

A person in a dark uniform is seen from the side, looking at a large radar display in a control room. The display shows concentric circles and various data points. The background is filled with other screens and equipment, creating a high-tech, operational environment.

2025 Q2 Lloyd's Market Message

Rachel Turk, Chief Underwriting Officer

Alex Cliff, Chief Finance Officer

Patrick Tiernan, Chief of Markets

Today's session

1

Market conditions and oversight

2

Delegated Authority

3

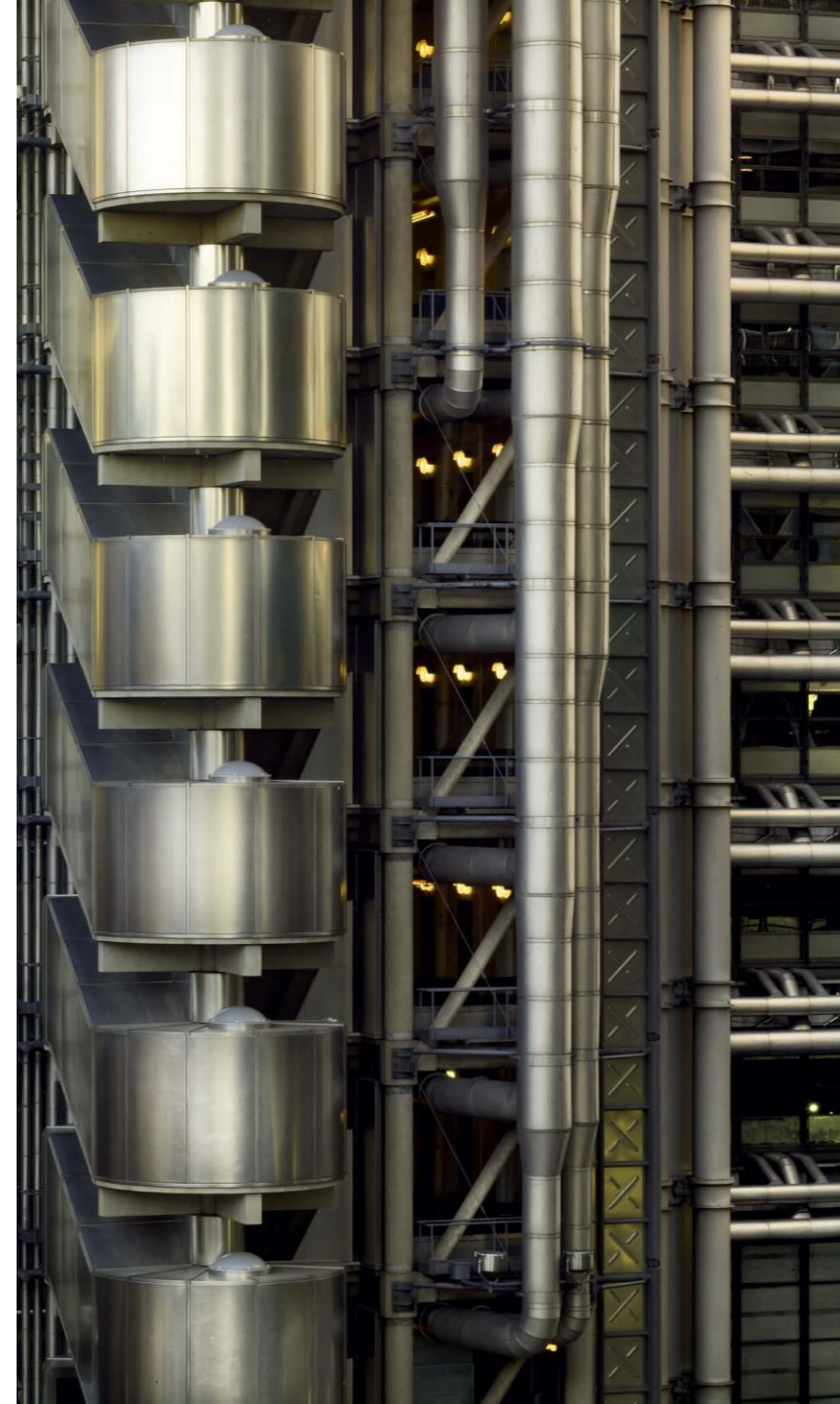
Claims

4

Macro-economics & geopolitical risk

5

Key messages



Current market conditions

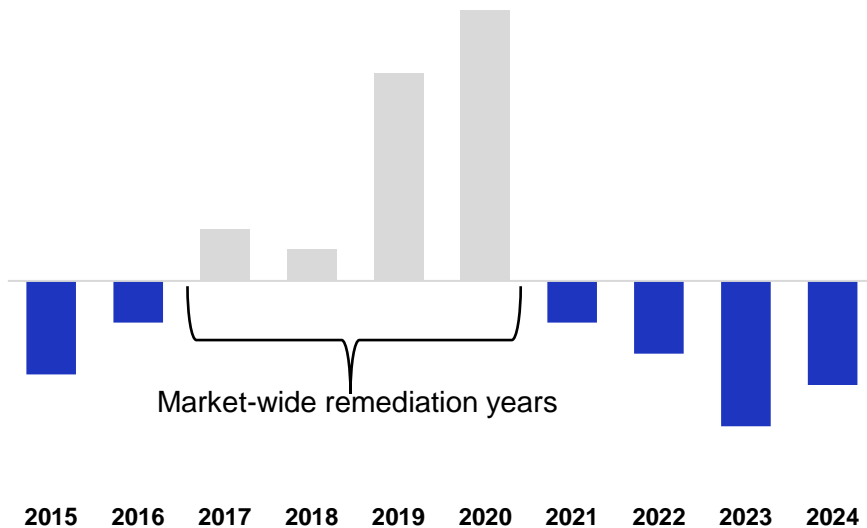


Fragile – differing experience, but a collective concern

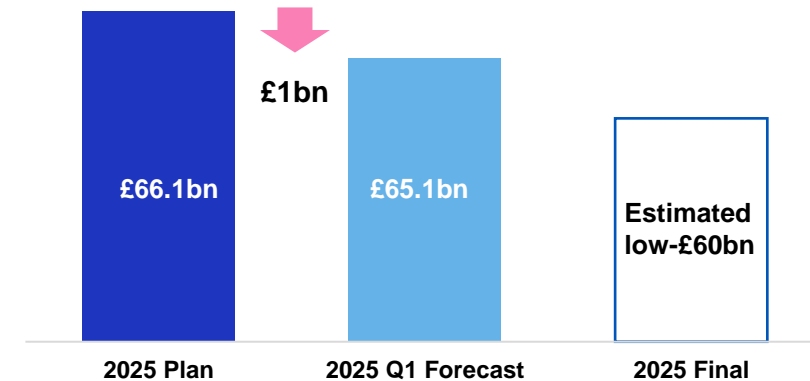


-3.3% Risk Adjusted Rate Change in Q1 2025 – adverse to plan

Risk Adjusted Rate Change - Year End
Actual versus Q1 Actual



2025 GWP



Current market conditions

- Fragile – differing experience, but a collective concern
- -3.3% Risk Adjusted Rate Change in Q1 2025 – adverse to plan
