

Lancashire Holdings Limited

Hamilton, Bermuda, 28th November 2006

LANCASHIRE MIDDLE EAST MARKETING SUBSIDIARY

Lancashire Holdings Limited (“Lancashire” or “the Company”) today announced that it intends to incorporate a subsidiary in the Dubai International Financial Centre (“DIFC”) and submit an application to the Dubai Financial Services Authority (“DFSA”) seeking status for the new subsidiary as an authorised insurance intermediation firm.

The new company will allow Lancashire to market its UK and Bermuda-based insurance subsidiaries more effectively and efficiently in the region.

Richard Brindle, Chief Executive Officer, commented:

“This application demonstrates our commitment to building the Lancashire brand. In the short term we do not anticipate any change to our existing forecasts. In the longer term having a presence in the Middle East will allow the Lancashire Group to grow a solid book of business that will complement our existing underwriting. Using the DIFC as our marketing centre to source the business, we intend to write non-catastrophe exposed engineering risks in the region and other lines such as energy. We have chosen the DIFC because it is the regional domicile of choice.”

The application is subject to DFSA and DIFCA approval.

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About Lancashire

Lancashire, through its UK and Bermuda-based insurance subsidiaries, is a global provider of specialty insurance products. Its insurance subsidiaries carry the Lancashire group rating of A minus (Excellent) from A.M. Best with a stable outlook. Lancashire has capital in

excess of \$1 billion dollars and its Common Shares trade on AIM under the ticker symbol LRE. Lancashire is headquartered at Mintflower Place, 8 Par-La-Ville Road, Hamilton HM 08, Bermuda. The mailing address is Lancashire Holdings Limited, P.O. Box HM 2358, Hamilton HM HX, Bermuda. For more information on Lancashire, visit the company's website at www.lancashire.bm.

NOTE REGARDING FORWARD-LOOKING STATEMENTS

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