

LLOYD'S

# Aggregate Accounts

2025

# Aggregate Accounts 2025

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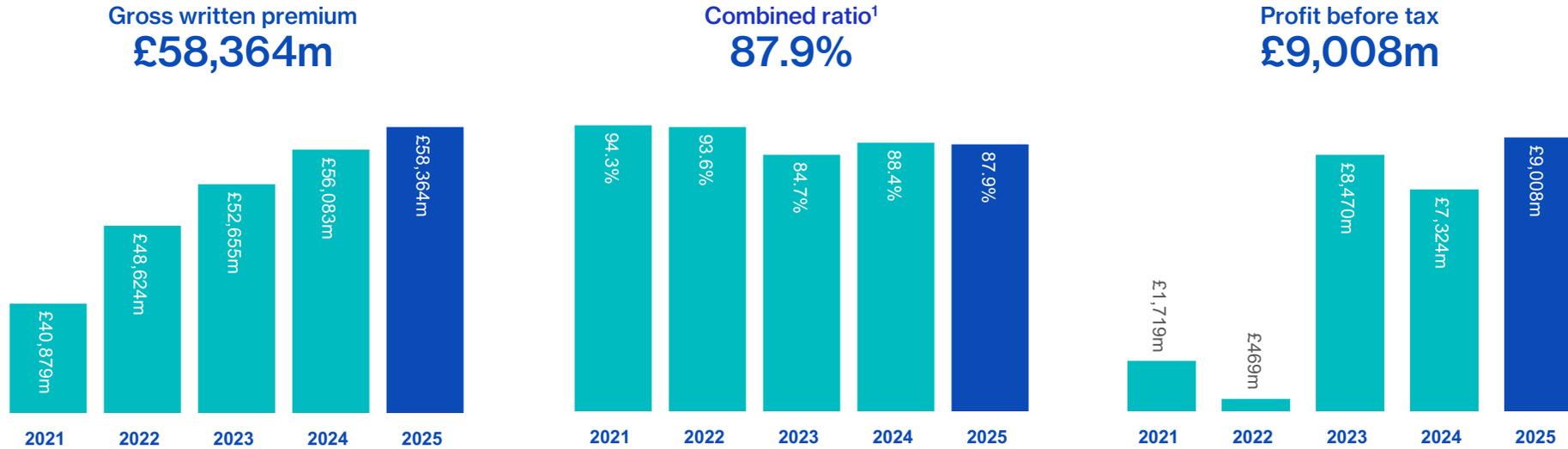
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# Performance at a glance

## Financial key performance indicators



**Expense ratio<sup>1</sup>**  
**37.5%**  
(2024: 36.0%)

**Underwriting result<sup>1</sup>**  
**£5,085m**  
(2024: £4,683m)

**Underlying combined ratio<sup>1</sup>**  
**82.1%**  
(2024: 80.6%)

**Attritional Loss ratio<sup>1</sup>**  
**47.9%**  
(2024: 47.1%)

**Market-wide solvency coverage ratio**  
**200%**  
(2024: 205%)

**Return on investment<sup>1</sup>**  
**£3,801m**  
(2024: £2,794m)

1. The underwriting result, combined ratio, underlying combined ratio, attritional loss ratio, return on investment and expense ratio are metrics that are consistently used to analyse financial performance in the Lloyd's market results. These metrics (wherever used in the Aggregate Accounts) are alternative performance measures (APMs), with further information available in the 2025 Lloyd's Annual Report (pages 165 and 166).

# Market financial review

## Market results

The Lloyd's market delivered a strong financial performance in 2025. Gross written premium was £58.4bn, up 4.1% with 10.2% volume growth offset by a (3.7)% price change and a (2.4)% adverse foreign exchange impact. The market reported an underwriting profit of £5.1bn, and a combined ratio of 87.9%, reflecting reflecting comparatively benign catastrophe losses in the latter part of the year. Investment performance remained strong, with a total net investment return of £3.8bn. Profit before tax increased by 23.0% to £9.0bn, driven by reduced major losses and the investment result.

## Underwriting result

Premium growth in 2025 reflected both increased participation in the market and continued expansion by existing syndicates. Gross written premium rose by 4.1% to £58.4bn (2024: £56.1bn), with 10.2% volume growth made up of 7.1% from existing participants and 3.1% from new entrants. This was offset by the (2.4)% (2024: (2.3)% ) adverse foreign exchange impact reflecting the strengthening of Sterling against the US dollar and a price reduction of (3.7)% (2024: price improvement, 0.3%), consistent with a more competitive pricing environment, although disciplined underwriting continues to support price adequacy. Reinsurance recorded the strongest growth during 2025, driven by new entrants and continued demand in selected segments, while Property continued to grow, albeit at a slower pace in competitive US markets.

The market reported an underwriting profit of £5.1bn (2024: £4.7bn). Performance varied by line of business: Property and Reinsurance benefited from lower catastrophe activity and stable underlying loss experience, while Aviation reflected further reserve strengthening related to Russia-Ukraine conflict exposures.

The underlying combined ratio<sup>1</sup> was 82.1% (2024: 80.6%). The attritional loss ratio<sup>1</sup> increased to 47.9% (2024: 47.1%), while a prior year development<sup>1</sup> of (3.3)% (2024: (2.5)% ) continued to contribute positively, with favourable movement in property exposures partly offset by strengthening in Aviation and Casualty reserves. The expense ratio<sup>1</sup> increased to 37.5% (2024: 36.0%), reflecting higher profit commissions, including catch-up adjustments on prior underwriting years, increased acquisition costs associated with new business, and impacts of foreign exchange.

The combined ratio was 87.9% (2024: 88.4%). Total major losses were £2.4bn (2024: £3.2bn), producing a major claims ratio of 5.8% (2024: 7.8%), below the 10 year average of 10.2%.

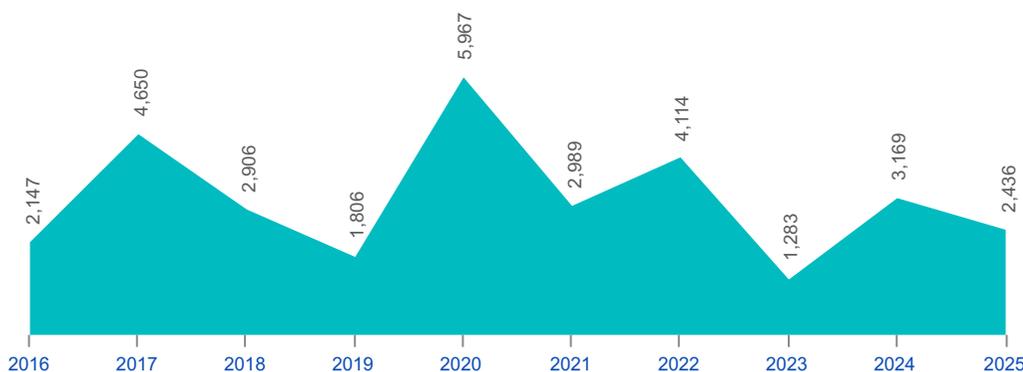
## Major claims

Major claims for the market totalled £2.4bn in 2025 (2024: £3.2bn), net of reinsurance and inclusive of reinstatements payable and receivable. The year was marked by several severe events, including Hurricane Melissa, which, despite their wider human and environmental impact, did not generate material insured losses for the market. As a result, the Californian wildfires recorded in the first quarter remained the most material loss of the year, contributing approximately £1.6bn to the total major loss reported.

## Major claims and underlying combined ratio

Major claims	% of net earned premium	Underlying combined ratio	%
2021	10.9	2021	83.4
2022	12.3	2022	81.3
2023	3.6	2023	81.1
2024	7.8	2024	80.6
2025	5.8	2025	82.2
Five year average	7.7	Five year average	81.8
Ten year average	10.2	Ten year average	86.6

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



Five year average: £3,037m; 10 year average: £3,747m. Indexed for inflation to 2025. Claims in foreign currency are translated at the exchange rates prevailing at the date of loss.

## Market financial review

continued

### Prior year development

2025 marked the 20th consecutive year of prior year releases, with the current year benefiting from releases amounting to (3.3)% (2024: (2.5)%).

Direct and Reinsurance Property lines benefited from favourable prior year development in respect of major catastrophe events. Aviation experienced significant strengthening in respect of increases in the Russia-Ukraine conflict loss estimates. Direct Casualty lines saw deteriorations overall due to a mixture of experience and updates to 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 and geopolitical environment, as well as reserves held in respect of Russia-Ukraine conflict losses in response to continued uncertainty.

### Investment review

The Lloyd's market reported net investment gains of £3,801m in 2025, representing a positive return on investment of 5.3% (2024: £2,794m, 4.3%), driven by strong income and realised gains from fixed income assets, alongside positive equity market performance. Interest rate yields fell during the period, which also contributed to unrealised gains on fixed income assets.

Overall market returns in 2025 were strong, supported by an improved risk environment following the initial volatility triggered by the introduction of US tariffs early in the year and ongoing geopolitical uncertainty. As the year progressed, concerns regarding higher tariffs eased as several countries secured negotiated tariff reductions with the US administration, contributing to a more constructive market backdrop.

