



EVERY
MAVERICK
NEEDS A

GOOSE



A good result with FX headwinds

-
- Gross written premiums up by 13%
 - Profit before tax excluding FX £133m
(2016: £119m)
 - Combined ratio excluding FX 89.9%
(2016: 88.4%)
 - Interim dividend increased to 9.5p
(2016: 8.5p)

Financial performance

A strong underwriting performance

	30 June 2017 £m	30 June 2016 £m	Change %
Growth			
Gross premiums written	1,459.6	1,288.5	13.3
Net premiums written	1,013.5	889.1	14.0
Net premiums earned	936.6	767.5	22.0
Earnings			
Underwriting profit	94.4	89.0	6.1
Investment return	49.0	39.9	22.8
Monetary FX items	(30.9)	87.3	—
Finance costs	(9.9)	(10.2)	(3.0)
Profit before tax	102.6	206.0	(50.2)
Profit before tax excl. monetary FX	133.5	118.7	
Combined ratio	91.0%	80.7%	10.3
Combined ratio excl. monetary FX	89.9%	88.4%	1.5
Balance sheet			
Ordinary dividend (p)	9.5	8.5	
Net asset value			
£m	1,858.8	1,667.7	
p per share	657.7	591.7	
Return on equity*	11.1%	28.3%	

- Growth in constant currency of 4.8%
- FX headwind of (£31m)
- Economies of scale emerging in Retail
- More normalised loss environment
- Reserve releases £96m (2016: £96m)
- Good equities performance boosts investment return
- Dividend up by 12%

Hiscox Retail

Excellent growth

	30 June 2017 £m	30 June 2016 £m	
Gross premiums written	739.6	581.1	• Retail drives nearly 60% of Group underwriting profits
Net premiums written	681.7	528.2	• UK and Ireland good growth of 12.9% in constant currency
Net premiums earned	602.4	470.4	• Europe growth of 12.2% in constant currency
Underwriting profit	59.1	53.0	• USA standout performer up 31.1% in constant currency
Investment result	12.3	15.3	• Special Risks returns to growth, up 13.6% in constant currency
Foreign exchange	2.0	24.0	• Retention rates of 90%
Profit before tax	73.4	92.3	• Combined ratios:
Profit before tax excl. monetary FX	71.4	68.3	– UK and Ireland 87.8%
Combined ratio	90.6%	84.1%	– Europe 83.2%
Combined ratio excl. monetary FX	90.9%	89.4%	– International 95.3%

Hiscox London Market

Reducing in challenging markets

	30 June 2017 £m	30 June 2016 £m
Gross premiums written	314.6	342.7
Net premiums written	199.8	216.2
Net premiums earned	230.2	198.2
Underwriting profit	17.2	9.8
Investment result	8.3	10.1
Foreign exchange	(8.3)	17.2
Profit before tax	17.2	37.1
Profit before tax excl. monetary FX	25.5	19.9
Combined ratio	94.8%	85.3%
Combined ratio excl. monetary FX	91.0%	94.8%

- Shrinking as planned by 16.9% in constant currency
- Taking decisive action in challenged lines
- Investing in opportunities
 - US flood
 - General liability
 - Cargo

Hiscox Re & ILS

Good underwriting and opportunities

	30 June 2017 £m	30 June 2016 £m
Gross premiums written	405.4	364.7
Net premiums written	132.1	144.7
Net premiums earned	104.1	99.0
Underwriting profit	26.1	34.1
Investment result	13.6	7.7
Foreign exchange	(1.5)	12.8
Profit before tax	38.2	54.6
Profit before tax excl. monetary FX	39.6	41.8
Combined ratio	84.0%	56.0%
Combined ratio excl. monetary FX	81.8%	69.8%

- Growth of 4.3% in constant currency, driven by ILS
- Reducing net position by 18.7%
- More normal loss experience
- ILS AUM now \$1.35bn

Strong investment performance

Investment return of £49m

	30 June 2017			30 June 2016		
	Asset allocation %	Annualised return %	Return £000	Asset allocation %	Annualised return %	Return £000
Bonds £	14.0	0.9		14.4	3.9	
US\$	52.1	2.0		52.3	3.2	
Other	8.8	(0.5)		8.8	2.2	
Bonds total	74.9	1.5	25,480	75.5	3.2	43,581
Equities	7.4	15.7	23,607	6.9	(2.0)	(2,737)
Deposits/cash/bonds <three months	17.7	0.4	1,439	17.6	0.3	1,114
Investment result – financial assets		2.3	50,526		2.3	41,958
Derivative returns			(1,569)			(2,051)
Investment result			48,957			39,907
Group invested assets			£4,415m			£3,946m

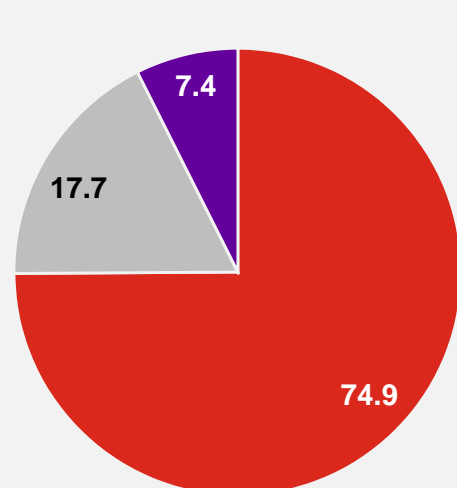
Portfolio – asset mix

High quality, conservative portfolio

Investment portfolio £4,415m as at 30 June 2017

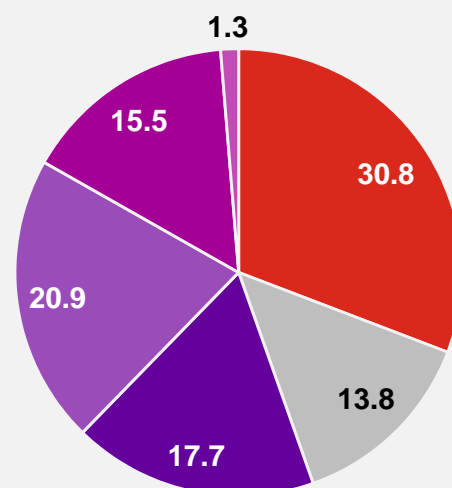
Asset allocation

- Bonds
- Cash
- Risk assets



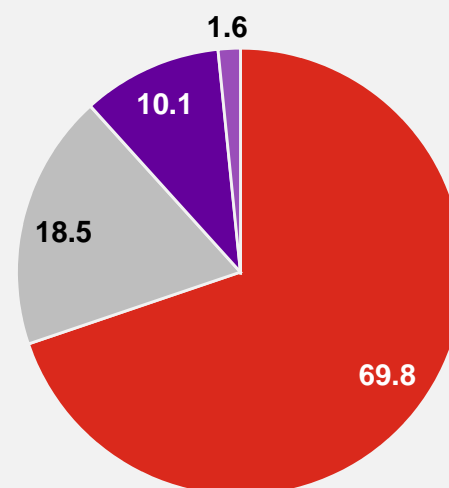
Bond credit quality

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



Bond currency split

- USD
- GBP
- EUR
- CAD and other



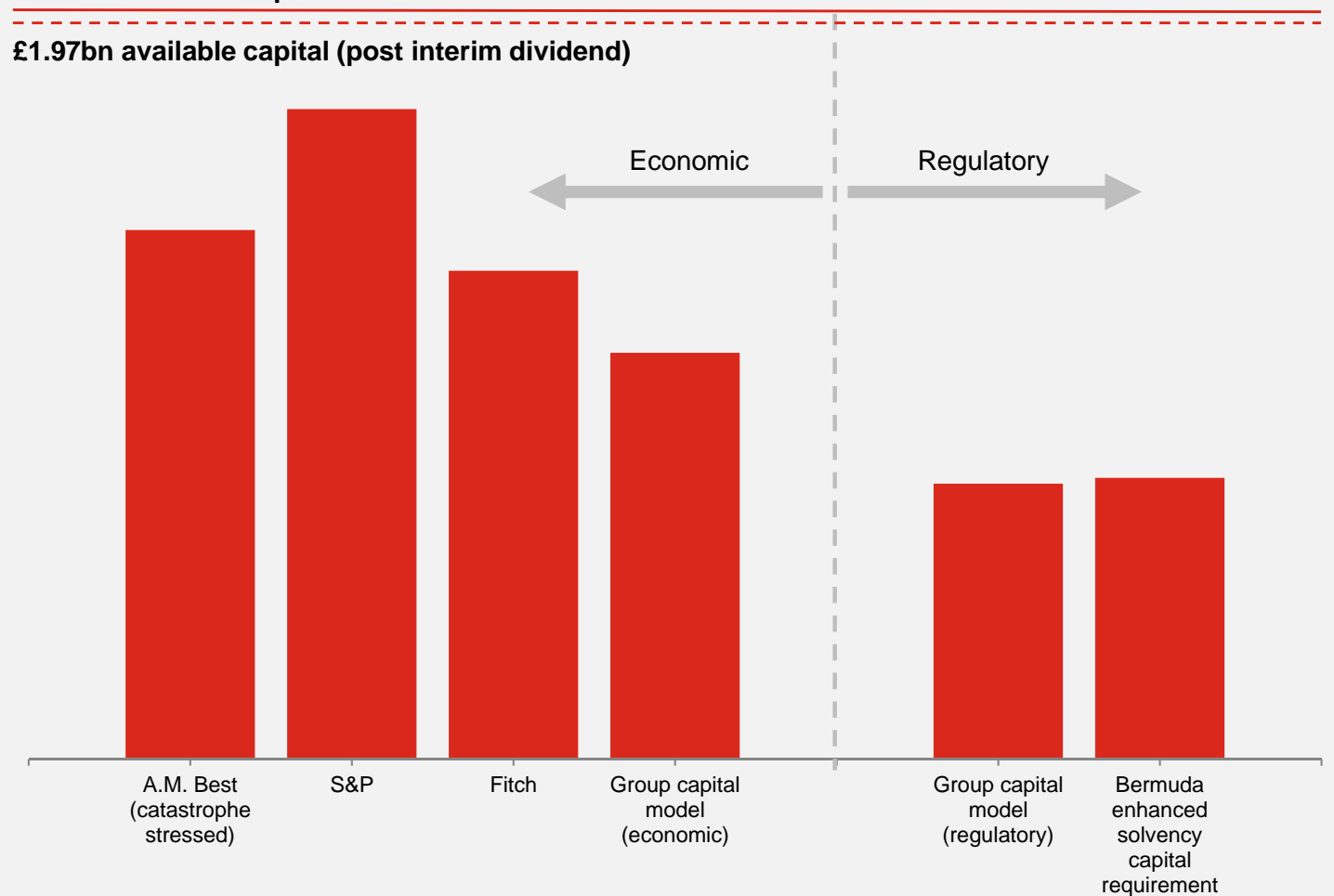
- Allocation to risk assets at 7.4%
- High credit quality maintained
- Yield to maturity of bond portfolio at 1.3%
- Average bond duration 20.6 months

