



Hiscox Ltd
Preliminary results

for the year ended 31 December 2013

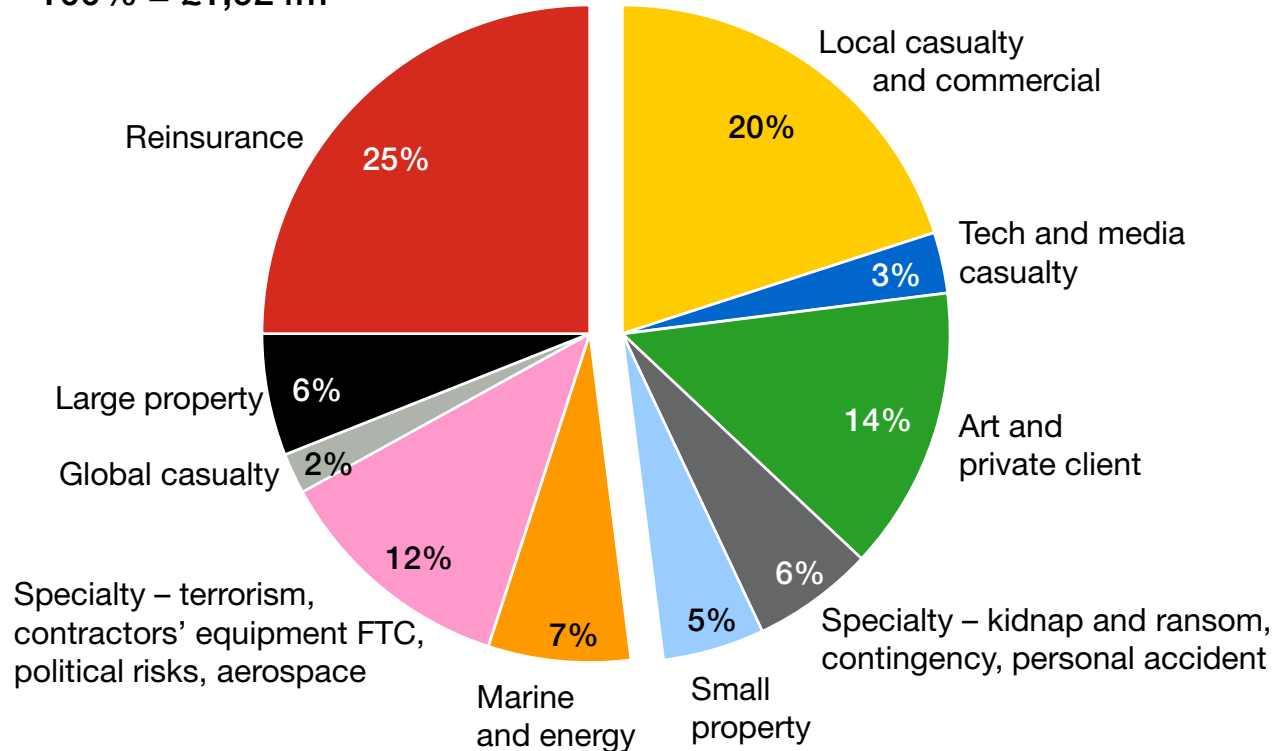
A very good year

- Premium growth of 8.5%
- Profit before tax £244.5m (2012: £217.5m)
- Combined ratio 83.0% (2012: 85.5%)
- Return on equity 19.3% (2012: 17.1%)
- Capital return of 50p including final dividend equivalent

Strategy working

Total Group controlled income for 2013

100% = £1,924m





Financial performance

	Full year 2013 £000	Full year 2012 restated* £000	
Gross premiums written	1,699,478	1,565,819	
Net premiums written	1,371,114	1,268,140	
Net premiums earned	1,283,311	1,198,621	
Investment return on financial assets	58,924	92,690	● 1.9% investment return
Foreign exchange losses	(9,890)	(20,173)	
Profit before tax	244,538	217,454	
Profit after tax	237,758	208,026	
Basic earnings per share (p)	66.3	53.1	● 24.9% EPS growth
Interim/final equivalent dividend (p)	21.0	18.0	
Additional capital return (p)	36.0	38.0	
Net asset value			
£m	1,409.5	1,365.4	
p per share	402.2	346.4	
Return on equity after tax	19.3%	17.1%	

*Restated for the adoption of pension fund accounting.

	31 December 2013					31 December 2012 restated*				
	London Market £000	UK and Europe £000	Inter- national £000	Corporate Centre £000	Total £000	London Market £000	UK and Europe £000	Inter- national £000	Corporate Centre £000	Total £000
Gross premiums written	668,240	559,089	472,149	—	1,699,478	640,042	507,522	418,255	—	1,565,819
Net premiums written	474,990	529,719	366,405	—	1,371,114	462,397	479,861	325,882	—	1,268,140
Net premiums earned	433,497	508,438	341,376	—	1,283,311	419,026	476,945	302,650	—	1,198,621
Investment result – financial assets	8,656	18,244	11,778	20,246	58,924	27,055	17,669	29,471	18,495	92,690
Profit before tax	116,046	56,350	80,909	(8,767)	244,538	121,896	49,065	62,677	(16,184)	217,454
Combined ratio	75.4%	92.6%	81.0%	—	83.0%	75.5%	94.4%	89.2%	—	85.5%
Combined ratio excluding monetary FX	74.1%	91.9%	80.3%	—	82.1%	73.1%	94.1%	90.2%	—	84.6%

London Market	Comprises the results of Syndicate 33, excluding the results of the fine art and non-US household business which is included within the results of UK and Europe. It also includes the auto physical damage and warranty business and aviation business from Syndicate 3624. In addition, it excludes an element of kidnap and ransom and terrorism included in UK and Europe.
UK and Europe	Comprises the results of Hiscox Insurance Company Limited, the results of Syndicate 33's fine art, specialty UK and non-US household business, together with the income and expenses arising from the Group's retail agency activities in the UK and in continental Europe. In addition, it includes the European errors and omissions business from Syndicate 3624. It also includes an element of kidnap and ransom, and terrorism, written in Syndicate 33.
International	Comprises the results of Hiscox Insurance Company (Guernsey) Limited, Hiscox Insurance Company (Bermuda) Limited, Hiscox Inc., Hiscox Insurance Company Inc. and Syndicate 3624 excluding the European errors and omissions, auto physical damage and warranty businesses.
Corporate Centre	Comprises the investment return, finance costs and administrative costs associated with Group management activities. Corporate Centre also includes the majority of foreign currency items on economic hedges and intragroup borrowings. Corporate Centre forms a reportable segment due to its investment activities which earn significant external coupon revenues.

*Restated for the adoption of pension fund accounting.

Good investment performance

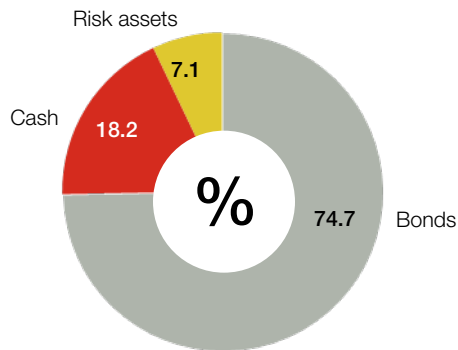
	31 December 2013			31 December 2012		
	Asset allocation %	Annualised return %	Return £000	Asset allocation %	Annualised return %	Return £000
Bonds £	16.3	0.7		13.2	2.2	
US\$	48.5	0.7		49.0	3.2	
Other	9.9	0.6		9.6	2.2	
Bonds total	74.7	0.7	17,105	71.8	2.8	62,579
Equities	7.1	18.3	39,289	6.2	14.8	26,974
Deposits/cash/ bonds <3m	18.2	0.5	2,530	22.0	0.5	3,137
Actual return		1.9	58,924		3.1	92,690
Group invested assets			£3,129m			£3,056m

Before fees, derivative positions and investments in insurance linked funds.

High quality, conservative portfolio

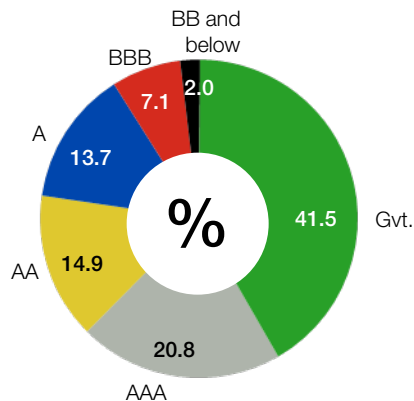
Investment portfolio: £3.129bn as at 31 December 2013

Asset allocation

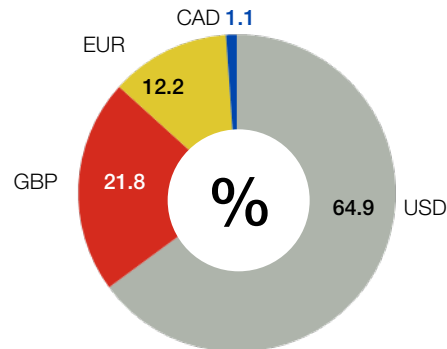


- Short duration
- High credit quality
- Risk assets over 7%

Bond credit quality



Bond currency split



Portfolios: \$2.6bn

	AAA %	AA %	A %	BBB %	BB and below %	Total %	Duration months	
Government issued	1.9	33.7	0.6	0.1	0.1	36.4	20.1	• Modest increase in governments
Government supported*	0.7	7.0	0.4	0.1		8.2	20.5	
Asset backed	13.5	0.2				13.7	10.1	
Mortgage backed agency		5.2				5.2	34.1	• Credit provides positive carry
Non agency		1.0	0.1		2.5	3.6	10.8	
Commercial MBS	5.9					5.9	22.0	
Corporates	1.3	4.5	13.3	7.1	0.3	26.5	17.6	
Cash			0.5			0.5	0.0	
Total	23.3	51.6	14.9	7.3	2.9	100.0	18.5	• Still cautious on duration

