



Hiscox Ltd Preliminary results

For the year ended 31 December 2020



2020 highlights

A challenge for all of us

- Top line steady at \$4.0bn; loss of \$268.5m
- Covid-19 losses unchanged at \$475m
 - UK industry test case complete
 - Claims settlement progressing
- Resilient performance across the Group
 - Hiscox London Market the standout performer, delivering profit of \$97m
 - Strong ex-Covid performance across all units
- Delivered by our dedicated colleagues

Balanced business creates options

-
- Priorities switch from resilience to opportunity
 - Drive profits from big-ticket business
 - Accelerate digital distribution in Retail, with focus on USA
 - Evolve business model; grow where there is opportunity
 - Dividend a priority in 2021

2021 business priorities

Capitalising on strengths

- London Market to continue to capitalise on scale and strong market positions
- Re & ILS to benefit from rate rises and additional capital from raise
- Positive rating trends in Retail
- First mover advantage in digital for all channels
- Build on relationships with brokers and reinsurers

Evolving our model

- Focus Hiscox USA on more profitable smaller commercial segment, reducing top line by \$100m
- Created crisis management unit in London Market, incorporating \$100m of Special Risks business from Retail
- Combination of lower premium over fixed costs and prudent loss picks reflecting economic uncertainty will offset underlying progress of Retail COR in 2021
- Expect to return to 90%-95% COR range in 2023

Building sustainably

- Dividend a priority in 2021
- Strengthen brand through focus on service – one customer, one policy, one claim at a time
- Use some of the excess big-ticket profits to accelerate Retail evolution
- Invest more in connectivity to brokers and partners

Financial performance

Group financial performance

Resilient in a challenging year

| | 31 December 2020 \$m | 31 December 2019 \$m |
|---|-------------------------|-------------------------|
| Growth | | |
| Gross premiums written | 4,033.1 | 4,030.7 |
| Net premiums written | 2,750.4 | 2,678.8 |
| Net premiums earned | 2,752.2 | 2,635.6 |
| Earnings | | |
| Underwriting loss | (370.6) | (134.5) |
| Investment result | 197.5 | 223.0 |
| (Loss)/profit before tax | (268.5) | 53.1 |
| Combined ratio | 114.5% | 106.8% |
| Earnings excluding Covid-19 net claims | | |
| Underwriting profit/(loss) | 104.8 | (134.5) |
| Profit before tax | 206.9 | 53.1 |
| Combined ratio | 97.0% | 106.8% |
| Capital | | |
| Final ordinary dividend (¢) | – | 13.75 |
| Net asset value | | |
| \$m | 2,353.9 | 2,189.7 |
| ¢ per share | 689.0 | 768.2 |
| £m | 1,721.7 | 1,653.5 |
| p per share | 503.9 | 580.1 |
| Return on equity | (11.8)% | 2.2% |

- Growth in Retail and London Market; planned reduction in Re & ILS
- Positive rate movement in all segments
- Improved underlying performance. Excluding Covid-19 all three segments profitable
- Strong investment performance
- Seeing positive impact from underwriting and operational actions
- Dividend a priority in 2021

Benefitting from digital trends in a tough year

| | 31 December 2020 \$m | 31 December 2019 \$m |
|---|-------------------------|-------------------------|
| Growth | | |
| Gross premiums written | 2,266.3 | 2,196.3 |
| Net premiums written | 1,986.8 | 1,957.5 |
| Net premiums earned | 1,975.5 | 1,895.1 |
| | | |
| Earnings | | |
| Underwriting (loss)/profit | (343.6) | 36.5 |
| Investment result | 107.3 | 133.9 |
| (Loss)/profit before tax | (237.6) | 169.2 |
| Combined ratio | 120.0% | 99.3% |
| Combined ratio excl. Covid-19 net claims | 97.7% | 99.3% |

- GWP up 3% despite challenging conditions, with growth in four of its five divisions
- 15% growth in direct and partnerships
 - GWP approaching \$600m
 - 800,000 customers
- UK resilient, strong growth in Europe and Asia.
- 22% growth in US direct and partnerships offset underwriting action in Broker D&O and media
- Excluding Covid-19 net claims, 97.7% COR, progress in line with expectations
- Positive outlook with rate momentum in the USA and UK

Hiscox London Market

Outstanding performance with excellent outlook



| | 31 December 2020 \$m | 31 December 2019 \$m |
|---|-------------------------|-------------------------|
| Growth | | |
| Gross premiums written | 1,023.4 | 967.9 |
| Net premiums written | 570.9 | 504.6 |
| Net premiums earned | 548.6 | 527.9 |
| | | |
| Earnings | | |
| Underwriting profit/(loss) | 40.7 | (26.3) |
| Investment result | 56.6 | 50.6 |
| Profit before tax | 97.2 | 23.3 |
| Combined ratio | 93.7% | 105.6% |
| Combined ratio excl. Covid-19 net claims | 91.6% | 105.6% |

- 13% growth in NWP as conditions improve
- Underwriting discipline and portfolio action bearing fruit
 - Strong underwriting result
 - Material improvement in COR in H2
- Compound rate increase of 43% since 2017 and a strong start to 2021
- Good progress in digital trading

Hiscox Re & ILS

Positioned for growth as conditions improve



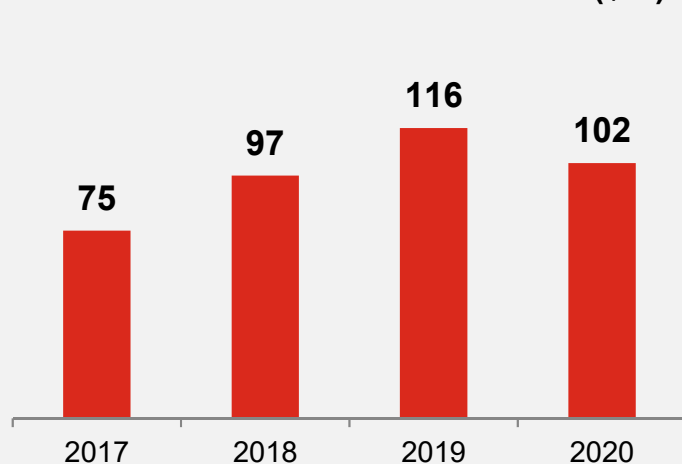
| | 31 December 2020 \$m | 31 December 2019 \$m |
|---|-------------------------|-------------------------|
| Growth | | |
| Gross premiums written | 743.4 | 866.5 |
| Net premiums written | 192.7 | 216.7 |
| Net premiums earned | 228.1 | 212.6 |
| | | |
| Earnings | | |
| Underwriting loss | (67.7) | (144.7) |
| Investment result | 33.6 | 38.5 |
| Loss before tax | (35.1) | (107.6) |
| Combined ratio | 131.8% | 169.9% |
| Combined ratio excl. Covid-19 net claims | 107.2% | 169.9% |

- GWP reduced by 14% due to underwriting discipline
- Broadened appetite as rates improved through the year
- ILS AUM at \$1.4bn
- Rates increased by 12% in 2020 with further positive momentum at January 2021
- In 2021 net premiums growth expected to exceed top line growth as we retain more risk in an improving market
- Reshaping the book to capture opportunity ahead

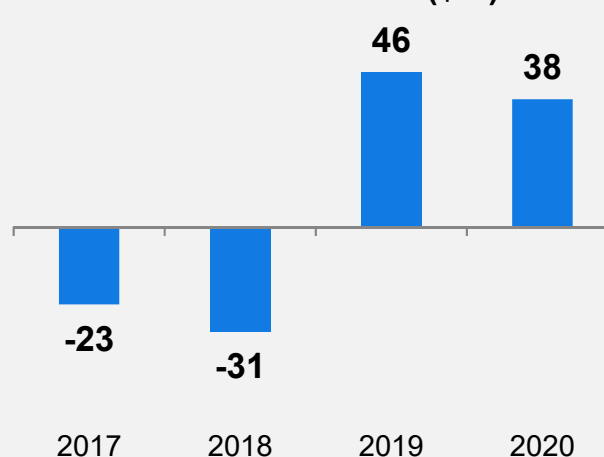
Investment performance

Maintaining a cautious stance

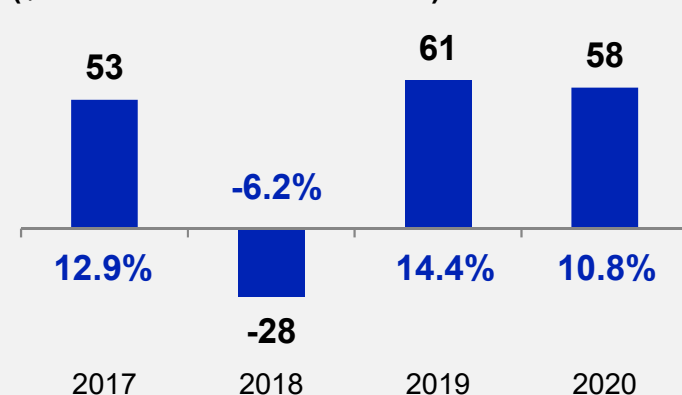
Cash and bond income net of fees (\$m)



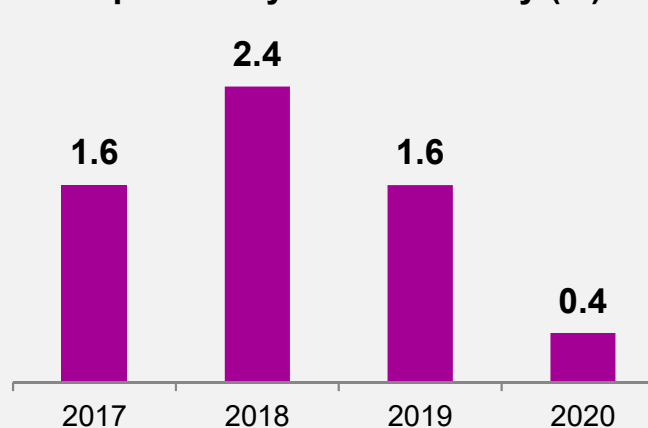
Mark-to-market on bonds (\$m)



Risk asset performance (\$m and as % of risk assets)



Bond portfolio yield to maturity (%)



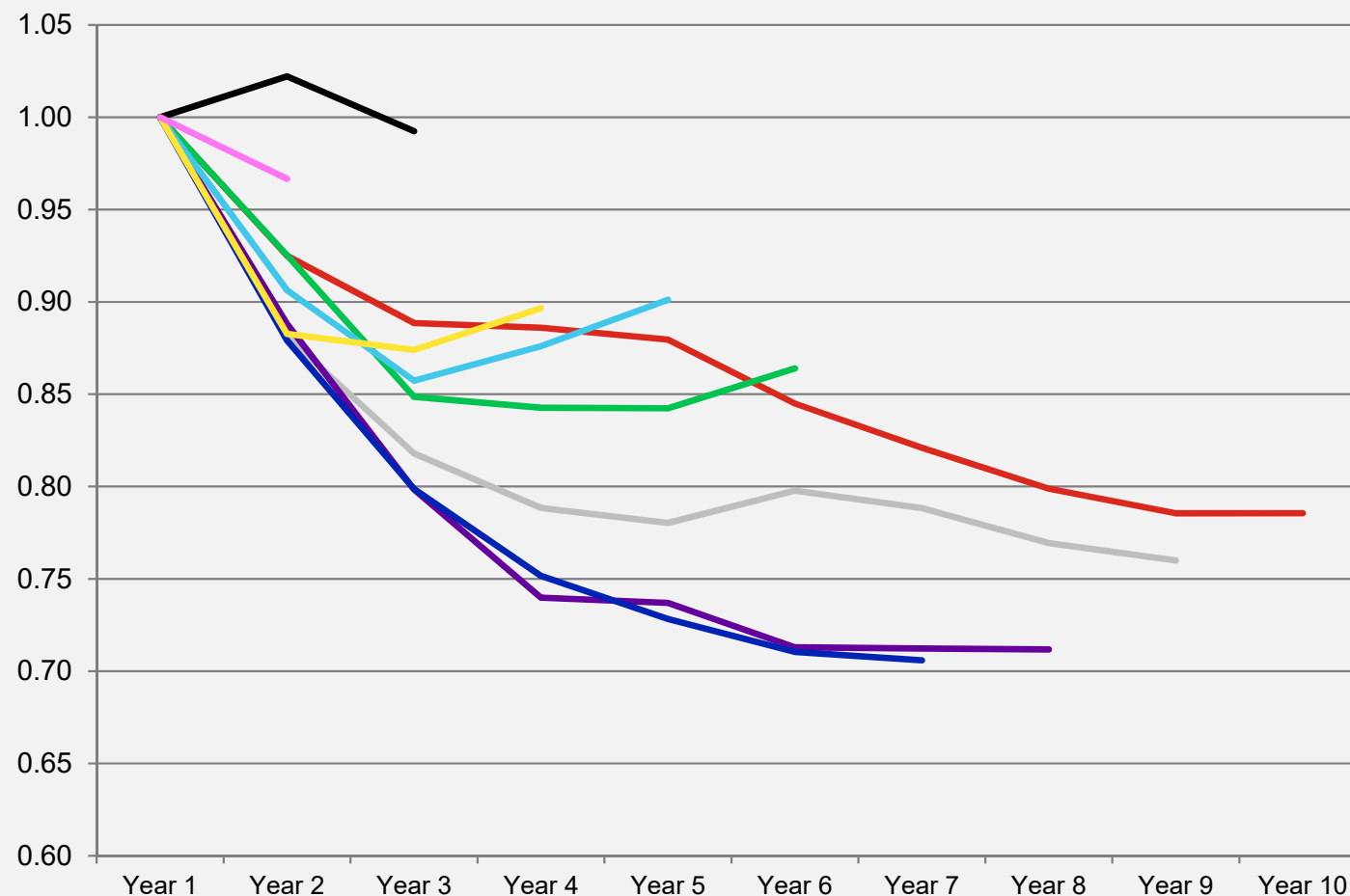
- Investment result \$198m (2019: \$223m), return of 2.8% (2019: 3.6%)
- Cautious risk positioning insulates portfolio from worst of market volatility
- High allocation to cash in uncertain environment
- Active management of portfolio, taking advantage of market dislocation, adjusting allocation to risk assets
- Mark-to-market gains on bonds a tailwind so far, but lower yields bring expectation of lower future returns
- Average bond duration: 1.6 years (2019: 1.6 years)
- Group invested assets \$7.6bn at 31 December 2020