Capital requirement

30 June 2017

£2.00bn available capital

£1.97bn available capital (post interim dividend)



- All capital bases satisfactorily capitalised
- Key constraint remains rating agency capital
- S&P reduce risk classification from high to moderate
- New A.M. Best model to be issued
- BMA in industry consultation to strengthen standard formula
- Structural capital requirements for EU subsidiary
- Deploying capital for profitable growth
- Capital position to be reviewed as usual at year end

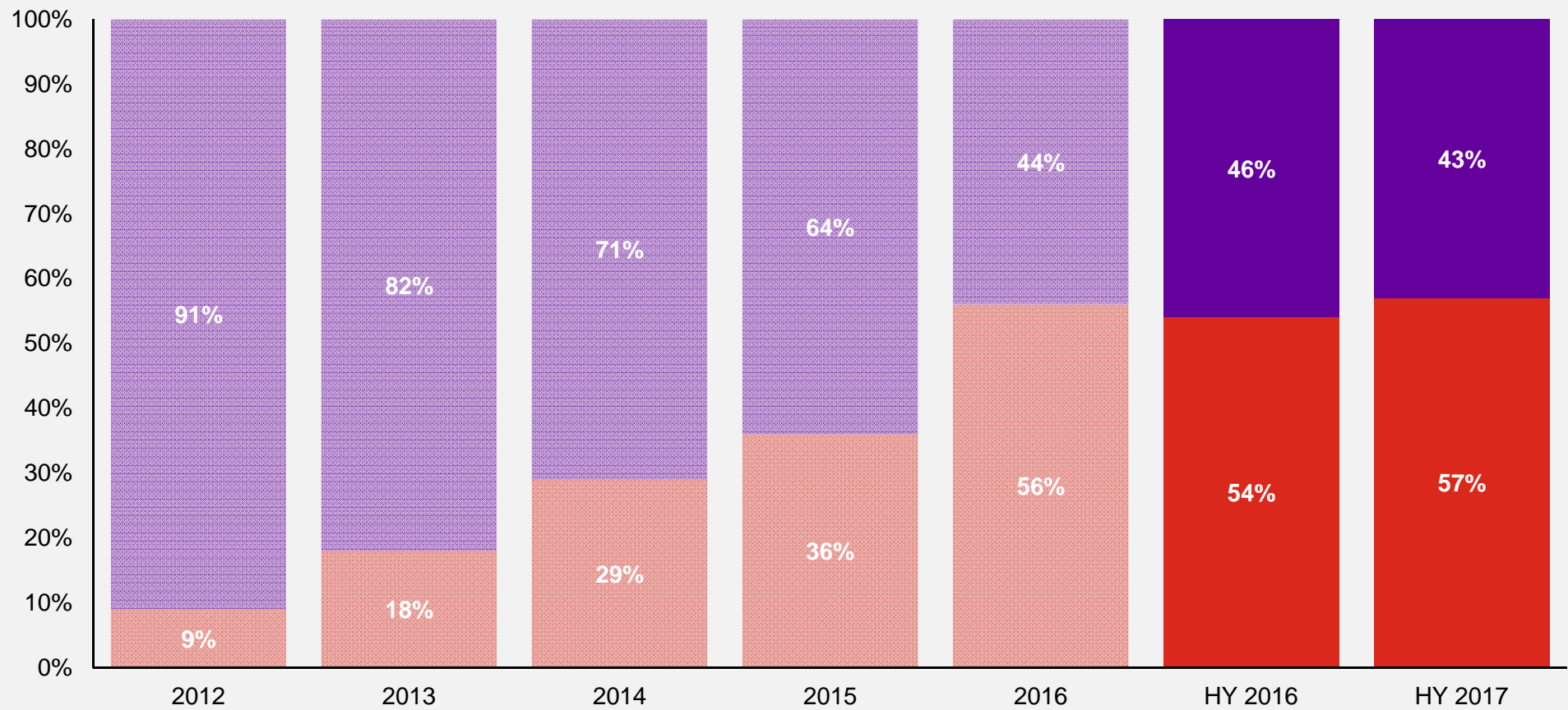
Rating agency assessments shown are internal Hiscox assessments of the agency capital requirements on the basis of projected year end 2017 results. Hiscox uses the internally developed Group capital model to assess its own capital needs on both a trading (economic) and purely regulatory basis. All capital 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.

Retail providing bottom line stability

Balance of insurance profits

Underwriting profits

■ Hiscox Retail ■ Big-ticket (Hiscox London Market, Hiscox Re and ILS)



Investing for growth

Building a business to last

Driving growth

- UK and US IT system replacement
- New unified internal capital model
- Group-wide finance transformation project

Maintenance

- Group-wide finance transformation project – coming off end-of-life technologies

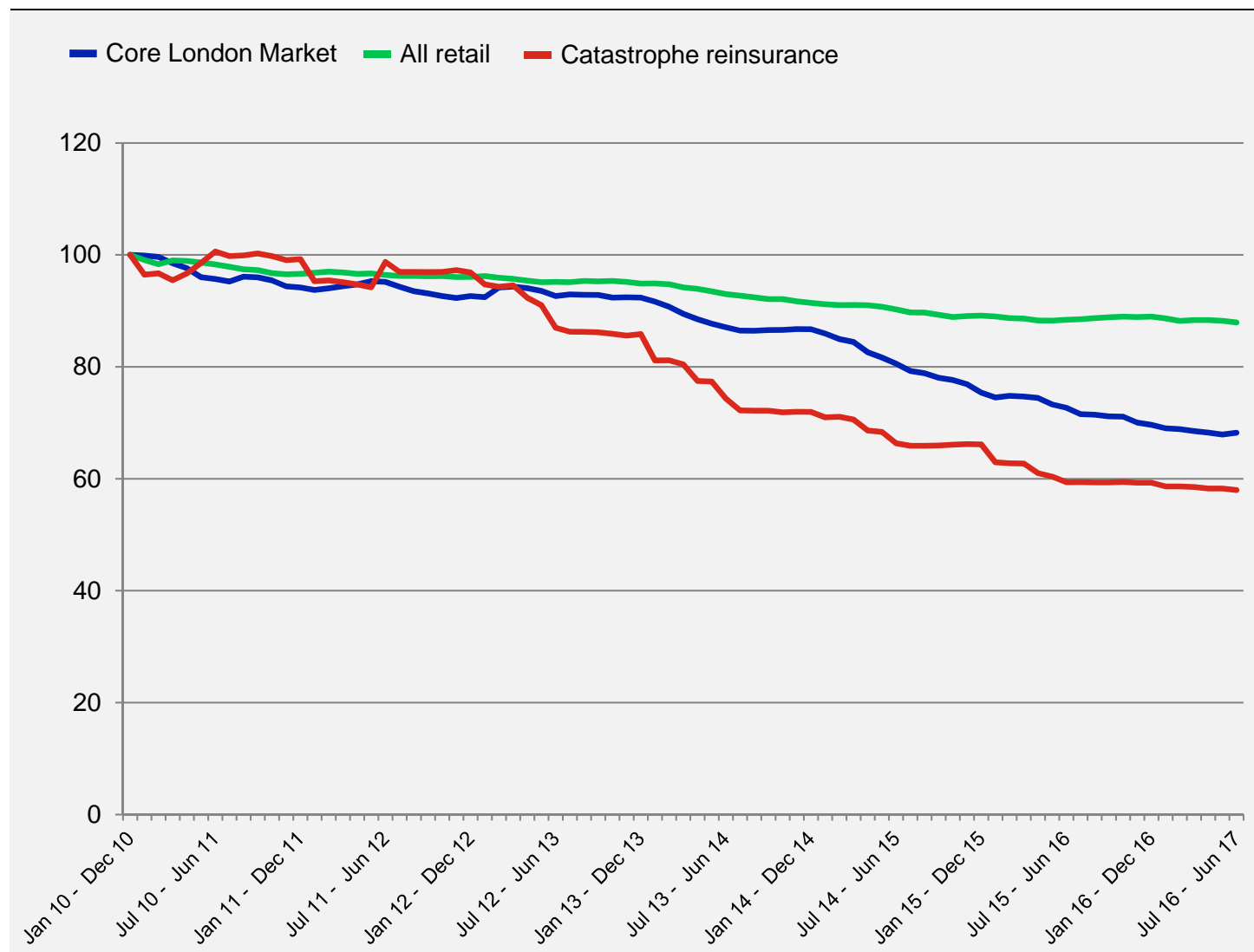
Regulatory obligations

- New European subsidiary
- New York Cybersecurity and GDPR

Cumulative annualised impact: +1% to expense ratio (2017-2019)