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

GBP portfolio: £510m	AAA %	AA %	A %	BBB %	Other %	Total %	Duration months
Government issued	1.6	58.1		1.2		60.9	18.3
Government supported*	8.9	0.4		0.2		9.5	7.4
Asset backed	3.7					3.7	17.0
Corporates	2.5	3.4	10.7	5.9		22.5	13.7
Cash			3.4			3.4	0.0
Total	16.7	61.9	14.1	7.3	0.0	100.0	14.5

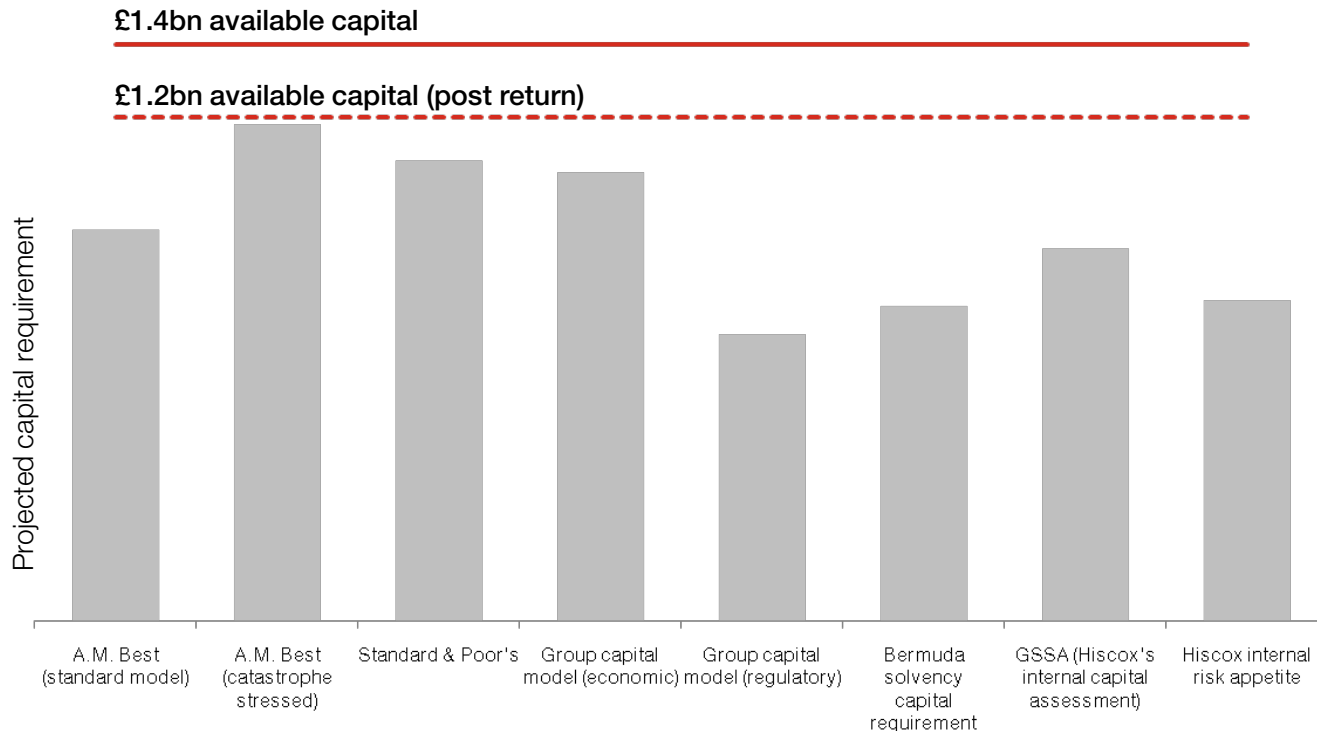
- Small exposure to Spain and Italy
- Governments favoured for duration management

EUR and CAD portfolios: £290m

Government issued	51.8	1.3				53.1	37.3
Government supported*	11.8	2.7	0.5			15.0	12.6
Asset backed	1.9					1.9	13.8
Corporates	2.5	5.6	13.7	7.5	0.2	29.5	11.8
Cash			0.5			0.5	0.0
Total	68.0	9.6	14.7	7.5	0.2	100.0	25.4

*Includes supranational and government guaranteed bonds.

2014 capital requirements



Notes:

1. Rating agency requirements are in line with the latest 2014 requirements as defined by the agency capital models.
2. The Hiscox's internal risk appetite reflects Hiscox's goal of maximising its return on capital within accepted levels of risk.
3. 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.

Returning 50p per share of capital

- 14p per share final dividend equivalent
- Additional return of 36p per share with share consolidation
- Issue of C or D shares (similar to last year's B share)
- Share consolidation: 89 new ordinary shares for 100 existing ordinary shares
- Maintains TNAV per share and ROE enhancing
- Treats all shareholders equally
- Strong continuing capital base

- Good claims experience
 - Low level catastrophe losses – Hiscox net £18.1m
Aggregate industry losses £4.8bn (Oklahoma tornadoes, European floods, Calgary floods, UK storms)
 - Impact from large risk losses – Hiscox net £29.3m
Aggregate industry losses £1.2bn (La Plata, Dietz and Watson, Rio Tinto)
- Costa Concordia reduced to net US\$19m (2012: US\$20m)
- Reserve releases £140m (2012: £152m)
- \$875m Letter of Credit and bank facility – \$333m drawn down (2012: \$308m)



