Lancashire Insurance Company (UK) Ltd

Solvency and Financial Condition Report

Disclosures

31 December

2020

(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
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

Lancashire Insurance Company (UK) Ltd
• • • •
213800SEKTC7F87AAE76
LEI
Non-life undertakings
GB
en
31 December 2020
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

S.05.02.01 - Premiums, claims and expenses by country

S.17.01.02 - Non-Life Technical Provisions

Transitional measure on 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
	Assets	C0010
R0030	Intangible assets	
R0040	Deferred tax assets	
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	0
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	217,700
R0080	Property (other than for own use)	0
R0090	Holdings in related undertakings, including participations	0
R0100	Equities	0
R0110	Equities - listed	
R0120	Equities - unlisted	
R0130	Bonds	193,567
R0140	Government Bonds	69,997
R0150	Corporate Bonds	117,750
R0160	Structured notes	0
R0170	Collateralised securities	5,820
R0180	Collective Investments Undertakings	24,133
R0190	Derivatives	
R0200	Deposits other than cash equivalents	0
R0210	Other investments	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	0
R0240	Loans on policies	0
R0250	Loans and mortgages to individuals	
R0260	Other loans and mortgages	
R0270	Reinsurance recoverables from:	237,372
R0280	Non-life and health similar to non-life	237,372
R0290	Non-life excluding health	237,372
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	
R0330	Life excluding health and index-linked and unit-linked	
R0340	Life index-linked and unit-linked	
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	10,941
R0370	Reinsurance receivables	
R0380	Receivables (trade, not insurance)	459
R0390	Own shares (held directly)	
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	16,245
R0420	Any other assets, not elsewhere shown	289
R0500	Total assets	483,006

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	267,530
R0520	Technical provisions - non-life (excluding health)	267,530
R0530	TP calculated as a whole	0
R0540	Best Estimate	256,828
R0550	Risk margin	10,702
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	
R0630	Best Estimate	
R0640	Risk margin	
R0650	Technical provisions - life (excluding health and index-linked and unit-linked)	0
R0660	TP calculated as a whole	
R0670	Best Estimate	
R0680	Risk margin	
R0690	Technical provisions - index-linked and unit-linked	0
R0700	TP calculated as a whole	
R0710	Best Estimate	
R0720	Risk margin	
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	4,025
R0790	Derivatives	
R0800	Debts owed to credit institutions	
R0810	Financial liabilities other than debts owed to credit institutions	
R0820	Insurance & intermediaries payables	
R0830	Reinsurance payables	805
R0840	Payables (trade, not insurance)	20,360
R0850	Subordinated liabilities	0
R0860	Subordinated liabilities not in BOF	
R0870	Subordinated liabilities in BOF	0
R0880	Any other liabilities, not elsewhere shown	496
R0900	Total liabilities	293,216
R1000	Excess of assets over liabilities	189,790

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Premiums, claims and expenses by line of business

Non-life

	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																	
R0110 Gross - Direct Business						155,104	69,051		14,698								238,853
R0120 Gross - Proportional reinsurance accepted						1,980	34		0								2,014
R0130 Gross - Non-proportional reinsurance accepted															896	1,151	2,047
R0140 Reinsurers' share						139,858	61,391		13,463						751	945	216,408
R0200 Net						17,226	7,694		1,235						145	206	26,506
Premiums earned																	
R0210 Gross - Direct Business						152,103	62,172		24,477								238,752
R0220 Gross - Proportional reinsurance accepted						693	9		0								702
R0230 Gross - Non-proportional reinsurance accepted															828	1,179	2,007
R0240 Reinsurers' share						137,383	56,730		21,336						711	976	217,136
R0300 Net						15,413	5,451		3,141						117	203	24,325
Claims incurred											ı						
R0310 Gross - Direct Business						80,323	29,106		21,716								131,145
R0320 Gross - Proportional reinsurance accepted						256	0		0								256
R0330 Gross - Non-proportional reinsurance accepted															4,112	-4,576	-464
R0340 Reinsurers' share						70,095	23,223		19,335						3,312	-3,790	112,175
R0400 Net						10,484	5,883		2,381						800	-786	18,762
Changes in other technical provisions																	
R0410 Gross - Direct Business																	0
R0420 Gross - Proportional reinsurance accepted																	0
R0430 Gross - Non-proportional reinsurance accepted																	0
R0440 Reinsurers' share																	0
R0500 Net						0	0		0						0	0	0
R0550 Expenses incurred						-9,958	-6,374		-1,410						-132	-382	-18,256
R1200 Other expenses																	31,401
R1300 Total expenses																	13,145
•																L	