Reserve resilience continues

\$32m positive reserve development

Loss development by accident year

— 2011 — 2012 — 2013 — 2014 — 2015 — 2016 — 2017 — 2018 — 2019

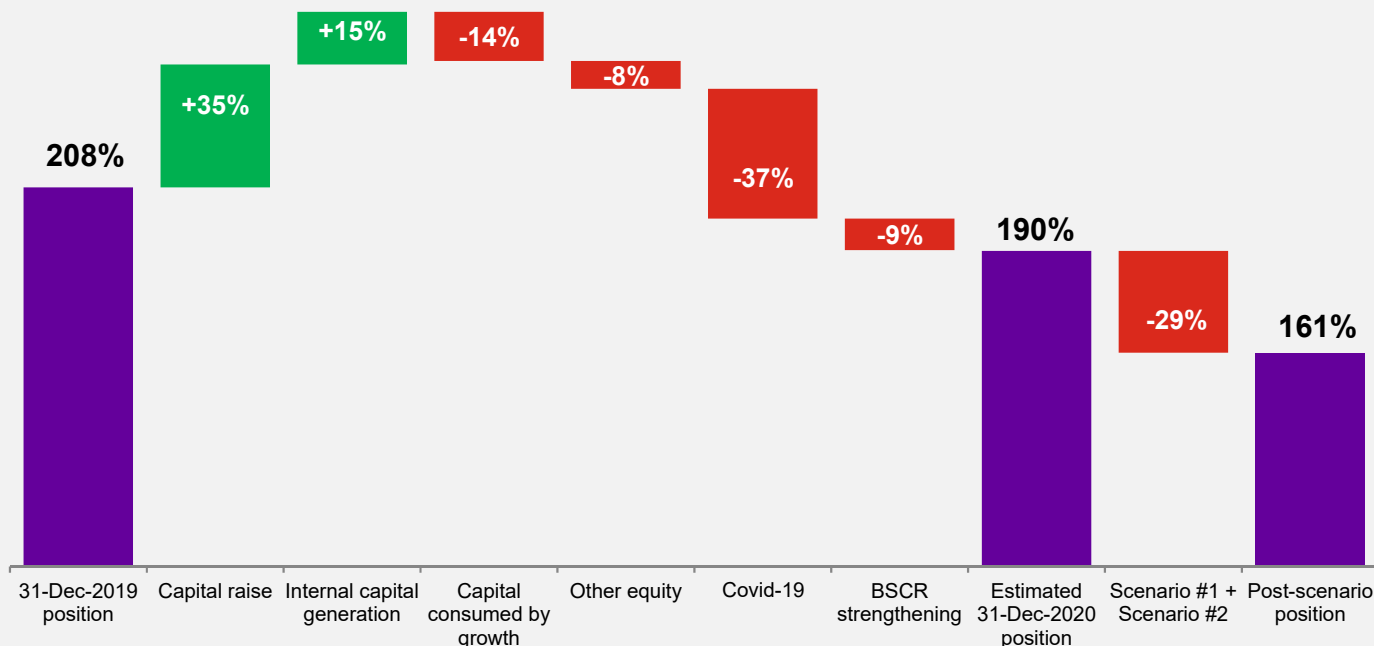


- Robust reserves 9.8% (2019: 9.4%) above actuarial estimate
- Positive reserve development of \$32m (2019: \$26m)
- 2019 catastrophes reducing in 2020
- 2018 impacted by deterioration on catastrophes
- 2015-2017 impacted by strengthening on run-off healthcare and US general liability

Robust capital strength

Positioned to withstand stressed scenarios

Bermuda solvency capital requirement (BSCR)



| Illustrative scenario | Description | Modelled loss |
|------------------------|---|---------------|
| #1 Natural catastrophe | US windstorm modelled mean loss for a 100-250 year return period | \$200m |
| #2 Economic recession | \$60m loss in equity markets, yields increase by 1ppt leading to \$80m net mark-to-market loss on bond portfolio and 2ppts Group loss ratio deterioration | \$200m |

Other equity includes increase in pension deficit (plus contributions) and finance costs.
 Scenario #1 assumes renewal of additional ILW protection purchased in 2020.

- Regulatory and ratings capital position robust; post-scenario position, consistent with S&P A rating
- Significant loss absorption capacity and ability to support growth
- Strong liquidity
- Key changes during year:
 - £375m equity raise
 - \$475m booked for Covid-19 losses
- Severe downside scenario assumptions:
 - \$200m loss from US windstorm
 - \$200m economic recession losses

Big-ticket

- Profit over volume
- London Market gross premium growth in 2021 in mid- to high-single digits at improving margins
- Re & ILS NWP growth expected to outpace top line as market conditions improve and due to deployment of capital from raise

Retail

- One-off \$200m GWP adjustment due to reclassification of Special Risks and repositioning of the US portfolio
- GWP growth in 2021 at low end of 5%-15% range on a like-for-like basis before returning to high single digit
- Combination of lower premium over fixed costs and prudent loss picks reflecting economic uncertainty will offset underlying progress of Retail COR in 2021
- Expect to return to 90%-95% COR range in 2023

Efficiency savings

- 2020 two-point reduction in expense ratio is mostly temporary
- Efforts to embed new technologies and simplify processes gaining traction
- Expect to drive 1% per annum reduction in operational expense ratio from normalised level in 2021 and 2022
- Some efficiency savings to be re-invested in digitally-traded business and brand building

