

# LLOYD'S COVER TO COVER

**WHY YOU SHOULD PLACE  
YOUR RISK AT LLOYD'S**

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From oil rigs to Ming vases,  
nothing surprises us.

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## THE HOME OF INTERNATIONAL INSURANCE

Fire and flood, piracy and terrorism, hurricanes and earthquakes.

The world can be an unforgiving place.

For centuries, insurance has been getting people and businesses back on their feet, and for more than 300 years its home has been Lloyd's.

But Lloyd's is not an insurance company. It is a unique market, where brokers from around the globe bring their clients' risks and negotiate face to face with the underwriters who cover them.

Why Lloyd's? First, because the market brings together an exceptional level of knowledge and underwriting experience. So whether you need cover for an oil rig, a supply chain, a fleet of cars or a Ming vase, nothing surprises us.

Second, Lloyd's is secure. The market is overseen by the Corporation of Lloyd's, setting standards, monitoring syndicates' performance and defining the strong capital base from which valid claims can be paid.



Follow us on Twitter: [@lloydsolondon](https://twitter.com/lloydsolondon)



Join us on Facebook: [www.facebook.com/lloyds](https://www.facebook.com/lloyds)

Up close and personal:  
Lloyd's has a reach of  
more than 200 countries  
and territories.



### WELCOMING THE WORLD

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

But Lloyd's is actually an international success story; we welcome risks from all over the world. If you're based in one of the 200+ countries and territories in which Lloyd's can do business, our market is very much open to you.

A global network of brokers and local underwriters ("coverholders") makes it easy for virtually any business to approach Lloyd's, wherever they happen to be located. As a result, around 80% of Lloyd's business comes from outside the UK.

Occasionally, this may include the more eye-catching risks such as an opera singer's vocal chords or a footballer's legs. But the vast majority of our business lies in protecting what's vital to business every day: from property, plant and machinery to business continuity and liability protection that enables enterprises to operate effectively.



For more on Lloyd's international reach visit [www.lloyds.com/globaloffices](http://www.lloyds.com/globaloffices)  
For more on where Lloyd's is able to transact business visit [www.lloyds.com/crystal](http://www.lloyds.com/crystal)

From the seven seas  
to the stratosphere,  
Lloyd's has always been  
there to cover risk.

### MASTERS OF CHANGE

You might imagine that the original Mr Lloyd was the insurance guru of his day. In fact, he served coffee.

It was in his coffee house in Tower Street, London, that ship owners would meet people who had the capital to insure them, as well as hear the latest news from the seven seas.

Business was conducted face to face, and by maintaining this tradition today we enable brokers to have direct access to the key decision makers. They conduct business with underwriters in our Underwriting Room and these conversations spill out into our modern-day coffee house in the Lloyd's building (but today it's digital security and skinny lattes rather than brigantines and Mr Lloyd's roasted brew).

For three centuries, the very nature of Lloyd's means we have become masters at adapting to extraordinary change. The industrial revolution. The internal combustion engine. Electricity. Penicillin. Rock 'n' Roll. Lunar landings. The World Wide Web.

At every stage, our past has been about anticipating the future.



For more on Lloyd's remarkable history visit: [www.lloyds.com/history](http://www.lloyds.com/history)

Cybercrime.  
One of a new generation  
of risks covered at Lloyd's.



**FIT FOR THE FUTURE**

Every day, you deal with risk. By its nature, risk is a forward-looking concept: what might happen? And, therefore, how can I mitigate it?

That's why at Lloyd's we're continually making sure that our services are fit for the future. For example, cybercrime is one of a new generation of risks to government, business and ordinary people. Lloyd's is a leading provider of data-breach and data-security insurance, giving protection against a major threat that knows no borders.

Success in the future also demands that Lloyd's itself works smarter to maintain our competitive edge.

Just one example is The Exchange. This is a messaging service which enables brokers, underwriters and IT suppliers to have a single connection point from which they can send and receive information securely between multiple parties. Following a successful pilot, it is also enabling brokers to send all endorsements electronically, and insurers to respond to them.