- PBO – interventions where needed
- Control over your underlying loss ratio
- Owning your Willingness To Lose

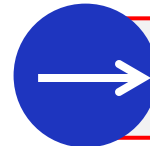
Oversight in current conditions



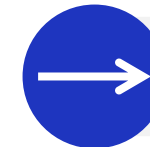
RARC is a floor not a target



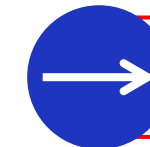
Not hitting your RARC, means you are not hitting plan



Where RARC is missed, engagement with us is required



Responding to RARC challenges must be LRA

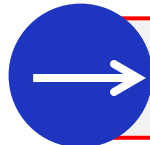


Adjust model loss ratios where plans are over-stated

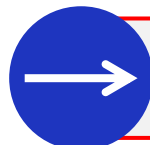
Oversight in current conditions



RARC is a floor not a target



Where RARC is missed, engagement with us is required

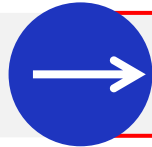


Adjust model loss ratios where plans are over-stated

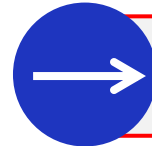
Oversight in current conditions



RARC is a floor not a target



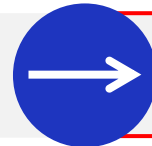
Where RARC is missed, engagement with us is required



