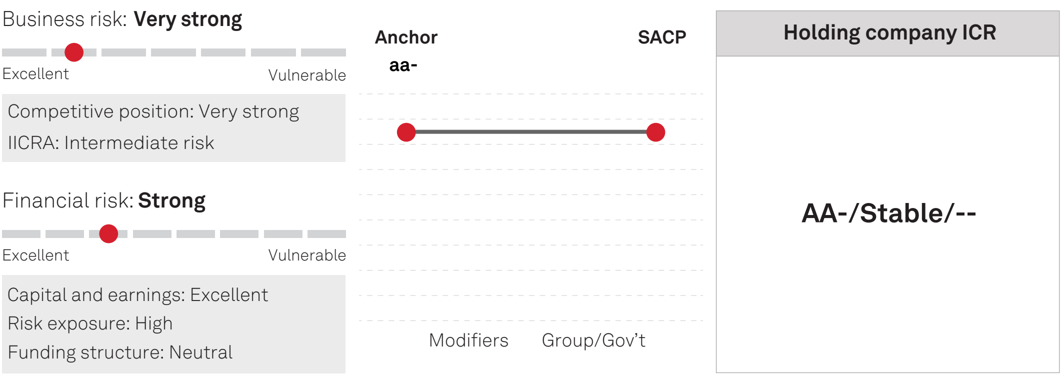
Society of Lloyd's

October 2, 2025

This report does not constitute a rating action.



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

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Credit Highlights

Overview

Key strengths	Key risks
The Society of Lloyd's (Lloyd's, the corporation, or the market) has a unique brand and reputation, based on its position as the center for underwriting specialist risks.	More exposed to catastrophe risk than most insurance sector peers.
Robust risk-based capital exceeds the requirement in an extreme stress scenario.	Planned transition to new digital platform delayed until at least 2028, reflecting the execution risks surrounding Lloyd's modernization.
Strong underwriting oversight of the market is paying dividends, with robust underwriting results over 2021-2024.	

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

We estimate a combined ratio of 90%-95% for 2025-2026 (these figures are based on U.K. generally accepted accounting principles [GAAP] accounting). This is considering major losses of

10 percentage points (ppts)-12 ppts a year in the combined ratio, which is more than that in the wider insurance sector but similar to that at reinsurance peers. We expect rates across most lines (particularly property) will continue to soften over 2025-2026, leading to some deterioration in underlying combined ratios over the next 24 months.

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

We expect the leadership team will continue its focus on maintaining underwriting discipline in the market. However, modernizing the market will also be a significant part of the new leadership team's key deliverables. Lloyd's introduced Blueprint Two in 2020, a key program that builds on its 'Future at Lloyd's' plans to digitize the corporation's market. But the scheduled replatforming is not expected to happen before 2028. In our view, this delay means the new leadership team of chairman Sir Charles Roxburgh and CEO Patrick Tiernan will need to focus on maintaining engagement with the market to execute the project.

Outlook

The stable outlook reflects our view that Lloyd's management will maintain its disciplined underwriting performance and continue to execute its expense reduction strategy. Also, we expect Lloyd's will maintain its excellent capitalization.

Downside scenario

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

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

Upside scenario

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

Assumptions

- We expect GDP growth of 1.7% in the U.S. and 0.9% in the U.K. in 2025. Growth in 2026 will remain constrained at 1.6% in the U.S. and 1.4% in the U.K.
- Central banks will continue to cautiously lower rates. These moves reflect lower inflationary pressures stemming from stronger local currencies (which reduce import prices) as well as lower oil prices.

- Reinsurers will benefit from favorable pricing, supported by terms and conditions in short-tail lines, overall underwriting discipline, and increasing reinsurance demand. The industry will continue to gain from strong investment income due to high bond yields.
- Reinsurers may see impacts on both sides of the balance sheet owing to financial market volatility and geopolitical tensions, coupled with a relatively high cost of capital.

Society of Lloyd's--Key Metrics

	2026f	2025f	2025 H1	2024	2023
S&P Global Ratings capital adequacy	99.99%	99.99%	99.99%*	99.99%	99.99%
Gross premiums written (Mil. £)	~64,000	~61,000	32,470	55,546	52,149
Net income (Mil. £)	~7,000	~7,500	4,249	9,626	10,663
Return on shareholders' equity (%)	~15	~16	18.8	21	25.3
Financial leverage ratio (%)	~1.5	~1.5	1.7	1.6	2.3
EBITDA fixed-charge coverage (x)	>100	>100	>100*	187.5	182.9
Net combined ratio (non-life, %)	~93	~91	92.5	86.9	84

All figures adjusted by S&P Global Ratings. f--Forecast. H1--First-half.