Returns were further supported by resilient corporate earnings and the gradual easing of interest rates, as inflation began to moderate and tariff-related inflation fears did not materialise. The Artificial Intelligence theme continued to play a significant role in equity market performance, although investor selectivity increased due to the high capital expenditure requirements within the sector. Economic growth in the US remained stronger than expected, although labour market conditions softened, while the UK economy showed signs of fragility.

Across asset classes, global equity markets experienced double-digit gains, with emerging markets outperforming developed markets. Within fixed income, both Government bonds and credit in Developed Markets generated positive returns, supported by the cutting of interest rates and the tightening of spreads, with the latter ending the year tight by historical standards. Emerging market debt performed strongly, helped by resilient growth and a cautious monetary policy by major Central banks. Finally, private markets also generated positive returns across both equity and credit.

### Solvency

The Lloyd's market continues to be strongly capitalised.

The market-wide solvency ratio as at 31 December 2025 decreased to 200% (2024: 205%). This was driven by an increase in the market-wide SCR as market exposures grew and pricing conditions softened. Market-wide eligible capital increased over the period, underpinned by resilient underwriting performance and strong investment returns, partially offsetting the impact on the solvency ratio.

### Reinsurance protection

The credit quality of the Lloyd's market's reinsurance protections remains extremely high, with 99% (2024: 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 44.7% of gross written premium (2024: 50.1%).

The overall reinsurance recoverable asset has shown a further small reduction over the position of the last three years, reflecting a continued low level of catastrophe losses to reinsurance programmes in 2025. The position over the last 12 months reflects further increases in some gross and ceded reserves for Russia-Ukraine conflict 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.

2025 saw an acceleration of the reinsurance market softening that emerged during 2024. In general, Lloyd's syndicates have focused more on their core needs, tail risk and capital protection since the material reinsurance rate increases seen in 2023. The improving picture for reinsurance buyers over the last year has allowed a slight shift in strategies for some purchasers as potential savings were reinvested to help achieve broader or lower attaching coverage, though the overall impact for 2025 was very modest. The level of reinsurance transfer remains within risk appetite.

## Market financial review

continued

### 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 2023 underwriting year of account reached closure at 31 December 2025. The 2023 underwriting year was characterised by losses arising from a number of significant catastrophe events, including the wildfires in Hawaii, earthquakes in the Middle East, Hurricane Idalia and Tropical Cyclone Gabrielle, as well as non-natural catastrophe losses arising from the conflict in Sudan.

Despite these major claim events, the 2023 underwriting year of account reported an underwriting result of £5,482m. Combined with strong investment gains of £3,250m on the 2023 underwriting year, the total result was an overall profit of £8,733m (2022 underwriting year profit: £4,933m).

At the beginning of 2025, there were five syndicates whose 2018, 2021 or 2022 underwriting years remained open. These run-off years reported an aggregate loss, including investment return, of £8m (2024: loss of £48m). There were five syndicates whose 2018/2021/2022 underwriting years remained open post 31 December 2025. The total number of open underwriting years at 1 January 2026 is five.

<u>Years of account in run-off</u>	<u>Number of years</u>
2021	9
2022	9
2023	5
2024	5
2025	5

# Council

The following were members of the Council of Lloyd's during 2025:

	Appointment and cessation notes*	
<b>Chair</b>	Sir Charles Roxburgh KCB	Commenced as Chair of Lloyd's and Council member on 1 May 2025.
	Bruce Carnegie-Brown	Ceased as Chair of Lloyd's and Council member on 30 April 2025.
<b>Nominated members</b>	Alexander Baugh	Commenced as a Council member from 15 May 2025.
	Angela Crawford-Ingle	
	Joe Hurd	
	Fiona Luck	Following Lord Mark Sedwill's departure on 30 November 2025, Fiona commenced as Senior Independent Deputy Chair (SIDC), subject to regulatory approval.
	Neil Maidment	Ceased as a Council member from 31 January 2025.
	Lord Mark Sedwill	Ceased as a Council member and SIDC on 30 November 2025.
<b>External members</b>	Dominick Hoare	Ceased as a Council member on 31 January 2025.
	Marcus Johnson	
	Sean McGovern	Commenced as Deputy Chair on 1 February 2026.
	Jane Warren	Commenced as a Council member from 1 February 2025.
<b>Working members</b>	Andrew Brooks	Ceased as Deputy Chair of the Council and as a Council member on 31 January 2026.
	Victoria Carter	
	Richard Dudley	Re-elected, following the Council elections, for a second term, effective from 1 February 2026.
<b>Executive members of the Council</b>	Alexandra Cliff	Commenced as Chief Financial Officer and as a Council member on 1 May 2025. On 16 January 2026, it was announced that Alexandra would be leaving Lloyd's with Jim Bichard appointed as her successor.
	Burkhard Keese	Ceased as a Council member on 30 April 2025.
	John Neal	Ceased as Chief Executive Officer and as a Council member on 31 May 2025.
	Patrick Tiernan	Ceased as Chief of Markets on 31 May 2025 and became Chief Executive on 1 June 2025, remaining a Council member throughout 2025.
	Rachel Turk	Commenced as Chief of Market Performance and a Council member from 1 June 2025.

\* On 1 February 2026, following the Council elections, Duncan Dale commenced as a working member of the Council

## Statement as to disclosure of information to auditors

Having made enquiries of fellow Council members and of the Society's auditors, the Council of Lloyd's confirms that:

- To the best of each Council member's knowledge and belief there is no information relevant to the preparation of the Aggregate Accounts of which the auditors are unaware; and
- Each Council member has taken all the steps they might reasonably be expected to have taken to be aware of relevant audit information and to establish that the auditors are aware of that information.

## Statement of Council's responsibilities

The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008, as amended by The Statutory Auditors and Third Country Auditors Regulations 2018 ('the Regulations') require the Council of Lloyd's to prepare Aggregate Accounts in respect of the financial year by totalling all the syndicate annual accounts prepared in accordance with Part 3 of the Regulations.

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 and dissemination of financial statements may differ from legislation in other jurisdictions.

## Annual Report

The Annual Report required 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, comprising the Our performance at a Glance, Market Performance and Council sections on pages 1 to 5, was approved by the Council of Lloyd's on 18 March 2026.

**Sir Charles Roxburgh**  
Chair of Lloyd's

# Independent Reasonable Assurance Report of PricewaterhouseCoopers LLP to the Council of Lloyd's on the preparation of the 2025 Lloyd's Aggregate Accounts

## Opinion

In our opinion:

- the Aggregate Accounts (“the “Aggregate Accounts”) for the financial year ended 31 December 2025 have, in all material respects, been properly prepared in accordance with the requirements of The Insurance Accounts Directive (Lloyd’s Syndicate and Aggregate Accounts) Regulations 2008, as amended by the Statutory Auditors and Third Country Auditors Regulations 2017 (together the “Regulations”) and the basis set out in note 1 (the “basis of preparation”), and have been correctly aggregated; and
- the information given in the Annual Report of the Council of Lloyd’s as defined in the Regulations and set out on pages 1 to 5 for the financial year ended 31 December 2025 is, in all material respects, consistent with the Aggregate Accounts for the same financial year and has been prepared in accordance with the requirements of the Regulations.

In addition, in light of the knowledge and understanding of the syndicates and their environment obtained in the course of performing our assurance procedures, we are required to report if we have identified material misstatements in the Annual Report of the Council of Lloyd’s prior to the date of this assurance report. We have nothing to report in this respect.

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

## What we have assured

The Aggregate Accounts, which are prepared by the Council of Lloyd’s, comprise: the Aggregate Balance Sheet as at 31 December 2025, the Aggregate Profit and Loss Account, the Aggregate Statement of Comprehensive Income, the Aggregate Statement of Changes in Members’ Balances, the Aggregate Statement of Cash Flows for the year then ended; and the Notes to the Aggregate Accounts.

The financial reporting framework that has been applied in the preparation is the Regulations and the basis of preparation set out in note 1.

Our assurance does not extend to information in respect of earlier periods.

## 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 Standards 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 Aggregate Accounts have been compiled from aggregating the financial information extracted from the corresponding information included in the syndicate annual returns and accounts by the managing agent of each syndicate, which have been submitted to the Council of Lloyd’s and on which the auditors of each syndicate have reported.

Our procedures consisted principally of:

- obtaining an understanding of how the Council of Lloyd’s has compiled the Aggregate Accounts from the audited syndicate annual accounts;
- checking on a sample basis that the financial information included in the Aggregate Accounts was correctly extracted from the syndicate annual accounts and evaluating the evidence supporting any adjustments made;
- obtaining evidence as to how the Council of Lloyd’s has ensured that the Aggregate Accounts have been prepared in accordance with the requirements of the Regulations; and
- reading the Annual Report, and pages 1 to 5, for consistency with the Aggregate Accounts.