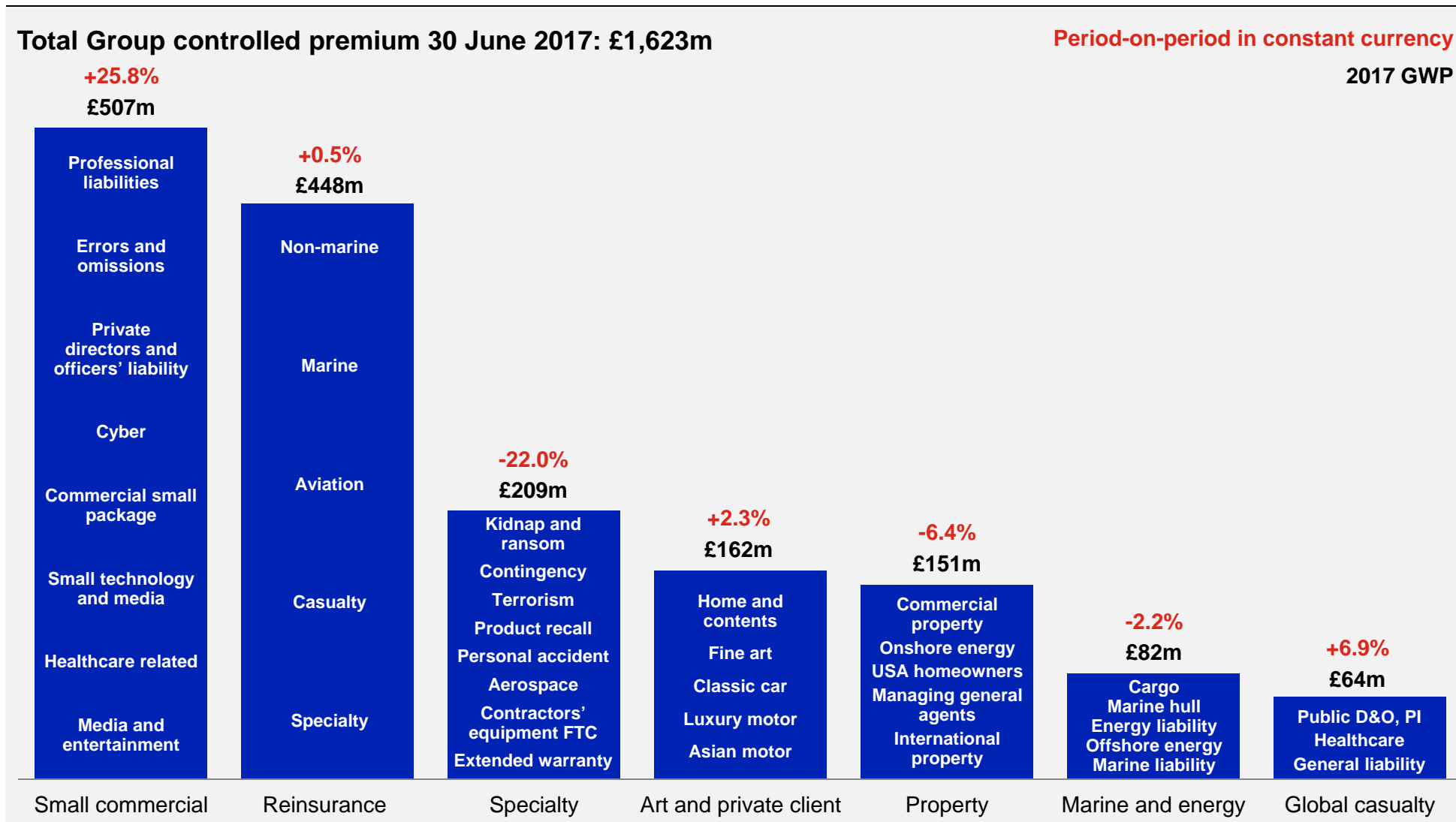
Underwriting

Rate pressure continues in big-ticket lines, more stable in retail



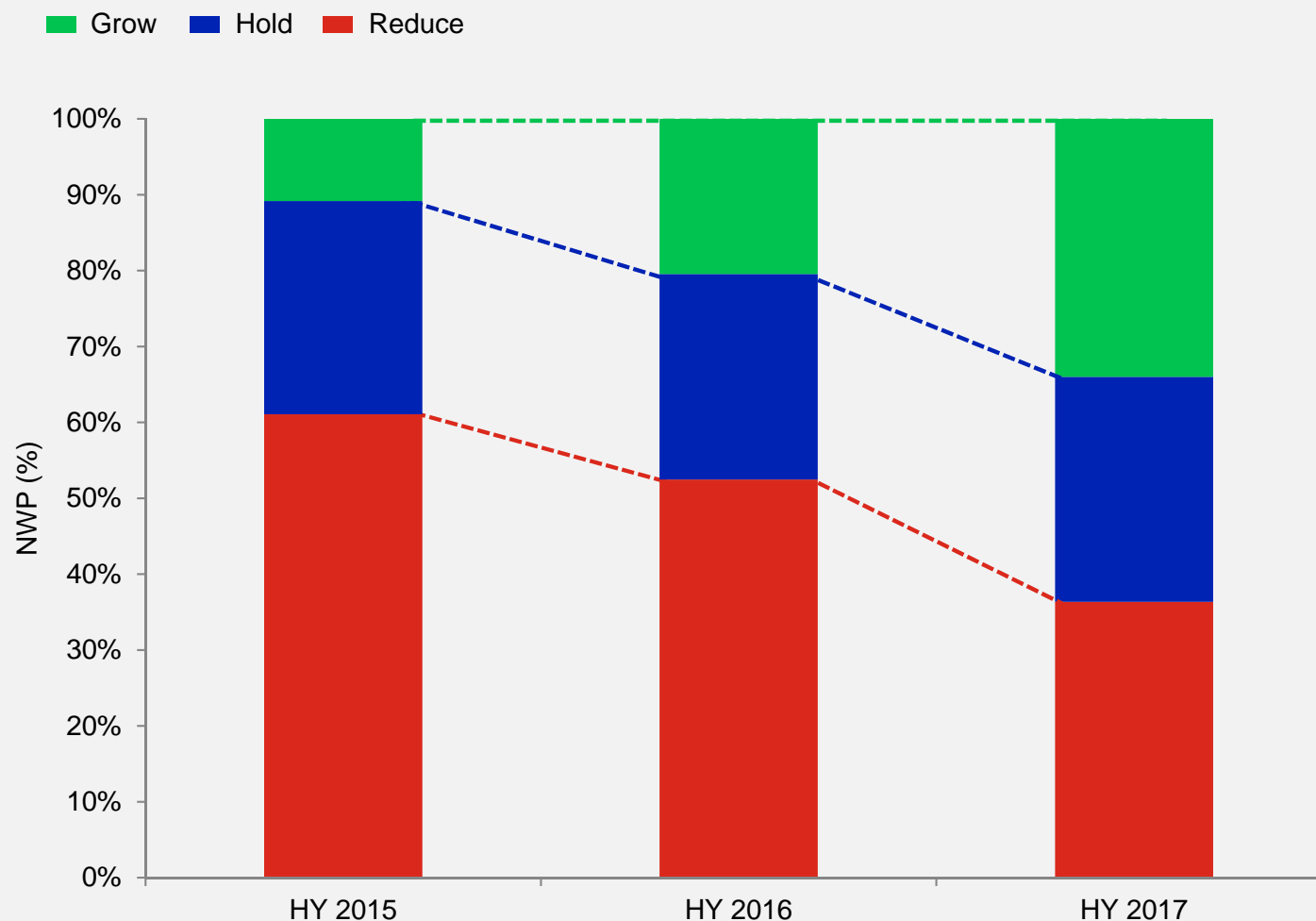
- Retail stable
- Growing where margins are healthy
- London Market rating pressure in most lines, most severe in:
 - marine and energy
 - aviation
 - big-ticket property
- Slowing decline in catastrophe reinsurance

An actively managed business



Hiscox London Market business mix

Reducing where rates are under most pressure



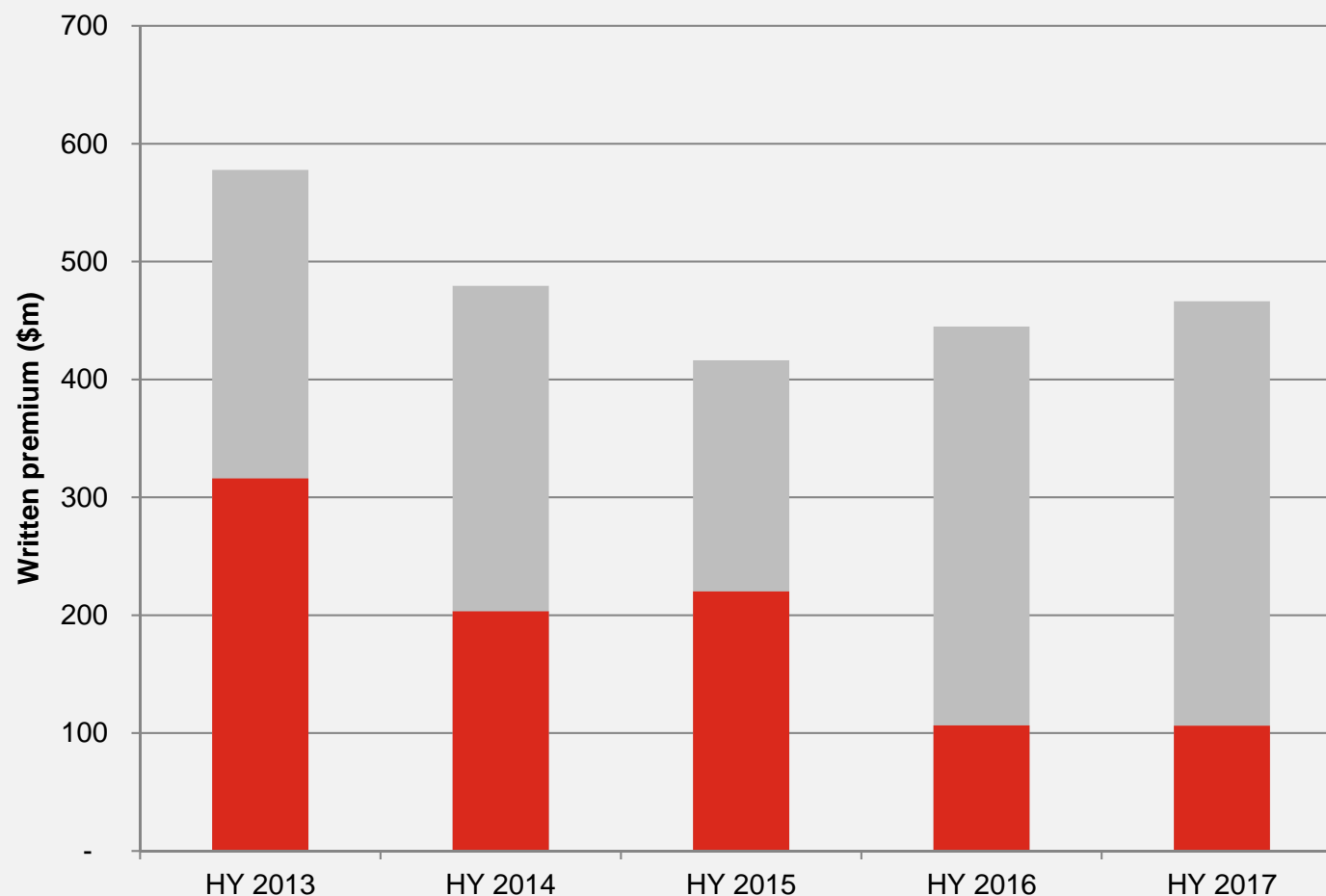
- **Grow** in new lines where we see opportunities
 - e.g. cyber, flood, product recall, general liability
- **Hold** areas of strength and margin
 - e.g. household and commercial property binders, terrorism
- **Reduce** or exit lines where market conditions have materially eroded
 - e.g. extended warranty, political risks, big-ticket property, aviation

