

Ensuring sustainable performance

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All numbers based on Q2F

Purpose of this session



From remediation to sustainable performance



Pricing maturity and CAT underwriting



Forward-looking approach to climate change



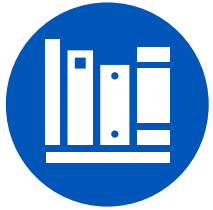
Markets update



Remediation to sustainable performance



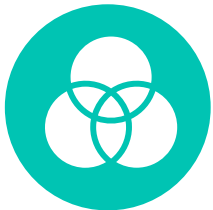
Sustainable performance management is an unrelenting discipline



Benefits of remediation must be maintained



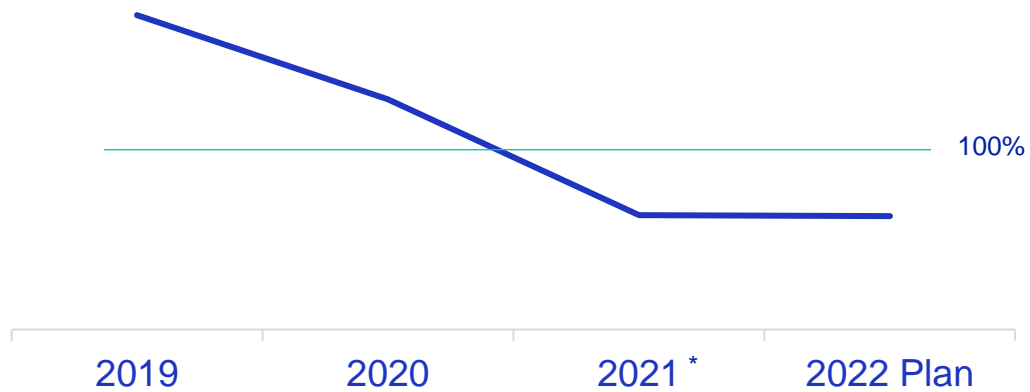
Continuing to build key stakeholder confidence



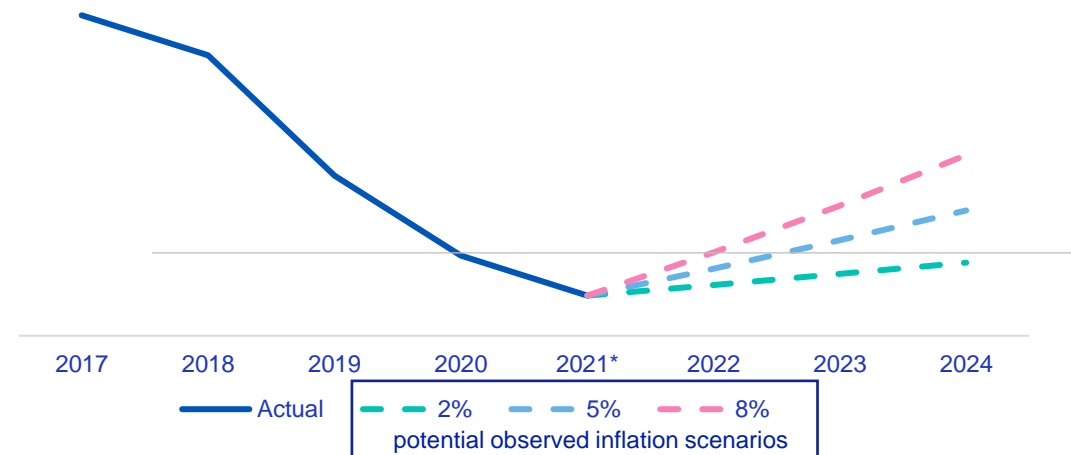
Supporting the growth and development of the market