In addition, we obtained an understanding of how the Council of Lloyd’s ensured that the Annual Report and the Aggregate Accounts are prepared in accordance with the Regulations and how they ensured the consistency of the Annual Report with the Aggregate Accounts.

Our work did not involve assessing the quality of those audits or performing any audit procedures over the financial or other information of the syndicates or provided by the managing agents of the syndicates.

# Independent Reasonable Assurance Report of PricewaterhouseCoopers LLP to the Council of Lloyd's continued

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

As described in the Statement of Council's Responsibilities, the Council of Lloyd's is responsible for the preparation and approval of the Aggregate Accounts and the Annual Report in accordance with the Regulations and the basis of preparation, and for ensuring that the Annual Report is consistent with the Aggregate Accounts for the same financial year.

We are responsible for:

- examining the preparation of the Aggregate Accounts and reporting whether the Aggregate Accounts have been properly prepared and correctly aggregated in accordance with the Regulations and the basis of preparation;
- reporting to you whether the information given in the Annual Report of the Council of Lloyd's is, in all material respects, consistent with the Aggregate Accounts for the same financial year and has been prepared in accordance with the requirements of the Regulations;
- reading the Annual Report and considering whether it is consistent with the Aggregate Accounts; and
- considering the implications for our report if we become aware of any misstatements or material inconsistencies with the Aggregate Accounts.

## Intended users and purpose

This report, including our conclusion, has been prepared solely for the Council of Lloyd's in accordance with the Regulations and our engagement letter dated 1 September 2025. 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 Regulations and our engagement letter and for no other purpose. To the fullest extent permitted by law we do not, in giving our opinion, accept or assume 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.

## Other required reporting

Under the Regulations, we are required to report if we have failed to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of this independent reasonable assurance report. We have no exceptions to report arising from this responsibility.

**Thomas Robb**  
**(Senior Statutory Auditor)**  
**for and on behalf of PricewaterhouseCoopers LLP**  
Chartered Accountants  
London  
18 March 2026

## Aggregate Profit and Loss Account and Statement of Comprehensive Income

(For the year ended 31 December 2025)

Aggregate Profit and Loss Account	Note	2025	2024
		£m	£m
<b>Technical account</b>			
Gross premiums written	4	58,364	56,083
Outward reinsurance premiums		(14,535)	(13,542)
<b>Net written premiums</b>		<b>43,829</b>	<b>42,541</b>
Change in gross provisions of unearned premiums		(2,623)	(2,665)
Change in provisions for unearned premiums, reinsurers' share		788	548
<b>Change in net provisions for unearned premiums</b>		<b>(1,835)</b>	<b>(2,117)</b>
<b>Earned premium, net of reinsurance</b>		<b>41,994</b>	<b>40,424</b>
Allocated investment return transferred from the non-technical account		3,593	2,653
Gross claims paid		(26,097)	(22,435)
Claims paid, reinsurers' share		7,940	6,722
<b>Net claims paid</b>		<b>(18,157)</b>	<b>(15,713)</b>
Change in provision for gross claims		(2,562)	(6,256)
Change in provision for claims, reinsurers' share		(478)	767
<b>Change in net provision for claims</b>		<b>(3,040)</b>	<b>(5,489)</b>
<b>Claims incurred, net of reinsurance</b>		<b>(21,197)</b>	<b>(21,202)</b>
Other technical income, net of reinsurance		47	20
Net operating expenses	7	(15,759)	(14,559)
<b>Balance on the technical account for general business</b>		<b>8,678</b>	<b>7,336</b>

Aggregate Profit and Loss Account	Note	2025	2024
		£m	£m
<b>Non-technical account</b>			
Balance on the technical account for general business		8,678	7,336
Investment income		2,471	2,259
Investment expenses and charges	8	(104)	(87)
Unrealised gains on investments	8	1,037	230
Realised gains on investments	8	397	392
<b>Investment return on syndicate assets</b>	<b>8</b>	<b>3,801</b>	<b>2,794</b>
Allocated investment return transferred to the technical account		(3,593)	(2,653)
Gain/(loss) on foreign exchange		93	(167)
Other income		43	14
Other expenses		(14)	–
<b>Result for the financial period before tax</b>		<b>9,008</b>	<b>7,324</b>

Aggregate Statement of Comprehensive Income	2025	2024
	£m	£m
Result for the financial period before tax	9,008	7,324
Currency translation (loss)/gain	(884)	103
Unrealised gains on available for sale assets	18	–
Other recognised (losses)/gains in the syndicate annual accounts	(15)	13
<b>Total comprehensive income for the period</b>	<b>8,127</b>	<b>7,440</b>

All operations relate to continuing activities.

## Aggregate Statement of Changes in Members' Balances

(For the year ended 31 December 2025)

	2025	2024 Restated
	£m	£m
Members' balances brought forward at 1 January	13,606	10,327
Total comprehensive income for the period	8,127	7,440
(Distribution of profit)/collection of losses	(5,072)	(3,429)
Cash calls	47	71
Net movement on funds in syndicate	(732)	(809)
Other changes in members' balances	5	6
<b>Members' balances carried forward at 31 December</b>	<b>15,981</b>	<b>13,606</b>

# Aggregate Balance Sheet

(As at 31 December 2025)

		2025	2024 Restated
	Note	£m	£m
Financial investments	9	69,370	66,987
Deposits with ceding undertakings		217	362
Provision for unearned premiums	12(a)	6,183	5,757
Claims outstanding	12(c)	26,086	28,104
<b>Reinsurers' share of technical provisions</b>		<b>32,269</b>	<b>33,861</b>
Debtors arising out of direct insurance operations	10	15,647	15,056
Debtors arising out of reinsurance operations	11	13,284	12,545
Other debtors		1,659	1,614
<b>Debtors</b>		<b>30,590</b>	<b>29,215</b>
Cash at bank and in hand	16	3,202	2,950
Other		2,862	2,884
<b>Other assets</b>		<b>6,064</b>	<b>5,834</b>
Accrued interest and rent		295	268
Deferred acquisition costs	12(b)	6,980	6,538
Other prepayments and accrued income		343	364
<b>Prepayments and accrued income</b>		<b>7,618</b>	<b>7,170</b>
<b>Total assets</b>		<b>146,128</b>	<b>143,429</b>

		2025	2024 Restated
	Note	£m	£m
Members' balances		15,981	13,606
<b>Capital and reserves</b>		<b>15,981</b>	<b>13,606</b>
Provision for unearned premiums	12(a)	28,989	27,838
Claims outstanding	12(c)	83,746	85,371
<b>Technical provisions</b>		<b>112,735</b>	<b>113,209</b>
Deposits received from reinsurers		985	1,128
Creditors arising out of direct insurance operations	14	1,214	1,280
Creditors arising out of reinsurance operations	15	10,129	9,995
Amounts owed to credit institutions		295	307
Other creditors		2,951	2,310
<b>Creditors</b>		<b>14,589</b>	<b>13,892</b>
Accruals and deferred income		1,838	1,594
<b>Total liabilities, capital and reserves</b>		<b>146,128</b>	<b>143,429</b>

Comparative values for the year ended 31 December 2024 have been restated - refer to note 1(d) for details of the restatement. In addition, amounts owed to credit institutions have been reclassified from other creditors including taxation to report the balance separately on the balance sheet, including for comparative amounts.

The financial statements on pages 8 to 32 were approved by the Council on 18 March 2026 and signed on its behalf by:

**Sir Charles Roxburgh**  
Chair

**Patrick Tiernan**  
Chief Executive

## Aggregate Statement of Cash Flows

(For the year ended 31 December 2025)

	Note	2025 £m	2024 Restated £m
Result for the financial period before tax		9,008	7,324
Increase in gross technical provisions		4,533	9,033
Decrease/(increase) in reinsurers' gross technical provisions		105	(1,266)
Increase in debtors		(2,827)	(2,247)
Increase in creditors		1,121	176
Movement in other assets/liabilities		(432)	244
Investment return		(3,711)	(2,794)
Foreign exchange		211	217
Other		(83)	85
<b>Net cash flows from operating activities</b>		<b>7,925</b>	<b>10,772</b>
<b>Cash flows from investing activities</b>			
Purchase of equity and debt instruments		(52,711)	(53,732)
Sale of equity and debt instruments		47,852	45,301
Purchase of derivatives		(218)	(100)
Sale of derivatives		235	121
Investment income received		2,510	2,240
Other		78	101
<b>Net cash flows from investing activities</b>		<b>(2,254)</b>	<b>(6,069)</b>
<b>Cash flows from financing activities</b>			
Net (distribution of profits)/collection of losses		(4,310)	(3,358)
Net capital transferred into/(out of) syndicate premium trust funds		31	(809)
Other		(377)	5
<b>Net cash flows from financing activities</b>		<b>(4,656)</b>	<b>(4,162)</b>
<b>Net increase in cash and cash equivalents</b>		<b>1,015</b>	<b>541</b>
Cash and cash equivalents at the beginning of the period		6,123	5,625
Foreign exchange on cash and cash equivalents		(287)	(43)
<b>Cash and cash equivalents at the end of the period</b>	16	<b>6,851</b>	<b>6,123</b>

Comparative values for the period ended 31 December 2024 have been restated, refer to note 1(d) for details of the restatement.

