Lloyd's of London

Lloyd's of London, generally known simply as **Lloyd's**, is an insurance market located in London, United Kingdom. Unlike most of its competitors in the industry, it is not an insurance company. Rather, Lloyd's is a corporate body governed by the Lloyd's Act 1871 and subsequent Acts of Parliament and operates as a partially-mutualised marketplace within which multiple financial backers, grouped in syndicates, come together to pool and spread risk. These underwriters, or "members", are a collection of both corporations and private individuals, the latter being traditionally known as "Names".

The business underwritten at Lloyd's is predominantly general insurance and reinsurance, although a small number of syndicates write term life assurance. The market has its roots in marine insurance and was founded by Edward Lloyd at his coffee house on Tower Street in around 1686. Today, it has a dedicated building on Lime Street in the City of London financial district, which was opened in 1986. Its motto is *Fidentia*, Latin for "confidence", and it is closely associated with the Latin phrase *uberrima fides*, or "utmost good faith".[1]

In 2017 there were 85 syndicates managed by 56 managing agencies that collectively wrote £33.6 billion of gross premiums (up from £29.9bn in 2016) on business placed by 287 approved brokers. Fifty per cent of premiums emanated from North America and 29 per cent from Europe. Direct insurance represented 68 per cent of the policies written, mainly covering property and liability ("casualty"), while the remaining 32 per cent was reinsurance. The market reported a pre-tax loss of £2bn and a combined ratio result of 114 per cent for 2017 (up from 97.7 per cent in 2016, which represented a £2.1bn profit).

Lloyd's of London

LLOYD'S

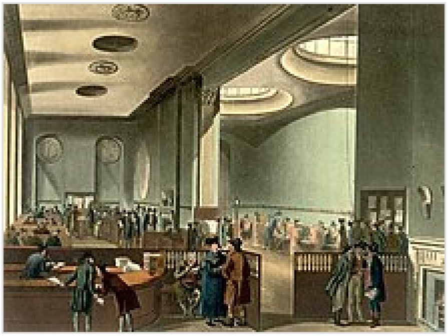
The 1986 Lloyd's building in Lime Street is the current headquarters of Lloyd's

Company type	Insurance and reinsurance market
Founded	1686
Founder	Edward Lloyd
Headquarters	London, EC3 United Kingdom
Key people	Bruce Carnegie-Brown (Chairman) Inga Beale (CEO)

History

Formation and first Lloyd's Act

Website	lloyds.com (http://lloyds.com)


The Subscription Room in the early 19th century

The market began in Lloyd's Coffee House, opened by Edward Lloyd in 1686 on Tower Street in the City of London.[2] This establishment was a popular place for sailors, merchants, and ship-owners, and Lloyd catered to them with reliable shipping news. The coffee house soon became recognised as an ideal place for obtaining marine insurance. The shop was also frequented by mariners involved in the slave trade. Historian Eric Williams notes: "Lloyd's, like other insurance companies, insured slaves and slave ships, and was vitally interested in legal decisions as to what constituted 'natural death' and 'perils of the sea'."[3] Lloyd's obtained a monopoly on maritime insurance related to the slave trade and maintained it until the early 19th century.[3]

Just after Christmas 1691, the small club of marine insurance underwriters relocated to Lombard Street; a blue plaque on the site commemorates this. This arrangement carried on until 1774, long after Lloyd's death in 1713, when the participating members of the insurance arrangement formed a committee and moved to the Royal Exchange in Cornhill as The Society of Lloyd's.

The Royal Exchange was destroyed by fire in 1838. The building was rebuilt by 1844, but many of Lloyd's early records were lost. In 1871, the Lloyd's Act was passed in Parliament which gave the business a sound legal footing. The Lloyd's Act 1911 set out the Society's objectives, which include the promotion of its members' interests and the collection and dissemination of information.[4]

San Francisco earthquake

On 18 April 1906, a major earthquake and resulting fires destroyed more than 80 per cent of the Californian city of San Francisco. This event was to have a profound influence on building practices, risk modelling, and the insurance industry.