Hiscox Re & ILS cat bet, net position stable

Third-party capital allows us to manage growth

Hiscox Re & ILS – catastrophe exposed GWP

■ NWP ■ GWP



- Efficient use of capital
- Fees and profit commissions are a material source of income
- Increased line size and innovation keep us relevant and top of mind

Hiscox UK on-going investment in infrastructure

Delivering flexibility and profitable growth

UK Direct Commercial

Benefiting from new underwriting system and investment in Customer Experience Centre:

- Products per sale up 19%
- Average GWP up 21%



UK Direct Home

- Shifting focus to higher net worth customers
- Growing opportunity in attractive areas
- New partnerships and business portfolio acquisitions

	Mid net worth		High net worth	
	Bronze	Silver	Gold	Platinum
% UK postcodes	36%	25%	7%	2%
Home NB conversion	11%	16%	25%	30%
Persistency	87%	89%	91%	91%
Broker and Direct market share	0.1%	0.4%	1.7%	5.2%

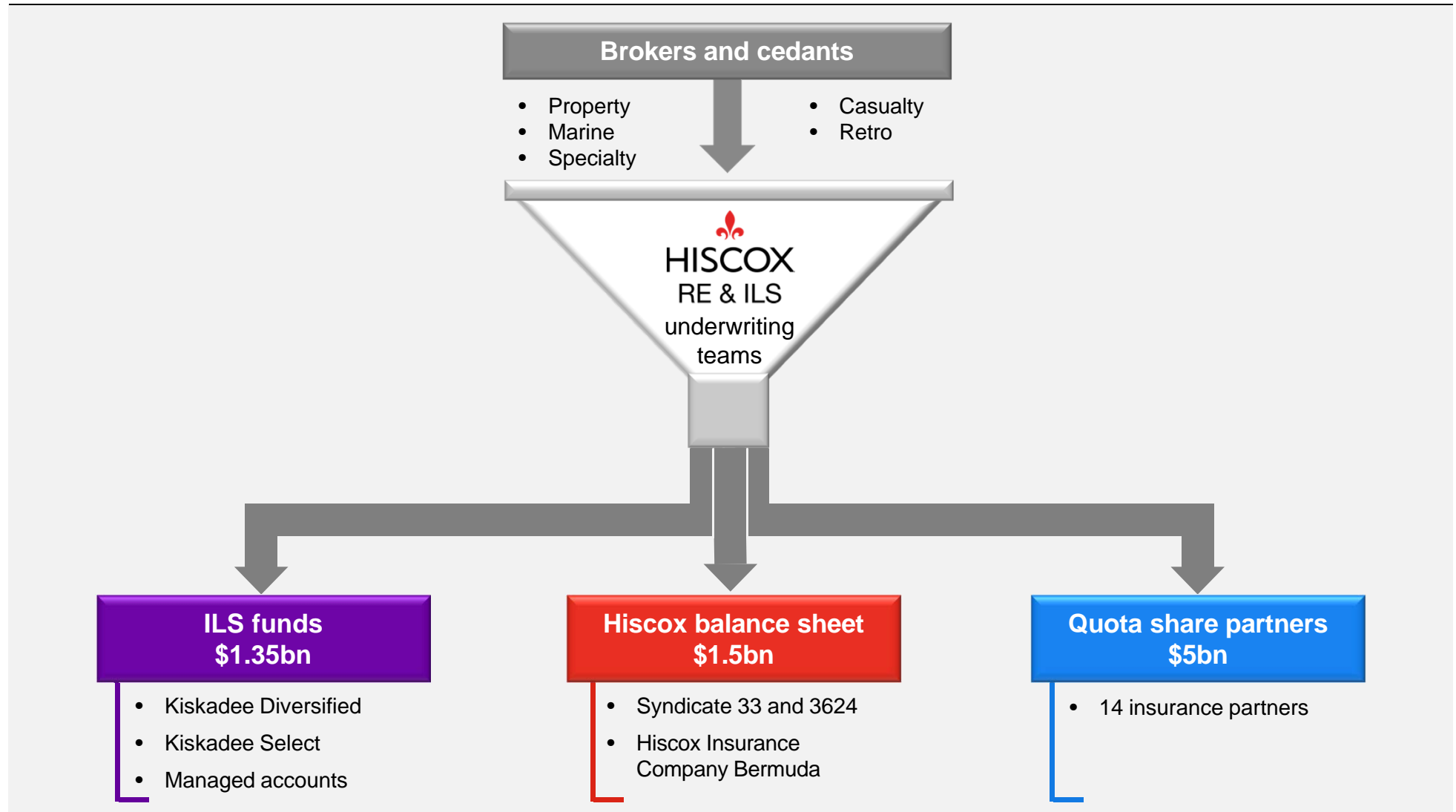
Business performance and outlook

Managing the business

Six months to 30 June 2017					Constant currency	
	GWP £m	NWP £m	GWP change %	NWP change %	GWP change %	NWP change %
Hiscox Retail	739.6	681.6	27.3	29.1	18.4	18.9
Hiscox UK and Ireland	278.4	251.5	13.9	18.8	12.9	17.3
Hiscox Europe	127.4	119.4	25.8	21.9	12.2	8.2
Hiscox Special Risks	52.5	47.7	17.0	23.2	13.6	8.8
Hiscox USA	275.6	258.9	50.3	48.1	31.1	29.9
DirectAsia	5.7	4.1	(21.3)	(17.5)	(30.9)	(27.6)
Hiscox London Market	314.6	199.8	(8.2)	(7.6)	(16.9)	(16.6)
Hiscox Re & ILS	405.4	132.1	11.2	(8.7)	4.3	(18.7)
Total	1,459.6	1,013.5	13.3	14.0	4.8	3.9

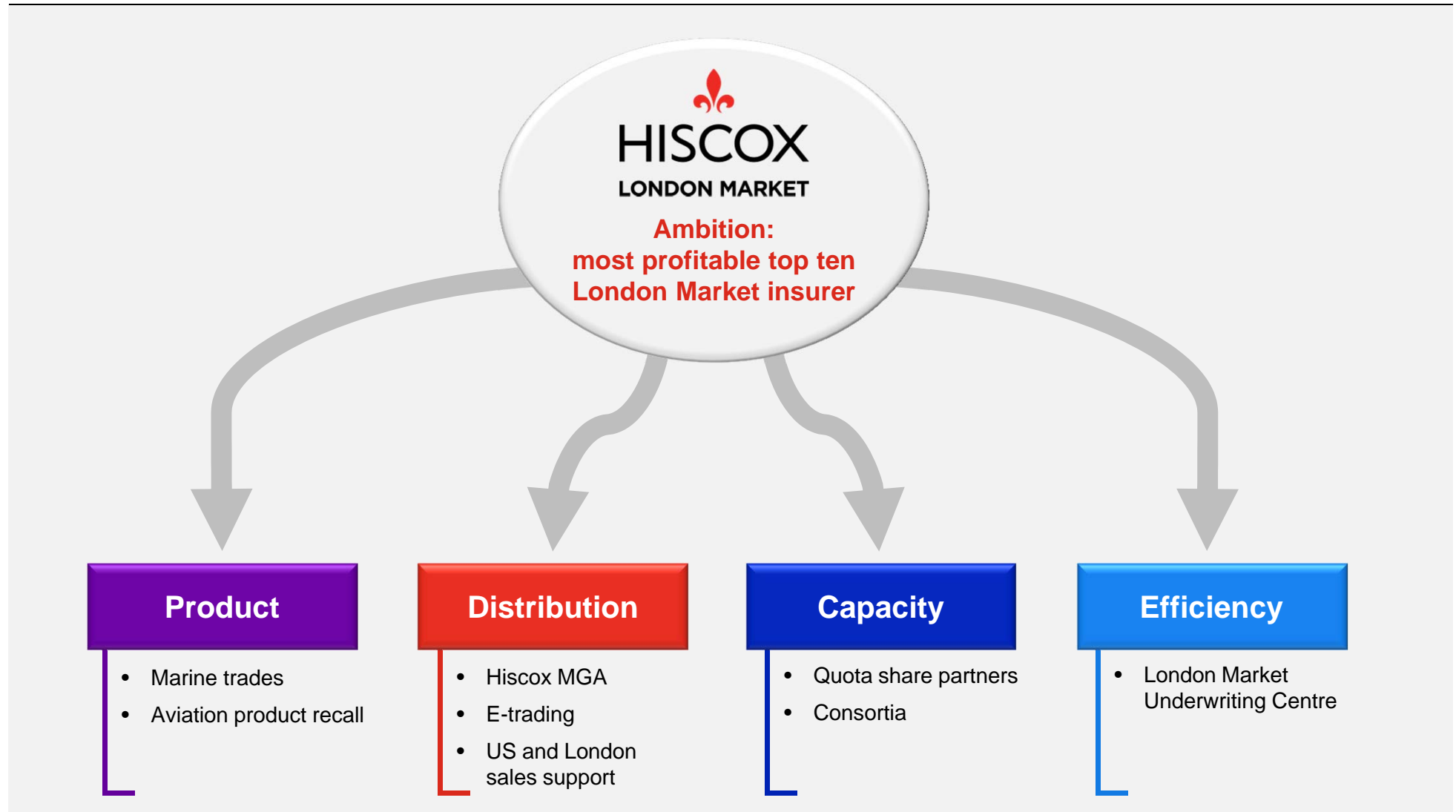
Hiscox Re & ILS

Flexible deployment of own and others' capital



Hiscox London Market

Disciplined and not relying on market-turning event



Long-term investment in Retail delivers opportunities



BRAVE

HEARTS NEED COOL HEADS.
It takes guts to build your business. So it's gut-wrenching when cybercrime takes it down. We provide the expertise and assurance to get you back up and running, fast.
Specialist small business insurance.