## Notes to the Aggregate Accounts

(For the year ended 31 December 2025)

### 1. Basis of preparation

The Aggregate Accounts as at 31 December 2025 have been prepared by aggregating audited financial information reported in syndicate returns and the annual accounts of the syndicates reporting as at 31 December 2025. The Aggregate Accounts report the audited results for calendar year 2025 and the financial position as at 31 December 2025 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 4).

Having assessed the principal risks, the Council considered it appropriate to adopt the going concern basis of accounting in preparing the Aggregate Accounts.

The Aggregate Accounts have been prepared in compliance with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008, as amended by the Statutory Auditors and Third Country Auditors Regulations 2017, and where practicable in accordance 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). Application of UK GAAP is not practicable for the following items:

- Aggregation;
- Taxation;
- Related party transactions; and
- Restatements.

The approach taken in preparing the Aggregate Accounts is outlined in (a) to (d):

#### (a) Aggregation

The Aggregate Accounts 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, due to some of the reasons outlined further below.

The syndicates' financial information included in the Aggregate Accounts has been prepared in accordance with the recognition and measurement requirements of FRS 102 and FRS 103 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 Aggregate Accounts. In addition, no adjustments are made to eliminate inter-syndicate transactions and balances.

#### (b) Taxation

The Aggregate Accounts report the combined syndicates' result before tax. Members are responsible for tax payable on their syndicate results.

#### (c) 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 Aggregate Accounts is not possible. The annual accounts of each syndicate or member provide, where appropriate, the required disclosures on related parties.

#### (d) Restatements

During 2025, a number of syndicates made restatements to the comparative figures for 2024 within their syndicate annual accounts and the Aggregate Accounts have been restated accordingly. The full financial effect of the restatements and the nature of those restatements have not been disclosed as required by FRS 102 as it is not practicable to provide additional details in respect of the nature of these restatements.

#### Reclassification changes

During the current reporting period, Lloyd's introduced changes to the syndicate accounts process to rationalise and standardise financial reporting across the market, resulting in a revised presentation of certain items in the financial statements. This change in presentation has been applied retrospectively in accordance with FRS 102.3.14, which requires restatement of comparative information where practicable.

The comparative aggregate balance sheet, aggregate statement of cash flows and impacted disclosures, have been restated accordingly. Restatements to comparative disclosures, where applicable, are explained within the associated notes to the financial statements. The restatements are presentational in nature and do not impact on total capital and reserves in the prior period.

	As previously reported	Restated amount	Change
	£m	£m	£m
<b>Aggregate balance sheet as at 31 December 2024</b>			
Debtors arising out of direct insurance operations	14,731	15,056	325
Debtors arising out of reinsurance operations	12,870	12,545	(325)
Creditors arising out of direct insurance operations	1,232	1,280	48
Creditors arising out of reinsurance operations	10,043	9,995	(48)
<b>Total balance sheet impact</b>			–

## Notes to the Aggregate Accounts continued

(For the year ended 31 December 2025)

In addition, the comparative balances in the Aggregate statement of cash flows and note 16 have been restated. In prior years, certain short term deposits with original maturities of three months or less were presented within financial investments rather than within cash and cash equivalents. Following a review undertaken as part of Lloyd's reporting rationalisation, these deposits are now included within cash and cash equivalents to better reflect their liquidity.

As a result, short term deposits and cash and cash equivalents increased by £486m as at 31 December 2024. There were also reclassifications between sale and purchase of equity and debt instruments. This restatement has no impact on total capital and reserves in the prior period. The financial impact of the restatements on the Aggregate cash flow statement is summarised below:

	As previously reported	Restated amount	Change
	£m	£m	£m
<b>Aggregate cash flow statement for the year ended 31 December 2024</b>			
Other cashflows from operating activities	82	85	3
Purchase of equity and debt instruments	(54,295)	(53,732)	563
Sale of equity and debt instruments	45,643	45,301	(342)
Investment income received	2,325	2,240	(85)
Other cashflows from investing activities	97	101	4
<b>Net increase in cash and cash equivalents</b>	<b>398</b>	<b>541</b>	<b>143</b>
Cash and cash equivalents at the beginning of the year	5,280	5,625	345
Foreign exchange on cash and cash equivalents	(41)	(43)	(2)
<b>Cash and cash equivalents at the end of the year</b>	<b>5,637</b>	<b>6,123</b>	<b>486</b>

## 2. Accounting policies

### 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 the syndicate annual accounts under FRS 102. However, where FRS 102 permits different accounting treatments, each managing agent is able to adopt the accounting policies it considers most appropriate to its syndicate. The following are, therefore, an overview of the sources of significant accounting judgements and estimation uncertainty and other accounting policies of all syndicates.

### Sources of significant accounting judgements and estimation uncertainty

The preparation of the individual annual accounts of the syndicates requires managing agents to make judgements, estimates and assumptions that 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 significant areas of estimation uncertainty and critical judgements in applying accounting policies that have a significant risk of a material change to the carrying value of assets and liabilities recognised in the Aggregate Accounts are described below:

- Claims provisions and related recoveries are the most significant accounting estimate in preparing the Aggregate Accounts, in particular for claims incurred but not reported (IBNR). Variances between the estimated and actual cost of settling claims incurred impact the change in provision for claims, gross and reinsurers' share, and the balance on the technical account for general insurance. Total gross outstanding claims at 31 December 2025 is £83,746m (2024: £85,371m). The total estimate as at 31 December 2025, net of reinsurers' share, is £57,660m (2024: £57,267m) and is included within the aggregate balance sheet (see accounting policy in note 2 and note 12(c));
- Estimated premium income, in particular estimates for premiums written under delegated authority agreements, is a significant estimate. Variances between the estimated premium income and that ultimately received impact gross written premiums and provisions for unearned premium (see below and note 4);
- Valuation of investments requires a degree of estimation, in particular for valuations based on models and inputs other than those observable in the market ('level 3' of the fair value hierarchy). Judgement is required to select a method and make assumptions which include inputs such as discount rates, models and comparable market data to establish the fair value of the underlying investment. The estimation uncertainty impacts the carrying value of financial investments, which is the largest asset class, however, a relatively small proportion is valued at 'level 3' of the fair value hierarchy (see note 2 and note 9).

### 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 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.

## Notes to the Aggregate Accounts continued

(For the year ended 31 December 2025)

### 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.

### 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 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 reinsurance companies 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 included in note 3.

### Discounted claims provisions

Where there is expected to be a lengthy period 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.

### Unexpired risks provision

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

The syndicate annual accounts are prepared in multiple currencies. For aggregation purposes, the financial information of each syndicate is translated into Lloyd's presentational currency, using the Lloyd's rates. Assets and liabilities are translated at the closing rate at the balance sheet date, while income and expenses are translated at average exchange rates for the period. Exchange differences arising on translation are recognised in other comprehensive income.

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.

## Notes to the Aggregate Accounts continued

(For the year ended 31 December 2025)

### Foreign currencies continued

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:

- Assets and liabilities are translated at the closing rate at the reporting date;
- Income and expenses are translated at the average exchange rate for the year; and
- Any resulting exchange differences are recognised in the Aggregate 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.

### Investment return

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.

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.

### Taxation

The Aggregate Accounts 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. No provision has therefore been made in the Aggregate Accounts 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.

### 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 premiums trust funds prior to the closure of a year of account where they have transferred open year surpluses (interim profits) from the syndicate level premiums 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

This includes cash in hand, 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.

## 3. Risk management

### Governance framework

The following governance structure relates to the Society as a whole, as the preparer of the Aggregate Accounts. 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.

## Notes to the Aggregate Accounts continued

(For the year ended 31 December 2025)

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

Under the Lloyd's Act of Parliament 1982, the Council of Lloyd's is responsible for the management and supervision of the 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, and the Technology, Transformation and Innovation 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 Prudential Regulation Authority (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 the Lloyd's market complies with UK 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, the requirement to meet UK 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 UK 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 2025 was 35% (2024: 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 UK Solvency II requirement, is to meet Lloyd's financial strength, licence and ratings objectives.

#### Solvency Capital Requirement (UK Solvency II basis)

The 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 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 UK Solvency II legislation. All of the capital of the component parts of the market taken together are available to meet the MWSCR.

Individual syndicates are also required to calculate a SCR, at a 99.5% confidence level over a one year horizon, for each underwriting year; this drives the determination of member level SCRs. Each member's SCR is derived as the sum of the member's share of the syndicate's one year SCR. Where a member participates on more than one syndicate, a credit for diversification is provided to reflect the spread of risk.

The MWSCR is 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.

## Notes to the Aggregate Accounts continued

(For the year ended 31 December 2025)

### The Lloyd's Internal Model

The LIM is a purpose-built model designed to calculate the MWSCR for Solvency as required under UK 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 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 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 Premiums Trust Funds (PTF)); reinsurance and other credit risk; and syndicate operational 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:

- underwriting risk;
- reserving risk;
- credit risk; and
- 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 approval each year.

