

Group Chief Executive Officer's Review

Delivering on our priorities



Q&A

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Alex Maloney
Group Chief Executive Officer

How do you view Lancashire's performance in 2024?

2024 was another superb year for Lancashire across all our key strategic priorities as we continued to deliver on what we said we would do when we refocused the business in 2018.

We are in great shape, having grown materially at the right time in the underwriting cycle.

We have utilised our capital more efficiently, diversified our underwriting portfolio to reduce volatility, and broadened our talent base by attracting good people who fit our culture.

This achievement was possible due to the hard work of everyone across the Group and their commitment and support in helping to build a stronger and more robust business.

The result of this work is that in 2024, gross premiums written increased by 11.3%, and insurance revenue increased by 16.1%, compared to the prior year. Our insurance service result was \$379.9 million.

Our strong underwriting performance is seen through a combined ratio (undiscounted) of 89.1%. This is despite 2024 being a very active year in terms of the loss environment.

We have demonstrated both a robust and disciplined underwriting performance and returns for our investors – with two special dividends totalling \$1.25 per common share paid during the year.

Returning excess capital that we do not need to our shareholders has always been a core part of Lancashire's DNA, and we remain well-capitalised to fund the future growth opportunities that we see.

How has Lancashire's strategy contributed to this strong performance in 2024?

Our strategy has always been to actively manage the market cycle and grow when the conditions are right. After investing in the business over the past few years, we are now achieving results that support more sustainable outcomes across the cycle.

Our strong and disciplined underwriting, with expert teams across our product classes, and effective capital management, have always been part of who we are.

As our underwriting portfolio continues to benefit from a more balanced risk profile, our return profile has strengthened and allowed us to use our capital more efficiently.

We have always retained an entrepreneurial mindset, which means that we quickly evaluate opportunities and act on them if the conditions are right.

You've mentioned managing the market cycle. How does Lancashire approach this?

Right from inception, Lancashire has focused on cycle management. It is fundamental to how we run the business, our day-to-day focus, and how we manage our capital resources.

This has meant that we take advantage of positive market conditions and re-balance if the profitability outlook changes, reducing our exposures, and returning capital if we do not need it for underwriting.

With the diversification of our portfolio over the past few years, we have been focused on adding the right opportunities at the right point in the cycle.

We have grown in areas where we have the expertise, or have been able to attract the best talent, to capitalise on those opportunities for us.

How has Lancashire evolved in the past few years?

Looking back, Lancashire grew strongly as the market cycle turned more positive in 2018, and we have more than tripled gross premiums written and more than doubled the number of product classes that we now write.

We have also always focused on building deep relationships with brokers and clients, positioning ourselves as a solution-oriented business. Those relationships give us increased optionality at different points in the cycle.

Ultimately, managing the cycle means being alert to changes in the market and retaining our discipline. We are now in a stronger position than ever before, with the ability to use all the underwriting levers at our disposal to effectively manage volatility and deliver a better risk and return profile for investors.

What are your expectations for Lancashire's US business?

We believe there are excellent opportunities for Lancashire in the US. We are attracting great talent from across the industry to join us, and we are building a strong franchise on the ground.

We will continue to look at the broader opportunities to grow in product areas that fit our appetite.

We were clear from the start that we saw an opportunity in the US to write excess and surplus lines business that we could not access through our other platforms with new customers.

The team has done a fantastic job hitting the ground running, and we are pleased to be on the ground in the US at this time offering products where we have deep expertise. That gives us confidence in the long-term prospects of this venture.

How has Lancashire retained its strong purpose and culture following this period of growth?

Becoming an employer of choice in the market is one of our core strategic priorities.

To do this we need to continue to attract and retain the best talent in the sector. It is very important to me that all our people – wherever they work across the Group – understand both what we are trying to achieve and also how we want to achieve it.

Everyone has a role to play in our success and a responsibility to help drive the business forward.

We believe that the way we behave and approach our work day-to-day is what makes us unique and creates a positive experience for our people and those we do business with.

During 2024, we launched The Lancashire Way, a set of core behaviours and expectations that capture how we operate and areas we want our people to prioritise. These include an emphasis on the value of constructive challenge and being straight-talking, collaboration and sharing knowledge, owning our individual responsibility for the Company's success, and being positive ambassadors for Lancashire.

None of this is rocket science, as we have always been a business that values its people.

How does Lancashire support the development of its people and help them thrive?

We always look for employees who share our values and purpose, and who want to develop rewarding careers in a supportive environment.

Despite our recent growth, we remain a relatively small business in terms of employee numbers, and this means we can ensure our people's progress in a more bespoke manner.

Of course, there is always more we can do, and we will continue to prioritise training and development in 2025 and the coming years.

I am always keen to promote from within and provide the best career opportunities for our people.

Having a strong team with a range of talents means that we can more readily do that.

I am also very proud that people see Lancashire as a place they want to spend large portions of their careers. We don't take that for granted and always look at ways to make our work environment and culture the most supportive they can be.

In 2025, Lancashire celebrates its 20th anniversary, which will be an opportunity to take stock of what we have achieved and to thank our employees for their role in our success.

What opportunities do you see for Lancashire in 2025?

I am very excited for the future of our business and what we can do. What we have done over the past five years in terms of driving the business forward has been phenomenal.

We will always continue to be led by the market conditions, but we have built a much more robust business that is better able to withstand external shocks.

As I look to 2025, I would expect a large part of our organic growth to come from the continued development of our US business. Additionally, as our clients and business partners continue to face an uncertain world, demand for our products should remain resilient. Aligned with our purpose, we will continue to offer risk solutions that shield against the impact of uncertain loss events.

Away from our day-to-day work, there are also further opportunities for Lancashire and its employees to make a positive impact on society, particularly through the Lancashire Foundation.

Most importantly, across the Group, I am pleased to say that we are well-positioned to address the prevailing market conditions, and we have the talent and the passion to continue to make Lancashire an even better business.

Having the right vision and the right people to deliver it is always the goal, and I am excited that we have both of those going into 2025.

Group premium development 2006 to 2024

