

Lancashire Holdings Limited

Hamilton, Bermuda, 18 September 2006

LANCASHIRE HOLDINGS LIMITED ANNOUNCES APPOINTMENT OF DIRECTOR

Lancashire Holdings Limited (the “Company”) today announced the appointment of Martin Nicholas Caleb Thomas as a non-executive Director of the Company as of its close of business on Friday 15th September.

Martin Thomas, age 43, is a solicitor and was most recently an official of the Bank of England on secondment to the EU Commission. At the Commission, he worked in the Financial Services Policy and Financial Markets Directorate of the EU Commission’s Internal Market and Services Directorate General.

Before Martin joined the Commission, he established the Financial Markets Law Committee at the Bank of England. Prior to that he was Deputy Chief Executive of the Financial Law Panel and Senior Counsel to the European Central Bank in Frankfurt. He started his career in private practice, specialising in corporate and commercial litigation at Travers Smith, and the law and regulation of financial services at Clifford Chance.

Martin is currently a director of Downside Up Limited and Crossflow Limited. In the previous 5 years he has been a director of The Balance Charitable Foundation for Unclaimed Assets, Brinthom Limited and Portobello Games Limited.

Commenting on Martin Thomas’ appointment, Robert Spass, Chairman of the Company, said: “I am delighted to welcome Martin to Lancashire’s Board. His considerable experience gained in the financial services sector will be of significant value to the Lancashire group in its future development, particularly in light of the establishment of our new FSA authorised insurance platform”.

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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", "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 FINANCIAL POSITION, RESULTS OF OPERATIONS, LIQUIDITY, PROSPECTS, GROWTH, 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 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.