

# Why Lloyd's- An Intimate Chat with Alice and Tilly

**PLUS Staff:** [00:00:00] Thank you for listening to this PLUS podcast. Before we get started, we would like to remind everyone that the information and opinions expressed by our speakers today are their own, and do not necessarily represent the views of their employers, or of PLUS. The contents of these materials may not be relied upon as legal advice.

With the housekeeping announcements out of the way, I'm pleased to turn it over to Alice Budge.

**Alice Budge:** Welcome everyone. And welcome to our podcast on Why Lloyd's. So just to introduce myself, I'm Alice Budge and I am a Lloyd's broker and have been in the market for 15 years. And I'm currently at SRG. I also sit on the London PLUS committee and helped create a very exciting podcast. You might remember me from Demystifying NFTs. Are they still a thing? We'll have to go back.

And I am now here with Tilly to talk a bit more about why you bring your business to London, how it works in this mystical and magical [00:01:00] world of Lloyd's of London. So, Tilly Milnes from IQW, welcome.

**Tilly Milnes:** Hi, I'm Tilly Milnes.

I'm an underwriter in the professional lines team at IQ. And I recently actually just transitioned across disciplines from claims to underwriting internally here at IQ. I've always worked in professional lines and I started out my career as a lawyer at Kennedy's, and after a few secondments in some of the claims departments of the large international insurance companies, I decided to move in-house.

So, I spent--

**Alice Budge:** Too tempting.

**Tilly Milnes:** So tempting. So, I spent quite a few years in claims at different insurers before I joined IQ. So, I'm hoping that having that sort of cross-functional expertise, that technical knowledge and a slightly different perspective will serve me well in my new underwriting role.

So, when we go on to talk about quota share and the Lloyd's Subscription market, I can talk to how that operates from both the underwriting [00:02:00] side and the claims side.

**Alice Budge:** And that's exactly why we invited you. So, thank you for--

**Tilly Milnes:** Yeah.

**Alice Budge:** Getting two for one.

**Tilly Milnes:** There you go.

**Alice Budge:** Two for one, literally. So, the podcast is going to be in two parts. To start with, why do you come to London with your business and why are we so great?

We've kind of got seven pillars which we would summarize them in. Firstly, is the talent. We are a big place full of pros, all in one place. There's centuries worth of insurance knowledge--that's not related to my age, by the way, but there are centuries worth of insurance knowledge and professionalism in the Lloyd's market.

We've got 50 leading insurance companies, 380 registered Lloyd's Brokers, currently in a global network of over 4,000 local cover holders operating within the Lloyd's market. And I think we work very well together and hold each other's hands when [00:03:00] working on accounts, and then in turn, the claims as well.

I think since people all picture us just all sitting in one underline, mean Lloyd's as well working there. But we also do work very collaboratively across computer screens as well. Since 2020, obviously business was done a lot face-to-face, conducted in the famous underwriting room. But since the global pandemic in 2020, we have rapidly adapted to the challenge of remote and hybrid working and very much accelerated in the adoption of, say, the digital collaboration space. Again, another reason why we're so talented that we're able to adapt in that space as well.

**Tilly Milnes:** Yeah, so you spoke about global reach there and it's an important part of why, you know, lots of people come to Lloyd's to place their policies. Lloyd's holds licenses to write insurance in over 70 countries, and that gives us a really great platform to write business, particularly for international businesses or

complex business structures that have [00:04:00] footprints in lots of territories or jurisdictions.

And it just allows a greater flexibility and what we can do and what, what business we can write. That global reach, it gives us a better view on risks and trends and certain jurisdictions are ahead of the curve in terms of those trends or market cycles. And just having that view allows us to anticipate any challenges or changes in the market cycle and means that we can adapt appropriately. So, I think that's really important.

And then, that kind of leads onto the third pillar, which is stability. And that international footprint just allows for greater diversity of portfolios, which in turn creates that balance and stability. So, as I mentioned just now, the territories go through slightly different cycles. So, we have more flexibility and opportunity to balance our portfolios, which [00:05:00] just creates greater certainty and stability, not only for us, but also for our clients and brokers.

