

**PROUD OF OUR PAST
PASSIONATE ABOUT OUR FUTURE**



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EXECUTIVE STATEMENT

Lancashire Holdings Limited ("LHL") is the parent company of the Lancashire Group ("Lancashire" or "the Group"), and Lancashire Insurance Company Limited ("the Company" or "LICL") is the Group's Bermuda domiciled insurance subsidiary. Both the Group and LICL are providers of global specialty insurance and reinsurance products.

This Group Financial Condition Report ("FCR") has been prepared in accordance with the Bermuda Insurance (Public Disclosure) Rules 2015 and the Insurance (Group Supervision) Rules 2011. It includes quantitative and qualitative information about the business and performance, governance structure, risk profile, solvency valuation and capital management of both LHL and LICL.

LICL has been granted an exemption by the Bermuda Monetary Authority ("BMA") from the requirement to prepare and file a separate FCR on the condition that disclosures that are specific to LICL are disclosed separately within this Group FCR. Disclosures relating to Group practices that are the same across the Group are mentioned only once in this report.

The executive summary outlines material changes over the reporting period. Due to differences between the International Financial Reporting Standards ("IFRS") and Economic Balance Sheet ("EBS") bases the numbers presented in this report are not all comparable to those published in the financial statements within the Group's Annual Report and Accounts as at 31 December 2025, which have been prepared in accordance with IFRS (as issued by the International Accounting Standards Board), as adopted by the UK.

BUSINESS AND PERFORMANCE

The Group is a provider of global specialty insurance and reinsurance products within two operating segments: reinsurance and insurance.

Gross premiums written increased by \$109.7 million, or 5.1%, during 2025 compared to 2024. Excluding the impact of reinstatement premiums, underlying growth in gross premiums written was 3.3%.

In the reinsurance segment, the rating environment softened marginally with a reinsurance segment RPI of 97%. In the context of rating adequacy remaining very healthy, we took the opportunity to grow and build out our relationships and franchise value with core clients. Premiums across the reinsurance segment grew 8.1% year-on-year, with each pillar contributing to growth.

In the insurance segment, market conditions softened slightly for the first year since 2017, however, given seven years of rate increases, the majority of product lines remain very well priced with embedded underwriting margin. Given favourable rate adequacy we continued to selectively grow our footprint and increased premiums year-on-year. The insurance segment RPI was 95% and we increased our premiums by 1.9% year-on-year.

During 2025, the Group experienced net losses (undiscounted, excluding reinstatement premiums) from catastrophe, weather and large loss events totalling \$277.0 million. Catastrophe and weather losses were \$184.7 million. The net loss impact of the California wildfires of \$163.4 million represents the majority of this figure. The Group also experienced net losses (undiscounted, excluding reinstatement premiums) from large risk events totalling \$92.3 million. None of the large risk event losses were individually material for the Group.

In comparison, during 2024, the Group experienced net losses (undiscounted, excluding reinstatement premiums) from catastrophe, weather and large loss events totalling \$215.2 million.

Favourable prior accident year loss development for the undiscounted net movement in loss reserves was \$122.8 million during 2025. This was primarily due to general IBNR, catastrophe and large loss reserve releases on the 2024 and 2023 accident years and a further strengthening in reserves of \$32.9 million relating to direct and indirect losses from the Ukraine conflict.

In comparison, the favourable prior accident year undiscounted net movement in loss reserves during 2024 was \$93.3 million.

Total investment return, including net investment income, net realised gains and losses and net change in unrealised gains and losses, was \$218.0 million for 2025 compared to \$162.2 million for 2024. Net investment income, excluding realised and unrealised gains and losses, was \$164.7 million in 2025, an increase of 13.7% compared to 2024.

The investment portfolio generated a total investment return of 7.0% during 2025. The returns were driven by investment income, benefiting from higher yields combined with rising prices due to falling Treasury rates and a modest tightening of investment-grade credit spreads. In addition, the non-US dollar portfolios and cash, held for hedging purposes, benefitted from a weakening US dollar which added 50bps or \$15.8 million of investment return. The private investment funds also contributed strong returns during the year.

For 2024, the investment portfolio generated a positive return of 5.0%. The returns were primarily driven by investment income the growing investment portfolio continued to benefit from higher yields.

Total operating expenses were \$265.5 million compared to \$221.2 million in 2024, an increase of \$44.3 million.

The most significant driver of the increase in operating expenses for 2025, compared to 2024, was an increase in fixed and variable employment expenses. Our increased headcount, and the underlying growth in the underwriting portfolio, drove increases in IT, operational processing and office costs. In 2025, operating expenses also included some one-off project-related consultancy fees and an impairment charge recognised on internally generated intangible assets.

In 2025, \$119.3 million of operating expenses were considered directly attributable to the fulfillment of insurance contracts issued, and have therefore been re-allocated to insurance service expenses and form part of the insurance service result on an IFRS basis. This compares to \$105.3 million for 2024, and is reflective of the increase within the Group's operating expense base.

Overall, the Group generated a profit after tax of \$293.4 million with a combined ratio (undiscounted) of 93.1% in 2025 compared to a profit after tax \$321.3 million and a combined ratio (undiscounted) of 89.1% in 2024. LICL's comparable results were a \$335.7 million profit after tax and 87.9% combined ratio (undiscounted) in 2025, compared to a \$332.4 million profit after tax and a 89.5% combined ratio (undiscounted) in 2024.

GOVERNANCE STRUCTURE

The Group strives to implement simple yet effective systems of governance in a way that helps shape strategy, monitors its implementation, balances support and challenge for management and the business, and embeds a positive and open corporate culture throughout the Group. The LICL Board aligns its systems of corporate governance with that of the Group where applicable.

Good strategic debate and decision making remain central to the work of any board. We are fortunate in having a nimble strategy and a simple "flat" structure with a total Group employee headcount at 31 December 2025 of 447, of which 59 are LICL employees. This means that all our Directors have regular opportunities to meet with both the members of our management team, and other employees, within the business. This helps inform the Board's active understanding of the business, its needs and challenges.

Bermuda regulated insurers are required to prepare an ORSA report (referred to by the BMA as GSSA for Group reporting, and CISSA for LICL reporting). Both the management team and the Board have engaged fully with the ORSA processes, and use it as a tool to help deepen their understanding of the business, better understand the risks and opportunities facing it, and to refine and focus Lancashire's strategic thinking and priorities.

Details of the LHL and LICL Board of Directors, Board Committees and key functions are provided in Section B.

There have been no material changes to the Group's governance structure during the year.

RISK PROFILE

The Group is exposed to risks from various sources. These include insurance risk, market risk, liquidity risk, credit risk, operational risk and strategic risk. The primary risk to the Group is insurance risk. There have been no significant changes to the Group's material risks or the measures used to assess these risks over the 2025 reporting period. Each of these risk areas is described in more detail in Section C.

The Group's current assessment of risk in relation to climate change is discussed in more detail within the TCFD report on pages 50 to 62 within the Group's 2025 Annual Report and Accounts: [Investors - Lancashire Group](#).

SOLVENCY VALUATION

There have been no material changes to the valuation process or methodology during the year. The assumptions used in the process change from period to period due to internal and external factors such as change in business mix, claims events and perceived profitability of the business underwritten.

Detailed explanations and reconciliations from the assets and liabilities presented in the Group's and LICL's financial statements as at 31 December 2025 to those presented on an EBS basis in this report are included in Section D.

CAPITAL MANAGEMENT

The key aim of the Group's capital management processes are unchanged from the previous period, and remain focused on maintaining a strong balance sheet, whilst:

- maintaining sufficient capital to meet obligations to policyholders and for underwriting opportunities;
- maximising the risk-adjusted return to shareholders within predetermined risk tolerances;
- maintaining adequate financial strength ratings; and
- meeting internal, regulatory and rating agency requirements.

LICL, as a wholly owned subsidiary of LHL, falls within the scope of the Group's capital management processes. The Group and LICL's regulatory capital position is detailed in Section E, and reflects the BMA's BSCR arrangements. Both LHL and LICL held capital in excess of their regulatory requirements throughout 2025 and 2024.

- the Group's 2025 year-end BSCR was \$845.7 million, with an ECR ratio of 254%.
- LICL's 2025 year-end BSCR was \$750.7 million with an ECR ratio of 244%.

SUBSEQUENT EVENTS

Dividends

On 4 March 2026, LHL's Board of Directors declared a final ordinary dividend of \$0.15 (approximately £0.12) per common share and a special dividend of \$0.50 (approximately £0.37) per common share – further details of these dividends are provided in Section F1.

Other

On 30 December 2025, LICL advanced \$70.0 million towards a new private investment fund, with the subscription becoming effective on 1 January 2026. As at 31 December 2025, this amount is presented within other receivables in the consolidated statement of financial position, as the subscription had not yet been completed at the reporting date.

On 2 March 2026, LICL's Board of Directors approved a distribution from contributed surplus of \$330.0 million to its parent LHL.

DIRECTORS' STATEMENT

We confirm that to the best of our knowledge and belief, this FCR fairly represents the financial condition of the Group and the Company in all material respects for the period.



Alex Maloney
Group CEO



Natalie Kershaw
Group CFO

29 April 2026

A. BUSINESS AND PERFORMANCE

A1: BUSINESS

Name and Legal Form

The Lancashire Group and LICL are providers of global specialty insurance and reinsurance products.

LHL was incorporated under the laws of Bermuda on 12 October 2005.

LICL was incorporated under the laws of Bermuda on 28 October 2005, and is authorised by the BMA as a Class 4 general insurer under The Insurance Act 1978 and related Regulations ("the Act").

The registered office of the Group and Company is Power House, 7 Par-La-Ville Road, Hamilton HM 11, Bermuda.

Supervisory Authority and Group Supervisor

The Group and LICL are supervised by the Bermuda Monetary Authority, BMA House, 43 Victoria Street, Hamilton, HM 12, Bermuda.

External Auditor

LHL's external auditor is KPMG LLP, 15 Canada Square, London, E14 5GL.

LICL's external auditor is KPMG Audit Limited, Crown House, 4 Par-la-Ville Road, Hamilton, HM 08, Bermuda.

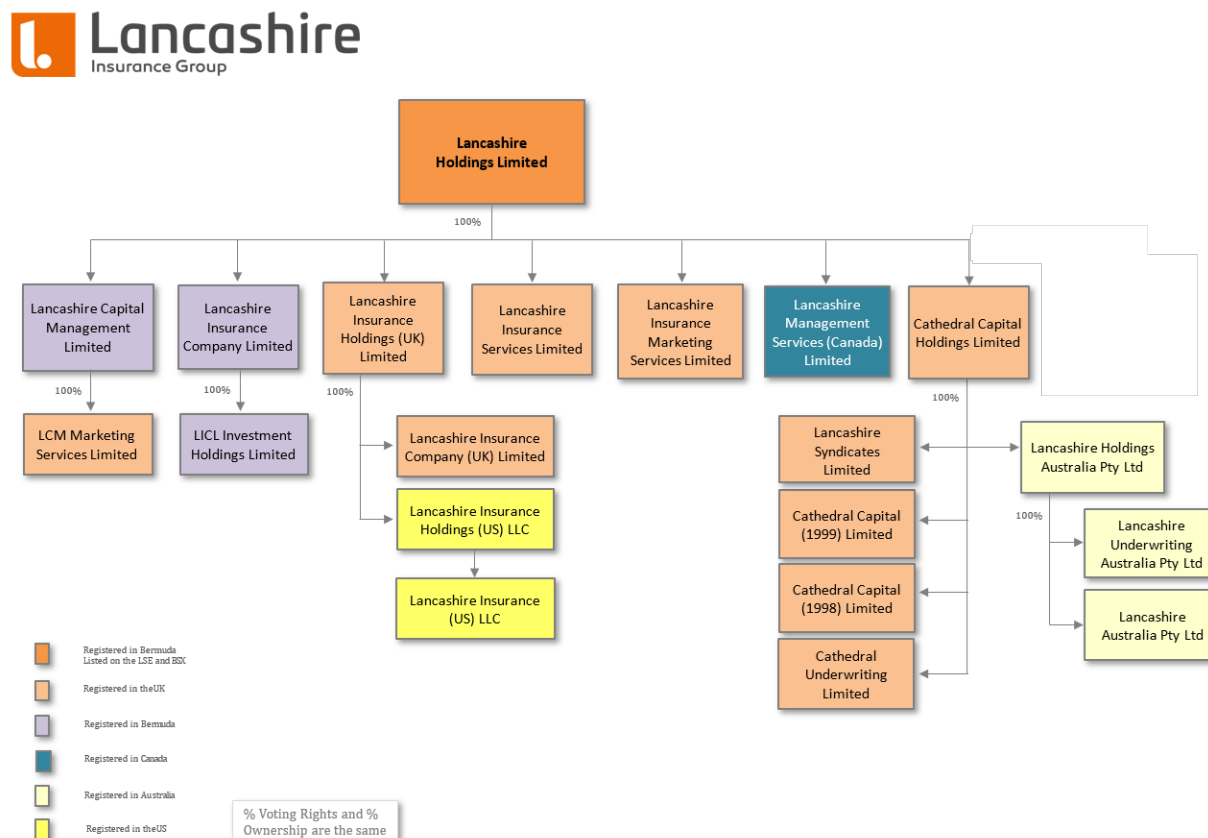
Ownership

LHL's common shares are traded on the main market of the London Stock Exchange ("LSE"), with a secondary listing on the Bermuda Stock Exchange ("BSX"). Voting rights are equivalent to share ownership.

LICL is a wholly owned subsidiary of LHL.

Group Structure

The Group's structure is summarised in the chart below, including country of incorporation:



A2: UNDERWRITING PERFORMANCE

Management and the Board of Directors review the Group's insurance business primarily by its two principal segments: reinsurance and insurance. These segments are therefore deemed to be the Group's operating segments for the purposes of segmental reporting. Lines of business are underwritten within each operating segment. These lines of business are written primarily, but not exclusively, on a reinsurance or insurance basis.

Operating segment performance is measured by the insurance service result and net insurance ratio. The performance of the overall Group is measured by the combined ratio on both an undiscounted and discounted basis.

The Group and Company's underwriting performance on an IFRS basis for the years ended 31 December 2025 and 2024 is summarised in the tables below.

LHL:

For the year ended 31 December	2025 \$m			2024 \$m		
	Reinsurance	Insurance	Total	Reinsurance	Insurance	Total
US and Canada	487.8	362.5	850.3	437.7	318.7	756.4
Worldwide - multi territory	324.0	360.5	684.5	314.2	311.6	625.8
Europe	55.0	86.2	141.2	58.8	99.2	158.0
Rest of world	37.6	146.8	184.4	44.4	180.5	224.9
Insurance revenue	904.4	956.0	1,860.4	855.1	910.0	1,765.1
Insurance service expense	(511.9)	(939.3)	(1,451.2)	(420.0)	(766.1)	(1,186.1)
Insurance service result before reinsurance contracts held	392.5	16.7	409.2	435.1	143.9	579.0
Allocation of reinsurance premium	(163.7)	(259.8)	(423.5)	(168.2)	(271.2)	(439.4)
Amounts recoverable from reinsurers	63.6	331.8	395.4	(2.8)	243.1	240.3
Net expenses from reinsurance contracts held	(100.1)	72.0	(28.1)	(171.0)	(28.1)	(199.1)
Insurance service result	292.4	88.7	381.1	264.1	115.8	379.9
Net insurance ratio	60.5 %	87.3 %	73.5 %	61.6 %	81.9 %	71.3 %

LICL:

For the year ended 31 December	2025 \$m			2024 \$m		
	Reinsurance	Insurance	Total	Reinsurance	Insurance	Total
US and Canada	412.3	72.0	484.3	369.6	45.3	414.9
Worldwide - multi territory	286.8	39.8	326.6	283.8	57.7	341.5
Europe	47.9	14.1	62.0	48.3	18.4	66.7
Rest of world	30.0	9.2	39.2	34.3	7.7	42.0
Insurance revenue	777.0	135.1	912.1	736.0	129.1	865.1
Insurance service expense	(430.3)	(154.0)	(584.3)	(377.9)	(164.1)	(542.0)
Insurance service result before reinsurance contracts held	346.7	(18.9)	327.8	358.1	(35.0)	323.1
Allocation of reinsurance premium	(131.9)	(14.1)	(146.0)	(141.5)	(10.4)	(151.9)
Amounts recoverable from reinsurers	39.6	9.5	49.1	(3.0)	28.8	25.8
Net expenses from reinsurance contracts held	(92.3)	(4.6)	(96.9)	(144.5)	18.4	(126.1)
Insurance service result	254.4	(23.5)	230.9	213.6	(16.6)	197.0
Net insurance ratio	60.6 %	119.4 %	69.9 %	64.1 %	114.0 %	72.4 %

- As part of the Group's approach to capital management, LICL writes internal quota share treaties ("QSTs") for the other main Group underwriting platforms (LUK and CCL 1998). Under the CCL 1998 agreement, 85.0% of the CCL 1998 financial result is ceded to LICL, this includes both insurance and non-insurance balances, and is disclosed as net other income on the LICL consolidated statement of comprehensive income (see Section A4 for further details). The LUK QST agreement is a more traditionally structured reinsurance agreement, and the segmentation presentation in the tables above therefore shows the respective underlying business segment for this contract.

INSURANCE REVENUE

Gross premiums written increased by \$109.7 million, or 5.1%, during 2025 compared to 2024. Excluding the impact of reinstatement premiums, underlying growth in gross premiums written was 3.3%. Insurance revenue increased by \$95.3 million, or 5.4%, for 2025 compared to 2024. Gross premiums earned, the key driver of insurance revenue, as a percentage of gross premiums written was 97.5% for 2025 compared to 95.1% for 2024. The increased percentage reflects premium earnings from prior underwriting years where the business saw substantial growth. The overall RPI for the Group was 96%.

INSURANCE REVENUE - REINSURANCE SEGMENT

The Group's reinsurance segment comprises property reinsurance, specialty reinsurance and casualty reinsurance. The property reinsurance portfolio is predominantly written on an excess of loss basis with the 'catastrophe' portfolio exposed to large natural disasters and the 'risk' portfolio exposed to individual man-made losses, such as fire and explosion. The specialty reinsurance portfolio has a mix of exposures, with natural disasters exposing the retrocession portfolio, and large, man-made risks from complex exposures, such as offshore energy platforms, exposing the marine, energy, terror and aviation portfolios. This is underwritten through a combination of excess of loss and proportional reinsurance. Casualty reinsurance is primarily written through quota share reinsurance, assuming a mix of general liability and professional lines exposures, predominantly from within the US.

In the reinsurance segment, the rating environment softened marginally with a reinsurance segment RPI of 97%. In the context of rating adequacy remaining very healthy, we took the opportunity to grow and build out our relationships and franchise value with core clients. Premiums across the reinsurance segment grew 8.1% year-on-year, with each pillar contributing to growth.

