
Lloyd's: Cover to Cover

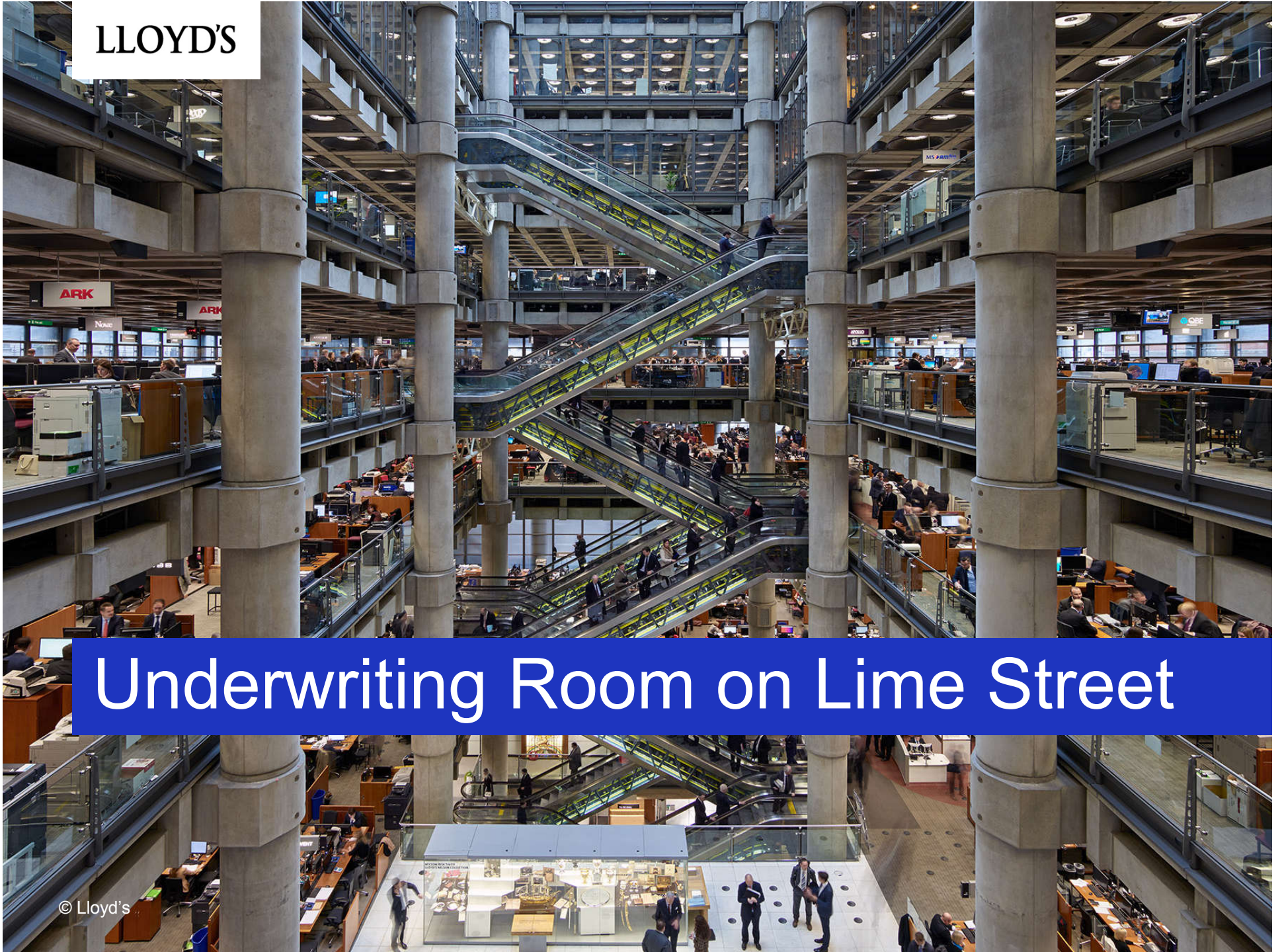
Presentation to Fairfield/Westchester RIMS

