

**Investor presentation**  
Q3 2022 update



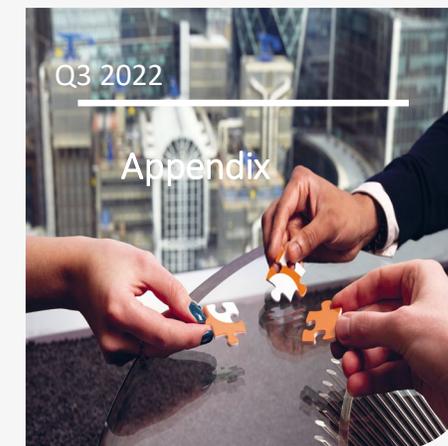
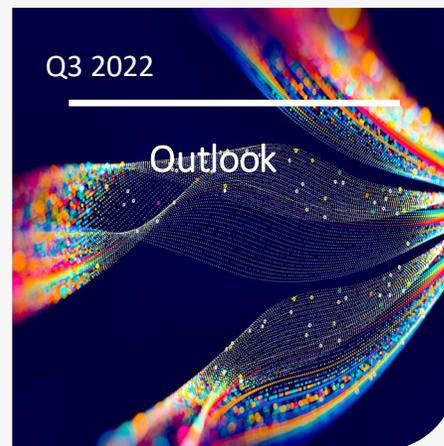
CERTAIN STATEMENTS AND INDICATIVE PROJECTIONS (WHICH MAY INCLUDE MODELLED LOSS SCENARIOS) MADE IN THIS RELEASE OR OTHERWISE THAT ARE NOT BASED ON CURRENT OR HISTORICAL FACTS ARE FORWARD-LOOKING IN NATURE INCLUDING, WITHOUT LIMITATION, STATEMENTS CONTAINING THE WORDS “BELIEVES”, “AIMS”, “ANTICIPATES”, “PLANS”, “PROJECTS”, “FORECASTS”, “GUIDANCE”, “INTENDS”, “EXPECTS”, “ESTIMATES”, “PREDICTS”, “MAY”, “CAN”, “LIKELY”, “WILL”, “SEEKS”, “SHOULD”, OR, IN EACH CASE, THEIR NEGATIVE OR COMPARABLE TERMINOLOGY. 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. FOR A DESCRIPTION OF SOME OF THESE FACTORS, SEE THE GROUP’S ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2021 AND OUR UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022. IN ADDITION TO THOSE FACTORS CONTAINED IN THE GROUP’S PRIOR RELEASES, ANY FORWARD-LOOKING STATEMENTS CONTAINED IN THIS RELEASE MAY BE AFFECTED BY: THE ACTUAL DEVELOPMENT OF LOSSES AND EXPENSES IMPACTING ESTIMATES FOR CLAIMS WHICH ARISE AS A RESULT OF HURRICANE IAN (WHICH OCCURRED LATE IN THE THIRD QUARTER), THE IMPACT OF THE ONGOING CONFLICT IN UKRAINE, INCLUDING ANY ESCALATION OR EXPANSION THEREOF, ON THE GROUP’S CLIENTS, RESERVES, THE CONTINUED UNCERTAINTY OF THE SITUATION IN RUSSIA, INCLUDING ISSUES RELATING TO THE IMPACT OF SANCTIONS; THE IMPACT OF COMPLEX AND UNIQUE CAUSATION AND COVERAGE ISSUES ASSOCIATED WITH ATTRIBUTION OF LOSSES RELATING TO SUCH EVENTS; POTENTIAL UNCERTAINTIES RELATING TO REINSURANCE RECOVERIES, REINSTATEMENT PREMIUMS AND OTHER FACTORS INHERENT IN LOSS RANGE ESTIMATIONS; THE PRELIMINARY NATURE OF LOSS ESTIMATES BASED ON CURRENTLY AVAILABLE INFORMATION DERIVED FROM MODELS, CLIENTS AND BROKERS; THE SECURITIES IN OUR INVESTMENT PORTFOLIO AND GLOBAL FINANCIAL MARKETS GENERALLY, AS WELL AS ANY GOVERNMENTAL OR REGULATORY CHANGES, ARISING THEREFROM; AND A CONTINUATION IN FINANCIAL MARKET VOLATILITY AND OTHER ADVERSE MARKET CONDITIONS GENERALLY. ALL FORWARD-LOOKING STATEMENTS IN THIS RELEASE OR OTHERWISE SPEAK ONLY AS AT THE DATE OF PUBLICATION. 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 RELEASE AND THE GROUP’S PRIOR RELEASES NOTED ABOVE WHICH COULD CAUSE ACTUAL RESULTS TO DIFFER BEFORE MAKING AN INVESTMENT DECISION.

#### NOTE REGARDING ALTERNATIVE PERFORMANCE MEASURES:

The Group uses alternative performance measures to help explain business performance and financial position. These measures have been calculated consistently with those as disclosed in the Group’s announcement of its results for the year ended 31 December 2021.

#### NOTE REGARDING RPI METHODOLOGY:

The renewal price index (“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 calculation involves a degree of judgement in relation to comparability of contracts and the assessment noted above. To enhance the RPI methodology, management may revise the methodology and assumptions underlying the RPI, so 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 or, for example, new business lines within a segment. The future profitability of the portfolio of contracts within the RPI is dependent upon many factors besides the trends in premium rates.



