sup>1</sup>London Market split subtracted from commercial lines GWP | Source: Oliver Wyman analysis

\*Excluding LM

# Lloyd's in its wider global context

To successfully open up access to this \$1 trillion opportunity, we will need to navigate profound shifts occurring both within the Lloyd's marketplace and in the wider global (re)insurance industry.



## Global context

-  | Complex geopolitical and macro environment
-  | Boom of private equity and private credit as significant power brokers in the global economy
-  | Rapidly scaling or shifting risk vectors driving opportunities for insurance solutions
-  | Continued secular increase in the P&C risk environment, at odds with near-term market conditions
-  | Generational shift in AI and technology capabilities globally

There are profound shifts occurring both within the Lloyd's marketplace and in the wider global insurance and reinsurance industries.

## Lloyd's market context

-  | A financially strong marketplace which is facing pricing headwinds
-  | Influx of different forms of capital and renewed interest of private asset providers
-  | Legacy market infrastructure and poor track record of steering evolution
-  | Significant changes in the way risk is traded and the role of underwriters and follow solutions
-  | A Corporation with a broad and self-defined mandate, and a historical tendency to dictate rather than enable the market

We must position Lloyd's to thrive amid geopolitical instability, evolving distribution models, structural changes in the risks underwritten by the market.

The market must deliver sustainable returns across the pricing cycle.

# Innovation at scale

We are entering a new market phase – one that demands that we perform and innovate at the same time. Lloyd's is a market of firsts. We excel in nascent technologies and risks where there is a lack of precedent or data.

The risks have changed over the years. But the principle — helping people move forward boldly and with confidence — has not.

## Lloyd's is a natural innovation partner because we have:

- A capital model that shoulders more risk per dollar than any other financial institution.
- Capital mobility, with capital able to flow into London efficiently through London Bridge 2.
- Structuring flexibility to build solutions across members, third-party capital, ILS, captives and efficient reinsurance to home balance sheets.
- The world's best risk takers with a wealth of expertise in the London Market.
- The ability to build scale quickly through consortia and other lead underwriting arrangements.
- The capacity to syndicate efficiently to avoid concentration risk.
- Over 200 local licences to deliver global solutions.

**Innovation at scale, the golden thread that pulls together our new strategy across performance, operations and capital, will equip us to handle the unpredictable, but exciting, future that we face.**

## We ask the market to hold us to account when it comes to:

- Speed to market, challenge us to increase our pace and remove barriers to action.
- Scale, challenge whether the line sizes market participants can lead with are in keeping with their capability and financial strength.
- Concentration risk, challenge the structures available to syndicate, use third-party capital, outwards reinsurance, and other innovative structures.
- Policy, challenge whether we are consistent and competitive to avoid chasing trends and losing credibility with investors.

**How we respond to this challenge will determine whether we lead the next development of global risk. We must embrace the technological advances of our time. Innovation can make us a beacon for risk takers and for capital, setting us up for future success.**

## We expect AI to:

- Drive investment into the real economy, creating new insurable assets and exposures.
- Enhance underwriting insight, speed and portfolio management while keeping human judgement central.
- Rely on strong data quality and robust governance to scale safely and underpin regulatory confidence.
- Strengthen human decision-making rather than replace it, reinforcing specialist underwriting expertise.
- Be shaped by the Lloyd's Lab and the market's development of AI-related insurance solutions globally.

**Each of these has impacts on the market and the Corporation, but also on the world around us. While it is critical for us to embrace AI, we need to consider the risk and opportunity implications holistically, beyond operations, data and people.**

## Time horizons and strategy activation

While the Corporation is ambitious about what it is seeking to achieve for the market, it is realistic about the pace of delivery. Our strategy will pursue transformative outcomes incrementally – we will not entertain a ‘Big Bang’ approach.

This strategy will be implemented over three time horizons:

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**Horizon 1:** Focus the business to unlock our existing strengths  
2026-2027

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**Horizon 2:** Build new advantages  
2028-2029

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**Horizon 3:** Succeed from a position of strength and strategic optionality  
2030 onwards

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### Our ambition for 2031, is that Lloyd’s will:

- Be recognised as the most capital-efficient marketplace for complex risk
- Command a share of wallet proportionate to its inherent strengths
- Operate across the full spectrum of commercial and speciality risk
- Be predictable, transparent and investable
- Retain and attract global talent and sophisticated capital as a matter of course
- Sit at the forefront of innovation in underwriting, capital and oversight