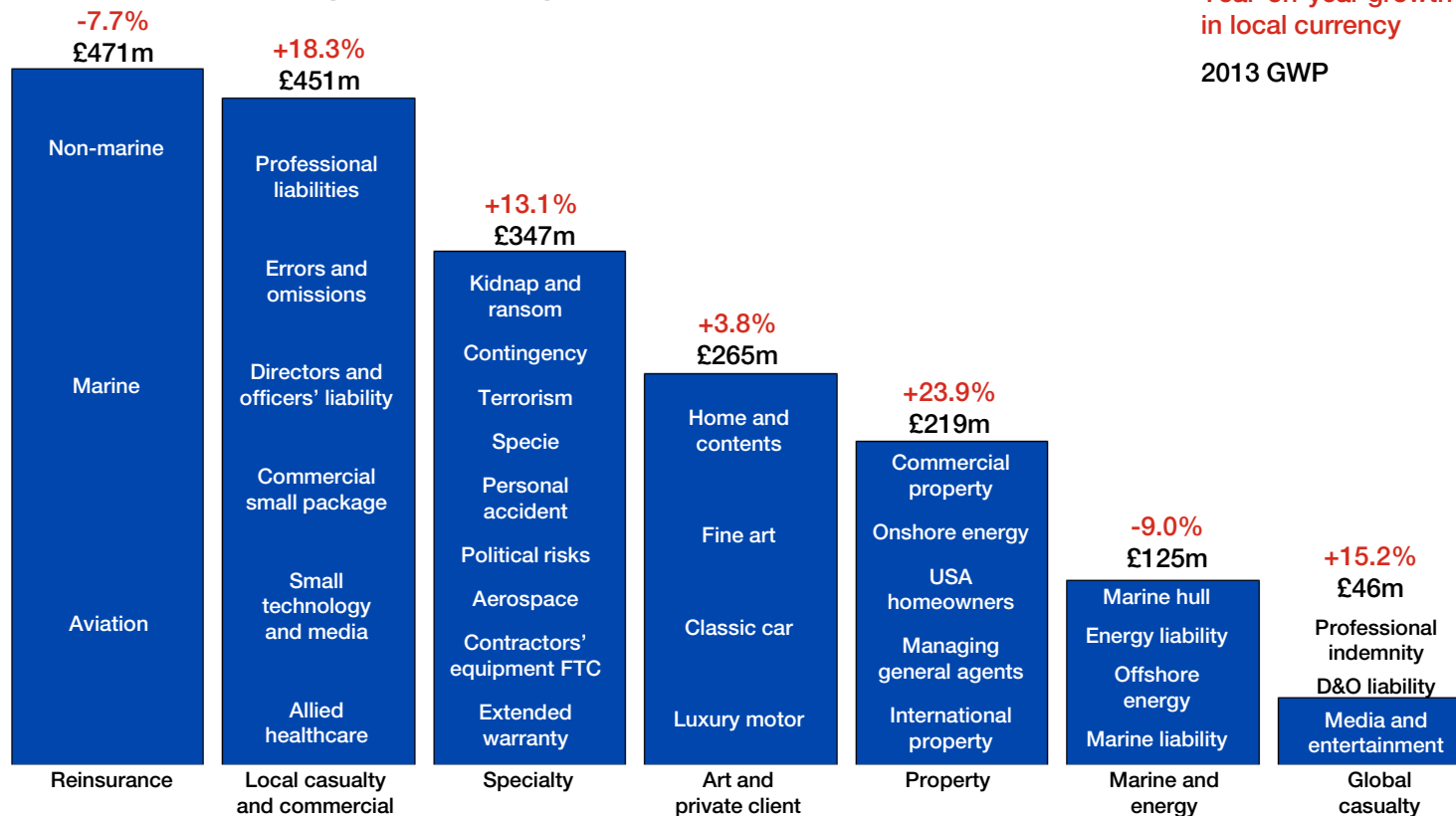
Underwriting

An actively managed business

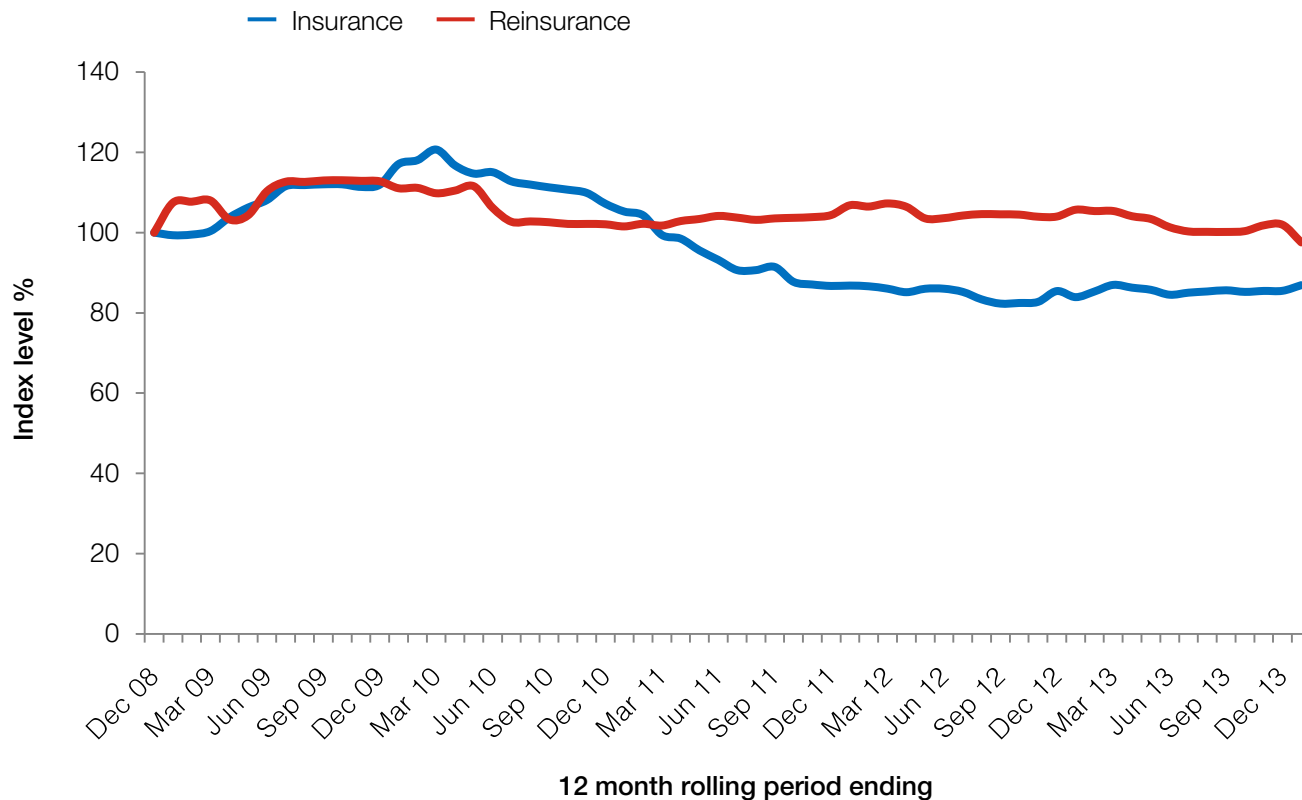
Total Group controlled premium 2013: £1,924m

Year-on-year growth
in local currency

2013 GWP



Mixed rating environment



- Reinsurance under competition
- Insurance rates for smaller specialty risks broadly flat to rising
- Larger insurance risks including energy, large property, aviation are softening

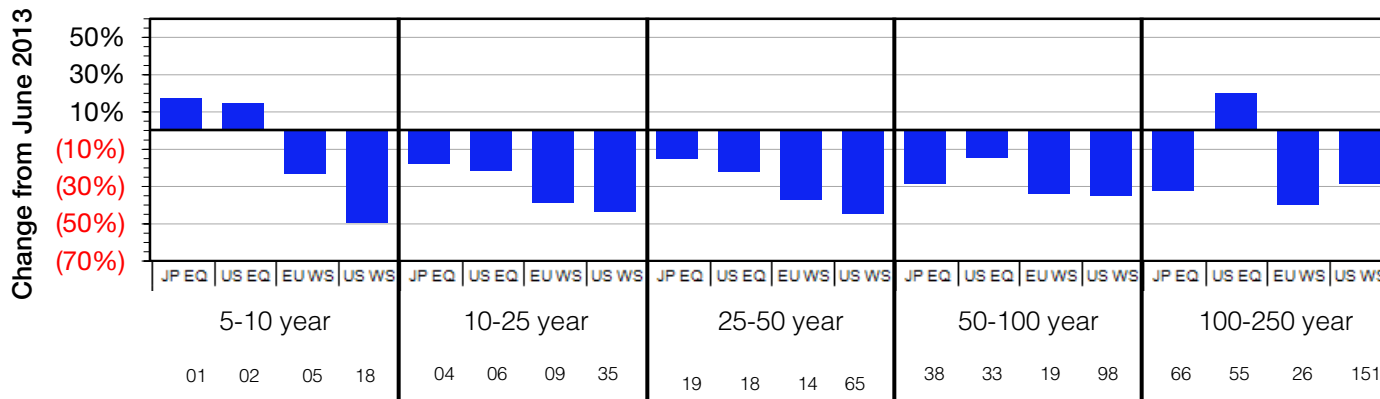
Planned change in catastrophe exposure for 2014

Change in mean loss

JP EQ – Japanese earthquake
 US EQ – United States earthquake
 EU WS – European windstorm
 US WS – United States windstorm

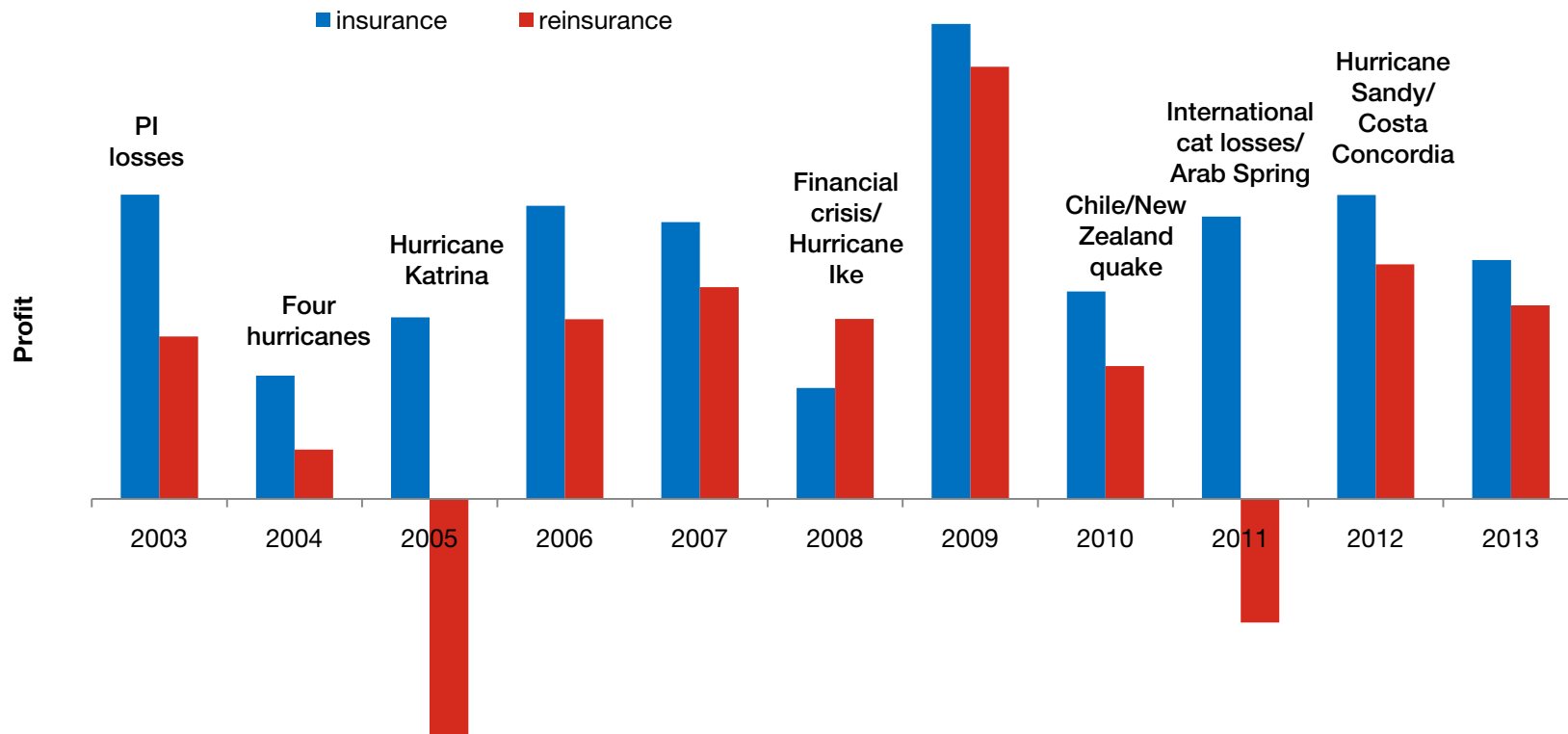
Industry loss return period and peril

Mean industry loss \$bn



- Successful launch of Hiscox Re
- Material gross line
 - \$200m any one program
- Building third-party quota share support
 - value of client relationships, brand, and record of outperformance
- Developing ILS strategy
 - \$110m assets under management
 - Ongoing co-operation with Third Point
- Profit commissions, over riders and fees leverage profit
- Reducing net retention in line with margin reductions

Hiscox London Market profitability



*Note: 100% share, fixed exchange rate.



