

The approved 2021 business & capital plans at Lloyd's

Delivering plans that are logical, realistic and achievable



Agenda

The approved business and capital plans

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Opening remarks

John Neal
Chief Executive Officer

Significant improvement in performance since 2018

Performance remains our number one priority
Profit first, then growth

Four consecutive years of rate increase
Uptick in rate through 2020

Improvement in underlying result
As evidenced by attritional loss ratio

Focus on sustainable, long-term profitability
Taking account of current market conditions

COVID-19 will continue to impact 2021 performance



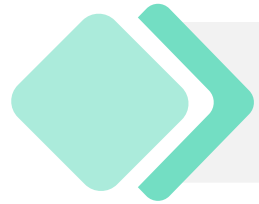
A tough year for our people, customers and industry



2020 premium shortfall likely to continue in 2021



Positive rate and retention, but lower new business flows



Q1 review of all 2021 business plans

Approved business plans for 2021

Tony Chaudhry
Head of Performance Management

What we said back in July...



Logical: executing the right performance actions



Realistic: key assumptions take account of current conditions



Achievable: capability and track record to deliver the plan

And we took a more differentiated approach to planning

Normalised* NCR vs 100%, 2017-19

<100% twice or three times	26% of syndicates	24% of syndicates
<100% once or less	50% of syndicates	0%
	Hit plan once or less	Hit plan twice or three times

Normalised* NCR vs plan, 2017-19

What are the outcomes of 2021 planning?



