

# Lloyd's from A to Z

**Why you should cover your  
risks at Lloyd's**





Close and personal:  
Lloyd's operates in  
more than 200  
countries and regions.



### Welcome to the world

Our name and our offices are both icons of a great British institution.

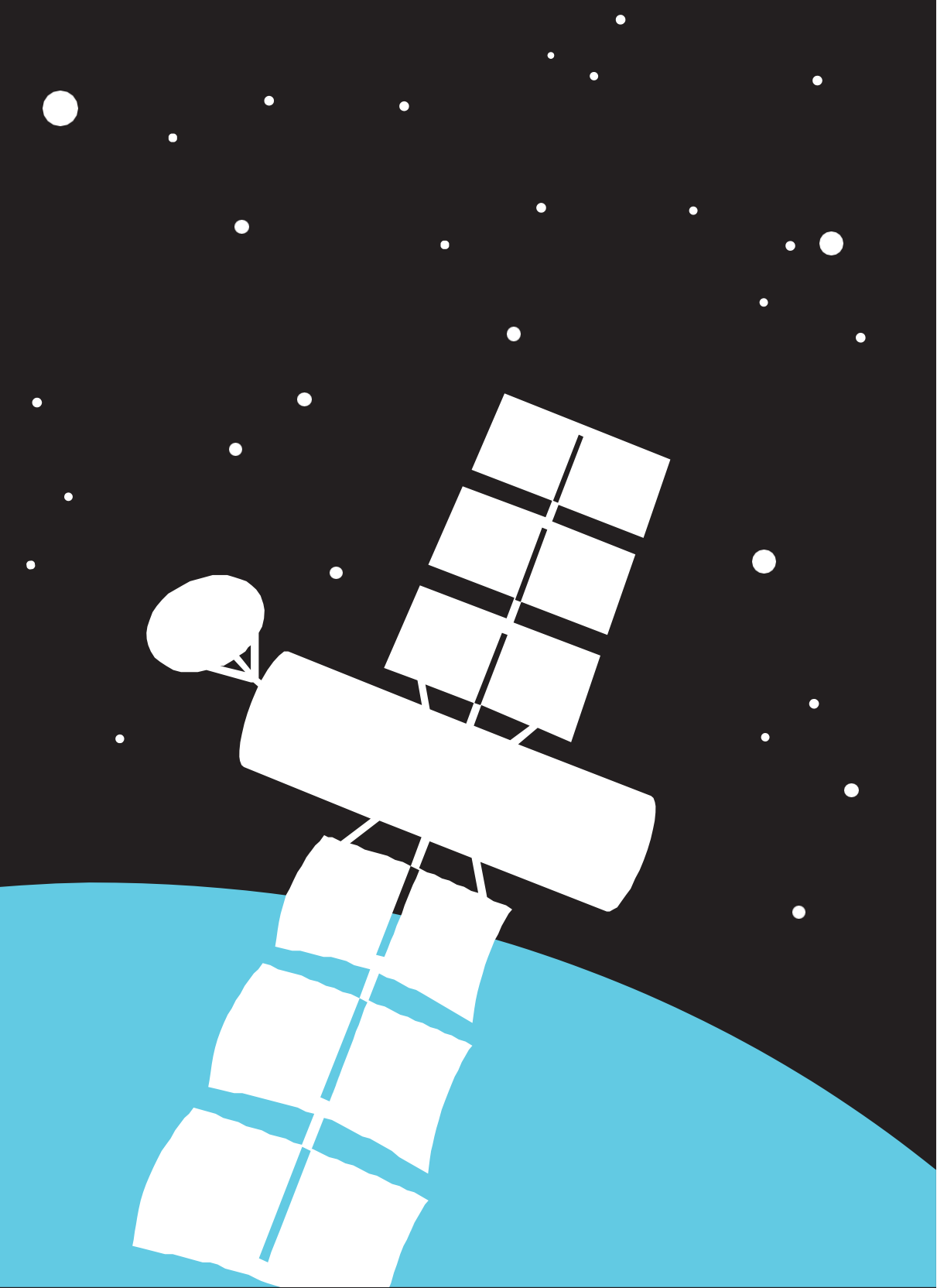
But in fact, Lloyd's is an international success story; we welcome risks from all around the world. If you are located in one of the more than 200 countries and regions where Lloyd's does business, our market is open to you.