HISCOX
EVER ONWARDS

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I'mpossible

My Impossible:
I thought I was strong starting in a new city without friends or clients. Then a fire left me homeless and without tools, so I could discover how strong I really am.
Alicia Igles, Urban Tangles
Hiscox Customer

Hiscox business insurance.
Helping the courageous overcome the impossible.

HISCOX
encourage courage

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Insure and renew road tax for your vehicle right here, right now

5-star quality

Car insurance from **\$24/month** and motorcycle insurance from **\$9/month***

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*Minimum 1 year policy term. Excludes certain models. See website for full details. *Excludes certain models. See website for full details. *Excludes certain models. See website for full details.

- Retail customer numbers exceed 750,000
- £175m invested in marketing over the last five years, £50m in 2017
- USA
 - Expanding appetite and product reboots
 - Quote and buy portal for partners
- UK and Ireland
 - Portfolio acquisitions from brokers
- Special Risks
 - New underwriting centre delivering
- Europe
 - New broker extranet and product innovation
- DirectAsia
 - Partnership marketing

Outlook

Managing the cycle and driving Retail growth

- Strategy consistent; disciplined and relentless
 - Ongoing pressure in Hiscox London Market, shrinking where required and investing for the future
 - Hiscox Re and ILS to remain a material player
 - Continued growth in Hiscox Retail driven by investment in infrastructure and brand
- Operational stretch as we invest for long-term growth
- Capital position to be reviewed at year end

-
- 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 through Hiscox Re and ILS and Hiscox London Market. We expand and shrink these lines according to market conditions.
- **Retail** is smaller premium, less volatile business written 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



Strategic focus

Total Group controlled income for 2016

£100% = £2,673m

Big-ticket business

20% Reinsurance

7% Large property

5% Casualty

14% Specialty – terrorism,
contractors' equipment FTC,
political risks, aerospace

5% Marine and energy

Retail business

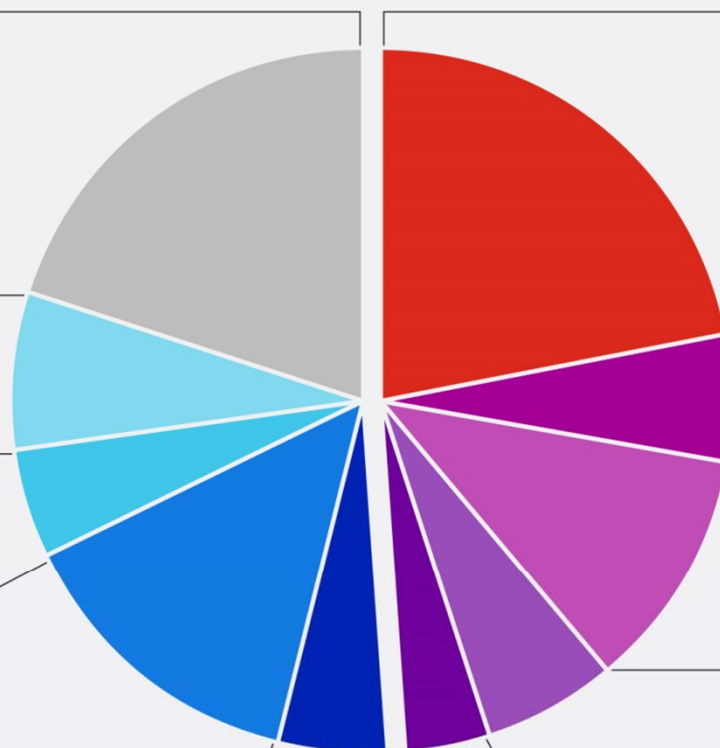
Small commercial 22%

Tech and media
casualty 6%

Art and private client 11%

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

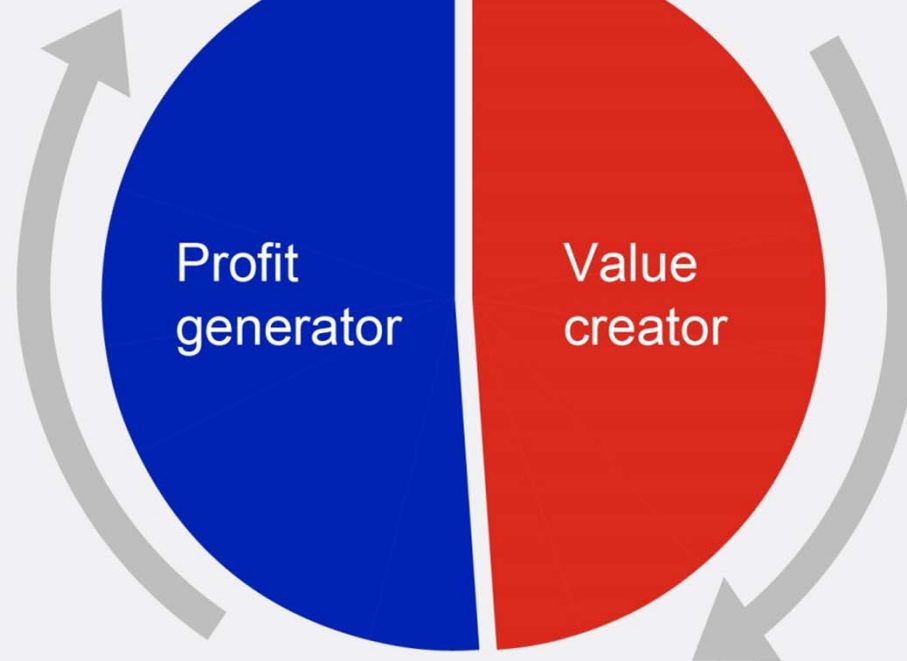
Small property 4%



A symbiotic relationship

Big-ticket business

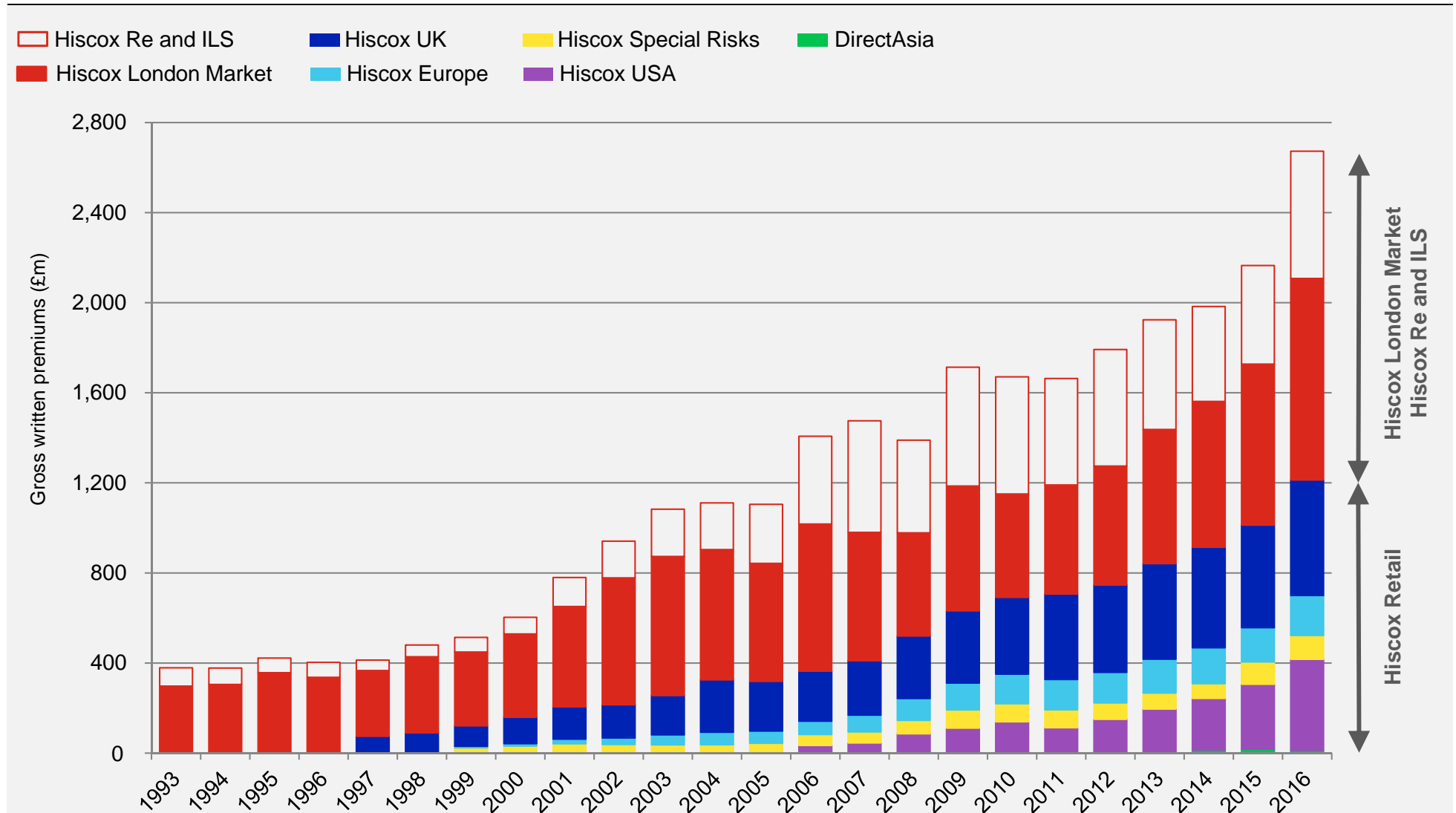
- Larger premium, globally-traded, catastrophe-exposed
- Shrinks and expands according to rates
- Excess profits allow investment in retail development