INSURANCE REVENUE - INSURANCE SEGMENT

The Group's insurance segment is usually written on a direct or facultative basis and comprises aviation insurance, casualty insurance, energy and marine insurance, property insurance and specialty insurance. Within aviation, aviation deductible, aviation hull, aviation liability, aviation war, and AV52 are the main exposures. Casualty insurance covers accident and health policies, as well as a small number of consortia arrangements within Lloyd's. Energy insurance covers a variety of energy exposures, from upstream and energy construction, downstream processing and storage risks, power generation, and energy liability. Marine risks include cargo and specie risks, as well as liability, hull and war. The property insurance portfolio contains worldwide property exposure with a mix of Fortune 500 business and smaller accounts with exposure in an individual location. Specialty insurance includes political risk, terror and credit exposures, and is often written on a multi-year basis.

In the insurance segment, market conditions softened slightly for the first year since 2017, however, given seven years of rate increases, the majority of product lines remain very well priced with embedded underwriting margin. Given favourable rate adequacy we continued to selectively grow our footprint and increased premiums year-on-year. The insurance segment RPI was 95% and we have increased our premiums by 1.9% year-on-year.

ALLOCATION OF REINSURANCE PREMIUM

Reinsurance protection is typically purchased on an excess of loss basis; however, it may also include ILW covers, or proportional treaty arrangements. The mix of reinsurance cover is dependent on the specific loss mitigation requirements, market conditions, and available capacity. Reinsurance may also be purchased to optimise the risk-adjusted return of the underwriting portfolio. The structure varies between types of peril and sub-class. The Group regularly reviews its catastrophe and other exposures, and may purchase reinsurance to reduce its net exposure to a large natural catastrophe loss and/or to reduce net exposures to other large losses.

Allocation of reinsurance premiums decreased by \$15.9 million, or 3.6%, during 2025 compared to 2024. The allocation of reinsurance premiums as a percentage of insurance revenue for the Group was 22.8%, compared to 24.9% in the prior period, reflecting more efficient reinsurance purchasing as the Group seeks to achieve efficiencies and to benefit from its increasingly diversified underwriting portfolio.

NET CLAIMS

During 2025, the Group experienced net losses (undiscounted, excluding reinstatement premiums) from catastrophe, weather and large loss events totalling \$277.0 million. Catastrophe and weather losses were \$184.7 million. The net loss impact of the California wildfires of \$163.4 million represents the majority of this figure. The Group also experienced net losses (undiscounted, excluding reinstatement premiums) from large risk events totalling \$92.3 million. None of the large risk event losses were individually material for the Group.

In comparison, during 2024, the Group experienced net losses (undiscounted, excluding reinstatement premiums) from catastrophe, weather and large loss events totalling \$215.2 million.

LANCASHIRE HOLDINGS LIMITED AND LANCASHIRE INSURANCE COMPANY LIMITED
 FINANCIAL CONDITION REPORT
 For the year ended 31 December 2025
 A. BUSINESS AND PERFORMANCE

Favourable prior accident year loss development for the undiscounted net movement in loss reserves was \$122.8 million during 2025. This was primarily due to general IBNR, catastrophe and large loss reserve releases on the 2024 and 2023 accident years and a further strengthening in reserves of \$32.9 million relating to direct and indirect losses from the Ukraine conflict.

In comparison, the favourable prior accident year undiscounted net movement in loss reserves during 2024 was \$93.3 million.

A3: INVESTMENT PERFORMANCE

Total investment return, including net investment income, net realised gains and losses and net change in unrealised gains and losses, was \$218.0 million for 2025 compared to \$162.2 million for 2024. Net investment income, excluding realised and unrealised gains and losses, was \$164.7 million in 2025, an increase of 13.7% compared to 2024.

The investment portfolio generated a total investment return of 7.0% during 2025. The returns were driven by investment income, benefiting from higher yields combined with rising prices due to falling Treasury rates and a modest tightening of investment-grade credit spreads. In addition, the non-US dollar portfolios and cash, held for hedging purposes, benefitted from a weakening US dollar which added 50bps or \$15.8 million of investment return. The private investment funds also contributed strong returns during the year.

For 2024, the investment portfolio generated a positive return of 5.0%. The returns were driven primarily from investment income given the higher yields throughout most of the year. In addition to positive returns from the fixed income portfolio, the risk assets, notably the bank loans and the private credit funds, contributed positively to the overall investment return.

The Group's total investment return (excluding foreign exchange) for the years ended 31 December 2025 and 2024 is summarised below:

	LHL		LICL	
	2025 \$m	2024 \$m	2025 \$m	2024 \$m
As at 31 December				
Fixed maturity securities - at FVTPL	164.4	110.1	125.5	87.8
Hedge funds - at FVTPL	1.1	1.3	1.1	1.3
Private investment funds - at FVTPL	30.0	20.5	30.0	20.5
Cash and cash equivalents	22.5	30.3	11.8	18.9
Total	218.0	162.2	168.4	128.5

A4: OTHER MATERIAL INFORMATION

Combined operating expenses for the years ended 31 December 2025 and 2024:

For the year ended 31 December	2025 \$m			2024 \$m		
	Other operating expenses	Directly attributable expenses	Total expenses	Other operating expenses	Directly attributable expenses	Total expenses
LHL						
Employee remuneration costs	91.1	67.5	158.6	70.5	61.2	131.7
Operating expenses	55.1	51.8	106.9	45.4	44.1	89.5
Total	146.2	119.3	265.5	115.9	105.3	221.2

Directly attributable expenses comprise fixed and variable expenses incurred by the Group in the reporting period that relate directly to fulfilling insurance contracts issued, and have been allocated to insurance service expenses within the consolidated statement of comprehensive income.

Total operating expenses were \$265.5 million in 2025 compared to \$221.2 million in 2024. The most significant driver of the increase in operating expenses for 2025, compared to 2024, was an increase in fixed and variable employment expenses. Our increased headcount, and the underlying growth in the underwriting portfolio, drove increases in IT, operational processing and office costs. In 2025, operating expenses also included some one-off project-related consultancy fees and an impairment charge recognised on internally generated intangible assets.

In 2025, \$119.3 million of operating expenses were considered directly attributable to the fulfillment of insurance contracts issued, and have therefore been re-allocated to insurance service expenses and form part of the insurance service result. This compares to \$105.3 million for 2024, and is reflective of the increase within the Group's operating expense base.

LANCASHIRE HOLDINGS LIMITED AND LANCASHIRE INSURANCE COMPANY LIMITED
 FINANCIAL CONDITION REPORT
 For the year ended 31 December 2025
 A. BUSINESS AND PERFORMANCE

For the year ended 31 December	2025 \$m			2024 \$m		
LICL	Other operating expenses	Directly attributable expenses ¹	Total expenses	Other operating expenses	Directly attributable expenses ²	Total expenses
Employee remuneration costs	16.0	10.1	26.1	14.5	12.8	27.3
Operating expenses	18.6	18.0	36.6	13.8	14.4	28.2
Total	34.6	28.1	62.7	28.3	27.2	55.5

LICL conducts business with its parent company and other Group subsidiaries. This includes providing services, including professional and administrative support services, to related entities within the Group. Service agreements are in place to allow corresponding expenses to be re-allocated to the relevant entity with a mark-up to reflect commercial terms.

Net insurance financing result

The table below shows the total impact of discounting recognised in the consolidated statement of comprehensive income for the years ended 31 December 2025 and 31 December 2024.

For the year ended 31 December	2025 \$m			2024 \$m		
LHL	Insurance contracts issued	Reinsurance contracts held	Total	Insurance contracts issued	Reinsurance contracts held	Total
Initial discount included in insurance service result	169.3	(33.9)	135.4	144.4	(24.1)	120.3
Unwind of discount	(101.1)	23.6	(77.5)	(95.5)	26.9	(68.6)
Impact of change in assumptions	(32.5)	7.1	(25.4)	17.6	(2.9)	14.7
Finance (expense) income	(133.6)	30.7	(102.9)	(77.9)	24.0	(53.9)
Total net discounting income (expense)	35.7	(3.2)	32.5	66.5	(0.1)	66.4

For the year ended 31 December	2025 \$m			2024 \$m		
LICL	Insurance contracts issued	Reinsurance contracts held	Total	Insurance contracts issued	Reinsurance contracts held	Total
Initial discount included in insurance service result	118.0	(14.7)	103.3	105.4	(12.0)	93.4
Unwind of discount	(63.8)	9.7	(54.1)	(57.5)	11.1	(46.4)
Impact of change in assumptions	(22.1)	2.7	(19.4)	12.1	(0.8)	11.3
Finance (expense) income	(85.9)	12.4	(73.5)	(45.4)	10.3	(35.1)
Total net discounting income (expense)	32.1	(2.3)	29.8	60.0	(1.7)	58.3

The total impact of discounting for 2025 was a net benefit of \$32.5 million, compared to a net benefit of \$66.4 million for 2024. The higher net initial discount in 2025 compared to 2024 is primarily due to the continued growth in the Group's underwriting portfolio and the impact of catastrophe and large losses events contributing to a higher quantum of initial loss reserves being established.

The discount rates for US dollar and pounds sterling have decreased in 2025. This has driven an adverse impact from the change in discount rate assumptions. The unwind of discount has increased and reflects the growth in the discount provision over recent years in what has been a relatively high discount rate environment.

In 2024, the discount rates increased across all major currencies creating a positive impact from the change in discount rate assumptions and a higher overall net benefit from discounting.

The discounting approach and the yield curves used to discount the cash flows of insurance contracts issued and reinsurance contracts held for our major currencies are provided in the interest rate risk disclosures of the Group's 2025 Annual Report and Accounts.

The relationship between the Group's total finance income and expense from insurance contracts issued, and reinsurance contracts held, is not typically expected to correlate directly with the Group's net investment return since:

- the Group's investment portfolio is of greater magnitude than its insurance contract liabilities, net of its reinsurance contract assets;
- the discount rates used in respect of the Group's insurance contract liabilities, and reinsurance contract assets, are set with specific reference to the Group's insurance contracts, and not its investment portfolio; and
- there are a mixture of securities within the Group's investment portfolio, certain of which do not have their valuation directly or primarily affected by changes in interest rates.

LICL's other income for the years ended 31 December 2025 and 2024:

The Company has entered into a QST agreement with CCL 1998. Under this agreement CCL 1998 cedes 85% of its financial result, which includes both insurance and non-insurance balances, to LICL.

LICL's share of the CCL 1998's net financial results is shown in the statement of comprehensive income within net other income:

For the year ended 31 December	LICL	
	2025 \$m	2024 \$m
Insurance revenue	714.8	673.4
Insurance service expenses	(738.5)	(595.9)
Insurance service result before reinsurance contracts held	(23.7)	77.5
Allocation of reinsurance premium	(177.5)	(178.2)
Allocation of recoverable from reinsurers	287.7	225.2
Net expense from reinsurance contracts held	110.2	47.0
Insurance service results	86.5	124.5
Net investment income	35.7	26.1
Finance expense from insurance contracts issued	(42.4)	(27.6)
Finance income from reinsurance contracts held	16.9	11.0
Net insurance and investment result	96.7	134.0
Other income	2.6	(20.5)
Other operating expenses	(38.4)	(29.4)
Net result	60.9	84.1
LICL 85.0% share of the net result of CCL 1998	51.8	71.5

Under this QST agreement, LICL holds \$146.2 million (31 December 2024 – \$137.8 million) of cash and cash equivalents and fixed maturity securities in Funds at Lloyd's ("FAL") with the remaining FAL requirement covered by an LOC and collateralised pledge facility. Since 15 October 2021, LICL agreed to provide 100% of FAL an increase from the previous 85%. During the year, LICL increased the uncollateralised facility for FAL purposes to \$335.5 million (31 December 2024 – \$265.5 million). As at 31 December 2025 \$335.5 million (31 December 2024 – \$265.5 million) of the LOC was issued under this facility.

OECD global minimum tax and Bermuda corporate income tax

Subsidiary companies in a number of jurisdictions in which the Group operates are subject to a global minimum tax of 15% from 1 January 2024. The legislation brings into effect the Income Inclusion Rule and Qualified Domestic Minimum Top-up Tax, although these have not had any impact on the Group.

As a response to the Pillar Two reform, legislation was passed in Bermuda to implement a Bermuda Corporate Income Tax of 15% from 1 January 2025. To the extent the Bermuda CIT results in an effective tax rate of less than 15%, the shortfall in tax will be collected by applying the Pillar Two undertaxed payments rule, which was implemented on 1 January 2025. Any shortfall in tax will be collected in a jurisdiction that has implemented the undertaxed payments rule and in which the Group has operating subsidiaries. For Lancashire this is likely to be the UK; however, based on its limited international presence and provided it continues to meet the relevant conditions, Lancashire expects to benefit from exclusion from the undertaxed payment rule for a period of five years, from 2025 to 2029.

The Group is also not expected to become subject to Bermuda CIT until 1 January 2030, provided it continues to meet the relevant conditions within the Bermuda CIT rules which allows groups with a limited international presence to be excluded from scope for a period of up to five years.

The Lancashire Group has not established any deferred tax assets under the ETA rules of the Bermuda CIT Act and expects to opt out of the ETA rules.

Syndicate participation rights and goodwill

As a result of acquiring capacity in the 2024 capacity auctions, CCL 1998 had greater than 75% of the allocated capacity of managed Syndicate 2010 for the 2025 underwriting year of account. It was therefore required, under Paragraph 2 of the Mandatory Offer Byelaw, to make a mandatory offer to the remaining members of the syndicate to acquire all of the unaligned prospective participations of Syndicate 2010 for the 2026 and each subsequent underwriting year.

On 26 June 2025, CCL 1998 made a formal offer of 62p in cash for £1 of capacity to all other members of Syndicate 2010. The offer closed on 25 July 2025 and CCL 1998 increased its allocated capacity on Syndicate 2010 for the 2026 underwriting year of account to 99.4%.

A subsequent application was then made to, and approved by, the Council of Lloyd's for permission to effect a minority buy-out in respect of the remaining 0.6% of capacity on Syndicate 2010. CCL 1998 has therefore secured 100% of the allocated capacity on the 2026 underwriting year of account for Syndicate 2010 (2025 underwriting year of account: 79.7%).

B. GOVERNANCE STRUCTURE

B1: SYSTEM OF GOVERNANCE

The Group strives to implement simple yet effective systems of corporate governance in a way which helps shape strategy, monitors its implementation, balances support and challenge for management and the business, and embeds a positive and open corporate culture throughout the Group. The LICL Board aligns its systems of corporate governance with that of the Group where applicable.

Good strategic debate and decision making remain central to the work of any board. At LHL and LICL, we are fortunate in having a nimble strategy and a simple “flat” structure with a total permanent and fixed term employee headcount at 31 December 2025 of 447 at LHL of which 59 are LICL employees. This means that all our Directors have regular opportunities to meet with both the members of our management team and other employees within the business. That helps inform the Board’s active understanding of the business, its needs and challenges.

Bermuda regulated insurers are required to prepare an ORSA report (GSSA for Group reporting, and CISSA for LICL reporting). Both the management team and the Board have engaged fully with the ORSA process, and use it as a tool to help deepen their understanding of the business, better understand the risks and opportunities facing it, and to refine and focus Lancashire’s strategic thinking and priorities.

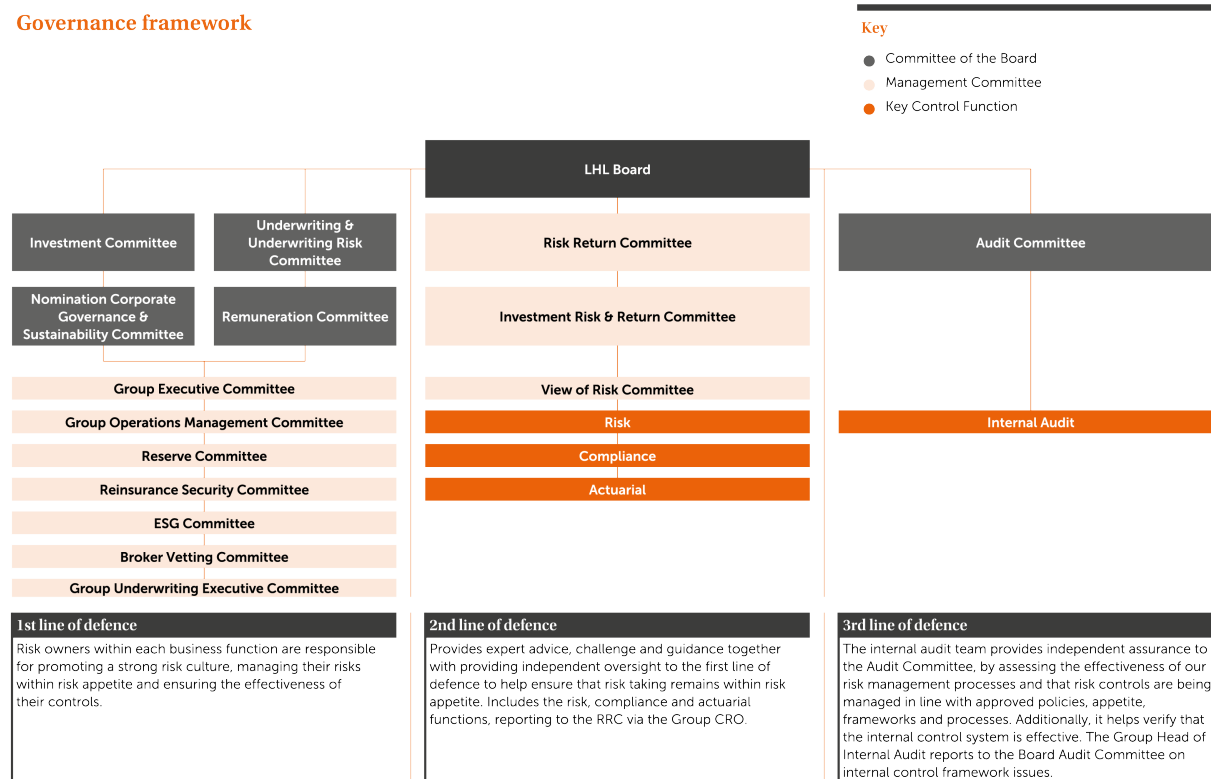
As a listed company on the main market of the LSE, LHL measures its corporate governance compliance against the requirements of the UK Corporate Governance Code published by the UK FRC. The UK’s Financial Conduct Authority (“FCA”) requires each company with a premium listing to ‘comply or explain’ against the Code (i.e. to disclose how it has complied with Code provisions or, if the Code provisions have not been complied with, provide an explanation for the non-compliance). The Group monitors its compliance with the Code on at least a quarterly basis. The LICL Board seeks to align its general approach, in relation to the matters that they regularly consider, with that of the LHL Board and Committees, and their terms of reference as adopted from time to time.

As a wholly owned subsidiary of LHL, LICL benefits from the guidance provided by the Group’s Board and Committees.