Strong improvement in net combined ratio



Growth in the best classes, improvement in the worst

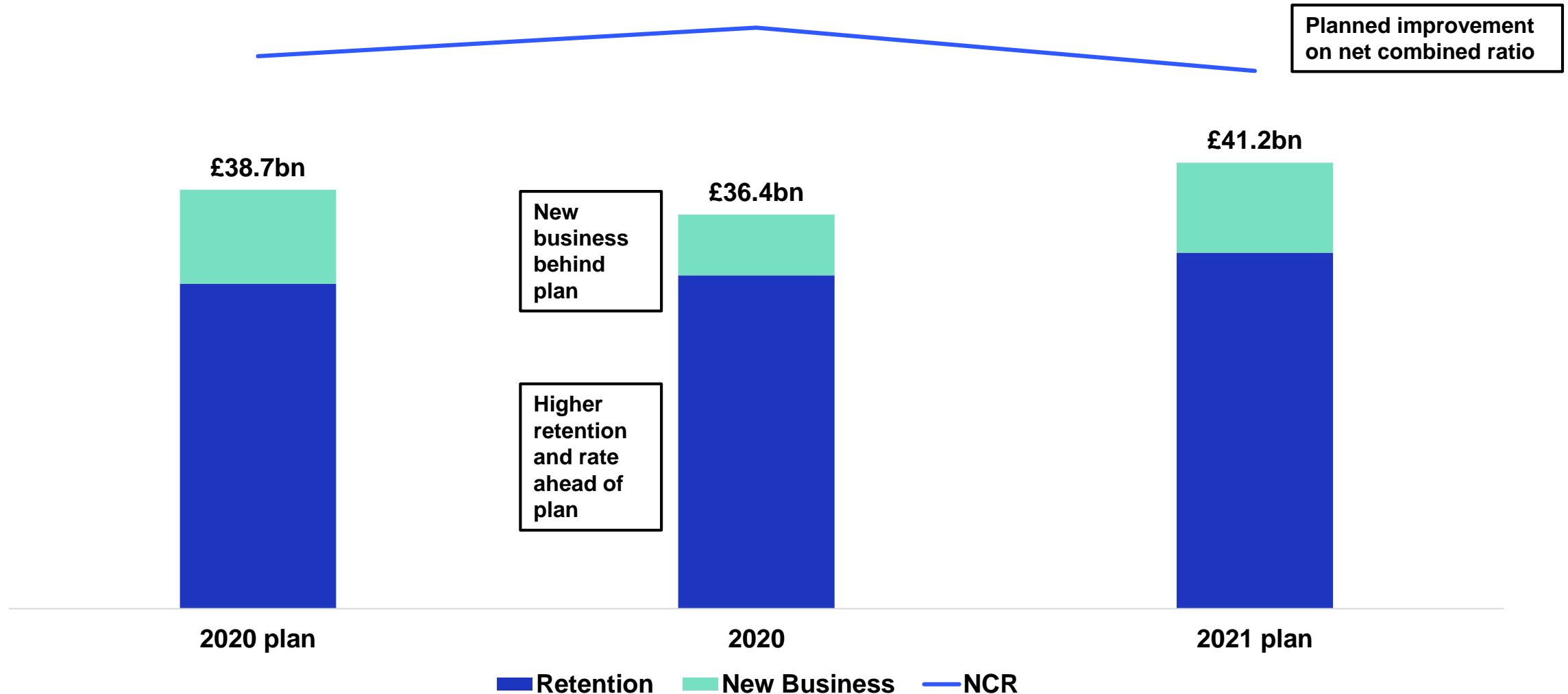


A smoother planning process

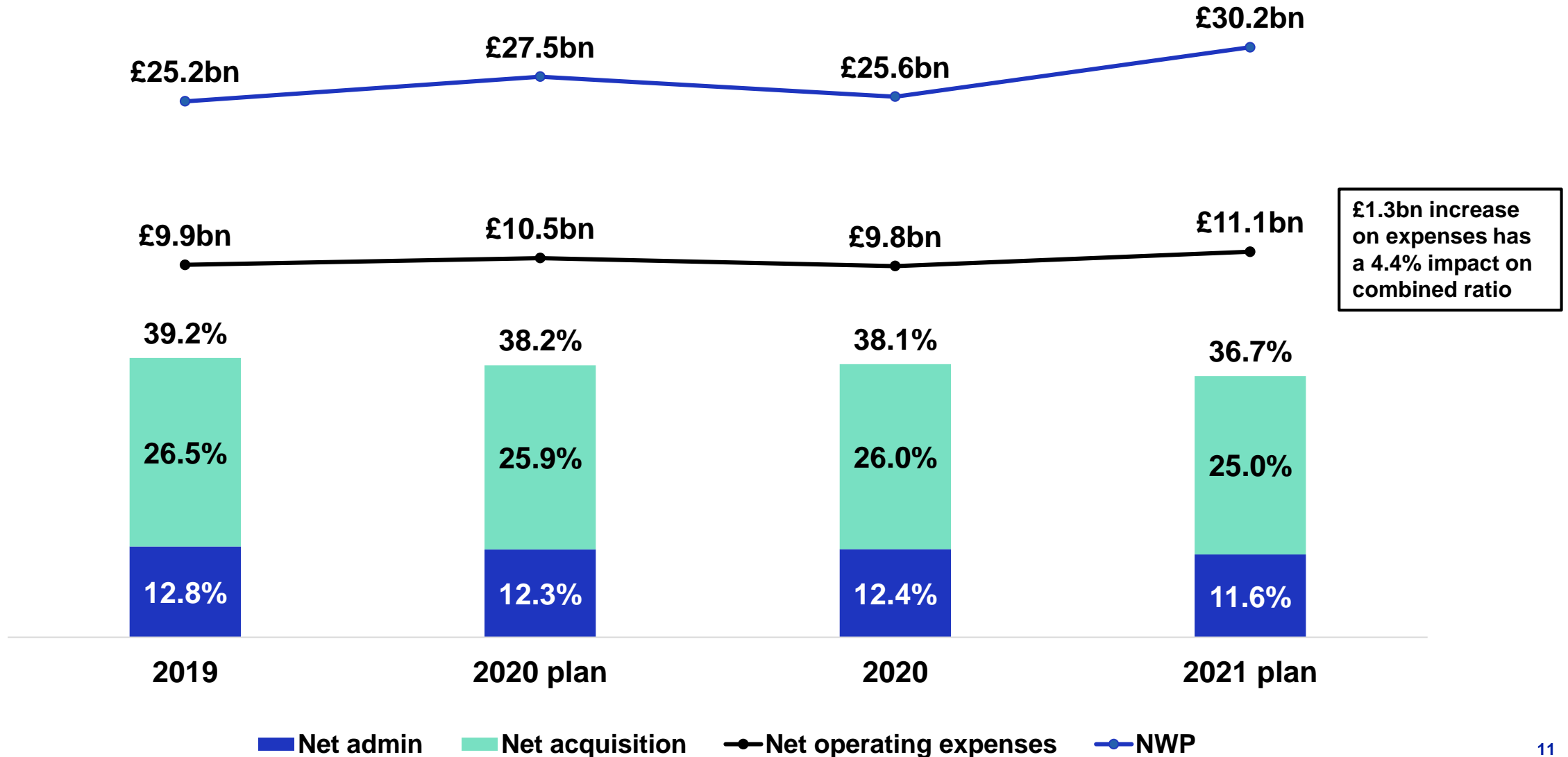


