# Lancashire Insurance Company (UK) Ltd

Solvency and Financial Condition Report

**Disclosures** 

31 December

2018

(Monetary amounts in USD thousands)

## General information

Undertaking name
Undertaking identification code
Type of code of undertaking

Type of undertaking Country of authorisation

Language of reporting

Language of reporting

Reporting reference date Currency used for reporting

Accounting standards

Method of Calculation of the SCR

Matching adjustment

Volatility adjustment

Transitional measure on the risk-free interest rate Transitional measure on technical provisions

Lancashire Insurance Company (UK) Ltd
213800SEKTC7F87AAE76
LEI
Non-life undertakings
GB
en
31 December 2018
USD
IFRS
Standard formula
No use of matching adjustment
No use of volatility adjustment
No use of transitional measure on the risk-free interest rate
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

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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

# \$.02.01.02

# **Balance sheet**

		Solvency II value
	Assets	C0010
R0030	Intangible assets	0
R0040	Deferred tax assets	0
R0050	Pension benefit surplus	0
R0060	Property, plant & equipment held for own use	0
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	198,978
R0080	Property (other than for own use)	0
R0090	Holdings in related undertakings, including participations	0
R0100	Equities	0
R0110	Equities - listed	0
R0120	Equities - unlisted	0
R0130	Bonds	180,750
R0140	Government Bonds	60,874
R0150	Corporate Bonds	112,998
R0160	Structured notes	0
R0170	Collateralised securities	6,878
R0180	Collective Investments Undertakings	18,228
R0190	Derivatives	0
R0200	Deposits other than cash equivalents	0
R0210	Other investments	0
R0220	Assets held for index-linked and unit-linked contracts	0
R0230	Loans and mortgages	0
R0240	Loans on policies	0
R0250	Loans and mortgages to individuals	0
R0260	Other loans and mortgages	0
R0270	Reinsurance recoverables from:	210,962
R0280	Non-life and health similar to non-life	210,962
R0290	Non-life excluding health	210,962
R0300	Health similar to non-life	0
R0310	Life and health similar to life, excluding index-linked and unit-linked	0
R0320	Health similar to life	0
R0330	Life excluding health and index-linked and unit-linked	0
R0340	Life index-linked and unit-linked	0
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	13,759
R0370	Reinsurance receivables	8,831
R0380	Receivables (trade, not insurance)	856
R0390	Own shares (held directly)	0
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	9,873
R0420	Any other assets, not elsewhere shown	638
R0500	Total assets	443,897

# \$.02.01.02

# Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	247,785
R0520	Technical provisions - non-life (excluding health)	247,785
R0530	TP calculated as a whole	0
R0540	Best Estimate	236,207
R0550	Risk margin	11,578
R0560	Technical provisions - health (similar to non-life)	0
R0570	TP calculated as a whole	0
R0580	Best Estimate	0
R0590	Risk margin	0
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	Technical provisions - health (similar to life)	0
R0620	TP calculated as a whole	0
R0630	Best Estimate	0
R0640	Risk margin	0
R0650	Technical provisions - life (excluding health and index-linked and unit-linked)	0
R0660	TP calculated as a whole	0
R0670	Best Estimate	0
R0680	Risk margin	0
R0690	Technical provisions - index-linked and unit-linked	0
R0700	TP calculated as a whole	0
R0710	Best Estimate	0
R0720	Risk margin	0
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	0
R0760	Pension benefit obligations	0
R0770	Deposits from reinsurers	0
R0780	Deferred tax liabilities	2,650
R0790	Derivatives	0
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	0
R0820	Insurance & intermediaries payables	1,429
R0830	Reinsurance payables	0
R0840	Payables (trade, not insurance)	11,386
R0850	Subordinated liabilities	0
R0860	Subordinated liabilities not in BOF	0
R0870	Subordinated liabilities in BOF	0
R0880	Any other liabilities, not elsewhere shown	496
R0900	Total liabilities	263,746
R1000	Excess of assets over liabilities	180,151