Hank Watkins
President, North America

September 13, 2017

LLOYD'S

Underwriting Room on Lime Street





Lloyd's Market - 2017

Home to leading (re)insurance brands

Sources of capital

% Bermudian
Insurance
industry

13

% Worldwide
non-Insurance

3

% US
Insurance
industry

21

% Middle East /
Asia Insurance
industry

17

% Private
Capital-Limited
& Unlimited

10

% UK
Insurance
industry

13

% European
Insurance
industry

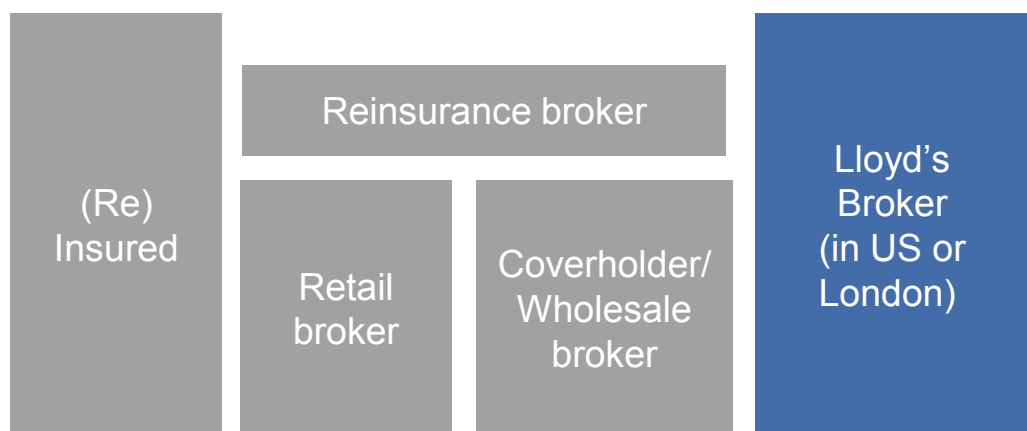
13

% Rest of the
World Insurance
industry

10

Accessing Lloyd's from the US

Business flow



Corporation of Lloyd's

57
Managing
agents

84
Syndicates

12 Special
purpose
syndicates



Capital flow

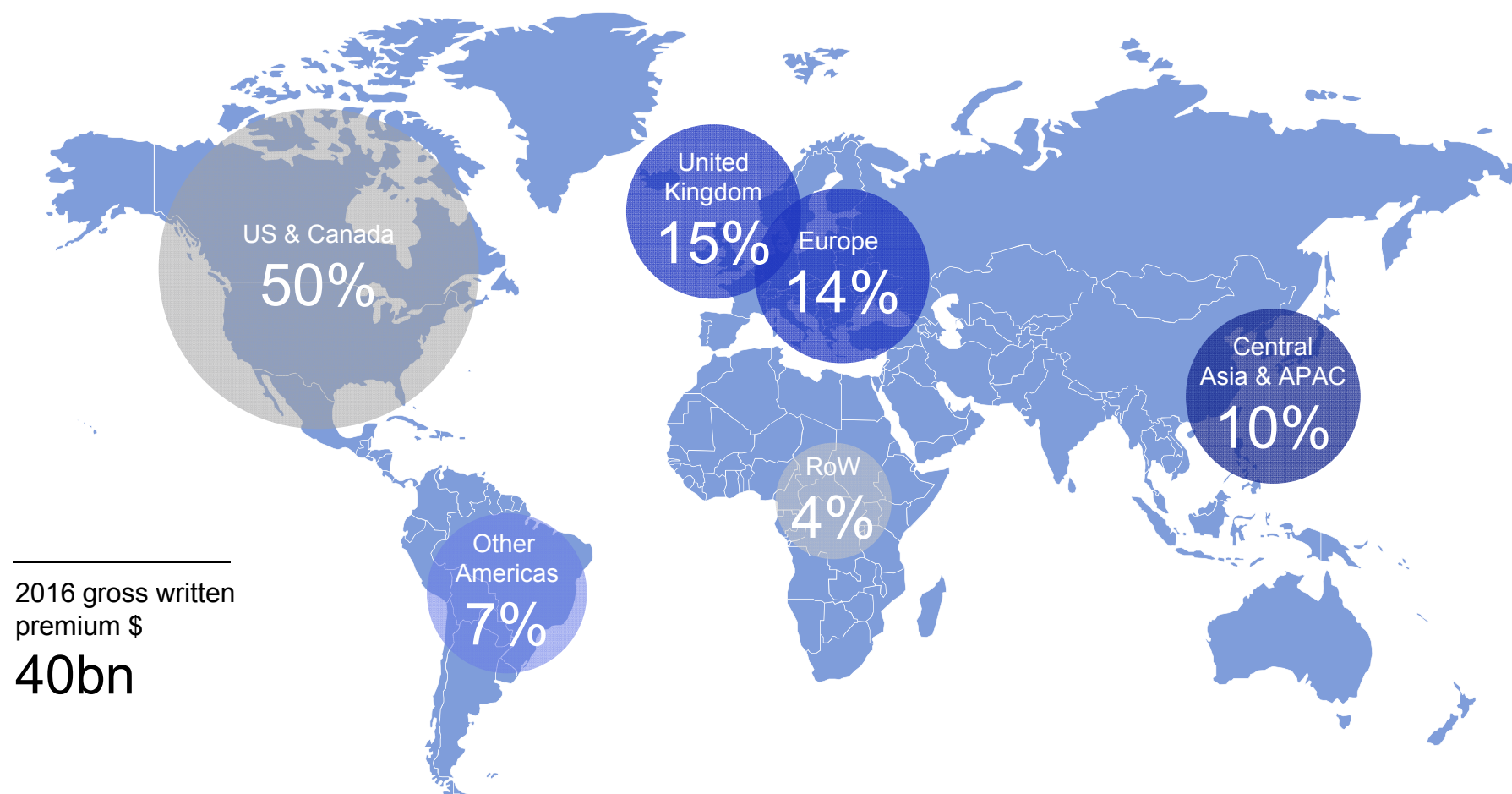
Members
Corporate and
Non-corporate



Business Overview

Lloyd's global business breakdown

Lloyd's insures individuals, businesses and communities in more than 200 countries and territories



2016 gross written
premium \$

40bn

Lloyd's classes of business

% Reinsurance

31

% Property

27

% Casualty

24

% Marine

8

% Energy

4

% Motor

4