Underwriting

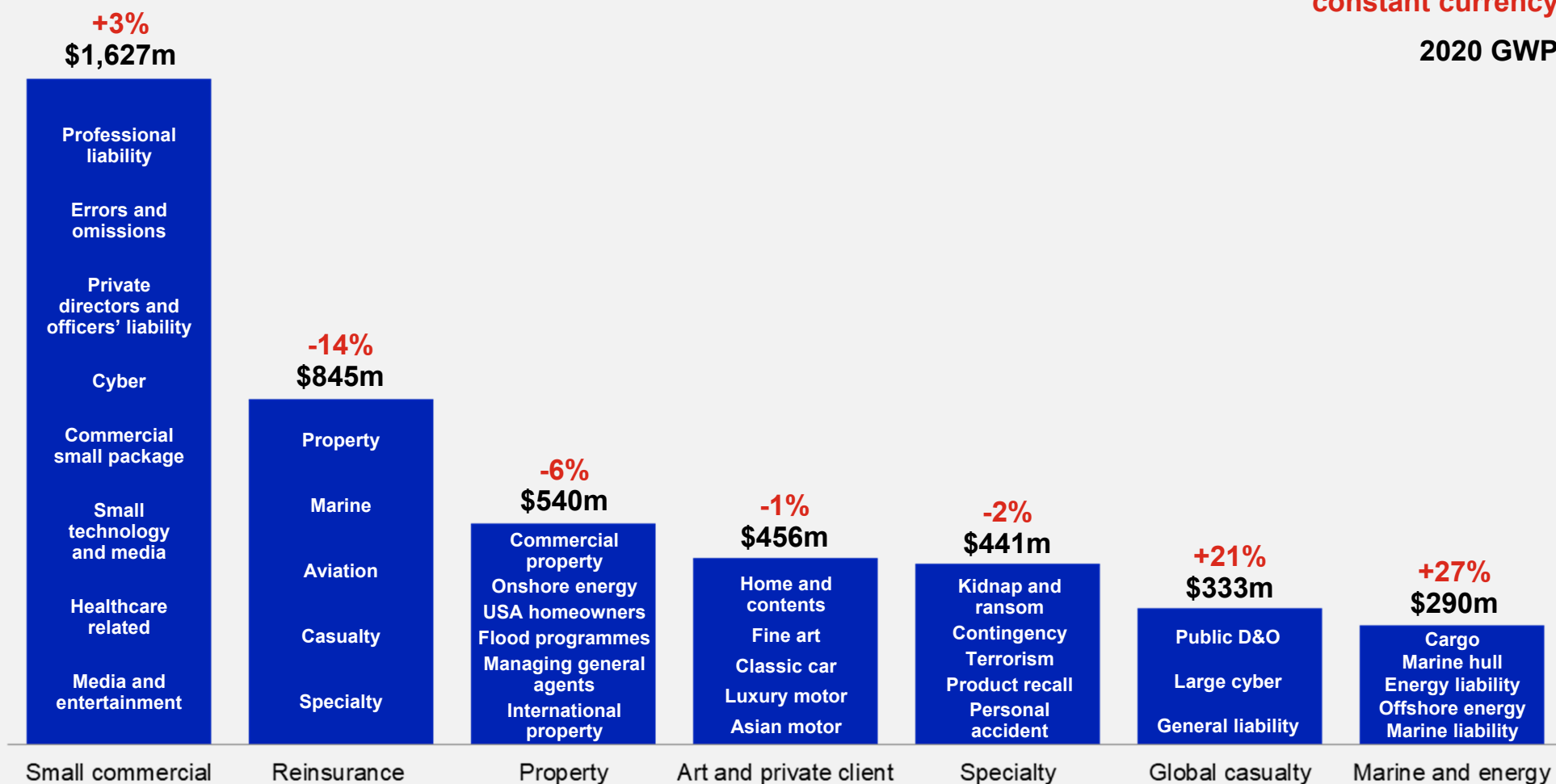
An actively managed business

Continuing to benefit from strategy of balance

Total Group controlled premium 31 December 2020: \$4,532m

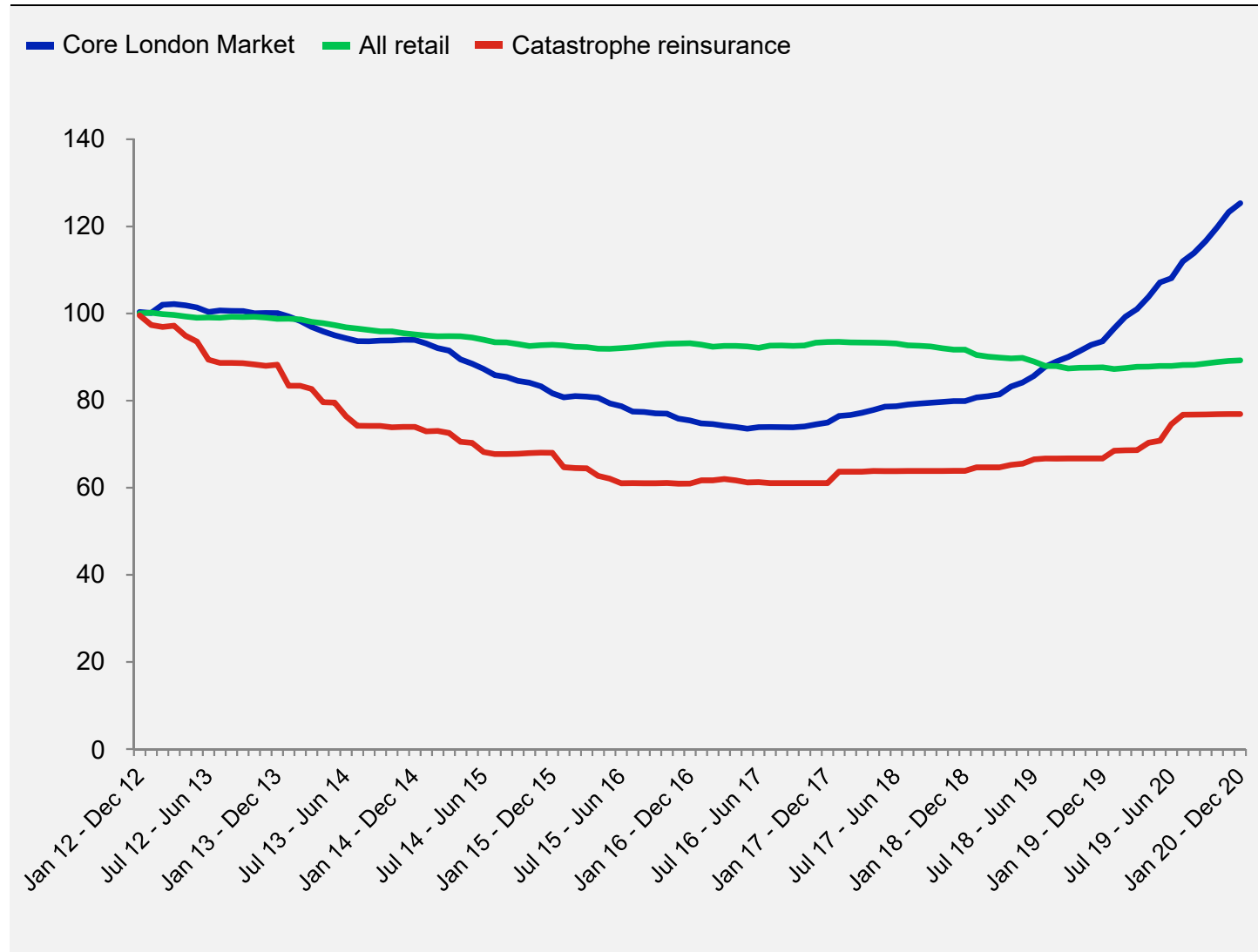
Period-on-period in
constant currency

2020 GWP



Global market hardening

Improving rates in all segments

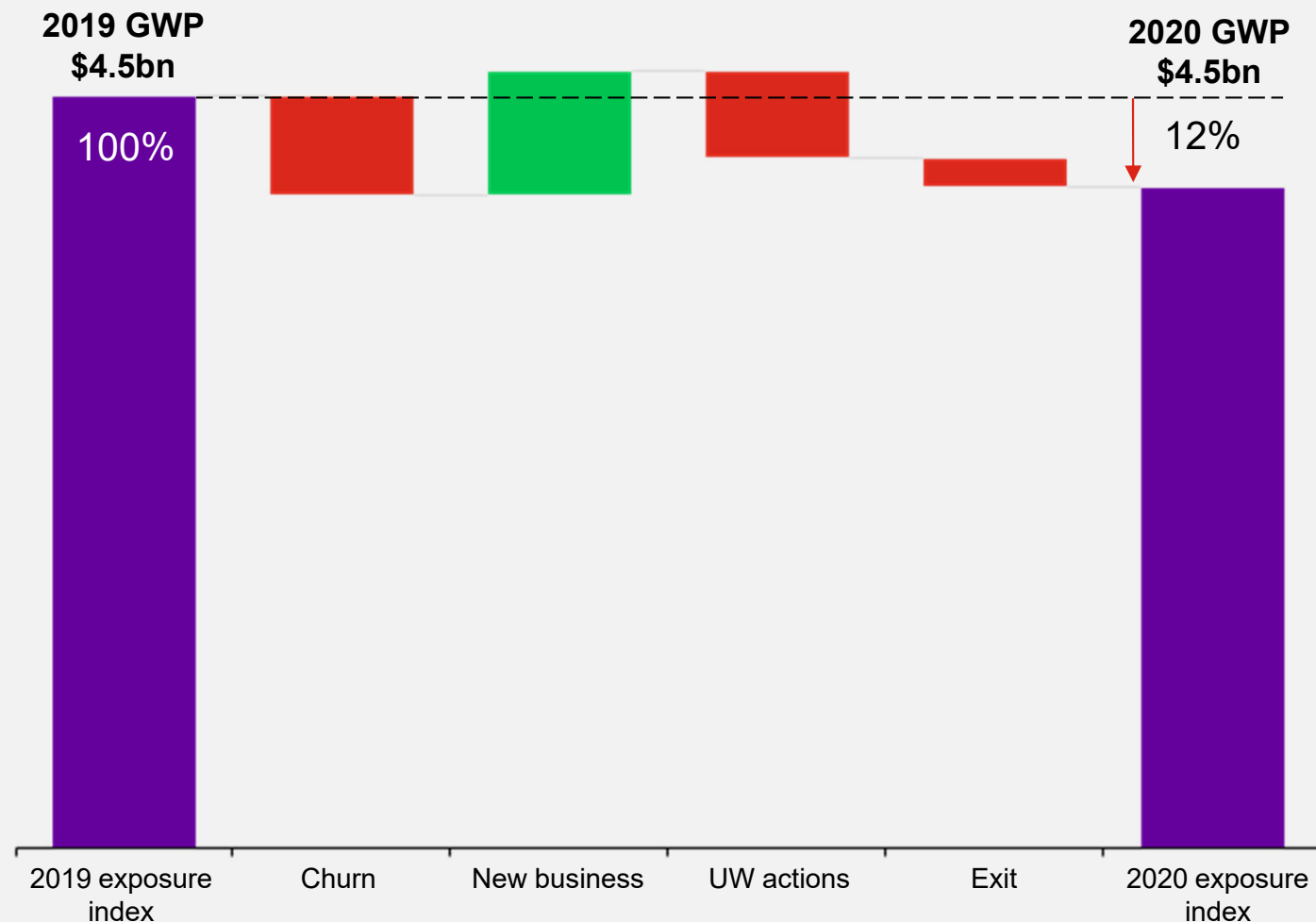


- London Market rates up 20% in 2020, c.43% compound rate growth since 2017
- Re & ILS double-digit rate growth at 12% in 2020 with c.25% compound rate growth since 2017
- Hiscox Retail smaller, but still positive change with accelerated momentum in H2
 - USA up 5%
 - UK up 4%
 - Europe up 2%
- Expect positive rate momentum to continue into 2021 but at a slower rate in big-ticket business

Underwriting discipline

Maintain premium for less risk

Change in exposure vs. gross written premium – controlled premium



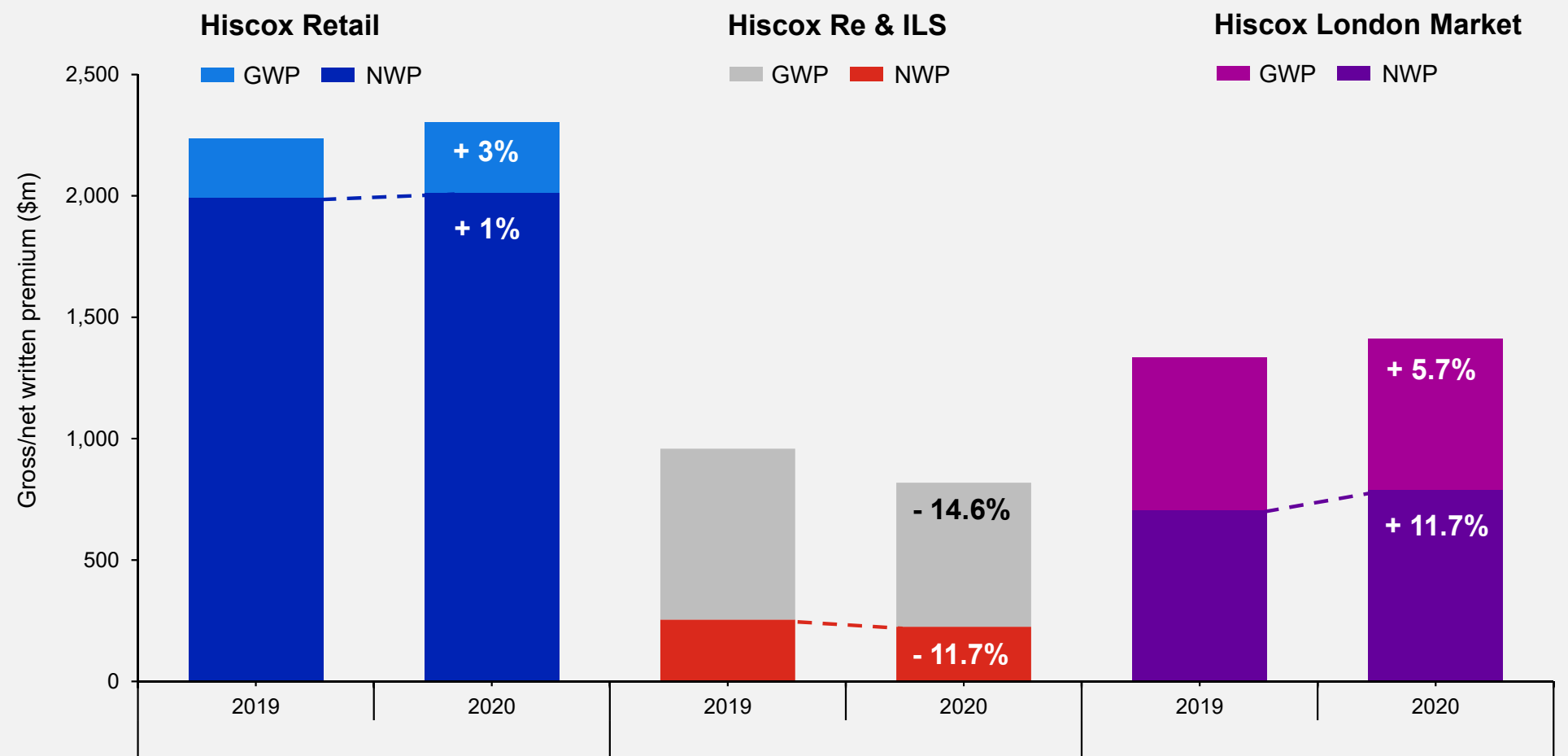
- Underwriting discipline has improved the portfolio in 2020, stable premium for less risk
- 10% rate rise across the total portfolio (2019: 4%), London Market leading the way but all segments positively contributing
- Reduced overall exposure by 12%, with a reduction of 26% in the least profitable decile
- \$200m of poor performing business exited in 2020 (2019: \$200m)

Managing our net exposure

Growing where there is opportunity

2020 Total Group gross/net written premium

100% = \$4,532m



Underwriting 2021 outlook

Opportunities across the portfolio

Total Group controlled income for 2020

100% = \$4,532m

Hiscox 2021 course correction lines

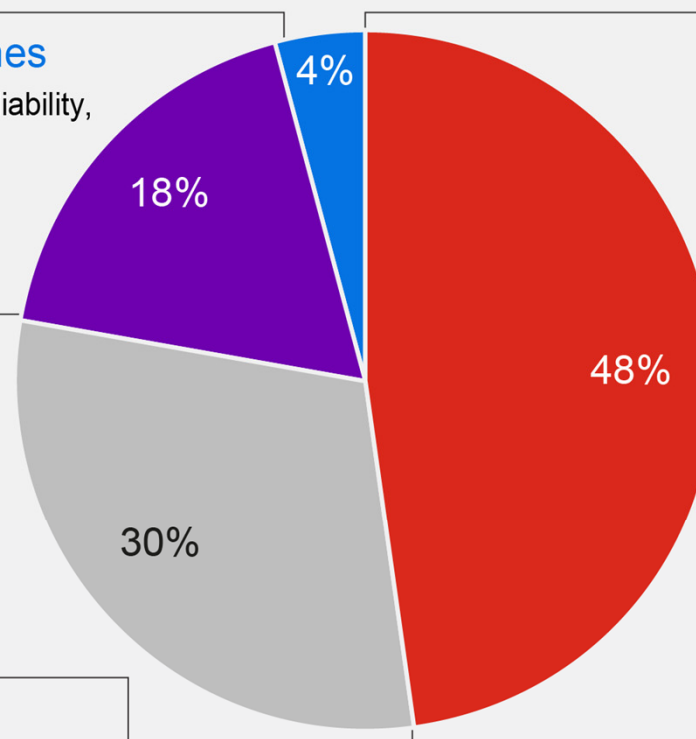
- USA: financial services, monoline general liability, excess and revenue >\$100m
- London Market: household
- UK and Europe: commercial property
- Cyber: across all portfolios

Hiscox Re & ILS*

- Focus on core portfolio
- Positive 1/1 renewals
- Complete legacy transactions

Hiscox London Market*

- Ready to capture the opportunity
- Continued positive rates
- Household and cyber changes



Hiscox Retail*

- Good opportunity in each of our core commercial and private client portfolios
- Focus USA on businesses with less than \$100m revenue
- Accelerate digital transformation, portfolio underwriting and data
- Cyber ransomware trends, drive rate change and underwriting action across all portfolios
- Favourable rating environment, hardening terms and conditions

*Retail, London Market and Re & ILS segments exclude 2021 course correction lines.



Hiscox Retail



Large market opportunity

- c.50 million businesses in our target segments and rapidly growing
- Low market shares



Strong position

- 'All roads lead to Hiscox' omni-channel strategy
- Industry-leading digital tools
- Good brand recognition in the target segment



Profitable segment

- Robust data sets for pricing
- Rapidly achieving scale

Considerable room for growth



- Historically fragmented, underserved markets
- Expertise and strong competitive position in sectors that are expanding faster than the general economy
- Head start in digital trading and distribution

*Defined as number of small businesses in individual markets.