Q3 2022

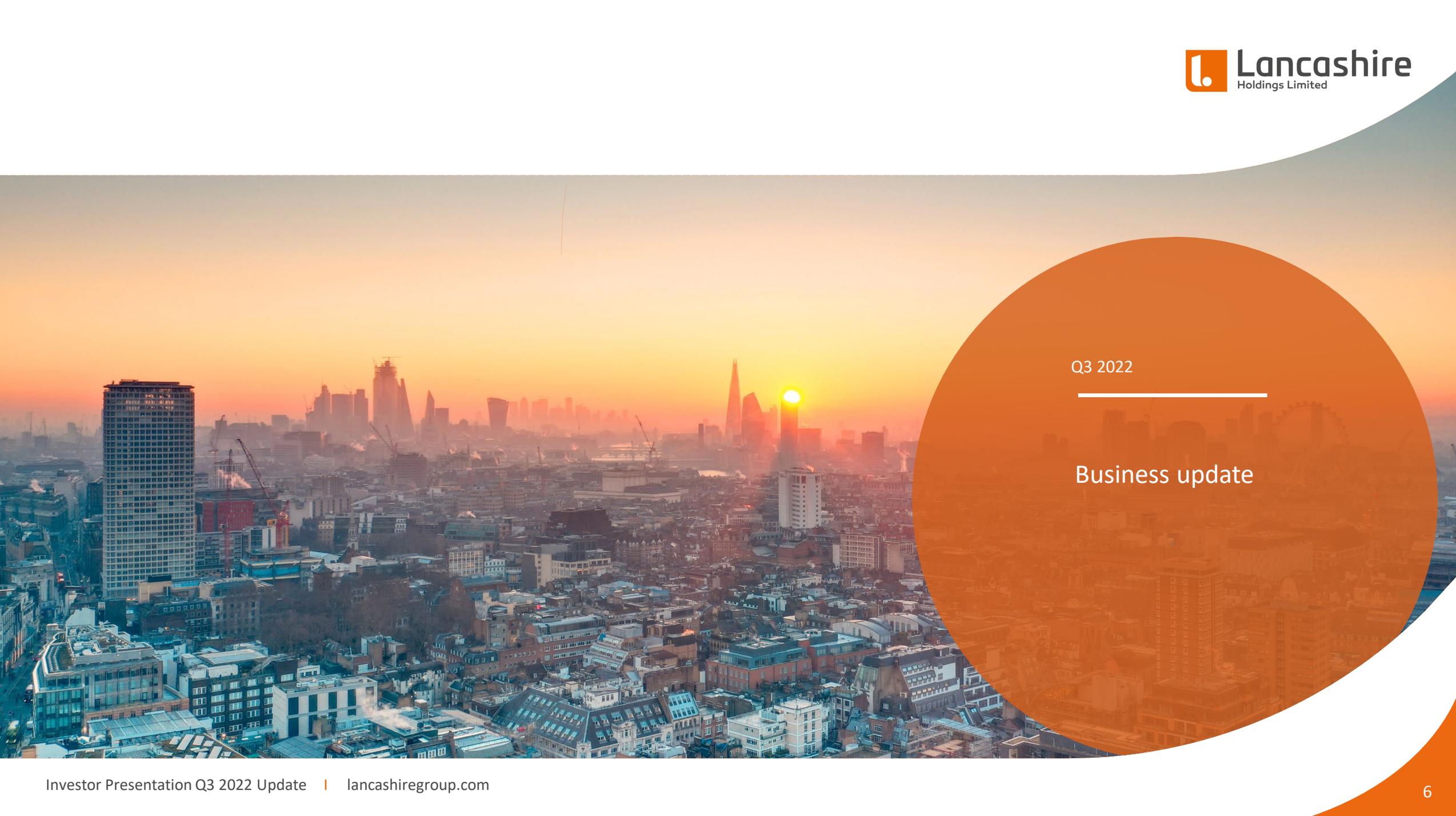
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Q3 2022 Update

### Strong growth, with underwriting performance supported by diversification

- Strong growth, with gross premiums written increasing by 34.3% year-on-year to \$1.3 billion.
- Diversified portfolio adding additional underwriting resilience.
- Group Renewal Price Index (RPI) of 107%.
- Rating momentum for many products continues and in some classes is the best for more than a decade.
- Net loss estimates from hurricane Ian in the range of \$160-\$190 million.
- Strong balance sheet and robust capital position.
- Total net investment return of negative 5.0%, primarily driven by unrealised losses.

