

LANCASHIRE HOLDINGS LIMITED

4 November 2021
Hamilton, Bermuda

Lancashire Holdings Limited (“Lancashire” or “the Group”) today announces its trading statement for the nine months ended 30 September 2021.

Trading statement highlights

- Gross premiums written increased by 46.9% year-on-year to \$967.7 million.
- Group Renewal Price Index (RPI) of 110% for the first nine months of 2021.
- Remain strongly capitalised to take advantage of market opportunities in Q4 2021 and into 2022.
- Continuing to build-out franchise with new teams.
- Loss experience from hurricane Ida and European floods, and political unrest in South Africa, in line with announcement on 21 October 2021.

Alex Maloney, Group Chief Executive Officer, commented:

“As announced on 21 October 2021, the Group had exposure to the recent natural catastrophe events and to the political unrest in South Africa. The Group’s loss estimates for these recent events are within our expectations and risk appetites. Despite another challenging year of losses for Lancashire and the industry, I am very pleased with the Group’s growth in premium in an improved and still-improving rating environment in many of our core business lines. We have reported an increase in gross premiums written of 46.9% to \$967.7 million for the year to date, delivering on our strategy to deploy more of our capital when pricing conditions are favourable.

The devastating consequences of the recent catastrophe events remind us of the value of the insurance and risk solutions we sell, providing the opportunity for communities to rebuild following loss and disruption.

Looking ahead, the Group remains strongly capitalised to be able to take advantage of the improving market, both for the rest of this year and to achieve our ambitious underwriting plans for 2022.

During the past nine months, we have welcomed a number of new colleagues who have been attracted by the strength of our franchise, our clear strategy, and our commitment to disciplined underwriting. They join a dedicated group of employees whose hard work, enthusiasm and expertise are the bedrock of Lancashire’s success, and we are now starting to benefit from this investment. In addition, further new underwriting hires will join us in the coming months, in time for the January 2022 renewals.

I have every confidence in our ability to continue to deliver outstanding service, maintain our discipline and maximise market opportunities in the final quarter of 2021 and into 2022.”

Business update

Gross premiums written

	Nine months ended				
	30 September 2021	30 September 2020	Change	Change	RPI
	\$m	\$m	\$m	%	%
Property and casualty reinsurance	503.4	271.7	231.7	85.3	110
Property and casualty insurance	158.4	112.6	45.8	40.7	106
Aviation	92.1	81.1	11.0	13.6	112
Energy	145.2	118.0	27.2	23.1	111
Marine	68.6	75.3	(6.7)	(8.9)	111
Total	967.7	658.7	309.0	46.9	110

The increase in gross premiums written of 46.9% for the first nine months of 2021, compared to the same period in 2020, was primarily due to growth in the property and casualty reinsurance segment. Within this, gross premiums written in the property catastrophe class increased largely as a result of new business and rate increases. Inwards reinstatement premiums, principally as a result of natural catastrophe loss events in the third quarter of 2021, also contributed meaningfully to the growth in this segment. With the addition of new underwriting teams in 2021 there was new business bound in the casualty, accident and health, and specialty reinsurance classes.

The remainder of the book saw strong new business growth, in the first nine months of 2021, across a range of segments and particularly in the property political risk, property direct and facultative, aviation, energy power and energy liabilities classes of business. In the marine segment new business growth, particularly in marine cargo, in the first nine months of 2021 was more than offset by timing differences in the marine liability and marine hull classes where a number of multi-year or non-annual policies were not yet up for renewal.

Loss event environment

As previously reported, during the third quarter of 2021, the Group had exposure to recent natural catastrophe loss events, including hurricane Ida and European storms and flood losses. Our net losses in relation to these combined natural catastrophe events, including the impact of inwards and outwards reinstatement premiums, were estimated to be in the range of \$165 million to \$185 million. The Group has also recorded an approximately \$40 million risk loss in its political violence portfolio related to the unrest in South Africa in July 2021. Our net losses for Winter Storm Uri, which occurred in Q1 2021, remained stable during the third quarter of 2021.