% Aviation

2

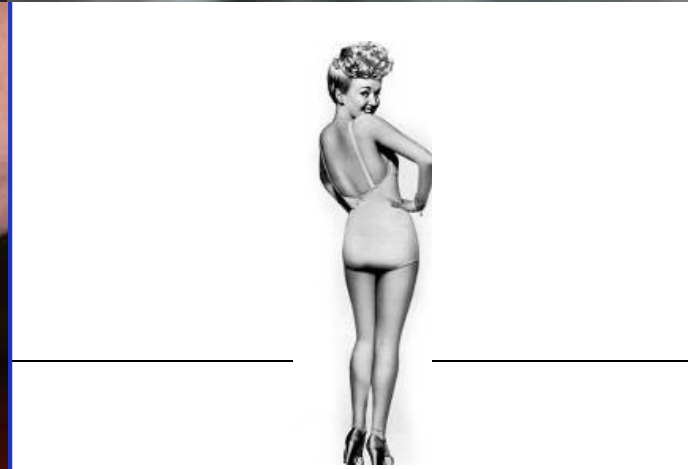


The Lloyd's market is known for its specialist expertise...





And an appetite for unusual risks requiring innovative solutions...



Financial Security, Ratings and Results

Chain of Security

Link one
Syndicate level assets

\$67bn

Link two
Members' funds at Lloyd's

\$27bn

Link three
Central Assets

\$4bn

Strength in ratings

Syndicates operating in the market enjoy the benefit of a single market rating given by independent agencies.

Standard & Poor's: A+ (Strong)

A+

Fitch Ratings: AA- (Very Strong)

AA-

A.M. Best: A (Excellent)

A

A five year view of Lloyd's global performance

\$m	2012	2013	2014	2015	2016
Gross written premiums	\$40,025 £25,173	\$39,959 £25,615	\$39,404 £25,259	\$40,836 £26,690	\$40,314 £29,862
Combined ratio	91.1%	86.8%	88.1%	90.0%	97.9%
Investment return	\$2,084 £1,311	\$1,309 £839	\$1,724 £1,045	\$615 £402	\$1,816 £1,345
Result before tax	\$4,517 £2,771	\$5,320 £3,205	\$4,931 £3,161	\$3,342 £2,184	\$2,625 £2,107
Return on capital (pre-tax) %	14.8	16.2	14.7	9.1	8.1