And then I suppose, and I'm talking a lot here now, that leads into the fourth pillar on reliability. And that sort of financial strength rating that Lloyd's has from SMP, Colin Fitch--that AA minus rating that just means that we are reliable. And Lloyd's also has a chain of security which provides three layers of protection for our clients that just ensures that claims are paid. And that's through a series of controls that are mandated by Lloyd's and funds that essentially act as a backstop.

**Alice Budge:** Yeah, no, it all makes sense. And I guess your point about having flexibility and the ability to offer flexibility, it also leads into our fifth pillar of collaboration. You know, Lloyd's offers this great structure, which is very [00:06:00] unusual. It's the quota share structure, and that be that underwriters can hold each other's hands and work on one risk with each other and sort of take a percentage of it, not only the premium, but then in turn pay the claims together. And that really means that people can collaborate on their knowledge with and be unified when it comes to paying the claims. I think it also means that you can dip your toes in slightly riskier appetites.

You know, constant new appetites are appearing, including the whole AI space, and it means that people can sort of dip their toes in it and share it with other people and lead them to be able to offer lines for more opportunistic business.

**Tilly Milnes:** Yeah, share that risk.

**Alice Budge:** Yeah, exactly.

**Tilly Milnes:** And as part of that collaboration piece, location is so important and I think it's what has made--well, it's part of what has made Lloyd's so successful over the centuries. You know, Lloyd's and its syndicates are geographically located right next to each other in the city of London, which just, it allows that [00:07:00] cooperation and it allows that knowledge sharing.

And if you've ever been to Lloyd's in London, you'll know it's the hub of the insurance market in London. And you know, most of the insurance companies in breaking houses are within a 10-15 minute walk of Lloyd's. So, it just, it allows for that collaboration that we've talked about so much.

**Alice Budge:** I think when I first did my work experience, in maybe 2009, in the insurance market, soon as I entered the Lloyds building, I was like, "I have to work here."

It was such a lovely, amazing feeling when you walk in. So, it really is an unusual lovely place to be.

**Tilly Milnes:** Yeah, it's so unique.

**Alice Budge:** It is, really is. So, I guess all of those points come onto our final point of why we are so creative and all these sort of pillars lead us to be able to be creative and really tailor make policies and come up with bespoke and flexible solutions for your clients.

**Tilly Milnes:** A really good example of a bespoke product is the fortified [00:08:00] wording we launched a couple of years ago. After listening to the feedback from some of our brokers and clients, we decided to create a wording that essentially encompassed six different coverages across different lines of business. So that included PI, D&O, EPL, fiduciary, Crime and Cyber.

And the form is modular, so our brokers and clients can pick and choose which coverage sections they would like and add extensions. It allows the product to be bespoke for each individual client whilst being broad enough to apply to lots of our clients. So it is that kind of, sort of, collaborative effort and flexible approach that we can take to providing creative solutions for our clients.

**Alice Budge:** I guess, in that case, it kind of removes the gray area between the claims as well when they come in.

**Tilly Milnes:** Yeah, a hundred percent.

**Alice Budge:** I mean, we have used a trial for wording. I very much enjoy quoting on it, so thank you.

**Tilly Milnes:** Amazing.

**Alice Budge:** You mentioned you have some examples of the weird and wonderful [00:09:00] things that you have read about being insured in Lloyds.

**Tilly Milnes:** Yeah, I mean there's lots of weird and wonderful things that have been insured at Lloyd's over the centuries. A couple of interesting ones, I guess, David Beckham's legs.

**Alice Budge:** Right or left?

**Tilly Milnes:** Well, I think both, plural. Plural, it says legs. They were covered for an estimated 100 million pounds.

**Alice Budge:** Wow. That's a lot.

**Tilly Milnes:** Yeah.

**Alice Budge:** Good legs.

**Tilly Milnes:** Great legs and then Bruce Springsteen. His distinctive gravelly voice was also insured at Lloyd's for \$6 million.