The 1906 San Francisco earthquake caused substantial losses for Lloyd's underwriters

Lloyd's losses from the earthquake and fires were substantial, even though at the time the placement of insurance business overseas was viewed with some wariness. One of Lloyd's leading underwriters, Cuthbert Heath, famously instructed his agent in San Francisco to "pay all of our policyholders in full, irrespective of the terms of their policies". The prompt and full payment of all claims arising out of the disaster helped to cement Lloyd's reputation for reliable claims payment and as an important trading partner for US brokers and policyholders. It was estimated that around 90 per cent of the damage to the city was caused by the resultant fires. Since 1906, fire following earthquake has generally been an insured peril under most policies.[5]

Changes in the UK financial markets

It was realised that the membership of the Society, which had been largely made up of market participants, was too small in relation to the market's capitalisation and the risks that it was underwriting. Lloyd's response was to commission a secret internal inquiry, which produced the Cromer report in 1968. This report advocated the widening of membership to non-market participants, including non-British subjects and women, and to reduction of the onerous capitalisation requirements (thus creating a minor investor known as a "mini-Name"). The report also drew attention to the danger of conflicts of interest. The liability of the individual Names was unlimited.

During the 1970s, a number of issues arose which were to have significant influence on the course of the Society. The first was the tax structure in the UK: for a time, capital gains were taxed at up to 40 per cent (nil on gilts); earned income was taxed in the top bracket at 83 per cent, and investment income in the top bracket at 98 per cent. Lloyd's income counted as earned income, even for Names who did not work at Lloyd's, and this heavily influenced the direction of underwriting: in short, it was desirable for syndicates to make a (small) underwriting loss but a (larger) investment gain. The investment gain was typically achieved by "bond washing" or "gilt stripping": selling the gilt or other bond cum dividend and buying it back ex dividend, thus forfeiting the interest income in exchange for a tax-free capital gain. Syndicate funds were also moved offshore (which later created problems through fraud and self-dealing).

Because Lloyd's was a tax shelter as well as an insurance market, the second issue affecting Lloyd's was an increase in its external membership: by the end of the 1970s, the number of passive investors dwarfed the number of underwriters working in the market. Third, during the decade a number of scandals had come to light, including the collapse of the Sass syndicate, which had highlighted both the lack of regulation and the lack of legal powers of the Committee of Lloyd's (as it was then) to manage the Society.

Arising simultaneously with these developments were wider issues: first, in the United States, an ever-widening interpretation by the courts of insurance coverage in relation to workers' compensation for asbestosis-related losses, which created a huge hole in Lloyd's claims reserves, which was initially not recognised and then not acknowledged. Second, by the end of the decade, almost all of the market agreements, such as the Joint Hull Agreement, which were effectively cartels mandating minimum terms, had been abandoned under pressure of competition. Third, new specialised policies had arisen which had the effect of concentrating risk: these included "run-off" policies, under which the liability of previous underwriting years would be transferred to the current year, and "time and distance" policies, whereby reserves would be used to buy a guarantee of future income.

Second Lloyd's Act

In 1980, Sir Henry Fisher was commissioned by the Council of Lloyd's to produce the foundation for a new Lloyd's Act. The recommendations of his report addressed the "democratic deficit" and the lack of regulatory muscle.

The Lloyd's Act 1982 further redefined the structure of the business, and was designed to give external Names (investors in underwriting syndicates), introduced in response to the Cromer report, a say in the running of the business through a new governing Council.[6] The main purpose of the 1982 Act was to separate the ownership of the managing agents of the underwriting syndicates from the ownership of the broking firms (which acted as intermediaries, not as underwriters) with the objective of removing conflicts of interest.

Immediately after the passing of the 1982 Act, evidence came to light and internal disciplinary proceedings were commenced against a number of individual underwriters who had allegedly siphoned sums from their businesses to their own accounts. These individuals included a deputy chairman of Lloyd's and of its leading underwriters.

