

AUGUST 07, 2024 08:56 AM (EDT)

AM Best Upgrades Credit Ratings of Lloyd's, Its Rated Subsidiaries and Society of Lloyd's

CONTACTS:

Kanika Thukral
Associate Director, Analytics
+44 20 7397 0327
kanika.thukral@ambest.com

Tim Prince
Director, Analytics
+44 20 7397 0320
timothy.prince@ambest.com

Christopher Sharkey
Associate Director, Public Relations
+1 908 882 2310
christopher.sharkey@ambest.com

Al Slavin
Senior Public Relations Specialist
+1 908 882 2318
al.slavin@ambest.com

FOR IMMEDIATE RELEASE

LONDON - AUGUST 07, 2024 08:56 AM (EDT)

AM Best has upgraded the Financial Strength Rating (FSR) to A+ (Superior) from A (Excellent) and the Long-Term Issuer Credit Ratings (Long-Term ICR) to "aa-" (Superior) from "a+" (Excellent) of Lloyd's (United Kingdom), Lloyd's Insurance Company (China) Limited (Lloyd's China) (China), and Lloyd's Insurance Company S.A. (Lloyd's Europe) (Belgium). Concurrently, AM Best has upgraded the Long-Term ICR to "a+" (Excellent) from "a" (Excellent) of Society of Lloyd's (the Society) (United Kingdom) and the Long-Term Issue Credit Ratings to "a" (Excellent) from "a-" (Excellent) on the GBP 306 million 4.750% subordinated loan notes maturing 30 October 2024, as well as on the GBP 300 million 4.875% subordinated notes maturing 7 February 2047. The outlooks of these Credit Ratings (ratings) have been revised to stable from positive. (See further rating actions on various syndicates below.)

The ratings reflect Lloyd's balance sheet strength, which AM Best assesses as very strong, as well as its strong operating performance, very favourable business profile and appropriate enterprise risk management.

The upgrading of the ratings reflects the Lloyd's market's (the market) excellent position in the global general insurance and reinsurance markets as a leading writer of specialty property/casualty risks, together with its strengthened balance sheet fundamentals and proven risk management capabilities. The growing size of the market demonstrates its ability to attract and retain investors due to its unique business proposition that offers a capital efficient structure and the ability to write business globally.

Lloyd's balance sheet strength is underpinned by risk-adjusted capitalisation at the strongest level, as measured by Best's Capital Adequacy Ratio (BCAR). Capital adequacy is supported by a robust risk-based approach to setting member-level capital and Lloyd's Central Fund, which is available to meet the policyholder obligations of all Lloyd's members. The protection afforded to members through the Central Fund was enhanced in 2021, following the purchase of Central Fund insurance by the Corporation of Lloyd's (the Corporation), which was renewed for another five years in 2024. AM Best's assessment of the balance sheet strength of Lloyd's considers the fungibility constraints of capital held at the member level and the market's good financial flexibility, which is enhanced by the diversity of its capital providers.

The market's exposure to catastrophe risk is an offsetting factor. However, the requirement for members to replenish their funds at Lloyd's to meet their underwriting liabilities, as part of the 'Coming into Line' process, together with the Corporation's enhanced

oversight of accumulation risk, partly mitigates the potential for volatility in risk-adjusted capitalisation due to operating losses.

The operating performance assessment reflects AM Best's expectation that the market will produce strong underwriting performance over the underwriting cycle and that capital will continue to be attracted to Lloyd's. Improved pricing conditions, as well as the robust performance oversight by the Corporation, materialised in measurable improvements in underwriting performance over recent years. Nonetheless, the market's expense ratio continues to be higher than those of its peers. Actions are being taken through the Future at Lloyd's initiative to reduce the cost of placing business at Lloyd's, although any benefits will likely take time to materialise.

The ratings of Lloyd's China and Lloyd's Europe reflect reinsurance support from Lloyd's in the form of quota share contracts between Lloyd's and the syndicates, which are active in its Chinese and European platforms.

The ratings of the Society are notched from the ratings of Lloyd's, reflecting the unique relationship between the Society and Lloyd's, which means that the ability of the Society to meets its obligations is inextricably linked to the ability of Lloyd's to meet its obligations.

The Lloyd's market ratings are the "floor of security" of all policies written at Lloyd's across all Syndicates.

AM Best has also upgraded the FSR to A+ (Superior) from A (Excellent) and the Long-Term ICR to "aa-" (Superior) from "a+" (Excellent) for the following Lloyd's syndicates. The outlooks of these ratings have been revised to stable from positive.

- Lloyd's Syndicate 2001, managed by Amlin Underwriting Ltd
- Lloyd's Syndicate 2623, managed by Beazley Furlonge Limited
- Lloyd's Syndicate 623, managed by Beazley Furlonge Limited
- Lloyd's Syndicate 3623, managed by Beazley Furlonge Limited
- Lloyd's Syndicate 3622, managed by Beazley Furlonge Limited
- Lloyd's Syndicate 33, managed by Hiscox Syndicates Ltd
- Lloyd's Syndicate 3000, managed by Markel Syndicate Management Limited

This press release relates to Credit Ratings that have been published on AM Best's website. For all rating information relating to the release and pertinent disclosures, including details of the office responsible for issuing each of the individual ratings referenced in this release, please see AM Best's [Recent Rating Activity](#) web page. For additional information regarding the use and limitations of Credit Rating opinions, please view [Guide to Best's Credit Ratings](#). For information on the proper use of Best's Credit Ratings, Best's Performance Assessments, Best's Preliminary Credit Assessments and AM Best press releases, please view [Guide to Proper Use of Best's Ratings & Assessments](#).

AM Best is a global credit rating agency, news publisher and data analytics provider specialising in the insurance industry. Headquartered in the United States, the company does business in over 100 countries with regional offices in London, Amsterdam, Dubai, Hong Kong, Singapore and Mexico City.

Related Companies

For information about each company, including the Best's Credit Reports, group members (where applicable) and news stories, click on the company name. An additional purchase may be required.

AMB#	Company Name
085202	Lloyd's
078649	Lloyd's Insurance Company (China) Ltd
095926	Lloyd's Insurance Company S.A.
048337	Lloyd's Synd 2001 (MS Amlin Undrwr Ltd)
048946	Lloyd's Synd 2623 (Beazley Furlonge Ltd)

