



# Hiscox Ltd

## Interim results

For the six months ended 30 June 2019



# A positive result in a changing market

- 
- GWP up 5% to \$2.3bn
  - Combined ratio 98.8%
  - Investment return \$148m
  - PBT up 3% to \$168m
  - Interim dividend up 4% to 13.75¢

## Financial performance

# Group financial performance

	30 June 2019 \$m	30 June 2018 \$m
<b>Growth</b>		
Gross premiums written	2,337.5	2,228.8
Net premiums written	1,467.4	1,399.3
<b>Earnings</b>		
Underwriting profit	32.6	181.9
Investment result	147.5	19.8
Profit before tax	168.0	162.7
Combined ratio	98.8%	87.9%
<b>Capital</b>		
Ordinary dividend (¢)	13.75	13.25
Net asset value		
\$m	2,321.8	2,364.8
¢ per share	817.0	833.7
£m	1,824.3	1,797.2
p per share	641.9	633.6
Return on equity	13.3%	13.3%

- Robust revenue growth in all segments
- Strong investment result
- Underwriting impacted by reserve strengthening
- \$58m provision for potential tax liabilities from re-classification of historic marketing expenses – will not affect current year results
- Capital position remains strong
- Interim dividend up 4% to 13.75¢

# Hiscox Retail

## Growth in all major businesses

	30 June 2019 \$m	30 June 2018 \$m
<b>Growth</b>		
Gross premiums written	1,154.6	1,113.0
Net premiums written	1,020.9	982.2
<b>Earnings</b>		
Underwriting profit	54.7	91.8
Investment result	81.4	10.2
Profit before tax	137.7	100.0
<b>Combined ratio</b>	<b>95.0%</b>	90.7%

- GWP growth in constant currency of 6%
  - Hiscox UK: 4%
  - Hiscox Europe: 17%
  - Hiscox USA: 3%
- UK recovery on track as business adapts to new systems and processes
- Portfolio action on US D&O impacts top-line growth
- Higher attritional losses on US D&O; UK and Europe remain benign
- 90,000 retail customers added in first half
- Retail to deliver full-year COR at upper-end of 90-95% target range

# Hiscox London Market

## Opportunities in an improving market

	30 June 2019 \$m	30 June 2018 \$m
<b>Growth</b>		
Gross premiums written	484.6	458.7
Net premiums written	246.9	277.0
<b>Earnings</b>		
Underwriting profit	(8.6)	38.0
Investment result	41.5	5.7
Profit before tax	34.4	42.7
<b>Combined ratio</b>	<b>103.3%</b>	88.6%

- GWP growth in constant currency of 7%
- Rate momentum continues to build, up 5% across the portfolio
- Benign catastrophe experience offset by attritional property losses
- Adverse development on Hurricane Michael impacts underwriting result

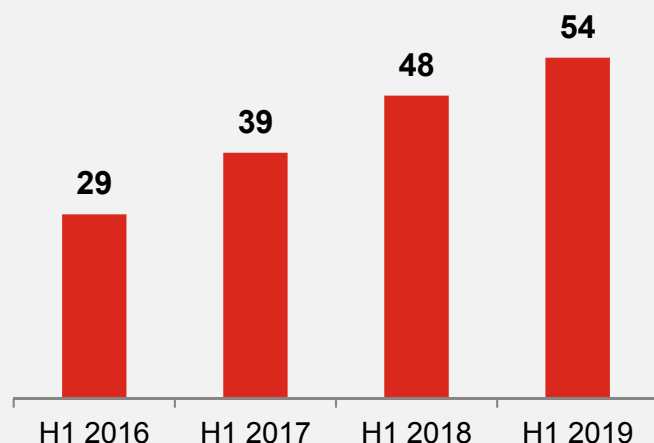
## Adverse development masks improving results

	30 June 2019 \$m	30 June 2018 \$m	
<b>Growth</b>			<ul style="list-style-type: none"> <li>GWP growth in constant currency of 8%</li> <li>Rates up 6% across the portfolio</li> <li>Capitalising on growth opportunities in retrocession and specialty as rates begin to firm</li> </ul>
Gross premiums written	698.3	655.6	
Net premiums written	199.6	197.5	
<b>Earnings</b>			<ul style="list-style-type: none"> <li>Results impacted by adverse development on Typhoon Jebi and risk excess portfolio</li> <li>Reserve strengthening on some exited lines</li> <li>ILS AUM remains in excess of \$1.6bn</li> </ul>
Underwriting profit	(13.5)	52.1	
Investment result	24.6	3.9	
Profit before tax	14.0	57.8	
<b>Combined ratio</b>	<b>111.3%</b>	71.5%	

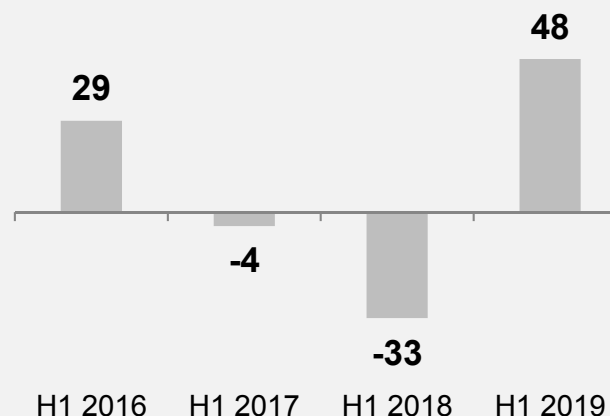
# Investment performance

Market movements provide a strong tailwind

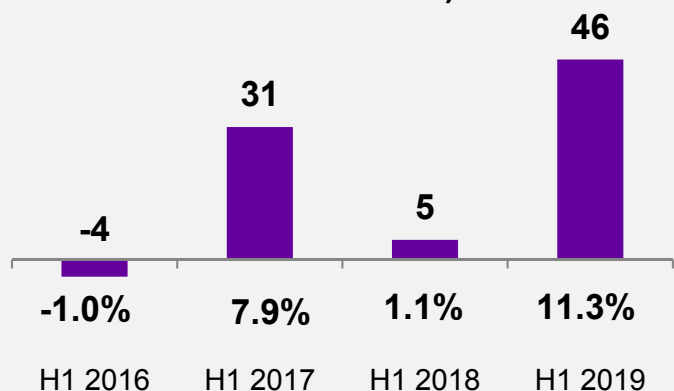
Cash and bond income net of fees (\$m)



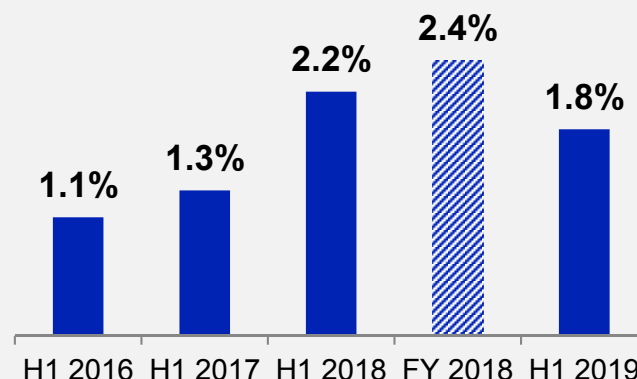
Mark-to-market on bonds (\$m)



