

Transcript: Lloyd's Chief Executive, Inga Beale, introduces Lloyd's Annual Report 2017

The Lloyd's market experienced an exceptionally difficult year in 2017 driven by challenging market conditions and a significant impact from natural catastrophes. These factors mean that for the first time in six years Lloyd's is reporting a loss - the aggregated 2017 market result is a loss of £2bn.

The result reflects the market facing one of the costliest years for natural catastrophes in the past decade. The frequency and scale of the disasters that struck around the world saw major claims costing the Lloyd's market £4.5bn; more than double the previous year.

Hurricanes Harvey, Irma and Maria, devastating wildfires in California, an earthquake in Mexico, monsoon flooding in Bangladesh and a mudslide in Colombia, among other events around the world, had an immense impact on communities and businesses.

Overall, the Lloyd's market paid out £18.3bn in all claims during 2017 (gross of reinsurance).

The Lloyd's market has been more than able to meet these substantial commitments without any significant impact on our total resources which remain strong at £27.6bn.

The significant loss activity in the second half of 2017 generated a full year underwriting loss of £3.4bn, resulting in a combined ratio of 114%.

While pricing remains under considerable pressure, gross written premiums have seen 6% growth, excluding the effect of foreign exchange movements, to £33.6bn. This is in line with Lloyd's continued focus on measured and sustainable growth, and is driven in part by the development of new products such as cyber and growth in the US. Net investment income increased to £1.8bn.

Although it has been a particularly difficult year, Lloyd's has lived up to its centuries old promise and purpose – to be there when it matters most, providing the financial support to enable businesses, governments, and most importantly people to recover and rebuild their lives as quickly as possible.

The Lloyd's market has earned the trust of its policyholders over the past 330 years, through world wars and revolutions, through to some of the world's most destructive disasters and greatest innovations. Renowned for its ability to absorb risks from all around the world and pay all valid claims, Lloyd's continues to enable human progress.

Although 2017 has been an incredibly tough year for the Lloyd's market, our excellent capital strength demonstrates that Lloyd's remains in robust financial shape. With a

leadership team actively addressing the challenges the Lloyd's market is faced with, I'm confident that we go into 2018 in a strong and secure position.