



I'mpossible:
is taking your
business from
up and running
to up and coming

Hiscox Ltd
Preliminary results

For the year ended 31 December 2017

Weathering the storms

An historic year for natural catastrophes



Strategy of balance builds resilience

-
- GWP up by 6% to £2.5bn
 - Hiscox Retail GWP up 21%
 - COR excluding FX 98.8%
 - PBT excluding FX £94m
 - Full-year dividend 29.0p

Financial performance

Group performance

A good result in a challenging year

	2017 £m	2016 £m	Change %
Growth			
Gross premiums written	2,549.3	2,402.6	6
Net premiums written	1,864.2	1,787.9	4
Net premiums earned	1,874.5	1,675.0	12
Earnings			
Underwriting profit	34.7	162.8	(79)
Investment return	81.3	70.6*	15
Monetary FX items	(62.8)	152.4	(141)
Other**	(22.4)	(31.3)	(28)
Profit before tax	30.8	354.5	(91)
Profit before tax excl. monetary FX	93.6	202.1	(54)
Combined ratio	99.9%	84.2%	(15.7)
Combined ratio excl. monetary FX	98.8%	90.6%	(8.2)
Balance sheet			
Ordinary dividend (p)	29.0	27.5	5.5
Net asset value			
£m	1,754.4	1,818.4	(4)
p per share	618.6	649.9	(5)
Return on equity	1.5%	23.0%	(21.5)

- GWP growth in constant currency of 2%
- Hiscox Retail key driver of top line, up 21%
- Solid investment return of 2.0%†
- FX headwind of (£63m)
- Business mix delivers underwriting profit in heavy catastrophe year
- Net \$225 million reserved for catastrophe claims
- Dividend up 5.5%, returning to progressive after re-base in 2016
- Change to USD reporting effective 1 January 2018

*Re-classification of investment fees.

**Includes finance costs, impairments and accelerated amortisation.

†Gross of derivatives and fees.

Hiscox Retail

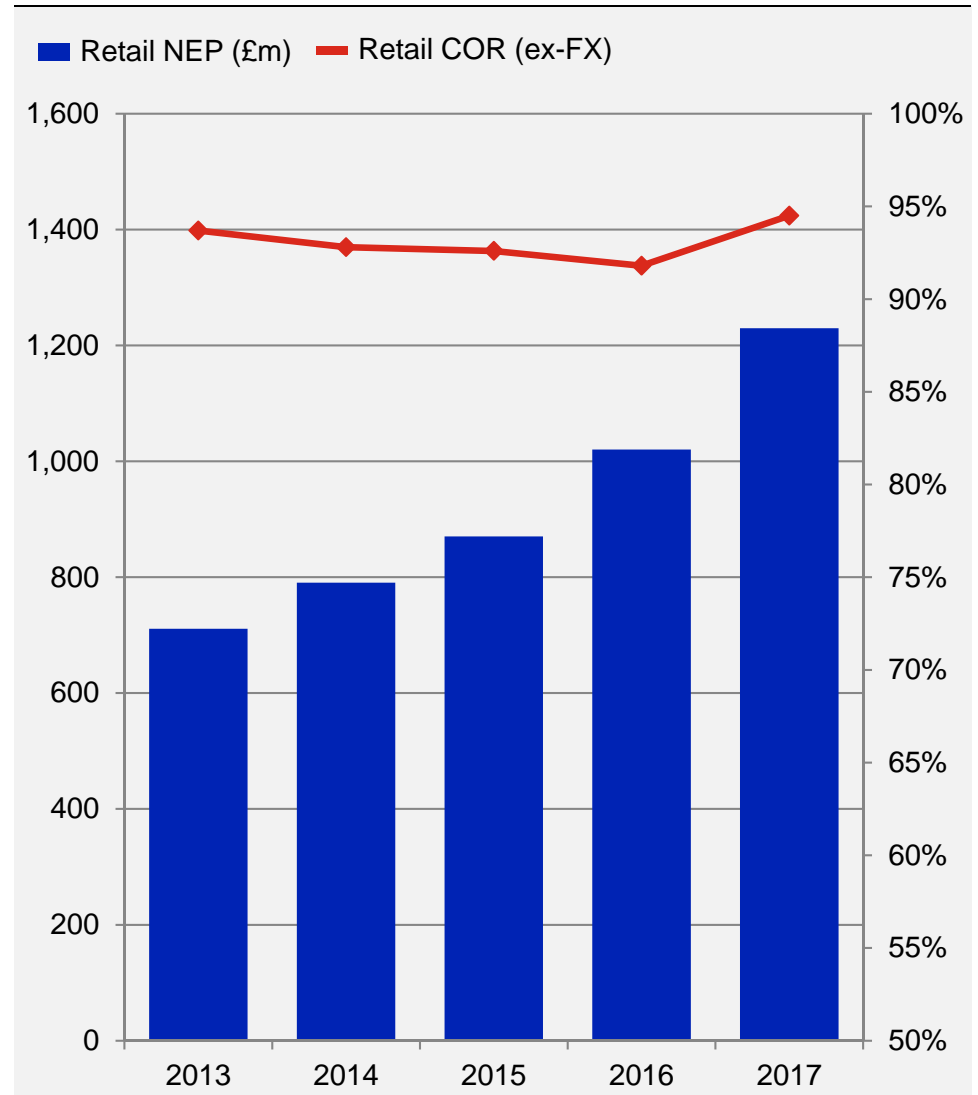
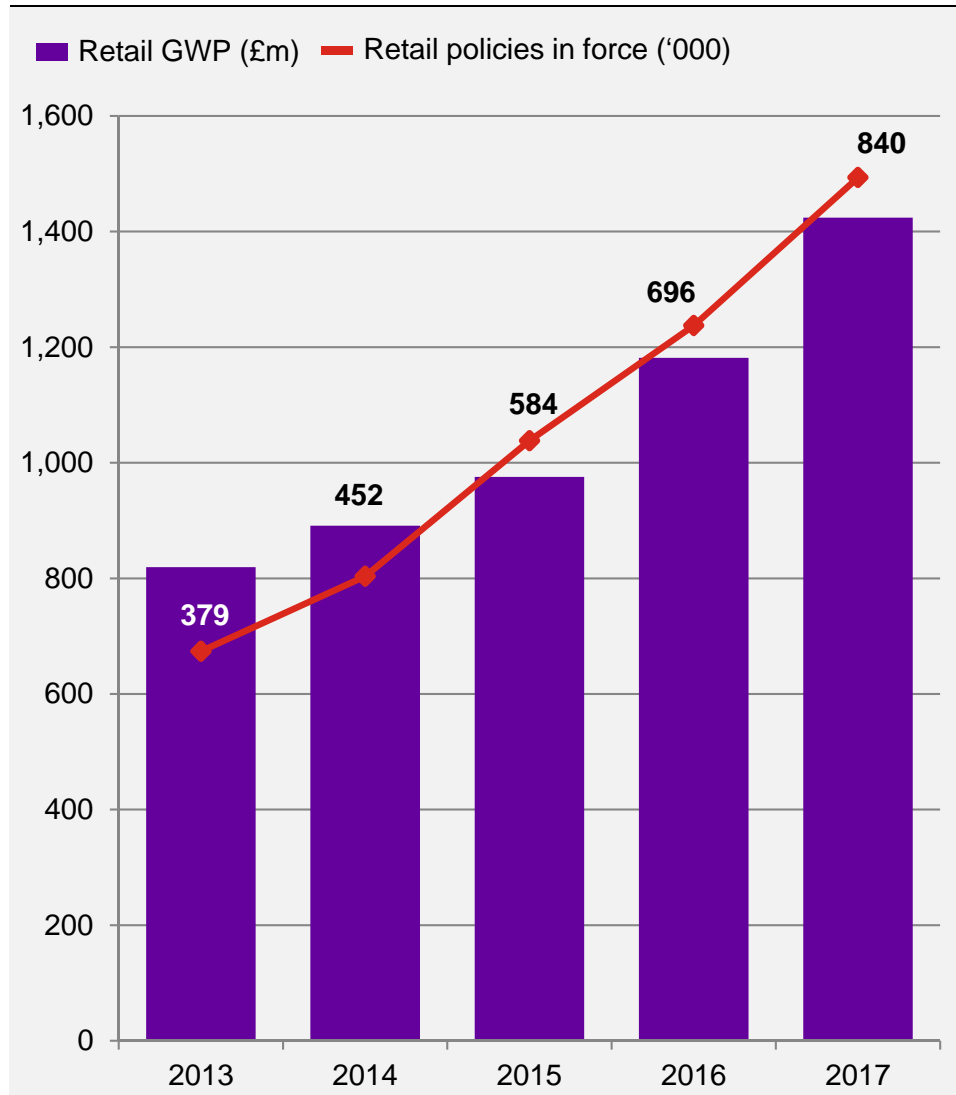
Good growth and profits

	2017 £m	2016 £m	
Gross premiums written	1,423.9	1,181.4	• Strong GWP growth in constant currency of 16%
Net premiums written	1,298.9	1,092.0	– Hiscox UK & Ireland: 11%
Net premiums earned	1,229.9	1,020.5	– Hiscox Europe: 12%
Underwriting profit	89.0	100.4	– Hiscox USA: 29%
Investment result	22.8	30.4	• Growth driven by small commercial, up 23%
Foreign exchange and other*	(1.9)	27.2	• More normal loss experience and modest hurricane exposure for Hiscox USA
Profit before tax	109.9	158.0	• Hiscox Special Risks stable in a competitive environment
Profit before tax excl. monetary FX	110.3	120.7	• DirectAsia making headway with investment in marketing and distribution
Combined ratio	94.6%	88.0%	• Evolving leadership structure to build on growth momentum
Combined ratio excl. monetary FX	94.5%	91.8%	

*Includes impairments and accelerated amortisation.

Hiscox Retail

Consistent growth and profitability



Hiscox London Market

A testing year with a brighter outlook

	2017 £m	2016 £m	
Gross premiums written	581.7	726.0	• Top line reduced by 23% in constant currency as planned
Net premiums written	376.2	469.1	• Impacted by hurricanes Harvey and Irma
Net premiums earned	435.7	443.1	• Capitalising on rate improvements
Underwriting loss	(35.7)	(2.3)	• Continued investment where we see opportunity:
Investment result	11.3	12.3	– Cyber
Foreign exchange and other*	(11.8)	34.0	– US flood
Profit/(loss) before tax	(36.2)	44.0	– Product recall
Profit/(loss) before tax excl. monetary FX	(24.5)	9.0	• Increased Syndicate 33 capacity by £450m to £1.6bn for 2018
Combined ratio	111.6%	90.7%	• Leadership evolution with appointment of CEO
Combined ratio excl. monetary FX	108.7%	99.4%	

*Includes accelerated amortisation.

Hiscox Re & ILS

Profitable in a costly year for reinsurers



	2017 £m	2016 £m
Gross premiums written	543.7	495.2
Net premiums written	189.2	226.8
Net premiums earned	209.0	211.4
Underwriting profit	3.5	84.1
Investment result	21.7	10.1
Foreign exchange and other*	(5.4)	21.3
Profit before tax	19.8	115.5
Profit before tax excl. monetary FX	23.9	92.5
Combined ratio	101.3%	53.0%
Combined ratio excl. monetary FX	98.9%	64.9%

- Growth of 5% in constant currency, driven by ILS
- Capitalising on rate improvements
- Growing contribution from fees and profit commissions
- ILS AUM now \$1.5bn

*Includes finance costs.