Prior year favourable development for the first nine months of 2021 was \$69.6 million, compared to favourable development of \$11.2 million for the same period in 2020. The underlying attritional loss ratio for the first nine months of 2021 is consistent with previous guidance and towards the lower end of the 35%-40% range.

Investments

	30 September 2021	30 September 2020
Duration	1.9 years	2.0 years
Credit quality	A+	AA-
Book yield	1.3%	1.7%
Market yield	0.8%	0.9%
Managed investments (\$m)	\$2,267.8	\$1,982.0

The Group's investment portfolio delivered a total return, including realized and unrealized gains and losses, of 0.4% during the first nine months of 2021.

Intention to purchase own shares

Pursuant to and in accordance with the general authority granted by shareholders at Lancashire's Annual General Meeting held on 28 April 2021, Lancashire intends to purchase up to 1,000,000 of its common shares of \$0.50 each in order to satisfy a number of future exercises of awards under its Restricted Share Scheme. A further announcement in accordance with Listing Rule 12.4 will be made in due course.

Analyst and Investor Conference Call

There will be an analyst and investor conference call on the trading statement at 1:00pm UK time / 10:00am Bermuda time / 9:00am EDT on Thursday 4 November 2021. The conference call will be hosted by Lancashire management and a presentation will be made available on the Group's website prior to the call.

Participant Access

Dial in 5-10 minutes prior to the start time using the number / confirmation code below:

United Kingdom - Toll free:	08003589473
United Kingdom - Local:	+443333000804
United States - Toll free:	+1 855 85 70686
United States - Local:	+1 6319131422
PIN Code	31126480#

URL for additional international dial in numbers:

https://events-ftp.arkadin.com/ev/docs/NE_W2_TF_Events_International_Access_List.pdf

The call can also be accessed via webcast, for registration and access:

<https://onlinexperiences.com/Launch/QReg/ShowUUID=CF8221FC-9857-4D99-B333-CE8B619BE33C>

A webcast replay facility will be available for 12 months and accessible at:

<https://www.lancashiregroup.com/en/investors/results-reports-and-presentations.html>

For further information, please contact:

Lancashire Holdings Limited

Christopher Head	+44 20 7264 4145 chris.head@lancashiregroup.com
Jelena Bjelanovic	+44 20 7264 4066 jelena.bjelanovic@lancashiregroup.com
FTI Consulting	+44 20 37271046
Edward Berry	Edward.Berry@FTIConsulting.com
Tom Blackwell	Tom.Blackwell@FTIConsulting.com

About Lancashire

Lancashire, through its UK and Bermuda-based operating subsidiaries, is a provider of global specialty insurance and reinsurance products.

Lancashire has capital of approximately \$1.9 billion and its common shares trade on the premium segment of the Main Market of the London Stock Exchange under the ticker symbol LRE. Lancashire has its head office and registered office at Power House, 7 Par-la-Ville Road, Hamilton HM 11, Bermuda.

The Bermuda Monetary Authority is the Group Supervisor of the Lancashire Group.

For more information, please visit Lancashire's website at www.lancashiregroup.com.

This release contains information, which may be of a price sensitive nature, that Lancashire is making public in a manner consistent with the Market Abuse Regulation (EU) No. 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended and other regulatory obligations. The information was submitted for publication, through the agency of the contact persons set out above, at 07:00 GMT on 4 November 2021.

NOTE REGARDING RPI METHODOLOGY:

THE RENEWAL PRICE INDEX ("RPI") IS AN INTERNAL METHODOLOGY THAT MANAGEMENT USES TO TRACK TRENDS IN PREMIUM RATES OF A PORTFOLIO OF INSURANCE AND REINSURANCE CONTRACTS. THE RPI WRITTEN IN THE RESPECTIVE SEGMENTS IS CALCULATED ON A PER CONTRACT BASIS AND REFLECTS MANAGEMENT'S ASSESSMENT OF RELATIVE CHANGES IN PRICE, TERMS, CONDITIONS AND LIMITS AND IS WEIGHTED BY PREMIUM VOLUME. THE CALCULATION INVOLVES A DEGREE OF JUDGEMENT IN RELATION TO COMPARABILITY OF CONTRACTS AND THE ASSESSMENT NOTED ABOVE. TO ENHANCE THE RPI METHODOLOGY, MANAGEMENT MAY REVISE THE METHODOLOGY AND ASSUMPTIONS UNDERLYING THE RPI, SO THE TRENDS IN PREMIUM RATES REFLECTED IN THE RPI MAY NOT BE COMPARABLE OVER TIME. CONSIDERATION IS ONLY GIVEN TO RENEWALS OF A COMPARABLE NATURE SO IT DOES NOT REFLECT EVERY CONTRACT IN THE PORTFOLIO OF CONTRACTS OR, FOR EXAMPLE, NEW BUSINESS LINES WITHIN A SEGMENT. THE FUTURE PROFITABILITY OF THE PORTFOLIO OF CONTRACTS WITHIN THE RPI IS DEPENDENT UPON MANY FACTORS BESIDES THE TRENDS IN PREMIUM RATES.

NOTE REGARDING ALTERNATIVE PERFORMANCE MEASURES:

THE GROUP USES ALTERNATIVE PERFORMANCE MEASURES TO HELP EXPLAIN BUSINESS PERFORMANCE AND FINANCIAL POSITION. THESE MEASURES HAVE BEEN CALCULATED CONSISTENTLY WITH THOSE AS DISCLOSED IN THE GROUP'S ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020.

NOTE REGARDING FORWARD-LOOKING STATEMENTS:

CERTAIN STATEMENTS AND INDICATIVE PROJECTIONS (WHICH MAY INCLUDE MODELLED LOSS SCENARIOS) MADE IN THIS TRADING STATEMENT OR OTHERWISE THAT ARE NOT BASED ON CURRENT OR HISTORICAL FACTS ARE FORWARD-LOOKING IN NATURE INCLUDING, WITHOUT LIMITATION, STATEMENTS CONTAINING THE WORDS "BELIEVES", "AIMS", "ANTICIPATES", "PLANS", "PROJECTS", "FORECASTS", "GUIDANCE", "INTENDS", "EXPECTS", "ESTIMATES", "PREDICTS", "MAY", "CAN", "LIKELY", "WILL", "SEEKS", "SHOULD", OR, IN EACH CASE, THEIR NEGATIVE OR COMPARABLE TERMINOLOGY. SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER IMPORTANT FACTORS THAT COULD CAUSE THE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS OF THE GROUP TO BE MATERIALLY DIFFERENT FROM FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. FOR A DESCRIPTION OF SOME OF THESE FACTORS, SEE THE GROUP'S ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020 AND OUR UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021.

ALL FORWARD-LOOKING STATEMENTS IN THIS TRADING STATEMENT OR OTHERWISE SPEAK ONLY AS AT THE DATE OF PUBLICATION. LANCASHIRE EXPRESSLY DISCLAIMS ANY OBLIGATION OR UNDERTAKING (SAVE AS REQUIRED TO COMPLY WITH ANY LEGAL OR REGULATORY OBLIGATIONS INCLUDING THE RULES OF THE LONDON STOCK EXCHANGE) TO DISSEMINATE ANY UPDATES OR REVISIONS TO ANY FORWARD-LOOKING STATEMENT TO REFLECT ANY CHANGES IN THE GROUP'S EXPECTATIONS OR CIRCUMSTANCES ON WHICH ANY SUCH STATEMENT IS BASED. ALL SUBSEQUENT WRITTEN AND ORAL FORWARD-LOOKING STATEMENTS ATTRIBUTABLE TO THE GROUP OR INDIVIDUALS ACTING ON BEHALF OF THE GROUP ARE EXPRESSLY QUALIFIED IN THEIR ENTIRETY BY THIS NOTE. PROSPECTIVE INVESTORS SHOULD SPECIFICALLY CONSIDER THE FACTORS IDENTIFIED IN THIS TRADING STATEMENT AND THE REPORT AND ACCOUNTS NOTED ABOVE WHICH COULD CAUSE ACTUAL RESULTS TO DIFFER BEFORE MAKING AN INVESTMENT DECISION.