The Group’s Board has established Audit, Investment, Nomination Corporate Governance & Sustainability, Underwriting and Underwriting Risk and Remuneration Committees. Each of the Committees has written terms of reference, which are reviewed regularly and are available on the Group’s website. The LHL Board and its Committees are generally scheduled to meet quarterly, although additional meetings and information updates are arranged as business requirements dictate. LICL’s Board also generally meets quarterly.

LANCASHIRE HOLDINGS LIMITED AND LANCASHIRE INSURANCE COMPANY LIMITED
 FINANCIAL CONDITION REPORT
 For the year ended 31 December 2025
 B. GOVERNANCE STRUCTURE

Governance framework



Please refer to the Corporate Governance section of the Group’s 2025 Annual Report and Accounts for additional details on the Group’s system of governance, supplementary to that disclosed below: [Investors – Lancashire Group](#).

B2: BOARD MEMBERS AND SENIOR EXECUTIVES

The Board of Directors is responsible for the leadership, strategy, and control, and the long-term success and sustainability of Lancashire's business. The Board has reserved a number of matters for its decision, including responsibility for setting the Group's values and standards, and approval of the Group's strategic aims and objectives. The Board is responsible for the approval of the Group's risk appetites, defining its risk tolerances, and setting and monitoring the risk management and internal control systems, including compliance with risk tolerances.

The Board and its Committees meet on at least a quarterly basis. At the regular quarterly Board meetings, the Directors review all areas of the Group's business, strategy and risk management and receive reports from management on underwriting, reserving, reinsurance, finance, investments, capital management, internal audit, risk, legal and regulatory developments, compliance, ESG and sustainability and other matters affecting the Group. Management provides the Board with the information necessary for it to fulfil its responsibilities. In addition, presentations are made by external advisers such as the independent actuary, the investment managers, the external auditors, the remuneration consultants and the corporate brokers. The Board Committees are authorised to seek independent professional advice at the Company's expense.

(i) Directors and roles and responsibilities of key functions

LHL Directors

Philip Broadley	Non-Executive Chair
Sally Williams	Non-Executive Director
Jack Gressier	Non-Executive Director
Bryan Joseph	Non-Executive Director
Irene McDermott Brown	Non-Executive Director
Nathalie Rachou	Non-Executive Director
Linda Ventresca	Non-Executive Director
Bob Cox	Non-Executive Director (appointed 1 January 2025)
Alex Maloney	Group Chief Executive Officer
Natalie Kershaw	Group Chief Financial Officer
Paul Gregory	Group Chief Underwriting Officer

LICL Directors

Bob Cox	Non-Executive Director and Chair (appointed 2 March 2026)
Beverley Todd	Non-Executive Chair (resigned 2 March 2026)
Jenn Wilson	Chief Executive Officer (appointed 1 April 2026)
Hayley Johnston	Chief Executive Officer (resigned 1 April 2026)
Otto Hayes	Chief Financial Officer
Benjamin Readdy	Group Chief Actuary
Nick Thompson	Chief Underwriting Officer

See Appendix 2 for details of the skills and experience of the LHL and LICL Directors.

See section B4(ii) for details on the risk management function holder, section B6 for details on the internal audit function holder and section B7 for details on the actuarial function holder.

(ii) Remuneration policy and practices

Detailed information concerning the Group's remuneration policies and practices can be found in the Remuneration Committee report on LHL's Annual Report and Accounts for 31 December 2025: [Investors - Lancashire Group](#).

The Remuneration Policy is geared towards providing a level of remuneration which attracts, retains and motivates Executive Directors of the highest caliber to further the Group's interests, and to optimise long-term shareholder value creation, within appropriate risk parameters. The Remuneration Policy also seeks to ensure that Executive Directors are provided with appropriate incentives to drive Group and individual performance, and to reward them fairly for their contribution to the successful performance of the Group.

The Group's goal continues to be to reward its employees fairly and responsibly by providing an appropriate balance between fixed remuneration and variable remuneration, linked to the achievement of suitably challenging Group and individual performance measures.

There is a strong link between the Remuneration Policy and the business strategy. The Group's strategy focuses on the effective operation of the business necessary to deliver superior total shareholder returns on a risk-adjusted basis over the course of the insurance cycle. Our Remuneration Policy, and the way it is implemented, are closely aligned to this strategy. The Remuneration Committee of the Board of Directors sets the Remuneration Policy for the Group's Chair, the Executive Directors, Company Secretary, and other designated senior executives to deliver long-term benefits to the Group. The Remuneration Policy is subject to a binding vote at the AGM. The full terms of reference for the Remuneration Committee are available on the Group's website here: [Board Committees - Lancashire Group](#).

The Remuneration Policy for all staff is, in principle, broadly the same as that for Executive Directors in that any of the Group's employees may be offered similarly structured packages, with participation in annual bonus and long-term incentive plans, although award types (restricted cash, restricted stock or performance shares) and size may vary between different categories of staff. For Executive Directors, with higher remuneration levels, a higher proportion of the compensation package is subject to performance pay, share based remuneration and deferral. This ensures that there is a strong link between remuneration, Group performance and the interests of shareholders. The current Remuneration policy was approved by our shareholders at the 2023 AGM and is therefore due to be put forward for shareholder approval at the 2026 AGM.

Bonus Plan

The annual bonus is based on financial and strategic/personal performance. The precise weightings may differ each year, although there will be a greater focus on financial as opposed to strategic/personal performance.

The Remuneration Committee have the ability to increase or decrease the amount payable (subject to the cap) to ensure a robust link between reward and performance. At least one third of each Executive Director's bonus is automatically deferred into shares as nil-cost options or conditional awards over three years, with one-third vesting each subsequent year. The maximum bonus for Executive Directors for achieving the target level of performance as a percentage of salary is 200%. In the new Policy, subject to shareholder approval at the 2026 AGM, it is proposed to introduce the flexibility for the Committee to reduce the level of annual bonus deferral once an Executive Director's shareholding requirements has been met. Maximum opportunity is two times target (i.e. 400%).

The bonus is subject to clawback in the following circumstances, including but not limited to:

- (i) a material misstatement of any financial statements;
- (ii) an error in the calculation of any performance condition applicable to the award or in the information or assumptions on which the award was granted, vests or is released;
- (iii) where an Executive ceases to be a Director or employee due to gross misconduct or material error on the part of the participant or on the part of an individual for whom the participant is responsible or accountable;
- (iv) an incident of corporate failure which has resulted in the appointment of a liquidator or administrator or resulted in reaching a compromise agreement with its creditors;
- (v) an instance of material failure of risk management or material reputational damage; and/or
- (vi) any other circumstances that the Board considers to be similar in their nature or effect to the circumstances above.

Strategic/personal performance is based upon achievement of clearly articulated objectives, which may include ESG measures that are aligned with the Company's overall purpose and strategy. A performance rating is attributed to participating Executive Directors, which determines the pay-out for this part of the bonus.

Long Term Incentives

RSS awards are normally made annually in the form of nil-cost options (or conditional awards), with vesting dependent on the achievement of performance conditions over at least three financial years, commencing with the year of grant. This three-year period is longer than the typical pattern of loss reserve development on the Group's insurance business, which is approximately two years. Executive Directors are subject to an additional two-year holding period. The maximum RSS award level is 350% of salary. We are proposing to increase the maximum RSS opportunity level under the new Policy to 400% of salary. The Executive directors are expected to develop and maintain a shareholding equivalent in value to the normal annual RSS award, but no less than 350% for the Group Chief Executive Director, for other Executive Directors, the requirement is no less than two times salary. Post employment, the Executive Directors are expected to maintain a holding of 200% of salary for a period of two years.

Chair and Non-Executive Directors' fees

The Chair is paid a single fee for his responsibilities as Chair. The level of these fees is reviewed periodically by the Remuneration Committee and the Group CEO by reference to broadly comparable businesses in terms of size and operations.

In general, the Non-Executive Directors are paid a single fee for all responsibilities, although supplemental fees may be payable where additional responsibilities are undertaken, including a Non-Executive Director role on a subsidiary board.

Any reasonable business-related expenses can be reimbursed.

(iii) Pension or early retirement schemes

The Group operates a defined contribution pension scheme (supported by outsourced pension providers), or cash-in-lieu of pension. There is a salary sacrifice structure in the UK and the opportunity for additional voluntary contributions to be made by individuals, if elected. The pension scheme operates on the same basis for all employees in the Group, and there are no supplementary retirement schemes for Executive Directors or key function holders. Non-Executive Directors do not receive any retirement benefits.

(iv) Material transactions with shareholders, persons who exercise significant influence, board members, or senior executives

Mr Maloney and his spouse acquired 100% of the shares in Nameco on 7 November 2016. Nameco provides capacity to a number of Lloyd's syndicates, including Syndicate 2010 which is managed by LSL. Mr Maloney receives a proportionate share of the underwriting results of Syndicate 2010 to which he is contractually entitled through his participation. As a result of the mandatory offer and subsequent minority buy-out of Syndicate 2010. Mr Maloney and his spouse acquired 100% of the shares in Nameco on 7 November 2016. Nameco provides capacity to a number of Lloyd's syndicates, including Syndicate 2010 which is managed by LSL. Mr Maloney receives a proportionate share of the underwriting results of Syndicate 2010 to which he is contractually entitled through his participation. As a result of the mandatory offer and subsequent minority buy-out of Syndicate 2010.

During the year ended 31 December 2025, the following dividends were declared:

LHL:

Type	Per share amount	Record date	Payment date	\$m
Special dividend	\$0.25	14 Mar 2025	11 Apr 2025	60.2
Final dividend	\$0.15	16 May 2025	13 Jun 2025	36.3
Interim dividend	\$0.075	15 Aug 2025	15 Sep 2025	18.1
Special dividend	\$0.75	14 Nov 2025	12 Dec 2025	181.9

LICL:

Type	Authorisation date	\$m
Dividend ¹	24 Jul 2025	150.0
Dividend ¹	30 Oct 2025	220.0

1. As at 31 December 2025, other payables included a dividend payable to LHL of \$nil (31 December 2024 - \$46.0 million).

SHARE REPURCHASES

At the AGM held on 30 April 2025, LHL's shareholders approved a renewal of the Company's Repurchase Programme authorising the repurchase of a maximum of 24,401,000 common shares, with such authority to expire on the conclusion of the 2026 AGM of the Company or, if earlier, 15 months from the date the resolution approving the Repurchase Programme was passed.

During the year ended 31 December 2025, no shares were repurchased by the Company under the Repurchase Programme (2024 - nil).

B3: FITNESS AND PROPRIETY REQUIREMENTS

(i) Process for assessing Board members and Senior Executives

The Group has implemented a 'fit and proper' policy and process for the individuals who effectively run the Group, or hold other key functions. The fit and proper policy explicitly covers the Chair, CEO, Chair of the Audit Committee, Chair of the Remuneration Committee, Company Secretary, CFO, CUO, COO, CRO, the Heads of Compliance for the Group's key operating subsidiaries, and the Heads of the Internal Audit and Actuarial functions. The Group defines key functions as those prescribed by the relevant regulators, as well as those functions which the Group considers to be important within the Group's system of governance. This policy has also been applied to LICL employees that hold these key functions.

The fitness for a role is based on the assessment of the individual's management competence, as well as their technical competence. The assessment of propriety of an individual is based on their reputation, which will reflect on their past conduct, criminal record, financial record, and their supervisory experience.

The Group has the following principal requirements for key function holders:

- integrity;
- soundness of judgement;

- financial competence; and
- sufficient knowledge, experience and professional qualifications.

Sufficient diversity between key functions holders is required so that they are able to govern and operate the Group effectively. Key function holders, as a collective, are required to have sufficient knowledge, experience, and qualifications to ensure that they run the Group professionally and in accordance with the applicable regulations.

The fitness and propriety of individuals is an ongoing requirement, therefore the relevant regulators are notified of any changes regarding the individuals who effectively run the companies within the Group, or are responsible for a key function. If there are changes made to personnel, then their fitness and propriety will need to be assessed. If during an assessment of fitness and propriety it is found that an individual no longer fulfills the requirement set out, then the relevant regulators will be advised.

The Group has a number of processes in place to ensure ongoing fitness and propriety. All individuals who effectively run the organisation, or are key functions holders, complete a tailored induction process, aligned to their particular skill set and responsibilities, and, as with all staff, are subject to an annual performance assessment. An ongoing assessment of the Board and its Committees is completed annually, and includes an overall review of the fitness and propriety of the composition of the Board and Committees, both collectively and individually.

(ii) Skills, knowledge and expertise of the Board and persons in key functions

The skills, knowledge and expertise of the Board and persons in key functions are included in Appendix 2.

B4: RISK MANAGEMENT AND SOLVENCY SELF ASSESSMENT

The Group's risk management system comprises of its governance structures, risk strategy, policies, and procedures, which together encapsulate the way it identifies, analyses, controls, manages, and monitors its risk profile and exposures on a continuous basis. LICL's risk management system and risk strategy is aligned with those of the Group.

(i) Processes and procedures

Risk Strategy

Our risk management strategy remains aligned to the business and capital strategy to ensure that the capital resources held are matched to the risk profile of the Group, and that the balance between risk and reward is considered as part of all key business decisions.

Our overall Group strategic goal remains to maximise risk-adjusted return for our shareholders across the underwriting cycle. The Group aims to target a maximum modelled exposure of 25% of its capital to a peak zone loss, be this to a 1 in 100 wind event, or a 1 in 250 quake event. In order to achieve these objectives, we employ an effective risk management framework. All of the Group's strategic Enterprise risk management ("ERM") objectives have a common aim of supporting its business and capital strategy.

Within this context, the primary strategic ERM objectives are to:

- ensure that all key decisions and risk acceptance will be undertaken within boundaries that are defined clearly, and aligned to the strategic objectives and risk profile of the Group and the Company; and
- promote informed risk taking that considers the risk reward equation in all major decisions, with a view to optimising risk adjusted change in DBVS.

Other key objectives are to:

- encourage a culture of risk understanding, assessing, challenging and questioning risk, including the use of stress, reverse stress and scenario testing to verify assumptions and loss scenarios;
- quantify and assign risk values to the key risks (within each risk category) to which it is exposed and maintain a risk register to track and manage such risks; and
- ensure that the Group's capital resources are aligned with its predetermined risk levels, and comply with relevant regulatory capital requirements.

Risk Appetite

The Group Board and sub-committees set the annual rolling three year strategy, from which the risk appetite and risk profile are determined. The risk appetites correspond to the level of exposure the Group and its subsidiary undertakings are willing to accept within each risk category. These risk appetites are expressed through detailed risk tolerances at both a Group and Company level. Risk tolerances represent the maximum amount of capital, generally on a modelled basis, that the Group and its subsidiary undertakings are prepared to expose to certain risks.

All risk appetites and tolerances are subject to at least an annual review and consideration by the respective Boards of Directors. The LHL and subsidiary Boards of Directors review actual risk levels versus tolerances, primary risks, loss event and near miss reporting, key risk indicators, and an overview of the control environment (driven by primary control validation, secondary control affirmations, supported by internal audit findings) at least quarterly. In addition, at least

twice per quarter, for realistic disaster scenarios ("RDSs"), management reviews modelled potential losses against risk tolerances and ensures that risk levels are managed in accordance with them.

The focus on ERM and governance is consistent across the cycle, with full engagement from the Group Board down. Roles and responsibilities with respect to the identification, assessment, mitigation, and monitoring of risks are clearly defined. The risk management framework drives risk culture from the bottom up, through risk and control ownership by management and staff across both the Group and the Company.

Risk Universe

The risk universe is the starting point for the identification and categorisation of all risk exposures within the Group and its subsidiary undertakings. The Group's risk universe articulates the range of risks to which it could potentially be exposed, setting the context for the risk management framework, together with the identification, monitoring, quantification and management of risk.

The risk universe categorises risks into three broad classes: intrinsic risk, operational risk, and other risk. Within these classes we have six principal risks. These risks for the Group and the Company are described in more detail in the enterprise risk management section of the LHL Annual Report and Accounts for 31 December 2025, available on the Group's website here: [Investors - Lancashire Group](#).

The categorisation in the risk universe is supported by a more granular risk taxonomy demonstrating the linkage between the risk universe, the capital models, the detailed risk register, and key monitoring and reporting processes. The risk universe and taxonomy are key to enabling the risk profile across different entities to be aggregated and reported coherently, both internally and externally.

Risk Policy Framework

The Group's risk policy framework formalises its approach to the management of its more material risk categories in a way that can easily be communicated to both internal and external stakeholders.

The policies build upon the high level detail in the risk universe and the detailed controls documented in the risk register. For each category, the policies set out the key underlying sources of risk, the processes in place across the first and second line of defence to prevent and/or detect the risk and the approach to risk transfer or mitigation.

The framework documentation is designed to be proportionate to the scale and complexity of the Group's business and organisational structure and is published on the Group's internal SharePoint platform.

ERM Processes and Reporting Procedures

The ERM processes are effected by the Group's and subsidiary companies' Boards of Directors, management and other personnel, applied in strategy setting and across the Group. They are designed to identify potential events that may affect the Group and subsidiary companies, and manage risks within their risk appetite, to provide assurance regarding the achievement of the Group's objectives. The processes are centered on the Group's risk policies and integrated in the ERM and ORSA procedure documents which explain the day-to-day activities employed in the Group to manage risks. The Group's overall system of risk governance relies on a number of key committees and management processes to bring together effective reports on the management of risk for each management team and board within the Group.

(ii) Organisational structure and decision-making processes

The governance and the implementation of an effective risk management system within the Group is facilitated by the Group Risk Management function whose role it is to deliver ERM across all aspects of the Group and its subsidiaries. The function is headed up by the Group CRO, who reports directly to the Chairs of the Group and subsidiary boards, and facilitates and aids the identification, evaluation, quantification, mitigation, and control of risks at a Group and subsidiary level, with support from the Risk Management and Actuarial functions as required. Facilitating and embedding of ERM, together with helping the Group improve its ERM practices is a major responsibility assigned to the Group CRO. The Group CRO takes full ownership for the risk assessment process including, maintaining risk registers, and ensuring the efficacy and appropriateness of the risk management procedures and processes.

The Group CRO provides regular reports to the Group and subsidiary Boards covering, amongst other things, actual risk levels against tolerances, emerging risks, loss events and near miss reporting, key risk indicators, and an overview of the control environment (driven by key control testing and control affirmations and supported by internal audit findings). The Group Board considers that a supportive ERM culture, established at the Board level, and embedded throughout the business, is of key importance.

The Risk and Return Committee ("RRC"), under the chair of the Group CEO, is the key management governance forum for monitoring and challenging the assessment of risk on a regular and continual basis. The RRC agenda is reviewed annually to ensure its activities remain appropriate and aligned with the business cycle.

The risk management function is deemed sufficiently independent and has performed its duties in an objective and fair manner. The function has direct access to the Board to report on any matters that may impact its ability to perform its duties effectively.

(iii) ORSA Process

The ORSA process is integrated into the overall ERM framework, and is embedded throughout the entirety of the Group's risk management processes, which seek to identify, assess, manage, monitor, and report the risk exposures of the business and its strategy. It also encompasses activities used to determine the adequacy of the capital necessary to ensure that the overall solvency requirements of the business are met at all times, and involves continuous current year risk profile monitoring and reporting, as well as forward looking forecasting of the Group's risk profile.

