
Q4 Market Messages

2025

Agenda



Introduction



Current Conditions



2026 Business Plan



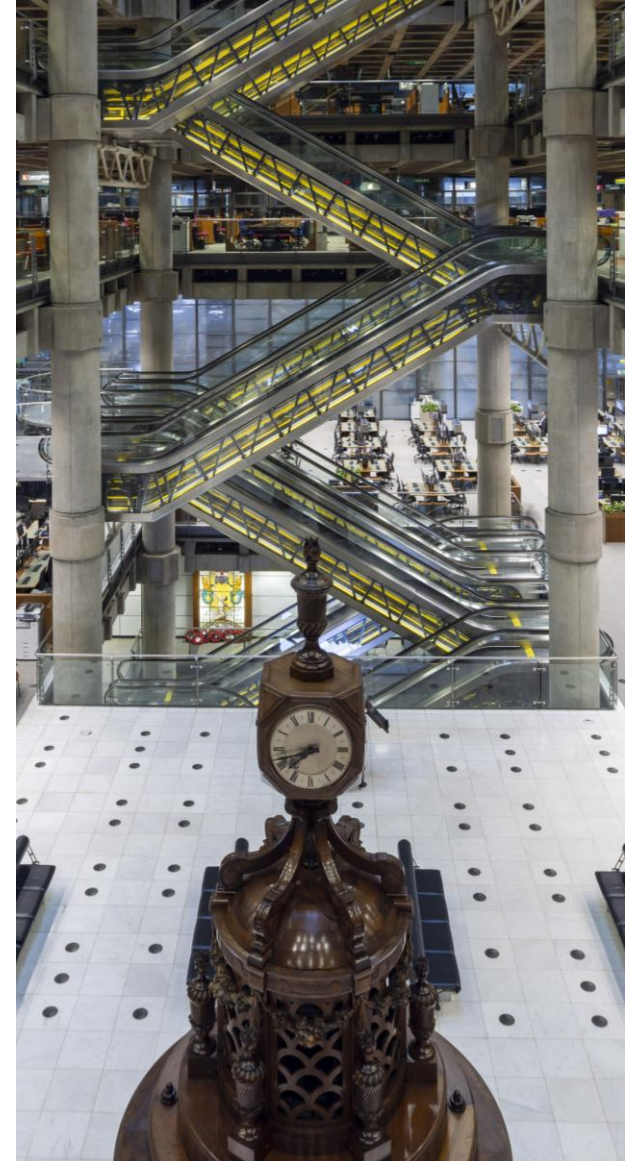
Capital Strength



Market Oversight Plan Themes



Key Takeaways



Current conditions

Rachel Turk, Chief of Market Performance

Market outlook



Casualty rates are probably insufficient

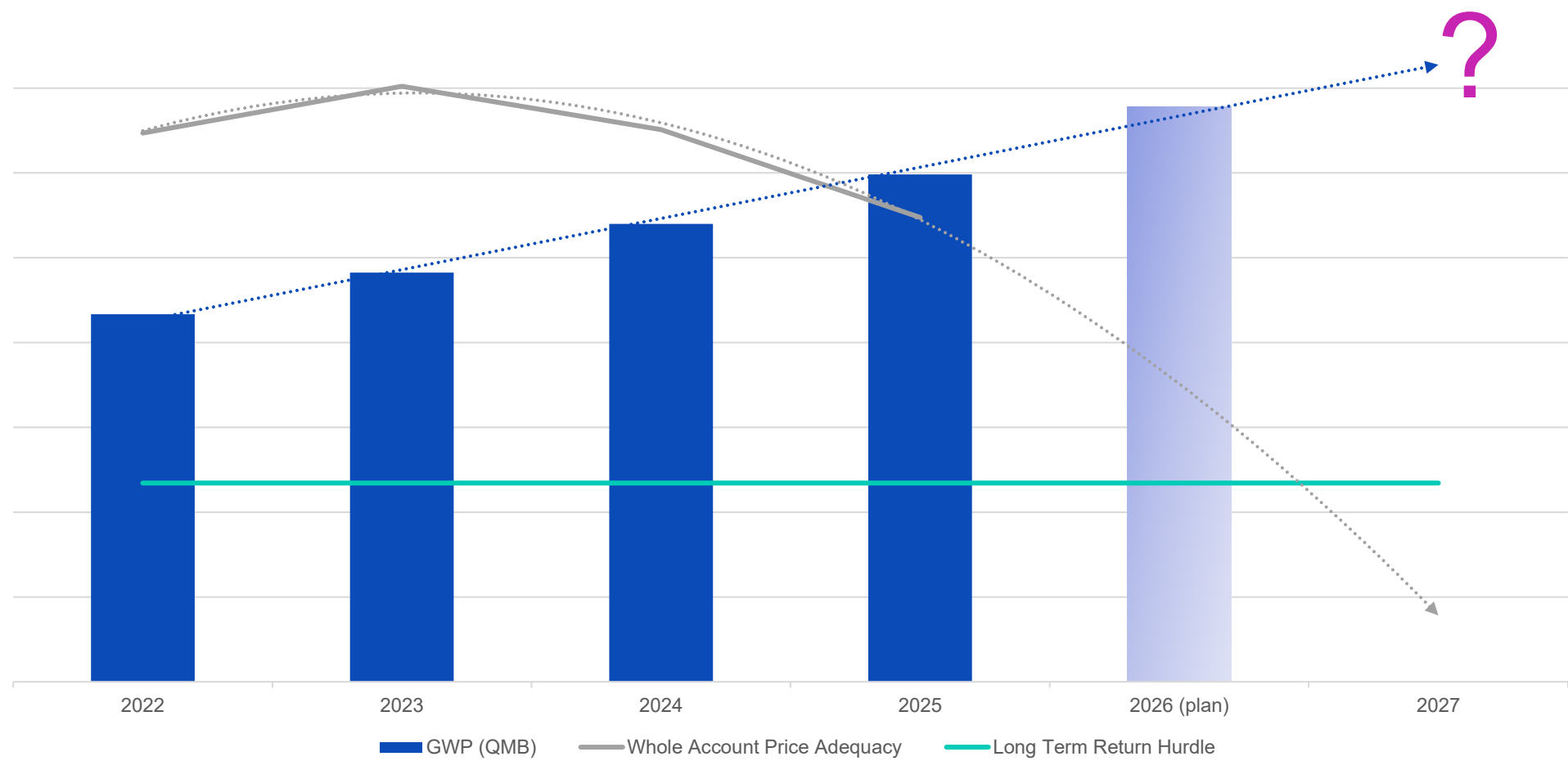


Cyber growth ambition is worrying



Pace of rate declines in property is the concern

Identify the inflection point of adequacy



The battle for distribution

Cross class facilities oversight is deliberate and measured