\$.05.01.02 Premiums, claims and expenses by line of business

#### Non-life

R0110 R0120 R0130 R0140 R0200

R0210 R0220 R0230 R0240 R0300

R0310 R0320 R0330 R0340 R0400

R0410 R0420 R0430 R0440 R0500 R0550 R1200 R1300

	Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)								Line of business for: accepted non-proportional reinsurance								
	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	Misc. financial loss	Health	Casualty	Marine, aviation and transport	Property	Total
	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
Premiums written																	
O Gross - Direct Business						131,163	50,624		21,513								203,300
O Gross - Proportional reinsurance accepted						0	0		0								0
O Gross - Non-proportional reinsurance accepted															8,643	5,151	13,794
0 Reinsurers' share						111,549	44,553		19,996						8,025	4,454	188,577
0 Net						19,614	6,071		1,517						618	697	28,517
Premiums earned																	
O Gross - Direct Business						148,684	47,727		20,217								216,628
O Gross - Proportional reinsurance accepted						0	0		0								0
Gross - Non-proportional reinsurance accepted															7,098	4,878	11,976
0 Reinsurers' share						132,319	44,940		17,694						5,884	4,241	205,077
0 Net						16,365	2,787		2,523						1,215	637	23,527
Claims incurred																	
O Gross - Direct Business						49,723	522		13,001								63,246
O Gross - Proportional reinsurance accepted						0	0		0								0
O Gross - Non-proportional reinsurance accepted															2,351	13,786	16,137
0 Reinsurers' share						50,820	334		11,973						1,977	12,192	77,296
0 Net						-1,097	188		1,028						374	1,594	2,087
Changes in other technical provisions																	
O Gross - Direct Business						0	0		0								0
Gross - Proportional reinsurance accepted						0	0		0								0
O Gross - Non-proportional reinsurance accepted															0	0	0
0 Reinsurers' share						0	0		0						0	0	0
0 Net						0	0		0						0	0	0
0 Expenses incurred						4,816	1,273		-892						-242	-544	4,411
O Other expenses																	25,180
0 Total expenses																	29,591

S.05.02.01 Premiums, claims and expenses by country

# Non-life

		C0010	C0020	C0030	C0040	C0050	C0060	C0070
		Home Country		y amount of gross pr non-life obligations	emiums written) -	Top 5 countries (b premiums writ obliga	ten) - non-life	Total Top 5 and home country
R0010			US	SA	DE	CI	ZM	
	'	C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business	145,587	11,975	5,385	1,285	4,532	3,497	172,261
R0120	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0
R0130	Gross - Non-proportional reinsurance accepted	9,810	22	0	2,014	0	0	11,846
R0140	Reinsurers' share	126,650	10,760	4,553	3,223	4,075	3,133	152,394
R0200	Net	28,747	1,237	832	76	457	364	31,713
	Premiums earned							
R0210	Gross - Direct Business	162,878	10,518	5,308	943	6,412	770	186,829
R0220	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0
R0230	Gross - Non-proportional reinsurance accepted	6,156	22	0	4,164	0	0	10,342
R0240	Reinsurers' share	146,210	10,317	4,518	4,232	4,075	675	170,027
R0300	Net	22,824	223	790	875	2,337	95	27,144
	Claims incurred							
R0310	Gross - Direct Business	56,506	232	286	124	-158	-516	56,474
R0320	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0
R0330	Gross - Non-proportional reinsurance accepted	17,589	2	0	1,214	0	0	18,805
R0340	Reinsurers' share	70,579	179	229	1,104	-126	-419	71,546
R0400	Net	3,516	55	57	234	-32	-97	3,733
	Changes in other technical provisions							
R0410	Gross - Direct Business	0	0	0	0	0	0	0
R0420	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0
R0430	Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
R0440	Reinsurers' share	0	0	0	0	0	0	0
R0500	Net	0	0	0	0	0	0	0
R0550	Expenses incurred	6,618	-923	615	-103	-30	-84	6,093
R1200	Other expenses							25,180
R1300	Total expenses							31,273