Capital responds to risk profile

New business plans are ambitious due to 2020 shortfall



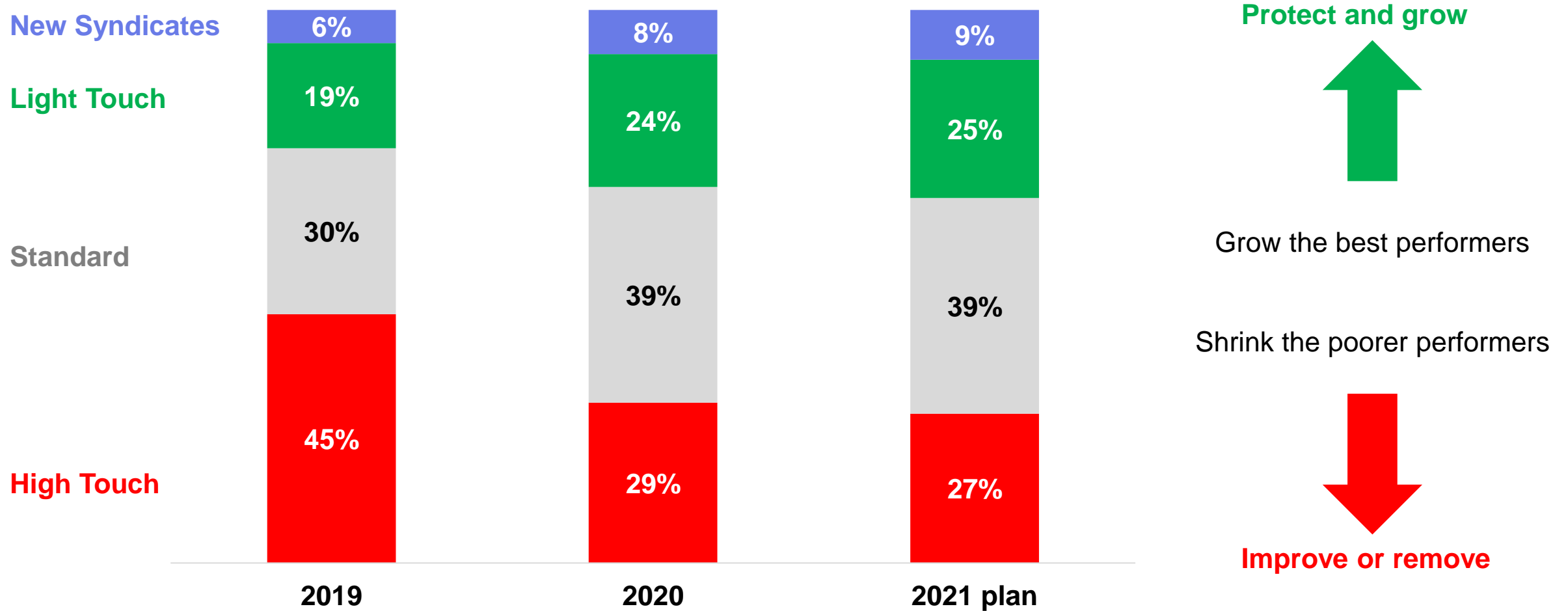
12% increase in operating expenses is unsustainable



