

***UNDERWRITING***  
**COMES FIRST**

***EFFECTIVELY BALANCE***  
**RISK AND RETURN**

***OPERATING NIMBLY***  
**THROUGH THE CYCLE**

# Lancashire Holdings Limited

## table of contents

1	introduction
2	premiums by lines of business
3	summary consolidated underwriting segment results - half year reporting
5	summary consolidated underwriting segment results - full year reporting

# Lancashire Holdings Limited

## Introduction

### **Segmental reporting**

Management and the Board of Directors review the Group's business primarily by its four principal segments: Property, Energy, Marine and Aviation. These segments are therefore deemed to be the Group's operating segments for the purposes of segmental reporting. Further sub-classes of business are underwritten within each operating segment. Operating segment performance is measured by the net underwriting profit or loss and the combined ratio.

All amounts reported are transactions with external parties or 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 purposes of segmental reporting have been revised in the current year. The revenue and expenses previously reported in the Lancashire Syndicates segment are now reported across the four principal operating segments.

The financial supplement includes premiums by line of business and summary consolidated underwriting segment results for each of the last three financial years. These have been re-presented in conformity with the current year view of operating segments and sub-classes.

**Lancashire Holdings Limited**  
**premiums by line of business**

	half year	half year	half year	half year		full year	full year	full year
	2020	2019	2018	2017		2019	2018	2017
	\$m	\$m	\$m	\$m		\$m	\$m	\$m
<b>gross premiums written</b>								
property cat excess of loss	157.8	133.4	128.5	121.1		171.3	167.5	167.9
property direct and facultative	50.9	38.6	39.2	31.3		72.7	76.3	57.0
terrorism	23.6	24.0	28.4	22.5		39.9	46.4	39.4
property political risk	7.7	20.0	11.5	14.2		33.1	35.3	31.2
property retrocession	22.8	19.9	14.7	14.1		26.1	17.2	19.1
property risk xl	20.1	18.3	20.2	15.7		24.3	26.4	26.0
other property	17.2	14.3	5.2	4.7		14.7	7.3	6.3
total property	300.1	268.5	247.7	223.6		382.1	376.4	346.9
upstream energy	45.9	42.9	44.1	48.1		67.3	71.2	72.9
downstream energy	17.6	10.6	8.4	2.3		21.1	14.6	3.5
power	14.6	7.5	1.1	—		15.7	8.0	—
energy liabilities	5.4	4.5	4.8	4.9		6.7	5.9	5.7
gulf of mexico energy	5.5	5.9	8.5	25.1		6.3	10.9	25.4
construction energy upstream	0.7	1.0	4.5	(1.9)		4.8	4.5	(0.4)
other energy	2.0	4.0	4.7	3.2		6.2	6.9	5.5
total energy	91.7	76.4	76.1	81.7		128.1	122.0	112.6
marine cargo	21.1	16.8	14.7	11.5		35.8	29.9	22.5
marine hull and total loss	14.4	9.9	8.4	13.5		16.2	16.0	20.0
marine builders risk	3.9	7.9	3.6	7.4		10.7	6.0	13.9
marine liability	10.1	8.4	7.0	9.2		9.3	8.2	11.6
marine hull war	2.3	1.9	4.6	5.1		3.6	5.5	7.1
other marine	1.7	0.5	1.6	7.9		1.3	(2.5)	15.1
total marine	53.5	45.4	39.9	54.6		76.9	63.1	90.2
aviation deductible	11.2	8.8	—	—		51.4	11.1	—
aviation reinsurance	8.4	8.2	6.4	5.5		8.7	8.7	8.0
aviation hull and liability	14.4	9.5	5.6	4.0		28.8	22.5	9.6
AV 52	10.0	6.1	7.2	8.2		16.1	19.4	16.8
aviation war	5.2	6.1	7.7	3.4		13.4	12.8	6.9
other aviation	1.0	0.6	1.9	0.2		1.2	2.4	0.6
total aviation	50.2	39.3	28.8	21.3		119.6	77.0	41.9
<b>total gross premiums written</b>	<b>495.5</b>	<b>429.6</b>	<b>392.5</b>	<b>381.2</b>		<b>706.7</b>	<b>638.5</b>	<b>591.6</b>