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



Bond portfolio yield to maturity (%)

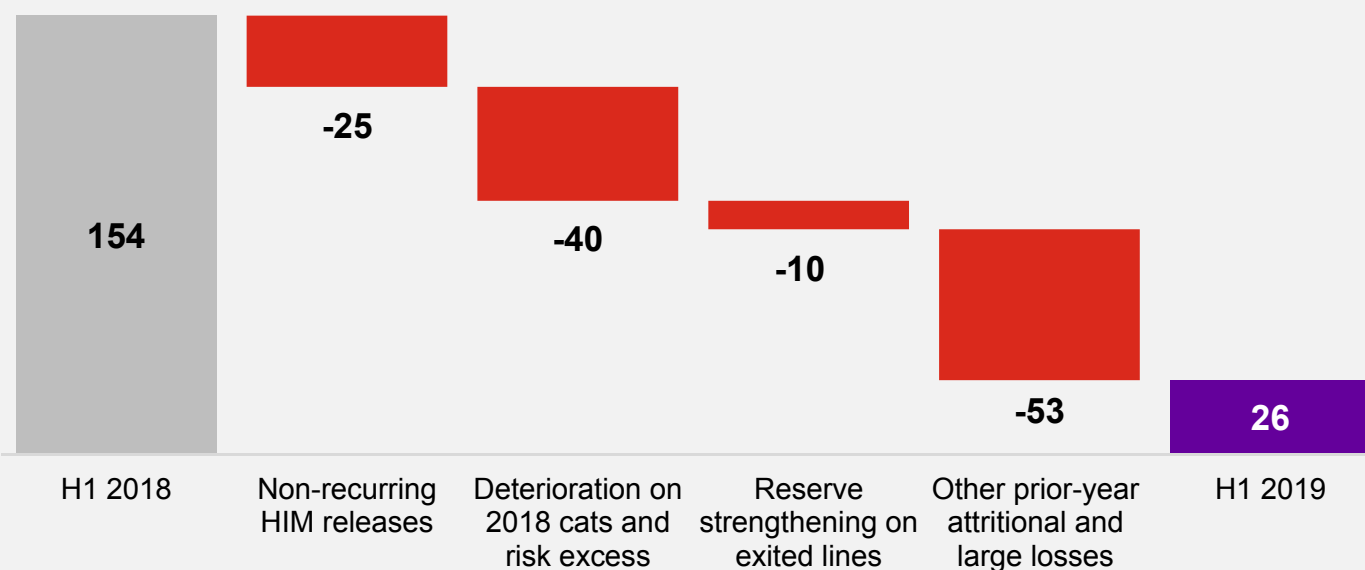


- Half-year investment result \$148m (2018: \$20m), return of 4.8% (2018: 0.7%)
- Coupon income increasing, boosted by mark-to-market adjustments on bonds as US rates have fallen
- Risk assets perform strongly in buoyant equity markets
- High credit quality maintained in fixed income portfolio
- Average bond duration: 1.4 years (2018: 1.5 years)
- Group invested assets \$6.4bn at 30 June 2019



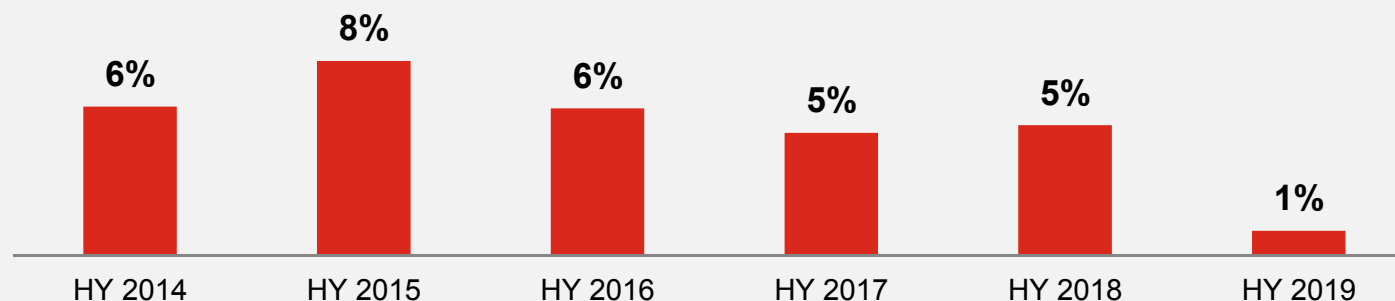
# Reserve releases lower than prior years

Reserve releases H1 2018–H1 2019 (\$m)



- Reserve releases of \$26m (2018: \$154m), 1% of opening net reserves
- Second half reserve releases expected to be less than \$100m (2018: \$168m)
- Key drivers of other prior-year losses include: London Market large and attritional property losses and US retail D&O