In 1986, the British government commissioned Sir Patrick Neill to report on the standard of investor protection available at Lloyd's. His report was produced in 1987 and made a large number of recommendations, but was never implemented in full.

1995 restructure and causes

Claims and bankruptcies in the eighties and nineties

In the late 1980s and early to mid-1990s, Lloyd's went through perhaps the most traumatic period in its history. Unexpectedly large legal awards in US courts for punitive damages led to large claims, especially on APH (asbestos, pollution and health hazard) policies, some dating as far back as the 1940s. Many of these policies were open peril policies, meaning that they covered any claim not excluded. Other policies (called standard or broad), only cover damage from listed perils such as fire.

The classic example of "long-tail" insurance risks is asbestosis/mesothelioma claims under employers' liability or workers' compensation policies. An employee at an industrial plant may have been exposed to asbestos in the 1960s, fallen ill twenty years later, and claimed compensation from his former employer in the 1990s. The employer would report a claim to the insurance company that wrote the policy in the 1960s. However, because the insurer did not fully understand the nature of the future risk back in the 1960s, it and its reinsurers would not have properly reserved for it. In the case of Lloyd's, this resulted in the bankruptcy of thousands of individual investors who indemnified general liability insurance written from the 1940s to the mid-1970s for companies with exposure to asbestosis claims.

In the 1980s, Lloyd's was also accused of fraud by several American states and external Names.

Among the more high-profile accusations, it was alleged that Lloyd's withheld its knowledge of asbestosis and pollution claims until it could recruit more investors to take on these liabilities, which were unknown to investors prior to investment. Meanwhile, enforcement officials in eleven US states charged Lloyd's and some of its associates with various offences such as fraud and selling unregistered securities.

Reinsurance to close

It may not be immediately clear how current members of current Lloyd's syndicates, which accept business a year at a time, could be liable to pay historical losses. This came about as a result of the Lloyd's accounting practice known as "reinsurance to close" (RITC).

Membership of a Lloyd's syndicate was not like owning shares in a company. An individual "joined" for one calendar year only, known as the Lloyd's annual venture. At the end of the year, the syndicate as an ongoing trading entity was effectively disbanded.

However, usually the syndicate re-formed for the next calendar year with more or less the same membership and the same identifying number. In this way, a syndicate could have a continuous existence going back (in some cases) 50 years or more, but each year was accounted for separately. There would have been 50 separate incarnations of this example syndicate, each one a separate trading entity that underwrote insurance for one calendar year only.

Since claims can take time to be reported and then paid, the profit or loss for each syndicate took time to realise. The practice at Lloyd's was to wait three years (that is, 36 months from the beginning of the year in which the business was written) before "closing" the year for accounting purposes and declaring a result.

For example, a 1984 syndicate would ordinarily declare its results following the end of December 1986. The syndicate's members would be paid any underwriting (and investment) profit during the 1987 calendar year, in proportion to their participation in the syndicate; conversely, they would have to reimburse the syndicate during 1987 for their share of any loss.

To calculate the profit or loss, reserves were set aside for future claims payments, for claims that had already been notified but not yet paid, as well as estimated amounts for claims that had been incurred but not reported (IBNR). This estimation is difficult and can be inaccurate; in particular, liability (long-tail) policies tend to produce claims long after the policies are written.

The reserve for future claims liabilities was set aside in an unusual way. The syndicate bought a reinsurance policy to pay any future claims; the premium was equal to the amount of the reserve. In other words, rather than putting the reserve into a bank to earn interest, the syndicate transferred its (strictly, its members') liability to pay future claims to a reinsurer. This was RITC – a transaction that allowed the syndicate to be closed, and a profit or loss declared.

The reinsurer was always another Lloyd's syndicate(s), often the succeeding year of the same syndicate. The members of syndicate 'A' in 1985 reinsured the future claims liabilities for members of syndicate 'A' in 1984. The membership might be the same, or it might have changed.

