Society of Lloyd's

April 17, 2026

This report does not constitute a rating action.

Business risk: **Very strong**

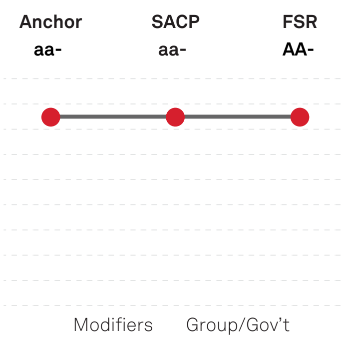
Excellent — Vulnerable

Competitive position: Very strong
IICRA: Intermediate risk

Financial risk: **Strong**

Excellent — Vulnerable

Capital and earnings: Excellent
Risk exposure: High
Funding structure: Neutral



Financial strength rating
AA-/Stable/--
Holding company ICR
AA-/Stable/--

FSR--Financial strength rating. ICR--Issuer credit rating. IICRA--Insurance industry and country risk assessment. SACP--Stand-alone credit profile.

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Credit Highlights

Overview

Key strengths	Key risks
The Society of Lloyd's (Lloyd's, the corporation, or the market) has a unique brand and reputation, based on its position as the center for underwriting specialist risks.	More exposed to catastrophe risk than most insurance sector peers.
Robust risk-based capital exceeds our requirement at an extreme stress scenario.	Plans to digitalize the market have taken longer than planned, reflecting the execution risks surrounding Lloyd's modernization.
Strong underwriting oversight of the market is paying dividends, with robust underwriting results over 2021-2025.	

We expect Lloyd's to maintain excellent capital and earnings over the next two years. Our base-case assumption is that Lloyd's risk-based capital (measured using our model) will be sufficient to meet the requirements in an extreme stress scenario (99.99% confidence level) over 2025-2026. We forecast Lloyd's total adjusted capital (TAC) will be more than 10% above the capital requirements for the 99.99% confidence level over this period. Both strong earnings and capital calls on syndicates will support this outcome if needed.

We estimate a combined ratio of 92.5% in 2026 and 94.0% in 2027 (these figures are based on U.K. generally accepted accounting principles). This is considering major losses of 10 percentage points (ppts) in the combined ratio, which is larger than the wider insurance sector but similar to that at reinsurance peers. We expect that rates across most lines (particularly property) will continue to soften over 2026-2027, and investment returns will deteriorate leading to reduced net income and returns on equity over 2026-2027.

Lloyd's has a unique brand and position in the insurance industry, with a well-diversified premium base by geography and business line. It enjoys worldwide recognition and is considered a leading center for the writing of specialist insurance risks. We expect the market will continue to attract business and brokers will remain loyal due to the depth of its underwriting expertise and face-to-face culture. Market premium is generated worldwide, although with significant exposure to the U.S.

We expect the leadership team will continue to focus on maintaining underwriting discipline in the market. However, modernizing the market will also be a significant part of the new leadership team's key deliverables. Lloyd's has shelved some of its Blueprint Two plans and will no longer be taking a "big bang" approach to moving the market onto new systems and instead will follow a more piecemeal approach. While this reduces some execution risk from large cutovers in our view, it is also an admission that some of the efficiency gains targeted may take longer to deliver. The Society of Lloyd's relatively new leadership team of chairman Sir Charles Roxburgh and CEO Patrick Tiernan will need to focus on maintaining engagement with the market to execute the modernization required.

Outlook

The stable outlook reflects our view that over the next two years Lloyd's management will maintain its disciplined underwriting performance and continue to execute its expense reduction strategy. Also, we expect Lloyd's will maintain an excess of capital above our 99.99% confidence level.