A worldwide network of brokers and local insurers ('coverholders') makes it easy for almost any company, wherever it may have its offices, to approach Lloyd's. As a result, about 80% from Lloyd's premium volume comes from outside the United Kingdom.

Sometimes these are obvious risks, such as an opera singer's vocal cords or a footballer's leg. But the majority of our activities consist of protecting what is essential to business for companies: from real estate, factories and machines to business continuity and liability protection that enable companies to work effectively.



Find out more about Lloyd's international at [www.Lloyds.com/globaloffices](http://www.Lloyds.com/globaloffices)  
To find out where Lloyd's can do business, go to [www.lloyds.com/crystal](http://www.lloyds.com/crystal)



From the seven seas to the stratosphere, Lloyd's was always there to cover the risks.

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## EXPERTS OF CHANGE

You may imagine that the original Mr Lloyd was the insurance guru of his time. But nothing could be further from the truth, he served coffee.

It was in his coffee house, on Tower Street in London, that ship owners came together to hear the latest maritime news and to meet people who had enough capital to insure them.

Business was done face to face and to maintain this tradition up to the present day, we give brokers direct access to the key decision makers. They do business with insurers on our market floor and these conversations often continue in our present-day coffee house in the Lloyd's building (although today you'll find digital security and skimmed latte, rather than brigantines and Mr Lloyd's roasted brew).

For three centuries, Lloyd's unique nature has ensured that we have become experts in adjusting to extraordinary changes. The industrial revolution.

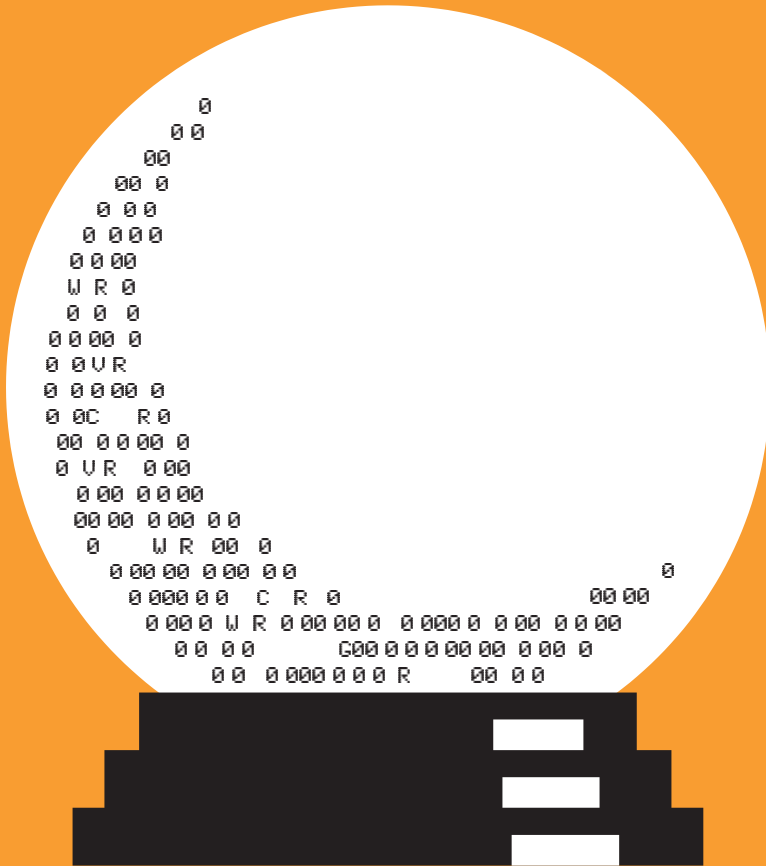
At each major step forward: the combustion engine, electricity, penicillin, rock 'n' roll, moon landings, the worldwide web, our past was focused on the future.



Find out more about Lloyd's extraordinary history at [www.Lloyds.com/globaloffices](http://www.Lloyds.com/globaloffices)

Cybercrime. A new risk  
insured by Lloyd's.

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## FUTURE PROOF

You deal with risks every day. Due to their nature risks are a future-focused concept: what could possibly happen? And, therefore, what can I do to limit the risk?

That is why at Lloyd's, we continually ensure that our services are ready for the future. Cybercrime, for example, is one of the new generation of risks that pose a threat to governments, companies and individuals. Lloyd's is a leading provider of insurance against data-infringement and data leaks and so offers protection against a major threat that knows no boundaries.