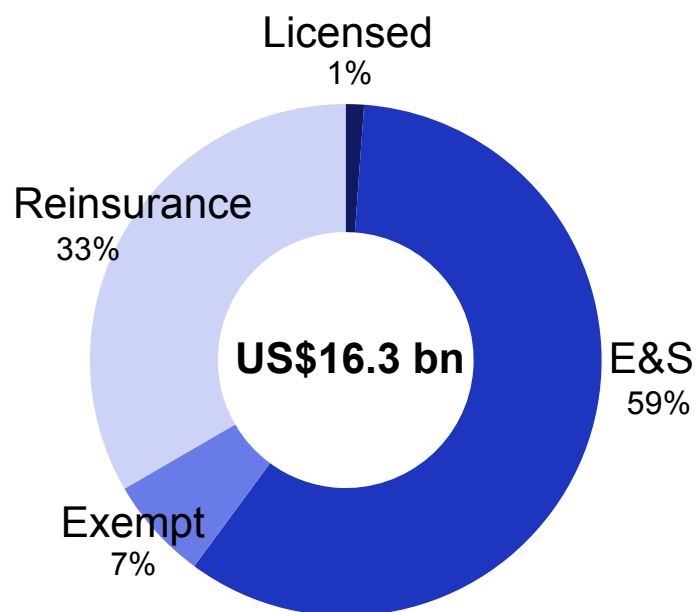
Source: Lloyd's Annual Report 2016

Lloyd's in the US

Lloyd's in the US – business segments

Lloyd's is eligible to write surplus lines (E&S) and is an accredited reinsurer in all US jurisdictions

Lloyd's Gross Signed Premium, 2016



Note: Lloyd's underwriters are licensed insurers in Illinois, Kentucky and the US Virgin Islands only

Top 10 Classes of Business 2016

Class	Percentage
Property D&F	27%
Property Treaty	16%
Casualty (D&O,E&O)	14%
Other Casualty	13%
Marine	9%
Energy	6%
Accident & Health	5%
Other Specialty	5%
Casualty Treaty	3%
Aviation	2%

Other specialty includes: Extended Warranty & Terrorism; Political Risk; Trade Credit & Financial Guarantee; Legal Expenses.



LLOYD'S

Claims at Lloyd's

We do things differently

Lloyd's claims in numbers

\$85bn

Claims paid by the Lloyd's market between 2011 – 2016

\$43m

Claims paid on average **per day** by the Lloyd's market in 2016

+85%

Lloyd's claims have one lead insurer

\$1.8bn

Claims paid in 2016 by the Lloyd's market for catastrophic events

227

Countries and territories where Lloyd's paid claims in 2016

The Lloyd's Claims Scheme

A streamlined agreement process for *Standard* and *Complex* claims

85% of claims
managed by
one insurer
(the lead)

15% of claims
managed by
two insurers
(the leads)

All other
insurers are
bound by
decision of the
lead(s)

The responsibilities and obligations of the lead(s) to the other
Lloyd's insurers are set out in the Lloyd's Claims Scheme

Emerging Risks

Our new definition: Emerging Risk

Defining the boundaries

A risk which is yet to be fully understood that may have significant consequences for the insurance industry.

Lloyd's: January 2017

Note: This definition builds on the standard ISO definition of a risk: "the effect of uncertainty on objectives".

Emerging risks reports



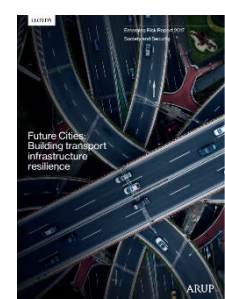
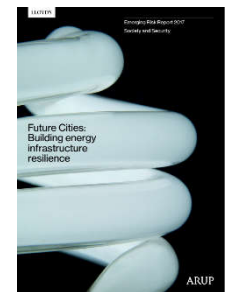
Latest reports

- ▶ Lloyd's City Risk Index
- ▶ Emerging Liability Risks – Harnessing big data analytics
- ▶ Drones Take Flight – Key issues for insurance
- ▶ Business Blackout – The insurance implications of a cyber attack on the US power grid
- ▶ California Flood – Central Valley risk analysis

lloyds.com/news-and-insight/risk-insight/library

Published in 2017

More coming up!



City Risk Index

Lloyd's City Risk Index 2015-2025

301 cities

18 threats

US\$4.56trn at risk

Lloyd's City Risk Index 2015-2025 analyses, for the first time, the potential impact on the economic output (GDP@Risk) of 301 of the world's major cities from 18 manmade and natural threats.

Based on original research by the Cambridge Centre for Risk Studies at the University of Cambridge Judge Business School, the Index shows how governments, businesses and communities are highly exposed to systemic, catastrophic shocks and could do more to mitigate risk and improve resilience.

