LLOYD'S

Sharing risk to
create a braver world

Annual report 2024

Lloyd's is the world's leading insurance and reinsurance marketplace. **We're sharing risk to create a braver world – protecting what matters most, building resilience and helping people and businesses recover in times of need.**

Contents

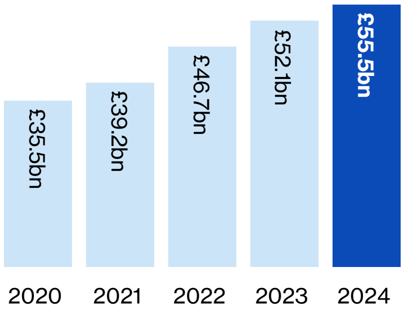
Lloyd's reporting suite

Follow link for more information and to view our 2024 reporting suite

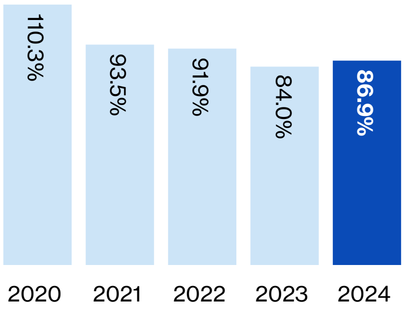
Our performance at a glance

Financial key performance indicators

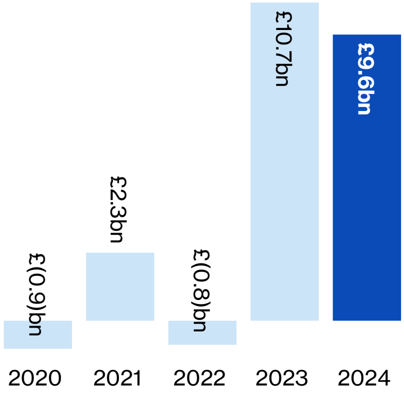
Gross written premium
£55.5bn



Combined ratio
86.9%



Result before tax
£9.6bn



Expense ratio
34.4%
(2023: 34.4%)

Return on capital
21.0%
(2023: 25.3%)

Underlying combined ratio
79.1%
(2023: 80.5%)

Attritional loss ratio
47.1%
(2023: 48.3%)

Underwriting result
£5.3bn
(2023: £5.9bn)

Investment return
£4.9bn
(2023: £5.3bn)

Central solvency coverage ratio
435%
(2023: 503%)

Market-wide solvency coverage ratio
205%
(2023: 207%)

Total capital, reserves and subordinated loan notes
£47.1bn
(2023: £45.3bn)

Read more about our performance in the Market Results section on pages 26 to 63
The above metrics include alternative performance measures. Definitions are on pages 166 to 167

Our impact on society

£22bn
claims paid to global customers in the wake of disasters in 2024

£158m
premium written in the Lloyd's market by Lloyd's Lab alumni

25 years
of partnership with the World Bank Group Guarantees

45,000
people attended the 10th annual Dive In Festival

Financial strength ratings

A+ A.M. Best **stable outlook**	**AA-** S&P Global **stable outlook**
AA- Fitch Ratings **stable outlook**	**AA-** KBRA **stable outlook**

Read more about our impact on society in our Sustainability Report available at www.lloyds.com

Strategic Report

Chair's statement

"Our market's performance in 2024 underpins the important role we play in maintaining and strengthening the UK's global position in wholesale and commercial insurance."

In 2024, Lloyd's has once again demonstrated its value. With gross written premiums of £55.5bn and pre-tax profits of £9.6bn, Lloyd's has built on its reputation as a place where the world's most complicated risks are insured and where capital is effectively managed.

Our market's performance in 2024 underpins the important role we play in maintaining and strengthening the UK's global leadership position in wholesale and commercial insurance. The performance of the market is not something we can ever take as a given. It is hard won – every day, on every transaction. Over the last eight years, the market has grown 65.4%; our attritional loss ratio has improved by 11.8 percentage points (pp); our expense ratio has reduced by 5.1pp; and we continue to attract new capital into the market. Aside from 2020, where we recorded extraordinary losses from the impacts of the COVID-19 pandemic, our combined ratio has consistently improved; and our upgraded financial strength ratings now stand alongside the strongest players in our industry. This performance will be sustained only if we preserve our underwriting discipline and adopt new technology to become smarter at understanding and pricing risk.

Global risk landscape

Our world faces very significant challenges: climate change, slow global economic growth, geopolitical uncertainty, conflicts in Ukraine and the Middle East, persistent under-investment in infrastructure and the growing threat from cyber attacks. Insurance has a role to play in identifying, managing, mitigating and protecting all of these risks. In 2024, we again demonstrated our ability to collaborate on the world's most significant threats through our continued underwriting of Ukraine's grain exports; our partnership with the United Nations to address disaster resilience in Small Island Developing States; our role as chair of the Earth and Space Sustainability Initiative Advisory Board and of the Insurance Task Force of the Sustainable Markets Initiative.

Strengthening the Lloyd's market

We have made progress on our ambition to see more women in senior leadership positions in the market and to increase our attractiveness as a place to build careers among underrepresented groups. In 2024, we celebrated ten years of the Dive In Festival, created by Lloyd's, embraced by the London market and now taken up by the insurance industry globally, this year breaking attendance records with around 45,000 participants from 81 countries.

In 2024, the Lloyd's of London Foundation worked with 28 charities across the globe, donating a total of £1.6m to good causes in the areas of disaster relief, social mobility and education.

Our commitment to modernising our market continues. However, disappointingly, the delivery of Blueprint Two has progressed more slowly than we planned. This is an extraordinarily complex project but, even while acknowledging that, we were forced to delay and replan the project, so missing the agreed timeline to deliver the new technology for the market. Management changes have increased our visibility and confidence in the project, the successful delivery of which is vital to the long-term prosperity of the market.

Corporation changes

2025 will also see changes to the leadership of the Corporation. This is my last year in role and I am delighted that Sir Charles Roxburgh will succeed me as Chair on 1 May. We also announced the long-planned retirement of Burkhard Keese, our Chief Financial Officer (CFO) for the past six years. He will be succeeded by his deputy, Alexandra Cliff and she will become CFO also on 1 May.

After six and a half years as Lloyd's Chief Executive, John Neal announced in January that he would be stepping down. Under his leadership, the Corporation and the market have navigated many challenges, not least the pandemic, to deliver outstanding financial performance. John is leaving Lloyd's in a much stronger position than when he arrived and I am very grateful to him for his huge contribution to the market's success.

As I complete my eight year term as Chair of this unique and extraordinary market, it remains for me to thank all those who work in the market for their support during my time in office, particularly colleagues on the Council of Lloyd's and in the Corporation and to congratulate you on all you have achieved. It has been a privilege to serve the market.

Bruce Carnegie-Brown
Chairman of Lloyd's

Chief Executive Officer's statement

"I would like to thank members of the market and Corporation employees for their commitment and dedication to achieve this result for 2024 – this is the product of many years of focus and has been hard won."

Throughout 2024, Lloyd's continued to demonstrate its value as the world's insurance partner, assisting and protecting economic growth, resilience and innovation around the world. Against a backdrop of increasing uncertainty, Lloyd's supported its customers as they responded to a significant shift in the global geopolitical landscape accentuated by ongoing conflicts and high-profile elections, a series of extreme weather events, and accelerating technological advances.

Our market's ability to continue to deliver sustainable and attractive returns for our investors, and provide the solutions customers need to protect their balance sheets and revenue streams, is underpinned by our relentless focus on sustainable, profitable performance – which will always be our number one priority. This strength of focus on disciplined underwriting and profitable growth has supported the market's year-on-year performance, importantly partnered by a high quality and resilient balance sheet.

Industry-leading performance

2024 marked another year of robust financial performance by Lloyd's. The market's combined operating ratio of 86.9% - the second consecutive year this has been sub 90% - and an underwriting profit of £5.3bn, represents one of our most profitable underwriting years in recent history. This result was underpinned by resilient underlying profitability across the market, with a combined ratio excluding major losses of 79.1%, now consistently around 80%, an improved attritional loss ratio of 47.1%, and expense ratio flat at 34.4%.

Throughout 2024, market conditions remained favourable, with global insurance premiums continuing to grow well above the rate of GDP. Those conditions allowed the market to maintain targeted and sustainable growth, with full year gross written premiums increasing by 6.5% to £55.5bn, driven by a blend of 8.5% volume growth and 0.3% price increases, excluding adverse foreign exchange movement of (2.3)%. This growth was supported by several new entrants to Lloyd's, underscoring the growing attractiveness of our market.

Investment returns of £4.9bn contributed to an overall result before tax of £9.6bn, representing two back-to-back years of solid results. Above all, we ended a year, which was characterised by two severe storms in the US, severe flooding in Europe and the Baltimore Bridge collapse with our balance sheet in superb shape.

Global shifts in risk dynamics

The market's consistent underwriting discipline and responsiveness to changing risk dynamics meant that we saw positive trends across a number of lines of business throughout 2024. Broadly, property classes remained well-priced, however some casualty classes continued to need focus, alongside specialty lines impacted by increased economic and geopolitical risks. These conditions saw appropriate underwriting actions taken by the market in selecting and pricing risks and prudent reserving for complex cases.

In geographical terms, the US remained our most significant market in 2024. We continue to grow in the Americas more broadly and are encouraged by three consecutive strong years of growth in Europe now settling post Brexit.

Lloyd's continued to maintain an exceptionally strong capital position, with a central solvency ratio of 435% and a market-wide solvency ratio of 205%. The quality and strength of Lloyd's balance sheet, coupled with industry-leading performance and strong strategic execution, saw Lloyd's achieve its strongest set of financial strength ratings, with A.M. Best's upgrade from A to A+ in August 2024, following S&P Global's upgrade from A+ to AA- at the end of 2023.

Lloyd's value proposition

Our focus on executing against our strategy, alongside our principles-based oversight framework, over the past several years, has been matched by the market delivering consistently excellent results. These actions have put Lloyd's in the strongest financial position in recent memory, with sustainable growth and record profits, and an industry-leading voice valued by governments, regulators and customers around the world.

We were pleased to be able to hold our first ever Capital Markets Day in 2024, where we showcased the unique and enduring value proposition of Lloyd's, which has driven new businesses and new capital to Lloyd's in recent years.

This is built on three distinct areas: strong and consistent financial performance; our relentless focus on underwriting discipline; and the benefits of global scale. These characteristics, alongside our trusted brand, a combination of our heritage and innovation, our expertise and our commitment to customers, create a distinct proposition to investors, but also underwriters, brokers and talent.

As we look out at the challenges facing the world in the coming decades, these large and complex risks will only increase – whether that's due to increasing global supply chain challenges, the impacts of a changing climate, or the rapidly accelerating pace of cyber and data risks, alongside the proliferation of generative AI. All of this means the demand for the solutions our marketplace provides will rise and require our industry to evolve and innovate to respond to that significant growth opportunity.

Lloyd's unique ecosystem allows us to meet this increased demand by balancing new, large and complex risks with opportunity. Our industry-leading performance, underwriting discipline and global scale underpin our ability to innovate and design the solutions our customers, businesses and governments need to manage their risks and balance sheets through increasing uncertainty.

Our strategic pillars

Our value proposition continues to be strengthened by our execution against our strategic priorities which, alongside performance, are digitalisation, purpose and culture.

We remain committed to improving the digital infrastructure of the market through Blueprint Two, which will deliver a more resilient, flexible and future-proofed technology platform. This is a significant and complex undertaking, as we are upgrading a platform shared by thousands of businesses, paying almost £60,000 in claims per minute. In 2024, we reset the programme under new leadership and developed an approach to deliver a safe cutover. Although it will take longer than anticipated to switch over to the new platform, I am comfortable that we are putting safety first. I am grateful for the steadfast commitment across all of our market associations, participants and vendors to get to this goal and to transform the digital infrastructure both Lloyd's and the London market rely on to serve their customers.

As the world continues to navigate uncertainty and volatility, our focus on delivering against our purpose saw us continue our partnerships with the United Nations Capital Development Fund (UNCDF), with whom we are delivering disaster risk financing to Small Island Developing States in the Pacific; a new Memorandum of Understanding (MoU) with the Bermuda Monetary Authority, a commitment to working collaboratively and sharing knowledge and expertise between the world's two largest reinsurance hubs; together with illuminating emerging risks like cyber and generative AI through our Futureset research and interviews with leaders across business, government and broader society. What is clear is that we have an incredibly strong brand and reputation that have gone from strength to strength, meaning that our view on risk issues is valued and sought after by our most important stakeholders inside and outside the industry.

We are committed to fostering a culture of high performance and inclusion. Having met our ambition in 2023, the market continued to improve its position on gender balance reaching 36% of women in leadership roles, whilst making progress on our hiring ambition for people from ethnically diverse backgrounds. 2024 saw the creation of Lloyd's Inclusive Futures coalition: the collective of market firms and delivery partners behind the Inclusive Futures programme of initiatives launched in November 2023. The programme exists to support ethnically diverse talent who are interested in insurance, at all levels from the classroom to the boardroom. The programme has had early impact, including the first bursary cohort of 20 scholars, eight early careers hires from the talent pool and the start of a school engagement programme.

Outlook for 2025

The outstanding result in 2024 gives us confidence for the future and that the market is well positioned to remain strong in 2025. Specialist, innovative and tailored policies are expected to stand up, against a backdrop of ongoing volatility. And these are the qualities where Lloyd's excels. While the macroeconomic climate remains subdued, with growth in many markets remaining elusive, and concerns over global trade flows and further geopolitical tension the focus of boardroom discussions, our focus remains on sustainable profitability which will underpin our ability to deliver exceptional value to our market, our investors and our customers. This will continue to guide our approach to market oversight and growth aspirations, as we continue to remain agile to both the challenges and opportunities the ever changing risk landscape presents.

I would like to thank members of the market and Corporation employees for their commitment and dedication to achieve such a stunning result for 2024 – this is the product of many years of focus and has been hard won. I am proud of what we have achieved together. Our huge thanks go to Bruce Carnegie-Brown, who will step down as Chair in April 2025 and who has served with real distinction. He leaves behind an organisation which is highly attractive to insurers, brokers, capital providers and talent. We have a market which is characterised by diversity – in terms of our underwriters and brokers, our capital providers, the depth and breadth of our stakeholders and of course, our talent base.

I am confident that Lloyd's strongest years are ahead of it. There is no doubt that the world needs what Lloyd's provides: an ability to provide the confidence to millions of people and businesses to innovate, invest and take managed risk.

John Neal
Chief Executive Officer

Chief Financial Officer's statement

"2024 saw us maintain our focus on strong profitability and disciplined growth."

In my final report as Lloyd's Chief Financial Officer, I am delighted to present another year of robust financial performance, showing that our market's focus on underwriting discipline and profitability over the last seven years is starting to deliver results.

2024 saw the continuation of positive returns, with profit before tax of £9.6bn (2023: £10.7bn), consisting of an underwriting result of £5.3bn (2023: £5.9bn) and an investment return of £4.9bn (2023: £5.3bn).

Our gross written premium reached £55.5bn, an increase of 6.5% compared to 2023. On the back of 7.2% of price increases in 2023 and 0.3% price increases in 2024, volume has been the primary driver of growth at 8.5% (7.6% from existing and 0.9% from new syndicates), offset by (2.3)% of foreign exchange movements. The Reinsurance and Property segments, which continued to experience positive price changes in 2024, reported the highest growth rates as the market expanded in its most profitable areas.

Sustainable underwriting performance

The underlying combined ratio of 79.1% (2023: 80.5%) reflects the market's ongoing focus on consistent profitability.

Our combined ratio of 86.9% is up from 84.0% in 2023 as 2024 major claims, including Hurricane Milton, Hurricane Helene, and the Dali Baltimore Bridge collision, contributed to an increase in the major claims ratio to 7.8% (2023: 3.5%).

Prior year releases positively impacted the combined ratio by 2.4% (2023: 2.2%), with favourable developments across most lines of business. The expense ratio remained stable at 34.4% (2023: 34.4%).

Return on capital of 21.0% in 2024 brings the seven year average to 7.6% (2023: 3.6%), demonstrating positive momentum - but we must remain vigilant.

Consistent investment return

Our investment performance in 2024 delivered a return of £4.9bn (2023: £5.3bn) with the portfolio benefiting from another year of higher interest rates. Investment income increased to £4.2bn (2023: £3.9bn), with lower paper profits driving the reduction in investment return compared to the previous year, with fourth quarter volatility resulting in mark-to-market losses on fixed income investments.

Robust balance sheet

The central solvency ratio remains strong at 435%, with the reduction from 503% in 2023 reflecting the increase in the Central SCR (a 73pp reduction) and our capital management actions to reduce Tier 1 and 2 debt (a 27pp reduction), offset by an increase in Society net assets due to profitable growth (a 32pp increase). The market-wide solvency ratio remained robust at 205% (2023: 207%).

The renewal of the Central Fund cover this year further supports Lloyd's long-term market growth and enhances our financial strength, providing assurance to capital providers and customers alike.

The total capital of the market balance sheet stands at £47.1bn (2023: £45.3bn). Our balance sheet includes an overall reserve margin of £5.4bn (2023: £4.6bn), which has been increasing steadily year on year. This is in line with our reserving philosophy of booking losses early and conservatively. Overall, this year the market has benefited from favourable prior year experience, including on Cyber and FinPro Casualty lines, whilst specifically increasing reserve strength in Reinsurance Casualty lines of business where there continues to be increased uncertainty in relation to claims inflation, and in Aviation driven by losses related to the Ukraine conflict.

Our robust financial position and strong operating performance saw rating agency A.M. Best upgrade the market's financial strength rating to 'A+', following the upgrade from S&P Global at the end of 2023. As a result, all four of our ratings agencies now grade the Lloyd's market at AA- or equivalent, the highest ratings we have ever achieved.

Looking forward

These results reflect our commitment to sustainable performance and strategic growth, positioning Lloyd's strongly as we look to future opportunities.

As I prepare to hand over my responsibilities to Alexandra Cliff in May 2025, I am confident our robust capital framework and market modernisation activities position Lloyd's strongly for the next phase of growth. While market conditions require continued focus, our disciplined underwriting approach enables us to capitalise on opportunities that strengthen Lloyd's position in the global insurance market.

I would like to express my gratitude to the Lloyd's community for their support during my tenure, and I look forward to continuing to contribute to Lloyd's success in an advisory role.

Burkhard Keese
Chief Financial Officer

About Lloyd's

Lloyd's is the world's leading insurance and reinsurance marketplace.

In 2024, the Lloyd's market wrote over £55bn of insurance premium.

Risks are considered, priced and insured by a marketplace of fifty-thousand risk professionals, protected by over £47bn of capital.

Read more at www.lloyds.com

Planes fly, satellites transmit, and super tankers cross the oceans backed by Lloyd's. These were new risks once, and we were among the first to find a way to insure them.

Today, we're protecting our customers in a world where risks travel fast and their impacts, even faster. Goods can be exposed to digital risk in the cloud, or physical risk in the warehouse. We cover reputations as well as rail roads. Patents and copyrights as well as bricks and mortar.

Lloyd's has been at the forefront of the insurance industry for more than 300 years. Today, we are the world's insurance and reinsurance marketplace, empowering and protecting economic growth, resilience and innovation.

Our purpose: sharing risk to create a braver world.

Together with our customers, businesses and communities all over the world we are building a braver future – one that is more sustainable, resilient and inclusive.

Sustainable, because we want to build things that last. From three year old startups to a 300 year old market, everything we do should consider how we can protect and preserve our resources – natural, financial, technological – for future generations.

Resilient, because we've seen the impact global risks have on our world, from COVID-19 to climate change. Insurance helps people protect what matters most to them: so by innovating to find new solutions, we help people and businesses prepare for whatever lies ahead.

Inclusive, because we want everyone to share in the resources we're protecting and preserving. That means working to close the gaps we see in representation, economic opportunity and insurance protection in our communities around the world.

Supporting our stakeholders

As the world's largest specialist insurance market and global distribution network, Lloyd's has a unique set of stakeholders:

Customers

We provide the products and services to navigate complex risks and build resilience for the future.

Underwriters

We offer the ability to share and syndicate risk in one place, while developing innovative solutions to new and evolving risks.

Brokers

We give direct access to diversified, independent capital, global markets and the highest concentration of underwriters in the world to place risks on behalf of clients.

Capital providers

We provide access to innovative and flexible capital solutions that offer low cost of capital and attractive investment returns backed by robust oversight.

Policymakers and regulators

We bring expertise, capital and innovation together to help society build resilience and respond in times of crisis.

Talent

We create the chance to be at the heart of global risk solutions, in a purpose-driven culture where every employee can progress and develop.

We also work closely with industry and market associations, rating agencies, charities, suppliers, academics and many others to share expertise across all parts of society.

Read more about our stakeholder engagement on pages 72 to 75

Our strategic priorities

Performance

We're delivering sustainable, profitable performance and growth in our marketplace.

Read more on pages 12-13

Digitalisation

Through Blueprint Two we're creating a data-focused, automated and cost-efficient insurance marketplace: better, faster, cheaper.

Read more on pages 14-15

Purpose

Everything we do at Lloyd's is underpinned by our purpose of sharing risk to create a braver world – creating a world that's more sustainable, resilient and inclusive.

Read more on pages 16-17

Culture

We're committed to creating a diverse, inclusive and high-performing culture across our market to attract and retain the best talent.

Read more on pages 18-19

Our unique benefits

Lloyd's marketplace model offers unparalleled value:

Choice

Our competitive market offers policyholders choice and the opportunity to find the best price and terms for their risk.

Confidence

Every day, Lloyd's gives millions of people and businesses the confidence to innovate, invest and take risks.

Partnership

Businesses, governments and communities are grappling with once in a generation challenges: the digital revolution, climate change. We bring them together to find solutions.

Expertise

We are a marketplace powered by thousands of the most talented risk professionals in the world, insuring some of the most diverse and complex risks.

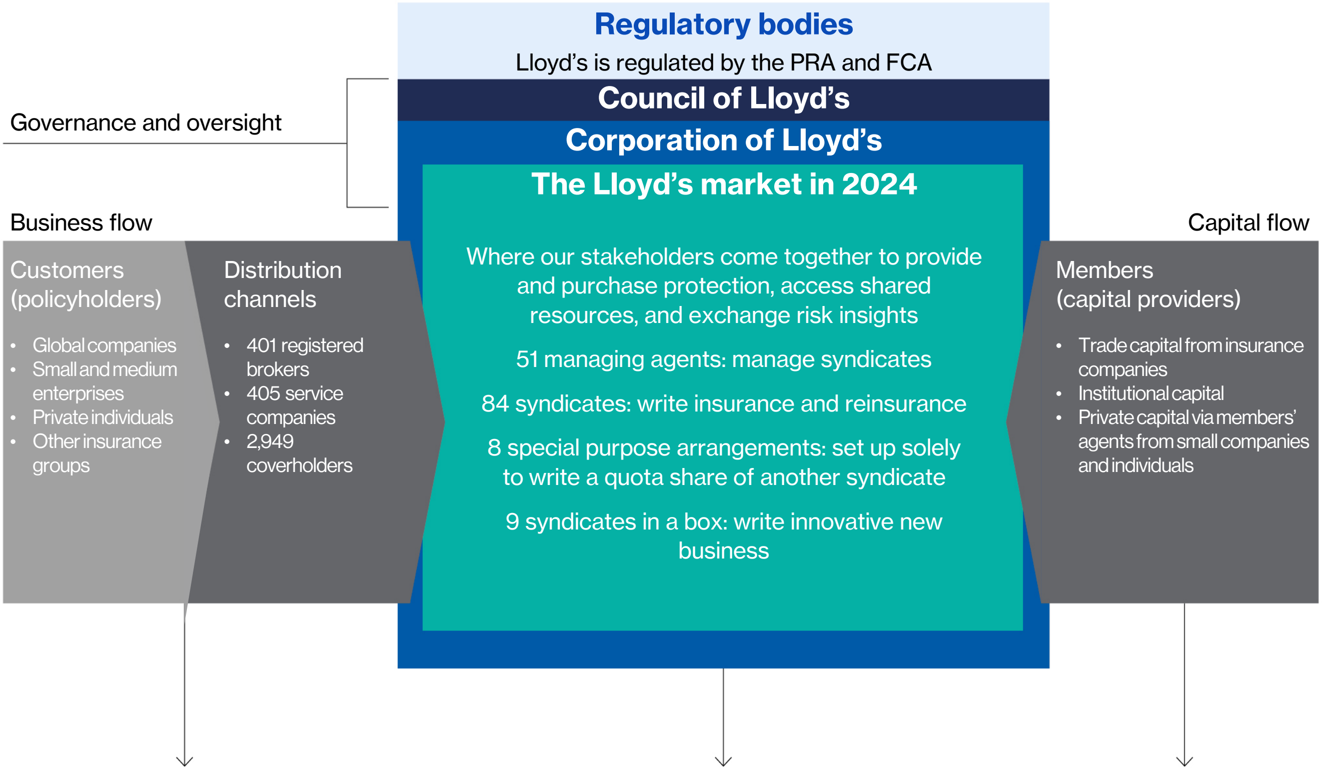
Insight

We produce analysis and market intelligence and gather experts to find solutions for new and evolving risks.

Scale

Lloyd's offers onshore insurance in 80 countries, reinsurance in 100 countries and offshore reinsurance in over 200 territories.

The Lloyd's business model



Associations and committees

The interests of our market participants are represented and promoted through committees and associations. We work closely with them to ensure that the market operates efficiently and with appropriate oversight, and place our customer and stakeholders' interests at the centre of what we do.

Lloyd's Market Association (LMA)	International Underwriting Association (IUA)	London & International Insurance Brokers Association (LIIBA)	London Market Group (LMG)	Association of Lloyd's Members (ALM)	High Premium Group (HPG)	Xchanging Insurance Services & Xchanging Claims Services

Our business model

The insurance written at Lloyd's is brought to the market by brokers and coverholders, to specialist underwriters who price and underwrite the risk.

Syndicates are managed by 'managing agents' who employ the underwriters to 'bind' the contracts of insurance and reinsurance on behalf of the members of Lloyd's. Managing agents will also carry out all the other activities of insurance business at Lloyd's on behalf of the members. Syndicates are formed by members joining together to underwrite insurance, each for their own share. Members provide the capital to back the underwriting.

Much of the insurance and reinsurance capacity available at Lloyd's is provided on a subscription basis, where syndicates each take a share of large and complex risks. Combined with the choice, flexibility and financial security of the market, this makes Lloyd's the world's leading platform to underwrite and purchase insurance and reinsurance cover.

The interests of our market participants are represented and promoted by market associations and committees, which are set up by Lloyd's underwriters, brokers and members.

Behind the Lloyd's market is the Society of Lloyd's (also referred to as 'the Corporation'). While the Corporation does not underwrite insurance risks, it acts as the market operator: providing the infrastructure and regulatory oversight needed for the market to succeed.

The Lloyd's Council is responsible for the governance, management and supervision of the Society and the market. The governance and oversight frameworks are designed to ensure the Society and Lloyd's market actively manage risks to the Central Fund, Lloyd's licences, ratings and brand in order to create good outcomes for customers. We work closely with market associations to continue evolving our oversight to make sure our stakeholders' interests are reflected appropriately.

The Society is authorised under the Financial Services & Markets Act 2000 and is regulated by the Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA). Managing agents are authorised by the PRA and are regulated by the PRA and FCA. Additionally, all managing agents are approved by the Society and are subject to the Society's market oversight regime.

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.

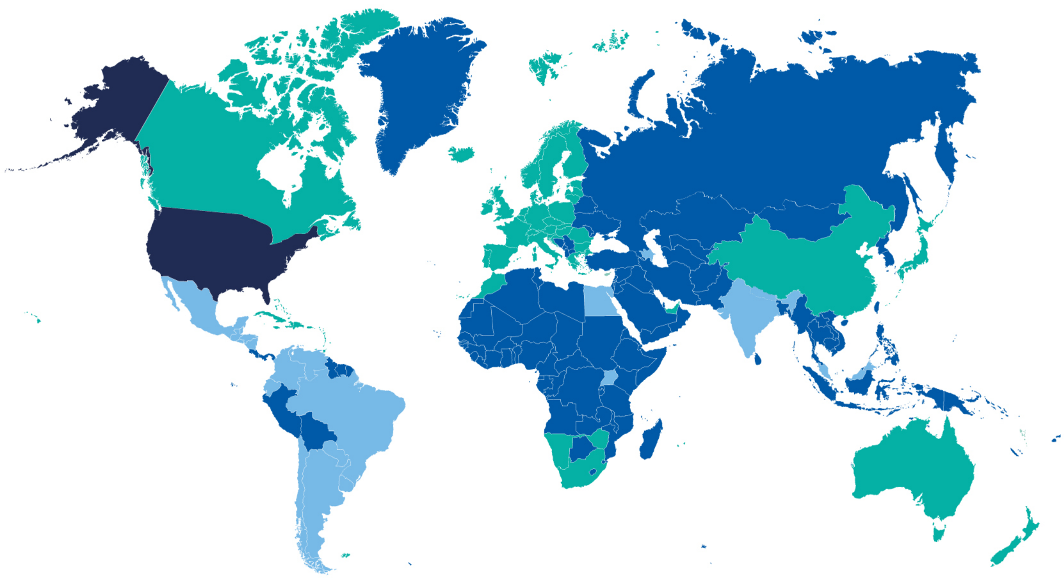
Lloyd's central assets

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.

Lloyd's global network

Lloyd's is licensed to write onshore insurance in 80 countries, reinsurance in 100 countries and can write offshore reinsurance in over 200 territories. Lloyd's licences in the EU and in China are held by its wholly owned, locally authorised insurance company subsidiaries – in Belgium (Lloyd's Insurance Company S.A.) and China (Lloyd's Insurance Company (China) Limited).

Lloyd's suite of trading rights enables underwriters to transact business across the globe



Insurance & reinsurance 'direct' licence
Lloyd's is licensed to write onshore insurance in 80 countries in which Lloyd's managing agents can write insurance and reinsurance typically on a single policy written on Lloyd's paper*. These are policies that function as locally admitted placements.

US surplus lines
Lloyd's underwriters are able to write US surplus lines insurance, onshore and cross-border reinsurance.

Reinsurance licence
Territories where Lloyd's is licensed to write reinsurance business only.

Reinsurance (no licence required)
Territories from which Lloyd's can write reinsurance business, with underwriting activity taking place outside of the territory (subject to sanctions).

* Lloyd's Insurance Company S.A. ('Lloyd's Europe') and Lloyd's Insurance Company (China) Limited ('Lloyd's China') are the principal insurance businesses of the Society of Lloyd's. Placements in these regions are therefore written on Lloyd's paper rather than members' paper.

Our strategic priorities

Performance

Our focus on sustainable, profitable performance is supported by portfolio management, principles-based oversight and a differentiated approach to business planning for Lloyd's syndicates.

In 2024, the Lloyd's market demonstrated strong underwriting discipline, leading to excellent results driven by sustainable underwriting profitability and strong investment returns.

Sustainable, profitable performance

In 2024, Lloyd's saw a 6.5% increase in premiums written in the market, raising the gross written premium (GWP) to £55.5bn. This growth was mainly driven by volume, which contributed 8.5% to the increase. Of this, 7.6% was attributable to existing syndicates, while 0.9% was due to new market entrants. Rate momentum has stabilised, with price changes (including rate and inflation) accounting for 0.3%, while foreign exchange movements negatively impacted growth by (2.3)%.

The market's combined ratio was 86.9%, and an underwriting profit of £5.3bn with lower than expected major losses driving the sub-90% combined ratio for the second consecutive year. This was underpinned by an improved attritional loss ratio of 47.1% and a stable expense ratio of 34.4%.

The major claims ratio rose to 7.8% in 2024 due to significant catastrophe events, including Hurricane Milton and Helene and the Baltimore Bridge collision. Investments also performed well, generating returns of £4.9bn, supporting an overall profit of £9.6bn.

Providing robust oversight

Lloyd's principles-based oversight framework has an established set of core principles and targeted oversight, as well as tools for intervention. This risk-based approach allows for a differentiating approach that can be pointed towards areas of the portfolio that need closer focus. In 2024, this approach has ensured that growth in the marketplace has been driven by those that have demonstrable strong underwriting discipline.

The combination of our strong capital rating, expansive licensing and our globally recognised brand, means that Lloyd's is seen as an attractive platform for prospective syndicates. Our framework has permitted 10 new syndicates to enter the market, that wrote a combined GWP of £281m in 2024. Ranging in size, appetite and strategy, the new entrants have evidenced strong capabilities, and are complementary to our existing syndicate mix.

Financial strength ratings

A+ A.M. Best **stable outlook**	**AA-** S&P Global **stable outlook**
AA- Fitch Ratings **stable outlook**	**AA-** KBRA **stable outlook**

Investor confidence

During 2024 Lloyd's repaid the first tranche of syndicate loans (£110m) and the 2024 subordinated debt (£306m), while still maintaining it's robust balance sheet, reporting total capital, reserves and subordinated loan notes of £47.2bn. In addition, the Central Fund cover was renewed in the year, which supports Lloyd's long term market growth and enhances the financial strength of the balance sheet on a five year rolling basis.

At 31 December 2024, the market-wide solvency ratio stood at 205% while the central solvency ratio was 435%, demonstrating the continued resilience of the Lloyd's balance sheet and offering confidence to capital providers as well as customers.

Lloyd's robust balance sheet strength and strong operating performance saw our financial strength ratings improve with an upgrade from A.M. Best, meaning all four of our ratings agencies now grade the Lloyd's market at AA- or equivalent, the highest ratings Lloyd's has ever achieved.

2024 also saw the evolution of our London Bridge 2 vehicle with 19 established cells, through which $1.9bn of capital has been deployed to support underwriting in 2024 and 2025, and $2.6bn committed from institutional investors.

Performance highlights

£55.5bn
gross written premium
(2023: £52.1bn)

86.9%
combined ratio
(2023: 84.0%)

£9.6bn
profit before tax
(2023: £10.7bn)

Eight Lloyd's managing agents are now actively utilising the London Bridge platform, with ten new institutional investors supporting risks underwritten in the Lloyd's market.

London Bridge provides an access point for qualifying institutional investors, to deploy funds in a tax transparent way into the Lloyd's market. Lloyd's members and managing agents can use the vehicle to manage their capital and risk management requirements by attracting new sources of capital and reinsurance protection.

Allied to this, our first Capital Markets Day event, in June 2024, was well attended by market participants and institutional investors.

Looking to 2025

Principles-based oversight remains at the centre of how we regulate the market, enabling the best performers to thrive at Lloyd's. Our continued focus remains on ensuring top-quartile, sustainable performance.

From an underwriting perspective our key focus areas will include:

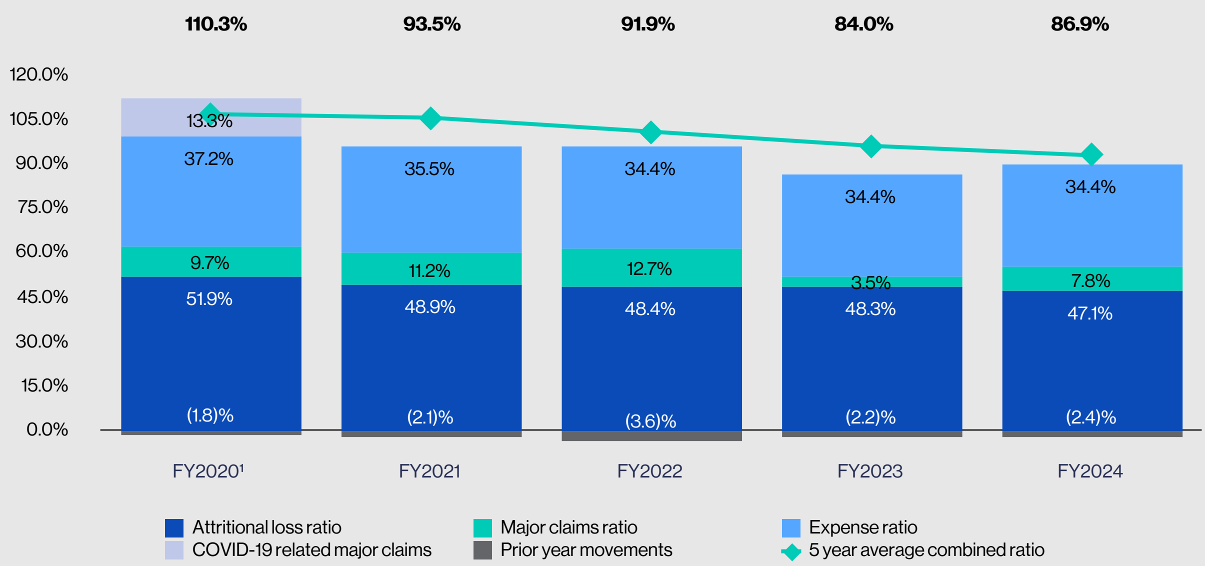
- Managing volatility and aggregation to protect the Central Fund by ensuring the market is identifying and responding to emerging and systemic risks across all classes.
- Managing peak catastrophe exposure through an expanded catastrophe model which takes in new geographies and perils (moving from Lloyd's Catastrophe Model 5 to Lloyd's Catastrophe Model 9).
- Focusing on classes where we believe there are current and upcoming challenges to rate adequacy, ensuring managing agents are responding to loss trends and inflation values.

In addition, Lloyd's will be focusing on the transition of our Claims Management principle, under our oversight framework, to put more emphasis on claims and their value within the business, which will come into effect at the start of 2026.

Our ambition remains to attract and retain the best underwriting businesses to the Lloyd's market. Opportunities to employ the unique strategic advantages of the Lloyd's model in traditional and innovative new market opportunities are abundant.

Read more about our performance in the Market Results section on pages 26-33.

Performance in action: Combined ratio over last five years



1. 2020 combined ratio and major claims ratio include COVID-19. 2020 combined ratio excluding COVID-19 is 97.0%.

Our strategic priorities

Digitalisation

Together with market participants, associations and vendors, we're delivering a modern, efficient and data-driven marketplace through the development and adoption of new technologies and process improvements outlined in Blueprint Two and other programmes.

Digitalisation is essential to maintaining our market's relevance in a changing, digital world. The decision in 2024 to postpone the cutover to the new digital processing services, Blueprint Two, was a hard decision but the right one.

Lloyd's remains committed to digitalisation delivering better products and services to the market and capital providers whilst raising efficiency and reducing costs.

2024 ended with new leadership of the Blueprint Two programme, a robust and transparent governance and operating model to enable clear and realistic plans and timelines. Our commitment remains to cutover to phase one digital services, firstly, when it is safe to do so; secondly, when we are confident in the technology build and test; and thirdly, when a robust cutover, rollback and contingency plan is in place.

The delays to the programme announced in 2024 followed feedback from market participants and market associations. This included concerns relating to delays with the Vanguard early adoption programme, and the time available to both understand testing evidence and complete testing. Another factor is the sheer complexity of the existing platform and a lack of documented processes.

Blueprint Two in 2024

In August 2024, the shareholders and Board of Velonetic (the joint venture partnership between DXC Technology, the International Underwriting Association (IUA) and Lloyd's) announced the appointment of Bob James as Chief Executive Officer of Velonetic, previously known as the London Market Joint Ventures, and Callum Gibson as its Chief Operating Officer. These changes have provided integrated leadership across Velonetic, DXC and Lloyd's, with support from the IUA. There is a joint commitment to continue to build transparency on delivery across the tech build, testing, and quality assurance together with market engagement and readiness.

In December, Velonetic stood up a third-party resource to help create a stronger, systematic and robust approach to testing, with a revised framework to de-risk the testing programme. A heritage services exit plan was announced to facilitate a smooth cutover and transition to the new Digital Processing Services (DPS) from the pre-existing systems.

This forms part of a revised cutover governance and regulatory framework, including detailing the plan for submission of the Material Outsourcing Notification (MON) to the regulators by Lloyd's on behalf of the market, and the signing of the Digital Processing Services Agreement (DPSA) and termination letter.

Alongside the management changes, the programme announced an updated, transparent operating model to provide end-to-end visibility for swifter risk mitigation and to assist programme delivery. Velonetic also increased capacity across the delivery team, built contingency into the re-plan, introduced a separate vendor testing workstream, and more closely aligned the build sequences to business scenarios.

Quality assurance for both Velonetic and Lloyd's is now consolidated under an external quality assurance partner, with streamlined reporting lines across the holistic programme. A new Transformation Management Office (TMO) was stood up, including representatives from all Velonetic shareholders as well as the Lloyd's Market Association (LMA) and London & International Insurance Brokers Association (LIIBA).

Throughout 2024, tailored sessions for market chief operating officers, chief risk officers and vendors were held; as well as issuing regular market progress reports and holding more than 2,200 face-to-face meetings on the digitalisation agenda. A virtual data room was launched to store all key artefacts required for governance, including testing reports, market survey results and a readiness white paper. The market will be updated with adoption and onboarding guides in 2025.

Making it simpler to do business at Lloyd's

Progress has been made on our wider goal of making the market a simpler and more efficient place to do business, including rolling out new financial reporting and reserve reporting for year-end 2024 across two returns: Quarterly Monitoring Return Part A (QMA) and Technical Provisions Data return (TPD).

Both these initiatives were designed to rationalise our reporting and data processes and reduce the burden on the market:

- Ensuring our requirements are market standard
- Using capabilities and structures that already exist within the market
- Improving the user experiences for managing agents.

Digitalisation highlights

2,200+
meetings with market participants and 18 major stakeholder events

6,000+
attendees across our market events

1,700
readiness survey responses

Rollout began towards the end of 2024 and will continue during 2025. This significant step marks the beginning of our work to simplify reporting at Lloyd's, with further initiatives planned.

Our Faster Claims Payment initiative continued to improve claims handling in 2024, with over 37,000 claims totalling £165m processed.

In summary, we made progress during 2024 on addressing the complexity burden on the market and driving efficiency, despite the delay on Blueprint Two. We will continue to work with the market to deliver a safe cutover to the new digital services, and more broadly enhance technology, process and capability to make it easier to do business with Lloyd's.

Read more about digitalisation at Lloyd's at www.lloyds.com

Digitalisation in action: Supporting adoption of Blueprint Two

Adoption guide	Data room	Blueprint Two website	Progress report	Vanguard programme	Market events
Iterative guide	**Interactive spaces**	**Portal for market**	**Regular updates**	**Sharing experiences**	**Ongoing events**
with the latest information on the key people, process and technology changes.	to hold artefacts that will support governance and will help market participants perform.	centralising all details and adoption artefacts in one place.	on Lloyd's progress in delivering the solutions outlined in Blueprint Two.	and insights from early adopters.	to share key information and actions required to adopt the new digital services.

Supported by an experienced, collaborative Blueprint Two engagement and relationship team

Our strategic priorities

Purpose

Lloyd's purpose - sharing risk to create a braver world - means considering our impact on society by helping create a more sustainable, resilient and inclusive world.

The world in 2024 continued to face the consequences of a changing climate as well as political and economic volatility. A significant proportion of our key markets went to the polls. The global insurance industry plays an important role in removing some of this uncertainty and restoring the confidence needed to support economic growth.

In addition to providing insurance solutions, Lloyd's has published studies, developed partnerships and hosted events designed to increase understanding of risk and promote its mitigation. It is in our interest, as well as that of broader society, to use our knowledge and influence to drive risk reducing behaviour and also to encourage positive steps to promote sustainability and support the transition. Our Sustainability Report sets out our strategy of building a sustainable, resilient and inclusive marketplace.

Tackling extreme and emerging risks

Our research platform, Futureset, published 13 new pieces of insight during 2024, including four scenarios as part of our systemic risk series with the Cambridge Centre for Risk Studies exploring the potential economic impact of some of the most critical risks facing society, such as pandemic, geopolitical conflict and economic stagnation, and the role of insurance in building greater resilience across society.

Our accelerator InsurTech programme, in the Lloyd's Lab, hosted two new cohorts to develop insurance solutions using new technologies. These focused on the Middle East and Africa as well as the Americas and with an emphasis on the use of data analytics in the Lloyd's market, and introducing new processes to enhance operational efficiency across our market. Applications for a new cohort are centered on reinsurance and working with the Bermuda market as well as Lloyd's market.

Partnership

Lloyd's Lab's engagement with Bermuda followed the signing of a Memorandum of Understanding (MoU) between Lloyd's and the Bermuda Monetary Authority in March 2024. Through the MoU, Lloyd's committed to working collaboratively and sharing knowledge and expertise across the international insurance market. Lloyd's Academy and the Dubai International Financial Centre signed an MoU in November 2024 (announced in January 2025) to collaborate and foster future talent into the insurance industry.

In September 2024, the announcement that the Lloyd's Lab cohort 13 would be the first to work on resilience in the Middle East and Africa, with the selected InsurTechs developing solutions to enhance resilience against notable risks prevalent in these regions.

This was one of a number of partnerships created or solidified in 2024, demonstrating how Lloyd's is able to use its convening power to reduce risk.

Since 2021, Lloyd's has chaired the Sustainable Markets Initiative's (SMI) Insurance Task Force (ITF). In 2024, the ITF made progress in building resilience for vulnerable communities and working to close protection gaps, ensuring a safer and more secure future for all. During the Commonwealth Heads of Government meeting, Lloyd's announced a pioneering disaster resilience vehicle with the United Nations Capital Development Fund to increase disaster risk financing to Small Island Developing States in the Pacific. The Global Disaster Resilience Vehicle was developed as part of the ITF's commitment made at COP26 to drive tangible action to support the resilience of climate vulnerable countries.

During New York Climate Week, we marked 25 years of partnership with World Bank Group's Multilateral Investment Guarantee Agency (MIGA). The reinsurance provided by the Lloyd's market allows MIGA to leverage its investment guarantee capacity, enabling investors to secure larger levels of coverage for projects, many of which have advanced climate change mitigation and adaptation efforts in developing countries.

Insurance solutions

Lloyd's is committed and prepared to support the emerging risk landscape of a digital world and one which is dealing with a changing climate. To this end, in 2023, we created a business class (ICX) to support innovation and enable capital to flow more easily to meet the opportunities of a heightened risk landscape.

In 2024, the allowance for ICX increased from 2% to 5% of syndicate business forecast gross written premium, and a sister class (TCX) was introduced, with a further ringfenced allowance of an additional 5% of the syndicate's forecast premium. These classes will make it easier for market players to experiment in developing new products to support both innovation and, in terms of TCX, to support the transition without having to compete internally for capacity or impacting their performance-based oversight. In addition, in July 2024, version 2.0 of the Insuring the Transition roadmap was launched, following consultation with the market.

Purpose highlights

£22bn

claims paid to global customers by our market in the wake of disasters in 2024

9,500

hours of volunteering across the market

£13.2m

to fund the International Federation of Red Cross and Red Crescent Societies' disaster response costs

Lloyd's of London Foundation

In 2024, the Lloyd's of London Foundation (the Foundation) supported 28 charity partnerships across the globe, and donated a total of £1.6m to good causes. Employees across the Corporation and market contributed over 9,500 hours of volunteering time to activities in their local communities.

The Foundation's flagship strategic partnerships were cemented with homelessness charity The Passage, and the International Federation of Red Cross and Red Crescent Societies (IFRC).

The Foundation's support of the IFRC complements the reinsurance backstop provided by the founding members of the Lloyd's Disaster Risk Facility to the IFRC's Disaster Response Emergency Fund since 2023.

Our work through the Foundation, Lloyd's Lab and Futureset, as well as with partner organisations such as the SMI, UN agencies and the World Bank, share the ambition of addressing protection gaps, both in terms of reaching communities which have low levels of insurance penetration and in terms of developing products to cover areas of risk which are underinsured because they are new or expanding.

Purpose in action: a sustainable, resilient and inclusive market

Read more in our Sustainability Report available at www.lloyds.com

Sustainable

Supporting transition and protecting our resources for future generations

7%

of Central Fund committed to impact investments (on track to meet our target of 10% by the end of 2025)

£13.2m

to fund the International Federation of Red Cross and Red Crescent Societies' disaster response costs

TCX

class of business introduced to support the market to insure the transition

Resilient

Innovating to build preparedness and protect what matters most

£158m

premium written in the Lloyd's market by Lloyd's Lab alumni

25 years

of partnership with the World Bank Group Guarantees

250+

private sector CEOs engaged through the Sustainable Markets Initiative

Inclusive

Supporting pathways to progression and representation

36%

women in market leadership positions (+1pp)

22%

of new hires to the market from ethnically diverse backgrounds (+1pp)

28

charities supported

Our strategic priorities

Culture

We've successfully delivered our year two priorities for the Corporation's new culture strategy, whilst seeing our market make good progress in building a diverse and inclusive culture.

Lloyd's is committed to building an inclusive and high-performance culture in the market and Corporation. We want our market and industry to reflect the communities we are a part of.

Having met the ambition last year, the market continued to improve on gender balance. Our Markets Practices and Policies return (MP&P) for 2024 showed that the Lloyd's market reached 36% of women in leadership positions, a rise of 1pp year on year. Over half of the market firms surveyed met or exceeded Lloyd's gender goal; a rise of 8pp. The market continued to make progress, with 22% of new hires coming from ethnically diverse backgrounds, a rise of 1pp, year on year.

This means that in 2024, there were 266 more women in leadership positions and 170 more leaders who disclosed an ethnically diverse background. Research has shown that a broad talent base on executive teams strengthens the likelihood of financial outperformance over time. 78% of market firms participated in market-wide outreach to attract talent to careers in insurance. For the Corporation's culture metrics, please refer to the Sustainability Report.

Culture upskilling programme

Lloyd's utilises insights from the MP&P, as well as the market oversight process, to support the market in further developing inclusive and high performing cultures via our market upskilling programme. The programme had over 700 participants in 2024 and delivered workshops, roundtables and webinars on topics such as:

- Inclusive recruitment
- Talent and succession
- Inclusive procurement and supplier diversity
- Social mobility and digital accessibility

The culture upskilling programme was further supported by published toolkits on the topics on talent and succession and inclusive recruitment.

The culture upskilling programme helps firms in the market to improve practices which support individual, team and organisational performance.

Delivering against our culture strategy

In 2024, the Corporation was in the second year of its culture strategy.

Following the launch of the Inclusive Futures Programme, to help Black and ethnically diverse individuals progress from classroom to boardroom, we announced in July 2024 a coalition of nine leading Lloyd's market firms and three trusted delivery partners who will deliver the programme's three flagship initiatives: higher education bursaries, an early careers talent pool and a board-level talent pool.

During 2024, we saw the first impacts of this programme to over 1500 students including:

- the first bursary cohort of 20 scholars
- over 2500 ethnically diverse hires
- eight early careers hires from the talent pool
- the start of a school engagement programme

Also in July, we invested $50m with the African Development Bank and the Inter-American Development Bank to support global projects aimed at reducing inequality.

Engagement with the market was strengthened with the development of new culture oversight principles.

A decade of Dive In and other events

In September, Lloyd's marked the tenth anniversary of our Dive In Festival, which celebrates diversity and inclusion as a critical factor for long-term success. The festival took place in a record 46 countries including several (Greece, Belgium, Namibia, the Philippines and Malaysia) for the first time.

A commitment made through our Inclusive Futures Programme, was to hold an annual series of lectures, featuring diversity and history experts named after our first Black broker to work in the Lloyd's market, David Flint. The inaugural Flint lecture was held in the Underwriting Room in the Lloyd's building in London. The lecture featured historian David Olusoga and Dr Alexandre White from Black Beyond Data as key speakers and was well attended.

Lloyd's work on the Diversity and Inclusion (D&I) agenda continued to be recognised in 2024. Inclusive Futures won the VERCIDA D&I Initiative of the year award for 2024 and Lloyd's was awarded Silver level Trailblazer status by Race Equality Matters, also for our Inclusive Futures Programme.

Lloyd's retained Clear Assured Gold status and were awarded Gold Status for Armed Forces Covenant and were a top 100 for Employers of Veterans as well as a top 75 Employer on the Social Mobility Index. We also retained our Disability Confident Leader status.

While these results in 2024 are encouraging, there remains much to do.

Culture highlights

36%
women in leadership positions in the market

22%
ethnically diverse hiring in the market

45,000
people attending tenth annual Dive In Festival

Look ahead to 2025

While these results in 2024 are encouraging, there remains much to do.

In 2025 our priorities will include developing a deeper understanding of the underwriting talent pipeline, while continuing to embed the new culture oversight principles.

Lloyd's remains focused on facilitating a high-performance culture that attracts the best and brightest from all backgrounds, geographies and demographics; with programmes designed to reach talent already in our industry and to attract talent that may not naturally find their way into insurance.

Read more about the culture at Lloyd's at www.lloyds.com

Culture in action: A high performance and inclusive market, attracting and retaining talent

Read more in our 2024 Sustainability report (available at www.lloyds.com)

Women in leadership roles

36%
of women in leadership positions within the market workforce, equivalent to 266 additional women leaders (+1%)

Ethnically diverse leaders

12%
of ethnically diverse leaders within the market workforce, equivalent to 170 more ethnically diverse people in leadership positions (+3%)

Women in the market

44%
of the market workforce are women (+1%)

Ethnically diverse hires

22%
of new hires to the market came from ethnically diverse backgrounds (+1%)

Advocacy is high

84%
of employees in the Lloyd's market would recommend their organisation as a great place to work (+15% vs Financial Services benchmark)

Attracting talent to insurance

78%
of firms participated in outreach to attract talent to careers in insurance, a key focus to ensure the market has the talent it needs to thrive

Principal risks

Lloyd's continues to identify, manage and monitor the principal risk themes which could have a significant impact on Lloyd's strategy, and the actions we need to take to mitigate these risks.

The changing and evolving external landscape poses significant uncertainty, and unexpected events can become significant risks. Our principal risks are a subset of risks from our taxonomy, which have been identified as risks that are most likely to affect Lloyd's strategic objectives, performance, financial strength, operations or reputation over the next 12 months. The risk areas are being actively monitored by the Lloyd's Risk Committee and the Council to provide assurance that risks, issues and impacts are appropriately managed.

Key: Strategic priorities

Performance | Digitalisation | Purpose | Culture

Risk	Mitigation
Sustainable market performance	
Risk that Lloyd's businesses suffer losses or erode their capital base due to a failure to respond to changing market conditions.	Sustainable market performance was the focus for the 2025 business planning process which took place against the backdrop of expected elevated catastrophe activity and a complex geopolitical landscape. While market conditions are beginning to look more challenging relative to recent years, underlying profitability remains in a strong position. The Market Oversight Plan for 2025 will ensure continued focus on syndicate capability to deliver profitable results through the underwriting cycle and the ability to respond to changes in the external environment. Lloyd's Principles Based Oversight (PBO) framework is a key control in managing risks relating to changing market conditions. The framework incorporates a wide range of activities that enables forward-looking and risk-based oversight to be taken to understand and manage the impact of changing market conditions across different risk areas such as underwriting, reserving, outwards reinsurance and capital. The framework enables a holistic view of syndicate capability through syndicate categorisations which acts as a key input to the level of challenge that syndicates are subject to as part of the planning and ongoing performance management process.
Geopolitical volatility	
Risk that Lloyd's businesses suffer losses and operational disruption as a result of changing geopolitical pressures and global events.	Ongoing global conflicts and elections continue to be actively monitored by Lloyd's to ensure that risks, issues and impacts are appropriately managed as the situation evolves. We continue to work closely with the market to monitor claims development and reserve adequacy, and our industry continues to work closely with governments and regulators across the world to monitor and ensure we interpret and enact sanctions requirements, together with other legal and regulatory obligations, appropriately. Lloyd's conducts regular scenario analysis, asking market participants to assess the potential impacts of plausible but hypothetical geopolitical situations across areas such as capital, operations and business continuity.
Macroeconomic uncertainty	
Risk that Lloyd's businesses suffer losses as a result of the external macroeconomic challenges, including high inflation, movements in interest rates, financial market volatility and increased risk of recession.	Although inflation pressure has eased throughout 2024, the macroeconomic environment continues to be monitored closely as there remains uncertainty and the potential for economic downturn in several key economies with potential to slow down global growth momentum. Lloyd's continues to operate a cross-functional working group to monitor and manage associated risks and conduct scenario analysis to stress test Lloyd's business plan under different scenarios. Management monitors the explicit consideration of the inflation outlook within reserves, pricing and investments by the market, and stress testing continues to take place to demonstrate balance sheet resilience. In addition, the Central Fund investment strategy is being consistently monitored for changes in its risk profile. Further improvements to investment oversight of the market are planned for 2025. This will include the introduction of a quantitative triaging exercise for identifying market participants most exposed to investment risk, ensuring that oversight resources are allocated in a risk-based manner.

Risk	Mitigation
Climate change	
Risk that Lloyd's businesses suffer losses and operational disruption as a result of physical, transition and climate litigation risks.	While there is inherent complexity and uncertainty in how the future climate pathway will develop, Lloyd's has controls and processes in place to manage and mitigate the insurance risks and exposures as they emerge, including a robust syndicate business plan and capital setting process, and an annual review of reserves. Lloyd's continues to develop its tools to assess and monitor the impact of climate change across physical risk, transition risk and litigation risk. The risks relating to the increased reporting obligations stemming from developing global regulatory and statutory requirements around sustainability are also actively managed. In 2023, Lloyd's issued a consultation to the market on insuring the transition which proposes several activities to better understand and monitor climate change risks, including developing climate key risk indicators (KRIs) and scenario testing. The consultation closed at the end of January 2024 and version 2.0 of the roadmap was published in July 2024, reflecting feedback from the market. The roadmap highlights market-leading practice for managing climate-related risks among stakeholders and outlines tangible actions to help market participants develop their sustainability strategies.
Blueprint Two	
Risk that Lloyd's businesses suffer losses and operational disruption as a result of an unsuccessful cutover to a new platform.	Digitalising the Lloyd's market is essential to deliver a more resilient, efficient and future-proofed technology platform in an evolving, digital world. While progress continues to be made through the Blueprint Two programme, the priority for Lloyd's and Velonetic is to deliver a safe cutover to phase one of the new digital services for market participants. The planned cutover was postponed in 2024 and action taken to de-risk the programme through new leadership, robust and transparent governance, and revised plans and timelines. Velonetic and Lloyd's, with input from the market associations, have developed a clear and realistic approach and testing schedule, setting out the key activities that will contribute to a safe and successful cutover. Quality assurance for Velonetic and Lloyd's has been consolidated under one partner, with streamlined reporting lines across the programme. Lloyd's continues to engage with key stakeholders; hosting tailored sessions, face to face meetings and providing regular progress reports. A virtual data room has been developed to store key documents required for governance, including testing reports. Market engagement will continue in 2025 with updates and support to be provided on adoption and onboarding. Blueprint Two remains a focus for risk monitoring in 2025. To manage execution risks around the programme, extensive risk and assurance programmes continue to operate, covering technical delivery, process delivery, market readiness and Corporation readiness.

Principal risks continued

Risk	Mitigation
Operational resilience and evolving cyber security threats	
Risk that Lloyd's businesses suffer losses and operational disruption as a result of not maintaining robust and resilient operations, embedding cyber resilience, data capability and effective third party risk management.	The risk environment continues to develop as persistent threats from the possibility of major or systemic cyber or other operational events continue to endure. As businesses become more connected and reliant on a number of material service providers, and technologies like AI and machine learning become more sophisticated, risk management remains fundamental to ensure continuity of operations in the face of material service disruption. Increasing scrutiny from regulatory authorities continues to be applied to material relationships entered into by businesses. The Corporation completed its annual self-assessment of its Operational Resilience Framework and Important Business Services with pertinent mitigation identified. The Corporation is progressing a series of change programmes to make it easier to do business at Lloyd's; maintaining operational resilience during this period of change is a focus for management and supported by a change management framework which continues to be enhanced. Governance and assurance programmes exist to ensure risks are identified and understood, with risk opinions provided to support key decisions. The levels of operational resilience in managing agents and the risk of disruption to these firms from material third party arrangements, shared service providers or other operational events remain the responsibility of the managing agents, and this continues to be assessed by the Corporation through our principles-based oversight framework.
Talent, people and culture	
Risk that Lloyd's fails to deliver its strategic objectives as a result of failing to attract and retain diverse and skilled talent.	Rapidly developing technology and shifting demographics are changing the nature of the global workforce – and employees' expectations of employers. Strong competition has developed for attracting and retaining the best talent, particularly where specialist skills are required. Lloyd's aim is for our marketplace to be a global destination for diverse and highly skilled talent. Creating a diverse, inclusive and collaborative culture is therefore essential in attracting this talent and ensuring high performance at the Corporation and across our market. Culture is a key oversight principle for managing agents, who are held to account for meeting culture expectations. We continue to support these goals through a range of initiatives such as ambitions for ethnic minority hiring and women in leadership, development programmes for diverse leaders, the Inclusive Futures programme of initiatives, best practice workshops for market participants, Corporation and market wide culture surveys and partnering with charities working to promote social mobility, racial equality and economic opportunity across the communities we operate in. The annual Market Policies and Practices return is used to assess progress across the Lloyd's culture commitments of leadership, behaviour and speaking up.

Emerging risks

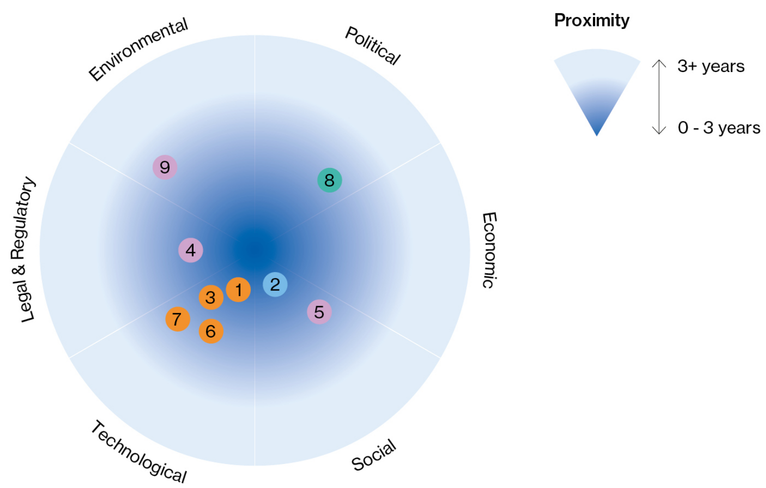
The Corporation continues to closely monitor emerging risks to understand potential impacts to the risk profile. The control environment has been enhanced over the last year to support improved understanding of highest priority emerging risks.

Emerging risks have the potential to significantly impact the Lloyd's market and Corporation in the future but there is a high degree of uncertainty as to how and/or when the risk will crystallise. These risks are typically new or evolving due to external factors such as changes in technology, environment, society or regulations.

Our emerging risk management process ensures we continue to review and monitor developments with emerging risks. This includes a regular working group to review and assess emerging risks and Council-level reviews of emerging risks through regular management and risk reporting.

