 Lloyd's is a corporate body governed by the Lloyd's Act 1871 and subsequent [Acts of Parliament](https://en.wikipedia.org/wiki/Acts_of_Parliament_in_the_United_Kingdom).

The market has its roots in [marine insurance](https://en.wikipedia.org/wiki/Marine_insurance) and was founded by Edward Lloyd at [his coffee house](https://en.wikipedia.org/wiki/Lloyd%27s_Coffee_House) on [Tower Street](https://en.wikipedia.org/wiki/Great_Tower_Street) in c. 1686.

Today, it has [a dedicated building](https://en.wikipedia.org/wiki/Lloyd%27s_building) on [Lime Street](https://en.wikipedia.org/wiki/Lime_Street,_London) within which business is transacted at each syndicate's "box" in the underwriting "Room", with the insurance policy documentation being known traditionally as a "slip".[[1]](https://en.wikipedia.org/wiki/Lloyd%27s_of_London#cite_note-Mantle-1)

Lloyd’s of London began in Edward Lloyd’s Tower Street coffee house in 1688.

Lloyd’s was the source for shipping news and marine insurance. Underwriter Cuthbert Heath wrote its first non-marine policy in 1887.

The H.M.S. Lutine sank in 1799 and was salvaged almost 60 years later. The Lutine Bell used to be rung to signal news of overdue ships. In recent years, it has been rung only on special occasions.

Lloyd’s of London is a marketplace where syndicates underwrite specialty insurance policies. The syndicates, made up of companies and underwriters, interact with brokers seeking to cover risk.

Lloyd’s has been involved in covering a wide range of risk, from disasters to innovation to celebrity body parts.

Losses are still recorded by hand, in ink, in the Loss Book.

Innovative Lloyd’s underwriter Cuthbert Heath pioneered insuring new types of risk. Which of the following did Heath introduce to Lloyd’s?

In his 60-year career, Heath regularly led the way into new areas of risk.

* Non-marine policies
* Insurance against Zeppelin attacks during World War I
* Lloyd's first burglary policy
* Loss probability statistics, maps and other historic documents related to weather disasters
* All of the above

Lloyd’s does business in 200 countries and territories. Yes

Argo Group representatives underwrite risk as Syndicate 1200 and Syndicate 1910 at Lloyd’s. Yes

Note: [Syndicate 1200](http://www.argo-global.com/pages/about-us/syndicate-1200) specializes in underwriting worldwide property, specialty and non-U.S. liability insurance under the ArgoGlobal brand. Ariel Re, part of Argo Group, underwrites property catastrophe and specialty lines of risk through Syndicate 1910.

Which is not part of Lloyd’s Chain of Security? The personnel who guard the Lloyd's building

Note: The [Chain of Security](https://www.lloyds.com/lloyds/about-us/what-do-we-insure/stability-and-security) refers to the capital structure of Lloyd’s. It includes syndicate-level assets, members’ funds at Lloyd’s and central assets.

Lloyd’s won the confidence of the United States by swiftly paying claims after which of the following events?

**The San Francisco earthquake and fire of 1906**

In which year did Lloyd’s hire its first female broker?1973

Note: Liliana Archibald [observed](https://www.lloyds.com/lloyds/about-us/history/corporate-history) that the roof of Lloyd’s was still intact after her first day in the underwriting room.

1. It is  mandatory that syndicate level direct underwriters should reinsure all risks underwritten by them.False
2. A "placing slip" is a document created by a broker that contains a summary  
    of the terms of a proposed insurance or reinsurance contract which  
    is then presented by the broker to selected underwriters for their consideration. TRUE
3. IBNR stands for Incurred But Not Reported
4. Syndicate means A member or group of members underwriting insurance business at Lloyd’s through the agency of a managing agent
5. An underwriter cannot be appointed by Lloyd’s Members
6. Premium In / Claims Out is known as Inward transaction

Lloyd's of London

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What Is Lloyd's of London?

