Analyst briefing
15th Jan 2019

Underwriting comes first

Effectively balance risk and return

Operate nimbly through the cycle

NOTE REGARDING FORWARD-LOOKING STATEMENTS:

CERTAIN STATEMENTS AND INDICATIVE PROJECTIONS (WHICH MAY INCLUDE MODELED LOSS SCENARIOS) MADE IN THIS BRIEFING PAPER OR OTHERWISE THAT ARE NOT BASED ON CURRENT OR HISTORICAL FACTS ARE FORWARD-LOOKING IN NATURE INCLUDING, WITHOUT LIMITATION, STATEMENTS CONTAINING THE WORDS "BELIEVES", "ANTICIPATES", "PLANS", "PROJECTS", "FORECASTS", "GUIDANCE", "INTENDS", "EXPECTS", "ESTIMATES", "PREDICTS", "MAY", "CAN", "LIKELY", "WILL", "SEEKS", "SHOULD", OR, IN EACH CASE, THEIR NEGATIVE OR COMPARABLE TERMINOLOGY. ALL SUCH STATEMENTS OTHER THAN STATEMENTS OF HISTORICAL FACTS INCLUDING, WITHOUT LIMITATION, THE GROUP'S FINANCIAL POSITION, LIQUIDITY, RESULTS OF OPERATIONS, PROSPECTS, GROWTH, CAPITAL MANAGEMENT PLANS AND EFFICIENCIES, ABILITY TO CREATE VALUE, DIVIDEND POLICY, OPERATIONAL FLEXIBILITY, COMPOSITION OF MANAGEMENT, BUSINESS STRATEGY, PLANS AND OBJECTIVES OF MANAGEMENT FOR FUTURE OPERATIONS (INCLUDING DEVELOPMENT PLANS AND OBJECTIVES RELATING TO THE GROUP'S INSURANCE BUSINESS) ARE FORWARD-LOOKING STATEMENTS. SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER IMPORTANT FACTORS THAT COULD CAUSE THE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS OF THE GROUP TO BE MATERIALLY DIFFERENT FROM FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS.