Business performance

Gross written premiums for the year ended 31 December 2013

	2013 £000	2012 £000	Change %	Growth in local currency %
Hiscox London Market				
– Reinsurance	199,653	229,595	(13.0)	(13.9)
– Insurance	468,587	410,447	14.2	9.1
Hiscox International				
– Hiscox Bermuda	211,850	200,708	5.6	4.5
– Hiscox Guernsey	70,780	73,034	(3.1)	(4.4)
– Hiscox USA	189,519	144,513	31.1	28.5
Hiscox UK and Europe				
– Hiscox UK	412,388	375,224	9.9	9.6
– Hiscox Europe	146,701	132,298	10.9	9.8
Total	1,699,478	1,565,819	8.5	6.5

- New leadership in place
- Strong performance across all lines
 - Property: growing in small binding authority business
 - Aerospace: disciplined underwriting
 - Terrorism: maintained market share in competitive environment
 - Marine hull: improved profitability
 - Expanding extended warranty business
- Investing in Specialty, D&O and Casualty: new senior hires
- Mixed rating environment

- Combined leadership of reinsurance teams in London, Paris and Bermuda
- Remaining disciplined as rates at 1 January down by average 16%
- Quota share partners providing good support
- Good start to Kiskadee Re; building presence in ILS market

	Full year 2013 £m	Full year 2012 £m
Gross premiums written	412.4	375.2
Marketing expenditure	(12.5)	(14.3)
Underwriting result	50.6	45.5
Investment result	11.7	14.6
Foreign exchange	(4.4)	(0.6)
Profit before tax	45.4	45.2
Combined ratio	90.7%	92.1%

- Overall benign claims experience, profits impacted by December floods
- Excellent client retention and new business in Art and Private Client
- Good growth and profits in commercial lines
- Industry awards: UK Claims Excellence Awards – Insurance Times
The Claims Award (Personal Lines Team of the Year) – Post Magazine
- Major projects going well: New multi-service office in York, new IT infrastructure

December 2013

	Incurred claims	Estimated claim numbers
Flood	£7.1m	100
Storm	£4.2m	650

January/February 2014*

	Incurred claims	Estimated claim numbers
Flood	£1.9m	50
Storm	£3.2m	650

- 2013 storm and flood losses within normal annualised catastrophe expectations
- Reinsurance deductible is £10m for 2013 and 2014
- Concerns about impact of Flood Re

*As at 20 February 2014.

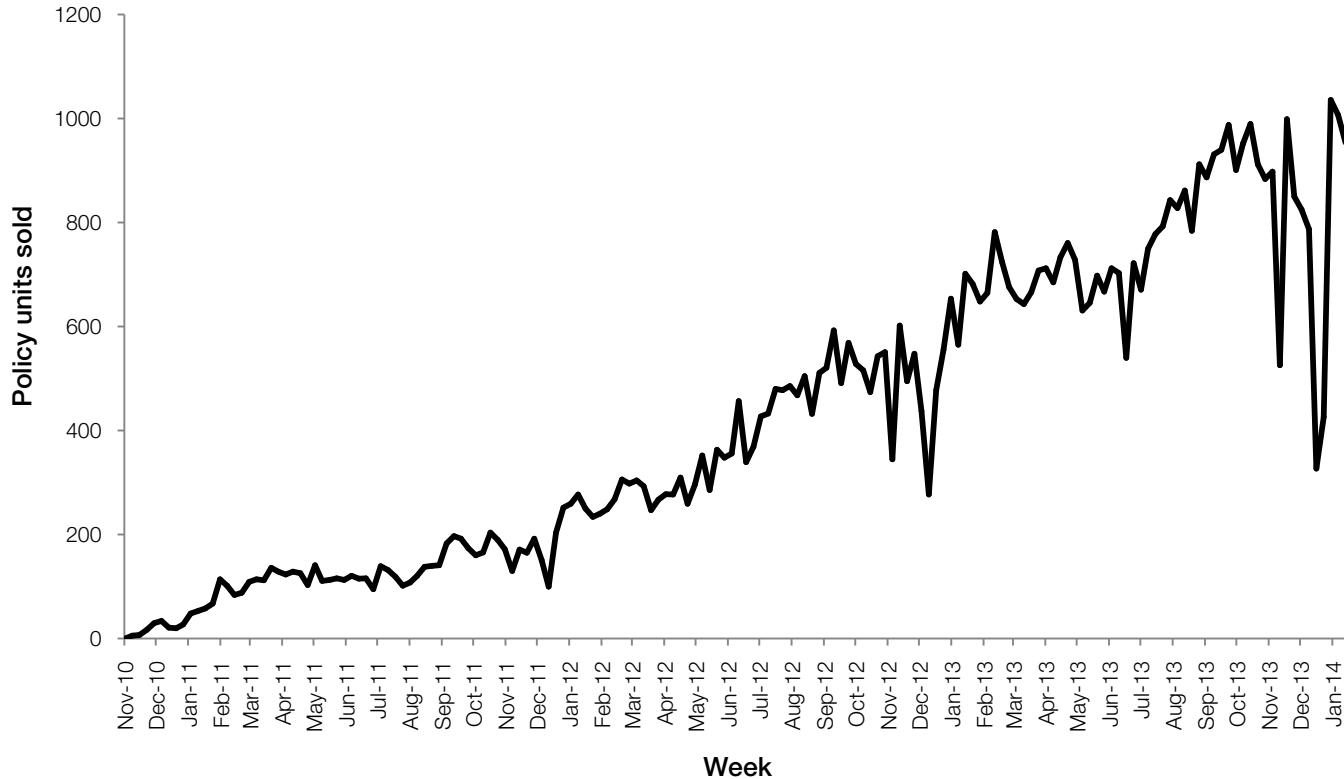
	Full year 2013 £m	Full year 2012 £m
Gross premiums written	146.7	132.3
Marketing expenditure	(3.1)	(3.0)
Underwriting result	6.5	4.8
Investment result	6.5	3.1
Foreign exchange	1.0	(1.0)
Profit before tax	10.9	3.9
Combined ratio	98.1%	100.9%

- Good claims experience despite summer floods
- New business up by 14% in France and Germany driven by commercial lines
- New distribution partners added in France: Crédit Agricole
- Investing in direct-to-consumer
- ‘Get Fit’ program improving expenses

- Hiscox Guernsey
 - Excellent profit in competitive market
- Hiscox USA
 - 31.1% GWP growth
 - Good underwriting, broker channel moves to profit
 - New distribution partners for Direct products
 - \$24m of marketing investment
- Hiscox Bermuda
 - Strong profit
 - Disciplined approach
 - Good support from partners

Steadily growing US direct

Policy unit sales per week – US direct

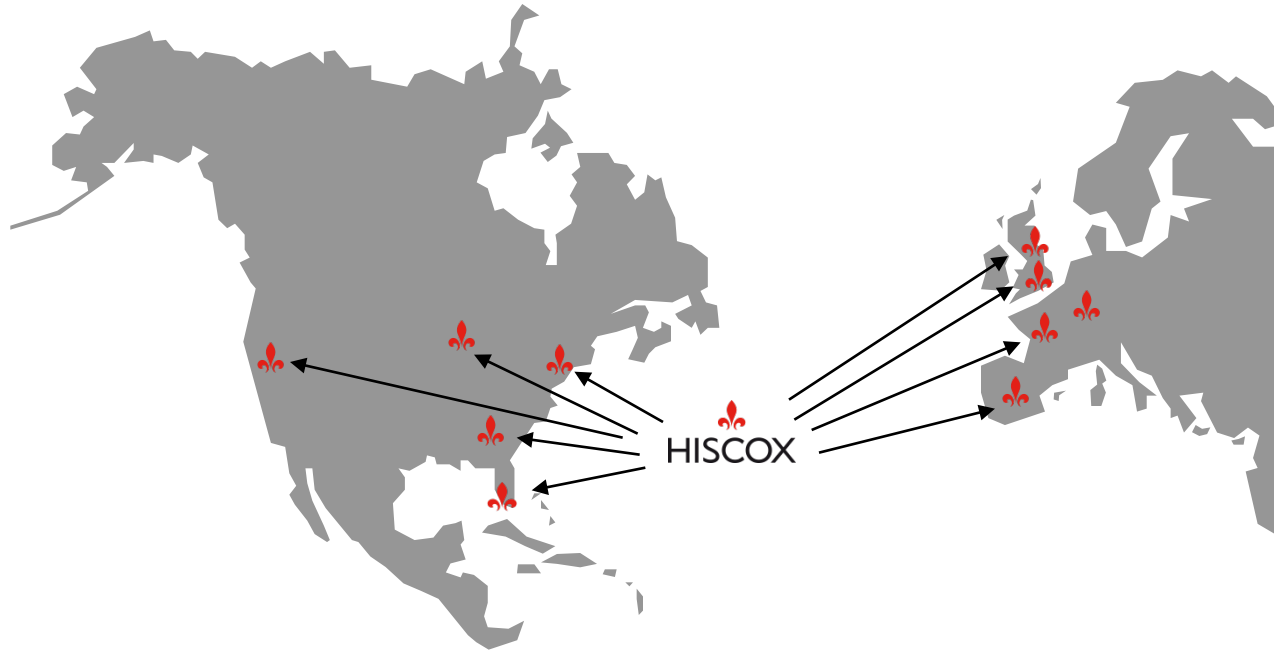




Summary and outlook

- All businesses performing well. Clear priorities for future
 - Discipline in reinsurance
 - Opportunities in insurance
 - Building Direct
- Continue to invest in people and brand
- Ongoing challenging investment environment
- Second year of capital return – no promise of a third