#### Non-Life Technical Provisions

	Direct business and accepted proportional reinsurance								Accepted non-proportional reinsurance								
	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	Total Non-Life obligation
	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
Total Recoverables from reinsurance/SPV and Finite Re after the R0050 adjustment for expected losses due to counterparty default associated to TP calculated as a whole						0	0		0						0	0	0
Technical provisions calculated as a sum of BE and RM																	
Best estimate  Premium provisions																	
R0060 Gross						1,161	-6,172		-19,017						-8,129	-5,886	-38,043
Total recoverable from reinsurance/SPV and Finite R0140 Re after the adjustment for expected losses due to counterparty default						-13,513	4,230		-5,335						-4,843	-4,246	-23,707
R0150 Net Best Estimate of Premium Provisions						14,674	-10,402		-13,682						-3,286	-1,640	-14,336
Claims provisions																	
R0160 Gross						195,569	32,018		14,160						8,305	24,198	274,250
Total recoverable from reinsurance/SPV and Finite  R0240 Re after the adjustment for expected losses due to counterparty default						173,245	22,010		13,307						5,707	20,400	234,669
R0250 Net Best Estimate of Claims Provisions						22,324	10,008		853						2,598	3,798	39,581
R0260 Total best estimate - gross						196,730			-4,857						176		
R0270 Total best estimate - net						36,998	-394		-12,829						-688	2,158	25,245
R0280 Risk margin						5,666	2,441		367						1,264	1,840	11,578
Amount of the transitional on Technical Provisions																	
R0290 Technical Provisions calculated as a whole						0			0						0	0	0
R0300 Best estimate						0			0						0	0	0
R0310 Risk margin						0	-1		0						0	0	0
R0320 Technical provisions - total						202,396	28,287		-4,490						1,440	20,152	247,785
Recoverable from reinsurance contract/SPV and R0330 Finite Re after the adjustment for expected losses due to counterparty default - total						159,732	26,240		7,972						864	16,154	210,962
R0340 Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total						42,664	2,047		-12,462						576	3,998	36,823

\$.19.01.21 Non-Life insurance claims

## Total Non-life business

Z0020

Ī	Gross Claims	Paid (non-cum	nulative)											
	(absolute am	=												
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
	Year	00010	00020	00030	00040	Developm		00070	00000	00070	00100	00110	In Current	Sum of years
	i cui	0	1	2	3	4	5	6	7	8	9	10 & +	year	(cumulative)
R0100	Prior											242	242	242
R0160	2009	5,837	17,857	14,463	3,011	5,257	1,096	273	230	68	1,197		1,197	49,289
R0170	2010	47,596	23,367	3,639	11,495	4,195	4,094	431	132	-294			-294	94,655
R0180	2011	17,031	29,061	22,586	37,533	46,444	5,626	61,869	-1,119				-1,119	219,031
R0190	2012	76,222	21,243	3,109	4,862	2,411	4,777	1,363					1,363	113,987
R0200	2013	41,952	29,433	10,522	4,777	9,507	410						410	96,601
R0210	2014	15,735	24,172	23,265	4,814	1,910							1,910	69,896
R0220	2015	24,767	29,460	27,833	2,305								2,305	84,365
R0230	2016	19,658	30,504	24,507									24,507	74,669
R0240	2017	4,662	21,050										21,050	25,712
20250	2018	2,226											2,226	2,226
R0260												Total	53,797	830,673

	Gross Undisc	counted Best E	stimate Clair	ns Provisions									
	(absolute am	ount)											
													C0360
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	Year end
	Year					Developm	nent year						(discounted
		0	1	2	3	4	5	6	7	8	9	10 & +	data)
R0100	Prior											2,882	2,855
R0160	2009	0	0	0	0	0	0	5,119	25,881	24,912	552		543
R0170	2010	0	0	0	0	0	6,138	4,375	3,800	3,795			3,757
R0180	2011	0	0	0	0	68,368	62,708	3,627	1,124				1,117
R0190	2012	0	0	0	28,039	13,963	6,626	5,157					5,082
R0200	2013	0	0	22,397	22,705	10,080	8,492						8,108
R0210	2014	0	59,373	20,253	10,199	5,415							5,314
R0220	2015	118,938	59,771	22,099	14,107								13,611
R0230	2016	126,667	97,187	51,043									48,905
R0240	2017	87,336	65,465										62,966
R0250	2018	125,354											121,989
R0260												Total	274,247