THESE FACTORS INCLUDE, BUT ARE NOT LIMITED TO: THE ACTUAL DEVELOPMENT OF LOSSES AND EXPENSES IMPACTING ESTIMATES FOR HURRICANE FLORENCE, THE TYPHOONS AND MARINE LOSSES THAT OCCURRED IN THE THIRD QUARTER OF 2018, HURRICANE MICHAEL WHICH OCCURRED IN THE FOURTH QUARTER OF 2018, HURRICANES HARVEY, IRMA AND MARIA AND THE EARTHQUAKES IN MEXICO THAT OCCURRED IN THE THIRD QUARTER OF 2017 AND THE WILDFIRES WHICH IMPACTED PARTS OF CALIFORNIA DURING THE FOURTH QUARTERS OF 2017 and 2018; THE IMPACT OF COMPLEX AND UNIQUE CAUSATION AND COVERAGE ISSUES ASSOCIATED WITH ATTRIBUTION OF LOSSES TO WIND OR FLOOD DAMAGE OR OTHER PERILS SUCH AS FIRE OR BUSINESS INTERRUPTION RELATING TO SUCH EVENTS; POTENTIAL UNCERTAINTIES RELATING TO REINSURANCE RECOVERIES, REINSTATEMENT PREMIUMS AND OTHER FACTORS INHERENT IN LOSS ESTIMATION; THE GROUP'S ABILITY TO INTEGRATE ITS BUSINESSES AND PERSONNEL; THE SUCCESSFUL RETENTION AND MOTIVATION OF THE GROUP'S KEY MANAGEMENT; THE INCREASED REGULATORY BURDEN FACING THE GROUP; THE NUMBER AND TYPE OF INSURANCE AND REINSURANCE CONTRACTS THAT THE GROUP WRITES OR MAY WRITE; THE GROUP'S ABILITY TO IMPLEMENT SUCCESSFULLY ITS BUSINESS STRATEGY DURING 'SOFT' AS WELL AS 'HARD' MARKETS; THE PREMIUM RATES WHICH MAY BE AVAILABLE AT THE TIME OF SUCH RENEWALS WITHIN THE GROUP'S TARGETED BUSINESS LINES; THE POSSIBLE LOW FREQUENCY OF LARGE EVENTS; POTENTIALLY UNUSUAL LOSS FREQUENCY; THE IMPACT THAT THE GROUP'S FUTURE OPERATING RESULTS, CAPITAL POSITION AND RATING AGENCY AND OTHER CONSIDERATIONS MAY HAVE ON THE EXECUTION OF ANY CAPITAL MANAGEMENT INITIATIVES OR DIVIDENDS; THE POSSIBILITY OF GREATER FREQUENCY OR SEVERITY OF CLAIMS AND LOSS ACTIVITY THAN THE GROUP'S UNDERWRITING, RESERVING OR INVESTMENT PRACTICES HAVE ANTICIPATED; THE RELIABILITY OF, AND CHANGES IN ASSUMPTIONS TO, CATASTROPHE PRICING, ACCUMULATION AND ESTIMATED LOSS MODELS; INCREASED COMPETITION FROM EXISTING ALTERNATIVE CAPITAL PROVIDERS, INSURANCE LINKED FUNDS AND COLLATERALISED SPECIAL PURPOSE INSURERS AND THE RELATED DEMAND AND SUPPLY DYNAMICS AS CONTRACTS COME UP FOR RENEWAL; THE EFFECTIVENESS OF THE GROUP'S LOSS LIMITATION METHODS; THE POTENTIAL LOSS OF KEY PERSONNEL; A DECLINE IN THE GROUP'S OPERATING SUBSIDIARIES' RATING WITH A.M. BEST, S&P GLOBAL RATINGS, MOODY'S OR OTHER RATING AGENCIES; INCREASED COMPETITION ON THE BASIS OF PRICING, CAPACITY, COVERAGE TERMS OR OTHER FACTORS; CYCLICAL DOWNTURNS OF THE INDUSTRY; THE IMPACT OF A DETERIORATING CREDIT ENVIRONMENT FOR ISSUERS OF FIXED MATURITY INVESTMENTS; THE IMPACT OF SWINGS IN MARKET INTEREST RATES, CURRENCY EXCHANGE RATES AND SECURITIES PRICES; CHANGES BY CENTRAL BANKS REGARDING THE LEVEL OF INTEREST RATES; THE IMPACT OF INFLATION OR DEFLATION IN RELEVANT ECONOMIES IN WHICH THE GROUP OPERATES; THE EFFECT, TIMING AND OTHER UNCERTAINTIES SURROUNDING FUTURE BUSINESS COMBINATIONS WITHIN THE INSURANCE AND REINSURANCE INDUSTRIES; THE IMPACT OF TERRORIST ACTIVITY IN THE COUNTRIES IN WHICH THE GROUP WRITES RISKS; A RATING DOWNGRADE OF, OR A MARKET DECLINE IN, SECURITIES IN THE GROUP'S INVESTMENT PORTFOLIO; CHANGES IN GOVERNMENTAL REGULATIONS OR TAX LAWS IN JURISDICTIONS WHERE THE GROUP CONDUCTS BUSINESS; LANCASHIRE OR ANY OF THE GROUP'S BERMUDIAN SUBSIDIARIES BECOMING SUBJECT TO INCOME TAXES IN THE UNITED STATES OR IN THE UNITED KINGDOM; THE INAPPLICABILITY TO THE GROUP OF SUITABLE EXCLUSIONS FROM THE UK CFC REGIME; ANY CHANGE IN UK GOVERNMENT POLICY WHICH IMPACTS THE CFC REGIME OR OTHER TAX CHANGES; AND THE IMPACT OF "BREXIT" (FOLLOWING THE UK'S NOTIFICATION TO THE EUROPEAN COUNCIL UNDER ARTICLE 50 OF THE TREATY ON EUROPEAN UNION ON 29 MARCH 2017) AND FUTURE NEGOTIATIONS REGARDING THE UK'S RELATIONSHIP WITH THE EU ON THE GROUP'S BUSINESS, REGULATORY RELATIONSHIPS, UNDERWRITING PLATFORMS OR THE INDUSTRY GENERALLY.