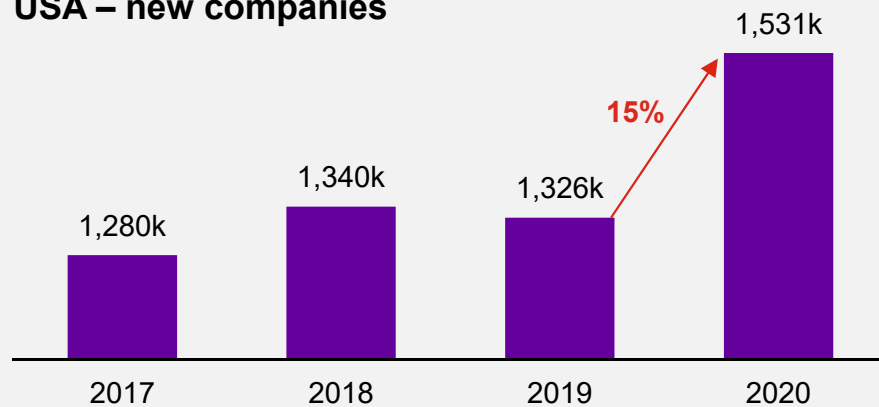
**Direct and partnerships gross premium CAGR (2016-2020).

***Defined as Hiscox's share of customers.

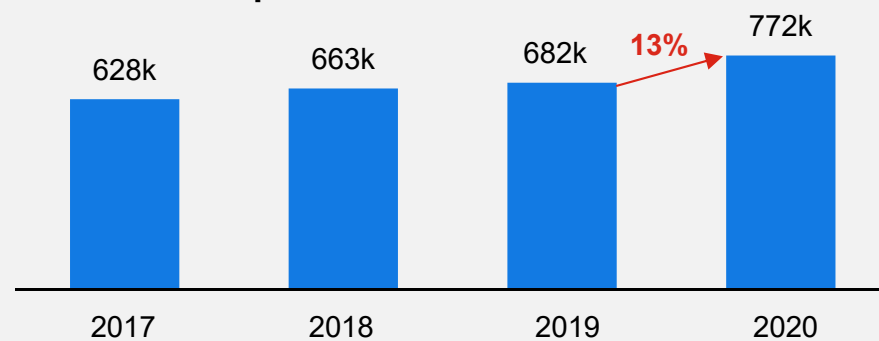
Accelerating shift to digital

New company registrations have increased significantly in 2020...

USA – new companies

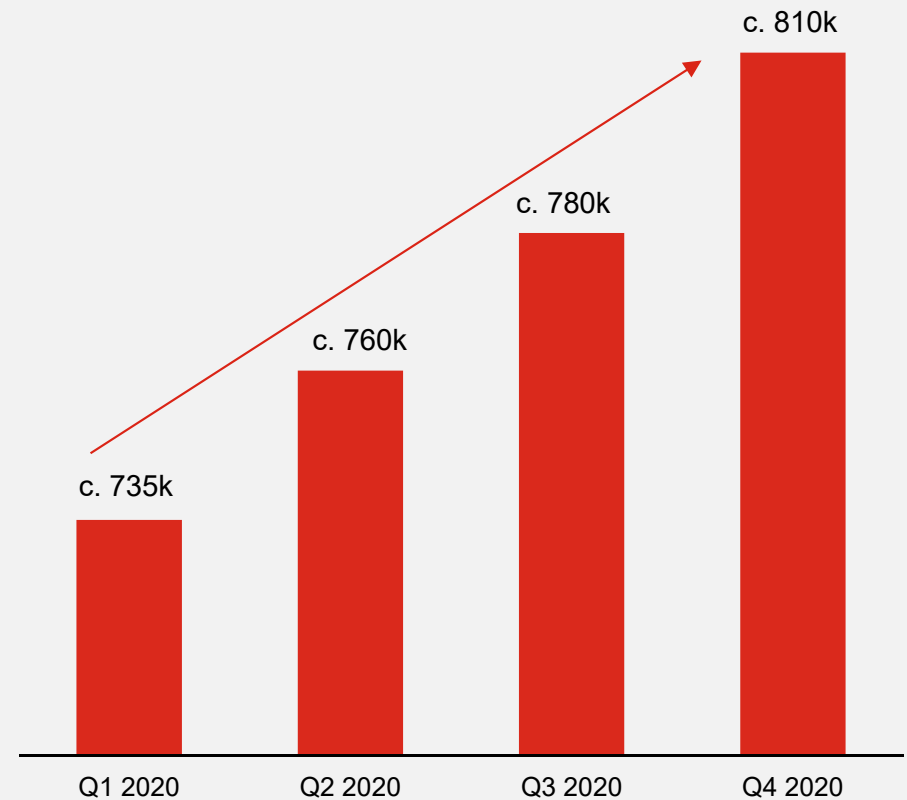


UK – new companies



...and this has been reflected in direct and partnerships customer growth

Group direct and partnerships customers



Digital platforms building toward scale

Positioned to win in direct and partnerships

| Direct and partnerships business | USA | UK | Europe | Asia |
|--|--------------------|----------------|---------------------------|-------------------------------|
| Customers Five-year CAGR* | c. 430k +36% | c. 180k +4% | c. 80k +54% | c. 120k +23% |
| Partners | 130 | 16 | 20 | 13 |
| GWP | Approaching \$600m | | | |
| Brand awareness in target markets | 47% | 56% | France 34% Germany 35% | Singapore 53% Thailand 38% |

- Digital platforms building toward scale across the world
- Strong brand presence in each market with room to grow
- Wide array of distribution partners with a healthy pipeline in development

*Direct and partnerships customer CAGR (2016-2020).

The virtuous circle of scale

Continued investment will drive further scale benefits

Increased data capture

- 1.3 million customers and growing
- Troves of data in claims, buying behaviour, and product preferences



- Enhanced pricing
- Improved competitiveness

- Using millions of customer sessions to optimise the sales funnel
- Claims segmentation drives better pricing models
- More targeted marketing
- New opportunities to cross-sell

Operational leverage

- Covers key fixed costs
 - Technology
 - Service centre
 - Brand



- Lower unit costs
- Improved profitability

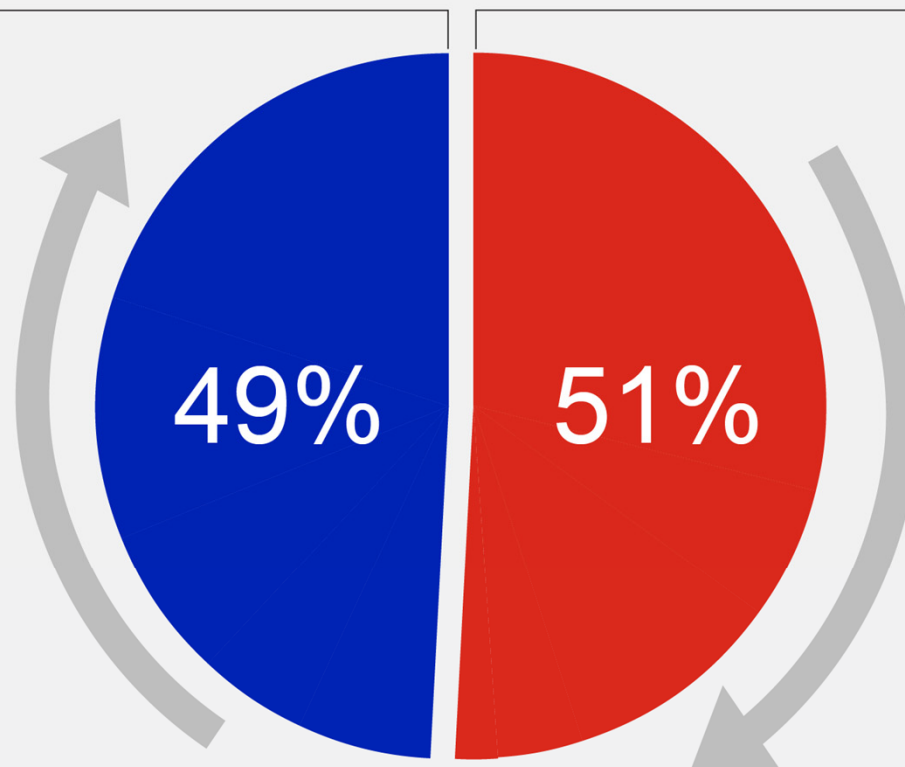
- Productivity of contact centre increasing through automation
- Brand reach amortised over a larger customer base
- Large renewal book managed through low-touch tools

Strategy of balance

Build a sustainable balanced business

Big-ticket business

- Best conditions for the London Market and in reinsurance in a decade
- Well positioned to benefit from rising rates
- Drive profits over scale to deliver RoE
- Use excess profits to accelerate Retail evolution



Retail business

- Big opportunity to serve 50 million small businesses in current geographic footprint
- Private client business a differentiator
- Specialist focus and scale differentiates us; ongoing strengthening of the brand
- Attractive medium- and long-term economics

Opportunity for profitable growth in every segment

-
- Navigate economic uncertainty with constant course correction – underwriting and business model evolution
 - Seizing opportunities
 - Pricing momentum in all segments
 - Best market conditions in big-ticket for a decade
 - Building on our digital head start in Retail – with a focus on USA
 - Well capitalised with financial flexibility
 - Dividend a priority in 2021

-
- Big-ticket and retail business
 - Geographical reach
 - Strategic focus
 - A symbiotic relationship
 - Long-term growth
 - An actively managed business
 - Hiscox ESG framework
 - Responding to Covid-19
 - Demonstrating capital resilience
 - Group performance
 - Segmental analysis
 - Hiscox Ltd results
 - Boxplot and whisker diagram of Hiscox Ltd
 - Realistic disaster scenarios
 - Casualty extreme loss scenarios
 - GWP geographical and currency split
 - Group reinsurance security
 - Reinsurance
 - Investment result
 - Portfolio – asset mix
 - Portfolios – USD bond portfolios
 - Portfolios – GBP, EUR and CAD bond portfolios
 - Business segments

What do we mean by big-ticket and retail business?

- We characterise **big-ticket** as larger premium, catastrophe-exposed business written mainly through Hiscox Re & ILS and Hiscox London Market. We expand and shrink these lines according to market conditions.
- **Retail** is smaller premium, relatively less volatile business written mainly through Hiscox Retail. Investment in our brand and specialist knowledge differentiates us here.

Geographical reach

35 offices in 14 countries



Strategic focus

Total Group controlled income for 2020

100% = \$4,532 million

Big-ticket business

20% Reinsurance

11% Large property

7% Casualty

5% Specialty – terrorism, product recall

6% Marine and energy

Retail business

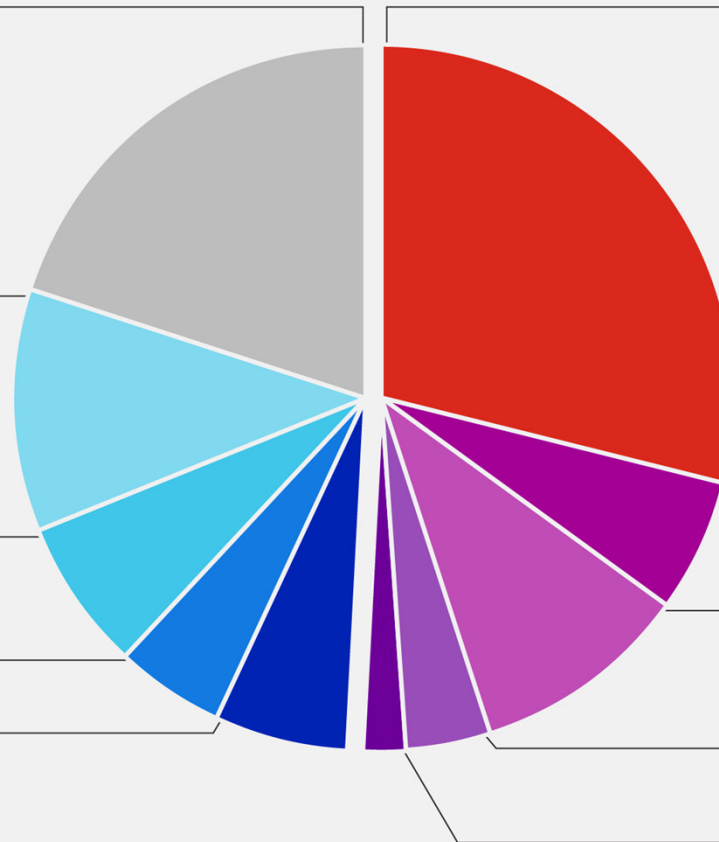
Small commercial 29%

Tech and media
casualty 6%

Art and private client 10%

Specialty – kidnap and ransom,
contingency, personal accident 4%

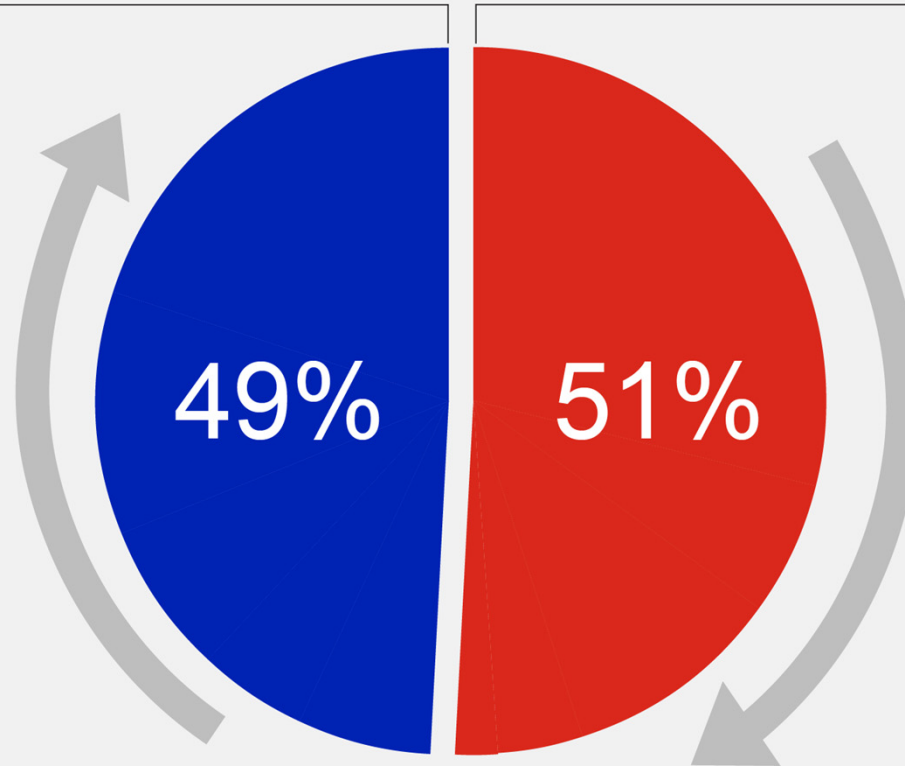
Small property 2%



A symbiotic relationship

Big-ticket business

- Larger premium, globally traded, catastrophe-exposed business written mainly through Hiscox London Market and Hiscox Re & ILS
- Shrinks and expands according to pricing environment
- Excess profits allow further investment in retail development