Approval of business plans – and setting the capital requirements needed to support them – 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.

### 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 from line to line 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 are 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 including heightened 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.

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.

## Notes to the Aggregate Accounts continued

(For the year ended 31 December 2025)

### Reserving risk continued

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

This is the risk of loss occurring across all lines of business from worldwide natural 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 model under UK Solvency II.

### Solvency Capital Requirement coverage

Coverage of the MWSCR 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.

In addition to the quarterly reporting to the PRA, internal risk appetites have been set to monitor the coverage of the MWSCR as part of the risk management framework in place at the Society of Lloyd's. During 2025, the solvency coverage ratio was in excess of the internal risk appetite and regulatory requirements.

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.

### Assets eligible for solvency

The assets of the syndicates contribute towards coverage of the MWSCR, after adjustments to value items in accordance with Solvency II valuation principles. 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. their available capital or ultimately fully withdrawn and they cease trading. Such action would then reduce their risk and the aggregate MWSCR.

## Notes to the Aggregate Accounts continued

(For the year ended 31 December 2025)

### Claims development table

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 2025 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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
	£m	£m	£m	£m							
<b>Estimate of incurred claims</b>											
At the end of underwriting year	8,608	16,445	13,303	10,129	11,635	13,322	14,422	11,910	15,114	13,479	
One year later	18,863	26,211	24,097	22,329	21,109	24,954	24,244	22,063	27,533		
Two years later	20,294	28,010	26,391	22,953	21,862	25,309	24,586	22,240			
Three years later	21,028	28,096	26,890	22,678	21,424	26,530	24,374				
Four years later	21,252	28,843	27,358	22,748	21,358	28,080					
Five years later	21,566	28,945	27,659	22,952	21,297						
Six year later	21,727	29,209	27,933	22,990							
Seven years later	21,967	29,464	28,200								
Eight years later	22,057	29,465									
Nine years later	22,117										
Estimate of gross claims reserve	22,117	29,465	28,200	22,990	21,297	28,080	24,374	22,240	27,533	13,479	239,775
Provision in respect of older years											4,880
Less gross claims paid	(20,301)	(27,118)	(24,811)	(19,215)	(16,511)	(19,823)	(14,746)	(9,556)	(7,506)	(1,322)	(160,909)
<b>Gross claims reserve</b>	<b>1,816</b>	<b>2,347</b>	<b>3,389</b>	<b>3,775</b>	<b>4,786</b>	<b>8,257</b>	<b>9,628</b>	<b>12,684</b>	<b>20,027</b>	<b>12,157</b>	<b>83,746</b>

## Notes to the Aggregate Accounts continued

(For the year ended 31 December 2025)

### Net

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>Estimate of incurred claims</b>											
At end of underwriting year	6,625	9,325	8,618	7,249	8,182	9,449	9,794	9,351	11,532	10,511	
One year later	14,084	16,307	15,993	15,685	14,570	17,318	17,745	17,484	21,265		
Two years later	14,948	17,409	17,376	15,554	14,966	17,682	18,034	17,670			
Three years later	15,507	17,588	17,533	15,203	14,810	18,128	17,839				
Four years later	15,431	17,798	17,582	15,048	14,642	18,689					
Five years later	15,485	17,783	17,760	15,082	14,403						
Six years later	15,532	17,941	17,782	15,079							
Seven years later	15,583	18,033	17,817								
Eight years later	15,624	17,976									
Nine years later	15,604										
Estimate of net claims reserves	15,604	17,976	17,817	15,079	14,403	18,689	17,839	17,670	21,265	10,511	166,853
Provision in respect of older years											2,683
Less net claims paid	(14,754)	(16,721)	(15,939)	(12,818)	(11,356)	(13,783)	(11,130)	(8,059)	(6,215)	(1,101)	(111,876)
<b>Net claims reserve</b>	<b>850</b>	<b>1,255</b>	<b>1,878</b>	<b>2,261</b>	<b>3,047</b>	<b>4,906</b>	<b>6,709</b>	<b>9,611</b>	<b>15,050</b>	<b>9,410</b>	<b>57,660</b>

## Notes to the Aggregate Accounts continued

(For the year ended 31 December 2025)

### Financial risk – Insurance risk

Insurance risk is the exposure to loss if actual claims experience differs from that expected when an insurance product was designed and priced, due to uncertainty in the occurrence, timing, and amount of insurance liabilities.

The following table illustrates the potential impact on profit or loss arising from sensitivities applied to the valuation of insurance liabilities disclosed in the PFFS. Due to the nature of the business underwritten by the market, the methodology for calculating technical provisions varies by class of business. Accordingly, the sensitivity analysis applies both an adverse and a favourable adjustment to the risk margin across total insurance liabilities.

The amounts presented reflect the estimated profit or loss effect of an increase or decrease in insurance liabilities under these scenarios. The figures disclosed for claims outstanding, net of reinsurance, represent the impact on both the profit or loss and on members' balances.

	Impact on result before tax (gross claims reserve)	Impact on result before tax (net claims reserve)
	£m	£m
<b>2025</b>		
+5% increase	4,648	3,162
-5% decrease	(4,589)	(3,127)
	Impact on result before tax (gross claims reserve)	Impact on result before tax (net claims reserve)
	£m	£m
<b>2024</b>		
+5% increase	4,710	3,145
-5% decrease	(4,650)	(3,108)

### Financial risk – credit risk

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

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 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.

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

	Neither past due nor impaired assets	Past due but not impaired	Gross value of impaired assets	Impairment Allowance	Total
	£m	£m	£m	£m	£m
<b>2025</b>					
Debt securities and other fixed income securities	54,805	–	–	–	54,805
Participation in investment pools	1,681	–	–	–	1,681
Loans secured by mortgages	46	–	–	–	46
Loans and deposits with credit institutions	717	–	–	–	717
Derivative assets	10	–	–	–	10
Other investments	968	–	–	–	968
Deposits with ceding undertakings	217	–	–	–	217
Reinsurers' share of claims outstanding	26,093	–	16	(23)	26,086
Debtors arising out of direct insurance operations	13,915	1,733	5	(6)	15,647
Debtors arising out of reinsurance operations	10,954	2,274	93	(37)	13,284
Cash at bank and in hand	3,202	–	–	–	3,202
Other debtors and accrued interest	4,412	15	15	(15)	4,427
Other assets	2,961	–	–	–	2,961
<b>Total credit risk</b>	<b>119,981</b>	<b>4,022</b>	<b>129</b>	<b>(81)</b>	<b>124,051</b>

## Notes to the Aggregate Accounts continued

(For the year ended 31 December 2025)

	Neither past due nor impaired assets	Past due but not impaired	Gross value of impaired assets	Impairment Allowance	Total
	£m	£m	£m	£m	£m
<b>2024 Restated</b>					
Debt securities and other fixed income securities	53,893	–	–	–	53,893
Participation in investment pools	1,563	–	–	–	1,563
Loans secured by mortgages	41	–	–	–	41
Loans and deposits with credit institutions	1,530	–	–	–	1,530
Derivative assets	69	–	–	–	69
Other investments	187	–	–	–	187
Deposits with ceding undertakings	362	–	–	–	362
Reinsurers' share of claims outstanding	28,109	2	(7)	–	28,104
Debtors arising out of direct insurance operations	13,174	1,885	7	(10)	15,056
Debtors arising out of reinsurance operations	10,038	2,473	81	(47)	12,545
Cash at bank and in hand	2,950	–	–	–	2,950
Other debtors and accrued interest	4,461	34	11	(11)	4,495
Other assets	2,871	–	–	–	2,871
<b>Total credit risk</b>	<b>119,248</b>	<b>4,394</b>	<b>92</b>	<b>(68)</b>	<b>123,666</b>

Comparatives for 2024 have been restated as part of the reporting rationalisation undertaken by Lloyd's. As a result, certain items have been disaggregated to present the note at a more granular level. This change enhances clarity and has no impact on total capital and reserves in the prior period.

In aggregate, syndicates have no financial assets that would be past due or impaired whose terms have been renegotiated. In aggregate, syndicates held no material debt and fixed income assets that were past due or impaired beyond their reported fair values, either for the current period under review or on a cumulative basis. For the current period and prior period, syndicates, in aggregate, did not experience any material defaults on debt securities.