ALL FORWARD-LOOKING STATEMENTS IN THIS BRIEFING PAPER SPEAK ONLY AS AT THE DATE OF THE BRIEFING. LANCASHIRE EXPRESSLY DISCLAIMS ANY OBLIGATION OR UNDERTAKING (SAVE AS REQUIRED TO COMPLY WITH ANY LEGAL OR REGULATORY OBLIGATIONS INCLUDING THE RULES OF THE LONDON STOCK EXCHANGE) TO DISSEMINATE ANY UPDATES OR REVISIONS TO ANY FORWARD-LOOKING STATEMENT TO REFLECT ANY CHANGES IN THE GROUP'S EXPECTATIONS OR CIRCUMSTANCES ON WHICH ANY SUCH STATEMENT IS BASED. ALL SUBSEQUENT WRITTEN AND ORAL FORWARD-LOOKING STATEMENTS ATTRIBUTABLE TO THE GROUP OR INDIVIDUALS ACTING ON BEHALF OF THE GROUP ARE EXPRESSLY QUALIFIED IN THEIR ENTIRETY BY THIS NOTE. PROSPECTIVE INVESTORS SHOULD SPECIFICALLY CONSIDER THE FACTORS IDENTIFIED IN THIS BRIEFING PAPER WHICH COULD CAUSE ACTUAL RESULTS TO DIFFER BEFORE MAKING AN INVESTMENT DECISION.

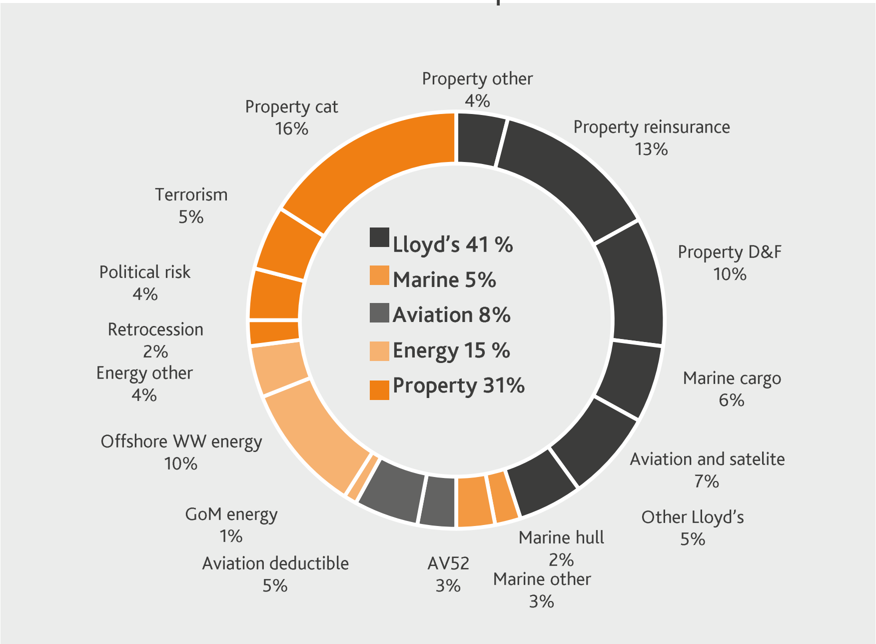
Our strategy is unchanged as we go into 2019

Active portfolio construction & risk management will continue to support our performance irrespective of market conditions.

Our business model centres around our **"Underwriting comes first"** principle:

1. We aim to be one of the most profitable global specialty P&C insurers over the long run
2. We are highly selective in choosing risks to underwrite and we focus on higher margin business
3. We operate three capital platforms, which allows us further flexibility in accessing and underwriting the risks we wish to write
4. We actively manage our capital base to support healthy shareholder returns whatever the operating environment
5. Lancashire is run for shareholders by shareholders

55% insurance 45% reinsurance 37% nat-cat exposed 63% other(1)



1) Based on 2019 forecast of gross premiums written as of November 2018. Estimates could change without notice in response to several factors, including trading conditions.