The diagram below illustrates how the various parts of the ERM framework, all of which are underpinned by our risk culture and governance, come together to form the ORSA process.



ORSA Report

Bermuda regulated groups and insurers are required to prepare an ORSA report (referred to by the BMA as the GSSA for Group reporting, and CISSA for LICL reporting). The Group ORSA report is a material output of the ongoing ORSA and ERM processes. It reports on the dynamic elements of the ORSA process, focusing on the moving components of the Group's solvency and risk profile to enable management to make informed decisions. A separate CISSA report is also completed for LICL.

In summary, the current year monitoring processes feed into the Group CRO's quarterly ORSA report to the Board, whilst the forward looking forecasting process feeds into the annual ORSA report. In both instances the reports are used to support decision making, and are standing agenda items for the Boards and other committees.

Solvency needs and risk profile

The Group considers a wide range of measures when establishing the appropriate level of capital at Group and individual entity level, including its internal measures of capital requirements used for reviewing the risk and solvency profile across entities, applicable minimum regulatory capital requirements, and external rating agency capital requirements.

Risk tolerances are set at a level that aims to prevent the Group and subsidiaries incurring losses that would impair their ability to operate.

The Group's key capital measure is currently its A.M. Best rating. The Group's maintenance of an A.M. Best rating of a minimum of A- remains the key determinant of its ability to attract and retain business in the markets in which it operates. In 2025, the Group maintained its A rating.

The Group actively reviews the level and composition of capital on an ongoing basis as part of its overall capital management processes, which include internal methods to review the profitability of individual classes of business and their relative contribution to the Group's overall capital requirements. The key aim of the capital management process is to maintain a strong balance sheet, whilst:

- maintaining sufficient capital for underwriting opportunities and to meet obligations to policyholders;
- maximising the risk-adjusted return to shareholders within predetermined risk tolerances;
- maintaining adequate financial strength ratings; and
- meeting internal, regulatory and rating agency requirements.

(iv) Board oversight, review, and approval

On an ongoing basis, the Board reviews the risk profile through the quarterly ORSA report produced by the Group CRO for the Board. The quarterly ORSA report covers all material risk exposures within each category of risk, as well as commenting on the solvency capital profile. The annual ORSA report is also reviewed and approved by the Board prior to regulatory submission.

B5: INTERNAL CONTROLS

(i) Internal control system

The LHL Board is responsible for ensuring that an adequate and effective system of internal control is established and maintained throughout the Group. The subsidiary Boards are responsible for approving and periodically reviewing the overall business strategy and significant policies, as well as the organisational structure and internal control strategy of the respective companies. The subsidiary Boards provide direction, guidance and suitable prudential oversight, ensuring that the companies are appropriately and effectively managed, controlled and in compliance with applicable laws and regulations. The Boards are supported in discharging these responsibilities by the relevant company secretarial department, and with advice and guidance from the legal and compliance function, which is led by the Group General Counsel.

The key control activities within the Group and its subsidiaries include approval processes, authorisations, verifications, reconciliations, management reviews, monitoring compliance with agreed exposure limits and follow up on non-compliance. The control activities are proportionate to the risks coming from the processes, and they ensure that any potential conflicts of interest are identified and managed appropriately.

Control Monitoring

The Group has implemented policies and procedures to document the control environment in place, including how it mitigates regulatory risk. The Group recognises that compliance is the responsibility of all staff and directors, including non-executive directors. Ensuring the implementation of a compliance policy throughout the Group is the responsibility of the Group and the subsidiary Boards. On a day-to-day basis, executive management are responsible for ensuring that the compliance policy remains appropriate and effective.

Through its monitoring of the control framework, the Group seeks to have a continual cycle of review and improvement to ensure that the control framework remains appropriate for its needs and those of the subsidiary companies, and provides management with assurance of the effectiveness of the controls framework, and that appropriate procedures are in place to detect deficiencies.

Each control is allocated to an individual control owner. The risk register identifies the named control owners who are responsible for the effective performance of each of the identified controls. The actual operation of the control can be delegated by the control owner to a control operator, notwithstanding this, the control owner remains responsible for the suitability and operation of the control.

During 2025, we have focused on refining our approach to addressing the enhanced risk management and internal control requirements of Provision 29 of the UK Corporate Governance code; operational resilience and cyber security; and evolving regulatory requirements. Provision 29, of the revised Code, requires the Board to confirm the effectiveness of their material internal controls. So, our focus has been on reassessing our material controls in line with the enhanced requirements of Provision 29, seeking to ensure our control validation procedures and outcomes are supported by appropriate evidence, and enhancing our reporting to provide the Audit Committee and Board with sufficient assurance to support their declaration on the controls' effectiveness.

On a quarterly basis, all control owners/operators affirm the effectiveness and appropriateness of their assigned controls. Results are recorded on Lancashire's risk system in a process that is facilitated by the Group Risk Management function. All control assessments are reviewed by the risk owner and then reviewed and approved by the risk management function. Any material changes are reported by the CRO to the Group and subsidiary Boards on a

quarterly basis as appropriate. Detailed follow-up is performed on a sample of controls each quarter, to verify the affirmations made by the control operators. All primary controls are validated at least once per annum with all secondary controls tested periodically over a three year cycle.

(ii) Compliance function

The Group is committed to ensuring compliance with all applicable laws and regulations and has no tolerance for breaches or a failure to adhere to prudential regulatory standards as well as the standards of conduct expected of it in those markets and territories in which it operates.

The Group compliance function oversees all Group and subsidiary compliance matters. The Group's compliance function identifies, assesses, monitors, and reports on, ongoing compliance risk exposure, including the tracking of changes in the environment that could affect compliance and regulatory risk, and the monitoring of the appropriateness of the Group's and LICL's compliance. The function is led by Brad Cass, Group Head of Compliance, who reports to John Cadman, Group General Counsel and LUK CEO, who has direct access to the LHL Board. Within Bermuda, the function is led by Shari Gilbert, LICL Compliance Officer, who has direct access to the LICL Board. Compliance's key responsibilities are to identify, assess, monitor and report on the compliance risks which the Group faces, as well as the establishment of a robust compliance framework, and assessing the appropriateness of the Group's compliance procedures.

The compliance function is deemed sufficiently independent, and has performed its duties in an objective and fair manner. The function has direct access to the LHL Board, through the Group General Counsel, and to the subsidiary Boards through other team members, to report on any matters that may impact its ability to perform its duties effectively.

B6: INTERNAL AUDIT FUNCTION

The internal audit function oversees all Group and subsidiary internal audits. The function is led by Aurelie Heurlin, Head of Internal Audit. The Head of Internal Audit reports to the LHL Audit Committee and the LICL Board, and is supported by a number of additional individuals who are deemed to be sufficiently skilled to perform internal audit function duties.

The Head of Internal Audit oversees internal audit and assists executive management, and the Audit Committee of the Board of Directors, in discharging their responsibilities by furnishing them with analysis, advice, and recommendations concerning activities reviewed, and by promoting effective and efficient controls, and pursuing corrective action on significant issues. Annually, internal audit submits to the Audit Committee a detailed audit plan outlining the proposed audit methodology, work schedule and budget for the following year. The audit work schedule is developed based on a prioritisation of the audit universe using a risk-based methodology. Any significant deviation from the formally approved work schedule is communicated to senior management and submitted to the LHL Audit Committee for approval. The Head of Internal Audit also provides reports to the LICL Board in respect of internal audit activities relevant to the Company.

Internal audit's roles and responsibilities are clearly defined through the Internal Audit Charter, available on the Group's website here: [Internal Audit Charter](#). This states that all internal audit activities shall remain free of influence by any element in the organisation, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of independence and objectivity.

The internal audit function maintains its independence and objectivity from the activities it reviews by the Head of Internal Audit reporting directly to the LHL Audit Committee and subsidiary Boards. In addition, the Group CRO receives a copy of the Terms of Reference of each audit review and of each internal audit report. This integration of internal audit and ERM into the business helps facilitate the Group's protection of its assets and reputation and maintain Internal Audit objectivity.

The Group considers that the internal audit function has the required skills, knowledge and expertise to fulfill its duties.

B7: ACTUARIAL FUNCTION

The actuarial function oversees all the Group and entity level actuarial duties. Ben Readdy is the Group Chief Actuary and LICL Chief Actuary. Ben is a Fellow of the Institute and Faculty of Actuaries (IFoA) and also holds a UK Practising Certificate, and complies with the additional requirements from the IFoA to maintain this certificate.

The Group and Company Chief Actuary is supported by a number of additional individuals with the appropriate skill sets and knowledge of financial and insurance mathematics commensurate with the nature, scale and complexity of the Group's business, and deemed to be sufficiently skilled to perform the actuarial function duties. All members of the actuarial function are either fully qualified actuaries, or working towards qualification. As such, experience and skills are maintained through continued professional development, education, and adherence to the relevant professional body's code of conduct, standards or practice. The actuarial function has the required skills, knowledge and expertise to fulfill its duties.

The actuarial functions are deemed sufficiently independent, and have performed their duties in an objective and fair manner. The Group and Company functions have direct access to their respective Boards to report on any matters that may impact their ability to perform their duties effectively. Ben Readdy is also a member of the LICL Board.

In order to demonstrate independence between performing and reviewing work, Lancashire engaged external actuaries during the year to:

- conduct independent reviews of the Group's and LICL's IFRS claims reserves on an annual basis;
- perform the duties of the Approved Actuary under the BMA's regime and take responsibility for providing an opinion on the adequacy of the EBS technical provisions to the BMA; and

The Group considers that the above internal and external resources have sufficient knowledge, skills and experience to address the requirements of the actuarial function.

B8: OUTSOURCING

The key objectives of the Group's outsourcing policy are to:

- ensure that the Group and subsidiary undertakings receive optimal value for money whilst also understanding and controlling the risks involved in the engagement of third party providers or outsourcing services; and
- ensure compliance with the relevant regulatory requirements in which the Group's entities operate in respect of any outsourcing undertaken.

The Group and LICL remain fully responsible for discharging all of their obligations under the relevant rules, laws, regulations and administrative provisions, and therefore cannot contract out their regulatory obligations, and take care to supervise the discharge of any outsourced functions and/or activities. None of the Group's or the Company's key or important functions are outsourced, however external service providers are used in certain instances to provide expertise, skills, or products that are not readily available internally or to provide 24/7 services. External service providers have been utilised by the internal audit, actuarial, finance, (re)insurance operations and IT functions. In all instances, key and important functions are managed and supervised by Lancashire employees, who retain oversight and responsibility for the functions. With the exception of the underwriting services agreement between Lancashire Capital Management Limited ("LCM"), Kinesis Reinsurance Limited ("KRL") and Kinesis Holdings Limited ("KHL"), there are no material intra-group outsourcing arrangements in place within the Group.

B9: OTHER MATERIAL INFORMATION

There is nothing else applicable to disclose. All material information regarding the Governance Structure has been described in sections B1 to B8 above.

C. RISK PROFILE

The Group is exposed to risks from various sources. These include insurance risk, market risk, currency risk, credit risk, liquidity risk, operational risk, strategic risk and group risk. The primary risk to the Group is insurance risk. There have been no material changes to the Group's material risks, or the measures used to assess these risks over the 2025 reporting period.

C1: INSURANCE RISK

Insurance risk continues to dominate our risk profile. It has the highest impact on the regulatory capital requirements of the BMA BSCR, as well as being the primary driver for our capital decisions.

The Group and Company underwrite worldwide insurance and reinsurance contracts that transfer significant insurance risk, including risks exposed to both natural and man-made catastrophes. Historically the focus has been predominantly on short-tail risks, but in recent periods the Group has further diversified its product portfolio by building portfolios in classes that have a longer tail profile to Lancashire's traditional business. These longer tail classes include accident & health, casualty reinsurance, and mortgage reinsurance business. The exposure in connection with insurance contracts is, in the event of insured losses, whether premiums will be sufficient to cover the loss payments and expenses.

Insurance risk is considered at an individual contract level, at a segment level, at a geographic level, and at an aggregate portfolio level. This ensures that careful risk selection, limits on concentration, and appropriate portfolio diversification are accomplished.

Some of the business written provides coverage for natural catastrophes (e.g. hurricanes, earthquakes, wildfires and floods) and is subject to potential seasonal variation and the effects of climate change. A proportion of the business written is exposed to large catastrophe losses in North America, Europe and Japan as a result of windstorms. The level of windstorm activity, and landfall thereof, during the North American, European and Japanese wind seasons may materially impact the Group's and Company's loss experience. The North American and Japanese wind seasons are typically June to November and the European wind season November to March. The Group and the Company also bear exposure to large losses arising from other non-seasonal natural catastrophes, such as earthquakes, tsunamis, droughts, floods and tornadoes, from risk losses throughout the year and from war, terrorism and political risk and other events.

Climate change

Climate change may expose the Group to the risk of heightened severity and frequency of weather-related losses. Climate related risks are identified and assessed as part of the usual risk identification and management process which includes but is not limited to: discussions with risk owners and with subject matter experts across the Group, discussions at the Emerging Risk Forum and the ESG Committee.

Climate-related risks specific to the (re)insurance portfolios are identified and assessed as part of the day-to-day underwriting process by individual underwriters in their analysis of specific risk information, and more broadly in the context of the wider portfolio during the individual class of business quarterly business review and through the monthly RRC meetings. These reviews include: the physical location of assets insured, weather-related perils that have impacted the location and their historical frequency and severity, as well as expected short and long-term changes. The insurance and reinsurance underwriting strategy days assess climate-related risks of both current and anticipated future risks, which include but are not limited to transition risk arising from a decline in the value of assets to be insured, changing energy costs, and liability risks that could arise from climate-related litigation. Physical, transition and liability risks are considered by business segment and geographical location, and the expected impact from the risks identified is considered with respect to both magnitude and timescale.

The Group manages climate risk by using stochastic models from third-party vendors which have a long history of data quality governance. We adapt these models based upon our views of climate risk, as well as our clients' exposure data, to create aggregate loss scenarios. Insurance underwriting guidelines support the underwriting process and provide guidance to assist underwriters in their decision making. Performance against guidelines is monitored by the regular meetings, Quarterly Business Reviews and related reporting. We have clear tolerances and preferences in place to actively manage exposures, and the Board regularly monitors our PMLs.

The Group accepts risks for periods primarily of one year, which mitigates the potential short-term impacts of climate risk. The Group has the ability to re-evaluate the portfolio on an annual basis and therefore reprice physical risk and reset exposure levels to consider new data regarding the frequency and severity of elemental catastrophe events.

The Group actively monitors risk levels and manages catastrophe risk accumulations using reinsurance and PML based risk tolerances, which are monitored as part of our climate-related risks. The Group's exposures to certain peak zone elemental losses, as a percentage of tangible capital, including long-term debt, are shown below. Net loss estimates are undiscounted before income tax and net of reinstatement premiums and outwards reinsurance on a first occurrence return period basis.

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As at 31 December		2025 \$m		2024 \$m	
LHL		100 year return period estimated net loss	250 year return period estimated net loss	100 year return period estimated net loss	250 year return period estimated net loss
Zones	Perils				
Gulf of Mexico ¹	Hurricane	337.1	464.4	335.8	435.4
California	Earthquake	255.1	284.3	247.6	302.6
Non-Gulf of Mexico – US	Hurricane	239.5	421.5	233.4	525.9
Pan-European	Windstorm	109.6	173.4	129.4	195.9
Japan	Earthquake	78.7	114.7	107.3	189.5
Japan	Typhoon	78.8	164.6	102.3	155.0
Pacific North West	Earthquake	41.6	177.6	34.3	170.9

As at 31 December		2025 \$m		2024 \$m	
LICL (excl CCL 1998 quota share)		100 year return period estimated net loss	250 year return period estimated net loss	100 year return period estimated net loss	250 year return period estimated net loss
Zones	Perils				
Gulf of Mexico ¹	Hurricane	247.0	353.9	252.7	321.3
California	Earthquake	171.5	192.4	166.6	214.5
Non-Gulf of Mexico – US	Hurricane	156.4	311.5	167.5	430.5
Pan-European	Windstorm	92.6	144.4	106.6	165.0
Japan	Earthquake	64.5	141.8	79.5	166.0
Japan	Typhoon	66.8	102.0	80.3	135.7
Pacific North West	Earthquake	18.2	111.0	16.3	107.8

1. Landing hurricane from Florida to Texas.

There can be no guarantee that the modelled assumptions and techniques deployed in calculating these figures are accurate. There could also be an unmodelled loss which exceeds these figures. In addition, any modelled loss scenario could cause a larger loss to capital than the modelled expectation from the above return periods.

The Group maintains economic capital models at the LICL, LUK and syndicate levels. These models are primarily focused on insurance risks; however, they are also used to model other risks, including market, credit and operational risks. The syndicate models are reviewed and approved by Lloyd's as part of its own capital and solvency regulations.

The economic capital models produce data in the form of stochastic distributions for all classes, including non-elemental classes. The distributions include the mean outcome and the result at various return periods, including very remote events. Projected financial outcomes for each insurance class are calculated, as well as the overall portfolio, including diversification credit. Diversification credit arises as individual risks are generally not strongly correlated and are unlikely to all produce profits or losses at the same time.

Within the Group's economic capital models, insurance risk accounts for the majority of the allocated risk capital, so this is the principal area where the Group and the Company applies controls and reviews. For example, the Group operates a large number of controls around monitoring risk levels across the business, with the level of insurance risk tolerance per peril set by the respective Boards of Directors at both LHL and at an entity level.

The RRC reviews the PML's twice a quarter and the RDS's on a quarterly basis. They are also reported to the Group, LICL and LUK Boards through the underwriting management information pack and LSL Risk and Compliance Committee ("RCC") through the quarterly LSL CRO reporting. Any projected or actual breach of limits requires immediate action by management, with the risk owner being required to immediately contact the Group CRO with an explanation and mitigating plan. Actual breaches require a mitigating plan, which must be approved by the Group CRO and the Group CEO and are reported to Group management, the Risk and Return Committee ("RRC") and the appropriate Board(s). There were no breaches to insurance risk tolerance during 2025.

Mitigation

A number of controls are deployed by the Group to manage the amount of insurance exposure assumed:

- a rolling strategic plan that helps establish the business goals that the Board of Directors aims to achieve;
- a detailed three-year business plan is produced annually. The plan is approved by the Board of Directors and is monitored, reviewed and updated on an ongoing basis;
- for LSL, the syndicates' business forecasts and business plans are subject to review and approval by Lloyd's;
- economic capital models are used to model risk levels and capital requirements;
- each authorised class has a predetermined normal maximum line structure;
- each underwriter has a clearly defined limit of underwriting authority;

- the Group and individual operating entities have predetermined tolerances on probabilistic and deterministic losses of capital for certain single events, which are monitored on a regular basis;
- pricing and aggregation models are used to assist with the underwriting process; and
- reinsurance is purchased to mitigate both frequency and severity of losses on a facultative, excess of loss treaty or proportional treaty basis.