Solid investment performance

Investment return of £81.3m

	31 December 2017			31 December 2016		
	Asset allocation %	Annualised return %	Return £000	Asset allocation %	Annualised return %	Return £000
Bonds £	13.4	1.2		14.1	2.7	
US\$	54.2	1.5		54.6	1.7	
Other	10.2	(0.1)		8.7	1.1	
Bonds total	77.8	1.2	42,079	77.4	1.9	55,709
Equities	7.6	12.9	41,453	6.9	6.2	17,246
Deposits/cash/bonds <three months	14.6	0.5	3,755	15.7	0.3	1,881
Investment result – financial assets		2.0	87,287		1.9	74,836
Derivative returns			(1,315)			155
Investment fees			(4,709)			(4,361)
Investment result			81,263			70,630
Group invested assets			£4,413m			£4,410m

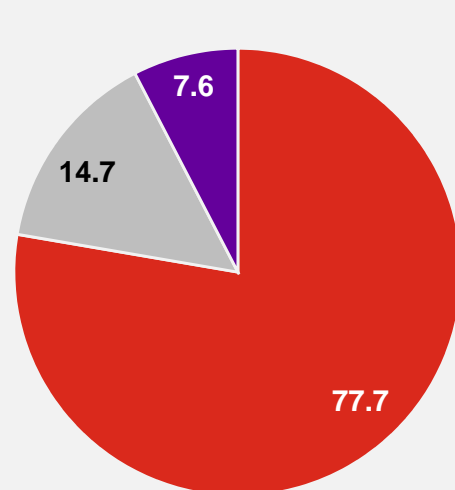
Portfolio – asset mix

High quality, conservative portfolio

Investment portfolio £4,413 million as at 31 December 2017

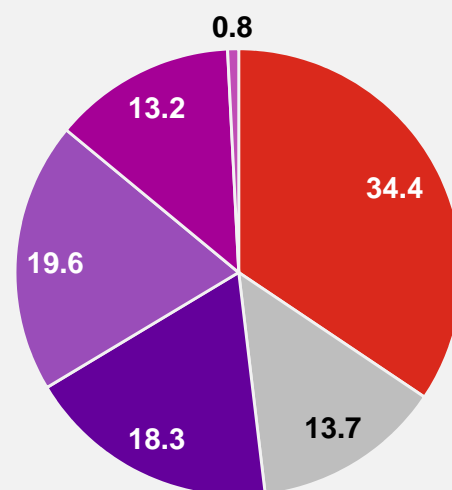
Asset allocation

- Bonds
- Cash
- Risk assets



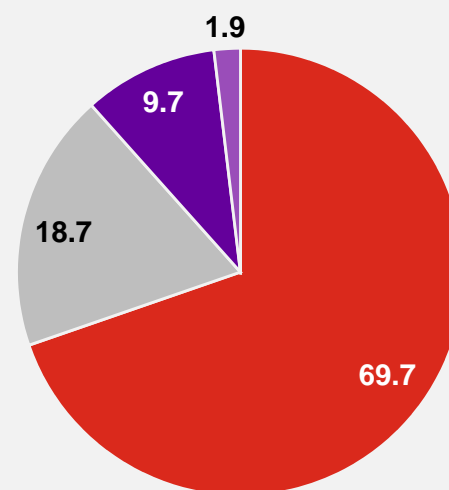
Bond credit quality

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



Bond currency split

- USD
- GBP
- EUR
- CAD and other

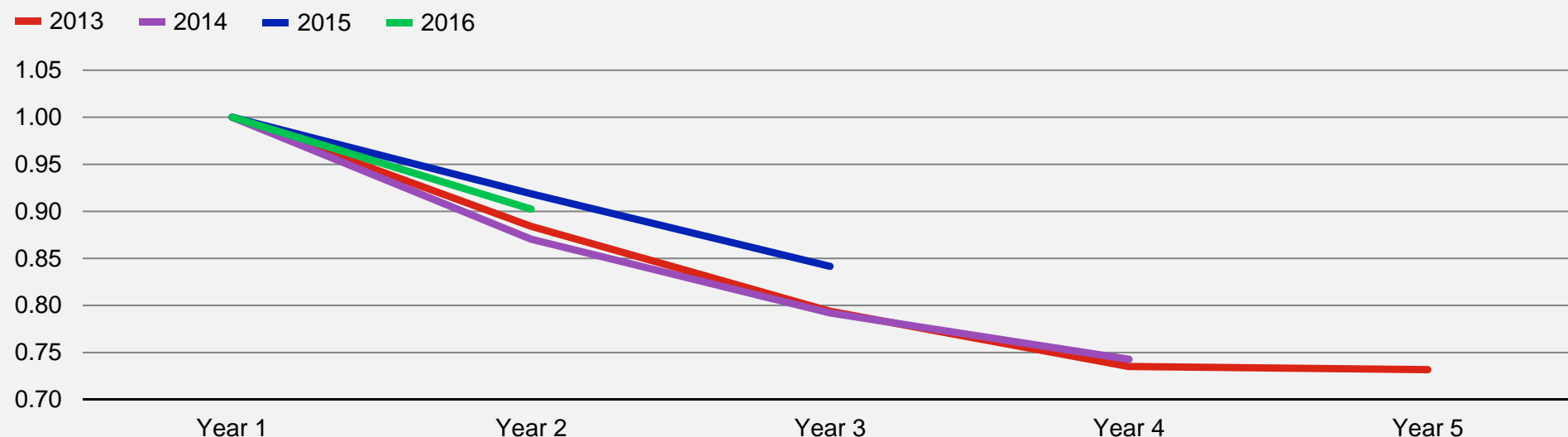


- Risk assets at 7.6%
- High credit quality maintained
- Yield to maturity of bond portfolio 1.6% at 31 December 2017 (1.3% at 30 June 2017)
- Average bond duration: 20 months

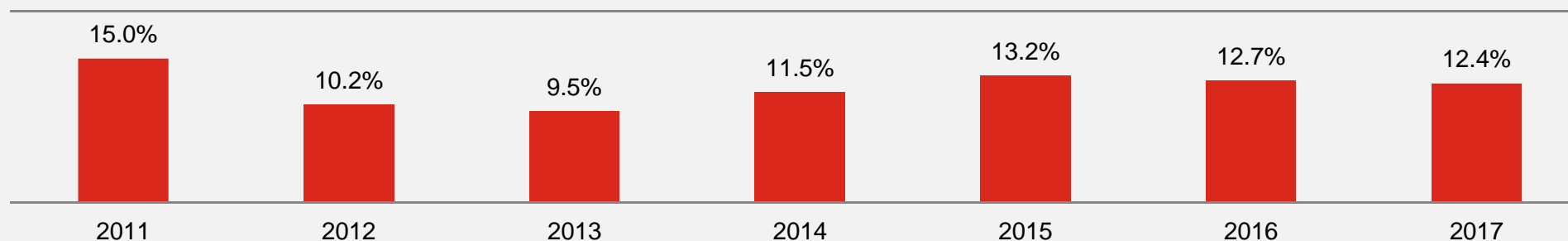
Prudent approach to reserving continues

Reserve releases £252m

Loss development by accident year



Reserve release as % of opening net reserves

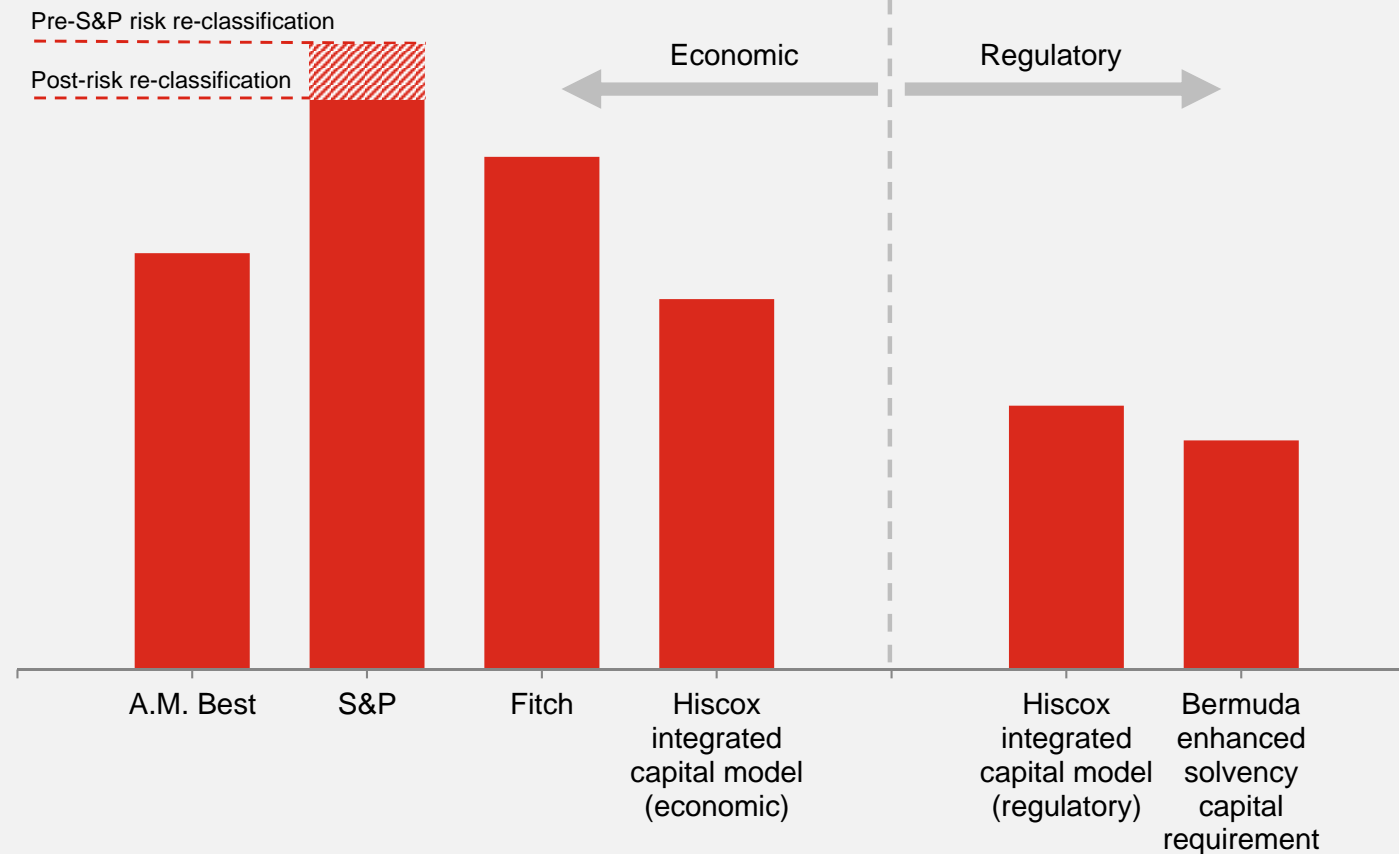


Capital requirement

31 December 2017

£1.89bn available capital

£1.83bn available capital (post-final dividend)



- All capital bases satisfactorily capitalised
- Bermuda solvency ratio above 225%
- Key constraint remains rating agency capital
- S&P capital requirement reduced due to risk re-classification from high to moderate, reflecting business model diversification
- US capital requirement increased by \$75m due to BEAT

Rating agency assessments shown are internal Hiscox assessments of the agency capital requirements on the basis of projected year-end 2017 results. Hiscox uses the internally developed Group 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.