Reserve release as % of opening net reserves

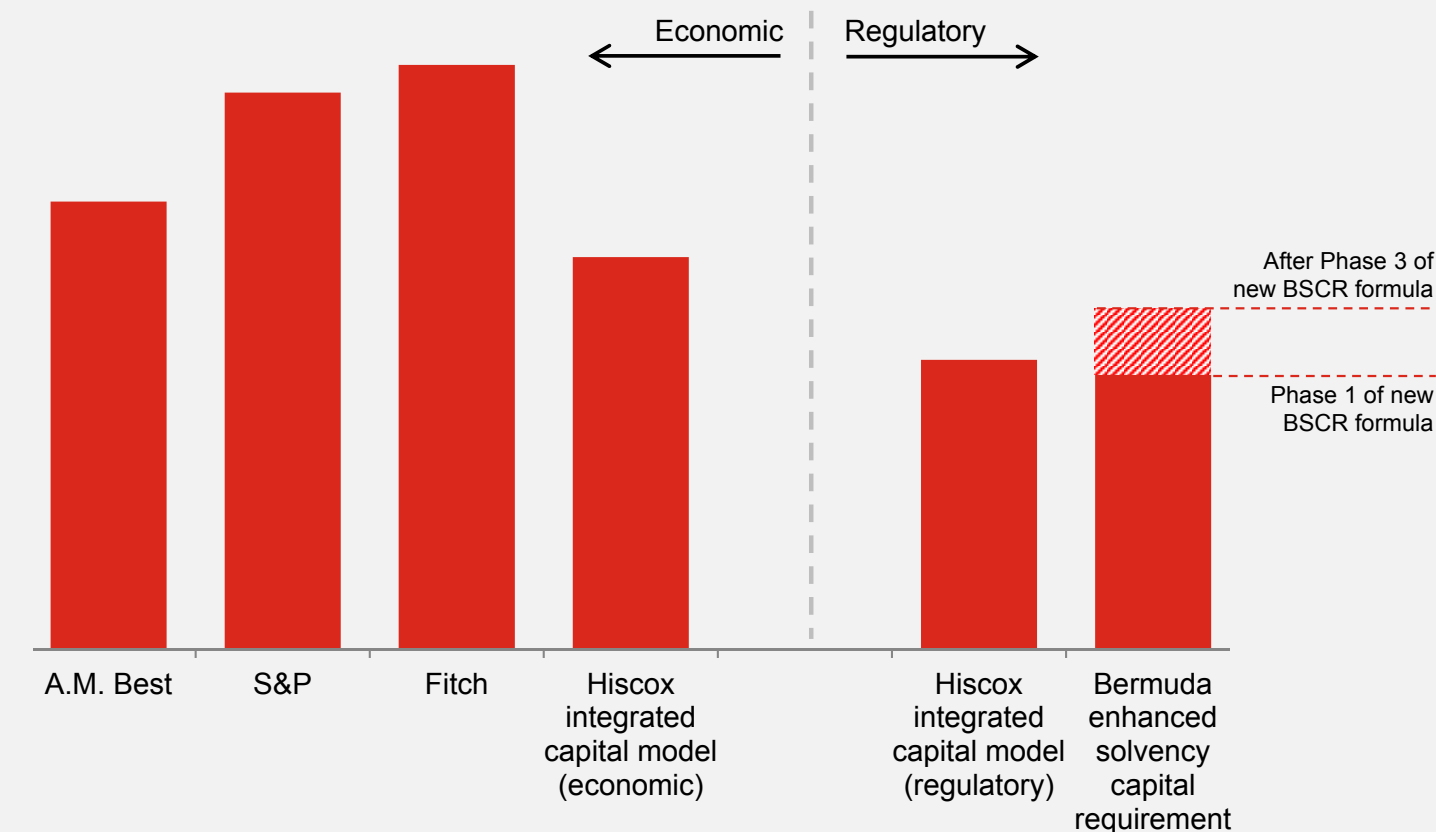


# Well capitalised

30 June 2019

\$2.44bn available capital

\$2.40bn available capital (post-interim dividend)



- All capital bases satisfactorily capitalised
- Key constraint remains rating agency capital
- Bermuda solvency ratio 205%
- BMA have introduced revisions to standard formula which will reduce coverage ratio by 15-20% after three-year transition period

Rating agency assessments shown are internal Hiscox assessments of the agency capital requirements on the basis of projected year-end 2019. 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.



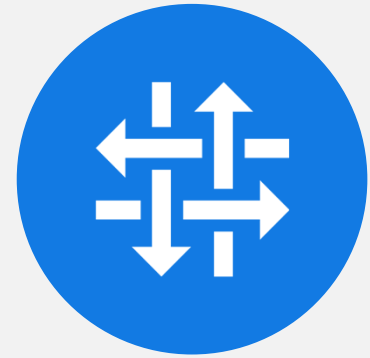
## Investing for the future

- US IT system replacement under way; UK implementation to be fully embedded by year-end
- Modernising our finance function with Group-wide transformation
- Continued investment in brand – \$90m in 2019



## Responding to external challenges

- Brexit plans executed successfully – Luxembourg-based carrier up and running since January
- Effective tax rate to trend towards 10-12%



## Poised to react to opportunities

- Strongly capitalised and well positioned to take advantage of improving conditions

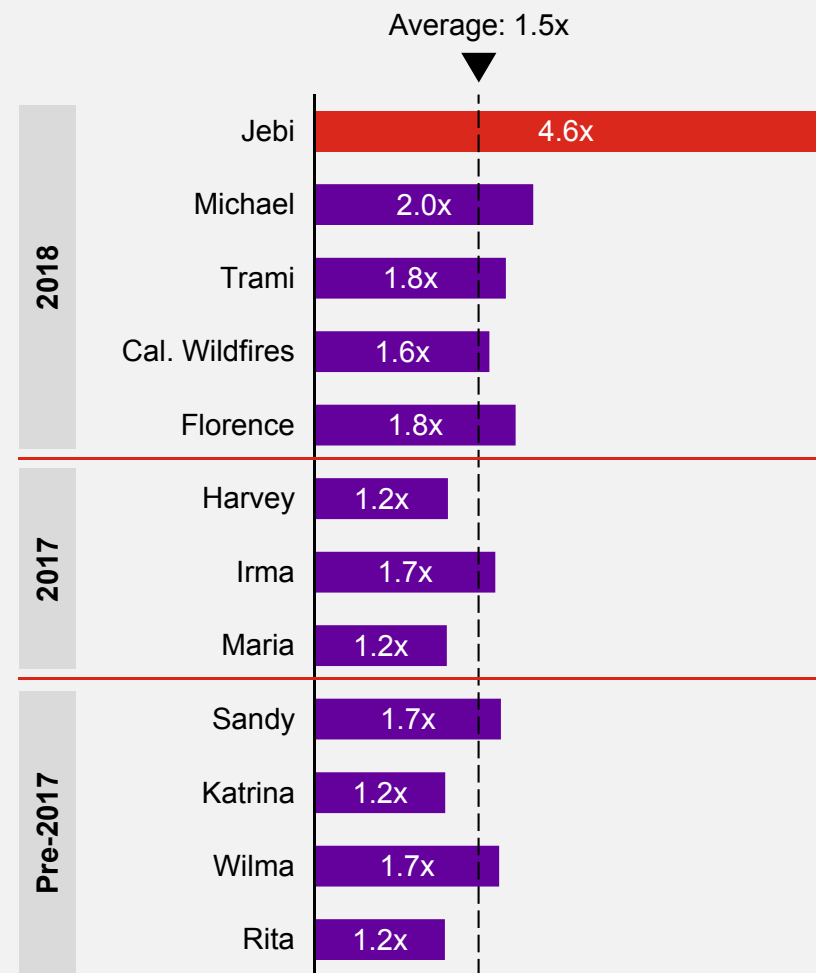


Underwriting

# Deterioration of market catastrophe loss estimates

- Market estimates for Typhoon Jebi increased from \$2bn to up to \$16bn<sup>1</sup>
  - Most powerful typhoon to hit Japan
  - Impacted an area of high-value construction ahead of major global sporting events
  - Unusually large number of claims and higher repair costs caused by demand surge
  - Hiscox market share in line with expectations
- Market estimates for Hurricane Michael impacted by social claims inflation in Florida
  - Assignment of benefits; where insureds pass on claims recovery rights to more aggressive third parties