Focus areas for sustainable performance

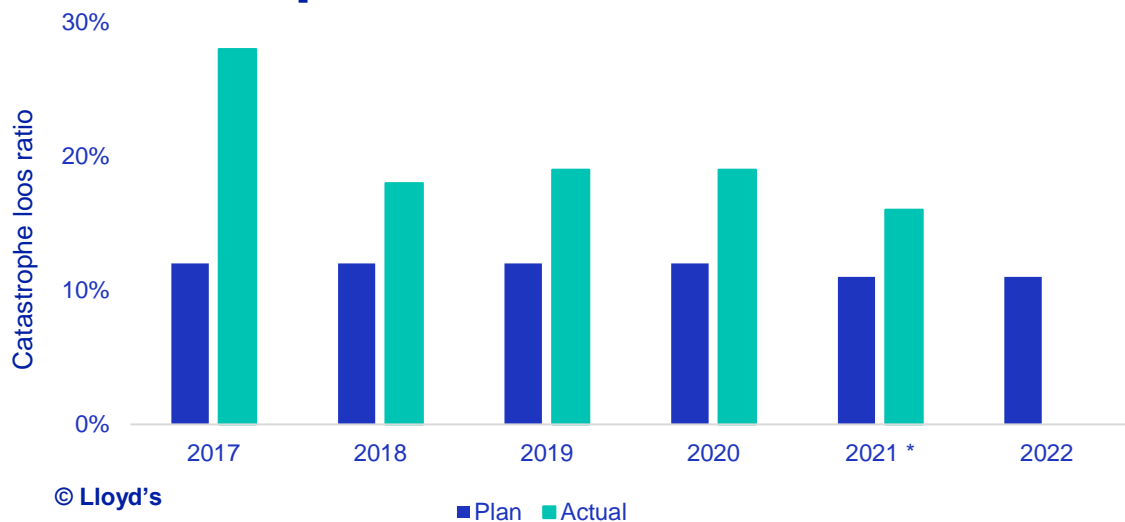
NCR



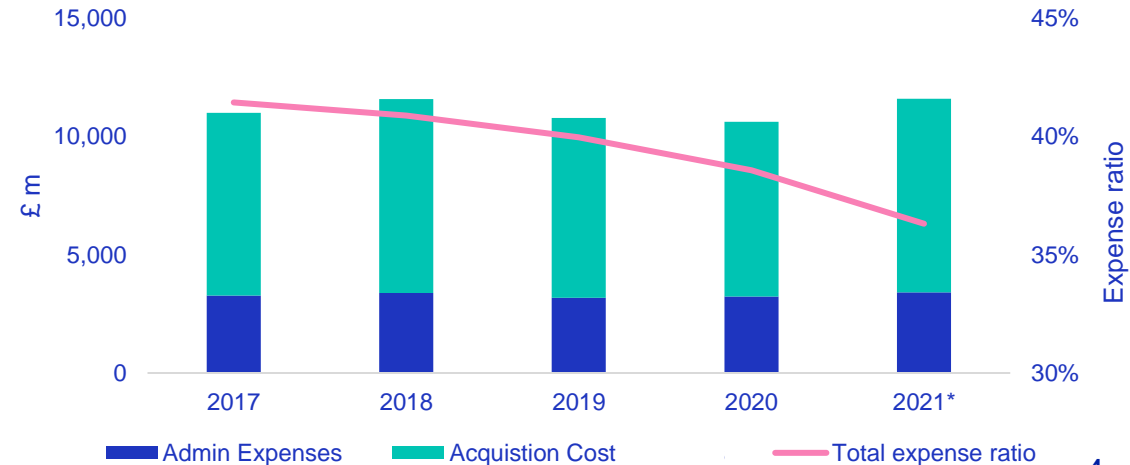
Attritional loss ratio



Catastrophe losses



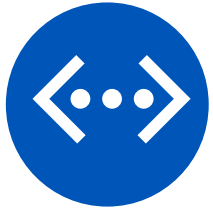
Expenses



Expectations of the market



Risk adjusted rate must reflect current exposure and inflation environment



Catastrophe loss picks must be realistic



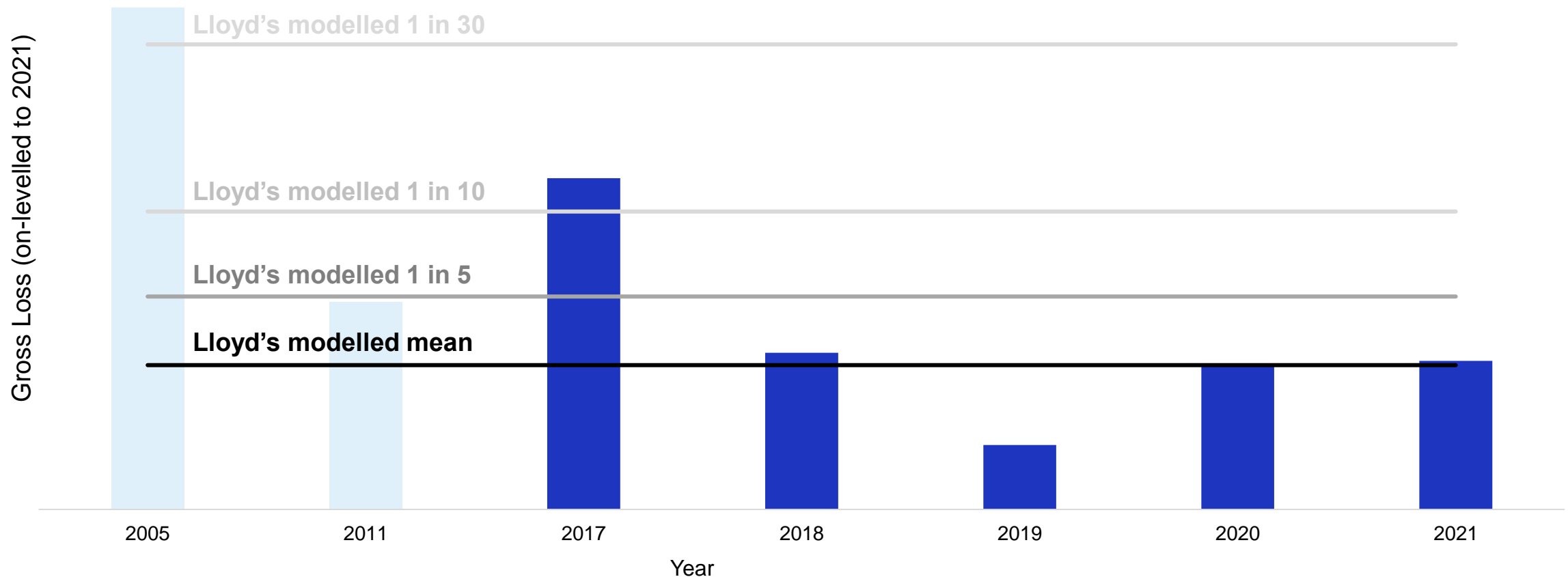
Further work to manage expenses



Build resilience now for future opportunities and challenges

Recent annual natural catastrophe losses are not outliers from a model perspective

Growing tendency to discuss absolute losses without considering exposure changes



Ensure realistic catastrophe loss picks in plans



Articulate differences between cat loss ratios from modelling, to plan, to experience