Financial flexibility

Capital strength and business mix diversification



Absorbing losses

- Net \$225m of catastrophe losses



Investing for growth

- £54m invested in marketing
- Lloyd's stamp increased by £450m to £1.6bn
- UK and US IT system replacement



Building operational resilience

- Group-wide finance transformation project – coming off end-of-life technologies
- New internal capital model
- Moving systems to the cloud



Managing regulatory change

- US tax reform – modest P&L impact, estimated \$75m capital injection required
- Brexit – Luxembourg carrier receives regulatory approval
- S&P capital requirement lowered, BSCR potentially to increase

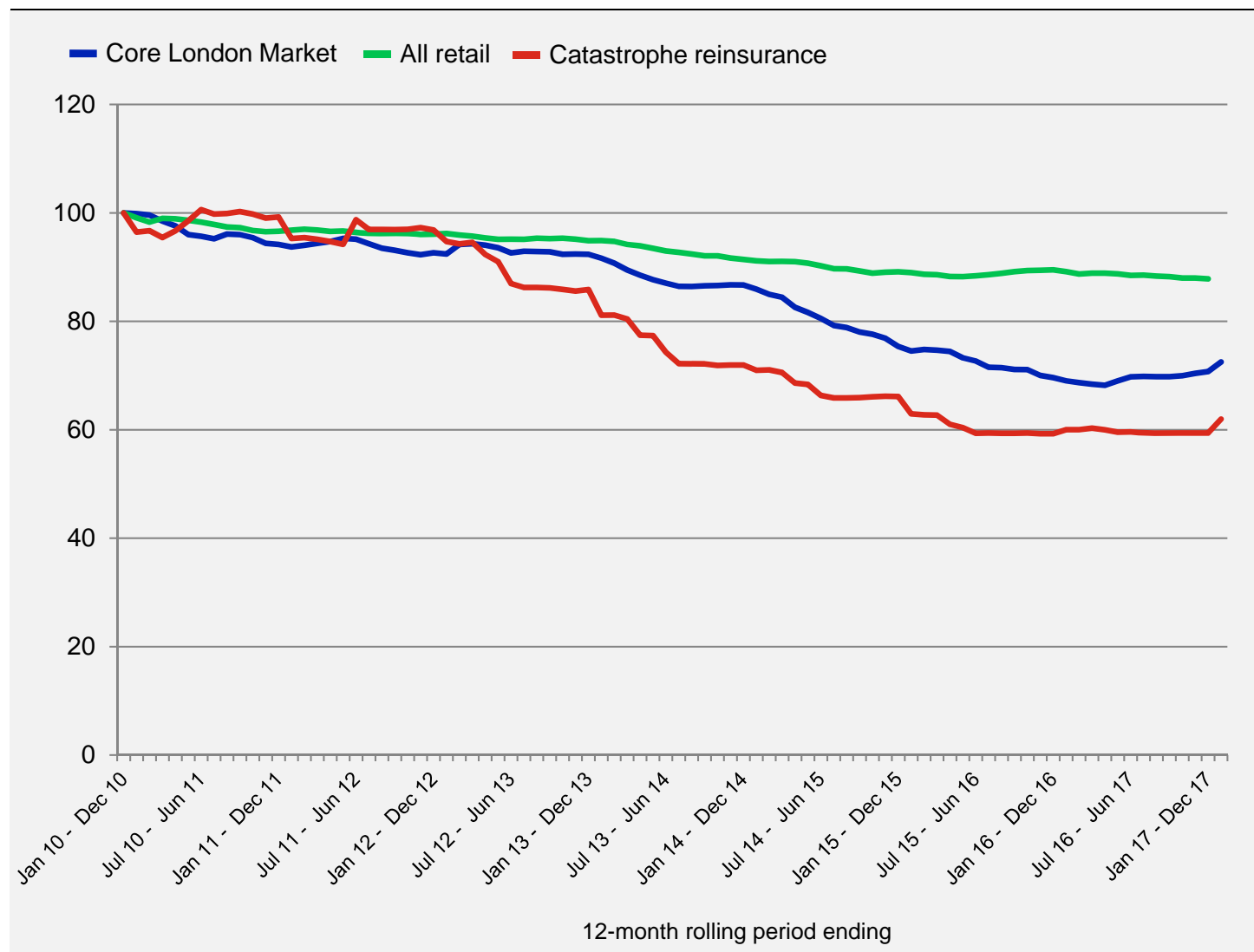
Underwriting

2017 catastrophes

\$140bn* of insured catastrophe losses

- Net reserves \$225 million for all catastrophes
- No adverse deterioration of reserves expected
- Losses within modeled range
- Alternative capital partners re-committed following losses
- Comfortably capitalised for events of this size

Market reacts to losses



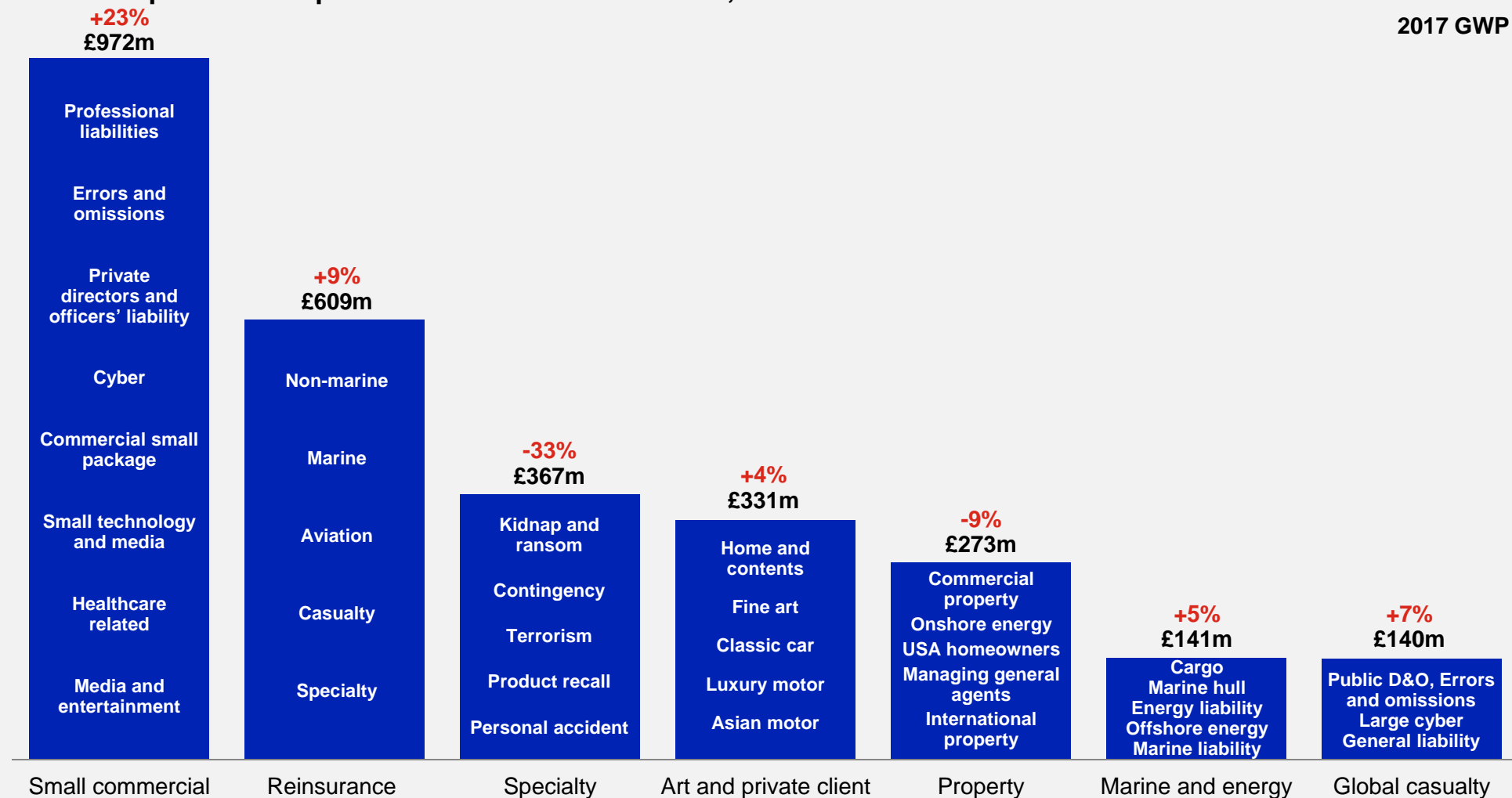
- Hiscox London Market
 - 14 out of 16 lines saw rates rise at 1 January renewals
 - Overall rates up 8%
 - Property rates up 5-30%
 - Other lines up 0-5%
 - Terrorism remains competitive
- Hiscox Re & ILS
 - US treaty rates up 10%
 - Loss-affected accounts up more
 - International treaty rates up 3%
- Hiscox Retail
 - Rates remain stable

An actively managed business

Total Group controlled premium 31 December 2017: £2,833 million

Period-on-period in constant currency

2017 GWP



Underwriting strategy in practice

Opportunities across the portfolio

2017 total Group controlled premium

100% = £2,833 million

Hiscox Re & ILS

Growing as rates increase using our own and others' capital.

Hiscox London Market

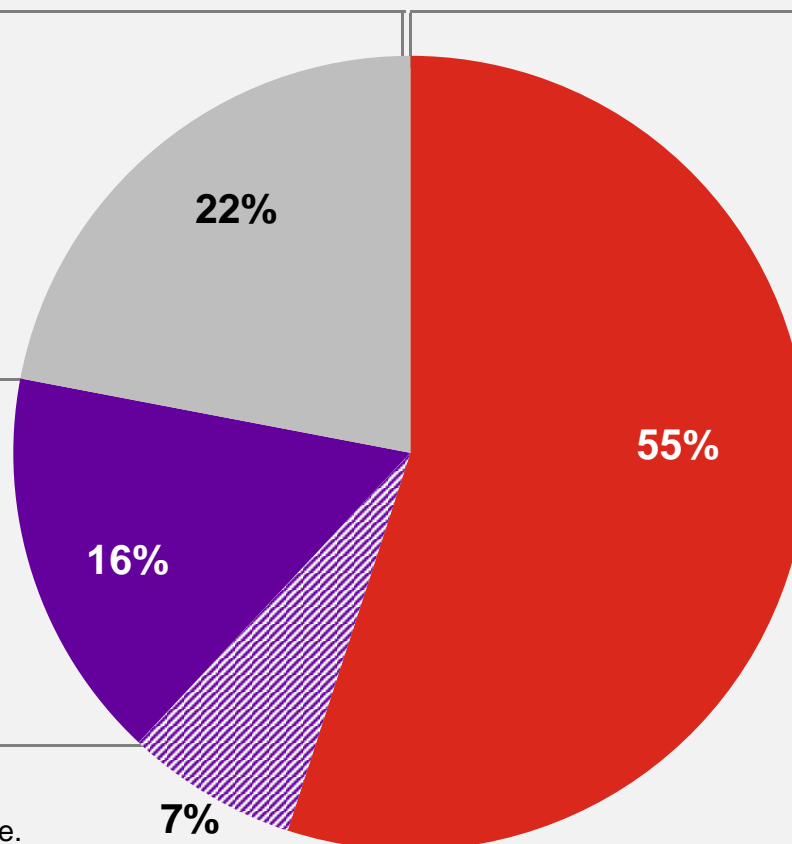
Returning to growth as the market turns.

Reduce or hold

Disciplined where rates are under pressure.