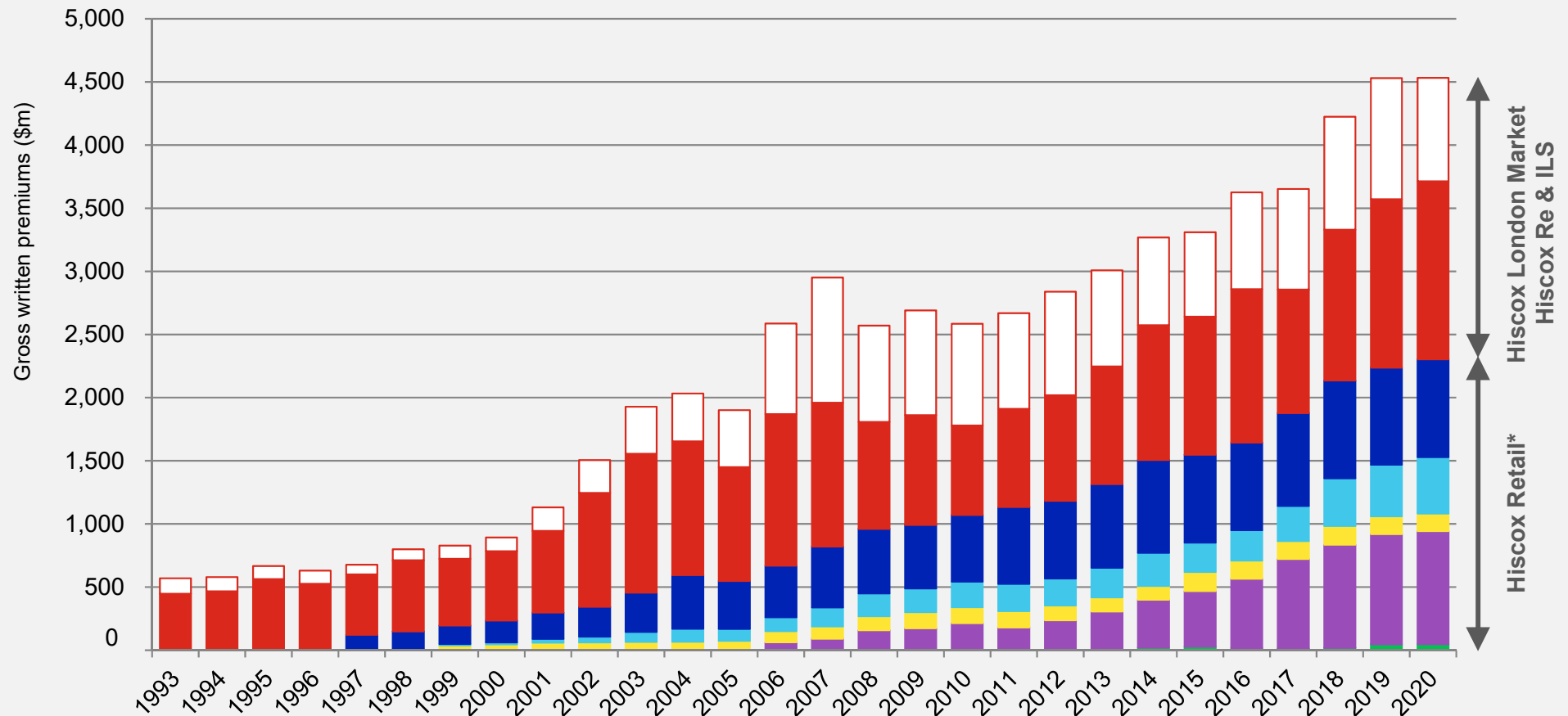
Retail business

- Smaller premium, locally traded, relatively less volatile business written mainly through Hiscox Retail
- Growth between 5-15% per annum
- Pays dividends
- Specialist knowledge differentiates us and investment in brand builds strong market position
- Profits act as additional capital

Long-term growth

Total Group controlled income (\$)

█ Hiscox Re & ILS █ Hiscox UK █ Hiscox Special Risks █ Hiscox Asia
█ Hiscox London Market █ Hiscox Europe █ Hiscox USA



*Hiscox Retail includes \$1.5m GWP of fully re-insured run-off portfolios.

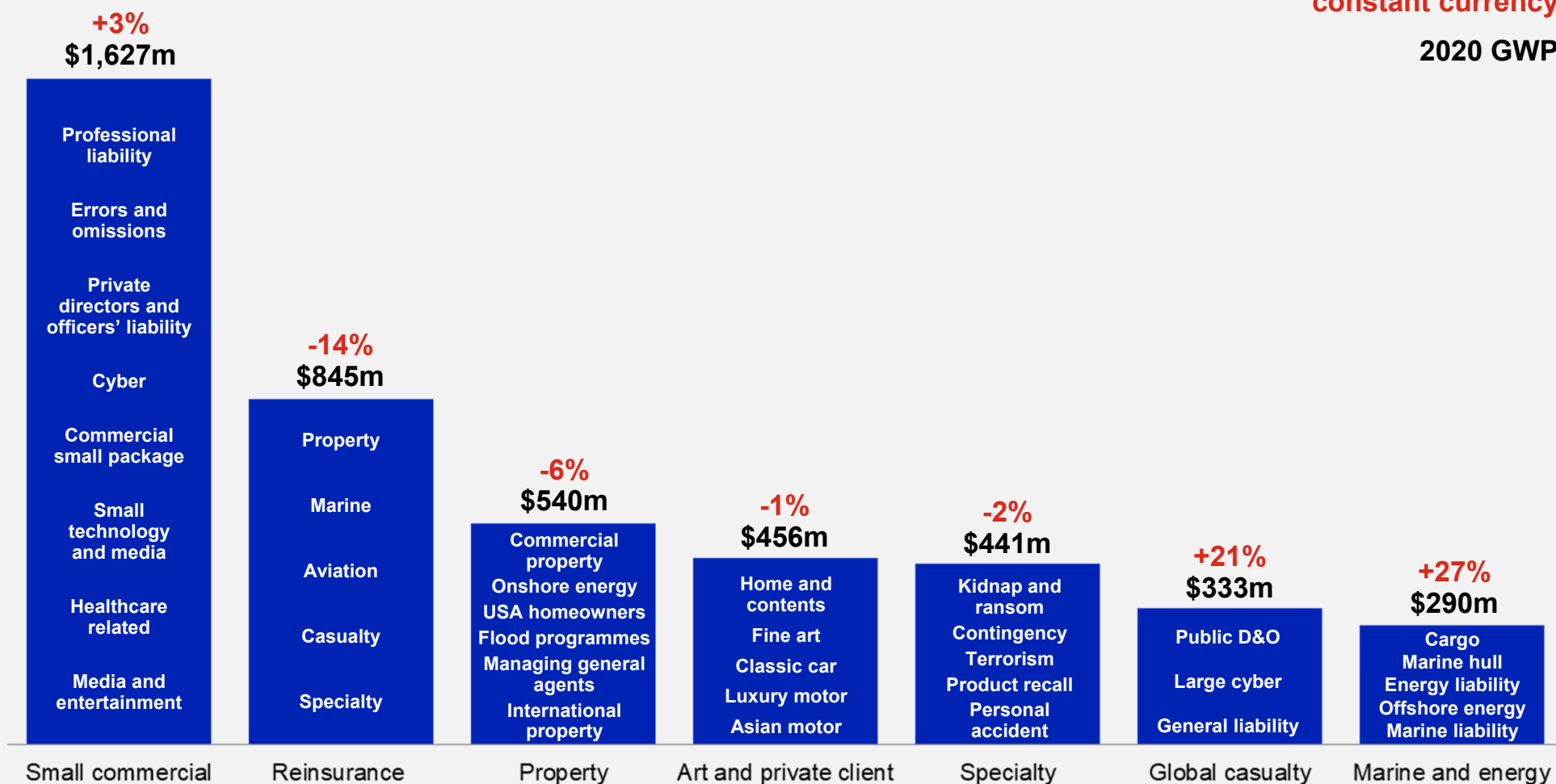
An actively managed business

Strategy of balance continues

Total Group controlled premium 31 December 2020: \$4,532m

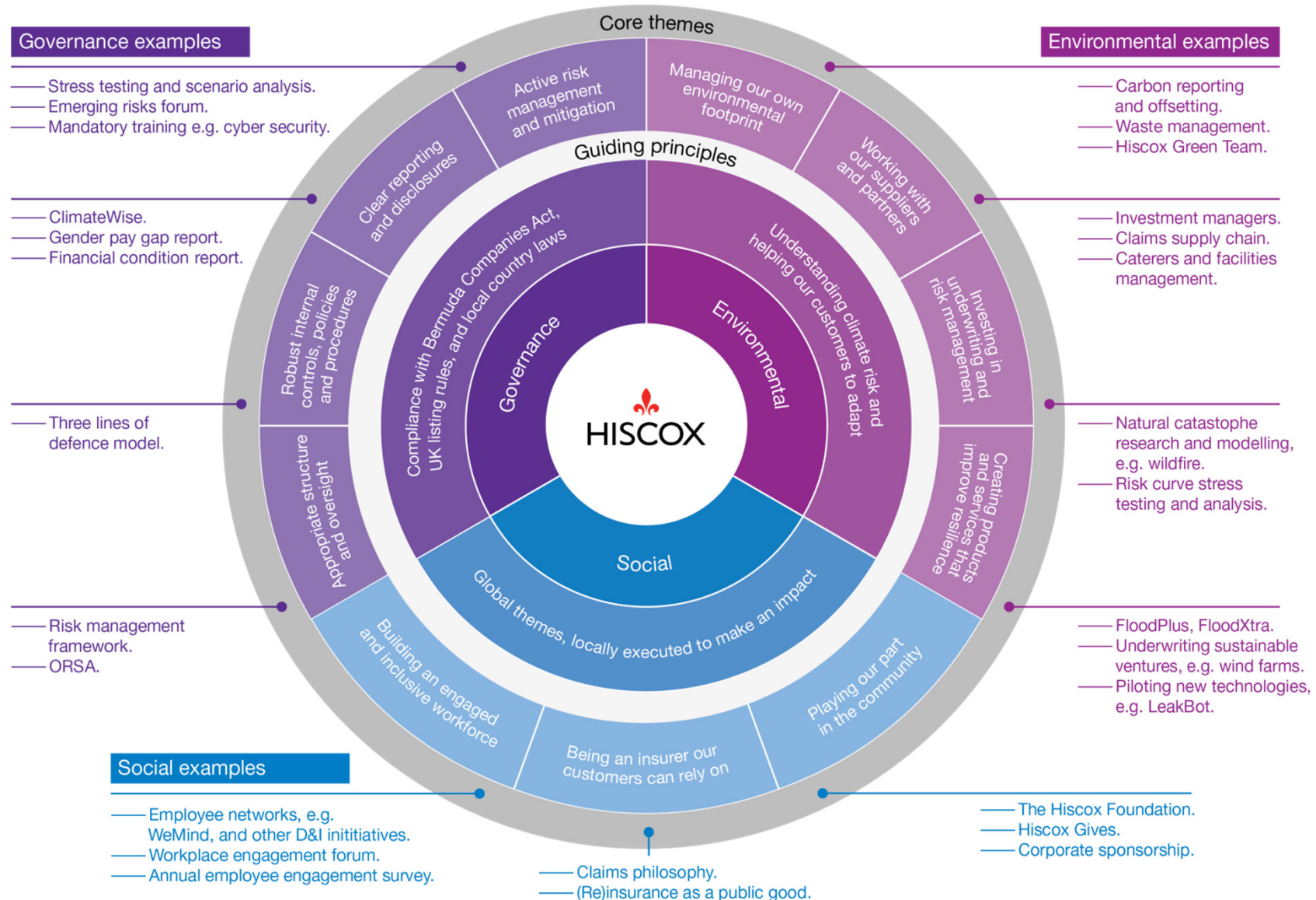
Period-on-period in
constant currency

2020 GWP



Hiscox ESG framework

A pragmatic approach



Responding to Covid-19

Employees

- Successful transition of 95% of our 3,000 employees to remote working
- Supported through flexible working options and increased access to mental health and well-being tools and services
- Retained all current roles through this time; did not furlough any staff
- Continued paying contract staff and suppliers throughout lockdowns and office closures – ‘pay it forward’ approach