**We see further opportunities for profitable underwriting growth into 2023 and will continue to deliver on our strategy and manage the cycle.**



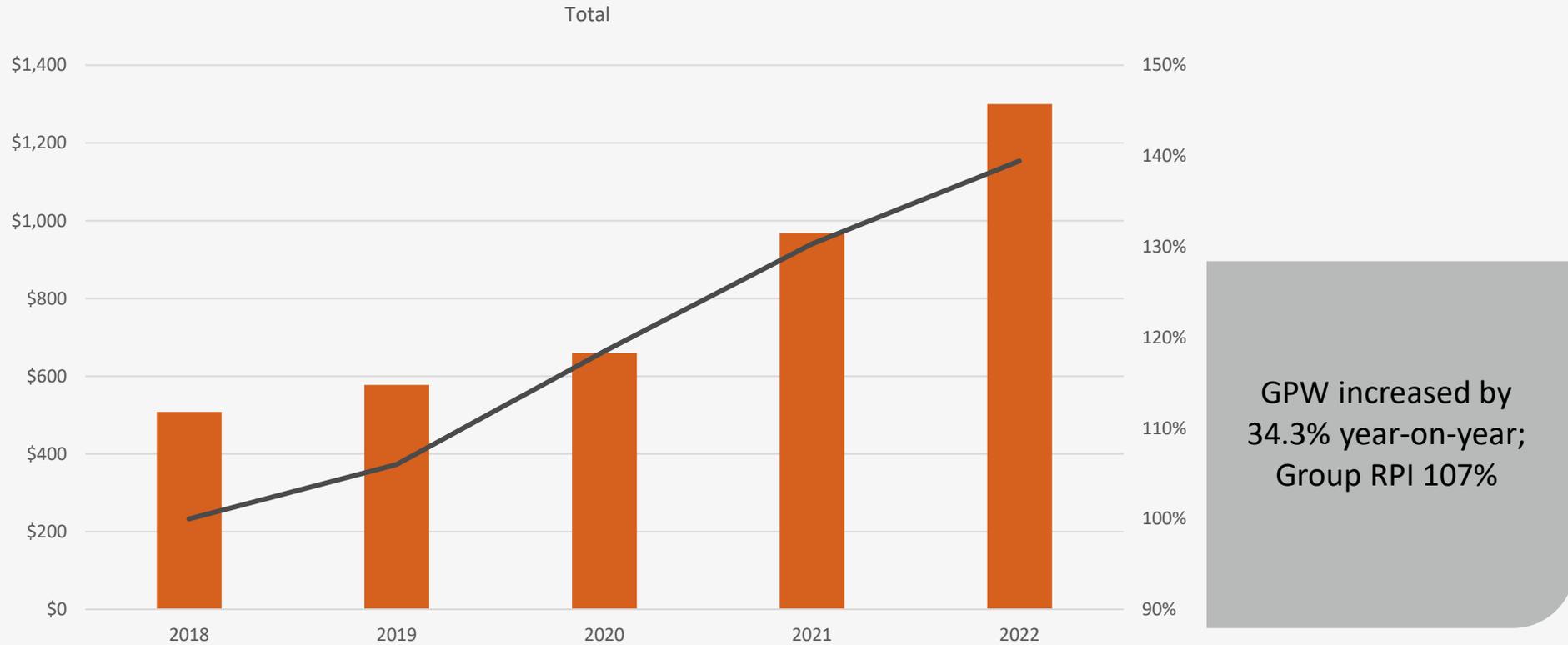
Q3 2022

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Business update

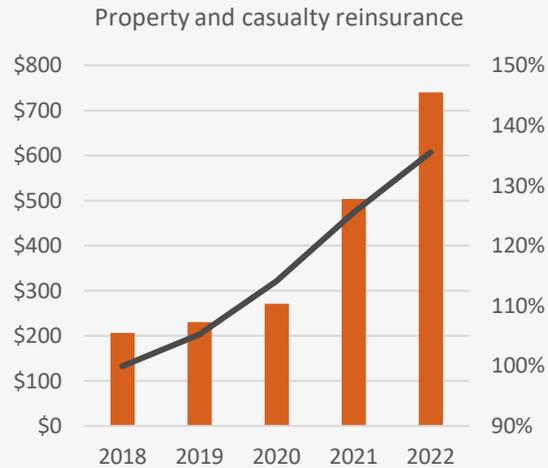
# Strong premium growth in Q3 2022

Gross premiums written (\$m) and cumulative RPI for the first nine months: 2018 to 2022

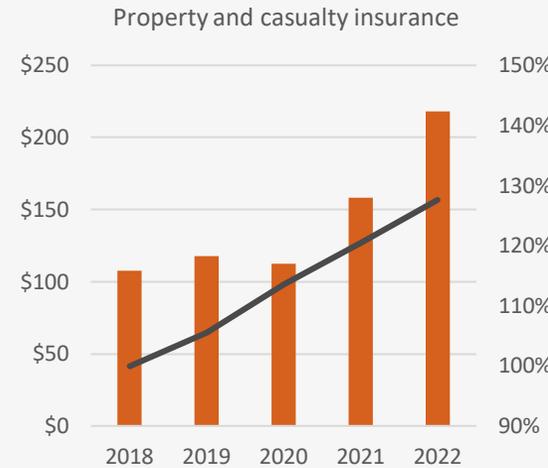


# Strong premium growth in Q3 2022

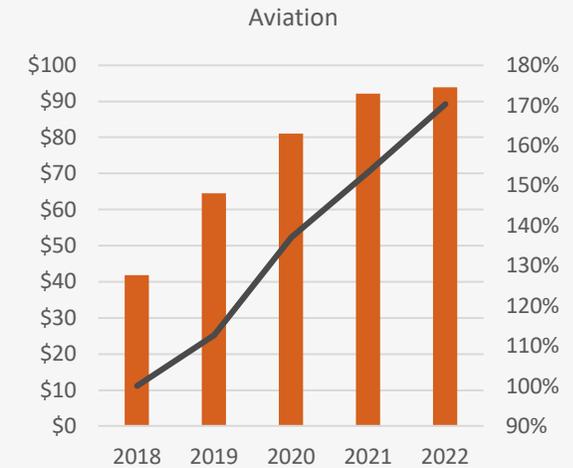
## Gross premiums written (\$m) and cumulative RPI for the first nine months: 2018 to 2022



- Growth driven by new business in casualty reinsurance and financial lines classes.
- RPI strong at 108% further contributing to premium increase.