**Alice Budge:** Wow.

**Tilly Milnes:** And that was in the eighties.

**Alice Budge:** Wow.

**Tilly Milnes:** So--

**Alice Budge:** I wonder, is it more or less now?

**Tilly Milnes:** Well, in today's money, that'll be 22 million.

**Alice Budge:** Yeah. Is his voice as good now? I don't know.

**Tilly Milnes:** Oh, I don't know. But I'm just saying inflation--

**Alice Budge:** Inflation, yeah.

Oh no, that's great. Well, just to summarize those pillars I've always thought buying a Lloyd's insurance policy is like [00:10:00] buying a designer handbag.

**Tilly Milnes:** Oh, yeah?

**Alice Budge:** I might be the only person who thinks this because I'm very into handbags, but the customization. Just as handbags come into endless style, size, and materials, Lloyd's policies are also highly customizable, tailored to fit unusual niche risk.

The functionality of a handbag carries essentials that you don't want to lose. Lloyd's policies carry protections you can't afford to be without. The prestige of owning a luxury handbag signals status. Holding a Lloyd's policy signals credibility and security in the global market. The versatility of handbags adapt to different occasions you're invited to, and I think that Lloyd's policies adapt to the different industries that we can offer solutions for.

And then finally, the durability. A well-made designer handbag withstands daily wear and Lloyd's policies are designed to really withstand complex and high stake claims.

One claim that really stood out for me in the past 15 years that I read about online was a funeral home [00:11:00] who was seeking professional indemnity cover due to a prior claim and trying to understand what their negligence would be. In this incident, a cadaver had been left out on hot grounds, waiting for the funeral procession to start, in a casket. Due to the very hot location, the cadaver ended up exploding and leading to an extremely large mental anguish claim.

**Tilly Milnes:** I'm not surprised. I'd be mentally anguished, exploding casket.

**Alice Budge:** Well, exactly. And I mean, they fought this claim, not understanding why it was their negligent act. They ended up paying about 17.2 million defense costs. So, [this is] an example of why you really do need special indemnity coverage solutions in place. They can be very useful.

**Tilly Milnes:** Yeah.

**Alice Budge:** Well, that claim nicely brings us on to the second part of the podcast, which is really going to be about the claim side, how they're paid, what happens when you get a claim in Lloyd's. Any day, lawyers can see up to 100 mil[lion] in premiums coming through the market and more than 82.1 million is [00:12:00] paid out in claims. And that is approximately 57,031p in claims per minute, which is a lot of money per minute.

**Tilly Milnes:** That is crazy.

**Alice Budge:** I know. That would stress me out--

**Tilly Milnes:** It's a lot

**Alice Budge:** Dealing with that every minute. So, I've got a few questions for you, Tilly, if you don't mind.

**Tilly Milnes:** Yeah, sure.

**Alice Budge:** [I'm] asking the guru. So, I'll just run through them. So firstly, let's talk about how claims work in the context of Lloyd's and the subscription market. Broadly, how does that compare to company markets?

**Tilly Milnes:** Yeah, so Lloyd's and company markets are notified of claims slightly differently. Company markets are notified and updated directly via email.

The Lloyd's subscription market works slightly differently. So, there's a claims management system called ECF, which all the Lloyd's syndicates use, and that's how notifications and updates are received by the Lloyd's market. It just ensures more efficient claims handling when you've got lots of carriers [00:13:00] that are

quote sharing on a particular tower or a particular layer. And so those notifications and updates are uploaded and facilitated by the London brokers who are a really important part of that Lloyd's ecosystem.

So, there's a set of rules called the Lloyd's Claims Lead Arrangements, which set out the rules for how the claims are to be handled. And all Lloyd syndicates are contractually bound by those rules. So, it just sets out, you know, the state of play and how everything is to be notified and dealt with.

When the claim notification is received in, the Lloyd's lead claims handlers will triage the claims as either standard or complex, which will then ultimately determine how the claim is handled.

