

Lancashire Insurance Company (UK) Ltd

Solvency and Financial Condition Report

Disclosures

31 December
2023

(Monetary amounts in USD thousands)

General information

Undertaking name	Lancashire Insurance Company (UK) Ltd
Undertaking identification code	213800SEKTC7F87AAE76
Type of code of undertaking	LEI
Type of undertaking	Non-life undertakings
Country of authorisation	GB
Language of reporting	en
Reporting reference date	31 December 2023
Currency used for reporting	USD
Accounting standards	IFRS
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

- S.02.01.02 - Balance sheet
- S.05.01.02 - Premiums, claims and expenses by line of business
- S.05.02.01 - Premiums, claims and expenses by country
- S.17.01.02 - Non-Life Technical Provisions
- S.19.01.21 - Non-Life insurance claims
- S.23.01.01 - Own Funds
- S.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula
- S.28.01.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

S.02.01.02

Balance sheet

Solvency II value	
C0010	
	0
	182,719
	0
	0
	0
	172,148
	89,698
	80,065
	0
	2,385
	10,571
	0
	0
	0
	0
	177,317
	177,317
	177,317
	0
	0
	0
	13,004
	53,152
	0
	26,465
	1,087
	453,744

Assets

R0030	Intangible assets
R0040	Deferred tax assets
R0050	Pension benefit surplus
R0060	Property, plant & equipment held for own use
R0070	Investments (other than assets held for index-linked and unit-linked contracts)
R0080	<i>Property (other than for own use)</i>
R0090	<i>Holdings in related undertakings, including participations</i>
R0100	<i>Equities</i>
R0110	<i>Equities - listed</i>
R0120	<i>Equities - unlisted</i>
R0130	<i>Bonds</i>
R0140	<i>Government Bonds</i>
R0150	<i>Corporate Bonds</i>
R0160	<i>Structured notes</i>
R0170	<i>Collateralised securities</i>
R0180	<i>Collective Investments Undertakings</i>
R0190	<i>Derivatives</i>
R0200	<i>Deposits other than cash equivalents</i>
R0210	<i>Other investments</i>
R0220	Assets held for index-linked and unit-linked contracts
R0230	Loans and mortgages
R0240	<i>Loans on policies</i>
R0250	<i>Loans and mortgages to individuals</i>
R0260	<i>Other loans and mortgages</i>
R0270	Reinsurance recoverables from:
R0280	<i>Non-life and health similar to non-life</i>
R0290	<i>Non-life excluding health</i>
R0300	<i>Health similar to non-life</i>
R0310	<i>Life and health similar to life, excluding index-linked and unit-linked</i>
R0320	<i>Health similar to life</i>
R0330	<i>Life excluding health and index-linked and unit-linked</i>
R0340	<i>Life index-linked and unit-linked</i>
R0350	Deposits to cedants
R0360	Insurance and intermediaries receivables
R0370	Reinsurance receivables
R0380	Receivables (trade, not insurance)
R0390	Own shares (held directly)
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in
R0410	Cash and cash equivalents
R0420	Any other assets, not elsewhere shown
R0500	Total assets