Theme	Impact on risk profile
Climate change	
	Climate change may lead to risks emerging over different time horizons with impacts across the risk profile. Physical risk impacts need regular monitoring in respect of underwriting risk, our position on sustainability matters may lead to brand implications and there is increasing compliance risk due to focus on regulating climate and sustainability. Over the longer term, there is capital, reserving and investments risk as we transition to a greener economy.
Technology	
	Technology risks have increased over the last year, particularly with the proliferation of artificial intelligence and increased reliance on big tech. This may change the nature of cyber underwriting risk with the likelihood and severity of cyber-attacks and service outages due to concentration risk of service providers making it more challenging to appropriately maintain digital and operational resilience.
Geopolitical and macroeconomic interdependencies	
	Geopolitical and macroeconomic interdependencies have been brought into sharp focus with a push towards deglobalisation by some countries. The Ukraine conflict continues, and tensions are heightened in the Middle East. Whilst macroeconomic uncertainty has reduced, supply chain complexity may quickly link geopolitical events to a return to high inflation and potential economic downturn. An unpredictable political landscape will have large impacts on the macroeconomic environment over differing time horizons. This could be further compounded by growth disparities and differing central bank stances on interest rates between major global economies. Such divergence, compounded by heightened geopolitical risk, could also exacerbate regional inequalities and challenge coordinated policy responses to global economic shocks.
Insurance talent	
	Insurance talent is a key lever for a successful Lloyd's. At present, there is a skills shortage which is making recruitment challenging, especially for technical roles relating to new or emerging areas (eg cyber). There are also longer-term concerns that insurance is not sufficiently attracting future talent to form a sustainable talent pipeline to lead and innovate the industry going forwards.

High priority emerging risks



Key

- Climate
- Technology
- Insurance talent
- Geopolitical and macroeconomic interdependencies

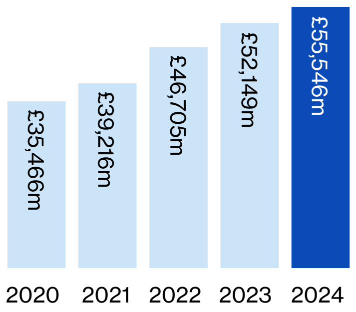
1. Service outage
2. Recruitment challenges
3. Cyber attack
4. Regulating climate and sustainability
5. Sustainability
6. Artificial intelligence
7. Big tech
8. Geopolitical risk
9. Climate physical risk

Market Results

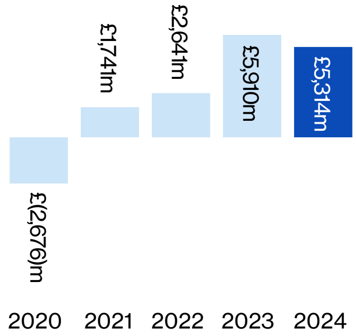
Market financial review

Financial highlights

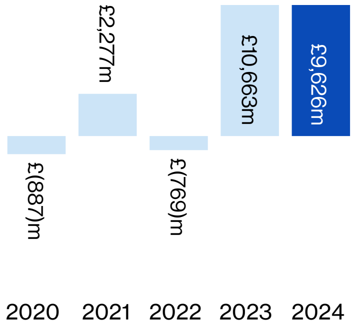
Gross written premium
£55,546m



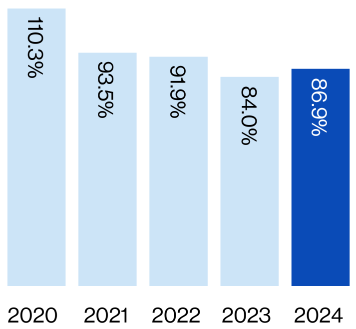
Underwriting result
£5,314m



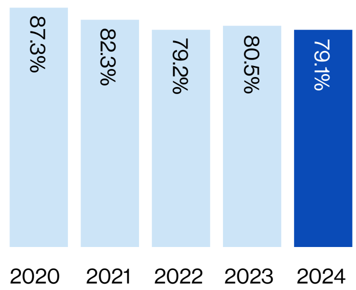
Result before tax
£9,626m



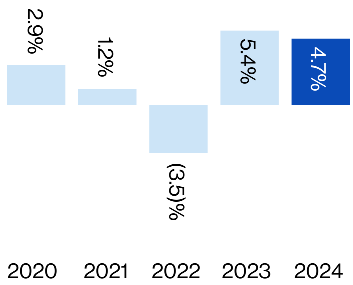
Combined ratio[1]
86.9%



Underlying combined ratio[1]
79.1%

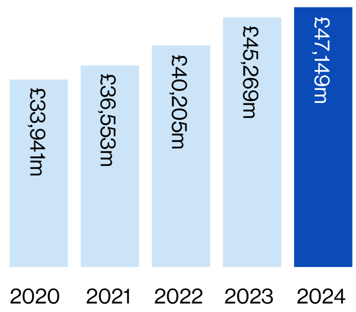


Return on investment[1]
4.7%

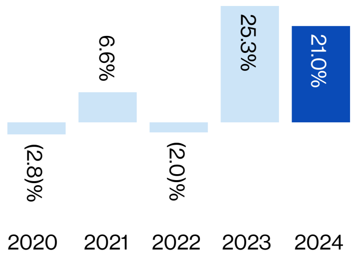


The Pro Forma Financial Statements (PFFS) are prepared so that the financial results and net assets of Lloyd's and its members taken together, can be compared as closely as possible with general insurance companies. The PFFS include the aggregate of syndicate annual accounts (Aggregate Accounts), members' funds at Lloyd's (FAL), the Society of Lloyd's financial statements and any central adjustments. Further information concerning the basis of preparation of the PFFS is set out on pages 40 to 43.

Capital, reserves and subordinated loan notes
£47,149m



Return on capital[1]
21.0%



1. The combined ratio, underlying combined ratio, return on investment and return on capital are metrics that are consistently used to analyse financial performance in the Lloyd's market results and/or in the Society report. These metrics (wherever used in this Annual Report) are alternative performance measures (APMs), with further information available on pages 166 and 167.

Market results

In 2024, the Lloyd's market delivered a strong performance, reporting an underwriting result of £5,314m with a combined ratio of 86.9% (2023: underwriting result of £5,910m with a combined ratio of 84.0%). This demonstrates the continuation of sustained underwriting discipline despite an increase in major claims experience in the 12 month period. The robust underwriting performance was further supported by an investment return of £4,914m (2023: £5,310m).

Foreign exchange movements resulted in a loss of £(124)m (2023: £(134)m loss) and net non-technical expenses increased to £478m (2023: £423m), resulting in an overall profit before tax of £9,626m (2023: £10,663m).

Underwriting result

In 2024, the market's gross written premium increased by 6.5%, primarily driven by an 8.5% volume growth (7.6% growth from existing syndicates and 0.9% from new syndicates), reflecting Lloyd's and the market's commitment to attracting new business and retaining existing customers while maintaining quality underwriting. The market saw continued risk-adjusted price increases on renewal business across most classes, marking the 28th consecutive quarter of positive price movement in Q4. However, momentum slowed, with price changes contributing only 0.3% to the 6.5% premium growth. The positive impact of rate and volume was partially offset in the period by adverse foreign exchange movements of (2.3)%.

The market reported an underwriting result of £5,314m, driven by the continued realisation of benefits from the market's strong underwriting action, led by the Property and Reinsurance segments in particular, partially offset by less attractive conditions in some areas of Casualty and Aviation.

The combined ratio deteriorated by 2.9 percentage points (pp) to 86.9% compared to the previous year. Prior year releases benefited the combined ratio by 2.4% (2023: 2.2%), with releases reported across most lines of business.

The major claims ratio increased to 7.8% (2023: 3.5%) due to significant events including Hurricane Milton, Hurricane Helene and the Dali Baltimore Bridge collision, resulting in major losses of £3,169m (2023: £1,283m). Excluding major claims and catastrophe events, our underlying combined ratio improved by 1.4pp at 79.1% (2023: 80.5%).

The expense ratio has remained steady at 34.4% (2023: 34.4%), with the acquisition expense ratio at 22.6% (2023: 22.6%) and the operating expense ratio at 11.8% (2023: 11.8%).

Investment review

The market reported net investment gains of £4,914m in 2024, representing a positive return on investment of 4.7% (2023: £5,310m, 5.4%), with the portfolio benefiting from another year of higher interest rates.

Investment income increased to £4,152m (2023: £3,856m), with mark-to-market losses from fourth quarter market volatility driving the reduction in investment returns compared to the prior year.

Returns across asset classes were mostly positive in 2024, supported by numerous major developed market central banks cutting their policy rates over the year. However, the path to lower base rates began later than expected in the year and the magnitude of cuts was lower than expected at the start of the year.

Economic growth was better than expected in the US but differed across geography. Geopolitical events remained high on the agenda, including a slew of elections globally, rising tensions in the Middle East and political uncertainty in Europe. This meant that the journey of investment returns during the year was not smooth, exhibiting numerous ups and downs.

Global equities were the stand-out asset class, producing back-to-back years of strong returns. In the US, the S&P index generated a high return of 25%, propelled by mega cap technology companies and ongoing optimism surrounding artificial intelligence, plus the possibility of deregulation following the US election. The US dollar's performance was also strong, surging in the last quarter of the year, as US exceptionalism gathered momentum following the change in administration; as well as both rates and growth remaining high. This resulted in the dollar index returning 7.1% in 2024. Credit, particularly High Yield, benefited from spread reductions (driving price increases for assets already in the portfolio), with levels moving to decade lows within developed markets. This was helped by improved investor risk appetite and attractive all-in yields. However, sovereign returns were both volatile and muted in 2024, particularly for longer duration bonds. This was despite central banks cutting their policy rates, as inflation, although lower, appeared sticky by the year end. Fiscal concerns also remain a key concern, resulting in the number of rate-cuts in 2025 being scaled back.

Balance sheet strength

The Lloyd's market continues to be strongly capitalised with total capital, reserves and subordinated loan notes of £47,149m at 31 December 2024, a 4.2% increase from the £45,269m reported at 31 December 2023.

The central solvency ratio has reduced from 503% at 31 December 2023 to 435% at 31 December 2024. This is primarily driven by an increase in the central SCR offset by positive movements in the Society Own Funds, after taking into account the repayment of the first tranche of syndicate loans and 2024 subordinated debt.

The market-wide solvency ratio has decreased from 207% at 31 December 2023 to 205% at 31 December 2024. This is due to an increase in the market-wide SCR partially offset by an increase in members' balances, driven by continued strong profitability.

The central SCR has increased from 31 December 2023 by £200m to £1,400m, driven by the growth in the market and underlying US dollar movements against sterling. These factors are also driving the increase in the market-wide SCR to £25,600m, an increase of £2,450m since 31 December 2023.

Market financial review continued

Premium

As in previous years, syndicates which have a proven track record of producing sustainable profit are given greater business plan flexibility, including to grow their business.

Gross written premium increased by £3,397m to £55,546m in 2024. Reinsurance and Property remained the primary drivers of premium growth, with increases of £1,391m and £1,126m respectively, though most lines of business experienced growth during 2024.

US dollar-denominated business continues to account for the majority of business written in the Lloyd's market. However, a relatively weaker average rate over the year resulted in foreign exchange having an adverse impact on premiums year on year of (2.3)%.

Attritional loss ratio

The attritional loss ratio[1] improved 1.2pp to 47.1% (2023: 48.3%), reflecting consistent underwriting discipline.

Prior year development

2024 marked the 19th consecutive year of prior year releases[1], with the current year benefiting from releases amounting to 2.4% (2023: 2.2%).

Direct Casualty lines benefited from favourable prior year developments in classes such as Cyber and Directors & Officers. While Reinsurance lines released overall, Casualty related reinsurance experienced strengthening, primarily driven by adverse claims developments and strengthening of reserving assumptions.

Lloyd's will continue to monitor reserves closely and act to ensure that adequate market discipline is being maintained – particularly focusing on the adequacy of casualty reserves, including allowance for social inflation and changes in the macroeconomic environment.

Major claims

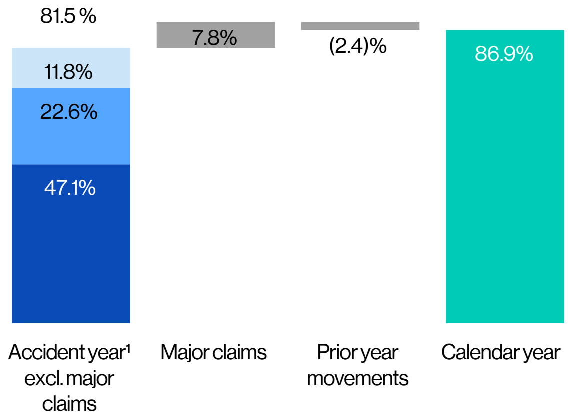
Major claims for the market were £3,169m in 2024 (2023: £1,283m), net of reinsurance and including reinstatements payable and receivable.

Major losses arising from events such as Hurricane Milton, Hurricane Helene and Hurricane Beryl and the Dali Baltimore Bridge collision drove the major claims ratio[1] for 2024 up to 7.8% from 3.5% in the prior year.

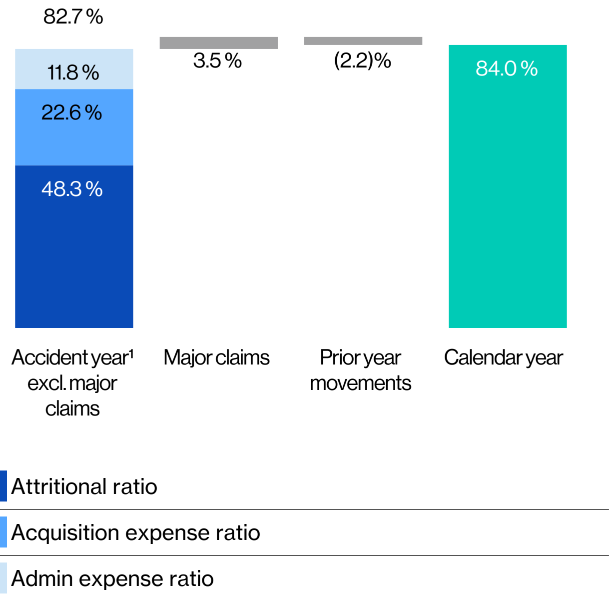
While uncertainty remains in respect of losses from Ukraine, overall this continues to be a manageable event for the market. Since the end of 2023, there have been significant increases in the allowance for the Ukraine conflict in reserves, primarily driven by ultimate loss estimate increases for Aviation losses, partially offset by decreases in Marine and Political Risk classes due to expiry of risk. The increases in Aviation estimates are driven by revised assumptions around the best estimate, informed by recent settlements. The claims incurred but not reported (IBNR) component represents 73% of the loss (2023: 78%). Lloyd's will continue to monitor this loss throughout 2025.

Contributors to combined ratio

2024 Combined ratio (%)



2023 Combined ratio (%)



1. The accident year ratio, underlying combined ratio, attritional loss ratio, prior year release ratio and expense ratio are metrics that are consistently used to analyse financial performance in the Lloyd's market results and/or in the Society report. These metrics (wherever used in this Annual Report) are alternative performance measures (APMs), with further information available on pages 166 and 167.

Major claims and underlying combined ratio

Major claims	% of net earned premium
2020	23.0
2021	11.2
2022	12.7
2023	3.5
2024	**7.8**
Five year average	10.8
Ten year average	10.6

Underlying combined ratio	%
2020	87.3
2021	82.3
2022	79.2
2023	80.5
2024	**79.1**
Five year average	83.7
Ten year average	88.8

Reinsurance protection

The credit quality of the Lloyd's market's reinsurance protection remains extremely high, with 99% (2023: 99%) of all balance sheet reinsurance recoverables and reinsurance premium ceded being with reinsurers rated A- and above or supported by high-quality collateral assets.

Reinsurers' share of claims outstanding remains a material consideration for Lloyd's, equivalent to 49.7% of gross written premium or 62.7% of members' assets (2023: 51.3% of gross written premium or 63.5% of members' assets).

The overall reinsurance recoverable asset continues to be lower than the position two years ago, reflecting lower levels of catastrophe losses to reinsurance programmes in 2023 and 2024 compared to 2022. The broadly stable position over the last 12 months reflects increases in some gross and ceded reserves for Ukraine losses being offset by a broader trend of reserve reduction and settlement of outstanding claims on other prior year losses. No negative settlement trends have been witnessed to date.

2024 saw a transition from a reinsurance market that was generally still rising or flat at the start of the year to one that was broadly falling overall by the end of the year, and the marginal reduction in spend reflects some continued focus on core needs, tail risk and capital protection in order to offset the cost of reinsurance rate increases in 2023 and to a lesser degree at 1 January 2024. In general, structural changes were fairly modest in 2024 and the level of reinsurance transfer remains within risk appetite.

Result for the closed year and run-off years of account

Under Lloyd's three-year accounting policy for final distribution of each underwriting year of account, the 2022 underwriting year of account reached closure at 31 December 2024. The 2022 pure underwriting year suffered losses from the conflict in Ukraine as well as a number of natural catastrophic events, including Hurricane Ian, Hurricane Fiona and the Australian floods.

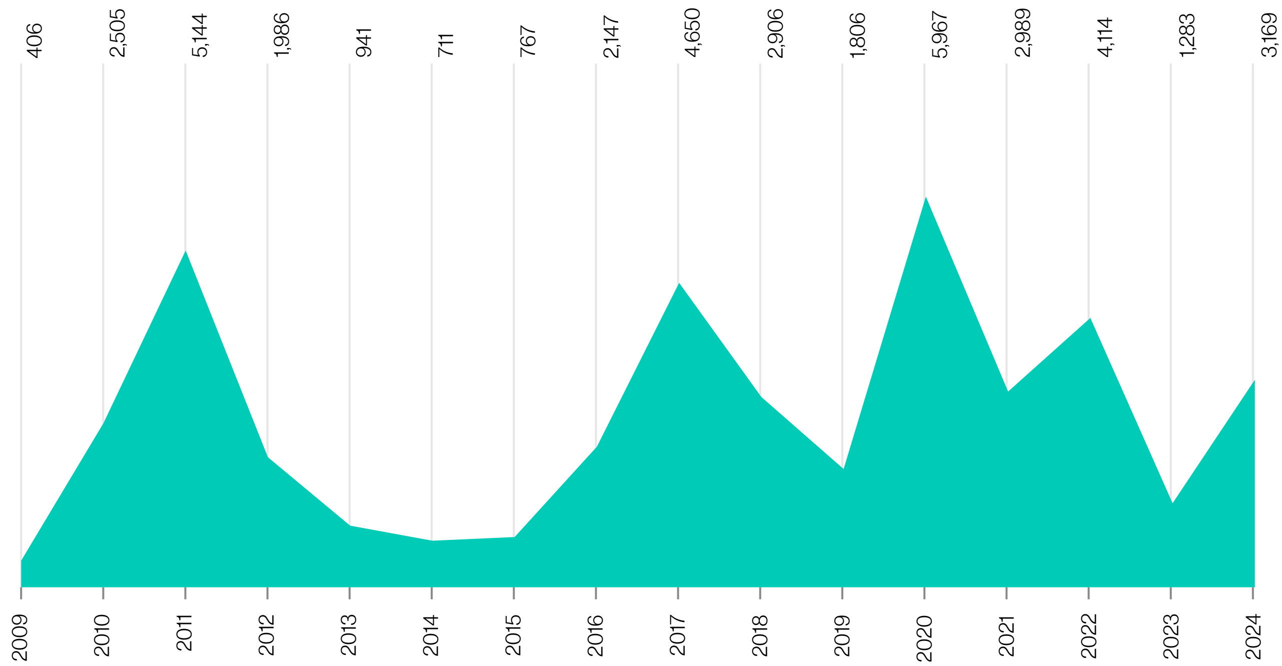
Despite these major claim events, the 2022 pure underwriting year of account reported an underwriting result of £6,731m that was partially offset by strengthening from 2021 and prior years, which were reinsured to close at the end of 2023, amounting to £(357)m. Net expenses of £3,468m were partially offset by strong investment gains of £2,027m on the 2022 underwriting year, and the total result was an overall profit of £4,933m (2021 underwriting year profit: £2,783m).

At the beginning of 2024, there were five syndicates whose 2018, 2020 or 2021 underwriting years remained open. These run-off years reported an aggregate loss, including investment return, of £48m (2023: loss of £7m). There were five syndicates whose 2018/2020/2021 underwriting years remained open post 31 December 2024. The total number of open underwriting years at 1 January 2025 is five.

Prior year reserve movement	% of net earned premium
2020	(1.8)
2021	(2.1)
2022	(3.6)
2023	(2.2)
2024	**(2.4)**

Years of account in run-off	Number of years
2020	9
2021	9
2022	9
2023	5
2024	**5**

Lloyd's major losses: net ultimate claims (£m)



Five year average: £3,939m; 15 year average: £3,281m. Indexed for inflation to 2024. Claims in foreign currency are translated at the exchange rates prevailing at the date of loss.

Market financial review continued

Line of business:

Reinsurance – Property

Property catastrophe excess of loss represents the largest class in this line. Other key sectors include property facultative, property risk excess and property pro-rata.

Reinsurance – Property	2024	2023
Gross written premium (£m)	9,894	8,625
Accident year ratio (%)	83.8	79.6
Prior year movement (%)	(8.6)	(6.8)
Combined ratio (%)	75.2	72.8
Underwriting result (£m)	1,777	1,719

2024 performance

Property reinsurance gross written premium for 2024 was £9,894m (2023: £8,625m), an increase of 14.7%. The line reported an accident year ratio of 83.8% (2023: 79.6%), representing a 4.2pp deterioration year on year.

The sector continued to experience rate increases as reinsurers seek to maintain price adequacy in an inherently volatile class. These rate increases were smaller than those achieved in 2023 as the market becomes more stable. Reinsurers remain focused on factors affecting insured losses, including changes in demographics, asset values and changes in frequency and severity of catastrophe losses. The structural changes implemented in 2023, particularly in respect of attachment points, remain in place.

Prior year movement

The prior year movement was a release of (8.6)% (2023: (6.8)%). Releases are generally expected as claims estimates for older losses become more certain and margins for uncertainty are released.

Property reinsurance experienced significant reserve releases during the 2024 financial year. These were primarily driven by favourable developments on established catastrophe events, such as hurricanes Ian (2022) and Ida (2021), and Typhoon Jebi (2018).

Additionally, there were notable releases on non-catastrophe losses, with benign experience on attritional and large claims as risks expire.

Looking ahead

Despite a continuation of the profitable conditions experienced in 2023, heightened loss activity in 2024 has eroded margin. While (re)insurers ability to redeploy profit from recent years has led to a slight increase in available capacity, factors driving increased demand will likely offset this leading to stable pricing conditions.

Reinsurance – Casualty

Non-marine liability excess of loss represents the largest class in this line.

Reinsurance – Casualty	2024	2023
Gross written premium (£m)	5,158	5,211
Accident year ratio (%)	94.0	83.2
Prior year movement (%)	3.8	6.8
Combined ratio (%)	97.8	90.0
Underwriting result (£m)	87	398

2024 performance

Casualty reinsurance gross written premium for 2024 was £5,158m (2023: £5,211m), a movement of (1.0)%. The line reported an accident year ratio of 94.0% (2023: 83.2%), representing a 10.8pp deterioration year on year. The accident year deterioration is the result of multiple factors, including a reduction in reinsurance recoveries and lower prior year movement in 2024.

Price changes in this segment continue to strengthen following another year of compound rate increases.

Continued deterioration of pre-2019 back years for casualty classes, particularly experienced by US domestic insurers, has restricted capacity and pushed rating increases further. The market continued to focus on supporting the best performing accounts, with a strong focus on price adequacy and, in the case of treaty business, ensuring ceding commissions accurately reflect the exposure being accepted.

Prior year movement

The prior year movement was a strengthening of 3.8% (2023: strengthening of 6.8%).

Strengthening was primarily driven by adverse claims developments and strengthening of reserving assumptions in long-tailed classes, including Casualty Treaty and other treaty classes. There continues to be increased uncertainty in relation to claims inflation, particularly due to factors such as legal system abuse.

Looking ahead

Social inflationary trends, including increasing severity in awards to claimants in the United States, alongside the emergence of a similar trend internationally, will continue to be the primary focus for the market. Maintaining sustainably profitable portfolios requires underwriters to employ robust cedant selection and ensure premium increases keep pace with claims inflation.

Reinsurance – Specialty

Marine reinsurance is the largest sector of the Lloyd's specialty reinsurance business, followed by Energy and Aviation.

Reinsurance – Specialty	2024	2023
Gross written premium (£m)	3,677	3,502
Accident year ratio (%)	98.1	77.9
Prior year movement (%)	8.0	5.6
Combined ratio (%)	106.2	83.5
Underwriting result (£m)	(165)	433

2024 performance

Specialty reinsurance gross written premium for 2024 was £3,677m (2023: £3,502m), an increase of 5.0%. The line reported an accident year ratio of 98.1% (2023: 77.9%), representing a 20.2pp deterioration year on year. Gross written premium by sector within Specialty Reinsurance was as follows: Marine, Aviation and Transport £2,792m (2023: £2,761m), Energy £856m (2023: £734m) and Life £29m (2023: £7m).

Specialty reinsurance experienced a slowing of rate increases despite ongoing challenges with an unpredictable risk environment as well as continued material loss activity, including the collision of the vessel Dali with the Francis Scott Key Bridge in Baltimore. This led to the deterioration in the accident year loss ratio. The moderate rating environment was against the backdrop of the restructuring of composite programmes in 2023 which led to a significant risk adjusted repricing of political violence and terrorism coverage.

Prior year movement

The prior year movement was a strengthening of 8.0% (2023: strengthening of 5.6%).

This sector is predominantly Marine, Energy, Aviation and Motor business, written on an excess of loss basis. The overall strengthening in specialty reinsurance is driven by Aviation, particularly due to deterioration in relation to the Ukraine conflict. Marine reinsurance lines have also been impacted by the Ukraine conflict, but overall favourable experience on this class means there is a small release.

Energy lines have also deteriorated, driven by several factors including specific large losses and experience on upstream activities, while Motor lines have seen benign experience over 2024, leading to reserve releases on prior years.

Looking ahead

This class will likely continue to be impacted by ongoing geopolitical tensions and events globally. Uncertainty in respect of regional conflicts, such as those in the Middle East and Ukraine, will continue to challenge underwriting in these classes. Appropriate management of aggregations as well as careful consideration of price, coverage and other terms and conditions will be important to ensure the long term sustainability of the class.

Property

Property consists of a broad range of risks written worldwide, made up of predominantly excess and surplus lines of business. Coverage includes specialist sectors such as terrorism, power generation, engineering and nuclear. Delegated authority arrangements such as coverholder frameworks represent a high proportion of the distribution mix for this class.

Property	2024	2023
Gross written premium (£m)	15,893	14,767
Accident year ratio (%)	87.4	85.2
Prior year movement (%)	(5.8)	(5.2)
Combined ratio (%)	81.6	80.0
Underwriting result (£m)	2,051	1,942

2024 performance

Property gross written premium for 2024 was £15,893m (2023: £14,767m), an increase of 7.6%. The line reported an accident year ratio of 87.4% (2023: 85.2%), representing a 2.2pp deterioration year on year.

2024 saw continued profitability for the Property segment with positive price change. The year saw more catastrophic weather events impacting the insurance market than was the case in 2023. Despite this the compound rate increases over several years have protected portfolio profitability in years with some natural catastrophe activity albeit there isn't a surfeit of margin available to deal with above average natural catastrophe activity. As with the reinsurance segment, catastrophe insurers continue to grapple with increases in insured values, risks being located in high hazard locations, claims inflation and changes in overall vulnerability. In terms of the Political Violence and Terrorism segments of the portfolio, stabilising conditions for buyers of reinsurance are enabling stronger alignment between reinsurance programmes and inwards business, which mitigates the slowing rating environment.

Prior year movement

The prior year movement was a release of (5.8)% (2023: release of (5.2)%). Over the 2024 calendar year, there have been releases driven by favourable developments across various Property lines. These releases were primarily due to benign claims activity and favourable attritional loss development. There have also been releases in respect of COVID-19 reserves.

Looking ahead

The impact of the wildfires in LA are anticipated to support the rating environment during 2025 alongside an improved environment for purchasing outwards reinsurance protection, particularly for those with a strong performance track record. Aggregate appetite for catastrophe exposures, particularly high frequency and hard to model perils, will remain a challenge in 2025. The impact of climate change on flood and fire will be a key focus area as syndicates look to ensure plans reflect both modelled past experience and inherent uncertainties impacting the future claims environment.

Market financial review continued

Casualty

Casualty business encompasses long tail general liability (both international and US), workers' compensation/employers' liability and medical malpractice. Other key sectors include shorter tail lines such as accident & health as well as the cyber class (both cyber liability and cyber physical damage).

Casualty	2024	2023
Gross written premium (£m)	13,403	12,991
Accident year ratio (%)	95.5	99.6
Prior year movement (%)	(4.7)	(6.0)
Combined ratio (%)	90.8	93.6
Underwriting result (£m)	890	576

2024 performance

Casualty gross written premium for 2024 was £13,403m (2023: £12,991m), a 3.2% increase on the prior period. The line reported an accident year ratio of 95.5% (2023: 99.6%), representing an improvement of 4.1pp year on year.

2024 saw a continuation of differing pricing conditions on different segments of the casualty portfolio. Continued pricing pressure was evident in the Commercial Directors & Officers segment, undoing the earlier attempts to bring the class back to a position of rate adequacy. Likewise, Cyber continues to attract new capacity (both insurance and reinsurance) with resultant pressure on prices, particularly in the US market. The rate of growth has slowed but the market continues to perform strongly given an absence of significant claims and was relatively unaffected by the CrowdStrike event. In contrast US General Liability has continued to experience positive rates in response to the threat of social inflation.

Prior year movement

The prior year movement was a release of (4.7)% (2023: (6.0)%).

The releases on Casualty are predominantly driven by favourable developments in the Cyber, Directors & Officers, and Financial Institutions classes due to benign claims experience and favourable attritional loss development. While Casualty has released overall, this is expected to be influenced by a combination of reserve strengthening and releases across different underwriting years within these classes.

Given the long-term nature of the underlying policies and social inflation, particularly in the United States, we anticipate a continuation of the heightened level of uncertainty in the Casualty line being factored into the reserves.

Looking ahead

As with Casualty Reinsurance there continues to be a growing focus on social inflation as well as the impact of potential recessionary economic conditions on all lines. Continued pressure on prices in the financial and professional lines as well as cyber will need to be carefully considered as margin is eroded. Global economic uncertainty coupled with sustained heightened interest rates present significant challenges.

Marine, Aviation and Transport

Marine business encompasses a wide variety of sub-lines including cargo, hull, marine war, marine liabilities, and specie & fine art. Cargo represents the largest class in this line. Aviation encompasses airline, aerospace, general aviation, space and war. Airline (hull and liability) represents the largest class in this line. Other key sectors include general aviation, airport liability, aviation product manufacturers' liability, aviation, war/terrorism and satellite launch and in-orbit risks.

Marine, Aviation and Transport	2024	2023
Gross written premium (£m)	4,507	4,297
Accident year ratio (%)	92.9	88.2
Prior year movement (%)	11.4	10.9
Combined ratio (%)	104.3	99.1
Underwriting result (£m)	(152)	30

2024 performance

Marine, Aviation and Transport gross written premium for 2024 was £4,507m (2023: £4,297m), an increase of 4.9%. The line reported an accident year ratio of 92.9% (2023: 88.2%), a 4.7pp deterioration year on year.

For Marine, compounding price increases in prior years continued but at a slower pace. Wording improvements and portfolio re-underwriting have resulted in a healthy portfolio. The collision of the vessel Dali with the Francis Scott Key Bridge in Baltimore will be a meaningful loss for the marine market. Overall, Aviation pricing remains marginal for sustainable profitability with the exception of Aviation War, which continued to benefit from pricing increases as a response to ongoing global conflicts and continued uncertainty relating to losses associated with the Russian invasion of Ukraine.

Prior year movement

The prior year movement was a strengthening of 11.4% (2023: 10.9%). This consists of prior year reserve increases on Aviation, partially offset by the releases on the Marine lines.

On Aviation lines, carriers have significantly increased their reserves to cover losses from the Russia-Ukraine conflict.

On Marine lines, there is a tendency for the view of claims to be held for a number of years to allow for inherent uncertainty and so releases are common. Overall, Marine lines of business have performed favourably against expectations over 2024. Many carriers have reported favourable claims experience on prior years for most lines of business, including Marine Hull and Cargo, across both attritional and large claims. However, there have also been partially offsetting deteriorations from the Russia-Ukraine conflict for some syndicates.

There has been limited movement on historical catastrophe events over 2024 including Hurricane Ian (2022).

Looking ahead

Moderating price rises in the Marine market will need a heightened focus on risk selection and portfolio management to avoid a return to unsustainable underwriting. In the absence of appropriate price increases, Aviation will continue to struggle to provide reliable returns for (re)insurers given the continued frequency of loss events in that segment.

Energy

Energy encompasses a variety of onshore and offshore property and liability products ranging from construction to exploration, production, refining and distribution.

Energy	2024	2023
Gross written premium (£m)	1,957	1,813
Accident year ratio (%)	94.3	91.1
Prior year movement (%)	–	(6.7)
Combined ratio (%)	94.3	84.4
Underwriting result (£m)	75	190

2024 performance

Energy gross written premium for 2024 was £1,957m (2023: £1,813m), an increase of 7.9%. The line reported an accident year ratio of 94.3% (2023: 91.1%), representing a 3.2pp deterioration year on year.

The Energy segment saw growth across the portfolio, particularly in the construction and renewable energy markets, despite a flattening rating environment. Growth in the renewable sector was focused in the onshore market, despite a recent challenging loss environment. A number of high profile losses, notably in the conventional onshore energy market, have once again drawn attention to the inherent volatility in the class. The overall Energy market has been profitable over the medium term as a result of disciplined underwriting and high risk management standards in the sector.

Prior year movement

There was no prior year movement in the year (2023: release of (6.7)%). There are offsetting movements in the market, with some syndicates releasing due to the favourable experience, while others are strengthening, driven by unfavourable attritional performance and specific large losses. This line contains a mix of contracts that give rise to claims that are settled on both a short-term and long-term time horizon.

With respect to short-term contracts, there has been limited movement on historical catastrophe events, while specific large events have moved both favourably and unfavourably in the market. For long-term contracts, these margins can be held for a number of years. Reductions in claims estimates for these large losses and the release of unused margin are expected to drive releases at a market level. This is evident across the market with insurers reporting releases on IBNR following benign claims experience on prior years of account with respect to both specific events and attritional claims during a hard market.

Looking ahead

There has been a significant growth in new construction projects being undertaken in recent years, with this trend set to continue, notably in the global offshore and renewables markets. Careful analysis of project risks and mitigations will remain important for underwriters looking to support clients bringing these projects online.

Motor

Lloyd's Motor market primarily covers international motor insurance, with a large proportion written in North America, and an increasing focus on property damage over liability risks. Lloyd's commercial and fleet business is diverse, ranging from light commercial vehicles and taxis to buses and heavy haulage.

Motor	2024	2023
Gross written premium (£m)	1,017	889
Accident year ratio (%)	93.6	98.3
Prior year movement (%)	(4.4)	(2.6)
Combined ratio (%)	89.2	95.7
Underwriting result (£m)	93	31

2024 performance

Motor gross written premium in 2024 was £1,017m (2023: £889m), an increase of 14.4% compared with the prior period. The line reported an accident year ratio of 93.6% (2023: 98.3%), representing a 4.7pp improvement year on year.

During the course of 2024 the market saw a moderating rating environment following the segment beginning return to profitability on the back of a material positive shift in rates in 2023. International Motor has remained consistent from a pricing perspective after multiple years of positive rate change and stable results. UK Motor has grown nominally in line with price increases, while International Motor continues to grow rapidly as the market realises opportunities in new technologies, transportation platforms and a profitable underwriting environment.

Prior year movement

The prior year movement was a release of (4.4)% (2023: (2.6)%). This is driven by favourable claims experience against expectation on both attritional and large claims, and releases in relation to periodic payment orders (PPOs).

Looking ahead

Motor will likely continue to be a highly competitive segment in which pricing gains and profitability can be very quickly eroded. Inflation management and supply side disruptions from geopolitical events will be two of the primary underwriting concerns to address, while rapid implementation of new technologies in the sector should present further challenges and opportunities.

Statement of Council's responsibilities

Statement of the Council’s responsibilities in respect of the Pro Forma Financial Statements

The Pro Forma Financial Statements (PFFS) are prepared so that the financial results of the Society of Lloyd’s (the Society) and its members taken together, and their net assets, can be compared as closely as possible with general insurance companies.

The Council of Lloyd’s is responsible for the preparation and approval of the PFFS in accordance with the basis of preparation set out in note 2.

The maintenance and integrity of the Lloyd’s website is the responsibility of the Council of Lloyd’s; the work carried out by the auditors does not involve consideration of these matters and accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation of financial statements may differ from legislation in other jurisdictions.

Pro Forma Financial Statements

The Lloyd’s Annual Report presents the financial results of the Society of Lloyd’s and its members. Lloyd’s is not an insurance company. It is a Society of members, both corporate and individual, which underwrite insurance via syndicates. These syndicates can comprise one single corporate member or any number of corporate and individual members, underwriting severally for their own account. In view of Lloyd’s unique structure, the Annual Report includes two sets of financial statements.

The PFFS include the results of the syndicates as reported in the syndicate annual returns, members’ funds at Lloyd’s (FAL), the Society of Lloyd’s Group financial statements and any central adjustments (see note 2).

Society of Lloyd’s Group Financial Statements

The consolidated financial statements of the Society (the Group financial statements) comprise the consolidated financial statements of the Society and its subsidiaries, the Lloyd’s Central Fund and the Society’s interest in associates and joint ventures (the Group).

Report of PricewaterhouseCoopers LLP to the Council on the 2024 Pro Forma Financial Statements

Independent Reasonable Assurance Report of PricewaterhouseCoopers LLP to the Council of Lloyd's on the preparation of the 2024 Lloyd's Pro Forma Financial Statements

Opinion

In our opinion the Council of Lloyd's has prepared the Lloyd's Pro Forma Financial Statements (the "PFFS") for the financial year ended 31 December 2024, defined below, in all material respects in accordance with the basis of preparation set out in note 2 (the "basis of preparation").

This opinion is to be read in the context of what we say in the remainder of this report.

What we have assured

The PFFS, which are prepared by the Council of Lloyd's, comprise: the Pro Forma Balance Sheet as at 31 December 2024; the Pro Forma Profit and Loss account, the Pro Forma Statement of Comprehensive Income, and the Pro Forma Statement of Cash Flows for the year then ended; and the notes to the Pro Forma financial statements.

The financial reporting framework that has been applied in the preparation of the PFFS is set out in note 2 the "basis of preparation".

Our assurance does not extend to information in respect of earlier periods or to any other information included in the Lloyd's Annual Report 2024 within which the PFFS for the year ended 31 December 2024 are included.

Professional standards applied and level of assurance

We performed a reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) - 'Assurance Engagements other than Audits or Reviews of Historical Financial Information', issued by the International Auditing and Assurance Board.

Our independence and quality control

We complied with the Institute of Chartered Accountants in England and Wales (ICAEW) Code of Ethics, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, that are at least as demanding as the applicable provisions of the International Ethics Standards Board for Accountants (IESBA)'s International Code of Ethics for Professional Accountants (including International Independence Standards).

We apply International Standard on Quality Management (UK) 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Work performed

The PFFS have been compiled by aggregating financial information reported in syndicate annual returns and accounts, which have been submitted to the Council of Lloyd's and on which the auditors of each syndicate have reported, members' Funds at Lloyd's and the financial statements of the Society of Lloyd's. Our procedures consisted principally of:

- obtaining an understanding of how the Council of Lloyd's has compiled the PFFS from the audited syndicate annual returns and accounts, the Society of Lloyd's books and records and members' Funds at Lloyd's;
- checking (on a sample basis) that the financial information included in the PFFS was correctly extracted from the syndicate annual returns and accounts and the Society of Lloyd's books and records;
- evaluating evidence to support the existence and valuation of members' Funds at Lloyd's; and
- evaluating the evidence supporting the adjustments made in the preparation of the PFFS and obtaining evidence that the PFFS have been prepared in accordance with the basis of preparation set out in the PFFS notes.

The engagement also involves evaluating the overall presentation of the PFFS. We do not independently assess and do not opine on the appropriateness of the basis of preparation of the PFFS.

Our work did not involve assessing the quality of the work performed by the respective auditors of the syndicate annual returns and accounts or the Society of Lloyd's group financial statements, nor performing any audit procedures over the financial or other information of the syndicates. Our audit of the financial statements of the Society of Lloyd's is the subject of a separate report.

The responsibilities of the Council of Lloyd's and our responsibilities

The Council of Lloyd's is responsible for establishing and selecting suitable criteria (the basis for preparing the PFFS) and the preparation and approval of the PFFS in accordance with the basis of preparation. According to the Statement of Council's Responsibilities, the PFFS are prepared so that the financial results of the Society of Lloyd's and its members taken together, and their net assets, can be compared as closely as possible with general insurance companies.

We are responsible for:

- planning and performing the engagement to obtain reasonable assurance about whether the compilation of the PFFS is free from material misstatement, whether due to fraud or error;
- forming an independent opinion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our opinion to the Council of Lloyd's.

Intended users and purpose

This report, including our conclusion, has been prepared solely for the Council of Lloyd's in accordance with our engagement letter dated 2 September 2024. Our examination has been undertaken so that we might state to the Council of Lloyd's those matters which we are required to state in this report in accordance with the engagement letter and for no other purpose. To the fullest extent permitted by law, we do not accept or assume any responsibility to anyone other than the Council of Lloyd's for our work or this report, except where terms are expressly agreed between us in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
London
19 March 2025

Pro Forma Profit and Loss Account

(For the year ended 31 December 2024)

	Note	2024 £m	2024 £m	2023 £m	2023 £m
Technical account					
Gross written premiums	9	55,546		52,149	
Outward reinsurance premiums		(13,005)		(12,798)	
Net written premiums			42,541		39,351
Change in the gross provision for unearned premiums		(2,628)		(2,592)	
Change in the provision for unearned premiums, reinsurers' share		511		166	
Change in net provision for unearned premiums			(2,117)		(2,426)
Earned premiums, net of reinsurance	9		40,424		36,925
Allocated investment return transferred from the non-technical account	9		2,637		2,711
Gross claims paid		(22,298)		(22,378)	
Claims paid, reinsurers' share		6,585		6,967	
Net claims paid			(15,713)		(15,411)
Change in provision for gross claims		(6,299)		(1,562)	
Change in provision for claims, reinsurers' share		790		(1,329)	
Change in net provision for claims			(5,509)		(2,891)
Claims incurred, net of reinsurance	9		(21,222)		(18,302)
Net operating expenses	9, 11		(13,888)		(12,713)
Balance on the technical account for general business			**7,951**		8,621
Non-technical account					
Balance on the technical account for general business			7,951		8,621
Investment return on syndicate assets		2,778		2,919	
Notional investment return on members' funds at Lloyd's	6	1,865		2,082	
Investment return on Society assets		271		309	
Total investment return	12		4,914		5,310
Allocated investment return transferred to the technical account			(2,637)		(2,711)
Loss on foreign exchange			(124)		(134)
Non-technical income			79		71
Non-technical operating expenses			(557)		(494)
Result for the financial period before tax			**9,626**		10,663

All operations relate to continuing activities.

Pro Forma Statement of Comprehensive Income

(For the year ended 31 December 2024)

Statement of Comprehensive Income	Note	**2024** **£m**	2023 £m
Result for the financial period before tax	8	9,626	10,663
Currency translation differences		80	(288)
Other comprehensive gains in the syndicate accounts		13	21
Remeasurement gains/(losses) on pension assets and liabilities in the Society accounts		7	(14)
Total comprehensive income for the period		**9,726**	10,382

Pro Forma Balance Sheet

(As at 31 December 2024)

	Note	2024 £m	2024 £m	2023 (Restated) £m	2023 (Restated) £m
Financial investments	13		95,851		89,441
Deposits with ceding undertakings			252		531
Reinsurers' share of technical provisions					
Provision for unearned premiums	19(a)	5,570		5,036	
Claims outstanding	19(c)	27,628		26,768	
			33,198		31,804
Debtors					
Debtors arising out of direct insurance operations	14	16,824		15,274	
Debtors arising out of reinsurance operations	15	9,639		9,055	
Other debtors		1,319		1,172	
			27,782		25,501
Other assets					
Tangible assets		33		28	
Cash at bank and in hand	16	12,039		11,241	
Other		140		113	
			12,212		11,382
Prepayments and accrued income					
Accrued interest and rent		300		242	
Deferred acquisition costs	19(b)	6,476		5,835	
Other prepayments and accrued income		446		359	
			7,222		6,436
Total assets			**176,517**		165,095
Members' funds at Lloyd's	6	30,500		31,895	
Members' balances	18	13,533		10,266	
Members' assets (held severally)			44,033		42,161
Central reserves (mutual assets)			2,818		2,504
Total capital and reserves	8		46,851		44,665
Subordinated loan notes	2, 4		298		604
Total capital, reserves and subordinated loan notes			**47,149**		45,269
Technical provisions					
Provision for unearned premiums	19(a)	27,651		25,065	
Claims outstanding	19(c)	85,395		78,774	
			113,046		103,839
Deposits received from reinsurers			1,128		1,387
Creditors					
Creditors arising out of direct insurance operations	21	1,232		1,055	
Creditors arising out of reinsurance operations	22	9,065		9,221	
Other creditors including taxation		2,880		2,419	
Senior debt	2, 4	303		303	
			13,480		12,998
Accruals and deferred income			1,714		1,602
Total capital, reserves and liabilities			**176,517**		165,095

Comparative values for the year ended 31 December 2023 have been restated - refer to note 2 for details of the restatement.

The pro forma financial statements on pages 36 to 63 were approved by the Council on 19 March 2025 and signed on its behalf by:

Bruce Carnegie-Brown
Chairman

John Neal
Chief Executive Officer

Pro Forma Statement of Cash Flows

(For the year ended 31 December 2024)

	Note	2024 £m	2023 (Restated) £m
Result for the financial period before tax		9,626	10,663
Increase in gross technical provisions		9,089	1,802
(Increase)/decrease in reinsurers' share of gross technical provisions		(1,302)	885
Increase in debtors		(2,027)	(1,761)
Decrease in creditors		(50)	(430)
Movement in other assets/liabilities		520	(325)
Investment return		(4,776)	(5,245)
Depreciation, amortisation and impairment charge		16	15
Tax paid		(97)	(57)
Foreign exchange		167	601
Other		115	(108)
Net cash inflows from operating activities		**11,281**	6,040
Cash flow from investing activities			
Purchase of equity and debt instruments		(57,198)	(47,820)
Sale of equity and debt instruments		48,408	41,065
Purchase of derivatives		(105)	(208)
Sale of derivatives		121	249
Investment income received		2,264	1,519
Other		512	65
Net cash outflows from investing activities		**(5,998)**	(5,130)
Cash flow from financing activities			
Distribution of profit		(3,358)	(534)
Net capital transferred out of syndicate premium trust funds		(809)	(338)
Redemption of subordinated loan notes		(306)	–
Interest paid on subordinated and senior loan notes		(37)	(37)
Net movement in members' funds at Lloyd's		522	(347)
Other		(106)	(85)
Net cash outflows from financing activities		**(4,094)**	(1,341)
Net increase/(decrease) in cash and cash equivalents		**1,189**	(431)
Cash and cash equivalents at 1 January		13,592	14,172
Foreign exchange differences on cash and cash equivalents		(55)	(149)
Cash and cash equivalents at 31 December	17	**14,726**	13,592

Comparative values for the year ended 31 December 2023 have been restated - refer to note 2 for details of the restatement.

Notes to the Pro Forma Financial Statements

(For the year ended 31 December 2024)

1. The Pro Forma Financial Statements

The Pro Forma Financial Statements (PFFS) are prepared so that the financial results of Lloyd's and its members taken together, and their net assets, can be compared as closely as possible with general insurance companies.

2. Basis of preparation

General

The PFFS have been prepared by aggregating audited financial information reported in syndicate returns and annual accounts (Aggregate Accounts), members' funds at Lloyd's (FAL) and the audited financial statements of the Society of Lloyd's (the Society) on pages 124 to 128 and by overlaying central adjustments as noted below and elsewhere in the report.

The Council considers the environment in which the Society and Lloyd's market participants are operating and any associated risks which could have an impact on the reasonableness of financial information presented in the PFFS. Where the Council considers it appropriate, central adjustments may be included in the PFFS to reflect the impact of any additional risks, as deemed necessary in preparing the PFFS.

Having assessed the principal risks, the Council considered it appropriate to adopt the going concern basis of accounting in preparing the PFFS; the going concern and viability statement of the Society is included within the Society Report on page 115.

The Aggregate Accounts report the audited results for calendar year 2024 and the financial position at 31 December 2024 for all life and non-life syndicates that transacted business during the year. The results and total capital and reserves for life syndicates are not material and have not been separately disclosed in the profit and loss account and balance sheet. The results for life business are reported in the segmental analysis (note 9). The Aggregate Accounts are reported as a separate document and can be viewed at www.lloyds.com. In order to provide more meaningful information in the Aggregate Accounts and PFFS, the Society has required syndicates to consistently report certain disclosures, presented on a basis which may vary from the presentation included in the individual syndicate's annual accounts.

The profit and loss account in the PFFS aggregates the syndicate results, the notional investment return on members' capital and the results of the Society. The balance sheet in the PFFS aggregates the assets and liabilities held at syndicate level, members' assets held as FAL and the central resources of the Society. Central adjustments are overlaid.

The PFFS have, where practicable, been prepared in compliance with United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice (UK GAAP)), including Financial Reporting Standard 102 (FRS 102) and the applicable Accounting Standard on insurance contracts Financial Reporting Standard 103 (FRS 103). In preparing the PFFS, note disclosures have been included for those areas the Council considers material to enable the PFFS to depict a comprehensive view of the financial results and position of the Lloyd's market and to enable comparison with general insurance companies.

Application of UK GAAP is not practicable for the following items:

- use of the aggregation basis to prepare the PFFS;
- notional investment return on members' funds at Lloyd's;
- the statement of changes in equity;
- taxation;
- related party transactions; and
- restatements.

The approach taken in preparing the PFFS is outlined in (a) to (f):

(a) Aggregation

The PFFS have not been prepared in accordance with full consolidation principles and do not present a consolidated view of the results of the Lloyd's business taken as a single entity for the reasons detailed further below. However, the PFFS may be used as a reasonable presentation of the results and state of affairs of the Lloyd's market on a basis that is broadly comparable with general insurance companies.

The syndicates' financial information included in the PFFS has been prepared in accordance with the recognition and measurement requirements of UK accounting standards by reference to the accounting policies that are deemed most appropriate by the managing agents. Where different accounting policies have been selected by managing agents in preparing syndicate annual accounts, no adjustments are made to align the bases of recognition and measurement in the PFFS. In addition, no adjustments are made to eliminate inter-syndicate transactions and balances except for those relating to inter-syndicate loans, Special Purpose Arrangements (SPA) and reinsurance to close (RITC) arrangements between syndicates. Transactions between syndicates and the Society are also eliminated in the PFFS. These adjustments are described below:

Inter-syndicate loans

The syndicate annual accounts report debtor and creditor balances for inter-syndicate loans totalling £223m (2023: £435m). These amounts have been eliminated from those amounts reported in the balance sheet to provide a more meaningful presentation of the balance sheet for users of the PFFS.

Special Purpose Arrangements (SPA)

The Aggregate Accounts include the results and assets of the SPA (see Glossary on page 168). Due to the nature of the SPA, the quota share of the host syndicates' business is reported as gross written premium in both the host syndicate and the SPA annual accounts. This leads to an overstatement of the original premium written by the whole Lloyd's market.

To provide users of the PFFS with a more meaningful presentation of the market's figures, all the transactions arising from the insurance contracts between the SPA and host syndicates have been eliminated. The key impact of this elimination is that gross written premium is reduced by £537m (2023: £443m). The elimination does not affect the PFFS result or the balance due to members. All other inter-syndicate reinsurance arrangements are included in full, with the exception of RITC transactions as detailed below.

Reinsurance to close arrangements between syndicates

The Aggregate Accounts include the results of the syndicates, including the arrangements where prior years of account are ceded to other syndicates. Due to the nature of the arrangements, the ceding and accepting syndicates report these as current period transactions impacting gross written premium, net earned premium and net incurred claims.

This leads to an overstatement of these balances for the Lloyd's market as a whole. To provide users of the PFFS with a more meaningful presentation of the market's figures, RITC arrangements between syndicates for prior years of account have been eliminated. There were no RITC transactions reported in 2024; the impact of this elimination in the prior period was a reduction in gross written premium, net earned premium and net incurred claims by £1,943m, £1,048m and £1,048m respectively. The elimination does not affect the PFFS result or the balance due to members.

Transactions between syndicates and the Society

The following transactions have been eliminated:

- Central Fund contributions, members' subscriptions and other market charges levied by the Society are reported as net operating expenses in the syndicate returns and as income in the Society's financial statements.
- Syndicate loans to the Central Fund are reported as assets in the syndicate returns and as equity in the Society financial statements. Interest on the loans is reported as investment income in syndicate returns and as a reduction to equity in the Society's financial statements.
- Technical insurance-related transactions and balances existing between the syndicates and the subsidiaries of the Society are reported in both the syndicate returns and in the Society's financial statements.
- Loans funding statutory insurance deposits and other deposits received from syndicates are reported as assets within the syndicate returns and as liabilities in the Society financial statements.

(b) Notional investment return on members' funds at Lloyd's (FAL)

A notional investment return on FAL has been estimated, which is the equivalent of insurance companies generating investment return on the capital that they hold to support their underwriting. Where Lloyd's is the investment manager for FAL, the actual return achieved has been included. For other assets the notional investment return, net of management fees, is estimated on the average value of FAL during the year, based on yields from indices for each type of asset held. The typical investment return on bank deposits has been applied to FAL, provided as letters of credit or bank guarantees. The actual return achieved on FAL investments will differ from the notional return due to individual stocks held, daily cash flows and transactional charges. Notional investment return on FAL is reported in the non-technical account.

Due to the estimation of the notional investment return, movements in FAL recorded within the financing section of the statement of cash flows is comprised of both cash and non-cash activity.

(c) Statement of changes in equity

Where Lloyd's is not the investment manager for FAL, actual changes are not available and therefore a statement of changes in equity has not been included. However, a statement of changes in members' balances has been included in note 18, which, along with the Society's Group statement of changes in equity (on page 127), represents the changes in equity of the other components of the PFFS.

(d) Taxation

The PFFS report the market's result before tax. Members are responsible for tax payable on their syndicate results and investment income on FAL. For consistency, the results of the Society are also reported pre-tax in the profit and loss account. The balance sheet in the Society financial statements includes the Society's own tax provision balances.

(e) Related party transactions

Individual syndicates or their members do not disclose details of insurance and/or reinsurance transactions with other (non-related) syndicates or members within the market. Therefore, analysis and/or disclosure of these transactions within the Lloyd's market in the PFFS is not possible. Other than the disclosures made in note 24, a more detailed related party transaction note is therefore not included within the PFFS. The annual accounts of each syndicate or member provide, where appropriate, the required disclosures on related parties. The related party transactions of the Society are disclosed in note 36 on page 163 of the Society financial statements.

Notes to the Pro Forma Financial Statements continued

(f) Restatements (other)

In addition to the restatements outlined in the note below, a number of syndicates made restatements to the comparative figures for 2023 within their syndicate returns and annual accounts and the Aggregate Accounts have been restated accordingly. The full financial effect and the nature of these restatements have not been disclosed as required by FRS 102 as it is not practicable to provide additional details in respect of these restatements.

Restatements

Reclassification changes

During 2024, Lloyd's introduced changes to the syndicate accounts process to rationalise and standardise financial reporting across the market. As a result, certain comparative information has been restated by a number of syndicates to ensure consistency with current year presentation. The principal change is the reclassification of overseas deposits, previously shown as part of cash at bank and in hand, to financial investments. The comparative balances in the Pro Forma Balance Sheet, Pro Forma Statement of Cash Flows and affected notes (notes 4, 13 and 17), have also been represented to align with the current period presentation.

The comparative Pro Forma Balance Sheet has been restated as follows: financial investments increased by £173m, cash at bank and in hand decreased by £167m and other assets decreased by £10m. The reclassifications have been applied retrospectively and had no impact on the previously reported result for the financial period, total comprehensive income for the period, total assets or total capital, reserves and liabilities.

Society reclassification changes

Financial investments at fair value through profit and loss reported by the Society, have been restated as a result of the identification and correction of an error in asset classification. £161m of assets reported as 'Participation in investment pools' have been reclassified to 'Shares and other variable yield securities and units in unit trusts' based on a revised assessment of the underlying investments. For further information, refer to note 3(w) in the Society Report.

Central reserve margin (CRM)

Claims reserves reported in the pro forma balance sheet include a CRM of £500m (2023: £480m) in addition to the reserves held by syndicates, to reflect the heightened risk of atypical reserve movement at an aggregate level. The CRM is reviewed biannually and any movement is reflected in the pro forma profit and loss account in that year.

Members' funds at Lloyd's (FAL)

FAL comprise the capital provided by members, which is generally held centrally, to support their underwriting, and are the equivalent of capital shown in insurance companies' accounts. The valuation of FAL has, therefore, been included in the pro forma balance sheet. FAL is available to meet cash calls made on the member in respect of a syndicate liability. The assets in FAL must be readily realisable and may include letters of credit and bank and other guarantees.

The total resources, including FAL, for members writing ongoing insurance must be at least equivalent to the aggregate of the member's Economic Capital Assessment (ECA) requirement and certain liabilities in respect of its underwriting business. Each member's ECA to support its underwriting at Lloyd's is determined using Lloyd's Solvency Capital Requirement to ultimate capital setting methodology.

Lloyd's Private Impact Fund and Lloyd's Private Credit Fund

Since 2023, the Society has invested in two new investment vehicles: the Lloyd's Private Impact Fund (LPIF) and Lloyd's Private Credit Fund (LPCF). The funds comprise a range of privately held equity impact investments and US debt assets respectively. The Society is currently the majority investor in both the LPIF and LPCF. Under the conditions of FRS 102, the funds are considered to qualify as Special Purpose Entities and subsidiaries of the Society. However, the funds qualify as unconsolidated subsidiaries as they are held as part of an investment portfolio and are therefore accounted for at fair value as an investment on the balance sheet, with changes in fair value being recognised through profit and loss.

The investments are classified as Level 3 in the fair value hierarchy as a market value is not readily available. The funds are managed by a third-party investment manager. Agreed valuation techniques, which will include inputs such as discount rates, models and comparable market data to establish the fair value of the underlying investments, are applied on a quarterly basis by an Alternative Investment Fund Manager (AIFM) acting as a valuation agent for the fund, independently of the fund managers.

Subordinated loan notes

In accordance with the terms of the Society's subordinated loan notes, the capital raised is available for payment to policyholders in advance of repayment to the note holders and is included in 'capital, reserves and subordinated loan notes' in the pro forma balance sheet. Note 25(a) to the Society financial statements on page 157 provides additional information.

Senior debt

Unsecured senior debt of £300m was issued by the Society on 21 January 2020, increasing liabilities. The debt has been issued to finance investment in the Future at Lloyd's strategy. Note 25(b) of the Society report provides additional information.

Society financial statements

The PFFS include the results and capital and reserves reported in the financial statements of the Society of Lloyd's, comprising the consolidated financial statements of the Society and its subsidiaries, the Lloyd's Central Fund and the Society's interest in associates and joint ventures.

3. Accounting policies

Sources of significant accounting judgements and estimation uncertainty

The PFFS aggregates judgements, estimates and assumptions made by managing agents in respect of syndicate balances, and the Council in respect of the Society of Lloyd's and FAL balances. These judgements, estimates and assumptions affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The resulting accounting estimates will, by definition, seldom equal the related actual result.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Information about the estimates and assumptions that have a significant risk of a material change to the carrying value of assets and liabilities recognised in the PFFS within the next financial year are set out below:

- Claims provisions and related recoveries are the most significant accounting estimate in preparing the PFFS, in particular for claims incurred but not reported (IBNR). Variances between the estimated and actual cost of settling claims impact claims incurred, net of reinsurance and the balance on the technical account for general insurance. Total gross claims outstanding at 31 December 2024 is £85,395m (2023: £78,774m). The total estimate as at 31 December 2024, net of reinsurers' share, is £57,767m (2023: £52,006m) and is included within the pro forma balance sheet (see note 3(a) and note 19(c)). Total gross claims outstanding includes a margin of £5,411m (2023: £4,590m) comprised of amounts reported in the Signing Actuary Opinion (SAO) and the central reserve margin.
- Estimated premium income, in particular estimates for premiums written under delegated authority agreements, is a significant estimate. Variances between the estimated premium income and actual received impact gross written premium and provisions for unearned premium (see note 3(a) and note 9).
- Valuation of investments: the fair value of financial instruments that are not traded in an active market (Level 3) is determined by using valuation techniques which require significant judgement. The valuation techniques used to establish the fair value of the underlying investments may incorporate discounted cash flow models or a more market-based approach, whilst the main inputs might include discount rates, fundamental pricing multiples, recent transaction prices, or comparable market information to create a benchmark multiple. The estimation uncertainty impacts the carrying value of financial investments, which is the largest PFFS asset class, however, a relatively small proportion is valued at Level 3 of the fair value hierarchy (see note 3(a) and note 13).
- Notional investment return on FAL: the return is estimated based on yields from indices for each type of asset held. The key judgement made in estimating the notional return is the choice of indices from which the yields are derived for each category of asset and the level of investment management charges, and this estimation uncertainty affects the notional investment return presented separately in the profit and loss account (see note 6).

The Council considers the environment in which the Society and Lloyd's market participants are operating and any associated risks which could have an impact on the reasonableness of financial information presented in the PFFS. Where the Council considers it appropriate, central adjustments may be included in the PFFS to reflect the impact of any additional risks, as deemed necessary in preparing the PFFS.

(a) Aggregate Accounts

General

Under the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008, as amended by the Statutory Auditors and Third Country Auditors Regulations 2017, managing agents must prepare syndicate annual accounts under UK GAAP. However, where UK GAAP permits different accounting treatments, each managing agent is able to adopt the accounting policies it considers most appropriate to its syndicate. The following accounting policies are, therefore, an overview of the policies generally adopted by syndicates.

Premiums written

Premiums written represent premiums on business incepting during the year, together with adjustments for premiums written in previous accounting periods. Premiums written are stated before deduction of commissions but net of taxes, duties levied on premiums and other deductions.