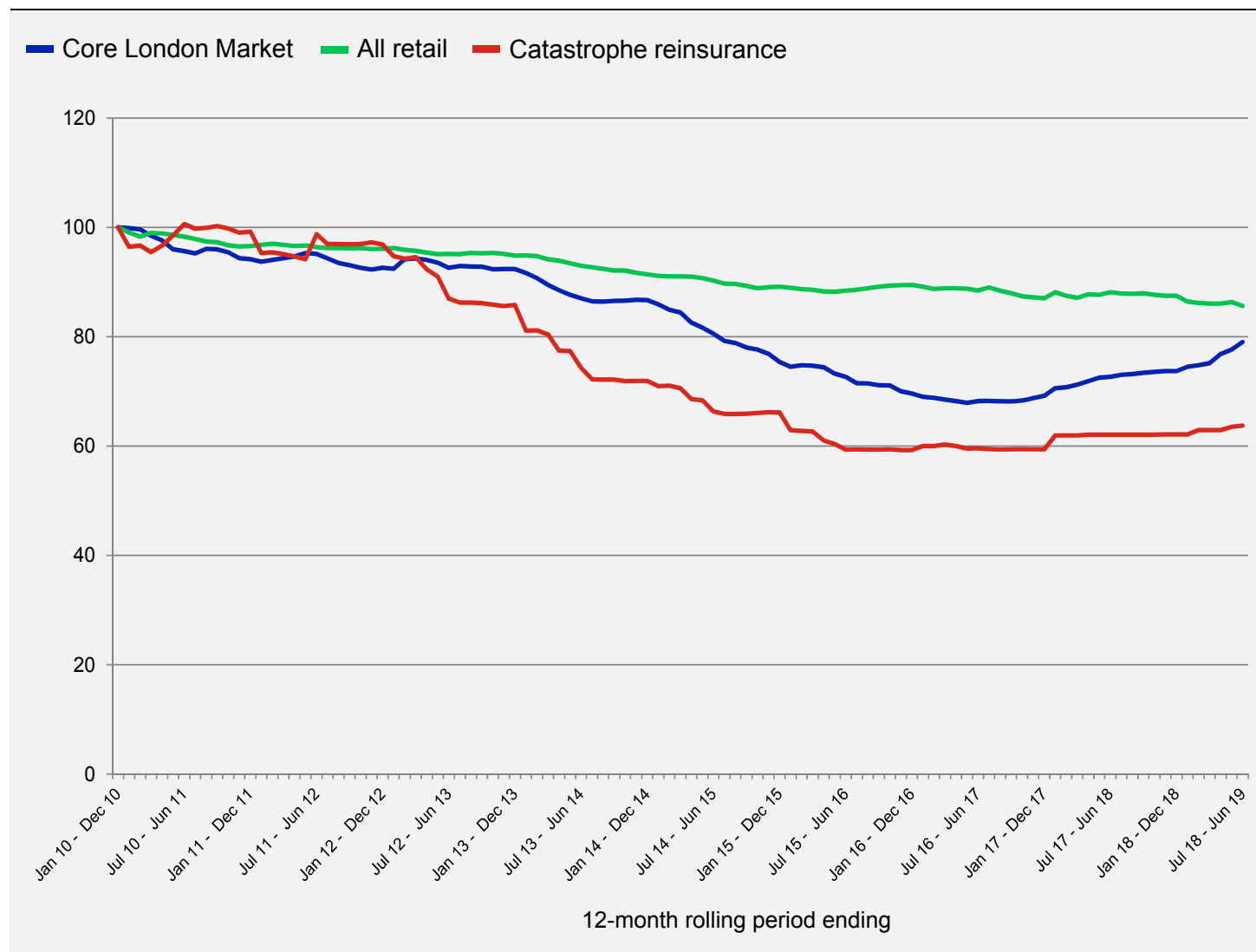
## Industry loss picks – multiple from initial estimate<sup>2</sup>



1. Source: AIR (Sep 2018, Dec 2018), JMP Securities (May 2019)

2. Source: PCS (2005, 2007, 2012, 2013, 2017, 2018 and 2019)

# Improving rates in big-ticket



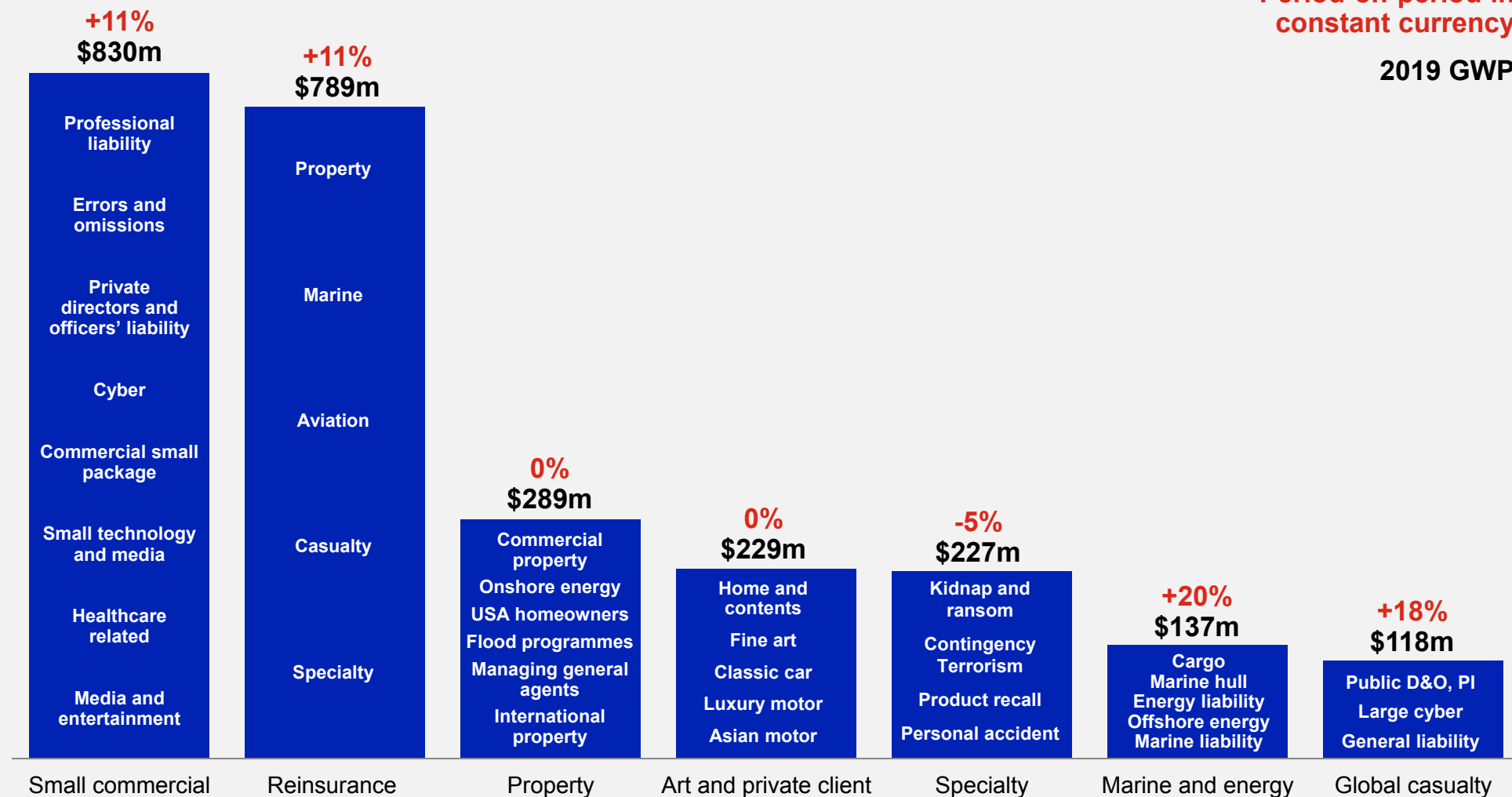
- Hiscox London Market
  - Overall rates up 5%
  - D&O up more than 50%
  - Cargo up 15%
  - GL up 10%
  - Cyber remains competitive
- Hiscox Re & ILS
  - Overall rates up 6%
  - North American catastrophe up 3%
  - International catastrophe up 3%
  - Opportunities in Japan wind, Florida wind, retrocession, wildfire
- Hiscox Retail
  - Rates broadly flat

