

Lancashire Insurance Company (UK) Ltd

Solvency and Financial Condition Report

Disclosures

31 December

2020

(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 2020
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
Assets		
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	<i>Property (other than for own use)</i>	0
R0090	<i>Holdings in related undertakings, including participations</i>	0
R0100	<i>Equities</i>	0
R0110	<i>Equities - listed</i>	
R0120	<i>Equities - unlisted</i>	
R0130	<i>Bonds</i>	193,567
R0140	<i>Government Bonds</i>	69,997
R0150	<i>Corporate Bonds</i>	117,750
R0160	<i>Structured notes</i>	0
R0170	<i>Collateralised securities</i>	5,820
R0180	<i>Collective Investments Undertakings</i>	24,133
R0190	<i>Derivatives</i>	
R0200	<i>Deposits other than cash equivalents</i>	0
R0210	<i>Other investments</i>	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	0
R0240	<i>Loans on policies</i>	0
R0250	<i>Loans and mortgages to individuals</i>	
R0260	<i>Other loans and mortgages</i>	
R0270	Reinsurance recoverables from:	237,372
R0280	<i>Non-life and health similar to non-life</i>	237,372
R0290	<i>Non-life excluding health</i>	237,372
R0300	<i>Health similar to non-life</i>	0
R0310	<i>Life and health similar to life, excluding index-linked and unit-linked</i>	0
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	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.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
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
R0260	Total best estimate - gross						113,961	110,007		14,558					2,212	16,090		256,828
R0270	Total best estimate - net						6,130	26,776		-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
R0340	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 Accident year / underwriting year

Gross Claims Paid (non-cumulative)														
(absolute amount)														
Year	C0010	C0020	C0030	C0040	Development year						C0100	C0110	C0170	C0180
	0	1	2	3	4	5	6	7	8	9	10 & +	In Current year	Sum of years (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 Undiscounted Best Estimate Claims Provisions													
(absolute amount)													
Year	C0200	C0210	C0220	C0230	Development year						C0300	C0360	
	0	1	2	3	4	5	6	7	8	9	10 & +	Year end (discounted 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.25.01.21

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		
R0070 Intangible asset risk	0		
R0100 Basic Solvency Capital Requirement	77,162		
Calculation of Solvency Capital Requirement			
R0130 Operational risk	7,704		
R0140 Loss-absorbing capacity of technical provisions	0		
R0150 Loss-absorbing capacity of deferred taxes			
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	84,866		
R0210 Capital add-ons already set	0		
R0220 Solvency capital requirement	84,866		
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	0		
Calculation of loss absorbing capacity of deferred taxes			
R0640 LAC DT			
R0650 LAC DT justified by reversion of deferred tax liabilities	0		
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

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	
	0		
	0		
	0		
	0		
	0		
	6,125		17,226
	26,777		7,694
	0		
	0		1,235
	0		
	0		
	0		
	0		
	3,579		145
	0		206

- 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

6,998
84,866
38,191
21,217
21,217
4,328
21,217