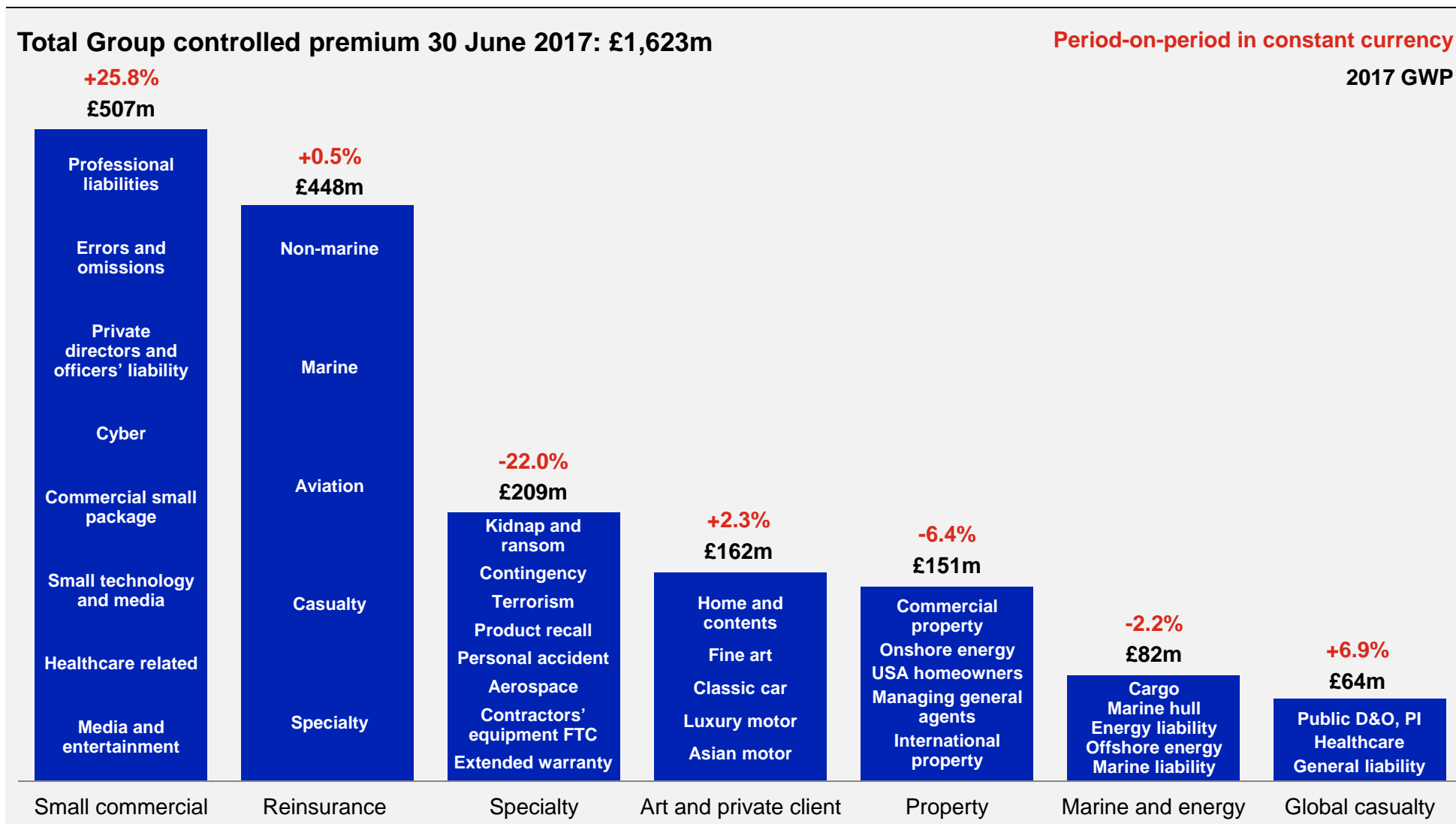
Retail business

- Smaller premium, locally-traded, less volatile
- Growth between 5-15% per annum
- Pays dividends
- Brand builds strong market position
- Profits act as additional capital

Long-term growth



An actively managed business



Segmental analysis

	30 June 2017					30 June 2016				
	Hiscox Retail £m	Hiscox London Market £m	Hiscox Re and ILS £m	Corporate Centre £m	Total £m	Hiscox Retail £m	Hiscox London Market £m	Hiscox Re and ILS £m	Corporate Centre £m	Total £m
Gross premiums written	739.6	314.6	405.4	–	1,459.6	581.1	342.7	364.7	–	1,288.5
Net premiums written	681.6	199.8	132.1	–	1,013.5	528.2	216.2	144.7	–	889.1
Net premiums earned	602.4	230.1	104.1	–	936.6	470.4	198.1	99.0	–	767.5
Investment result	12.3	8.3	13.7	14.7	49.0	15.3	10.1	7.7	6.8	39.9
Foreign exchange gains/(losses)	2.0	(8.3)	(1.5)	(23.1)	(30.9)	24.0	17.2	12.8	33.3	87.3
Profit/(loss) before tax	73.4	17.2	38.2	(26.2)	102.6	92.3	37.1	54.6	22.0	206.0
Combined ratio	90.6%	94.8%	83.9%	–	91.0%	84.1%	85.3%	56.0%	–	80.7%
Combined ratio excluding monetary FX	90.9%	91.0%	81.7%	–	89.9%	89.4%	94.8%	69.8%	–	88.4%

Hiscox Ltd results

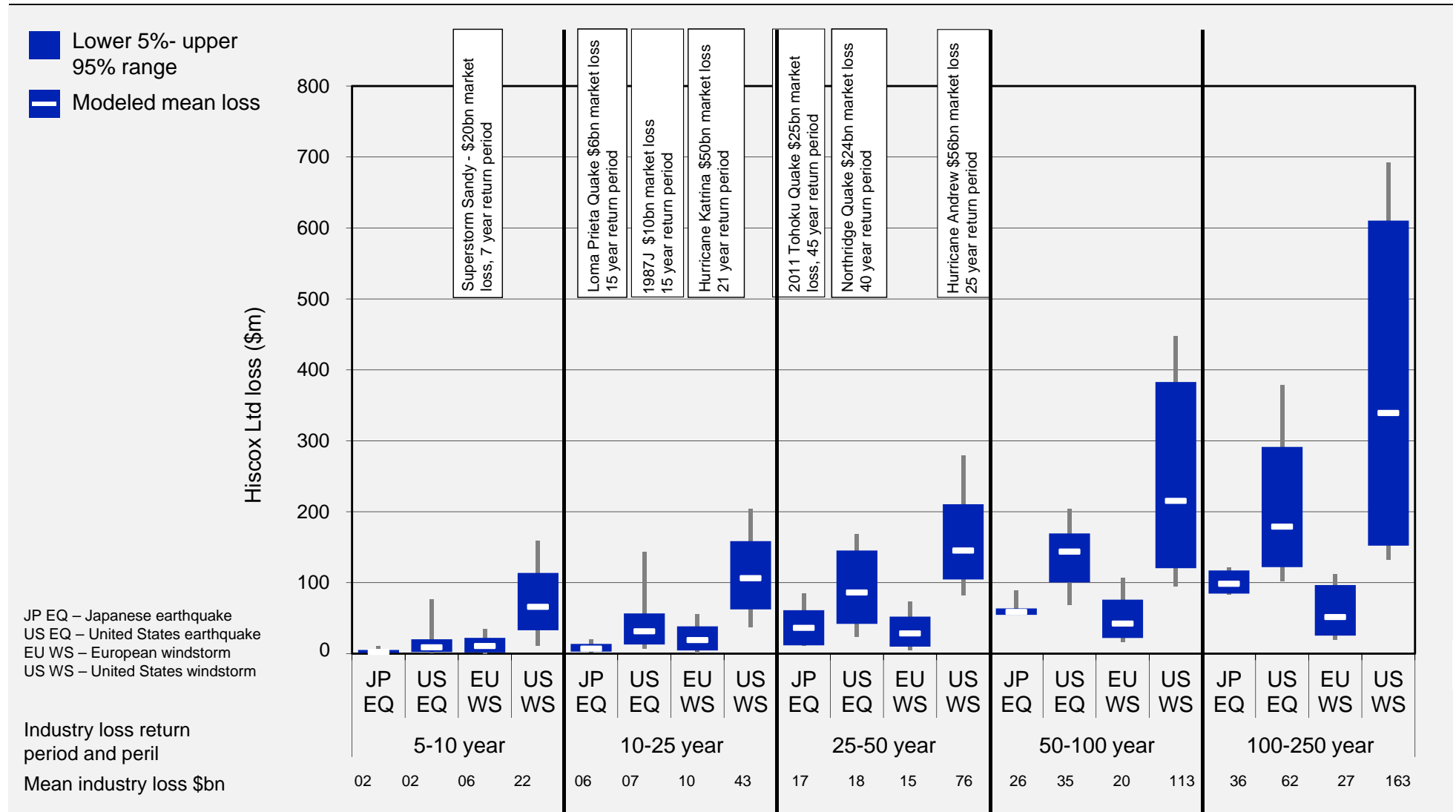


£m	2016	2015	2014	2013	2012	2011
Gross premiums written	2,402.6	1,944.2	1,756.3	1,699.5	1,565.8	1,449.2
Net premiums written	1,787.9	1,571.8	1,343.4	1,371.1	1,268.1	1,174.0
Net premiums earned	1,675.0	1,435.0	1,316.3	1,283.3	1,198.6	1,145.0
Investment return [†]	74.8	33.7	56.4	58.9	92.7	25.9
Profit before tax	354.5	216.1	231.1	244.5	217.5	17.3
Profit after tax	337.0	209.9	216.2	237.8	208.0	21.3
Basic earnings per share	119.8p	72.8p	67.4p	66.3p	53.1p	5.5p
Dividend	27.5p	24.0p	22.5p	21.0p	18.0p	17.0p
Invested assets (incl. cash) [†]	4,409.6	3,609.4	3,244.9	3,129.5	3,055.8	2,873.4
Net asset value						
£m	1,818.4	1,528.8	1,454.2	1,409.5	1,365.4	1,255.9
p per share	649.9	545.0	462.5	402.2	346.4	323.5
Combined ratio	84.4%	85.0%	83.9%	83.0%	85.5%	99.5%
Return on equity after tax*	23.0%	16.0%	17.1%	19.3%	17.1%	1.7%