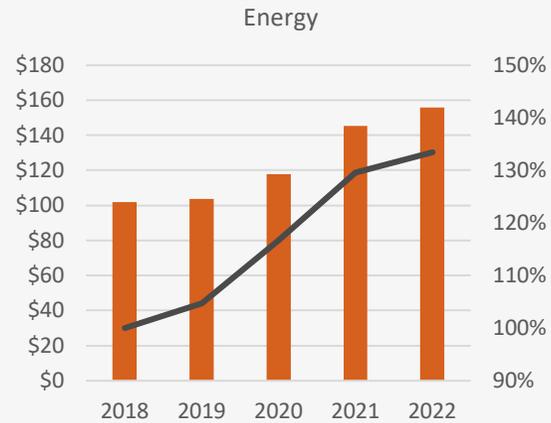
- Growth reflects new business and continued build out of the direct and facultative property book as favourable market conditions persist.
- New business in property construction making a meaningful contribution.
- RPI at 106%.



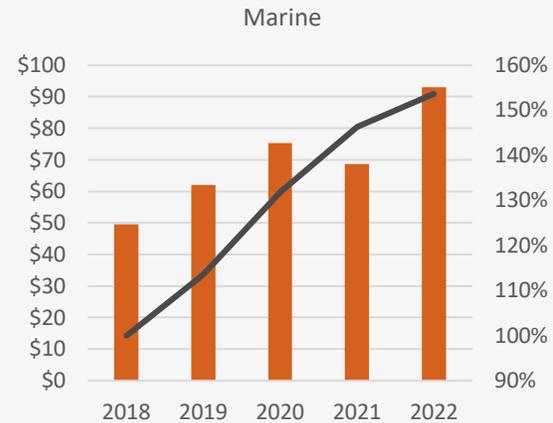
- Major renewals are focused towards the end of the year.
- RPI at 111%.
- Improved rating environment and market dislocation anticipated in renewal season.

# Strong premium growth in Q3 2022

## Gross premiums written (\$m) and cumulative RPI for the first nine months : 2018 to 2022



- New underwriting teams and expanded offering across underwriting platforms to take advantage of market conditions.
- RPI at 103%.
- Reduction in premium from exiting Gulf of Mexico class offset by new business in other products.



- Growth primarily driven by new business in the marine cargo and marine liability classes.
- RPI at 105%.



Q3 2022

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Loss environment

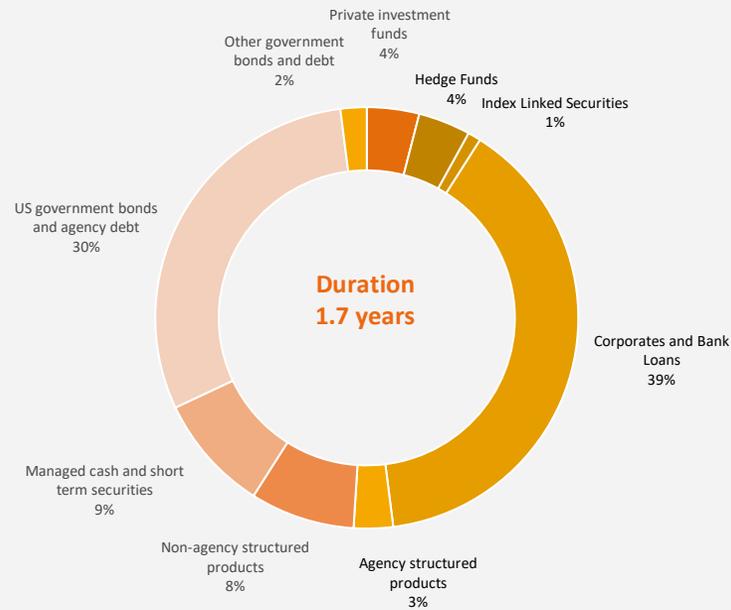


## Q3 2022 loss environment

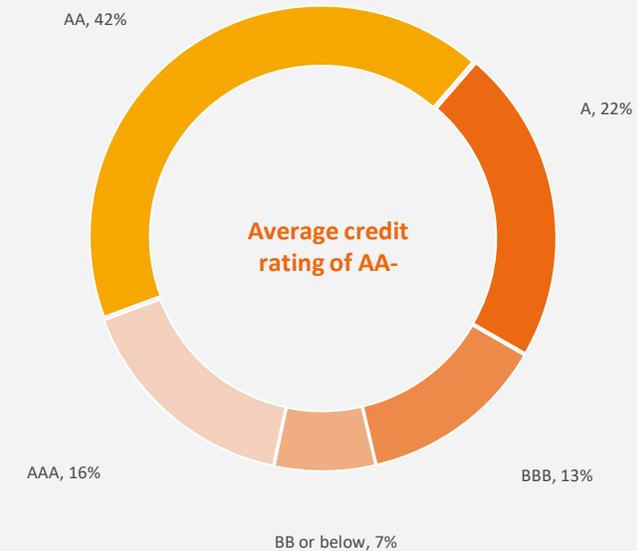
- Estimated ultimate net losses incurred in relation to hurricane Ian, excluding the impact of reinstatement premiums and Lancashire Capital Management, are within the range of \$160 million to \$190 million.