Downside scenario

We could take a negative rating action over the next 24 months if Lloyd's does not maintain profitability in line with that of its closest peers, or if we believe that its capital levels will not comfortably withstand extreme stress. This could occur if management:

- Does not maintain strong oversight over the syndicates, particularly if the pricing conditions deteriorate from the current favorable rates;
- Compromises underwriting discipline amid revenue growth; and
- Does not maintain the same level of close oversight over capital protection that helped it navigate the challenges of the COVID-19 pandemic, the outbreak of the Russia-Ukraine conflict, and rising inflation.

Upside scenario

We are unlikely to take a positive rating action over the next 24 months.

Assumptions

- We expect GDP growth of 2.2% in the U.S. and 1.0% in the U.K. in 2026. Growth in 2027 will remain constrained at 2.0% in the U.S. and 1.3% in the U.K.

- Central banks have turned hawkish in their language in response to Middle East developments. The Fed and the Bank of England have paused their cutting cycles and explicitly entered a wait-and-see period.
- We expect pricing in short-tail lines to continue facing downward pressure throughout the remaining 2026 renewal cycles.
- Lloyd's may see impacts on both sides of the balance sheet from the war in the Middle East. The war will disproportionately affect specialty lines--complex or high-risk exposures, including war risk, aviation, energy, and political violence--that Lloyd's syndicates are a leading market in.

Society of Lloyd's--Key metrics

	2027f	2026f	2025	2024	2023
S&P Global Ratings capital adequacy	99.99	99.99	99.99%*	99.99%	99.99%
Gross premium written (Mil. £)	~65,000	~64,000	57,870	55,546	52,149
Net income (Mil. £)	~6,000	~7,000	10,594	9,626	10,663
Return on shareholders' equity (%)	~13	~14	22	21	25.3
Financial leverage ratio (%)	~1.5	~1.5	1.5	1.6	2.3
EBITDA fixed-charge coverage (x)	>100	>100	250.8	187.5	182.9
Net combined ratio (non-life, %)	~94	~92.5	87.6	86.9	84

All figures adjusted by S&P Global Ratings. f--S&P Forecast. * Estimated.

Business Risk Profile

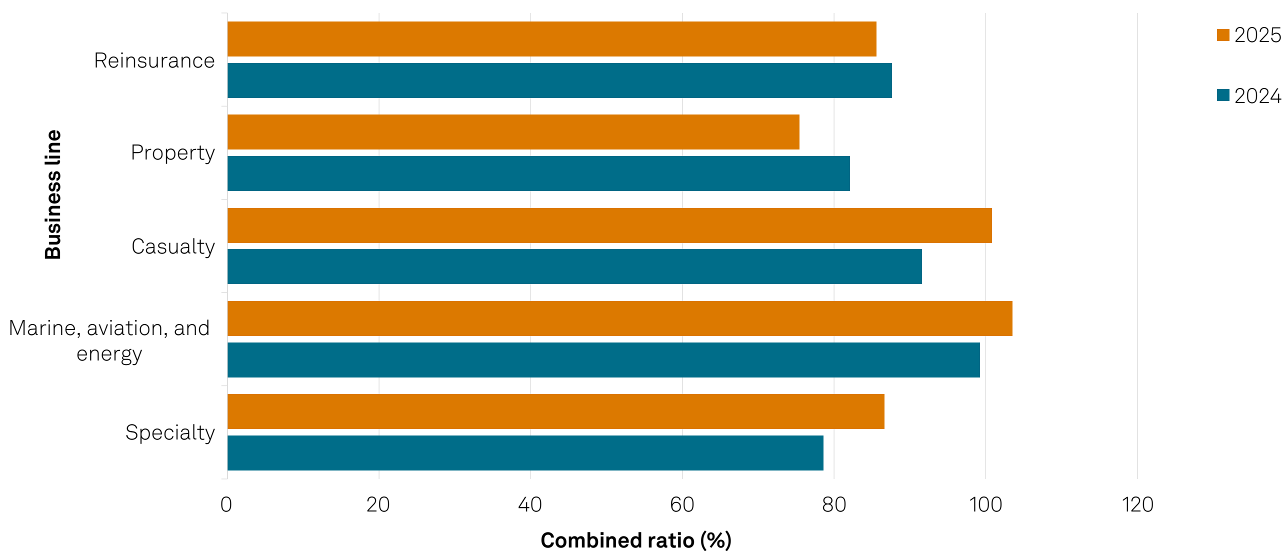
In our opinion, Lloyd's benefits from its unique brand and position in the reinsurance market. It is the world's largest subscription market and has a broad geographic presence through which it distributes its wide product offering. We think the market's brand and reputation will continue to be key differentiators for the rating. The availability of one-stop shopping for niche and standard products, Lloyd's global licensing, and the expertise of Lloyd's market underwriters will continue to attract policyholder and broker loyalty. We view this as a competitive strength.