Hiscox Retail

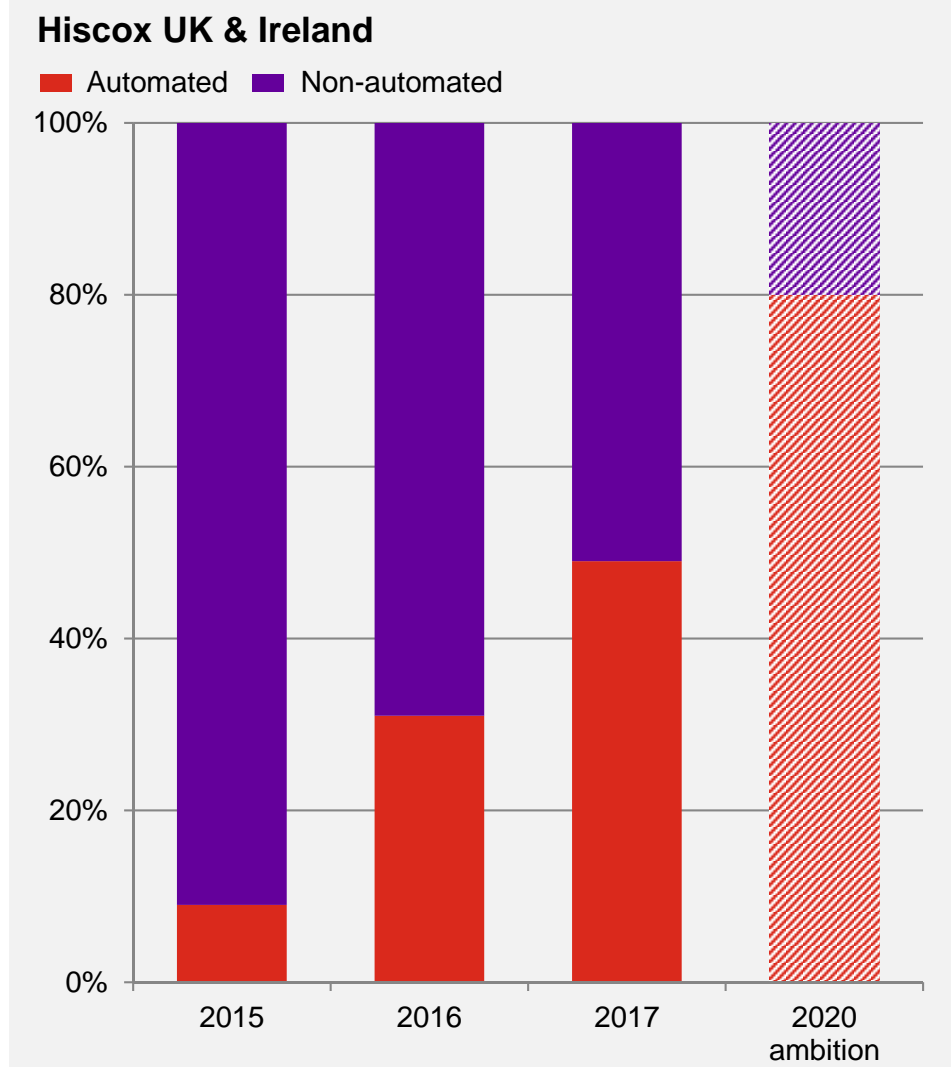
Stable rates and healthy margins. Continuing to grow by 5-15% per annum.



Continued investment in technology, data and people

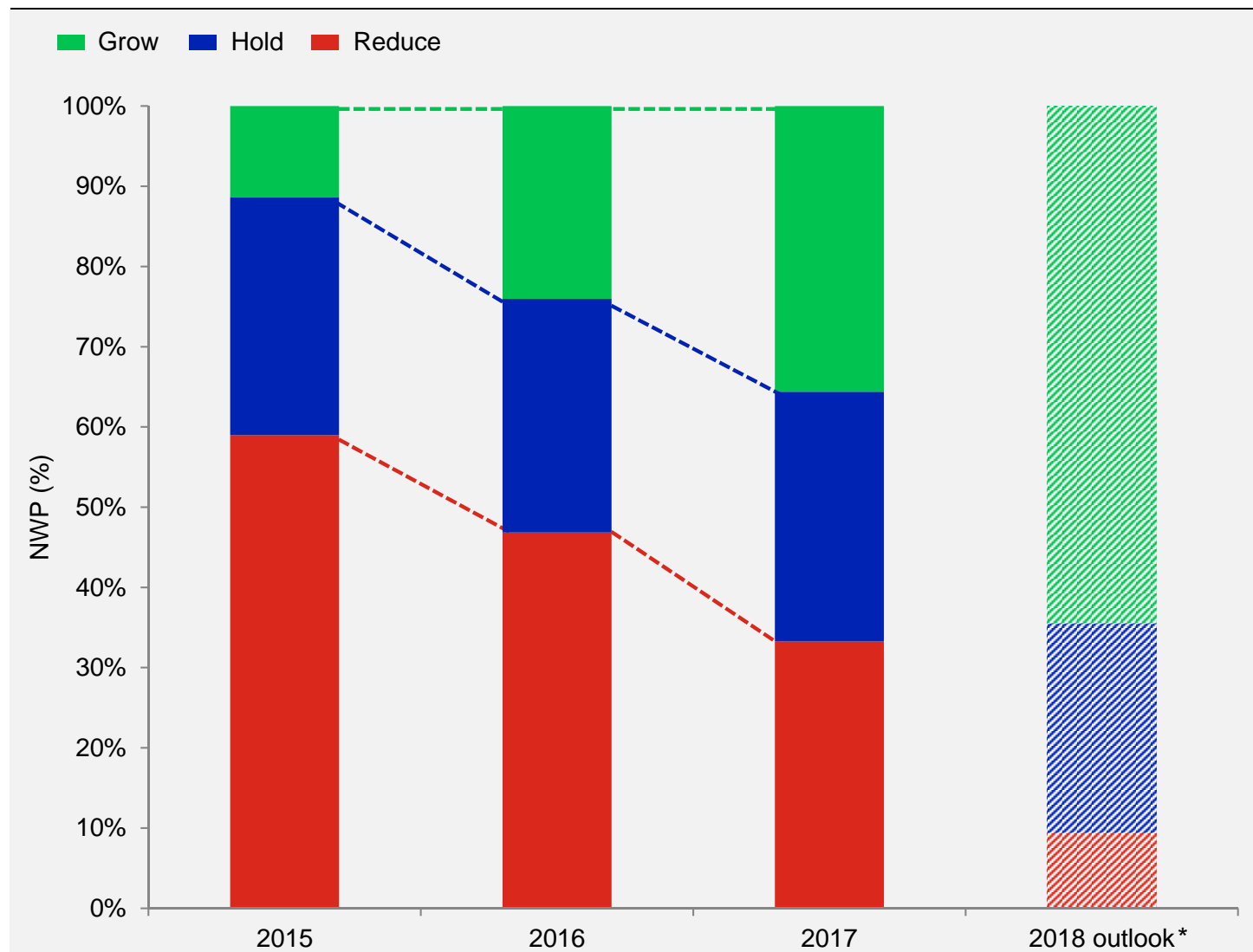
Segmented underwriting model

- Efficient underwriting of less complex risks using our own and third-party data and advanced analytics
- Targeted data labs to deliver insight and drive profitable growth
- Enabling underwriters to focus on business development and product innovation
- Human where it counts



Hiscox London Market

Disciplined growth in 2018



*Applies 2018 segmentation (grow, hold, reduce) to 2017 business mix.

- **Opportunities to grow**

- Core catastrophe lines: household, commercial lines, major property
- New teams: cyber, general liability, product recall
- New products e.g. FloodPlus
- Third-party capital strategy: quota share, consortia, ILS

- **Hold where margins are slim**

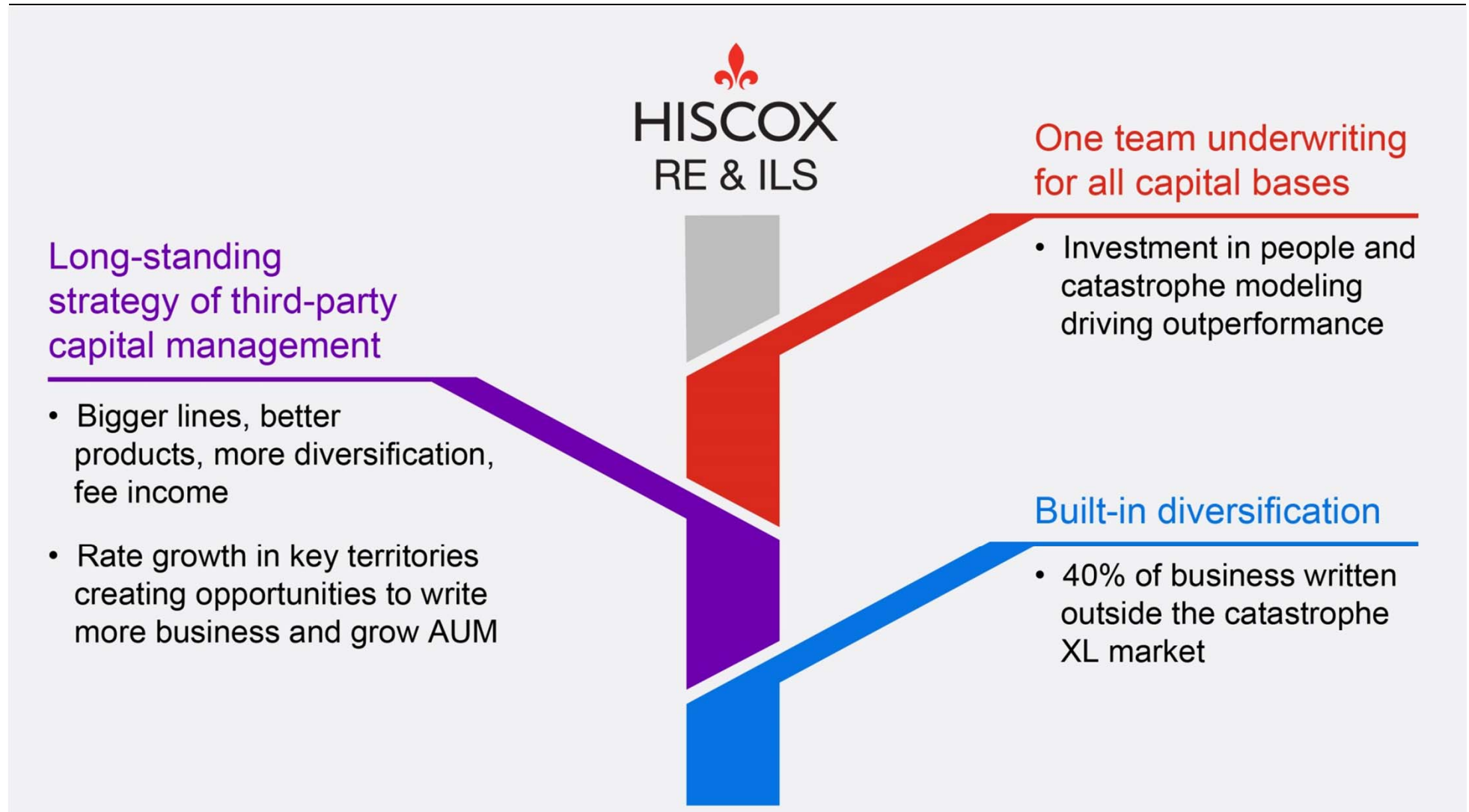
- Marine cargo, marine hull, personal accident and energy

- **Reduce or exit lines**

- Disciplined where margins have eroded
- Extended warranty, political risks, healthcare, PI, aviation hull, liability

Hiscox Re & ILS

Growth of the hybrid reinsurer



Business performance and outlook

Managing the business

Year to 31 December 2017			Constant currency
	GWP £m	GWP change %	GWP change %
Hiscox Retail	1,423.9	21	16
Hiscox UK & Ireland	556.3	12	11
Hiscox USA	544.2	36	29
Hiscox Europe	213.3	22	12
Hiscox Special Risks	98.7	4	(1)
DirectAsia	11.4	(5)*	(10)*
Hiscox London Market	581.7	(20)	(23)
Hiscox Re & ILS	543.7	10	5
Total	2,549.3	6	2

*Excludes disposal of Hong Kong subsidiary.