In this manner, liability for past losses could be transferred year after year until it reached the current syndicate. A member joining a syndicate with a long history of such transactions could – and often did – pick up liability for losses on policies written decades previously. As long as the reserves had been accurately estimated, and the appropriate RITC premium paid every year, then all would have been well, but in many cases this had not been possible. No one could have predicted the surge in APH losses. Therefore, the amounts of money transferred from earlier years by successive RITC premiums to cover these losses were insufficient, and the current members had to pay the shortfall.

(Similarly, within a stock company, an initial reserve for future claims liabilities is set aside immediately, in year 1. Any deterioration in that initial reserve in subsequent years will result in a reduced profit in the later years, and a consequently reduced dividend and/or share price for shareholders in those later years, whether or not those shareholders in the later year are the same as the shareholders in year 1. Arguably, Lloyd's practice of using reserves in year 3 to establish the RITC premiums should have resulted in a more equitable handling of long-tail losses such as APH than would the stock company approach. Nevertheless, the difficulties in correctly estimating losses such as APH overwhelmed even Lloyd's extended process.)

As a result, a great many individual members of syndicates underwriting long-tail liability insurance at Lloyd's faced significant financial loss or ruin by the mid-1990s.

Dilution of liabilities and the consequences

It was alleged that in the early 1980s some Lloyd's officials began a recruitment programme to enrol new Names to help capitalise Lloyd's prior to the expected onslaught of APH claims. This allegation became known as "recruit to dilute": in other words, recruit more Names to dilute losses. When the huge extent of asbestosis losses came to light in the early 1990s, for the first time in Lloyd's history large numbers of members refused or were unable to pay the claims, many alleging that they were the victims of fraud, misrepresentation, and negligence. The opaque system of accounting at Lloyd's made it difficult, if not impossible, for many Names to understand the extent of the liability that they personally and their syndicates subscribed to.

The market was forced to restructure. An ambitious plan entitled *Reconstruction and Renewal* was produced in 1995, with proposals for separating the ongoing Lloyd's from its past losses. Liability for all pre-1993 business was to be compulsorily transferred (by RITC) into a special vehicle named Equitas (which would require the approval of the UK's Department of Trade & Industry (DTI)) at a cost of around $21bn. Many Names faced large bills, but the plan also provided for a settlement of their disputes, a tax on recent profits, and the write-off of nearly $5bn of debts, skewed towards those with the most severe losses. The plan was debated at length, modified, and eventually strongly supported by the Association of Lloyd's Members (ALM) and most leaders of Names' action groups. Money was raised in many ways, including the sale and leaseback of the Lloyd's building, and a tax on future business. Individual offers were accepted by 95 per cent of Lloyd's names. The past liabilities of all Names were transferred to Equitas in September 1996.

The "recruit to dilute" fraud allegations were heard in court in 2000 in the case *Sir William Jaffray & Ors v. The Society of Lloyd's* and the appeal was heard in 2002. On each occasion the allegation that there had been a policy of "recruit to dilute" was rejected; however, at first instance the judge described the Names as "the innocent victims [...] of staggering incompetence" and at appeal the court found that representations that Lloyd's had a rigorous auditing system were false ([item 376 of the judgment:] [...] the answer to the question [...] whether there was in existence a rigorous system of auditing which involved the making of a reasonable estimate of outstanding liabilities, including unknown and unnoted losses, is no. Moreover, the answer would be no even if the word 'rigorous' were removed) and strongly hinted that one of Lloyd's main witnesses, Murray Lawrence, a previous chairman, had lied in his testimony ([item 405 of the judgment:] We have serious reservations about the veracity of Mr. Lawrence's evidence [...].).

Lloyd's then instituted some major structural changes: corporate members with limited liability were permitted to join and underwrite insurance; no new "unlimited liability" Names can join (although a few hundred existing ones remained); financial requirements for underwriting were changed, to prevent excess underwriting that was not backed by liquid assets; and market oversight significantly increased. Lloyd's rebounded and started to thrive again after the World Trade Center attack, but it has faced increased competition from newly created companies in Bermuda and other markets.