Growth in structured solutions is a huge opportunity

Pure follow market models will struggle as facilitisation grows

2026 Business Plan

	Gross Written Premium (GWP)	Net Combined Ratio (NCR)
2026 Plan	£67.4bn	91.2%
Q3 2025 forecast	£59.8bn	88.7% -2.5ppt change
2025 SBF	£61.9bn	89.7% -1.5ppt change

Like for like growth against Q3 forecast is 2.3%

62.5% of accretive growth from **new entrants** and new structured solutions

Profitability remains strong with 91.2% Net Combined Ratio

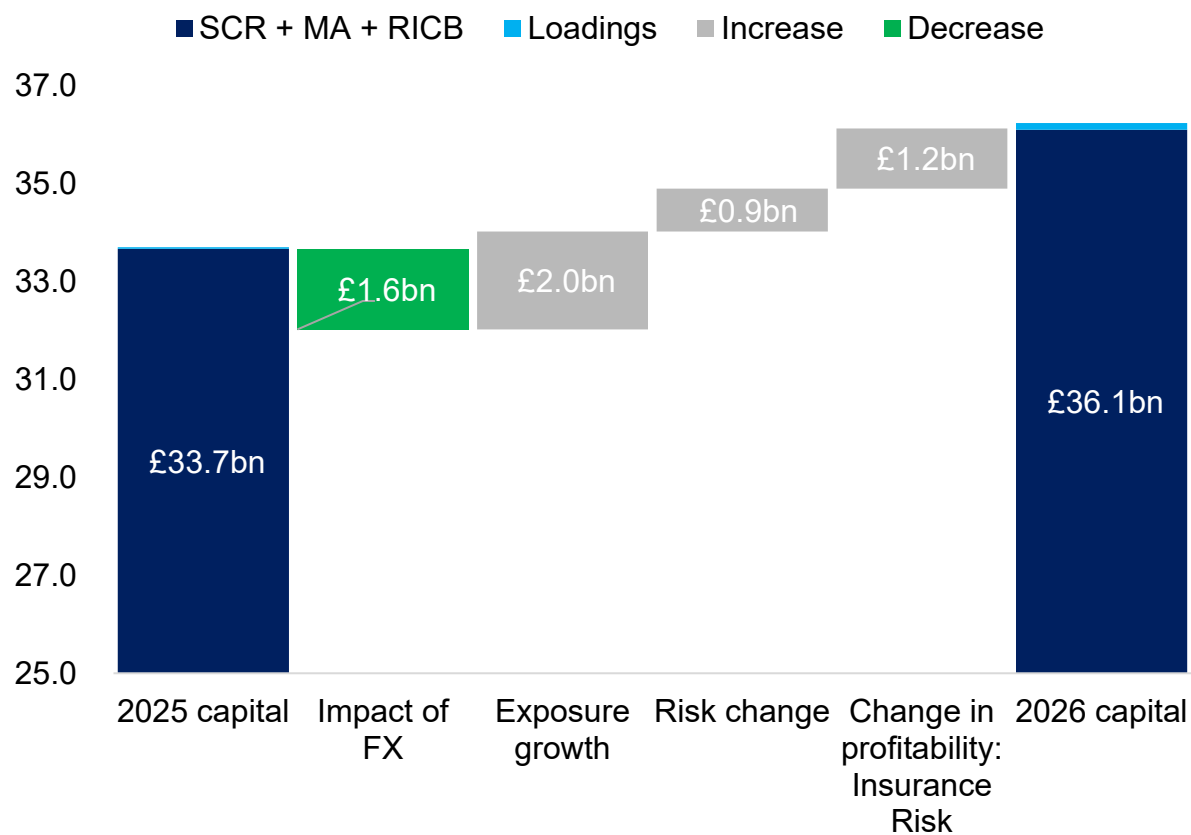
Further **reduction to 2025 RARC** reflects **reality of trading conditions**