How do we differentiate plans?

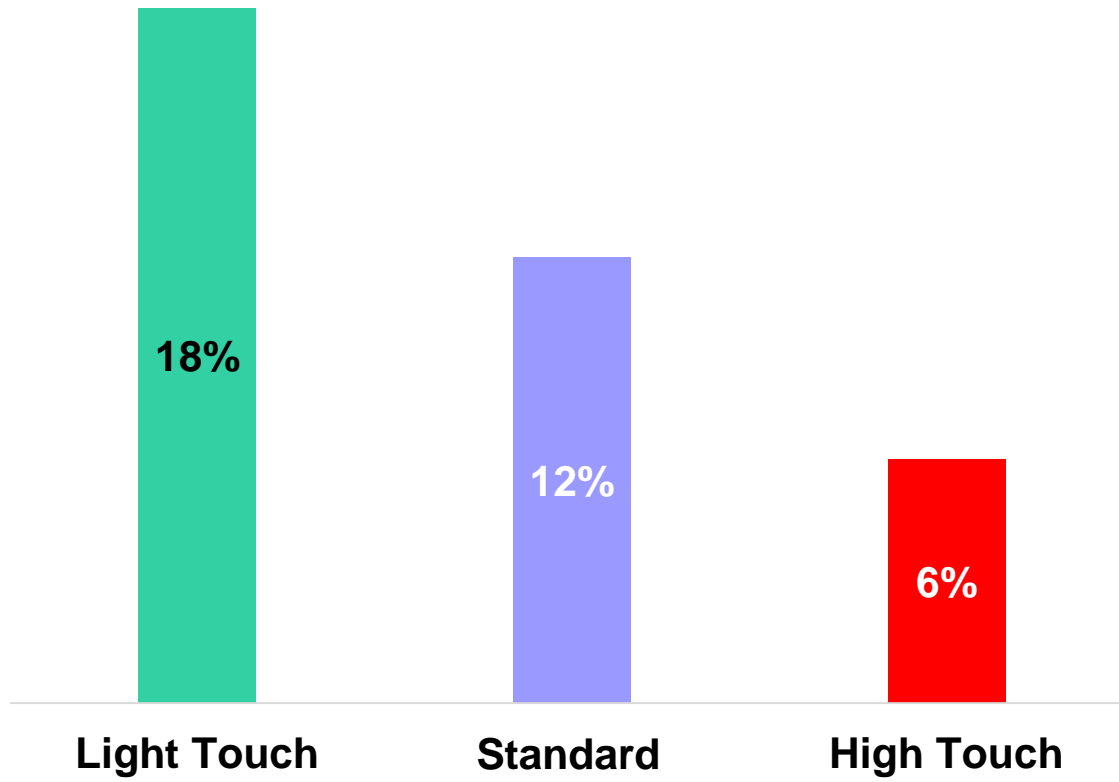
Kirsten Mitchell-Wallace
Head of Portfolio Risk Management