Structure

Lloyd's is not an insurance company; it is a market of members. As the oldest continuously active insurance marketplace in the world, Lloyd's has retained some unusual structures and practices that differ from all other insurance providers today. Originally created as a non-incorporated association of subscribing members, it was incorporated by the Lloyd's Act 1871 and is currently governed under the Lloyd's Acts of 1871 through to 1982.

Lloyd's itself does not underwrite insurance business, leaving that to its members. Instead, the Society operates effectively as a market regulator, setting rules under which members operate and offering centralised administrative services to those members.

Council of Lloyd's

The Lloyd's Act 1982 defines the management structure and rules under which Lloyd's operates. Under the Act, the Council of Lloyd's is responsible for the management and supervision of the market. It is regulated by the Prudential Regulation Authority and the Financial Conduct Authority.[7]


The Council meets in the Committee Room, on the 11th floor of the Lloyd's building

The Council normally has six working, six external and six nominated members.[8] The appointment of nominated members, including that of the chief executive officer, is confirmed by the Governor of the Bank of England. The working and external members are elected by Lloyd's members. The chairman and deputy chairmen are elected annually by the Council from among the working members of the Council. All members are approved by the regulating bodies.

The Council can discharge some of its functions directly by making decisions and issuing resolutions, requirements, rules and bylaws. The Council delegates most of its daily oversight roles, particularly relating to ensuring the market operates successfully, to the Franchise Board.

The Franchise Board lays down guidelines for all syndicates and operates a business planning and monitoring process to safeguard high standards of underwriting and risk management, thereby improving sustainable profitability and enhancing the financial strength of the market.[9]

Businesses at Lloyd's

There are two classes of people and firms active at Lloyd's. The first are members, or providers of capital. The second are agents, brokers, and other professionals who support the members, underwrite the risks and represent outside customers (for example, individuals and companies seeking insurance, or insurance companies seeking reinsurance).


Interior escalators linking the underwriting floors of the Lloyd's building

Members

For most of Lloyd's history, rich individuals known as Names backed policies written at Lloyd's with all of their personal wealth and took on unlimited liability. Since 1994, Lloyd's has allowed corporate members into the market, with limited liability. The asbestosis losses in the early 1990s devastated the finances of many Names: upwards of 1,500 out of 34,000 Names (4.4 per cent) were declared bankrupt. This scared away other potential Names. In 2011 individual Names provide only 11 per cent of capacity at Lloyd's, with UK-listed and other corporate members providing 30 per cent and the remainder via the international insurance industry.[10] No new Names with unlimited liability are admitted, and the importance of individual Names will continue to decline as they slowly withdraw, convert (generally into limited liability partnerships), or die. In 2014, Names with unlimited liability provided just 2 per cent of the overall capacity in Lloyd's.

Managing agents

Managing agents sponsor and manage syndicates. They canvas members for commitments of capacity, create the syndicate, hire underwriters, and oversee all of the syndicate's activities. Managing agents may run more than one syndicate, as borne out in the fact that in 2017 the 85 syndicates were operated by just 56 managing agents.

Members' agents

Members' agents co-ordinate the members' underwriting and act as a buffer between Lloyd's, the managing agents and the members. They were introduced in the mid-1970s and grew in number until many went bust; many of the businesses merged, and there are now only four left (Argenta, Hampden, Alpha and LMAS, which has no active Names). It is mandatory that unlimited Names write through a members' agent, and many limited liability members also choose to do so.

Lloyd's coverholder

Coverholders are an important source of business for Lloyd's. Their numbers have grown steadily in recent years, and in 2015 there were 4,008, producing an increasingly meaningful share of the market's overall income. The balance of Lloyd's business is distributed around the world through a network of brokers.

