

A BRIEF HISTORY OF

Lloyd's of London

*From a coffee house to the world's leading insurance market
1688 – Present*

What We'll Cover

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Origins in a Coffee House

Edward Lloyd and the birth of marine insurance, 1688

02

The First Act of Parliament

Formalisation and Lloyd's Act of 1871

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The Names & Underwriting Syndicates

How the unique market structure works

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Growth & Global Reach

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San Francisco, Titanic, World Wars & beyond

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Crisis, Reform & Modernisation

LMX spiral, near-collapse and the 1990s rescue

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Lloyd's Today

The Lime Street market in the 21st century

01

Origins: Edward Lloyd's Coffee House

1688 – Tower Street, London

A meeting place for
ship owners, merchants
and sea captains.

Edward Lloyd opened his coffee house c.1688 near the Thames docks — a natural hub for the shipping trade.

Merchants seeking coverage would write their name and the share of risk they'd accept beneath a ship's description, becoming 'underwriters'.

Lloyd began publishing Lloyd's News (1696) — one of the world's first shipping intelligence sheets.

By 1700 the coffee house had moved to Lombard Street and was the de facto centre of marine insurance in England.

Lloyd himself died in 1713, but the market he created lived on under his name.

02 Formalisation & the Lloyd's Acts

1769

New Lloyd's

Breakaway group of underwriters establishes 'New Lloyd's Coffee House', separating legitimate traders from gamblers and lottery dealers.

1774

Royal Exchange

The society moves into rooms at the Royal Exchange — a prestigious commercial address that signals its growing importance to British trade.

1811

Committee Formed

A formal Committee is established to regulate membership and set market standards, marking the first real governance structure.

1871

Lloyd's Act

Parliament passes the Lloyd's Act, giving the society a formal legal constitution, objects, and powers — the founding statute of the modern institution.

03 The Names & Underwriting Syndicates

The 'Names'

- Individual members who pledge unlimited personal liability
- Traditionally wealthy private individuals
- Their entire personal fortune stood behind every policy
- Status symbol as much as an investment vehicle
- Corporate members introduced in 1994 after the crisis

Syndicates

- Names pool capital into syndicates managed by a professional underwriter
- Each syndicate specialises in a class of risk (marine, aviation, liability...)
- Multiple syndicates often share a single risk — the 'subscription market'
- Syndicates are annual vehicles, reformed each year of account
- Around 80 active syndicates operate today

The Market

- Brokers bring risks into the Room on behalf of clients
- The underwriter stamps the slip, agreeing their share of the risk
- The Corporation of Lloyd's oversees but does not underwrite
- Lloyd's Central Fund acts as guarantor of last resort
- Gross written premium: ~£52 billion (2023)

04 Growth & Global Reach

1760s

Non-marine risks
first accepted

1800s

Life insurance &
fire policies added

1850s+

Railroad & industrial
risks underwritten

1886

Policy Signing
Office opens

The Empire's Insurer

- As the British Empire expanded, Lloyd's followed — underwriting ships, cargoes, colonial infrastructure and foreign trade across every ocean.
- The subscription market model proved uniquely suited to large, complex risks: no single underwriter bore the whole exposure.
- Lloyd's agents were appointed in ports worldwide to report on shipping movements, losses and weather — a global intelligence network predating the telegraph.
- By the late 19th century Lloyd's covered everything from racehorses to theatrical legs, cementing its reputation as insurer of last resort.

05

Catastrophes That Shaped Lloyd's

San Francisco, 1906

Earthquake and fire devastated the city. Lloyd's paid all policyholders in full — cementing its reputation when US companies defaulted.

RMS Titanic, 1912

A massive marine loss. The disaster accelerated shipping safety regulation internationally.

World Wars I & II

War risks presented an unprecedented challenge. Lloyd's paid billions and helped finance the Allied war effort through war risk pools.

Moon landings, 1969

Lloyd's underwrote the Apollo missions — accepting genuinely novel risks no one else would.

Piper Alpha, 1988

The North Sea oil platform disaster cost Lloyd's ~\$1.4bn. Offshore energy became a major class.

Hurricane Andrew, 1992

\$15.5bn insured loss — one of the triggers for the Names' crisis and market reform.

9/11, 2001

Lloyd's paid ~£4.8bn — the largest single loss in its history at that time.

COVID-19, 2020

Business interruption claims raised major legal questions. Lloyd's paid c.£6.2bn in pandemic-related claims.

06 Crisis & the LMX Spiral

£8bn

Cumulative losses
1988–1992

34,000

Names facing
financial ruin

1994

Equitas created to
ring-fence old losses

1996

Reconstruction &
Renewal completed

What Went Wrong — and How Lloyd's Was Saved

- The LMX (London Market Excess of Loss) spiral saw syndicates reinsuring each other in circular chains — amplifying losses rather than spreading them. When Hurricane Andrew and Piper Alpha struck, the spiral unwound catastrophically.
- Thousands of Names — who had backed policies with unlimited personal liability — faced ruin. Scandals emerged over agents who had placed Names on loss-making syndicates without proper disclosure.
- Lloyd's response was landmark: the 'Reconstruction & Renewal' plan transferred all pre-1993 liabilities into a run-off vehicle, Equitas, eventually reinsured by Berkshire Hathaway in 2006.
- Corporate capital was admitted for the first time in 1994, reducing dependence on individual Names and modernising the market's capital structure entirely.