Unearned premiums

Written premiums are recognised as earned according to the risk profile of the policy. Unearned premiums represent the proportion of premiums written in the year that relate to unexpired terms of policies in force at the balance sheet date, calculated on the basis of established earnings patterns or time apportioned as appropriate.

Outward reinsurance premiums

Outward reinsurance premiums comprise the cost of reinsurance arrangements placed and are accounted for in the same accounting period as the related insurance contracts. The provision for reinsurers' share of unearned premiums represents that part of reinsurance premium ceded that is estimated to be earned in the following financial years.

Notes to the Pro Forma Financial Statements continued

Claims provisions and related recoveries

Gross claims incurred comprise the estimated cost of all claims occurring during the year, whether reported or not, including related direct and indirect claims handling costs and adjustments to claims outstanding from previous years.

The provision for claims outstanding is assessed on an individual case basis and is based on the estimated ultimate cost of all claims notified but not settled by the balance sheet date, together with the provision for related claims handling costs. The provision also includes the estimated cost of claims incurred but not reported (IBNR) at the balance sheet date based on statistical methods.

These methods generally involve projecting from past experience of the development of claims over time to form a view of the likely ultimate claims to be experienced for more recent underwriting, having regard to variations in the business accepted and the underlying terms and conditions.

For the most recent years, where a high degree of volatility arises from projections, estimates may be based in part on output from rating and other models of the business accepted and assessments of underwriting conditions. The amount of salvage and subrogation recoveries is separately identified and, where material, reported as an asset.

The reinsurers' share of provisions for claims is based on the amounts of outstanding claims and projections for IBNR, net of estimated irrecoverable amounts, having regard to the reinsurance programme in place for the line of business, the claims experience for the year and the current security rating of the reinsurers involved. Statistical techniques are used to assist in making these estimates.

The two most critical assumptions as regards claims provisions are that the past is a reasonable predictor of the likely level of future claims development and that the rating and other models used for current business are fair reflections of the likely level of ultimate claims to be incurred. The directors of each syndicate's managing agent consider that the provisions for gross claims and related reinsurance recoveries are fairly stated on the basis of the information currently available to them.

However, the ultimate liability will vary as a result of subsequent information and events, which may result in significant adjustments to the amounts provided.

Adjustments to the amounts of claims provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made. The methods used, and the estimates made, are reviewed regularly.

Additional information on insurance risk is disclosed in note 4.

Discounted claims provisions

Due to the long delay between the date of an incurred claim and the final settlement of the claim, the outstanding claims provisions are discounted to take account of the expected investment income receivable between claim event and settlement dates on the assets held to cover the provisions. This is only applicable to the syndicates that discount their claims provisions. Additional detail is disclosed in note 20 of the PFFS.

Unexpired risks provision

A provision for unexpired risks is made where claims and related expenses arising after the end of the financial period in respect of contracts concluded before that date are expected to exceed the unearned premiums under these contracts, after the deduction of any acquisition costs deferred.

The provision for unexpired risks is calculated at syndicate level by reference to lines of business that are managed together, and may take into account relevant investment return.

Acquisition costs

Acquisition costs, comprising commission and other costs related to the acquisition of new insurance contracts, are deferred to the extent that they are attributable to premiums unearned at the balance sheet date.

Foreign currencies

The Council considers that the functional and presentational currency of the PFFS and Aggregate Accounts is pounds sterling. In the context of the PFFS and Aggregate Accounts, the Council views this to be the equivalent of a group which has different operating units with a mix of functional currencies.

Foreign currency transactions are recorded at the exchange rate prevailing on the date of the transaction, or an average rate for the period in which it was recorded when this is a reasonable approximation.

At each period end, foreign currency monetary items are translated using the closing rate. For this purpose, all assets and liabilities arising from insurance contracts (including unearned premiums, deferred acquisition costs and unexpired risks provisions) are monetary items.

Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end rates of monetary assets and liabilities denominated in foreign currencies are recognised in the non-technical account in the Aggregate profit and loss account.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of non-monetary assets and liabilities denominated in foreign currencies are recognised in other comprehensive income for those items where the gain is required to be recognised within other comprehensive income, and in the non-technical account where the gain is required to be recognised within profit or loss.

Translation of overseas operations

On aggregation, the results and financial position of overseas subsidiaries and branches are translated into pounds sterling from their functional currencies as follows:

i. Assets and liabilities are translated at the closing rate at the reporting date;
ii. Income and expenses are translated at the average exchange rate for the year; and
iii. Any resulting exchange differences are recognised in the Group statement of comprehensive income.

Investments

Investments are stated at fair value at the balance sheet date. For this purpose, listed investments are stated at their bid price market value, and deposits with credit institutions and overseas deposits are stated at cost, less any provision for impairment.

Unlisted investments for which a market exists are stated at the average price at which they are traded on the balance sheet date or the last trading day before that date.

Syndicate investment return

Syndicate investment return comprises all investment income, realised investment gains and losses and movements in unrealised gains and losses, net of investment expenses, charges and interest.

Realised gains and losses on investments carried at market value are calculated as the difference between sale proceeds and purchase price.

Unrealised gains and losses on investments represent the difference between the valuation at the balance sheet date and the valuation at the previous balance sheet date, or purchase price, if acquired during the year, together with the reversal of unrealised gains and losses recognised in earlier accounting periods in respect of investment disposals in the current period.

Syndicate investment return is initially recorded in the non-technical account. A transfer is made from the non-technical account to the general business technical account where the investments generating the return relate to insurance business.

Tangible assets

Tangible assets relate to plant and equipment and the Lloyd's Collection, with additional detail disclosed in note 18 to the Society of Lloyd's financial statements on page 151.

Taxation

The PFFS report the market's result before tax because it is the members rather than the syndicates that are responsible for tax payable on their syndicate results and investment income on FAL. No provision has therefore been made in the PFFS for income tax payable by members. Any payments on account of members' tax liabilities made on their behalf by a syndicate during the year are included in the balance sheet within other debtors or other creditors including taxation.

Operating expenses

Operating expenses have been charged to the syndicates in accordance with the policies adopted by the managing agents.

Profit commission

Where profit commission is charged by the managing agent it will normally be fully paid once the appropriate year of account closes, normally at 36 months. The profit commission is generally accrued in the profit and loss account in accordance with the earned profit.

Managing agents may make payments on account of their anticipated profit commission from the syndicate premium trust funds prior to the closure of a year of account where they have transferred open year surpluses (interim profits) from the syndicate level premium trust funds to the members' personal reserve fund. Any payments on account of such commission are restricted to the profit commission expensed in the profit and loss account in striking the level of interim profits declared and subsequently released.

Cash and cash equivalents

Cash and cash equivalents includes cash at bank and in hand (which includes deposits held at call with banks), other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within other creditors.

(b) Members' funds at Lloyd's (FAL)

FAL is valued in accordance with its market value at the year end, and using year end exchange rates. Investments are stated at fair value at the balance sheet date. For this purpose, listed investments are stated at their bid price market value, and deposits with credit institutions and international deposits are stated at cost.

Unlisted investments for which a market exists are stated at the average price at which they are traded on the balance sheet date or the last trading day before that date. Letters of credit are stated at the amount guaranteed by the issuing credit institution.

Notes to the Pro Forma Financial Statements continued

As disclosed in the basis of preparation a notional investment return on FAL is estimated, which is recognised in the non-technical account.

Members that only participate on one syndicate may hold the capital supporting their underwriting in their syndicate's premium trust funds. Where a member takes advantage of this facility, the capital held in the premium trust fund is reported within members' balances and the investment return retained within the non-technical account.

(c) Society of Lloyd's (the Society)

The accounting policies adopted in the Society's financial statements are set out on pages 129 to 136.

4. Risk management

Governance framework

The following governance structure relates to the Society as a whole, as the preparer of the PFFS. Individual syndicates will report, in their syndicate annual accounts, the governance structure applied to them by their managing agents.

An Act of Parliament, the Lloyd's Act 1982, defines the governance structure and rules under which Lloyd's operates. Under the Act, the Council of Lloyd's is responsible for the management and supervision of the market. Lloyd's is regulated by the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA) under the Financial Services and Markets Act 2000.

The Council currently has three working, three external and six nominated members. The working and external members are elected by Lloyd's members. The Chairman and Deputy Chairs are elected annually by the Council from among its members. Refer to the Governance section of the Society Report for further information.

The Council can discharge some of its functions directly by making decisions and issuing resolutions, requirements, rules and byelaws. Other decisions are delegated to associated committees. Further details are set out on the Council Responsibilities on page 71.

The Council is responsible for the day-to-day management of the Lloyd's market. It lays down guidelines for all syndicates and operates a business planning and monitoring process to safeguard high standards of underwriting and risk management, thereby improving sustainable profitability and enhancing the financial strength of the market.

The Committees of the Council are the Nominations and Governance Committee, the Remuneration Committee, the Audit Committee, the Risk Committee, the Sustainability Committee, the Underwriting Advisory Panel, the Investment Committee, the Technology and Transformation Advisory Panel and the Blueprint Two Cutover Committee.

Capital management objectives, policies and approach

Capital framework at Lloyd's

The Society is a regulated undertaking and subject to the supervision of the PRA under the Financial Services and Markets Act 2000. Within this supervisory framework, the Society applies capital requirements at member level and centrally to ensure that Lloyd's complies with Solvency II, and beyond that to meet its own financial strength, licence and ratings objectives.

Although, as described below, Lloyd's capital setting processes use a capital requirement set at syndicate level as a starting point, Solvency II and Lloyd's capital requirements apply at an overall and member level only, not at a syndicate level. Accordingly, the capital requirements in respect of individual syndicates are not disclosed in these financial statements.

Lloyd's capital setting process

In order to meet Lloyd's requirements, each syndicate is required to calculate its Solvency Capital Requirement (SCR) for the prospective underwriting year. This amount must be sufficient to cover a 1 in 200 year loss, reflecting uncertainty in the ultimate run-off of underwriting liabilities (SCR 'to ultimate'). This differs from the Solvency II regulatory one-year SCR which captures the risk that emerges over the next 12 months while the ultimate measure captures the adverse development until all liabilities have been paid. The SCRs of each syndicate are subject to review by the Society and approval by the Lloyd's Capital and Planning Group.

A syndicate may comprise one or more underwriting members of Lloyd's. Each member is liable for its own share of underwriting liabilities on the syndicate(s) on which it is participating but not other members' shares. Accordingly, the capital requirement that Lloyd's sets for each member operates on a several basis. Each member's SCR shall thus be determined by the sum of the member's share of the syndicate SCR 'to ultimate'. Where a member participates on more than one syndicate, a credit for diversification is provided to reflect the spread of risk, but consistent with determining an SCR that reflects the capital requirement to cover a 1 in 200 year loss 'to ultimate' for that member. Over and above this, the Society applies a capital uplift to the member's capital requirement to determine the Economic Capital Assessment (ECA). The capital uplift applied for 2024 was 35% (2023: 35%) of the member's SCR 'to ultimate'. The purpose of setting capital on an ultimate basis, rather than a one year basis, and the ECA uplift, which are a Lloyd's not a Solvency II requirement, is to meet Lloyd's financial strength, licence and ratings objectives.

Solvency Capital Requirement (Solvency II basis)

The Solvency II SCR represents the amount of capital required to withstand a 1 in 200 year loss event over a one year horizon. Given Lloyd's unique structure there are two SCRs that are monitored under the Solvency II regime:

- The Lloyd's market-wide SCR (MWSCR) is calculated to cover all of the risks of 'the association of underwriters known as Lloyd's', ie those arising on syndicate activity, members' capital provided at Lloyd's and the Society taken together, at a 99.5% confidence level over a one year time horizon as provided for in Solvency II legislation. All of the capital of the component parts of the market taken together are available to meet the MWSCR.
- The Lloyd's central SCR (CSCR) is calculated in respect of only the risks facing the Society, including the Central Fund, at the same confidence level and time horizon used to calculate the MWSCR.

The CSCR captures the material risk that members do not have sufficient funds to meet their underwriting losses even having complied with the Society's rigorous capital setting rules.

The MWSCR and CSCR are derived from the Lloyd's Internal Model (LIM), which has been approved by the PRA. Individual syndicates also derive SCRs from their own internal models that are subject to approval by the Society's Capital and Planning Group. The appropriateness of each syndicate's internal model, including changes thereto and the reasonableness of the key assumptions, are assessed as part of the Society's oversight of the Lloyd's market.

The Lloyd's Internal Model

The LIM is a purpose-built model designed to calculate the MWSCR and CSCR as required under Solvency II. It covers all risk types and all material risks for the aggregation of syndicates as well as for the Society, allowing for the unique capital structure of Lloyd's. The LIM consists of three main components: the Lloyd's Investment Risk Model (LIRM), which simulates economic variables and total assets returns; the Lloyd's Catastrophe Model (LCM), which models catastrophe risk using syndicates' views of risk; and the Capital Calculation Kernel (CCK), which is the main element of the LIM where all other risks are simulated, and all risks are combined.

Syndicates calculate their own SCR. However, the market-wide and central capital requirements are derived from the Society's parameterisation at a whole market-level to build a view of total market capital requirements from the ground up using market level assumptions. The LIM uses a methodology whereby losses from insurance and other risks are simulated by line of business, allocated to syndicates and through to members to assess the level of capital required by the market and centrally to meet 1 in 200 year losses over the one year time horizon.

Syndicates are the source of the majority of risks. They source all of the insurance business; manage the bulk of the asset portfolios; hold the majority of the counterparty exposures; and conduct most of the day-to-day operational activity. The syndicate risks include: insurance risk (underwriting, reserving and catastrophe risk); market risk on syndicate assets (including credit risk on premium trust funds (PTF)); reinsurance and other credit risk; and syndicate operational risk. At the central level, additional risks arise from market risk on central assets and FAL, central operational risk and pension fund risk. Details of the major risk components are set out below.

Insurance risk

The dominant category of risk faced by Lloyd's syndicates is insurance risk. This is the risk arising from the inherent uncertainties as to the occurrence, amount and timing of insurance liabilities. In practice, insurance risk can be subdivided into:

i. underwriting risk
ii. reserving risk
iii. credit risk
iv. catastrophe risk

Underwriting risk

This includes the risk that a policy will be written for too low a premium, provide inappropriate cover, or that the frequency or severity of insured events will be higher than expected.

Underwriting strategy is agreed by the board of each managing agent and set out in the syndicate business plan that is submitted to the Society for agreement each year. Agreement of business plans – and setting the capital requirements needed to support these plans – is the key control the Society uses to manage underwriting risk.

The Society reviews each syndicate business plan to ensure it meets Lloyd's standards and is consistent with the capabilities of the managing agent. Once a plan is agreed, the Society uses performance management data to identify whether each syndicate's business performance is progressing in line with the business plan or that variations are understood and accepted.

The managing agents' underwriting controls should ensure that underwriting is aligned with their strategy, agreed business plan and underwriting policy.

Managing agents are expected to have controls in place to ensure that regulatory requirements and the scope of Lloyd's market licences are clearly understood and that risks are written within those requirements.

Managing agents need to have clear processes for pricing business and an audit trail to show how pricing will deliver the projected results within the approved business plan and how pricing will be managed over the relevant underwriting cycle.

Notes to the Pro Forma Financial Statements continued

Reserving risk

Reserving risk arises where the reserves established in the balance sheet are not adequate to meet eventual claims arising. The level of uncertainty varies significantly across lines of business but can arise from inadequate reserves for known or incurred but not reported (IBNR) claims. These shortfalls can arise from inadequate reserving processes or from the naturally uncertain progress of insurance events.

Lloyd's current level of aggregate market reserves remains robust, and the continued level of overall reserve releases is supported by underlying claims experience being more favourable than expected. This will not necessarily translate to all syndicates.

There are currently specific reserving issues, and the main perceived risks relate to macro influences resulting in heightened inflation, interest rate environment, impact of recession, geopolitical uncertainty, climate change and cyber business.

The Society analyses reserve developments at line of business and syndicate levels quarterly, and briefs the market on issues it considers need to be taken into account. A central adjustment (refer to note 2(a)), has been included to reflect the very different nature of these uncertainties. Case-specific claim reserves should make financial provision at reported loss levels, without prejudice to coverage. Legal advisers', underwriters' and loss adjusters' judgement are used to set the estimated case reserves. Reserving processes use a variety of statistical analyses such as projections of historical loss development patterns, with results adjusted for expert judgement. Lloyd's syndicates have significant exposure to volatile lines of business that carry material inherent risk that the ultimate claims settlement will vary from previous assessments of reserves.

Syndicates' reserves are annually subject to a formal independent actuarial opinion and are monitored by the Society. The actuarial opinions are covered by a combination of formal Actuarial Professional Standards and specific Lloyd's guidance and rules.

Credit risk

The market's principal credit risk is that the reinsurance purchased to protect the syndicates' gross losses does not respond as expected. This can occur because the reinsurer is unable to settle its liabilities.

Managing agents are expected to have a clear and comprehensive plan for the reinsurance of each syndicate. This takes into account risk appetite for retained insurance risk and the potential for the accumulation of risk.

The managing agent should monitor and assess the security of, and exposure to, each reinsurer and intermediary. Reinsurance credit risk is subject to quarterly review by Lloyd's.

Catastrophe risk

Catastrophe risk is the risk of loss occurring across all lines of business from worldwide catastrophe events. Managing agents may use catastrophe modelling software, where appropriate, to monitor aggregate exposure to catastrophe losses. The Society has developed a suite of Realistic Disaster Scenarios to measure syndicate level and aggregate market exposure to both natural catastrophes and man-made losses. These are monitored frequently, and syndicates supply projected probabilistic exceedance forecasts for Lloyd's key exposures with their capital and business plans. Further enhancements to the monitoring and oversight of aggregate market catastrophe risk exposure have been implemented within the approved internal model under Solvency II.

Lloyd's MWSCR*

The MWSCR is broken down into the various risk components as shown below.

	31 December 2024 SCR £m	31 December 2023 SCR (Restated) £m
Reserving risk	13,826	13,076
All other (attritional) underwriting risk	12,124	11,680
Catastrophe risk	9,352	8,693
Market risk	14,858	12,498
Reinsurance credit risk	1,232	1,282
Operational risk	1,133	959
Other Society risks	1,102	1,075
Diversification benefit	(28,081)	(26,105)
MWSCR* before adjustments	**25,546**	23,158
Foreign exchange adjustment	54	(8)
MWSCR*	**25,600**	23,150

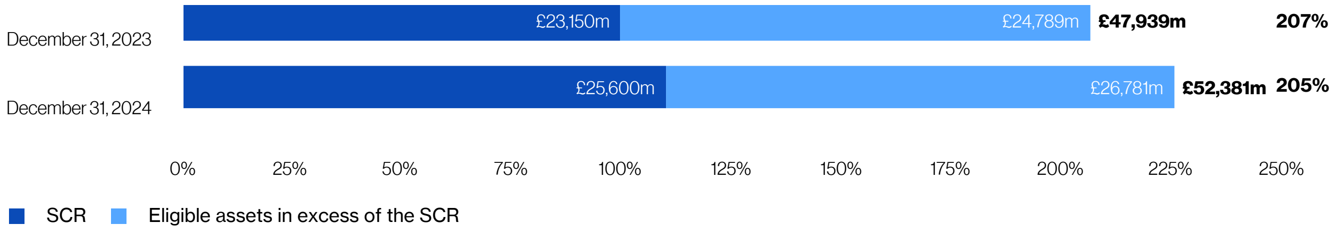
The increase in overall market-wide SCR is driven by growth in the market and underlying US dollar movements against Sterling during the year.

The 2023 comparatives have been restated to show the components gross of diversification benefit.

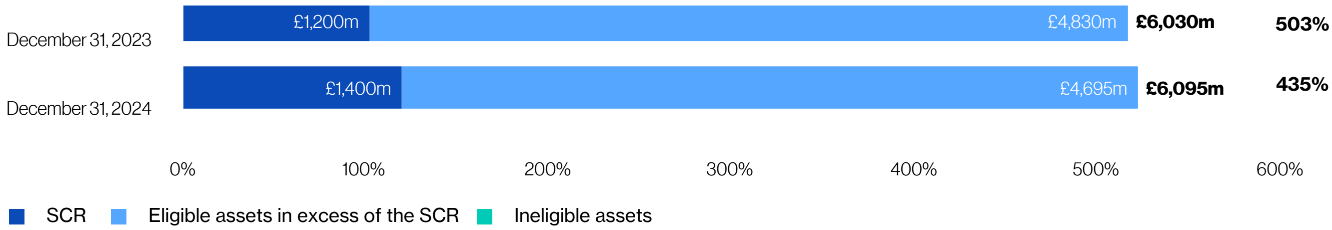
Solvency Capital Requirement coverage

Coverage of the MWSCR and CSCR is an ongoing and continuous requirement, and the Society reports the results of its solvency test – ie the amount of the MWSCR, eligible assets to cover it and the solvency ratio – on a quarterly basis to the PRA. Lloyd's solvency coverage for both MWSCR and CSCR is set out below.

Lloyd's MWSCR*



Lloyd's CSCR*



* Represents the position based on solvency returns which have not been assured by independent auditors; this may differ from the final 2024 submissions.

The central solvency ratio has decreased to 435% (2023: 503%), driven by the increase in the CSCR as well as repayment of the first tranche of syndicate loans and the 2024 subordinated debt. The market-wide solvency ratio has decreased to 205% from 207% at 31 December 2023. The decrease in the market-wide ratio reflects the higher level of capital requirement following the growth in the market, with strong profitability and investment returns dampening the impact on the ratio. Refer to page 27 for further details.

In addition to the quarterly reporting to the PRA, internal risk appetites have been set to monitor the coverage of the MWSCR and CSCR as part of the Risk Management Framework in place at Lloyd's. During 2024, the solvency coverage ratios for both the MWSCR and CSCR were in excess of internal risk appetites and regulatory requirements.

- MWSCR: The Society aims to hold market capital sufficient to provide financial security to policyholders and capital efficiency to members. Members are required to put up funds to meet their ECA, which is set as their SCR (on an ultimate view of risk) plus an uplift of 35%. The Society does not require excess capital to be held above this level and considers that the risk appetite of 140% of SCR gives an appropriate buffer following diversification benefits. In the event that the capital put up by a member falls below their ECA through losses incurred or an increase in their risk profile, additional funds must be deposited. If members do not recapitalise, their authority to continue to trade is restricted to the level of their available capital or ultimately fully withdrawn and they cease trading. Such action would then reduce their risk and the aggregate MWSCR.
- CSCR: All policies written at Lloyd's are supported by central assets managed by the Society, which underpin the financial strength ratings of the Lloyd's market and its international licence network. Accordingly, the risk appetite for 200% CSCR coverage reflects the prudent approach to maintaining adequate central assets to meet a 1 in 200 year event and be in a position to continue to write new business.

Solvency cover ratios	MWSCR coverage	CSCR coverage
December 31, 2024	**205%**	**435%**
December 31, 2023	207%	503%
Risk appetite for solvency cover ratio	140%	200%

The 2020 tranches of syndicate loans are approaching the fifth anniversary of commencement, being 26 June 2025 and 6 November 2025. These syndicate loans currently account for approximately 22pp of the central solvency ratio.

Assets eligible for solvency

The assets of the syndicates, members' FAL and the Society all contribute towards coverage of the MWSCR, after adjustments to value items in accordance with Solvency II valuation principles. Members' assets are however not fungible. The Society assets and callable layer, in the chain of security, are available to cover the CSCR.

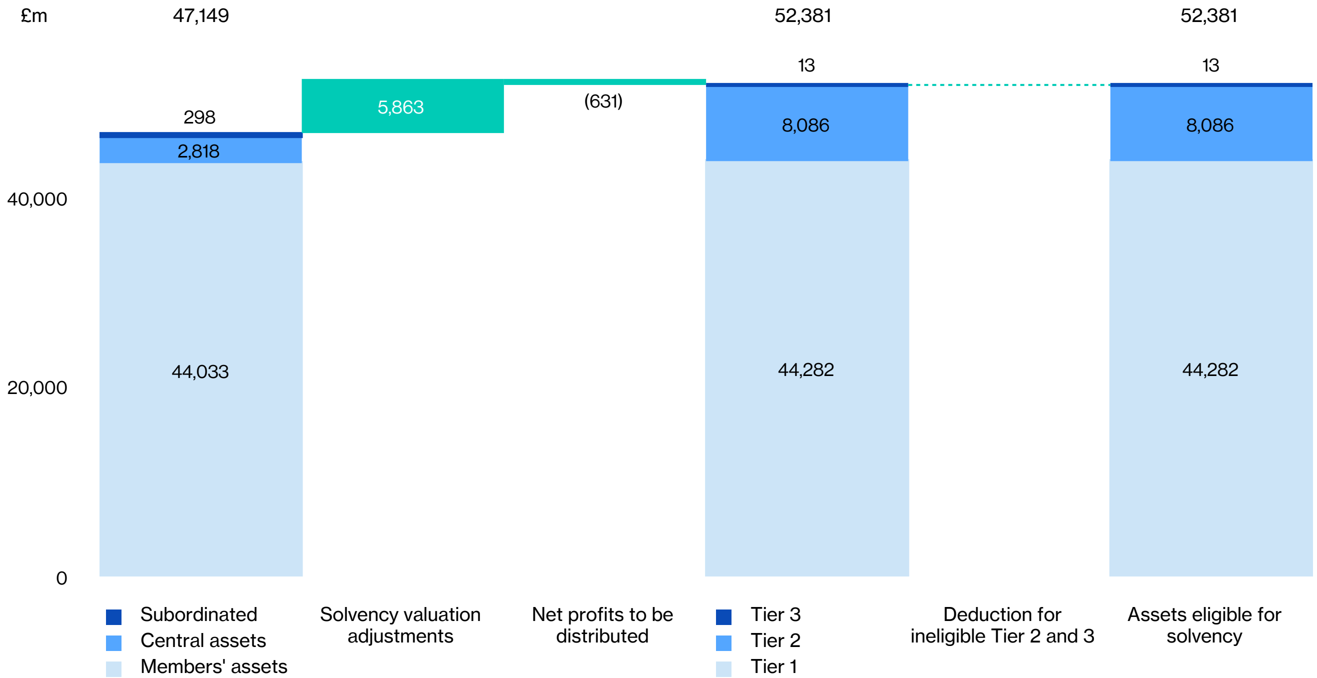
The eligibility of assets to cover the SCR under Solvency II is determined by a tiering test. Tier 1 assets are fully available to cover the SCR, while Tier 2 and Tier 3 assets in aggregate can cover up to 50% of the SCR. The majority of the assets available to cover the MWSCR are Tier 1.

Notes to the Pro Forma Financial Statements continued

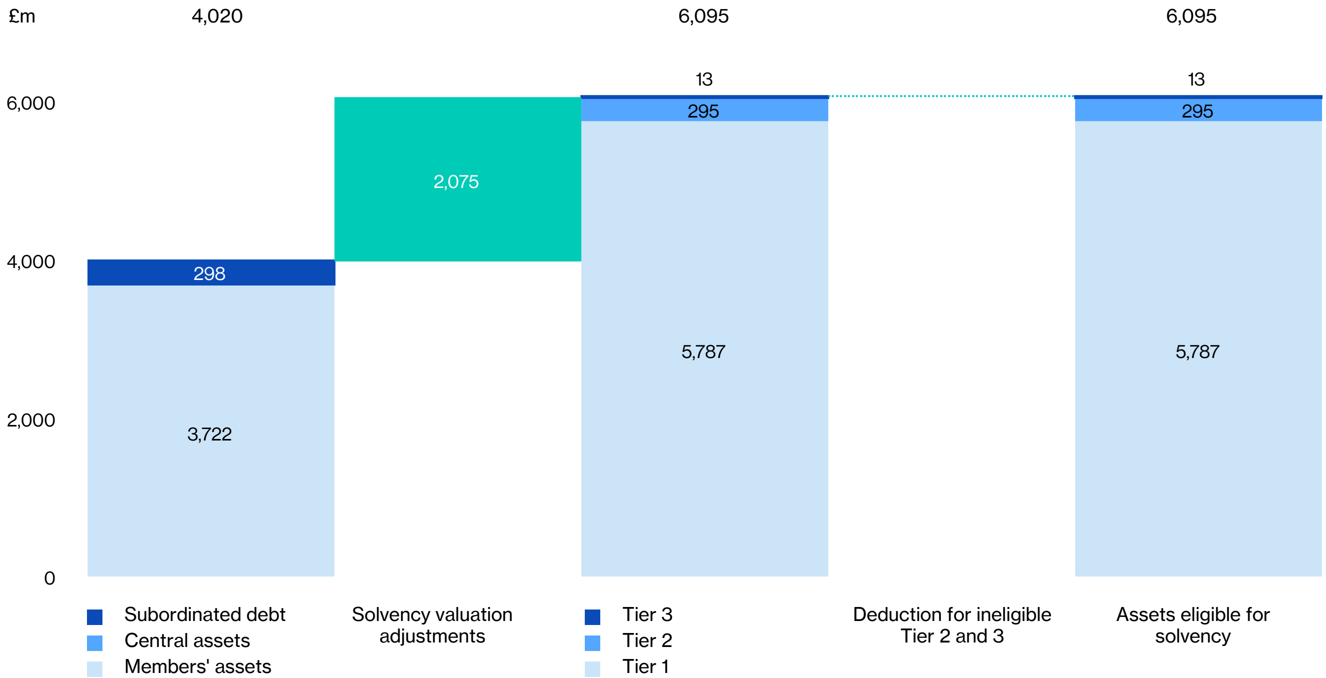
A proportion of members' FAL is provided in the form of letters of credit, which are classed as Tier 2 assets, restricting their ability to cover the MWSCR. However, given the total value of these instruments at 31 December 2024 is less than 50% of the SCR, there are no unrestricted assets.

These letters of credit are callable on demand, and when called the proceeds, namely cash, would qualify as Tier 1 assets. The capital tiering rules also apply to the coverage of the Central SCR. The inclusion of the remaining subordinated debt and deferred tax asset results in Lloyd's available Tier 2 and 3 central capital of £308m (2023: £601m). Given the total Tier 2 and 3 central capital is below the maximum allowance – 50% of the SCR – there is no deduction for ineligible Tier 2 and Tier 3 in 2024 (2023: £1m).

Lloyd's MWSCR* (£m) – reconciliation of assets from a UK GAAP basis to a Solvency II basis



Lloyd's CSCR* (£m) – reconciliation of assets from a UK GAAP basis to a Solvency II basis



* Represents the position based on solvency returns which have not been assured by independent auditors; this may differ from the final 2024 submissions.

Claims development tables

The tables below illustrate the development of the estimates of earned ultimate cumulative claims for syndicates in aggregate after the end of the underwriting year, illustrating how amounts estimated have changed from the first estimates made. Non-sterling balances have been converted using 2024 year end exchange rates to aid comparability. As these tables are on an underwriting year basis, there is an apparent jump from figures for the end of the underwriting year to one year later, as a large proportion of premiums are earned in the year of account's second year of development.

Gross

Estimate of incurred claims	2015 £m	2016 £m	2017 £m	2018 £m	2019 £m	2020 £m	2021 £m	2022 £m	2023 £m	**2024 £m**	Total £m
At the end of underwriting year	7,369	8,832	17,070	13,840	10,466	12,123	15,077	15,159	12,290	15,732	
One year later	15,046	19,608	27,397	25,099	23,225	22,040	27,240	25,444	22,905		
Two years later	16,087	21,213	29,368	27,474	23,911	22,827	27,625	25,968			
Three years later	17,096	21,917	29,499	27,931	23,564	22,373	29,599				
Four years later	17,302	22,170	30,096	28,471	23,642	22,317					
Five years later	17,493	22,449	30,258	28,811	23,852						
Six years later	17,434	22,645	30,518	29,096							
Seven years later	17,546	22,911	30,805								
Eight years later	17,686	22,995									
Nine years later	17,633										
Estimate of gross claims reserve	17,633	22,995	30,805	29,096	23,852	22,317	29,599	25,968	22,905	15,732	240,902
Provision in respect of older years											4,619
Less gross claims paid	(16,261)	(20,759)	(27,647)	(24,667)	(18,829)	(15,833)	(16,737)	(12,539)	(5,546)	(1,308)	(160,126)
Gross claims reserve	1,372	2,236	3,158	4,429	5,023	6,484	12,862	13,429	17,359	14,424	85,395

Net

Estimate of incurred claims	2015 £m	2016 £m	2017 £m	2018 £m	2019 £m	2020 £m	2021 £m	2022 £m	2023 £m	**2024 £m**	Total £m
At end of underwriting year	5,856	6,828	9,690	9,006	7,547	8,570	11,079	10,390	9,698	12,142	
One year later	11,942	14,654	16,975	16,706	16,419	15,180	19,231	18,770	18,272		
Two years later	12,661	15,616	18,376	18,179	16,253	15,686	19,647	19,257			
Three years later	13,564	16,168	18,525	18,259	15,816	15,506	20,612				
Four years later	13,456	16,094	18,600	18,300	15,647	15,372					
Five years later	13,521	16,116	18,609	18,499	15,722						
Six years later	13,312	16,178	18,767	18,580							
Seven years later	13,398	16,232	18,910								
Eight years later	13,431	16,367									
Nine years later	13,528										
Estimate of net claims reserve	13,528	16,367	18,910	18,580	15,722	15,372	20,612	19,257	18,272	12,142	168,762
Provision in respect of older years											2,654
Less net claims paid	(12,800)	(15,218)	(17,202)	(16,121)	(12,711)	(11,093)	(12,730)	(9,769)	(4,852)	(1,153)	(113,649)
Net claims reserve	728	1,149	1,708	2,459	3,011	4,279	7,882	9,488	13,420	10,989	57,767

Financial risk

Credit risk

Credit risk is the exposure to loss if a counterparty fails to perform its contractual obligations.

As discussed on page 48, the market's principal credit risk is that the reinsurance purchased to protect the syndicates' gross losses does not respond as expected. Syndicates are also exposed to credit risk in their premium debtors. Credit risk in respect of premium debt is controlled through broker approval and regular monitoring of premium settlement performance. Syndicates and members are also exposed to credit risks in their investment portfolios. PRA and Lloyd's investment guidelines are designed to mitigate credit risk by ensuring diversification of holdings.

The carrying amount of financial assets and reinsurance assets represents the maximum credit risk exposure.

Notes to the Pro Forma Financial Statements continued

The table below shows the maximum exposure to credit risk for the components of the balance sheet. The maximum exposure is shown gross, before the effect of mitigation through collateral agreements and the use of credit derivatives.

2024	Neither past due nor impaired assets £m	Past due but not impaired £m	Impaired £m	Total £m
Debt securities	71,616	–	–	71,616
Participation in investment pools	4,304	–	–	4,304
Loans with credit and other institutions	3,695	–	–	3,695
Deposits with credit institutions	4,267	–	–	4,267
Derivative assets	76	–	–	76
Other investments	226	–	–	226
Reinsurers' share of claims outstanding	27,633	2	(7)	27,628
Cash at bank and in hand	12,039	–	–	12,039
Total credit risk	**123,856**	**2**	**(7)**	**123,851**

2023	Neither past due nor impaired assets £m	Past due but not impaired £m	Impaired £m	Total (Restated) £m
Debt securities	66,352	–	–	66,352
Participation in investment pools	3,435	–	–	3,435
Loans with credit and other institutions	3,524	–	–	3,524
Deposits with credit institutions	5,311	–	–	5,311
Derivative assets	33	–	–	33
Other investments	171	–	–	171
Reinsurers' share of claims outstanding	26,775	–	(7)	26,768
Cash at bank and in hand	11,241	–	–	11,241
Total credit risk	**116,842**	**–**	**(7)**	**116,835**

In aggregate there were no material financial assets that would be past due or impaired whose terms have been renegotiated, held by syndicates, the Society or within FAL in the current or prior period.

In aggregate there were no material debt and fixed income assets held that were past due or impaired beyond their reported fair values, either for the current or prior periods under review or on a cumulative basis. For the current period and prior period, in aggregate there were no material defaults on debt securities.

Assets held as collateral comprise cash and debt securities received as collateral against reinsurance assets transferred from syndicates' reinsurers.

The table below provides information regarding the credit risk exposure at 31 December 2024 and 31 December 2023 by classifying assets according to the credit ratings of the counterparties. AAA is the highest possible rating. Assets that fall outside the range of AAA to BBB are classified as other. Debtors, other than amounts due from reinsurers, have been excluded from the table as these are not rated. This table is the sum of assets neither past due nor impaired.

2024	AAA £m	AA £m	A £m	BBB £m	Other £m	Total £m
Debt securities	19,626	20,634	19,954	10,050	1,352	71,616
Participation in investment pools	352	94	350	603	2,905	4,304
Loans with credit and other institutions	–	–	7	–	3,688	3,695
Deposits with credit institutions	1,692	479	951	313	832	4,267
Derivative assets	–	–	19	–	57	76
Other investments	28	8	6	3	181	226
Reinsurers' share of claims outstanding	280	10,133	15,420	41	1,759	27,633
Cash at bank and in hand	865	1,730	9,160	10	274	12,039
Total credit risk	**22,843**	**33,078**	**45,867**	**11,020**	**11,048**	**123,856**

2023	AAA £m	AA £m	A £m	BBB £m	Other £m	Total (Restated) £m
Debt securities	21,012	18,182	17,515	8,583	1,060	66,352
Participation in investment pools	222	151	209	285	2,568	3,435
Loans with credit and other institutions	–	–	3	–	3,521	3,524
Deposits with credit institutions	2,204	813	1,086	321	887	5,311
Derivative assets	–	–	10	–	23	33
Other investments	–	–	1	–	170	171
Reinsurers' share of claims outstanding	342	8,875	15,391	42	2,125	26,775
Cash at bank and in hand	483	741	9,772	61	184	11,241
Total credit risk	**24,263**	**28,762**	**43,987**	**9,292**	**10,538**	**116,842**

Liquidity risk

Liquidity risk arises where there are insufficient funds to meet liabilities, particularly claims. Managing agents are expected to manage the cash needs of their syndicates on an ongoing basis and to avoid becoming forced sellers of assets. Generally, syndicates have a high concentration of liquid assets, namely cash and government securities.

The Society centrally monitors syndicate liquidity and conducts stress tests to monitor the impact on liquidity of significant claims events. The table below summarises the maturity profile of financial liabilities for the market.

2024	**No maturity stated £m**	**0-1 yrs £m**	**1-3 yrs £m**	**3-5 yrs £m**	**>5 yrs £m**	**Total £m**
Claims outstanding	650	26,585	30,513	13,747	13,900	85,395
Derivative liabilities	–	47	–	–	–	47
Deposits received from reinsurers	312	243	203	99	271	1,128
Creditors	623	11,038	1,165	208	96	13,130
Other liabilities	218	204	32	–	–	454
Subordinated loan notes	–	–	–	–	298	298
Senior debt	–	4	–	–	299	303
Total liquidity risk	**1,803**	**38,121**	**31,913**	**14,054**	**14,864**	**100,755**

2023	No maturity stated £m	0-1 yrs £m	1-3 yrs £m	3-5 yrs £m	>5 yrs £m	Total (Restated) £m
Claims outstanding	480	24,777	28,049	12,397	13,071	78,774
Derivative liabilities	–	30	3	–	–	33
Deposits received from reinsurers	398	213	330	128	318	1,387
Creditors	741	10,243	1,213	172	293	12,662
Other liabilities	202	158	21	–	–	381
Subordinated loan notes	–	306	–	–	298	604
Senior debt	–	4	–	–	299	303
Total liquidity risk	1,821	35,731	29,616	12,697	14,279	94,144

Market risk – overview

Market risk is the risk of loss, or of adverse change in financial situation resulting from fluctuations in the level of the market prices of assets and liabilities arising from exposure to economic variables and market forces such as inflation, interest rates and rates of foreign exchange.

Syndicate assets are held in premium trust funds and are subject to the asset rules contained in the PRA's handbook and must comply with Lloyd's Membership & Underwriting Requirements. Managing agents manage asset risk through their investment strategy. Oversight of market risk includes the monitoring of investment management. The Society monitors assets across the full chain of security to ensure the asset disposition of the market and Society remains appropriate, closely monitoring global economic and market trends.

The potential financial impact of changes in market value is additionally monitored through the capital setting process, and asset mix must be reported to the Society on a quarterly basis, including credit rating analysis of fixed income portfolios.

Market risk comprises three types of risk:

i. currency risk
ii. interest rate risk
iii. equity price risk

Notes to the Pro Forma Financial Statements continued

Currency risk

Managing agents must identify the main currencies in which each syndicate transacts its business. For the market overall, the US dollar is the largest currency exposure. Assets are then held in each of those currencies to match the relevant liabilities. Managing agents must ensure that assets match liabilities and take corrective action where a mismatch arises. The Society also reviews the matching of assets to liabilities at the syndicate level as well as at the market level. In addition, many members seek to match their capital disposition by currency against their peak exposures.

The profile of the aggregate of the Lloyd's market assets and liabilities, categorised by currency at their translated carrying amounts, was as follows:

2024	Sterling £m	US dollar £m	Euro £m	Canadian dollar £m	Australian dollar £m	Other £m	Total £m
Financial investments	11,843	66,035	4,694	8,202	2,974	2,103	95,851
Reinsurers' share of technical provisions	4,297	25,290	1,487	1,295	775	54	33,198
Insurance and reinsurance receivables	3,847	19,885	1,220	731	594	186	26,463
Cash at bank and in hand	2,712	7,491	680	422	402	332	12,039
Other assets	1,354	6,154	696	391	313	58	8,966
Total assets	**24,053**	**124,855**	**8,777**	**11,041**	**5,058**	**2,733**	**176,517**
Technical provisions	(17,486)	(79,218)	(6,196)	(6,276)	(3,203)	(667)	(113,046)
Insurance and reinsurance payables	(1,176)	(7,872)	(488)	(400)	(293)	(68)	(10,297)
Other liabilities and subordinated loan notes	(2,390)	(3,059)	(400)	(332)	(23)	(119)	(6,323)
Total liabilities and subordinated loan notes	**(21,052)**	**(90,149)**	**(7,084)**	**(7,008)**	**(3,519)**	**(854)**	**(129,666)**
Total capital and reserves	**3,001**	**34,706**	**1,693**	**4,033**	**1,539**	**1,879**	**46,851**

2023	Sterling £m	US dollar £m	Euro £m	Canadian dollar £m	Australian dollar £m	Other £m	Total (Restated) £m
Financial investments	11,822	60,514	4,074	8,262	2,281	2,488	89,441
Reinsurers' share of technical provisions	4,478	23,891	1,550	1,328	512	45	31,804
Insurance and reinsurance receivables	3,811	18,100	932	705	620	161	24,329
Cash at bank and in hand	2,419	6,798	691	438	452	443	11,241
Other assets	1,586	5,245	628	485	244	92	8,280
Total assets	**24,116**	**114,548**	**7,875**	**11,218**	**4,109**	**3,229**	**165,095**
Technical provisions	(17,213)	(70,520)	(6,183)	(6,399)	(2,857)	(667)	(103,839)
Insurance and reinsurance payables	(1,559)	(7,553)	(460)	(403)	(238)	(63)	(10,276)
Other liabilities and subordinated loan notes	(2,079)	(3,094)	(449)	(444)	(57)	(192)	(6,315)
Total liabilities and subordinated loan notes	**(20,851)**	**(81,167)**	**(7,092)**	**(7,246)**	**(3,152)**	**(922)**	**(120,430)**
Total capital and reserves	**3,265**	**33,381**	**783**	**3,972**	**957**	**2,307**	**44,665**

Sensitivity analysis

A 10% strengthening or weakening of the pound sterling against the following currencies at 31 December would have increased/(decreased) the result before tax and members' balances for the financial year by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

2024	Impact on result before tax £m	Impact on members' balances £m
Strengthening of US dollar	485	2,967
Weakening of US dollar	(396)	(2,428)
Strengthening of euro	62	196
Weakening of euro	(51)	(160)

2023	Impact on result before tax £m	Impact on members' balances £m
Strengthening of US dollar	492	3,164
Weakening of US dollar	(402)	(2,589)
Strengthening of euro	(21)	88
Weakening of euro	17	(72)

The impact on the result before tax is different from the impact on members' balances as the calculation of the notional return on members' funds at Lloyd's is not affected by currency movements.

Interest rate risk

Interest rate risk is the risk that the value and future cash flows of a financial instrument will fluctuate because of changes in interest rates. Lloyd's operates a generally conservative investment strategy with material cash and short-dated bond portfolios, which reduces the interest rate risk exposure.

The analysis below is performed for reasonably possible movements in interest rates with all other variables held constant, showing the impact on the result before tax and equity of the effects of changes in interest rates.

2024	**Impact on result before tax £m**	**Impact on members' balances £m**
+50 basis points shift in yield curves	(760)	(949)
-50 basis points shift in yield curves	767	956

2023	Impact on result before tax £m	Impact on members' balances £m
+50 basis points shift in yield curves	(632)	(840)
-50 basis points shift in yield curves	638	847

Equity price risk

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Equity price risk exposure relates to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices, principally investment securities.

Such risks are managed by setting and monitoring objectives and constraints on investments, diversification plans and limits on investments in each sector and market.

In aggregate there is no significant concentration of equity price risk.

The analysis below is performed for reasonably possible movements in market indices on financial instruments with all other variables held constant, showing the impact on the result before tax due to changes in fair value of financial assets and liabilities (whose fair values are recorded in the profit and loss account) and members' balances (that reflects adjustments to the result before tax and changes in fair value of available for sale financial assets that are equity instruments).

2024	**Impact on result before tax £m**	**Impact on members' balances £m**
5% increase in equity prices	220	389
5% decrease in equity prices	(220)	(389)

2023	Impact on result before tax £m	Impact on members' balances £m
5% increase in equity prices	174	371
5% decrease in equity prices	(174)	(371)

Notes to the Pro Forma Financial Statements continued

Concentration risk
The Society closely monitors concentrations of risk across the market and tests risk exposure against clearly defined risk appetites, as established by the Council. Specialist supervisory teams across the Society monitor concentrations across the following areas: region perils, line of business, geographical location, method of distribution in insurance and investment counterparties, among others.

While syndicates define the type of business that they write, at the market level the Society seeks to avoid an inappropriate concentration of premium sources, monitoring concentration of business in poorly performing lines, material sources of premium by method of placement, as well as coverholder concentration, which feature in metrics reported quarterly to the Council. Managing agents controlling more than 10% of overall market gross written premium are also subject to Council review. Any reported metrics outside of appetite are reported to, and discussed by, the Risk Committee and the Council. Specific and targeted actions can then be agreed, which will be discussed with specific managing agents or the market as a whole, as appropriate. These actions can vary considerably depending on the nature of the risk or the line of business impacted, with different levels of the requirements placed on syndicates, which forms part of the Society's oversight role of the market.

Further analysis of premiums, claims, expenses and underwriting result by line of business is included within note 9, with commentary on the performance of each line of business included on pages 26 to 33.

Regulatory risk
Regulatory risk is the risk of loss owing to a breach of regulatory requirements or failure to respond to regulatory change. Managing agents monitor regulatory developments to ensure ongoing compliance and any impact on claims reserves. Additionally, given current developments in the global regulatory landscape, the Society closely monitors changes that may adversely impact the global licence network. The Society is actively working with the market to assist and adapt to the changes in the UK regulatory architecture and managing agents are now expected to deliver against the Principles for doing business at Lloyd's. Similarly, the Society monitors global political trends and is taking action at both a market and Society level in response to a growing geopolitical risk facing companies operating around the world.

Operational risk
Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. Managing agents manage these risks through internal compliance monitoring and the use of detailed procedure manuals. The Society applies a principles-based oversight framework to managing agents and monitors delivery against these.

Group risk
Group risk is the risk of loss resulting from risk events arising within a related entity. While Lloyd's is not a group, the Society monitors potential risks that could affect Lloyd's, for example arising from the activities of a parent company of a syndicate or managing agent. While, by its nature, group risk is difficult to control, the Society mitigates its potential impact through the implementation of controls, including the Principles for doing business at Lloyd's, limiting any material impairment to Lloyd's brand, reputation or strategic priorities.

5. Prior year reserves
Movements in reserves are based upon estimated cost of claims as at 31 December 2024, taking into account all available information as at the balance sheet date. These estimates are subject to variability until the date at which the underlying claims are settled. Such changes in estimates are reflected in the technical account of the year in which they occur. The aggregate of the prior year surpluses/deficiencies is a net surplus of £986m (2023: £812m), reflecting favourable claims development compared with projections. Surpluses have been reported across all lines of business except Marine, Aviation and Transport, where the reserve deterioration is predominantly caused by Aviation and the increase in loss estimates arising from the Ukraine conflict.

6. Members' funds at Lloyd's
The valuation of members' FAL in the balance sheet totals £30,500m (2023: £31,895m). The notional investment return on FAL included in the non-technical profit and loss account totals £1,865m (2023: £2,082m). The notional investment return on FAL has been calculated by applying quarterly yields from indices, net of management fees, to the value of FAL at the beginning of each quarter except where the Society is the investment manager for FAL, in which case the actual return achieved has been included.

A significant proportion of FAL investments are US dollar denominated, and for these assets, US dollar yields from indices are applied. The following table shows the indices used and the return applied for the full year.

		Proportion of FAL		Investment return	
Investment type	Index	**2024**	2023	**2024**	2023
UK equities	FTSE All share	3.6%	4.1%	9.1%	7.3%
UK government bonds	UK Gilts 1-3 years	4.4%	4.0%	2.6%	2.9%
UK corporate bonds	UK Corporate 1-3 years	3.9%	2.7%	3.1%	3.7%
UK deposits managed by Lloyd's	Return achieved	3.3%	3.3%	5.2%	4.6%
UK deposits managed externally including letters of credit	GBP LIBID 1 month	9.1%	7.0%	4.8%	4.4%
JPY government bonds	JPY Gilts 1-3 years	3.2%	3.8%	(0.8)%	0.0%
US equities	S&P 500 Index	7.5%	8.2%	24.6%	24.4%
US government bonds	US Treasuries 1-5 years	15.7%	19.6%	3.5%	4.1%
US corporate bonds	US Corporate 1-5 years	24.7%	24.3%	4.7%	5.8%
US deposits managed by Lloyd's	Return achieved	5.7%	6.2%	5.7%	5.3%
US deposits managed externally including letters of credit	USD LIBID 1 month	18.9%	16.8%	4.9%	4.8%

7. Society of Lloyd's (the Society)

As stated in note 2(a), syndicates and the Society separately report the transactions and balances for technical insurance-related transactions, members' subscriptions and other charges, Central Fund contributions and interest on syndicate loans. These balances are reversed from the Society's results to arrive at the adjusted result of the Society in note 8 below.

8. Aggregation of results and net assets

A reconciliation between the results, statement of comprehensive income and net assets reported in the syndicate annual accounts, members' FAL and by the Society, is set out below:

Profit and loss account	**2024 £m**	2023 £m
Result per syndicate annual accounts	7,324	8,470
Adjusted result of the Society	436	111
Result attributable to non-controlling interests	1	–
Notional investment return on members' funds at Lloyd's	1,865	2,082
Profit for the financial year before tax	**9,626**	10,663

Capital and reserves	**2024 £m**	2023 £m
Net assets per syndicate annual accounts	13,589	10,327
Adjusted net assets of the Society	2,746	2,443
Assets attributable to non-controlling interests	16	–
Members' funds at Lloyd's	30,500	31,895
Total capital and reserves	**46,851**	44,665

The adjusted result of the Society includes the elimination of transactions between syndicates and the Society (which have been reported within both the syndicate annual accounts and the Society financial statements) and movements in the central reserve margin (as disclosed in 2(a)). The adjusted net assets of the Society include a central reserve margin of £500m (2023: £480m).

For further information on the non-controlling interest, refer to the Society Report, note 34.

Notes to the Pro Forma Financial Statements continued

9. Segmental analysis

The syndicate returns to the Society provided additional information to derive the following table in respect of the lines of business reviewed in the financial highlights.

2024	Gross written premiums £m	Net earned premium £m	Net incurred claims £m	Net operating expenses £m	Underwriting result £m
Reinsurance	18,729	13,828	(7,901)	(4,228)	1,699
Casualty	13,403	9,694	(4,881)	(3,923)	890
Property	15,893	11,130	(4,848)	(4,231)	2,051
Marine, Aviation and Transport	4,507	3,567	(2,299)	(1,420)	(152)
Energy	1,957	1,316	(820)	(421)	75
Motor	1,017	858	(468)	(297)	93
Life	40	31	(5)	(19)	7
Total from syndicate operations	**55,546**	**40,424**	**(21,222)**	**(14,539)**	**4,663**
Transactions between syndicates and the Society (notes 2 and 7) and insurance operations of the Society				651	651
PFFS premiums and underwriting result	**55,546**	**40,424**	**(21,222)**	**(13,888)**	**5,314**
Allocated investment return transferred from the non-technical account					2,637
Balance on the technical account for general business					**7,951**

2023	Gross written premiums £m	Net earned premium £m	Net incurred claims £m	Net operating expenses £m	Underwriting result £m
Reinsurance	17,338	12,902	(6,432)	(3,920)	2,550
Casualty	12,991	8,973	(4,694)	(3,703)	576
Property	14,767	9,710	(4,010)	(3,758)	1,942
Marine, Aviation and Transport	4,297	3,352	(2,056)	(1,266)	30
Energy	1,813	1,215	(637)	(388)	190
Motor	889	728	(447)	(250)	31
Life	54	45	(26)	(16)	3
Total from syndicate operations	52,149	36,925	(18,302)	(13,301)	5,322
Transactions between syndicates and the Society (notes 2 and 7) and insurance operations of the Society				588	588
PFFS premiums and underwriting result	**52,149**	**36,925**	**(18,302)**	**(12,713)**	**5,910**
Allocated investment return transferred from the non-technical account					2,711
Balance on the technical account for general business					8,621

The geographical analysis of direct insurance premiums by location where contracts were concluded is as follows:

	2024 £m	2023 £m
United Kingdom	35,494	34,145
European Union member states	114	5
Rest of the world	1,209	661
Total	**36,817**	34,811

10. Life business

The PFFS include the results of all life and non-life syndicates transacting business during 2024. The results and net assets for life syndicates are not material and have not been separately disclosed in the profit and loss account and balance sheet. The results for life business are reported in the segmental analysis (note 9).

11. Net operating expenses

	2024 £m	2023 £m
Acquisition costs	12,825	11,800
Change in deferred acquisition costs	(654)	(650)
Administrative expenses	3,646	3,257
Reinsurance commissions and profit participation	(1,929)	(1,694)
Total	**13,888**	12,713

Total commissions on direct insurance business accounted for in the year amounted to £8,321m (2023: £7,732m).

12. Total investment return

Interest and similar income	**2024** £m	2023 £m
From financial instruments designated as at fair value through profit or loss	2,043	1,462
From available for sale investments	27	93
Dividend income	42	28
Interest on cash at bank	223	227
Other interest and similar income	40	38
Notional investment return on members' funds at Lloyd's	1,865	2,082
Investment expenses	(88)	(74)
Total	**4,152**	3,856
Gains/(losses) on the realisation of investments	451	(215)
Unrealised gains on investments	311	1,675
Other relevant losses	–	(6)
Total	**762**	1,454
Total investment return	**4,914**	5,310

13. Financial investments

	2024 £m	2023 (Restated) £m
Shares and other variable yield securities	11,667	10,615
Debt securities and other fixed income securities	71,616	66,352
Participation in investment pools	4,304	3,435
Loans and deposits with credit and other institutions	7,962	8,835
Other investments	302	204
Total financial investments	**95,851**	89,441

Notes to the Pro Forma Financial Statements continued

Disclosures of fair values in accordance with the fair value hierarchy

Fair value measurements have been classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value hierarchy includes the following classifications:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets. An active market is one in which transactions for the asset occur with sufficient frequency and volume to provide readily and regularly available quoted prices.
- Level 2 – Inputs to a valuation model other than quoted prices included within Level 1 that are observable for the asset, either directly (ie. as prices) or indirectly (derived from prices).
- Level 3 – Inputs to a valuation model for the asset that are not based on observable market data (unobservable inputs) and are significant to the overall fair value measurement. Unobservable inputs may have been used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset at the measurement date (or market information for the inputs to any valuation models). As such, unobservable inputs reflect the assumptions it is considered that market participants would use in pricing the asset.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement. The significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is categorised at Level 3. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset.

2024	**Level 1 £m**	**Level 2 £m**	**Level 3 £m**	**Sub-total fair value £m**	**Assets held at amortised cost £m**	**Total £m**
Shares and other variable yield securities	6,504	3,788	1,375	11,667	–	11,667
Debt securities and other fixed income securities	25,498	45,979	57	71,534	82	71,616
Participation in investment pools	3,100	1,050	154	4,304	–	4,304
Loans and deposits with credit and other institutions	4,914	2,777	152	7,843	119	7,962
Other investments	67	62	173	302	–	302
Total assets	**40,083**	**53,656**	**1,911**	**95,650**	**201**	**95,851**
Borrowings	(13)	–	–	(13)	(2)	(15)
Derivative liabilities	(15)	(26)	(6)	(47)	–	(47)
Total liabilities	**(28)**	**(26)**	**(6)**	**(60)**	**(2)**	**(62)**

2023	Level 1 £m	Level 2 £m	Level 3 £m	Sub-total fair value £m	Assets held at amortised cost £m	Total (Restated) £m
Shares and other variable yield securities	6,002	3,332	1,280	10,614	1	10,615
Debt securities and other fixed income securities	27,352	38,991	9	66,352	–	66,352
Participation in investment pools	2,140	1,222	73	3,435	–	3,435
Loans and deposits with credit and other institutions	4,898	3,173	145	8,216	619	8,835
Other investments	6	20	178	204	–	204
Total assets	40,398	46,738	1,685	88,821	620	89,441
Borrowings	–	–	–	–	–	–
Derivative liabilities	(6)	(22)	(5)	(33)	–	(33)
Total liabilities	(6)	(22)	(5)	(33)	–	(33)

14. Debtors arising out of direct insurance operations

	2024 £m	2023 £m
Due within one year	16,621	15,049
Due after one year	203	225
Total	**16,824**	15,274

15. Debtors arising out of reinsurance operations

	2024 £m	2023 £m
Due within one year	9,157	8,563
Due after one year	482	492
Total	**9,639**	9,055

16. Cash at bank and in hand

Cash at bank and in hand of £12,039m (2023 (Restated): £11,241m) includes letters of credit and bank guarantees held in trust within members' FAL to meet policyholder claims as required, totalling £7,836m (2023: £7,314m).

17. Note to the statement of cash flows

Cash and cash equivalents comprise the following:

	2024 £m	2023 (Restated) £m
Cash at bank and in hand	12,039	11,241
Deposits with credit institutions	2,984	2,689
Bank overdrafts	(297)	(338)
Total	**14,726**	13,592

Of the cash and cash equivalents, £268m (2023: £201m) is held in regulated bank accounts in overseas jurisdictions.

18. Members' balances

	2024 £m	2023 £m
Members' balances brought forward at 1 January	10,266	2,961
Result for the year per syndicate annual accounts	7,324	8,470
Distribution in relation to closure of underwriting years	(3,069)	(780)
Advance distributions on open underwriting years	(360)	(83)
Cash calls requested	71	329
Net movement on funds in syndicate (see note below)	(809)	(338)
Foreign exchange gains/(losses)	108	(259)
Other	2	(34)
Members' balances at 31 December	**13,533**	10,266

Members participate on syndicates by reference to years of account. Members' ultimate results, assets and liabilities are assessed by year of account, with reference to policies incepting in that year of account. Members' balances represent the net profit/(loss) to be distributed/(collected) by syndicates to/(from) the members. Where there are profits and members' funds at Lloyd's held in excess of members' capital requirements, they will be distributed in the second quarter of 2025.

Members that only participate on one syndicate may hold the capital supporting their underwriting in their syndicate's premium trust funds. These funds are known as funds in syndicate (FIS). At 31 December 2024, there was £2,567m (2023: £3,225m) of FIS within members' balances. Where a member takes advantage of this facility in the year, the movement is reflected in the above table as 'net movement on funds in syndicate'.

19. Technical provisions and deferred acquisition costs

(a) Provision for unearned premiums

2024	Gross provisions £m	Reinsurance assets £m	Net £m
Balance at 1 January	25,065	(5,036)	20,029
Premiums written during the year	55,546	(13,005)	42,541
Premiums earned during the year	(52,918)	12,494	(40,424)
Effect of movements in exchange rate	(42)	(23)	(65)
Balance at 31 December	**27,651**	**(5,570)**	**22,081**

Notes to the Pro Forma Financial Statements continued

2023	Gross provisions £m	Reinsurance assets £m	Net £m
Balance at 1 January	23,228	(4,847)	18,381
Premiums written during the year	52,149	(12,798)	39,351
Premiums earned during the year	(49,557)	12,632	(36,925)
Effect of movements in exchange rate	(755)	(23)	(778)
Balance at 31 December	25,065	(5,036)	20,029

(b) Deferred acquisition costs

	2024 £m	2023 £m
Balance at 1 January	5,835	5,387
Change in deferred acquisition costs	654	650
Effect of movements in exchange rate	(3)	(192)
Other deferred acquisition costs	(10)	(10)
Balance at 31 December	6,476	5,835

(c) Claims outstanding

2024	**Gross provisions £m**	**Reinsurance assets £m**	**Net £m**
Balance at 1 January	78,774	(26,768)	52,006
Claims paid during the year	(22,298)	6,585	(15,713)
Claims incurred during the year	28,597	(7,375)	21,222
Effect of movements in exchange rate	144	(31)	113
Other	178	(39)	139
Balance at 31 December	**85,395**	**(27,628)**	**57,767**

2023	Gross provisions £m	Reinsurance assets £m	Net £m
Balance at 1 January	80,905	(29,408)	51,497
Claims paid during the year	(22,378)	6,967	(15,411)
Claims incurred during the year	23,940	(5,638)	18,302
Effect of movements in exchange rate	(3,321)	1,295	(2,026)
Other	(372)	16	(356)
Balance at 31 December	78,774	(26,768)	52,006

Other movements include loss portfolio transfers in the period.

20. Discounted claims

Discounting may be applied to claims provisions where there are individual claims with structured settlements that have annuity-like characteristics, or for books of business with mean term payment greater than four years. Certain syndicates have elected to discount their claims provisions.

The claims have been discounted as follows:

	Average discounted rates		Average mean term liabilities	
Class of business	**2024** **%**	2023 (Restated)* %	**2024** **years**	2023 (Restated)* years
Motor (third party liability)	3.22	2.90	23.62	23.05
Motor (other classes)	3.00	3.00	32.00	33.00
Third party liability	4.23	3.80	24.00	23.57

The period that will elapse before claims are settled is determined using impaired life mortality rates. The claims provisions before discounting are as follows:

	Undiscounted claims		Effects of discounting		After discounting	
	2024	2023 (Restated)*	**2024**	2023 (Restated)*	**2024**	2023 (Restated)*
	£m	£m	**£m**	£m	**£m**	£m
Gross claims provisions	1,254	1,301	(612)	(590)	642	711
Reinsurers' share of total claims	(752)	(825)	325	332	(427)	(493)

* Comparatives for 2023 have been restated as a result of the identification and correction of an error and a change in accounting policy, reported in syndicate submissions. The restatement has no impact on the balance sheet.