- No change to our reserving approach.

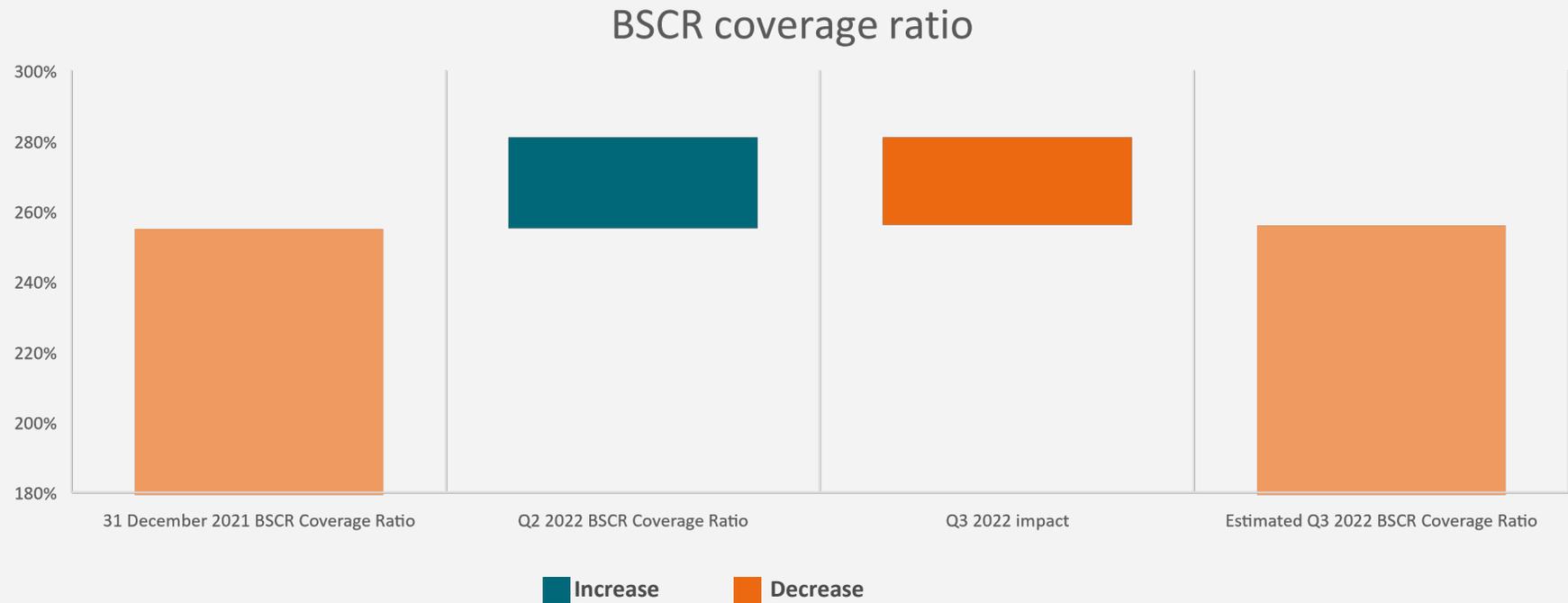
**Asset Allocation**  
total investment portfolio and managed cash