Success in the future also requires that Lloyd's itself works smarter, to maintain its competitive edge.

One of the examples is the 'Exchange'. This is a messaging service that provides brokers, insurers and IT suppliers with a unique hub through which they can exchange information among multiple parties. After successful testing, the system now also allows brokers and insurers to send documents electronically.



See how the marketplace is modernising: [www.lloyds.com/exchange](http://www.lloyds.com/exchange)



**Terrorism**

Event cancellations

**Mines**

Industrial accidents

**Factories**

Reinsurance

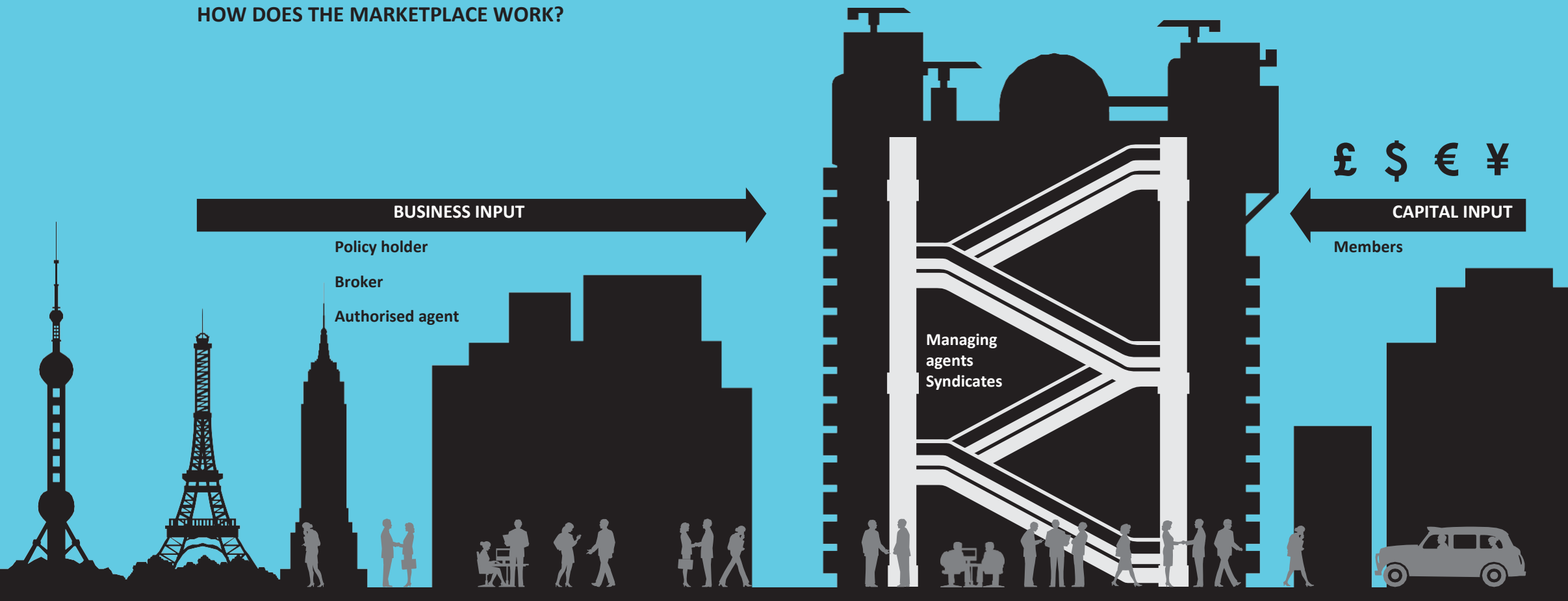
**Piracy**

Directors liability

**Bridges**



## HOW DOES THE MARKETPLACE WORK?



The reinsurance process starts with a risk: something that needs to be covered. It could be an office building in Manchester, a machine park in Brisbane or a yacht in Hawaii.

The client who owns the risk approaches their **BROKER**, who in turn can contact a locally established Lloyd's **AUTHORISED AGENT**. Sometimes a client will contact the authorised agent directly.

Authorised agents offer cover in the name of an insurance syndicate. They add local expertise and enable clients (**POLICY HOLDERS**) to easily obtain cover from Lloyd's.