We expect Lloyd's will continue to enjoy a leading position in the global specialty and reinsurance market. It consistently ranks among the top five global reinsurers--alongside peers Munich Reinsurance Co., Swiss Re Ltd., Hannover Rueck SE, and SCOR SE --and among U.S. primary insurers like American International Group Inc. and Chubb Ltd. Lloyd's has been the leading excess and surplus writer in the U.S. since 2011, and we expect it to retain this position. The market has also established itself as a key cyber risk writer over the past decade and is the leading reinsurer for global marine and aviation business.

Most of its revenue (about 68% in 2024) comes from the U.S., Canada, and the U.K.

Chart 1

Another strong underwriting result in 2025 driven by short tail lines

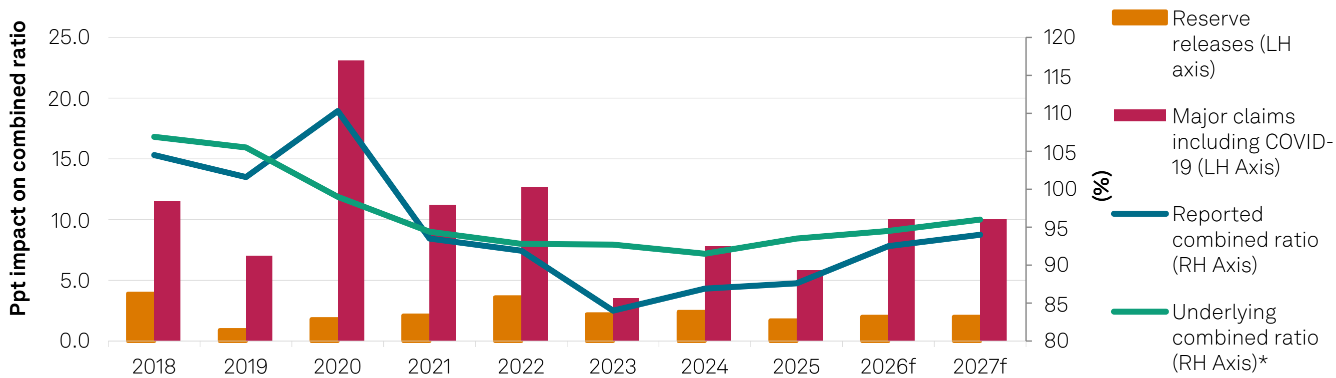


Source: Lloyd's Annual Report

We expect Lloyd's will continue to record underwriting profits in 2026 and 2027, considering its strong book of business, underwriting discipline, and still-favorable conditions ((though this is deteriorating, particularly pricing in short-tail lines). Based on current pricing trends, we expect a combined ratio of 92.5% in 2026, rising to 94% in 2027. Our assumptions include 10 ppts a year relating to natural catastrophe claims in the combined ratio, which is above that of the wider insurance sector. Lloyd's reported a net combined ratio of 87.6% in 2025, weaker than the 86.9% the year before but still better than the peer average. Major claims contributed 5.8% to the combined ratio (less than the market's 10-year average), with significant losses stemming from the Californian wildfires in January 2025 (£1.6 billion).