Retail investment driving growth in key markets



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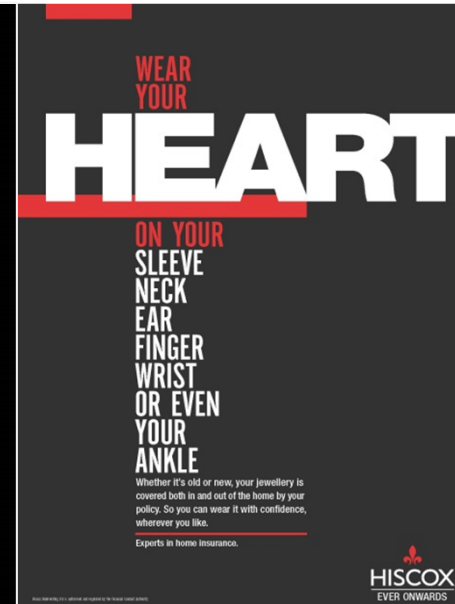
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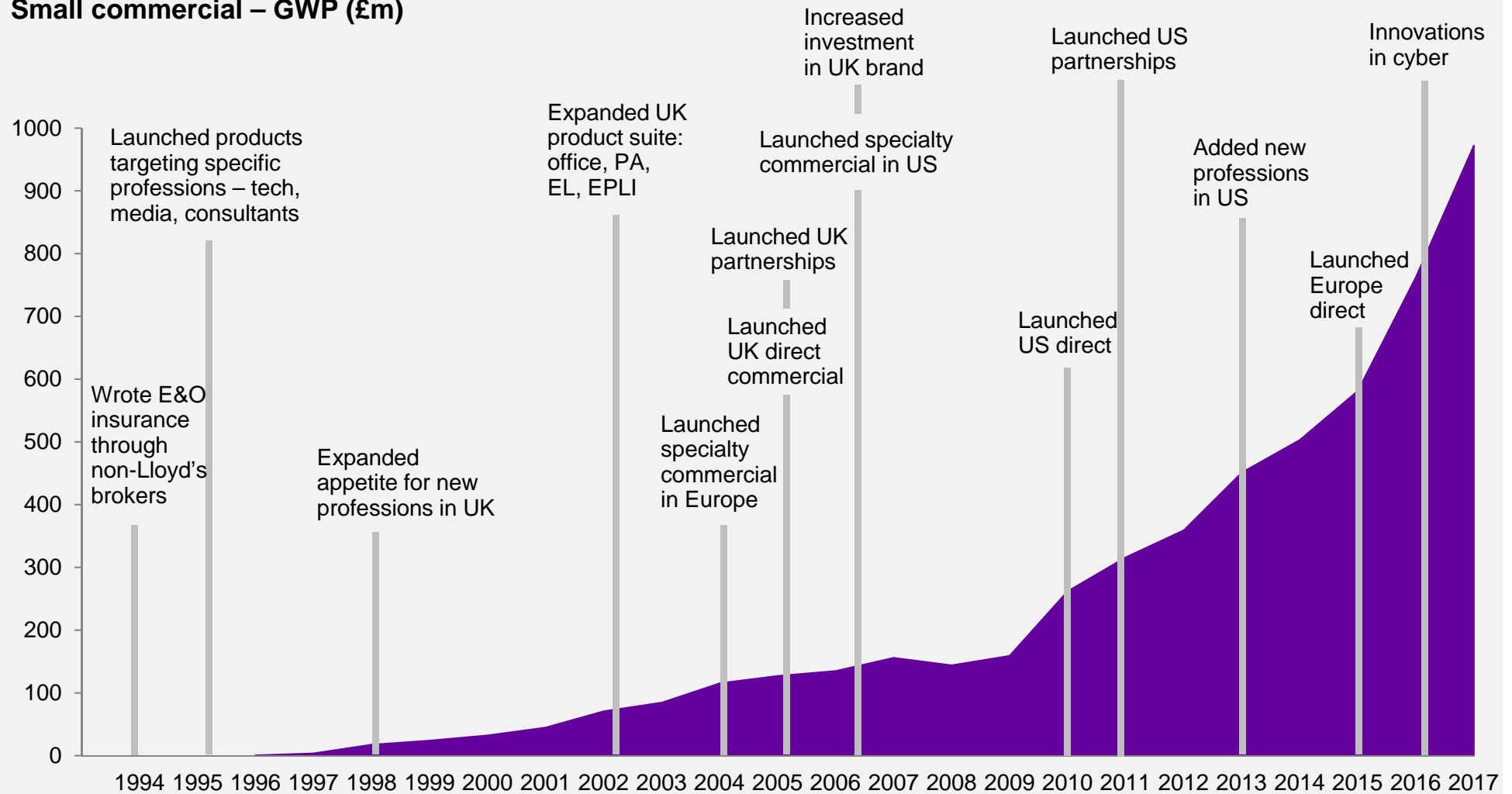
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- More than £200m invested in marketing over the last five years, £54m in 2017
- Retail customer numbers now exceed 840,000
- UK & Ireland
 - 'Ever onwards' brand campaign launched
- Europe
 - Continued roll-out of new broker extranet
- USA
 - 'I'mpossible' brand campaign launched
- Special Risks
 - New underwriting centre delivering efficiencies
- DirectAsia
 - Focus on partnerships and social

Building our small business cathedral

Long-term investment and patience

Small commercial – GWP (£m)



Broadening distribution and access to capital

Broadening distribution

- Hiscox Re & ILS FloodXtra product supporting US primary carriers
- Hiscox USA writing property binders on behalf of London Market property consortium
- Hiscox MGA accessing Middle East, South America and European business
- Partnerships in UK, Europe and US drive our small commercial and private client business

Flexible deployment of own and others' capital

- Hiscox-led London Market flood consortium deploying significant capacity
- Material cyber quota share supports large lines and manages risk exposure
- Hiscox Re & ILS supported by 16 quota share partners
- ILS funds re-load after events, AUM now \$1.5 billion

Evolution of structure and leadership

Putting the right people behind the right opportunities

Building on momentum in Hiscox Retail

Ben Walter, CEO Hiscox Global Retail – *new role*
Steve Langan, CEO Hiscox USA
Joanne Musselle, CUO Hiscox Global Retail – *new role*

Evolving to meet challenges in Hiscox London Market

Kate Markham, CEO Hiscox London Market – *new role*
Paul Lawrence, CUO Hiscox London Market

Succession in Hiscox Re & ILS

Mike Krefta, CEO Hiscox Re & ILS
Jeremy Pinchin returns to London as Group Claims Director
Adam Szakmary and Megan McConnell join as Directors of Underwriting in Bermuda and London

Summary and outlook

Strategy of balance to continue

- 2017 was a challenging year
 - Profitable in an historic year for catastrophes
 - Responding to ongoing regulatory and political expectations
 - Considerable investment to support growth
- 2018 has a positive outlook
 - Evolving our leadership around opportunities
 - Improving pricing environment
 - Continued infrastructure investment
- Growth ambitions for every business unit

-
- Big-ticket and retail business
 - Geographical reach
 - Strategic focus
 - A symbiotic relationship
 - Long-term growth
 - An actively managed business
 - 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
 - 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, less volatile business written mainly through Hiscox Retail. Investment in our brand and specialist knowledge differentiates us here. We aim to grow this business between 5-15% per annum.