Pricing: What we said at Q3

Rating levels likely to stabilise or improve for 2019:

- Catastrophe rates will be ‘flattish’, with marginally negative pricing pressure in some territories, and marginally positive in others that have experienced losses this year or in 2017
- Specialty insurance rates have been better than we planned for in 2018 and we expect this to continue into 2019
- We expect capacity to reduce in most of the specialty lines in which we operate as the market struggles to improve profitability

We are quietly confident about the opportunities presenting themselves for our book in 2019:

- Focused on specialty insurance lines
- We have added new underwriting talent to the Group in 2018, complimentary to our existing book (downstream energy, power, aviation deductible)

Our core strategy remains unchanged:

- We continue to demonstrate the underwriting and capital discipline we have had since the inception of our company

January renewals consistent with our messaging

Catastrophe is 'flattish':

- Insured catastrophe losses of 2018 for the market were outsize relative to history, but below 2017 levels
- Different trends by geography and loss experience
- Overall 'flattish', awaiting April 1 renewals

Specialty is benefiting from dislocation in the London market:

- Lancashire starting point is a position of strength: 60+% of our premiums are specialty and low 80s average combined ratio over the past 5 years
- Lloyd's Decile 10 impact is being felt in the market and a number of years of attritional losses are starting to bite
- Our new lines of business are seeing good rating momentum

Our core strategy remains unchanged:

- We seek out the best opportunities to deploy our capital, be it in specialty (60+% of our book) or property catastrophe

Reinsurance purchasing strategy has not changed

Retro market seeing some disruption:

- Products on offer changed given less capital available to some ILS capacity providers
- Structure of program is as important as the price (if not more so)
- As we go through 2019, the uncertainty around retro capacity and pricing may be more meaningful for the market

Little impact for Lancashire from ILS market noise:

- Long-term relationships drive our approach
- We use rated paper for the vast majority of our cover; ILS noise has had little impact for Lancashire's core purchases
- We place our program early

Our core strategy remains unchanged:

- We actively manage our exposures and optimise the portfolio for best use of capacity

Kinesis: continued disciplined growth

ILS market uncertainty may well continue in 2019:

- For 2018, the performance of most funds is likely to be negative/flat
- We consider that larger, well-respected firms managed to raise more funds
- Market at 1/1 had enough capacity for good performing risks, less so for other risks
- Lower return funds may well come under pressure in 2019 to deliver on results especially if interest rates rise

Kinesis remains strongly placed to benefit from uncertainty:

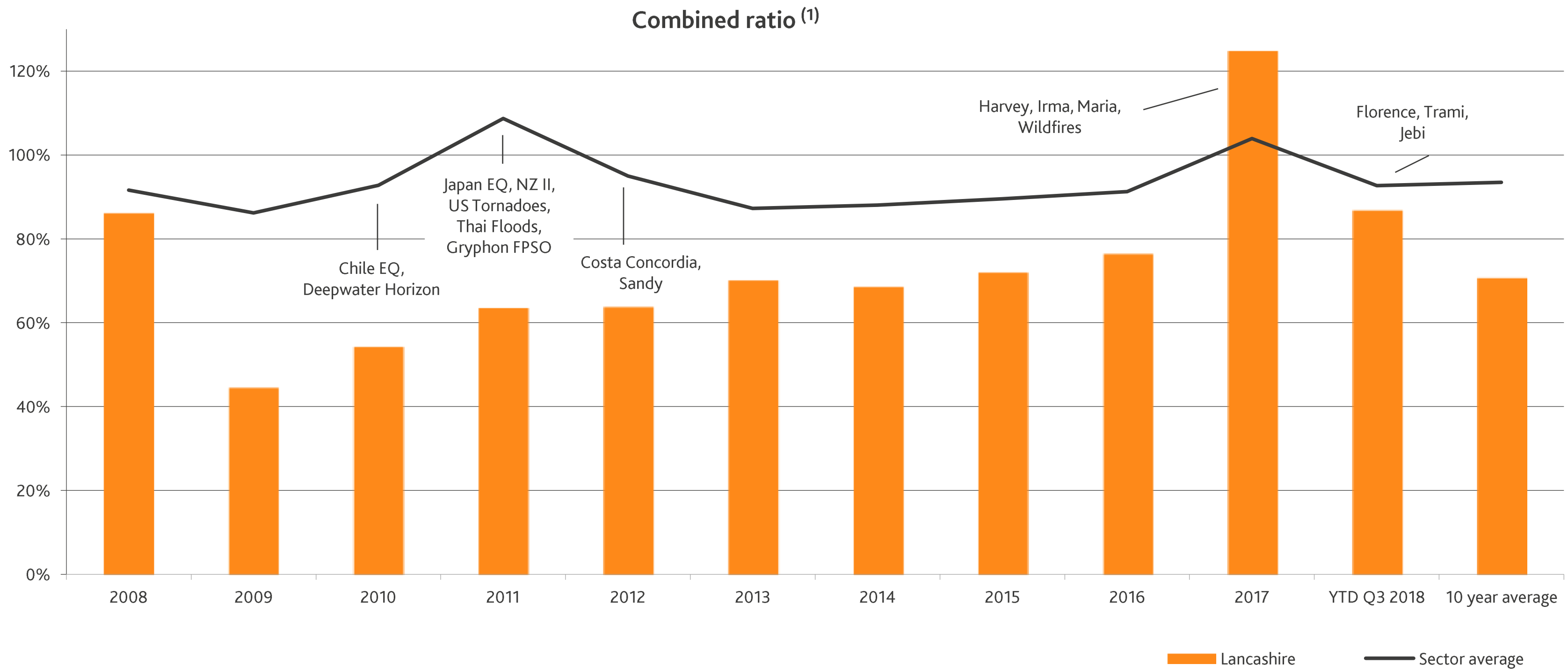
- Continued disciplined growth for the right reasons NOT fees
- Multi-class approach to outperform and give portfolio/investors diversification
- Given our approach, we would prefer a more regulated ILS market

Our core strategy remains unchanged:

- We seek to deliver returns in line with investor expectations, and have the ability to scale-up depending on market conditions

Underwriting comes first

Underwriting comes first, whatever the market environment



- Delivering strong combined ratios in specialty insurance lines demonstrates Lancashire's continued profitability in these lines of business
- Combined ratio outperformance vs peers over 3 years (6.5pts outperformance), 5 years (12.7pts outperformance) and 10years (22.7pts outperformance)

1) 10 year average based on 2008 to 2017 reporting periods. Lancashire ratios weighted by annual net premiums earned. Annual sector ratios are weighted by annual net premiums earned
2) Sector includes Arch, Argo, Axis, Beazley, Everest, Greenlight Re, Hanover, Hiscox, Renaissance Re and Third Point Re. Third Point Re commenced underwriting operations in 2012. Source: Company reports

Effectively balance risk and return

Effectivelybalancing risk and return:
Robust risk management process

Daily Underwriting Marketing Conference Call (UMCC)

Allows for better risk selection and portfolio construction

- Supports our Underwriting comes first principle: senior management and underwriters are on the call, allowing for more objective analysis of risk and fast feedback loops on market conditions
- Unique underwriting approach with proven results, with participants from London, Bermuda, Cathedral allowing flexibility and best use of our platforms
- Excellent record of combined ratio outperformance