Monitoring

The continued effectiveness of the risk mitigation techniques applied is monitored by the LHL and LICL Boards through their review of the quarterly ORSA reports, and by management through the monthly RRC meetings.

Use of Special Purpose Vehicles

Although the majority of the Group's reinsurance arrangements are with highly rated counterparties, a small number of special purpose vehicles were utilised for outwards reinsurance protection during 2025. These accounted for 13.8% (31 December 2024: 8.2%) of the Group's reinsurance cover purchases. The fully funded principle is met as all the reinsurance protections were fully collateralised up to the limit of the relevant contracts. The collateral can only be released post expiry of the contract with our agreement.

C2: MARKET RISK

Market risk relates to the uncertainty in the level or volatility of the market prices of financial instruments. Movements in investments resulting from changes in interest and inflation rates, and currency exchange rates, amongst other factors, may lead to an adverse impact on the value of the Group and Company's investment portfolio. Investment guidelines are established by the Investment Committee of the Board of Directors to manage this risk. Investment guidelines set parameters within which the Group's and LICL's external investment managers must operate. Important parameters include guidelines on permissible asset classes, duration ranges, credit quality, currency, maturity, sectors, geographical, sovereign and issuer exposures. Compliance with guidelines is monitored on a monthly basis. Any adjustments to the investment guidelines are approved by the Investment Committee and the Board. In addition, the Group's investment guidelines restricts investments in companies which rely on thermal coal for power generation, or derive revenues from oil sands or Arctic oil/gas, as well as investments in fixed maturity securities with high carbon intensity ratings. A Climate Value at Risk ("VaR") is monitored versus the MSCI benchmark quarterly through analysis of the underlying securities as measured by MSCI for the Group's Level (i) and Level (ii) securities. 96.7% of the Group's externally managed portfolio are managed by signatories of the UNPRI (31 December 2024 - 96.7%).

Mitigation

The BMA's Insurance Code of Conduct requires companies to invest assets in accordance with the 'prudent person principle'. The Group's investment portfolio includes highly rated securities, across a number of sectors and a number of types of fixed maturity securities, and has a high proportion of government backed securities. The Group also has a diversified low volatility multi-strategy private investment fund portfolio and hedge funds. Strict guidelines govern investment policy and the portfolio is monitored closely in terms of security, quality, liquidity, profitability and duration.

Risk concentration is closely monitored to ensure that there is no excessive concentration with any one issuer or issuer group, although there is a degree of concentration with the US government and related agencies. Total exposure to US government securities was \$488.0 million at 31 December 2025 (31 December 2024 - \$627.0 million), and comprises the main material exposure to a single issuer. Concentration risk is not a material component of the Group's BSCR, representing 0.6% (31 December 2024: 3.1%) or for the Company's BSCR, representing 0.6% (31 December 2024: 4.0%).

Assets are held to match the duration of liabilities as far as possible. Given that the majority of liabilities are denominated in US dollars, there is therefore a significant amount of US denominated assets held.

Performance and accounting reports are received for all investments, and a summary report is prepared for management, the Group Investment Committee, and the LICL Board.

Our investment risk is mitigated through the following:

- investment strategy: our strategy adopts a low risk approach to investments. Our primary focus remains on underwriting as the engine of profits.
- investment strategy, including investment risk tolerances, is approved annually and monitored on a quarterly basis by the Investment Committee and Board. A detailed strategic asset allocation study is performed biannually;
- investment guidelines: within the investment guidelines are subsets of guidelines for the portion of funds required to meet near-term obligations and cash flow needs following an extreme event. These guidelines add a further degree of requirements, including fewer allowable asset classes, higher credit quality, shorter duration and higher liquidity;
- investment Risk and Return Committee: the IRRC meets quarterly to ensure that the strategic and tactical investment actions are consistent with investment risk preferences, appetite, risk and return objectives and tolerances. The IRRC also helps further develop the risk tolerances to be incorporated in the ERM framework;

- modelling: periods of significant stress are modelled in order to better understand the investment portfolio's risks and exposures. The scenarios represent what could, and most likely will occur (albeit not in the exact form of the securities, which are based on historic periods of volatility);
- diversification: our portfolio is diversified across a number of sectors, geographical areas and types of investment; and
- external advisers: our principal expertise lies in underwriting so we use the services of internationally recognised investment managers who are experts in their fields. The Group's principal investment managers are signatories to the Principles for Responsible Investment.

Monitoring

The continued effectiveness of the risk mitigation techniques is monitored by the Investment Committee, and by the LHL Board of Directors, through their review of the Investment Committee reports, and the quarterly management IRRC meetings.

The Group uses a VaR metric to measure potential losses in the estimated fair values of its cash and invested assets, and to understand and monitor risk. The VaR calculation is performed using variance/covariance risk modelling to capture the cash flows and embedded optionality of the portfolio. Securities are valued individually using standard market pricing models. These security valuations serve as the input to risk analytics, including full valuation risk analyses, as well as parametric methods that rely on option-adjusted risk sensitivities, to approximate the risk and return profiles of the portfolio. The principal VaR measure that is produced is an annual VaR at the 99th percentile confidence level. The appropriateness of this measure is considered by the Investment Committee on behalf of the Board of Directors on an annual basis.

C3: CURRENCY RISK

The Group underwrites from multiple locations and risks are assumed on a worldwide basis. Risks assumed are predominantly denominated in US dollars.

The Group is exposed to currency risk to the extent its assets and liabilities are denominated in different currencies to its US dollar reporting currency. The exchange gains and losses which arise on these assets and liabilities impact the consolidated statement of comprehensive income.

The Group hedges monetary non-US dollar liabilities primarily with non-US dollar assets, but may also use derivatives to mitigate foreign currency exposures. The Group's main foreign currency exposure relates to its insurance contract liabilities and reinsurance contract assets, investments and cash and cash equivalents, and other monetary assets and liabilities.

Mitigation

The Group uses forward foreign currency contracts for the purposes of managing currency exposures.

Monitoring

The continued effectiveness of the risk mitigation techniques is monitored by the Investment Committee and by the Board through their review of the quarterly Investment Committee reports and the quarterly management IRRC meetings.

C4: CREDIT RISK

Credit risk is the risk that a counterparty may fail to pay, or repay, a debt or obligation. The Group and the Company are exposed to credit risk in respect of its fixed maturity investment portfolio, cash and cash equivalents, accrued interest receivable, derivative financial instruments, amounts recoverable from reinsurers within reinsurance contract assets, amounts receivable from insureds and cedants included within insurance contract liabilities, and other receivables.

The table below presents an analysis of the Group's maximum exposures to counterparty credit risk, based on their rating. Reinsurance contracts held in the table below represent the credit exposed components of reinsurance contract assets. These have been presented on an undiscounted basis, and represent the maximum exposure to credit risk considering the Group's ability to offset balances, where applicable, under the relevant reinsurance contracts held.

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As at 31 December	2025 \$m			2024 \$m		
LHL	Cash and cash equivalents	Fixed maturity securities	Credit exposed component of reinsurance contracts held ¹	Cash and cash equivalents	Fixed maturity securities	Credit exposed component of reinsurance contracts held ¹
AAA	304.2	405.5	–	487.9	265.0	–
AA+, AA, AA-	–	1,054.1	3.9	–	1,073.0	1.8
A+, A, A-	257.2	758.2	750.0	195.9	748.8	593.7
BBB+, BBB, BBB-	–	428.6	0.4	0.5	360.2	1.0
Other ¹	–	163.8	43.6	–	156.8	41.6
Total	561.4	2,810.2	797.9	684.3	2,603.8	638.1

1. Reinsurance contracts held classified as "other" include \$31.6 million (31 December 2024: \$32.1 million) which are fully collateralised. Other under fixed maturity securities mainly consists of bank loans for which no rating is available.

The Group's maximum exposure to credit risk arising from insurance contracts issued is \$838.4 million (31 December 2024 – \$777.5 million), which relates to the elements of the insurance contract liabilities balance which are considered to be exposed to credit risk, specifically, premium receivables and reinstatement premium receivables, net of profit commissions payable on inwards reinsurance business.

As at 31 December	2025 \$m			2024 \$m		
LICL	Cash and cash equivalents	Fixed maturity securities	Credit exposed component of reinsurance contracts held ¹	Cash and cash equivalents	Fixed maturity securities	Credit exposed component of reinsurance contracts held ¹
AAA	181.3	288.4	–	341.2	206.1	–
AA+, AA, AA-	–	791.3	2.7	–	827.7	1.8
A+, A, A-	76.5	509.6	183.3	57.9	486.0	148.1
BBB+, BBB, BBB-	–	317.4	0.4	0.5	271.4	0.3
Other ¹	–	163.8	29.6	–	156.6	31.5
Total	257.8	2,070.5	216.0	399.6	1,947.8	181.7

1. Reinsurance contracts held classified as "other" include \$29.1 million (31 December 2024: \$30.6 million) which are fully collateralised. Other under fixed maturity securities mainly consists of bank loans for which no rating is available.

The Company's maximum exposure to credit risk arising from insurance contracts issued is \$418.0 million (31 December 2024 - \$361.0 million), which relates to the elements of the insurance contract liabilities balance which are considered to be exposed to credit risk, specifically, premium receivables and reinstatement premium receivables, net of profit commissions payable on inwards reinsurance business.

As at 31 December 2025, the average credit quality of the fixed maturity portfolio for The Group and LICL was A+ (31 December 2024: A+).

Mitigation

Credit risk on the fixed maturity portfolio is mitigated through the Group's policy to invest in instruments of high credit quality issuers, and to limit the amounts of credit exposure with respect to particular ratings categories and any one issuer. Securities rated below an S&P or equivalent rating of BBB-/Baa3 may comprise no more than 15.0% of total market value of the fixed maturity portfolio. In addition, no one issuer, with the exception of US government and agency securities, other G10 government guaranteed securities (excluding Italy), and Australian sovereign debt, should exceed 5.0% of total market value of the fixed maturity portfolio. The Group is therefore not exposed to any significant credit concentration risk on either its fixed maturity investment portfolio, or cash and cash equivalents, except for fixed maturity securities issued by the US government and government agencies, and other highly-rated governments.

Credit risk on insurance contract cash flows from insureds and cedants is managed by conducting business with reputable broking organisations, with whom the Group has established relationships, and by rigorous cash collection procedures. The Group also has a broker approval process in place. Binding authorities are subject to standard market controls, including credit control. Credit risk from reinsurance contract cash flows is primarily managed by the review and approval of reinsurer security.

Monitoring

The continued effectiveness of the risk mitigation techniques is monitored by the Investment Committee, and the Board of Directors, through their review of the quarterly Investment Committee reports, and the quarterly management IIRC meetings for credit risk in the investment portfolio, the RSC for credit risk relating to the reinsurance recoverables and the Broker Vetting Committee for credit risk relating to insurance intermediaries.

C5: LIQUIDITY RISK

Liquidity risk is the risk that cash may not be available to pay obligations when they are due without incurring an unreasonable cost. The Group's main exposures to liquidity risk are with respect to its insurance, investment, and operational activities. The Group is exposed to such risk if proceeds from financial assets are not sufficient to fund obligations arising from its insurance contracts issued. The Group can be exposed to daily calls on its available investment assets, principally to settle insurance claims and to fund trust accounts following a large catastrophe loss.

The most significant exposures in relation to the Group's insurance activities are as follows:

- large catastrophic events, or multiple medium-sized events in quick succession, resulting in a requirement to pay a large value of claims within a relatively short time frame, or to fund trust accounts;
- failure of insureds or cedants to meet their contractual obligations with respect to the payment of premiums in a timely manner; and
- failure of reinsurers to meet their contractual obligations with respect to the payment of claims in a timely manner.

The most significant exposures in relation to the Group's investment activities are as follows:

- adverse market movements and/or a duration mismatch to obligations, resulting in investments being disposed of at a significant realised loss; and
- an inability to liquidate investments due to market conditions.

Subject to maintaining sufficient liquidity in aggregate across the Group's fully aligned entities, Lancashire has the ability to perform intra-group transactions in the event of temporary liquidity shortfalls at the individual entity level. This obviates incurring any costs that might result from raising entity-specific liquidity through external means.

Mitigation

The Group manages its liquidity risks via its investment strategy to hold high quality, liquid securities, sufficient to meet its insurance liabilities and other near-term liquidity requirements. The creation of the core portfolio, with its subset of guidelines, aims to ensure funds are readily available to meet potential insurance liabilities in an extreme event, plus other near-term liquidity requirements. Detailed information on the Groups liquidity risk can be found in the risk disclosures of LHL's Annual Report and Accounts for 31 December 2025: [Investors - Lancashire Group](#). In addition, the Group has established asset allocation and maturity parameters within the investment guidelines, such that the majority of the investments are in high quality assets which could be converted into cash promptly, and at minimal expense. The Group monitors market changes and outlook, and reallocates assets as deemed necessary. The Group also monitors and reports Group liquidity against tolerances to the LICL Board.

Monitoring

The continued effectiveness of the risk mitigation techniques is monitored by the Board's Investment Committee through quarterly investment performance reports and the Group and LICL Boards through their review of the quarterly Investment committee reports, together with the quarterly management IRRC meetings.

As at 31 December 2025, the Group considers that it has more than adequate liquidity to pay its obligations as they fall due.

C6: OPERATIONAL RISK

Operational risk is the risk of loss resulting from inadequate or failed internal processes, personnel, systems, or non-insurance external events. The Group and its subsidiaries have identified and evaluated their key operational risks, and these are incorporated in the risk registers and modelled within the subsidiaries' capital models. The Group has also established, and monitors compliance with, internal operational risk tolerances. The RRC reviews operational risk on at least an annual basis and operational risk is covered in the Group CRO's quarterly ORSA report to the LHL Board of Directors, entity level boards, and in the LSL RCC reporting.

It is widely recognised that the current geopolitical risks have also increased the risk of cyber attacks. Whilst the Group does not write standalone cyber as a separate class of business, it does have some exposure within broader policy coverage of existing classes of business. The Group also has exposure from operational risk of suffering a cyber attack on its systems, the resultant downtime of systems, the expense in getting back up and running and the potential for missed opportunities during the downtime.

Mitigation

To manage operational risks, the Group has implemented a robust governance framework. Policies and procedures are documented and identify the key risks and controls within processes. Key risk indicators have been established and are monitored on a regular basis, and a formal loss event and near-miss reporting process has been implemented. The risk management function facilitates a quarterly risk and control affirmation process and performs detailed control validation and testing, the outcomes of which inform the CRO's quarterly opinion of the overall control environment.

The Group's internal audit function provides independent feedback with regard to the accuracy and completeness of key risks and controls, and independently verifies the effective operation of these through sample testing. The highest rated risk areas are considered for audit annually, medium risk areas every two years and the lowest risk areas every three to five years.

To mitigate the increased risk of cyber attack the Group has established an information security function which works with a specialist third-party to identify, assess, monitor and manage cyber risk. A robust cyber risk framework has been developed, this includes a range of key risk and performance indicators which are monitored and reported against regularly. A cyber incident response plan has been developed and is tested on an annual basis.

The operational cyber risk that comes with employees working from home is managed through enhanced monitoring of network activity, targeted staff training, a quarterly risk and control affirmation process, annual testing of business continuity plans and disaster recovery plans, and a cyber security incident response plan. The risk is monitored on an ongoing basis through the use of a series of quantitative key risk indicators, which are the aggregate of key performance indicators monitored by the Group's information security function.

Monitoring

The continued effectiveness of the risk mitigation techniques is monitored by the LHL and LICL Board through their review of the quarterly ORSA report and the quarterly risk register approval process, together with the Board's input into the Company's strategy and business plan.

C7: STRATEGIC RISK

The Group and Company has identified several strategic risks. These include:

- the risk that either the poor execution of the business plan or an inappropriate business plan, results in a strategy that fails to adequately consider and reflect the current trading environment, resulting in an inability of the Group to optimise performance, increasing reputational risk;
- inflation rates have decreased from their peak in 2022 with UK rates starting to trend upwards again during 2025 from its low in 2024;
- the risk of the Group failing to maintain adequate capital, accessing capital at an inflated cost, or the inability to access capital. This includes unanticipated changes in vendor, regulatory and/or rating agency models, that could result in an increase in capital requirements, or a change in the type of capital required;
- the risk of inappropriate succession planning, poor staff retention in key roles, and poor management of key person risks;
- the risk of organisational stretch as the Group grows, in terms of volume of business written and number of employees, as well as from transformation programmes designed to ensure the Group has appropriate systems, infrastructure and data in place to support business activities; and
- both climate change-related risks and opportunities. The two major categories of risk being transition risk and physical risk.

Mitigation

Business plan risk – The Group and Company address the risks associated with the planning and execution of the business plan through a combination of the following:

- an iterative annual forward-looking business planning process with cross-departmental involvement;
- evaluation and approval of the annual business plan by the Board of Directors;
- regular monitoring of actual versus planned results;
- periodic review and re-forecasting as market conditions change; and
- evaluation of climate-related risks and the potential short-, medium- and long-term implications/considerations for the business.

Inflation risk – The Group routinely monitors inflation and factors the impact of inflation in its RPI (Renewal Price Index) and estimated claims costs. On this basis, inflation remains a focus for management and those charged with governance at both the Board of Directors and the appropriate committees.

Capital management risk – Risks associated with the effectiveness of the Group and Company's capital management are mitigated as follows:

- regular monitoring of current and prospective regulatory and rating agency capital requirements;
- regular discussion with the LSL management team regarding Lloyd's capital requirements;
- oversight of capital requirements by the Board of Directors, including regulatory capital requirements;
- ability to purchase sufficient, cost-effective reinsurance;
- maintaining contact with vendors, regulators and rating agencies to stay abreast of upcoming developments; and
- participation in industry groups such as the International Underwriters Association, the Association of Bermuda Insurers and Reinsurers and the Lloyd's Market Association.

Retention risk – Risks associated with succession planning, staff retention and key person risks are mitigated through a combination of resource planning processes and controls, including:

- the identification of key personnel, together with appropriate succession plans;
- documented recruitment procedures, position descriptions and employment contracts;
- resource monitoring and the provision of appropriate compensation, including equity based compensation which vests over a defined time horizon;
- the use of KRIs for the voluntary turnover of members of staff; and
- training schemes.

Growth risk – Growth risk is mitigated through continuous monitoring of the Group's current state against the Group's business plan and goals, together with engagement with individual management teams across the Group to validate that they have the resources they require to deliver their own business objectives.

Climate change risk – Transition risks are those risks relating to the transition to a lower-carbon economy and include risks such as policy and legal risk, technology risk, market risk and reputation risk. Physical risks are those relating to the physical impacts of climate change which can be acute (those from increased frequency and severity of climate-related events) or chronic (due to longer-term shifts in climate patterns). As a (re)insurance underwriter, the Group is more significantly affected by physical risk through its potential exposure to acute and chronic climate change. The potential financial impact from these climate-related risks is assessed through scenario testing and mitigated by the Group's strategic and risk management decisions around managing these risks. A risk radar has been prepared to illustrate the risks identified and the likelihood and magnitude of these risks. The risk assessment also considers the products currently offered by the Group and how these might change over time during the transition to a lower-carbon economy.