S.02.01.02

Balance sheet

Solvency II value		
C0010		
R0510	Technical provisions - non-life	218,454
R0520	<i>Technical provisions - non-life (excluding health)</i>	218,454
R0530	<i>TP calculated as a whole</i>	0
R0540	<i>Best Estimate</i>	211,744
R0550	<i>Risk margin</i>	6,710
R0560	<i>Technical provisions - health (similar to non-life)</i>	0
R0570	<i>TP calculated as a whole</i>	0
R0580	<i>Best Estimate</i>	0
R0590	<i>Risk margin</i>	0
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	<i>Technical provisions - health (similar to life)</i>	0
R0620	<i>TP calculated as a whole</i>	
R0630	<i>Best Estimate</i>	
R0640	<i>Risk margin</i>	
R0650	<i>Technical provisions - life (excluding health and index-linked and unit-linked)</i>	0
R0660	<i>TP calculated as a whole</i>	
R0670	<i>Best Estimate</i>	
R0680	<i>Risk margin</i>	
R0690	Technical provisions - index-linked and unit-linked	0
R0700	<i>TP calculated as a whole</i>	
R0710	<i>Best Estimate</i>	
R0720	<i>Risk margin</i>	
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	807
R0790	Derivatives	
R0800	Debts owed to credit institutions	
R0810	Financial liabilities other than debts owed to credit institutions	
R0820	Insurance & intermediaries payables	3,996
R0830	Reinsurance payables	18,595
R0840	Payables (trade, not insurance)	18,145
R0850	Subordinated liabilities	0
R0860	<i>Subordinated liabilities not in BOF</i>	
R0870	<i>Subordinated liabilities in BOF</i>	0
R0880	Any other liabilities, not elsewhere shown	
R0900	Total liabilities	259,997
R1000	Excess of assets over liabilities	193,747

S.17.01.02

Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance										Accepted non-proportional reinsurance				Total Non-Life obligation		
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance		Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
R0010	Technical provisions calculated as a whole						0	0	0	0						0	0	0
R0050	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole																	0
Technical provisions calculated as a sum of BE and RM Best estimate																		
Premium provisions																		
R0060	Gross						-37,495	-9,645	-7,565	19,803						-1,120	-2,085	-38,107
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default						-116,466	127,478	-21,040	21,345						-11,229	-17,278	-17,190
R0150	Net Best Estimate of Premium Provisions						78,971	-137,123	13,475	-1,542						10,109	15,193	-20,917
Claims provisions																		
R0160	Gross						96,478	92,914	32,864	15,984						1,691	9,920	249,851
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default						76,167	71,026	24,761	13,342						1,294	7,917	194,507
R0250	Net Best Estimate of Claims Provisions						20,311	21,888	8,103	2,642						397	2,003	55,344
R0260	Total best estimate - gross						58,983	83,269	25,299	35,787						571	7,835	211,744
R0270	Total best estimate - net						99,282	-115,235	21,578	1,100						10,506	17,196	34,427
R0280	Risk margin						2,397	2,426	1,012	374						86	415	6,710
Amount of the transitional on Technical Provisions																		
R0290	Technical Provisions calculated as a whole																	0
R0300	Best estimate																	0
R0310	Risk margin																	0
R0320	Technical provisions - total						61,380	85,695	26,311	36,161						657	8,251	218,454
R0330	Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total						-40,299	198,504	3,721	34,687						-9,935	-9,361	177,317
R0340	Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total						101,679	-112,809	22,590	1,474						10,592	17,611	41,137

S.19.01.21

Non-Life insurance claims

Total Non-life business

Z0020 Accident year / underwriting year

Gross Claims Paid (non-cumulative)														
(absolute amount)														
Year	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180	
	Development year										In Current year	Sum of years (cumulative)		
	0	1	2	3	4	5	6	7	8	9	10 & +			
R0100	Prior											6,766	6,766	6,766
R0160	-9	15,735	24,172	23,265	4,814	1,910	2,000	350	1,054	78	23	23	73,400	
R0170	-8	24,767	29,460	27,833	2,305	1,787	395	330	1,350	1,614		1,614	89,841	
R0180	-7	19,658	30,504	24,507	13,820	1,622	1,111	590	438			438	92,250	
R0190	-6	4,662	21,050	13,653	18,602	16,537	-8,477	-3,956				-3,956	62,072	
R0200	-5	2,226	63,151	16,529	3,882	3,236	3,268					3,268	92,292	
R0210	-4	3,960	11,636	10,166	23,759	1,690						1,690	51,211	
R0220	-3	20,451	24,000	11,564	12,370							12,370	68,385	
R0230	-2	28,175	54,452	16,350								16,350	98,978	
R0240	-1	33,299	37,130									37,130	70,429	
R0250	0	18,442										18,442	18,442	
R0260												Total	94,134	724,066