Risk and Return Committee

Helps ensure active management of exposures and capital

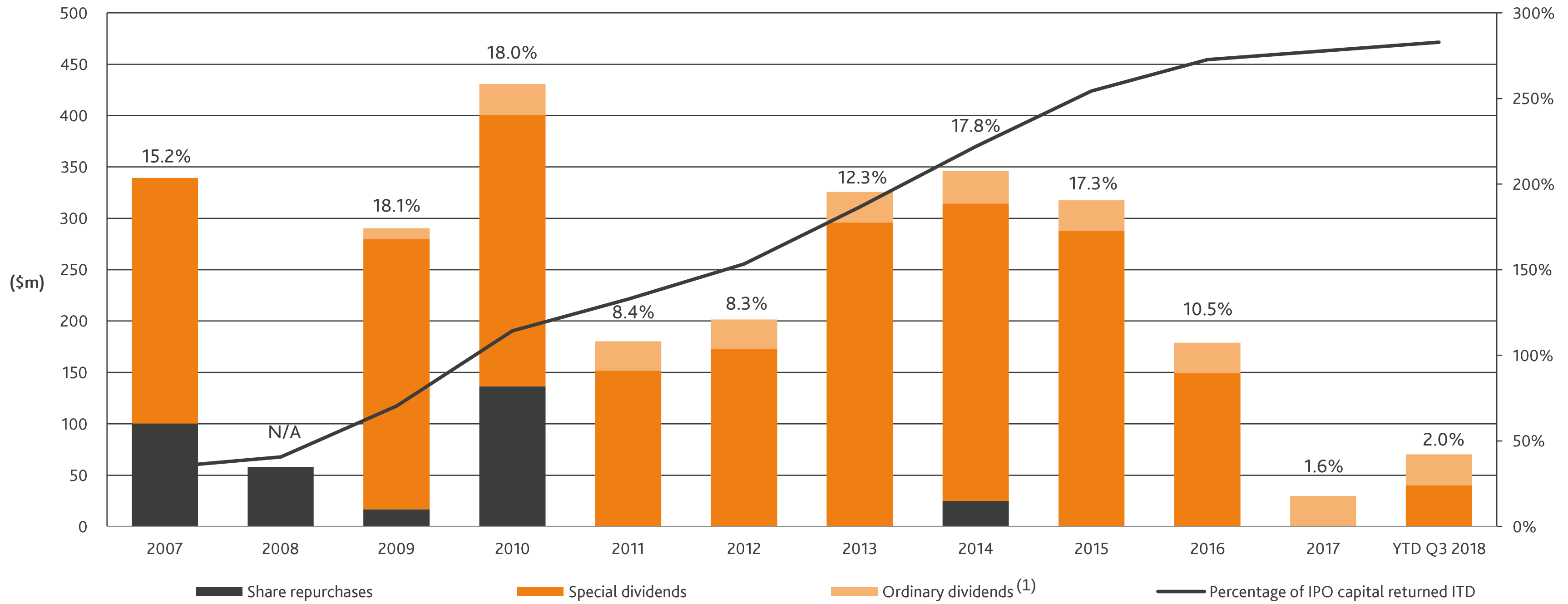
- Strategic overview of risk and portfolio optimisation that allow for best use of capacity
- Proven ability to manage risk / return dynamic via re-underwriting, risk selection and de-risking
- Three platform strategy enabling diversified access and a quick response to market events

Disciplined capital deployment

- Commitment to total shareholder returns, not growth and volumes
- Track record of active capital management via special dividends and buybacks when appropriate
- All employees participate in the restricted share scheme, fully aligning interests

Operate nimbly through the cycle

Operate nimbly through the cycle: Active use of capital management further helps deliver shareholder returns



- Strategic decision not to declare special dividend for 2017 to retain capital to take advantage of expected rate increases
- Special dividend declared in 2018

1) Dividends included in the financial statement year in which they were recorded
2) Dividend yield is shown above the data in the chart area. Annual dividend yield is calculated as the total calendar year cash dividends divided by the year end share price. Dividend yield at 30 September 2018 calculated as the total 2018 year to date cash dividends divided by the 30 September 2018 share price

Overview of Lancashire: our 13 year history

2005: LHL Incorporated; AM Best assigns A- rating; IPO & listing on AIM

	2005	2006	2007	2008	2009	2010	2011
GPW ($m)		626	753	638	528	689	632
Combined ratio	n/a	44.3%	46.3%	86.3%	44.6%	54.4%	63.7%
Dividend yield (1)	n/a	n/a	15.2%	n/a	18.1%	18.0%	8.4%
Return on Equity (2)	-3.2%	17.8%	31.4%	7.8%	26.5%	23.3%	13.4%
Tangible capital	$1.1bn	$1.3bn	$1.3bn	$1.4bn	$1.5bn	$1.4bn	$1.5bn
No. of employees	5	57	79	91	101	103	115