21. Creditors arising out of direct insurance operations

	2024	2023
	£m	£m
Due within one year	1,222	1,047
Due after one year	10	8
Total	**1,232**	1,055

22. Creditors arising out of reinsurance operations

	2024	2023
	£m	£m
Due within one year	8,095	7,951
Due after one year	970	1,270
Total	**9,065**	9,221

23. Five year summary

	2024	2023 (Restated)	2022	2021	2020
Results	**£m**	£m	£m	£m	£m
Gross written premiums	55,546	52,149	46,705	39,216	35,466
Net written premiums	42,541	39,351	34,570	28,439	25,826
Net earned premiums	40,424	36,925	32,458	26,657	25,876
Result attributable to underwriting	5,314	5,910	2,641	1,741	(2,676)
Result for the year before tax	9,626	10,663	(769)	2,277	(887)
Assets employed					
Cash and investments	107,890	100,682	95,872	83,998	79,951
Net technical provisions	79,848	72,035	69,878	58,590	56,034
Other net assets	18,809	16,018	13,608	10,349	9,229
Capital and reserves	46,851	44,665	39,602	35,757	33,146
Statistics					
Combined ratio (%)	86.9	84.0	91.9	93.5	110.3
Return on capital (%)	21.0	25.3	(2.0)	6.6	(2.8)

24. Related party transactions

The annual accounts of each syndicate provide, where appropriate, the required disclosures on related parties. Syndicate level disclosures are specific to that syndicate and its managing agent. For 2024, there were no material related party transactions conducted outside normal market conditions reported in the syndicate annual accounts requiring disclosure. The related party transactions of the Society are disclosed in note 36 on page 163.

25. Events after the reporting period

In January 2025, a series of wildfires spread across California, resulting in significant damage to property and infrastructure. Based on the information currently available, we estimate the net loss to the market for the Californian wildfires to be approximately US$2.3 billion.

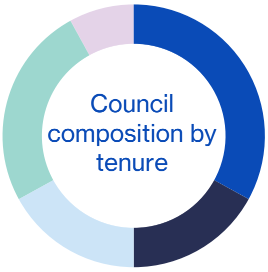
Society Report

Governance at a glance

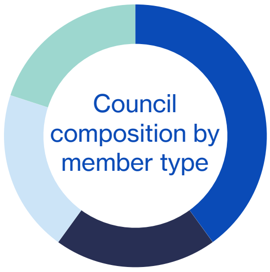
The Society's governance structure provides challenge, clarity and accountability. The Council of Lloyd's is the governing body of the Society of Lloyd's (the 'Society'). Certain functions are reserved to the Council, but beyond the reserved functions the Council delegates authority to carry out specified functions to committees including the Remuneration, Nominations and Governance, Risk and Audit Committees and the Executive, as summarised below.

Council composition (as at 31 December 2024)

0 to 2 years	33%
2 to 4 years	17%
4 to 6 years	17%
6 to 8 years	25%
8 to 9 years	8%

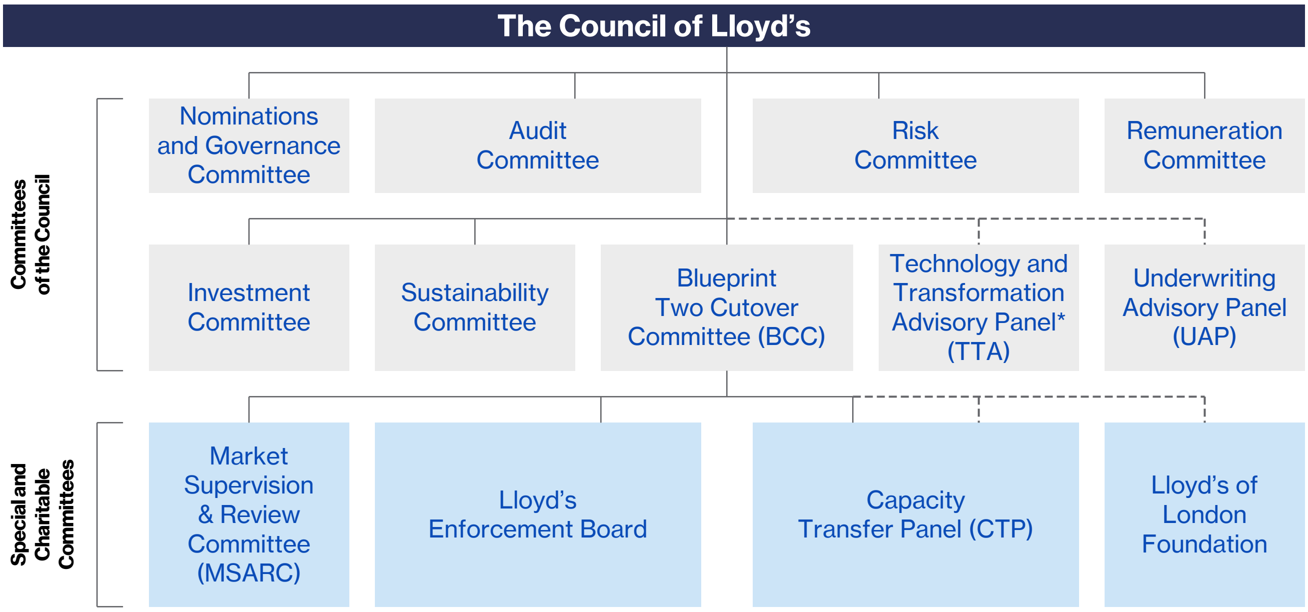


Nominated members	40%
External members	20%
Working members	20%
Executive Directors	20%



Please note, lower boundaries are inclusive. For example, a member with a six-year tenure would be included in the six to eight years' tenure category.

Organisational chart (as at 31 December 2024)



* On 13 February 2025, the TTA was reconfigured into a formal committee of the Council - the 'Technology and Transformation Committee' (TTC).

Council

Management and superintendence of the affairs of the Society and has the power to regulate and direct the business of insurance at Lloyd's and make Byelaws.

See page 70 for further information

See page 72 for the Council Statement

Committees of the Council

Nominations and Governance Committee

Responsible for reviewing the governance arrangements and leadership needs of the Society and its subsidiaries.

See page 76 for further information

Risk Committee

Assists the Council in its oversight of the identification and control of material risks to the objectives of Lloyd's.

See page 80 for further information

Audit Committee

Assists the Council in monitoring the integrity of the Society's financial reporting, assessing the effectiveness of the systems of internal control of the Society and monitoring the effectiveness, independence and objectivity of the internal and external auditors.

See page 83 for further information

Remuneration Committee

Responsible for setting remuneration arrangements for the Chairman, Chief Executive Officer, the Executive Directors and any other direct reports, executive management or other persons as appropriate.

See page 88 for further information

Investment Committee

Recommends to the Council the investment objectives and parameters of centrally managed assets and is responsible for reviewing performance against these. It monitors investment operations and has a monitoring/oversight role in respect of the Investment Platform.

See page 99 for further information

Sustainability Committee

Responsible for reviewing, challenging and approving submissions in respect of the Lloyd's sustainability, culture and responsible business strategies.

See page 99 for further information

BCC

Assists the Council by reviewing proposals by the Executive on key milestones for the achievement of Blueprint Two phases one and two cutover dates.

See page 100 for further information

TTA

Assisted the Council by sharing insights, expert advice and assessments of developments in the delivery, communication and adoption of the Blueprint Two programme, identifying issues and challenges for consideration, focus and review by the BCC and the Council.

See page 100 for further information

UAP

Assists the Chief of Markets by sharing, where appropriate, insights and assessments regarding underwriting conditions, developments and trends in the insurance market (including any long-term issues) and providing expert advice on technical market matters.

See page 100 for further information

Special and Charitable Committees

MSARC

Takes decisions regarding the exercise of the Society's enforcement powers. It acts as a review body capable of amending, modifying or withdrawing certain decisions taken by the Executive affecting managing agents.

See page 101 for further information

Lloyd's Enforcement Board

Has jurisdiction over enforcement proceedings (save the power to impose administrative fines) instituted by the Council unless and until the enforcement proceedings are referred to an enforcement tribunal.

See Enforcement Byelaw for more information

CTP

Exercises the Council's powers in relation to syndicate minority buyouts and mergers.

See page 101 for further information

Lloyd's of London Foundation

The independent charity founded and funded by Lloyd's which provides a vehicle for charitable activity and engagement for the Lloyd's Corporation. The Foundation is a centre of expertise for delivering long-term meaningful social impact with the support of employees, market firms and other stakeholders.

See page 17 for further information

The day-to-day powers and functions of the Council are carried out by the Society's Executive. The Executive then delegates to the Executive Leadership Group as appropriate.

Executive Committee

The Executive Committee is composed of the Chief Executive Officer, Chief Financial Officer, Chief Investment Officer, Chief of Markets, Chief Commercial Officer and CEO of Lloyd's Americas, Interim Chief Operations Officer, Chief People Officer, Chief Risk Officer, Chief Underwriting Officer, Corporate Affairs Director, Deputy Chief Financial Officer and General Counsel.

Details of the Executive Committee can be found on www.lloyds.com

Governance essentials

(Corporate Governance Code Principles B, C, F, G, H and I; Provisions 7, 14 and 16)

To support and enhance our governance framework there are various components in place, which we summarise below.

Terms of reference and appointment terms

- Terms of reference (TOR) exist for the Council and its committees.
- The Chairman's role and responsibilities are defined by the Lloyd's Act 1982, the Constitutional Arrangements Byelaw and TOR.
- There are TOR for the Chairman and Deputy Chairs (including the Senior Independent Deputy Chairman).
- There are also TOR for the Chief Executive Officer and members of the Executive Committee.
- TOR provide a clear division of responsibilities between the leadership of the Council and the Executive leadership of the Society.

TOR are available to view at www.lloyds.com

The terms and conditions of appointment of non-executive members of the Council are available on request by members of the Society to the Secretary to the Council.

Training

- New Council members are provided with a guide for members of the Lloyd's committees and a tailored induction programme that includes briefings with senior executive management on Lloyd's, its operations and the key current issues.
- Council members receive annual training on their duties as members of the Council and on new developments that are relevant to the business of Lloyd's.

Conflicts of interest

- A register of interests of members of the Council and its committees is maintained by the Secretary to the Council and is available for inspection on request by members of the Society.
- On appointment, non-executive members of the Council notify the Secretary to the Council of any conflicts of interest. Thereafter, there is an ongoing obligation for members of the Council to notify the Secretary to the Council of any conflicts of interest which arise after appointment. The Council is provided with a view of the conflict position bi-annually and as required.
- Where a conflict of interest arises, the member is recused from the meeting. In addition, papers for meetings are redacted appropriately. Training is provided annually.

Indemnities

- The Society has given indemnities to a number of its subsidiary undertakings, and the Directors thereof, in respect of any claims or actions which may be brought against them, or any future operating losses incurred by them in connection with the companies' activities.
- The Society has also given indemnities to and has agreed to cover certain specific costs that may be incurred by members of the Council, its committees and Directors of certain subsidiaries, the Society's employees, and certain individuals and organisations who have been asked to carry out or provide services to the Society or on behalf of, or for the benefit of, its members.

Independent professional advice

- Council members and committee members have access to independent professional advice, if required.
- In addition, Council members and committee members have access to the advice of the Secretary to the Council, who is responsible for advising the Council on all governance matters. Both the appointment and removal of the Secretary to the Council are matters for the Council as a whole.

Council and committee attendance in 2024

- Regular annual meetings are scheduled at appropriate intervals in line with an agreed meeting schedule, with the Council ordinarily holding eight scheduled meetings a year.
- Additional unscheduled meetings are arranged as required, and in exceptional circumstances the timing of scheduled meetings may need to be adjusted, and while every effort is made to arrange that all members are able to attend that is not always possible at short notice.
- Outside of the formal Council and committee meetings, non-executives have unfettered access to the Executive, liaise with management on activities aligned to their key skills and attend appropriate strategy and training events.
- All members of Council are invited to attend an annual strategy day.
- Attendance at scheduled Council and committee meetings is set out in the remainder of this report.
- Where a member has been appointed or retired during the year, meeting attendance is shown against the number of possible scheduled meetings they could have attended rather than the annual number of scheduled meetings.

The Code

The Council is committed to the principle of good corporate governance and supports the application of the principles of the UK Corporate Governance Code 2018 (the 'Code'). An internal assessment of the Code has been undertaken. Except where expressly stated below, the Society has complied throughout the reporting period with the Code insofar as its principles/provisions can be applied to the governance of a Society of members and a market of separate and competing entities.

We set out below the Society's disclosure on how the principles/provisions of the Code have been complied with, directing the reader to the relevant part of the Governance sections of the Society Report which contains more information and an explanation of any divergences (with appropriate signposting to assist the reader). The table below also directs the reader to relevant parts of the Strategic Report. Please also refer to the Sustainability Report for related content, including culture.

In 2024, the Financial Reporting Council published the 2024 UK Corporate Governance Code (which shall apply to financial years beginning on or after 1 January 2025) and this will be incorporated in future reporting.

Principles			**Provisions**		
1. Board leadership and company purpose	**Comply?**	**More info**	**Number**	**Comply?**	**More info**
(A) Board's role	✓	p.12-19; p.70-75	1-8	✓	p.8-19; p.66-101
(B) Company's purpose, values, strategies and culture alignment	✓	p.8-19; p.66-101	1-8	✓	p.8-19; p.66-101
(C) Company's resources and controls to assess and manage risk	✓	p.66-101	1-8	✓	p.8-19; p.66-101
(D) Stakeholder engagement	✓	p.66-101	1-8	✓	p.8-19; p.66-101
(E) Workforce policies, practices and raising concerns	✓	p.66-101	1-8	✓	p.8-19; p.66-101
2. Division of responsibilities	✓			✓	
(F) Chair's role	✓	p.66-101	9-10	✓	p.66-101
(G) Board composition and division of responsibilities	✓	p.66-101	12-14	✓	p.66-101
(H) Non-executive directors' roles and sufficient time to meet responsibilities	✓	p.66-101	16	✓	p.66-101
(I) Board resources	✓	p.66-101	11, 15	Departure	p.70 and 78
3. Composition, succession and evaluation	✓				
(J) Appointments, succession planning and diversity	✓	p.66-101	17	Departure	p.76
(K) Board and committees' skills, experience, knowledge and length of service	✓	p.66-101	18	Departure	p.70
(L) Board annual evaluation and individual evaluation	✓	p.66-101	19-23	✓	p.66-101
4. Audit, risk and internal control	✓				
(M) Independence and effectiveness of internal and external audit	✓	p.66-101	24	Departure	p.83
(N) Fair, balanced and understandable assessment of the Company's position and prospects	✓	p.66-101	25-31	✓	p.20-22; p.66-101
(O) Principal risks and procedures to manage risk and oversee internal control framework	✓	p.20-24; p.66-101	25-31	✓	p.20-24; p.66-101
5. Remuneration	✓				
(P) Remuneration policies and practices, strategy and long-term sustainable success, executive remuneration alignment to company purpose, values and long-term strategy	✓	p.66-101	32	Departure	p.97
(Q) Executive, director and senior manager remuneration and formal, transparent procedures	✓	p.66-101	33-37 & 39-40	✓	p.66-101
(R) Independent judgement and discretion and remuneration outcomes	✓	p.66-101	38, 41	Departure	p.92-94

Council report

Council responsibility *(Code Principle A)*

The Council is the governing body of the Society of Lloyd's (the 'Society') and has ultimate responsibility for overall management of the market. The terms of reference of the Council can be found at www.lloyds.com.

Council members *(Code Principle K; Provisions 10 and 19)*

Biographical details of members of the Council can be found at www.lloyds.com.

Council attendance *(Code Principles D and G; Provisions 9, 10 and 14)*

		Scheduled meetings attended*
Chair	**Bruce Carnegie-Brown[1]**	**8/8**
Nominated members[2]	Angela Crawford-Ingle	8/8
	Joe Hurd[3]	8/8
	Fiona Luck	7/8
	Neil Maidment[4]	8/8
	Lord Mark Sedwill	8/8
External members	Dominick Hoare[5]	8/8
	Marcus Johnson	8/8
	Sean McGovern	6/8
Working members	Andrew Brooks	8/8
	Victoria Carter	7/8
	Richard Dudley	8/8
Executive Directors of the Council	Burkhard Keese[6]	8/8
	John Neal	8/8
	Patrick Tiernan[7]	7/8

Notes:

* Eight scheduled meetings were held during 2024 with one of those scheduled meetings being rearranged at short notice (which impacted on the availability of some Council members). Four ad hoc meetings were also held.

1. On 19 September 2024, Sir Charles Roxburgh KCB was confirmed as the next Chair of Lloyd's with effect from 1 May 2025, subject to regulatory approval.
2. For the purposes of the UK Corporate Governance Code the nominated members listed above are considered to be independent. Jane Warren was appointed as an external member of the Council with effect from 1 February 2025.
3. Joe Hurd was appointed as Culture Champion with effect from 4 September 2024.
4. Neil Maidment ceased as a member of the Council with effect from 31 January 2025, due to completion of a full nine-year term. On 7 January 2025, Alexander Baugh was appointed as a nominated member of the Council, subject to regulatory approval.
5. Dominick Hoare ceased as a member of the Council with effect from 31 January 2025.
6. Burkhard Keese shall cease as a member of the Council on 30 April 2025. On 29 January 2025, Alexandra Cliff was appointed as CFO, effective 1 May 2025, subject to regulatory approval.
7. Patrick Tiernan was on medical leave during August 2024 and returned during November 2024.

Council composition *(Code Principles D, G, H and K; Provisions 3, 11, 18 and 19)*

The composition and appointment/election processes for Council members are prescribed by the Lloyd's Act 1982 and the Constitutional Arrangements Byelaw (No. 2 of 2010) ('CAB').

The Council comprises a maximum of 15 members, split between three working, three external, six independent nominated members and three executive nominated members (the latter known as 'the Executive Directors of the Council') as set out in the table below. Accordingly, and in line with best practice, the Council's composition ensures that no one individual or a small group of individuals dominate the Council's decision-making.

Nominated members	• Appointed by the Council on recommendation of the Nominations and Governance Committee, by a 'Special Resolution' which requires separate majorities of (a) the working members of Council, and (b) the other members of Council combined.
External and Working members	• Elected by the external and working members of Lloyd's. • Elections for working members operates on a one member, one vote basis. • In elections for external members, voting is weighted by allocated underwriting capacity as determined under the CAB.
Executive Directors of the Council	• The Chief Executive Officer, Chief Financial Officer and Chief of Markets.

Members are usually appointed or elected for a three-year term, renewable up to a maximum of nine years in total, save that Executive Directors of the Council have no maximum term of office. Members are not therefore subject to annual re-election, and this is a departure from Provision 18 of the Code. This deviation from the Code is considered appropriate in the context of appointment and election procedures that enable representation of the members of the Society and the market for all key appointments – with direct election of the three working and three external members, and oversight of the selection process for nominated members by a Nominations and Governance Committee, which comprises an equal number of elected market representatives and independent non-executives.

The majority of the Council is non-executive but, as the elected market members are not considered to be independent, the composition of the Council deviates from Provision 11 of the Code, in that independent members do not form a majority. This departure from the Code is considered appropriate, as the composition of the Council is tailored to the needs of the Society and the Lloyd's market and meets the requirements of the Lloyd's Act 1982 (which does not apply to other companies).

The presence of elected market members on the Council enables the independent nominated members to gain an understanding of the views of key stakeholders in the Lloyd's market. It is acknowledged that the presence of market members on the Council elevates the risk of conflicts of interest arising. This risk is actively managed via the Council's conflict of interest procedures, which are outlined on page 68.

Chairman and Deputy Chairs *(Code Principle F; Provisions 9, 12, 18 and 32)*

In accordance with the Lloyd's Act 1982, the Chairman and Deputy Chairs of Lloyd's are elected annually by special resolution of the Council from among its members. If the Chairman is not a working member of the Society, then at least one of the Deputy Chairs must be. At the date of this report there are three Deputy Chairs: Lord Mark Sedwill (nominated member), Victoria Carter (working member) and Andrew Brooks (working member).

The Chairman leads the Council, and his principal responsibility is to create the conditions to ensure the overall effectiveness of the Council.

The Chairman is contracted to work three days a week but commits as much time as is necessary to undertake the role. The Council acknowledges that the Chairman has other commitments outside Lloyd's and is satisfied that these can be accommodated alongside the Chair position of Lloyd's. For the purposes of the Code, the Chairman was considered to be independent upon his appointment. Lord Mark Sedwill, a nominated member, was appointed Senior Independent Deputy Chairman (the Society's equivalent of the senior independent director), with effect from 3 December 2021.

Council meetings *(Code Principles F and H; Provisions 2, 3,13 and 29)*

The meetings of the Council are structured to allow open discussion. At each scheduled meeting the Council receives certain regular reports including:

- a written report from the Chief Executive Officer.
- reports from the Chief Financial Officer, Chief Risk Officer, Chief of Markets, Chief People Officer, General Counsel and Secretary to the Council as appropriate.
- updates from Committees (Nominations, Audit, Risk, Sustainability, Remuneration, Investment, TTA and BCC) after each meeting (with additional reports submitted when necessary).

Annual Reports from each Committee are submitted to the Council when required by its TOR.

Members of the Executive Committee attend Council meetings, as appropriate. Private sessions are held regularly by the Chairman at the end of Council meetings without the Executive being present.

Council responsibilities *(Code Principle A)*

Under the Lloyd's Act 1982, the Council undertakes the management and superintendence of the affairs of the Society and has the power to regulate and direct the business of insurance at Lloyd's. Certain functions are reserved to the Council, including:

- setting Lloyd's strategy.
- the making, amendment or revocation of Byelaws (which are available on the Acts and Byelaws page at www.lloyds.com).
- setting the Corporation budget.
- setting Central Fund contribution rates.
- appointing the Chairman and Deputy Chairs of Lloyd's.
- approving Lloyd's risk appetites.
- permitting a company to act as a managing agent.
- setting Society level capital requirements.

Beyond the reserved functions, the Council can delegate its powers or functions to any person, committee or employee of the Society.

The Council has responsibility for the day-to-day management of the market. The Council has delegated authority to carry out specified functions to committees including the Remuneration, Nominations and Governance, Risk and Audit Committees and the Executives. The day-to-day powers and functions of the Council are carried out by the Society's Executive.

A governance effectiveness review of the Council and selected committees was conducted. For further information, please see the Nominations and Governance Report.

Constitutional Requirements *(Code Principles A, B and R; Provisions 7 and 35)*

The Constitutional Requirements, as set out in the CAB, align, so far as appropriate, the Society's governance arrangements with the Companies Act 2006. They include provisions concerning the duties and responsibilities of Council members.

In summary, members of the Council and their committees are required to act in a way which "would be most likely to promote the success of the Society for the benefit of the members as a whole and in accordance with the Objects of the Society" and must have regard to:

- the likely consequences of any decision in the long term.
- the needs of the Society to:
  - foster business relations with those who do business at Lloyd's.
  - have regard to the interests of its employees.
  - consider the impact of its operations on the community and the environment.
  - maintain a reputation for high standards of business conduct.

The CAB also deals with conflicts of interest and set out the duties of Council members which include a responsibility to exercise independent judgement and maintain collective responsibility.

Statement by the members of the Council

In relation to paragraph 3.2 of the Constitutional Arrangements Byelaw, equivalent to s.172(1) of the Companies Act 2006 (the 'Act').

The members of Council are committed to fulfilling their responsibilities under paragraph 3.2 of the Constitutional Arrangements Byelaw, ensuring that they take into account the likely impact of any decision, in the long term, as well as the interests of our stakeholders. While not subject to the Act, the Council has accordingly elected to include this statement.

Refer to the Constitutional Arrangements Byelaw for more information available on www.lloyds.com

Stakeholder engagement *(Code Principles B, D and E; Provisions 2, 3, 5 and 23)*

The Council has a duty to act in the interests of the Society's members. All decisions have been taken to ensure the long-term interests of the Society's members are protected. Our governance is designed to ensure that we take into account the views of Lloyd's members and broader stakeholders. The Council has a duty to recognise the need to act fairly between different members and categories or classes of members who may have different interests. The composition of the Council includes six elected market representatives, the presence of whom enables the independent nominated members of the Council to gain an understanding of the views of key stakeholders in the Lloyd's market and ensures the representation of market views in key decisions.

Engagement with our stakeholders is undertaken in a variety of ways, including discussion panels, surveys, conferences and consultations. The Society consults throughout the year with members and market participants on strategic initiatives, as summarised below.

Stakeholders	Lloyd's engagement
Members, investors and rating agencies	
Engagement assists member decisions. Rating agencies assess our financial strength and help our stakeholders make decisions.	• Council members report and engage with members of the Society at the Annual General Meeting, including: – Chief Executive Officer summary business presentation. – Resolutions to be voted on by members. The resolutions to be considered at general meetings are published on the Corporate Notices page at www.lloyds.com. • Annual report and Accounts available on the Financial Results page at www.lloyds.com. • Forecast information is released each quarter to assist with member planning. • Members agents are invited to attend results presentations where they can ask questions on behalf of their constituent members. • Head of Member Relations newsletters are sent to members, which contain updates and requests for feedback. • Head of Member Engagement is in place with contact details made available to members. • Regular and ad hoc member events, held with the member associations, including the Association of Lloyd's Members (ALM) and the High Premium Group (HPG), including monthly events attended by members of the Executive Committee and Executive Leadership Group. • Engagement with members' agents day to day. • Funds at Lloyd's (FAL) online portal for members. • Regular investor updates, bi-annual senior management roadshows, ad hoc investor dinners and a dedicated Investor Relations channel so investors can raise questions and assist with the supply of information so investors can make informed decisions. Lloyd's first Capital Markets Day was held during 2024. Further detail is available on the Investor Relations page at www.lloyds.com. • Formal bi-annual management meetings with rating agencies to meet with senior management across the firm, regular proactive communication throughout the year, and a dedicated point of contact for any questions or clarifications outside of formal meetings.

Stakeholders	Lloyd's engagement
Market participants	
• Customers • Managing agents • Distributors • Industry and market associations Engagement with market participants is vital to ensure the market operates as intended to 'share risk to create a braver world'.	• Continued engagement has been undertaken on Blueprint Two to ensure market readiness for the safe cutover of phase one digital services, including virtual and in-person market events, round table meetings, newsletters, adoption guides, a monthly survey and regular progress updates. Phase one involves all customers moving to a new single digital platform, updated processing services and a migration from legacy mainframe to cloud-based technology. It was agreed with stakeholders to postpone the planned cutover in October 2024. Activity continues to ensure that the market is ready for a new cutover date, including preparation for training, onboarding, governance and a large-scale market testing programme including both early adopter and London Insurance Market Operations and Strategic Sourcing (LIMOSS) co-ordinated testing for wider, cross market participation. Further detail is available on the Blueprint Two website at www.velonetic.co.uk. • Lloyd's consults with market participants on key projects, as appropriate. 2024 consultations and other initiatives included the proposed new Conduct Framework (further detail is available on the Lloyd's Act and Byelaws page at www.lloyds.com) and reporting rationalisation changes to the Quarterly Monitoring Return (Part A) (QMA) and Technical Provisions Data (TPD) return. Engagement for the reporting rationalisation involved consultation with market participants and pilot testing. Outputs from engagement included enhancements to instructions, templates and implementation plans etc. Further detail is available on the 'Reporting rationalisation' page at www.lloyds.com. • Lloyd's presents quarterly 'market messages' to market stakeholders, which includes objectives for syndicate business plans and market oversight information. • Market stakeholder representation on Lloyd's governance forums through the inclusion of market and market association representation. • Centralised Blueprint Two website to assist with Blueprint Two adoption. Further detail is available on the Velonetic website at www.velonetic.co.uk. • Crystal platform which provides Lloyd's market participants with quick and easy access to international regulatory and taxation requirements to support the writing of international business. Further detail is available on the Crystal page at www.lloyds.com. • Culture Dashboard, which tracks the progress made against all areas of the Lloyd's market culture survey and Markets Policies and Practices return. Further detail is available on the Culture Dashboard page at www.lloyds.com. • Lloyd's Lab, which continues to support the market to increase the pace of successful innovation. Further detail is available on the Lloyd's Lab Challenge page at www.lloyds.com.
Our suppliers	
It is important to engage with our suppliers to ensure that they can deliver the services required and that they align with our values. Lloyd's is committed to ensuring that no modern slavery or human trafficking is taking place in our supply chains or any part of our business.	• Each supplier is provided with Lloyd's Code of Conduct which is in line with our Modern Slavery Statement. Please see the Responsible Business page at www.lloyds.com to access the Statement. • Lloyd's works with suppliers to uphold high standards of conduct (including safe working conditions, treating workers with dignity and respect, and acting fairly and ethically). • A varied and robust schedule of activities are undertaken to maintain high standards (including desk-top audits of our key suppliers to ensure modern slavery statements are available as required). • Due diligence is undertaken including additional questions around modern slavery for goods-based services. • Further detail is available on the Supplier Information page at www.lloyds.com.
Governments and legislators	
It is important that we input into the formulation of policies relevant to Lloyd's and our market, including those on risk, resilience, sustainability, regulation and other key issues.	• Responding to consultations and requests for information. During 2024 this included, but was not limited to, responding to: PRA and FCA consultations on operational resilience with respect to critical third parties; a PRA consultation on Solvent Exit Planning for insurers; an FCA consultation on publicising enforcement investigations; an FCA consultation on regulating commercial and bespoke insurance business; and a HM Treasury consultation on a growth and competitiveness strategy for the UK's financial sector. • Proactive engagement with policy makers to ensure Lloyd's views are heard, including (but not limited to) providing oral and written evidence to Parliamentary select committees, attending a series of meetings between Lloyd's and ministers and MPs, and attending and sponsoring events at the political party conferences.

Statement by the members of the Council continued

Stakeholders	Lloyd's engagement
Regulators	
Lloyd's is dual-regulated by the PRA and FCA (with whom we engage on a frequent basis). This interaction is enhanced due to Lloyd's role in overseeing the market.	• Interaction generally takes one of the following forms: – regular planned engagement with persons holding Senior Management Functions (as designated under the Senior Managers and Certification Regime). – regular planned engagement with wider senior management in relation to strategy. – regular planned engagement with Lloyd's Regulatory Engagement team. – project- or programme-driven interaction, instigated either by Lloyd's or by the FCA/PRA. – ad hoc interaction in response to issues. • The Council is kept informed of key regulatory matters through reports from the Chief Risk Officer at Risk Committee and Council meetings. • Core monitoring tools such as the FCA's Firm Evaluation Letter (FEL) and the PRA's annual Periodic Summary Meeting Review Letter (PSM), along with associated action plans, are reviewed by the Council. • The FCA and PRA attend Council meetings, as appropriate, including to present the FEL and PSM.
Our employees	
It is important we continue to have a working knowledge of what matters to our people, as they drive the long-term success of Lloyd's.	• Employee check-in sessions held throughout 2024, with Lloyd's Chief Executive Officer, Executive Committee and Executive Leadership Group (ELG), including answering questions. • The Society has a workforce panel, the Employee Change Forum (ECF). In 2024 the Corporation ECF discussed and gave feedback on a range of topics, including the culture and pulse survey. • Council (and Sustainability Committee) member Joe Hurd was appointed as Culture Champion. On behalf of the Council the role will provide support, advice and challenge to the Lloyd's Chief People Officer and the Executive on culture and workforce engagement matters. This includes meeting with employees on culture matters. • A Culture and Engagement Pulse survey was held. Outcomes included identifying focus areas, culture objectives for all people managers (to support the importance of culture) and inclusive communication workshops for all employees. • Published vlogs, videos, emails and written interviews from members of the Council, Executive Committee and ELG, together with leadership engagement events as appropriate. • Launch of Engage (internal social network on teams) to assist two-way dialogue with employees. • 'You said, We did' hub for employees to show how employee feedback has been actioned. • Functional town hall meetings held throughout the year with attendees including the Chief Executive Officer. • Global Leadership Team meets quarterly, rotating around regional hubs. A Global Network Forum is held annually to bring together key stakeholders from around the global network including Regional Directors, Regional Managers and Country Managers. • Recognition awards for employees, who are nominated by their colleagues for demonstrating the Lloyd's values. Further detail is available on the 'Our Values' page at www.lloyds.com. • Dive In Festival (an initiative of Inclusion@Lloyd's) was held with the theme of 'A Sustainable Future-the next ten years'. Further detail is available on the Dive In page at www.lloyds.com.
Communities in which we operate	
Lloyd's (and insurance as an industry) has a clear social purpose in helping communities become more resilient, sustainable and inclusive.	• The Lloyd's of London Foundation (the 'Foundation') works with partner charities and provides volunteering and engagement opportunities for employees. The Chairman of Lloyd's is the Chair of the Foundation. Further detail is available in the Sustainability Report and on the Lloyd's of London Foundation page at www.lloyds.com. • Lloyd's has established a disaster resilience vehicle with the United Nations Capital Development Fund to deliver disaster risk financing to Small Island Developing States in the Pacific. Further detail is available on the Press Releases page at www.lloyds.com.

Chairman and Senior Independent Deputy Chair stakeholder engagement *(Code Principles F and L; Provisions 3, 12 and 13)*

The Chairman undertakes a variety of external engagements with a wide range of stakeholders, including meetings with UK and international regulators and government officials, senior market executives, the Lloyd's Market Association (LMA) and members' agents, attending events and speaking at conferences.

The Chairman maintains an ongoing dialogue with all non-executive members of the Council, including holding private sessions at the end of Council meetings, without the Executive present. The Chairman also meets with each member of the Council individually at least once a year. The interim Head of Secretariat met individually with each non-executive member of the Council at least once during 2024. The Senior Independent Deputy Chairman leads meetings of the other non-executive Council members without the Chairman present, at least annually, to appraise the Chairman's performance, and on any other occasions as necessary.

Council decisions and their impact on stakeholders *(Code Principles A and B; Provisions 1, 2, 3 and 5)*

We place great importance on considering the needs of all our stakeholders in our decision-making. The following table sets out examples of decisions taken by the Council during 2024 and how the views of our stakeholders were considered together with the long-term value implications.

Decision/ progress	How we took stakeholders and their views into account	Long-term implications
Blueprint Two	Blueprint Two updates were provided at each scheduled Council meeting with additional meetings arranged as appropriate. In addition, other governance forums (BCC and TTA, the latter of which includes market representation), met to discuss Blueprint Two with updates and recommendations being provided to the Council. Considering stakeholder feedback, the Council was supportive of the decision to delay the cutover of phase one digital services to help to ensure safe cutover. Council continually reviews information provided by management to support both Lloyd's own readiness and that of the market for the phase one cutover. Stakeholders engaged with included Velonetic and market participants (including the LMA, the IUA and brokers).	Digitalisation is one of our strategic priorities. Digitalising the market enables it to operate more efficiently with improved resilience.
Culture	Progress is measured against the Lloyd's culture strategy via the Culture Dashboard. Further information is available at the Culture Dashboard page at www.lloyds.com. In March 2024, the Market Policies and Practices Survey (MP&P) was presented to the Sustainability Committee with a summarised report presented to the Council. MP&P is conducted annually to understand the workforce, composition, policies and practices of firms who operate in the market and progress towards building a diverse, inclusive and high-performance culture. The report included progress on the targets set for the market by the Society. For further information, please see the Culture section within the Strategic Report. In March 2024, the Council reviewed culture information and the results of the recent Culture Survey. An action plan was established and shared with the Council, the Sustainability Committee, and Lloyd's employees. Joe Hurd (a nominated Council member) was appointed as Culture Champion of the Society. On behalf of Council the role will provide support, advice and challenge to the Lloyd's Chief People Officer and the Executive on culture and workforce engagement matters. This includes meeting with employees on culture matters, liaising with the Sustainability Committee and reporting to the Council at least twice a year. In December, the Council reviewed the 2024 Pulse survey results from employees and received an update on culture. Culture metrics also form part of the Executive and ELG scorecard.	Culture is one of our strategic priorities. Creating an inclusive marketplace is crucial to its long-term success. A high-performing and inclusive culture across our market will attract and retain the best talent, enable high performance and drive innovation to help our market thrive.
Market charging model	In September 2024, the Council approved a simplified charging structure for the market. We recognised that our existing charging structure was complex, especially when writing business on Lloyd's international platforms. In response to market feedback, a new charging structure was launched that is simple, transparent, and scalable. The new charging structure has been in place from 1 January 2025, with transitional arrangements in place for the first three years. Further detail is available on the Market Bulletins page at www.lloyds.com.	Syndicates benefit from simplified and transparent charges, making Lloyd's more accessible and easier to do business with.
Sustainability	At the end of 2023, Lloyd's published its roadmap on 'Insuring the Transition', which set out Lloyd's proposed approach for the next three years across all areas of sustainability for the market, including underwriting, investments, exposure management and capital and reserving. The document was issued as a consultation, where managing agents, brokers, market association, academic institutions, and Non-Governmental Organisations (NGO's) were able to provide feedback. The consultation closed at the end of January 2024, with version 2.0 of the roadmap, which responded to feedback being published in August 2024. The updated roadmap incorporated key areas of feedback including clearer expectations on what oversight interactions Lloyd's plans to have with the market and clarity on the iterative nature of the document as matters develop.	Purpose is one of our strategic priorities which includes convening for climate action. The roadmap is intended to support customers transitioning to a lower carbon business model.

Committees of the Council

Nominations and Governance Committee report

Committee responsibility *(Code Provisions 13 and 17)*

The Committee reviews the governance arrangements and leadership needs of the Society and its subsidiaries.

The terms of reference of the Committee can be found at www.lloyds.com.

Committee attendance *(Code Provision 14)*

		Scheduled meetings attended*
Chair	**Bruce Carnegie-Brown**	**2/2**
Council members	Andrew Brooks	2/2
	Victoria Carter	1/2
	Fiona Luck	2/2
	Sean McGovern	1/2
	Lord Mark Sedwill	2/2

Notes:
* Two scheduled meetings and four ad hoc meetings were held during 2024.

Key areas of focus

- Appointments and renewals
- Succession planning for the Chairman and Risk Committee Chair
- Skills evaluation
- Council Diversity Policy
- External effectiveness review

Statement by Chair of Nominations and Governance Committee

I am pleased to present the Report of the Nominations and Governance Committee (the 'Committee') for the year ended 31 December 2024.

The report explains the work of the Committee during the year.

Bruce Carnegie-Brown
Chair, Nominations and Governance Committee 19 March 2025

Committee composition *(Code Provision 17)*

The Committee is chaired by the Chairman of Lloyd's and its remaining members are drawn from the Council. Executive Council members are not eligible to become members of the Committee. Three of the Committee's six members are elected representatives of the Lloyd's market.

Accordingly, the Committee's composition does not comply with Provision 17 of the Code in that independent nominated members do not form a majority. The composition of the Committee is, however, considered appropriate as it ensures representation of members and the market in relation to key appointments. Further information on the expertise of Committee members is available on the biographies page at www.lloyds.com.

Committee meetings

The Chief Executive Officer, Chief People Officer and Secretary to the Committee regularly attend Committee meetings at the invitation of the Chair of the Committee. Members of the Committee recuse themselves from any discussion or recommendation of which they are the subject.

Committee responsibilities *(Code Principle H and Provisions 13, 15 and 17)*

The Committee is responsible for keeping under review the governance arrangements and leadership needs of the Society and its subsidiaries. Its functions include making recommendations to the Council on the appointment of the Chairman, Chief Executive Officer, nominated Council members, key members of the Executive, members of Council committees and the Secretary to the Council.

The Committee is also responsible for succession planning arrangements for these positions.

The Committee seeks to ensure that the members of the Council and its committees have an appropriate combination of skills, knowledge, experience and diversity, and have sufficient time to fulfil their Lloyd's roles. Further detail on the members of Council is available on the Council of Lloyd's page at www.lloyds.com.

2024 Key areas of focus *(Code Principles H, I, J, K and L; Provisions 2, 15, 17, 21, 22 and 23)*

1. Composition of the Council and its committees	
Appointments and renewals	An 'Extended Nominations and Governance Committee' recommended to the Council that Sir Charles Roxburgh be appointed as a nominated non-executive member of the Council and as the future Chair of Lloyd's. Sir Charles will take up the position on 1 May 2025. Recommended to the Council that Lord Mark Sedwill be re-elected as Senior Independent Deputy Chair of Lloyd's and that Andrew Brooks and Victoria Carter be re-elected as Deputy Chairs of Lloyd's, and that Bruce Carnegie-Brown be re-elected as Chairman of the Council (as per the Lloyd's Act 1982 and the CAB annual election requirements). Recommended to the Council that Lord Mark Sedwill be reappointed as a nominated non-executive member of the Council on the expiry of his term of office on 2 December 2024. Recommended to the Council that Alexander Baugh be appointed as a nominated non-executive member of the Council and as chair of the Risk Committee, subject to regulatory approval, following the completion of Neil Maidment's term of office on 31 January 2025. It was agreed that Andrew Brooks would serve as interim Chair of the Risk Committee (pending Alexander Baugh's regulatory approval) with Neil Maidment retained as an adviser to the Risk Committee from 1 February to 31 March 2025. Recommended to the Council that Joe Hurd (existing nominated non-executive member of the Council) be appointed to the new position of Lloyd's Culture Champion. Reviewed and made recommendations in relation to the membership of the Council's committees and other appointments made by the Council, including to the Trustee Board of the Lloyd's Tercentenary Research Foundation, the Lloyd's Enforcement Board, and the reappointment of the Lloyd's Members' Ombudsman. Recommended to the Council that Claire Schrader be appointed as Secretary to the Council. The Committee's recommendations referred to above were all subsequently supported and approved by the Council.
Succession planning for the Council and senior management	Effective succession plans are in place for key executive and non-executive positions and are reviewed at least annually by the Committee. This includes both emergency and medium-term succession plans for the Chairman and the Chief Executive Officer. An 'Extended Nominations and Governance Committee' was established with the specific mandate to oversee the recruitment processes for the successor of Bruce Carnegie-Brown on completion of his term of office as Chairman of Lloyd's. This group was chaired by nominated Council member and Committee member, Fiona Luck and its membership included regular Committee members: Andrew Brooks; Vicky Carter; and Sean McGovern, and the membership was extended to Neil Maidment; Joe Hurd; and Angela Crawford-Ingle (all nominated members of the Council). The current Lloyd's Chairman, Bruce Carnegie-Brown, did not participate in the membership, or any activities, of this group. Lord Mark Sedwill also did not participate in this group. The 'Extended Nominations & Governance Committee' worked with external search consultancy firm, Russell Reynolds Associates to carry out a transparent and rigorous process. Ms Luck provided high level updates to the standard Nominations and Governance Committee during the search process. Following the robust search process the 'Extended Nominations and Governance Committee' recommended to the Council that Sir Charles Roxburgh be appointed as a nominated non-executive member of the Council and as the future Chair of Lloyd's effective 1 May 2025, once Bruce Carnegie-Brown steps down. During 2024, the Committee oversaw the recruitment processes for the successor of Neil Maidment on completion of his term of office as Chair of the Risk Committee in January 2025. The Committee worked with Russell Reynolds Associates to carry out a transparent and rigorous process. During 2024 the Committee carried out a search process for a new Lloyd's Enforcement Board market connected member. The Committee carried out an evaluation of the skills, knowledge, experience and diversity on the Council and its committees and identified, using a skills matrix, desired areas of expertise and recruitment. The Committee recommended to the Council that details of the desired areas so identified be included in the Notices of Council Elections. The Council agreed with the recommendation. The Committee reviewed a number of changes to the composition of the Executive Committee proposed by the Chief Executive Officer, including the appointment of a new Chief Financial Officer with effect from 1 May 2025.

Committees of the Council continued

Nominations and Governance Committee report continued

1. Composition of the Council and its committees continued	
Diversity and inclusion policies **Please refer to www.lloyds.com to access the Council Diversity Policy**	In alignment with the Society's continued strategic focus on building a more inclusive culture for the Society and the market, the Council Diversity Policy places great emphasis on ensuring that the Committee considers candidates from a wide range of backgrounds on merit and against objective criteria. In conducting its annual review of the Council Diversity Policy in Q4 2024, the Committee noted that the target (originally set under that policy in 2020) would be achieved following the election of the new external member to the Council effective 1 February 2025. During 2024 the composition of the Council was 27% female and/or from an ethnically diverse background. This reverted back to 33% on 1 February 2025. From 1 May 2025, the Council shall be 40% female and/or from an ethnically diverse background, taking into account the other changes as detailed in this report. On the recommendation of the Committee, the Council agreed that Lloyd's policy remained to seek to meet those targets and it re-set the Council Diversity Policy on that basis. Under the Council Diversity Policy, the Council shall aim for at least 33% of the Council being female and/or from an ethnically diverse background. This can be achieved by: a minimum of two of the six elected market representatives and two of the six independent nominated members being female; and at least one member of the Council being from an ethnically diverse background. As set out above, the Council's composition includes elected external and working members. This has the potential to impact on the Council's ability to reach its diversity targets. To encourage the election of candidates from a diverse range of backgrounds, the Notice of Council Elections specifically puts emphasis on the importance of diversity on the Council.

2. Corporate governance	
Potential conflicts of interest and other professional activities	The Society has a conflicts of interest procedure in place under paragraph 3.5 of the Constitutional Arrangements Byelaw (please refer to www.lloyds.com to access the Byelaw). Changes to the non-Lloyd's professional activities of the non-executive members of Council require the approval of the Chairman and are submitted to the Committee for review. The Committee reviews the changes and satisfies itself that the changes to non-Lloyd's commitments do not interfere with the relevant Council member's commitments to the Council and do not give rise to conflicts of interest. While approval of the Council as a whole is not required and it is acknowledged that this is a departure from Provision 15 of the Code, the Committee reports to the Council after each meeting and accordingly Lloyd's approach is considered appropriate and proportionate. The Committee also reviews any proposals to permit senior executives to take on external non-executive roles, again taking into account time commitment and potential for conflicts.
Annual governance effectiveness review **Please refer to previous reports for further information on the prior years' effectiveness reviews**	In line with governance best practice, Lloyd's conducts a governance effectiveness review annually which is facilitated by an independent external reviewer every third year. The last independent external review was conducted in late 2023/early 2024 by YSC Consulting ('YSC') (part of Accenture). The external review was undertaken through observations of the Council and selected committees (Remuneration, Audit, Risk and Nominations and Governance); discussions (supported by surveys) with Council members, Executive Committee members and other senior leaders of the Society; access to meeting documentation and governance pathways; and access to the outcomes of the internal reviews undertaken since the last external review. In conjunction with the external review, an internal review was undertaken of the work of the Sustainability Committee and the Investment Committee, completed by way of a questionnaire. During 2024 the recommendations were taken forward with updates being provided to the Nominations and Governance Committee and Council, including consideration of the Council's composition against possible industry issues, to help manage future events and possible scenarios. As detailed above, the Interim Head of Secretariat met individually with each Council member at least once during 2024 with conflicts of interest (including outside interests) being managed throughout the year. In late 2024 an internal assessment of the Council and selected committees was undertaken (Nominations and Governance, Remuneration, Audit, Risk, Sustainability and Investment). The assessment was conducted by way of questionnaires distributed to all Council and Committee members. The questions were tailored to incorporate outcomes and feedback from previous reviews and best practice. Feedback is also sought on the operation and dynamics of the Council and committees, and the composition and effectiveness of working was considered. The overall conclusion from the 2024 internal review was that the governance arrangements were working effectively with ideas to ensure that the Council continues to manage the current and future priorities of Lloyd's (together with possible development areas/events) in the most efficient way, including streamlined and proportionate reporting to allow continued focus on strategy and focus areas.

Internal control governance

Council
Responsible for internal control and reviewing its effectiveness

Audit Committee
Reviews and monitors the effectiveness of the systems of internal control

Risk Committee
Monitors identification and control of material risks

Executive Committee
Implementation and maintenance of internal control environment

Internal control *(Code Principles E and O; Provisions 6 and 29)*

The internal control system provides the foundation for the safe and sound operation of the business, ensuring compliance with relevant laws and regulations and the safeguarding of assets. The system is designed to reduce, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against material misstatement or loss. The above diagram shows a high level view of internal control responsibilities.

Dialogue between Council, Audit Committee and Risk Committee *(Code Principle C)*

As at 31 December 2024, the Chair of the Audit Committee was a member of the Risk Committee, and the Chair of the Risk Committee was a member of the Audit Committee. Reports on the activities of the Risk Committee are provided to the Audit Committee and vice versa, as required. When relevant, the two committees meet together. The arrangements in place enhance collaboration between the two committees as some responsibilities can overlap and impact on the other's work. The two committees report to Council after each meeting.

Three lines of defence

First line of defence: Business functions

- Runs the business operation and owns the risk of carrying out responsibilities correctly.
- Establishes, monitors and maintains effective internal controls within areas of responsibility.
- Adheres to firm-wide controls set out in policies and procedures, such as the Risk Management and Internal Control Policy.

Second line of defence: Risk Management, Financial Crime and Compliance

- Specialised independent functions.
- Provides oversight ensuring front-line business is conducted correctly and in line with the Corporation's risk appetite.
- Operates a framework which ensures risks are identified, assessed, and adequately managed.

See Risk Committee and Audit Committee reports for further information.

Third line of defence: Internal Audit

- Independent assurance function.
- Reviews whether business is conducted in accordance with relevant processes and controls, providing advice and insight as appropriate.

See Audit Committee report, Internal Audit paragraph for further information.

Central to the internal control system is the '**three lines of defence' model** which each person at the Society is part of. All lines of defence meet regularly and have open lines of communication to discuss relevant matters.

Internal control review and monitoring

Control profile reporting is provided to the Executive Risk Committee, Risk Committee and Audit Committee, including through the Own Risk and Solvency Assessment (ORSA) and Risk & Control Self-Assessment (RCSA) reporting.

For further detail please see Audit Committee and Risk Committee reports

Committees of the Council continued

Risk Committee report

Committee responsibility
(Code Principle O; Provision 28)

The Committee assists the Council in its oversight of the identification and control of material risks to the objectives of Lloyd's.

The terms of reference of the Risk Committee can be found at www.lloyds.com.

Committee attendance
(Code Provision 14)

		Scheduled meetings attended*
Chair	**Neil Maidment[1]**	**8/8**
Council members[2]	Andrew Brooks	8/8
	Angela Crawford-Ingle	7/8
	Dominick Hoare[3]	7/8
	Joe Hurd	7/8
	Fiona Luck	8/8
	Lord Mark Sedwill	7/8
Special adviser	Matthew Wilson[4]	3/6

Notes:
* Eight scheduled meetings were held during 2024.
1. Neil Maidment ceased as Chair of the Risk Committee with effect from 31 January 2025. On 7 January 2025, Alexander Baugh was appointed as Chair of the Risk Committee subject to regulatory approval. In the interim, Andrew Brooks has acted as Risk Committee Chair and Neil Maidment has been retained as an adviser to the Risk Committee from 1 February to 31 March 2025.
2. Victoria Carter was appointed as a member of the Risk Committee with effect from 1 February 2025.
3. Dominick Hoare ceased as member of the Risk Committee with effect form 31 January 2025.
4. Matthew Wilson ceased as a non-executive special adviser to the Risk Committee with effect from 26 September 2024.

Key areas of focus

Geopolitical instability
Macroeconomic uncertainty
Sustainable market performance
Blueprint Two cutover
Operational resilience
Strategy and change

Statement by Chair of Risk Committee

I am pleased to present the Report of the Risk Committee (the 'Committee') for the year ended 31 December 2024. The report explains the work of the Committee during the year and the key role played by the Committee in assisting the Council in its oversight duties in respect of managing the risk of the Corporation and in overseeing the Lloyd's market.

Andrew Brooks
Interim Chair, Risk Committee, 19 March 2025

Committee composition *(Code Principle K)*

The Committee's members are drawn from the Council and the Committee was chaired by an independent nominated member of the Council, Neil Maidment until 31 January 2025. On 7 January 2025, Alexander Baugh was appointed as Chair of the Risk Committee subject to regulatory approval. In the interim, Andrew Brooks has acted as Risk Committee Chair. At the end of 2024, the Committee was comprised of two elected members of the Council (one external and one working) and five independent nominated members of the Council.

The Council requires the Committee to operate effectively and efficiently and its members to have a balance of skills and experience to enable it to fulfil its responsibilities in a robust and independent manner. Members of the Committee have varied and extensive commercial experience, including as executives in the international insurance, reinsurance and asset management sectors, as well as audit and risk. For further information on the expertise of Committee members, please see www.lloyds.com.

The Council has determined that, by virtue of their professional backgrounds, the members of the Committee collectively have the competence and skills required to discharge the responsibilities of the Committee, as set out in its terms of reference. In addition, the Council consider that Neil Maidment, Andrew Brooks and Alexander Baugh have the recent and relevant experience required to chair the Committee.

Committee meetings *(Code Provision 3 and 29)*

The Chief Executive Officer, Chief Risk Officer, Chief Financial Officer and Chief of Markets are regular attendees, with other individuals invited to attend all or part of any meeting as and when deemed appropriate. The Chief Risk Officer presents a report summarising the key areas of risk and other significant updates to each Committee meeting.

The Committee members meet privately with the Chief Risk Officer at the end of each meeting.

The Chair of the Committee also meets informally and has open lines of communication with the Chief Executive Officer, Chief Risk Officer and other members of the Executive Committee and senior management, to discuss topical issues and the operations and risk profile of the Society. These meetings provide an opportunity for any matters to be raised confidentially.

Committee responsibilities *(Code Provisions 28 and 29)*

The Committee is a committee of the Council. Set out below are the Committee's responsibilities together with a note of the common activities undertaken.

Committee responsibility	
1. Assists the Council in overseeing the processes undertaken by management to identify, evaluate and mitigate material risks to the objectives of Lloyd's.	• Reviews risk profile and processes to identify and evaluate material risks to the objectives of Lloyd's. • Reviews management reports regarding oversight of principal or heightened risks or any breaches of risk appetite and risk limits and adequacy of any proposed actions. Management reports include the Chief Risk Officer Report, Own Risk and Solvency Assessment (ORSA) and the Risk and Control Assessment (RCSA). • Reviews management assessment of emerging and strategic risks, including climate change. • Reviews and recommends to the Council, at least annually, the Society's risk appetite and risk limits. • Oversees the impact of the sustainability and climate change on the Lloyd's risk appetite. • Reviews and recommends to the Council the annual Market Oversight Plan (MOP). The MOP determines priorities for the oversight of the market based on current and prospective risks. • Reviews and approves the Corporation's annual risk plan and monitors progress against the plan. • Reviews management's proposals for the global Risk Management Framework, policies and associated internal control and makes recommendations as to its adoption or otherwise.
2. Assists the Council with regulatory and economic capital requirements.	• Reviews and recommends to the Council regarding Lloyd's regulatory and economic capital requirements. • Reviews and makes recommendations to the Council on the appropriateness of the design and methodologies associated with the LIM, including model changes, stress and scenario testing and results of the independent validation of the LIM.
3. Ensures that appropriate arrangements are in place to ensure Corporation activities follow the relevant laws and regulations.	• Reviews and approves the Corporation's annual Financial Crime and Compliance plan and monitors progress against the plan, ensuring appropriate arrangements are in place to ensure compliance with relevant laws and regulations. • Reviews the annual Money Laundering Reporting Officer's (MLRO report).
4. Assists the Remuneration Committee with senior management remuneration.	• Reviews and approves the Chief Risk Officer's qualitative advice to the Remuneration Committee on risk weighting to be applied to variable remuneration of senior management.

In carrying out the role, the Committee takes into account the relevant work of other Council committees, including the Investment Committee and the Audit Committee.

2024 Key areas of focus *(Code Provisions 28 and 29)*

The Committee considered the following areas as part of its 2024 activities:

- **Geopolitical instability:** Ensured that Lloyd's continued to be as prepared as possible for the risks posed by the global economic and geopolitical uncertainty and volatility across the world, including systemic geopolitical crisis, Ukraine conflict and notable elections.
- **Macroeconomic uncertainty:** Ensured that Lloyd's continued to be as prepared as possible for the risks posed by the global economic uncertainty across the world, including onset of global economic downturn and financial market volatility.
- **Sustainable market performance:** Ensured that Lloyd's market performance remained sustainable, including oversight of underwriting discipline in key classes.
- **Blueprint Two cutover:** Ensured that the impacts of the Blueprint Two programme on Lloyd's risk profile were well understood and execution risks associated with delivery are being managed. This includes ensuring cutover is progressed only when it is safe to do so.
- **Operational resilience:** Ensured that management had robust and high-quality oversight of Lloyd's operational resilience risks and associated controls in line with the Corporation's risk appetite.
- **Strategy and change:** Ensured that potential risks and barriers associated with Lloyd's strategy were identified and managed.
- **Annual agenda items:** Considered annual items in accordance with its responsibilities, including (but not limited to):
  - 2024 regulatory and economic capital.
  - Policy approvals, such as the Risk Management and Internal Control Policy and compliance policies.
  - The ORSA report, which included monitoring against risk appetite, principal risks, strategic and emerging risks, RCSA conclusions, control failure reporting, and capital and solvency updates.

Committees of the Council continued

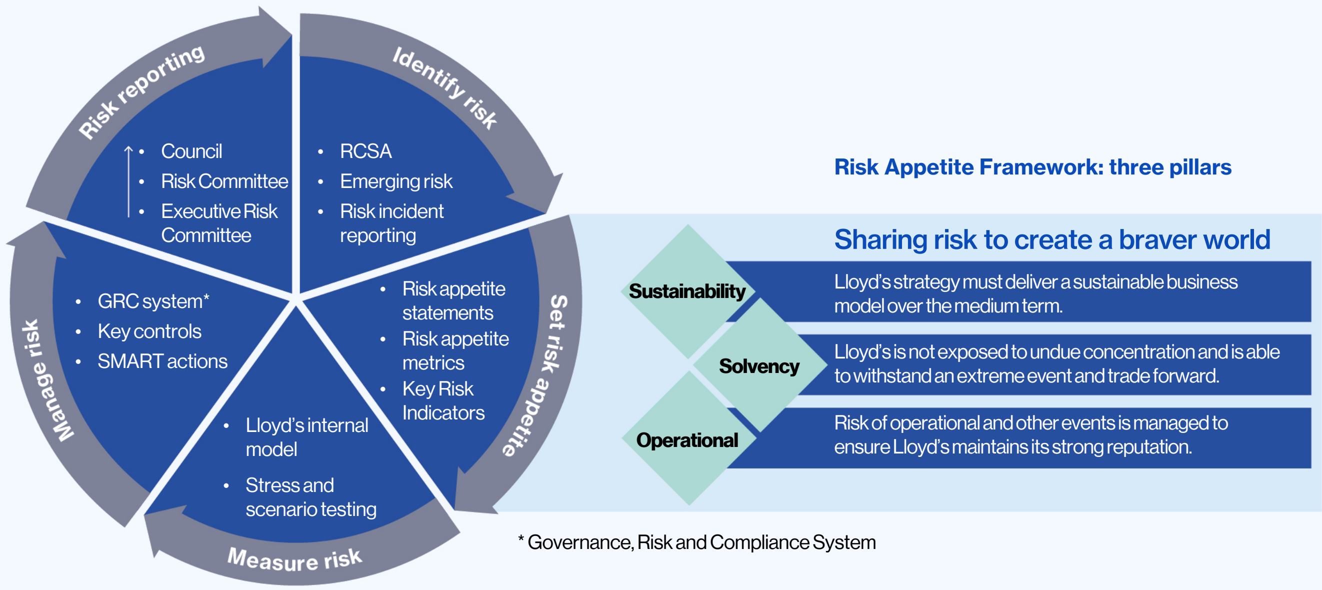
Risk Committee report continued

Risk Management and Internal Control Framework *(Code Provisions 28 and 29)*

Lloyd's has an established Risk Management Framework which facilitates the ongoing process of identifying, evaluating and managing significant business, operational, financial, compliance and other risks affecting the Society. For more information on those risks identified, please refer to the Strategic Report.

As part of the Risk Management Framework, the Council manages exposure to these risks by setting and monitoring a Risk Appetite Framework – how much risk is acceptable and what actions should be taken when appetites are exceeded. This is done through a series of risk appetite statements and metrics.

The Risk Appetite Framework starts with Lloyd's purpose: sharing risk to create a braver world. To deliver on this purpose, the Society has three pillars which each have their own objectives which are to be continuously met, as set out in the diagram below. These risk objectives reflect the Council's view of the acceptable levels of risk faced by Lloyd's.



* Governance, Risk and Compliance System

Within each pillar of the Risk Appetite Framework, there are several risk categories, with metrics that define the amount of risk the Council is willing to take. These metrics represent the key elements that could result in the risk objectives not being achieved for the pillar. The metrics are monitored on an ongoing basis and reported to the Risk Committee each quarter in the ORSA report, alongside any get to green actions, if a threshold has been breached.

The Risk Management Framework includes several risk assessment techniques, which are tailored to specific risk areas. These include:

- An ongoing RCSA process to reassess existing risks and identify any new risks.
- A bi-annual RCSA and key control attestation process where risk owners from the first line attest to the assessment of their risks and the effectiveness of mitigating controls; attestations are then reviewed by the second line of defence.
- A risk incident reporting process through which the business can report material control failures and mitigating actions, which are escalated to the relevant governance forums as required.
- The Lloyd's Internal Model (LIM), which is used to quantify potential losses from risks at different confidence levels and to calculate regulatory solvency capital requirements (SCRs).

The risk governance structure, which includes the Risk Committee, provides clear independent challenge to the risk takers within the Society. A key objective of the Society's risk governance structure is to provide assurance to the Council that risks facing the Society are identified and managed in accordance with the approved policies and risk appetite. The Risk Committee oversees, challenges and, where appropriate, escalates issues to the Council using management information from the Risk Management and Internal Control Frameworks, including via reports such as the ORSA, details of the operating and regulatory environment and capital management reports.

Appropriate corporate policies and procedures are in place, with reviews being undertaken as appropriate in accordance with the Lloyd's Compliance Policy Framework and regulatory requirements.

Audit Committee report

Committee responsibility

The Committee assists the Council in discharging its responsibilities for monitoring the integrity of the Society's financial reporting; assessing the effectiveness of the systems of internal control of the Society; and monitoring the effectiveness, independence and objectivity of the internal and external auditors.

The Audit Committee's terms of reference can be found at www.lloyds.com.