Gross Undiscounted Best Estimate Claims Provisions													
(absolute amount)													
Year	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360	
	Development year										Year end (discounted data)		
	0	1	2	3	4	5	6	7	8	9	10 & +		
R0100	Prior											37,326	4,838
R0160	-9	0	59,774	20,253	10,199	5,415	4,137	-3,297	2,741	3,480	3,483	3,305	
R0170	-8	117,067	59,771	22,099	14,117	6,244	5,576	4,715	4,799	878		742	
R0180	-7	126,667	97,187	51,043	15,213	11,757	-130	2,000	1,543			1,450	
R0190	-6	87,336	65,465	42,133	39,624	13,569	10,251	9,228				8,676	
R0200	-5	125,354	53,171	21,314	21,379	16,688	14,270					13,619	
R0210	-4	84,263	57,930	24,223	9,138	7,348						6,916	
R0220	-3	120,117	62,150	37,282	33,164							31,220	
R0230	-2	125,393	47,612	24,879								23,164	
R0240	-1	115,372	67,900									62,579	
R0250	0	103,752										93,342	
R0260												Total	249,852

S.23.01.01
Own Funds

Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35

R0010	Ordinary share capital (gross of own shares)
R0030	Share premium account related to ordinary share capital
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings
R0050	Subordinated mutual member accounts
R0070	Surplus funds
R0090	Preference shares
R0110	Share premium account related to preference shares
R0130	Reconciliation reserve
R0140	Subordinated liabilities
R0160	An amount equal to the value of net deferred tax assets
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above
R0220	Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds
R0230	Deductions for participations in financial and credit institutions
R0290	Total basic own funds after deductions

Ancillary own funds

R0300	Unpaid and uncalled ordinary share capital callable on demand
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand
R0320	Unpaid and uncalled preference shares callable on demand
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC
R0390	Other ancillary own funds
R0400	Total ancillary own funds

Available and eligible own funds

R0500	Total available own funds to meet the SCR
R0510	Total available own funds to meet the MCR
R0540	Total eligible own funds to meet the SCR
R0550	Total eligible own funds to meet the MCR

R0580	SCR
R0600	MCR
R0620	Ratio of Eligible own funds to SCR
R0640	Ratio of Eligible own funds to MCR

Reconciliation reserve

R0700	Excess of assets over liabilities
R0710	Own shares (held directly and indirectly)
R0720	Foreseeable dividends, distributions and charges
R0730	Other basic own fund items
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds
R0760	Reconciliation reserve

Expected profits

R0770	Expected profits included in future premiums (EPIFP) - Life business
R0780	Expected profits included in future premiums (EPIFP) - Non- life business
R0790	Total Expected profits included in future premiums (EPIFP)

Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
C0010	C0020	C0030	C0040	C0050
188,442	188,442		0	
0	0		0	
0	0		0	
0		0	0	0
0	0			
0		0	0	0
0		0	0	0
5,305	5,305			
0		0	0	0
0				0
0	0	0	0	0
0				
193,747	193,747	0	0	0

0				
0				
0				
0				
0				
0				
0				
0				
0				
0			0	0

193,747	193,747	0	0	0
193,747	193,747	0	0	
193,747	193,747	0	0	0
193,747	193,747	0	0	