Customers

- Expect to pay \$475m in Covid-19-related claims
- Provided a range of financial concessions including payment holidays
- Automatic cover extensions ensured customers remain protected
- Redeployed staff to the frontline to maintain usual service levels
- Established a dedicated Covid claims phone line and claims portal to process and pay claims quickly

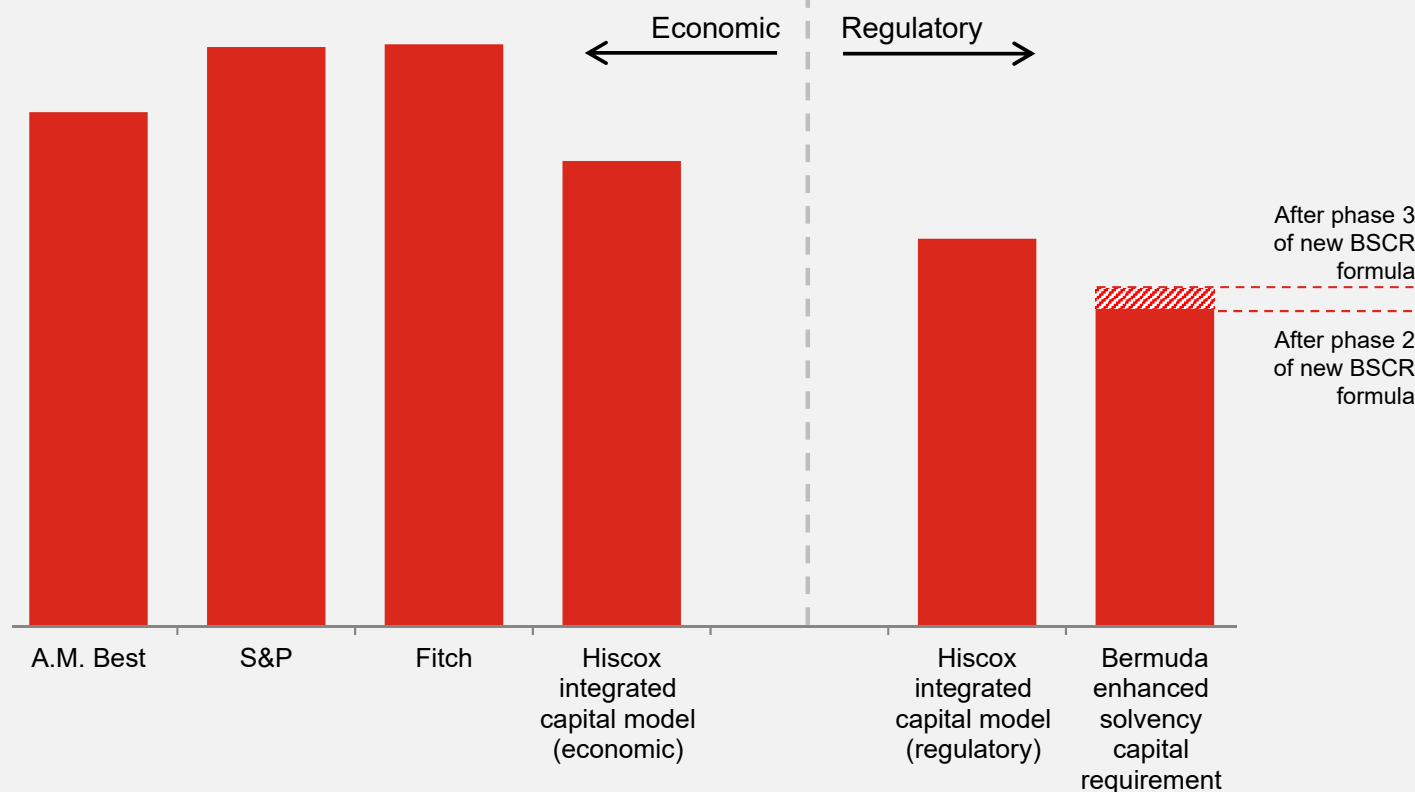
Society

- Over \$9m donated to charities around the world to support those most affected
- The Hiscox Foundations (UK and USA) donated £1m and \$1m to range of initiatives
- Established new partnerships with organisations that improve SME access to funding and critical resources
- Supported the ABI’s Covid-19 Support Fund
- ‘Donate your commute’ initiative enabled employees to continue volunteering

Demonstrating capital resilience

31 December 2020

\$2.43bn available capital



- Strongly capitalised above all regulatory, economic, and management bases
- £375m raised in May via share placing to respond to growth opportunities and further strengthen capital buffers
- BMA's Bermuda Solvency Capital Requirement (BSCR) is Solvency II equivalent
- BSCR est. 190% (2019: 208%), equivalent to a regulatory capital surplus of \$1.3bn
- BSCR standard formula strengthening will reduce BSCR coverage ratio by 10-15ppts in 2021
- All ratings for the Group affirmed in Q4 with stable outlooks maintained

Rating agency assessments shown are internal Hiscox assessments of the agency capital requirements on the basis of projected year-end 2020. Hiscox uses the internally developed Hiscox integrated capital model to assess its own capital needs on both a trading (economic) and purely regulatory basis. All capital requirements have been normalised with respect to variations in the allowable capital in each assessment for comparison to a consistent available capital figure. The available capital figure comprises net tangible assets and subordinated debt.

Group performance

| Year to 31 December 2020 | | | Constant currency |
|-----------------------------|----------------|-----------------|----------------------|
| | GWP \$m | GWP change % | GWP change % |
| Hiscox Retail* | 2,266.3 | 3.2 | 2.6 |
| Hiscox UK | 756.1 | 1.3 | 0.8 |
| Hiscox Europe | 447.1 | 9.5 | 8.0 |
| Hiscox Special Risks | 127.8 | (1.6) | (2.0) |
| Hiscox USA | 887.1 | 2.6 | 2.6 |
| Hiscox Asia | 48.2 | 25.7* | 21.8* |
| Hiscox London Market | 1,023.4 | 5.7 | 5.8 |
| Hiscox Re & ILS | 743.4 | (14.2) | (17.9) |
| Total | 4,033.1 | 0.1 | (1.0) |

*GWP percentage growth for Hiscox Asia has been adjusted to include the impact of premium written via an agency relationship into Hiscox Insurance Company (Bermuda) Limited for the purpose of 'like-for-like' comparison.

Segmental analysis

| | 31 December 2020 | | | | | 31 December 2019 | | | | |
|--|-------------------------|-----------------------------------|---------------------------|----------------------------|-----------------------|---------------------------|-------------------------------------|-----------------------------|------------------------------|-------------------------|
| | Hiscox Retail \$m | Hiscox London Market \$m | Hiscox Re & ILS \$m | Corporate Centre \$m | Group Total \$m | Hiscox Retail \$000 | Hiscox London Market \$000 | Hiscox Re & ILS \$000 | Corporate Centre \$000 | Group Total \$000 |
| Gross premiums written | 2,266.3 | 1,023.4 | 743.4 | – | 4,033.1 | 2,196.3 | 967.9 | 866.5 | – | 4,030.7 |
| Net premiums written | 1,986.8 | 570.9 | 192.7 | – | 2,750.4 | 1,957.5 | 504.6 | 216.7 | – | 2,678.8 |
| Net premiums earned | 1,975.5 | 548.6 | 228.1 | – | 2,752.2 | 1,895.1 | 527.9 | 212.6 | – | 2,635.6 |
| Investment result | 107.3 | 56.6 | 33.6 | – | 197.5 | 133.9 | 50.6 | 38.5 | – | 223.0 |
| Foreign exchange (losses)/gains | – | – | – | (14.5) | (14.5) | – | – | – | 8.5 | 8.5 |
| (Loss)/profit before tax | (237.6) | 97.2 | (35.1) | (93.0) | (268.5) | 169.2 | 23.3 | (107.6) | (31.8) | 53.1 |
| Combined ratio | 120.0% | 93.7% | 131.8% | – | 114.5% | 99.3% | 105.6% | 169.9% | – | 106.8% |
| Combined ratio excl. Covid-19 | 97.7% | 91.6% | 107.2% | – | 97.0% | 99.3% | 105.6% | 169.9% | – | 106.8% |

Hiscox Ltd results

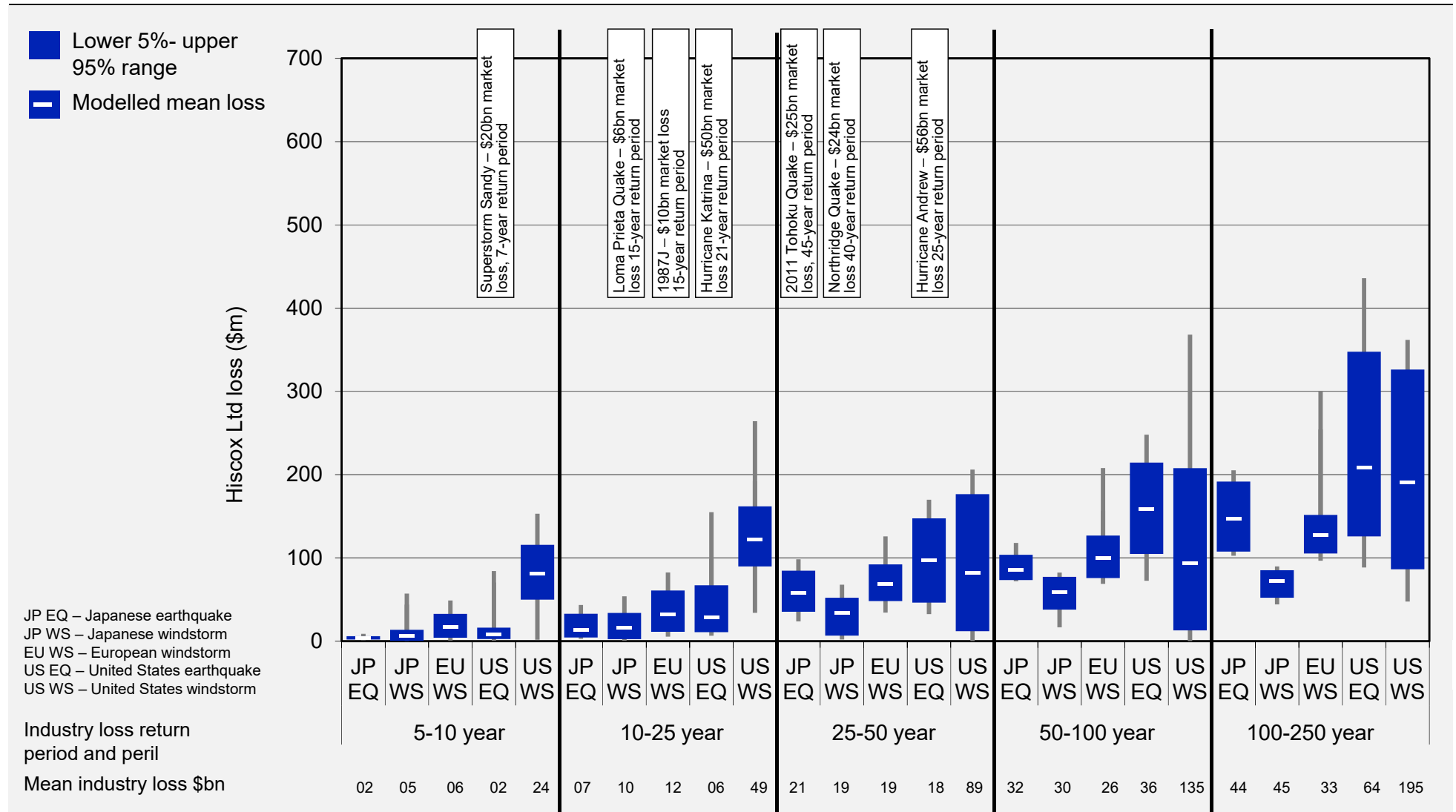


| \$m | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|----------------|---------|---------|---------|---------|
| Gross premiums written | 4,033.1 | 4,030.7 | 3,778.3 | 3,286.0 | 3,257.9 |
| Net premiums written | 2,750.4 | 2,678.8 | 2,581.5 | 2,403.0 | 2,424.5 |
| Net premiums earned | 2,752.2 | 2,635.6 | 2,573.6 | 2,416.2 | 2,271.3 |
| Investment return | 197.5 | 223.0 | 38.1 | 104.8 | 95.8 |
| (Loss)/profit before tax | (268.5) | 53.1 | 135.6 | 37.8 | 480.0 |
| Profit/loss after tax | (293.7) | 48.9 | 117.9 | 22.7 | 447.2 |
| Basic earnings per share (¢) | (91.6) | 17.2 | 41.6 | 8.1 | 159.0 |
| Dividend (¢) | – | 13.75 | 41.9 | 39.8 | 35.0 |
| Invested assets (incl. cash) [†] | 7,630.0 | 6,592.2 | 6,261.8 | 5,957.1 | 5,468.0 |
| Net asset value | | | | | |
| \$m | 2,353.9 | 2,189.7 | 2,259.0 | 2,317.2 | 2,217.4 |
| ¢ per share | 689.0 | 768.2 | 798.6 | 817.0 | 792.5 |
| £m | 1,721.7 | 1,653.5 | 1,773.6 | 1,797.4 | 1,635.3 |
| p per share | 503.9 | 580.1 | 627.0 | 605.3 | 584.5 |
| Combined ratio | 114.5% | 106.8% | 94.4% | 98.8% | 90.6% |
| Return on equity after tax [^] | (11.8%) | 2.2% | 5.3% | 1.0% | 22.5% |

[†]Excluding derivatives, insurance-linked funds and third-party assets managed by Kiskadee Investment Managers.