Identifying the risks, modelling and measuring their impacts, and investing in greater resilience – from better infrastructure to increased

Introducing groundbreaking
new research

lloyds.com/cityriskindex

Hazard warning

The research behind Lloyd's City Risk Index 2015-2025 is firmly rooted in precedent. From the Panama disease outbreak that wiped out Latin America's banana industry in the 1950s to Superstorm Sandy, which cost New York US\$19bn in 2012, past catastrophes illustrate the potential of the Index's 18 threats to devastate economies and communities worldwide.



Select location

New York

New York

Average annual GDP

\$1.08tn

Total GDP@Risk

\$90.36bn

8.37% of Average annual GDP

GDP@Risk: Top 5 threats

1	Market crash	\$25.14bn
2	Oil price shock	\$15.73bn
3	Cyber attack	\$14.08bn
4	Flood	\$13.07bn
5	Human pandemic	\$8.21bn

[View breakdown of threats](#)[Download New York factsheet](#)

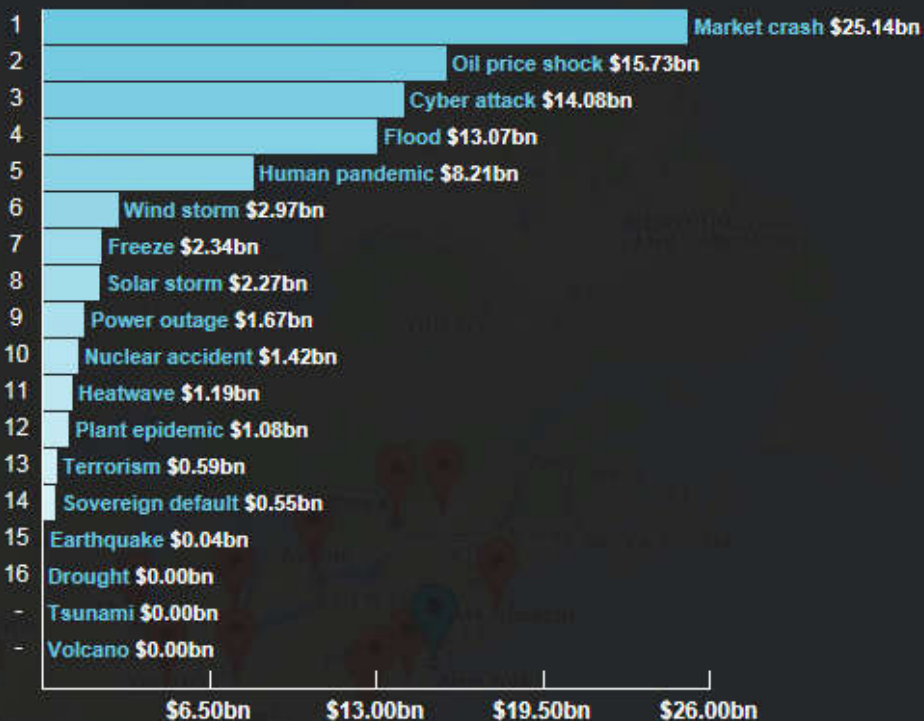
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New York

GDP@Risk: All threats

\$90.36bn



Solar storm: While the threat itself is not emerging our vulnerability to the risks it poses is.

All threats

Manmade threats

Natural threats

Emerging threats

Cities

Regions

North
Atlantic
Ocean

Select location

London

London

Average annual GDP

\$605.02bn

Total GDP@Risk

\$53.43bn

8.83% of Average annual GDP

GDP@Risk: Top 5 threats

1	Market crash	\$14.08bn
2	Flood	\$9.71bn
3	Oil price shock	\$8.81bn
4	Cyber attack	\$7.89bn
5	Human pandemic	\$4.67bn

[View breakdown of threats](#)[Download London factsheet](#)