Chart 2

Lloyd's underlying underwriting performance is weakening but strong profits are still expected over next two years



*Underlying adds back reserve movements and 10 ppts for major claims. f--S&P Global Ratings forecast. Ppt--Percentage point. Source: S&P Global Ratings.

As Lloyd's is a leading player in the war risk, marine, aviation, and political violence business lines we expect that the Iran war will generate losses for the market. Our expectation is that currently the losses will be manageable and would not significantly impact our forecast for Lloyd's underwriting profits for the year. Depending on the duration and scale of the war, secondary effects could also impact the market including volatility on the asset side of the balance sheet, and there could be potential impacts from inflation and lower global growth on both top and bottom lines.

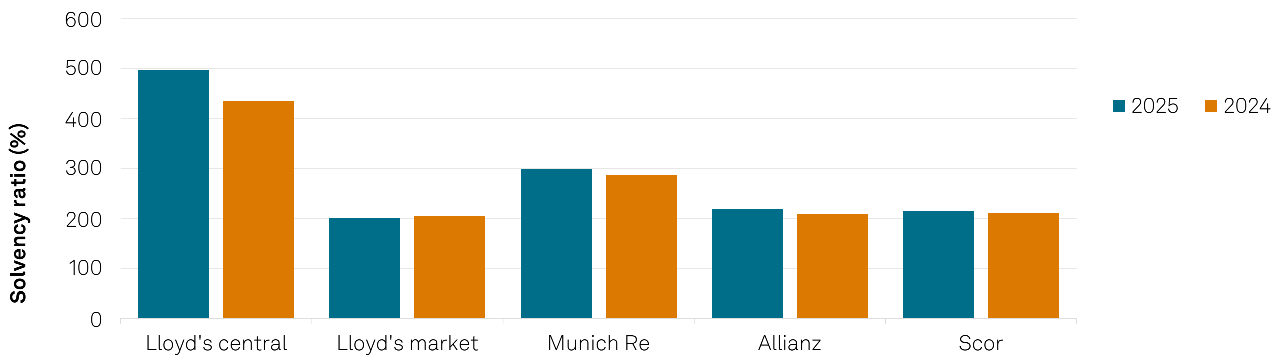
Financial Risk Profile

We expect Lloyd's to maintain robust capital levels exceeding requirement in extreme stress--above the 99.99% level through 2026-2027--as measured by our risk-based capital model. We use consolidated accounts for Lloyd's to calculate TAC, which includes members' funds, funds at Lloyd's, and central fund assets. We also recognize Lloyd's reserve surplus (syndicate view) in TAC.

In regulatory terms, Lloyd's holds comfortable capital surpluses in both its market wide solvency ratio of 200% and central solvency ratio of 496% as of end-2025.

Chart 3

Lloyd's market wide solvency ratio is comparable with peers, while central solvency remains stronger



Source: S&P Global Ratings.

In recent years, Lloyd's has acted promptly to address large claims events by accelerating capital collection from members. Should another significant claims event occur--like the 2017 hurricanes or the COVID-19 pandemic--we expect management will again seek to quickly address any capital shortfalls. Lloyd's has renewed its multiyear reinsurance cover of $812.5 million to protect its central funds against adverse events. We expect earnings will also translate into building capital levels to the extent needed. Also, Lloyd's has substantially reduced its reliance on letters of credit in the past few years (15% of market wide own funds in 2024) and we do not expect the corporation to materially increase its reliance on them.

Not all capital held by Lloyd's is fungible--only the central fund and corporation assets are available to pay all claims. However, its strong history of managing capital appropriately at the syndicate level offsets this risk. The most recent central fund loss was from the 2007 year of account. Lloyd's has also proven its ability to ask the market to recapitalize, as demonstrated in 2017 and 2020.