**Credit Quality**  
fixed maturities and managed cash

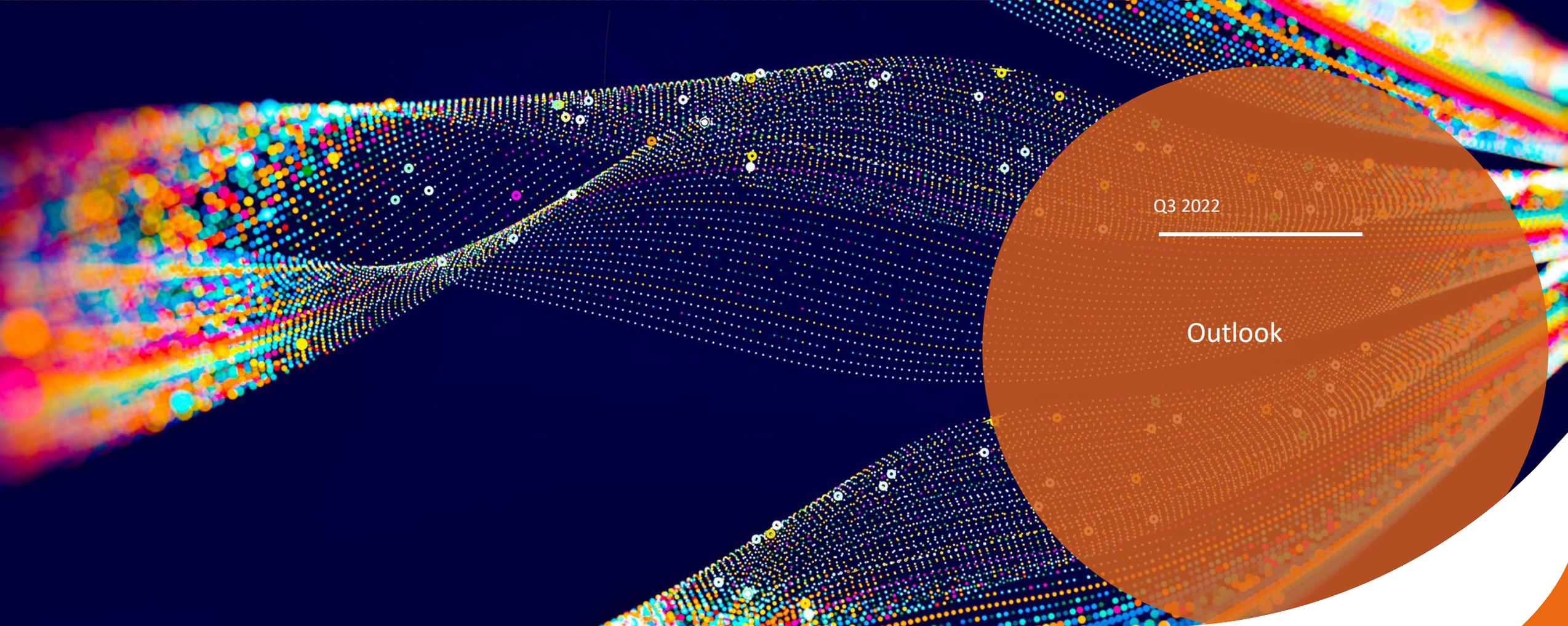


- Total investment portfolio and managed cash at 30 September 2022 = \$2,291.9 million.
- Total net investment return of negative 5.0%, primarily driven by unrealised losses.



Note: The Q2 2022 BSCR Coverage Ratio is as submitted to the BMA and is calculated on a best effort basis. The Q3 2022 impact includes our Q3 losses plus other changes in shareholders' equity. The Q3 BSCR Coverage Ratio is estimated and not the final result.

	Guidance 2021	Achieved 2021	Guidance FY 2022
GPW contribution from new teams	\$40m - \$60m	\$95m	\$50m - \$60m
Attritional loss ratio	35% - 40%	36%	33% - 37%
Reserve releases	\$40m - \$60m	\$86.5m	\$70m - \$80m
Acquisition cost ratio	1-2%pt benefit vs 2020	1.7%pt benefit	broadly the same as 2021
G&A expense ratio	1-2%pt benefit vs 2020	6.8%pt benefit	18%



Q3 2022

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Outlook

## Outlook: positioned for growth

- **We remain strongly capitalised to deliver on our long-term strategy.** We continue to navigate the insurance cycle and manage the business for the long term.
- **Our franchise has strengthened and is more resilient.** We continue to see the profitability of our non-catastrophe business providing positive ballast to better balance our catastrophe exposures.
- **We see strong opportunities for 2023.** We will continue to grow while the opportunity persists in an attractive rating environment.
- **We will continue to build out the franchise, rating environment permitting.**
- **Investor Day to be held on 29<sup>th</sup> November 2022.**

### **There is no change to our long term strategy.**

Disciplined growth is important now to balance returns over the longer term. Growth will allow Lancashire to mitigate the weaker years through portfolio optimisation and we expect this to enhance returns over the cycle.