S.05.02.01

Premiums, claims and expenses by country

Non-life

		C0010	C0020	C0030	C0040	C0050	C0060	C0070
		Home Country	. ,	amount of gross pronon-life obligations	emiums written) -	Top 5 countries (b premiums writ obliga	Total Top 5 and home country	
R0010			US	TR	CA	KE	ZA	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business	167,346	33,235	1,825	2,139	3,096	2,505	210,146
R0120	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0
R0130	Gross - Non-proportional reinsurance accepted	1,316	2	0	0	0	0	1,318
R0140	Reinsurers' share	148,298	28,864	1,601	1,779	2,825	2,181	185,548
R0200	Net	20,364	4,373	224	360	271	324	25,916
	Premiums earned							
R0210	Gross - Direct Business	163,425	25,637	1,893	1,961	2,287	1,981	197,184
R0220	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0
R0230	Gross - Non-proportional reinsurance accepted	1,328	73	0	0	0	0	1,401
R0240	Reinsurers' share	146,478	24,712	1,682	1,583	2,019	1,945	178,419
R0300	Net	18,275	998	211	378	268	36	20,166
	Claims incurred							
R0310	Gross - Direct Business	84,190	20,366	142	218	472	16,135	121,523
R0320	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0
R0330	Gross - Non-proportional reinsurance accepted	-2,693	-57	0	0	0	0	-2,750
R0340	Reinsurers' share	65,198	16,318	129	174	423	12,908	95,150
R0400	Net	16,299	3,991	13	44	49	3,227	23,623
	Changes in other technical provisions							
R0410	Gross - Direct Business							0
R0420	Gross - Proportional reinsurance accepted							0
R0430	Gross - Non-proportional reinsurance accepted							0
R0440	Reinsurers' share							0
R0500	Net	0	0	0	0	0	0	0
R0550	Expenses incurred	-10,837	-3,276	-162	-314	-150	-1	-14,740
R1200	Other expenses							31,401
R1300	Total expenses							16,661

Non-Life Technical Provisions

						Direct busi	iness and accepto	ed proportional re	insurance					Acc	cepted non-propo	ortional reinsuran	nce	
		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
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						-21,131	20,317		-8,936						-2,301	-4,591	-16,642
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default						-6,182	12,534		431						-4,194	6,233	8,822
R0150	Net Best Estimate of Premium Provisions						-14,949	7,783		-9,367						1,893	-10,824	-25,464
	Claims provisions																	
R0160	Gross						135,092	89,690		23,494						4,513	20,681	273,470
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default						114,013	70,697		20,457						2,829	20,554	228,550
R0250	Net Best Estimate of Claims Provisions						21,079	18,993		3,037						1,684	127	44,920
D03/0	Total bask antiquets areas			· · · · · · · · · · · · · · · · · · ·	· · · · · · · · · · · · · · · · · · ·	· · · · · · · · · · · · · · · · · · ·	113,961	110,007		14,558			1	· · · · · · · · · · · · · · · · · · ·		2,212	16,090	256,828
	Total best estimate - gross Total best estimate - net						6,130			-6,330						3,577	-10,697	19,456
								-								-		
R0280	Risk margin						4,820	3,946		1,191						694	51	10,702
	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						118,781	113,953		15,749						2,906	16,141	267,530
R0330	Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total						107,831	83,231		20,888						-1,365	26,787	237,372
	Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total						10,950	30,722		-5,139						4,271	-10,646	30,158

S.19.01.21 Non-Life insurance claims

Total Non-life business

Z0020

ſ	Gross Claims	Paid (non-cur	mulative)											T
	(absolute am	•	,											
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
	Year	0010	C0020	C0030	C00-10	Developm		C0070	00000	C0070	C0100	COTTO	In Current	Sum of years
		0	1	2	3	4	5	6	7	8	9	10 & +	year	(cumulative)
R0100	Prior											3,072	3,072	3,072
R0160	2011	17,031	29,061	22,586	37,533	46,444	5,626	61,869	-1,119	-1,936	2		2	217,097
R0170	2012	76,222	21,243	3,109	4,862	2,411	4,777	1,363	107	13	•		13	114,106
R0180	2013	41,952	29,433	10,522	4,777	9,507	410	569	1,318				1,318	98,490
R0190	2014	15,735	24,172	23,265	4,814	1,910	2,000	350					350	72,246
R0200	2015	24,767	29,460	27,833	2,305	1,787	395						395	86,547
R0210	2016	19,658	30,504	24,507	13,820	1,622							1,622	90,111
R0220	2017	4,662	21,050	13,653	18,602								18,602	57,968
R0230	2018	2,226	63,151	16,529									16,529	81,906
R0240	2019	3,960	11,636										11,636	15,597
R0250	2020	20,451											20,451	20,451
R0260												Total	73,990	857,591

[Gross Undisc	ounted Best E	Estimate Claii	ms Provisions	5								
	(absolute am	iount)											
													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											-37,814	-37,810
R0160	2011	0	0	0	0	68,366	62,708	3,627	1,124	787	-957		-955
R0170	2012	0	0	0	28,319	13,963	6,626	5,157	1,032	-2,355			-2,352
R0180	2013	0	0	22,784	22,705	10,080	8,492	7,536	20,311				20,290
R0190	2014	0	59,774	20,253	10,199	5,415	4,137	-3,297					-3,316
R0200	2015	117,067	59,771	22,099	14,107	6,244	47,786						47,741
R0210	2016	126,667	97,187	51,043	15,213	11,757							11,738
R0220	2017	87,336	65,465	42,133	39,624								39,579
R0230	2018	125,354	53,171	21,314									21,254
R0240	2019	84,263	57,930										57,761
R0250	2020	120,117											119,539
R0260												Total	273,469

