

***UNDERWRITING
COMES FIRST***

***BALANCE RISK AND RETURN
THROUGH THE CYCLE***

***INSURANCE MARKET
EMPLOYER OF CHOICE***

Lancashire Holdings Limited
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Lancashire Holdings Limited

Introduction

Segmental reporting

Management and the Board of Directors review the Group's business primarily by its two principal segments: reinsurance and insurance. These segments are therefore deemed to be the Group's operating segments for the purposes of segmental reporting. Operating segment performance is measured by the net underwriting profit or loss and the combined ratio.

All amounts reported are transactions with external parties and associates. There are no significant inter-segmental transactions and there are no significant insurance or reinsurance contracts that insure or reinsure risks in Bermuda, the Group's country of domicile.

The Group's operating segments for the purpose of segmental reporting have been revised in the current year. The revenue and expenses previously reported in the property and casualty reinsurance, property and casualty insurance, aviation, energy and marine segments are now reported within reinsurance and insurance segments. This reflects an internal management restructuring that occurred in the second half of 2022 and is in place as at 31 December 2022. Lines of business, written primarily but not exclusively on a reinsurance or insurance basis, are now reported under a Head of Reinsurance and Head of Insurance based on the products that they manage. Comparative figures for the years ended 31 December 2021, 31 December 2020 and 31 December 2019 have been re-presented in conformity with the current year view. Figures for the year ended 31 December 2022 have also been presented using the previous segmentation to enable comparison to the new segmentation.

Lancashire Holdings Limited
summary consolidated underwriting segment results - full year

For the year ended 31 December 2022	NEW SEGMENTATION					Insurance \$m	Reinsurance \$m	Total \$m
Gross premiums written						810.2	842.1	1,652.3
Outwards reinsurance premiums						(251.0)	(213.3)	(464.3)
Change in unearned premiums						(74.0)	(149.2)	(223.2)
Change in unearned premiums on premiums ceded						7.7	15.9	23.6
Net premiums earned						492.9	495.5	988.4
Insurance losses and loss adjustment expenses						(376.0)	(546.7)	(922.7)
Insurance losses and loss adjustment expenses recoverable						151.6	194.7	346.3
Insurance acquisition expenses						(162.8)	(136.0)	(298.8)
Insurance acquisition expenses ceded						32.6	5.0	37.6
Net underwriting profit						138.3	12.5	150.8
Net unallocated income and expenses								(153.6)
Loss before tax								(2.8)
Net loss ratio						45.5 %	71.0 %	58.3 %
Net acquisition cost ratio						26.4 %	26.4 %	26.4 %
Expense ratio						—	—	13.0 %
Combined ratio						71.9 %	97.4 %	97.7 %

For the year ended 31 December 2022	OLD SEGMENTATION					property & casualty reinsurance \$m	property & casualty insurance \$m	aviation \$m	energy \$m	marine \$m	Total \$m
Gross premiums written						839.3	324.0	181.2	192.1	115.7	1,652.3
Outwards reinsurance premiums						(211.1)	(81.0)	(96.1)	(58.2)	(17.9)	(464.3)
Change in unearned premiums						(144.8)	(55.6)	(10.7)	(2.3)	(9.8)	(223.2)
Change in unearned premiums on premiums ceded						13.2	4.8	8.1	(1.2)	(1.3)	23.6
Net premiums earned						496.6	192.2	82.5	130.4	86.7	988.4
Insurance losses and loss adjustment expenses						(519.8)	(117.6)	(162.1)	(81.4)	(41.8)	(922.7)
Insurance losses and loss adjustment expenses recoverable						177.1	42.0	91.0	19.6	16.6	346.3
Insurance acquisition expenses						(141.0)	(63.3)	(36.2)	(29.7)	(28.6)	(298.8)
Insurance acquisition expenses ceded						5.2	7.3	22.5	2.3	0.3	37.6
Net underwriting profit (loss)						18.1	60.6	(2.3)	41.2	33.2	150.8
Net unallocated income and expenses											(153.6)
Loss before tax											(2.8)
Net loss ratio						69.0 %	39.3 %	86.2 %	47.4 %	29.1 %	58.3 %
Net acquisition cost ratio						27.3 %	29.1 %	16.6 %	21.0 %	32.6 %	26.4 %
Expense ratio						—	—	—	—	—	13.0 %
Combined ratio						96.3 %	68.4 %	102.8 %	68.4 %	61.7 %	97.7 %