**Lancashire Holdings Limited**  
**summary consolidated underwriting segment results - half year**

<b>For the six months ended 30 June 2020</b>	<b>Property \$m</b>	<b>Energy \$m</b>	<b>Marine \$m</b>	<b>Aviation \$m</b>	<b>Total \$m</b>
Gross premiums written	300.1	91.7	53.5	50.2	495.5
Outwards reinsurance premiums	(133.6)	(44.5)	(15.3)	(19.6)	(213.0)
Change in unearned premiums	(103.5)	(25.5)	(14.4)	14.1	(129.3)
Change in unearned premiums on premiums ceded	58.1	21.3	7.2	(9.0)	77.6
<b>Net premiums earned</b>	<b>121.1</b>	<b>43.0</b>	<b>31.0</b>	<b>35.7</b>	<b>230.8</b>
Insurance losses and loss adjustment expenses	(75.6)	(28.8)	(25.2)	(29.6)	(159.2)
Insurance losses and loss adjustment expenses recoverable	0.8	12.5	(0.5)	14.0	26.8
Insurance acquisition expenses	(30.1)	(15.4)	(12.4)	(12.8)	(70.7)
Insurance acquisition expenses ceded	4.8	0.8	0.1	6.0	11.7
<b>Net underwriting profit (loss)</b>	<b>21.0</b>	<b>12.1</b>	<b>(7.0)</b>	<b>13.3</b>	<b>39.4</b>
Net unallocated income and expenses					(62.4)
<b>Loss before tax</b>					<b>(23.0)</b>
Net loss ratio	61.8 %	37.9 %	82.9 %	43.7 %	57.4 %
Net acquisition cost ratio	20.9 %	34.0 %	39.7 %	19.0 %	25.6 %
Expense ratio	—	—	—	—	23.9 %
<b>Combined ratio</b>	<b>82.7 %</b>	<b>71.9 %</b>	<b>122.6 %</b>	<b>62.7 %</b>	<b>106.9 %</b>

  

<b>For the six months ended 30 June 2019</b>	<b>Property \$m</b>	<b>Energy \$m</b>	<b>Marine \$m</b>	<b>Aviation \$m</b>	<b>Total \$m</b>
Gross premiums written	268.5	76.4	45.4	39.3	429.6
Outwards reinsurance premiums	(141.1)	(37.2)	(14.8)	(13.9)	(207.0)
Change in unearned premiums	(79.1)	(16.6)	(9.6)	1.1	(104.2)
Change in unearned premiums on premiums ceded	68.0	17.9	7.8	0.6	94.3
<b>Net premiums earned</b>	<b>116.3</b>	<b>40.5</b>	<b>28.8</b>	<b>27.1</b>	<b>212.7</b>
Insurance losses and loss adjustment expenses	(109.1)	(25.3)	(4.6)	(13.0)	(152.0)
Insurance losses and loss adjustment expenses recoverable	75.4	0.8	(1.5)	3.9	78.6
Insurance acquisition expenses	(34.7)	(11.5)	(10.4)	(7.8)	(64.4)
Insurance acquisition expenses ceded	3.0	0.2	0.1	1.2	4.5
<b>Net underwriting profit</b>	<b>50.9</b>	<b>4.7</b>	<b>12.4</b>	<b>11.4</b>	<b>79.4</b>
Net unallocated income and expenses					(38.9)
<b>Profit before tax</b>					<b>40.5</b>
Net loss ratio	29.0 %	60.5 %	21.2 %	33.6 %	34.5 %
Net acquisition cost ratio	27.3 %	27.9 %	35.8 %	24.4 %	28.2 %
Expense ratio	—	—	—	—	23.9 %
<b>Combined ratio</b>	<b>56.3 %</b>	<b>88.4 %</b>	<b>57.0 %</b>	<b>58.0 %</b>	<b>86.6 %</b>