Clients can also contact a broker who is accredited to do business at Lloyd's. That broker then goes to the Lloyd's marketplace to meet the **UNDERWRITERS** personally. Underwriters assess the risk and decide on the conditions and the premiums they can offer.

Underwriters are employed by managing agents, the companies that manage the **SYNDICATES** who accept the insurance risk. Sometimes these syndicates are specialised in offering specific types of cover or in insuring a certain type of risk. The syndicates consist of Lloyd's **MEMBERS**, who work together to cover risks. They provide the capital that supports the insurance syndicates' commitments. Among the Members are some of the world's largest insurance companies, listed companies, individuals and limited partnerships.



Find out more about the iconic building where the negotiations take place at:  
[www.lloyds.com/building](http://www.lloyds.com/building)





After the major earthquake in San Francisco in 1906, Lloyd's insured gave these famous instructions:  
Pay all our policyholders in full regardless of the terms of their policy.

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#### SUBMITTING A CLAIM

It is only when a claim for damage arises that an insurer is tested for its worth.

Lloyd's has faced the most extreme challenges, time and time again: Hurricane Katrina, the devastating floods in Thailand in 2011, the attack on the World Trade Center in September 2001. There were the largest insureds. In all these cases, we took decisive action to deal with them immediately and payout all the valid claims.

Fortunately, not all claims are so dramatic as these major disasters. Each claim deserves urgent attention so that companies can function again and people can go back to their normal lives.

For this reason, Lloyd's has invested considerably in streamlining the claims procedure. For example, the Claims Transformation Programme has reduced the average transaction time by 39%.

And, after the 2011 tsunami tragically struck Japan, Lloyd's paid out some 6.6 billion yen within 48 hours of receiving the insurers' requests.



See how we process claims at [www.lloyds.com/claims](http://www.lloyds.com/claims)

**INSURANCE  
SYNDICATE  
ASSETS**

£41,311m  
€49,573m  
US\$64,032m

**MEMBERS FUNDS  
AT LLOYD'S**

£15,171m  
€18,205m  
US\$23,515m

**CENTRAL ASSETS**

£3,106m  
€3,727m  
US\$4,814m

All figures shown were valid on 31 December 2011 and have been converted to US\$ and euros using the closing exchange rate on 31 December 2011  
(£1 = US\$1.55, £1 = €1.20)

Lloyd's robust structure:  
each link supports the  
other.

**THE CHAIN OF SECURITY**

Thanks to a mechanism that we call the 'Chain of Security', all our insured parties can have the fullest confidence that Lloyd's can accommodate all valid claims.

**There are three links:**

**First link:** Insurance syndicate assets. All insurance premiums are intended for paying claims. Profit is only released after all liabilities have been settled.