2006
- Sirocco sidecar launched
- London office opened

2008
- Hurricane Ike
- Credit crisis – investment return 3.1%

2009
- Listing on LSE
- Inclusion in FTSE 250 index

2010
- S&P assign A- rating, ERM rating adequate with strong risk controls
- Moody's assign A3 rating

2011
- Accordion sidecar launched
- AM Best upgrade to A rating
- Significant peer(3) outperformance in 2nd largest aggregate loss year in history

1) Dividend yield is calculated as the total calendar year cash dividends divided by the year end share price
2) RoE excludes the impact of warrant exercises
3) 2011 peer group included Amlin, Aspen, Axis, Beazley, Catlin, Endurance, Flagstone, Hiscox, Montpelier, Renaissance Re and Validus

Overview of Lancashire: our 13 year history

	2012	2013	2014	2015	2016	2017	YTD Q3 2018
GPW ($m)	724	680	908	641	634	592	508
Combined ratio	63.9%	70.2%	68.7%	72.1%	76.5%	124.9%	86.9%
Dividend yield (1)	8.3%	12.3%	17.8%	17.3%	10.5%	1.6%	4.4%
Return on Equity (2)	17.1%	18.9%	14.7%	13.5%	13.5%	-5.9%	3.9%
Tangible capital	$1.6bn	$1.6bn	$1.5bn	$1.4bn	$1.4bn	$1.3bn	$1.3bn
No. of employees	104	169	185	192	198	204	210

2012
- Rollover of Accordion sidecar
- Saltire facility launched
- Issued $130 million of 5.7% senior unsecured notes due 2022

2013
- Purchase of Cathedral Capital Limited
- Launch of Kinesis Capital Management, Kinesis Re and Kinesis Holdings

2014
- Alex Maloney appointed as CEO
- Syndicate 3010 capacity added Energy and Terror
- Accordion and Saltire placed in run-off

2015
- Syndicate 3010 capacity expanded to £100 million

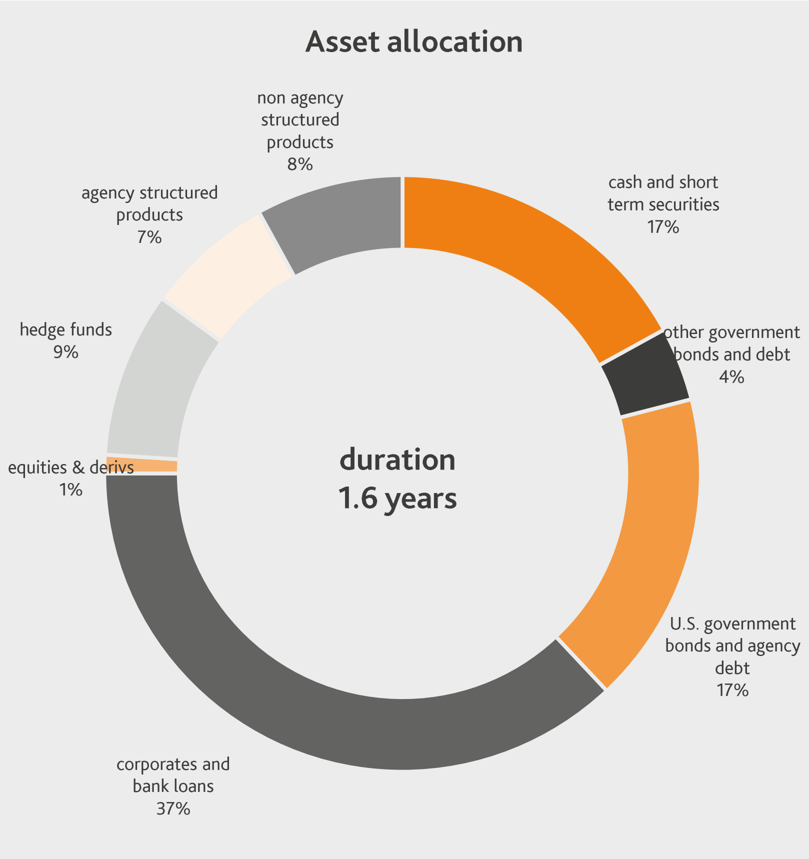
2016
- Hired new management team for Cathedral and a new underwriting team for Cathedral Property Catastrophe and D&F portfolios