# An actively managed business

Total Group controlled premium 30 June 2019: \$2,619 million

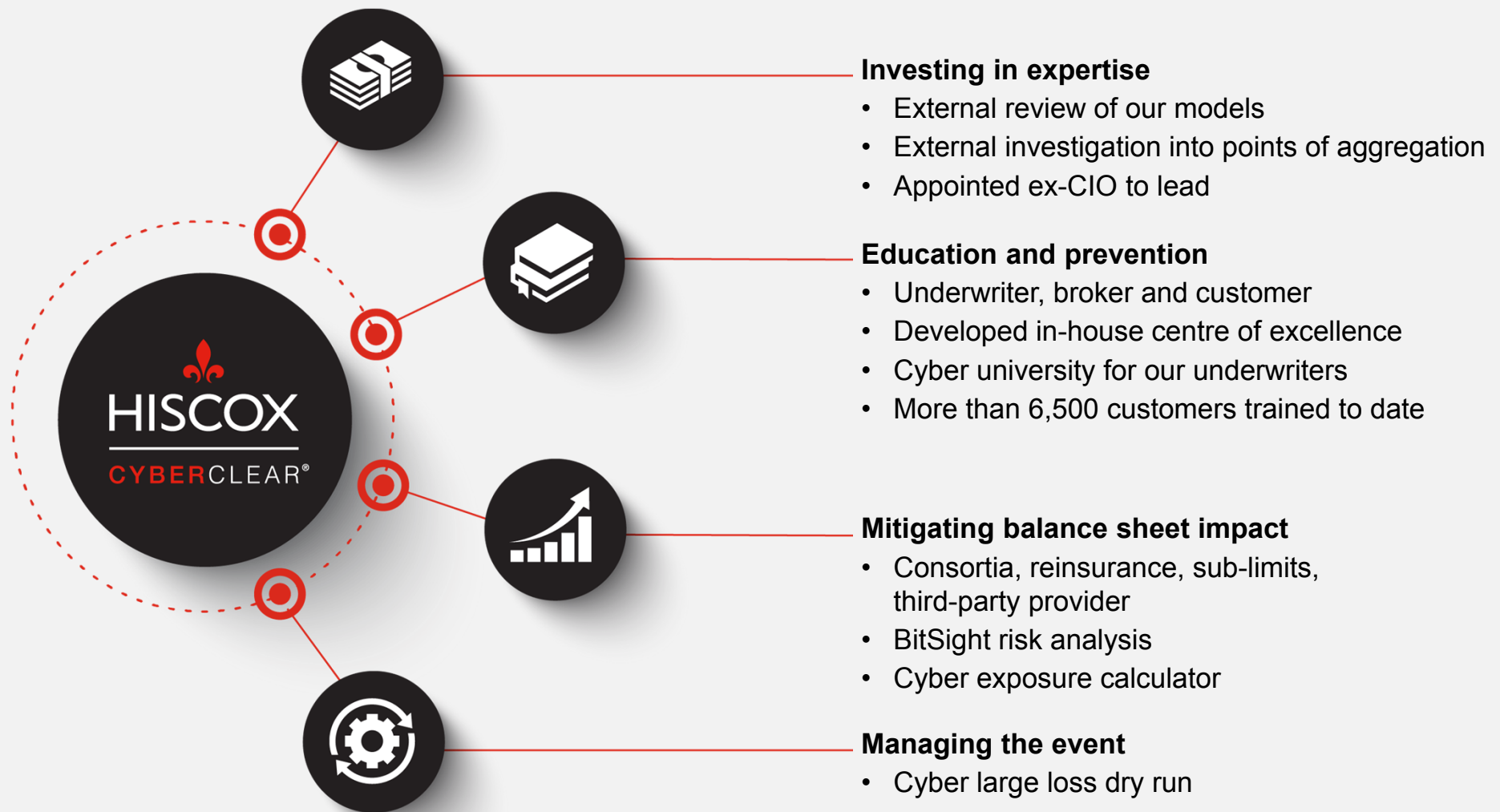
Period-on-period in  
constant currency

2019 GWP



# Cyber

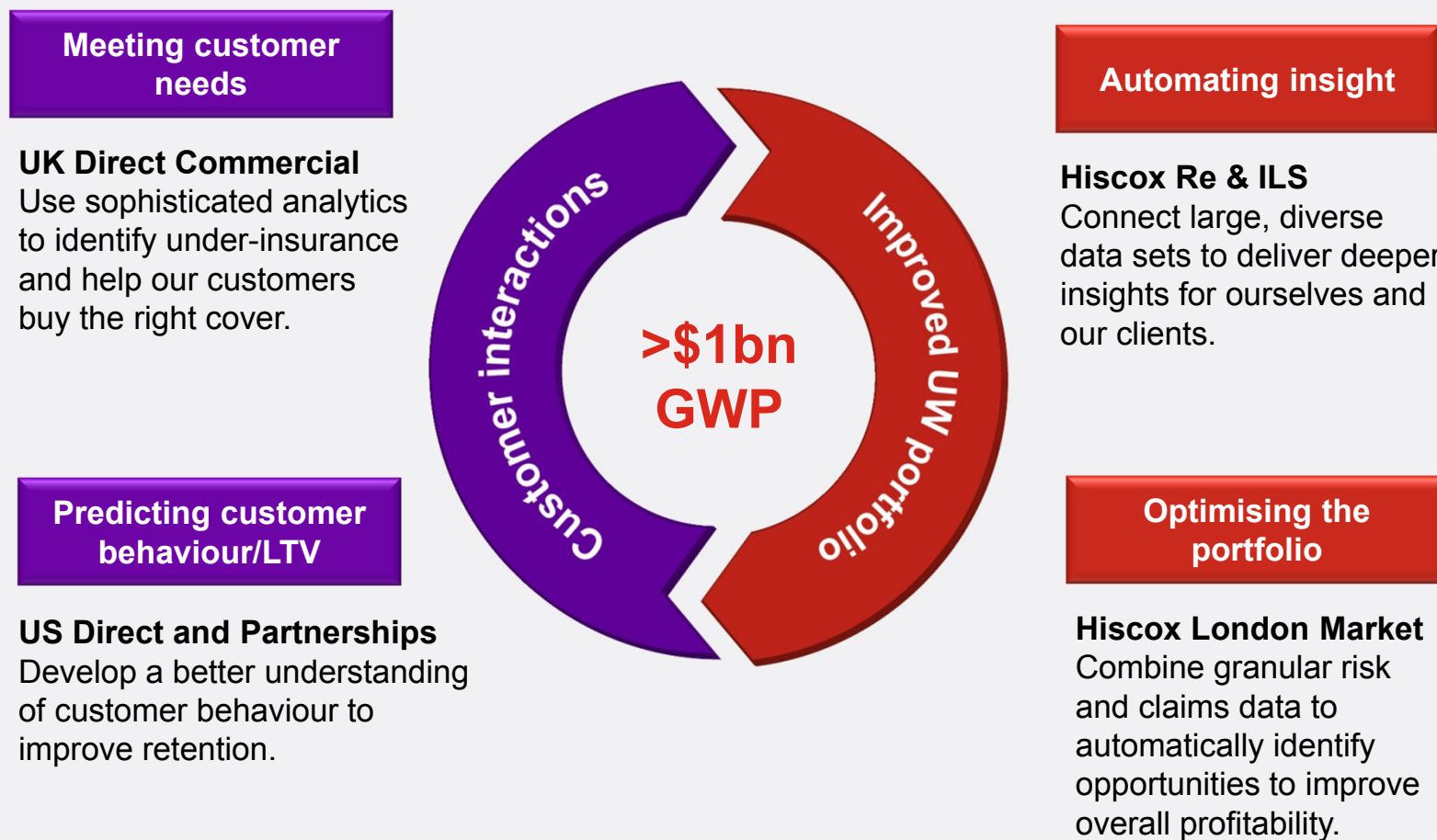
## Proactive risk management





# Data labs

## Capturing value from better insights





Hiscox Retail

# Growth opportunities

## Small market shares in largest SME markets



### United Kingdom

- 5.4 million micro-SMEs
- 75% of UK businesses are sole traders
- Online insurance penetration 43%
- Hiscox market share less than 5%