Coverholders allow Lloyd's syndicates to operate in a region or country as if they were a local insurer. This is achieved by Lloyd's syndicates delegating their underwriting authority to coverholders. A coverholder can have full or limited authority to underwrite on behalf of a Lloyd's syndicate. It will usually issue the insurance documentation and will often handle claims. The document setting out the terms of the coverholder's delegated authority is known as a *binding authority*.[11]

Lloyd's brokers

Outsiders, whether individuals or other insurance companies, cannot transact business directly with Lloyd's syndicates. They must hire Lloyd's brokers, who are the only customer-facing companies at Lloyd's. They are therefore often referred to as intermediaries. Lloyd's brokers shop customers' risks around the syndicates, trying to obtain the most competitive terms.

Integrated Lloyd's vehicles

When corporations became admitted as Lloyd's members, they often disliked the traditional structure. Insurance companies did not want to rely on the underwriting skills of syndicates they did not control, so they started their own. An integrated Lloyd's vehicle (ILV) is a group of companies that combines a corporate member, a managing agent, and a syndicate under common ownership. Some ILVs allow minority contributions from other members, but most now try to operate on an exclusive basis.

Financial security

Lloyd's capital structure, often referred to as the "chain of security", provides financial security to policyholders and capital efficiency to members. The Corporation is responsible for setting both member and central capital levels to achieve a level of capitalisation that is robust and allows members the potential to earn superior returns.

There are three "links" in the chain: the funds in the first and second links are held in trust, primarily for the benefit of policyholders whose contracts are underwritten by the relevant member. Members underwrite for their own account and are not liable for other members' losses.

The third link is the Lloyd's Central Fund, which contains mutual assets held by the Corporation which are available, subject to Council approval, as required, to meet any member's insurance liabilities.[10]

In 2017 the first link (syndicate level assets) amounted to £51.1bn, the second link (members' "funds at Lloyd's") £24.6bn, and the Central Fund contained just over £2bn.

Financial performance

In its most recent annual report, for 2017, Lloyd's reported an underwriting loss of £3.42bn, offset by a £1.42bn non-technical profit to produce an overall pre-tax loss of £2bn, compared to an overall £2.11bn pre-tax profit in 2016. The result was driven by an increase in large claims to £4.54bn, primarily arising out of Hurricanes Harvey, Irma and Maria and wildfires in California. Gross premiums written totalled £33.59bn, which was a 12.5 per cent increase from £29.86bn in 2016, without taking exchange rate fluctuations into account.

Each syndicate is responsible for determining how much money to hold in reserve for its known and unknown claim liabilities, and each may choose to release some of its reserves for prior-year claims if it deems it appropriate. Overall reserve releases can improve the current year's combined ratio result, whereas overall reserve increases can worsen the combined ratio.

In 2016, before the release of £1.15bn of prior-year reserves, all eight of Lloyd's main business segments produced loss-making "accident year" combined ratios (property for example recorded 106.6 per cent, casualty 102.9 per cent and reinsurance 102.3 per cent). Three of the eight classes (energy, aviation and reinsurance) released enough reserves to produce a "calendar year" profit. In 2017, £706m of prior-year reserve releases improved the market result from 116.9 per cent to 114 per cent.

The 2017 result was Lloyd's first calendar year loss for six years. This was after the 13th consecutive year of prior-year reserve releases improving the result, by 2.9 points. With the impacts of the Atlantic hurricanes and California wildfires as well as other major catastrophes, property insurance produced a 131.5 per cent accident year combined ratio and the reinsurance segment 121.7 per cent. The best accident year result was in aviation, at 100.6 per cent.[12]

The following table details some key financial metrics for the Lloyd's market for the past seven years, as reported in each year's annual report:

Year	Gross premiums written	Combined ratio (AY)	Combined ratio (CY)	Pre-tax profit/(loss)	Pre-tax ROC	Ref
2017	£33,591m	116.9%	114.0%	(£2,001m)	(7.3%)	[13]
2016	£29,862m	103.0%	97.9%	£2,107m	8.1%	[14]
2015	£26,690m	97.9%	90.0%	£2,122m	9.1%	[15]
2014	£25,283m	96.1%	88.1%	£3,161m	14.7%	[16]
2013	£26,106m	94.8%	86.8%	£3,205m	16.2%	[17]
2012	£25,500m	98.3%	91.1%	£2,771m	14.8%	[18]
2011	£23,477m	113.3%	106.8%	(£516m)	(2.8%)	[19]

