

2023 Q4 Lloyd's Market Message

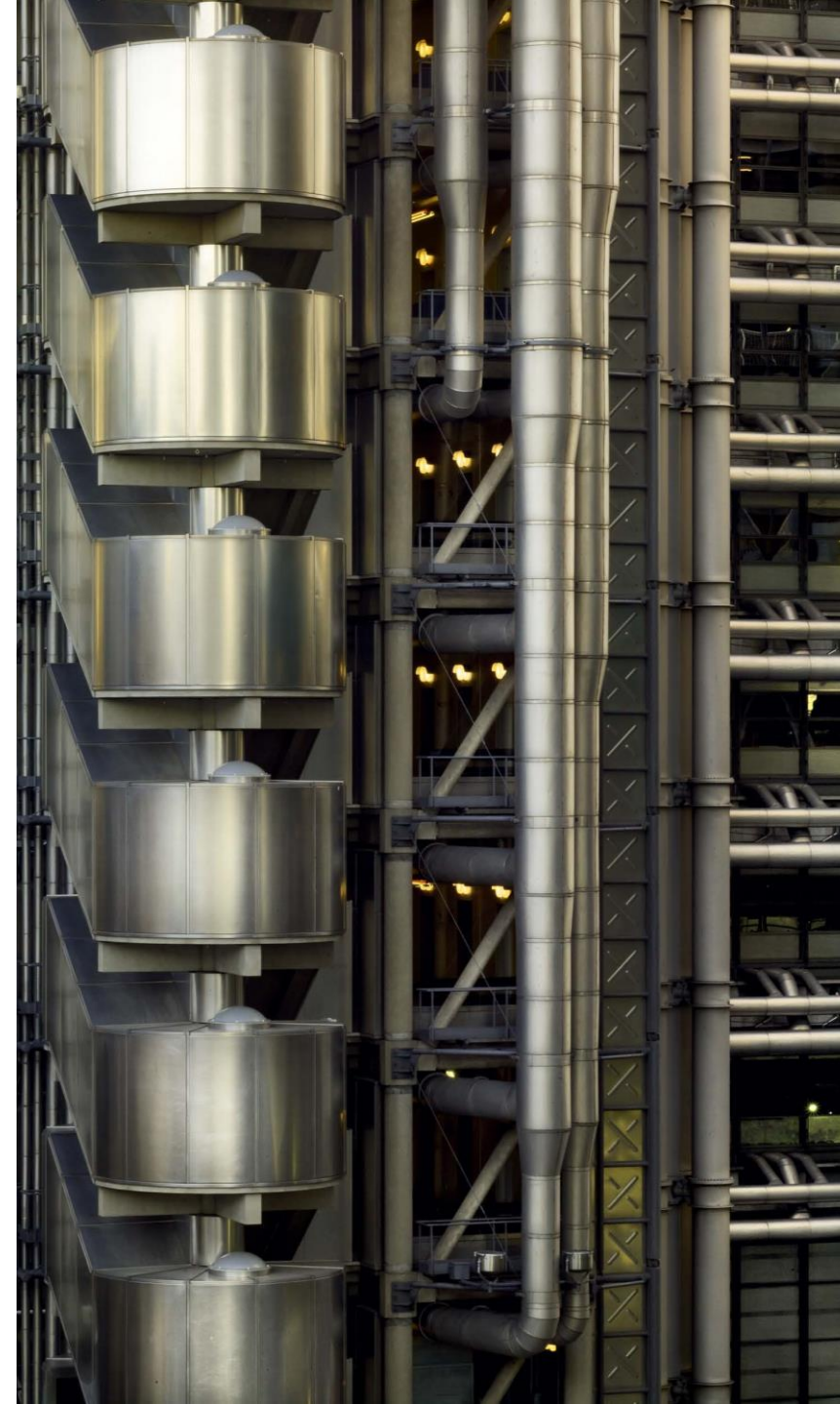
Patrick Tiernan, Chief of Markets

Peter Montanaro, Markets Oversight Director

Mirjam Spies, Interim Chief Actuary