Monitoring

The continued effectiveness of the risk mitigation techniques for strategic risk is monitored by the Board through their review of the quarterly ORSA report, and the quarterly capital paper. The Group Board's Nomination, Corporate Governance and Sustainability Committee is responsible for monitoring the adequacy of the Group's succession plans. The LICL Board is responsible for monitoring the adequacy of the Company's succession plans.

C8: GROUP RISK

Group risks are any risks that may not have an impact at the individual entity level but have to be considered at the group level, such as contagion risk or aggregation of business risks. Group risk is considered and evaluated by the LHL Board on a quarterly basis, as is the concentration of risk in each individual risk area (e.g. insurance, credit etc.). There are no significant risk concentrations at the Group level that are not otherwise reported above.

Mitigation & Monitoring

Group risks need to be considered on a case-by-case basis and as such there is no prescriptive mitigation strategy. The inclusion of group risk within the Group CRO's quarterly ORSA report ensures it is brought to the attention of the LHL Board and suitable mitigation plans can be put in place.

C9: STRESS TESTING AND SENSITIVITY ANALYSIS

Stress and scenario testing is a key part of the overall ERM framework, and helps to provide a better understanding of the risks that the Group is exposed to in both business as usual and stressed circumstances. It informs the development of risk appetites and tolerances, and acts as a key input to capital management processes. The Group conducts sensitivity, stress (standard and reverse) and scenario testing on both a scheduled and ad-hoc basis as part of a number of the underlying components in the ERM and ORSA frameworks.

A range of sensitivity, stress and scenario testing techniques were applied throughout the year in response to specific actual, and proposed, changes to the business strategy and risk profile.

Sensitivity testing was conducted as part of the on-going development and validation of the internal model, methodology and assumptions across material risk categories. This was overseen by the RRC and involved management and subject matter experts from throughout the business.

Scenario testing was used to assess the risk, return and capital implications of alternative potential planning scenarios. It was supported by the use of modelling outputs and applied both within the annual business planning process and on an ad-hoc basis to support the evaluation of potential changes in business strategy. The scenarios covered the following key risk areas: insurance risk, investment risk, liquidity risk, operational risk and regulatory risk. They are, however, predominately underwriting focused which is deliberate given that underwriting is by far the most significant driver of the Group's tail risk and therefore is the natural focus in terms of stress testing the stability of the Group. Our climate change scenario incorporates underwriting and investment risks as we consider the transition risk and physical risk.

Standard stress testing was used to evaluate the impact of extreme yet plausible events and scenarios that might impact the business in order to test the resilience of the plan and evaluate alternative risk mitigation arrangements. It is supported by the use of catastrophe models and was applied both during the business planning and ORSA processes and reported to the Board as part of the Group CRO's quarterly ORSA report.

Reverse stress testing was focused on deliberately deconstructing the business model to test for vulnerabilities and potential events that could make it unviable. In addition to the consideration of extreme financial loss scenarios the Group considered the interaction of risks such as reputational and regulatory failures and the loss of key resources that might combine to make the business model unviable. The Group utilised a combination of quantitative and qualitative techniques. Reverse stress testing to date has been focused at the Group level to determine the full impact to the business.

The Group considers a wide range of measures when establishing the appropriate level of capital at the Group and individual entity level, this includes our internal view of economic and risk capital, applicable regulatory minimum capital requirements, the expectations of external rating agencies, and the potential stress events or losses to which the Group is exposed. The target level of economic capital is set so as to ensure that Lancashire maintains headroom over the range of current and anticipated capital requirements that is appropriate to its risk profile at a given point in the cycle. This means that the results of stress testing and sensitivity analysis are communicated, and acted upon, as deemed appropriate through the business cycle and within the parameters of the Group's ERM framework.

To assess the Group as a going concern, the financial stability of the Group was modelled for a period of at least 12 months, and a number of sensitivity, stress and scenario tests were applied. This included, among other analysis, a best estimate forecast as well as various scenarios. This incorporated different magnitudes of reserve releases and attritional, large and catastrophe loss events, plus optimistic and pessimistic investment return scenarios. To further stress the financial stability of the Group, additional testing was performed. This included modelling the breakeven capital requirements of our regulators and rating agencies, the impact of potential management actions to reduce the Group's exposure to climate change-related risks, the occurrence of a number of high severity loss events impacting the Group in 2025, alongside an investment shock, and finally a reverse stress test scenario designed to render the business model unviable. The testing identified that even under the more severe but plausible stress scenarios, the Group had more than adequate liquidity and solvency headroom.

In addition to the scheduled and ad-hoc testing as part of our ORSA framework, the Group may at times be required to conduct stress/scenario testing and report outcomes in response to specific regulatory or rating agency requests.

C10: CLIMATE RISK

The Group's current assessment of risk in relation to climate change is discussed in more detail within the TCFD report on pages 50 to 62 within the Group's 2025 Annual Report and Accounts: [Investors - Lancashire Group](#).

C11: OTHER MATERIAL INFORMATION

In February 2026, we saw the outbreak of hostilities in the Middle East. The conflict in Ukraine shows no clear resolution, and tensions between Russia and the West continue to escalate. Add to that US China relations; European and Arctic nations facing rising threats of tariffs; and tensions between the US and Europe concerning the sovereignty of Greenland; and you have a highly unstable geopolitical environment. Underwriting discipline and informed decision-making are key in this environment.

There is nothing else applicable to disclose. All material information regarding the Risk Profile has been described in sections C1 to C10 above.

D. SOLVENCY VALUATION

D1: ASSETS

The breakdown of total assets in the EBS balance sheet as at 31 December 2025 and 2024 is as follows:

As at 31 December	LHL		LICL	
	2025 \$m	2024 \$m	2025 \$m	2024 \$m
Cash and cash equivalents	561.4	684.3	413.4	570.2
Quoted investments	2,810.2	2,599.5	2,534.8	2,338.8
Unquoted investments	300.0	265.3	300.0	265.0
Other assets	353.3	236.6	278.8	208.7
Investment in associate	4.8	9.1	n/a	n/a
Total assets	4,029.7	3,794.8	3,527.0	3,382.7

LICL applies a full "look through" approach to the 85% inter-company quota share agreement with CCL 1998 for BSCR EBS reporting purposes. This is determined by adding 85% of each of CCL 1998's assets and liabilities on a line-by-line basis to LICL's IFRS balance sheet values. This approach was requested by and agreed with the BMA, and results in required regulatory capital requirements for LICL which more accurately reflect the risk associated with the CCL 1998 quota share agreement.

The Group and Company have used the valuation principles outlined by the BMA's 'Guidance Note for Statutory Reporting Regime' for the reporting period's statutory filing. The economic valuation principles outlined in this document are to measure assets and liabilities on a fair-value basis (which is the value that would be received upon the sale of an asset, or paid to transfer a liability, in an orderly transaction between open market participants at the measurement date).

Quoted and Unquoted investments are held at fair value. The carrying value of cash and cash equivalents and other assets approximates fair value due to the short-term nature of the receivables. The investment in LCM is accounted for as an associate applying the equity method and no adjustments are required for EBS valuation purposes. Intangible assets and prepaid expenses are valued at nil for EBS valuation purposes. Premium receivable balances that are not yet due are included in the cashflows used to calculate technical provisions and those which are due but not yet received are included in the EBS.

D2: LIABILITIES

The breakdown of total liabilities in the EBS balance sheet as at 31 December 2025 and 2024 is as follows:

As at 31 December	LHL		LICL	
	2025 \$m	2024 \$m	2025 \$m	2024 \$m
Best estimate loss and loss expense provisions	1,744.4	1,475.9	1,601.9	1,372.1
Best estimate premium provisions	(133.2)	(121.5)	(81.7)	(90.8)
Risk margin	138.7	113.0	129.5	100.8
Net technical provisions	1,749.9	1,467.4	1,649.7	1,382.1
Other liabilities and payables	135.4	139.2	42.3	113.0
Total liabilities	1,885.3	1,606.6	1,692.0	1,495.1

Net technical provisions

The EBS basis technical provisions are comprised of three elements:

- loss and loss expense provisions – the discounted best estimate of loss reserves for events which have occurred by the balance sheet date, including associated expenses;
- premium provisions – the discounted best estimate reserves on the remaining exposure of contracts which the Group is obligated to service as at the balance sheet date, including associated expenses and net of future premium; and
- risk margin or "market value margin" – an additional amount, in excess of the best estimate provisions, expected to be required by a third party in order to fund the future regulatory capital required to meet the obligations. This is calculated based on a cost of capital approach.

The Group risk margin of \$138.7 million (31 December 2024: \$113.0 million) and the LICL risk margin of \$129.5 million (31 December 2024: \$100.8 million) is included within the EBS net technical provisions balance. The increase in risk margin is driven by growth in the SCR, notably reserve risk, together with lower yield curves which increase the discounted cost of capital. The increase in loss and loss expense provisions is driven by continued growth in longer-tailed Casualty Reinsurance lines in the year. Movements in premium provisions are driven by overall growth across the Group but offset by future (inward and outwards) premium cashflows and future earnings on prior underwriting years.

Best Estimate Future Claims Cashflows

Within the claims provisions, best estimates claim liabilities and associated reinsurance recoveries are derived using standard actuarial reserving techniques and separately for attritional and large events. The process is overseen by the subsidiary reserve committees, a management committee that reviews the reserves, with particular attention on the large events, and the approach to determining these. The reserves are then recommended for approval by the LHL Audit Committee to the Board.

Within the premium provisions, future claims are estimated by applying expected gross ultimate loss ratios to the premiums in respect of unexpired exposure on legally bound policies (whether incepted or not). The loss ratios are sourced from the business plan and represents the best estimate view (i.e. the mean of the distribution of future outcomes) of the losses likely to emerge in future periods, and as such are deemed a reasonable assumption to use. Reinsurance recovery ratios, which are again sourced from the business plan, are applied to the gross future claims to determine the expected future reinsurance cashflows. The events not in data ("ENID") uplift, see below, is applied to these amounts to move this estimation to an 'all outcomes' basis.

Allowance for Events Not in Data

The actuarial best estimate future claims are uplifted from a 'reasonably foreseeable' basis to include consideration of all potential outcomes whether observed within historical data or not. This implicitly includes a wider range of events in the future claim estimates and introduces the concept of an ENID allowance in the solvency provisions. This may include latent claims or very extreme high severity/low probability claims but more widely it considers any event not observed within the historical data.

ENID uplift ratios are calculated separately for each line of business claim provisions and premium provisions. The ratios are calculated using the ratio of the mean of the full range of reserve (for claim provisions) and underwriting (for premium provisions) risk outcomes from the Group and Company's internal economic capital model to the mean of a range where outcomes above the 97.5th-99th percentile, and are truncated depending on the historic experience for each business line. The same uplift proportions are applied gross and net of reinsurance. Uplifts are generally greater for premium provisions given the higher perceived uncertainty.

Allowance for Expected Reinsurer Default

An allowance is added for credit default risk on reinsurance recoverables in the economic balance sheet. Recoverables are identified by class based on the gross and net future claims modelling as derived through the IFRS accounting and BMA solvency reserving processes.

Use of simplified method

The following assumptions are made to derive the allowance:

- all counterparties have the same annual probability of default based on external benchmarks;
- a recovery rate of 50% upon default in line with the BSCR calculation;
- default occurring at a future date equal to the modified duration of the recoveries; and
- a constant probability of default in future years.

This adjustment and the assumptions used to derive it are deemed proportionate given the generally low utilisation of outwards third party reinsurance at the mean (as the technical provisions target) and the expected materiality of the result given the generally high credit worthiness of the reinsurance panel.

Allowance for Future Expense Cashflows

An expense provision is included on top of the expected future claims to represent the future expenses required to settle the existing insurance obligations on a going concern basis. A provision is included in both the claims and premium provision.

To calculate the additional expense requirement, the Group allocates projected calendar year costs by entity to the management of legally obligated business at the valuation date through an analysis of future expected claims experience between prior and future accident periods.

Brokerage or other acquisition expenses associated with the existing premium debtors are determined when these amounts are established in the relevant bank accounts; as such these premium debtors are booked net of acquisition costs. No further allowance for acquisition costs on (re)insurance receivables and payables is made in the technical provisions.

Allowance for Future Premium Cashflows

Future premium cashflows in respect of policies accepted or ceded are included in the technical provisions separately by contracts which have incepted and bound contracts yet to incept.

The Group quantifies and monitors the expected future premiums balances across all policies. Amounts which are not yet due at the valuation date are included within the technical provisions. Premiums due at the valuation date are

reported in the (re)insurance debtors/creditors lines. All future (re)insurance payable and receivable balances are assumed to relate to the premium provisions within the EBS balance sheet. Amounts quantified are net of acquisition costs.

Future premium in respect of inwards policies yet to incept is taken from underwriting systems. Acquisition cost estimates on these policies are deducted through the application of the business plan brokerage and commission ratios by line of business. Future ceded reinsurance premium is estimated using the approach discussed in the following section.

Allowance for Future Reinsurance Premium Covering future Exposure on Existing Legal Obligations

Credit is being taken in the technical provisions for recoveries on expected future claims events which have yet to occur. These events may occur a number of years in the future and are potentially covered by reinsurance to be purchased in these future years, notably ceded reinsurance contracts on a losses occurring basis. As a consequence, an allowance is made in the technical provisions for the share of this planned future reinsurance premium which covers the future exposure on the existing obligations.

For reinsurance on a losses occurring basis this is done by applying a losses occurring ceded to gross premium ratio (derived from the Business Plan) to the inwards obligations that are projected to be earned beyond the period covered by the existing RI contracts. These ratios are applied by class of business for each entity. An uplift is also applied to cover M&D premium where the existing RI cover is due to expire within 3 months of the valuation period. An allowance for future risks attaching reinsurance is also made by applying a risks-attaching ceded to gross ratio (derived from the Business Plan) to the bound but not incepted inwards premium.

Allowance for Discounting at Risk-Free Rates

The undiscounted future claim, premium and expense amounts are derived, as described above, by class of business and the Group's material currencies. All non-material currencies are grouped together and discounted using a US dollar risk-free yield curve. Cashflow patterns are applied to these to determine the timing of payments and receipts. The claim and premium cashflow patterns have been parameterised from historical company data and expense cashflow assumptions are described above. Future calendar quarter cashflows are generated for all technical provision elements until all payments/receipts are assumed to have been settled.

The present value of the projected cash flows is determined by discounting each currencies' cashflows using yield curves which are published quarterly on the BMA's website. The unadjusted risk-free yield curves are used.

Risk Margin

The best estimate technical provisions on the EBS basis are supplemented by the risk margin, representing the cost of capital which a third party would incur in taking over and running the existing obligations to expiry. The risk margin is calculated by determining the cost of providing an amount of eligible own funds equal to the BSCR (or equivalent) necessary to support L1CL's and, for Group, other relevant subsidiaries, current insurance obligations over their lifetime. This is derived through assuming the relevant obligations, by entity, are transferred to a 'reference undertaking' at the valuation date who has no existing obligations, does not intend to write further business, and is able to invest assets to minimise its market risk. All associated outwards reinsurance is also assumed to be transferred. No diversification credit is assumed across subsidiaries for the Group risk margin. The rate used to determine the cost of providing the amount of eligible capital is called the Cost-of-Capital rate, and is prescribed in the EBS Regulations.

Use of simplified method

The future BSCR charges for each calendar year will reduce more slowly than the run-off of future claims. For example, an element of operational risk would remain more 'fixed' than the claims run-off would represent, and further, reserve risk is likely to increase proportionally as the technical provisions reduce, as any single claim would increase the overall volatility, and the provisions which take longer to settle are likely to be on more contentious claims. To account for this, the Group assumes the BSCR beyond time $t=0$ are reduced proportional to the square root of the remaining claims reserves since time $t=0$.

This simplification is used as the explicit calculation of every year's BSCR to run-off would hugely increase the complexity required to calculate the technical provisions. As the Group would have minimised its market risk, reserve risk would be the largest driver of the BSCR in runoff. The counterparty default risk is highly correlated with insurance risk; therefore in a run-off situation with no insurance risk, the counterparty default risk would also reduce significantly. The operational risk would also be expected to reduce in run-off, as the business volumes and reserves declined. As the BSCR would be driven by reserving risk, an approach to derive the future BSCR, which is a function of the run-off of the technical provisions, is deemed appropriate. The slower BSCR decay pattern (using the square root of the payment pattern) allows for the increasing volatility of risk as the provisions reduce (e.g. due to a 'fixed' nature of operational risk, and the likelihood for more uncertainty in the reinsurance recoveries on the claims which take longer to settle).

The calculation is then completed by discounting the future BSCRs using the risk-free yield curves provided by the BMA, and applying the cost of capital. The risk margin is the sum of each future year's discounted cost of capital. For reporting purposes, this is then allocated to class in proportion to the net future claims.

Other Cashflows

Cashflows relating to salvage and subrogation, and those relating to tax payments to be charged to policyholders or which are required to settle insurance or reinsurance obligations are judged to be immaterial based on the Group's past history and are therefore excluded from the technical provision calculation.

Level of uncertainty in the valuation of technical provisions

The main driver of uncertainty within the technical provisions is the final outcome of claims both in respect of events which have occurred (whether reported or not), and claims which may arise in future from unexpired exposure. Lancashire's business and underwriting model generally results in claims which are low frequency and high severity in nature, making the available historical loss data volatile and less useful for predicting ultimate losses.

Reinsurance assists in reducing the Group's uncertainty and exposure, particularly for known events where, while the gross outcome may be uncertain, the fact that reinsurance protection is in place, particularly excess of loss coverage, the net impact may be relatively stable and known. At the best estimate (i.e. the mean) level, it is generally expected that profit would be ceded to reinsurers as the reinsurance programme generally provides protection in more extreme (i.e. above the mean) outcomes. Given the nature of the outwards reinsurance programme, this provides protection against low frequency, high severity events where, upon occurrence, the reinsurance generates significant benefits to the Group and the Company.

The EBS adjustments to the IFRS technical provisions introduce a number of areas of uncertainty either due to the uncertainty in the amounts and subjectivity of the approach, or through future volatility which could vary the particular element significantly. The most appropriate approaches have been selected as described in this document.

Uncertainty within the claims provisions

In respect of claim events which have occurred, the lack of stable and reliable historical data makes predictions of ultimate losses, particularly for less well developed accident years, or where there is ongoing dispute or litigation, especially uncertain. There is also a time lag inherent in reporting from the original claimant to the primary insurer, to the broker, and then to the reinsurer. In the case of proportional contracts, reliance is placed on an analysis of a contract's historical experience, industry information, and the professional judgement of underwriters, claims handlers and actuaries in estimating reserves for these contracts. In addition, if available, reliance is placed partially on ultimate loss ratio forecasts as reported by insureds or cedants, which are normally subject to a quarterly or six-month lag.