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

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

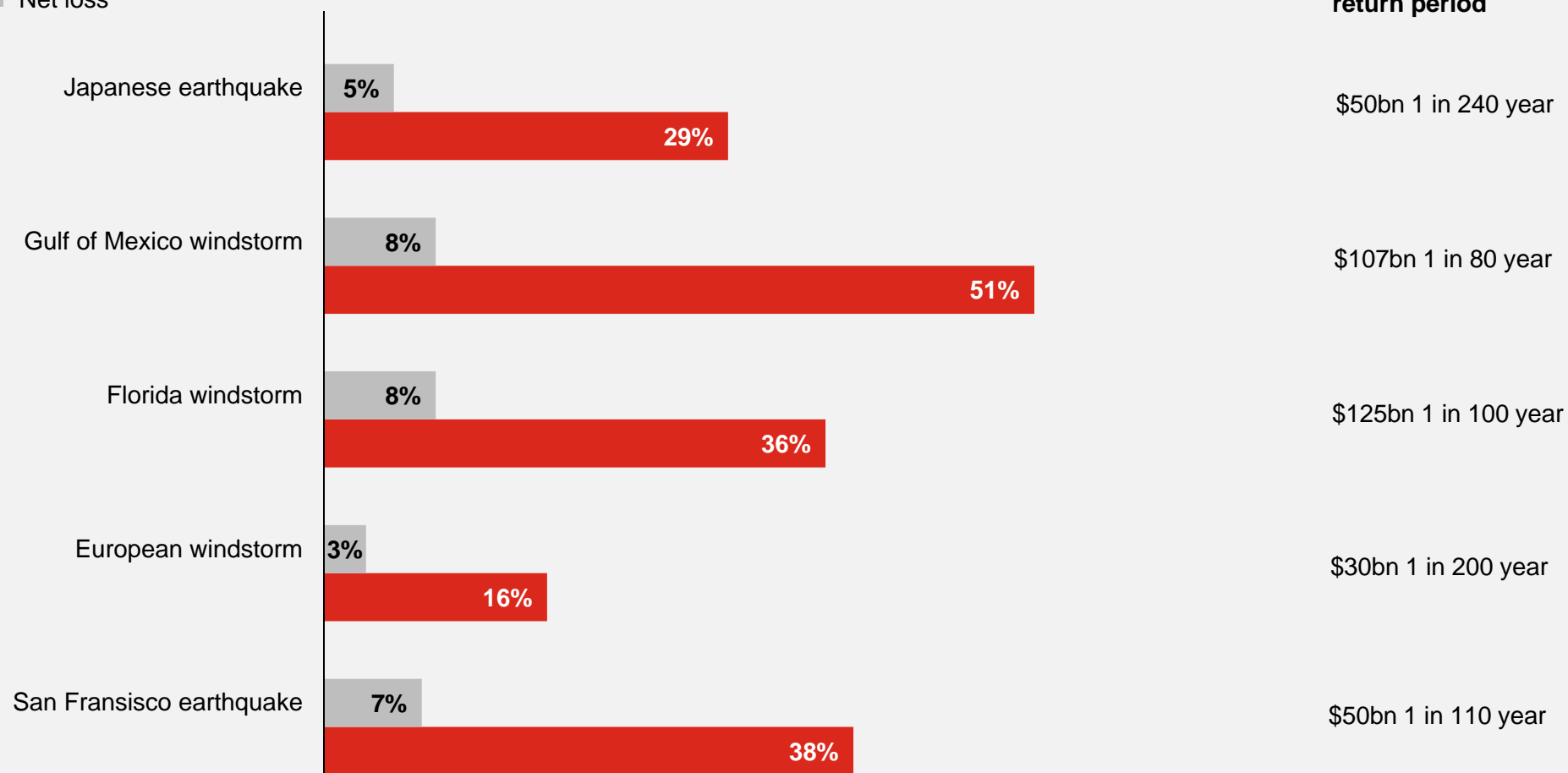
Boxplot and whisker diagram of modeled Hiscox Ltd net loss (\$m) April 2017



Realistic disaster scenarios

Hiscox Group – losses shown as percentage of 2016 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

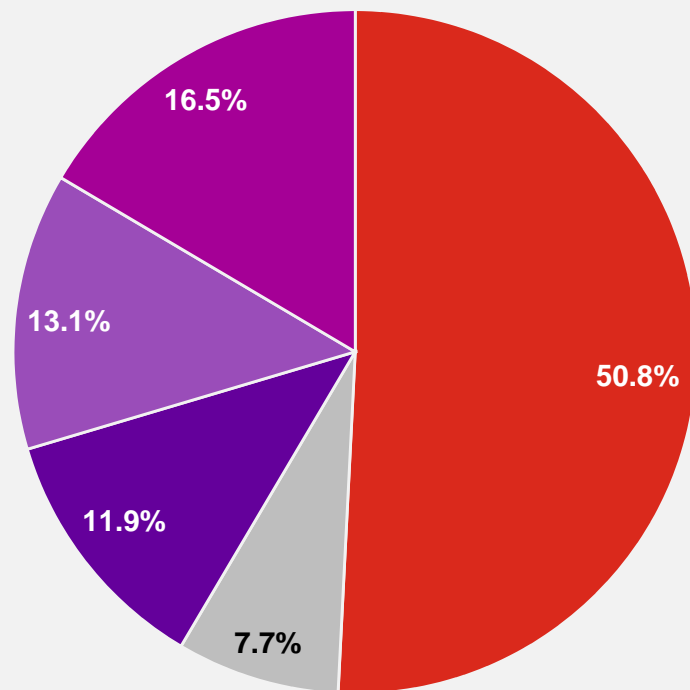
- As our casualty businesses continue to grow, we develop extreme loss scenarios to better understand and manage the associated risks
- Losses in the region of £125m-£375m could be suffered in the following extreme scenarios:

Event		Est. loss
Pandemic	Global Spanish flu type event (high infection, low mortality) 45% infection rate, 20% medical treatment, 0.3% case fatality rate	£125m
Cyber	Very large cloud service provider goes offline for 12 days. Insurance industry loss of c.£30bn	£175m
Multi-year loss ratio deterioration	5% deterioration on three years casualty premiums of c.£2.4bn	£125m
Economic collapse	US GDP drop of 10% to 15%, approximately three times the 2007-08 financial crisis	£375m
Casualty reserve deterioration	35% deterioration on existing casualty reserves of c.£1bn Estimated 1 in 200 year event	£350m
Property catastrophe	1 in 200 year catastrophe event from £160bn US windstorm	£365m

GWP geographical and currency split

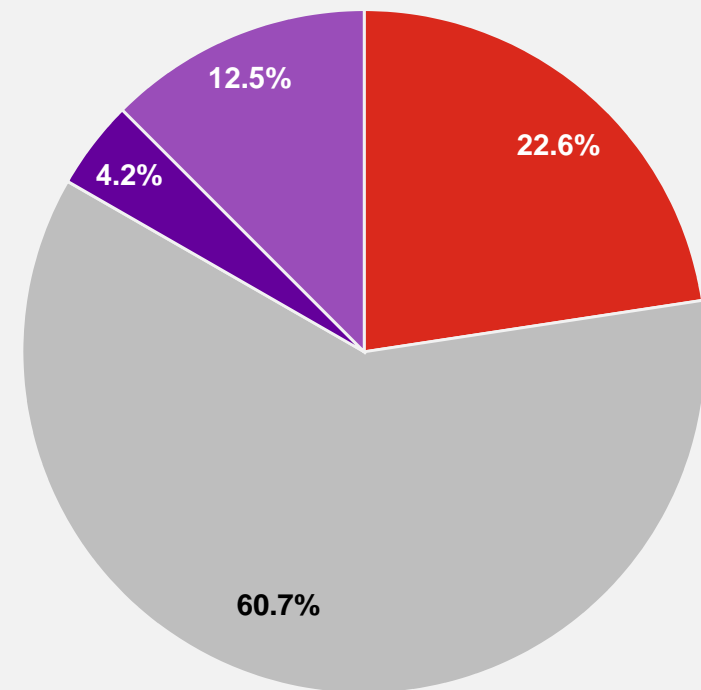
2017 geographical split – controlled income