**Lancashire Holdings Limited**  
**summary consolidated underwriting segment results - half year**

<b>For the six months ended 30 June 2018</b>	<b>Property \$m</b>	<b>Energy \$m</b>	<b>Marine \$m</b>	<b>Aviation \$m</b>	<b>Total \$m</b>
Gross premiums written	247.7	76.1	39.9	28.8	392.5
Outwards reinsurance premiums	(103.8)	(35.9)	(10.9)	(7.9)	(158.5)
Change in unearned premiums	(72.7)	(11.9)	(1.1)	(1.8)	(87.5)
Change in unearned premiums on premiums ceded	49.8	15.3	5.2	1.3	71.6
<b>Net premiums earned</b>	<b>121.0</b>	<b>43.6</b>	<b>33.1</b>	<b>20.4</b>	<b>218.1</b>
Insurance losses and loss adjustment expenses	(42.9)	7.5	(10.8)	(4.9)	(51.1)
Insurance losses and loss adjustment expenses recoverable	16.4	0.5	(0.3)	1.6	18.2
Insurance acquisition expenses	(30.2)	(17.7)	(11.1)	(5.7)	(64.7)
Insurance acquisition expenses ceded	1.4	0.4	0.1	0.1	2.0
<b>Net underwriting profit</b>	<b>65.7</b>	<b>34.3</b>	<b>11.0</b>	<b>11.5</b>	<b>122.5</b>
Net unallocated income and expenses					(47.6)
<b>Profit before tax</b>					<b>74.9</b>
Net loss ratio	21.9 %	(18.3)%	33.5 %	16.2 %	15.1 %
Net acquisition cost ratio	23.8 %	39.7 %	33.2 %	27.5 %	28.7 %
Expense ratio	—	—	—	—	23.3 %
<b>Combined ratio</b>	<b>45.7 %</b>	<b>21.4 %</b>	<b>66.7 %</b>	<b>43.7 %</b>	<b>67.1 %</b>

  

<b>For the six months ended 30 June 2017</b>	<b>Property \$m</b>	<b>Energy \$m</b>	<b>Marine \$m</b>	<b>Aviation \$m</b>	<b>Total \$m</b>
Gross premiums written	223.6	81.7	54.6	21.3	381.2
Outwards reinsurance premiums	(80.4)	(41.5)	(11.2)	(8.3)	(141.4)
Change in unearned premiums	(61.7)	(12.7)	(11.3)	2.4	(83.3)
Change in unearned premiums on premiums ceded	36.6	18.3	4.9	(0.9)	58.9
<b>Net premiums earned</b>	<b>118.1</b>	<b>45.8</b>	<b>37.0</b>	<b>14.5</b>	<b>215.4</b>
Insurance losses and loss adjustment expenses	(32.3)	(30.9)	(7.8)	(6.1)	(77.1)
Insurance losses and loss adjustment expenses recoverable	1.1	18.1	0.3	1.5	21.0
Insurance acquisition expenses	(27.5)	(20.0)	(13.1)	(5.0)	(65.6)
Insurance acquisition expenses ceded	1.5	0.8	0.3	0.1	2.7
<b>Net underwriting profit</b>	<b>60.9</b>	<b>13.8</b>	<b>16.7</b>	<b>5.0</b>	<b>96.4</b>
Net unallocated income and expenses					(29.7)
<b>Profit before tax</b>					<b>66.7</b>
Net loss ratio	26.4 %	27.9 %	20.3 %	31.7 %	26.0 %
Net acquisition cost ratio	22.0 %	41.9 %	34.6 %	33.8 %	29.2 %
Expense ratio	—	—	—	—	23.2 %
<b>Combined ratio</b>	<b>48.4 %</b>	<b>69.8 %</b>	<b>54.9 %</b>	<b>65.5 %</b>	<b>78.4 %</b>

**Lancashire Holdings Limited**  
**summary consolidated underwriting segment results - full year**

<b>For the year ended 31 December 2019</b>	<b>Property \$m</b>	<b>Energy \$m</b>	<b>Marine \$m</b>	<b>Aviation \$m</b>	<b>Total \$m</b>
Gross premiums written	382.1	128.1	76.9	119.6	706.7
Outwards reinsurance premiums	(167.0)	(43.6)	(14.7)	(56.7)	(282.0)
Change in unearned premiums	(3.0)	(0.3)	(4.3)	(28.2)	(35.8)
Change in unearned premiums on premiums ceded	14.4	1.3	0.6	16.5	32.8
<b>Net premiums earned</b>	<b>226.5</b>	<b>85.5</b>	<b>58.5</b>	<b>51.2</b>	<b>421.7</b>
Insurance losses and loss adjustment expenses	(185.3)	(27.5)	(15.5)	(36.2)	(264.5)
Insurance losses and loss adjustment expenses recoverable	111.5	8.5	(2.9)	17.6	134.7
Insurance acquisition expenses	(60.4)	(27.0)	(19.5)	(17.5)	(124.4)
Insurance acquisition expenses ceded	9.5	1.4	0.2	7.9	19.0
<b>Net underwriting profit</b>	<b>101.8</b>	<b>40.9</b>	<b>20.8</b>	<b>23.0</b>	<b>186.5</b>
Net unallocated income and expenses					(67.0)
<b>Profit before tax</b>					<b>119.5</b>
Net loss ratio	32.6 %	22.2 %	31.5 %	36.3 %	30.8 %
Net acquisition cost ratio	22.5 %	29.9 %	33.0 %	18.8 %	25.0 %
Expense ratio	—	—	—	—	25.1 %
<b>Combined ratio</b>	<b>55.1 %</b>	<b>52.1 %</b>	<b>64.5 %</b>	<b>55.1 %</b>	<b>80.9 %</b>