As a result of the time lag described above, an estimate must be made of the technical provisions. Because of the degree of reliance that is necessarily placed on insureds or ceding companies for claims reporting, the associated time lag, the low frequency/high severity nature of much of the business that the Group writes, and the varying reserving practices among ceding companies, reserve estimates are highly dependent on management judgement and are therefore uncertain. During the loss settlement period, which may be many years in duration, additional facts regarding individual claims and trends will often become known, and current laws and case law may change, with a consequential impact on reserving. The claims count on the types of insurance and reinsurance written, which are low frequency and high severity in nature, is generally low.

For certain catastrophic events, there are greater uncertainties underlying the assumptions and associated estimated reserves for losses and loss adjustment expenses. Complexity resulting from problems such as policy coverage issues, multiple events affecting one geographic area, and the resulting impact on claims adjusting (including the allocation of claims to the specific event, and the effect of demand surge on the cost of building materials and labour) by, and communications from, insureds or ceding companies, can cause delays to the timing with which the Group is notified of changes to loss estimates.

The majority of the technical provision estimate relates to potential claims on non-elemental risks, where timing delays in insured or cedant reporting may mean losses could have occurred which the Group was not made aware of by the balance sheet date.

Uncertainty within the premium provisions

In respect of unexpired exposure, compared to the claims provision, the fact that claim events have yet to occur makes the final outcome on this exposure less certain. Furthermore, under IFRS, profit is generally not recognised on insurance obligations until service is provided and coverage passed compared to the EBS basis where the cashflow and market value approach permits the recognition of expected profit at contract recognition.

Whilst the profit outcome will ultimately be the same over time, the accounting treatment differs between the IFRS balance sheet and the EBS. There is a greater uncertainty in the EBS with regard to unexpired exposures than on the IFRS balance sheet as there is more reliance on assumptions about future claims experience.

Reinsurance recoverables

Reinsurance recoverables consist of amounts due from reinsurers for third party reinsurance. They comprise reinsurers' share of premium and claims provisions, and are calculated explicitly in the process using a similar methodology as the underlying gross claims and premium provisions.

Reinsurance recoveries on gross reported claims are determined when the gross losses are assessed. The recoveries on future unreported claims (on both incepted business, and unreported but legally obliged business) are determined by applying reinsurance/gross claims ratios to the gross claims. The ratios are derived from the Group's business plan using a methodology consistent with that used for determining the gross amounts. An allowance is given for credit default risk on reinsurance recoverables as described above.

Reinsurance recoverables are included in the liability table above, shown net within the best estimate loss and loss expense provisions.

Material changes in calculation assumptions

There have been no material changes in calculation assumptions. The assumptions used in the process do however change from period to period due to internal and external factors such as change in business mix, claims events and perceived profitability of the business underwritten.

Other liabilities and payables

Other liabilities and payables are valued for EBS purposes on the same basis as for IFRS accounting purposes since the carrying value approximates economic value due to their short-term nature.

D3: OTHER MATERIAL INFORMATION

There are no other material valuation assumptions that are not already covered in sections D1 and D2 above.

E. CAPITAL MANAGEMENT

E1: MANAGEMENT OF CAPITAL

The Group actively reviews the level and composition of its capital on an ongoing basis. Decisions on acceptable capital levels are also an integral part of the Group's business planning process, which covers a 3 year time horizon. Internal methods have been developed to review the profitability of classes of business and their estimated capital requirements, and the capital requirements of a combination of a wide range of other risk categories.

The key aim of the Group's capital management process is to maintain a strong EBS, whilst:

- maintaining sufficient capital for underwriting opportunities, and to meet obligations to policyholders;
- maximising the risk-adjusted return to shareholders within predetermined risk tolerances;
- maintaining adequate financial strength ratings; and
- meeting internal, regulatory and rating agency requirements.

The subsidiary operating entities also conduct capital requirement assessments under internal measures and in compliance with local regulatory requirements. All capital actions require approval by the Board of Directors. The retention of earnings generated also leads to an increase in capital at both an individual entity and group level.

There have been no material changes in the approach to capital management over the reporting period.

E2: ELIGIBLE CAPITAL

(i) Eligible capital by tier

As at 31 December	LHL		LICL	
	2025 \$m	2024 \$m	2025 \$m	2024 \$m
Tier 1				
Fully paid common shares	122.0	122.0	1.0	1.0
Contributed surplus	1,240.9	1,221.8	1,303.9	1,303.9
Statutory economic surplus	334.0	397.4	530.2	582.7
Excess encumbered assets transferred to Tier 2	–	–	(36.2)	(6.4)
Total Tier 1 capital	1,696.9	1,741.2	1,798.9	1,881.2
Tier 2				
Eligible Capital ancillary instruments	447.5	447.0	–	–
Excess encumbered assets deducted from Tier 1	–	–	36.2	6.4
Total Tier 2 capital	447.5	447.0	36.2	6.4
Total eligible capital	2,144.4	2,188.2	1,835.1	1,887.6

Tier 1 capital is basic capital which includes fully paid up capital shares and contributed surplus, plus statutory economic surplus and minority interest, subject to certain adjustments. LICL continued to hold excess encumbered assets, that are effectively treated as Tier 2 capital. These excess encumbered assets were predominantly held in LICL's MBRT.

At the AGM held on 30 April 2025, LHL's shareholders approved a renewal of the Company's Repurchase Programme authorising the repurchase of a maximum of 24,401,000 common shares, with such authority to expire on the conclusion of the 2026 AGM of the Company or, if earlier, 15 months from the date the resolution approving the Repurchase Programme was passed.

During the year ended 31 December 2025, no shares were repurchased by the Company under the Repurchase Programme (2024 - nil).

(ii) Eligible capital composition and regulatory minimums

The Act stipulates certain minimum capital requirements needed to meet the Minimum Margin of Solvency ("MSM") and the Enhanced Capital Requirement ("ECR"). The Act requires that Tier 1 capital contributes at least 80% to the MSM and 60% to the ECR. The Group and Company currently meet both these requirements, as Tier 1 capital covers over 100% of both the MSM and the ECR.

(iii) Eligible capital encumbrances

Not applicable.

(iv) Eligible capital ancillary instruments

In 2021, LHL issued \$450.0 million (being the aggregate principal amount) of 5.625% fixed-rate reset junior subordinated notes, repayable on 18 September 2041. The long-term debt was issued in two tranches forming part of the same series of notes, with \$400.0 million issued on 18 March 2021, and \$50.0 million issued on 31 March 2021. The majority of the net proceeds from the long-term issuance were used by the Group to redeem its then existing senior and subordinated

LANCASHIRE HOLDINGS LIMITED AND LANCASHIRE INSURANCE COMPANY LIMITED
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 E. CAPITAL MANAGEMENT

indebtedness, with the balance being used for general corporate purposes. The long-term debt was approved as 'Tier 2 Ancillary Capital' by the BMA.

(v) Identification of differences in shareholder's equity – IFRS accounting versus Available Statutory Capital and Surplus

	LHL		LICL	
	2025 \$m	2024 \$m	2025 \$m	2024 \$m
As at 31 December				
Shareholder's equity – IFRS accounting	1,509.3	1,493.3	1,410.9	1,445.2
Non-admitted assets removed	(259.0)	(201.0)	(3.6)	(2.6)
Long term debt - approved Tier 2 ancillary capital	447.5	447.0	–	–
Valuation adjustments relating to technical provisions	446.6	448.9	390.9	429.5
Cathedral Capital (1998) Limited ¹	n/a	n/a	36.9	15.5
Shareholder's equity – Available Statutory Economic Capital	2,144.4	2,188.2	1,835.1	1,887.6

1. As noted in Section D1, LICL applies a full "look through" approach to the 85% inter-company quota share arrangement with CCL 1998 for BSCR EBS reporting purposes.

E3: REGULATORY CAPITAL REQUIREMENTS

Amount of MSM and ECR at the end of the reporting period:

LHL	2025 \$m	2025 % ¹	2024 \$m	2024 % ¹
Minimum Margin of Solvency	563.5	381 %	545.2	401 %
Enhanced Capital Requirement	845.7	254 %	807.3	271 %

LICL	2025 \$m	2025 % ¹	2024 \$m	2024 % ¹
Minimum Margin of Solvency	542.1	339 %	525.6	359 %
Enhanced Capital Requirement	750.7	244 %	722.4	261 %

1. Coverage ratio of Available Statutory Economic Capital and Surplus.

In the year ended 31 December 2024, the BMA introduced changes to enhance the BSCR Catastrophe Risk module through the introduction of a man-made catastrophe risk sub-module, covering terrorism, credit and surety, marine and aviation. The charges for the new catastrophe scenarios will be phased in over a transitional period of three years. Both LHL and LICL have held capital in excess of their regulatory requirements throughout 2025 and 2024.

E4: INTERNAL CAPITAL MODEL

Not applicable – the Group and Company have not applied to have its internal capital model approved to determine its regulatory capital requirements.

F. SUBSEQUENT EVENTS

F1: DESCRIPTION OF EVENTS

Dividend

On 4 March 2026, Lancashire's Board of Directors declared a final ordinary dividend of \$0.15 (approximately £0.12) per common share, subject to a shareholder vote of approval at the AGM to be held on 29 April 2026, which will result in an aggregate payment of approximately \$36.0 million. The dividend will be paid in pounds sterling on 12 June 2026 (the "Dividend Payment Date") to shareholders of record on 15 May 2026 (the "Record Date") using the £ / \$ spot market exchange rate at 12 noon London time on the Record Date.

Lancashire's Board of Directors has declared a special dividend of \$0.50 per common share (approximately £0.37 per common share at the current exchange rate), which will result in an aggregate payment of approximately \$121.0 million. The dividend will be paid in pounds sterling on 17 April 2026 (the "Dividend Payment Date") to shareholders of record on 20 March 2026 (the "Record Date") using the £ / \$ spot market exchange rate at 12 noon London time on the Record Date.

Other

On 30 December 2025, LICL advanced \$70.0 million toward a new private investment fund, with the subscription becoming effective on 1 January 2026.

On 2 March 2026, LICL's Board of Directors approved a distribution from contributed surplus of \$330.0 million to its parent LHL.

APPENDIX 1: GLOSSARY

ABIR

Association of Bermuda Insurers and Reinsurers

THE ACT

The Insurance Act 1978 and related regulations

AFS

Available for sale

AGGREGATE

Accumulations of insurance loss exposures which result from underwriting multiple risks that are exposed to common causes of loss

AGM

Annual General Meeting

AIR

AIR Worldwide

A.M. BEST COMPANY (A.M. BEST)

A.M. Best is a full-service credit rating organisation dedicated to serving the financial services industry, focusing on the insurance sector

BOARD OF DIRECTORS

Unless otherwise stated refers to the Group's Board of Directors

BMA

Bermuda Monetary Authority

BSCR

Bermuda Solvency Capital Requirement

BSX

Bermuda Stock Exchange

CCL 1998

Cathedral Capital (1998) Limited

CCWG

Climate Change Working Group

CEDED

To transfer insurance risk from a direct insurer to a reinsurer and/or from a reinsurer to a retrocessionaire

CEO

Chief Executive Officer

CFO

Chief Financial Officer

CHANGE IN DBVS

The IRR of the change in DBVS in the period, plus accrued dividends

CISSA

Commercial Insurer Solvency Self-Assessment

CIT

Corporate Income Tax

THE COMPANY

Lancashire Insurance Company Limited

CRO

Chief Risk Officer

COO

Chief Operating Officer

DILUTED BOOK VALUE PER SHARE (DBVS)

Calculated based on the value of the total shareholders' equity attributable to the Group and dilutive restricted stock units as calculated under the treasury method, divided by the sum of all shares and dilutive restricted stock units, assuming all are exercised

DURATION

Duration is the weighted average maturity of a security's cash flows, where the present values of the cash flows serve as the weights. The effect of the convexity, or sensitivity, of the portfolio's response to changes in interest rates is also factored in to the calculation

EBS

Economic balance sheet

ECR

Enhanced Capital Requirement

ENID

Events Not In Data

ERM

Enterprise Risk Management

ESG

Environmental, Social and Governance

EXCESS OF LOSS

Reinsurance or insurance that indemnifies the reinsured or insured against all, or a specified portion of, losses on an underlying insurance policy in excess of a specified amount

FACULTATIVE REINSURANCE

A reinsurance risk that is placed by means of a separately negotiated contract, as opposed to one that is ceded under a reinsurance treaty

FAL

Funds at Lloyd's

FCA

Financial Conduct Authority

FRC

Financial Reporting Council

FVTPL

Fair value through profit or loss

THE GROUP, LANCASHIRE, OR THE LANCASHIRE GROUP

LHL and its subsidiaries

GSSA

Group Solvency Self-Assessment

INDUSTRY LOSS WARRANTY (ILW)

A type of reinsurance or derivative contract through which one party will purchase protection based on the total loss arising from an event to the entire insurance industry rather than their own losses

IFoA

Institute and Faculty of Actuaries

IFRS

International Financial Reporting Standard(s)

IRR

Internal rate of return

IRRC

Investment Risk and Return Committee

KHL

Kinesis Holdings Limited

KRI

Key risk indicator

KRL

Kinesis Reinsurance Limited

LCM

Lancashire Capital Management Limited

LHL (THE GROUP)

Lancashire Holdings Limited

LICL (THE COMPANY)

Lancashire Insurance Company Limited

LOC

Letter of credit

LOSSES

Demand by an insured for indemnity under an insurance contract

LSE

London Stock Exchange

LSL

Lancashire Syndicates Limited

LUK

Lancashire Insurance Company (UK) Limited

MBRT

Multi-beneficiary reinsurance trust

MSCRIM

A provider of tools and services for the global investment community

MSM

Minimum margin of solvency

ORSA

Own Risk and Solvency Assessment

PML

Probable maximum loss. The Group's exposure to certain peak zone elemental losses

PRO-RATA/PROPORTIONAL

Reinsurance or insurance where the reinsurer or insurer shares a proportional part of the original premiums and losses of the reinsured or insured

QST

Quota Share Treaty

RCC

Risk and Compliance Committee

RDS

Realistic Disaster Scenarios

RENEWAL PRICE INDEX (RPI)

The 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 RPI does not include new business, to offer a consistent basis for analysis. The calculation involves a degree of judgement in relation to comparability of contracts and assessment noted above. To enhance the RPI methodology assumptions underlying the RPI, so that 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. The future profitability of the portfolio within the RPI is dependent upon many factors besides the trends in premium rates. RPIs are expressed as an approximate percentage of pricing achieved on similar contracts written in the corresponding year

RETROCESSION

The insurance of a reinsurance account

RRC

Risk and Return Committee

RSC

Reinsurance Security Committee

RSS

Restricted share scheme

SYNDICATE 2010

Lloyd's Syndicate 2010 managed by CUL. The Group provides capital to support 69.2% of the stamp capacity for the 2023 underwriting year

SYNDICATE 3010

Lloyd's Syndicate 3010 managed by CUL. The Group provides capital to support 100.0% of the stamp capacity for all underwriting years

TCFD

Task Force on Climate-related Financial Disclosures

VAR

Value At Risk

APPENDIX 2: KEY PERSON BIOGRAPHIES

Philip Broadley – LHL Non-Executive Director and Non-Executive Chair

Philip was appointed as a Non-Executive Director to the Board on 8 November 2023. He assumed the role of Chair on 1 May 2024. Philip was Group Finance Director of Prudential plc from 2000 until 2008 and subsequently held the same position at Old Mutual plc from 2008 until 2014. He has served as Chairman of 100 Group of Finance Directors and as a member of the Code Committee of The Takeover Panel. He was a director of Legal & General Group plc from 2016 until 2025, chairing the Audit Committee for six years and serving for a time as Senior Independent Director. Prior to his board roles, Philip began his career at Arthur Andersen in 1983, becoming a partner in 1993, where he specialised in auditing banks and insurance companies. He is a Fellow of the Institute of Chartered Accountants in England and Wales. Philip graduated in Philosophy, Politics and Economics from St. Edmund Hall, Oxford, where he is now a St. Edmund Fellow. He holds an MSc in Behavioural Science from the London School of Economics.

External appointments/Other roles: Philip is Senior Independent Director and Audit Committee Chair at AstraZeneca PLC.

Sally Williams – LHL Non-Executive Director

Sally is an experienced Audit Committee chair with extensive risk, compliance and governance experience, having held senior positions with Marsh, National Australia Bank and Aviva. Sally is a chartered accountant and spent the first 15 years of her career with PwC, where she held senior roles in their financial services risk management and audit practices. She also undertook a two-year secondment from PwC to the Bank of England. Sally was a Non-Executive Director and Chair of the Audit Committee at Family Assurance Friendly Society Limited (OneFamily) from 2019 to 2025. Sally is also a Director of Lancashire Insurance Company (UK) Limited where she chairs the Audit Committee and is Senior Independent Director.

External appointments/Other roles: Sally is a Non-Executive Director of Close Brothers Group plc and Close Brothers Limited, where she is a member of the Audit and Risk Committees. Sally is also a Non-Executive Director of National Farmers Union Mutual Insurance Society Limited, where she is a member of the Audit Committee. Sally is a Trustee of the charity Ovarian Cancer Action, where she chairs the Audit and Risk Committee.

Jack Gressier – LHL Non-Executive Director

Jack has over 30 years' experience in the insurance industry, including as Chief Operating Officer of Axis Capital Holdings Ltd. and the Chief Executive Officer of its Insurance segment. He served as an underwriter at Charman Underwriting Agencies from 1989 until 1998, when acquired by ACE Limited. At ACE, he served in a number of senior roles including as a member of the Global Markets Executive Underwriting Committee and was appointed Joint Active Underwriter of Syndicate 2488 and Director of the ACE Agency Board, where he served until joining AXIS in 2002.

External appointments/Other roles: Currently serving as Chief Executive Officer of strategic intelligence firm, Herminius Holdings Ltd, Jack previously served as the Non-Executive Chairman of Herminius from 2016 until 2025. Other previous Non-Executive appointments include Chair of Syndicate Holdings Corp, the holding company for the Lloyd's managing agency, Vibe Syndicate Management. In addition, Jack served as Non-Executive Chair of Limehouse Agencies Limited.

Bryan Joseph – LHL Non-Executive Director

Bryan is a Fellow of the Institute and Faculty of Actuaries with over 40 years of experience in the insurance and reinsurance industry. Having started his career as a trainee actuary at Legal & General, Bryan held a number of senior roles in the industry including partner and global chief actuary for PwC. Bryan left PwC in 2015 and founded Vario Partners LLP, an ILS consultancy specialising in transforming underwriting risk into capital markets. In 2016, Bryan joined XL Catlin (now AXA XL) as an independent Non-Executive Director serving in a variety of Non-Executive Director and Committee Chair roles within the AXA XL group including as Chair of the UK Company and Syndicate Audit Committees, and as Chair of XL Insurance Company SE, the group's European and Asia Pacific focused entity, overseeing its move to the Republic of Ireland and merger with AXA. Bryan stepped down from all AXA XL Directorships in 2023 to take on his role with Lancashire.