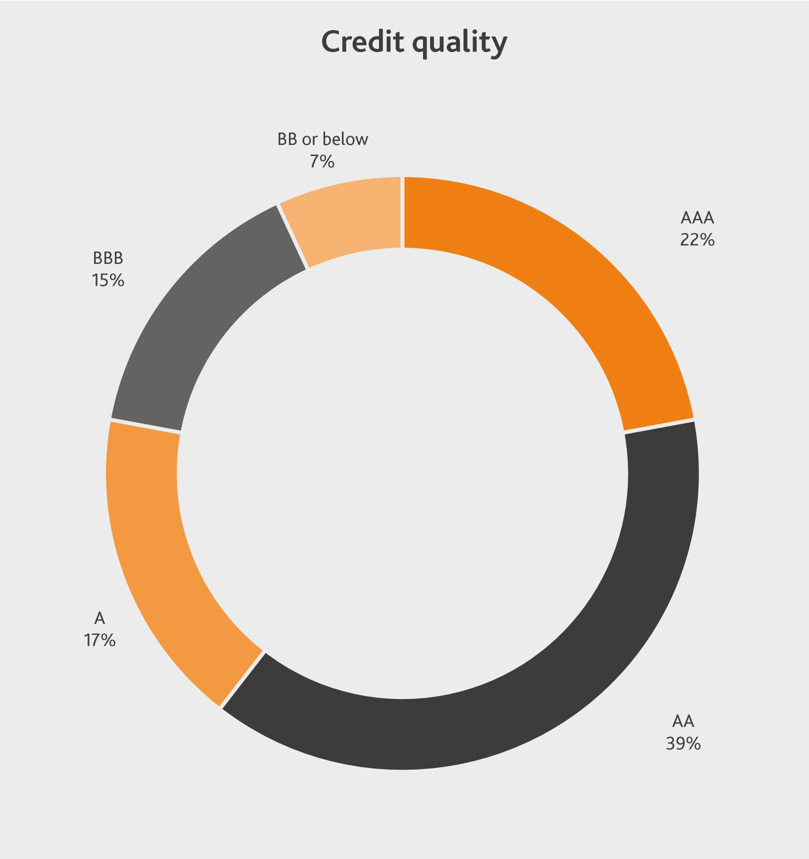
2017
- Hurricanes Harvey, Irma & Maria, Mexico earthquakes and California wildfires
- Total shareholder return(3) of 9.4% in one of the top three years for aggregate industry insured losses in recent history

2018
- Added new complimentary specialty insurance lines: downstream energy, power and aviation deductible

1) Annual dividend yield is calculated as the total calendar year cash dividends divided by the year end share price. Dividend yield at 30 September 2018 calculated as the total 2018 year to date cash dividends declared divided by the 30 September 2018 share price
2) RoE excludes the impact of warrant exercises
3) Total shareholder return: The internal rate of return of the increase/(decrease) in share price in the period, measured in U.S. dollars, adjusted for dividends

Conservative investment portfolio structure – focus on quality





- Bi-annual external strategic allocation review
- Total portfolio at 30 September 2018 = $1,840 million
- Average portfolio credit rating of AA- (including internally managed cash)

Financial and events calendar:

2019

15 Jan – Analyst briefing, London
14 Feb – Q4 2018 Earnings release
19 – 21 Mar – Morgan Stanley Financials Conference
02 May – Q1 2019 Earnings release
25 Jul – Q2 2019 Earnings release

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