- Geographic reach
- Strategic focus
- A symbiotic relationship
- Long-term growth
- Business trends
- Hiscox Ltd results
- Boxplot and whisker diagram of Hiscox Ltd
- Planned change in catastrophe exposure for 2014
- Realistic disaster scenarios
- GWP geographical and currency split
- Group reinsurance security
- Reinsurance
- Government and bank exposure analysis
- Glossary of terms



Bermuda
Hamilton

Europe
Amsterdam
Bordeaux
Brussels
Cologne
Dublin
Hamburg
Lisbon
Lyon
Madrid
Munich
Paris

Guernsey
St Peter Port

Latin American gateway
Miami

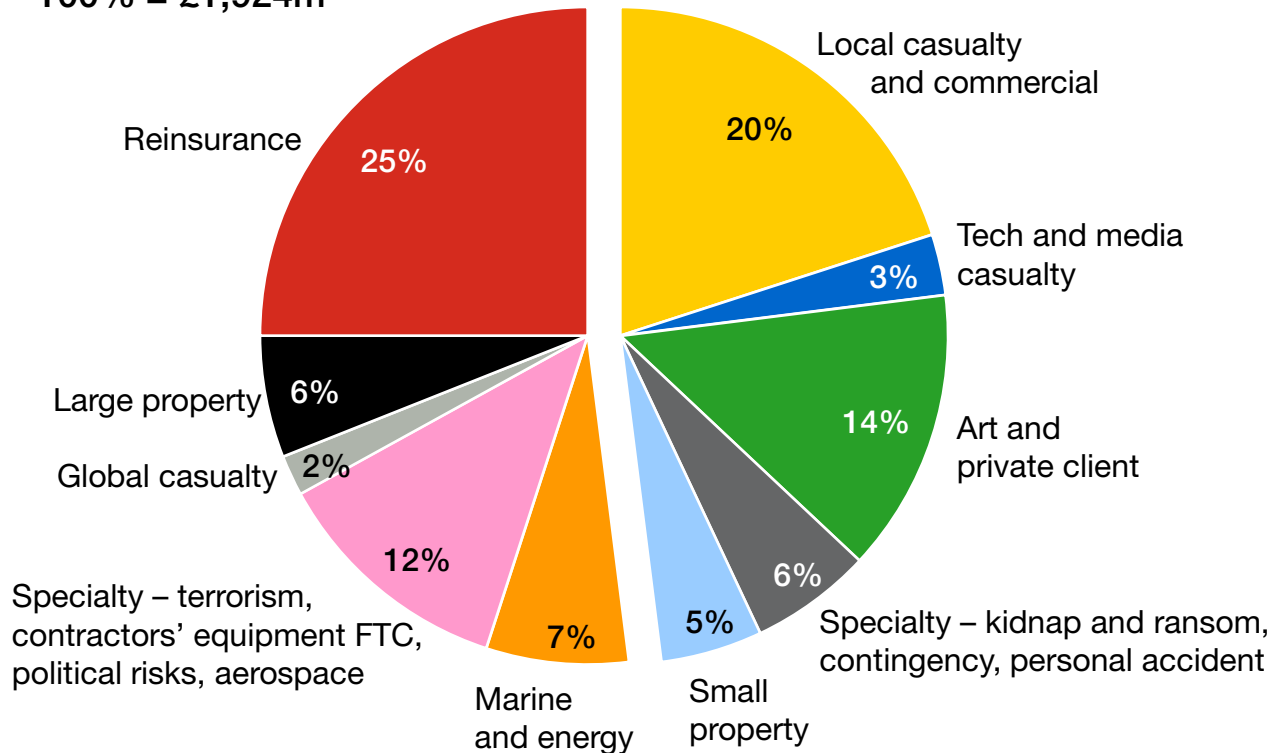
UK
Birmingham
Colchester
Glasgow
Leeds
London
Maidenhead
Manchester
York

USA
Atlanta
Chicago
Los Angeles
New York City
San Francisco
White Plains

Strategic focus

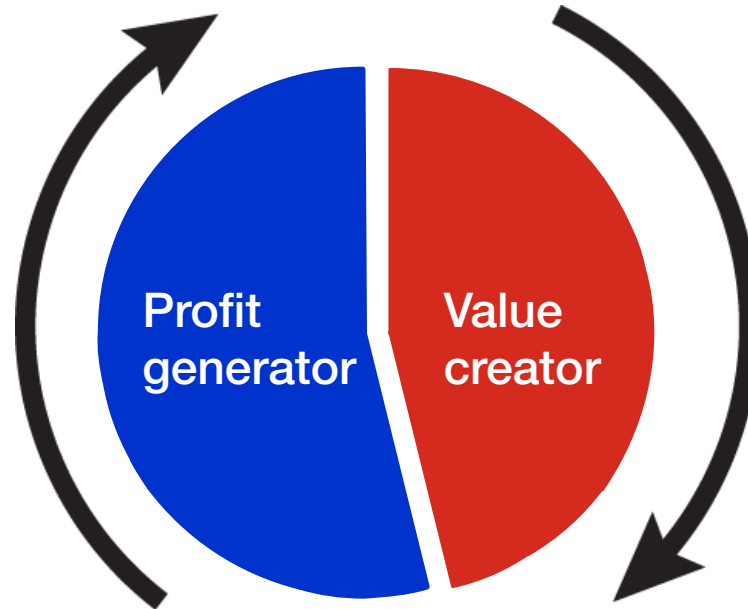
Total Group controlled income for 2013

100% = £1,924m



Internationally traded lines

- Larger premium, catastrophe exposed
- Shrinks and expands according to rates
- Excess profits allow investment in retail development

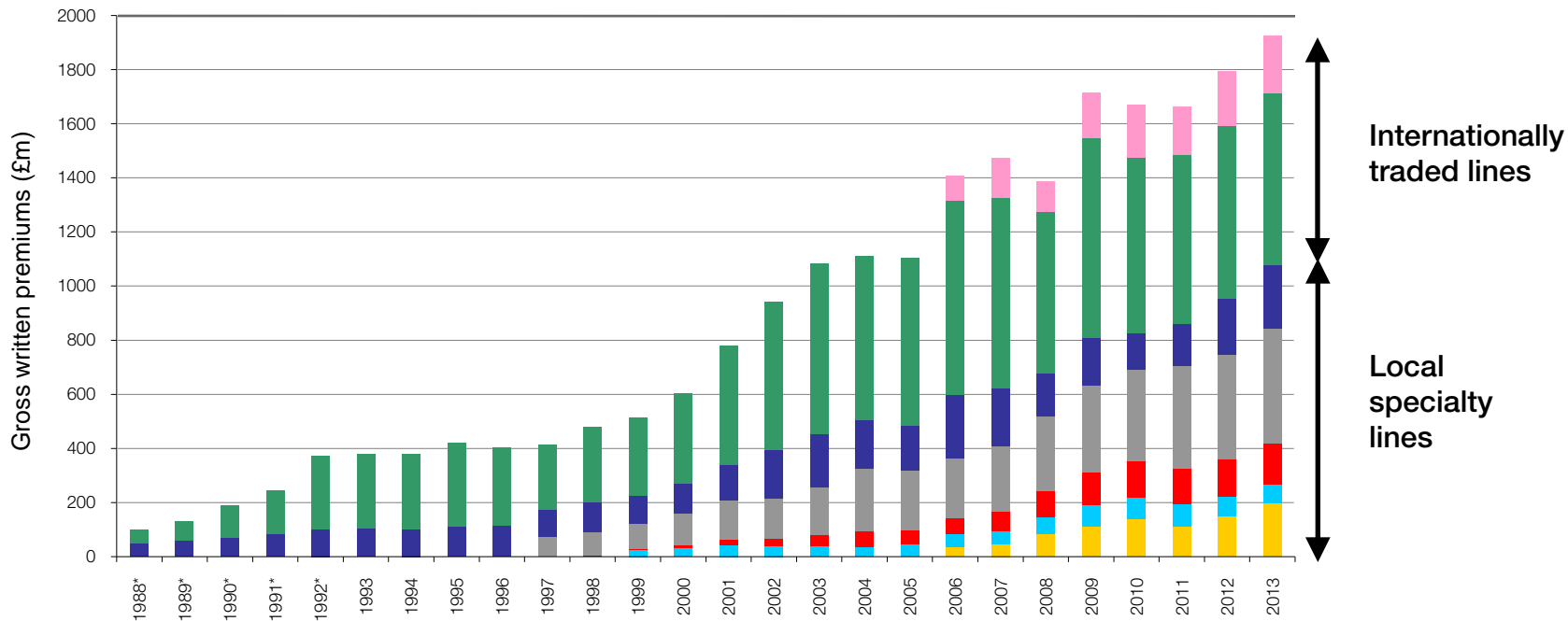


Local specialty lines

- Premium growth between 5-15% per annum
- Pays dividends
- Brand builds strong market position
- Profits act as additional capital

