

# Lancashire Holdings

## Substantial shareholder distributions

Lancashire Holdings released its FY24 results on 6 March and declared another 25c/share special dividend on top of the 75c/share declared in November 2024. This brings combined special dividend declarations since FY23 to 200c/share, which equates to 36% of NAV per share at the start of FY23. Lancashire introduced a more liberal dividend policy in FY24, which resulted in a full ordinary dividend declared for FY24 of 22.5c/share compared with 15c/share for FY23 (combined dividend yield of 15.3%). Year-end NAV/share was 612c compared with 617c in FY23 and a return on equity (RoE) of 23.4% compared with 24.7% in FY23. A pull-back in the share price on the back of the results and FY25 RoE guidance in the mid-teens gives a price to NAV of 1.22x, well below the 1.3–1.6x range before interest rates increased in 2022.

## Deterioration in combined ratio could continue

Lancashire's FY24 combined ratio of 89.1% on an undiscounted basis increased from 82.6% in FY23 and 82.2% in H124 due a pick-up in natural catastrophe (Nat Cat) events in H224 (hurricanes Milton, Helene and Debby, Storm Boris and the Calgary hailstorms). This is a strong result compared with historical levels (including a five-year average of 97.2% in FY18–22). The company expects a further deterioration in FY25 due to the California wildfires.

## Hard underwriting cycle positions Lancashire well

Lancashire has delivered a compound annual growth rate (CAGR) in gross written premiums (GWP) of 27.5% since FY20. This strong performance was supported by a hard underwriting cycle with Lloyd's of London recording a record 72% in premium rate increases since FY20. On top of this, Lancashire has increased its market presence by expanding into 20+ new reinsurance subclasses, driving a reinsurance GWP CAGR of 40% since FY20. The company is positioned well from top-line growth and premium rate perspectives to weather increased Nat Cat exposure, even if premium rate growth slows (as is expected in FY25).

## Healthy returns, capital efficiency and distributions

A stand-out from the FY24 results is Lancashire's delivery of impressive RoEs (FY24: 23.4%, FY23: 24.7%) and distribution of its gains to shareholders while driving an efficient balance sheet. While it maintains very healthy solvency levels, as measured by Bermuda Solvency Capital Requirements, it has actively reduced cover via special dividends and a more liberal dividend policy, in pursuit of driving RoE. Although FY25 guidance is for an RoE in the mid-teens (in part due to California wildfire exposure), this is still well ahead of the cost of capital.

### Historical financials

Year end	Revenue (\$m)	EPS (\$)	DPS (\$)	NAV/share (\$)	ROE (%)	P/E (x)	Yield (%)	P/NAV (x)
12/22	1,226.5	(0.06)	0.15	5.48	(2.4)	N/A	1.9	1.46
12/23	1,519.9	1.32	0.65	6.17	24.7	6.1	8.1	1.29
12/24	1,765.1	1.30	1.23	6.12	23.4	6.1	15.3	1.31

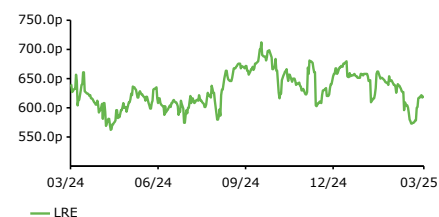
Source: Company accounts. Note: DPS includes special dividends.

### Financials

6 March 2025

**Price** 621.00p  
**Market cap** \$1,946m

### Share price performance



### Share details

Code	LRE
Listing	LSE
Shares in issue	244.0m
Net cash/(debt) at 31 December 2024	\$237.3m
Net cash/(debt)	

### Business description

Lancashire Holdings provides global speciality insurance and reinsurance products. It operates in Bermuda, London, the US and Australia, across three delivery platforms: rated company, Lloyd's and collateralised security.

### Bull points

- Strong top-line growth.
- Effective capital management.
- Superior distributions to shareholders.

### Bear points

- Exposure to an uncertain natural catastrophe environment.
- Pressure on future premium-rate increases likely to mount.
- Exposure to an uncertain global economic environment.