Committee attendance *(Code Provision 14)*

		Scheduled meetings attended*
Chair	**Angela Crawford-Ingle**	**5/5**
Council members[1]	Victoria Carter[2]	3/5
	Dominick Hoare[3]	5/5
	Joe Hurd	5/5
	Marcus Johnson	5/5
	Neil Maidment[4]	5/5

Notes:

* Five scheduled meetings were held during 2024 with meetings held to coincide with key dates within the financial reporting and audit cycle.

1. Jane Warren was appointed as a member of the Audit Committee with effect from 1 February 2025.
2. Victoria Carter ceased as a member of the Audit Committee with effect from 1 February 2025.
3. Dominick Hoare ceased as a member of the Audit Committee with effect from 31 January 2025.
4. Neil Maidment ceased as a member of the Audit Committee with effect from 31 January 2025. Alexander Baugh was appointed as a member of the Audit Committee, subject to regulatory approval of his appointment as a nominated member of the Council.

Key areas of focus

- Change areas
- Reserves
- Global network
- Tax strategy
- Internal Audit
- Annual Report and interim Pro-Forma Financial Statements and Aggregate Accounts
- Viability statement and going concern
- Solvency II Pillar 3 reporting

Statement by Chair of Audit Committee *(Code Provisions 25-31)*

I am pleased to present the report of the Audit Committee (the 'Committee') for the year ended 31 December 2024. The report explains the work of the Committee during the year and the key role played by the Committee in overseeing the integrity of the Society's financial reporting and internal control environment.

Angela Crawford-Ingle
Chair, Audit Committee, 19 March 2025

Committee composition *(Code Principle K; Provision 24)*

The Committee's members are drawn from the Council, and it is chaired by an independent nominated member of the Council, Angela Crawford-Ingle.

At the end of 2024, the Audit Committee comprised of three independent nominated members of the Council, two external members of the Council and one working member of the Council.

The Council requires the Committee to operate effectively and efficiently and its members to have a balance of skills and experience to enable it to fulfil its responsibilities in a robust and independent manner. Members of the Committee have varied and extensive experience as executives/non-executives in the international insurance, reinsurance and asset management sectors, as well as audit, risk and prudential regulation. Further information on the expertise of Committee members is available on the Biographies page at www.lloyds.com.

As three of the Committee's six members were elected market representatives during 2024 (due to the requirements of the Lloyd's Act 1982 and the Constitutional Arrangements Byelaw for Council membership), the Audit Committee's composition did not comply with Provision 24 of the Code in that the Committee was not comprised entirely of independent members. However, the Audit Committee's composition was deemed appropriate notwithstanding this departure as the Council took this approach to maximise the pool of skills and experience available to it when appointing the members of the Audit Committee, the benefits of which outweigh any perceived risk to the independence of the Committee. The Society has a conflicts of interest procedure in place and no Executive Director of the Council is eligible to be a member of the Committee.

Committee meetings *(Code Provisions 3 and 29)*

The Chairman of Lloyd's, the Chief Executive Officer, the Chief Financial Officer, the Deputy Chief Financial Officer, the Head of Internal Audit and other senior management regularly attend Committee meetings at the invitation of the Chair of the Audit Committee, together with representatives of the external auditors, PricewaterhouseCoopers LLP (PwC). The Audit Committee as a whole meets privately with the Head of Internal Audit and the external auditors.

The Chair of the Committee meets informally with and has open lines of communication with the Executive Committee, Head of Internal Audit, external auditors and senior management to discuss topical issues and the operations of the Society. These meetings provide an opportunity for any matters to be raised confidentially.

The Committee received appropriate technical updates and presentations throughout the year on financial reporting, accounting policy and regulatory developments., including sustainability reporting and Financial Reporting Council corporate reporting updates.

Committees of the Council continued

Audit Committee report continued

Committee responsibilities *(Code Principles E, M and N; Provisions 6 and 25-31)*

The Committee is a committee of the Council. Set out below are the Committee's responsibilities together with a note of the common activities undertaken. For further information on each responsibility, please refer to the relevant paragraphs below.

Committee responsibility	
1. Oversees the Society's system of internal control, including financial reporting controls, and reviews its effectiveness. * See Internal control, Financial reporting and external audit and Internal Audit paragraphs.	• Ensuring that an annual report on financial controls and internal control is undertaken. • Monitoring the effectiveness, independence and objectivity of the internal and external auditors. • Overseeing the effectiveness of the interactions with the external auditors. • Approving the appointment and reappointment of the external auditors. • Overseeing Internal Audit, including ensuring that the team has the appropriate plan, resources and budget.
2. Assists the Council in fulfilling its oversight responsibilities over financial reporting (which includes monitoring the integrity of the Society's financial reporting and the ongoing solvency position). * See 2024 Key areas of focus section.	Overseeing the: • Strategic Report, Society Report (which includes the Group Financial Statements of the Society) and annual Pro-Forma Financial Statements (PFFS) (hereinafter referred to as 'Lloyd's Annual Report' where appropriate), and interim Pro-Forma Financial Statements; • Aggregate Accounts; and • Lloyd's Solvency and Financial Condition Report (SFCR) to the Prudential Regulatory Authority (PRA).
3. Ensures that appropriate arrangements are in place by which employees may, in confidence, raise concerns relating to possible impropriety relating to the Society, in matters of financial reporting or other matters. * See Internal control paragraph.	Overseeing the: • effectiveness of systems and controls in relation to whistleblowing.

2024 Key areas of focus *(Code Provision 26)*

The Committee considered the following areas as part of its 2024 activities:

- **Change areas:** An overview of finance priorities and projects was presented, including the reporting rationalisation changes to the Quarterly Monitoring Return Part A (QMA) and Technical Provisions Data (TPD) return, the Lloyd's Investment Platform and member services transformation.
- **Reserves:** Various reserve updates were received throughout the year providing information and quantification on areas of uncertainty such as US Casualty and the Ukraine conflict. The conclusion was that the overall adequacy of the reserves was appropriate.
- **Global network:** International reports were provided throughout the year covering key regions and projects, including the European Corporate Sustainability Reporting Directive (CSRD).
- **Tax strategy:** The Committee recommended to the Council the approval of the Corporation's tax strategy, which was subsequently approved. Further detail is available on the Tax Information page at www.lloyds.com.
- **Internal Audit:** Following the agreement of the 2024 plan, 39 audits were undertaken by Internal Audit. The audits can be grouped together under the following themes: Change, Resilience, Strategy/Purpose, Global Network Oversight, Embedding Principles Based Oversight across the Corporation and Culture.
- **Lloyd's Annual Report and Interim PFFS and related disclosures and Aggregate Accounts:** The Committee reviewed the annual and interim report and the Aggregate Accounts and recommended them for approval by the Council. The key areas of judgement were considered and supported by the Committee, in approving the respective financial statements, including:
  - **Notional investment return estimation on funds at Lloyd's (FAL):** notional investment return is estimated on FAL, equivalent to the investment return an insurer would generate on the capital they hold to support their underwriting.
  - **Pensions:** assessing the reasonableness and consistency of the key assumptions that impact the valuation of the net pension assets.
  - **Management of the reserve margin for uncertainties:** reviewing the reasonableness of the central reserve margin included in the PFFS, in addition to the reserves held by syndicates to reflect the heightened risk of atypical reserve movement at an aggregate level.
  - **Valuation of financial investments (including FAL):** reviewing the basis upon which the reasonable fair valuation of financial investments was determined.
  - **Claims provisions and related recoveries:** reviewing syndicate estimates for liabilities to be included in the PFFS and liabilities to be included in the Society financial statements.
  - **Intangible assets:** reviewing the results of impairment testing of intangible assets, including the approach and reasonableness supporting the active use assessment and amortisation.

- **Viability statement and going concern:** Consideration of the viability statement and the confirmation of the continuing status of the Society as a going concern as part of the annual and interim reporting processes, which includes the impact from major claims in the Lloyd's market. The Committee was presented with the net assets, solvency and liquidity position (current and projected), to consider the assessment, including the stress testing assessments undertaken.
- **Solvency II Pillar 3 reporting for the market and the Society:** The Committee reviewed the ongoing capital and solvency position of the Society. It also considered the reporting requirements and governance arrangements for Solvency II Pillar 3 reporting for both the market and the Society, by reviewing and approving the SFCR for the year ending 31 December 2023 for submission to the PRA.

Financial reporting and external audit

Financial reporting *(Code Principles M and N)*

A key focus of the Committee is its work in assisting the Council in ensuring that the Lloyd's Annual Report, when taken as a whole, is fair, balanced and understandable. The Committee has considered the key messages and themes being communicated in the Annual Report, as well as the appropriateness of significant accounting estimates and judgements and the information provided to the Committee throughout the year.

The Committee, having completed its review, has recommended to the Council that, when taken as a whole, the 2024 Strategic Report, Society Report (which includes the Group financial statements of the Society) and PFFS is fair, balanced and understandable and provides the information necessary to assess the Society's position and performance, business model and strategy. Please see note 3 for an explanation of the entity's accounting policies.

During the year, the Committee continued to keep abreast of any significant and emerging accounting developments, including reports provided by the external auditor outlining recent insurance and regulatory hot topics.

External audit and Committee role *(Code Principle M; Provisions 25 and 26)*

The Committee places great importance on the quality, effectiveness and independence of the external audit process and monitors and reviews the objectivity and independence of the external auditors. The Committee also monitors the Society's relationship with its external auditor.

The Committee assesses the effectiveness of the external auditors on an ongoing basis throughout the year by way of the following activities:

- Reviewing and approving the external audit plan and delivery in line with the plan.
- During Committee meetings and private sessions with external audit (without the Executive in attendance).
- Reports from external audit as appropriate, including any particular matters for consideration. The Committee then ensures appropriate action is taken in response.
- Meetings between the external audit partner and the Chair of the Audit Committee, as appropriate.
- Approving the fees proposed by the external auditors following consideration by management.
- Reviewing the External Audit Policy annually.
- The Committee also performs a specific annual evaluation on the performance of the external auditors (which includes the effectiveness of the audit process), through questionnaires that are completed by members of the Committee, the Executive and the Executive Leadership Group (on behalf of their teams). Feedback from the questionnaire was discussed by the Committee and with the external auditors. Overall feedback was positive and where opportunities for improvement were identified, PwC was asked to take account of that feedback in the planning of future audit activity. The questionnaires included assessment against the following criteria:
  - Audit scope and planning, including communication and feedback.
  - Audit team, including composition, use of specialists and understanding of Lloyd's.
  - Communication, including whether information was timely, effective and complete; and whether insights and points of view were provided on a forward-looking basis.
  - Independence, including information on compliance with independence requirements and safeguards in place to detect any independence issues.
  - Fees, including appropriateness given audit scope.

The Committee oversees the engagement of the external auditors for non-audit services to ensure any such work does not impair the ongoing independence and objectivity of the external audit. This includes:

- Non-audit services policy to govern the non-audit services that may be provided to the Society by the external auditors and setting out the circumstances in which the external auditors may be permitted to undertake non-audit services.
- All non-audit services require approval from the Committee and must be justified and, if appropriate, tendered before approval. A breakdown of the fees paid to the external auditors for non-audit work is set out in note 12 to the Society financial statements (within the Society Report). Significant non-audit engagements undertaken by the external auditors in 2024 include services pursuant to legislation (work undertaken on the Aggregate Accounts and regulatory returns) and non-audit services (the PFFS).
- Regular reporting provided to the Committee on engagements undertaken by the external auditors in order to monitor the types of services provided and the fees incurred.

Committees of the Council continued

Audit Committee report continued

- Receiving confirmation from the external auditor that it believes that it remains independent within the meaning of the applicable regulations and professional standards. Further, PwC operates a rotation system of the lead audit partner after five years.

The Committee has primary oversight on the appointment, reappointment or removal of the external auditor and the audit fee payable. In May 2024, PwC was reappointed as the auditors of the Aggregate Accounts at the Society's AGM. A comprehensive audit tender led by the Audit Committee was undertaken in 2022 for the 2023 year end (PwC was initially appointed in 2013). In July 2022, PwC were reappointed and continued in their role as auditors for the Society and all Group entities. Therefore, PwC has been appointed for a total tenure of 12 years. The next required audit tender will take place in or around 2032 in line with required practice, at which point PwC will not be eligible to participate in the re-tender. Overall, the Committee is satisfied with the performance of the Society's external auditors, PwC. The Committee has concluded that there has been appropriate focus by the external auditor and that the external auditor has provided robust challenge throughout the audit process.

Internal Audit

Internal Audit authority, scope and remit *(Code Principle M)*

The Internal Audit function provides the Committee and Executive Committee with independent and objective assurance on the effectiveness of internal control and risk management across the Society and its subsidiaries. The use of Internal Audit is governed by the Audit Charter (further detail is available on the Governance Structure page at www.lloyds.com), which sets out the authority, scope and remit of the Internal Audit function.

Internal Audit's remit only extends to the Society of Lloyd's and, as such, it does not undertake internal audit reviews of market participants. However, given the Corporation's role in providing market oversight activity, Internal Audit does undertake reviews of the mechanisms in place to ensure this oversight is both appropriate and proportionate. This includes reviews of various elements of the principles-based oversight framework, the role of the Capital and Planning Group, and the annual business planning/capital return approval cycles.

The Head of Internal Audit has a direct reporting line to the Chair of the Committee with an administrative reporting line to the Chief Executive Officer.

Internal Audit submits a risk-based annual plan of work for the Committee's review and approval (see below). The Committee satisfies itself as to the quality, experience, and expertise of the Internal Audit function through:

- Regular interaction with the Head of Internal Audit and by way of ongoing assessment by stakeholders who have been subject to an internal audit. The results of the ongoing assessment are discussed with the Chair of the Audit Committee and shared with the Committee periodically, as appropriate.
- An annual evaluation of Internal Audit which is undertaken through the Committee completing a questionnaire, with the results presented to the Committee and discussed, including during a private session.
- An External Quality Assessment (EQA) being undertaken on Internal Audit at least every five years (in accordance with best practice). The last EQA took place in 2021 and concluded that Internal Audit 'generally conforms' to the Chartered Institute of Internal Auditors International Professional Practices Framework (IPPF) Standards and Code of Ethics (the Standards).
- Review of the Internal Audit strategy each year which is presented to the Audit Committee. The Internal Audit strategy is designed to align to the Lloyd's four strategic pillars.

The Committee concluded that Internal Audit has the skills and resources needed to complete the Internal Audit plan.

Internal control review and monitoring *(Code Principles E and O; Provisions 6 and 29)*

Reports and updates on internal control were received throughout the year by the Committee as set out below. Based on the Committee's assessment of internal control, the Committee concluded that the Society's system of internal control continues to provide reasonable (although not absolute) assurance against material misstatement or loss.

Finance	An annual assessment of the effectiveness of the internal controls over financial reporting takes place in conjunction with year-end reporting (undertaken by Finance) and is reviewed by the Committee. The conclusion was that the Society's system of internal control over financial reporting provides reasonable but not absolute assurance against material misstatement. Supporting this conclusion was a summary of the Society's key controls around the production of financial statements, PFFS and Aggregate Accounts for the Lloyd's market.
Risk	The adequacy of the Group's overall risk management and control arrangements is coordinated by Risk Management with ongoing RCSAs undertaken and a bi-annual RCSA and key control attestation process. The results are reported to the Risk Committee and incorporated within the Annual Internal Audit Control Opinion (see below).
External audit	The external auditors provided controls observations and findings report in respect of the year ended 31 December 2024 Society audit. The observations were addressed by Finance as appropriate and reported to the Audit Committee.

Internal Audit	**Internal Audit Plan (the 'Plan')** Reporting on the broader control environment is provided by delivery of an approved Plan comprised of risk-based internal audit reviews performed across the business, with the outcomes being reported to management, the Executive Committee and the Audit Committee. The Plan is based on Internal Audit's independent view of risks facing the Corporation, as well as other factors such as strategic initiatives, emerging risks and change. The Plan is updated as necessary to ensure appropriate focus on the key risks. The independent, objective assurance services performed by Internal Audit are designed to improve the organisation's operations. **Internal Audit status reports** Quarterly status reports are provided on the Plan, including actions taken to implement any recommendations, the status of progress against previously agreed actions and executive summaries providing an Executive response to any finding. **Annual Control Opinion ('Control Opinion')** Internal Audit co-ordinate the reporting on the effectiveness of the control environment to the Committee (which then reports to the Council). The review considers financial, operational, reporting and compliance controls. Internal Audit completes an annual Control Opinion that provides an assessment of the control environment based on: • Prior Internal Audit reviews through the delivery of the risk-based Plan. • Engagement with internal stakeholders, including the Chief Executive Officer, members of the Executive Committee and the Executive Leadership Group, as well as periodic engagement with non-executive directors and regular/periodic attendance at key management meetings. • Regular interactions with the Risk Management and Financial Crime and Compliance functions. • Review of RCSAs and annual financial control assessment. • Interactions with other stakeholders, including the Corporation's external auditors and regulators. 2024 Control Opinion: the control framework is adequately designed and operating to provide reasonable assurance that the key risks are managed appropriately. The key observations were that: • There continue to be improvements to the RCSA process and risk maturity across the Corporation including embedding the oversight framework across the Global Network. The focus over 2025 will be enhancing the approach to controls to deliver a more standardised approach for testing and evidencing controls across the organisation. • Management continues to provide significant focus and attention to the governance around Blueprint Two readiness for both the Corporation and wider market and this will continue to be monitored in 2025. • Following the outsourcing agreement signed in 2024, management are working to embed a consistent change methodology and governance structure, with oversight from both the second and third line of defence. This, along with the broader areas of IT and Operations will remain an area of focus through 2025.
Whistleblowing	**Whistleblowing arrangements** These arrangements involve having systems and controls in place, including having a whistleblowing policy (which is part of the Global Compliance Policy) and appropriate channels in place (eg Whistleblowing helpline and web reporting provider) to ensure that employees may, in confidence, raise concerns. Whistleblowing information is available on the employee intranet with guidance and contact details. Training is also provided annually, as appropriate, to the Council and to all Corporation employees. The Financial Crime and Compliance function is responsible for overseeing the whistleblowing controls. The Whistleblowing Escalation Group (WEG) support the procedures in place, with the Head of Financial Crime and Compliance being a member. The Chair of the Audit Committee is the Lloyd's Whistleblowers' Champion and has responsibility for ensuring the integrity, independence and effectiveness of Lloyd's policies and procedures for whistleblowing. Further detail is available on the Whistleblowing page at www.lloyds.com. **Quarterly whistleblowing updates** Quarterly updates were provided throughout the year explaining developments and enhancements to the whistleblowing arrangements, such as testing, training and awareness with an opportunity for Committee members to ask questions. Updates also included the number and type of incidents raised, actioned and closed together with any lessons learned (where appropriate). **Annual Whistleblowing Report** An annual report on the effectiveness and operation of the Society's whistleblowing systems and controls is undertaken by the Financial Crime and Compliance function. The report covered the period from 31 August 2023 until 31 August 2024. The Audit Committee reviewed the report and the Council were provided with a copy for information.

Committees of the Council continued

Remuneration Committee report

Committee responsibility

The Committee is responsible for setting the remuneration arrangements for the Chair, the Chief Executive Officer, the Executive Directors, any other direct reports of the Chief Executive Officer, and such other members of the executive management or other persons as it is designated to consider to ensure Lloyd's remuneration is fair, competitive and aligned with the organisation's strategy.

The terms of reference of the Remuneration Committee are available at www.lloyds.com.

Committee composition

The Committee is chaired by Fiona Luck, an independent nominated member of the Council. The Chairman is a member of the Committee, and its remaining members are drawn from the Council. As at 31 December 2024, four of the Committee's six members were elected.

Committee attendance *(Code Provision 14)*

		Scheduled meetings attended*
Chair	**Fiona Luck**	**4/4**
Council members	Andrew Brooks	4/4
	Bruce Carnegie-Brown	4/4
	Victoria Carter	3/4
	Dominick Hoare[1]	4/4
	Sean McGovern	2/4

Notes:
* Four scheduled meetings and five ad hoc meetings were held across 2024.
1. Dominick Hoare ceased as a member of the Remuneration Committee with effect from 31 January 2025.

Key areas of focus

2025 Key management changes
2024 Incentive out-turns
2024 Strategic Transformation Incentive Plan
Review of 2023 Transformation Incentive Plan
Target setting for 2025 incentive awards

Statement by Chair of Remuneration Committee

(Code Principle P; Provision 39)

I am pleased to present the Report of the Remuneration Committee (the 'Committee') for the year ended 31 December 2024.

Lloyd's results for 2024 continued to demonstrate our commitment to supporting a profitable marketplace. Delivering strong, sustainable, profitable performance is a key priority, and our results – one of our most profitable underwriting years in recent history – are a testament to that focus. The market's combined ratio, a key measure of underwriting profitability, increased to 86.9%, supporting overall profit before tax of £9,626m. The Lloyd's market reported an underwriting result of £5,314m for 2024 (2023: £5,910m). The central solvency ratio reduced to 435% (2023: 503%) primarily driven by an increase in the central SCR offset by positive movements in Society Own Funds, after taking into account the repayment of the first tranche of syndicate loans and the 2024 subordinated debt.

Our digital transformation through Blueprint Two saw Lloyd's and Velonetic continue to focus on a more resilient, flexible and future-proofed technology platform for our marketplace. This is a complex transformation programme, addressing legacy technology and process across the whole ecosystem, and this complexity has challenged our timeline. Lloyd's and Velonetic are continuing work to build, test and govern the technology change, and will only cutover to phase one digital services once it is safe to do so. Despite these complexities, we are committed to our plan to execute the changes Blueprint Two is targeting.

We have continued to maintain our critical focus on supporting an inclusive and high-performance culture. The Lloyd's 2024 Culture Dashboard reported steady improvement and the rollout of Lloyd's Inclusive Futures Coalition promises to accelerate our efforts to create a diverse and inclusive Lloyd's market.

Key management changes

Chief Executive Officer

On 6 January 2025 Lloyd's announced that John Neal will be leaving in 2025 to join Aon, after leading the Corporation for over six years. During his remaining time at Lloyd's, John will support both the planned succession of our new Chair and the executive leadership transition.

As a leaver due to resignation, in line with Lloyd's policy John is not eligible for 2024 or 2025 incentive awards (Individual Performance Bonus, Market Award and Strategic Transformation Award) and all outstanding deferrals are forfeit on termination of employment.

Chief Financial Officer

On 29 January 2025 Lloyd's announced the appointment of Alexandra Cliff as CFO following a long established succession plan, effective from 1 May 2025. Alexandra joined Lloyd's as Deputy CFO in November 2022 and currently serves on the Lloyd's Executive Committee. Alexandra was appointed on a salary of £425,000, with other elements of her package in line with the existing arrangements for Burkhard Keese.

Burkhard will step down from the Council on 30 April 2025 and remains eligible to receive 2025 incentive awards pro-rated for time served in role during the year. Outstanding deferred awards will be subject to normal deferral rules and will be delivered in line with the ordinary payment dates. As disclosed, Burkhard will remain a strategic advisor to Lloyd's for a transition period.

Key remuneration decisions and incentive out-turns *(Code Principle P; Provision 41)*

Salaries

In light of leadership changes, no salary changes will apply for the current CEO and CFO from 1 April 2025. The Committee carefully considered the salary of the Chief of Markets, taking into consideration increases awarded to Corporation employees, individual performance and contribution during the year. The Committee determined a 2.6% increase is appropriate.

The average salary increase for wider employees was 3.0% with effect from 1 April 2025.

Incentive out-turns (Individual Performance Awards and Market Awards)

The Society made strong progress against its key strategic priorities in 2024, which is reflected in the Individual Performance Awards made to the current CFO and Chief of Markets (see page 90).

Executive Directors' incentive awards are also aligned to market performance. The Lloyd's market recorded a profit before tax of £9,626m (2023: £10,663m) and the combined operating ratio was 86.9% (2023: 84.0%). Excluding adjustments to the central reserve margin, the profit before tax was £9,646m (2023: £10,876m) and the combined operating ratio is 86.8% (2023: 83.4%), which resulted in the Market Award for the current CFO and Chief of Markets vesting in full (see page 90). 40% of the total Lloyd's Incentive Plan award will be deferred for three years.

2024 Strategic Transformation Incentive Plan (STIP)

For 2024, the CFO and Chief of Markets were eligible for awards under the STIP. This plan operated for key roles that are critical to the continued delivery and execution of the market's strategic transformation, based on achievements in three key lead performance areas: Profitable Growth, Technology & Digital, and a 'Fit for Purpose' Lloyd's. Lead indicators were underpinned by the profitability and financial strength of the Lloyd's marketplace. The CFO and Chief of Markets were eligible for a maximum opportunity of 100% and 125% of salary respectively. Following consideration against lead and lag indicators the award vested at 70% of maximum.

2023 Transformation Incentive Plan (TIP)

As disclosed in the 2023 Annual Report, in determining the out-turns for 2023 TIP awards of 71%, the Committee exercised its discretion to increase the level of deferral and introduce an additional review process to ensure alignment with Blueprint Two progress including cutover. The deferral period was adjusted so that 25%, rather than 33%, was paid in April 2024.

Payment of the remaining 75% deferral was subject to a further review of Blueprint Two progress by the Committee. The Blueprint Two programme was subject to a comprehensive reset during the second half of 2024 and whilst positive progress has been made, cutover has been further delayed until the build is tested and assured. The Committee carefully considered overall progress made and the balance of rewarding delivery against lead indicators whilst recognising the challenges and continuing delays to the programme and cutover. As a result the Committee exercised its discretion to i) reduce the outcome of the TIP 2023 award from 71% to 47% of maximum; and ii) delay the payment of the balance of the TIP 2023 award to April 2026 and April 2027. The outcome was therefore that no TIP 2023 payment will be made in April 2025.

2025 STIP

For 2025, a STIP will continue to operate for key roles that are critical to the continued delivery and execution of our strategic transformation. As for 2024 awards, these will be based on achievements in three key lead performance areas: Profitable Market Growth, Market Infrastructure and Efficiencies (including Blueprint Two) and a 'Fit for Purpose' Lloyd's, as set out below. Awards under the Strategic Transformation Incentive Plan will be made with a maximum opportunity of 100% and 125% of salary to the CFO and Chief of Markets, respectively. Awards will be performance tested and vest following 31 December 2025. Payment of any vested awards will be made in three tranches in the three years following the end of the performance period.

Wider workforce remuneration *(Code Provisions 2 and 38)*

The Committee reviews relevant policies which apply to all employees across the Society. The Committee is regularly updated on key areas of the Lloyd's Culture Dashboard, designed to drive the market towards a more inclusive environment and deliver cultural change. The Remuneration Policy and Bonus Scheme Rules are published internally and are available to all employees.

All Society employees are eligible to participate in Lloyd's Incentive Plan (being the Individual Performance Award and Market Award), and the framework is consistent across all employees.

Pension arrangements for Executive Directors are in line with the maximum contribution available to wider Society employees.

Employee engagement *(Code Provision 2)*

The Society operates a range of employee engagement channels, including employee surveys and the Employee Change Forum, comprising representatives from across the workforce. Further detail can be found under 'Sustainability Committee' in the Governance Report section.

Employee check-in sessions are regularly held and include presentations on annual results (with the annual report detailing Executive remuneration and how it aligns with the wider workforce).

In 2024 Joe Hurd was appointed as Culture Champion to hold management to account on culture matters on behalf of Council.

Fiona Luck
Remuneration Committee Chair, 19 March 2025

Committees of the Council continued

Remuneration Committee report continued

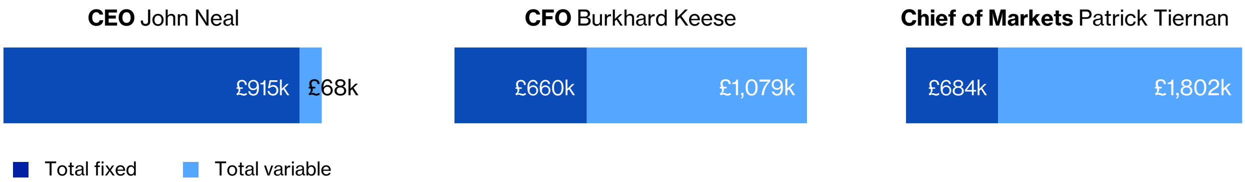
Remuneration Report

This report is based upon the principles of the directors' remuneration reporting regulations for UK-listed companies, and the UK Corporate Governance Code. However, the Code and regulations are directed at companies listed on the London Stock Exchange, whereas Lloyd's is a market of many separate and competing trading entities. Nonetheless, the Council supports the principles insofar as they can be applied to the governance of the Society and has chosen to broadly follow the disclosure principles in this report.

Disclosure requirements which have not been met include illustration of the application of the Remuneration Policy and a statement of consideration of employment conditions elsewhere in the company. The Remuneration Report is unaudited, with the exception of the single total figure of remuneration table which is audited by the independent external auditors PricewaterhouseCoopers LLP.

Remuneration at a glance

Single total figure of remuneration for 2024



Summary of Remuneration Policy and out-turns for 2024 *(Code Provisions 13 and 38)*

The following table provides a summary of our Remuneration Policy and how it was implemented in 2024.

Overview of policy | Implementation in 2024

Fixed pay

Salary

Salaries are set to appropriately recognise responsibilities and be broadly market-competitive.

Annual salaries were:

- Chief Executive Officer: £770,000
- Chief Financial Officer: £550,000
- Chief of Markets: £575,000

Pension and benefits

All employees, including directors, have access to the same pension and benefit arrangements and these do not vary by age.

The Executive Directors received a pension supplement of 15% of salary, which is in line with the pension available to the wider workforce. All Executive Directors receive a benefit supplement of 3% of salary, in line with the wider workforce. No other payments to the Executive Directors are pensionable. Their dependents are eligible for the payment of a lump sum in the event of death in service.

Variable pay

Lloyd's Incentive Plan (Individual Performance Award and Market Award)

The Individual Performance Award links reward to corporate and individual KPIs aligned with our strategy. Payments are based on the Committee's judgement of performance against a scorecard of corporate and individual KPIs for the year.

The Market Award offers an incentive which is directly linked to the performance of the Lloyd's market. Market Awards are calculated by reference to profit before tax and combined operating ratio levels in the year.

The 2024 Lloyd's Incentive Plan opportunities (as a % of salary) for the Executive Directors are set out below:

	Individual Performance Award (% of salary)	Market Award (% of salary)
John Neal: Chief Executive Officer	100%*	100%*
Burkhard Keese: Chief Financial Officer	100%	50%
Patrick Tiernan: Chief of Markets	100%	100%

A summary of the Lloyd's Incentive Plan out-turns for 2024 is provided below:

		Weighting	Outturn	% of maximum achieved
Individual Performance Award	Chief Executive Officer	100%	– %	
	Chief Financial Officer	100%	75%	
	Chief of Markets	100%	78%	
Market Award	Profit before tax	50%	50%	
	Combined operating ratio	50%	50%	
	Total award	100%	100%	

Strategic Transformation Incentive Plan

The Strategic Transformation Incentive Plan links reward to specific KPIs critical to successful delivery and execution in three key areas: Profitable Growth, Technology & Digital and a 'Fit for Purpose' Lloyd's.

The 2024 STIP opportunities (as a % of salary) for the Executive Directors are set out below:

	STIP (% of salary)
John Neal: Chief Executive Officer	200% *
Burkhard Keese: Chief Financial Officer	100%
Patrick Tiernan: Chief of Markets	125%

A summary of the STIP out-turn (as % of maximum) for 2024 is provided below.

Further details of performance are provided on pages 93 to 94 .

	Weighting	Outturn	% of maximum achieved
Strategic Transformation Incentive Plan	100%	70%	

*Award forfeit due to resignation in January 2025

Remuneration Policy principles *(Code Principle C, P and Q; Provision 38)*

The overall principles that underpin the Remuneration Policy are as follows:

Nature of the Society – The organisation has a unique role, providing oversight of the insurance market, driving market performance, building transformation solutions and creating a diverse and inclusive culture which delivers value to stakeholders.

Alignment to Lloyd's strategy – Individual Performance Awards are linked to the Society and individual KPIs. Performance is assessed against a rigorous balanced scorecard of quantifiable metrics and is subject to risk adjustment. For 2025, a Strategic Transformation Incentive Plan will operate for key roles that are critical to successful delivery and execution in three key areas: Profitable Market Growth, Market Infrastructure and Efficiencies, and a 'Fit for Purpose' Lloyd's.

Alignment to the Lloyd's market – A significant element of remuneration is based on the performance of the Lloyd's market. This encourages an attitude of commercial partnership with the market and aligns the interests of participants with capital providers. This alignment means that the payment under the market element varies according to market performance. Market and Society risk adjustment metrics also apply to this element. In order to provide a balanced approach to performance measurement and reflect the focus of the Society in driving improved efficiencies and transformation in the Lloyd's market, profit before tax and combined operating ratio (excluding adjustments to the central reserve margin) are key metrics used to measure performance.

Solvency II – We continue to operate appropriate features such as long-term deferral for Solvency II staff and risk adjustment.

This part of the report sets out the annual remuneration for 2024 and a summary of how the policy will apply for 2025.

Remuneration for the Chairman and members of the Council who are not employees of the Society *(Code Provisions 19 and 34)*

The current Chairman, Bruce Carnegie-Brown, was appointed effective 15 June 2017. In June 2022 he was reappointed for a third term of three years with effect from 1 June 2022 to 31 May 2025 with a fee of £665,000 per annum.

On 19 September 2024, Sir Charles Roxburgh KCB was confirmed as the next Chair of Lloyd's with effect from 1 May 2025 with a fee of £675,000 per annum.

In accordance with Lloyd's constitutional arrangements, Council member fees (who are not employees of the Society) are a matter for the Council on the recommendation of the Chairman and the Chief Executive Officer. The level of fees reflects the time commitment and responsibility of the role.

The standard Council member's fee is £65,625. Additional fees are payable to the Deputy Chairs and Senior Independent Director, and in respect of the Chair and membership of a number of Council committees (including ad hoc committees established to consider specific issues), in recognition of the increase in responsibilities and time commitment. Non-Executive Council members do not participate in performance-related reward.

Single total figure of remuneration

The total remuneration receivable in respect of qualifying services for each person who served as a member of the Council during the year is shown below. Further details on incentive awards are shown on pages 92 to 93.

	Year	Salary/ fees £000	Other benefits[1] £000	Annual bonus £000	Market Award/ STIP[2] £000	Pension benefit[3] £000	Total fixed £000	Total variable £000	Total £000
Chairman of the Council									
Bruce Carnegie-Brown	**2024**	665	–	–	–	–	665	–	665
	2023	665	1	–	–	–	665	1	666
Executive Directors									
John Neal	**2024**	770	97	–	–	116	915	68	983
	2023	741	115	612	1,132	111	879	1,831	2,710
Burkhard Keese	**2024**	550	33	413	660	83	660	1,079	1,739
	2023	550	31	440	534	83	659	978	1,637
Patrick Tiernan[4]	**2024**	575	298	449	1,078	86	684	1,802	2,486
	2023	564	292	469	845	85	671	1,584	2,255

Committees of the Council continued

Remuneration Committee report continued

	Salary/fees		Other benefits[1]		Total	
	2024 £000	2023 £000	**2024 £000**	2023 £000	**2024 £000**	2023 £000
Nominated member						
Angela Crawford-Ingle[5]	181	161	–	–	181	161
Joe Hurd[6]	128	94	19	13	147	107
Fiona Luck[7]	122	112	13	4	135	116
Neil Maidment[8]	123	108	–	–	123	108
Lord Mark Sedwill[9]	135	120	–	–	135	120
External member						
Dominick Hoare	108	100	–	–	108	100
Marcus Walter Johnson	83	7	7	–	90	7
Sean McGovern	95	7	–	–	95	7
Working member						
Andrew Brooks[10]	117	99	–	–	117	99
Victoria Carter[11]	112	97	–	–	112	97
Richard Dudley[12]	121	87	–	–	121	87

The information in the above table has been audited by the independent auditors, PricewaterhouseCoopers LLP.

1. Other benefits include items such as benefit allowances (all Executive Directors receive a benefit supplement of 3% of salary), other taxable benefits and taxable business expenses. These include travel costs met by Lloyd's, including any tax due under HMRC regulations. These travel costs are provided in accordance with the Society's policy and to enable Executive Directors to undertake responsibilities most efficiently while travelling. Other taxable business expenses include business-related membership fees and hotels.
2. Market Award includes an amount for the 2024 Strategic Transformation Incentive Plan (STIP). For the prior year, it includes 2023 Transformation Incentive Plan (TIP). 2023 TIP has been restated to reflect downward adjustment from 71% to 47% with no payment made in 2025. Further details are provided on page 89
3. The Chief Executive Officer, Chief Financial Officer and Chief of Markets received a pension supplement of 15% of salary, in line with the pension available to the wider workforce.
4. A payment was awarded to Mr Tiernan as part of his employment contract terms and is reflected in Other benefits.
5. Ms Crawford-Ingle is a non-Executive member of the Board of Directors of Lloyd's Insurance Company S.A. (Lloyd's Europe) and a member of Lloyd's Europe Audit and Risk Committee. Ms Crawford-Ingle is paid in Euros for the Lloyd's Europe appointments. The Lloyd's Europe fees have been included in the Single total figure of remuneration table. The fees are paid quarterly and have been translated at the same FX rates used for the financial statements and the notes. Ms Crawford-Ingle was appointed as a member of the LIC Recovery Committee with effect from 16 September 2024 and was paid an additional fee to participate in Environmental, Social and Governance workshops to advance the understanding of the Lloyd's Europe Board members and to consult on the double materiality assessment process.
6. Mr Hurd was appointed as a member of the Blueprint Two Cutover Committee with effect from 29 November 2023 (fees commenced with effect from 1 January 2024).
7. Ms Luck was paid an additional fee for her role as Chair of the Nominations Committee for Chairman succession planning.
8. Mr Maidment was appointed as a member of the Blueprint Two Cutover Committee (BCC) with effect from 29 November 2023 (fees commenced with effect from 1 January 2024). Mr Maidment ceased as a member of the Council, Audit Committee, Underwriting Advisory Panel and the BCC as well as Chair of the Risk Committee and Chair of the Capacity Transfer Panel with effect from 31 January 2025.
9. Lord Sedwill was appointed as a member of the Blueprint Two Cutover Committee with effect from 29 November 2023 (fees commenced with effect from 1 January 2024).
10. Mr Brooks was appointed as a member of the Blueprint Two Cutover Committee with effect from 29 November 2023 (fees commenced with effect from 1 January 2024).
11. Ms Carter was appointed as a member of the Blueprint Two Cutover Committee with effect from 29 November 2023 (fees commenced with effect from 1 January 2024).
12. Mr Dudley was appointed as a member of the Blueprint Two Cutover Committee with effect from 29 November 2023 (fees commenced with effect from 1 January 2024).

Salary

The annual salaries of the Executive Directors take into account a range of factors, including increases for all employees across the Society, and are reviewed by the Committee annually. Salaries for 2025 are as follows:

	2025 Base salaries £000	Increase on 2024 %
John Neal: Chief Executive Officer	770	– %
Burkhard Keese: Chief Financial Officer	550	– %
Patrick Tiernan: Chief of Markets	590	2.6 %

The average increase awarded to all employees with effect from 1 April 2025 is 3%.

Individual Performance Award *(Code Principle R; Provision 33)*

All Society employees, including international offices, were eligible to participate in the 2024 Individual Performance Award. For Executive Directors the Committee reviews strategic and operational objectives and KPIs at the start of the financial year to ensure that they are stretching and aligned to the Society's strategic objectives.

Annual remuneration report

The following table sets out the performance framework and weightings for 2024 awards:

Performance metric	Performance	Digitalisation	Purpose	Culture	Individual strategic KPIs
Weighting	17.5 %	15.0 %	7.5 %	10.0 %	50.0 %

Individual strategic KPIs are aligned to the four key strategic pillars of performance, digitalisation, purpose and culture. Awards are subject to a risk underpin. The Committee assessed performance against a range of Society risk and compliance metrics and no adjustments were applied for 2024.

2024 Individual Performance Award – out-turn

The following table sets out performance achievements against the KPIs set in respect of 2024:

Performance	Digitalisation	Purpose	Culture
• Maintained strong performance • Improved financial strength ratings, reflecting strength of balance sheet • Defined and progressed commercial strategy, evidenced through new entrants and new premium written through Lloyd's • Maintained and further strengthened relationships with key regulators, evidenced by PRA stance to principles-based oversight	• Delivered a simplified and transparent charging structure • Begun to improve the managing agent experience, including revising QMA and TPD returns • Fundamental reset of the Blueprint Two programme and leadership to improve delivery confidence; progress made on core technology build • Improved testing of Lloyd's operational resilience	• Published 'insuring the transition roadmap' and executed against priorities for 2024 • Led an NPS survey to better understand market participants feedback, initially focusing on capital providers • Developed articulation of the 'Lloyd's story' to promote brand	• Delivered an improved employee engagement score on 2023, with an action plan in place to continue to improve • Made steady progress towards having a more diverse and inclusive Corporation workforce

Taking into account an overall assessment of the above achievements, as well as individual performance, Lloyd's values and Society risk, the Committee determined the following annual bonus payments in respect of 2024:

Role	Maximum	Out-turn
John Neal: Chief Executive Officer	100% of salary	not applicable
Burkhard Keese: Chief Financial Officer	100% of salary	75% of salary
Patrick Tiernan: Chief of Markets	100% of salary	78% of salary

40% of total incentives (Individual Performance Award and Market Award) for Executive Directors will be deferred for three years.

Market Award *(Code Principle R)*

All Society employees, including international offices, were eligible to participate in the 2024 Market Award on the basis set out below:

- Market Awards are calculated by reference to profit before tax and combined operating ratio (weighted equally) for each financial year;
- Market Awards are subject to a risk underpin; and
- 40% of the Market Award is deferred for three years for Executive Directors. For other employees above the proportionality threshold, 40% of the Market Award will be deferred with payment made in three equal tranches in April 2026, April 2027 and April 2028.

For senior employees whose remuneration is below the proportionality test (applicable to those defined as Solvency II staff for remuneration purposes), the Market Award will be paid on an ongoing fund basis. Under this approach, one half of an award will be paid in April following the relevant financial year, with the remaining 50% treated as an ongoing fund. For other employees, the Market Award is paid in full in April following the relevant financial year.

The maximum opportunity for Executive Directors is 100% of salary for the Chief Executive Officer and Chief of Markets and 50% of salary for the Chief Financial Officer. Market Awards are subject to a personal performance underpin.

2024 Market Award – out-turn

2024 Market Award – performance metric	Threshold (20% of maximum)	Target (50% of maximum)	Maximum (100% of maximum)	2024 performance out-turn	2024 Market Award out-turn (% of maximum)
Profit before tax element (50% weighting)	£2bn	£5bn	£7bn	£9.6bn	100%
Combined operating ratio element (50% weighting)	98%	95%	92%	86.9%	100%
Total Market Award payout (as a % of maximum)					100%

As a leaver due to resignation, the Market Award made to the CEO was forfeit in line with Lloyd's policy.

Committees of the Council continued

Annual remuneration report continued

2024 Strategic Transformation Incentive Plan award *(Code Principle R)*

The Committee carefully considered achievement of 2024 performance against key lead and lag performance indicators, as set out below.

2024 award lead indicators - summary key achievements	Underpin/lag indicators
Profitable Growth • Improved or maintained outlook across rating agencies • Successful, targeted onboarding of new entrants and managed pipeline in place • Uplifted proportion of GWP written with existing members • Multinational strategy defined and execution underway • Simplified charging structure to ease working at Lloyd's • Expanded capital frameworks to attract new capital to Lloyd's • Gained Managing Agent participation in investment platform solutions	The following underpin indicators were met in respect of 2024 awards: • Lloyd's normalised (normalised for large risk and catastrophe loss) combined operating ratio (COR) does not exceed 95%; and • Lloyd's key financial strength rating with S&P Global remains at a minimum of A+.
Technology and Digital • Reset Blueprint Two programme leadership and delivery approach, and oversaw progress of Blueprint Two core technology build • Progressed efforts to simplify the Corporation	
'Fit for Purpose' Lloyd's • Improved revenue and cost efficiency • Appointed strategic delivery partner for technology and operations	

2024 awards vested at 70% of maximum for the current CFO and Chief of Markets. Payment of vested awards will be made in three tranches in April 2025, April 2026 and April 2027.

2025 Strategic Transformation Incentive Plan award *(Code Principle R)*

For 2025, awards will be made under the Strategic Transformation Incentive Plan which will operate as follows:

- Awards will be made to selected participants, with a maximum value of 25% to 200% of base salary. A maximum opportunity of 100% and 125% of salary will be awarded to the Chief Financial Officer and Chief of Markets, respectively.
- Performance metrics will be based on lead indicators in Profitable Market Growth, Market Infrastructure and Efficiencies (including Blueprint Two), and a 'Fit for Purpose' Lloyd's, as set out below. Lead indicators will be underpinned by profitability and financial strength of the Lloyd's marketplace. As in 2024, vesting may be deferred by 12 months and the underpin tests reapplied in the following year in the event that performance underpins are not met.
- Awards made in 2025 will be performance tested and vest following 31 December 2025. Payment of any vested awards will be made in three tranches in the three years following the end of the performance period (April 2026, April 2027 and April 2028).
- Awards will be subject to Lloyd's malus and clawback provisions, and the risk underpin adjustment applicable to the Lloyd's Incentive Plan.

2025 award – performance metrics

2025 award lead indicators	Underpin/lag indicators
Profitable Market Growth • Cycle management • Sustainable profit growth • Platform of choice	Awards will only vest subject to the following conditions being met: • At the end of the vesting year, Lloyd's normalised (normalised for large risk and catastrophe loss) combined operating ratio (COR) does not exceed 95%; and • Lloyd's key financial strength rating with S&P Global remains at a minimum of A+ • Vesting may be deferred by 12 months and the underpin tests reapplied in the following year in the event that performance underpins are not met.
Market Infrastructure and Efficiencies • Delivering the benefits of Blueprint Two • Ease of operating at Lloyd's	
'Fit for Purpose' Lloyd's • Revenue and cost targets • Technology outsourcing	

2023 Transformation Incentive Plan – out-turn

As disclosed in the 2023 Annual Report, in determining the out-turns for 2023 TIP awards, the Committee increased the level of deferral and introduced an additional review process to ensure alignment with Blueprint Two progress.

The deferral period was adjusted so that 25%, rather than 33%, was paid in April 2024. Payment of the remaining 75% deferral was subject to a further review of Blueprint Two progress by the Committee. The Blueprint Two programme was subject to a comprehensive reset during the second half of 2024 and whilst positive progress has been made, cutover has been further delayed until the build is tested and assured.

The Committee carefully considered overall progress made and the balance of rewarding delivery against lead indicators whilst recognising the challenges and continuing delays in the programme. As a result, the Committee exercised its discretion to i) reduce the outcome of the TIP 2023 award from 71% to 47%; and ii) delay the payment of the balance of the TIP 2023 award to April 2026 and April 2027, in equal installments. Consequently, no TIP 2023 payment will be made in April 2025.

Newly appointed Chief Financial Officer (Alexandra Cliff)

Alexandra Cliff has been appointed as CFO with effect from 1 May 2025. Her remuneration package is as follows:

- Salary £425,000 pa
- Pension Cash Supplement: 15% of salary, in line with the maximum contribution available to wider Corporation employees
- Benefits Allowance: 3% of salary
- Maximum Individual Performance Award: 100% of salary, performance assessed against a balanced scorecard framework
- Maximum Market Award: 50% of salary
- Maximum Strategic Transformation Incentive Plan: 100% of salary

Departing Directors and Executives

Chief Executive Officer: John Neal

On 6 January 2025 Lloyd's announced that John Neal will be leaving in 2025 to join Aon after leading the Corporation for over six years. During his remaining time at Lloyd's, John will continue to support both the planned succession of the new Chair and the executive leadership transition, and will receive salary and benefits payments in respect of his notice period.

As a leaver due to resignation, in line with Lloyd's policy he is not eligible for 2024 or 2025 incentive awards and all outstanding deferred awards are forfeit on termination of employment.

Chief Financial Officer: Burkhard Keese

Burkhard Keese will step down from Council on 30 April 2025. He will receive salary and benefits payments in respect of his notice period and remains eligible for incentive awards for 2025, pro-rated for time served in role during the year. Outstanding deferred awards will be subject to normal deferral rules and will be delivered in line with ordinary payment dates. As disclosed in January 2025, Burkhard Keese will remain a strategic advisor to Lloyd's for the transition period.

Additional disclosures

Service contracts *(Code Provision 39)*

The Executive Directors have rolling contracts with notice periods that will not exceed one year. The Chairman has a contract for three years from appointment.

	Appointment date	Unexpired term as at 31 December 2024	Notice period
Bruce Carnegie-Brown	16 June 2022	4 months	12 months
Sir Charles Roxburgh	1 May 2025	n/a	12 months
John Neal	15 October 2018	rolling 1 year	12 months
Burkhard Keese	1 April 2019	rolling 6 months	6 months
Alexandra Cliff	1 May 2025	n/a	6 months
Patrick Tiernan	4 May 2021	rolling 6 months	6 months

The Chairman and the Executive Directors' service contracts are kept available for inspection by Lloyd's members at the Society's registered office. External and working members are elected to the Council, while nominated members are appointed to the Council, usually for a three-year period. These are not contractual arrangements and compensation is not paid if a member leaves early.

Additional disclosures

Ten-year Chief Executive Officer remuneration

		CEO single figure of total remuneration £000	Annual bonus award as a percentage of maximum opportunity	Market Award as a percentage of maximum opportunity[4]
2024[1]	John Neal	983	0%	0%
2023[2]	John Neal	2,710	71%	100%
2022	John Neal	2,085	74%	50%
2021	John Neal	1,599	66%	100%
2020	John Neal	1,299	74%	0%
2019	John Neal	1,594	92%	38%
2018[3]	John Neal	167	N/A	N/A
2018[3]	Inga Beale	1,304	75%	0%
2017	Inga Beale	1,304	76%	0%
2016	Inga Beale	1,525	75%	63%
2015	Inga Beale	1,531	81%	63%

1. As John Neal is a leaver due to resignation, awards were forfeit in line with Lloyd's policy.
2. 2023 TIP has been restated to reflect downward adjustment from 71% to 47% with no payment made in 2025 - refer to page 89.
3. Inga Beale stepped down on 13 October 2018 and John Neal took up appointment on 15 October 2018. John Neal was not awarded a bonus in 2018 as his joining date was after the date for eligibility, in line with the approach taken for the wider workforce.
4. For year on year comparison the Transformation Incentive Plan is excluded from the above table.

Committees of the Council continued

Annual remuneration report continued

Percentage change in remuneration

The table below sets out details of the change in remuneration between 2020 and 2021, 2021 and 2022, 2022 and 2023 and 2023 and 2024.

	2020–2021			2021–2022			2022–2023			**2023–2024**		
	Salary /fees	Benefits[1]	Bonus	Salary /fees	Benefits[1]	Bonus	Salary /fees	Benefits[1]	Bonus	**Salary /fees**	**Benefits[1]**	**Bonus**
Chief Executive Officer remuneration	2%	(65)%	1%	5%	(31)%	19%	7%	130%	18%	4%	(16%)	(100%)
Chief Financial Officer remuneration[2]	4%	14%	(39)%	16%	(2)%	16%	1%	11%	8%	– %	6%	(6%)
Chief of Markets remuneration[3]	100%	100%	100%	51%	(53)%	6%	11%	5%	18%	2%	2%	(4%)
Non-Executive Council member remuneration (average)	(15)%	196%	N/A	4%	132%	N/A	8%	2%	N/A	10%	(13%)	N/A
Average of all Society employees	2%	2%	0%	3%	3%	3%	6%	6%	6%	3%	3%	3%

1. Benefits largely relate to travel expenses (including tax thereon) and other employment-related expenses, which may fluctuate between periods.
2. In 2022 the Chief Financial Officer took on the additional role of Chief Operating Officer, resulting in an increase in salary. With effect from 14 March 2023, a Chief Operating Officer was appointed, taking over responsibilities from the Chief Financial Officer.
3. The Chief of Markets was appointed on 4 May 2021, therefore the salary during the comparative period is pro-rated.

Relative importance of spend on pay

	2024 £m	2023 £m	% change
Corporation operating income	497	467	6 %
Total remuneration – all employees	189	183	3 %

Corporation operating income excludes income relating to the Central Fund.

Remuneration Committee governance *(Code Provisions 33, 34 and 35)*

The Remuneration Committee is a committee of the Council. Set out below is a summary of the Committee's responsibilities together with a note of the common activities undertaken.

Committee responsibility	The Committee:
1. Remuneration arrangements Further detail on the Remuneration Policy is available at www.lloyds.com	• Sets remuneration arrangements for the Chairman, the Executive Directors and any other direct reports, executive management or other persons as appropriate. • Reviews the framework and policy for the remuneration of the Chairman of Lloyd's, the Executive Directors, any other direct reports of the Chief Executive Officer, and such other members of the executive management or other persons (including Solvency II employees) as appropriate.
2. Directors' Remuneration Report	• Reviews the Directors' Remuneration Report and recommends for Council approval.
3. Risk underpin	• Assesses performance against a range of Society risk and compliance metrics.
4. Termination	• Oversees any contractual terms on termination of employment of the Chairman of Lloyd's, Executive Director, any other direct report of the Chief Executive Officer and such other members of the executive management or other persons/thresholds as designated to consider.

Non-executive remuneration is decided by the Council, on recommendation from the Chairman and Chief Executive Officer, who may consult the Remuneration Committee as part of that process. The level of remuneration for each position reflects the time commitment and responsibilities of each role.

Neither the Chairman, nor the Executive Directors, nor any other Director, plays a part in any discussion about his or her own remuneration.

Committee meetings

At the request of the Committee, the Chief Executive Officer and Chief People Officer regularly attend Committee meetings. Other senior Executives, for example, the Chief Risk Officer, are invited to attend for specific agenda items from time to time. The Chair of the Committee meets informally and has open lines of communication with the Chief People Officer and other members of the Executive team (as appropriate) together with senior management, to discuss topical issues and the operations of the Society. These meetings provide an opportunity for any matters to be raised confidentially.

Advisers to the Committee

The Committee was assisted by its remuneration consultants, Deloitte LLP, who adhere to the Code of Conduct for executive remuneration consultants. Deloitte LLP was appointed by the Committee and services are periodically reviewed by the Committee to ensure that these remain relevant and provide the assistance required.

Deloitte LLP adheres to working practices that have been agreed with the Committee Chair, for the purpose of maintaining independence, and the Committee is satisfied that the advice received from Deloitte LLP was objective and independent.

Total fees paid in respect of advice and services to assist the Committee amounted to £132,100 for the year (2023: £163,650) and are determined by the scope of the services and the services agreement. Deloitte LLP also provided other services to the Society during the year including the co-sourced Internal Audit resource, data and technology transformation advisory services, risk and regulatory support, and specialist tax advisory services.

Compliance with the UK Corporate Governance Code 2018

(Code Principles Q and R; Provisions 37, 40 and 41)

Compliance statement

The Society is not required to report under the directors' remuneration reporting regulations, as these only apply to UK-listed companies. The Committee has chosen broadly to follow the disclosure principles in those regulations insofar as they can be applied to the governance of the Society. Directors are not involved in deciding their own remuneration outcome.

The Committee's terms of reference and Remuneration Policy provide further direction on the circumstances that must be considered when authorising remuneration outcomes.

Committee composition *(Code Provision 32)*

The Committee's composition (see page 88) did not comply with Provision 32 of the Code in that it is not comprised entirely of independent members. It is recognised that the departure could be perceived as a risk to the independence of the Committee. However, the Committee's composition is deemed appropriate notwithstanding its departure from the Code. The Council has done this to maximise the pool of skills and experience available to it when appointing the members of the Committee.

The Society has a conflicts of interest procedure in place (see page 68) and no Executive Director of the Council is eligible to be a member of the Committee.

Remuneration Policy *(Code Principles P and Q; Provision 39)*

The Society is not required to comply with the directors' remuneration reporting regulations, including the requirement for a binding remuneration policy for Executive Directors, as these only apply to UK-listed companies.

Nonetheless, in line with good practice, the key features of the Society's Remuneration Policy are set out on the Lloyd's Total Rewards Package page at www.lloyds.com. The policy is not legally binding, and the Committee reserves the right to amend the policy at any time.

In 2024 the Remuneration Committee approved the Remuneration Policy (with Council being informed) rather than any shareholders because the Society does not have shareholders (this is a departure from Provision 41 of the Code). Elected representatives sit on the Remuneration Committee and therefore engagement is undertaken with external stakeholders when remuneration discussions come before Council and the Remuneration Committee.

The Society's Remuneration Policy seeks to reward individuals who contribute to the success of the Corporation and the Lloyd's market and the principles align to the Society's purpose and values, and the successful delivery of the Society's long-term strategy. For incentive awards in respect of 2014 and subsequent years, malus and clawback provisions apply. These apply to all incentive plan participants. From 2024, malus and clawback may apply for incentive awards for the following reasons:

- an act of misconduct.
- material financial misstatement.
- in the event of a regulatory event or sanction.
- discovery of an error in Lloyd's assessment of a performance condition or target.
- deliberate or negligent failure in risk management for which the employee was responsible or which they had failed to report.
- a regulatory event or sanction.
- serious reputational damage.

The approach to remuneration on termination is set out in the Society's Remuneration Policy. In summary, if an Executive Director is under notice of termination on or before the date on which an Individual Performance Award, Market Award or Strategic Transformation Incentive Plan award would otherwise have been paid, the award will generally be forfeited, other than in certain 'good leaver' circumstances. Where any payment is made, this would be based on performance, with payments made in line with normal time horizons under the plan rules (except in the case of death). In relation to any award in respect of the financial year notice of termination was served, the award would also normally be pro-rated for time.

Use of discretion

The extent to which discretion has been applied to remuneration outcomes and the reasons why they are not disclosed is a departure from Provision 41 of the Code. The possible risk with this approach is that the use of discretion cannot be assessed in the way envisaged by the Code. However, the Remuneration Report explains that a discretionary risk underpin applies to incentive out-turns and sets out if a downward risk underpin has been applied when such a decision is made. The Remuneration Report also details the circumstances where the Committee retains the discretion to apply malus or clawback to awards.

In addition, in accordance with Part 3 of the Constitutional Arrangements Byelaw, the Society's Directors are required to exercise independent judgement and act in good faith to promote the success of the Society having regard to a number of factors, including (but not limited to) the likely consequences of any decision in the long term and the need for the Society to have regard to the interests of its employees.

Committees of the Council continued

Annual remuneration report continued

Therefore, it is not considered appropriate to incorporate the extent to which discretion has been applied to the remuneration outcomes and the reasons why, within the Remuneration Report, over and above that already covered.

Provisions 40 and 41

The Remuneration Report contains clear and concise information with sufficient detail contained overall within the Remuneration Report to give external stakeholders a good understanding on how Executive Director Remuneration Policy and practices are determined. It is considered that the inclusion of descriptions following specific wording from Provision 40 could potentially duplicate and dilute the information contained within the report.

Therefore, a description (with examples) of how the Committee has addressed the factors in Provision 40 of the Code is not incorporated in the Remuneration Report under the specific headings identified in the Code, and this is a departure from Provision 41 of the Code. The risk of this approach is that the descriptions are not presented in the way envisaged by the Code. However, as set out above, the Remuneration Report contains clear and concise information that achieves the overall objectives envisaged by the Code.

Lloyd's is not subject to the directors' remuneration reporting regulations for UK-listed companies, and therefore is not required to consider Chief Executive Officer and Executive Director to employee pay ratios. However, the Committee reviews and considers gender and ethnicity pay gaps.

Committees of the Council

Terms of reference

The terms of reference for the Investment and Sustainability Committees can be found at www.lloyds.com.

Investment Committee attendance *(Code Provision 14)*

		Scheduled meetings attended*
Chair	**Paul Stanworth**	**4/4**
Council members	Angela Crawford-Ingle	4/4
	Marcus Johnson	4/4
Subject matter experts	Mark Allan	4/4
	Reeken Patel	4/4
	Emily Penn	3/4
	Katie Wade[1]	2/3
Executive members	Eleanor Bucks	4/4
	Burkhard Keese	4/4
	John Neal	4/4

Notes:

* Four scheduled meetings were held during 2024.

1. Katie Wade was appointed as a member of the Investment Committee with effect from 1 April 2024.

Sustainability Committee attendance *(Code Principle D; Provision 14)*

		Scheduled meetings attended*
Chair	**Lord Mark Sedwill**	**5/5**
Council members	Richard Dudley	4/5
	Joe Hurd	5/5
	Fiona Luck	5/5
	Jane Warren[3]	5/5
Market representatives	Sheila Cameron	4/5
Subject matter experts	Brian Dow	5/5
	Ingrid Holmes	4/5
	Kamel Hothi	5/5
Executive members	Rebekah Clement	5/5
	Sara Gomez[1]	3/5
	Mark Lomas	4/5
	Jo Scott[2]	5/5
	Rachel Turk	5/5

Notes:

* Five scheduled meetings were held during 2024. The Sustainability Committee membership includes the Lloyd's Corporate Affairs Director, Chief Underwriting Officer, and Chief People Officer, who are responsible for leading and executing Lloyd's (Corporation and Market) sustainability strategy globally. This includes driving Lloyd's climate action commitments.

1. On 27 January 2025 Nathan Adams was appointed as Chief People Officer thereby automatically replacing Sara Gomez as a member of the Sustainability Committee. Sara Gomez ceased to be a member of the Sustainability Committee on the same date.
2. Jo Scott ceased as a member of the Sustainability Committee with effect from 20 September 2024.
3. Jane Warren was appointed as an external member of the Council from 1 February 2025.

Investment Committee *(Code Provision 3)*

The Investment Committee recommends to the Council the investment objectives and parameters of Lloyd's centrally managed assets and is responsible for reviewing performance against these. In addition, it monitors the investment operations of the Treasury and Investment Management function in respect of all funds under its management and approves all investment counterparties. It may also make more general recommendations concerning investment activity at Lloyd's. In relation to the Lloyd's Investment Platform, the Investment Committee has certain monitoring and oversight responsibilities in respect of the operating model, the establishment of fund structures on the platform, and the activities of the platform investment adviser and platform operator.

The Investment Committee is required to obtain the approval of the Council before making any decisions that may materially affect the financial risks applying to the Society or Lloyd's market entities. The Chair of the Investment Committee meets informally with and has open lines of communication with the Chief Financial Officer and Chief Investment Officer and other members of the Executive team (as appropriate) to discuss topical issues and the operations of the Society. These meetings provide an opportunity for any matters to be raised confidentially.

The Investment Committee is chaired by Paul Stanworth. The other members of the Committee are drawn from the Council and the Executive, together with independent subject matter experts. The Chairman is a regular attendee, with other individuals invited to attend all or part of any meeting as and when deemed appropriate.

