

# Lancashire Holdings Limited

Hamilton, Bermuda, 8 September 2006

## **LANCASHIRE INSURANCE COMPANY (UK) LIMITED RECEIVES FSA AUTHORISATION**

Lancashire Holdings Limited (“Lancashire” or “the Company”) today announced that Lancashire Insurance Company (UK) Limited (“LUK”) has obtained authorization from the UK Financial Services Authority (“FSA”) to commence underwriting.

LUK is authorised to write the same lines of insurance business that are currently written by Lancashire Insurance Company Limited (“LICL”), the Company’s Bermuda Class 4 insurance subsidiary. To date, LICL has written business, mostly on a direct basis, in four lines: property, energy, marine and aviation.

LUK is capitalised at £60 million (approximately US\$113 million). LUK has also entered into a quota share agreement with LICL for a whole account cession of a percentage of risks written in the UK.

A.M. Best has assigned an A- (Excellent) rating to LUK.

### **Richard Brindle, Chief Executive Officer and Chief Underwriting Officer, commented:**

“We are very excited about the authorisation of our London underwriting operation. Lancashire UK is an accretive, organic addition to our existing operation and one which will greatly increase the flexibility of our operations and afford us access to a wider pool of high quality risks. We expect to see the benefits of this almost immediately when we commence underwriting, and we look forward to capitalising on these benefits as we move into 2007 and beyond.”

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**About Lancashire**

Lancashire was established in 2005 as a new insurance and reinsurance business to take advantage of the favourable underwriting conditions expected to arise from the large insured losses incurred in 2004 and 2005. The Company has an A.M. Best rating of A- (Excellent) with a stable outlook.

Lancashire was admitted to AIM on 16 December 2005 following an Offer of Common Shares to investors. The Common Shares trade on AIM under the ticker symbol LRE.

#### NOTE REGARDING FORWARD-LOOKING STATEMENTS

CERTAIN STATEMENTS MADE IN THIS ANNOUNCEMENT THAT ARE NOT BASED ON CURRENT OR HISTORICAL FACTS ARE FORWARD-LOOKING IN NATURE INCLUDING, WITHOUT LIMITATION, STATEMENTS CONTAINING WORDS "BELIEVES", "ANTICIPATES", "PLANS", "PROJECTS", "INTENDS", "EXPECTS", "LIKELY", "ESTIMATES", "PREDICTS", "MAY", "WILL", "SEEKS", "SHOULD" OR, IN EACH CASE, THEIR NEGATIVE OR COMPARABLE TERMINOLOGY. ALL STATEMENTS OTHER THAN STATEMENTS OF HISTORICAL FACTS INCLUDING, WITHOUT LIMITATION, THOSE REGARDING THE GROUP'S PROSPECTS, GROWTH, BUSINESS STRATEGY, AND PLANS AND OBJECTIVES RELATING TO THE GROUP'S INSURANCE BUSINESSES AND PLATFORMS ARE FORWARD-LOOKING STATEMENTS. SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES, REGULATORY AND RATING AGENCY CONDITIONS AND OTHER IMPORTANT FACTORS, SOME OF WHICH ARE OUTSIDE OF THE GROUP'S CONTROL, 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 FORWARD-LOOKING STATEMENTS SPEAK ONLY AS AT THE DATE OF THIS ANNOUNCEMENT OR OTHER INFORMATION CONCERNED. LANCASHIRE HOLDINGS LIMITED EXPRESSLY DISCLAIMS ANY OBLIGATION OR UNDERTAKING (SAVE AS REQUIRED TO COMPLY WITH ANY LEGAL OR REGULATORY OBLIGATIONS, INCLUDING THE AIM RULES) TO DISSEMINATE ANY UPDATES OR REVISIONS TO ANY FORWARD-LOOKING STATEMENTS CONTAINED HEREIN TO REFLECT ANY CHANGES IN THE GROUP'S EXPECTATIONS WITH REGARD THERETO OR ANY CHANGE IN EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH ANY SUCH STATEMENT IS BASED.