Long-term growth

- Bermuda
 - Hiscox London Market - Volatile
- Hiscox London Market - Retail
 - Hiscox UK
 - Hiscox Europe
 - Hiscox Guernsey
 - Hiscox USA



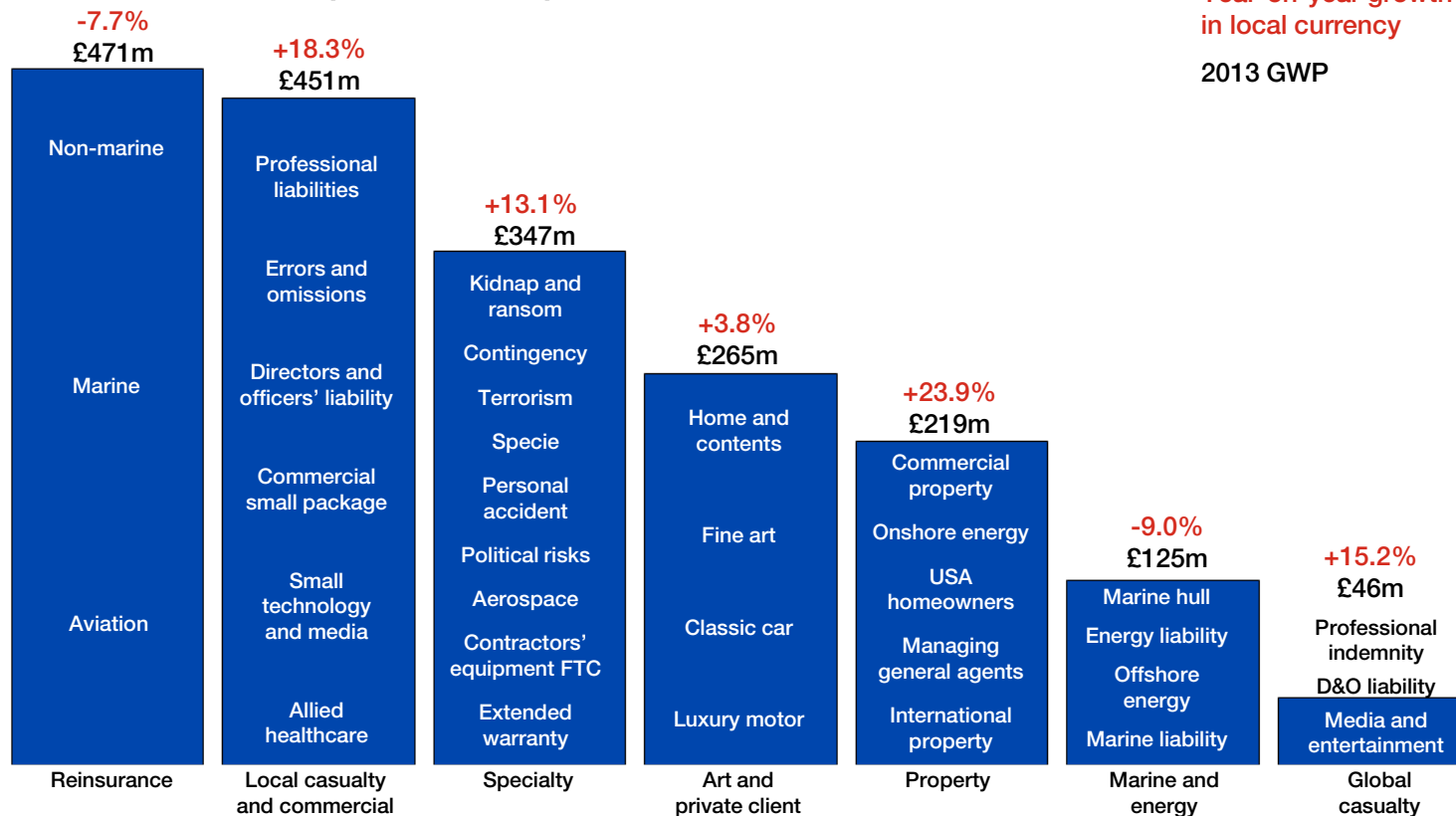
*Split estimated for these years.

Business trends

Total Group controlled premium 2013: £1,924m

Year-on-year growth
in local currency

2013 GWP



£000	2013	2012 restated**	2011	2010	2009	2008
Gross premiums written	1,699,478	1,565,819	1,449,219	1,432,674	1,435,401	1,147,364
Net premiums written	1,371,114	1,268,140	1,174,011	1,131,627	1,157,023	898,394
Net premiums earned	1,283,311	1,198,621	1,145,007	1,131,158	1,098,102	928,095
Investment return [†]	58,924	92,690	25,942	98,849	182,769	(27,632)
Profit before tax	244,538	217,454	17,271	211,366	320,618	105,180
Profit after tax	237,758	208,026	21,272	178,800	280,497	70,808
Basic earnings per share	66.3p	53.1p	5.5p	47.2p	75.2p	18.8p
Dividend	21.0p	18.0p	17.0p	16.5p	15.0p	12.75p
Invested assets (incl cash) £m [†]	3,129.5	3,055.8	2,873.4	2,779.7	2,661.6	2,522.4
Net asset value						
£m	1,409.5	1,365.4	1,255.9	1,266.1	1,121.3	951.0
p per share	402.2	346.4	323.5	332.7	299.2	258.1
Combined ratio	83.0%	85.5%	99.5%	89.3%	86.0%	75.3%
Return on equity after tax*	19.3%	17.1%	1.7%	16.5%	30.1%	9.2%

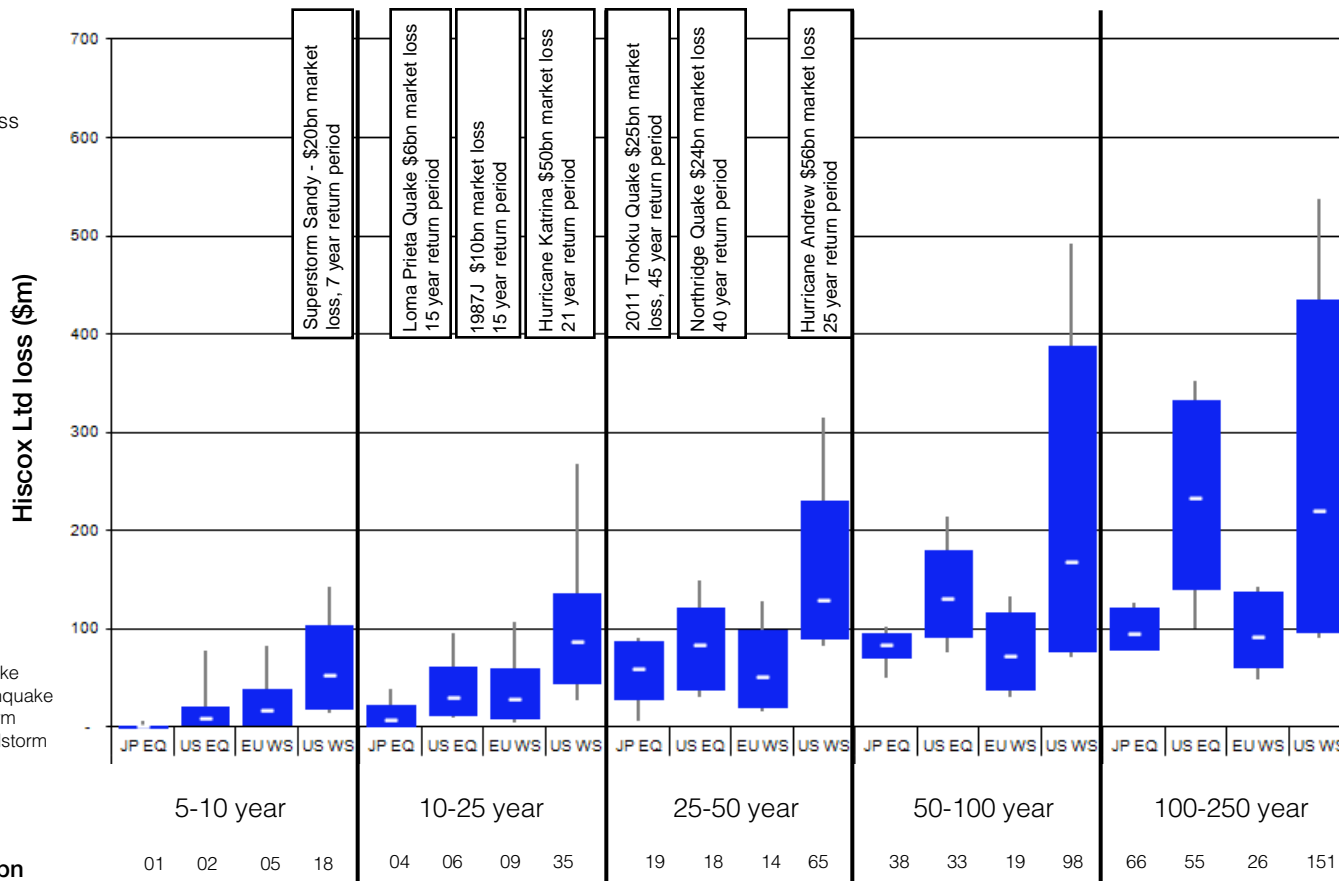
[†]Excluding derivatives and catastrophe bonds.