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

The table below sets out the age analysis of financial assets that are past due but not impaired at the balance sheet date:

	0-3 months past due	3-6 months past due	6-12 months past due	Greater than 1 year past due	Total
	£m	£m	£m	£m	£m
<b>2025</b>					
Debtors arising out of direct insurance operations	900	353	286	194	1,733
Debtors arising out of reinsurance operations	1,021	575	256	422	2,274
Other debtors and accrued interest	–	14	–	1	15
<b>Total credit risk</b>	<b>1,921</b>	<b>942</b>	<b>542</b>	<b>617</b>	<b>4,022</b>

	0-3 months past due	3-6 months past due	6-12 months past due	Greater than 1 year past due	Total
	£m	£m	£m	£m	£m
<b>2024</b>					
Reinsurers' share of claims outstanding	–	2	–	–	2
Debtors arising out of direct insurance operations	1,125	292	258	210	1,885
Debtors arising out of reinsurance operations	1,332	334	327	480	2,473
Other debtors and accrued interest	10	23	–	1	34
<b>Total credit risk</b>	<b>2,467</b>	<b>651</b>	<b>585</b>	<b>691</b>	<b>4,394</b>

## Notes to the Aggregate Accounts continued

(For the year ended 31 December 2025)

The table below provides information regarding the credit risk exposure at 31 December 2025 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. This table is the sum of assets neither past due nor impaired.

2025	AAA £m	AA £m	A £m	BBB £m	Other £m	Not Rated £m	Total £m
Debt securities and other fixed income securities	10,287	21,471	15,244	6,844	551	408	54,805
Participation in investment pools	338	312	334	412	78	207	1,681
Loans secured by mortgages	–	–	–	–	–	46	46
Loans and deposits with credit institutions	215	92	212	31	16	151	717
Derivative assets	–	–	3	–	–	7	10
Other investments	253	103	364	37	25	186	968
Deposits with ceding undertakings	25	5	127	–	–	60	217
Reinsurers' share of claims outstanding	688	10,943	12,852	137	31	1,442	26,093
Debtors arising out of direct insurance operations	108	183	731	8	769	12,116	13,915
Debtors arising out of reinsurance operations	205	1,638	2,584	37	476	6,014	10,954
Cash at bank and in hand	303	468	2,330	38	–	63	3,202
Other debtors and accrued interest	56	337	167	27	28	3,797	4,412
Other assets	1,225	453	361	198	412	312	2,961
<b>Total credit risk</b>	<b>13,703</b>	<b>36,005</b>	<b>35,309</b>	<b>7,769</b>	<b>2,386</b>	<b>24,809</b>	<b>119,981</b>

2024 Restated	AAA £m	AA £m	A £m	BBB £m	Other £m	Not Rated £m	Total £m
Debt securities and other fixed income securities	12,675	18,076	15,301	6,736	658	447	53,893
Participation in investment pools	331	84	341	554	65	188	1,563
Loans secured by mortgages	–	–	–	–	–	41	41
Loans and deposits with credit institutions	580	168	404	98	26	254	1,530
Derivative assets	–	–	19	–	–	50	69
Other investments	27	8	6	3	143	–	187
Deposits with ceding undertakings	6	10	245	4	–	97	362
Reinsurers' share of claims outstanding	282	10,135	16,043	41	32	1,576	28,109
Debtors arising out of direct insurance operations	56	180	757	62	681	11,438	13,174
Debtors arising out of reinsurance operations	128	1,369	2,139	16	630	5,756	10,038
Cash at bank and in hand	194	245	2,481	1	–	29	2,950
Other debtors and accrued interest	207	44	204	25	(69)	4,050	4,461
Other assets	1,174	308	366	209	523	291	2,871
<b>Total credit risk</b>	<b>15,660</b>	<b>30,627</b>	<b>38,306</b>	<b>7,749</b>	<b>2,689</b>	<b>24,217</b>	<b>119,248</b>

Comparatives for 2024 have been restated as part of the reporting rationalisation undertaken by Lloyd's. As a result, certain additional balance sheet items have been added and certain items have been disaggregated to present the note at a more granular level. This change enhances clarity and has no impact on total capital and reserves in the prior period.

## Notes to the Aggregate Accounts continued

(For the year ended 31 December 2025)

### Financial risk – liquidity risk

Liquidity risk arises where there are insufficient funds to meet its 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 the financial liabilities for the market:

	No maturity stated	0-1 yrs	1-3 yrs	3-5 yrs	>5 yrs	Total
	£m	£m	£m	£m	£m	£m
<b>2025</b>						
Claims outstanding	–	25,937	29,722	13,878	14,209	83,746
Derivative liabilities	–	20	–	–	–	20
Deposits received from reinsurers	363	147	166	78	231	985
Creditors	648	12,111	1,591	146	73	14,569
<b>Total</b>	<b>1,011</b>	<b>38,215</b>	<b>31,479</b>	<b>14,102</b>	<b>14,513</b>	<b>99,320</b>

	No maturity stated	0-1 yrs	1-3 yrs	3-5 yrs	>5 yrs	Total
	£m	£m	£m	£m	£m	£m
<b>2024</b>						
Claims outstanding	–	26,861	30,797	13,786	13,927	85,371
Derivative liabilities	–	44	–	–	–	44
Deposits received from reinsurers	312	243	203	99	271	1,128
Creditors	948	11,359	1,708	199	88	14,302
<b>Total</b>	<b>1,260</b>	<b>38,507</b>	<b>32,708</b>	<b>14,084</b>	<b>14,286</b>	<b>100,845</b>

### 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 Rulebook and must comply with Lloyd's membership and underwriting requirements. Managing agents manage asset risk through their investment strategy. Oversight of market risk includes the monitoring of investment management. Lloyd's 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 the 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:

- currency risk;
- interest rate risk; and
- equity price risk.

### 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. At 31 December 2025, 69% (2024: 70%) of all assets deployed at the market level were provided in US dollars.

The profile of the aggregate of syndicate assets and liabilities, categorised by currency at their translated carrying amounts was as follows below.

## Notes to the Aggregate Accounts continued

(For the year ended 31 December 2025)

	Sterling	US dollar	Euro	Canadian dollar	Australian dollar	Other	Total
2025	£m	£m	£m	£m	£m	£m	£m
Investments	8,639	47,408	4,155	7,649	1,383	353	69,587
Reinsurers' share of technical provisions	4,026	24,442	1,703	1,266	768	64	32,269
Debtors	4,803	22,683	1,464	599	724	317	30,590
Other assets	893	1,649	585	868	1,579	490	6,064
Prepayments and accrued income	1,199	5,111	537	485	235	51	7,618
<b>Total assets</b>	<b>19,560</b>	<b>101,293</b>	<b>8,444</b>	<b>10,867</b>	<b>4,689</b>	<b>1,275</b>	<b>146,128</b>
Technical provisions	(17,046)	(77,648)	(7,351)	(6,431)	(3,512)	(747)	(112,735)
Deposits received from reinsurers	(229)	(579)	(82)	(61)	(34)	–	(985)
Creditors	(2,198)	(10,607)	(505)	(772)	(340)	(167)	(14,589)
Accruals and deferred income	(533)	(1,120)	(93)	(65)	(25)	(2)	(1,838)
<b>Total liabilities</b>	<b>(20,006)</b>	<b>(89,954)</b>	<b>(8,031)</b>	<b>(7,329)</b>	<b>(3,911)</b>	<b>(916)</b>	<b>(130,147)</b>
<b>Total capital and reserves</b>	<b>446</b>	<b>(11,339)</b>	<b>(413)</b>	<b>(3,538)</b>	<b>(778)</b>	<b>(359)</b>	<b>(15,981)</b>

	Sterling	US dollar	Euro	Canadian dollar	Australian dollar	Other	Total (Restated)
2024 Restated	£m	£m	£m	£m	£m	£m	£m
Investments	7,772	47,355	3,284	7,442	1,136	360	67,349
Reinsurers' share of technical provisions	4,180	26,040	1,504	1,308	775	54	33,861
Debtors	4,166	21,533	1,352	914	823	427	29,215
Other assets	632	2,055	589	664	1,344	550	5,834
Prepayments and accrued income	1,315	4,790	400	441	200	24	7,170
<b>Total assets</b>	<b>18,065</b>	<b>101,773</b>	<b>7,129</b>	<b>10,769</b>	<b>4,278</b>	<b>1,415</b>	<b>143,429</b>
Technical provisions	(16,869)	(79,968)	(6,213)	(6,289)	(3,203)	(667)	(113,209)
Deposits received from reinsurers	(291)	(652)	(79)	(69)	(37)	–	(1,128)
Creditors	(1,985)	(10,308)	(600)	(615)	(245)	(139)	(13,892)
Accruals and deferred income	(563)	(888)	(63)	(49)	(30)	(1)	(1,594)
<b>Total liabilities</b>	<b>(19,708)</b>	<b>(91,816)</b>	<b>(6,955)</b>	<b>(7,022)</b>	<b>(3,515)</b>	<b>(807)</b>	<b>(129,823)</b>
<b>Total capital and reserves</b>	<b>1,643</b>	<b>(9,957)</b>	<b>(174)</b>	<b>(3,747)</b>	<b>(763)</b>	<b>(608)</b>	<b>(13,606)</b>

### Sensitivity analysis

A 10% strengthening or weakening of 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.

2025	Impact on result before tax £m	Impact on members' balance £m
Strengthening of US dollar	557	557
Weakening of US dollar	(456)	(456)
Strengthening of euro	45	45
Weakening of euro	(37)	(37)

2024	Impact on result before tax £m	Impact on members' balance £m
Strengthening of US dollar	219	219
Weakening of US dollar	(179)	(179)
Strengthening of euro	19	19
Weakening of euro	(16)	(16)

### 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 syndicates operate a generally conservative investment strategy with material cash and short-dated bonds 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.