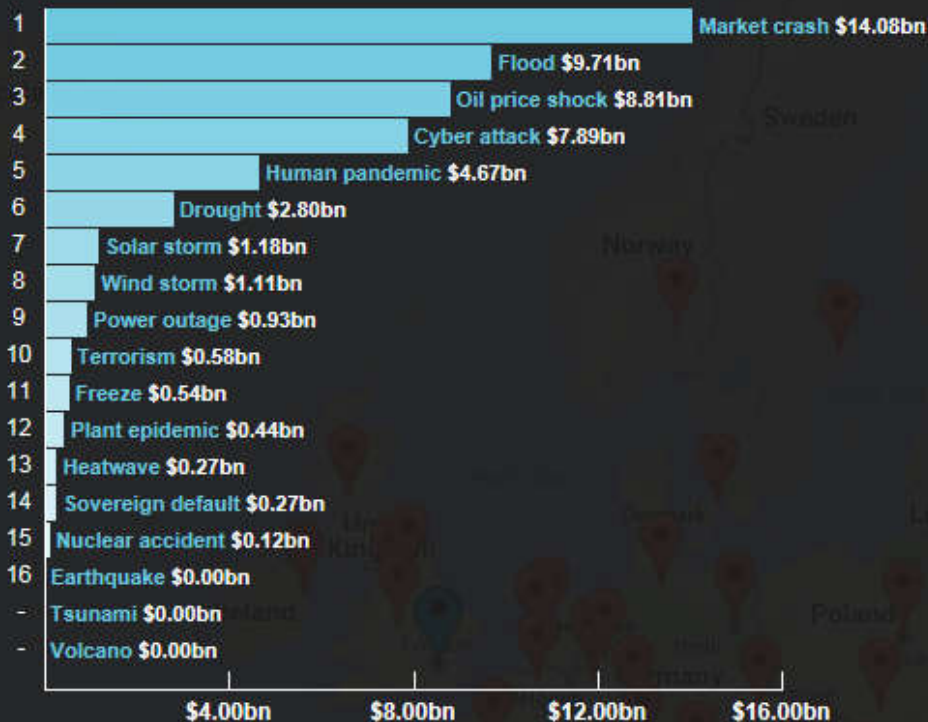
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London

GDP@Risk: All threats

\$53.43bn



Solar storm: While the threat itself is not emerging our vulnerability to the risks it poses is.

All threats

Manmade threats

Natural threats

Emerging threats

Cities

Regions

Select location

Los Angeles

Los Angeles

Average annual GDP

\$828.24bn

Total GDP@Risk

\$90.32bn

10.91% of Average annual GDP

GDP@Risk: Top 5 threats

1	Market crash	\$19.27bn
2	Earthquake	\$18.25bn
3	Flood	\$13.29bn
4	Oil price shock	\$12.06bn
5	Cyber attack	\$10.79bn

[View breakdown of threats](#)[Download Los Angeles factsheet](#)

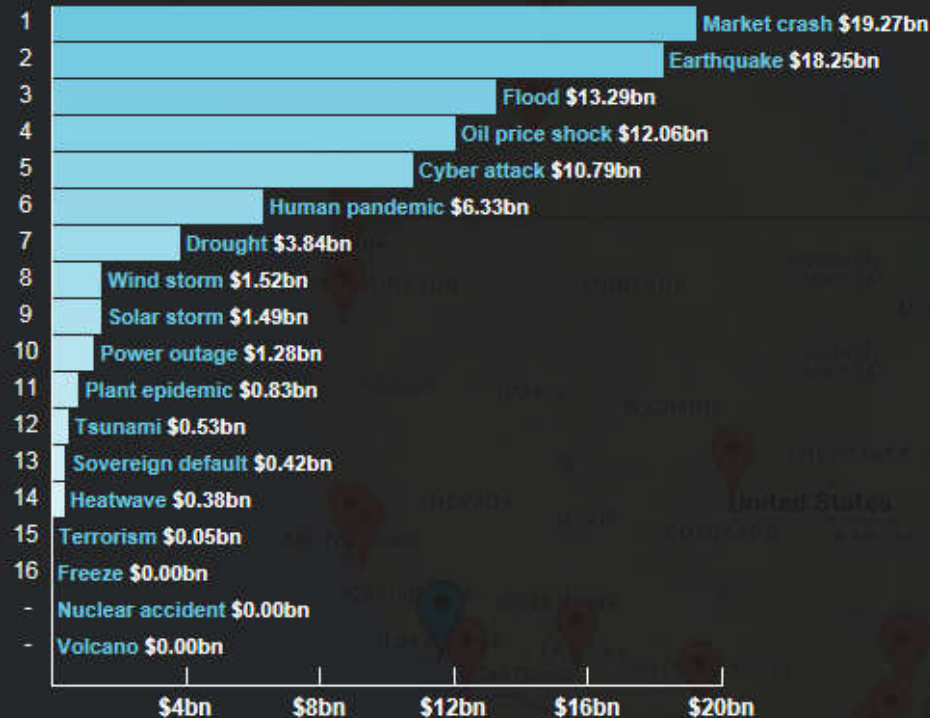
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Los Angeles

GDP@Risk: All threats

\$90.32bn



Solar storm: While the threat itself is not emerging our vulnerability to the risks it poses is.