[^]Annualised post-tax, based on adjusted opening shareholders' funds.

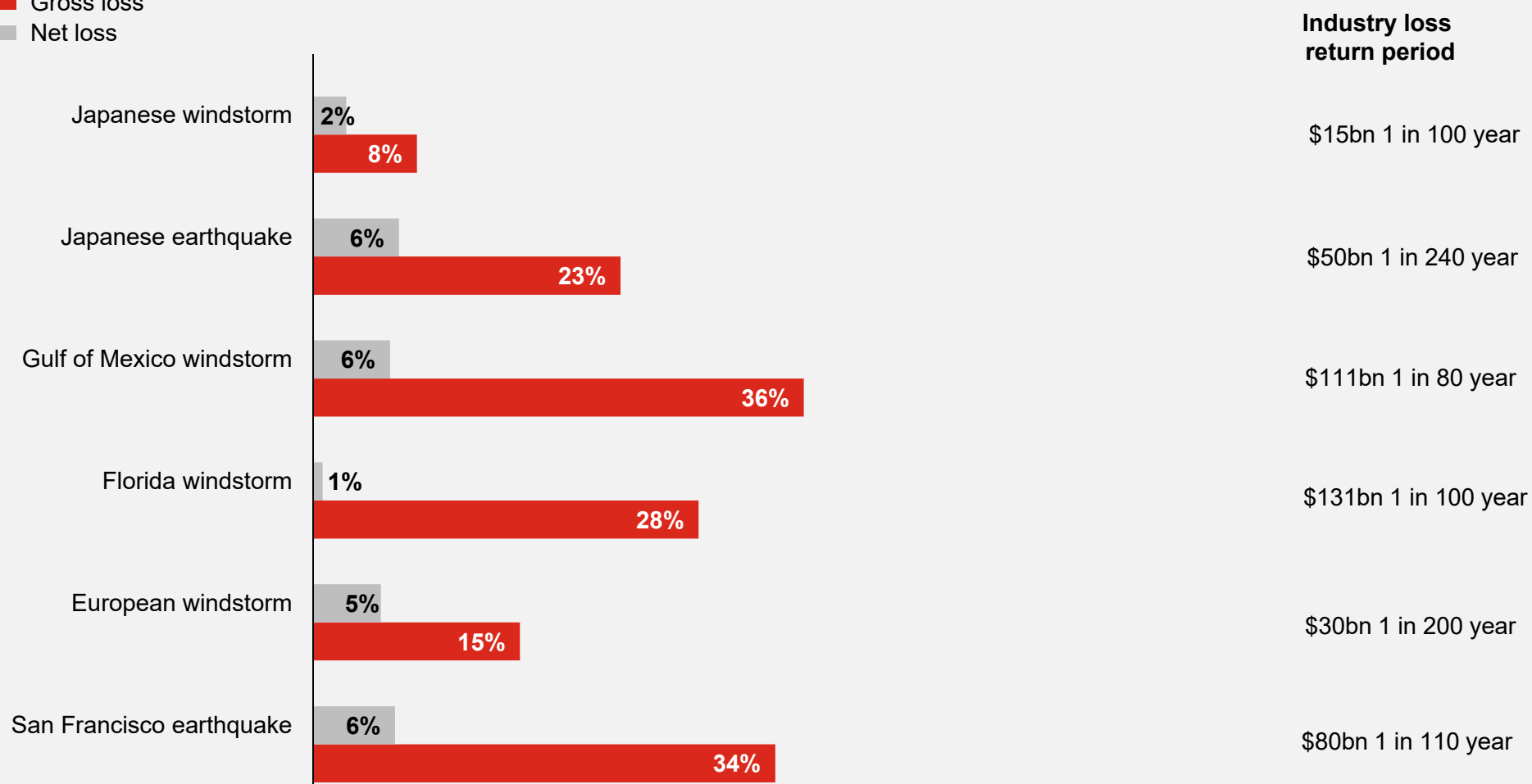
Boxplot and whisker diagram of modelled Hiscox Ltd net loss (\$m) January 2021



Realistic disaster scenarios

Hiscox Group – losses shown as percentage of 2020 gross and net written premium

■ Gross loss
■ Net loss



Estimates calculated in accordance with Lloyd's guidelines using models provided by Risk Management Solutions, Inc. and AIR Worldwide Corporation.
Industry return periods estimated using Lloyd's guideline industry loss figures.

Casualty extreme loss scenarios

Changing portfolios, changing risk

- As our casualty businesses continue to grow, we develop extreme loss scenarios to better understand and manage the associated risks
- Losses in the region of \$100m – \$870m could be suffered in the following extreme scenarios

| Event | | Est. loss |
|-------------------------------------|---|-----------------|
| Multi-year loss ratio deterioration | 5% deterioration on three years casualty premiums | \$220m |
| Economic collapse | An event more extreme than witnessed since World War II* | \$650m |
| Casualty reserve deterioration | Est. 1:200 view of a casualty reserve deterioration on current reserves of c.\$2bn | \$870m |
| Cyber | A range of cyber scenarios including mass ransomware outbreaks and cloud outages. Includes 'silent cyber' exposures** | \$100m - \$700m |
| Property catastrophe | 1 in 200 year catastrophe event from \$220bn US windstorm | \$260m |

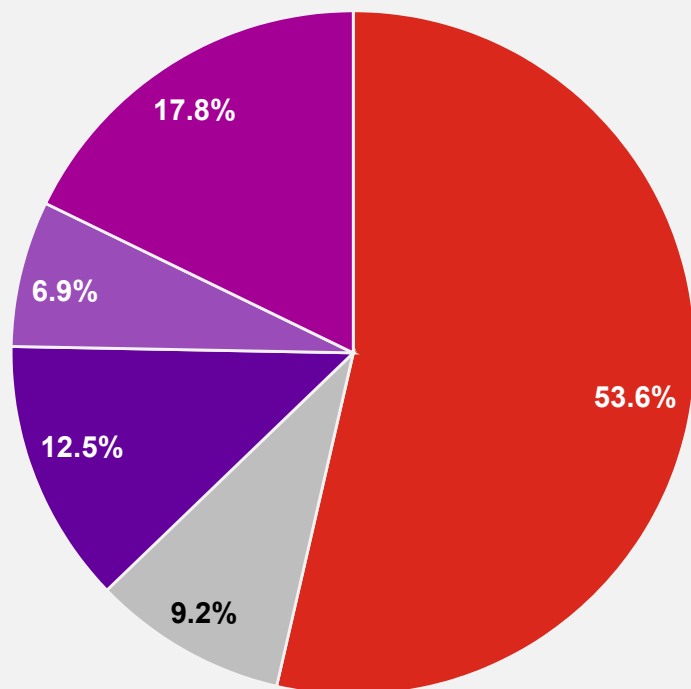
*Losses spread over multiple years.

***'Silent cyber' refers to losses incurred from traditional lines from a cyber event.

GWP geographical and currency split

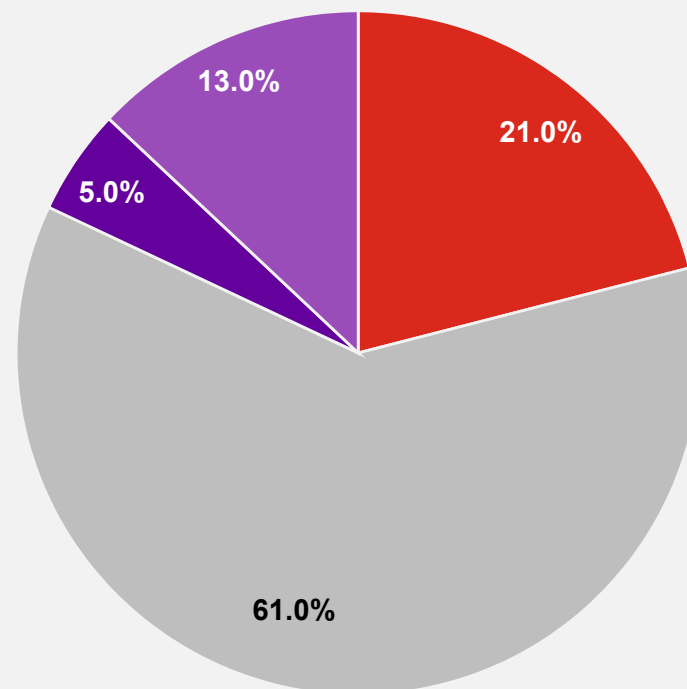
2020 geographical split – controlled income

- North America
- Other
- Western Europe (excl. UK)
- Worldwide
- UK



2020 currency split – controlled income

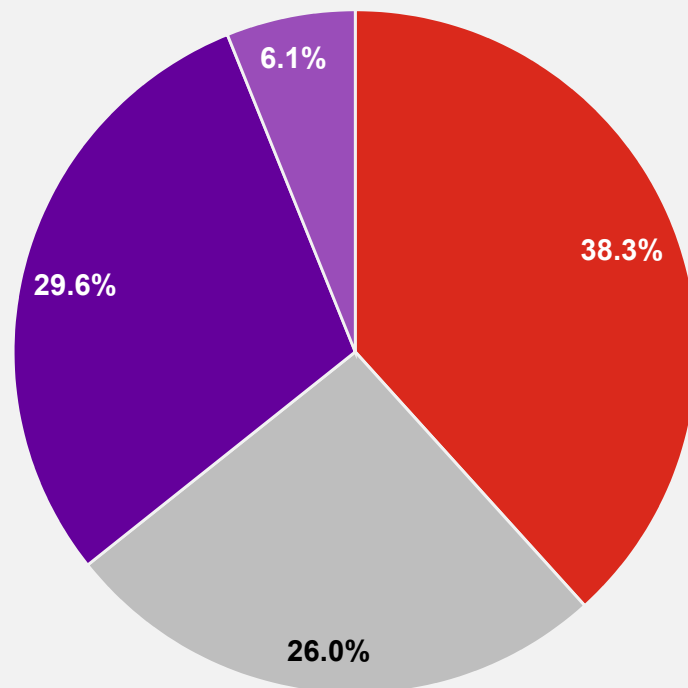
- GBP
- USD
- CAD and other
- EUR



Group reinsurance security

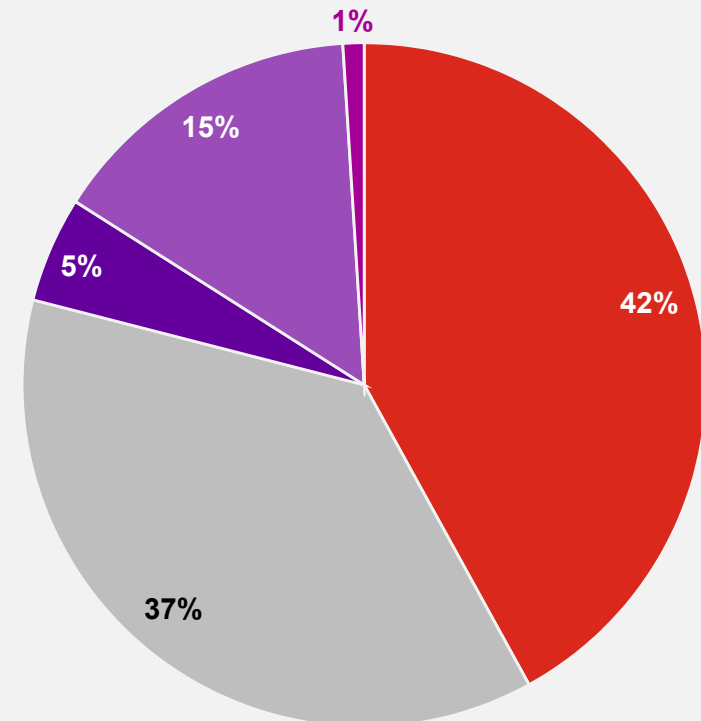
Receivables at 31 December 2020 of \$3,644.6m