2025	Impact on result before tax £m	Impact on members' balance £m
+50 basis points shift in yield curves	(730)	(730)
-50 basis points shift in yield curves	732	732

2024	Impact on result before tax £m	Impact on members' balance £m
+50 basis points shift in yield curves	(726)	(726)
-50 basis points shift in yield curves	733	733

## Notes to the Aggregate Accounts continued

(For the year ended 31 December 2025)

### 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.

Syndicates' 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. Syndicates manage such risks by setting and monitoring objectives and constraints on investments, diversification plans, limits on investments in each sector and market.

For syndicates, 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).

	Impact on result before tax	Impact on members' balance
	£m	£m
<b>2025</b>		
5% increase in equity prices	103	103
5% decrease in equity prices	(101)	(101)
	Impact on result before tax	Impact on members' balance
	£m	£m
<b>2024</b>		
5% increase in equity prices	185	185
5% decrease in equity prices	(185)	(185)

### 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 Board. 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 Board.

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 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 4.

### 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 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.

## Notes to the Aggregate Accounts continued

(For the year ended 31 December 2025)

### 4. Segmental analysis

The following segmental analysis is derived from the equivalent notes in the syndicate annual accounts. The syndicate annual accounts report the material direct lines of business and aggregates all other lines as 'other'. Consequently, aggregation of those figures is not meaningful. Syndicates have provided returns to Lloyd's, including segmental analysis and syndicate auditors have given audited opinions confirming that those returns have been prepared in accordance with instructions issued by Lloyd's and that they are consistent with the syndicate annual accounts. Those figures have been aggregated to provide the following tables:

2025	Gross written premiums £m	Gross premiums earned £m	Gross claims incurred £m	Gross operating expenses £m	Reinsurance balance £m	Underwriting result £m
Accident & Health	925	894	(452)	(391)	(46)	5
Motor (third party liability)	339	302	(174)	(82)	(3)	43
Motor (other classes)	772	762	(406)	(288)	(25)	43
Third-party liability	12,841	12,456	(7,633)	(4,353)	(441)	29
Marine, Aviation and Energy	5,972	5,617	(3,816)	(1,862)	139	78
Fire and other damage to property	14,670	14,132	(4,791)	(4,688)	(2,042)	2,611
Credit and suretyship	1,644	1,232	(549)	(460)	(164)	59
Other	654	575	(267)	(199)	(55)	54
<b>Total direct insurance</b>	<b>37,817</b>	<b>35,970</b>	<b>(18,088)</b>	<b>(12,323)</b>	<b>(2,637)</b>	<b>2,922</b>
Reinsurance Acceptances	20,547	19,771	(10,571)	(5,299)	(1,738)	2,163
<b>Total from syndicate operations</b>	<b>58,364</b>	<b>55,741</b>	<b>(28,659)</b>	<b>(17,622)</b>	<b>(4,375)</b>	<b>5,085</b>
Allocated investment return transferred from the non-technical account						3,593
<b>Balance on the technical account</b>						<b>8,678</b>

The syndicate returns to the Society provide additional information in respect of the lines of business which has been used to reconcile the balance on the technical account for general business to the additional analysis and market commentary disclosed in the 2025 Lloyd's Annual Report (pages 31 to 33). This reconciliation is disclosed in note 9 to the Pro Forma Financial Statements in the 2025 Lloyd's Annual Report (page 59).

2024 Restated	Gross written premiums £m	Gross premiums earned £m	Gross claims incurred £m	Gross operating expenses £m	Reinsurance balance £m	Underwriting result £m
Accident & Health	894	858	(381)	(393)	(26)	58
Motor (third party liability)	352	492	(210)	(127)	(88)	67
Motor (other classes)	686	540	(303)	(194)	(19)	24
Third-party liability	12,626	12,237	(7,081)	(4,082)	(341)	733
Marine, Aviation and Energy	5,744	5,471	(4,055)	(1,807)	371	(20)
Fire and other damage to property	14,513	13,680	(5,490)	(4,195)	(1,986)	2,009
Credit and suretyship	1,324	1,144	(526)	(427)	(85)	106
Other	678	625	(315)	(208)	(76)	26
<b>Total direct insurance</b>	<b>36,817</b>	<b>35,047</b>	<b>(18,361)</b>	<b>(11,433)</b>	<b>(2,250)</b>	<b>3,003</b>
Reinsurance Acceptances	19,266	18,371	(10,330)	(4,818)	(1,543)	1,680
<b>Total from syndicate operations</b>	<b>56,083</b>	<b>53,418</b>	<b>(28,691)</b>	<b>(16,251)</b>	<b>(3,793)</b>	<b>4,683</b>
Allocated investment return transferred from the non-technical account						2,653
<b>Balance on the technical account</b>						<b>7,336</b>

\* The reinsurance balance does not include certain reinsurance items, such as reinsurance commissions and profit participations £2,240m (2024: £2,010m) (refer to note 7), as it is impracticable to allocate them to the individual lines of business.

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

	2025 £m	2024 (Restated) £m
United Kingdom	23,235	22,706
European Union member states	1,006	861
United States	8,396	8,348
Rest of the world	5,180	4,902
<b>Total</b>	<b>37,817</b>	<b>36,817</b>

Comparatives for 2024 have been restated as part of the rationalisation undertaken by Lloyd's. United States direct premium is now reported separately from the rest of the world, enhancing clarity, with no impact on totals reported in prior periods.

## Notes to the Aggregate Accounts continued

(For the year ended 31 December 2025)

### 5. Life business

The Aggregate Accounts include the results of all life and non-life syndicates transacting business during 2025. 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 4).

### 6. Prior year development

The aggregate of the prior year surpluses/deficiencies is a net surplus of £1,371m (2024: surplus of £1,006m), reflecting favourable claims development compared to projections.

The majority of business lines reported surpluses during the year. However, Casualty and Marine, Aviation and Energy experienced reserve strengthening. The modest increase in Casualty reserves was primarily driven by the Cyber and Non-Marine General Liability portfolios. Marine, Aviation and Energy reported a more pronounced level of strengthening, largely attributable to continued deterioration in Aviation reserves and higher loss estimates linked to the ongoing impacts of the conflict in Ukraine.

### 7. Net operating expenses

	2025	2024
	£m	£m
Acquisition costs	13,848	13,023
Change in deferred acquisition costs	(639)	(654)
Administrative expenses	4,790	4,200
Reinsurance commissions and profit participation	(2,240)	(2,010)
<b>Total</b>	<b>15,759</b>	<b>14,559</b>

Total commissions for direct insurance accounted for in the year amounted to £8,842m (2024: £8,321m).

Schedule 2 of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008, as amended by the Statutory Auditors and Third Country Auditors Regulations 2017, requires the disclosure of the remuneration receivable by the auditor of the Aggregate Accounts. This remuneration is not reflected in the profit and loss account of these Aggregate Accounts, all these amounts are borne by the Society of Lloyd's and its subsidiaries and are reported in the Society's accounts.

The proportion of remuneration payable by the Society to its auditors in respect of the audit of the Aggregate Accounts is set out below:

	2025	2024
	£000	£000
Audit-related assurance services in respect of the Aggregate Accounts	182	245
<b>Total</b>	<b>182</b>	<b>245</b>

### 8. Investment return

	2025	2024
	£m	£m
From financial instruments designated as at fair value through profit or loss	2,286	1,919
From available for sale investments	3	27
Dividend income	2	34
Interest on cash at bank	141	223
Other interest and similar income	13	56
Investment expenses	(104)	(87)
<b>Total</b>	<b>2,341</b>	<b>2,172</b>
Gains on the realisation of investments	397	392
Unrealised gains on investments	1,037	230
Other relevant losses	26	–
<b>Total</b>	<b>1,460</b>	<b>622</b>
<b>Total investment return</b>	<b>3,801</b>	<b>2,794</b>

## Notes to the Aggregate Accounts continued

(For the year ended 31 December 2025)

### 9. Financial investments

	2025	2024
	£m	£m
Shares and other variable yield securities and units in unit trusts	11,143	9,873
Debt securities and other fixed income securities	54,805	53,893
Participation in investment pools	1,681	1,563
Loans and deposits with credit institutions	763	1,402
Other investments	978	256
<b>Total financial investments</b>	<b>69,370</b>	<b>66,987</b>

#### 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); and
- 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.

