

# Lancashire Insurance Company (UK) Ltd

## Solvency and Financial Condition Report

### Disclosures

31 December

**2019**

(Monetary amounts in USD thousands)

## General information

Undertaking name	Lancashire Insurance Company (UK) Ltd
Undertaking identification code	213800SEKTC7F87AAE76
Type of code of undertaking	LEI
Type of undertaking	Non-life undertakings
Country of authorisation	GB
Language of reporting	en
Reporting reference date	31 December 2019
Currency used for reporting	USD
Accounting standards	IFRS
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

## List of reported templates

- S.02.01.02 - Balance sheet
- S.05.01.02 - Premiums, claims and expenses by line of business
- S.05.02.01 - Premiums, claims and expenses by country
- S.17.01.02 - Non-Life Technical Provisions
- S.19.01.21 - Non-Life insurance claims
- S.23.01.01 - Own Funds
- S.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula
- S.28.01.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

S.02.01.02

Balance sheet

		Solvency II value
		C0010
<b>Assets</b>		
R0030	Intangible assets	
R0040	Deferred tax assets	
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	0
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	200,076
R0080	<i>Property (other than for own use)</i>	0
R0090	<i>Holdings in related undertakings, including participations</i>	0
R0100	<i>Equities</i>	0
R0110	<i>Equities - listed</i>	
R0120	<i>Equities - unlisted</i>	
R0130	<i>Bonds</i>	194,351
R0140	<i>Government Bonds</i>	69,736
R0150	<i>Corporate Bonds</i>	115,926
R0160	<i>Structured notes</i>	0
R0170	<i>Collateralised securities</i>	8,689
R0180	<i>Collective Investments Undertakings</i>	5,725
R0190	<i>Derivatives</i>	
R0200	<i>Deposits other than cash equivalents</i>	0
R0210	<i>Other investments</i>	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	0
R0240	<i>Loans on policies</i>	0
R0250	<i>Loans and mortgages to individuals</i>	
R0260	<i>Other loans and mortgages</i>	
R0270	Reinsurance recoverables from:	173,928
R0280	<i>Non-life and health similar to non-life</i>	173,928
R0290	<i>Non-life excluding health</i>	173,928
R0300	<i>Health similar to non-life</i>	0
R0310	<i>Life and health similar to life, excluding index-linked and unit-linked</i>	0
R0320	<i>Health similar to life</i>	
R0330	<i>Life excluding health and index-linked and unit-linked</i>	
R0340	<i>Life index-linked and unit-linked</i>	
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	9,888
R0370	Reinsurance receivables	3,535
R0380	Receivables (trade, not insurance)	355
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	6,510
R0420	Any other assets, not elsewhere shown	3,796
R0500	<b>Total assets</b>	<b>398,088</b>

## S.02.01.02

## Balance sheet

		Solvency II value
		C0010
	<b>Liabilities</b>	
R0510	Technical provisions - non-life	169,911
R0520	<i>Technical provisions - non-life (excluding health)</i>	169,911
R0530	<i>TP calculated as a whole</i>	0
R0540	<i>Best Estimate</i>	160,580
R0550	<i>Risk margin</i>	9,331
R0560	<i>Technical provisions - health (similar to non-life)</i>	0
R0570	<i>TP calculated as a whole</i>	0
R0580	<i>Best Estimate</i>	0
R0590	<i>Risk margin</i>	0
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	<i>Technical provisions - health (similar to life)</i>	0
R0620	<i>TP calculated as a whole</i>	
R0630	<i>Best Estimate</i>	
R0640	<i>Risk margin</i>	
R0650	<i>Technical provisions - life (excluding health and index-linked and unit-linked)</i>	0
R0660	<i>TP calculated as a whole</i>	
R0670	<i>Best Estimate</i>	
R0680	<i>Risk margin</i>	
R0690	Technical provisions - index-linked and unit-linked	0
R0700	<i>TP calculated as a whole</i>	
R0710	<i>Best Estimate</i>	
R0720	<i>Risk margin</i>	
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	6,597
R0790	Derivatives	
R0800	Debts owed to credit institutions	
R0810	Financial liabilities other than debts owed to credit institutions	
R0820	Insurance & intermediaries payables	
R0830	Reinsurance payables	
R0840	Payables (trade, not insurance)	14,343
R0850	Subordinated liabilities	0
R0860	<i>Subordinated liabilities not in BOF</i>	
R0870	<i>Subordinated liabilities in BOF</i>	0
R0880	Any other liabilities, not elsewhere shown	496
R0900	<b>Total liabilities</b>	191,347
R1000	<b>Excess of assets over liabilities</b>	206,741





## Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance											Accepted non-proportional reinsurance				Total Non-Life obligation	
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance		Non-proportional property reinsurance
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
R0010	<b>Technical provisions calculated as a whole</b>						0	0		0					0	0		0
R0050	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole																	0
<b>Technical provisions calculated as a sum of BE and RM Best estimate</b>																		
<b>Premium provisions</b>																		
R0060	Gross						-21,512	-10,253		-15,154						-3,373	-5,136	-55,428
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default						9,744	-22,903		7,487						-1,174	-1,027	-7,873
R0150	<b>Net Best Estimate of Premium Provisions</b>						-31,256	12,650		-22,641						-2,199	-4,109	-47,555
<b>Claims provisions</b>																		
R0160	Gross						105,849	67,402		13,058						5,198	24,501	216,008
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default						86,408	54,779		11,900						3,929	24,785	181,801
R0250	<b>Net Best Estimate of Claims Provisions</b>						19,441	12,623		1,158						1,269	-284	34,207
R0260	<b>Total best estimate - gross</b>						84,337	57,149		-2,096						1,825	19,365	160,580
R0270	<b>Total best estimate - net</b>						-11,815	25,273		-21,483						-930	-4,393	-13,348
R0280	<b>Risk margin</b>						5,237	3,107		524						603	-140	9,331
<b>Amount of the transitional on Technical Provisions</b>																		
R0290	Technical Provisions calculated as a whole																	0
R0300	Best estimate																	0
R0310	Risk margin																	0
R0320	<b>Technical provisions - total</b>						89,574	60,256		-1,572						2,428	19,225	169,911
R0330	<b>Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total</b>						96,152	31,876		19,387						2,755	23,758	173,928
R0340	<b>Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total</b>						-6,578	28,380		-20,959						-327	-4,533	-4,017

S.19.01.21

Non-Life insurance claims

Total Non-life business

Z0020 Accident year / underwriting year

Gross Claims Paid (non-cumulative)														
(absolute amount)														
Year	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180	
	Development year										In Current year	Sum of years (cumulative)		
	0	1	2	3	4	5	6	7	8	9	10 & +			
R0100	Prior											44	44	44
R0160	2010	47,596	23,367	3,639	11,495	4,195	4,094	431	132	-294	2,347		2,347	97,002
R0170	2011	17,031	29,061	22,586	37,533	46,444	5,626	61,869	-1,119	-1,936			-1,936	217,095
R0180	2012	76,222	21,243	3,109	4,862	2,411	4,777	1,363	107				107	114,094
R0190	2013	41,952	29,433	10,522	4,777	9,507	410	569					569	97,171
R0200	2014	15,735	24,172	23,265	4,814	1,910	2,000						2,000	71,897
R0210	2015	24,767	29,460	27,833	2,305	1,787							1,787	86,152
R0220	2016	19,658	30,504	24,507	13,820								13,820	88,489
R0230	2017	4,662	21,050	13,653									13,653	39,366
R0240	2018	2,226	63,151										63,151	65,377
R0250	2019	3,960											3,960	3,960
R0260												Total	99,503	880,648

Gross Undiscounted Best Estimate Claims Provisions													
(absolute amount)													
Year	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360	
	Development year										Year end (discounted data)		
	0	1	2	3	4	5	6	7	8	9	10 & +		
R0100	Prior											3,516	3,487
R0160	2010	0	0	0	0	0	6,138	4,375	3,800	3,795	3,676		3,617
R0170	2011	0	0	0	0	68,368	62,708	3,627	1,124	787			769
R0180	2012	0	0	0	28,039	13,963	6,626	5,157	1,032				1,011
R0190	2013	0	0	22,397	22,705	10,080	8,492	7,536					7,376
R0200	2014	0	59,373	20,253	10,199	5,415	4,137						3,963
R0210	2015	118,938	59,771	22,099	14,107	6,244							6,087
R0220	2016	126,667	97,187	51,043	15,213								14,777
R0230	2017	87,336	65,465	42,133									41,242
R0240	2018	125,354	53,171										51,840
R0250	2019	84,263											81,840
R0260												Total	216,009



S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

- R0010 Market risk
- R0020 Counterparty default risk
- R0030 Life underwriting risk
- R0040 Health underwriting risk
- R0050 Non-life underwriting risk
- R0060 Diversification

R0070 Intangible asset risk

R0100 **Basic Solvency Capital Requirement**

**Calculation of Solvency Capital Requirement**

- R0130 Operational risk
- R0140 Loss-absorbing capacity of technical provisions
- R0150 Loss-absorbing capacity of deferred taxes
- R0160 Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC
- R0200 **Solvency Capital Requirement excluding capital add-on**
- R0210 Capital add-ons already set
- R0220 **Solvency capital requirement**

**Other information on SCR**

- R0400 Capital requirement for duration-based equity risk sub-module
- R0410 Total amount of Notional Solvency Capital Requirements for remaining part
- R0420 Total amount of Notional Solvency Capital Requirements for ring fenced funds
- R0430 Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios
- R0440 Diversification effects due to RFF nSCR aggregation for article 304

Gross solvency capital requirement	USP	Simplifications
C0110	C0090	C0120
13,931		
9,014		
0		
0		
72,093		
-13,261		

0

81,777

C0100

6,800

0

0

0

88,577

0

88,577

0

0

0

0

0

USP Key

**For life underwriting risk:**

- 1 - Increase in the amount of annuity benefits
- 9 - None

**For health underwriting risk:**

- 1 - Increase in the amount of annuity benefits
- 2 - Standard deviation for NSLT health premium risk
- 3 - Standard deviation for NSLT health gross premium risk
- 4 - Adjustment factor for non-proportional reinsurance
- 5 - Standard deviation for NSLT health reserve risk
- 9 - None

**For non-life underwriting risk:**

- 4 - Adjustment factor for non-proportional reinsurance
- 6 - Standard deviation for non-life premium risk
- 7 - Standard deviation for non-life gross premium risk
- 8 - Standard deviation for non-life reserve risk
- 9 - None