Sustainability Committee *(Code Principles B, D, E and K; Provisions 2, 3 and 5)*

The Sustainability Committee is responsible for reviewing, challenging and approving submissions in respect of the Lloyd's sustainability, culture and philanthropic strategies. This responsibility includes reviewing employee engagement surveys which are undertaken annually.

The Sustainability Committee is chaired by Lord Mark Sedwill, the Senior Independent Deputy Chairman of Lloyd's. The Sustainability Committee Chair has a wealth of skills, knowledge and experience, having led or helped shape policymaking approaches to topics including sustainability and energy transition. The remaining members are drawn from the Council, representation from the market, subject matter experts and executive members as set out in the Sustainability Committee attendance table.

The Chair of the Sustainability Committee meets informally and has open lines of communication with the Chief Executive Officer and other members of the Executive team as required, together with other members of senior management (as appropriate), to discuss topical issues and the operations of the Society. These meetings provide an opportunity for matters to be raised confidentially.

The Chief Executive Officer and Chief People Officer report as appropriate on the Employee Change Forum (ECF) and related culture matters to ensure effective workforce engagement. The ECF arrangements are considered appropriate because representatives are elected for each function within Lloyd's, with the Executive from that function chairing ECF meetings. Each ECF function elects a representative who attends Corporation-wide ECF meetings, chaired by the Chief Executive Officer. The functional ECF meetings take place a minimum of six times each year, with Corporation ECF meetings taking place at least once a quarter. The meetings are conducted by way of a two-way dialogue, where views of the ECF are considered. The effectiveness of how Lloyd's responds to employee feedback is monitored, as appropriate, including via the employee engagement survey and feedback via the ECF. Please refer to the separate Sustainability Report for further information.

Committees of the Council continued

Terms of reference

The terms of reference for the BCC, TTA and UAP can be found at www.lloyds.com.

BCC attendance *(Code Provision 14)*

		Scheduled meetings attended*
Chair	**Richard Dudley**	**5/5**
Council members	Andrew Brooks	5/5
	Victoria Carter	4/5
	Joe Hurd	5/5
	Neil Maidment[1]	4/5
	Lord Mark Sedwill	5/5

Notes:

* Five schedule meetings were held during 2024.

1. Neil Maidment ceased as a member of the BCC with effect from 31 January 2025.

TTA attendance *(Code Principle D, Provision 14)*

		Scheduled meetings attended*
Chair	**Richard Dudley**	**5/5**
Council members	Joe Hurd	4/5
	Sean McGovern	5/5
Special adviser to the Council	Matthew Wilson[1]	1/4
Market representatives	Clive Buesnel	4/5
	Sheila Cameron	5/5
	Cecile Fresneau	2/5
	Brad Irick[2]	2/3

Notes:

* During 2024 five scheduled meetings were held with one of those scheduled meetings being rearranged at short notice (which may have impacted on availability). Four ad hoc meetings were also held.

1. Matthew Wilson ceased as special adviser to the TTA with effect from 26 September 2024.
2. Brad Irick ceased as a member of the TTA with effect from 26 June 2024.

Blueprint Two Cutover Committee (BCC) *(Code Principle D)*

The BCC meets when required and is intended to assist the Council by reviewing proposals by the Executive on key milestones for Blueprint Two cutover. During 2024, it took input from the TTA. Ultimately the BCC will make recommendations to the Council for go or no-go decisions on Blueprint Two. The Chair of the BCC is Richard Dudley (an elected member of the Council and who was also the Chair of the TTA) and the other members are drawn from the Council.

Technology and Transformation Advisory Panel (TTA) *(Code Principle D)*

During 2024, the TTA assisted the Council by sharing insights, expert advice and assessments of developments in the delivery, communication and adoption of the Blueprint Two programme, identifying issues for consideration, focus and review by the BCC and the Council.

Richard Dudley (an elected member of the Council) chaired the TTA. The TTA was comprised of senior market practitioners drawn from both the underwriting and broking communities to enable the sharing of market insights into development, and execution risk in the delivery of the programme and related Velonetic activity. The CEO of Velonetic (previously Chief Operations Officer of Lloyd's) attended each TTA meeting. On 13 February 2025, the TTA was reconfigured into a formal committee of the Council - the 'Technology and Transformation Committee' ('TTC') with a new composition comprised of Council members, Lloyd's Markets Association (LMA), International Underwriting Association of London (IUA), Velonetic management/shareholder representatives and a broker representation with revised terms of reference. Richard Dudley is the chair of the TTC.

Underwriting Advisory Panel (UAP)

The UAP assists the Chief of Markets by sharing, as appropriate, insights and assessments regarding underwriting conditions, developments and trends in the insurance market (including any long-term issues) and provides expert advice on technical market matters.

The UAP is chaired by the Chief of Markets, and its remaining members are comprised of the Chair of the Lloyd's Market Association and Council members with relevant market expertise.

Special Committees of the Council

Terms of reference

The terms of reference for MSARC and CTP can be found at www.lloyds.com.

MSARC attendance *(Code, Provision 14)*

		Scheduled meetings attended*
Chair	**Sir Mark Havelock-Allan KC**	**2/2**
SMEs[1]	Susan-Jane Hayes	2/2
	Emma Higgins	1/2
	Julian James	2/2
	Tammy Richardson	2/2

Notes:
* Two scheduled meetings were held during 2024.
1. Nick Marsh ceased as a member of MSARC with effect from 31 January 2024.

CTP attendance* *(Code, Provision 14)*

Chair	**Neil Maidment[1]**	**1/1**
SMEs	Richard Boys-Stones	1/1
	Margaret Chamberlain	1/1
Other non-executive committee members	Sheila Cameron	1/1
	Lady Rona Delves Broughton[2]	0/1
	Belinda Schofield	1/1
	Kalpana Shah	0/1

Notes
* One meeting was held during 2024.
1. Neil Maidment ceased as Chair of the CTP with effect from 31 January 2025.
2. Lady Rona Delves Broughton recused herself from the meeting owing to a conflict of interest.

Special Committees

Market Supervision and Review Committee (MSARC)

MSARC takes decisions regarding the exercise of the Society's enforcement powers. It also acts as a review body capable, where appropriate, of amending, modifying, or withdrawing certain decisions taken by the Executive affecting managing agents. It also acts as the body that determines whether certain decisions can be referred to the Lloyd's Appeal Tribunal and can also make certain business decisions.

The members of MSARC are appointed by the Council and are neither Council members, nor employees of the Society. MSARC is chaired by a qualified lawyer.

MSARC submits a written report to the Council annually and may submit additional reports where appropriate.

Capacity Transfer Panel (CTP)

The CTP was established principally to exercise the Council's powers in relation to syndicate minority buyouts and mergers.

The members of the CTP are appointed by the Council. During 2024, the CTP was chaired by Neil Maidment, an independent nominated member of the Council.

The CTP submits a written report to the Council annually and may submit additional reports on matters of material concern, as and when necessary.

Report of the Lloyd's Members' Ombudsman

Report by Simon Cooper, Lloyd's Members' Ombudsman

I am pleased to present the Annual Report of the Lloyd's Members' Ombudsman to the Council of Lloyd's for the year ended 31 December 2024.

The role of the Lloyd's Members' Ombudsman is to investigate complaints made by members of Lloyd's who believe that they have suffered injustice in consequence of maladministration in relation to any action taken by, or on behalf of, the Society.

Complaints received

During 2024, my office did not receive any complaints.

Costs

The expenses incurred by my office amounted to £15,000.

Climate-related financial disclosures

Since 2023, Lloyd's has been in scope of the UK Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 ("CFD"). Our disclosure below sets out our alignment with the CFD regulations.

CFD disclosure points	Description
Governance	
a) A description of the governance arrangements of the company in relation to assessing and managing climate-related risks and opportunities	Climate-related risk from physical, transition and litigation risk are governed and managed through our governance structure, outlined on page 66 of this report. **Committees** Relevant teams report risks and opportunities to the Executive Committee, which escalates key issues through the Investment, Risk and Sustainability Committees of the Council to the Lloyd's Council. The Council's Sustainability Committee reviews and approves the Society's sustainability and culture strategies. More information on the Risk Committee's oversight for sustainability and climate change can be found on page 81. In addition to the Committees of the Council, the Executive Sustainability Committee acts as a bridge between department heads, the Executive Committee and the Council's Sustainability Committee on sustainability matters. For climate risk specifically, the Lloyd's Chief Risk Officer (CRO) serves as the Senior Management Function Holder (SMFH) responsible for oversight. **Working Groups** The Society also has a Climate Change Risk Working Group which is chaired by a representative from Financial Risk Management and meets quarterly with the objective 'To form and maintain a holistic, consistent and up to date cross-functional view of the financial risks arising from climate change – understanding key risks and their implications, prioritising and driving actions to manage the risks'. The working group escalates relevant matters to the Executive Sustainability Committee and the Market Oversight Group and ensures that the SMFH with responsibility for overseeing climate change risks is kept informed. **Market Oversight** The Society has a responsibility to monitor not only the Society's climate-related risks and opportunities, but also to oversee how the market monitors its climate-related risks. The Market Oversight Director is responsible for the performance oversight of the market, including the oversight framework of the market, syndicate business plans and third-party oversight. Market sustainability strategies are assessed under this oversight framework.
Risk Management	
b) A description of how the company identifies, assesses and manages the climate-related risks and opportunities	Climate change risks are identified, assessed and managed as part of the wider risk management framework, with support and oversight through the governance described above. **Horizon Scanning** The Society monitors emerging transition and litigation risks through its Sustainability and Government, Policy and Affairs teams to ensure the Society is well prepared for upcoming regulatory and policy changes. The Head of Government Policy and Affairs is responsible for monitoring policy and legislative change that could impact the Society, as well as it's wider public affairs strategy. Climate-related regulation and the likely impact is jointly managed by the Head of Sustainability, (who reports directly to the Corporate Affairs Director), and the International Chief Financial Officer. The Corporate Affairs Director and International Chief Financial Officer are part of the Society's Executive Leadership Group. The Society actively engages with regulatory consultations across multiple jurisdictions, including the UK, Europe, Asia-Pacific, and the Americas to stay current with reporting requirements. **Exposure and Risk Management** The Society's central assets, including the Central Fund, are held to protect policyholders in the rare event that a member of the Lloyd's market needs additional assets to meet its liabilities. As such, the Society conducts its exposure and risk management activities on the aggregate of the market to understand the potential financial risk to the Central Fund. Physical risks resulting from natural catastrophes are a core part of exposure management for the Society with regular monitoring of in-force aggregate market exposure through the Exposure Management team which includes stress-testing through the Realistic Disaster Scenarios (RDS). As part of the Society's risk management framework, stress-testing is undertaken by the Risk Management team and provides a view of climate-related stresses on solvency and profitability. Stress-testing is regularly carried out through Lloyd's Own Risk and Solvency Assessment (ORSA), annual Business Plan Stress Testing (BPST) and validation of Lloyd's internal model. To assess and manage climate-related risks, in 2021, the Society took part in the Bank of England's Climate Biennial Exploratory Scenario (CBES) exercise, which provided a long-term climate change stress test for the banking and insurance industry. More detailed information on the exercise, including the three scenarios tested, can be found on the Bank of England website. The Society refreshed this assessment in 2024 to ensure its view of financial risk remained up to date, in keeping with the PRA's expectations, applying the 2021 stresses to 2024 aggregated exposure data. More details can be found below in d), e) and f). The Society's processes for monitoring climate-related risk, including how to mitigate, transfer, accept and control those risks are available below in c) and f).

Climate-related financial disclosures continued

CFD disclosure points	Description
c) A description of how processes for identifying, assessing and managing climate-related risks are integrated into the overall risk management process in the company	The Society does not use an external terminology or framework for climate-related risk but has integrated climate-related risk into its overall risk management framework. This includes climate risks being embedded in our Risk appetite reporting framework, Own Risk and Solvency Assessment (ORSA) process, Stress and Scenario Testing (SST), Risk and Control Self-Assessment (RCSA) process and Risk incident reporting process.
Strategy	
d) A description of: i) the principal climate-related risks and opportunities arising in connection with the operations of the company; and ii) the time periods by reference to which those risks and opportunities are assessed	The risk that climate change presents to the Society's own business and operations due to physical, transition and litigation is a principal risk on the Society risk register, as set out on page 21 of this report. The following risks to the Society's operations, which could materialise over a period of 0 - 30 years, have been identified: • **Transition risks** including: – Reputational risk if the Society fails to deliver on its sustainability commitments. Risk likely to materialise over the short-term (0 to 3 years). – Technology risk, including suitability of sustainability reporting and emission calculation tools to meet the Society's needs. Risk likely to materialise over the short to medium-term (0 to 5 years). • **Litigation risks** due to climate-related legal action, or non-compliance with sustainability reporting, or failure to oversee the international sustainability reporting requirements of underwriters in the Lloyd's market. Risk likely to materialise over the medium-term (3 to 5 years). • **Physical risk** due to impacts on the Society's infrastructure arising from severe weather events or changing climate patterns. Risk likely to materialise over the long-term (5+ years). The climate transition also presents several opportunities for the Society, which facilitates innovation in new products and services for the market through several mechanisms, including the TCX (transition) and ICX (innovation) classes of business, the Lloyd's Lab InsurTech Accelerator programme, the Lloyd's Lab Challenge and FutureMinds programme.

CFD disclosure points	Description
e) A description of the actual and potential impacts of the principal climate-related risks and opportunities on the business model and strategy of the company	As referenced in b), the Society took part in the CBES exercise assessing the aggregate capital and solvency position for the Lloyd's market and the Central Fund by applying physical, transition and litigation stresses across deterministic 30-year climate pathways. Both the 2021 exercise and the 2024 refresh demonstrated that the Lloyd's market and the Society are well positioned to manage severe impacts of climate change risk, evidencing a strong balance sheet under all scenarios to physical, transition and litigation risk impacts. The scenarios used are described in f) below. The impacts described below and results from the CBES exercise are based on the aggregate of the market, to support the Society's understanding of the potential financial risk to the Central Fund. For more information on the Lloyd's Chain of Security see page 11. **Physical risk impacts:** Physical risk resulting from the impacts of changing climate on the frequency and/or severity of weather events will affect losses globally. The key resulting impacts include inadequate pricing of risks, and likelihood and/or severity of natural catastrophes not being adequately captured in models. This could adversely impact underwriting profitability, cat exposure, capital and reserving. There are also customer and reputational risks around certain perils or regions becoming 'uninsurable' or prohibitively expensive for policyholders. These risks are actively managed through the mechanisms described above in c). To manage the physical risks from climate change, a key control is the annual re-writing/re-pricing of risks. **Transition risk impacts**: Transition risks are those arising as a result of societal adjustment to a low-carbon economy. The direct implications for the Society and Lloyd's market are expected to include: • Impact on investment value and volatility. • Impact on risk profile through new entrants or changes to underwriting strategies. • Sustainability strategy and associated risk implications (reputational, legal, operational, underwriting). • Compliance with changing regulations and reporting requirements. Through the CBES and other SSTs, the Society has assessed the financial impacts of the climate transition to the central asset portfolio and Lloyd's market underwriting exposure. The exposure to asset sub-sectors most exposed to the climate transition risk is monitored and reported as part of risk appetites. **Litigation risk impacts**: Litigation risk is an area of uncertainty as exposure is challenging to quantify and it is a rapidly changing area. Broadly speaking, the impacts of climate litigation for the Society and Lloyd's market fall into three areas: Direct claims against the Society and/or its directors; Insurance liabilities in respect of current/future policies for the Lloyd's market; and Insurance liabilities in respect of historic policies ('latent claims') for the Lloyd's market. There remains significant uncertainty around the impact to the market and to the Society. Some scenario testing has been carried out and through market oversight, the Society is working to ensure that the market adequately understands and manages their own exposures. The Society assessed its own vulnerability to climate-related legal action by considering the rise in climate litigation changes, and the number of companies targeted in strategic climate-aligned cases by sector. A thematic review is currently underway, exploring how the climate risks (including litigation) are captured in syndicate capital models. In addition to risk impacts, the Society has also identified several opportunities as a result of the climate transition and climate change. These have been described throughout our Sustainability report, and include but are not limited to: the launch of the TCX code; Lloyd's Futureset series on clean technologies and hard to abate sectors; Lloyd's Lab, our incubator for InsurTechs including those with a climate focus; supporting businesses committed to 'Insuring the transition' through the new entrants pipeline; our partnership with the Sustainable Markets Initiative; investments made through the Lloyd's Private Impact Fund; and the launch of the Global Disaster Resilience Vehicle.

Climate-related financial disclosures continued

CFD disclosure points	Description
f) An analysis of the resilience of the business model and strategy of the company taking into consideration different climate-related scenarios	In both 2021 and the 2024 CBES refresh, the interplay between the severity and rating for the physical, transition and litigation risk changes considered changes over time and was dependent upon the scenario selected. The scenarios used are described below. As set out in e) the assessment of resilience under different scenarios is with respect to aggregated market activities that could impact the Central Fund. **For physical risks**: the Society and the market are well positioned to manage the physical risks from climate change through the established exposure management controls. A key control is the annual re-writing/re-pricing of risks, with exposure adjusted in line with risk appetites. This means that physical risk is likely to manifest as a profitability event, rather than a solvency event. **For transition risks**: the impact to Lloyd's total market portfolio, dependent upon the early action, late action or no action scenario, has been assessed over a 30-year period. This exposure continues to be low and the Lloyd's balance sheet would remain in a surplus position across all three scenarios. Exposure to transition risk within the investment portfolio is monitored via key risk indicators in the 'Investments' risk category. **For litigation risks**: whilst the Society is developing our ability to monitor claims relating to climate litigation and the wider legal environment, this remains an area of high uncertainty and concern from a syndicate and aggregate market perspective. Our near-term focus is on ensuring syndicates are appropriately managing their own prospective and historical exposures. The Society is fundamentally well placed to manage climate risks. While there is inherent complexity and uncertainty in how the future climate pathway will develop, the Society has controls and processes in place to manage and mitigate the exposures as they emerge, including: • Re-underwriting and re-pricing insurance risks each year at renewal, adjusting exposure in line with risk appetite. • A robust business planning and capital setting process for the market, including annual capital raising in line with risk exposure. • Independent assessment of the adequacy of reserves for every syndicate, taking account of any emerging trends. • Holding a well understood, short-term and liquid asset portfolio across the chain of security, in line with Solvency II rules, which we would be able to de-risk quickly as financial markets react to a transition. • Systemic risk research and thought leadership from the Society of Lloyd's, which understands emerging risks and supports economies in improving resilience following any loss, regardless of whether this is driven by climate change. The degree to which the Society and the Lloyd's market decide to implement the above levers will depend upon the severity identified through monitoring key risk indicators. Should the key risk indicators appear to move outside of Lloyd's risk appetite, guidance can be issued to the market, with effective oversight implemented to ensure strategic action has been taken. The financial impacts as a result of climate-related risk have been modelled and are discussed above alongside the actions which have been taken as a result. The Society does not currently account for carbon pricing on its balance sheet, however, it annually measures the Society's emissions across Scope 1, Scope 2 and selected Scope 3.

	Early action	Late action	No action
Transition risk	Medium	High	Limited
Transition begins in	2021	2031	N/A
Nature of transition	Early and orderly	Late and disorderly	No change from 2021
Physical risks	Limited	Limited	High
Mean global warming	1.8°C	1.8°C	3.3°C
Mean sea level rise	0.16m	0.16m	0.38m
Impact on output	Temporarily lower growth	Sudden contraction (recession)	Permanently lower growth and higher uncertainty

CFD disclosure points	Description
Metrics and Targets	
g) The key performance indicators used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities	The Society is working towards reducing its global operational emissions, as reported in our Streamline Energy Carbon Report (SECR) below. We have seen a 14% reduction in global operational emissions per FTE from our baseline year of 2019. Managing agents in the Lloyd's market set their own targets for climate-related risks and opportunities. Lloyd's managing agents are expected to comply with any applicable UK and international government obligations. The Society's own climate-related targets are similarly dependent upon the action of UK and global governments and whether or not they enact policy to transition to lower carbon economies and net zero by 2050. The Society is actively engaging the UK government to offer support where possible, in addition to broader engagement with our peers on climate-related matters as evidenced through our engagements with Futureset.
h) The key performance indicators used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities and a description of the calculations on which those key performance indicators are based	As part of our risk appetite framework, a number of key risk indicators are regularly monitored and recorded. Should these key risk indicators change over time, the Society will be able to provide recommendations to the Council and enact a change to strategy or financial planning. The Society's key risk indicators relevant to climate change risk are: • Physical risk: 1-in-200 losses from the top five region perils, as a proportion of aggregate capital. Further work is also ongoing to consider expanding the current list of top five perils. • Transition risk: exposure to transition risk within the investment portfolio is monitored via key risk indicators in the 'Investments' risk category. • Number of investment parameter breaches over the quarter: 0 as at Q3 2024. • Exposure to sub-sectors most exposed to climate transition risk (to align with the CBES we assume this to be those sectors with GVA loss 30%+): – 1.17% as at Q3 2024. • Underwriting profitability: risk appetite metric sets limits on overall underwriting result. Lloyd's Executive remuneration is assessed against a rigorous balanced scorecard of quantifiable metrics and is subject to risk adjustment. 7.5% of Executive remuneration is weighted to key performance indicators for Lloyd's purpose, which encompasses the Society's sustainability strategy. Further information can be found in the Remuneration Report on page 88.

Streamlined Energy and Carbon Reporting

	2024			2023		
tCO_2e GHG emissions	UK emissions	Global emissions (excluding UK)	Total	UK emissions	Global emissions (excluding UK)	Total
Direct emissions (Scope 1)	**1,263**	**5**	**1,268**	1,568	3	1,571
Indirect emissions (Scope 2)						
Location based	**2,472**	**269**	**2,741**	2,715	403	3,118
Market based	**–**	**281**	**281**	–	423	423
Total Scope 1 + 2 (location based)	**3,735**	**274**	**4,009**	4,283	406	4,689
Total Scope 1 + 2 (market based)	**1,263**	**286**	**1,549**	1,568	426	1,994
Other indirect emissions (Scope 3)						
Total of selected Scope 3	**3,015**	**1,284**	**4,299**	1,702	776	2,478
Grand total Scope 1, 2, 3 (location based)	**6,750**	**1,558**	**8,308**	5,985	1,182	7,167
Grand total Scope 1, 2, 3 (market based)	**4,278**	**1,570**	**5,848**	3,270	1,202	4,472
Carbon intensity location based (tCO_2e/FTE)	**6.4**	**6.0**	**6.3**	5.7	4.6	5.5
Total energy usage (kWh)	**19,593,262**	**812,007**	**20,405,269**	22,489,862	1,225,078	23,714,940

Environmental performance summary

Our UK operations continue to account for the majority of our emissions (81%). In 2024, natural gas consumption has remained steady compared to 2023, reflecting a consistent FTE count. The continued implementation of renewable energy at our UK offices, combined with the energy saving measures outlined in our 2024 Sustainability Report has resulted in a 12% reduction of our Scope 2 emissions. Our combined operational emissions (Scope 1 and 2) have seen a 14% reduction from 2023.

Due to enhanced data capture and a noticeable increase in business travel globally, our overall emissions (Scope 1, 2 and selected Scope 3) have increased by 16% from 2023. This increase in Scope 3 emissions has also driven our overall emissions intensity per FTE from 5.5 to 6.3 tCO_2e. While the additional data has resulted in higher reported emissions, it provides a more complete footprint from which we can manage ongoing emissions reduction activities. As part of this we have also restated our 2023 emissions total due to a change in the methodology used to calculate business travel. Overall, we have still seen a total 14% reduction in Corporation global emissions per FTE from our 2019 baseline year.

Climate-related financial disclosures continued

Outlook

Within the Lloyd's building in London, the landlord has committed to decarbonising and improving the building's energy efficiency by 2030, with an aim to achieve an EPC rating of 'C' by 2027 and 'B' by 2030. In 2024, the Lloyd's Chatham office received an EPC rating of 'A', recognising the work done to improve energy efficiency at this site. We are implementing International Energy Management Standard ISO 50001 in our London and Chatham offices, with the final assessment due in early 2025. This will ensure energy is managed in a standardised process with improved energy consumption tracking.

Methodology

The methodology used to compile our greenhouse gas (GHG) emissions inventory is in accordance with the requirements of the World Resources Institute GHG Protocol Corporate Standard (revised version) and Defra's Environmental Reporting Guidelines, including Streamlined Energy and Carbon Reporting (SECR) requirements (March 2019). The data is reported based on calendar year which is the summation of the UK emissions and global emissions (excluding the UK) to comply with the SECR regulations.

We are aware of our reporting requirements under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. We continue to meet the requirements of the regulations by reporting on all material global emissions in Scope 1 and 2 and a ratio of company emissions to a quantifiable factor associated with company activity (FTE). We also report selected Scope 3 emissions.

We report our GHG emissions on an operational control approach. This means our GHG emissions cover all legal entities and sites for which Lloyd's has operational control – this includes all office locations where Lloyd's has management control of energy ownership and usage. These locations exclude 'representative offices' where employees of the Corporation work in physical sites outside the operational control of the Corporation. The reporting does not cover the Lloyd's marketplace or any of its participants. These are separate entities which have their own strategies, over which Lloyd's has no operational control. This is an accepted consolidated approach from the GHG Protocol.

Our Scope 1 emissions include natural gas and gas oil. This is calculated via invoices from our suppliers stating gas consumption in kWh, and estimations made on the levels of our tanks. We then apply emissions factors from Defra's Environmental Reporting requirements to convert this to tCO_2e. For our London site, we source biogas which emits fewer GHG emissions than natural gas. However, as the GHG Protocol does not yet provide definitive guidance on accounting for emissions from biogas, we report as if natural gas has been used for our Scope 1. 99% of our calculated Scope 1 emissions across the UK and globally are from actual data. The 1% estimated is the gas oil levels.

Our Scope 2 includes electricity; we collect invoices or meter readings directly from our offices which state their electricity consumption in kWh. We then apply emissions factors from Defra's Environmental Reporting requirements to convert this to tCO_2e. Where actual data is not available, estimations are calculated based on the office floor area, with the appropriate emissions factor for the country from the International Energy Agency (IEA). 98% of our calculated Scope 2 emissions across the UK and globally are from actual data. The 2% estimated come from electricity consumption of international offices where meter readings and invoices were not available. Our electricity is reported on location-based and market-based totals. Location-based emissions calculate the emissions from electricity use based on the average emission intensity of the power grid. Market-based emissions calculate emissions from electricity use, factoring in the electricity the company has purchased. As we source 100% of electricity for our London and Chatham offices from renewable sources with zero GHG emissions, our UK Scope 2 market-based emissions are zero.

Our Scope 3 emissions cover a number of categories: category 1 – Purchased goods and services, paper and water use only; category 3 – Fuel and energy related activity not already included in Scope 2; category 5 – Waste generated in operations (waste and wastewater); category 6 – Business travel, including flights, domestic and international rail travel, hotel accommodation made through our third-party travel partner and category 7 – Employee commuting. As above, data is collected directly where available and converted from the appropriate ton, m^3, kWh, km, room per night to tCO_2e using the Defra conversion factor. 30% of our calculated Scope 3 emissions across the UK and globally are from actual data. The 70% estimated largely comes from the treatment of employee expenses on the ledger with respect to business travel, and collecting data on employee commuting and working from home and extrapolating this to the entire workforce. Due to the absence of sustainability disclosures and data availability globally, the use of estimations, within reason, is seen as an acceptable methodology in order to provide a best estimate of GHG emissions.

We have sought limited assurance on our Scope 3 Category 3 (233 tCO_2e), Category 6 (3,349 tCO_2e) and Category 7 (682 tCO_2e) emissions for 2024. For 2023, limited assurance was obtained only for Scope 3 Category 3 and Category 6. Further information on our emissions can be found in the reporting criteria section of our Sustainability Report.

Non-Financial Information and Sustainability Statement

The Society presents its Non-Financial Information and Sustainability Statement, produced to comply with sections 414CA and 414CB of the Companies Act 2006. The policies and standards referenced below are applicable to the Society. Managing agents set their own policies, within the parameters of the Lloyd's governance and oversight framework.

Policies are considered key to the mitigation of risk and encouraging and guiding the right behaviours across the organisation to deliver value to our stakeholders.

The table below sets out the Society's key non-financial policies and how they govern our approach.

Reporting requirement and policies and standards	Reference to further information
Environmental matters	
Our Environmental & Energy Policy sets out the Society's commitment to environmental management and to ensure compliance with all relevant environmental legislation. The policy applies to all jurisdictions in which the Society operates and all Society employees, fixed term contractors, contingent workers whilst on Society business and secondees. Our Environmental Policy is aligned to the International Standard for Environmental Management ISO 14001 and the International Standard for Energy Management ISO 50001.	**Read more: Sustainability Report**
Employees	
At the Society of Lloyd's, our aim is to attract, retain and reward the very best talent. We do this by attracting colleagues that bring with them a diversity in capability, experience, perspective and approach; ensuring we treat all colleagues with fairness and consistency; rewarding the unique contribution employees bring to our business and supporting colleagues to be the best they can be. We outline this in our UK Employee Handbook and International Employee Handbook. The handbooks also cover topics such as anti-bullying and harassment; diversity and inclusion; social media; and drug and alcohol use, which apply to all employees as well as job applicants, consultants, temporary and third party workers. The Society recognises its responsibility to provide a safe and healthy working environmental for all its employees, tenants, contractors and visitors who use its premises and prevent injury and ill health in accordance with the Health and Safety at Work etc. Act 1974 and its associated regulations. This is why our Occupational Health and Safety Policy aligns to the International Standard for Health and Safety at work ISO 45001.	**Read more: Stakeholder engagement on pages 72 to 75**
Social matters	
The Society's ambition is to build a future that is more sustainable, resilient and inclusive, creating long-term growth that serves not just the market, but the ecosystems and society we're part of. Our approach is aligned to eight priority UN Sustainability Development Goals (SDGs) and we continue to report against the UN Global Compact.	**Read more: Purpose on pages 16 to 17 Sustainability Report**
We have our Inclusive Futures programme, which is a multi-year, market-wide programme of initiatives to help Black and ethnically diverse individuals participate, progress and prosper from the classroom to the boardroom.	**Culture on pages 18 to 19**
We also have our Lloyd's of London Foundation, our vehicle for charitable activity for the Society and the market. The mission of the Foundation is to deliver long-term meaningful social impact that engages stakeholders and leverages Lloyd's unique convening position.	**Sustainability Report**
Respect for human rights	
The Society fully supports the principles set out in the United Nations Universal Declaration of Human Rights, the International Labour Organisation core labour standards and the Modern Slavery Act 2015. The Society has an internal Human Rights Policy which expresses the Society's commitment to respect and support human rights, which is approved by our Chief People Officer and the Council of Lloyd's. The policy applies to all persons working for the Society or on its behalf in any capacity. The Society annually reviews our Modern Slavery Act Statement and our Supplier Code of Conduct to reflect the standards expected of our suppliers. Our Data Protection Policy provides a framework for ensuring the Society and overseas offices meet obligations under the General Data Protection Regulation (GDPR) which is considered the 'gold standard' of data protection and privacy compliance.	**Read more: Sustainability Report**
Anti-corruption and anti-bribery matters	
Our Global Financial Crime Policy ensures that the Society, including all jurisdictions in which it operates, is aware of its financial crime risks and has appropriate processes for managing these risks in relation to its staff, and any persons or entities performing services for or on its behalf. All Society employees carry out mandatory training in Gifts & Hospitality, Conflicts of Interest and Financial Crime Essentials – which includes anti-money laundering and anti-bribery. Failure to complete these modules will result in a negative impact to an employee's remuneration. The Society also makes sure that the market adheres to the Principles for Doing Business, of which Reporting and Financial Crime forms one of the 13 principles. This principle ensures managing agents have robust frameworks in place to assess and address 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 the Society and applicable regulators.	**Read more: Stakeholder engagement on pages 72 to 75**

Certain aspects of the Companies Act 2006 requirement have been addressed in the body of the Annual Report and have been cross-referenced as set out below:

Reporting requirement	Reference to further information
Description of business model	**Read more: The Lloyd's business model on page 10**
Description of principal risks and impacts of business activity	**Read more:** **Principal current risks on pages 20 to 22** **Risk Committee report on pages 80 to 82**
Non-financial KPIs	**Read more: Our performance at a glance on page 1**

Group financial review

This review should be read in conjunction with the financial statements of the Society on pages 124 to 128 and the Strategic Report on pages 4 to 23. The Strategic Report sets out the strategic priorities for both the Society and the Lloyd's market as a whole.

Profit before tax

The Society reported a profit before tax of £471m (2023: £358m). A summary of the result is set out below:

			2024			2023
	Corporation of Lloyd's £m	Lloyd's Central Fund £m	Society total £m	Corporation of Lloyd's £m	Lloyd's Central Fund £m	Society total £m
Technical account						
Earned premiums, net of reinsurance	–	–	–	–	–	–
Other technical income	9	–	9	8	–	8
Claims incurred, net of reinsurance	–	–	–	–	–	–
Net operating income	37	–	37	34	–	34
Balance on the technical account for general business	**46**	**–**	**46**	42	–	42
Non-technical account						
Total investment return	56	215	271	58	251	309
Profit/(loss) on foreign exchange	34	9	43	(5)	(113)	(118)
Non-technical income	397	212	609	367	192	559
Non-technical operating expenses	(413)	(85)	(498)	(365)	(69)	(434)
Profit before tax	**120**	**351**	**471**	97	261	358

Technical account

The technical account performance reflects insurance operations conducted through Lloyd's Europe and Lloyd's China platforms. These operations are fully reinsured to Lloyd's syndicates, as a result the net underwriting result (premiums less claims and related expenses) is nil. The technical account delivered a strong performance with a balance of £46m, up from £42m in 2023. This improvement was primarily driven by increased ceding commission income from the international platforms, which grew in line with earned premium in Lloyd's Europe and written premium in Lloyd's China (refer to Premiums section below).

Non-technical account

The non-technical account performance reflects two key components: investment returns, predominantly generated by the Central Fund portfolio, combined with revenue from the Society's essential market services and regulatory functions.

Investment returns have contributed £271m to profit before tax in 2024 (2023: £309m), reflecting higher fixed income returns but lower unrealised market gains compared to the prior year (refer to Investment performance section on page 111). Further, a strengthening of US dollars against sterling during the year has resulted in a £43m profit (2023: £118m loss) on foreign exchange, with approximately 70% of the Central Fund investment portfolio held in US dollars.

The growth in Lloyd's market premium volumes through 2024 generated higher non-technical income. The increase was reflected across all primary revenue streams - market subscriptions, Central Fund contributions and overseas operating charges - each of which are based on syndicate premium levels.

In November 2024, as part of the Society's strategy to ensure long-term sustainability and operational resilience, Lloyd's announced plans to outsource certain IT services and operational functions to Accenture from 1 April 2025. This outsourcing will not impact Lloyd's services to the market, as the Society will retain responsibility for operational resilience, as well as the oversight and governance of the outsourced services. The initial costs associated with this project have contributed to the increase in non-technical operating expenses in the period. In 2024 one-off costs of £25.2m have been reported, including a restructuring provision of £14.8m (refer to page 137), and it is anticipated that a similar level of one-off costs will be incurred in 2025.

Other drivers of the increase in non-technical operating expenses reflect ongoing investment by the Society in strategic change during 2024, with increased legal and professional costs attributed to strategic projects including Blueprint Two; as well as an increase in employment costs and the non recurrence of a one-off tax provision release in the prior year.

Lloyd's remains committed to digital-placing solutions and in November 2024, the Society acquired control of PPL Technologies Group Limited and its direct subsidiary Placing Platform Limited (collectively 'PPL Group'), increasing its shareholding from 36% to 57% as at 31 December 2024. The capital injection into PPL Group is important as it enables PPL to commit to a multi-year digital strategy that will bring a step change in capabilities to help facilitate market modernisation post acquisition. Income from PPL of £6m and a profit of £1m is included in the consolidated profit and loss account for the year ended 31 December 2024. Refer to note 34 for further information.

Premiums

The Society reported gross written premium of £3,776m (2023: £3,965m), a decrease of 5%.

	2024 £m	2023 £m
Gross written premiums	3,776	3,965
Outward reinsurance premiums	(3,776)	(3,965)
Net written premiums	**–**	–

Despite written premium reducing slightly in the current year, the earned premium continues to grow. This growth is attributed to the cumulative effect of increasing written premiums over the past few years. Increasing business volumes are driving continued growth in the Lloyd's Europe portfolio, with limited rate change during the period, consistent with the experience across the wider Lloyd's market. The gross loss ratio has increased from 37% to 70% in 2024. Whilst both 2023 (0.0%) and 2024 (1.1%) were benign years for major claims, during 2024 the prior year development was adverse at 20.6% (2023: release of 9.4%) driven by FX movements and Ukraine deterioration.

Investment performance

The Society's investments, mostly held within the Central Fund, generated a gross investment return of £271m, reflecting a return of 4.7% (2023: gain of £309m, 5.3%). The Society's currency policy, which aims to preserve the solvency strength of the Central Fund by maintaining exposure to US dollars, resulted in gains from the strengthening of US dollars against sterling over the year. The gain on foreign exchange of £43m (2023: loss of £118m) increases the investment return to 5.5% (2023: 3.4%). The Central Fund investment portfolio generated a positive return of 6.4% (2023: 7.4%). The gain on foreign exchange increases the investment return to 6.8% (2023: 4.2%).

In 2024, global equity markets performed well, particularly in the US, where mega-cap technology stocks drove returns amid sustained enthusiasm surrounding artificial intelligence advancements. Large-cap equities notably outperformed their small-cap counterparts, with the latter experiencing weakness toward the close of the year. Emerging markets delivered solid returns, benefiting from strong performances in India and Taiwan, while Chinese equities showed a year-end recovery despite persistent trade-related uncertainties.

The fixed-income sector fell short of expected returns, as central banks proceeded cautiously with interest rate reductions. US Treasury and British gilt yields showed significant volatility, with UK gilts experiencing negative performance amid fiscal policy concerns. High-yield bonds outperformed their investment-grade counterparts, supported by low default rates and resilient corporate earnings. Private markets generated positive returns, with private credit strategies delivering better risk-adjusted returns than private equity investments.

Taxation

A tax charge of £116m (2023: £90m) on profit before tax of £471m (2023: £358m) has been recognised in the profit and loss account for the year ended 31 December 2024 to report a profit after tax of £355m (2023: £268m). A tax credit of £2m (2023: £9m) has been recognised in other comprehensive income resulting in a total comprehensive income for the year of £339m (2023: £233m). Further details are set out in note 14.

Movement in net assets

	2024 £m	2023 £m
Net assets at 1 January	3,497	3,283
Profit after tax	354	268
Actuarial gain/(loss) on pension schemes	9	(19)
Currency translation differences	(27)	(25)
Tax credit on other comprehensive income	2	9
Repayment of syndicate loan	(110)	–
Interest paid on syndicate loans	(19)	(19)
Net assets attributable to the Society of Lloyd's at 31 December	**3,706**	3,497
Non-controlling interest profit after tax	1	–
Non-controlling interest on acquisition of net assets of PPL Group	15	–
Net assets at 31 December	**3,722**	3,497

The net assets of the Central Fund are included within the above amounts and at 31 December 2024 were £3,407m (2023: £3,269m).

The 2019 tranche of syndicate loans were repaid on the fifth anniversary of commencement, 29 March 2024.

Group financial review continued

Pension schemes

Lloyd's pension scheme

The Lloyd's defined benefit pension scheme valuation at 31 December 2024 was a surplus of £51m (2023: £41m) before allowance for a deferred tax liability of £13m (2023: £10m).

The movement in the pension scheme during the year is summarised below:

	2024 £m	2023 £m
Pension surplus as at 1 January	41	57
Pension income recognised in the Group Profit and Loss Account	–	3
Remeasurement effects recognised in the Group Statement of Other Comprehensive Income	10	(19)
Pension surplus as at 31 December	**51**	41

The surplus has increased during the year, primarily due to a decrease in liabilities resulting from a rise in corporate bond yields (increasing the discount rate) which has been partially offset by negative asset returns over the period. Further details are provided in note 22, which includes the sensitivity of the valuation to changes in these assumptions.

The recovery plan agreed by the Trustees has a contingent contribution structure in place until the next valuation (scheduled for 30 June 2025), under which contributions will be made should the estimated funding level fall below 103% as at 30 June in any given year. No additional contribution was paid in 2024.

Overseas pension schemes

The actuarial valuations of the overseas pension schemes at 31 December 2024 resulted in a deficit of £3m (2023: £3m). Further details are provided in note 22.

Capital structure

Lloyd's unique capital structure, referred to as the 'chain of security', provides the financial strength that ultimately backs all insurance policies written at Lloyd's. The capital structure is actively managed and further detail can be found on page 11 of the Strategic Report. The Central Fund cover provides additional protection for Lloyd's Central Fund, the third link in the chain of security, in situations where the Central Fund makes payments to cover members' liabilities. The programme renewed on 1 January 2024 and has an initial fixed duration of five years (with a possible extension to hold collateral for up to a further three years to cover adverse claims development). The Society retains the first $1,000m of claims payable. The total amount of cover provided by the programme is $812.5m, with layers provided by Constellation (an incorporated cell of White Rock Insurance (Guernsey) ICC Limited) and a panel of reinsurers. The layer covered by Constellation of $562.5m is 100% collateralised for the five-year term.

Capital management

The Society actively manages its capital to ensure that it maintains sufficient assets for both operational and solvency purposes; further details can be found on pages 46 of the Annual Report. Further disclosures regarding financial instruments are provided in note 16. Further details regarding solvency are below.

Solvency

Total capital for solvency purposes is set out below. The 2024 position is an estimate of the amount, which will be finalised in April 2025 alongside the 2024 Lloyd's Solvency and Financial Condition Report. The figures are calculated on a Solvency II basis. The solvency figures in the table below are unassured:

	2024 £m	2023 £m
Central assets at 31 December	3,722	3,497
Subordinated debt	298	604
Total	4,020	4,101
Solvency valuation adjustments	2,075	1,930
Available central own funds to meet the Central Solvency Capital Requirement (SCR)	6,095	6,031
Excess central own funds not eligible to meet the Central SCR	–	(1)
Eligible central own funds available to meet the Central SCR	6,095	6,030
Central SCR	1,400	1,200
Central solvency ratio	**435 %**	503 %

The Central SCR covers the central risks of the Society. This includes the risk that members may have insufficient capital to meet their losses. The Central SCR may be covered only by central eligible own funds of the Society.

The solvency valuation adjustments above include items such as valuation differences arising and assets being disallowed due to the valuation principles used in Solvency II. They also include recognition of the callable layer, which may be taken from member-level capital to strengthen central resources.

The eligibility of assets to count towards the solvency coverage is also subject to tiering restrictions. All Tier 1 assets count fully towards the solvency coverage assessment. However, Tier 2 and Tier 3 assets may only count up to a maximum of 50% of the SCR. The redemption of subordinated debt in 2024 has meant that Lloyd's Tier 2 and 3 central capital did not exceed 50% of the SCR at 31 December 2024 and as such, there is no eligibility adjustment (2023: exceeded by £1m).

Based on central own funds eligible to meet the Central SCR of £6.1bn (2023: £6.0bn), the solvency ratio is 435% (2023: 503%). In setting contribution levels, account is taken of the Central SCR to ensure that Lloyd's is prudently capitalised. The central solvency ratio reported above is based on the SCR, which has been calculated using the latest approved version of the Lloyd's Internal Model.

The 2020 tranches of syndicate loans are approaching the fifth anniversary of commencement, being 26 June 2025 and 6 November 2025. These syndicate loans currently account for approximately 22pp of the Central solvency ratio.

Cash flows and liquidity

Cash and cash equivalents increased during the year ended 31 December 2024 by £255m to £1,253m (2023: £998m). Cash balances are maintained at appropriate levels to meet the short-term operating expenses of the Society. Any surplus cash balances are invested and are included as financial investments within the Group balance sheet.

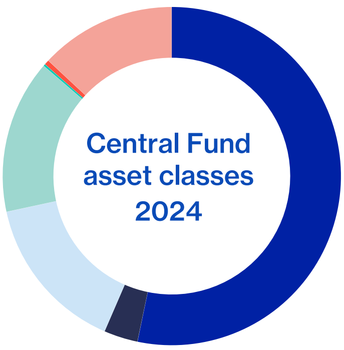
The Society's free cash balances are regularly monitored. This metric (wherever used in the Annual Report) is an alternative performance measure (APM). Free cash represents the amounts, both at bank and on deposit, held in the UK and available to the Corporation to meet operating expenses, including those of overseas operations, excluding any balances held in respect of insurance and arbitration activities. Free cash balances at 31 December 2024 were £318m (2023: £328m).

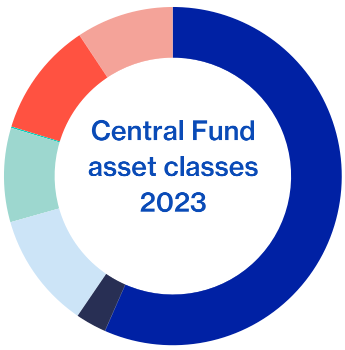
The liquidity of the Central Fund is monitored separately. Cash balances are managed to meet short-term operational commitments including the payment of drawdowns. Any surplus cash balances are invested in compliance with defined investment parameters approved by the Investment Committee.

Central Fund investment strategy

The role of the Central Fund, the third link in the Lloyd's chain of security, is to support central solvency by adding an additional set of assets to pay a member's insurance liabilities. These are paid at the discretion of the Council of Lloyd's in the unlikely event that members' premium trust fund (PTF) and Funds at Lloyd's (FAL) have been exhausted. The investment objective of the Central Fund is to grow in line with the market by optimising the investment return over the longer term, while maintaining acceptable levels of investment risk. The Central Fund continues to have sufficient liquidity to pay any obligations that may arise in the future.

The Central Fund's strategic asset allocation (SAA) was approved at the end of 2023 and was implemented during 2024 for all asset classes apart from private assets (which are predominantly in investment pools), which are continuing to build up as deals are sourced and structured. The private assets will continue to build up over 2025. The SAA is diversified across asset classes and was designed to best support the liabilities written in the Lloyd's market while remaining within the agreed risk appetite limits set by the Council. In line with the SAA, there has been an increased allocation to corporate bonds and in turn a reduction in government bonds resulting in changes to credit ratings and a movement in fair value hierarchy levels from 1 to 2 as shown in note 16.





	2024	2023
Fixed income securities	**1,710**	1,889
Loans	**104**	99
Shares	**485**	369
Investment pools	**472**	301
Derivative assets	**6**	4
Deposits	**15**	365
Cash	**418**	311

Financial risk management and treasury policies

Overview

The Society's principal financial instruments comprise cash and cash equivalents, investments, borrowings and items that arise directly from operations. These include assets and liabilities of the Central Fund.

The Society's treasury operations and investments are managed by reference to established policies that are reviewed regularly by the Investment Committee.

Overall risk is managed within defined limits specified by the Council. Policies for managing these risks, in particular credit risk, liquidity risk, interest risk, currency risk and market risk, are summarised below. The following financial risk management objectives and policies and disclosures within note 5 are audited.

Group financial review continued

Credit risk

Credit risk represents the risk of financial loss to the Society if a counterparty, or the issuer of a security, fails to meet its contractual obligations.

Trade and other receivables

The Society has established procedures to minimise the risk of default by trade and other receivables, which are mainly in respect of the Lloyd's market, the main source of income. These procedures include minimum checks for new market entrants.

Financial investments

A list of permissible bank counterparties, for the purposes of money-market investment, is maintained and restricted to banks having strong balance sheets and credit ratings. Investment parameters exist for all investment assets, controlling overall credit quality and ensuring appropriate risk diversification.

Permitted counterparties to capital market transactions are also carefully controlled. All applicable parameters are reviewed regularly by the Investment Committee in accordance with the risk appetite set by the Council.

Insurance contract assets

Insurance contract assets are all recoverable from Lloyd's syndicates. All syndicates benefit from the Lloyd's chain of security, therefore credit risk for insurance contract assets is concentrated with the Society of Lloyd's. The Society monitors the underwriting profitability of syndicates by responding to the risk appetite of the market, adjusting business planning for future years.

Liquidity risk

The value and term of short-term assets are carefully monitored against those of the Society's liabilities. The Society maintains sufficient liquid assets to meet liabilities as they fall due.

The liquidity of the Central Fund is monitored separately. Cash balances are managed to meet short-term operational commitments, including the payment of any drawdown. Any surplus cash balances are invested in compliance with defined investment parameters approved by the Investment Committee, in accordance with the risk appetite set by the Council.

The Society has an undrawn €200m committed borrowing facility as at 31 December 2024 (2023: €200m undrawn). Refer to note 32 for further information. Details of the amounts owed to credit institutions are included in note 25.

The Society's liquidity remains strong, with a free cash balance at 31 December 2024 of £318m (2023: £328m) and additional holdings in short-term investments.

The Society has not experienced any liquidity constraints or inability to settle its obligations when due.

Market risk

Market risk represents the risk that movements in financial markets will affect the financial position of the Society. Market risks arising from the disposition of the Society's investments are monitored against defined parameters using 'value at risk' methodology.

The position is reviewed regularly by the Investment Committee. Investments are actively monitored on a fair value basis and all investments are designated as fair value through profit or loss, other than statutory insurance deposits and short-term and security deposits, which are held at amortised cost.

As part of the strategy to mitigate market risks in relation to the equity portfolio of investments, the Society has the ability to enter into equity futures hedges.

Foreign currency risk

The Society enters into a variety of foreign exchange transactions in response to the foreign currency requirements of the Society's Group companies. In managing the exposures arising from such foreign exchange activity, which may involve transactions for forward settlement, the net risk arising from all such exposures is considered. Consequently, while some net foreign exchange exposures may accrue to the Society from time to time as a result of this activity, the level of such exposures is carefully monitored and is not significant in the context of the Society's activities.

Foreign currency exposures arising from overseas investments are considered together with any foreign currency liabilities of the Society, as well as the underlying currency mix of the Central Solvency Capital Requirement, of which a high proportion is US-dollar-based. Net foreign currency exposures arising are managed through the use of forward foreign exchange contracts.

Separately, the Society provides a Currency Conversion Service (CCS) to participating Lloyd's syndicates, converting insurance premiums and claims between sterling and other Society settlement currencies as required. Foreign exchange exposures arising from the provision of the CCS are again managed on a net basis, within defined parameters.

The CCS is operated separately from other foreign exchange activity of the Society because, under the terms of the service, any profit (or loss) arising from CCS exposures is distributed to (or collected from) syndicates participating in the CCS. Currency exposures arising from CCS activity consequently do not, ultimately, represent significant risks to the Society.

The Society continues to closely monitor exposure to foreign currency transactions, along with the use of forward foreign exchange contracts to mitigate a portion of the investment exposure governed by Lloyd's risk appetite.

Interest rate risk

Borrowings from the Lloyd's market for the purpose of funding statutory insurance deposits do not bear a fixed rate of interest. Instead, investment returns earned on the borrowed assets are passed on to lenders. Consequently, no interest rate risk arises on such borrowings.

Short-term assets held by the Society may be significant at certain times. These are invested in money market instruments of up to 12 months' duration with the objective of maximising current income while meeting liquidity requirements.

Interest rate risk arising from the requirement to make fixed rate coupon payments in respect of the Society's senior and subordinated debt, and discretionary fixed rate coupon payments in respect of the Society syndicate loans, is considered in conjunction with the market risk arising on the Society's investments.

As part of the strategy to mitigate these risks, the Society has the ability to enter into interest rate swap contracts.

Outlook

Central assets, which exclude subordinated liabilities, are in a strong position heading into 2025. Following its meeting on 19 March 2025, the Council gave no undertakings to corporate members to use the New Central Fund to discharge the liability of members with unpaid cash calls who do not have the resources to meet those calls. There were also no undertakings from previous years.

Research and development activities

The Society continues to develop and digitalise its operations involving shared data approaches, standardised processes supported by advanced technology and common security measures to increase efficiency within the insurance industry and ensure the market has access to the most effective tools.

Streamlined Energy and Carbon Reporting (SECR)

For the year ended 31 December 2024 and in compliance with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, the Group has reported its energy consumption, energy efficiency and greenhouse gas emissions on page 107 of the Society Report.

Events after the reporting period

Details of events after the reporting period can be found in note 37 to the Society's Group financial statements.

Going concern and viability statement

Assessment of prospects

The Lloyd's business model and strategy are central to an understanding of its prospects and details can be found on pages 10 to 19. The strategy is subject to ongoing monitoring and development.

The prospects of the Lloyd's market, including the Society, are primarily assessed through the annual strategic review and planning process. The output of the review is a strategic plan to deliver any recommendations. The review is led by the Chief Executive Officer through the Executive Committee and all relevant departments are involved. The Council participates fully in the process and part of its role is to consider whether the strategic plan continues to take appropriate account of the external environment and meets the needs of the market.

The review determines a set of medium-term targets, key performance indicators for the current year and activities to deliver on those metrics. The strategic plan for 2025 was approved in December 2024 following completion of the latest review cycle. As part of the planning process, financial assumptions for 2025 and 2026 were prepared for the Society and presented to the Council in March 2025.

Assessment of viability

The Council receives quarterly reports from the Risk Committee on the key risks and risk appetites, including the Society's Own Risk and Solvency Assessment as well as the results of stress testing resilience to severe yet plausible scenarios. The principal risks and material uncertainties that would threaten the business model, future performance, liquidity or solvency of the Lloyd's market as a whole are set out on pages 20 to 22. In addition, the Group financial statements include notes on investment strategy, financial risk management, treasury policies and sensitivity analysis.

The Lloyd's capital structure is set out on page 11 and Lloyd's is required to maintain solvency on a continuous basis. The solvency position of each member, and thus of Lloyd's as a whole, is monitored on a regular basis. Council considers bi-annually management's assessment of the current solvency position and the forecast position over a three-year period, including resilience of central assets to meet the Central SCR.

Viability statement

While the members of the Council have no reason to believe that the Society will not be viable over a longer period, the period over which the assessment is based is the three-year period to 31 December 2027, being the period considered under the strategic plan, including the detailed budgets prepared, and the solvency projections of the Society.

Group financial review continued

The members of the Council believe that the Society is well placed to manage its business risks successfully, having taken into account the current economic outlook, and confirm that they have a reasonable expectation that the Society will be able to continue in operation and meet its liabilities as they fall due over the three-year period ending 31 December 2027.

Going concern

After making enquiries, the members of the Council have a reasonable expectation that the Society has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the Annual Report, and therefore consider it appropriate to continue to adopt the going concern basis in preparing the Society's Group financial statements.

Statement as to disclosure of information to auditors

Having made enquiries, the Council confirms that:

- to the best of each Council member's knowledge and belief there is no information relevant to the preparation of the Society Report of which the Society's auditors are unaware; and
- each Council member has taken all the steps a Council member might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Society's auditors are aware of that information.

Statement of Council's responsibilities

Statement of the Council's responsibilities in respect of the financial statements

The Council is responsible for preparing the Group financial statements in accordance with byelaws made under the Lloyd's Act 1982 and UK Generally Accepted Accounting Practice (UK GAAP), including FRS 102 'The Financial Reporting Standard applicable in the UK and Ireland', and FRS 103 'Insurance Contracts'.

The Council is required to prepare Group financial statements for each financial year that present fairly the financial position of the Society and the financial performance and cash flows of the Society for that period. In preparing these Group financial statements, the Council is required to:

- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in UK GAAP is insufficient to enable users to understand the impact of particular transactions, other events or conditions on the Society's financial position and financial performance;
- make judgements and accounting estimates that are reasonable and prudent; and
- state that the Society has complied with UK GAAP, subject to any material departures disclosed and explained in the Group financial statements.

The Council is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Society and enable it to ensure that the Group financial statements comply with UK GAAP. The Council is also responsible for safeguarding the assets of the Society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Council is responsible for the maintenance and integrity of the corporate and financial information included on the Society's website (www.lloyds.com). Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Council considers that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for stakeholders to assess the Society's performance, business model and strategy.

We confirm that to the best of our knowledge:

- the Group financial statements, which have been prepared in accordance with byelaws made under the Lloyd's Act 1982 and UK GAAP, including FRS 102 and FRS 103, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and

- the Council Statement and Corporate Governance section include a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

On behalf of the Council of Lloyd's:

Bruce Carnegie-Brown	**John Neal**
Chairman	Chief Executive Officer

19 March 2025

Independent auditors' report to the members of the Society of Lloyd's

Report on the audit of the financial statements

Opinion

In our opinion, the Society of Lloyd's group financial statements:

- give a true and fair view of the state of the group's affairs as at 31 December 2024 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Council byelaws made under the Lloyd's Act 1982.

We have audited the financial statements, included within the Society Report of the Lloyd's Annual Report, which comprise: the Group Balance Sheet as at 31 December 2024; the Group Profit and Loss Account and Statement of Comprehensive Income, the Group Statement of Changes in Equity and the Group Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 12, we have provided no non-audit services to the Society of Lloyd's or its group undertakings in the period under audit.

Our audit approach

Overview

Audit scope

We performed:

- Full scope audit procedures over two components being, the UK (which comprises the Corporation of Lloyd's, the Central Fund and Additional Securities Limited) and Belgium (which comprises Lloyd's Insurance Company S.A. (LIC));
- Audit procedures over specified financial statement line item balances for China (Lloyd's Insurance Company (China) Limited (LICCL)); and
- Targeted risk assessment procedures in respect of Placing Platform Limited and PPL Technologies Group LTD (altogether PPL).

All remaining components were considered inconsequential and therefore no further audit procedures nor targeted risk assessments were performed.

Key audit matters

- Valuation of the incurred but not reported (IBNR) claims component of claims outstanding in LIC.
- Valuation of pipeline premium included within LIC's Gross Written Premium (GWP).

Materiality

- Overall materiality: £102m (2023: £100m) based on 0.5% of total assets.
- Performance materiality: £76m (2023: £75m).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The valuation of the Lloyd's Pension Scheme liabilities, which was a key audit matter last year, is no longer included because of the trends we have seen in recent years around the sensitivity of key assumptions and their impact on the gross liability position. Based on our analysis we are satisfied that the estimation uncertainty is reduced to such a level that the valuation of the Lloyd's Pension Scheme gross liabilities is no longer a key audit matter. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Valuation of the incurred but not reported (IBNR) claims component of claims outstanding in LIC	
See notes 3 (j), 4 (b) and 26 of the Society Report for disclosures of related accounting policies, judgements and estimates. The IBNR claims included within claims outstanding in LIC is a material balance within the financial statements. Recognised actuarial techniques are used to derive the IBNR claims. The valuation of IBNR claims relies on a large degree of judgement and underpinning reserving assumptions. Relatively small changes in the key assumptions can lead to significant movements in IBNR claims and as such we placed significant focus on this area.	Our work over the valuation of LIC's IBNR claims was performed by our component audit team and actuarial specialists with input and oversight from the group engagement team. Specifically, we have: • Performed walkthroughs to understand the controls and processes that management have in place to ensure: – the completeness and accuracy of the data used by LIC in the reserving process; and – the selection of appropriate methods and assumptions applied by LIC in the reserving process. We assessed whether these controls had been designed and implemented effectively; • Tested the accuracy and completeness of the underlying data utilised within the reserving process; • Engaged our actuarial specialists to: – Develop an independent point estimate of LIC's IBNR claims related to non-catastrophe claims. We compared our estimates to those derived by management, and in all those cases where significant differences were identified, we challenged management and obtained explanations; and – Understand the approach used to establish LIC's IBNR claims in relation to large losses and catastrophe events. We tested the key methodologies and assumptions used by management in determining the IBNR claims and challenged them as appropriate. • Assessed that LIC's local risk margin has been booked in line with LIC's accounting policy. The results of our procedures indicated that the methodologies and assumptions used in the valuation of LIC's IBNR claims were supported by the evidence we obtained.
Valuation of pipeline premium included within LIC's Gross Written Premium (GWP)	
See note 3 (j) of the Society Report for disclosure of the related accounting policy. LIC writes business through several placement types, for example, open market and binders. In light of the outsourced arrangement between LIC and the underlying syndicates/managing agents there is generally a level of uncertainty regarding the amount of premium income that should be recognised in any given year (estimated premium or "pipeline premiums"). The valuation of pipeline premiums relies on a number of underpinning assumptions and judgements and as such we placed significant focus on this area.	Our work over the valuation of pipeline premiums in LIC was performed by our component audit team with input and oversight from the group engagement team. Our work focused on understanding the methodology used to derive LIC's GWP (and the associated pipeline premiums) and testing the derivation of LIC's GWP (and the associated pipeline premiums). Specifically we have: • Updated our understanding of the processes and controls in place to derive LIC's GWP (and the associated pipeline premiums) and evaluated the design and implementation of the identified controls; • Performed testing over the relevant processes and controls used to derive LIC's GWP (and the associated pipeline premiums); and • Evaluated the methodology and tested the key assumptions used in relation to management's calculation of LIC's GWP (and the associated pipeline premium). This involved testing management's derivation of ultimate premiums through the use of our own independent actuarial analysis and mathematically recalculating LIC's GWP (and the associated pipeline premiums) at year end. The results of our procedures indicated that the methods and assumptions used in the valuation of LIC's pipeline premiums, included within LIC's reported GWP, were supported by the evidence we obtained.

Independent auditors' report to the members of the Society of Lloyd's continued

(As at 31 December 2024)

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group, the accounting processes and controls, and the industry in which it operates.

Based on the output of our risk assessment, along with our understanding of the Society of Lloyd's Group structure, we performed full scope audits over the UK and Belgium components. For China we performed audit procedures over specified financial statement line item balances and we conducted targeted risk assessment procedures in respect of Placing Platform Limited and PPL Technologies Group LTD (altogether PPL). All remaining components were considered inconsequential and therefore no further audit procedures nor targeted risk assessments were performed.

As the group engagement team, we determined the level of involvement required at those components to enable us to conclude whether sufficient and appropriate audit evidence had been obtained for the basis for our opinion on the group financial statements as a whole. In our role as group auditors, we exercised oversight of the work performed by component audit teams including performing the following procedures:

- Issuing group audit instructions outlining areas requiring additional audit focus such as the key audit matters included above;
- Maintaining active dialogue with reporting component audit teams throughout the year;
- Reviewing reporting and supporting evidence requested from component teams, including those areas determined to be of heightened audit risk;
- Reviewing the detailed working papers of component teams, where relevant; and
- Performing site visits of the Belgium and China components.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the group's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the group's financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall group materiality	£102m (2023: £100m).
How we determined it	0.5% of total assets
Rationale for benchmark applied	We identified the key financial statement users as rating agencies, syndicate members, policyholders and regulators, who will be primarily focused on the overall asset position of the Society of Lloyd's, as those assets provide financial security for the market. Therefore, we have assessed that it is appropriate to use an asset-based benchmark for the materiality determination for the 31 December 2024 year end audit.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The materiality allocated to each component was £70m.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2023: 75%) of overall materiality, amounting to £76m (2023: £75m) for the group financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount in the middle of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £5m (2023: £5m) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the Council's assessment of the group's ability to continue to adopt the going concern basis of accounting included:

- Evaluating management's going concern assessment;
- Performing sensitivity analysis on management's going concern assessment and assessing the impact on the Society of Lloyd's capital, solvency and liquidity positions; and
- Assessing the disclosures made in the Society Report in respect of going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Council's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's ability to continue as a going concern.

