

Consolidation of Lloyd's Rules

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Introduction

Lloyd's of London adds a certain mystique to the UK insurance market. Tracing its history to a 17th century coffee house, Lloyd's has since developed into the world's most prominent insurance marketplace and a monolith in the sector.

Transcending its maritime roots, Lloyd's participants underwrite a vast range of insurance lines, and the market has grabbed headlines over the years for covering risks ranging from satellites, supermodels' legs and the Twin Towers.

In recent times, Lloyd's has successfully achieved its ambitions of growth and improved underwriting profits, whilst committing to enhancing innovation in the insurance industry. However, the marketplace has represented a paradox, as its outdated infrastructure and cumbersome body of rules were the price for benefitting from market participation.

Whilst Lloyd's attempt to digitise its market platform (known as 'Blueprint 2') remains shelved, recent success has been obtained with a consolidation of Byelaws and other rules.

The output from Lloyd's consolidation process is expected to significantly improve users' experience of reviewing Lloyd's rules, and provides greater transparency to regulation governing the market.

This article is therefore relevant to any prospective and current Lloyd's market participant.

Regulatory Background

Lloyd's occupies a distinctive place in UK financial services architecture. The Financial Services and Markets Act 2000 provides that Lloyd's is an authorised person and contains a dedicated regime for FCA and PRA oversight of Lloyd's market activities.

Notwithstanding Lloyd's insurance activities, its scope of permission does not include primary insurance business, and instead comprises the following: (i) arranging deals in contracts of insurance written at Lloyd's (the "**basic market activity**"); (ii) arranging deals in participation in Lloyd's syndicates (the "**secondary market activity**"); and (iii) an activity carried on in connection with, or for the purposes of, the basic or secondary market activity.

Consistent with UK insurers, Lloyd's is subject to the PRA's prudential supervision under 'Solvency UK' with modifications to reflect the market's structure such as the Central Fund. As part of this regulatory framework, Lloyd's must adhere to a single Solvency Capital Requirement, which covers all quantifiable risks to which both members, and Lloyd's itself (*i.e.*, its centralised assets and liabilities), are exposed.

Lloyd's also has statutory authority to regulate its own market participants. Lloyd's regulatory framework is sizeable, and comprises: (i) Lloyd's Acts, which incorporate and give regulatory powers to the Society of Lloyd's; (ii) Byelaws; (iii) Requirements made under Byelaws; (iv) Principles for doing business; and (v) other supplementary guidance.

These different sources of regulation have created a material burden on both new market participants and incumbents (primarily their legal and compliance departments) when ensuring compliance with Lloyd's rules.

Omnibus Byelaw

Lloyd's has sought to address this issue through the following developments:

(i) publishing the [Omnibus Amendment Byelaw \(No. 1 of 2025\)](#) on 4 December 2025 (the "**Omnibus Byelaw**"); and (ii) making corresponding changes to its [website](#) to consolidate the various Byelaws and Requirements.

Lloyd's Omnibus Byelaw is technical in nature, and amends existing Byelaws by aligning terminology, updating anachronistic references (for example, replacing references to the Financial Services Authority with the PRA and the FCA) and revoking or removing provisions that are obsolete or outdated. These changes will improve the user experience by providing clarity across Lloyd's body of rules.

The more significant change is to Lloyd's website, which now presents Lloyd's rules in a more intuitive and user-friendly structure. In particular, users are now guided through the regulation relevant to their position in the Lloyd's lifecycle: (i) starting at Lloyd's; (ii) operating at Lloyd's; and (iii) exiting Lloyd's, which should make research more comprehensive and efficient. Whilst Lloyd's guidance documents and other market bulletins must still be separately considered, this consolidation is likely to be welcomed by market participants, whose experience will more closely resemble consulting the PRA Rulebook or the FCA Handbook.

Overview

Lloyd's move towards a more user-friendly presentation of its rules is consistent with earlier initiatives aimed at improving participants' experience of the market. Notably, the replacement of the rules-based Minimum Standards with outcomes-focused Principles has enabled managing agents to adopt a more tailored approach to operating their syndicates.

These initiatives, amongst others, provide positive examples of regulation that supports growth through greater transparency and the facilitation of flexible decision-making.

In turn, Lloyd's is likely to benefit from the entry of new participants and additional capital, which should continue to strengthen and promote innovation within the market.

For more information on Lloyd's rules or market operations, please contact Andrew Wingfield, Partner, at awingfield@proskauer.com and Edward Lister, Special Regulatory Counsel, at elister@proskauer.com.

Related Professionals

- **Andrew Wingfield**
Partner
- **Edward Lister**
Special Regulatory Counsel