*Annualised post tax, based on adjusted opening shareholders' funds.

**Restated for the adoption of pension fund accounting.

Boxplot and whisker diagram of modeled Hiscox Ltd net loss (\$m) January 2014

■ Lower 5%- upper 95% range
| Modelled mean loss



JP EQ – Japanese earthquake
 US EQ – United States earthquake
 EU WS – European windstorm
 US WS – United States windstorm

Industry loss return period and peril

Mean industry loss \$bn

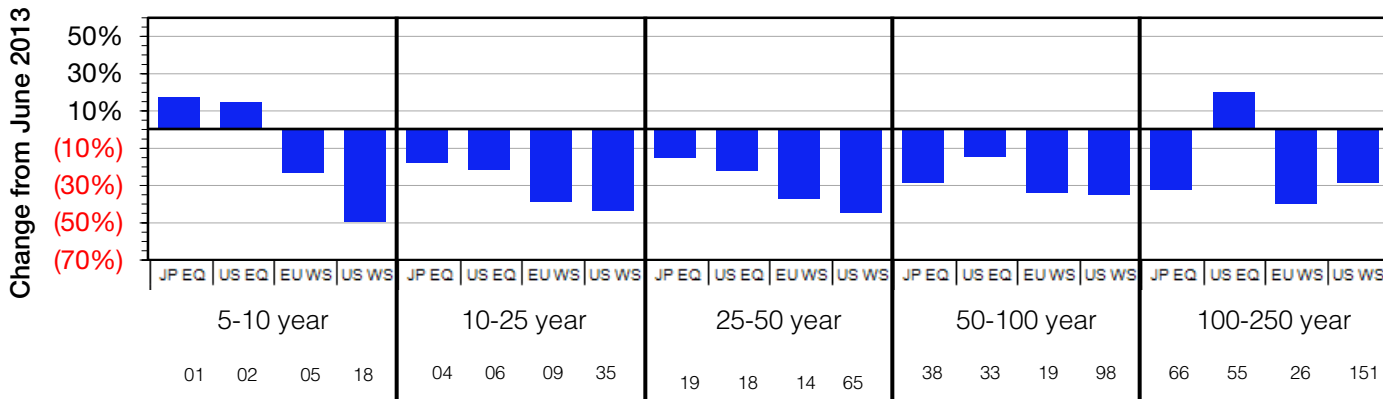
Planned change in catastrophe exposure for 2014

Change in mean loss

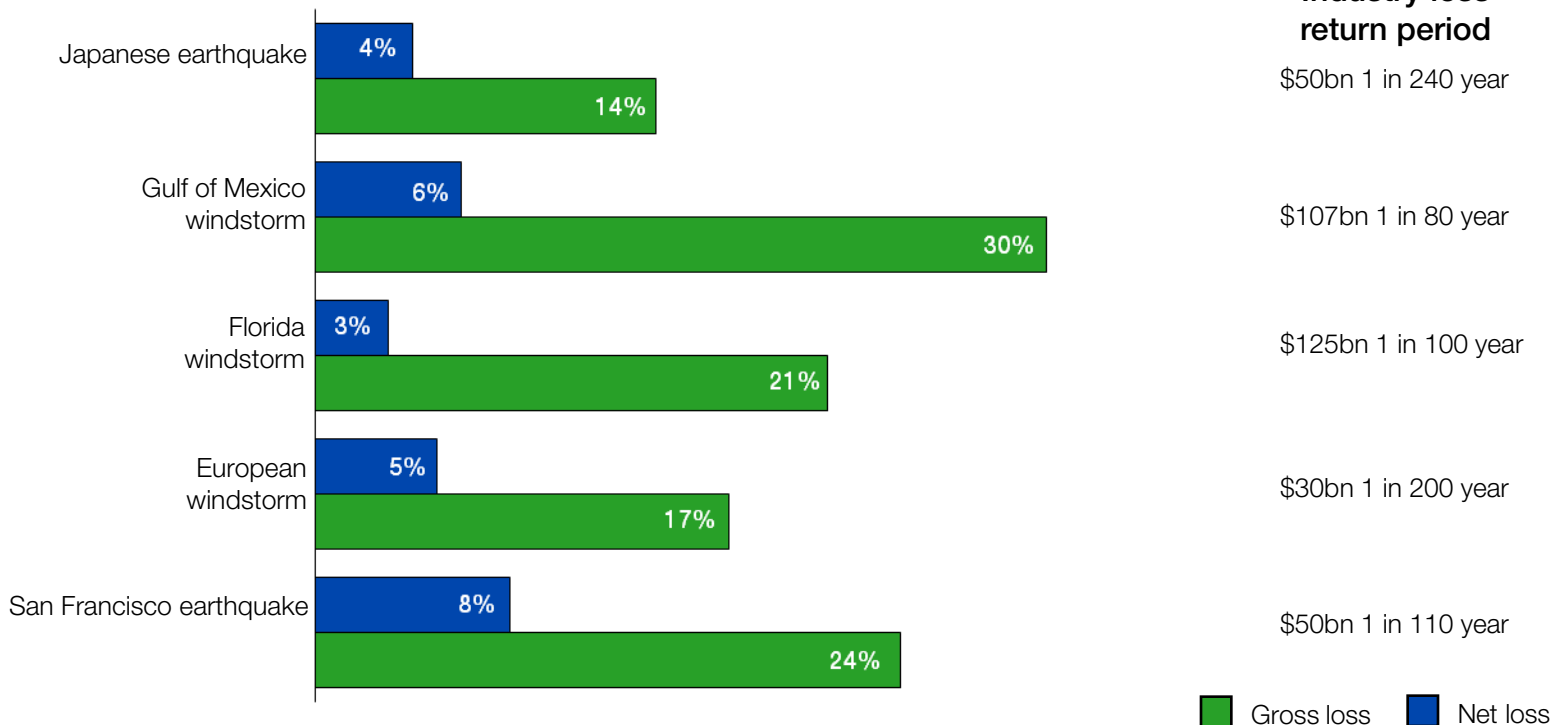
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Industry loss return period and peril