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)
	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
	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
	Unpaid and uncalled ordinary share capital callable on demand
	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand
	Unpaid and uncalled preference shares callable on demand
	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
	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC
	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC 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
	Ratio of Eligible own funds to SCR
R0640	Ratio of Eligible own funds to MCR
	Reconcilliation reserve
	Excess of assets over liabilities Our places (fold directly and indirectly)
	Own shares (held directly and indirectly)
	Foreseeable dividends, distributions and charges Other basic own fund items
	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds
	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
1,348	1,348			
0		0	0	0
0				0
0	0	0	0	0
0				
0				
189,790	189,790	0	0	0
	,			
0				
0				
0				
0				
0				
0				
0				
0				
0				
0			0	0
190 700	100 700	0	0	0
189,790	189,790		0	U
189,790	189,790	0	0	0
189,790 189,790	189,790 189,790	0	0	0
189,790	189,790	0	0	

84,86
21,21
223.63
894.51

C0060

189,790
0
188,442
0
1,348

51,73
51,73

Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications		
		C0110	C0090	C0120		
R0010	Market risk	20,654				
R0020	Counterparty default risk	10,585				
R0030	Life underwriting risk	0				
R0040	Health underwriting risk	0				
R0050	Non-life underwriting risk	63,133				
R0060	Diversification	-17,210	USP Key			
			USP Key			
R0070	Intangible asset risk	0	For life underwriting risk: 1 - Increase in the amount of annuity benefits			
R0100	Basic Solvency Capital Requirement	77,162	9 - None			
	Calculation of Solvency Capital Requirement	C0100	For health unde	rwriting risk: ne amount of annuity		
R0130	Operational risk	7,704	benefits			
R0140	Loss-absorbing capacity of technical provisions	0	2 - Standard dev premium risl	iation for NSLT health		
R0150	Loss-absorbing capacity of deferred taxes		3 - Standard dev	iation for NSLT health gross		
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0	premium risl 4 - Adiustment f	actor for non-proportional		
R0200	Solvency Capital Requirement excluding capital add-on	84,866	reinsurance			
R0210	Capital add-ons already set	0	5 - Standard deviation for NSLT health reserve risk9 - None			
R0220	Solvency capital requirement	84,866				
	Other information on SCR		For non-life underwriting risk: 4 - Adjustment factor for non-proportional			
R0400	Capital requirement for duration-based equity risk sub-module	0	reinsurance	iation for non-life		
	Total amount of Notional Solvency Capital Requirements for remaining part	0	premium risk			
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	0	7 - Standard dev premium risl	iation for non-life gross		
R0430	al amount of Notional Solvency Capital Requirements for matching adjustment portfolios		8 - Standard dev	iation for non-life		
R0440	versification effects due to RFF nSCR aggregation for article 304		reserve risk 9 - None			
			/ Hone			
	Approach to tax rate	C0109				
R0590	Approach based on average tax rate	0				
		LAC DT				
	Calculation of loss absorbing capacity of deferred taxes	C0130				
R0640	LAC DT	0130				
	LAC DT justified by reversion of deferred tax liabilities	0				
	LAC DT justified by reference to probable future taxable economic profit	0				
	LAC DT justified by carry back, current year	0				
R0680	LAC DT justified by carry back, future years	0				
	Maximum LAC DT	0				

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 _{NL} Result	6,998		
			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	
R0030	Income protection insurance and proportional reinsurance		0	
R0040	Workers' compensation insurance and proportional reinsurance		0	
R0050	Motor vehicle liability insurance and proportional reinsurance		0	
R0060	Other motor insurance and proportional reinsurance		0	
R0070	Marine, aviation and transport insurance and proportional reinsurance		6,125	17,226
R0080	Fire and other damage to property insurance and proportional reinsurance		26,777	7,694
R0090	General liability insurance and proportional reinsurance		0	
R0100	Credit and suretyship insurance and proportional reinsurance		0	1,235
R0110	Legal expenses insurance and proportional reinsurance		0	
R0120	Assistance and proportional reinsurance		0	
R0130	Miscellaneous financial loss insurance and proportional reinsurance Non-proportional health reinsurance		0	
R0140 R0150	Non-proportional casualty reinsurance		0	
R0160	Non-proportional marine, aviation and transport reinsurance		3,579	145
R0170	Non-proportional property reinsurance		0	206
110170				200
B0000	Linear formula component for life insurance and reinsurance obligations	C0040		
R0200	MCR _L 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	6,998		
R0310	SCR	84,866		
R0320	MCR cap	38,191		
R0330	MCR floor	21,217		
R0340	Combined MCR	21,217		
R0350	Absolute floor of the MCR	4,328		
R0400	Minimum Capital Requirement	21,217		