All threats

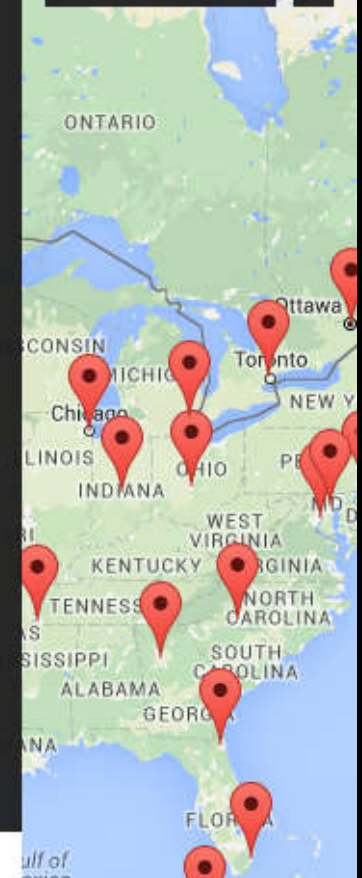
Manmade threats

Natural threats

Emerging threats

Cities

Regions



Select location

Miami

Miami

Average annual GDP

\$250.52bn

Total GDP@Risk

\$23.45bn

9.36% of Average annual GDP

GDP@Risk: Top 5 threats

1	Market crash	\$5.82bn
2	Flood	\$4.02bn
3	Oil price shock	\$3.65bn
4	Cyber attack	\$3.26bn
5	Wind storm	\$2.28bn

[View breakdown of threats](#)[Download Miami factsheet](#)

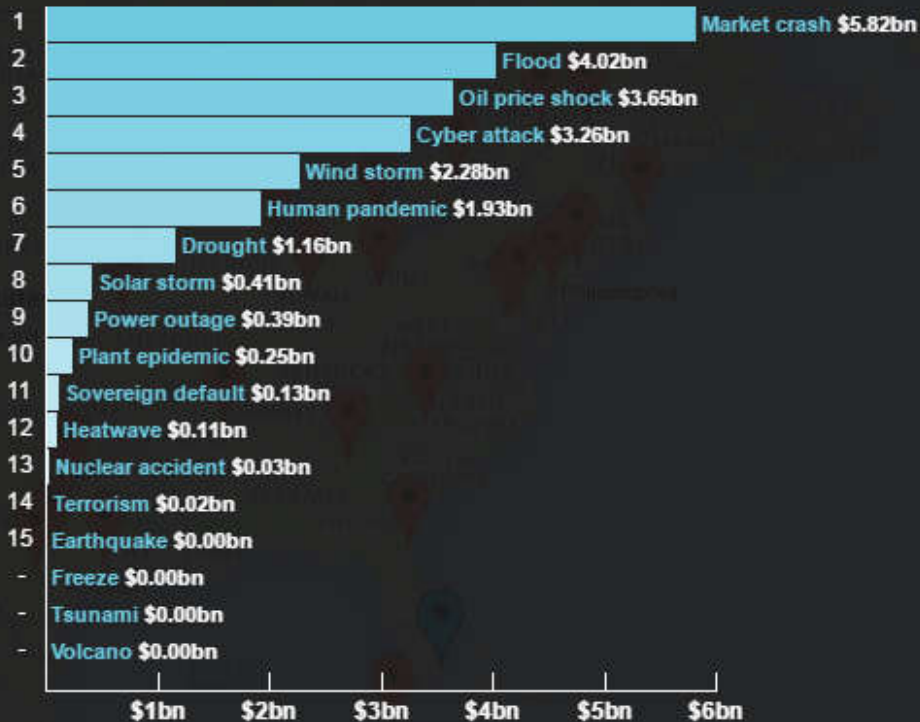
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[View city rankings
by country](#)

Miami

GDP@Risk: All threats

\$23.45bn



Solar storm: While the threat itself is not emerging our vulnerability to the risks it poses is.