**Alice Budge:** Okay. So how do you then decide what's a standard or complex? And how does that affect the process?

**Tilly Milnes:** So, for a claim to be triaged as complex, it's [00:14:00] got to meet one of four thresholds.

So, the most common of those thresholds is the financial threshold. And a claim will be marked as complex for any claims over a million pounds, for third party claims, and 2 million pounds, for first party claims. So, obviously most of what we are dealing with in professional lines is third parties. That tends to be that 1 million pound threshold. The second threshold is if there's a dispute. So, most likely a coverage dispute between insurer and the client. So that is the second threshold. The third is if there's any extra contractual liability. So for example, bad faith allegations, that kind of thing. And then the fourth are any regulatory breaches. So, the regulatory standards that we're held to by Lloyd's and our regulators. So those are the four thresholds. And in any of those scenarios, a claim would be marked as complex.

[00:15:00] Any claims that don't meet those four thresholds will be marked as standard. And I should mention that the triaging of these claims occurs throughout the life cycle of the claim. So as a claims handler, you're constantly evaluating whether the claim meets any of those thresholds, and a claim can move from standard to complex, back to standard multiple times in its lifecycle.



It just depends on the developments. It depends what information you're receiving. So, you've constantly sort of got a view on should this be standard or should this be complex?

**Alice Budge:** Yeah, that sounds quite stressful in going back and forth as well, but I have to up the workload and then lower the workload?

**Tilly Milnes:** Maybe. I mean, the whole point of it is for efficiency. It is meant to cause as little friction for the claims handling process as possible. And it just tries to streamline the process so that one set of eyes is on a claim at any one time, but in sort of those complex scenarios [00:16:00] that you have two sets of eyes just to make sure that those more complex issues are being dealt with properly.

**Alice Budge:** Yeah, no, it makes sense. So, what responsibilities do the Lloyd's leads then have and do they owe duties to the follow markets?

**Tilly Milnes:** Yeah, so the standard claims are handled by the Lloyd's lead only. So, like I just said, it streamlines that process and that's just to ensure that the claims are dealt with efficiently and effectively, and then the complex claims are referred to the second agreement party, which is that second pair of eyes I was talking about.

**Alice Budge:** Yeah

**Tilly Milnes:** So, the Lloyd's lead has control of the claims handling. They appoint the experts. They make decisions. They have authority to settle. They have authority to make payments. They have authority to deny coverage on behalf of any of the other Lloyd's syndicates that participate on that quote share slip. So Lloyd's leads have got quite a big responsibility, really. And they do [00:17:00] owe a duty of care to those following syndicates. And the claims lead arrangements include certain triggers for when they have to update those following markets about a claim.

So, it's really important that you have strong leads with good claims handling capabilities, basically because they're essentially handling the claim on behalf of those other markets.

**Alice Budge:** So, that leads me to the obvious question of why would you lead versus follow?

**Tilly Milnes:** Underwriters that lead slips, it is really important that they have the claims expertise for their participation in their class of business. For example, at IQ we want to lead and we're set up to lead. We have a fantastic claims team, and it just means that we are in control of how the claims are handled, that they're handled in line with our expectations. It means that we're in the best position to give the best service that we can to our clients and our brokers.

It's not always bad to follow. And you know, some syndicates just, [00:18:00] they're not built to be a lead market and that's fine. And you know, some teams might want to write more business than its current team has capacity for. In those scenarios, there are certainly strong syndicates that we are more than happy to follow. It is just important to give consideration on both the underwriting and the broking side as to which markets you're following, and whether they have those sort of lead capabilities.

**Alice Budge:** No, that makes sense. Well, I feel like you've answered my questions very clearly, so thank you.

**Tilly Milnes:** Pleasure.

**Alice Budge:** Well that really summarizes our very short, sweet, and intimate chat with Tilly and myself. And I want to thank you so much for joining us today.

I'll use this opportunity to plug our PLUS University, which will be happening in London on May the 12th and 13th in 2026.

So, keep your eyes peeled for that. There will be more marketing coming out on the internet and LinkedIn shortly. Thanks so much, Tilly.

**Tilly Milnes:** Thanks for having me.

**Alice Budge:** No worries. [00:19:00] Cheers.

**PLUS Staff:** Thank you for listening to this PLUS podcast. If you have ideas for a future PLUS podcast, please complete the Content Idea form on the PLUS website.