Dating back further, in 2005 Hurricanes Katrina, Rita and Wilma significantly contributed to the Lloyd's combined ratio of 112 per cent. In 2001 the calendar year result was a 140 per cent combined ratio, driven largely by claims arising out of the September 11 attacks, reserve increases for prior-year liabilities and deteriorating pricing. Since 1950, Lloyd's worst single year was 1989, but the early and late 1990s were also punctuated by repeated significant underwriting losses.[20]

Timeline of significant events at Lloyd's

- 1686 Edward Lloyd establishes Lloyd's Coffee House, on Tower Street
- 1691 Lloyd's Coffee House relocates to Lombard Street
- 1774 Society of Lloyd's founded, at the Royal Exchange
- 1783 The Zong Massacre trial[21]
- 1799 Sinking of HMS *Lutine*
- 1871 Lloyd's Act
- 1906 San Francisco earthquake
- 1909 Sinking of the RMS *Republic*
- 1911 Lloyd's Act
- 1912 Sinking of the RMS *Titanic*
- 1914 Sinking of the RMS *Empress of Ireland*
- 1925 Market relocated to its first owned building, at 12 Leadenhall Street
- 1955 Supported the Montgomery Bus Boycott
- 1956 Sinking of the SS *Andrea Doria*
- 1958 Market relocated to new building, at 51 Lime Street
- 1965 Hurricane Betsy
- 1968 Cromer report published
- 1977 F. H. Sasse syndicate scandal[22][23]
- 1978 *Amoco Cadiz* disaster[24]
- 1978 Computer leasing losses[25]
- 1979 *Betelgeuse* incident
- 1979 Three Mile Island accident[26]
- 1982 Lloyd's Act
- 1986 Market relocated to the current Lloyd's building, at 1 Lime Street

- 1988 Piper Alpha disaster[27]
- 1989 *Exxon Valdez* oil spill
- 1989 Lloyd's Community Programme founded, with first chairman Michael Wade[28]
- 1990s Asbestosis affair and resultant London market excess (LMX) reinsurance spiral of losses[29]
- 1991 Typhoon Mireille
- 1992 Hurricane Andrew
- 1993 Bishopsgate bombing and subsequent establishment of Pool Re
- 1994 Northridge earthquake, California
- 1996 Equitas set up to harbour pre-1993 exposures
- 2001 World Trade Center attack
- 2004 Hurricanes Charley, Frances, Ivan and Jeanne
- 2005 Hurricanes Katrina, Rita and Wilma
- 2006 Berkshire Hathaway assumed Equitas liabilities
- 2010 *Deepwater Horizon* oil spill
- 2011 Tōhoku earthquake and tsunami
- 2013 Inga Beale appointed first female chief executive officer of Lloyd's[30][31][32][33]
- 2015 Explosions at the port of Tianjin
- 2017 Hurricanes Harvey, Irma and Maria

Types of policies

Lloyd's syndicates write a diverse range of policies, both direct insurance and reinsurance, covering casualty, property, marine, energy, motor, aviation and many other types of risk.[34] Lloyd's also has a unique niche in unusual, specialist business such as kidnap and ransom, fine art, specie, aviation war, satellites, personal accident, bloodstock and other insurances.