A targeted approach to portfolio management

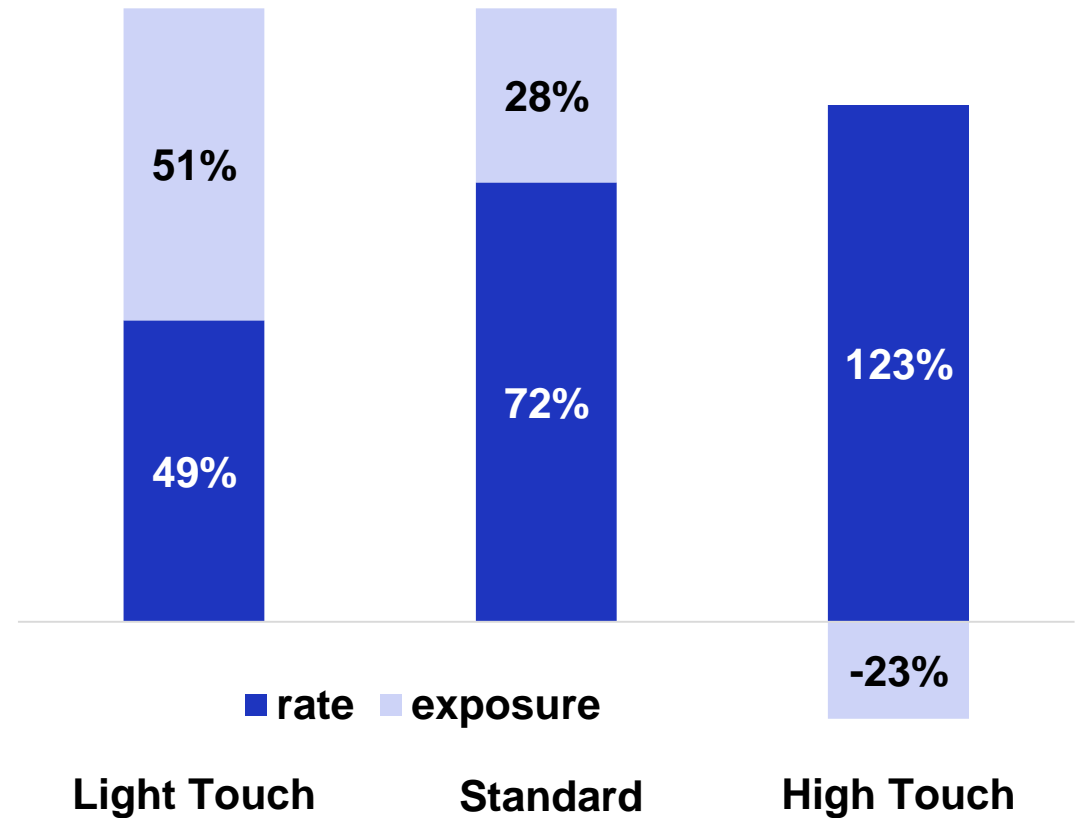


More growth approved for Light Touch syndicates

Planned GWP growth



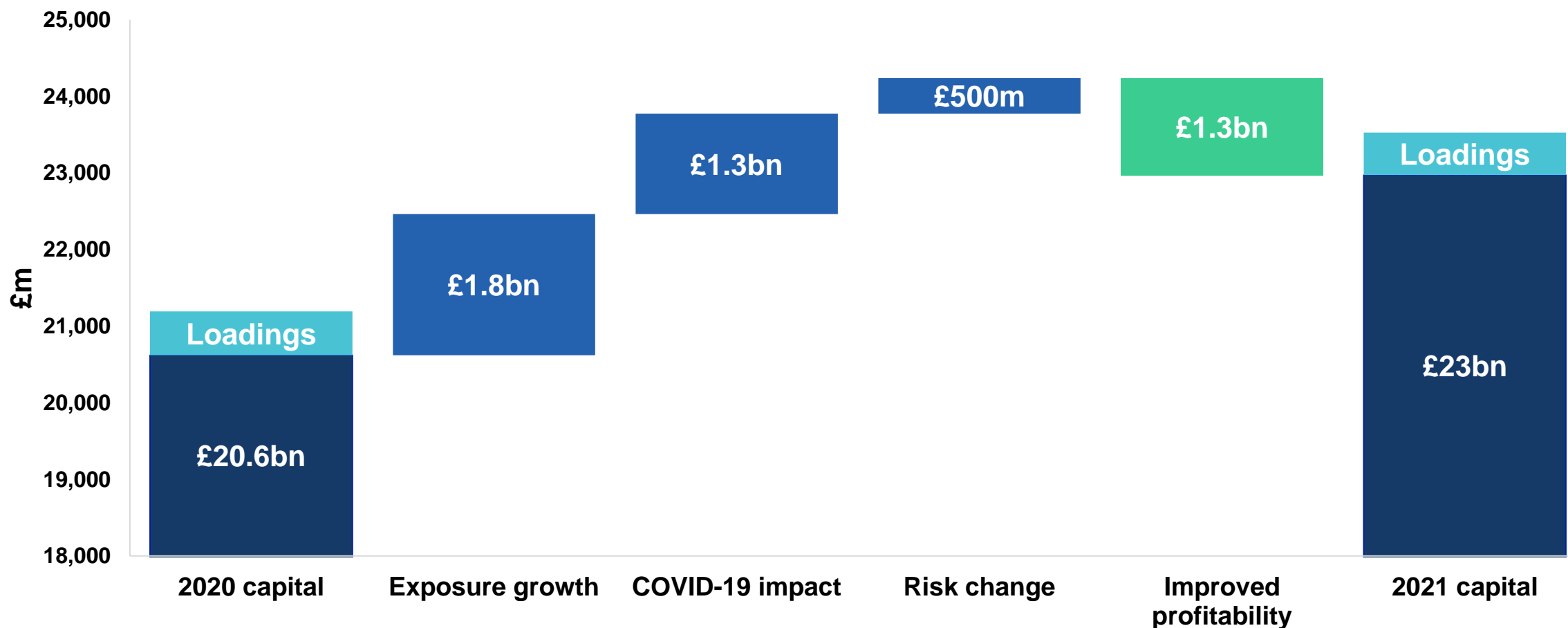
Rate vs exposure growth



Capital at Lloyd's

Burkhard Keese
Chief Financial Officer

Movement in capital is driven by a combination of planned growth and impact of COVID-19



Capital planning improves through 2020 and into 2021



Effective collaboration after July market message and COVID-19 guidance



Higher quality capital plans submitted, resulting in faster approval



Capital plan process for 2022 will be principles-based



Revision of Lloyd's capital rules and technology (Investcloud)

Reflections on this year's process and priorities for 2021

Peter Montanaro
Head of Market Oversight and Delivery

This year's process has run to timetable

Plan



32% of syndicates had plans approved in 3 weeks or less



52% of syndicates had plans approved in 4 weeks



80% of syndicates had plans approved in 5 weeks

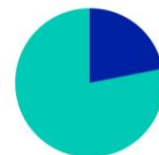


100% of syndicates had plans approved in 6 weeks

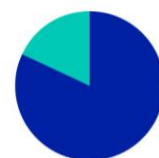
Capital



4% of syndicates had capital approved in 3 weeks or less



22% of syndicates had capital approved in 4 weeks



82% of syndicates had capital approved in 5 weeks



100% of syndicates had capital approved in 6 weeks

2021 priorities

Performance Management

Q1 review of business plans

Social inflation thematic review

Oversight

Moving from Minimum Standards to principles

Best practice pricing

Change

Blueprint Two

Better ways of working

Culture

Culture toolkit

ESG report

Closing remarks

John Neal
Chief Executive Officer

Improved underlying performance in a challenging environment, but we must hold our nerve

1

Laser focus on performance management must remain

You must deliver sustainable, long term profitability

2

Improving market conditions allow for growth in 2021

Supporting the ambitions of our best performers

3

You must execute on your plans

A smoother process, but delivery of plans is critical

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