A Home as Iconic as the Market — Lime Street

1691

Lombard Street

First permanent home after the original Tower Street coffee house

1774

Royal Exchange

Rooms leased in the prestigious commercial centre of London

1928

Leadenhall Street

First purpose-built Lloyd's building, designed for the booming post-war market

1958

Lime Street (1st)

A second post-war building to cope with surging membership numbers

1986

Rogers Building

The current inside-out masterpiece: services on exterior, trading floors inside — Grade I listed since 2011

The Lutine Bell — salvaged from the French frigate HMS Lutine, wrecked 1799 — still hangs in the Underwriting Room. It is rung once for bad news, twice for good. The Rogers building was Grade I listed in 2011, one of the youngest buildings to receive the honour.

07 Lloyd's Today

£52bn+

Gross written
premium (2023)

~80

Active syndicates
in the market

200+

Countries &
territories covered

55,000+

People employed
globally

Key Developments in the 21st Century

- Future at Lloyd's (2019): A digital transformation programme to modernise pricing, claims and data — the biggest overhaul in the market's history.
- Electronic placement: The market moved from physical paper slips to digital platforms (PPL), with adoption accelerated dramatically by COVID-19.
- Climate & ESG: Lloyd's has committed to stop insuring new oil sands projects and coal plants, signalling the market's response to the energy transition.
- Cyber insurance: One of the fastest-growing classes; Lloyd's writes a major share of the global cyber market and issued landmark state-backed attack exclusion guidance (2023).
- London remains the global centre for specialty and complex risks — the place of last resort for the world's most unusual, large and hazardous exposures.

Traditions & Culture

Lloyd's has preserved remarkable traditions alongside its modernisation.

The Lutine Bell

Rung once for bad news, twice for good. Salvaged from HMS Lutine, wrecked 1799 off Holland.

The Boxes

Curved leather benches in the Room where brokers meet underwriters — unchanged for generations.

The Caller

A caller in red robe announces important news — predating electronic communication.

Lloyd's List

First published 1734, one of the world's oldest continuously published journals.

Notable 'Unusual' Risks Insured by Lloyd's

- Bruce Springsteen's voice — insured by a Lloyd's syndicate
- Betty Grable's legs — the original celebrity body-part policy (1940s)
- The Loch Ness Monster — a Scottish whisky distillery sought coverage
- Alien abduction insurance — sold to thousands of Americans
- Hole-in-one insurance for golf tournament prizes
- The Apollo 11 crew's personal accident cover
- America's Cup yachts and Formula 1 racing teams

Key Figures in Lloyd's History

Edward Lloyd

c.1648–1713 · Coffee house proprietor

Unknowingly founded the world's greatest insurance market by providing a meeting place and shipping intelligence.

John Julius Angerstein

1735–1823 · Leading underwriter

The dominant figure of the 18th-century market; his art collection became the nucleus of the National Gallery.

Joseph Marryat

1757–1824 · Committee chairman

Drove professionalisation and fought to exclude fraudsters and gambling syndicates from the market.

Cuthbert Heath

1859–1939 · Innovator

Pioneered non-marine insurance at Lloyd's. After San Francisco he cabled: 'Pay all our policyholders in full.'

Peter Miller

1931–2021 · Chairman 1984–87

Oversaw the move to Lime Street and early recognition of the looming Names crisis.

David Rowland

1936– · Chairman 1993–97

Led the Reconstruction & Renewal that saved Lloyd's from collapse after the LMX spiral.

335 Years at a Glance

1688

Coffee House opened

1871

Lloyd's Act passed

1986

Rogers building opened

2001

9/11
£4.8bn claims

2023

£52bn premium record

1771

Formal society formed

1906

San Francisco paid

1996

R&R rescue plan

2019

Future at Lloyd's

CONCLUSION

The Enduring Legacy of Lloyd's of London

- Born in a coffee house, Lloyd's has outlasted empires, wars, and financial crises through a culture of trust, innovation, and accountability.
- The subscription market model — sharing risk across competing underwriters — remains its defining and most resilient characteristic.
- Lloyd's has repeatedly honoured claims when rivals defaulted, building a reputation that transcends more than three centuries.
- After near-collapse in the 1990s, structural reform and admission of corporate capital secured its future as the world's premier specialty market.
- Today, from cyber threats to climate change, Lloyd's remains where the world turns for risks too large, too novel, or too complex for anyone else.

"The strength of Lloyd's is the strength of the market as a whole." — A principle since 1688

Thank You

Questions & Discussion

Further Reading

- Lloyd's of London: An Illustrated History — Raymond Flower
- The Lime Street Story — various authors
- lloyd's.com/about-lloyds/history

Key Concepts

- Subscription market / slip placing
- Chain of security & Central Fund
- Equitas & Berkshire Hathaway (2006)

Discussion Points

- How does unlimited liability shape culture?
- Could Lloyd's be disrupted by InsurTech?
- Climate risk: insurer or enabler?