Express your “willingness to lose” to contextualize performance



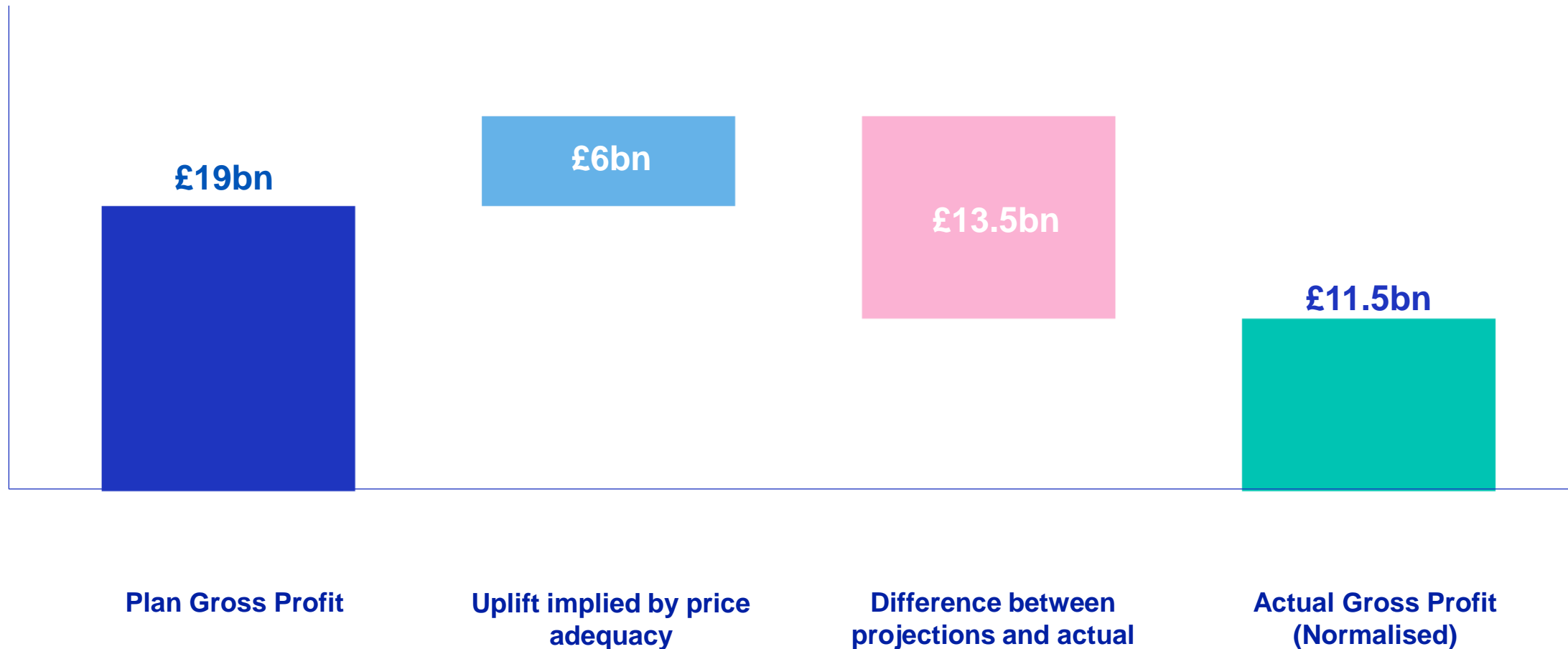
Performance reviews focused on material outliers



Continued flexibility and support for the best performers

Elevating our pricing capabilities

High benchmark achievement ratios reported not consistent with results



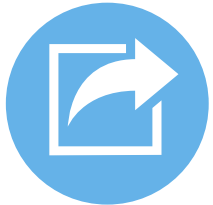
Climate change and model appropriateness



Impacts of climate change are extremely difficult to quantify



Impacts of climate change cannot just be the balancing figure in your models



Create frameworks to adopt a forward-looking approach



Robust discussion of climate change by Boards

In Summary

1

Improve robustness of catastrophe loss picks

2

Must ensure pricing approaches contribute to sustainable results

3

Adopt a science-based, forward-looking approach to climate change

4

We will continue grant flexibility for the best CAT writers

Other key areas of focus for Markets



Principles based oversight



Mid year changes and strategic reviews



ESG



Lloyd's Europe

Key Takeaways

1

Sustainable performance management is an unrelenting discipline not a 'once and done'

2

Build resilience for the opportunities and challenges ahead

3

Losses from CAT will increase in the future based on current trends

4

The impact of climate is not just the difference between actual and models

5

Positively disposed to accretive exposure growth from strong performers

Q&A