For more on how the market is modernising visit: [www.lloyds.com/exchange](http://www.lloyds.com/exchange)

**TERRORISM**

EVENT CANCELLATION

**MINES**

WORKERS' COMPENSATION

**FACTORIES**

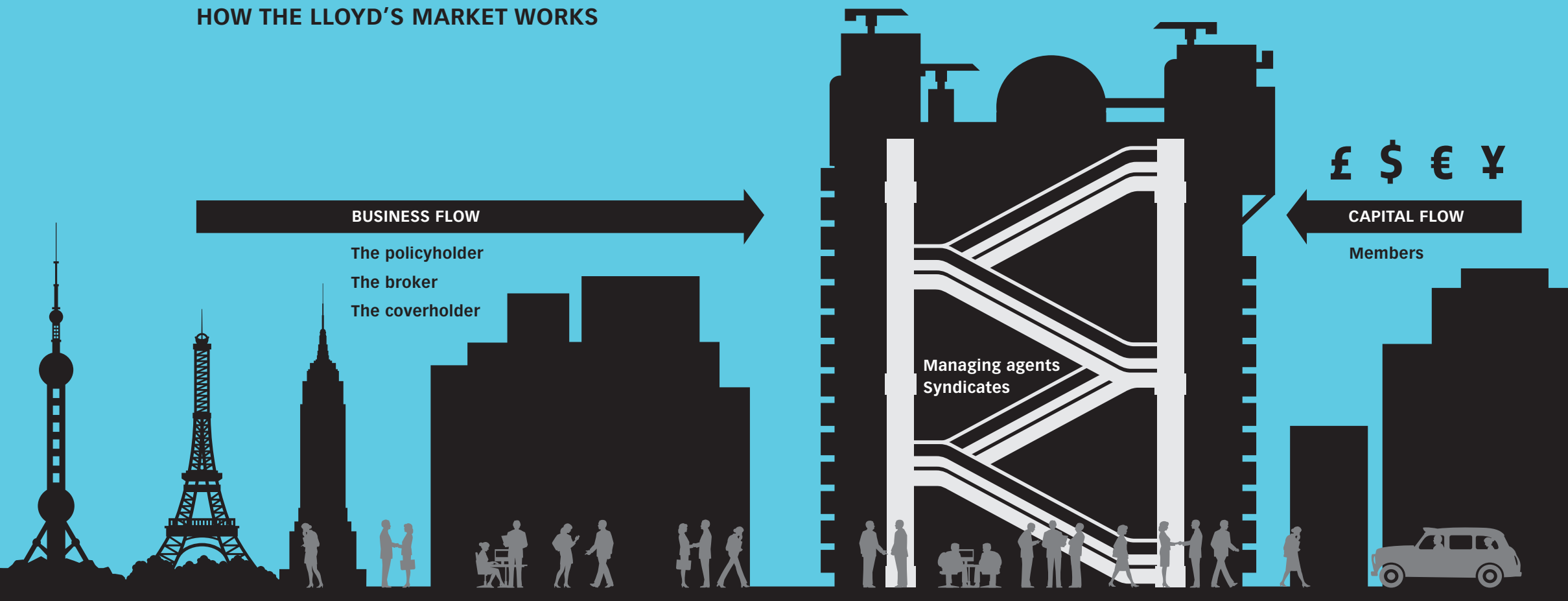
**REINSURANCE**

**PIRACY**

DIRECTORS AND  
OFFICERS LIABILITY

**BRIDGES**

## HOW THE LLOYD'S MARKET WORKS



The insurance process starts with a risk: something that needs to be covered. It might be an office block in Manchester, machinery in Brisbane or a yacht in Hawaii.

The client with this risk calls their insurance **BROKER**, who in turn may approach a local **COVERHOLDER**. Sometimes a client will approach the coverholder directly. Coverholders underwrite business on behalf of a syndicate. They provide local knowledge as well as a straightforward way for the client (the **POLICYHOLDER**) to obtain cover from Lloyd's.