### Analysts

Martyn King	+44 (0)20 3077 5700
Marius Strydom	+44 (0)20 3077 5700

[financials@edisongroup.com](mailto:financials@edisongroup.com)  
[Edison profile page](#)

**EDISON QUICKVIEWS ARE NORMALLY ONE-OFF PUBLICATIONS WITH NO COMMITMENT TO WRITING ANY FOLLOW UP. QUICKVIEW NOTES USE CONSENSUS EARNINGS ESTIMATES.**

---

## General disclaimer and copyright

This report has been prepared and issued by Edison. Edison Investment Research standard fees are £60,000 pa for the production and broad dissemination of a detailed note (Outlook) following by regular (typically quarterly) update notes. Fees are paid upfront in cash without recourse. Edison may seek additional fees for the provision of roadshows and related IR services for the client but does not get remunerated for any investment banking services. We never take payment in stock, options or warrants for any of our services.

**Accuracy of content:** All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report and have not sought for this information to be independently verified. Opinions contained in this report represent those of the research department of Edison at the time of publication. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations.

**Exclusion of Liability:** To the fullest extent allowed by law, Edison shall not be liable for any direct, indirect or consequential losses, loss of profits, damages, costs or expenses incurred or suffered by you arising out of or in connection with the access to, use of or reliance on any information contained on this note.

**No personalised advice:** The information that we provide should not be construed in any manner whatsoever as, personalised advice. Also, the information provided by us should not be construed by any subscriber or prospective subscriber as Edison's solicitation to effect, or attempt to effect, any transaction in a security. The securities described in the report may not be eligible for sale in all jurisdictions or to certain categories of investors.

**Investment in securities mentioned:** Edison has a restrictive policy relating to personal dealing and conflicts of interest. Edison Group does not conduct any investment business and, accordingly, does not itself hold any positions in the securities mentioned in this report. However, the respective directors, officers, employees and contractors of Edison may have a position in any or related securities mentioned in this report, subject to Edison's policies on personal dealing and conflicts of interest.

Copyright 2025 Edison Investment Research Limited (Edison).

---

## Australia

Edison Investment Research Pty Ltd (Edison AU) is the Australian subsidiary of Edison. Edison AU is a Corporate Authorised Representative (1252501) of Crown Wealth Group Pty Ltd who holds an Australian Financial Services Licence (Number: 494274). This research is issued in Australia by Edison AU and any access to it, is intended only for "wholesale clients" within the meaning of the Corporations Act 2001 of Australia. Any advice given by Edison AU is general advice only and does not take into account your personal circumstances, needs or objectives. You should, before acting on this advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Product Disclosure Statement or like instrument.

---

## New Zealand

The research in this document is intended for New Zealand resident professional financial advisers or brokers (for use in their roles as financial advisers or brokers) and habitual investors who are "wholesale clients" for the purpose of the Financial Advisers Act 2008 (FAA) (as described in sections 5(c) (1)(a), (b) and (c) of the FAA). This is not a solicitation or inducement to buy, sell, subscribe, or underwrite any securities mentioned or in the topic of this document. For the purpose of the FAA, the content of this report is of a general nature, is intended as a source of general information only and is not intended to constitute a recommendation or opinion in relation to acquiring or disposing (including refraining from acquiring or disposing) of securities. The distribution of this document is not a "personalised service" and, to the extent that it contains any financial advice, is intended only as a "class service" provided by Edison within the meaning of the FAA (i.e. without taking into account the particular financial situation or goals of any person). As such, it should not be relied upon in making an investment decision.

---

## United Kingdom

This document is prepared and provided by Edison for information purposes only and should not be construed as an offer or solicitation for investment in any securities mentioned or in the topic of this document. A marketing communication under FCA Rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This Communication is being distributed in the United Kingdom and is directed only at (i) persons having professional experience in matters relating to investments, i.e. investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "FPO") (ii) high net-worth companies, unincorporated associations or other bodies within the meaning of Article 49 of the FPO and (iii) persons to whom it is otherwise lawful to distribute it. The investment or investment activity to which this document relates is available only to such persons. It is not intended that this document be distributed or passed on, directly or indirectly, to any other class of persons and in any event and under no circumstances should persons of any other description rely on or act upon the contents of this document.

This Communication is being supplied to you solely for your information and may not be reproduced by, further distributed to or published in whole or in part by, any other person.

---

## United States

Edison relies upon the "publishers' exclusion" from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940 and corresponding state securities laws. This report is a bona fide publication of general and regular circulation offering impersonal investment-related advice, not tailored to a specific investment portfolio or the needs of current and/or prospective subscribers. As such, Edison does not offer or provide personal advice and the research provided is for informational purposes only. No mention of a particular security in this report constitutes a recommendation to buy, sell or hold that or any security, or that any particular security, portfolio of securities, transaction or investment strategy is suitable for any specific person.

---