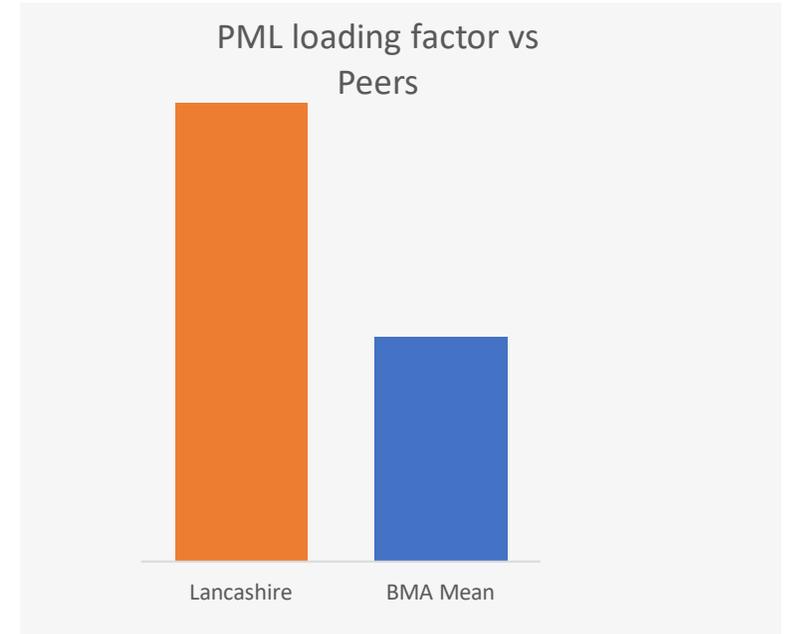
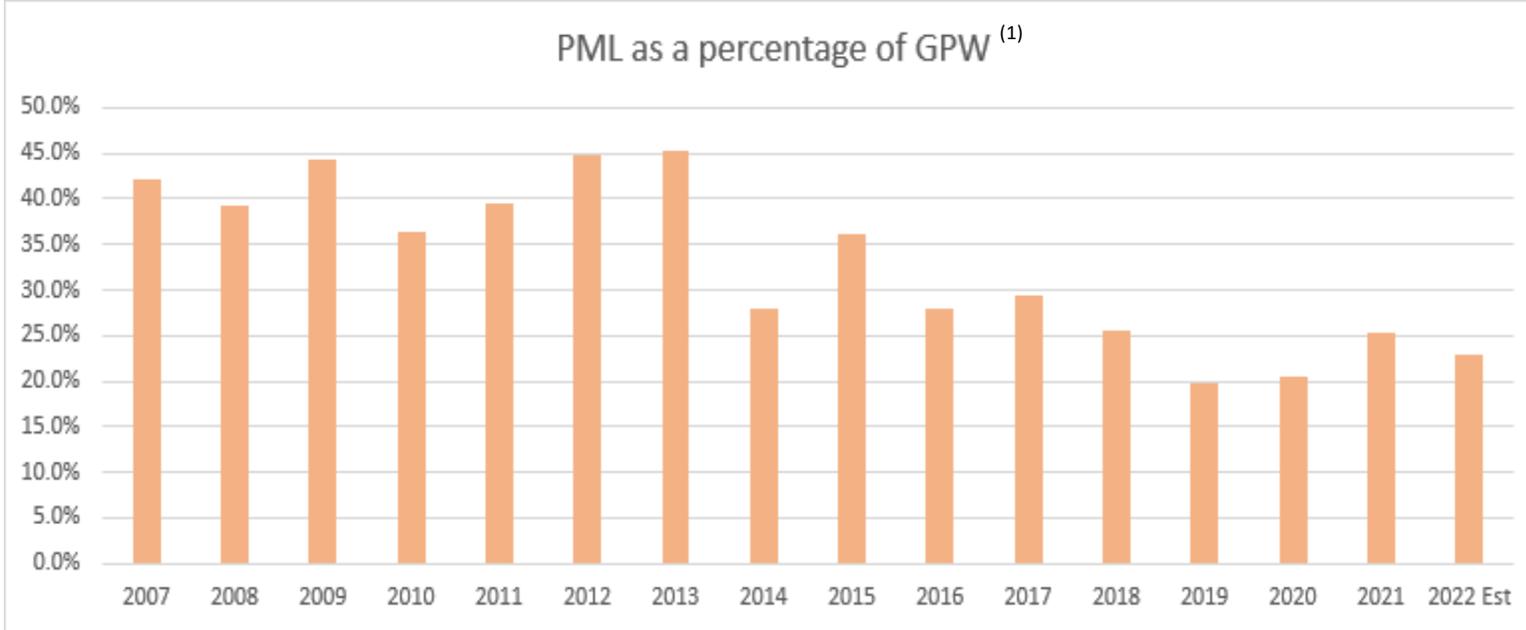


Q3 2022

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Appendix

# Managing our catastrophe exposure



- Continuing to take rate in our catastrophe exposed lines.
- Growth of non-cat lines over the past few years continues to bear fruit.

- Most conservative frequency approach is used for Atlantic windstorm modelling.
- Overall loadings significantly more conservative than Bermuda peers.