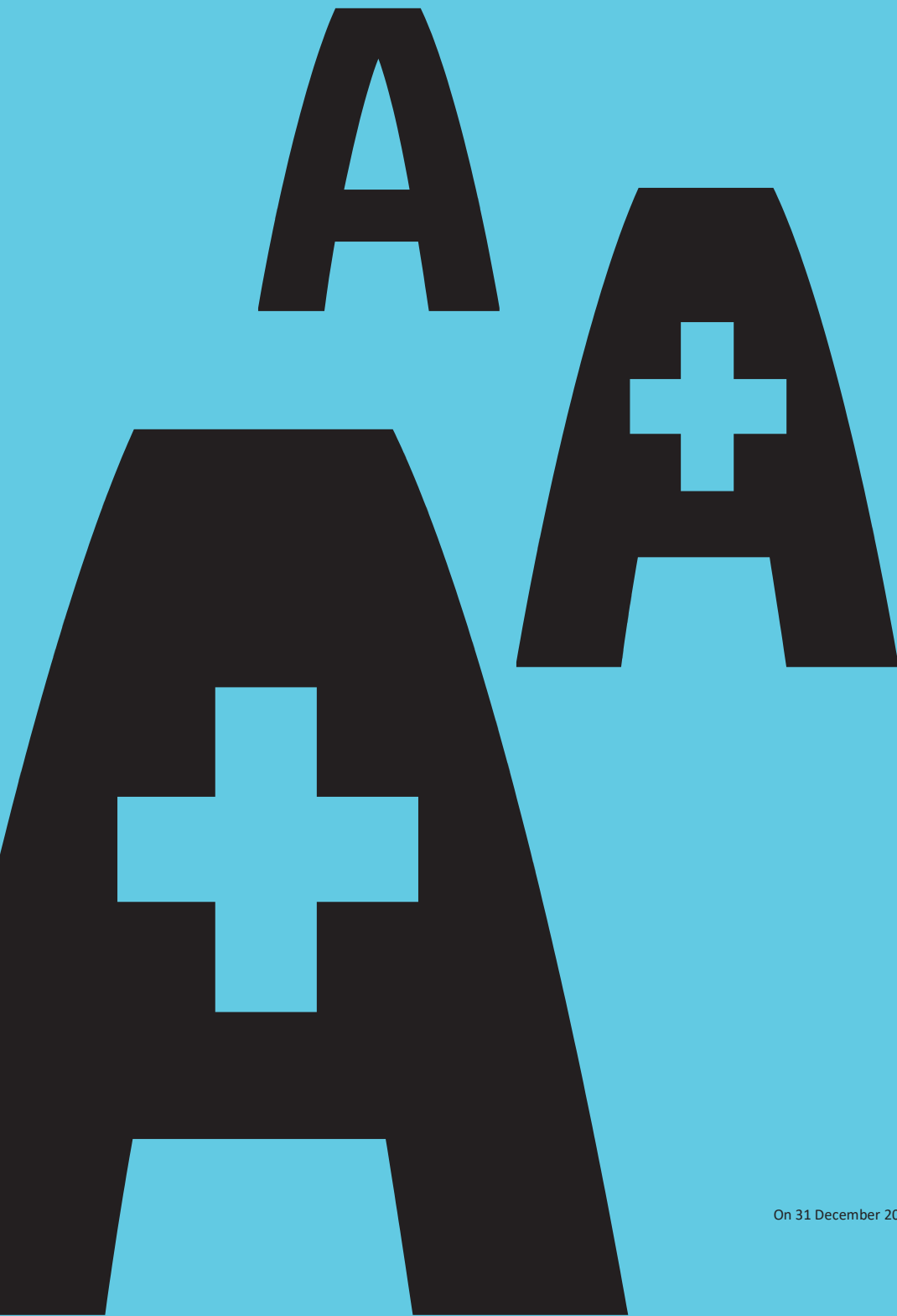
**Second link:** The member's funds at Lloyd's. Every member, whether an individual or a company, must make sufficient capital available to cover the obligations to which they commit themselves. These funds are intended for the policy holders.

**Third link:** Lloyd's Central Assets. The central assets are available to the Lloyd's Board to fulfil valid claims that are not covered by the assets in the two previous links in the chain.

If the first link should require additional resources, then the second link ensures that members can provide these additional resources. In the unlikely case that the resources of the two links are not sufficient, the third link, which the Lloyd's board has at its disposal, provides additional support to Members to ensure that all valid claims are paid. That is why we refer to this process as the 'Chain of Security'. It is a robust and unique capital structure that provides the essential protection to our insured parties.



Find out more about our Chain of Security at: [www.lloyds.com/security](http://www.lloyds.com/security)



Lloyd's:  
Independently assessed as  
financially robust.

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### **Independently assessed**

Lloyd's syndicates benefit from the added value that Lloyd's has to offer, such as the Lloyd's brand, the network of worldwide licences and the Central Fund. The Central Fund is available to the Lloyd's Board to fulfil valid claims that are not covered by other assets belonging to the members.

Because all insurance policies at Lloyd's fall under this communal cover, the rating agencies issue a single market assessment for all the insurance syndicates.

According to the leading rating agencies, Lloyd's has robust capital reserves and is rated as follows:

- Standard & Poor's: A+ (strong)
- Fitch Ratings: A+ (strong)
- A.M. Best: A (excellent)

In addition to our chain of security, these excellent ratings offer further peace of mind for our policyholders.

On 31 December 2011



Find out more about Lloyd's ratings at: <http://www.lloyds.com/ratings>



Carbon Credits: innovative cover against changes to legislation.

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### **Your risk management managed**

Lloyd's.

The name stands for unrivalled experience with more than 300 years of protection against ordinary and extraordinary risks.

The name stands for strength, with our chain of security that ensures that insured parties can have every confidence that we will pay covered claims.

And the name stands for accessibility. From virtually every country in the world you have access to Lloyd's and to all the benefits that the worldwide marketplace has to offer.

We are looking forward to working with you.

In person and digitally,  
Lloyd's works the way you  
work.