Business Risk Profile

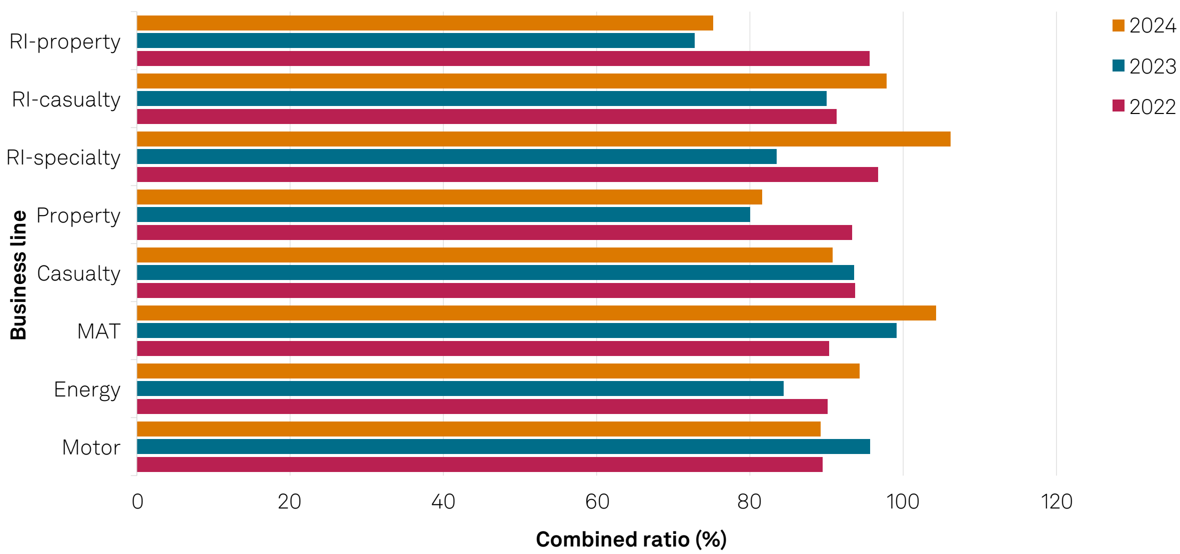
In our opinion, Lloyd's benefits from its unique brand and position in the reinsurance market. It is the world's largest subscription market, and has a broad geographic presence through which it distributes its wide product offering. We think the market's brand and reputation will continue to be key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

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

Most of its revenue (about 65%) comes from the U.S., Canada, and the U.K.

2024 underwriting result across most business lines remains strong

Property lines remain key factors in strong profits

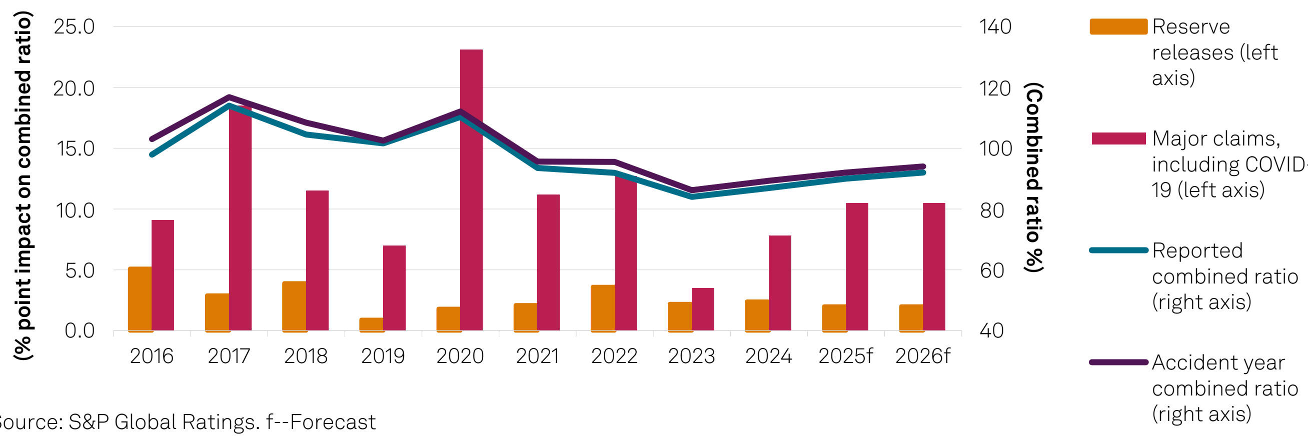


Source: S&P Global Ratings. RI--Reinsurance, MAT--Marine, aviation, and transport.

We expect Lloyd's will sustain profitable underwriting in 2025 and 2026 with a net combined ratio of 90%-95% considering its strong book of business, underwriting discipline, and still-favorable (though deteriorating) pricing conditions. We consider major losses of close to 10 ppts-12 ppts a year in the combined ratio, which is above that of the wider insurance sector. Lloyd's reported a net combined ratio of 86.9% in 2024, weaker than 84% the year before but still better than the peer average. Major claims contributed 7.8% to the combined ratio, with significant losses stemming from Hurricane Milton (£1.2 billion) and Hurricane Helene (£0.9 billion).