External appointments/Other roles: Bryan remains a partner on Vario Partners LLP and a director of Vario Global Capital Limited, the Vario operating company. Bryan was appointed as a Non-Executive Director for Sabre Insurance Group plc in June 2023 and as the company's Senior Independent Director in May 2024. Bryan was appointed to the Board of CFC in July 2024, where he chairs the Risk Committee.

Irene McDermott Brown – LHL Non-Executive Director

Irene most recently held the position of Chief Human Resources Officer at M&G plc, a FTSE 100 international savings and investments firm, retiring from that role on 31 December 2021. Her executive career has included international Human Resources roles at Barclays, BP, and Cable and Wireless. Irene's UK experience includes over 12 years at Mercury Communications, Digital Equipment Company

and the Electricity Supply Industry. She has an MSc from the London School of Economics in Industrial Relations and is a Fellow of the Chartered Institute of Personnel and Development.

External appointments/Other roles: Irene was appointed as a Non-Executive Director for IntegraFin Holdings plc effective 1 January 2025 and is Chair of the IntegraFin Remuneration Committee.

Irene is Lancashire's Senior Independent Director.

Nathalie Rachou – LHL Non-Executive Director

Nathalie has strong asset management and capital markets experience, with commercial and financial expertise across several sectors including as a senior manager and entrepreneur. She has previously served as a Non-Executive Director of UBS Group AG in Switzerland (2020 to 2025) where she served on the Risk Committee, the Audit Committee and the Governance and Nominations committee, Veolia Environnement (2012 to 2024) where she also served as Audit Committee Chair, Laird Group plc (2015 to 2018), Altran SA (2012 to 2020) where she also served as Audit Committee Chair, and Société Générale (2008 to 2020) where she also served as the Risk Committee Chair. Nathalie worked at Banque Indosuez and Crédit Agricole Indosuez from 1978 until 1999, in a series of roles based in London and Paris, where she gained experience in capital markets. She was Company Secretary, from 1991 to 1996, and, from 1996 to 1999, served as Global head of foreign exchange and foreign exchange options, based in the UK. In 1999, she founded Topiary Finance Ltd, an asset management company based in London, of which she remained the CEO until its merger with Rouvier Associés in 2015. At Rouvier Associés-Clartan Nathalie was a senior advisor until 2020. She has a Masters in Management at Ecole des Hautes Etudes Commerciales (HEC) and completed an executive programme at INSEAD.

External appointments/Other roles: Since 2019, Nathalie has served as a member of the supervisory board of Euronext NV, where she chairs the Audit Committee after serving as Remuneration Committee Chair, and is a member of the Nomination and Governance Committee and the Risk Committee. Since 2023 she has served on the board of Fondation Leopold Bellan, a French NGO.

Linda Ventresca – LHL Non-Executive Director

Linda is an experienced senior leader in the insurance industry, having served in a number of leadership roles at AXIS Capital including Head of Digital, Chief Strategy Officer, Chief Transformation Officer and Head of Corporate Development and Investor Relations. She also served as a Director of AXIS Reinsurance Company in the U.S. Linda joined AXIS Capital from MMC Capital (predecessor firm to Stone Point Capital) where she was a private equity investment associate integrally involved in the formation of AXIS Capital. Linda commenced her career as an analyst in the financial institutions investment banking operations of UBS Securities, LLC and Donaldson, Lufkin & Jenrette. She has served as a Director on a number of boards and in an advisory capacity, with a focus in the insurance sector. Linda holds an M.B.A. from Columbia Business School, as well as a B.S.E. in bioengineering from the University of Pennsylvania.

External appointments/Other roles: Linda is a member of the board of Ambac Assurance Corporation, an insurance company that manages portfolios of financial guarantees and other complex liabilities, and Vivere Partners, a US specialty insurance managing agency platform. She is also a Trustee of the Village Community School in New York.

Bob Cox – LHL Non-Executive Director and LICL Non-Executive Chair (appointed 2 March 2026)

Bob is an experienced insurance underwriter and senior manager with experience of US and international insurance markets. He was appointed by resolution of the LHL Board on 5 November 2024 and became a Non-Executive Director of LHL with effect from 1 January 2025. Bob joined Markel in 2018 as the President and Chief Operating Officer, Insurance Operations and stepped down from that role in December 2023. During his tenure, he oversaw Markel's global insurance operations, including its specialty and international divisions and served on several subsidiary boards across the Markel group. He played a key strategic and operational role during a period of significant growth and profitability. Prior to joining Markel, during a long career at Chubb, Bob served in a number of leadership positions within Chubb Specialty Insurance including roles as Chief Underwriting Officer and later as the Chief Operating Officer. Bob was first employed by the Chubb group in 1981, as an underwriter in Chubb's Department of Financial Institutions. He specialised in underwriting Directors and Officers (D&O) and Errors and Omissions (E&O) insurance, while also gaining knowledge of other lines of insurance for financial institution clients in US and international risk.

External appointments/Other roles: Bob also serves as a Director on the board of American Bankers Mutual Insurance Company Limited, based in Bermuda.

Beverley Todd – LICL Non-Executive Chair (resigned 2 March 2026)

Beverley Todd was appointed to the LICL Board in February 2016. Beverley has extensive experience of international insurance and reinsurance, specifically with JLT Insurance Management where she has held senior roles in Bermuda and Florida. In particular, she has a detailed knowledge of Bermuda's insurance regulatory framework which will be invaluable in her role as Chair of the LICL Board of Directors. Beverley was educated in England and received her Bachelors of Arts in Business Administration (Honours) from South Bank University in London; Beverley is a member of

the Chartered Institute of Management Accountants of England and Wales and brings with her significant insurance accounting expertise; she additionally holds the Associate in Risk Management (ARM) and the CPCU designations, as well as the Institute of Directors Certificate in Company Direction.

Alex Maloney – LHL Chief Executive Officer

Alex joined Lancashire in December 2005 and was appointed Group Chief Executive Officer in April 2014. On joining, he was responsible for establishing and building the energy underwriting team and account, and in May 2009, Alex was appointed Group Chief Underwriting Officer. Since November 2010, Alex has served as a member of the Board and was appointed Chief Executive Officer of Lancashire Insurance Company (UK) Limited in 2012. He has over 30 years' underwriting experience and has also worked in the New York and Bermuda markets.

Natalie Kershaw – Group Chief Financial Officer

Natalie joined Lancashire in December 2009 as the Group Financial Controller and has also held the positions of Chief Financial Officer of Lancashire Insurance Company Limited and Group Chief Accounting Officer. She has over 20 years' experience of the insurance/reinsurance sector with previous roles at Swiss Re, ALAS (Bermuda) Ltd and PwC. Natalie graduated from Jesus College, Oxford University in 1996 with a first class degree in Geography and is a Fellow of the Institute of Chartered Accountants in England and Wales. She was appointed to the Board of Lancashire Holdings Limited as an Executive Director on 1 March 2020.

Paul Gregory – Group Chief Underwriting Officer

Paul has led the underwriting operations of the Lancashire Group since May 2014 as Group Chief Underwriting Officer. He joined Lancashire in 2007 as part of the team responsible for underwriting the energy portfolio. In January 2009, he was appointed Chief Underwriting Officer of Lancashire Insurance Company (UK) Ltd and was responsible for all business underwritten from the platform. Paul also served as Chief Executive Officer of Lancashire Insurance Company (UK) Ltd between 2014 and 2019. Paul has been a member of the Lancashire Holdings Board's Underwriting and Underwriting Risk Committee since 2010 and has served as Chief Executive Officer of Lancashire Capital Management (LCM) since 2021. Prior to working at Lancashire, Paul was an energy underwriter at AIG and he started his career at Marsh as an Account Executive in the Energy team as part of the Marsh graduate scheme.

Jennifer Wilson – LICL Chief Executive Officer (appointed 1 April 2026)

Jennifer Wilson joined Lancashire in April 2010 and effective April 1, 2026 will be the LICL Chief Executive Officer, in addition to retaining her role as the Group Planning & Analysis Director. She has held various other roles at Lancashire including LICL Chief Financial Officer. Jennifer previously worked as a consultant and spent much of her time from 2007 onwards providing consulting services to Lancashire. Jennifer graduated from the University of Alberta with a Bachelor of Commerce and gained her Chartered Accountancy qualification from the Institute of Chartered Accountants of Alberta. In 2018 she obtained a Certificate and Diploma in Company Direction from the Institute of Directors.

Hayley Johnston – LICL Chief Executive Officer (resigned 1 April 2026)

Hayley Johnston joined Lancashire in September 2007 as a member of the underwriting team. In May 2014 Hayley was appointed Chief Underwriting Officer for Lancashire Insurance Company (UK) Limited, in addition to her Outwards Reinsurance Manager role. Previously she was responsible for the underwriting of the Marine and Aviation accounts and from May 2011 acted as the Deputy Chief Underwriting Officer for Lancashire Insurance Company (UK) Limited. Hayley previously worked for Axis Specialty Europe where she was the Underwriting Manager and Outwards Reinsurance Manager for their European headquarters based in Dublin, Ireland. Hayley became CEO of Lancashire Insurance Company Limited in 2020.

James Flude – Chief Executive Officer: Lancashire Insurance (US)

James Flude joined Lancashire in January 2014 as Head of Energy and Marine underwriting having worked at the Watkins Syndicate for over 14 years, most recently as Energy Underwriter and Account Manager. Whilst at Watkins he spent 5 years working as the Energy Underwriter in Singapore as part of the Lloyd's Asia platform where he had responsibility for the upstream energy portfolio in Asia. James served as Chief Underwriting Officer Lancashire Insurance Company (UK) Limited from 2020 to 2024, and was appointed Group Chief Underwriting Officer: Insurance in 2022. He was appointed Chief Executive Officer, Lancashire Insurance US in 2025.

John Cadman – Group General Counsel and Chief Executive Officer, Lancashire Insurance Company (UK) Limited

John Cadman joined Lancashire in March 2013. He is responsible for all legal issues affecting the group and is Chief Executive Officer of Lancashire Insurance Company (UK) Limited. Prior to joining Lancashire, John was a partner in the corporate department of CMS Cameron McKenna LLP, a City law firm, and between 1998 and 2007 was a partner at Barlow Lyde & Gilbert. John is an English qualified lawyer and qualified as a solicitor in 1990. John is an experienced corporate and transactional lawyer and advised numerous insurance and reinsurance entities on legal issues during his time in private practice.

Samantha Churchill – Group Chief Operating Officer

Sam Churchill was appointed as Group Chief Operating Officer in July 2023 having joined Lancashire in January 2019 as the Group Head of Internal Audit. Sam's role as Group COO covers: Underwriting Operations functions; the CIO functions (which include IT, Information Security, Vendor Management and Enterprise Architecture); Office Administration and Facilities; and the Change function. Sam has worked in the insurance industry for the last 18 years, including roles at Brit Insurance and Tokio Marine Kiln, and she qualified as a Chartered Accountant with PwC.

Rachel Sabbarton – Chief Executive Officer for Lancashire Syndicates Limited and Group Head of Marine, Energy and Specialty Insurance

Rachel Sabbarton joined Lancashire in October 2023 as Group Head of Specialty Insurance. Rachel spent 5 years at Canopus where she was Global Head of Short Tail business and formerly Global Head of Energy. Prior to this she was with Beazley for 7 years as Deputy Head of Energy and Chaucer for 5 years at the beginning of her career. She has a law degree from Cambridge University and is an Associate of the Chartered Insurance Institute. Rachel is an experienced leader of energy business and is Deputy Chair of the Joint Natural Resources Committee. As of October 30th 2024, she has assumed the role of Chief Underwriting Officer, Lancashire UK.

Louise Wells – Group Chief Risk Officer

Louise Wells has been with Lancashire since September 2011 and is responsible for the Group's Enterprise Risk Management function, having previously held the role of Head of Internal Audit. Prior to joining Lancashire, Louise spent almost 6 years at Lloyd's of London acting as Deputy Head of Internal Audit, Senior Risk Executive and Chief Risk Officer of Centrewrite. Louise has 20 years audit and risk experience within the insurance market having worked in London, Sydney and Bermuda.

Nick Thompson – Chief Underwriting Officer, Lancashire Insurance Company Limited

Nick Thompson joined Lancashire in 2020 as Group Head of Non-Marine Reinsurance Strategy. Previously, Nick worked as a broker for 12 years, at Aon Benfield and more recently Willis Re, specialising in Property Reinsurance and Retrocession. Nick moved to Bermuda and became LICL Chief Underwriting Officer in April 2023.

Otto Hayes – LICL Chief Financial Officer

Otto Hayes joined Lancashire in June 2015 and has over 16 years' experience in the (re)insurance industry. In April 2024 Otto was appointed LICL Chief Financial Officer. Prior to this appointment, Otto held the position Head of Financial Reporting for the Lancashire Group and LICL Deputy Chief Financial Officer from March 2023. Prior to joining Lancashire in 2015, Otto worked as a consultant for two years, as well as at PwC Bermuda for a period of five years. Otto gained his Chartered Accountancy qualification from the South African Institute of Chartered Accountants in 2008.

Benjamin Readdy – Group Chief Actuary and Chief Actuary, Lancashire Insurance Company Limited (appointed to this role 26 March 2026)

Ben Readdy joined Lancashire in June 2010. Ben's role includes leading the capital modelling and reserving processes for the Lancashire Group and he is also involved in Group's ERM strategy and approach, and responsible for rating agency capital models & relationships. Prior to joining Lancashire, Ben was a Senior Manager in the PwC's actuarial consulting practice in Bermuda, and before moving to Bermuda worked for PwC's actuarial practice in London. Prior to joining PwC in 2005, Ben spent five years at Lloyd's of London as a manager within the Franchise Performance Directorate. Ben is a Fellow of the Institute of Actuaries (FIA) and holds a BSc (Hons) degree in Mathematics from the University of Warwick.

Christopher Rhodes – Chief Actuary, Lancashire Insurance Company Limited (resigned from this role 26 March 2026)

Christopher Rhodes joined Lancashire as an actuary in August 2018. In January 2023 Chris was appointed Chief Actuary for Lancashire Insurance Company Limited. In his current role, and previous role as Head of Actuarial, Chris has been responsible for the pricing, reserving and capital for Lancashire Insurance Company Limited. Chris previously worked in the London market across a variety of roles, he started his career with PwC in 2012 and qualified as a Fellow of the Institute and Faculty of Actuaries in 2015.

Christopher Head – Group Company Secretary and Head of Corporate Affairs

Christopher Head is a qualified solicitor and joined Lancashire in September 2010. He was appointed Company Secretary of LHL in 2012 and advises on issues of corporate governance and generally on legal affairs for the Group. He also advises on the structuring of Lancashire's third-party capital underwriting initiatives, which have included the Accordion and Kinesis facilities. Prior to joining Lancashire, he was in-house Counsel with the Imagine Insurance Group, advising specifically on the structuring of reinsurance transactions. He transferred to Max at Lloyd's in 2008 as Lloyd's and London Counsel. Between 1998 and 2006, Chris was Legal Counsel at KWELM Management Services Limited, where he managed an intensive programme of reinsurance arbitration and litigation for insolvent members of the HS

Weavers underwriting pool. Chris worked until 1998 at Barlow Lyde & Gilbert in the Reinsurance and International Risk Team. Chris has a History MA and legal qualification from Cambridge University.

Steve Yeo – Group Head of Claims

Steve Yeo joined Lancashire in February 2008 and is responsible for providing Operational & Technical leadership and control of all Group claim activity as well as participating in the calculation and development of IBNR. Steve has extensive experience in the insurance industry having previously worked within the AIG Property & Energy Major Loss Team in London where he specialised in handling large, complex CAR and Operational losses across a wide range of offshore and onshore energy and commercial property risks.

Brad Cass – Group Head of Compliance

Brad joined Lancashire in April 2019 and was Lancashire Syndicates Limited's Chief Compliance Officer prior to his move to the Group Head of Compliance in June 2025. He has over 25 years second line experience. He was previously Chief Compliance Officer at Canopus for 13 years where his duties included leading the Compliance, Delegated Underwriting Management and Data Protection functions. He holds a LLB (Hons) Law degree and MSc Financial Regulation and Compliance Management.

Aurelie Heurlin – Group Head of Internal Audit

Aurelie was appointed as Group Head of Internal Audit in May 2023. Aurelie is an experienced audit professional with 25 years' experience in the Financial Services industry in the UK, France and Continental Europe. Prior to joining Lancashire, Aurelie worked at Ernst & Young, Aviva and the London Clearing House Group.

Denise O'Donoghue – Group Chief Investment Officer

Denise O'Donoghue joined Lancashire in June 2007 and is responsible for all aspects of the investment portfolio and treasury functions for the group. Denise is also a member of the Investment Committee. Prior to joining Lancashire, Denise was at Oil Insurance Limited managing the investment portfolio and heavily involved in capital market transactions. Prior to this, Denise was at Zurich Investment Services, and obtained her CFA designation while working there.

Dany Bernier – LICL Chief Investment Officer and Group Deputy Chief Investment Officer

Dany joined Lancashire in September 2023 as Deputy Group Chief Investment Officer and LICL Chief Investment Officer, overseeing all aspects of the Group's investment portfolio and treasury functions. He is also a member of the Investment Risk and Return Committee. Prior to Lancashire, Dany spent six years at Maiden Re as Vice President of Investments & Treasury and previously served as Senior Manager on the Portfolio Monitoring team at Fidelity International. He holds an MSc in Finance and a BBA in Finance and Economics, and is a CFA Charterholder and an FRM holder.

Shari Gilbert – Group Assistant Company Secretary, Money Laundering Reporting Officer and LICL Compliance Officer (from 2 September 2025)

Shari joined Lancashire in September 2025 and is responsible for the Group's Bermuda compliance function. Prior to joining Lancashire, Shari worked at Martello Re, AXA XL and StarStone where she held senior compliance and data privacy roles. She is a qualified compliance professional with experience working in the London and Bermudian (re) insurance markets. Shari holds an MSc in Insurance and Risk Management from Bayes Business School, a BSc Hons in Financial Computing and an ACII designation.

Nicholas Nebard – Group Assistant Company Secretary, Money Laundering Reporting Officer and Head of LICL Compliance (until 2 September 2025)

Nick joined Lancashire in February 2017 and was responsible for the Group's Bermuda compliance function prior to his move to the Lancashire's US business in October 2025. He has over 20 years of experience in the UK and Bermuda insurance markets. He spent the previous 8 years at XL Catlin where duties included the implementation and maintenance of the group's ERM framework at the local level across the Americas & Bermuda region, and overseeing regulatory and operational compliance issues for XL Catlin's Bermuda operations. Prior to joining XL Catlin, Nick spent 8 years at the UK's Financial Services Authority in both supervisory and technical specialist roles within the insurance sector. He is ACII qualified, a certified fellow of the Institute of Risk Management and holds a BA (Hons) degree in Planning and Local Economic Development from Coventry University.