### \$.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 R0180	An amount equal to the value of net deferred tax assets  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
	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 R0390	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC  Other ancillary own funds
	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
	Reconcilliation reserve
	Excess of assets over liabilities
	Own shares (held directly and indirectly)
	Foreseeable dividends, distributions and charges  Other basic own fund items
R0740	Other basic own fund items  Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds
R0760	Reconciliation reserve
	Expected profits
	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
-8,291	-8,291			
0		0	0	0
0				0
0	0	0	0	0
0				
0				
180,151	180,151	0	0	0
0				
0				
0				
0				
0				
0				
0				

180,151	180,151	0	0	0
180,151	180,151	0	0	
180,151	180,151	0	0	0
180,151	180,151	0	0	

89,85
22,46
200.50
801.95

#### C0060

180,151
0
188,442
0
-8,291

52,40
52,40

# S.25.01.21

# Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications	
		C0110	C0090	C0120	
R0010	Market risk	14,577			
R0020	Counterparty default risk	13,003			
R0030	Life underwriting risk	0			
R0040	Health underwriting risk	0			
R0050	Non-life underwriting risk	70,337			
R0060	Diversification	-15,147			
R0070 R0100	Intangible asset risk  Basic Solvency Capital Requirement	82,770		For life underwriting risk:  1 - Increase in the amount of annuity benefits	
	Calculation of Solvency Capital Requirement	C0100	For health underw 1 - Increase in the a		
R0130	Operational risk	7,086	benefits	benefits	
R0140	Loss-absorbing capacity of technical provisions	0	premium risk	2 - Standard deviation for NSLT health premium risk	
R0150	Loss-absorbing capacity of deferred taxes	0	3 - Standard deviat premium risk	3 - Standard deviation for NSLT health gross	
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0	4 - Adjustment fact	4 - Adjustment factor for non-proportional	
R0200	Solvency Capital Requirement excluding capital add-on	89,856		reinsurance 5 - Standard deviation for NSLT health	
R0210	Capital add-ons already set	0	reserve risk	reserve risk	
R0220	Solvency capital requirement	89,856	9 - None		
	Other information on SCR		reinsurance	or for non-proportional	
R0400	Capital requirement for duration-based equity risk sub-module	0	6 - Standard deviat premium risk	6 - Standard deviation for non-life	
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	0	7 - Standard deviat	ion for non-life gross	
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	0	premium risk 8 - Standard deviat	ion for non-life	
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0	reserve risk		
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0	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	C0010		
R0010	MCR <sub>NL</sub> Result	7,794		
			Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
			C0020	C0030
R0020	Medical expense insurance and proportional reinsurance		0	0
R0030	Income protection insurance and proportional reinsurance		0	0
R0040	Workers' compensation insurance and proportional reinsurance		0	0
R0050	Motor vehicle liability insurance and proportional reinsurance		0	0
R0060	Other motor insurance and proportional reinsurance		0	0
R0070	Marine, aviation and transport insurance and proportional reinsurance		36,999	19,614
R0080	Fire and other damage to property insurance and proportional reinsurance		0	6,071
R0090	General liability insurance and proportional reinsurance		0	0
R0100	Credit and suretyship insurance and proportional reinsurance		0	1,517
R0110	Legal expenses insurance and proportional reinsurance		0	0
R0120	Assistance and proportional reinsurance		0	0
R0130	Miscellaneous financial loss insurance and proportional reinsurance		0	0
R0140	Non-proportional health reinsurance		0	0
R0150	Non-proportional casualty reinsurance		0	618
R0160 R0170	Non-proportional marine, aviation and transport reinsurance  Non-proportional property reinsurance		2,157	697
KU17U	Non-proportional property remsurance		2,137	077
	Linear formula component for life insurance and reinsurance obligations	C0040		
R0200	MCR <sub>L</sub> Result	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	C0070		
R0300	Linear MCR	7,794		
R0310	SCR	89,856		
R0320	MCR cap	40,435		
R0330	MCR floor	22,464		
R0340	Combined MCR	22,464		
R0350	Absolute floor of the MCR	4,188		
R0400	Minimum Capital Requirement	22,464		
	•			