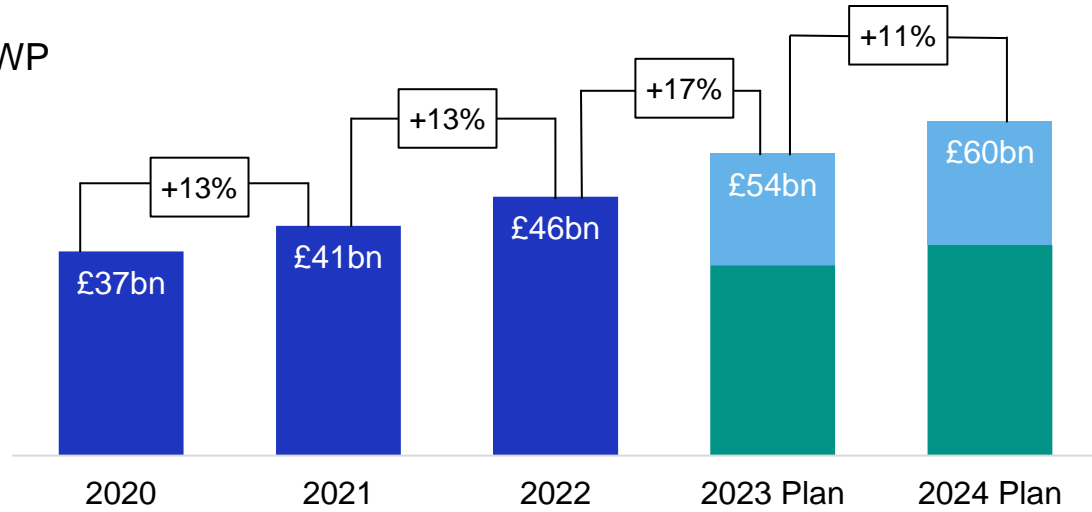
Today's Session

- 1 Key Planning Outcomes
- 2 Underwriting Focus Areas for 2024
- 3 2024 Market Oversight Plan
- 4 Capital Setting Outcomes and Expectations
- 5 Key Takeaways