Adjust model loss ratios where plans are over-stated



When to re-plan

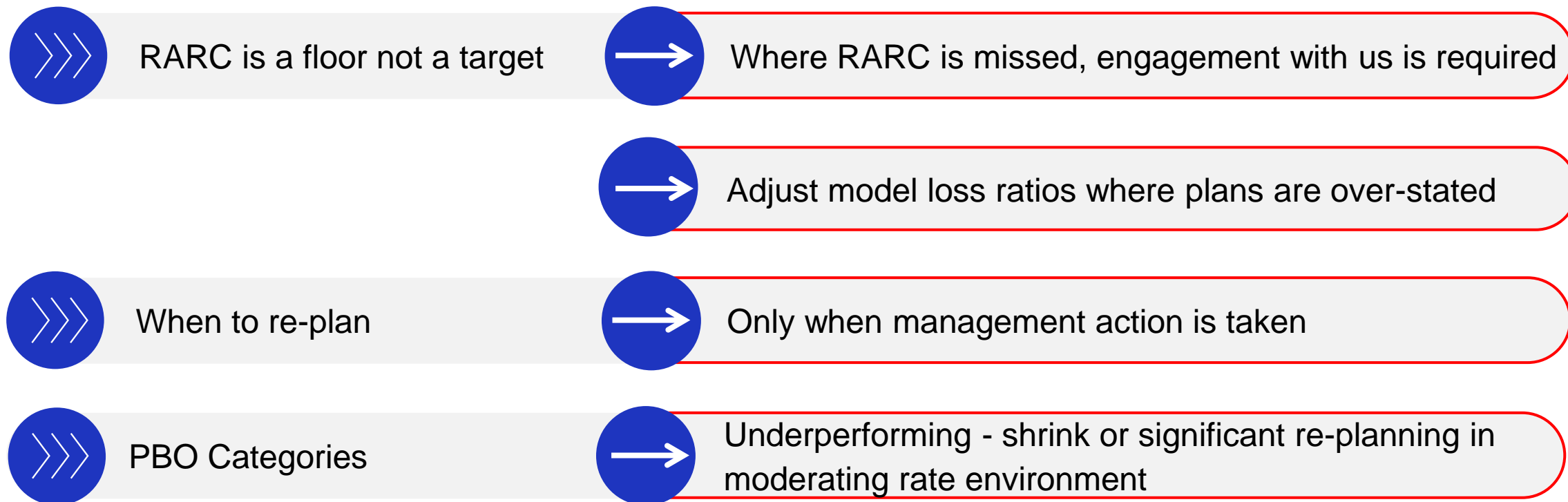


Only when management action is taken



Forecasting adverse to plan doesn't constitute a re-plan

Oversight in current conditions



Delegated Business

If capabilities cannot be evidenced, restrictions will be imposed



Laser focus for Lloyd's



Your delegation must align with your broader, long-term strategy



Capabilities is a pre-requisite for delegation



Set appropriate hurdles where you delegate



Writing large multi class facilities only where capabilities are evidenced



Your delegation strategy must be suitable across different market conditions

Claims

- Strong claims service can protect margin
- Not hitting the hurdle principle from January will impact your ability to underwrite
- Faster Claims Payment – ready for large scale adoption in H2



£600m

One off release

£800 - £900m

Reduction in average holding
time of funds

£200 - £300m

Annual run rate

Key Messages

- 1 Not risk off, but risk aware
- 2 Tangible evidence of good cycle management is a requirement
- 3 Have the confidence to run a forecast adverse to budget where appropriate
- 4 Delegated arrangements under heightened scrutiny with expectations set on capability levels
- 5 Potential capital release from Faster Claims Payments

Capital & Reserving

Alexandra Cliff

Chief Financial Officer

Reserving & Capital Considerations

- 1 Maintain the Balance Sheet
- 2 Use the QCT to manage Capital
- 3 Range of future possible outcomes has widened
- 4 Allowance in Capital & Reserves
- 5 Flexibility to shift gears

Key Messages

Patrick Tiernan

Chief of Markets

Key messages

- 1 Past – disciplined growth
- 2 Present – risk of pre-emptive action now dwarfed by the risk of acting too late
- 3 Future - support expansion where advantage or margin evident
- 4 Ask - actions to match words
- 5 Thank you

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