Lloyd's of London is a British insurance market where members operate as [syndicates](https://www.investopedia.com/terms/u/underwriter-syndicate.asp) to insure and spread out the risks of different businesses, organizations, and individuals. The syndicates are specialized in different types of risks and each syndicate decides which type of risk to insure. The main purpose of Lloyd's of London is to act as an intermediary between clients, [underwriters](https://www.investopedia.com/terms/i/insurance-underwriter.asp), brokers, and insurance companies.

KEY TAKEAWAYS

* Llyod's of London is an insurance market that acts as an intermediary between clients, brokers, underwriters, and insurance companies.
* Members operate as syndicates to spread out the risk of different clients.
* The syndicates operate and specialize in specific types of risk and decide who to insure.
* There are five key players at Lloyd's of London: syndicates, insurance buyers, brokers, managing agents, and cover holders.

Understanding Lloyd's of London

Unlike most of its industry peers, Lloyd's of London is not an [insurance](https://www.investopedia.com/terms/i/insurance.asp) company. Rather, Lloyd's is a corporate body governed by the Lloyd's Act of 1871 and subsequent acts of Parliament. It operates as a partially mutualized marketplace consisting of multiple financial backers, grouped in syndicates, convened to pool and spread risks. These underwriters, or "members," include both corporations and private individuals, the latter of which is known as "names." In its essence, Lloyd's is a marketplace where buyers of insurance and sellers of insurance conduct business.

Lloyd's of London functions like any financial market where buyers represent clients who want to [hedge](https://www.investopedia.com/terms/h/hedge.asp) various risks. Buyers look to purchase protection (insurance policies) and sellers represent members who provide and sell protection against risks faced by these clients. The market also includes [brokers](https://www.investopedia.com/terms/b/broker.asp), who help buyers and sellers meet an optimal match and managing agents who handle syndicates on behalf of members (the ones who provide the capital).

Key Operators at Lloyd's of London

There are five main groups that make up the Lloyd's of London marketplace. They are the syndicates, the insurance buyers, the brokers, the managing agents, and the cover holders.

**The Syndicates:** The syndicates are the key players at Lloyd's. They are made up of corporations or individuals. The syndicates are basically the insurance companies that offer a specific type of insurance. More than one syndicate can participate in an insurance policy, thereby spreading the risk out among many syndicates.

**The Insurance Buyers:** These are the individuals or corporations buying the insurance. Many times if a traditional insurance provider does not provide the insurance needed, perhaps for a particularly risky business, individuals can find insurance sellers at Lloyd's.

**The Brokers:** As with all brokers, the brokers at Lloyd's act as go-betweens for the insurance buyers and the syndicates. The brokers help facilitate and match the appropriate syndicate to the buyer. Brokers at Lloyds must be approved by the Corporation of Lloyd's to be allowed to do business in the marketplace.

**The Managing Agents:** The managing agents work for the syndicates and manage their daily operations. They are responsible for hiring and overseeing all essential staff, such as underwriters and accountants.

**The Cover Holders:** Cover holders are companies that underwrite the insurance policies for managing agents. These are outside entities that Lloyd's contracts to do certain business that isn't done by the brokers. They are given specific authority to transact certain business in the marketplace. Cover holders allow Lloyd's of London to operate globally without having to set up shop in many locations.

From the latest information, as of Dec. 31, 2018, there were 99 syndicates, 55 managing agents, 301 brokers, and 3,936 approved cover holders, that collectively wrote £35.5 billion of gross premiums.

Lloyd's of London History

With roots in marine insurance, Lloyd's was founded by Edward Lloyd at his coffee house on Tower Street in 1686. It was popular with sailors, merchants, and ship owners, and Lloyd catered to them with reliable shipping news. The establishment became known as a good place to purchase marine insurance. The shop was also frequented by mariners involved in the slave trade. Lloyd's obtained a monopoly on maritime insurance related to the slave trade and maintained it until the early 19th century. The Lloyd's Act gave the business a sound legal footing. The Lloyd's Act of 1911 set out the organization's objectives, which includes the promotion of its members' interests and the collection and dissemination of information. Today, Lloyd's has a dedicated building on Lime Street, which opened in 1986.