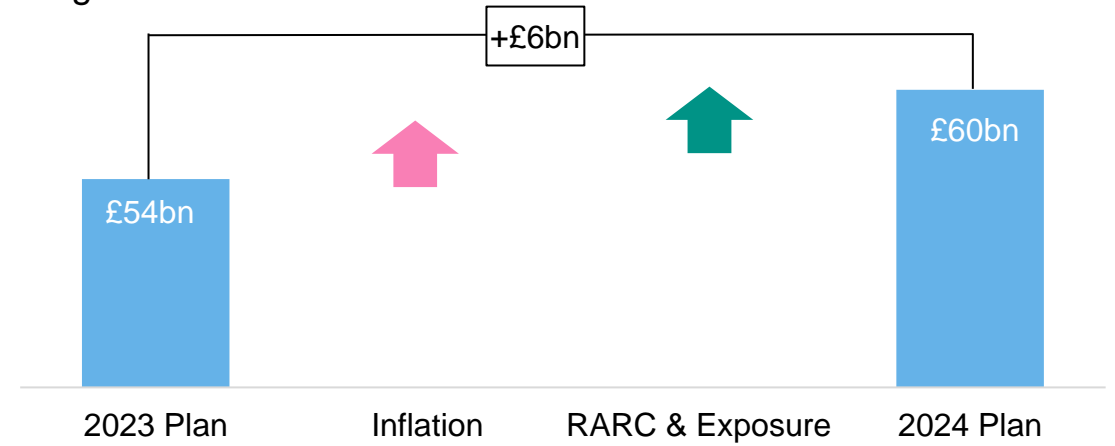


Key Outcomes of 2024 Business Planning

GWP



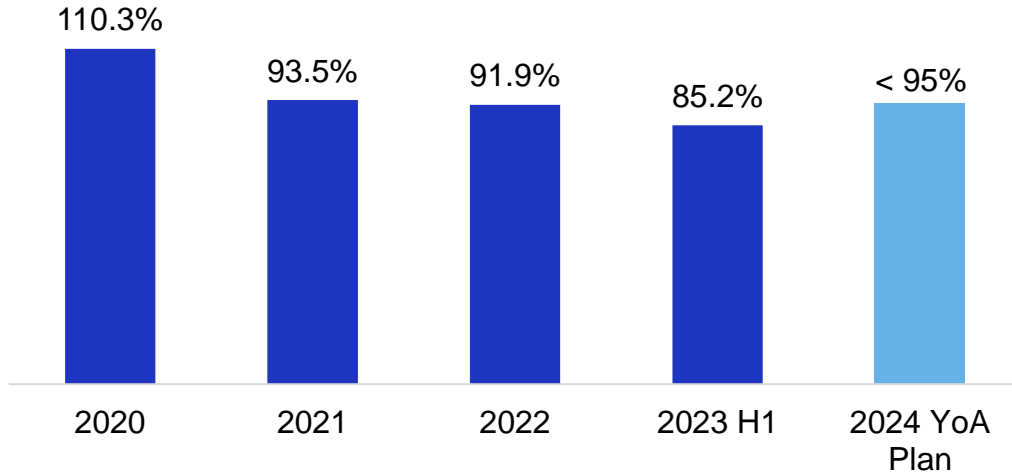
GWP growth



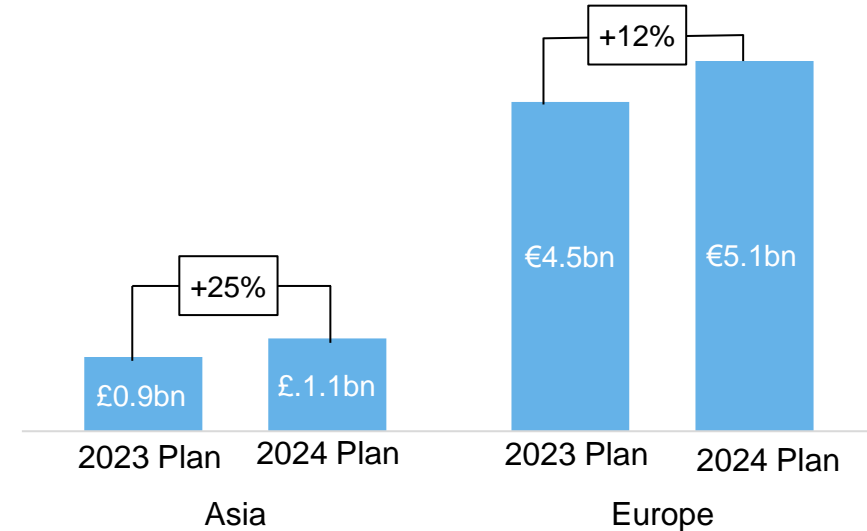
Based on constant 2023 FX

Outperforming, good & new

NCR



GWP



Underwriting Focus Areas for 2024



Uncertainty – driving elevated return requirements



Casualty – increased scrutiny across multiple disciplines



D&O – ensuring rate adequacy in soft conditions



PVT – managing aggregates and volatility



Cyber – 4 pillars of market management strategy

2024 Market Oversight Plan



Consumer Duty - embedding regulation



Culture - promoting diversity, inclusion and high performance



Claims - service at the heart of Lloyd's brand



Operational Resilience - readiness for 2025 PRA deadline



Delegated Authority - complement modernisation through DA strategy

Blueprint Two Resources

1



Adoption guide

Iterative guide with the latest information on key people, process and technology changes

2



Model office

Interactive space on Galleries 3 and 4 illustrating future journeys for digital processing services, alongside adoption workshops

3



Blueprint Two website

Refreshed website centralising all details and artefacts in one place

4



Training site

Central repository with all training materials

5



Vanguard programme

Sharing experiences and insights from Vanguard testing

6



Market events

Quarterly events to share key information and actions required to adopt the new digital services

