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AM Best Affirms Credit Ratings of Lloyd's, Its Rated Subsidiaries and Society of Lloyd's

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FOR IMMEDIATE RELEASE

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AM Best has affirmed the Financial Strength Rating of A+ (Superior) and the Long-Term Issuer Credit Ratings (Long-Term ICR) of "aa-" (Superior) of Lloyd's (United Kingdom), Lloyd's Insurance Company (China) Limited (Lloyd's China) and Lloyd's Insurance Company S.A. (Lloyd's Europe) (Belgium). Concurrently, AM Best has affirmed the Long-Term ICR of "a+" (Excellent) of Society of Lloyd's (the Society) (United Kingdom) and the Long-Term Issue Credit Rating of "a" (Excellent) on the GBP 300 million 4.875% subordinated notes, maturing 7 February 2047. The outlooks of these Credit Ratings (ratings) are stable.

The ratings reflect Lloyd's balance sheet strength, which AM Best assesses as very strong, as well as its strong operating performance, very favourable business profile and appropriate enterprise risk management.

Lloyd's balance sheet strength is underpinned by risk-adjusted capitalisation at the strongest level, as measured by Best's Capital Adequacy Ratio (BCAR). Capital adequacy is supported by a robust risk-based approach to setting member-level capital and Lloyd's Central Fund, which is available to meet the policyholder obligations of all Lloyd's members. The protection afforded to members through the Central Fund is enhanced by the Central Fund insurance, which was renewed for five years in 2024. AM Best's assessment of the balance sheet strength of Lloyd's considers the fungibility constraints of capital held at the member level and the Lloyd's market's (the market) good financial flexibility, which is enhanced by the diversity of its capital providers.

The market's exposure to catastrophe risk is an offsetting factor. However, the requirement for members to replenish their funds at Lloyd's to meet their underwriting liabilities, which is part of the 'Coming into Line' process, together with the Corporation's enhanced oversight of accumulation risk, partly mitigates the potential for volatility in risk-adjusted capitalisation due to operating losses.

The operating performance assessment reflects AM Best's expectation that the market will produce a strong underwriting performance over the underwriting cycle and that the capital will continue to be attracted to Lloyd's. Improved pricing conditions, as well as the robust performance oversight by the Corporation, materialised in measurable improvements in underwriting performance over recent years. Nonetheless, the market's expense ratio continues to be higher than those of its peers.

The business profile assessment reflects Lloyd's excellent position in the global general insurance and reinsurance markets as a

leading writer of specialty property/casualty risks. The growing size of the market demonstrates its ability to attract and retain investors due to its unique business proposition that offers a capital efficient structure and the ability to write business globally.

The ratings of Lloyd’s China and Lloyd’s Europe reflect reinsurance support from Lloyd’s in the form of quota share contracts between Lloyd’s and the syndicates that are active in its Chinese and European platforms.

The ratings of the Society are notched from the ratings of Lloyd’s, reflecting the unique relationship between the Society and Lloyd’s, which means that the ability of the Society to meet its obligations is inextricably linked to the ability of Lloyd’s to meet its obligations.

The Lloyd’s market ratings are the “floor of security” of all policies written at Lloyd’s across all Syndicates.

This press release relates to Credit Ratings that have been published on AM Best’s website. For all rating information relating to the release and pertinent disclosures, including details of the office responsible for issuing each of the individual ratings referenced in this release, please see AM Best’s [Recent Rating Activity](#) web page. For additional information regarding the use and limitations of Credit Rating opinions, please view [Guide to Best’s Credit Ratings](#). For information on the proper use of Best’s Credit Ratings, Best’s Performance Assessments, Best’s Preliminary Credit Assessments and AM Best press releases, please view [Guide to Proper Use of Best’s Ratings & Assessments](#).

AM Best is a global credit rating agency, news publisher and data analytics provider specialising in the insurance industry. Headquartered in the United States, the company does business in over 100 countries with regional offices in London, Amsterdam, Dubai, Hong Kong, Singapore and Mexico City.

Related Companies

For information about each company, including the Best's Credit Reports, group members (where applicable) and news stories, click on the company name. An additional purchase may be required.

AMB#	Company Name
085202	Lloyd's
078649	Lloyd's Insurance Company (China) Ltd
095926	Lloyd's Insurance Company S.A.
051215	Society of Lloyd's

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