The general public knows of Lloyd's for some unusual or notable policies that were written there. For example, Lloyd's has been the marketplace which allowed the following to be insured:

- silent film comedian Ben Turpin's eyes against uncrossing
- Marlene Dietrich's, Betty Grable's,[35] Brooke Shields's, and Tina Turner's legs
- cricketer Merv Hughes's trademark walrus mustache while playing for Australia between 1985 and 1994[36]
- Jimmy Durante's nose
- the hands of the 1932 World Yo-Yo Champion Harvey Lowe[36]
- Keith Richards' fingers
- Keiran Lee's penis for $1M[37]
- food critic and gourmet Egon Ronay's taste buds for £250,000[35]
- Whitney Houston's, Toni Braxton's, Celine Dion's, Bob Dylan's and Bruce Springsteen's vocal cords[36]
- Michael Flatley's legs for $47 million[36] (the policy was only in effect when he was touring, and forbade him from dancing except on stage)
- America Ferrera's smile for $10 million
- Ken Dodd's teeth for $7.4 million[36]

- Steve Fossett's life for $50 million
- the bodies of several professional wrestlers, including Bret Hart, Ric Flair, Curt Hennig, Rick Rude, Brian Adams, and Joe Laurinaitis, better known as Road Warrior Animal. However, as of 2017, Dave Meltzer reported that they no longer insure wrestlers.[38]
- Diana Lee's hair
- Troy Polamalu's hair for $1 million[39]
- participating automobiles in the carpools involved in the Montgomery Bus Boycott
- a grain of rice with a portrait of the Queen and the Duke of Edinburgh engraved on it for $20,000[35]
- a confident comedy theatre group against the risk of a member of their audience dying of laughter[35]
- the development of the new World Trade Center with workers' compensation, general liability, excess liability and speciality insurance programmes[40]

US gun controversy

United States gun control advocates have accused Lloyd's of providing “murder insurance” because it underwrites several types of National Rifle Association-endorsed firearms policies, including for gun shows and personal liability insurance that covers criminal and civil defence suits. The NRA-endorsed personal liability policies are unusual, as insurance policies rarely cover costs from criminal prosecution. Gun control supporters argue that these policies could increase gun violence as they have the potential to reduce the negative consequences of firing a gun, similar to “stand-your-ground” laws. [41]

According to the owner of Appalachian Promotions, which organises gun shows in several US states, Lloyd’s is "the NRA’s choice” for gun shows and “there’s usually nowhere else to get it for gun shows.” Critics have accused Lloyd’s of enabling the “gun show loophole” and “aiding and abetting the black market in handguns.”[42]

New York state regulators are investigating the marketing of these “self-defense" insurance policies.[43]

Miscellaneous

The present Lloyd's building, at 1 Lime Street, was designed by architect Richard Rogers and was completed in 1986. It stands on the site of the old Roman Forum. The 1925 building's facade survives, appearing strangely stranded with the modern building visible through the gates on the northern side on Leadenhall Street. In 2011 it became a listed building.[44]

In the main Underwriting Room of Lloyd's stands the *Lutine* bell, which was struck when the fate of a ship "overdue" at its destination port became known. If the ship was safe, the bell would be rung twice; if it had sunk, the bell would be rung once. (This had the practical purpose of immediately stopping the sale or purchase of "overdue" reinsurance on that vessel.) Nowadays it is only rung for ceremonial purposes, such as the visit of a distinguished guest, or for the annual Remembrance Day service and anniversaries of major world events.

The early history of Lloyd's was fictionalised in the 1936 film *Lloyd's of London*.

A fictional portrayal of Lloyd's Underwriting Room was featured in the 1965 motion picture *You Must Be Joking!* The *Lutine* bell figured prominently in the film's plot.

The Lloyd's building was used in the beginning of the film *Mamma Mia!* to represent a New York office building from where Pierce Brosnan's character left for the Greek island. Lloyd's is also the main plotline in English author Penny Vincenzi's novel *An Absolute Scandal* (2007), which centres around the scandals during the 1980s and 1990.


The *Lutine* bell, housed in the rostrum in the main Underwriting Room

Brokers and underwriters are still normally held to, and apparently prefer, a more formal style of attire than many nearby City of London banks and financial institutions.[45]

See also

- BS 1088 – Marine materials standard
- Jonathan's Coffee-House – original home of the London Stock Exchange
- Lloyd's Law Reports
- Lloyd's List
- Lloyd's Open Form
- Lloyd's Register
- Lloyd's unlimited rating
- Shipping line

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External links

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