(1) 100 year Gulf of Mexico wind net PML at December 31 for 07-21, plan for 22

# Changes to Business Mix

Proportion of catastrophe-exposed GPW

2017



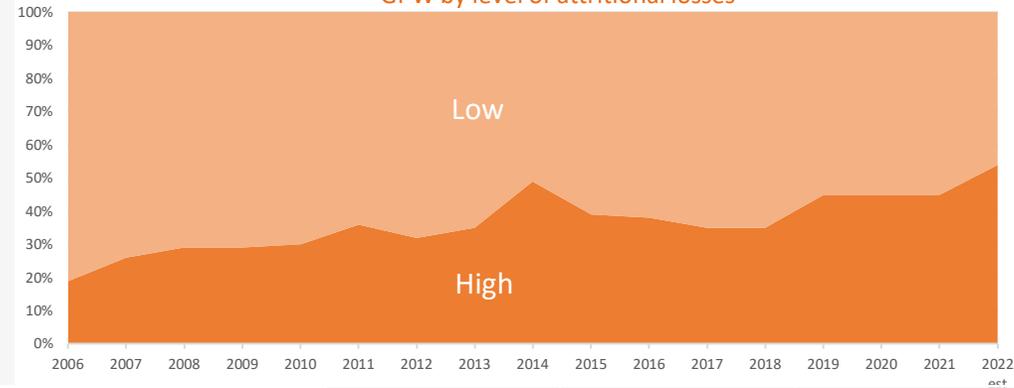
■ Cat ■ Non Cat

2022 est



■ Cat ■ Non Cat

GPW by level of attritional losses



**Examples**

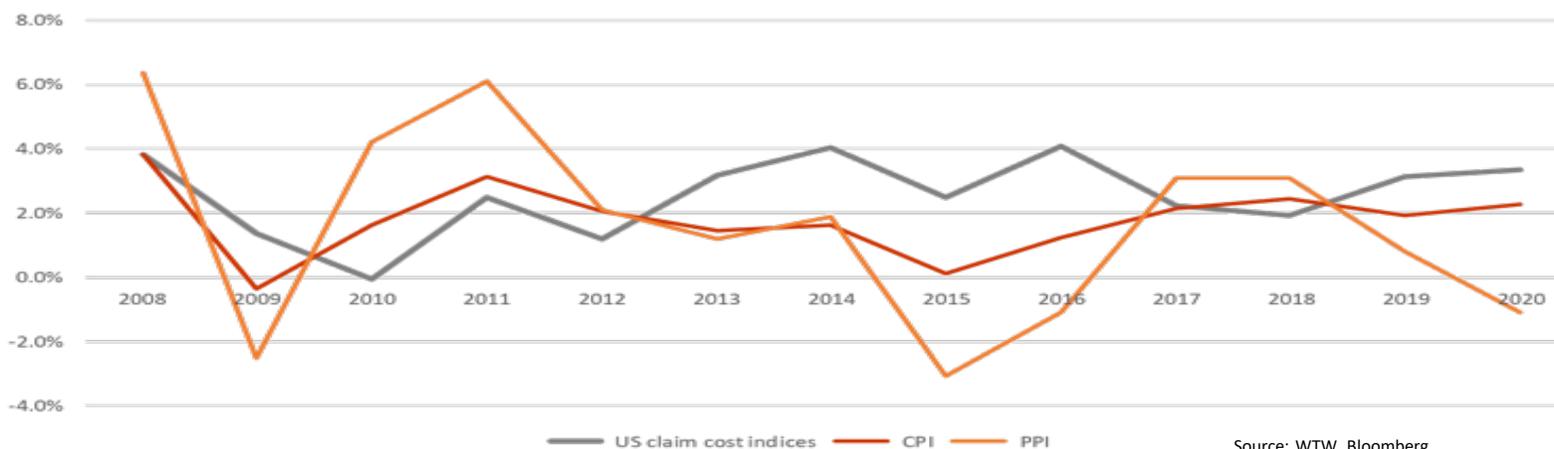
	Property cat exposed	Traditional specialty	New specialty lines
<b>Product</b>	Property catastrophe reinsurance	Downstream energy	Aviation deductible
Capital requirement	High	Medium	Low
Catastrophe exposure	High	Medium	Low
Large loss frequency	Low	High	Low
Attritional losses	Low	Medium	High
Volatility of returns	High	Medium	Low
Typical attritional loss ratio	Sub 20%	20%-50%	Above 50%

- We have a **good track record of managing inflationary pressures**, e.g. the impact of oil price in our energy book
- We write a predominantly **short-tail book**, with the bulk of our policies renewing every year.
- Policies renew through the year, not just on January 1st.

- Clients provide regularly **updated schedules of insured values** where required.
- Premiums increase to reflect higher values
- If we do not feel declared values adequately cater for inflation we **manually load**.
- RPI is calculated post values changes and is consequently **risk adjusted**.

- Catastrophe modelling includes (our) inflation loading.
- A weak relationship between claims inflation and economic inflation (see chart below).
- Short-term demand driven spikes in materials/labour reflected in our wider attritional loss ratio guidance.

**Tenuous link between claims inflation and economic inflation**



Source: WTW, Bloomberg



## People and culture

- 2021 employee survey score of 88% (+3% on 2019)
- Named 'Top 10 Employer' in Bermuda in October 2021
- Active programme to develop internal talent into senior roles
- Permanent employees share in success through RSS awards
- 50% of women in Group senior management

## Sustainable insurance

- We provide risk solutions that help people recover from natural catastrophe and man-made events
- ESG is embedded in our business
- Committed to the UNEP FI Principles for Sustainable Insurance
- We understand there are no simple solutions to today's challenges and support clients as they transition from carbon-based energy

## Operating responsibly

- Member of ClimateWise
- Climate Change Working Group and ESG Committee established in 2021
- 100% off-setting of calculated own greenhouse gas emissions
- Commitment to carbon neutral to carbon net-zero by 2050 in own operations
- Commitment to a reduction in emissions per FTE of 15% by 2030 in own operations
- 100% renewable electricity in our London office

## Responsible investment

- Principal investment managers signatories to UN Principles for Responsible Investment
- ESG and carbon intensity analytics being developed for investment portfolio
- Committed to managing impacts of fixed maturity portfolio through Climate VaR appetite statement. Objective for assets held (that are covered by MSCI) to be more financially resilient to climate impacts than a benchmark portfolio linked to a 1.5C future climate scenario



## Lancashire Foundation

- We believe that the success of the Foundation in making a real difference to the lives of those less fortunate is due to the enthusiasm of our people.
- Since the first donation in 2007, the Foundation has given more than \$22 million to charitable organisations.
- Whether actively getting involved in helping others through volunteering or requesting funding for causes close to them, their support is invaluable.
- Employees raising funds for charitable organisations can also request matching funds from the Foundation.
- The annual donation made to the Foundation to fund its assistance pool is aligned to the financial performance of the business.
- The Foundation receives 0.75% of Group profits with a minimum threshold of \$250,000 to a maximum of \$750,000.
- Nearly \$250,000 donated to long-term charity partners (ICM (International Care Ministries), St Giles Trust, The Family Centre, Tomorrow's Voices, Cancer Research UK and others) in 2022.

**Our focus in 2022 has been to support organisations with an emphasis on social factors – the 'S' in ESG.**

**This includes a range of causes nominated by our employees.**

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