Capital

Mirjam Spies, Chief Actuary

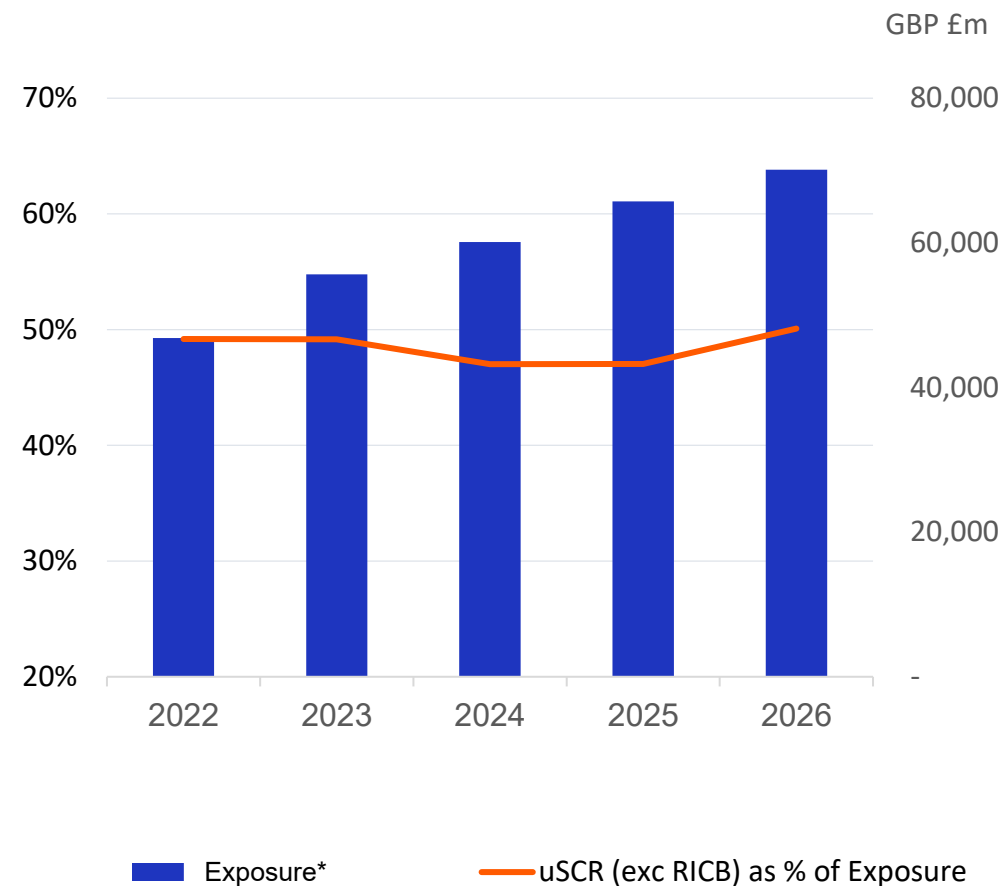
Capital increase in line with exposure

Breakdown of capital(*) increase 2025 to 2026



Capital versus exposure over time

(rebased to latest USD FX rate)



(*) Capital is SCR (on an ultimate basis) plus syndicates' Management Adjustments (MA) and includes Reinsurance Contract Boundary (RICB) adjustments

*Exposure is calculated as: Premium risk mean net claims + 0.5 * Earned Reserves

Market Oversight

Caroline Sandeman-Allen, Chief of Market Oversight

2026 Market Oversight Plan – Key Themes



PBO – Predictability and Stability



Sustainable Market Performance



Delivery of Oversight



Lloyd's & PRA Co-Operation

Lloyd's & PRA Co-operation – What this means in practice

Continuation of Principles Based Oversight - for both ongoing oversight and for assessment of new entrants

Co-ordination of PBO interventions and PRA supervisory strategies for managing agents

Continuous engagement with the PRA to ensure **effective implementation** of our **evolving relationship**

Key takeaways

- 1 2026 growth on a like for like basis is prudent
- 2 Capital adequacy is strong
- 3 Principles Based Oversight is embedded and predictability is key
- 4 Sustainable profitability needs Claims to be more involved

Tom Bolt

Director of Performance Management for Lloyd's
2006 – 2016