In relation to the Council's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Council's' statement in the financial statements about whether the Council considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Council with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Council is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Council members' remuneration

The Society of Lloyd's voluntarily prepares a Remuneration Committee report in accordance with the provisions of the Companies Act 2006. The Council requested that we audit the part of the Remuneration Committee report specified by the Companies Act 2006 to be audited as if the Society of Lloyd's were a quoted company.

In our opinion, the part of the Remuneration Committee report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

ISAs (UK) require us to review the Council's statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Society of Lloyd's compliance with the provisions of the UK Corporate Governance Code, which the Listing Rules of the Financial Conduct Authority specify for review by auditors of premium listed companies. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement, included through cross-reference within The Code section of the Society Report, is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The Council's confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Society Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The Council's statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The Council's explanation as to their assessment of the group's prospects, the period this assessment covers and why the period is appropriate; and
- The Council's statement as to whether they have a reasonable expectation that the Society of Lloyd's will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the Council's statement regarding the longer-term viability of the group was substantially less in scope than an audit and only consisted of making inquiries and considering the Council's process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and its environment obtained in the course of the audit.

Independent auditors' report to the members of the Society of Lloyd's continued

(As at 31 December 2024)

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The Council's statement that they consider the Society Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's position, performance, business model and strategy;
- The section of the Society Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Society Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the Council's statement relating to the Society of Lloyd's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the Council for the financial statements

As explained more fully in the Statement of the Council's Responsibilities for the Financial Statements, the Council is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Council is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Council is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of regulatory principles, such as those governed by the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Lloyd's Act 1982. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate the group's results and management bias applied in establishing material accounting estimates. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- Discussions with the Council, the Audit Committee, the legal function, the risk and compliance functions and internal audit, including consideration of known or suspected instances of non-compliance with laws and regulations, and fraud;
- Assessment of matters reported on the group's whistleblowing helpline and management's investigation of such matters;
- Reviewing relevant meeting minutes and correspondence with regulatory authorities;
- Testing and challenging, where appropriate, the assumptions and judgements made by management in their significant accounting estimates;
- Identifying and testing journal entries based on risk criteria; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Society of Lloyd's members as a body in accordance with the Lloyd's Act 1982 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

We have agreed to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- proper accounting records have not been maintained by the Society of Lloyd's; or
- certain disclosures of Council's remuneration specified by law are not made.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 1 July 2013 to audit the financial statements for the year ended 31 December 2013 and subsequent financial periods. The period of total uninterrupted engagement is twelve years, covering the years ended 31 December 2013 to 31 December 2024.

Paul Pannell (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

19 March 2025

Group Profit and Loss Account and Statement of Comprehensive Income

(For the year ended 31 December 2024)

Profit and loss account

	Note	2024 £m	2024 £m	2023 £m	2023 £m
Technical account					
Gross written premiums	7	3,776		3,965	
Outward reinsurance premiums		(3,776)		(3,965)	
Change in the gross provision for unearned premiums		(158)		(394)	
Change in the provision for unearned premiums, reinsurers' share		158		394	
Earned premiums, net of reinsurance			–		–
Other technical income			9		8
Gross claims paid		(2,014)		(1,382)	
Claims paid, reinsurers' share		2,014		1,382	
Change in provision for gross claims		(534)		68	
Change in provision for claims, reinsurers' share		534		(68)	
Claims incurred, net of reinsurance			–		–
Net operating income	8		37		34
Balance on the technical account for general business			**46**		42
Non-technical account					
Balance on the technical account for general business			46		42
Investment income	9	191		126	
Unrealised gain on investments	9	81		186	
Investment expenses and charges	9	(1)		(3)	
Total investment return			271		309
Gain/(loss) on foreign exchange			43		(118)
Non-technical income	10		609		559
Non-technical operating expenses	11		(498)		(434)
Profit before tax			**471**		358
Tax charge on profit	14		(116)		(90)
Profit after tax			**355**		268
Statement of comprehensive income					
Profit after tax			355		268
Other comprehensive income/(expense):					
Exchange difference on translating foreign operations		(27)		(25)	
Remeasurement gain/(loss) on pension assets and liabilities	22	10		(19)	
Share of remeasurement loss on associates and joint venture pension liabilities	17	(1)		–	
Tax credit on components of other comprehensive income	14(a)	2		9	
Other comprehensive expense for the year, net of tax			(16)		(35)
Total comprehensive income for the financial year			**339**		233

Attributable to:		
Society of Lloyd's	338	233
Non-controlling interests	1	–
Total comprehensive income for the financial year	**339**	233

Group Balance Sheet

(As at 31 December 2024)

		2024		2023	
	Note	£m	£m	£m	£m
Intangible assets					
Software	15	63		38	
Goodwill	15	(3)		–	
			60		38
Investments					
Financial investments	16	4,317		4,826	
Investment in associates and joint ventures	17	41		46	
			4,358		4,872
Reinsurers' share of technical provisions					
Provision for unearned premiums	26	2,341		2,288	
Claims outstanding	26	7,287		7,087	
			9,628		9,375
Debtors					
Debtors arising out of direct insurance operations		2,791		2,619	
Debtors arising out of reinsurance operations		1,587		1,559	
Other debtors	21(a)	24		22	
			4,402		4,200
Other assets					
Tangible assets	18	33		28	
Cash at bank and in hand	19	1,253		998	
Other assets	21(b)	3		5	
			1,289		1,031
Prepayments and accrued income					
Accrued interest and rent		36		28	
Deferred acquisition costs	20	461		439	
Other prepayments and accrued income	21(c)	136		139	
			633		606
Pension scheme assets	22		51		41
Total assets			**20,421**		20,163

Group Balance Sheet continued

(As at 31 December 2024)

	Note	2024 £m	2024 £m	2023 £m	2023 £m
Capital and reserves					
Revaluation reserve	23(c)	15		15	
Translation reserve	23(b)	(27)		–	
Syndicate loans	24	404		514	
Profit and loss account	23(a)	3,314		2,968	
Non-controlling interest		16		–	
			3,722		3,497
Subordinated debt	25(a)		298		604
Technical provisions					
Provision for unearned premiums	26	2,341		2,288	
Claims outstanding	26	7,287		7,087	
			9,628		9,375
Provisions for other risks					
Provisions for pensions and similar obligations	22	3		3	
Tax provisions		22		12	
Other provisions	27	49		41	
			74		56
Deposits received from reinsurers			1,006		1,187
Creditors					
Creditors arising out of direct insurance operations	28	707		663	
Creditors arising out of reinsurance operations	28	3,836		3,667	
Other creditors including taxation and social security	28	201		197	
Amounts owed to credit institutions	25(b)	303		303	
			5,047		4,830
Accruals and deferred income	29		646		614
Total capital, reserves and liabilities			**20,421**		20,163

The financial statements on pages 124 to 163 were approved by the Council on 19 March 2025 and signed on its behalf by:

Bruce Carnegie-Brown
Chairman

John Neal
Chief Executive Officer

Group Statement of Changes in Equity

(For the year ended 31 December 2024)

	Note	Profit and loss account £m	Translation reserve £m	Revaluation reserve £m	Syndicate loans £m	Total equity attributable to the Society of Lloyd's £m	Non-controlling interest £m	Total equity £m
At 1 January 2024		2,968	–	15	514	**3,497**	–	**3,497**
Profit for the year		354	–	–	–	**354**	1	**355**
Other comprehensive expense for the year, net of tax		11	(27)	–	–	**(16)**	–	**(16)**
Acquisition of non-controlling interest	34	–	–	–	–	**–**	15	**15**
Repayment of syndicate loan	24	–	–	–	(110)	**(110)**	–	**(110)**
Interest paid on syndicate loans	24	(19)	–	–	–	**(19)**	–	**(19)**
At 31 December 2024		**3,314**	**(27)**	**15**	**404**	**3,706**	**16**	**3,722**

	Note	Profit and loss account £m	Translation reserve £m	Revaluation reserve £m	Syndicate loans £m	Total equity attributable to the Society of Lloyd's £m	Non-controlling interest £m	Total equity £m
At 1 January 2023		2,729	25	15	514	3,283	–	3,283
Profit for the year		268	–	–	–	268	–	268
Other comprehensive expense for the year, net of tax		(10)	(25)	–	–	(35)	–	(35)
Interest paid on syndicate loans	24	(19)	–	–	–	(19)	–	(19)
At 31 December 2023		2,968	–	15	514	3,497	–	3,497

Group Statement of Cash Flows

(For the year ended 31 December 2024)

	Note	2024 £m	2023 £m
Net cash from operating activities	30	628	101
Tax paid		(97)	(57)
Net cash inflows from operating activities		**531**	44
Cash flow from investing activities			
Purchase of intangible assets	15	(1)	(1)
Purchase of tangible assets	18	(7)	(7)
Purchase of equity and debt instruments		(2,903)	(3,073)
Sale of equity and debt instruments		2,875	2,706
Purchase of short-term deposits		(2,212)	(310)
Sale of short-term deposits		2,630	459
Net (purchase)/sale of derivatives		(5)	15
Loan to joint venture		–	(8)
Purchase of subsidiary (net cash acquired)		4	–
Investment income received		(61)	4
Other		1	1
Net cash inflows/(outflows) from investing activities		**321**	(214)
Cash flow from financing activities			
Interest paid on senior debt		(8)	(8)
Interest paid on subordinated notes		(29)	(29)
Redemption of subordinated notes		(306)	–
Repayment of syndicate loan	24	(110)	–
Interest paid on syndicate loans	24	(19)	(19)
(Decrease)/increase in borrowings for statutory insurance deposits		(111)	82
Net cash (outflows)/inflows from financing activities		**(583)**	26
Net increase/(decrease) in cash and cash equivalents		**269**	(144)
Cash and cash equivalents at 1 January		998	1,167
Foreign exchange differences on cash and cash equivalents		(14)	(25)
Cash and cash equivalents at 31 December		**1,253**	998

Notes to the Financial Statements

(For the year ended 31 December 2024)

1. General information

In 1871, by the Lloyd's Act 1871, the then existing association of underwriters was incorporated in the United Kingdom as the Society and Corporation of Lloyd's (the 'Society'). Its activities are accordingly governed by statute and, since 1982, have been managed by the Council of Lloyd's (the 'Council') pursuant to the Lloyd's Act 1982. The Society's principal place of business is One Lime Street, London EC3M 7HA.

The Society's main corporate purposes are to facilitate the conduct of insurance business by members of Lloyd's, to advance and protect their interests in this context and to manage the Society's insurance undertakings. The Society's revenue consists of members' subscriptions, various market charges and Central Fund contributions. The Society's wholly owned subsidiaries, Lloyd's Insurance Company S.A. ('Lloyd's Europe') and Lloyd's Insurance Company (China) Limited ('Lloyd's China') are the principal insurance businesses of the Society. The principal activity of Lloyd's Europe and Lloyd's China is to provide reinsurance of non-life business and direct non-life insurance in the European and Chinese insurance markets, respectively. Lloyd's syndicates participate in Lloyd's Europe and Lloyd's China business by means of 100% retrocession agreements.

The Society is authorised under the Financial Services & Markets Act 2000 and regulated by the Prudential Regulation Authority and the Financial Conduct Authority. Lloyd's Europe and Lloyd's China are also regulated by their respective country regulators. Managing agents are authorised by the PRA and are regulated by the PRA and FCA. Additionally, all managing agents are approved by the Society and are subject to the Society's market oversight regime.

2. Statement of compliance

The Group financial statements have been prepared in compliance with UK Generally Accepted Accounting Practice ('UK GAAP'), including FRS 102 'The Financial Reporting Standard applicable in the UK and Ireland', and FRS 103 'Insurance Contracts'.

3. Summary of significant accounting policies

This section describes the Group's significant accounting policies that relate to the Group financial statements and notes as a whole. These policies have been consistently applied to all years presented unless otherwise stated.

(a) Basis of preparation

The Group financial statements have been prepared on the historical cost basis, except for certain assets and liabilities at fair value, as required or permitted under FRS 102 and FRS 103.

(b) Going concern

The Group financial statements have been prepared on a going concern basis. For further details of the Council's assessment of the Group's ability to continue as a going concern, refer to the going concern and viability statement on page 115.

(c) Basis of consolidation

The Group financial statements comprise the consolidated financial statements of the Society and all its subsidiary undertakings, the Lloyd's Central Fund and the Group's interest in associates and joint ventures as at each reporting date.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are consolidated from the date of their acquisition, being the date on which the Society obtains control, and continue to be consolidated until the date that such control ceases. Where control of a subsidiary is achieved in stages, the initial acquisition that gave the Group control is accounted for as a business combination. Thereafter where the Group increases its controlling interest in the subsidiary the transaction is treated as a transaction between equity holders. Any difference between the fair value of the consideration paid and the carrying amount of the non-controlling interest acquired is recognised directly in equity.

All intra-Group balances and transactions are eliminated in full.

Where a subsidiary has different accounting policies to the Group, adjustments are made to those subsidiary financial statements to apply the Group's accounting policies, if material, when preparing the consolidated financial statements.

Goodwill

Where the cost of the business combination exceeds the fair value of the Group's interest in the assets, liabilities and contingent liabilities acquired, negative goodwill arises. The Group, after consideration of the assets, liabilities and contingent liabilities acquired and the cost of the combination, recognises negative goodwill on the balance sheet and releases this to profit and loss, up to the fair value of non-monetary assets acquired, over the periods in which the non-monetary assets are recovered and any excess over the fair value of non-monetary assets in the income statement over the period expected to benefit.

Goodwill is amortised over its expected useful life which is estimated to be ten years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. No reversals of impairment are recognised.

(d) Functional and presentation currency

The Group financial statements are presented in pounds sterling (£), which is the Society's functional and presentational currency, and rounded to millions (£m). Items included in the financial statements of each of the Society's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

Notes to the Financial Statements continued

Transactions and balances

Foreign currency transactions are recorded at the exchange rate prevailing on the date of the transaction, or an average rate for the period in which the transaction was recorded when this is a reasonable approximation.

At each period end, foreign currency monetary items are translated using the closing rate. For this purpose all assets and liabilities arising from insurance contracts (including unearned premiums, deferred acquisition costs and unexpired risks provisions) are monetary items. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction, and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end rates of monetary assets and liabilities denominated in foreign currencies are recognised in the non-technical account in the profit and loss account.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of non-monetary assets and liabilities denominated in foreign currencies are recognised in other comprehensive income for those items where the gain is required to be recognised within other comprehensive income, and in the non-technical account where the gain is required to be recognised within profit or loss.

Translation of overseas operations

On consolidation, the results and financial position of overseas subsidiaries and branches are translated into pounds sterling from their functional currencies as follows:

- assets and liabilities are translated at the closing rate at the reporting date; and
- income and expenses are translated at the average exchange rate for the year.

Any resulting exchange differences are recognised in the Group statement of comprehensive income.

(e) Tangible assets

Tangible assets are stated at cost less accumulated depreciation and any impairment in value. Depreciation is charged on a straight-line basis over the estimated useful lives of the assets. At the reporting date, the principal rates of depreciation were as follows:

• furniture and fittings	over 7 to 25 years
• computer and specialised equipment	over 3 to 15 years
• leasehold improvements	over the remaining life of the lease

Lloyd's Collection

The Lloyd's Collection represents various paintings, antiques and artefacts which are included at fair value and are valued every three years, unless there is any indication of impairment. Any revaluation surplus or deficit is recognised in the Group statement of comprehensive income and is reflected in the revaluation reserve within the Group statement of changes in equity.

(f) Leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease. The aggregate benefits of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight-line basis.

Subleases

The Group has short-term arrangements to lease space within the Lime Street building to third parties. These arrangements are treated as operating leases and income is credited to the profit and loss account on a straight-line basis over the lease term.

(g) Intangible assets

Intangible assets recognised by the Society consist of software development assets.

Software development is held at cost less accumulated amortisation and accumulated impairment losses. Capitalised software is amortised on a straight-line basis over its expected useful life. Computer software typically has an expected useful life of up to seven years, although a longer lifetime may be determined for certain business systems. Amortisation is reported under non-technical operating expenses in the profit and loss account.

Costs incurred in acquiring and developing computer software may be capitalised as intangible assets where the software supports a significant business system and the expenditure leads to the creation of an identifiable asset of value.

The Society performs bi-annual impairment testing to assess whether there is an indication that an asset may be impaired. If any such indication exists, an impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

(h) Investments in associates and joint ventures

An associate is an entity in which the Society has significant influence, and which is not a subsidiary undertaking or joint venture. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The Society's investments in associates and joint ventures are accounted for under the equity method of accounting.

Under the equity method, the investments in associates and joint ventures are carried in the Group balance sheet at cost plus post-acquisition changes in the Society's share of net assets of the associates and joint ventures. Goodwill relating to an associate is included in the carrying amount of the investment and is amortised on a straight-line basis over its expected useful life.

After application of the equity method, the Society determines whether it is necessary to recognise any additional impairment loss with respect to the Society's net investment in an associate or joint venture. The Group profit and loss account reflects its share of the results of operations of associates and joint ventures. The Society's share of associates' other comprehensive income is recognised in the Group statement of comprehensive income.

(i) Prepayments

Prepayments are recognised at historic cost when the right to receive services or goods has been established. Where services or goods are to be received over a period exceeding a year, then prepayments are expensed in the profit and loss account on a straight-line basis over the period of the contract. Where amounts are considered to be not recoverable, the prepaid assets are written down to the recoverable amounts.

(j) Insurance and reinsurance contracts

The Society's wholly owned subsidiaries Lloyd's Europe and Lloyd's China are the principal insurance businesses of the Society, wherein they provide reinsurance of non-life business and direct non-life insurance in the European and Chinese insurance markets, respectively. Lloyd's syndicates participate in Lloyd's Europe and Lloyd's China business by means of retrocession agreements.

In accordance with FRS 103 'Insurance Contracts', the Society applies established accounting practices for insurance and reinsurance contracts. The results are determined on an annual basis whereby the incurred cost of claims, commission and related expenses are charged against the earned proportion of premiums, net of reinsurance, as stated in the below paragraphs.

Classification

Insurance and reinsurance contracts are defined as those containing significant insurance risk which arises if, and only if, an insured event could cause an insurer to pay significant additional benefits in any scenario, excluding scenarios that lack commercial substance, at the inception of the contract. Such contracts remain insurance contracts until all rights and obligations are extinguished or expired.

Measurement and presentation

The Society's policy for measuring balances for insurance contracts issued by overseas subsidiaries is to apply the valuation technique used in the issuing entity's local statutory or regulatory reporting. Therefore, for insurance contracts issued by Lloyd's China, balances are calculated in accordance with China Generally Accepted Accounting Principles ('China GAAP').

For insurance contracts issued by or transferred to Lloyd's Europe, balances are calculated in accordance with Belgium Generally Accepted Accounting Principles ('Belgium GAAP').

The principal differences between UK GAAP and China and Belgium GAAP that remain unadjusted are as follows:

Lloyd's China calculates its reserves on a discounted basis and includes a local statutory risk margin, by class of business, as required under China GAAP. The discounting of reserves results in lower technical provisions by £10m (2023: £12m). The inclusion of a local statutory risk margin results in an increase in reserves. The reserves are 100% reinsured to syndicates with a net nil impact on profit before tax and on capital and reserves.

Management considers the local statutory risk margin to be appropriate and not excessively prudent, and as permitted by FRS 103, it is included in technical provisions. In addition, management does not consider the amount of discounting of reserves to be material and has not adjusted the Group profit and loss account or the balance sheet.

Lloyd's Europe calculates its reserves on an undiscounted best estimate basis and includes a local risk margin. The reserves are 100% reinsured to syndicates with a net nil impact on profit before tax and on capital and reserves. Management considers the local risk margin to be appropriate and not excessively prudent, and as permitted by FRS 103 it is included in technical provisions.

Certain other principal differences that have been adjusted or presented in the Group profit and loss account and balance sheet are for recognition of deferred acquisition costs for Lloyd's Europe and the gross presentation of unearned premium reserve liability for Lloyd's China, in accordance with the Group's accounting policy. These adjustments or presentation differences have a net nil impact on the Group's profit before tax and capital and reserves, as they are 100% reinsured.

Premiums written

Gross written premiums are recognised on the date of inception of the contract as the total estimated premiums receivable. Gross written premiums include the impact of the difference between the estimated premium recognised in previous periods and actual income received. Premiums written are stated before deduction of commissions but net of taxes, duties levied on premiums and other similar deductions.

Notes to the Financial Statements continued

Earned premiums and provision for unearned premiums
Written premiums are recognised as premium income on a pro-rata basis over the period of cover.

Provision for unearned premiums represents the proportion of premiums written in the year that relate to unexpired terms of policies in force at the balance sheet date. Premiums earned during the year are disclosed in note 26.

Acquisition costs
Acquisition costs which represent commission and other related expenses are deferred over the period in which the related premiums are earned.

Claims incurred
Claims incurred in insurance-related activities consist of claims and claims handling expenses paid during the year together with the change in provision for outstanding claims, including provisions for claims incurred but not reported and related expenses, together with any other adjustments to claims from previous years.

Claims provisions and related reinsurance recoveries
Provision is made at the year end for the estimated cost of claims incurred but not settled at the balance sheet date, including the cost of claims incurred but not reported to the Society. The estimated cost of claims includes expenses to be incurred in settling claims. However, given the uncertainty in establishing claims provisions, subsequent information and events may result in the ultimate liability being less than, or greater than, the amount provided. Any differences between the provision and subsequent settlements are reflected within the Group financial statements of later years when differences between provision and subsequent settlement become apparent.

Outstanding claims reserves include a risk margin in accordance with local regulatory reporting requirements for Lloyd's Europe and Lloyd's China. Lloyd's China outstanding claims provisions are discounted under local regulatory requirements for the time value of money, but the difference between discounted and undiscounted claims provisions is not material.

A provision is recognised for any deficiencies arising when unearned premiums, net of associated acquisition costs, are insufficient to meet claims and expenses after taking into account future investment return on investments supporting the unearned premiums provision and unexpired risks provision.

Reinsurance contracts
Lloyd's Europe and Lloyd's China enter into reinsurance agreements with syndicates to reinsure 100% of the insurance premiums written.

Reinsurance premiums and reinsurers' share of unearned premiums
Outward reinsurance premiums are recognised over the period of cover of the reinsured contracts, in line with premium income recognised. Reinsurers' share of provision for unearned premiums is calculated before deducting acquisition costs such as commissions, handling fees, business taxes, surcharges and regulatory charges, which are presented separately as deferred acquisition costs.

The amounts the Society is entitled to under reinsurance contracts are recognised as reinsurers' share of technical provisions. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured contracts. Debtors and creditors arising out of reinsurance operations primarily comprise amounts recoverable from reinsurers or premiums payable for outward reinsurance contracts, respectively.

An impairment review is performed on all reinsurance assets when an indication of impairment occurs. Reinsurance assets are impaired only if there is objective evidence that the Society may not receive all amounts due to it under the terms of the contract and this can be measured reliably.

Claims recoverable under the Society's reinsurance agreements are recognised and measured in line with insurance claims relating to the policies they reinsure.

Reinsurance commission income is receivable from syndicates as a percentage of premiums earned by Lloyd's Europe and on premiums written by Lloyd's China, net of recoveries and included in net operating income/(expense) in the technical account in the Group profit and loss account.

(k) Financial investments
The Group has chosen to apply the recognition and measurement provisions of IFRS 9 and IAS 39 (as amended following the publication of IFRS 9) and the disclosure requirements of FRS 102.

Recognition and measurement
Basic financial assets are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition of the financial investment. In the case of a financial investment valued at fair value through profit or loss, transaction costs are expensed in the Group profit and loss account.

Classification
Financial investments are classified, at initial recognition, in the following measurement categories:

- fair value through profit or loss (FVTPL); or
- amortised cost.

The classification depends on the Society's business model for managing the financial investments and the contractual terms of the cash flows. The Society measures financial investments at amortised cost if both of the following conditions are met:

- the financial investment is held within a business model with the objective to hold financial investments in order to collect contractual cash flows; and
- the contractual terms of the financial investment give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Society's financial investments at amortised cost include short-term and security deposits, statutory insurance deposits, loans recoverable and trade receivables.

Financial investments at FVTPL include financial investments held for trading or financial investments mandatorily required to be measured at fair value.

Financial investments are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives are also classified as held for trading. Financial investments with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model.

This category includes government fixed interest securities, corporate securities, emerging and developed market investments, equities, hedge funds, multi-asset investments, private assets and loan investments.

Subsequent measurement

The subsequent measurement of financial instruments depends on their classification as follows:

- financial instruments at FVTPL are carried in the Group balance sheet at fair value. Gains and losses arising from changes in their fair value are included in the Group profit and loss account in the period in which they arise; and
- where financial instruments are carried at amortised cost, the value is computed using the effective interest rate method less any allowance for impairment and principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

Derecognition

A financial investment is derecognised when:

- the rights to receive cash flows from the investment have expired; or
- the Society has transferred its right to receive cash flows from the investment and has substantially transferred all the risks and rewards of ownership; or
- despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Impairment of financial assets

The Society assesses, on a forward-looking basis, the expected credit losses (ECLs) associated with its financial assets held at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Society expects to receive, discounted at the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The ECL methodology applied depends on whether there has been a significant increase in credit risk. For those credit exposures where there has been a significant increase in credit risk since initial recognition, the loss allowance is measured at lifetime ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial asset.

The Society assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the instrument is determined to have a low credit risk at the reporting date. The loss allowance for such assets is measured at an amount equal to 12 months' ECL, being the proportion of lifetime ECL that is expected to result from default events.

For trade receivables and insurance contract assets, the Society applies a simplified approach in calculating expected credit losses. Therefore, the Society does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Society considers a financial investment in default when contractual payments are 90 days past due. However, in certain cases, the Society may also consider a financial investment to be in default when internal or external information indicates that the Society is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Society. A financial investment is written off when there is no reasonable expectation of recovering the contractual cash flows.

(l) Financial liabilities

Financial liabilities include subordinated loan notes, senior debt and deposits received from reinsurers.

Initial recognition and measurement

Financial liabilities are classified at initial recognition, at FVTPL, loans and borrowings or as payables, as appropriate and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Notes to the Financial Statements continued

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss
Financial liabilities at FVTPL include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Society. Gains or losses on liabilities held for trading are recognised in the Group profit and loss account.

Loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the Group profit and loss account when the liabilities are derecognised, as well as through the effective interest rate amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included as non-technical operating expenses in the Group profit and loss account.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Group profit and loss account.

(m) Employee benefits
The Society accounts for pensions and similar benefits (principally income protection due to ill health) under Schedule 28 Employee Benefits of FRS 102. The Society operates a number of defined benefit pension schemes in which obligations are measured at discounted present value using the projected unit credit method, while plan assets are recorded at fair value.

Judgement is required in determining the economic and demographic assumptions underpinning the estimated actuarial value of scheme liabilities. These judgements are based on observable historic data and, in many cases, publicly available information. The operating and financing income and costs of the scheme are recognised in the Group profit and loss account. Service costs, financing income (expected return on plan assets) and costs are recognised in the periods in which they arise. Actuarial gains and losses are recognised in full in the Group statement of comprehensive income in the period in which they occur.

Costs of discretionary awards in respect of past service are recognised in the Group profit and loss account when amounts are committed to be paid or there is a constructive liability to make awards to pensioners.

Payments to defined contribution pension schemes are charged to the Group profit and loss account as they fall due.

Short-term bonuses are accrued in the period to which they relate; long-term bonuses are recognised over their vesting period.

(n) Other provisions
A provision is recognised in the balance sheet when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount can be reliably estimated.

Central Fund claims and provisions
Central Fund claims and provisions (Undertakings) are accounted for when they are approved by the Council and become contractual commitments. These Undertakings are granted wholly at the discretion of the Council for a fixed period, normally one year, and therefore are not deemed to be constructive obligations, except for renewals of those commitments previously granted.

For those corporate members in provisional liquidation, the Council provides a supporting commitment, which will ensure that in no circumstance will an insurance creditor receive less than the amount it would have received in a winding up commencing on the date of the provisional liquidation. As the supporting Undertakings are legally enforceable commitments, an estimate of their value is included within provisions in the Group financial statements and changes during the period are reflected in the Group profit and loss account. The Council has provided no such supporting commitments during the year and therefore no provision is held at year end.

Recoveries in respect of Undertakings previously given are credited to the Group profit and loss account when contractually committed to be received.

(o) Syndicate loans
Syndicate loans comprise loans issued to strengthen the Society's central resources and facilitate the injection of capital into Lloyd's Europe.

The amount collected was based on a percentage of the syndicate gross written premium forecast. The loans are treated as equity as there is no contractual obligation to settle the loans and the Society may elect not to settle at its sole discretion (other than on liquidation). On initial recognition, syndicate loans are measured at fair value and are not subsequently revalued. Further details on syndicate loans can be found in note 24.

(p) Cash at bank and in hand

This consists of cash at bank and in hand and deposits held at call with banks.

(q) Other technical income

Income directly related to the insurance activities of the Society is presented in the technical account and largely comprises recoveries of costs from syndicates under the contracts.

(r) Net operating income/(expenses) – technical account

Costs directly related to the insurance activities of the Society are presented in the technical account in the Group profit and loss account.

Acquisition costs which represent commission, and other related expenses, are deferred over the period in which the related premiums are earned. Administration costs are expensed as incurred.

Reinsurance commission income is receivable from syndicates as a percentage of premiums earned by Lloyd's Europe and on premiums written by Lloyd's China.

(s) Non-technical income

The Society supports the market to underwrite risks through its trading rights and distribution network. It also ensures that the market remains well capitalised and provides services to enable the market's efficient operation. Revenue consists of members' subscriptions (net of rebates), various market charges and other services and Central Fund contributions.

Revenue from contracts with customers is recognised when services are transferred to the customer at an amount that reflects the consideration to which the Society expects to be entitled in exchange for those services:

- members' subscriptions, market charges and other services are recognised in the period for which the service is provided. They are recognised on a basis that reflects the timing, nature and value of the benefits provided, and are net of rebates;
- Central Fund contributions from members' underwriting in the year are recognised in the period for which the service is provided; and
- other income is recognised on a basis that reflects the timing, nature and value of the benefits provided. Other income includes rental income from the sub-lease of properties held under operating lease contracts, and income from Placing Platform Limited including fees for the provision of an electronic (re)insurance placing platform to its customers.

For members' subscriptions, market charges and other services, and Central Fund contributions, the period for which the service is provided is the financial year, and performance obligations are generally satisfied within the financial year. Revenue arising in respect of members' subscriptions and Central Fund contributions is calculated by applying a percentage to the forecast gross written premiums of each syndicate underwriting year.

Where performance obligations are not satisfied in the financial year, revenue is recognised based on the extent to which service obligations are completed. Judgement has been applied in determining revenue recognised for the year.

Share of profits from associates and joint ventures is recognised as stated in note 17.

Debtors represent the Society's right to an amount of consideration that is unconditional (only the passage of time is required before payment of the consideration is due).

(t) Non-technical operating expenses

Non-technical operating expenses comprise costs relating to the operating activities of the Society. These costs are charged to the Group profit and loss account as incurred. Non-technical operating expenses comprise employment costs, premises costs, legal and professional fees, systems and communications costs, Central Fund protection cover costs, depreciation and amortisation and interest expense.

(u) Investment return

Investment return comprises all investment income, realised investment gains and losses and movements in unrealised gains and losses.

Notes to the Financial Statements continued

Investment income
Investment income includes:

- interest receivable, recognised on a time-apportioned basis using the effective interest method. Any unwinding of discount is recognised as interest income;
- dividend income from equity investments on the ex-dividend date; and
- realised gains and losses on financial instruments, including derivative contracts, calculated as the difference between net sales proceeds and purchase price.

Unrealised gains/(losses) on investments
Movement in unrealised gains and losses on investments represents the difference between the valuation at the balance sheet date and the valuation at the last balance sheet date, or their purchase price for investments acquired during the period, together with the reversal of unrealised gains or losses recognised in earlier accounting periods in respect of investment disposals in the current period.

The Society enters into forward currency contracts to manage exposures to fluctuation in foreign exchange rates, and to provide a service to the Lloyd's market. Where gains and losses are not expected to be refunded or recovered from the Lloyd's market, these amounts are taken to the Group profit and loss account.

Investment expenses and charges
Investment expenses and charges comprise costs relating to the investing activities of the Society and impairment charges on financial assets held at amortised cost. These costs are charged to the Group profit and loss account as incurred.

(v) Taxation
Corporation tax on profit or loss for the periods presented comprises current and deferred tax. Corporation tax is recognised in the Group profit and loss account except to the extent that it relates to items recognised directly in the Group statement of comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax liabilities are recognised for all taxable temporary differences, and deferred tax assets are recognised for all deductible temporary differences and unutilised tax losses, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is measured on an undiscounted basis at the rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the reporting date.

(w) Prior year restatement
Note 16 Financial investments at fair value through profit and loss, has been restated as a result of the identification and correction of an error in asset classification. £161m of assets reported as 'Participation in investment pools' (fair value hierarchy level 2) have been reclassified to 'Shares and other variable yield securities and units in unit trusts' (fair value hierarchy level 1) based on a revised assessment of the underlying investments. As a result:

- Participation in investment pools: Emerging markets decreased by £60m (1 January 2023: £52m);
- Participation in investment pools: Developed markets decreased by £101m (1 January 2023: £80m); and
- Shares and other variable yield securities and units in unit trusts: Exchange - traded funds increased by £161m (1 January 2023: £132m).

The restatement has no impact on total capital and reserves reported in prior periods.

4. Critical accounting judgements and estimation uncertainty
In preparing the financial statements, significant estimates and judgements are made in respect of some of the items reported, based on historical experience and other factors, including expectations of future events that are believed to be reasonable. The estimates and assumptions that have a significant risk of a material change to the carrying value of assets and liabilities within the next financial year are set out below:

(a) Significant judgements in applying accounting policies
Fair value of financial instruments
The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques which require significant judgement. The Society's Level 3 financial investments relate to the loan to Constellation of US$101m in regard to the Central Fund cover, which has a carrying value of £82m (2023: £76m); and investments in the Lloyd's Private Impact Fund (LPIF) and Lloyd's Private Credit Fund (LPCF). The LPIF and LPCF, with current investments of £84m (2023: £56m) and £69m (2023: £16m) respectively, are managed by a third-party investment manager. Agreed valuation techniques, which include inputs such as discount rates, models and comparable market data to establish the fair value of the underlying private equity impact investments, are applied on a quarterly basis by an Alternative Investment Fund Manager acting as a valuation agent for the fund, independently of the fund managers.

In each case, judgement is applied to select a method and make assumptions based on market conditions existing at the end of each reporting period and a change to the applied methodology and/or assumptions could lead to a range of plausible valuations for financial investments. See note 5 for discussion of the related interest rate and credit risks.

(b) Key sources of estimation uncertainty

Ultimate liability arising from claims made under insurance contracts and asset arising from reinsurance contracts

In setting the provision for insurance liabilities an allowance for risk and uncertainty is added, the objective being to ensure that local statutory requirements and management's reasonable expectations have been met. The insurance reserves, including the allowance for uncertainty, is 100% reinsured with Lloyd's syndicates and there is no impact on the profit before tax or net assets of the Group. The carrying amount of the liability is £7,287m (2023: £7,087m) and of the asset is £7,287m (2023: £7,087m).

The estimation of the ultimate liability arising from claims made under insurance contracts and the related asset arising from the 100% reinsurance quota share agreements in place are significant accounting estimates, as the valuation is inherently uncertain and reliant on a number of actuarial assumptions. Determining the amount of this liability is inherently challenging and in a given year there is a risk this estimate may materially change in the following year, due to change in the risk profile and/or reassessment of the assumptions underlying the reserving methodology. A key area of estimation uncertainty as to the ultimate amounts at which they will be settled exists in respect of claims arising from the Ukraine conflict.

In respect of this conflict, the market has reserved £2.4bn of liabilities (2023: £1.9bn), with a proportion of those liabilities being provided for in Lloyd's Europe and relating to aviation leasing. Lloyd's Europe is currently aware of 12 claims in total which were brought against it in England and Ireland (ie claims in which Lloyd's Europe is a named defendant). Three of these claims have been discontinued against Lloyd's Europe. Each claim is brought by aviation lessors under policies taken out in respect of aircraft operating in Russia and related countries in 2022. The Irish Proceedings' trial began on 4 June 2024 and continues in 2025, without a fixed end-date. The English Proceedings' trial began on 2 October 2024 and ended on 14 February 2025. Until judgement is received in the Irish and/or English Proceedings, there are key factual and legal questions to be resolved in all of the claims. Because of the complexity of the claims, it is expected that it will take several months for judgement in either the Irish or the English Proceedings to be handed down. It is therefore too early to comment on the potential outcome of these claims. Lloyd's Europe understands that a number of other similar claims have been brought against the relevant Lloyd's syndicates directly (ie claims in which Lloyd's Europe is not a named defendant) and other insurers in other jurisdictions (eg the United States) in respect of business not underwritten through Lloyd's Europe. It is noted that Lloyd's Europe has 100% quota share reinsurance agreements in place with the relevant Lloyd's syndicates in respect of the business it has underwritten.

While the Council considers that the gross provision for claims and the related reinsurance recoveries are fairly stated on the basis of the information currently available to it, the ultimate liability will vary as a result of subsequent information and events and may result in significant adjustments to the amount provided. Adjustments to the amount of the provision are reflected in the Group financial statements for the period in which the adjustments are made. The methods used, and the estimates made, are reviewed regularly. See note 26 for disclosures relating to these provisions and note 5 for discussion of the related risks.

Defined benefit pension scheme

The Group has obligations to pay pension benefit liabilities to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors which underpin the estimated actuarial value of the scheme liabilities. The major financial assumptions used by the actuary are the discount rate on corporate bonds, the rate of price inflation, life expectancy and the rate of increase in future pension payments. The assumptions reflect historical experience and current trends and are considered to be a key source of estimation uncertainty as a small change to the assumptions applied could result in a material movement in the Group financial statements within the next 12 months. The scheme liabilities are netted against the scheme assets and the carrying value of the Lloyd's Pension Scheme is a net surplus of £51m (2023: £41m) which has been recognised as an asset on the balance sheet. See note 22 for further details.

Restructuring provision

The Group has recognised a restructuring provision of £14.8m as at 31 December 2024 in respect of the planned reorganisation of the IT and operations functions. The provision involves estimation uncertainty as the amount is based on management's best estimate of costs to be incurred, including redundancy payments and other related expenses which are subject to change as the restructuring plan progresses. The timing of the outflows is uncertain and depends on the completion of various restructuring activities. Management expects the majority of the costs to be incurred within the next 12 months.

(c) Other areas of judgement and accounting estimates

There are a number of accounting assumptions made by the Society about the future, and other sources of estimation uncertainty at the end of the reporting period. These assumptions do not have a significant risk of resulting in a material adjustment to the carrying value of assets and liabilities within the next financial year and therefore do not represent a major source of estimation uncertainty.

Climate change

As set out in the principal current and emerging risks on pages 20 to 23, Lloyd's continues to monitor and manage risks associated with the physical, transition and litigation risks associated with climate change. There is inherent complexity and uncertainty in how the future climate pathway will develop; however, the current management view is that reasonably possible changes arising from climate risk would not have a material impact on asset and liability valuations at the reporting date.

Notes to the Financial Statements continued

5. Insurance and financial risk

(a) Insurance risk

This is the risk arising from the inherent uncertainties as to the occurrence, amount and timing of insurance liabilities.

Lloyd's Insurance Company S.A. ('Lloyd's Europe') and Lloyd's Insurance Company (China) Limited ('Lloyd's China') are the principal insurance businesses of the Society. The companies' principal activity is to provide reinsurance of non-life business and direct non-life insurance in the European and Chinese insurance markets, respectively. Lloyd's syndicates participate in Lloyd's Europe and Lloyd's China business by means of retrocession agreements. Lloyd's Europe and Lloyd's China have reinsured and retroceded 100% of the insurance risk for all underwritten premiums to Lloyd's syndicates. As such, insurance risk after this is nil. Therefore, an increase or decrease in estimated technical provisions has a corresponding impact on the reinsurers' share of technical provisions, and nil net impact on the Society's claims incurred, net of reinsurance and profit before tax for the year and the capital and reserves at the balance sheet date. The Society's insurance risk can be subdivided into the following categories:

- underwriting risk;
- reserving risk;
- credit risk;
- catastrophe risk; and
- concentration risk.

Lloyd's Europe accounts for 98% (2023: 98%) of the Society's gross written premiums for the year. As such, the vast majority of the Society's gross insurance risk relates to the operations of Lloyd's Europe.

Underwriting risk

There is a risk that a policy will be written for too low a premium, provide inappropriate cover, or that the frequency or severity of insured events will be higher than expected. Lloyd's Europe and Lloyd's China underwrite business introduced by Lloyd's syndicates in line with their approved business plans. As outlined on page 47, approval of syndicates' business plans (which includes the syndicates' underwriting strategy) is the key control the Society uses to manage the underwriting risk of Lloyd's Europe and Lloyd's China.

The Society has controls in place to ensure that risks are underwritten within regulatory requirements and the scope of Lloyd's market licences. Controls are also in place to ensure reinsurance agreements are in place with syndicates to retrocede 100% of the insurance risk of all underwritten premiums.

Reserving risk

Reserving risk arises where the reserves established in the balance sheet are not adequate to meet eventual claims arising. Lloyd's Europe and Lloyd's China estimate incurred but not reported (IBNR) claims based on case reserves set by managing agents and their own historic claims development data. Lloyd's Europe and Lloyd's China reserves are annually subject to a formal independent actuarial opinion.

Specific reserving issues for the Society reflect those for the market as a whole in the geographic areas business is written, as outlined on page 48. In particular, Lloyd's Europe has gross exposure to losses arising from the Ukraine conflict. Any change in the estimated ultimate loss ratio has a nil net impact on capital and reserves in the balance sheet as all risks are 100% reinsured.

For Lloyd's Europe, the ultimate claim cost including claims expense reserves is determined using actuarial techniques based primarily on historical experience, actual claims experience, and in accordance with their statutory reporting requirements. Significant judgement is required in applying these actuarial techniques in order to calculate the expected ultimate claims and expenses. A combined approach is taken, with the provisions for the business transferred through the Part VII agreement in 2020, calculated using the same techniques as are used for the business originally written through Lloyd's Europe. An explicit allowance is also derived for specific claims that are thought to require an additional IBNR allowance, such as those linked to the Ukraine conflict, primarily using ultimate claims estimates provided by the syndicates.

For Lloyd's China, the ultimate claim cost is determined based on historical experience, the expected loss ratio provided by the syndicates and actual claims experience, and in accordance with their statutory reporting requirements. Claims expense reserves are calculated with reference to actual claims expenses and future developing trends by line of business. Significant judgement is required in assessing the expected loss ratios provided by syndicates to determine whether the provision for insurance claims held for prior underwriting years is reasonable. Changes in loss ratios for one or more lines of business have had a relatively insignificant impact on the valuation of insurance contract liabilities as a whole. For Lloyd's China only, outstanding claims reserves are calculated taking the time value of money into account. The discount rate used is the same as that used for the calculation of the unexpired risk reserve.

Credit risk

Lloyd's Europe and Lloyd's China are exposed to credit risks primarily associated with insurance and reinsurance arrangements with their insurance counterparties. The most significant credit risk is the recoverability of the Society's reinsurance assets receivable from syndicates under the 100% reinsurance agreements. Credit risk is minimised by actively monitoring the creditworthiness of counterparties to ensure this is managed proactively. Expected credit losses are calculated and recognised as described in note 3(k).

Catastrophe risk
Catastrophe risk is the risk of loss occurring across multiple lines of business from worldwide catastrophic events. The Society has developed a suite of Realistic Disaster Scenarios to measure syndicate-level and aggregate market exposure to both natural catastrophes and man-made losses. These are monitored frequently, and additional information is provided by syndicates as described on page 48. In addition, enhancements to the monitoring and oversight of aggregate market catastrophe risk exposure have been implemented within the approved Internal Model under Solvency II.

Concentration risk
As described on page 56, the Society monitors concentrations of risk against defined risk appetites. Any reported metrics outside of appetite are reported to, and discussed by, the Lloyd's Europe or Lloyd's China Audit and Risk Committees.

Claims development table
The table below shows the development of claims over a period of time on a gross basis. The claims development table shows the cumulative incurred claims, including both notified and IBNR claims for each successive year, together with cumulative claims at the current reporting date. As these tables are on an underwriting year basis, there is an apparent jump from figures for the end of the underwriting year to one year later, as a large proportion of premiums are earned in the year of account's second year of development.

	2019 and prior £m	2020 £m	2021 £m	2022 £m	2023 £m	**2024 £m**	**Total £m**
At end of underwriting year	1,369	4,295	857	868	715	861	–
One year later	2,126	4,708	2,511	1,407	1,511	–	–
Two years later	2,081	4,581	2,671	1,636	–	–	–
Three years later	2,028	4,450	3,146	–	–	–	–
Four years later	1,998	4,531	–	–	–	–	–
Five years later	2,045	–	–	–	–	–	–
Current estimate of cumulative claims	2,045	4,531	3,146	1,636	1,511	861	13,730
Cumulative payments to date	(1,510)	(2,620)	(1,232)	(625)	(321)	(135)	(6,443)
Total provision for insurance claims	535	1,911	1,914	1,011	1,190	**726**	**7,287**

As the Lloyd's Europe and Lloyd's China insurance liabilities are 100% reinsured and comprise the vast majority of the Society's insurance business, the Society has not prepared a claims development table on a net basis.

The claims development table above includes claims relating to the 2020 and prior underwriting year EEA business transferred under the Part VII agreement on 30 December 2020. All liabilities transferred are included within the 2020 underwriting year.

(b) Financial risk
The Society's risk management of investment operations is predominantly controlled by the Lloyd's Treasury and Investment Management function under policies approved by the Investment Committee. The Council provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity. Refer to note 16 on pages 145 to 150 for further details of the Society's financial investments.

(c) Credit risk
Credit risk is the exposure to loss if a counterparty fails to perform its contractual obligations. Other than the credit risk on the 100% reinsurance agreements with syndicates, the Society's primary credit risk relates to its financial investments and cash balances. Refer to note 16 for classification of assets according to credit ratings. The Society is also exposed to credit risk in its premium debtors.

Credit risk in respect of premium debt is controlled through internal credit evaluation of related counterparties and regular monitoring of premium settlement performance.

The carrying amount of financial assets and reinsurance assets represents the maximum credit risk exposure.

(d) Liquidity risk
Liquidity risk is the risk that there are insufficient funds to meet liabilities, as they fall due.

The value and term of short-term assets are carefully monitored against those of the Society's liabilities. The Society maintains sufficient liquid assets to meet liabilities as they fall due.

The liquidity of the Central Fund is managed to meet short-term operational commitments, including the payment of any drawdown. Any surplus cash balances are invested in compliance with defined investment parameters approved by the Investment Committee, in accordance with the risk appetite set by the Council.

The Society had no committed borrowing facilities as at 31 December 2024 or 2023. The primary long-term financial liabilities of the Society are subordinated debt and senior loan notes, which are detailed in note 25, including details of the maturity of these liabilities.

Notes to the Financial Statements continued

The Society has a strong free cash balance at 31 December 2024 of £318m (2023: £328m), with additional holdings in short-term investments, making the Society's liquidity very strong.

(e) Market risk

Market risk is the risk of loss, or of adverse change in a financial situation, resulting from fluctuations in the level of market prices of assets and liabilities arising from exposure to economic variables and market forces such as interest rates, foreign currency rates or inflation.

Interest rate risk

Interest rate risk is the risk that the value and future cash flows of a financial instrument will fluctuate because of changes in interest rates.

Interest rate risk arising from the requirement to make fixed rate coupon payments in respect of the Society's senior and subordinated debt, and discretionary fixed rate coupon payments in respect of the Society's syndicate loans, is considered in conjunction with the market risk arising on the Society's investments.

Borrowings from the Lloyd's market for the purpose of funding statutory insurance deposits do not bear a fixed rate of interest. Instead, investment returns earned on the borrowed assets are passed on to lenders. Consequently, no interest rate risk arises on such borrowings.

Short-term assets held by the Society may be significant at certain times. These are invested in money market instruments of up to 12 months' duration with the objective of maximising current income while meeting liquidity requirements.

As part of the strategy to mitigate these risks, the Society has entered into a number of interest rate swap contracts.

The analysis below is performed for reasonably possible movements in interest rates with all other variables held constant, showing the impact on the profit before tax of the effects of changes in interest rates.

	Impact on profit before tax £m	
	2024	2023
+50 basis points	(34)	(28)
-50 basis points	34	28
+100 basis points	(69)	(56)
-100 basis points	69	56

Foreign currency risk

Currency risk is the risk that the sterling value of the Society's assets and liabilities will fluctuate due to changes in foreign exchange rates. The Society's exposure to the risk of changes in foreign exchange rates relates primarily to changes in the fair value of foreign currency denominated investments and forward contracts.

The majority of foreign exchange exposures arising from investments denominated in foreign currencies are managed via a foreign exchange hedging programme. The Society also hedges against the portion of its capital requirement denominated in US dollars, in excess of US dollar holdings. As a result, the Society has remaining net exposures to foreign currencies and the sterling value of the Society's investments may be affected by movements in exchange rates relating to these exposures.

A 10% strengthening/weakening of the pound against all other currencies at 31 December 2024 would have reduced/increased the profit before tax for the financial year by £327m (2023: £311m). This analysis is presented net of foreign exchange hedges and assumes that all other variables remain constant.

Equity price risk

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or by factors affecting all similar financial instruments traded in the market.

Such risks are managed by setting and monitoring objectives and constraints on investments, diversification plans and limits on investments in each sector and market.

The analysis below is performed for reasonably possible movements in market indices on financial instruments with all other variables held constant, showing the impact on the profit before tax due to changes in the fair value of financial assets and liabilities (whose fair values are recorded in the profit and loss account).

	Impact on profit before tax £m	
	2024	2023
5% increase in equity markets	37	30
5% decrease in equity markets	(37)	(30)
15% increase in equity markets	111	91
15% decrease in equity markets	(111)	(91)

6. Segmental analysis

Segmental information is presented in respect of the Society's business segments. The primary business segments are based on the Society's management and internal reporting structure. Intra-segment pricing is determined on an arm's-length basis. Segmental results, assets and liabilities include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis.

The Society's primary business segments are as follows:

- Corporation of Lloyd's: the main corporate purpose is to facilitate the carrying on of insurance business by members of Lloyd's and the advancement and protection of their interests in this context. The activities of authorised insurance company subsidiary undertakings (primarily Lloyd's Insurance Company S.A. and Lloyd's Insurance Company (China) Limited) are included within this business segment; and
- Lloyd's Central Fund: comprising the New Central Fund and Old Central Fund, are assets of the Society, held and administered at the discretion of the Council, primarily as funds available for the protection of policyholders. Unless the approval of members is obtained, the New Central Fund may not be used for the purposes of extinguishing or reducing liabilities which have been reinsured by Equitas Reinsurance Limited.

				2024			2023
	Note	**Corporation of Lloyd's £m**	**Lloyd's Central Fund £m**	**Society total £m**	Corporation of Lloyd's £m	Lloyd's Central Fund £m	Society total £m
Segment revenue and expenses							
Technical account							
Earned premiums, net of reinsurance		–	–	–	–	–	–
Other technical income		9	–	9	8	–	8
Claims incurred, net of reinsurance		–	–	–	–	–	–
Net operating income	8	37	–	37	34	–	34
Balance on the technical account for general business		46	–	46	42	–	42
Non-technical account							
Total investment return	9	56	215	271	58	251	309
Profit/(loss) on foreign exchange		34	9	43	(5)	(113)	(118)
Non-technical income	10	397	212	609	367	192	559
Non-technical operating expenses	11	(413)	(85)	(498)	(365)	(69)	(434)
Profit before tax		**120**	**351**	**471**	97	261	358
Tax charge on profit	14	(27)	(89)	(116)	(30)	(60)	(90)
Profit after tax		**93**	**262**	**355**	67	201	268
Segment assets and liabilities							
Intangible assets	15	60	–	60	38	–	38
Investments		1,565	2,793	4,358	1,845	3,027	4,872
Reinsurers' share of technical provisions	26	9,628	–	9,628	9,375	–	9,375
Debtors		3,859	543	4,402	3,625	575	4,200
Other assets		871	418	1,289	720	311	1,031
Prepayments and accrued income		608	25	633	590	16	606
Pension scheme asset	22	51	–	51	41	–	41
Total assets		**16,642**	**3,779**	**20,421**	16,234	3,929	20,163
Technical provisions	26	9,628	–	9,628	9,375	–	9,375
Provisions for other risks		68	6	74	54	2	56
Deposits received from reinsurers		1,006	–	1,006	1,187	–	1,187
Creditors		4,980	67	5,047	4,777	53	4,830
Accruals and deferred income	29	645	1	646	613	1	614
Subordinated debt	25(a)	–	298	298	–	604	604
Total capital and reserves		315	3,407	3,722	228	3,269	3,497
Total capital, reserves and liabilities		**16,642**	**3,779**	**20,421**	16,234	3,929	20,163

The segment assets and liabilities reported in the table above have been reclassified in 2024, including for comparative amounts, to align with the financial statement line items on the balance sheet, improving comparability and consistency within the report.

Notes to the Financial Statements continued

7. Particulars of insurance business

The geographical analysis of direct gross written premiums by location where contracts were concluded is as follows:

	2024 £m	2023 £m
European Economic Area (EEA)	3,705	3,897
China	71	68
Total	**3,776**	3,965

Refer also to note 26 for details of insurance balances.

8. Net operating income – technical account

	2024 £m	2023 £m
Acquisition costs	(825)	(864)
Change in deferred acquisition costs	42	91
Administrative expenses	(59)	(60)
Reinsurance commissions and profit participation	879	867
Total net operating income	**37**	34

9. Total investment return

	2024 £m	2023 £m
Income from financial investments held at FVTPL	80	54
Income from financial investments held at amortised cost	52	62
Net realised (losses)/gains on derivative contracts	(4)	15
Other net realised gains/(losses) on investments held at FVTPL and amortised cost	63	(5)
Total investment income	**191**	126
Net unrealised gains/(losses) on derivative contracts	6	(5)
Other net unrealised gains on financial investments at FVTPL	75	191
Total net unrealised gains on financial assets	**81**	186
Investment expenses and charges	(1)	(3)
Total investment return	**271**	309

10. Non-technical income

Non-technical income comprises income from members such as subscriptions, market charges and other services, Central Fund contributions, other income for the provision of an electronic (re)insurance placing platform by Placing Platform Limited and share of profits from associates and joint ventures. Set out below is the disaggregation of the Group's non-technical income:

	2024			2023		
	Corporation of Lloyd's £m	Lloyd's Central Fund £m	Society total £m	Corporation of Lloyd's £m	Lloyd's Central Fund £m	Society total £m
Members' subscriptions, net of rebate	208	–	208	183	–	183
Market charges and other services:						
Market charges	170	–	170	175	–	175
Other charges	8	–	8	5	–	5
Central Fund income	–	212	212	–	192	192
Other income						
Electronic (re)insurance placing platform	6	–	6	–	–	–
Share of profits from associates and joint ventures	5	–	5	4	–	4
Total non-technical income	**397**	**212**	**609**	367	192	559

11. Non-technical operating expenses

	2024			2023		
	Corporation of Lloyd's £m	**Lloyd's Central Fund £m**	**Society total £m**	Corporation of Lloyd's £m	Lloyd's Central Fund £m	Society total £m
Employment costs	198	–	198	172	–	172
Premises	42	–	42	46	–	46
Legal and professional fees	86	6	92	63	1	64
Systems and communications costs	50	–	50	49	–	49
Central Fund protection cover	–	46	46	–	34	34
Depreciation and amortisation	14	–	14	13	–	13
Interest expense	10	27	37	11	30	41
Other	13	6	19	11	4	15
Total non-technical operating expenses	**413**	**85**	**498**	365	69	434

12. Auditors' remuneration

During the year the Group obtained the following services from the Society's auditors, PricewaterhouseCoopers LLP, as detailed below:

	2024 £m	2023 £m
Audit of the Group's annual financial statements	1	1
Audit of subsidiaries pursuant to legislation	1	1
Audit-related assurance services and other assurance services	2	1
Total auditors' remuneration	**4**	3

Services payable to the Group's auditors include audit of the accounts of subsidiaries, audit-related assurance services (such as work undertaken on the Aggregate Accounts, Pro Forma Financial Statements and regulatory returns) and other assurance services.

13. Employees and Directors

Employment costs

	2024 £m	2023 £m
Wages and salaries (including bonus)	145	136
Social security costs	17	16
Pension costs	10	8
Other employment costs	26	12
Total employment costs	**198**	172

Pension costs largely relate to contributions made under the defined contribution scheme. Further information on this scheme and the defined benefit pension scheme can be found in note 22.

Employment costs exclude those relating to the insurance activities of the Group, which are presented in the technical account.

Number of employees

The average number of employees, on a full-time equivalent basis, was as follows:

	2024	2023
UK employees	1,044	1,043
Overseas employees	263	275
Average number of total employees	**1,307**	1,318

Directors

The aggregate amount of remuneration paid to, or receivable by, both Executive and Non-Executive Directors (including the highest paid) is shown in the Annual Remuneration Report on pages 93 to 95. Post-employment benefits are accruing for three Executive Directors (2023: three) under a defined contribution pension scheme. No Executive or Non-Executive Directors (2023: none) were members of the defined benefit pension scheme.

Notes to the Financial Statements continued

14. Taxation

(a) Tax charge

	2024 £m	2023 £m
Current tax:		
Corporation tax at 25.0% (2023: 23.5%)	(86)	(56)
Adjustments in respect of prior periods	1	–
Foreign tax suffered	(26)	(22)
Total current tax	**(111)**	(78)
Deferred tax:		
Origination and reversal of timing differences	(5)	(12)
Tax charge recognised in the Group profit and loss account	**(116)**	(90)
Analysis of tax credit recognised in the Group statement of comprehensive income:		
Tax credit on syndicate loan interest	4	4
Tax (charge)/credit on actuarial loss on Group pension liabilities	(2)	5
Tax credit recognised in the Group other comprehensive income	2	9
Total tax charge recognised in the Group statement of comprehensive income	**(114)**	(81)

(b) Reconciliation of effective tax rate

The tax on the Group's profit before tax differs from the standard rate of UK corporation tax for the year of 25.0% (2023: 23.5%). The differences are explained below:

	2024 £m	2023 £m
Profit on ordinary activities before tax	471	358
Expected tax at the current rate of 25.0% (2023: 23.5%)	(118)	(84)
Income not taxable	–	2
Expenses not deductible for tax purposes	(3)	(3)
Overseas tax	(1)	(3)
Tax on share of profits of associates and joint ventures	1	1
Difference in UK and overseas tax rates	(1)	(2)
Overseas tax relief	1	–
Prior year adjustment	6	–
Other	(1)	(1)
Tax charge	**(116)**	(90)

The standard rate of UK corporation tax for the year ending 31 December 2024 is 25.0% (2023: 23.5%). In 2021 an increase in the corporation tax rate to 25% with effect from 1 April 2023 was substantively enacted. The 25% rate is used to measure UK deferred taxes in 2024 (and in 2023 the 23.5% rate used reflects nine months of the new rate and three months of the previous rate of 19% to the extent the related timing differences were expected to reverse after 1 April 2023).

Deferred tax assets and liabilities are measured at the tax rate that will apply when an asset is expected to be realised or a liability is expected to be settled, using tax rates and laws enacted or substantively enacted at the balance sheet date.

The Group is subject to the global minimum top-up tax under the OECD Base Erosion and Profit Shifting Pillar 2 rules ('Pillar Two'), which came into effect in the UK for accounting periods beginning on or after 31 December 2023. As such, the Pillar Two rules are effective for the year ending 31 December 2024. Under the legislation, the Group is liable to pay a top-up tax for the difference between the Global Anti-Base Erosion (GloBE) effective tax rate for each jurisdiction in which it operates and the 15% minimum rate.

The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

The Group's initial modelling of the impact of the Pillar Two legislation shows that all jurisdictions other than Ireland and Singapore are expected to fall within one of the transitional safe harbours in which case the Pillar Two top-up tax will be nil. The additional Pillar Two top-up tax arising in these two jurisdictions is expected to be approximately £0.2m and no current tax expense has been provided as it is not considered significant enough to impact on users of the financial statements.

15. Intangible assets

	Software £m	Software development £m	Goodwill £m	Total £m
Cost				
At 1 January 2024	82	4	–	86
Acquisition of subsidiary	37	1	(3)	35
Additions	–	1	–	1
Disposals	(4)	–	–	(4)
Transfer between classes	4	(4)	–	–
At 31 December 2024	**119**	**2**	**(3)**	**118**
Accumulated amortisation and impairment				
At 1 January 2024	(48)	–	–	(48)
Amortisation for the year	(14)	–	–	(14)
Disposals	4	–	–	4
At 31 December 2024	**(58)**	**–**	**–**	**(58)**
Net book value at 31 December 2024	**61**	**2**	**(3)**	**60**
Net book value at 31 December 2023	34	4	–	38

Impairment losses

Impairment reviews are undertaken bi-annually for the assessment of the carrying value of assets. Following the assessment, £nil (2023: £nil) of the intangible assets were impaired during the year.

Amortisation and impairment charges are recognised within non-technical operating expenses and technical net operating income in the Group profit and loss account.

16. Financial investments

	Note	2024 £m Carrying value	2023 £m Carrying value
Financial investments at amortised cost			
Statutory insurance deposits	16(a)	881	1,037
Deposits with credit institutions	16(a)	54	571
Loans secured by mortgages		22	23
Loans (unsecured)		–	15
Total financial investments at amortised cost		**957**	1,646
Financial assets at fair value through profit and loss			
Financial investments at fair value through profit and loss	16(b)	3,353	3,176
Derivative financial assets	16(c)	7	4
Total financial assets at fair value through profit and loss		**3,360**	3,180
Total financial investments		**4,317**	4,826

Loans secured by mortgages comprises loans made from the Central Fund to hardship members related to the valuation of hardship, Limited Financial Assistance Agreement and legal assets. Gains and losses are included in the Group profit and loss account in the period they arise.

Unsecured loans to Placing Platform Limited (PPL) were partially repaid in 2024, with the remaining balance (£12.5m) reclassified to intercompany and subsequently eliminated on consolidation following the acquisition of PPL by Lloyd's in 2024.