Geographical reach

32 offices in 14 countries



Strategic focus

Total Group controlled income for 2017
£100% = £2,833m

Big-ticket business

22% Reinsurance

6% Large property

5% Casualty

7% Specialty – terrorism,
product recall

5% Marine and energy

Retail business

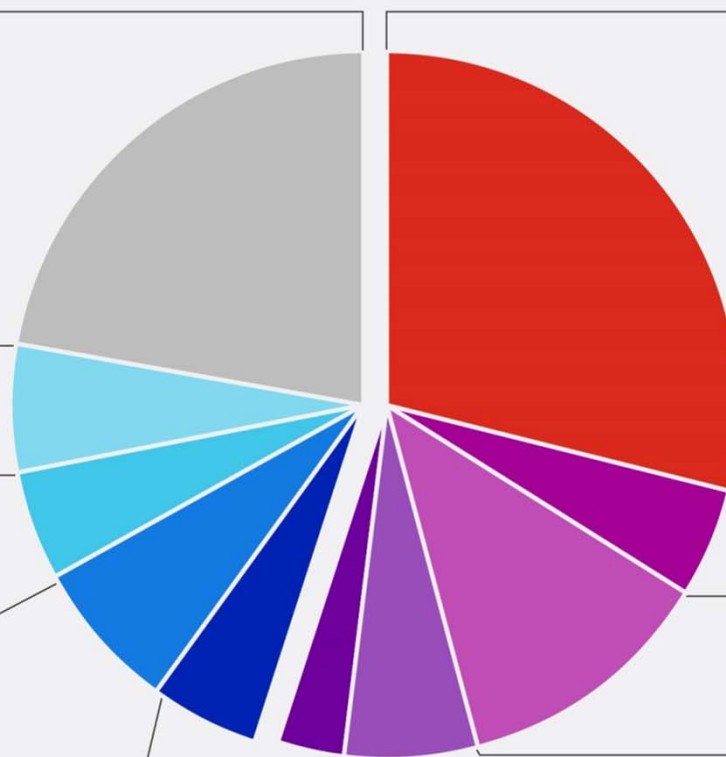
Small commercial 29%

Tech and media
casualty 5%

Art and private client 12%

Specialty – kidnap and ransom,
contingency, personal accident 6%

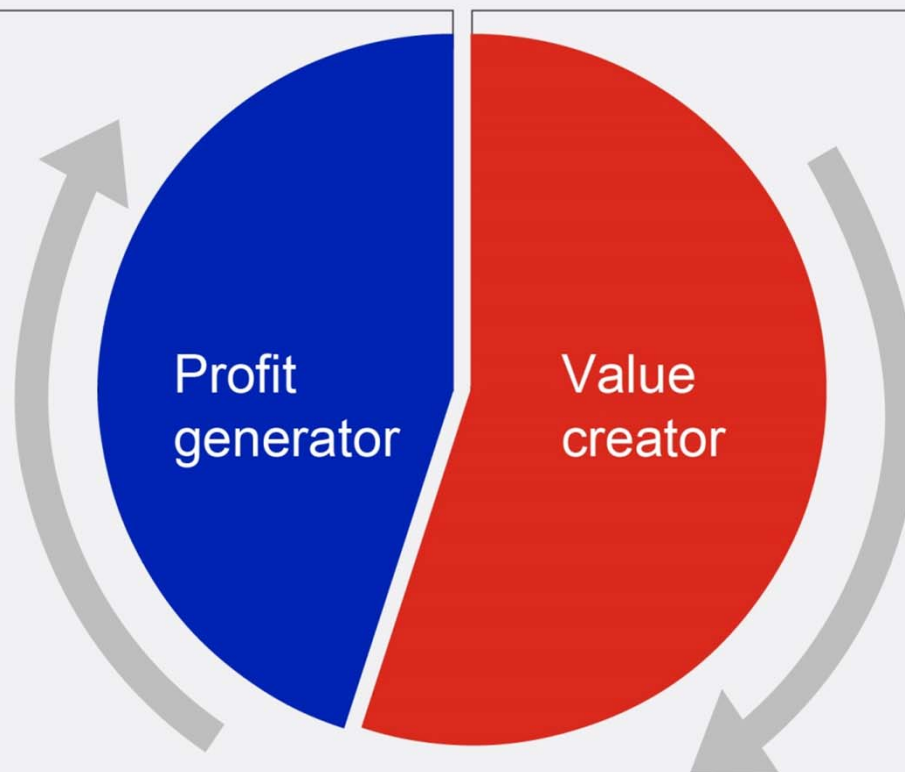
Small property 3%



A symbiotic relationship

Big-ticket business

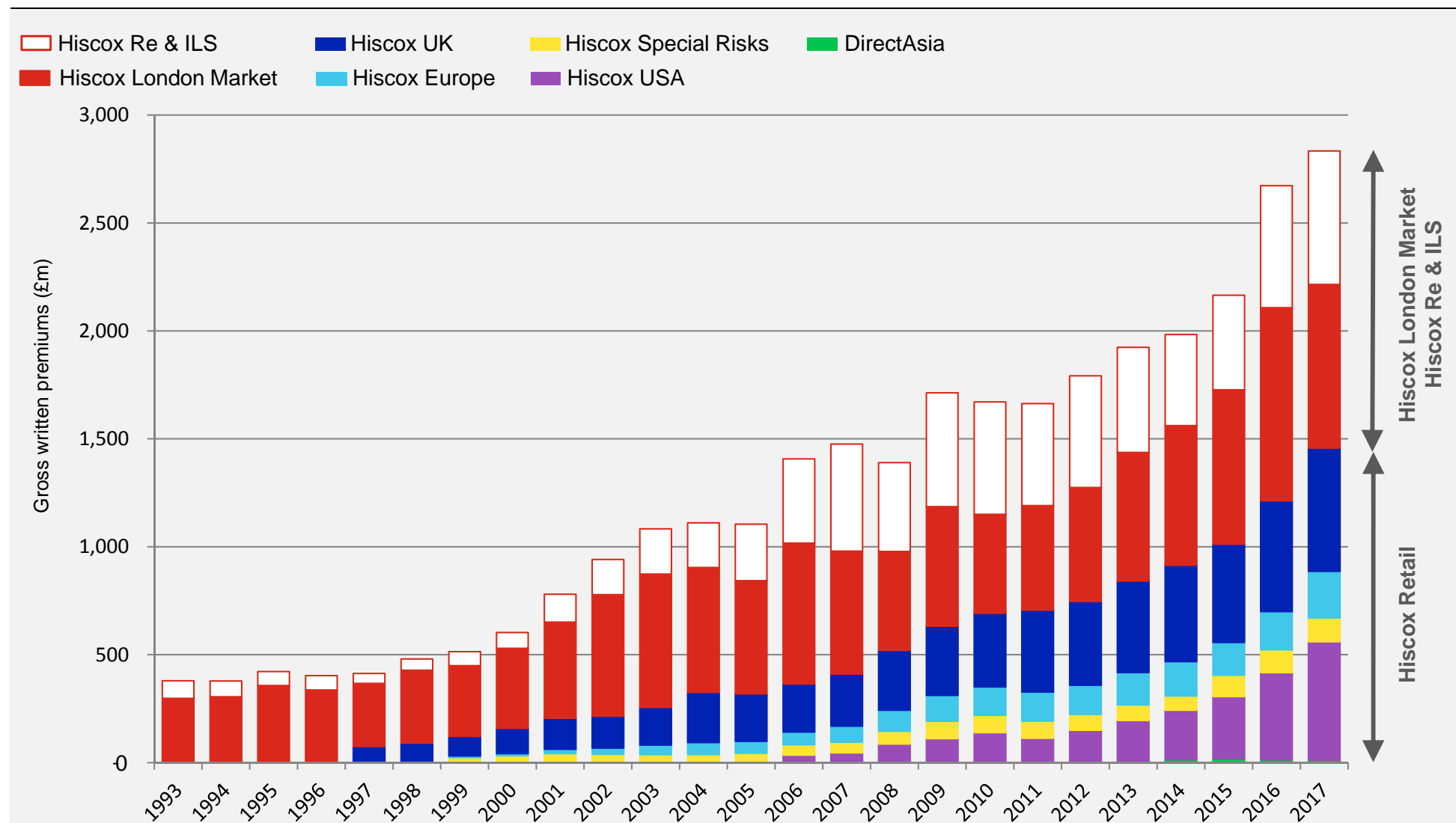
- Larger premium, globally traded, catastrophe exposed business written mainly through Hiscox London Market and Hiscox Re & ILS
- Shrinks and expands according to pricing environment
- Excess profits allow further investment in retail development



Retail business

- Smaller premium, locally traded, 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

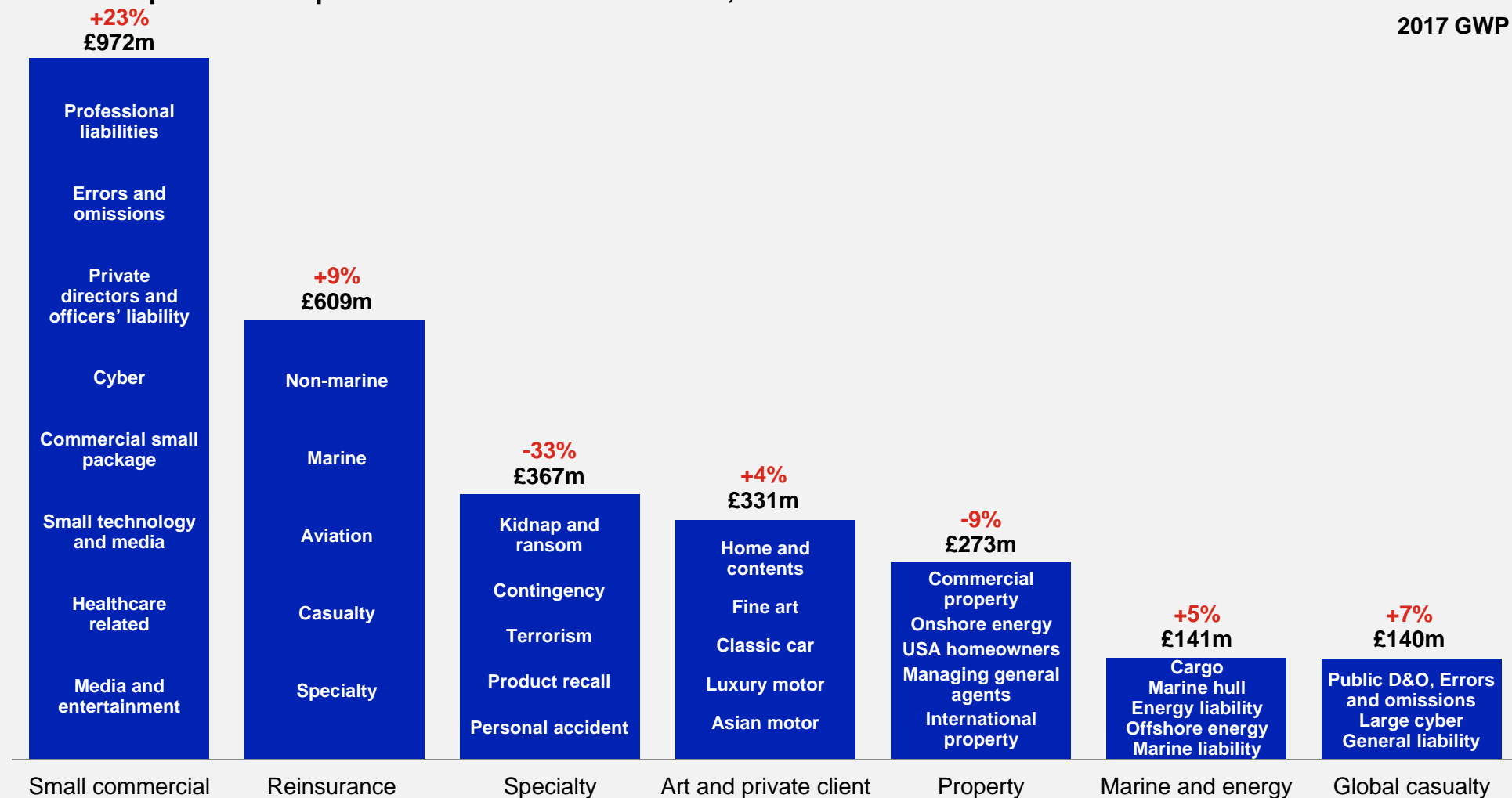


An actively managed business

Total Group controlled premium 31 December 2017: £2,833 million

Period-on-period in constant currency

2017 GWP



Segmental analysis

	31 December 2017					31 December 2016				
	Hiscox Retail £m	Hiscox London Market £m	Hiscox Re & ILS £m	Corporate Centre £m	Total £m	Hiscox Retail £m	Hiscox London Market £m	Hiscox Re & ILS £m	Corporate Centre £m	Total £m
Gross premiums written	1,423.9	581.7	543.7	–	2,549.3	1,181.4	726.0	495.2	–	2,402.6
Net premiums written	1,298.9	376.2	189.1	–	1,864.2	1,092.0	469.1	226.8	–	1,787.9
Net premiums earned	1,229.9	435.7	208.9	–	1,874.5	1,020.5	443.1	211.4	–	1,675.0
Investment result	22.8	11.3	21.7	25.5	81.3	30.4	12.3	10.0	17.9	70.6
Foreign exchange gains/(losses)	(0.4)	(11.8)	(4.1)	(46.5)	(62.8)	37.2	35.0	23.0	57.2	152.4
Profit/(loss) before tax	109.8	(36.2)	19.8	(62.6)	30.8	158.0	44.0	115.5	37.0	354.5
Combined ratio	94.6%	111.6%	101.3%	–	99.9%	88.0%	90.7%	53.0%	–	84.2%
Combined ratio excluding monetary FX	94.5%	108.7%	98.9%	–	98.8%	91.8%	99.4%	64.9%	–	90.6%