	Level 1	Level 2	Level 3	Sub-total fair value	Assets held at amortised cost	Total
2025	£m	£m	£m	£m	£m	£m
Shares and other variable yield securities	4,865	4,823	1,455	11,143	–	11,143
Debt securities and other fixed income securities	14,198	40,541	9	54,748	57	54,805
Participation in investment pools	1,037	634	10	1,681	–	1,681
Loans and deposits with credit institutions	180	434	46	660	103	763
Other investments	413	437	55	905	73	978
<b>Total Investments</b>	<b>20,693</b>	<b>46,869</b>	<b>1,575</b>	<b>69,137</b>	<b>233</b>	<b>69,370</b>
Derivative liabilities	(5)	(14)	(1)	(20)	–	(20)
<b>Total Liabilities</b>	<b>(5)</b>	<b>(14)</b>	<b>(1)</b>	<b>(20)</b>	<b>–</b>	<b>(20)</b>

	Level 1	Level 2	Level 3	Sub-total fair value	Assets held at amortised cost	Total
2024	£m	£m	£m	£m	£m	£m
Shares and other variable yield securities	4,310	3,784	1,779	9,873	–	9,873
Debt securities and other fixed income securities	15,117	38,637	57	53,811	82	53,893
Participation in investment pools	846	716	1	1,563	–	1,563
Loans and deposits with credit institutions	711	583	70	1,364	38	1,402
Other investments	67	55	134	256	–	256
<b>Total Investments</b>	<b>21,051</b>	<b>43,775</b>	<b>2,041</b>	<b>66,867</b>	<b>120</b>	<b>66,987</b>
Derivative liabilities	(15)	(23)	(6)	(44)	–	(44)
<b>Total Liabilities</b>	<b>(15)</b>	<b>(23)</b>	<b>(6)</b>	<b>(44)</b>	<b>–</b>	<b>(44)</b>

## Notes to the Aggregate Accounts continued

(For the year ended 31 December 2025)

### 10. Debtors arising out of direct insurance operations

	2025	2024 Restated
	£m	£m
Due within one year	15,452	14,853
Due after one year	195	203
<b>Total</b>	<b>15,647</b>	<b>15,056</b>

Comparative values for the prior period ended 31 December 2024 have been restated – refer to note 1(d) for details of the restatement.

### 11. Debtors arising out of reinsurance operations

	2025	2024 Restated
	£m	£m
Due within one year	12,232	11,454
Due after one year	1,052	1,091
<b>Total</b>	<b>13,284</b>	<b>12,545</b>

Comparative values for the prior period ended 31 December 2024 have been restated – refer to note 1(d) for details of the restatement.

## 12. Technical provisions and deferred acquisition costs

### a) Provisions for unearned premiums

	Gross provisions	Reinsurance assets	Net
2025	£m	£m	£m
Balance as at 1 January	27,838	(5,757)	22,081
Premiums written during the year	58,364	(14,535)	43,829
Premiums earned during the year	(55,741)	13,747	(41,994)
Effect of movements in exchange rate	(1,496)	376	(1,120)
Other	24	(14)	10
<b>Balance at 31 December</b>	<b>28,989</b>	<b>(6,183)</b>	<b>22,806</b>

	Gross provisions	Reinsurance assets	Net
2024	£m	£m	£m
Balance as at 1 January	25,217	(5,188)	20,029
Premiums written during the year	56,083	(13,542)	42,541
Premiums earned during the year	(53,418)	12,994	(40,424)
Effect of movements in exchange rate	(40)	(24)	(64)
Other	(4)	3	(1)
<b>Balance at 31 December</b>	<b>27,838</b>	<b>(5,757)</b>	<b>22,081</b>

### b) Deferred acquisition costs

	Gross	Reinsurance	Net
2025	£m	£m	£m
Balance as at 1 January	6,538	(1,019)	5,519
Incurred deferred acquisition costs	9,958	(1,644)	8,314
Amortised deferred acquisition costs	(9,319)	1,495	(7,824)
Foreign exchange movements	(197)	37	(160)
Other deferred acquisition costs	–	–	–
<b>Balance as at 31 December</b>	<b>6,980</b>	<b>(1,131)</b>	<b>5,849</b>

	Gross	Reinsurance	Net
2024 Restated	£m	£m	£m
Balance as at 1 January	5,896	(903)	4,993
Incurred deferred acquisition costs	9,419	(1,422)	7,997
Amortised deferred acquisition costs	(8,765)	1,314	(7,451)
Foreign exchange movements	(3)	(8)	(11)
Other deferred acquisition costs	(9)	–	(9)
<b>Balance as at 31 December</b>	<b>6,538</b>	<b>(1,019)</b>	<b>5,519</b>

2024 comparatives have been restated to present deferred acquisition costs on a gross and reinsurers' share basis, following enhancements in data granularity through the reporting rationalisation. This change affects presentation only and does not change total DAC, profit, or net assets.

## Notes to the Aggregate Accounts continued

(For the year ended 31 December 2025)

### 12. Technical provisions and deferred acquisition costs continued

#### c) Claims outstanding

	Gross £m	Reinsurer's Share £m	Net £m
<b>2025</b>			
Balance at 1 January	85,371	(28,104)	57,267
Claims paid during the year	(26,097)	7,940	(18,157)
Claims incurred during the year	28,659	(7,462)	21,197
Effect of movements in exchange rate	(4,140)	1,510	(2,630)
Other	(47)	30	(17)
<b>Balance at 31 December</b>	<b>83,746</b>	<b>(26,086)</b>	<b>57,660</b>

	Gross £m	Reinsurance assets £m	Net £m
<b>2024</b>			
Balance at 1 January	78,840	(27,314)	51,526
Claims paid during the year	(22,435)	6,722	(15,713)
Claims incurred during the year	28,691	(7,489)	21,202
Effect of movements in exchange rate	144	(31)	113
Other	131	8	139
<b>Balance at 31 December</b>	<b>85,371</b>	<b>(28,104)</b>	<b>57,267</b>

#### 13. 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 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	
	2025 £m	2024 Restated £m	2025 £m	2024 Restated £m	2025 £m	2024 Restated £m
Gross claims provisions	83,996	85,579	(250)	(208)	83,746	85,371
Reinsurance share to total claims	(26,225)	(28,202)	139	98	(26,086)	(28,104)

In prior years, only a limited subset of gross claims provisions subject to discounting was disclosed. During the current year, as part of the reporting rationalisation undertaken by Lloyd's, management has reviewed this presentation and determined that it is more appropriate to disclose the full gross discounted claims outstanding provision, including all components subject to discounting.

This change affects presentation only and does not alter the measurement basis of the underlying liabilities. The change in presentation has no impact on total capital and reserves in the prior period.

#### 14. Creditors arising out of direct insurance operations

	2025 £m	2024 Restated £m
Due within one year	1,207	1,270
Due after one year	7	10
<b>Total</b>	<b>1,214</b>	<b>1,280</b>

Comparative values for the prior period ended 31 December 2024 have been restated – refer to note 1(d) for details of the restatement.

#### 15. Creditors arising out of reinsurance operations

	2025 £m	2024 Restated £m
Due within one year	8,542	8,328
Due after one year	1,587	1,667
<b>Total</b>	<b>10,129</b>	<b>9,995</b>

Comparative values for the prior period ended 31 December 2024 have been restated – refer to note 1(d) for details of the restatement.

## Notes to the Aggregate Accounts continued

(For the year ended 31 December 2025)

### 16. Note to the statement of cash flows

	2025 £m	2024 Restated £m
Cash at bank and in hand	3,202	2,950
Deposits with credit institutions	1,089	1,186
Bank overdrafts	(342)	(297)
Short term debt instruments presented within other financial investments	2,902	2,284
<b>Total</b>	<b>6,851</b>	<b>6,123</b>

Comparative values for the prior period ended 31 December 2024 have been restated – refer to note 1(d) for details of the restatement.

Of the cash and cash equivalents, £579m (2024 Restated: £591m) is held in regulated bank accounts in overseas jurisdictions and is not available for immediate use other than to pay claims in those jurisdictions.

### 17. 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 2025, there were no material related party transactions conducted outside normal market conditions reported in the syndicate annual accounts requiring disclosure in the Aggregate Accounts.

### 18. Off-balance sheet arrangements

Schedule 3 of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008, as amended by the Statutory Auditors and Third Country Auditors Regulations 2017, requires the disclosure of off-balance sheet arrangements where they have been disclosed in the syndicate annual accounts and where the information is necessary for enabling the financial position of the Lloyd's market to be assessed. No such off-balance sheet arrangements were reported in the 2025 syndicate annual accounts.

### 19. Members' funds at Lloyd's

Every member is required to hold capital at Lloyd's to support their underwriting, which until mid-2007 was all held in trust as members' funds at Lloyd's (FAL). In 2007, a rule change permitted any members that only participate on one syndicate to 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 2025, there was £2,088m (2024: £2,567m) of FIS within members' balances. Capital held in the syndicate premium trust funds is not reported as FAL.

The level of FAL/capital that Lloyd's requires a member to maintain is determined in accordance with Lloyd's capital setting framework. FAL are not dedicated to any specific syndicate year of account participation for any member and are not therefore reported in the Aggregate Accounts.

### 20. Events after the reporting period

Following the balance sheet date, geopolitical tensions continued, including the ongoing Russia-Ukraine and Middle East conflicts. Given the early stage of recent developments and the inherent uncertainty surrounding these events, Lloyd's is currently unable to quantify any financial impact. As these events occurred after the year end, they are treated as non-adjusting events, and developments continue to be monitored.