Alternatively, the client can contact a broker who is accredited to place business at Lloyd's. This broker then goes to the Lloyd's market to meet **UNDERWRITERS** face to face. Underwriters assess the risk and decide on the terms and premiums they can offer.

Underwriters are employed by **MANAGING AGENTS**, companies that manage the **SYNDICATES** which accept insurance risks. These syndicates may specialise in providing particular types of cover or underwriting for a range of different risks. The syndicates are made up of **MEMBERS** of Lloyd's who join together to insure risks. They provide the capital to support syndicates' underwriting, and they include some of the world's largest insurance companies, listed companies, individuals and limited partnerships.



For more on the iconic building where negotiations take place visit: [www.lloyds.com/building](http://www.lloyds.com/building)





Following the San Francisco earthquake of 1906, a Lloyd's underwriter famously instructed: "Pay all our policyholders in full, irrespective of the terms of their policies."

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## MAKING A CLAIM

It is only when a claim arises that the true quality of an insurer is properly tested.

Time and time again, Lloyd's has risen to challenges of the most extreme kind. Hurricane Katrina. The devastating floods in Thailand in 2011. The World Trade Center on 9/11, for which we were the largest single insurer. In every case, we met acute need with decisive action to get all valid claims paid.


Thankfully not all claims are this extreme, but each still needs urgent attention to help businesses trade and get people back to their normal lives.

Lloyd's has therefore invested heavily to streamline the way that we handle claims. For example, the Claims Transformation Programme has delivered a 39% reduction in average transaction time.

Indeed, following the tsunami of 2011 that struck Japan with tragic consequences, Lloyd's paid out some 6.6 billion yen of payments within 48 hours of the money being requested by the reinsurers.



For more on how we approach claims at Lloyd's, visit: [www.lloyds.com/claims](http://www.lloyds.com/claims)



**SYNDICATE LEVEL  
ASSETS**

£41,311m  
US\$64,032m

**MEMBERS' FUNDS  
AT LLOYD'S**

£15,171m  
US\$23,515m

**CENTRAL ASSETS**

£3,106m  
US\$4,814m

All figures as at  
31 December 2011.  
Figures have been  
translated to US dollars  
using the rate prevailing  
at 31 December 2011  
(£1 = US\$ 1.55)

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

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## THE CHAIN OF SECURITY

Our policyholders can have full confidence that Lloyd's can meet all valid claims because of a mechanism we call our Chain of Security.

**It has three links:**

**Link one:** Syndicate assets. All premiums are held in trust for paying claims. Until all liabilities have been provided for, no profits can be released.

**Link two:** Members' Funds at Lloyd's. Each member, whether corporate or individual, must provide sufficient capital to support their underwriting at Lloyd's. These funds are held in trust for the benefit of the policyholders.