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summary consolidated underwriting segment results - full year

For the year ended 31 December 2021	Insurance \$m	Reinsurance \$m	Total \$m
Gross premiums written	664.2	561.0	1,225.2
Outwards reinsurance premiums	(233.5)	(175.6)	(409.1)
Change in unearned premiums	(58.9)	(81.1)	(140.0)
Change in unearned premiums on premiums ceded	22.6	(2.2)	20.4
Net premiums earned	394.4	302.1	696.5
Insurance losses and loss adjustment expenses	(233.6)	(434.0)	(667.6)
Insurance losses and loss adjustment expenses recoverable	36.9	160.2	197.1
Insurance acquisition expenses	(124.1)	(64.5)	(188.6)
Insurance acquisition expenses ceded	23.4	8.2	31.6
Net underwriting profit (loss)	97.0	(28.0)	69.0
Net unallocated income and expenses			(125.8)
Loss before tax			(56.8)
Net loss ratio	49.9 %	90.6 %	67.6 %
Net acquisition cost ratio	25.5 %	18.6 %	22.5 %
Expense ratio	—	—	17.2 %
Combined ratio	75.4 %	109.2 %	107.3 %

For the year ended 31 December 2020	Insurance \$m	Reinsurance \$m	Total \$m
Gross premiums written	526.6	287.5	814.1
Outwards reinsurance premiums	(190.4)	(104.3)	(294.7)
Change in unearned premiums	(29.5)	(22.0)	(51.5)
Change in unearned premiums on premiums ceded	7.5	0.4	7.9
Net premiums earned	314.2	161.6	475.8
Insurance losses and loss adjustment expenses	(246.4)	(117.2)	(363.6)
Insurance losses and loss adjustment expenses recoverable	67.1	12.7	79.8
Insurance acquisition expenses	(106.5)	(32.5)	(139.0)
Insurance acquisition expenses ceded	18.3	5.7	24.0
Net underwriting profit	46.7	30.3	77.0
Net unallocated income and expenses			(71.1)
Profit before tax			5.9
Net loss ratio	57.1 %	64.7 %	59.6 %
Net acquisition cost ratio	28.1 %	16.6 %	24.2 %
Expense ratio	—	—	24.0 %
Combined ratio	85.2 %	81.3 %	107.8 %

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summary consolidated underwriting segment results - full year

For the year ended 31 December 2019	Insurance \$m	Reinsurance \$m	Total \$m
Gross premiums written	454.2	252.5	706.7
Outwards reinsurance premiums	(164.4)	(117.6)	(282.0)
Change in unearned premiums	(28.3)	(7.5)	(35.8)
Change in unearned premiums on premiums ceded	25.2	7.6	32.8
Net premiums earned	286.7	135.0	421.7
Insurance losses and loss adjustment expenses	(123.1)	(141.4)	(264.5)
Insurance losses and loss adjustment expenses recoverable	33.2	101.5	134.7
Insurance acquisition expenses	(93.2)	(31.2)	(124.4)
Insurance acquisition expenses ceded	13.7	5.3	19.0
Net underwriting profit	117.3	69.2	186.5
Net unallocated income and expenses			(67.0)
Profit before tax			119.5
Net loss ratio	31.4 %	29.6 %	30.8 %
Net acquisition cost ratio	27.7 %	19.2 %	25.0 %
Expense ratio	—	—	25.1 %
Combined ratio	59.1 %	48.8 %	80.9 %