73,017
23,081
265.34%
839.41%

C0060
193,747
0
188,442
0
5,305

83,838
83,838

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

	Gross solvency capital requirement	USP	Simplifications
	C0110	C0090	C0120
R0010 Market risk	17,868		
R0020 Counterparty default risk	8,211		
R0030 Life underwriting risk	0		
R0040 Health underwriting risk	0		
R0050 Non-life underwriting risk	50,467		
R0060 Diversification	-14,319		
R0070 Intangible asset risk	0		
R0100 Basic Solvency Capital Requirement	62,227		
	Calculation of Solvency Capital Requirement		
R0130 Operational risk	C0100		
R0140 Loss-absorbing capacity of technical provisions	10,790		
R0150 Loss-absorbing capacity of deferred taxes	0		
R0160 Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0		
R0200 Solvency Capital Requirement excluding capital add-on	73,017		
R0210 Capital add-ons already set	0		
R0220 Solvency capital requirement	73,017		
	Other information on SCR		
R0400 Capital requirement for duration-based equity risk sub-module	0		
R0410 Total amount of Notional Solvency Capital Requirements for remaining part	0		
R0420 Total amount of Notional Solvency Capital Requirements for ring fenced funds	0		
R0430 Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0		
R0440 Diversification effects due to RFF nSCR aggregation for article 304	0		
	Approach to tax rate		
R0590 Approach based on average tax rate	C0109		
	0		
	Calculation of loss absorbing capacity of deferred taxes		
R0640 LAC DT	LAC DT		
R0650 LAC DT justified by reversion of deferred tax liabilities	C0130		
R0660 LAC DT justified by reference to probable future taxable economic profit	0		
R0670 LAC DT justified by carry back, current year	0		
R0680 LAC DT justified by carry back, future years	0		
R0690 Maximum LAC DT	0		

USP Key

For life underwriting risk:

- 1 - Increase in the amount of annuity benefits
- 9 - None

For health underwriting risk:

- 1 - Increase in the amount of annuity benefits
- 2 - Standard deviation for NSLT health premium risk
- 3 - Standard deviation for NSLT health gross premium risk
- 4 - Adjustment factor for non-proportional reinsurance
- 5 - Standard deviation for NSLT health reserve risk
- 9 - None

For non-life underwriting risk:

- 4 - Adjustment factor for non-proportional reinsurance
- 6 - Standard deviation for non-life premium risk
- 7 - Standard deviation for non-life gross premium risk
- 8 - Standard deviation for non-life reserve risk
- 9 - None

S.28.01.01

Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Linear formula component for non-life insurance and reinsurance obligations

R0010 MCR_{NL} Result

C0010

23,081

	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
	C0020	C0030
	0	
	0	
	0	
	0	
	0	
	99,282	16,231
	0	28,334
	21,578	5,301
	1,100	1,562
	0	
	0	
	0	
	0	
	0	
	10,506	28
	17,196	80

R0020	Medical expense insurance and proportional reinsurance
R0030	Income protection insurance and proportional reinsurance
R0040	Workers' compensation insurance and proportional reinsurance
R0050	Motor vehicle liability insurance and proportional reinsurance
R0060	Other motor insurance and proportional reinsurance
R0070	Marine, aviation and transport insurance and proportional reinsurance
R0080	Fire and other damage to property insurance and proportional reinsurance
R0090	General liability insurance and proportional reinsurance
R0100	Credit and suretyship insurance and proportional reinsurance
R0110	Legal expenses insurance and proportional reinsurance
R0120	Assistance and proportional reinsurance
R0130	Miscellaneous financial loss insurance and proportional reinsurance
R0140	Non-proportional health reinsurance
R0150	Non-proportional casualty reinsurance
R0160	Non-proportional marine, aviation and transport reinsurance
R0170	Non-proportional property reinsurance

Linear formula component for life insurance and reinsurance obligations

R0200 MCR_L Result

C0040

0

	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
	C0050	C0060

R0210	Obligations with profit participation - guaranteed benefits
R0220	Obligations with profit participation - future discretionary benefits
R0230	Index-linked and unit-linked insurance obligations
R0240	Other life (re)insurance and health (re)insurance obligations
R0250	Total capital at risk for all life (re)insurance obligations

Overall MCR calculation

R0300	Linear MCR
R0310	SCR
R0320	MCR cap
R0330	MCR floor
R0340	Combined MCR
R0350	Absolute floor of the MCR
R0400	Minimum Capital Requirement

C0070

23,081

73,017

32,858

18,255

23,081

3,929

23,081