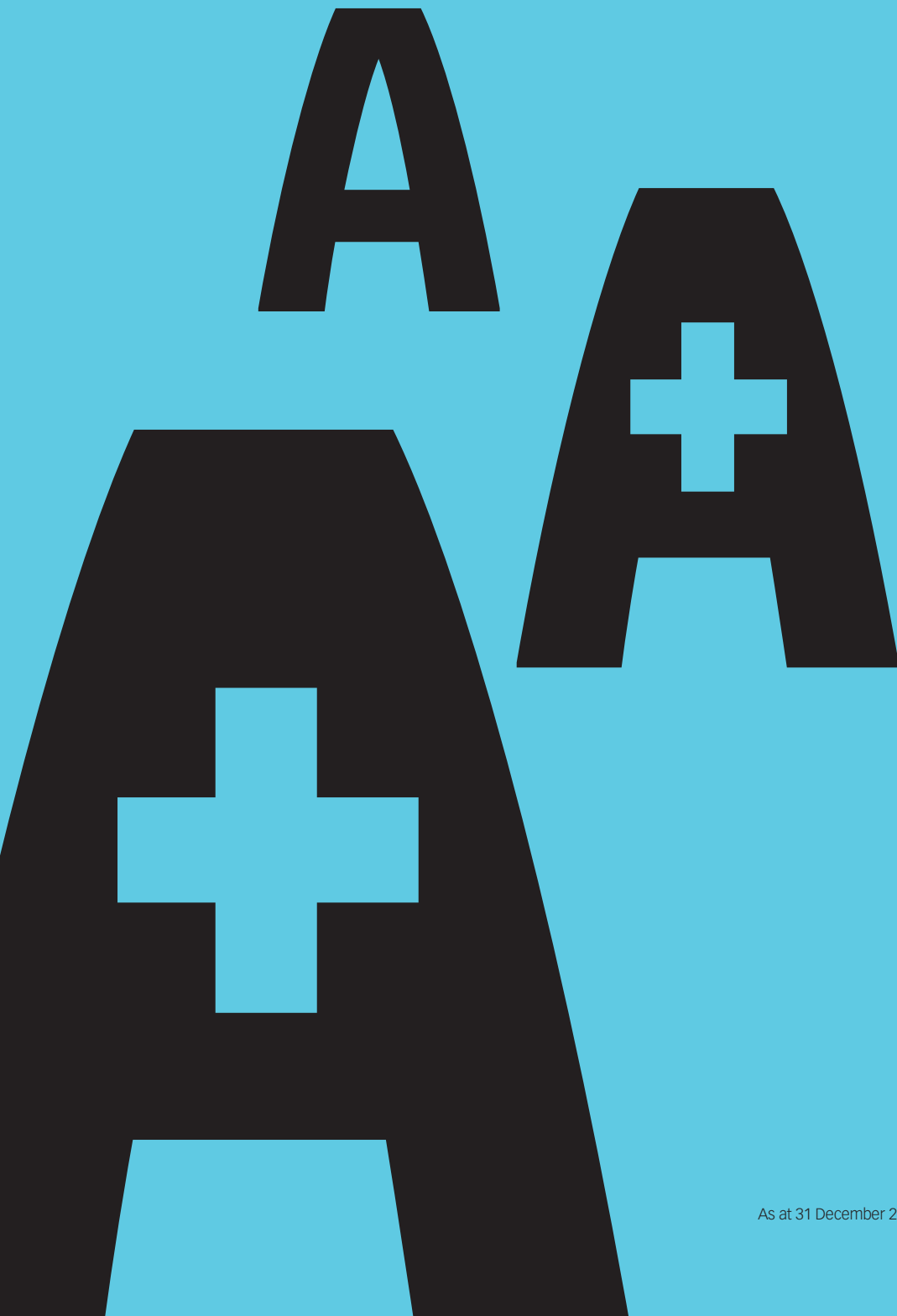
**Link three:** Lloyd's Central Assets. The Central Assets are available, at the discretion of the Council of Lloyd's, to meet any valid claim that cannot be met from the resources of any member further up the chain.

In the event that the first link needs additional funds, the second link ensures members have additional resources available. In a rare case where these two links are still insufficient, the third link, available at the discretion of the Council, provides a further level of support to members to ensure valid claims are paid.

This is why we refer to the process as the 'Chain of Security'. It's a robust and unique capital structure which provides vital security to our policyholders.



For more on the Chain of Security visit: [www.lloyds.com/security](http://www.lloyds.com/security)



Lloyd's:  
independently rated  
as financially robust.

#### **INDEPENDENTLY ASSESSED**

Lloyd's syndicates benefit from Lloyd's central resources, including the Lloyd's brand, its network of global licences and the Central Fund. The Central Fund is available at the discretion of the Council of Lloyd's to meet any valid claim that cannot be met by the resources of any member.

As all Lloyd's policies are ultimately backed by this common security, independent ratings agencies apply a single market rating to all syndicates.

In the eyes of leading agencies, Lloyd's is viewed as enjoying robust capital reserves and scores the following ratings:

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

In addition to our Chain of Security, policyholders can draw further confidence from these excellent ratings.