Lloyd's has a fairly conservative approach to investment risk with over 80% of its investment portfolio in bonds and cash. According to our base-case scenario, Lloyd's will see net investment income of about 3% over the next two years. Lloyd's strong investment return of £6.0 billion in 2025 reflected higher yields and the unwinding of unrealized losses in the bond portfolio.

Fixed-charge coverage remains robust due to strong earnings and will likely remain above 100.0x. Financial leverage will be minimal, likely staying below 2%.

Other Credit Considerations

Governance

Our positive view of the market's governance reflects the significant expertise and experience of Lloyd's managing agents and the market's overall governance. We think that with significant changes in the corporation's senior management (new chairman, CEO, and CFO), Lloyd's will continue its focus on underwriting discipline, which helped improve the market's financial performance in recent years.

We view positively the corporation's robust strategic planning process, especially the directorates relating to performance management and finance that have been established and improved in recent years. Initiatives such as stringent business planning and benchmarking exercises have significantly improved performance standards and measurement.

The corporation announced in November 2025 that it was launching an investigation with the support of a law firm into past breaches of internal processes following media stories surrounding the previous CEO of the corporation. The findings of the investigation have not been made public yet. Once available we will review the findings and the impact on our assessment of governance at Lloyd's.

Liquidity

The premium income flow provides readily available liquidity, and Lloyd's has a highly liquid asset portfolio. Also, the market's ability to call on members for capital injections throughout the year and withhold profits to ensure claims are paid is a positive for its liquidity assessment.

Group support

We consider Lloyd's Insurance Co. S.A., Lloyd's Insurance Co. (China) Ltd., Lloyd's Kentucky Inc., and Lloyd's Illinois Inc. as core to Society of Lloyd's.

Environmental, social, and governance

In our view, Lloyd's is more exposed to environmental risks than the insurance industry on average because it writes significant amounts of catastrophe-exposed property reinsurance and insurance. Still, we recognize the market, just like its peers, can reprice its catastrophe contracts annually or cede the risks to help it absorb a gradual increase in claims.

Rating Component Scores	
Business Risk Profile	**Very Strong**
Competitive position	Very strong
IICRA	Intermediate risk
Financial Risk Profile	**Strong**
Capital and earnings	Excellent
Risk exposure	High
Funding structure	Neutral
Anchor	**aa-**
Modifiers	
Governance	Neutral
Liquidity	Adequate
Comparable rating analysis	0
Current Credit Rating	
Local currency financial strength rating	AA-/Stable/--
Foreign currency financial strength rating	--
Local currency issuer credit rating	AA-/Stable/--
Foreign currency issuer credit rating	--

Related Criteria

- Criteria | Insurance | General: Insurer Risk-Based Capital Adequacy--Methodology And Assumptions, Nov. 15, 2023
- General Criteria: Hybrid Capital: Methodology And Assumptions, Oct. 13, 2025
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Insurance | General: Insurers Rating Methodology, July 1, 2019
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Global Reinsurance Sector View 2026: Pricing Declines Amid Ample Capacity And Intensifying Competition, Feb. 4, 2026
- Robust Capital And Earnings Shield Global Reinsurers From Middle East Conflict Risks, March 2, 2026

Ratings Detail (as of April 17, 2026)*	
Society of Lloyd's (The)	
Financial Strength Rating	
Local Currency	AA-/Stable/--
Issuer Credit Rating	
Local Currency	AA-/Stable/--

Ratings Detail (as of April 17, 2026)*	
Junior Subordinated	A
Related Entities	
Lloyd's Insurance Co. (China) Ltd.	
Financial Strength Rating	
Local Currency	AA-/Stable/--
Lloyd's Insurance Co. S.A.	
Financial Strength Rating	
Local Currency	AA-/Stable/--
Underwriters at Lloyds of London, Illinois	
Financial Strength Rating	
Local Currency	AA-/Stable/--
Underwriters at Lloyds of London, Kentucky	
Financial Strength Rating	
Local Currency	AA-/Stable/--
Domicile	United Kingdom

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.