Hiscox Ltd results

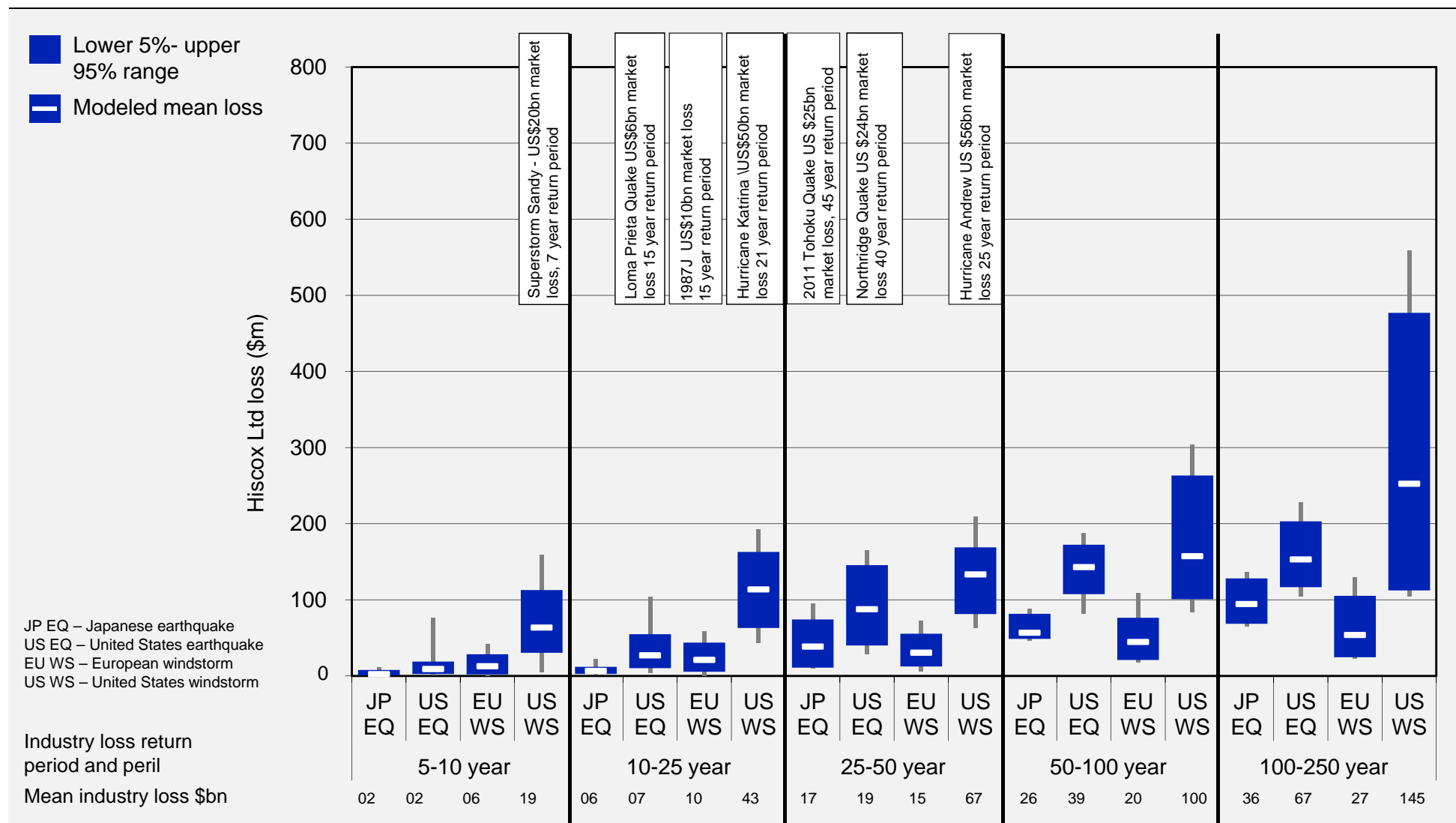


£m	2017	2016	2015	2014	2013	2012
Gross premiums written	2,549.3	2,402.6	1,944.2	1,756.3	1,699.5	1,565.8
Net premiums written	1,864.2	1,787.9	1,571.8	1,343.4	1,371.1	1,268.1
Net premiums earned	1,874.5	1,675.0	1,435.0	1,316.3	1,283.3	1,198.6
Investment return [†]	81.3	70.6	33.7	56.4	58.9	92.7
Profit before tax	30.8	354.5	216.1	231.1	244.5	217.5
Profit after tax	26.3	337.0	209.9	216.2	237.8	208.0
Basic earnings per share	9.3p	119.8p	72.8p	67.4p	66.3p	53.1p
Dividend	29.0p	27.5p	24.0p	22.5p	21.0p	18.0p
Invested assets (incl. cash) [†]	4,412.7	4,409.6	3,609.4	3,244.9	3,129.5	3,055.8
Net asset value						
£m	1,754.4	1,818.4	1,528.8	1,454.2	1,409.5	1,365.4
p per share	618.6	649.9	545.0	462.5	402.2	346.4
Combined ratio	99.9	84.2%	85.0%	83.9%	83.0%	85.5%
Return on equity after tax*	1.5	23.0%	16.0%	17.1%	19.3%	17.1%

[†]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 modeled Hiscox Ltd net loss (US\$m) January 2018

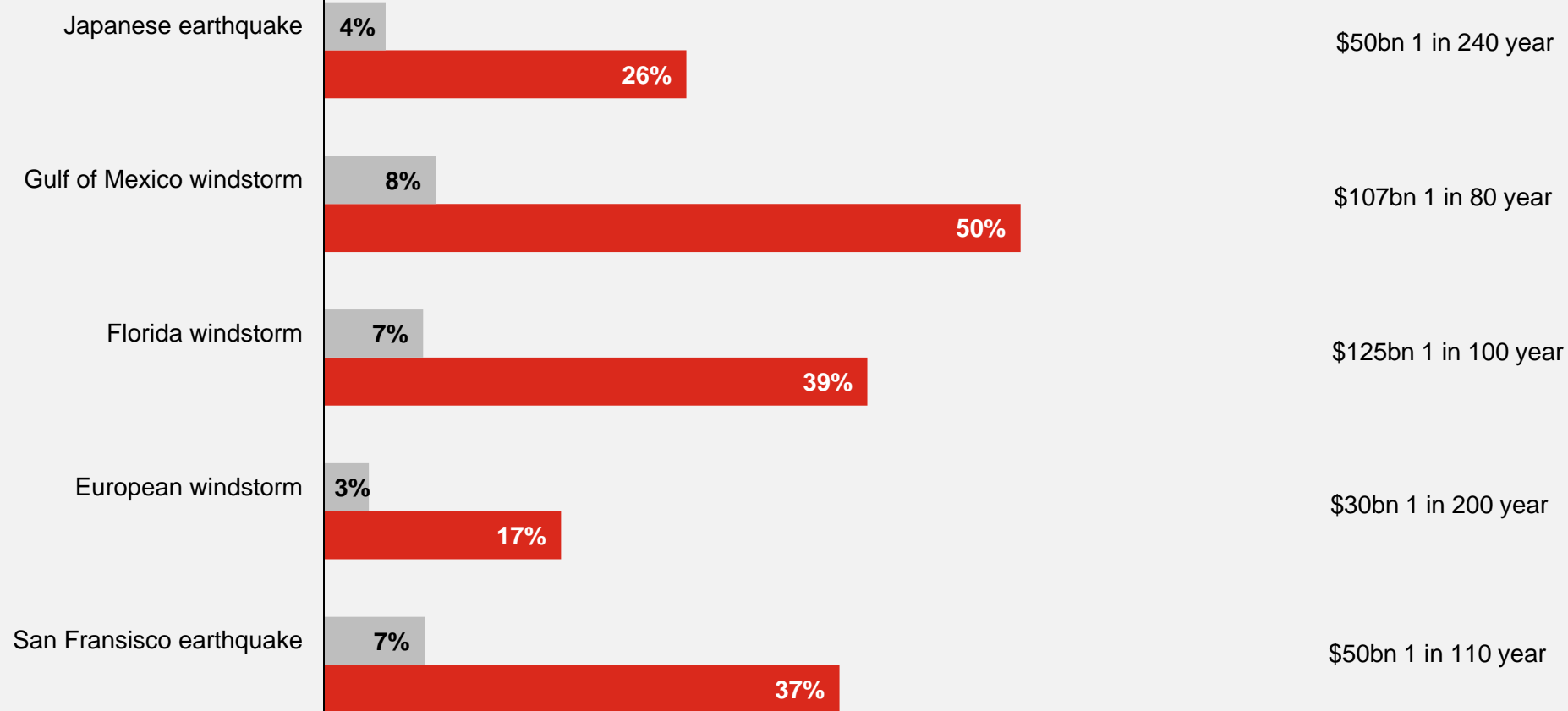


Realistic disaster scenarios

Hiscox Group – losses shown as percentage of 2017 gross and net written premium

■ Gross loss
■ Net loss

Industry loss
return period



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

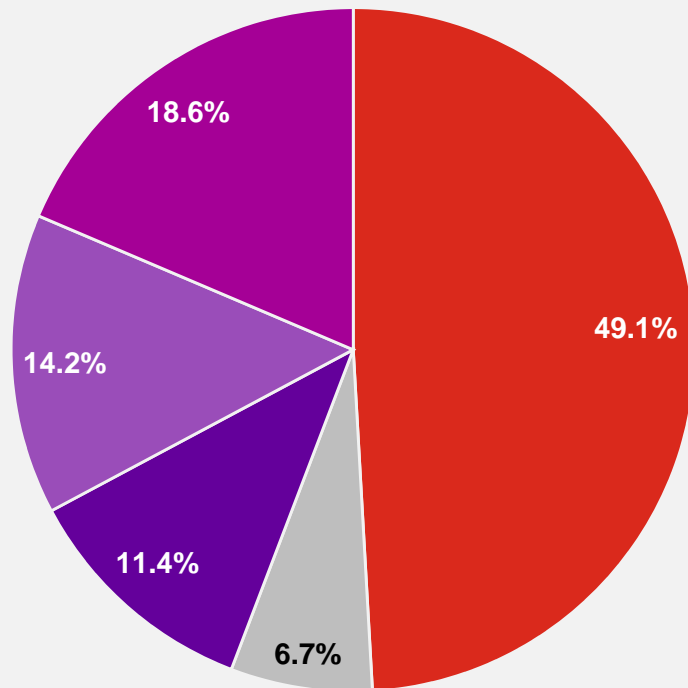
- As our casualty businesses continue to grow, we develop extreme loss scenarios to better understand and manage the associated risks
- Losses in the region of £105m-£405m could be suffered in the following extreme scenarios:

Event		Est. loss
Pandemic	Global Spanish flu type event (high infection, low mortality) 45% infection rate, 20% medical treatment, 0.3% case fatality rate	£145m
Cyber	Key region of a premier cloud service provider goes offline for five days	£105m
Multi-year loss ratio deterioration	5% deterioration on three years' casualty premiums of c.£2.8bn	£155m
Economic collapse	US GDP drop of 10% to 15%, approximately three times the 2007-08 financial crisis	£400m
Casualty reserve deterioration	35% deterioration on existing casualty reserves of c.£1.1bn Est. 1 in 200 year event	£405m
Property catastrophe	1 in 200 year catastrophe event from £160bn US windstorm	£265m

GWP geographical and currency split

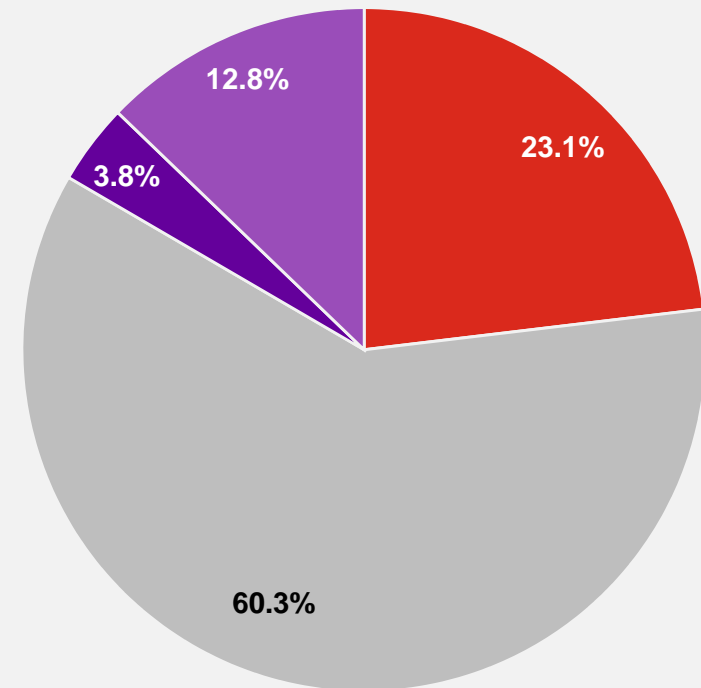
2017 geographical split – controlled income