### United States

- 29 million micro-SMEs
- More than 80% of US SMEs are sole traders
- Online insurance penetration 21%
- Hiscox market share less than 1%



### France

- Economy as large as the UK
- Four million micro-SMEs, new business formation highest since post-financial crisis
- Online insurance penetration 16%
- Hiscox market share less than 2%



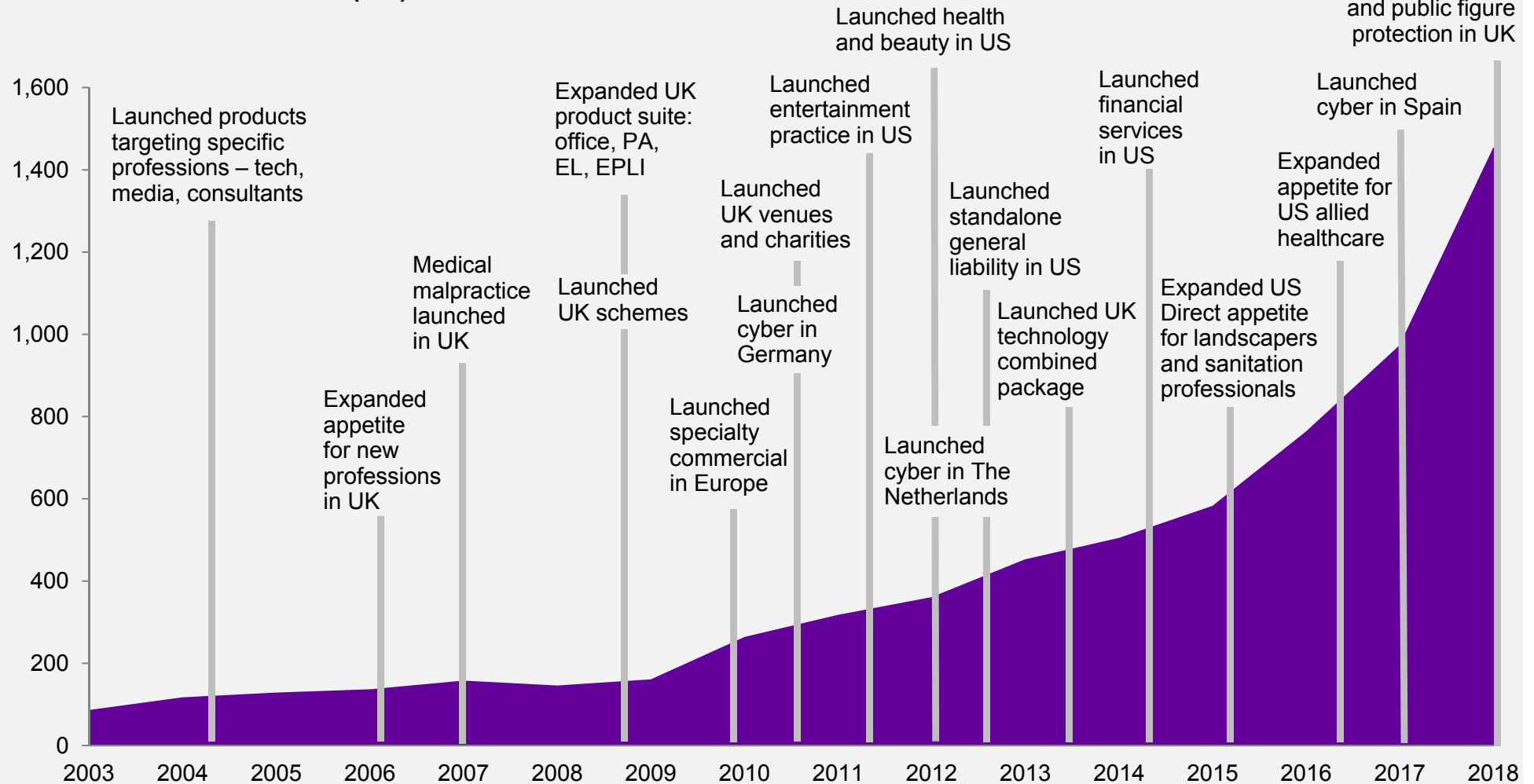
### Germany

- World's fourth largest economy
- Three million micro-SMEs
- Online insurance penetration 23%
- Hiscox market share less than 1%

