

Chair's statement

A high-value franchise

Q&A



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Chair

How has the Board viewed Lancashire's performance in 2025?

The Board is very pleased with the resilient performance of the Group in a year that began with the devastating California wildfires.

This event was the largest wildfire loss ever for the industry, at an estimated \$40 billion.

Given the quantum of this loss, Lancashire's full-year results show the success of the diversification that has been a developing feature of the Group since 2018.

Over the last eight years, the management team has added new product lines, including a well-established casualty reinsurance portfolio, and new geographies, such as the Australian and US operations.

During 2025, we have undoubtedly seen the benefit of that hard work.

Our strong returns during the year were down to a combination of the solid underwriting performance, and an excellent investment performance from our growing portfolio.

So, overall, the Group remains in an extremely strong position as we enter 2026.

What have been some of the key highlights and priorities for the Board this year?

The priorities for the Board were somewhat set by the California wildfires so early on. We focused initially on ensuring the business was well protected and we reviewed our outwards reinsurance programme, which we found to have the appropriate resilience.

The Board also actively considered shareholder returns and the Group's capital requirements to deliver Lancashire's underwriting strategy.

The Board supported the acquisition of the remaining third-party Names' capacity in Syndicate 2010, which was completed in September. The Group now has full ownership of the underwriting capacity in Syndicates 2010 and 3010, and we anticipate that this will create even greater synergies and efficiencies for the Group in the years ahead (see further details on page 85).

The Board was also very pleased to see the Company's initiatives to mark its 20th anniversary, including an event for all staff to hear from management about the business's strategic priorities, celebrate the past and look to the future, and continue to build on a strong culture. For some employees this was the first time they had met colleagues from other locations face-to-face and the Board recognises the value in building relationships across the Company for the long term.

What are the Board's priorities for 2026?

Lancashire has always believed in the insurance market cycle, and we have seen the start of some rate softening and increased competition in some classes during 2025, although pricing in the current market remains at a relatively strong point in the cycle.

As you would expect, we have discussed the Group's business plans for 2026 with that in mind. We believe the business can continue to grow its underwriting portfolio and there is very much a sense that there will be opportunities to do that in 2026.

The Board will also be focused on ensuring the Group can take advantage of market conditions to optimise its reinsurance protection, aiming to achieve even greater consistency in the Group's returns.

2025 has seen significant industry consolidation and the Board will be supportive of opportunities that management identifies to recruit experienced underwriting teams who are looking for a new home and who would thrive by operating in the Lancashire way.

Chair's statement *continued*

Can you give some colour on the Company's dividend policy and capital management decisions?

Lancashire rightly has a strong reputation for disciplined capital management.

The Company has the flexibility to optimise capital levels as market conditions evolve to fund our underwriting plans, and to be proactive in capital returns when there is excess.

In 2024, the Board committed to increasing the Company's usual ordinary interim and final dividend by 50%, and interim and final dividends of 7.5 cents and 15 cents were paid to our shareholders during 2025.

Additionally, in March 2025 we were able to declare a special dividend of 25 cents per common share, and in November 2025 we declared a special dividend of 75 cents, reflecting the Group's robust capital position and excellent operating performance. This brought our aggregate special and ordinary dividends paid to shareholders in 2025 to \$1.225 per share or \$296.5 million.

Since inception Lancashire has returned more than \$3.7 billion to shareholders, so, I see the declaration of special dividends, when market conditions permit, to be a continuing part of our capital management policy.

How do you ensure alignment and constructive challenge between the executive team and the Board?

The Board meets at least four times a year and our schedule of meetings means we are together for two or three days on each of those occasions. This allows for in-depth discussion between non-executive and executive directors on business performance, risk, and ways to develop the business, and so on. These meetings also give Board members the opportunity to meet regularly with other members of Lancashire's management team, both to understand more about the business and to talk about opportunities and priorities.

Some of the Group Board members also sit on a number of the subsidiary Boards, which again provides further opportunities for strong engagement and detailed challenge and debate.

I have been pleased to see how the experience of some of our Board members in underwriting on both sides of the Atlantic has been valuable in both supporting and promoting healthy and constructive discussions on opportunities for Lancashire's US operation.

How important is culture to Lancashire's success and how does the Board engage with employees and other stakeholders?

Lancashire is a relatively small and lean organisation. It is also a truly "high-value" organisation, where each employee is important, and company culture is something that the Board takes a keen interest in. Each employee adds a lot to the business and the Lancashire way of operating means that everyone contributes to its success and understands the role that they play.

The Board is fortunate that, in a company with less than 500 employees, our pattern of meetings, and other visits, enables Directors to see a large number of people during the course of a year.

The Underwriting Committee is a great example of this, where the Board meets upwards of 20 people and can hear directly from underwriters about their class of business. But we also take the opportunity to meet people at lunches and other social occasions. It means we can get to know our people and what they do beyond the business.

That is not something that you could say about a lot of larger businesses.

Lancashire was founded 20 years ago, how do you see the Company developing over the coming years?

I think there are lots of opportunities to build on the demonstrable strength of our balance sheet and the benefits of diversification to grow the business further. Those opportunities will always be shaped by disciplined underwriting and actively managing capital and risk exposures.

Lancashire has also created a distinctive and important business in the markets in which it operates. Lancashire's products are valued by clients and their brokers, which will remain key to our success.

Our culture makes Lancashire an attractive place that people want to come and join. We have an individual style which generates real loyalty and enthusiasm among employees. Keeping that strong culture will certainly be a focus for the Board going forward as the business develops further.



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