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



2017 currency split – controlled income

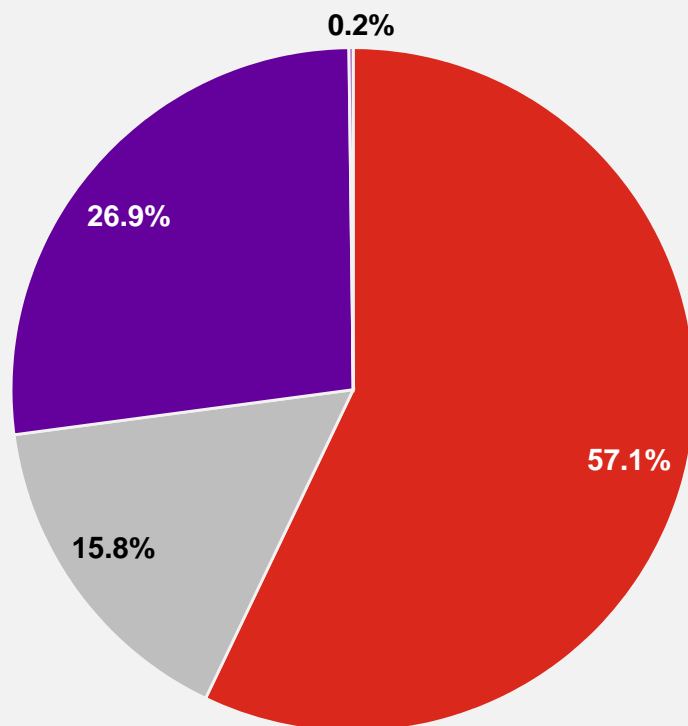
- GBP
- USD
- CAD and other
- EUR



Group reinsurance security

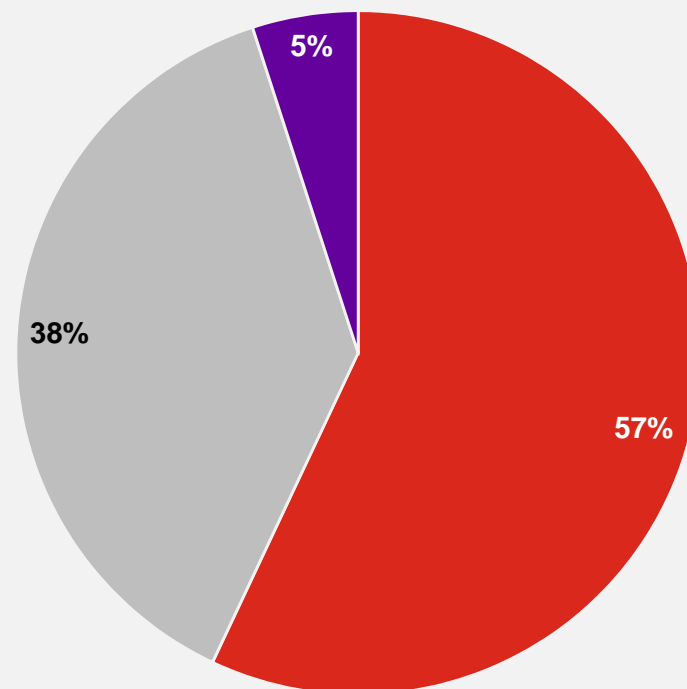
Receivables at 31 December 2017 of £1,358 million

- A
- AA
- AAA and collateralised
- Other



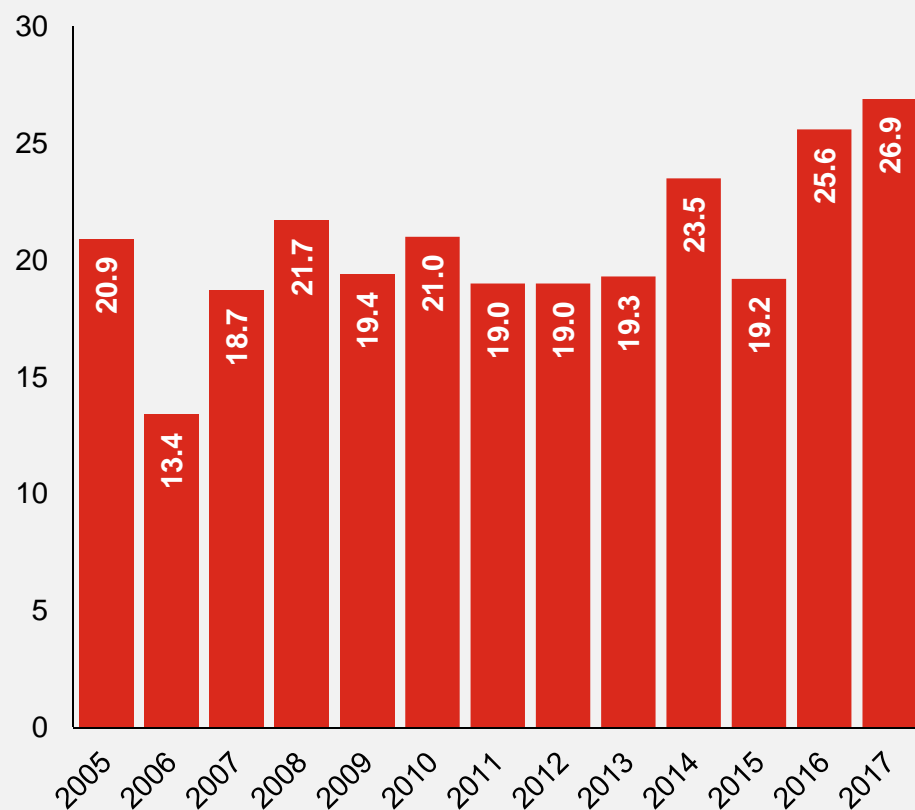
2017 reinsurance protections* First loss exposure by rating

- A
- AA
- AAA

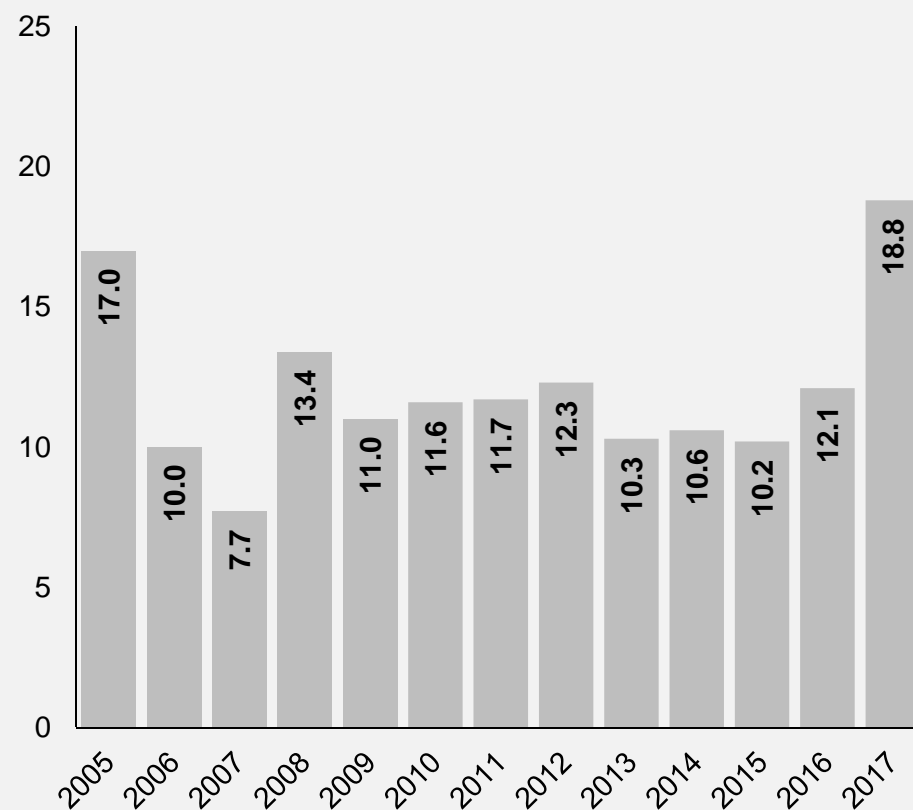


*Reinsurance placements in force at 14 February 2018.

Ceded as a percentage of GWP



Reinsurance receivables as a percentage of total assets



Portfolio – USD bond portfolios as at 31 December 2017

Portfolios: \$3.2 billion	AAA %	AA %	A %	BBB %	BB and below %	Total %	Duration months
Government issued		38.0	0.3			38.3	22
Government supported*	1.0	4.5	1.2	0.1		6.8	18
Asset backed	3.4					3.4	9
Mortgage backed agency		6.0				6.0	17
Non agency	0.1			0.1	0.9	1.1	18
Commercial MBS	0.8					0.8	20
Corporates	0.9	7.5	21.0	12.9	0.2	42.5	16
Lloyd's deposits		1.1				1.1	12
Total	6.2	57.1	22.5	13.1	1.1	100.0	18

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

Portfolio – GBP, EUR and CAD bond portfolios as at 31 December 2017

GBP portfolios: £588 million	AAA %	AA %	A %	BBB %	BB and below %	Total %	Duration months
Government issued		30.2				30.2	16
Government supported*	19.1	4.7	2.2			26.0	18
Asset backed	4.9	0.3	0.5	0.4		6.1	6
Corporates	5.2	2.8	11.1	18.6		37.7	31
Total	29.2	38.0	13.8	19.0		100.0	22

EUR and CAD portfolios: £455 million	AAA %	AA %	A %	BBB %	BB and below %	Total %	Duration months
Government issued	19.0					19.0	45
Government supported*	20.7	11.3		0.3		32.3	21
Asset backed	1.1					1.1	9
Corporates	10.1	4.6	12.7	6.5	0.1	34.0	20
Lloyd's deposits		13.6				13.6	14
Total	50.9	29.5	12.7	6.8	0.1	100.0	24

*Includes supranational and government guaranteed bonds.

Hiscox Retail

Hiscox Retail brings together the results of the UK and Europe, and Hiscox International being the US, Special Risks and Asia retail business divisions. Hiscox UK and Europe underwrite European personal and commercial lines business through Hiscox Insurance Company Limited, 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, and Hiscox Europe excludes the kidnap and ransom business written by Hiscox Insurance Company Limited. Hiscox International comprises the specialty and fine art lines written through Hiscox Insurance Company (Guernsey) Limited, and the motor business written via DirectAsia, together with US commercial, property and specialty business written by Syndicate 3624 and Hiscox Insurance Company Inc. via the Hiscox USA business division. It also includes the European kidnap and ransom business written by Hiscox Insurance Company Limited and Syndicate 33.

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.

Hiscox Re & ILS

Hiscox Re & ILS is the reinsurance division of the Group, combining the underwriting platforms in Bermuda, London and Paris. 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 casualty reinsurance contracts written in Bermuda on Syndicate capacity are also included. The segment also captures the performance and fee income of the ILS funds, further details of which can be found in note 2.3 of the Group's Report and Accounts for the year ended 31 December 2017.

Corporate Centre

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, further details of which can be found at note 12 of the Group's Report and Accounts for the year ended 31 December 2017. Corporate Centre forms a reportable segment due to its investment activities which earn significant external returns.