# Product innovation

## Constantly evolving our SME portfolio

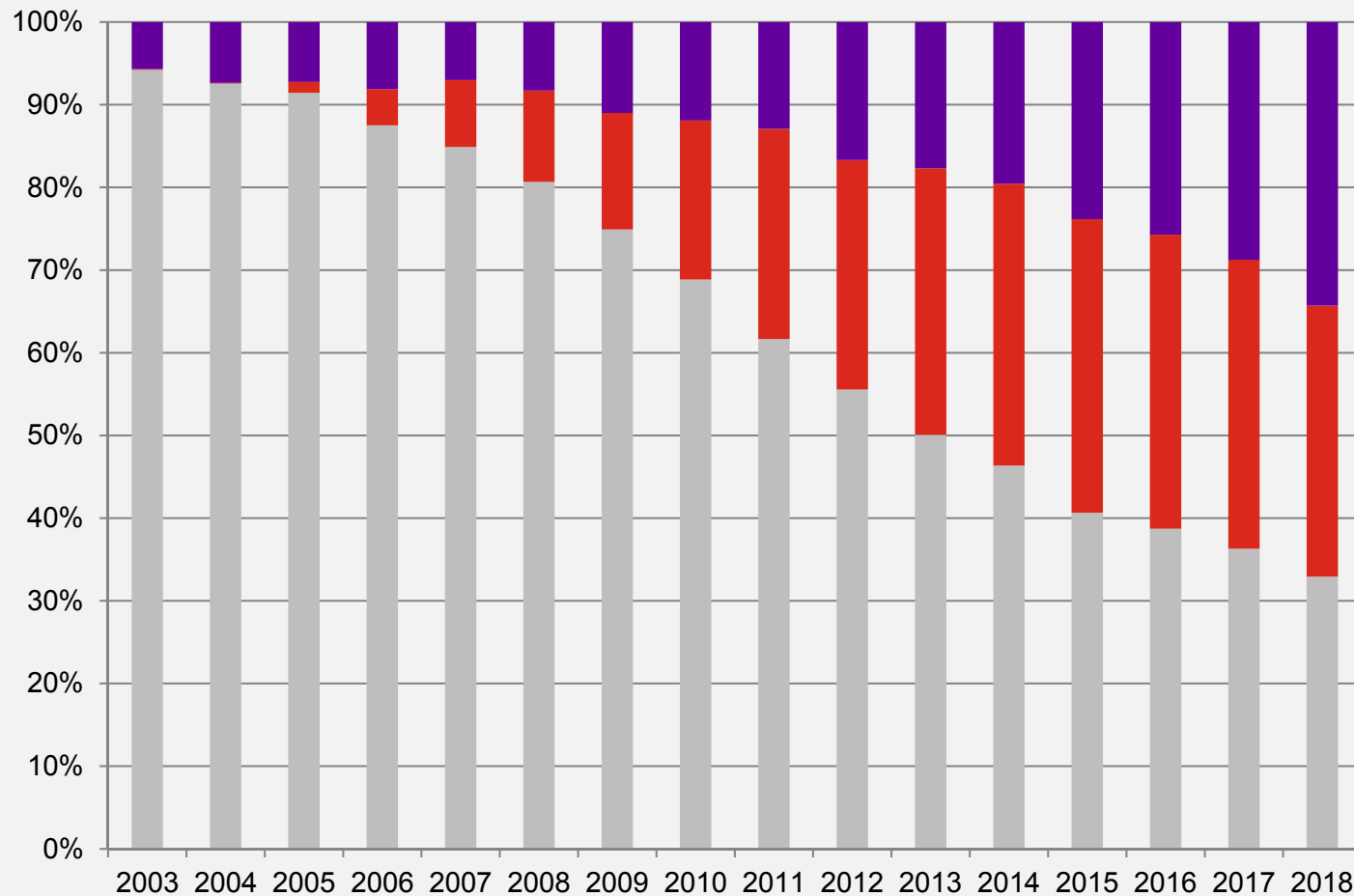
Small commercial – GWP (\$m)



# A multi-channel approach

## Hiscox Retail customers

— Broker — Direct — Partnerships



- All roads lead to Hiscox
- Diverse income streams with no over-reliance on one channel or partner
- Rapid digitalisation of new and traditional channels
- Halo effect amplifies the brand across the whole marketplace
- Average premium\* by channel:
  - Direct and Partnerships c.\$750
  - Broker c.\$3,000

\*Average premiums approximated using average exchange rates for year-to-date 2019.

# Investing in our core capabilities



## Service model

- Reputation for responsiveness and quality
- Rigorous management of key metrics
- Driving lean practices
- Continue to lead on claims service



## Technology infrastructure

- UK system bedding in
- US delivers next year – key capability upgrades
- Turning an eye to Europe
- Franchise-wide automation tools



## Brand

- 2019 marketing spend up 30% to \$90m
- New US campaign and Major League Baseball sponsorship
- Heavy investment in differentiated content

## Business performance and outlook

# Group performance



Year to 30 June 2019			Constant currency
	GWP \$m	GWP change %	GWP change %
<b>Hiscox Retail*</b>	<b>1,146.3</b>	<b>2.6</b>	<b>6.4</b>
Hiscox UK	378.5	(1.7)	4.3
Hiscox USA	437.1	3.1	3.1
Hiscox Europe	245.1	9.0	17.0
Hiscox Special Risks	67.0	(4.0)	(2.3)
Hiscox Asia	18.6	38.8	40.0
<b>Hiscox London Market</b>	<b>484.6</b>	<b>5.6</b>	<b>6.6</b>
<b>Hiscox Re &amp; ILS</b>	<b>698.3</b>	<b>6.5</b>	<b>7.6</b>
<b>Total</b>	<b>2,329.2*</b>	<b>4.4</b>	<b>6.8</b>

\*GWP for Hiscox Asia includes an adjustment for premium written via an agency relationship into Hiscox Insurance Company (Bermuda) Limited for 'like-for-like' comparison purposes.



# Our evolution continues



## Investing in brand and infrastructure

- UK/US/EU IT change programmes to support growth
- Finance transformation nears its halfway point
- Investment in brand and marketing of \$90m in 2019



## Maintaining discipline and innovating

- Actively managing D&O in US market and risk excess reinsurance
- New security product to protect shipping targeted by nation states



## Adapting to changing leadership

- Grace Hanson new Head of Claims
- Bob Thaker CEO of Hiscox UK
- Richard Watson succession under way

## Summary and outlook

### Positive momentum

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- A mixed first half
  - Working through operational and portfolio evolution
  - Top-line growth for all segments
  - Great investment performance
- Evolution of senior team continues
- Breadth of business creating opportunities
  - Return to stronger growth in retail
  - Big-ticket rating continues to improve

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- 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
  - 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?

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- 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. We aim to grow this business between 5-15% per annum.