Next event: 11th December 2023

DA Strategy – Simplifying Access to Compete with Confidence



Corporation activity driven by materiality of risk



Fully leverage a principles approach to oversight



Provide expert guidance & be a catalyst for process improvement



Protecting our brand



Meet our regulatory obligations with minimum burden on the market



Promote underwriting performance

Capital Setting Outcomes and Expectations



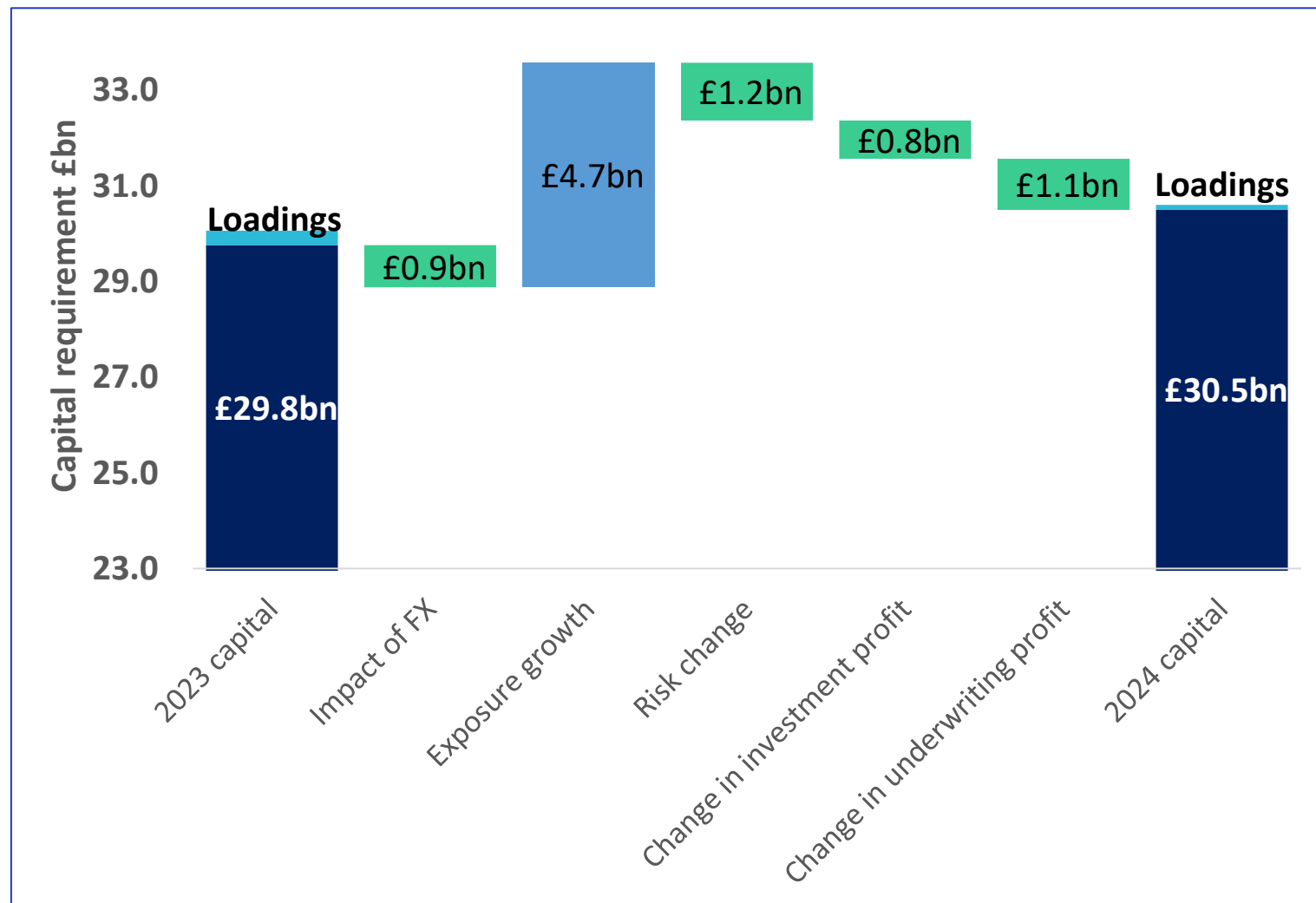
Continued uncertainty offset by increased expected profits



Capital has increased marginally – but reduced relative to exposure



Exposure growth offset by decreases in risk and increased profitability



Capital and Reserving Focus for 2024



Inflation – moving into phase 2



Loss Ratio setting for longer-tail classes – credit for remediation action



Capital Adequacy for cyber and geopolitical risk



Climate Change – quantitative allowance and modelling approaches

Key Takeaways

1 Principles-Based Oversight – increasing advantages to best performers

2 Delegated Authority – preeminent platform for coverholder business

3 Performance – number one priority with focus on Casualty, PV&T, D&O, Cyber

4 Uncertainty – bearish for foreseeable future

5 Outlook - bullish on market opportunities

Q&A