Mean industry loss \$bn

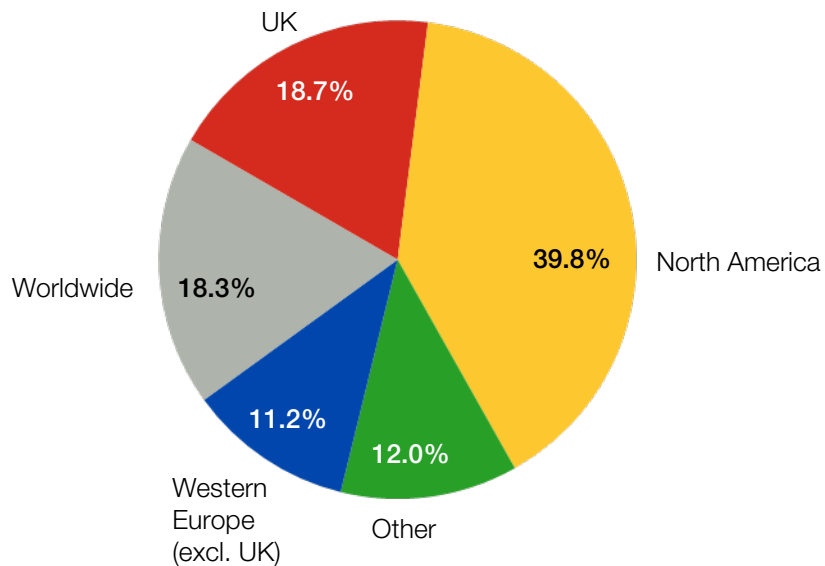


Hiscox Group - losses shown as percentage of 2013 gross and net written premium

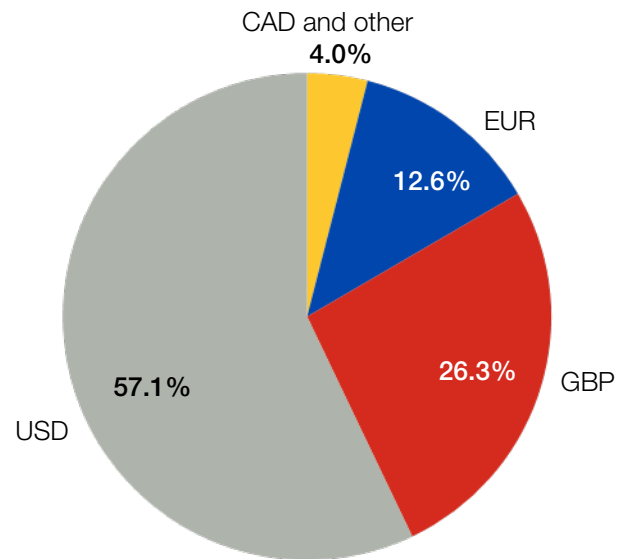


GWP geographical and currency split

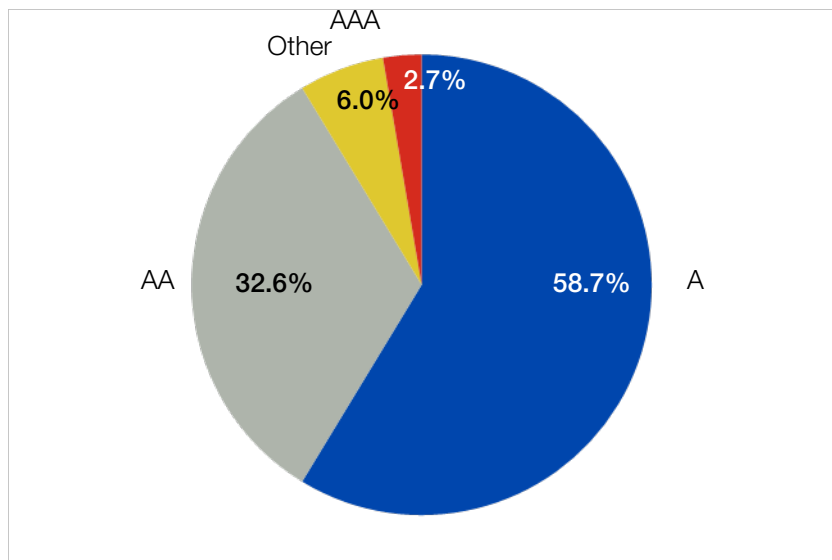
2013 geographical split



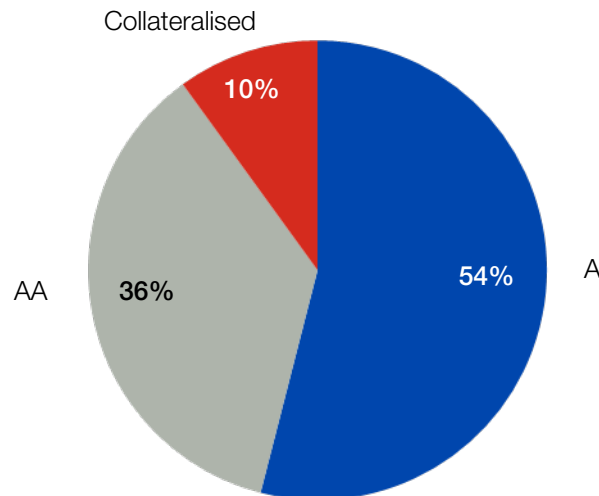
2013 currency split



Receivables at 31/12/13 of £458.8m

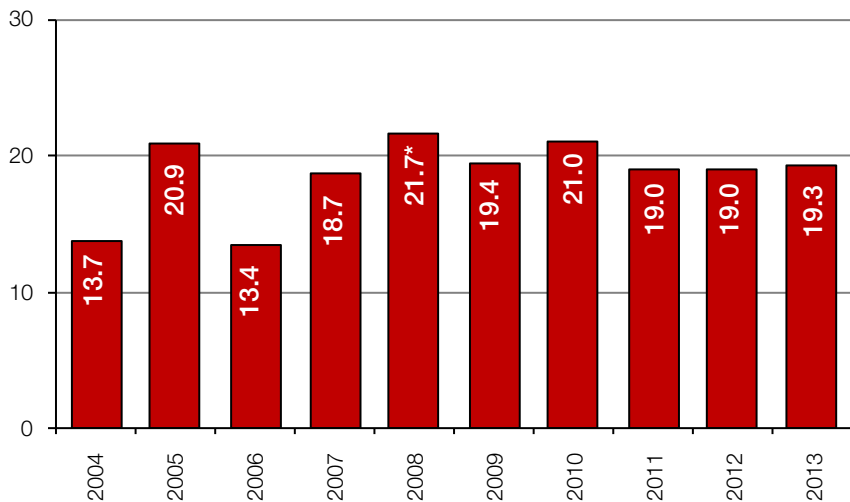


2013 reinsurance protections*
First loss exposure by rating

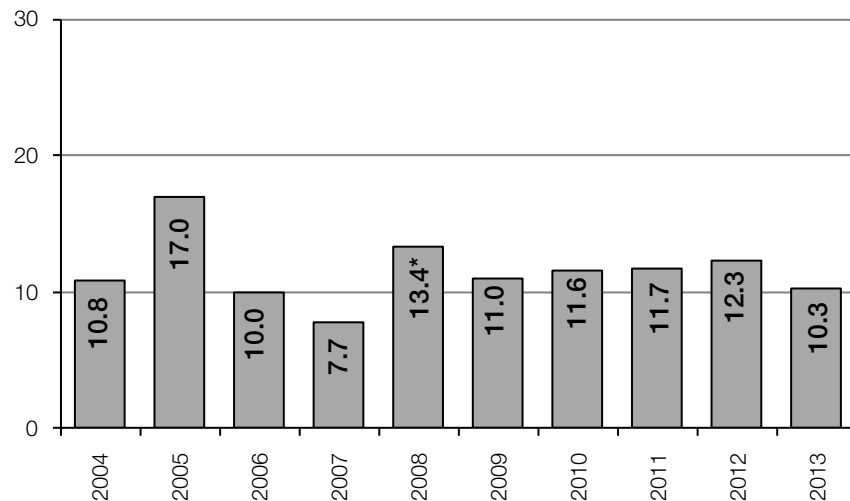


*Reinsurance placements in force at 1 January 2013.

Reinsurance as a % of GWP



Reinsurance receivables as a % of total assets



*Amended due to reclassification of reinsurance commissions.

Government and bank exposure analysis

Country	Government issued £000	Government Supported £000	Bank debt		
			Senior £000	Subordinated £000	Total £000
Australia		1,976	16,488		16,488
Austria	1,420				
Belgium	2,333				
Canada	1,236	41,473	29,186	208	29,394
Denmark		265	720		720
Finland	10,170				
France	941	2,232	19,422		19,422
Germany	84,905	29,441	1,757		1,757
Italy	3,818		1,925		1,925
Japan			2,071		2,071
Netherlands	60,962	3,690	17,263	803	18,066
New Zealand			2,322		2,322
Norway		462	1,695		1,695
Spain	2,499	1,271			
Sweden	1,691	421	13,517		13,517
Switzerland			5,803		5,803
United Kingdom	290,332	5,911	25,099	1,312	26,411
United States	499,409	97,797	75,785	2,820	78,605
Other	2,500	1,161	526		526
Supranationals		33,453			
Total	962,216	219,553	213,579	5,143	218,722

Annual venture	The system used for running a Lloyd's syndicate under which each 'year of account' is treated separately. Members own capacity on a syndicate for a 'year of account' and the results are declared when the year is closed by the RITC mechanism, usually after three years.
Claims ratio	Net claims incurred, including IBNR, as a percentage of net earned premiums.
Combined ratio	The total of the claims, expenses and impact of foreign exchange ratios.
Expenses ratio	Expenses as a percentage of net earned premiums.
Funds at Lloyd's	The amount of assets, which can be cash, investments or letters of credit, that a syndicate member has to deposit with Lloyd's to support his share of the capacity on a syndicate. The minimum amount is 40% of the capacity owned by the member.
Gross written premium	Premiums contracted for before any deductions.
Group controlled	The total gross written premium controlled by the Group including the 27% of the Syndicate capacity not owned by Hiscox in 2013 (27% in 2012).
IBNR	Incurred but not reported. An estimate made at the end of each accounting period to cover the expected cost of losses that have occurred but have not yet been reported to the insurer or reinsurer.
Incurred loss ratio	Paid and outstanding losses as a percentage of premiums. Gross incurred loss ratio is before deducting any reinsurance and net is after deducting reinsurance.
Long-tail	A term used to describe an insurance risk that has the potential for claims development or new claims to be reported a number of years after expiry of the term of the policy.
Member or Name	The companies or individuals who own the capacity of a syndicate and who belong to the membership of the Society of Lloyd's.

Net premiums earned	Premiums received after the cost of reinsurance and adjustment for unearned premium. Unearned premium covers the future period of risk of an insurance policy.
Net premiums written	Premiums contracted for after deduction of reinsurance.
Open year	A year of account of a syndicate which has not been closed by Reinsurance To Close (RITC). RITC usually occurs at the end of the third year. A year of account can be left open beyond the third year if the extent of the future liability cannot be accurately quantified.
Qualifying quota share	These are quota share reinsurance policies, which Lloyd's allow in certain circumstances, that enable a syndicate to write gross premium in excess of its capacity.
Reinsurance to close – RITC	The reinsurance to close comprises a premium payable by the closing year to the members on the next open year of account and a contract which transfers the liability for all claims in respect of the closing year to the next open year.
Run-off account	At Lloyd's, a year of account which is kept open after the date on which it would normally have been closed.
Subrogation	The right of the underwriter to 'stand in the shoes of the insured' and take over the Insured's rights, following payment of a claim, to recover the payment of an incurred loss from a third party responsible for the loss. It is limited to the amount of loss paid by the insurance policy.
Syndicate capacity	Also referred to as the 'stamp'. The maximum amount of business that a syndicate in Lloyd's can write per year, aggregated from all its members.