The segmental allocation of financial investments at amortised cost is as follows: Corporation £920m (2023: £1,258m) and Central Fund £37m (2023: £388m).

(a) Financial investments at amortised cost

Financial investments at amortised cost include investments such as government bonds, treasury bills, letters of credit, call accounts, fixed-term deposits and cash deposits held in certain countries to satisfy local trading authorisation requirements. These are excluded from cash and cash equivalents because they are not available to finance the Society's operations.

Notes to the Financial Statements continued

Statutory insurance deposits	Securities £m	Deposits £m	2024 Total £m	Securities £m	Deposits £m	2023 Total £m
At 1 January	179	858	1,037	163	771	934
Additions at cost	16	1,262	1,278	22	1,448	1,470
Disposal proceeds	(16)	(1,374)	(1,390)	(15)	(1,377)	(1,392)
(Loss)/profit on sale and revaluation	(10)	(34)	(44)	9	16	25
At 31 December	**169**	**712**	**881**	179	858	1,037

Statutory insurance deposits	Securities £m	Deposits £m	2024 Total £m	Securities £m	Deposits £m	2023 Total £m
AAA	1	–	1	1	–	1
AA	156	510	666	165	640	805
A	–	198	198	–	100	100
BBB	9	–	9	9	115	124
Other	3	4	7	4	3	7
At 31 December	**169**	**712**	**881**	179	858	1,037

Deposits with credit institutions	2024 £m	2023 £m
AA	–	231
A	33	313
BBB	21	27
At 31 December	**54**	571

(b) Financial investments at fair value through profit and loss

	2024 Corporation of Lloyd's £m	2024 Lloyd's Central Fund £m	2024 Total carrying value £m	2024 Total cost £m
At 1 January	541	2,635	3,176	
Additions at cost	764	2,123	2,887	
Disposal proceeds	(710)	(2,149)	(2,859)	
Profit on the sale and revaluation of investments	9	140	149	
Fair value at 31 December	**604**	**2,749**	**3,353**	
Analysis of securities				
Debt securities and other fixed-income securities:				
Government	161	636	797	786
Corporate securities	275	1,074	1,349	1,361
Total debt securities and other fixed-income securities	**436**	**1,710**	**2,146**	**2,147**
Shares and other variable yield securities and units in unit trusts:				
Global equities	–	456	456	306
Exchange traded funds	168	29	197	165
Participation in investment pools:				
Private assets	–	153	153	146
Hedge funds	–	19	19	11
Multi-asset funds	–	224	224	185
Emerging markets	–	76	76	65
Other loans	–	82	82	81
Fair value at 31 December	**604**	**2,749**	**3,353**	**3,106**

All securities, including those held in pooled investments, are listed with the exception of private assets, other loans and some instruments held in hedge funds.

Other loans comprises loan to Constellation IC Limited of US$101m/£80m in 2021 towards the arrangements made for the protection of Lloyd's Central Fund, in situations where the Central Fund makes payments to cover members' liabilities. The programme renewed on 1 January 2024 and has an initial fixed duration of five years (with a possible extension to hold collateral for a further three years to cover adverse claims development).

The Society retains the first US$1,000m (2023: £791m) of claims payable. The total amount of cover provided by the programme is US$813m (2023: £650m), with layers provided by Constellation and a panel of reinsurers. The layer covered by Constellation of US$563m (2023: £450m) is 100% collateralised for the five-year term. Constellation has been funded by loans, including US$101m from the Society (2023: £80m). The loan is classified and measured at fair value through profit and loss in accordance with the Society's accounting policy for financial assets, in accordance with IFRS 9 'Financial Instruments'. Interest income is accrued on the loan.

Analysis of securities	**2024 Corporation of Lloyd's £m**	**2024 Lloyd's Central Fund £m**	**2024 Total £m**
AAA	169	363	532
AA	46	355	401
A	85	395	480
BBB	98	655	753
Other	206	981	1,187
Fair value at 31 December	**604**	**2,749**	**3,353**

	2023 Corporation of Lloyd's (restated) £m	2023 Lloyd's Central Fund £m	2023 Total carrying value (restated) £m	2023 Total cost £m
At 1 January	490	2,297	2,787	
Additions at cost	223	1,380	1,603	
Disposal proceeds	(181)	(1,135)	(1,316)	
Profit on the sale and revaluation of investments	9	93	102	
Fair value at 31 December	541	2,635	3,176	
Analysis of securities				
Debt securities and other fixed-income securities:				
Government	114	1,363	1,477	1,465
Corporate securities	266	526	792	815
Total debt securities and other fixed-income securities	380	1,889	2,269	2,280
Shares and other variable yield securities and units in unit trusts:				
Global equities	–	369	369	274
Exchange traded funds*	161	–	161	144
Participation in investment pools:				
Private assets	–	72	72	72
Hedge funds	–	17	17	11
Multi-asset funds	–	139	139	119
Emerging markets*	–	73	73	47
Other loans	–	76	76	79
Fair value at 31 December	541	2,635	3,176	3,026

* Comparative values for the year ended 31 December 2023 have been restated as a result of the identification and correction of an error in asset classification. As a result, £161m of assets have been reanalysed from 'Participation in investment pools' to 'Shares and other variable yield securities and units in unit trusts'. Refer to note 3(w) for further details.

All securities, including those held in pooled investments, are listed with the exception of private assets, other loans and some instruments held in hedge funds.

Notes to the Financial Statements continued

Analysis of securities	2023 Corporation of Lloyd's £m	2023 Lloyd's Central Fund £m	2023 Total £m
AAA	68	332	400
AA	77	1,114	1,191
A	81	271	352
BBB	154	258	412
Other	161	660	821
Fair value at 31 December	541	2,635	3,176

(c) Fair value hierarchy

To provide further information on the valuation techniques used to measure assets and liabilities carried at fair value, the Society categorises the measurement basis for assets carried at fair value into a 'fair value hierarchy', based on the lowest level input that is significant to the valuation as a whole, described as follows:

Level 1 – Inputs to Level 1 fair values are quoted prices in active markets for identical assets. An active market is one in which transactions for the asset occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Examples are listed debt securities in active markets, listed equities in active markets or listed deposits held with credit institutions in active markets.

Fair values are determined using a pricing hierarchy structure for valuation purposes. The valuation principles employed are to provide the most accurate valuations, while also working to provide independent valuations. The pricing process employs a hierarchy that utilises numerous third-party sources in a tiered system.

Level 2 – Inputs to Level 2 fair values are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (ie as prices) or indirectly (ie derived from prices) and fair value is determined through the use of models or other valuation methodologies. Level 2 inputs include quoted prices for similar (ie not identical) assets in active markets, quoted prices for identical or similar assets in markets that are not active or in which little information is released publicly and low volatility hedge funds where tradable net asset values are published.

Where estimates are used to value unlisted securities, these are based on a combination of independent third-party evidence and internally developed models, calibrated to market-observable data. While such valuations are sensitive to estimates, changing one or more of the assumptions to reasonably possible alternative assumptions is unlikely to result in a significant change in fair value.

Level 3 – Inputs to Level 3 fair values are inputs that are unobservable for the asset. Unobservable inputs have been used to measure fair value where observable inputs are not available, allowing for situations where there is little or no market activity. Unobservable inputs reflect assumptions that the Society considers market participants would use in pricing the asset and have been based on a combination of independent third-party evidence and internally developed models.

	2024			
	Level 1 £m	**Level 2 £m**	**Level 3 £m**	**Total £m**
Financial assets at fair value through profit or loss				
Debt securities and other fixed income securities	797	1,349	–	2,146
Shares and other variable yield securities and units in unit trusts	653	–	–	653
Participation in investment pools	–	319	153	472
Other loans	–	–	82	82
Total financial investments at fair value through profit and loss	**1,450**	**1,668**	**235**	**3,353**
Derivative financial instruments				
Currency conversion service	–	1	–	1
Other forward foreign exchange contracts	–	5	–	5
Interest rate swaps	–	1	–	1
Total derivative financial instruments	**–**	**7**	**–**	**7**
Total financial assets at fair value through profit or loss	**1,450**	**1,675**	**235**	**3,360**
Financial liabilities at fair value through profit or loss				
Derivative financial instruments				
Currency conversion service	–	1	–	1
Other forward foreign exchange contracts	–	1	–	1
Interest rate swaps	–	1	–	1
Total financial liabilities at fair value through profit or loss	**–**	**3**	**–**	**3**

	2023			
	Level 1 (restated) £m	Level 2 (restated) £m	Level 3 £m	Total (restated) £m
Financial assets at fair value through profit or loss				
Debt securities and other fixed income securities	1,477	792	–	2,269
Shares and other variable yield securities and units in unit trusts*	530	–	–	530
Participation in investment pools*	–	229	72	301
Other loans	–	–	76	76
Total financial investments at fair value through profit and loss	2,007	1,021	148	3,176
Derivative financial instruments				
Other forward foreign exchange contracts	–	1	–	1
Interest rate swaps	–	3	–	3
Total derivative financial instruments	–	4	–	4
Total financial assets at fair value through profit or loss	2,007	1,025	148	3,180
Financial liabilities at fair value through profit or loss				
Derivative financial instruments				
Other forward foreign exchange contracts	–	3	–	3
Interest rate swaps	–	4	–	4
Total financial liabilities at fair value through profit or loss	–	7	–	7

* Comparative values for the year ended 31 December 2023 have been restated as a result of the identification and correction of an error in asset classification. As a result, £161m of assets have been reanalysed from 'Participation in investment pools' to 'Shares and other variable yield securities and units in unit trusts'. Refer to note 3(w) for further details.

Derivative financial instruments

The Society enters into forward currency contracts to manage exposures to fluctuation in exchange rates and to provide a currency conversion service to the Lloyd's market. The Society also enters into interest rate swaps and equity futures to manage exposures aligned to its investment strategy. The Society's derivative financial instruments are categorised as fair value hierarchy Level 2.

The fair value and notional amounts of derivative instruments held, all of which mature within one year, are analysed as follows:

	2024 Assets		**2024 Liabilities**	
As at 31 December	**Fair value £m**	**Notional £m**	**Fair value £m**	**Notional £m**
Currency conversion service	1	110	(1)	(111)
Other forward foreign exchange contracts	5	211	(1)	(207)
Interest rate swaps	1	102	(1)	(102)
Total	**7**	**423**	**(3)**	**(420)**

	2023 Assets		2023 Liabilities	
As at 31 December	Fair value £m	Notional £m	Fair value £m	Notional £m
Currency conversion service	–	90	–	(90)
Other forward foreign exchange contracts	1	288	(3)	(289)
Interest rate swaps	3	205	(4)	(205)
Total	4	583	(7)	(584)

Fair value measurements using significant unobservable inputs (Level 3)

The following table presents the changes in the fair value of Level 3 investments:

	2024 £m	2023 £m
As at 1 January	148	67
Addition	155	73
Disposal	(78)	–
Gain/(loss) on foreign exchange	4	(2)
Gain recognised in the profit and loss account	6	10
As at 31 December	**235**	148

Notes to the Financial Statements continued

As at 31 December 2024, the Society has invested £84m (2023: £56m) in the Lloyd's Private Impact Fund and £69m (2023: £16m) in the Lloyd's Private Credit Fund (refer to page 42 for details of the accounting policy). These investments are classified as Level 3 investments in the fair value hierarchy.

Level 3 investments also include the loan to Constellation IC Limited of US$101m (2023: £80m) towards the arrangements made for the protection of Lloyd's Central Fund, in situations where the Central Fund makes payments to cover members' liabilities. This is reported as both a disposal and addition during the period as the sterling loan was replaced by a US dollar denominated loan when the Central Fund cover was renewed on 1 January 2024. Refer to page 147 for further detail.

There were no transfers to or from fair value hierarchy Level 3 for the period ending 31 December 2024.

17. Investments in associates and joint ventures

The carrying value of the Group's investments in associates and joint ventures was as follows:

	2024 £m	2023 £m
At 1 January	46	42
Share of operating profits	7	5
Share of tax on profit on ordinary activities	(2)	(1)
Derecognition (business combination achieved in stages)	(9)	–
Total share of profits of associates and joint ventures	**(4)**	4
Share of remeasurement loss on pension liabilities	(1)	–
At 31 December	**41**	46

On 14 November 2024, Lloyd's increased its investment in Placing Platform Limited and obtained control. As a result, the entity has been derecognised as a joint venture and is now reported as a Group undertaking. Refer to note 34 for further information.

Set out below are the Group's significant holdings which have been included as investments in associates and joint ventures as at 31 December 2024:

Company name	Registered address and country of incorporation	Proportion of equity capital held	Nature of business
Associates			
Ins-sure Holdings Limited	Royal Pavilion, Wellesley Road, Aldershot, Hampshire GU11 1PZ England and Wales	25%	Provision of premiums and claims accounting and settlement, policy production and ancillary insurance services principally to the London insurance market
Xchanging Claims Services Limited	Royal Pavilion, Wellesley Road, Aldershot, Hampshire GU11 1PZ England and Wales	50%	Provision of claims and recoveries services
Joint ventures			
London Market Operations and Strategic Sourcing Limited	One Lime Street, London EC3M 7HA England and Wales	Limited by guarantee 33%	Centralised capability to source and manage outsourced market services for the London insurance market

The issued share capital of Ins-sure Holdings Limited is £4,000. There are three classes of shares. The Society holds 1,000,000 B shares of 0.1p each that have the right to participate in 25% of any profits available for distribution.

The issued share capital of Xchanging Claims Services Limited is £4,001. There are three classes of shares. The Society holds 1,000 A shares of £1 each and 2,001 C shares of £1 each. The A and C shares have the following rights with respect to dividends:

- the A shares participate in 50% of any profits available for distribution in proportion to shares held as outlined above; and
- the C shares carry a right to a fixed cumulative preference dividend of 5%, calculated on the paid-up nominal capital, and a variable participating dividend in priority to the payment of any dividend to the holders of the A and B shares.

The wholly owned subsidiaries of Xchanging Claims Services Limited are LCO Marine Limited and LCO Non-Marine & Aviation Limited; and for Ins-sure Holdings Limited are Ins-sure Services Limited, London Processing Centre Limited and LPSO Limited.

18. Tangible assets

	Furniture and fittings £m	Leasehold improvements £m	Computer and specialised equipment £m	Lloyd's Collection £m	Total £m
Cost					
At 1 January 2024	21	4	7	15	47
Additions	4	3	–	–	7
At 31 December 2024	**25**	**7**	**7**	**15**	**54**
Depreciation					
At 1 January 2024	(15)	–	(4)	–	(19)
Depreciation charge for the year	(2)	–	–	–	(2)
At 31 December 2024	**(17)**	**–**	**(4)**	**–**	**(21)**
Net book value at 31 December 2024	**8**	**7**	**3**	**15**	**33**
Net book value at 31 December 2023	6	4	3	15	28

Impairment losses

Impairment reviews are undertaken annually of the recoverability of the carrying value of tangible assets held. As part of this review, an impairment charge of £nil (2023: £nil) was recognised during the year.

Lloyd's Collection

The Lloyd's Collection represents various paintings, antiques and artefacts. A desktop valuation was conducted by Gurr Johns Limited, valuers and fine art consultants, dated 3 June 2024. The collection was valued at £15m on the basis of open market auction value, assuming all items are not sold at the same time, taking into account the nature, age, condition and quality of each chattel. The Lloyd's Collection is valued every three years unless there is any indication of impairment. There was no indication of impairment in 2024 (2023: £nil).

19. Cash at bank and in hand

	2024 £m	2023 £m
Cash at banks	520	526
Short-term deposits	733	472
Total cash at bank and in hand	**1,253**	998

Cash at banks earns interest at floating rates, based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Society, and earn interest at the respective short-term deposit rates. The deposits are short-term cash instruments and are all redeemable on demand. The fair value of cash at bank and in hand is £1,253m (2023: £998m).

20. Deferred acquisition cost

	2024			2023		
	Gross £m	Reinsurers' share £m	Net £m	Gross £m	Reinsurers' share £m	Net £m
Balance at 1 January	439	(439)	–	356	(356)	–
Expenses for the acquisition of insurance contracts during the year	820	(820)	–	859	(859)	–
Amortisation	(777)	777	–	(767)	767	–
Foreign exchange movements	(21)	21	–	(9)	9	–
Balance at 31 December	**461**	**(461)**	**–**	439	(439)	–

Reinsurers' share of deferred acquisition costs is presented within accruals and deferred income. Please refer to note 29.

Notes to the Financial Statements continued

21. Other debtors, other assets, prepayments and accrued income

(a) Other debtors

	2024 £m	2023 £m
Other debtors	16	12
Tax receivable	8	10
Total other debtors	**24**	22

(b) Other assets

	2024 £m	2023 £m
Deferred tax asset	3	5
Total other assets	**3**	5

(c) Other prepayments and accrued income

	2024 £m	2023 £m
Prepayments	125	130
Accrued income	11	9
Total prepayments and accrued income	**136**	139

Prepayments include amounts paid for services to Xchanging Global Insurance Solutions Limited (XGIS) in 2021, which will be received after more than one year from the balance sheet date, of £22m (2023: £33m). Management reviews the recoverability of such prepayment at each reporting period and there are no amounts considered irrecoverable at 31 December 2024 (2023: £nil).

22. Pension schemes

Lloyd's operates a number of defined benefit and defined contribution pension schemes. In the UK, employees are entitled to join a Group personal pension plan and there is also a closed defined benefit scheme. Other schemes have been established for certain employees based overseas.

These schemes are generally funded by the payment of contributions to separately administered funds.

Defined benefit pension schemes

The pension surpluses/(deficits) of the defined benefit schemes are as follows:

	2024 £m	2023 £m
Lloyd's Pension Scheme	51	41
Overseas pension schemes	(3)	(3)
Net surplus from pension schemes	**48**	38

The amounts recognised in the Group profit and loss account and Group statement of comprehensive income in respect of defined benefit schemes, before tax, are as follows:

	2024 £m	2023 £m
Lloyd's Pension Scheme	–	3
Overseas pension schemes	–	–
Total Group profit and loss account	**–**	3
Lloyd's Pension Scheme	10	(19)
Overseas pension schemes	–	–
Share of associates' and joint ventures' pension	(1)	–
Total Group statement of comprehensive income, before tax	**9**	(19)

The Lloyd's Pension Scheme

The Lloyd's Pension Scheme is a defined benefit pension scheme with assets held in a separately administered fund. The Scheme provides pensions to members on retirement, as well as benefits on the death of members. The Scheme operates in accordance with Trust Deed and Rules and relevant legislation. A Board of Trustees manages and administers the Scheme; they are primarily responsible for ensuring that members are paid the correct benefits at the correct time, and that there are sufficient Scheme assets to pay benefits as they fall due.

The Lloyd's Pension Scheme closed to new members in 2013 and closed to future accrual for existing members on 30 June 2018. Existing members of the Scheme at that time were enrolled into the Group personal pension plan for future pension benefits.

On an FRS 102 Section 28 'Employee Benefits' valuation basis, the pension scheme asset at 31 December 2024 was £51m (2023: £41m) before the allowance of deferred tax. An actuarial pre-tax gain of £10m has been recognised in the year (2023: £19m loss). In accordance with paragraph 22 of FRS 102 Section 28 'Employee Benefits', the value of the net pension scheme asset that can be recognised in the balance sheet is restricted to the present value of economic benefits available in the form of refunds from the Scheme or reductions in future contributions. The Society has recognised the Scheme surplus as a defined benefit plan asset as the Scheme Trust Deed and Rules give the Society the right to a refund of surplus in certain circumstances, and as such the asset is recoverable.

Scheme contributions and funding valuation

UK legislation requires the funding position of the Scheme to be assessed at least every three years by an independent qualified actuary. Following closure of the Scheme to future benefit accrual, there are no regular monthly contributions paid to the Scheme. However, where a funding deficit is identified, a recovery plan will be agreed between the Society and the Trustees, setting out the contributions required to meet the deficit.

A triennial funding valuation as at 30 June 2022, undertaken by Willis Towers Watson, was completed during 2023. The total market value of the Scheme's assets at the date of the valuation was £756m and the total value of accrued liabilities was £800m, resulting in a funding deficit of £44m. These figures exclude both liabilities and the related assets in respect of money purchase additional voluntary contributions (AVCs). The recovery plan agreed by the Trustees assumes that the deficit will be met by post-valuation-date investment outperformance relative to the liabilities; however a contingent contribution structure is in place until the next valuation (scheduled for 30 June 2025) under which contributions will be made should the estimated funding level fall below 103% as at 30 June in any given year. No additional contribution was paid in 2024.

Information about the risks of the Scheme to the Society

The ultimate cost of the Scheme to the Society will depend upon actual future events rather than the assumptions made. Many of the assumptions made may not be borne out in practice and, as such, the cost of the Scheme may be higher or lower than disclosed. In general, the risk to the Society is that the assumptions underlying the disclosures, or the calculation of contribution requirements, are not borne out in practice and the cost to the Society is higher than expected. This could result in a deficit disclosed and therefore higher recovery contributions required from the Society. This may also affect the Society's ability to grant discretionary benefits or other enhancements to members.

The key assumptions that may not be borne out in practice are unchanged from those described in the 2023 Lloyd's Annual Report. A decrease in corporate bond yields will increase the Scheme's liabilities, although this will be partially offset by an increase in the value of the Scheme's bond assets.

Principal actuarial assumptions in respect of FRS 102 Section 28 'Employee Benefits'

The most significant change compared to the assumptions outlined in the 2023 Lloyd's Annual Report is the discount rate, which has increased to 5.6% (2023: 4.7%). This financial assumption change is the main driver for the £72m decrease in the total liabilities for the Scheme. The discount rate assumption is determined with reference to the yields on corporate bonds at the valuation date, which have decreased since the previous valuation. There has been no change in the methodology used to derive the discount rate compared to the valuation at 31 December 2023.

Other changes in assumptions compared to the 31 December 2023 valuation do not have a material impact on the net pension asset balance at 31 December 2024. The demographic assumptions that are most financially significant are those relating to the life expectancy of retired members. The mortality table used for the purposes of the valuation is as follows:

	2024	2023
Post retirement mortality assumption	**SAPS Light 3 table: Male 94%, Female 93%**	SAPS Light 3 table: Male 94%, Female 93%
Additional description of allowance of future mortality improvements	CMI 2023	CMI 2022
	Years	Years
Life expectancy of a male aged 60 now	28	28
Life expectancy of a female aged 60 now	30	30
Life expectancy of a male aged 60 in 15 years	29	29
Life expectancy of a female aged 60 in 15 years	31	31

Notes to the Financial Statements continued

The other major financial assumptions used by the actuary are as follows:

	2024 % per annum	2023 % per annum
Discount rate	5.6	4.7
Price inflation		
• Retail Price Index (RPI)	3.3	3.1
• Consumer Price Index (CPI)	2.8	2.7

Other financial assumptions, including rate of increase in pensions in-payment, increases to final salary deferred pensions, career average revaluation in service and in deferment and increases in payment and guaranteed minimum pension equalisation, are largely similar and not presented above.

Total market value of assets

Changes in the fair value of plan assets are as follows:

	2024 £m	2023 £m
Fair value of Scheme assets at 1 January	707	706
Interest income on pension scheme assets	33	34
Benefits paid	(36)	(33)
Return on plan assets excluding interest income	(59)	–
Fair value of Scheme assets at 31 December	**645**	707

The fair value of the plan assets is comprised as follows:

Asset analysis of the Scheme	2024 £m	2023 £m
Bonds		
Corporate bonds	65	13
Index-linked bonds	171	285
Fixed interest bonds	265	222
Equities		
UK equities	2	3
Overseas (excluding UK) equities	60	50
Property	–	62
Diversified income credit	24	23
Hedge funds	38	35
Cash and net current assets	20	14
Total market value of assets	**645**	707

All of the Scheme's assets are quoted in an active market when looking at the underlying asset, apart from hedge funds (2024: £38m; 2023: property and hedge funds £97m). The Scheme is not currently invested in any of the Society's own assets. Approximately 94% (2023: 94%) of the Scheme's liabilities relate to final salary members and 6% (2023: 6%) relate to career average revalued earnings (CARE) members.

Total market value of Scheme liabilities

Changes in the present value of the defined benefit obligations are as follows:

	2024 £m	2023 £m
Actuarial value of Scheme liabilities at 1 January	666	649
Interest cost on Scheme liabilities	31	31
Administration costs and taxes	1	–
Benefits paid and administrative expenses	(36)	(33)
Experience losses arising in Scheme liabilities	2	4
Change in assumptions underlying the present value of the Scheme liabilities		
Demographic assumption change	(6)	(6)
Financial assumption change	(64)	21
Actuarial value of Scheme liabilities at 31 December	**594**	666

Sensitivity of pension obligation to changes in assumptions

A 1% per annum increase in the discount rate to be adopted as at 31 December 2024 would result in a reduction to the balance sheet liabilities at that date of around 10.6%, or approximately £63m. A corresponding 1% per annum decrease would increase liabilities at that date by around 13.0%, or approximately £77m. A 1% per annum increase in the assumption for future inflation (both Retail Price Index and Consumer Price Index) as at 31 December 2024, which would increase future expectations of pension increases and deferred revaluation, would result in an increase in the balance sheet liabilities at that date of around 4.6%, or approximately £28m. A corresponding 1% per annum decrease would reduce liabilities at that date by around 4.7%, or approximately £28m.

A change in the mortality assumptions could have a significant impact on the liabilities. For instance, if members aged 60 were instead expected to live for one year longer, with all members' life expectancies increasing by a proportionate amount, then the liability as at 31 December 2024 would be around 1.9% higher, or approximately £11m. Similarly, if members aged 60 were instead expected to live for one year less then the liability would be around 1.7% lower, or approximately £10m.

The notional fund

The Society recognises the cost of discretionary increases to pre-6 April 1997 benefits in payment when there is a constructive liability to make such increases. The Society provided £10m in 2007, and a further £20m in 2011, to meet the expected cost of future discretionary increases. This amount is notionally segregated from the Scheme's other assets (the 'notional fund') and its investment performance tracked on the assumption that it is invested in the same way as the Scheme's other assets.

The notional fund will be used to facilitate the award of future discretionary pension increases when the Society carries out its annual review of pensions in accordance with the Scheme's Definitive Trust Deed. As long as there is a notional fund set aside for this purpose, discretionary increases will continue to be considered. As at 31 December 2024, the value of the notional fund was £6m (2023: £8m).

Analysis of the amount recognised in the Group profit and loss account:

	2024 £m	2023 £m
Net interest expense	–	(3)
Total operating charge	**–**	(3)

Analysis of the amount recognised in the Group statement of comprehensive income:

	2024 £m	2023 £m
Experience losses arising on scheme liabilities	(1)	(4)
Changes in the assumptions underlying the present value of the Scheme assets/liabilities		
Financial assumption change	64	(21)
Demographic assumption change	6	6
Actuarial gain/(loss) arising during period	69	(19)
Return on plan assets	(59)	–
Remeasurement effects recognised in the Group statement of comprehensive income	**10**	(19)

Notes to the Financial Statements continued

Overseas pension schemes

The Society operates a number of defined benefit schemes for qualifying employees based overseas. The actuarial valuations of these pension schemes at 31 December 2024 resulted in a deficit of £3m (2023: £3m).

	2024 £m	2023 £m
Value of assets	2	2
Actuarial value of scheme liabilities	(5)	(5)
Net defined benefit liability	**(3)**	(3)

Lloyd's Group personal pension plan

UK employees are eligible to join the Lloyd's Group personal pension plan, a defined contribution scheme which is administered by Aviva. The Group personal pension plan was introduced in 2013, when the defined benefit pension scheme was closed to new members. The amount charged to the Group profit and loss account in respect of the Lloyd's Group personal pension plan is £10m (2023: £10m).

Members of the Lloyd's Group personal pension plan can elect their contribution rate (payable via salary sacrifice) and can change this at any time. Lloyd's participates alongside the employees in the contribution scheme.

Virgin Media Court ruling

The Virgin Media Ltd v NTL Pension Trustees decision, handed down by the High Court on 16 June 2023, considered the implications of section 37 of the Pension Schemes Act 1993. Section 37 of the Pension Schemes Act 1993 only allowed the rules of contracted-out schemes in respect to benefits to be altered where certain requirements were met. The court decision was upheld on appeal on 25 July 2024. There is potential for legislative intervention following industry lobbying that may retrospectively validate certain rule amendments. In addition, there is a possibility that the case could go to the Supreme Court.

Given these uncertainties it is not currently possible to determine whether any amendments were not in accordance with section 37 of the Pension Schemes Act 1993 requirements. Further, it is not currently possible to reliably estimate the retrospective possible impact to the defined benefit obligations of the pension scheme if these amendments were not in accordance with section 37 of the Pension Schemes Act 1993 requirements. Having considered the matter the Trustees have commenced a review of the relevant Deeds of Amendment to identify if there are any issues relevant to this court decision.

23. Equity

(a) Profit and loss account

	2024 £m	2023 £m
Attributable to:		
Corporation of Lloyd's	283	185
Central Fund	3,031	2,783
Total profit and loss account	**3,314**	2,968

(b) Translation reserve

Where Group companies have a functional currency which differs from the Group presentational currency, the results and financial position are translated and all resulting gains and losses are recognised in other comprehensive income and as equity, in the translation reserve. As at 31 December 2024, the balance was £(27)m (2023: £nil).

(c) Revaluation reserve

The revaluation reserve of £15m (2023: £15m) is used to record increases in the fair value of the Lloyd's Collection, and decreases to the extent that such decreases relate to the amount previously recognised in the Group statement of comprehensive income.

24. Syndicate loans

	2024 £m	2023 £m
2020 Syndicate loan (November)	285	285
2020 Syndicate loan (June)	119	119
2019 Syndicate loan	–	110
Principal loan balance	**404**	514

Syndicate loans may be repaid in full or in part, at the discretion of the Society, only after a period of five years has elapsed. The interest rate on the loans is based on a risk-free rate with an allowance for credit spread. The Council may elect to defer or cancel payment of all or any interest. Interest is only recognised once the holders' right to receive payment is confirmed. At 31 December 2024 the cumulative interest to date, not yet confirmed, totals £4m (2023: £8m).

Syndicate loans are accounted for as an equity instrument in the Society's financial statements and as such any interest paid to loan holders (syndicates) is recorded as a reduction in equity. An interest payment of £19m (2023: £19m) has been made during the period.

The 2019 tranche of syndicate loans were repaid on the fifth anniversary of commencement, 29 March 2024.

25. Subordinated debt and amounts owing to credit institutions

(a) Subordinated debt

	2024 £m	2023 £m
4.875% subordinated notes of £300m maturing 7 February 2047 ('Sterling 2017 Notes')	300	300
4.750% subordinated notes of £306m maturing 30 October 2024 ('Sterling 2014 Notes')	–	306
Total subordinated notes issued	**300**	606
Less issue costs to be charged in future years	(2)	(2)
Total	**298**	604

The notes are subordinated obligations of the Society. Each tranche of the notes will rank pari passu with the other in a winding-up of the Society. Upon the occurrence of any winding-up proceedings of the Society, payments on the notes will be subordinated in right of payment to the prior payment in full of all other liabilities of the Society, except for liabilities which rank equally with or junior to the notes. Payments on the notes will also be subordinated to certain payments which may be made out of central assets, including payments made to discharge the liabilities of an insolvent member to any person (including any policyholders) arising out of, or in connection with, insurance business carried on at Lloyd's by the insolvent member and payments made in respect of the costs required by or under any insolvency procedure to which the Society or the Lloyd's market may be subject. However, in the event of a winding-up of the Society, the claims of the holders of the notes rank senior to the distribution of any central assets to members of Lloyd's generally (other than payments made to members in their capacity as senior creditors of the Society).

The Sterling 2014 Notes issued on 30 October 2014 bear interest at a rate of 4.750% per annum, paid annually in arrears on 30 October in each year. These Notes matured on 30 October 2024 when they were redeemed in full.

The Sterling 2017 Notes issued on 7 February 2017 mature on 7 February 2047 and bear interest at a rate of 4.875% per annum, until (but excluding) 7 February 2027, payable annually in arrears on 7 February in each year, and thereafter at a floating rate of interest calculated using a compounded daily SONIA (Sterling Overnight Index Average) interest rate plus a credit adjustment spread and margin, payable quarterly in arrears.

(b) Amounts owed to credit institutions

	2024 £m	2023 £m
2.48% senior debt of £60m maturing January 2030 ('Sterling 2020')	60	60
2.48% senior debt of £40m maturing January 2031 ('Sterling 2020')	40	40
2.61% senior debt of £70m maturing January 2035 ('Sterling 2020')	70	70
2.81% senior debt of £130m maturing January 2045 ('Sterling 2020')	130	130
Less issue costs and discount on issue to be charged/unwound in future years	(1)	(1)
Total cost	**299**	299
Accrued interest	4	4
Amortised cost (carrying value)	**303**	303

Notes to the Financial Statements continued

26. Technical provisions

Unearned premium provision	2024 Gross £m	2024 Reinsurers' share £m	2024 Net £m	2023 Gross £m	2023 Reinsurers' share £m	2023 Net £m
Balance at 1 January	2,288	(2,288)	–	1,937	(1,937)	–
Premium written in the year	3,776	(3,776)	–	3,965	(3,965)	–
Premium earned during the year	(3,618)	3,618	–	(3,571)	3,571	–
Foreign exchange movements	(105)	105	–	(43)	43	–
Balance at 31 December	**2,341**	**(2,341)**	**–**	2,288	(2,288)	–

Claims outstanding	2024 Gross £m	2024 Reinsurers' share £m	2024 Net £m	2023 Gross £m	2023 Reinsurers' share £m	2023 Net £m
Balance at 1 January	7,087	(7,087)	–	7,311	(7,311)	–
Claims paid during the year	(2,014)	2,014	–	(1,382)	1,382	–
Claims incurred during the year	2,548	(2,548)	–	1,315	(1,315)	–
Foreign exchange movements	(334)	334	–	(157)	157	–
Balance at 31 December	**7,287**	**(7,287)**	**–**	7,087	(7,087)	–

Gross claims outstanding at 31 December 2024 includes claims discounted by Lloyd's China under China GAAP. The undiscounted claims outstanding as required under UK GAAP are higher than the discounted claims reserves by £10m (2023: £12m) and are not material to the Society financial statements. The claims outstanding are 100% reinsured and there is no impact on the Society's profit before tax or capital and reserves.

27. Other provisions

A provision under contractual arrangements is recognised when the obligation can be reliably estimated and it is probable that there will be a transfer of economic benefits in settlement of such obligation.

	2024 Lease cost provision £m	2024 Other provisions £m	2024 Total £m	2023 Lease cost provision £m	2023 Other provisions £m	2023 Total £m
Balance at 1 January	36	5	41	41	18	59
Charged in the year	2	16	18	3	1	4
Utilised in the year	(7)	(3)	(10)	(1)	(3)	(4)
Unused amounts reversed to profit and loss	–	–	–	(7)	(11)	(18)
Balance at 31 December	**31**	**18**	**49**	36	5	41

Lease cost provision

The lease cost provision represents the Society's obligations in respect of the contractual capital expenditure and dilapidation cost under fully repairing leases. Under the 1986 Building lease, the Society has obligations to the lessor to repair, maintain and cleanse the building throughout the duration of the lease, and to bring the building back to its original condition at the end of the lease. The Society reviews annually the estimated cost of satisfying the obligations under the lease. Third-party experts are engaged to help identify and validate required repairs or maintenance and to estimate the cost of work required. The estimated costs for all repairs that have been evidenced, as required under the lease, are fully provided for.

The value of the lease cost provision is calculated with reference to the costs that are expected to be incurred during the remainder of the lease term. The value of the provision is not sensitive to the timing of expenditure during the lease term.

Other provisions

Other provisions include a restructuring provision, provisions for obligations under an onerous lease and other contractual obligations and the Income Assistance Scheme (see below).

Restructuring provision

In November 2024, Lloyd's announced plans to outsource certain IT services and operational functions to Accenture from 1 April 2025. As a result of the outsourcing contract, a number of roles currently performed by Lloyd's employees will be transitioned to Accenture or will no longer be required. The majority of impacted employees will have an exit date of 31 March 2025. A restructuring provision of £14.8m has been created in 2024 to recognise the costs associated with this.

Obligations under onerous lease and contracts

A provision is made for obligations under an operating lease when the physically separable part of a property is taken out of use by the Society and the unavoidable costs of meeting the obligations under the lease exceed the economic benefits expected to be received. The provision is calculated using future lease payments as per the lease contract, discounted at the Society's long-term borrowing rate, and is therefore sensitive to changes in this assumption.

Income Assistance Scheme

The Income Assistance Scheme was effective from 1 January 2010 and replaced both the Hardship Income Top-up Scheme and the Income and Housing Support Scheme. The Income Assistance Scheme is permanent and replaces the discretionary nature of the previous schemes and guarantees ongoing payment of income assistance to eligible members of the previous schemes until the full undertaking has been utilised, other than in the event that Lloyd's faces severe financial stress.

The provision covers expected future payments under the Income Assistance Scheme. The Names covered by the scheme receive quarterly payments until: (a) death (or a spouse's death, depending upon the individual arrangements agreed); (b) earlier settlement of the debt by the Name; or (c) default by the Name on their contractual obligations. The value of the provision is therefore sensitive to the factors above, as well as to changes in inflation rates.

28. Creditors

	2024 £m	2023 £m
Creditors arising out of direct insurance operations	707	663
Creditors arising out of reinsurance operations	3,836	3,667
Other creditors including taxation and social security	201	197
Total creditors	**4,744**	4,527

Other creditors including taxation and social security comprises the Society's trade and other creditors due within one year.

29. Accruals and deferred income

	2024 £m	2023 £m
Reinsurers' share of deferred acquisition costs	461	439
Accrued expenses	110	97
Deferred income	75	78
Total accruals and deferred income	**646**	614

30. Cash generated from operations

	2024 £m	2023 £m
Profit before tax	471	358
Adjustments for:		
Net investment return	(134)	(244)
Increase/(decrease) in other assets	268	(132)
Share of profits of associates and joint ventures	(4)	(4)
Loss on disposal of associate	2	–
Amortisation of intangible assets	14	14
Depreciation of tangible fixed assets	2	1
Impairment losses	–	–
Interest expense on financial liabilities at amortised cost	35	37
Increase in debtors, prepayments and accrued income	(995)	(1,054)
Increase in creditors, accruals and deferred income	1,011	1,031
Increase/(decrease) in provisions	8	(18)
(Profit)/loss on foreign exchange	(50)	114
Net defined benefit pension payment	–	(2)
Cash generated from operations	**628**	101

Notes to the Financial Statements continued

31. Operating leases

The totals of future minimum lease payments under non-cancellable operating leases are as follows:

	2024 £m	2023 £m
Payment due:		
Not later than one year	24	24
Later than one year and not later than five years	86	89
Later than five years	92	110
Total	**202**	223

Total operating lease charges paid during the year amounted to £24m (2023: £25m).

32. Contingent liabilities and capital commitments

On behalf of the Society, a letter of credit has been issued to Lloyd's Europe for €200m or £165m with a term until 2025 (2023: €200m or £173m).

Capital expenditure commitments contracted, but not provided for in the financial statements, were £nil (2023: £nil).

33. Analysis of net debt

	At 1 January 2024 £m	Cash flows £m	Fair value and exchange movements £m	Non-cash changes £m	At 31 December 2024 £m
Cash and cash equivalents	998	269	(14)	–	1,253
Borrowings	(2,467)	565	44	(35)	(1,893)
Total	**(1,469)**	**834**	**30**	**(35)**	**(640)**

34. Business combinations

On 14 November 2024, the Group acquired control of PPL Technologies Group Limited and its direct subsidiary, Placing Platform Limited (PPL). Prior to the acquisition date, the Group held a 36% interest in Placing Platform Limited, a company providing an electronic placing platform to the London market. To support future projects, the existing members exchanged their interests in PPL for an equity interest in PPL Technologies Group Limited and Lloyd's subsequently subscribed for additional shares in PPL Technologies Group Limited for cash consideration of £10m, increasing the shareholding to 57.22% as at 31 December 2024. The business combination has been accounted for under the acquisition method of accounting.

The following table summarises the consideration paid by the Group, the fair value of assets acquired, liabilities assumed and the non-controlling interest at the acquisition date:

	Book value £m	Fair value adjustment £m	Fair value £m
Consideration at 14 November 2024			
Cash	10	–	10
Fair value of pre-existing interest	7	–	7
Total consideration	**17**	**–**	**17**
Recognised amounts of identifiable assets acquired and liabilities assumed:			
Intangible assets	38	–	38
Cash and cash equivalents	14	–	14
Other assets	4	–	4
Other creditors including taxation and social security	(17)	–	(17)
Accruals and deferred income	(4)	–	(4)
Total identifiable net assets	**35**	**–**	**35**
Non-controlling interest	(15)	–	(15)
Goodwill	(3)	–	(3)
Total	**17**	**–**	**17**

Post acquisition, income from PPL of £6m and a profit of £1m is included in the consolidated profit and loss account for the year ended 31 December 2024.

35. Group undertakings

Subsidiaries are those entities over which the Society directly or indirectly has the power to govern the operating and financial policies in order to gain economic benefits. The basis on which subsidiaries are consolidated in the Group financial statements is outlined in the basis of preparation in note 3.

The following subsidiaries principally affected the Group's financial position and results for the year ended 31 December 2024, as set out in the Society Group profit and loss account:

Company name	Nature of business	Registered address and country of incorporation
Additional Securities Limited	Provision of deposits overseas on behalf of Lloyd's underwriters to comply with local insurance regulations	One Lime Street, London EC3M 7HA England and Wales
Centrewrite Limited	Authorised UK insurance company assisting resigned members of the Society with participations on run-off syndicates to end their affairs at Lloyd's	One Lime Street, London EC3M 7HA England and Wales
Lloyd's Australia Limited	In relation to the Society's activities within Australia, the company undertakes certain regulatory compliance and market development activities	Suite 1603, Level 16, 1 Macquarie Place, Sydney NSW 2000, Australia
Lloyd's Canada Inc.	In relation to the Society's activities within Canada, the company undertakes certain regulatory compliance and market development activities	200 Bay Street, Suite 2930, PO Box 51, Toronto, Ontario M5J 2J2 Canada
Lloyd's Brasil Serviços Técnicos Ltda.	In relation to the Society's activities within Brazil, the company undertakes certain regulatory compliance and market development activities	Avenida Almirante Barroso 52, Sala2401, CEP 20031-918 – Rio de Janeiro, RJ Brazil
Lloyd's Insurance Company (China) Limited	In relation to the Society's activities within China, the company provides bespoke services to support business development and underwriting. The entity is an authorised insurance company	30th Floor Shanghai Tower, 501 Middle Yincheng Road, Pudong New Area, Shanghai 200120, China
Lloyd's Insurance Company S.A.	In relation to the Society's activities within Europe, the company provides bespoke services to support business development and underwriting. The entity ensures that Lloyd's policyholders across the European Economic Area can continue to access the underwriting expertise and financial security of the Lloyd's market, despite the United Kingdom's exit from the European Union. The entity is an authorised insurance company and is the holding company of various other European subsidiaries of the Society	Bastion Tower – Floor 14 5 Place du Champ de Mars, 1050 Bruxelles Belgium
Lloyd's Japan Inc.	In relation to the Society's activities within Japan, the company provides bespoke services to support business development and underwriting	Tokyo Club Building 6F 3-Chome-2-6 Kasumigaseki Chiyoda-ku, Tokyo 100-0013 Japan
Lloyd's Labuan Limited	In relation to the Society's activities within Malaysia, the company is licensed to carry on business as underwriting manager	Brumby Centre, Lot 42, Jalan Muhibbah, 87000 Labuan F.T. Malaysia
Lloyd's Limited	In relation to the Society's activities within Dubai, the company undertakes certain regulatory compliance and market development activities	Unit 4A, Floor 5, Gate Village 8, DIFC, Dubai, United Arab Emirates
Lloyd's of London (Asia) Pte Ltd	In relation to the Society's activities within Singapore (and the wider region), the company provides bespoke services to support business development and underwriting	138 Market Street, #03-01 CapitaGreen, Singapore 048946
Lloyd's of London (Representative Office) Greece Single Member SA	In relation to the Society's activities within Greece, the company acts as a fiscal representative	25A Boukourestiou Street, 106 71 Athens Greece
Lloyd's South Africa (Proprietary) Ltd	In relation to the Society's activities within South Africa, the company undertakes certain regulatory compliance and market development activities	15th floor, The Forum 2 Maude Street, Sandton, 2146 South Africa
Lloyd's America Holdings Inc. and Lloyd's America Inc.	In relation to the Society's activities, the companies provides certain services in the United States	280 Park Avenue, 25th Floor, New York, NY 10017 USA
Lloyd's Kentucky, Inc.	Serves as the attorney-in-fact for underwriters writing licensed insurance business in Kentucky and the US Virgin Islands. Provides compliance support for licensed business. The US Finance team is also employed by Lloyd's Kentucky, Inc.	200 W. Main St. Frankfort, Kentucky KY 40601-1806 USA

Notes to the Financial Statements continued

Company name	Nature of business	Registered address and country of incorporation
Lloyd’s Illinois, Inc.	Serves as the attorney-in-fact for underwriters writing licensed insurance business in Illinois. Provides compliance support for licensed business, as well as operational and IT support services in the Americas	181 W Madison Street, Suite 3870 Chicago, Illinois 60602 USA
Placing Platform Limited	Provision of an electronic (re)insurance placing platform to its customers that allows them to administer, vary, negotiate, cancel and underwrite contracts of (re)insurance	One Lime Street, London EC3M 7HA England and Wales
PPL Technologies Group Limited	Holding company	2 Minster Court, London EC3R 7BB England and Wales

The main territory of operation of subsidiaries incorporated in England and Wales is the UK. For overseas subsidiaries, the principal country of operation is the same as the country of incorporation. All operating subsidiaries have a 31 December year-end reporting date with the exception of Lloyd’s Japan Inc. and PPL Technologies Group Limited, which have a reporting date of 31 March and 31 May respectively. All operating subsidiaries are 100% directly owned by the Society with the exception of PPL Technologies Group Limited and Placing Platform Limited in which Lloyd's holds a 57% interest (refer to note 34).

Restrictions

Lloyd’s operates in more than 200 territories around the world and uses a number of different operating models depending upon local regulatory requirements. Different countries operate different regulatory regimes and, in some cases, these may place certain restrictions on the use of capital and assets that are held within those countries, including capital of RMB 1bn (2023: RMB 1bn) within Lloyd’s Insurance Company (China) Limited and €558m (2023: €558m) in Lloyd’s Insurance Company S.A. Lloyd’s proactively manages its international asset base to ensure that any such restrictions have a minimal impact upon the utilisation of capital and investments or upon the operations of the Corporation.

Dormant subsidiaries

During the financial year, the Society had, or continues to have, an interest in the following dormant subsidiaries. These subsidiaries are all 100% owned by the Society and have not actively traded for the year ended 31 December 2024.

Company name	Registered address and country of incorporation
Additional Underwriting Agencies (No. 9) Limited	One Lime Street, London EC3M 7HA England and Wales
Additional Underwriting Agencies (No. 10) Limited	One Lime Street, London EC3M 7HA England and Wales
Lloyd’s Nominees Director Limited	One Lime Street, London EC3M 7HA England and Wales
Lloyd’s Nominees Secretary Limited	One Lime Street, London EC3M 7HA England and Wales
Lloyd's America Limited	One Lime Street, London EC3M 7HA England and Wales
Lloyd’s Aviation Limited	One Lime Street, London EC3M 7HA England and Wales
Lloyd’s Building Limited	One Lime Street, London EC3M 7HA England and Wales
Lloyd’s.com Limited	One Lime Street, London EC3M 7HA England and Wales
Lloyd’s Corporation Holding Company Limited	One Lime Street, London EC3M 7HA England and Wales
Lloyd’s Information Services Limited	One Lime Street, London EC3M 7HA England and Wales
Lloyd’s Life Limited	One Lime Street, London EC3M 7HA England and Wales
Lloyd’s List Limited	One Lime Street, London EC3M 7HA England and Wales
Lloyd’s of London Press Limited	One Lime Street, London EC3M 7HA England and Wales
Lloyd’s Recoveries Limited	One Lime Street, London EC3M 7HA England and Wales
Lloyd’s Shelf Company 1 Limited	One Lime Street, London EC3M 7HA England and Wales
Lutine Nominees & Insurance Limited	One Lime Street, London EC3M 7HA England and Wales
Sharedealer Limited	One Lime Street, London EC3M 7HA England and Wales
Lloyd’s of London Limited	One Lime Street, London EC3M 7HA England and Wales

All subsidiary undertakings are included in the consolidated Society Report. The proportions of voting rights in the subsidiary undertakings held directly by the Society do not differ from the proportions of ordinary shares held. The only preference shares of subsidiary undertakings included in the Group are £1 preference share for Lloyd’s Building Limited and £1 preference share for PPL Technologies Group Limited.

36. Related party transactions

Services provided to Ins-sure Holdings Limited in the year ended 31 December 2024 included operating systems support and development, and other administrative services.

Services provided to Xchanging Claims Services Limited in the year ended 31 December 2024 were primarily administrative services.

Services provided to London Market Operations & Strategic Sourcing Limited in the year ended 31 December 2024 were primarily fee collection services.

In 2020, the Society made a £6.6m investment in Placing Platform Limited (PPL), to continue to advance the implementation of digital trading in the Lloyd's market. During 2023, a second loan of £7.5m was provided to PPL, taking the total advance to £15m and in 2024, £2.5m of the loan was repaid. Interest on the loan is charged at a rate of 4.25% per annum and the loan is repayable by 31 December 2026. Following additional investment in 2024, PPL became a subsidiary (refer to note 34). The loan was not impacted by this transaction and remains in place and will be settled in accordance with the existing terms.

The following table provides the total value of transactions entered into with Society related parties for the relevant financial years, together with information regarding the outstanding balances at 31 December 2024 and 2023.

	Sales to related parties		Purchases from related parties		Amounts due from related parties		Amounts owed to related parties	
	2024 £m	2023 £m	**2024 £m**	2023 £m	**2024 £m**	2023 £m	**2024 £m**	2023 £m
Associates:								
Ins-sure Holdings Limited	2	1	4	1	–	–	6	–
Joint ventures:								
Placing Platform Limited	1	–	–	5	–	15	–	–
Non-wholly owned subsidiaries:								
Placing Platform Limited	–	–	2	–	13	–	–	–
PPL Group Technologies Limited	–	–	–	–	10	–	–	–

Transactions with associates and joint arrangements are priced on an arm's-length basis.

In the normal course of business, the Society may enter into transactions with Lloyd's market businesses in which members of Council may have an interest.

37. Events after the reporting period

There have been no material events or transactions that have occurred between the reporting date and the date of approval of these financial statements which would require adjustment or disclosure in accordance with Section 32 of FRS 102.

Other Information

Alternative performance measures

The following metrics, which are consistently used to analyse financial performance in the Lloyd's market results and/or in the Society Report, are considered to be alternative performance measures (APMs). These measures are not defined under UK GAAP and may not be comparable with similarly titled measures presented by other companies.

Metric	Applicable part of the Annual Report	Definition	Reason for use
Combined ratio	Market Results	A measure of the profitability of an insurer's underwriting activity. It is the ratio of net operating expenses plus claims incurred net of reinsurance to earned premiums net of reinsurance.	Used to measure the profitability of underwriting activity across the Lloyd's market. It also serves as a comparator of Lloyd's market underwriting profitability to its peers.
Expense ratio	Market Results	A measure of the level of expenses associated with underwriting activity. It is the ratio of net operating expenses to earned premiums net of reinsurance.	Used to measure the level of expenses associated with underwriting activity across the Lloyd's market. It also serves as a comparator of Lloyd's market expenses to its peers.
Underwriting result	Market Results	A measure of the profitability of an insurer's underwriting activity. It is calculated as earned premiums net of reinsurance less net operating expenses and claims incurred net of reinsurance.	Used to measure the profitability of underwriting activity across the Lloyd's market.
Underlying combined ratio	Market Results	A measure of the profitability of underwriting activity excluding major claims. It is the ratio of net operating expenses plus claims incurred, excluding major claims, to earned premium net of reinsurance.	Used to measure the profitability of the underwriting activity of the Lloyd's market, excluding the impact of major claims.
Accident year ratio	Market Results	A measure of the profitability of underwriting activity attributable to the current financial year. It is the ratio of net operating expenses plus claims incurred net of reinsurance, before prior year releases, to earned premium net of reinsurance.	Used to measure the profitability of the underwriting activity of the Lloyd's market attributable to the current financial year.
Attritional loss ratio	Market Results	A measure of residual insurance claims, expressed as a percentage of earned premiums net of reinsurance. Attritional insurance claims are calculated as total claims less major losses and movements in prior year claims reserves.	Used to measure the profitability of general underwriting activity across the Lloyd's market. It also serves as a comparator of Lloyd's market underwriting profitability to its peers.

Metric	Applicable part of the Annual Report	Definition	Reason for use
Prior year release ratio	Market Results	A measure for assessing prior year movements in claims reserves. It is calculated as a percentage of earned premiums net of reinsurance.	Used to determine the adequacy of reserves across the Lloyd's market and the benefit of reserve margin to be considered within the combined ratio. It also serves as a comparator of Lloyd's market underwriting profitability to its peers.
Major claims ratio	Market Results	A measure of significant loss events which have impacted the profitability of underwriting activity. It is calculated as the sum of major claims in the market, expressed as a percentage of earned premiums net of reinsurance.	Used to measure the impact of significant loss events on the underwriting performance of the market. It also serves as a comparator of Lloyd's market underwriting profitability to its peers.
Return on capital	Market Results	A measure of overall profitability. It is the ratio of results for the year before tax to the average of opening and closing total capital and reserves.	Used to measure the overall profitability and value creating potential to create value of the Lloyd's market.
Investment return	Market Results and Society Report	A measure of the performance of an insurer's investing activity. It can be expressed as the ratio of total investment return to the average of opening and closing financial investments and cash at bank and in hand.	Used to measure the performance of the portfolio of investments and cash balances held across the Lloyd's market.
Free cash	Society Report	Represents the amounts, both at bank and on deposit, held in the UK and overseas, excluding any balances held in respect of insurance and arbitration activities.	Provides a measure of the cash resources available to the Society to meet operating expenses.
Solvency coverage ratio	Market Results and Society Report	Under the Solvency II regime, Lloyd's monitors the amount of eligible capital available to cover its market-wide SCR (MWSCR) and Central SCR (CSCR). This is calculated as total eligible capital, expressed as a percentage of the respective solvency capital requirements.	Solvency coverage ratios are used to ensure that the Society and its members hold sufficient capital to meet Lloyd's regulatory capital requirements, as well as to ensure Lloyd's solvency risk appetites are satisfied.

Glossary of terms and useful links

Set out below is a guide to insurance and Lloyd's-related terms. These are not precise definitions but are included to provide assistance to readers as to the general meaning of terms commonly used in the Lloyd's market. Formal definitions are set out in the Definitions Byelaw on www.lloyds.com.

Accident year ratio A measure of the profitability of underwriting activity attributable to the current financial year. The accident year ratio is calculated as net operating expenses and net incurred losses (paid and reserves) for claims occurring in the year as a proportion of net premiums earned during the year. It excludes movements during the calendar year on claims, expenses and premium estimates for previous years.

Active underwriter A person employed by a managing agent with principal authority to accept insurance and reinsurance risks on behalf of the members of a syndicate.

Binding authority An agreement between a Lloyd's managing agent and a coverholder under which the Lloyd's managing agent delegates its authority to enter into a contract or contracts of insurance to be underwritten by the members of a syndicate.

Callable layer Central Fund assets may be supplemented by a 'callable layer' of up to 5% of members' overall premium limits in any one calendar year. These funds would be drawn from premium trust funds.

Central assets The net assets of the Society, including the Central Fund, but excluding the subordinated debt liability and the callable layer.

Central Fund The fund financed by (among other things) contributions from Lloyd's members and administered by the Council primarily as a fund for the protection of policyholders and includes both the Old Central Fund and the New Central Fund.

Central SCR The Lloyd's Central Solvency Capital Ratio is calculated to cover all of the risks facing the Society and the Central Fund at a 99.5% confidence level over a one year time horizon.

Combined ratio A measure of an insurer's underwriting profitability based on the ratio of net incurred claims plus net operating expenses to net earned premiums. A combined ratio of 100% is breakeven (before taking into account investment returns). A ratio less than 100% is an underwriting profit.

Corporate member A company incorporated with limited liability, a Scottish limited partnership or a limited liability partnership, admitted to membership of the Society.

Corporation The Corporation of Lloyd's provides the licences and other facilities that enable business to be underwritten on a worldwide basis by managing agents acting on behalf of members.

Council The Council, created by the Lloyd's Act 1982, has the management and superintendence of the affairs of the Society and the power to regulate and direct the business of insurance at Lloyd's.

Coverholder A firm either in the UK or overseas that is authorised by a managing agent under the terms of a binding authority to enter into contracts of insurance to be underwritten by members of a syndicate managed by the managing agent. A Lloyd's broker may act as a coverholder.

Economic Capital Assessment The level of capital required to meet Lloyd's financial strength, licence and rating objectives.

Financial Conduct Authority (FCA) The FCA supervises the conduct of the UK financial services industry. The Society, managing agents, members' agents and Lloyd's brokers are regulated by the FCA.

Free cash balances Represents the amounts, both at bank and on deposit, held in the UK and overseas, excluding any balances held in respect of insurance and arbitration activities.

Funds at Lloyd's (FAL) Capital lodged and held in trust at Lloyd's as security for the policyholders and to support a member's overall underwriting business.

Integrated Lloyd's Vehicle (ILV) An arrangement in which a syndicate's capital is wholly provided by corporate members that are under the same ownership and control as the syndicate's managing agent.

Investment return A measure of performance of an insurer's investing activity. It is the ratio of total investment return to the average financial investments and cash at bank and in hand.

Lines of business Refers to the product segmental split disclosed in the Pro Forma Financial Statements.

Major claims Major claims encompass both natural and non-natural catastrophe losses. For the purpose of the PFFS this amounts to loss codes reported by the market, in aggregate, in excess of £20m net of reinsurance.

Managing agent An underwriting agent responsible for managing a syndicate, or multiple syndicates.

Market-wide SCR The market-wide Solvency Capital Ratio is calculated to cover all the risks arising on syndicate activity, members' capital provided at Lloyd's and the Society taken together at a 99.5% confidence level over a one-year time horizon.

Member (of the Society) A person admitted to membership of the Society.

Members' agent An underwriting agent appointed by a member to provide services and perform duties including advising the member on which syndicates they should participate.

Name A member of the Society who is an individual and who trades on an unlimited basis.

New Central Fund The New Central Fund constituted by and governed by the New Central Fund Byelaw (No. 23 of 1996).

Non-technical account Under UK GAAP the profit and loss account must be divided between the technical account and the non-technical account. Reported in the latter is all investment return, although an element will be reanalysed to the technical account, and any income and expenses that do not arise directly from the entity's underwriting activity.

Premium trust funds (PTF) The premiums and other monies that members receive in respect of their underwriting at Lloyd's are held by their managing agents in trust for them, subject to the discharge of their underwriting liabilities.

The premium trust funds comprise a sterling fund, Lloyd's American Trust Fund, Lloyd's Dollar Trust Funds, Lloyd's Canadian Trust Fund and the Lloyd's Asia Trust Funds (which cover general business written through coverholders in Singapore). These premium trust funds are available to fund overseas regulatory deposits, claims, return premiums, underwriting expenses and any profit that is payable to the member after providing for all future liabilities.

Price changes on renewal business These are calculated as current year insurance premium less prior year insurance premium, expressed as a proportion of prior year insurance premium, where the policy coverage and wording are held consistent.

Prior years' reserve movements These are calculated as movements in reserves established for claims that occurred in previous accident years.

Prudential Regulation Authority (PRA) The PRA is responsible for the prudential regulation and supervision of banks, building societies, credit unions, insurers and major investment firms. The Society and managing agents are regulated by the PRA.

Realistic Disaster Scenarios (RDS) A series of scenarios, both natural and man-made, which are used to assess the market's risk profile to a variety of different catastrophes enables better risk management practices within Lloyd's.

Reinsurance to close (RITC) A reinsurance agreement under which members of a syndicate for a year of account to be closed are reinsured by members who comprise that or another syndicate for a later year of account against all liabilities arising out of insurance business written by the reinsured syndicate.

Reinsurance to close (RITC) syndicate A syndicate set up solely to underwrite the reinsurance to close of other syndicates.

Return on capital A measure of overall profitability. It is the ratio of results for the year before tax to the average of opening and closing total capital and reserves.

Service company A wholly owned subsidiary of either a managing agent or of a managing agent's holding company and which is authorised to enter into contracts of insurance for members of its associated syndicate and/or associated insurance companies.

Solvency ratio The measure of an insurer's solvency based on the ratio by which the net assets for solvency purposes exceed the solvency requirement.

Special Purpose Arrangement (SPA) A syndicate set up solely to underwrite a quota share reinsurance of another syndicate's business for a year of account.

Syndicate A member, or group of members, underwriting insurance business at Lloyd's through the agency of a managing agent.

Syndicate allocated capacity In relation to a syndicate, the aggregate of the member's syndicated premium limits of all the members for the time being of the syndicate.

Syndicate in a box A member, or group of members, underwriting insurance business at Lloyd's and has met certain criteria for adjusted participation and entry requirements for the first three years of underwriting.

Technical account Under UK GAAP the profit and loss account must be divided between the technical account and the non-technical account. The technical account reports the results of the underwriting activity, premiums less claims, less expenses; and also includes an element of the investment return reanalysed from the non-technical account.

Underwriting result A measure of the profitability of an insurer's underwriting activity. It is calculated as earned premiums net of reinsurance less net operating expenses and claims incurred net of reinsurance.

Year of account The year to which a risk is allocated and to which all premiums and claims in respect of that risk are attributed. The year of account of a risk is usually determined by the calendar year in which the risk incepts. A year of account is normally closed by reinsurance to close at the end of 36 months.

Useful links

To find out more about Lloyd's, visit:

Lloyd's Corporation
www.lloyds.com/corporation

Lloyd's governance
www.lloyds.com/governance

Lloyd's capital structure and chain of security
www.lloyds.com/capitalstructure

Lloyd's impact on society
(including Lloyd's Sustainability Reporting)
www.lloyds.com/sustainability

Lloyd's diversity and inclusion
www.lloyds.com/diversityinclusion

Lloyd's gender and ethnicity pay gap reports
www.lloyds.com/paygapreports

Full glossary of terms
www.lloyds.com/glossary

FSC®
www.fsc.org
MIX
Paper from responsible sources
FSC® C107262

Printed in the UK on Essential Velvet which is derived from sustainable sources.

Manufactured at a mill certified to both ISO 14001 and FSC® accredited.