  

<b>For the year ended 31 December 2018</b>	<b>Property \$m</b>	<b>Energy \$m</b>	<b>Marine \$m</b>	<b>Aviation \$m</b>	<b>Total \$m</b>
Gross premiums written	376.4	122.0	63.1	77.0	638.5
Outwards reinsurance premiums	(135.1)	(35.6)	(23.3)	(26.8)	(220.8)
Change in unearned premiums	(13.6)	5.0	6.9	(18.0)	(19.7)
Change in unearned premiums on premiums ceded	13.0	(6.4)	0.0	8.9	15.5
<b>Net premiums earned</b>	<b>240.7</b>	<b>85.0</b>	<b>46.7</b>	<b>41.1</b>	<b>413.5</b>
Insurance losses and loss adjustment expenses	(225.5)	18.7	(86.9)	(13.7)	(307.4)
Insurance losses and loss adjustment expenses recoverable	88.3	0.9	48.9	3.9	142.0
Insurance acquisition expenses	(61.9)	(36.1)	(19.8)	(13.2)	(131.0)
Insurance acquisition expenses ceded	3.6	0.5	0.3	0.2	4.6
<b>Net underwriting profit</b>	<b>45.2</b>	<b>69.0</b>	<b>(10.8)</b>	<b>18.3</b>	<b>121.7</b>
Net unallocated income and expenses					(88.1)
<b>Profit before tax</b>					<b>33.6</b>
Net loss ratio	57.0 %	(23.1)%	81.4 %	23.8 %	40.0 %
Net acquisition cost ratio	24.2 %	41.9 %	41.8 %	31.6 %	30.6 %
Expense ratio	—	—	—	—	21.6 %
<b>Combined ratio</b>	<b>81.2 %</b>	<b>18.8 %</b>	<b>123.2 %</b>	<b>55.4 %</b>	<b>92.2 %</b>

**Lancashire Holdings Limited**  
**summary consolidated underwriting segment results - full year**

<b>For the year ended 31 December 2017</b>	<b>Property \$m</b>	<b>Energy \$m</b>	<b>Marine \$m</b>	<b>Aviation \$m</b>	<b>Total \$m</b>
Gross premiums written	346.9	112.6	90.2	41.9	591.6
Outwards reinsurance premiums	(112.2)	(50.4)	(13.7)	(17.3)	(193.6)
Change in unearned premiums	14.5	10.8	(6.1)	3.4	22.6
Change in unearned premiums on premiums ceded	3.0	6.0	(0.1)	(1.6)	7.3
<b>Net premiums earned</b>	<b>252.2</b>	<b>79.0</b>	<b>70.3</b>	<b>26.4</b>	<b>427.9</b>
Insurance losses and loss adjustment expenses	(462.5)	(40.7)	(27.3)	(7.5)	(538.0)
Insurance losses and loss adjustment expenses recoverable	173.1	26.5	1.7	1.3	202.6
Insurance acquisition expenses	(53.6)	(33.9)	(25.3)	(7.9)	(120.7)
Insurance acquisition expenses ceded	3.0	1.4	0.6	0.1	5.1
<b>Net underwriting (loss) profit</b>	<b>(87.8)</b>	<b>32.3</b>	<b>20.0</b>	<b>12.4</b>	<b>(23.1)</b>
Net unallocated income and expenses					(49.8)
<b>Loss before tax</b>					<b>(72.9)</b>
Net loss ratio	114.8 %	18.0 %	36.4 %	23.5 %	78.4 %
Net acquisition cost ratio	20.1 %	41.1 %	35.1 %	29.5 %	27.0 %
Expense ratio	—	—	—	—	19.5 %
<b>Combined ratio</b>	<b>134.9 %</b>	<b>59.1 %</b>	<b>71.5 %</b>	<b>53.0 %</b>	<b>124.9 %</b>