As at 31 December 2011



For more on Lloyd's ratings visit: <http://www.lloyds.com/ratings>



Carbon Credits:  
innovative cover against  
changes in the law.

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## **YOUR RISK MANAGEMENT, MANAGED**

Lloyd's.

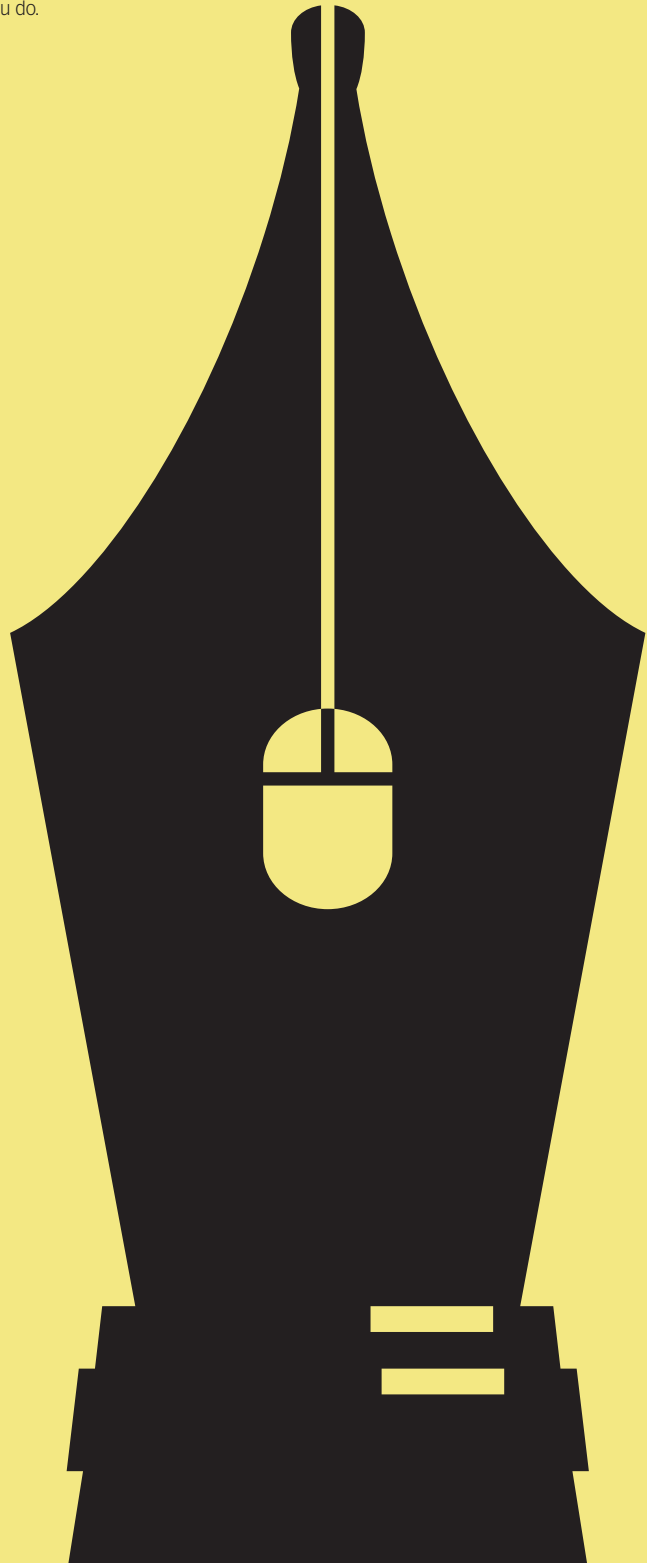
The name says unrivalled experience with more than 300 years of protection against ordinary and extraordinary risks.

It says strength, with our Chain of Security ensuring that policyholders can have every confidence that we will pay valid claims.

And it says open for business. From virtually every country in the world, you can access Lloyd's and all the benefits that the market delivers worldwide.

We look forward to working with you.

Personally and digitally,  
Lloyd's works the way you do.





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