The £1.7 billion loss from the California wildfires in January resulted in the combined ratio deteriorating to 92.5% at half-year 2025. We forecast Lloyd's will record a combined ratio of close to 91% in 2025, assuming normalized catastrophe losses. That said, as rates continue to soften, we expect the market's underlying performance will worsen in 2026 and estimate that Lloyd's will record a combined ratio of close to 93% amid its normalized catastrophe experience.

We expect Lloyd's underwriting performance to remain robust



Source: S&P Global Ratings. f--Forecast

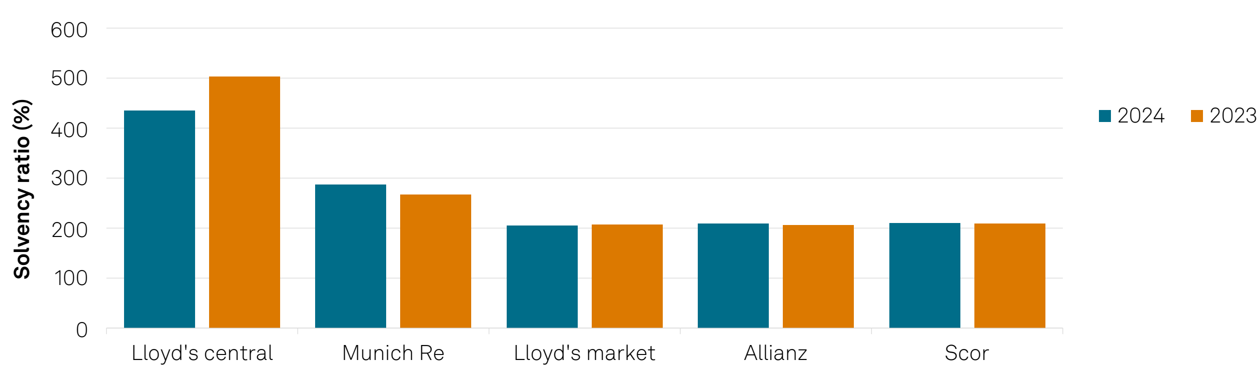
We note that Lloyd's underwriting performance compares well with that of European reinsurance peers, emphasizing strong oversight over syndicate performance and benign major loss experience during the year.

Financial Risk Profile

We expect Lloyd's to maintain robust capital levels exceeding requirement in extreme stress--above the 99.99% level through 2025-2026--as measured by our risk-based capital model. We use consolidated accounts for Society of Lloyd's to calculate TAC, which includes members' funds, funds at Lloyd's, and central fund assets. We also recognize Lloyd's reserve surplus (syndicate view) in TAC.

In regulatory terms, Lloyd's continued to hold comfortable capital surpluses in both its marketwide solvency ratio of 206% and central solvency ratio of 468% at half-year 2025.

Lloyd's marketwide solvency ratio is comparable with that of peers, while central solvency remains stronger



Source: S&P Global Ratings.

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

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

It has a fairly conservative approach to investment, so we expect returns to increase marginally, reflecting higher interest rates. According to our base-case scenario, Lloyd's will see net investment income of about 3% over the next two years. Its recently launched investment platform with Schroders Solutions could provide an opportunity to reduce investment expense and increase returns. Lloyd's strong investment return of £4.9 billion in 2024 reflects higher yields and the unwinding of unrealized losses on the bond portfolio, incurred in recent years.

Fixed-charge coverage remains robust due to strong earnings, and will likely remain comfortably above 100x. Financial leverage will be minimal, likely staying below 2%.

Other Credit Considerations

Governance

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

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

Liquidity

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

Group support

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

Environmental, social, and governance

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

Rating Component Scores

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

Related Criteria

- Criteria | Insurance | General: Insurer Risk-Based Capital Adequacy--Methodology And Assumptions, Nov. 15, 2023
- General Criteria: Hybrid Capital: Methodology And Assumptions, March 2, 2022
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Insurance | General: Insurers Rating Methodology, July 1, 2019
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Ratings Detail (as of October 01, 2025)*

Society of Lloyd's (The)	
Financial Strength Rating	
Local Currency	AA-/Stable/--
Issuer Credit Rating	
Local Currency	AA-/Stable/--
Junior Subordinated	A

Ratings Detail (as of October 01, 2025)*	
Related Entities	
Lloyd's Insurance Co. (China) Ltd.	
Financial Strength Rating	
Local Currency	AA-/Stable/--
Lloyd's Insurance Co. S.A.	
Financial Strength Rating	
Local Currency	AA-/Stable/--
Underwriters at Lloyds of London, Illinois	
Financial Strength Rating	
Local Currency	AA-/Stable/--
Underwriters at Lloyds of London, Kentucky	
Financial Strength Rating	
Local Currency	AA-/Stable/--
Domicile	United Kingdom

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