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



2017 currency split – controlled income

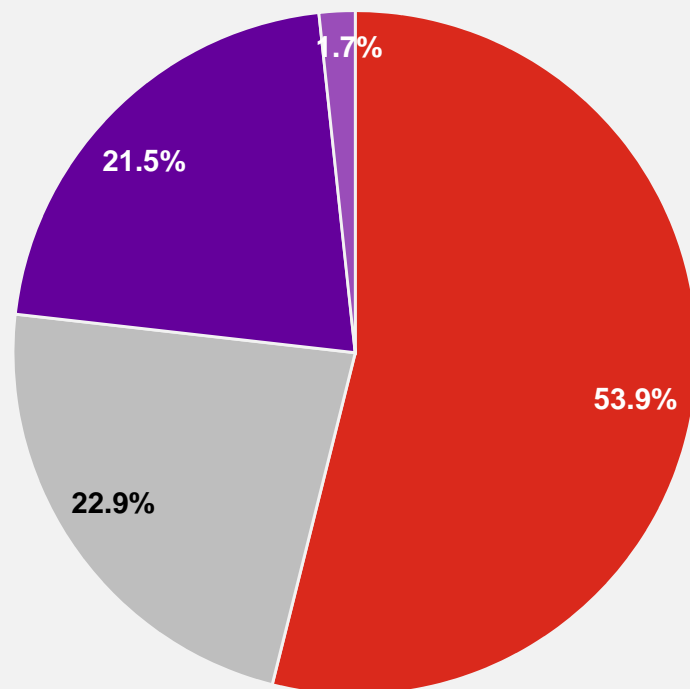
- GBP
- USD
- CAD and other
- EUR



Group reinsurance security

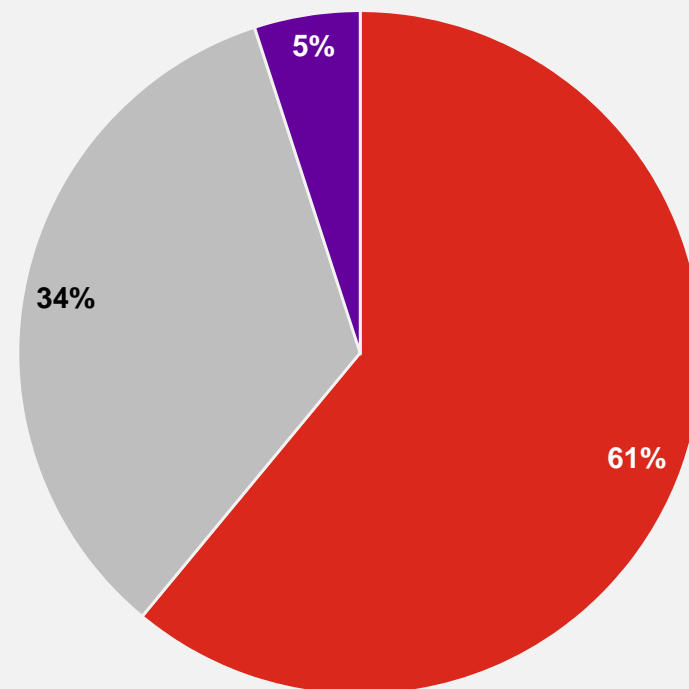
Receivables at 30 June 2017 of £925.4m

- A
- AA
- AAA and collateralised
- Other



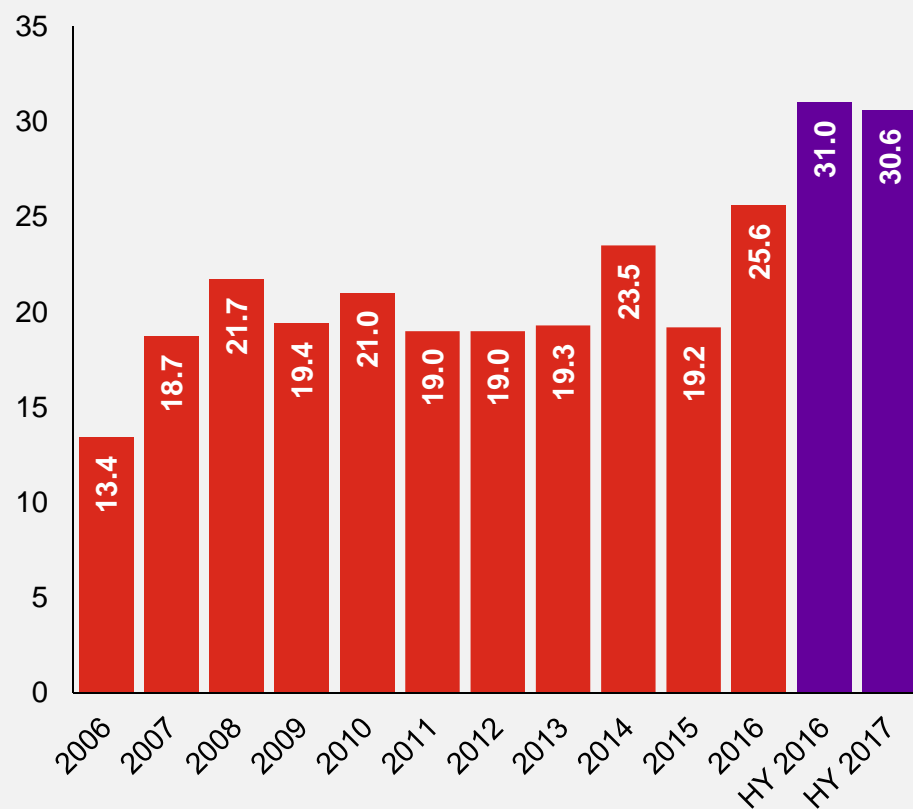
**2017 reinsurance protections*
First loss exposure by rating**

- A
- AA
- AAA

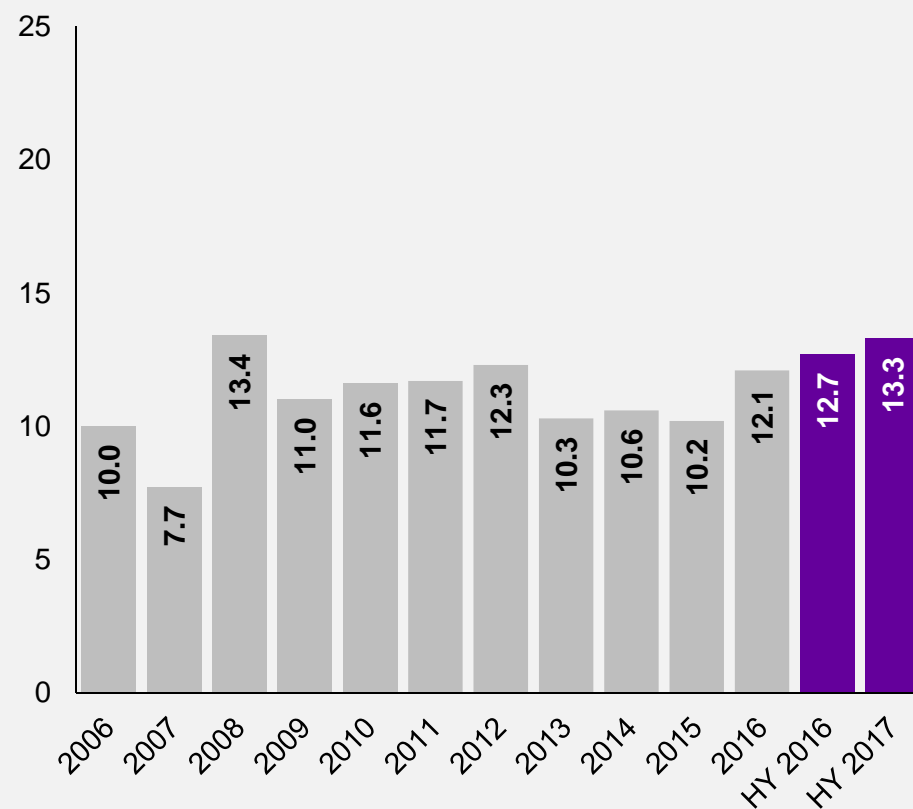


*Reinsurance placements in force at 24 July 2017.

Ceded as a percentage of GWP



Reinsurance receivables as a percentage of total assets



Portfolio – USD bond portfolios as at 30 June 2017

Portfolios: \$2.9bn	AAA %	AA %	A %	BBB %	BB and below %	Total %	Duration months
Government issued		34.5		0.1		34.6	20.3
Government supported*	0.5	4.1	0.8			5.4	18.1
Asset backed	3.7					3.7	5.8
Mortgage backed agency		6.3				6.3	38.3
Non agency	0.3	0.2		0.1	1.2	1.8	17.2
Commercial MBS	1.0					1.0	9.8
Corporates	1.0	8.4	21.5	15.4	0.2	46.5	17.1
Cash			0.7			0.7	0.0
Total	6.5	53.5	23.0	15.6	1.4	100.0	19.0

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

Portfolio – GBP, EUR and CAD bond portfolios as at 30 June 2017

GBP portfolios: £611m	AAA %	AA %	A %	BBB %	BB and below %	Total %	Duration months
Government issued		25.1				25.1	35.4
Government supported*	17.1	1.2	1.6	0.1		20.0	14.6
Asset backed	4.8		0.1	0.8		5.7	21.0
Corporates	6.1	7.9	13.0	18.8		45.8	29.1
Cash			3.4			3.4	0.0
Total	28.0	34.2	18.1	19.7		100.0	26.3

EUR and CAD portfolios: £404m	AAA %	AA %	A %	BBB %	BB and below %	Total %	Duration months
Government issued	25.0					25.0	50.6
Government supported*	19.2	10.5	2.9	0.4		33.0	17.1
Asset backed	2.3		0.1			2.4	15.4
Corporates	10.0	9.1	11.7	6.9	0.2	37.9	19.1
Cash			1.7			1.7	0.0
Total	56.5	19.6	16.4	7.3	0.2	100.0	25.9

*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. In addition the segment includes elements of auto physical damage and aviation business written by Syndicate 3624.

Hiscox Re and ILS

Hiscox Re 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 the Bermuda hub on Syndicate capacity are also included. The segment also captures the performance and fee income from 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 2016.

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 13 of the Group's Report and Accounts for the year ended 31 December 2016. Corporate Centre forms a reportable segment due to its investment activities which earn significant external returns.