- A
- AA
- AAA and collateralised
- Other



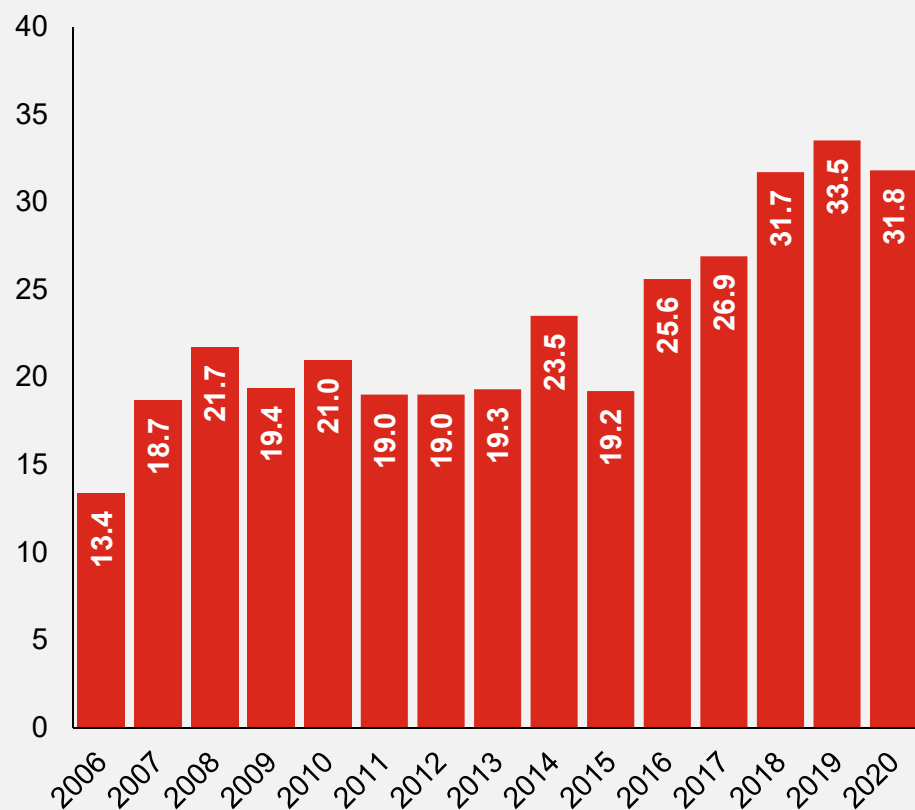
2020 reinsurance protections* First loss exposure by rating

- A
- AA
- BBB
- ILS
- Collateralised

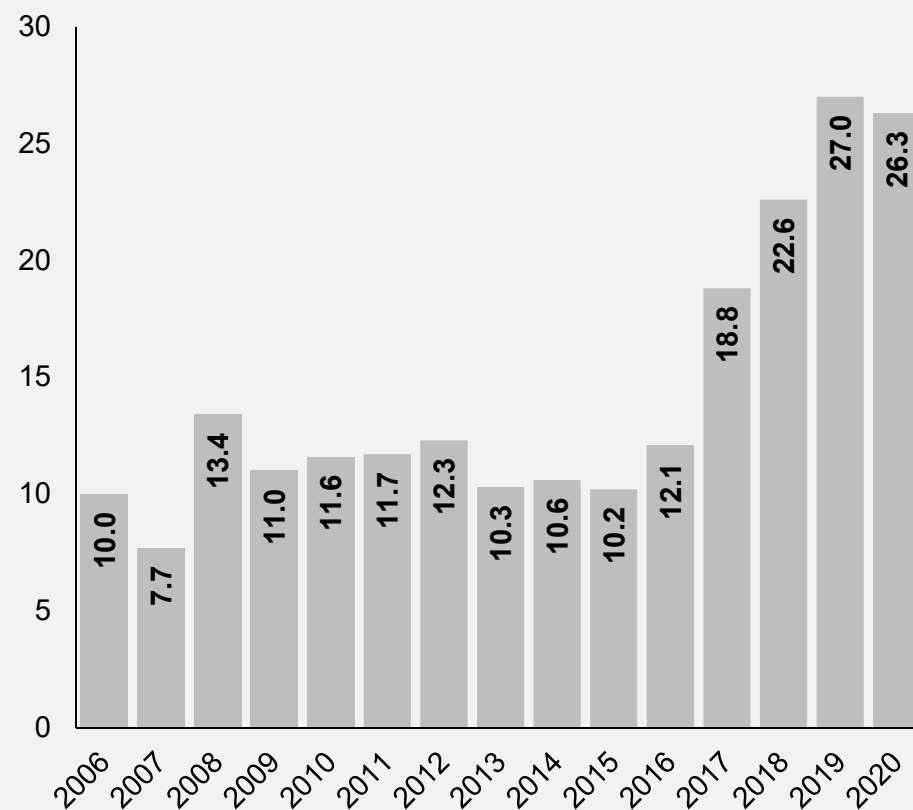


*Reinsurance placements in force at 9 February 2021.

Ceded as a percentage of GWP



Reinsurance receivables as a percentage of total assets



Investment result

Return of \$198m (2019: \$223m)

| | 31 December 2020 | | | 31 December 2019 | | |
|--------------------------------------|--------------------|---------------------|------------|--------------------|---------------------|------------|
| | Asset allocation % | Annualised return % | Return \$m | Asset allocation % | Annualised return % | Return \$m |
| Bonds £ | 13.0 | | | 15.6 | | |
| \$ | 49.4 | | | 52.6 | | |
| Other | 9.3 | | | 7.5 | | |
| Bonds total | 71.7 | 2.8 | 141.3 | 75.7 | 3.4 | 161.8 |
| Equities | 7.6 | 10.8 | 58.4 | 7.4 | 13.3 | 61.4 |
| Cash and cash equivalents | 20.7 | 0.3 | 4.4 | 16.9 | 0.7 | 7.9 |
| Investment result – financial assets | | 2.8 | 204.1 | | 3.6 | 231.1 |
| Derivative returns | | | (2.1) | | | (2.2) |
| Investment fees | | | (4.5) | | | (5.9) |
| Investment result | | | 197.5 | | | 223.0 |
| Group invested assets | | | \$7,630.0m | | | \$6,592.2m |

Now categorised including investment fees.

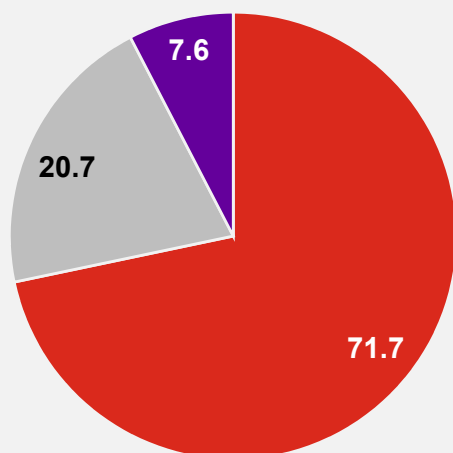
Portfolio – asset mix

High quality, conservative portfolio

Investment portfolio \$7,630m as at 31 December 2020

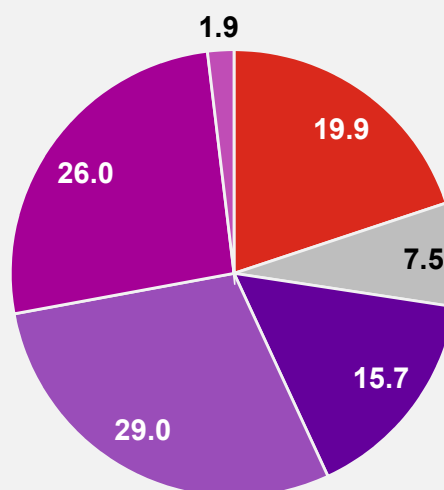
Asset allocation

- Bonds
- Cash and cash equivalents
- Risk assets



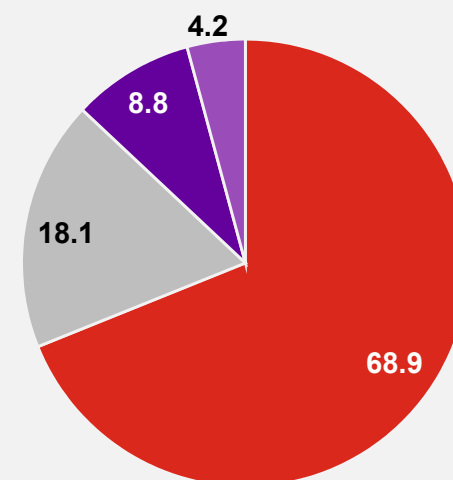
Bond credit quality

- Gvt.
- AAA
- AA
- A
- BBB
- BB and below



Bond currency split

- USD
- GBP
- EUR
- CAD and other



Portfolio – USD bond portfolios as at 31 December 2020

| Portfolios: \$3.8bn | AAA % | AA % | A % | BBB % | BB and below % | Total % | Duration years |
|----------------------------|------------------|-----------------|----------------|------------------|-------------------------------|--------------------|---------------------------|
| Government issued | 0.1 | 23.2 | | | | 23.3 | 0.8 |
| Government supported* | 0.1 | 1.8 | 0.3 | | | 2.2 | 1.6 |
| Asset backed | 0.2 | | | | | 0.2 | 3.1 |
| Agency mortgage backed | | 8.2 | | | | 8.2 | 2.2 |
| Non agency mortgage backed | | | | | 0.3 | 0.3 | 3.6 |
| Corporates | 0.7 | 8.6 | 31.1 | 24.7 | 0.2 | 65.3 | 1.6 |
| Lloyd's deposits | | 0.4 | 0.1 | | | 0.5 | 1.7 |
| Total | 1.1 | 42.2 | 31.5 | 24.7 | 0.5 | 100.0 | 1.5 |

*Includes agency debt, Canadian provincial debt and government guaranteed bonds.

Portfolio – GBP, EUR and CAD bond portfolios as at 31 December 2020

| GBP portfolios: \$990m | AAA % | AA % | A % | BBB % | BB and below % | Total % | Duration years |
|-----------------------------------|------------------|-----------------|----------------|------------------|-------------------------------|--------------------|---------------------------|
| Government issued | | 21.5 | | | | 21.5 | 1.2 |
| Government supported* | 3.2 | 2.2 | 1.5 | | | 6.9 | 1.7 |
| Asset backed | 1.3 | | | | | 1.3 | 2.8 |
| Commercial mortgage backed | | | | | 0.2 | 0.2 | 1.9 |
| Corporates | 17.2 | 4.7 | 20.6 | 27.6 | | 70.1 | 2.0 |
| Total | 21.7 | 28.4 | 22.1 | 27.6 | 0.2 | 100.0 | 1.8 |

| Other currencies: \$710m | AAA % | AA % | A % | BBB % | BB and below % | Total % | Duration years |
|-------------------------------------|------------------|-----------------|----------------|------------------|-------------------------------|--------------------|---------------------------|
| Government issued | 0.8 | 4.3 | | 2.7 | | 7.8 | 1.9 |
| Government supported* | 8.8 | | 0.2 | | | 9.0 | 2.3 |
| Corporates | 5.9 | 5.6 | 24.0 | 28.2 | 2.3 | 66.0 | 2.2 |
| Lloyd's deposits | 8.6 | 4.3 | 2.4 | 1.0 | 0.9 | 17.2 | 1.1 |
| Total | 24.1 | 14.2 | 26.6 | 31.9 | 3.2 | 100.0 | 2.0 |

*Includes Canadian provincial, supranational and government guaranteed bonds.

Hiscox Retail

Hiscox Retail brings together the results of the Group's retail business divisions in the UK, Europe, USA and Asia, as well as Hiscox Special Risks. Hiscox UK and Hiscox Europe underwrite personal and commercial lines of business through Hiscox Insurance Company Limited and Hiscox Société Anonyme (Hiscox SA), together with the fine art and non-US household insurance business written through Syndicate 33. In addition, Hiscox UK includes elements of specialty and international employees and officers' insurance written by Syndicate 3624.

Hiscox Europe excludes the kidnap and ransom business written by Hiscox SA. Hiscox Special Risks* comprises the specialty and fine art lines written through Hiscox Insurance Company (Guernsey) Limited and the European kidnap and ransom business written by Hiscox SA and Syndicate 33. Hiscox USA comprises commercial, property and specialty business written by Hiscox Insurance Company Inc. and Syndicate 3624.

Hiscox London Market

Hiscox London Market comprises the internationally traded insurance business written by the Group's London-based underwriters via Syndicate 33, including lines in property, marine and energy, casualty and other specialty insurance lines, excluding the kidnap and ransom business. In addition, the segment includes elements of business written by Syndicate 3624 being auto physical damage and aviation business.

Hiscox Re & ILS

Hiscox Re & ILS is the reinsurance division of the Hiscox Group, combining the underwriting platforms in Bermuda and London. The segment comprises the performance of Hiscox Insurance Company (Bermuda) Limited, excluding the internal quota share arrangements, with the reinsurance contracts written by Syndicate 33. In addition, the results of the runoff of healthcare and casualty reinsurance contracts written in the Bermuda hub on Syndicate capacity are also included. The segment also includes the performance and fee income from the ILS funds, along with the gains and losses made as a result of the Group's investment in the funds.

Corporate Centre

Corporate Centre comprises finance costs and administrative costs associated with Group management activities and intragroup borrowings. The segment includes results from run-off portfolios where the Group has ceded all insurance risks to a third-party reinsurer.

*Hiscox Special Risks will cease to exist from 1 January 2021. To better reflect a distribution-led geographic view, kidnap and ransom businesses locally written in Europe and the USA will be managed by the respective Hiscox retail businesses and continue to be reported under Hiscox Retail segment. Other Special Risks businesses will be managed by the London Market business unit and reported under that operating segment in the 2021 accounts.