All threats

Manmade threats

Natural threats

Emerging threats

Cities

Regions

North
Atlantic
Ocean

Select location

Jacksonville

Jacksonville

Average annual GDP

\$52.90bn

Total GDP@Risk

\$4.32bn

8.16% of Average annual GDP

GDP@Risk: Top 5 threats

1	Market crash	\$1.23bn
2	Oil price shock	\$0.77bn
3	Cyber attack	\$0.69bn
4	Flood	\$0.64bn
5	Human pandemic	\$0.41bn

[View breakdown of threats](#)[Download Jacksonville factsheet](#)

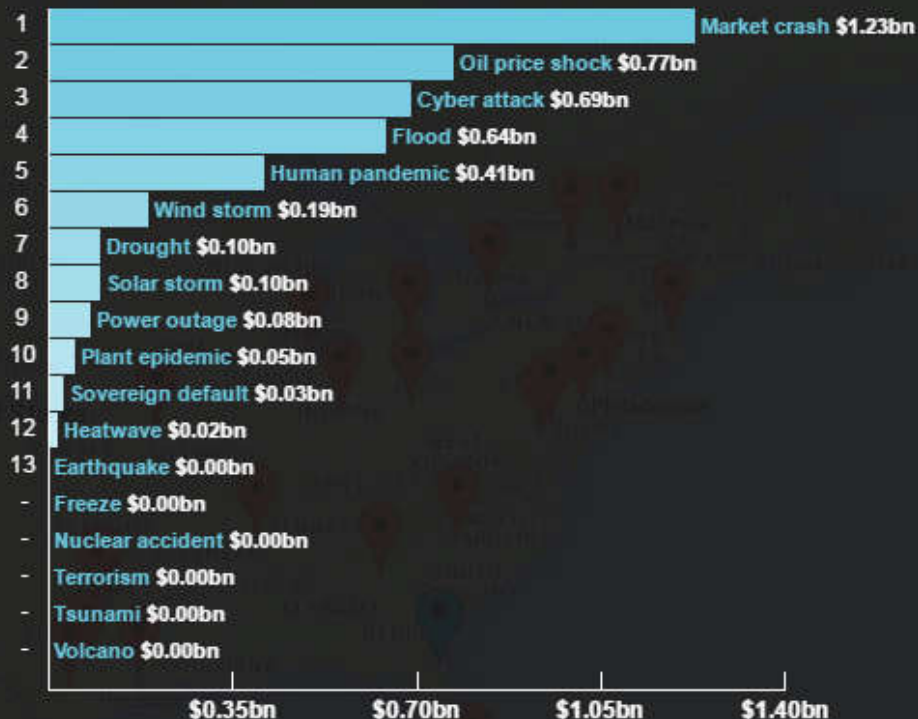
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Jacksonville

GDP@Risk: All threats

\$4.32bn



Solar storm: While the threat itself is not emerging our vulnerability to the risks it poses is.

All threats

Manmade threats

Natural threats

Emerging threats

Cities

Regions

North
Atlantic
Ocean

Lloyd's and the EU Referendum

Lloyd's Brexit solution

- The decision to leave the EU had no impact on Lloyd's financial strength. S&P affirmed Lloyd's A+ rating during the week of the referendum vote (June 2016)
- Nine-month process to reach decision on way forward (March 2017)
- Non-UK subsidiary (company) option was selected
- Brussels was chosen from shortlist:
 - Robust regulatory regime
 - Heart of Europe / proximity to London
 - Access to talent
 - 100% reinsurance to syndicates
- Lloyd's Insurance Company (LIC) will be ready for Jan 1, 2019 renewals
- Lloyd's and the Lloyd's market will remain subject to Solvency II and retain all current rights in EU markets.

Lloyd's America



Hank Watkins
President North
America
New York



Joseph Gunset
General Counsel
US
New York



Marc Bloom
Chief Operating
Officer, Americas
New York



Lizzie Lowe
Head of Regional
Communications
New York

Pat Talley
Central Regional Director
Frankfort KY and
Chicago



Laura Hanrahan
Delegated Authorities
Chicago



Rich Magrath
Western Regional
Director
Los Angeles



Glenn Dorr
Northeast Regional
Director
Boston

Locations

- 1) Atlanta GA
- 2) Boston MA
- 3) Chicago IL
- 4) Dallas TX
- 5) Frankfort KY
- 6) Los Angeles CA
- 7) New York NY
- 8) USVI

33 colleagues

Enya He
South Central
Regional Director
Dallas



Rodney Smith
Southeast
Regional Director
Atlanta

Thank you!

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