# Geographical reach

## 34 offices in 14 countries



# Strategic focus

## Total Group controlled income for 2018

\$100% = \$4,224 million

### Big-ticket business

21% Reinsurance

8% Large property

5% Casualty

5% Specialty – terrorism, product recall

5% Marine and energy

### Retail business

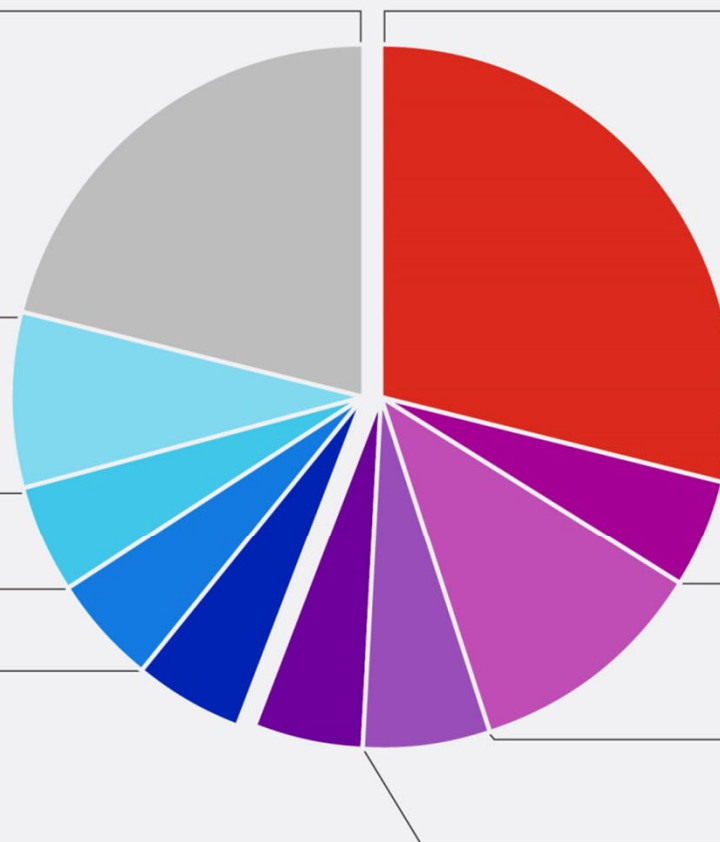
Small commercial 29%

Tech and media  
casualty 5%

Art and private client 11%

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

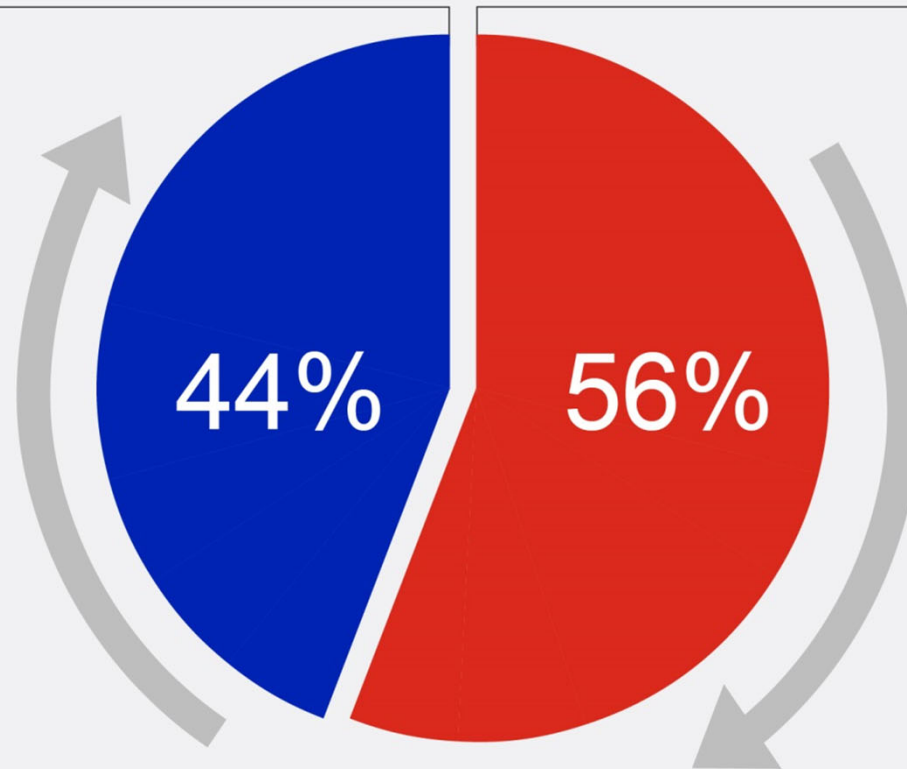
Small property 5%



# 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

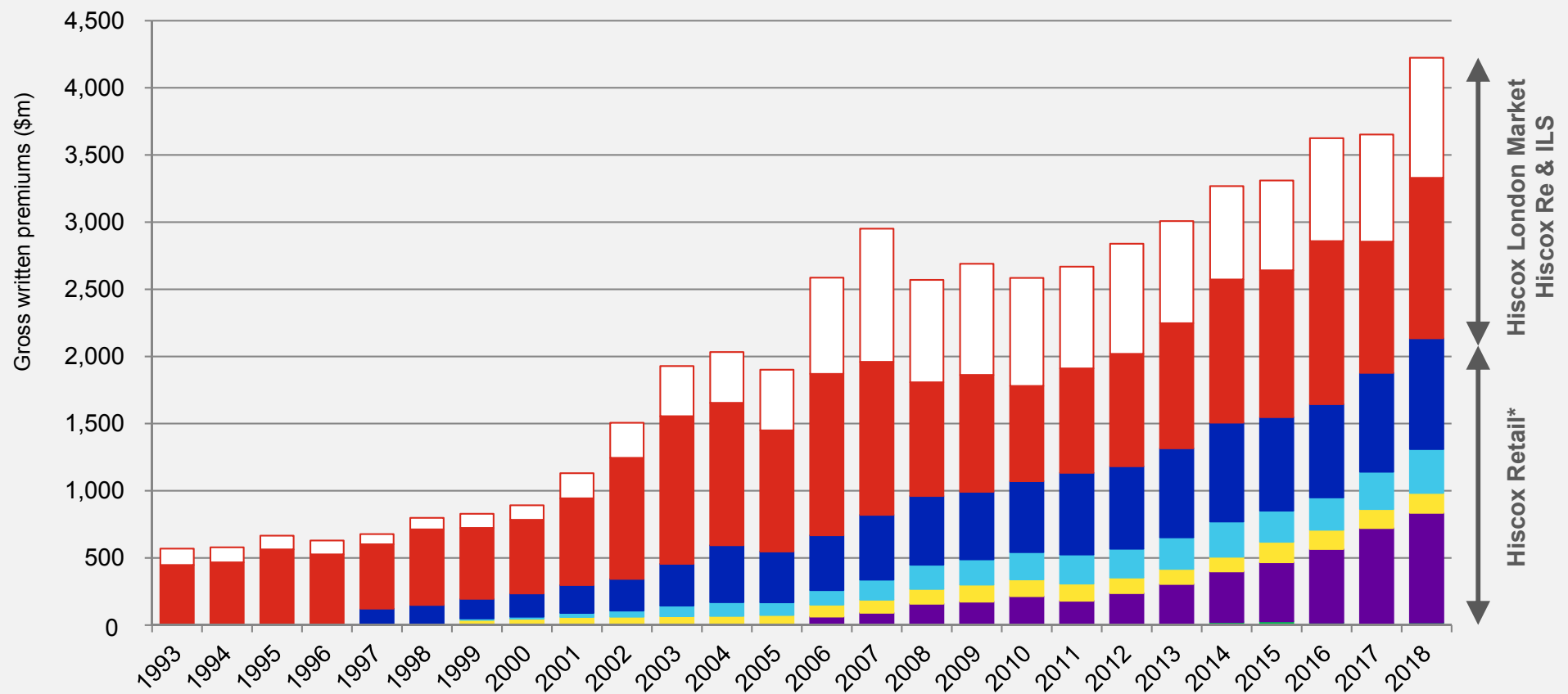
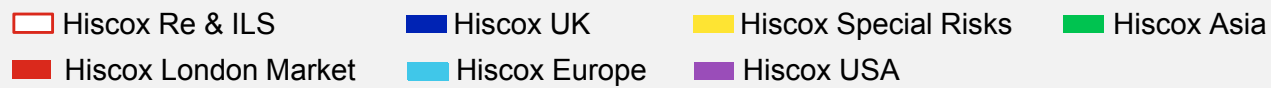


## Retail business

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

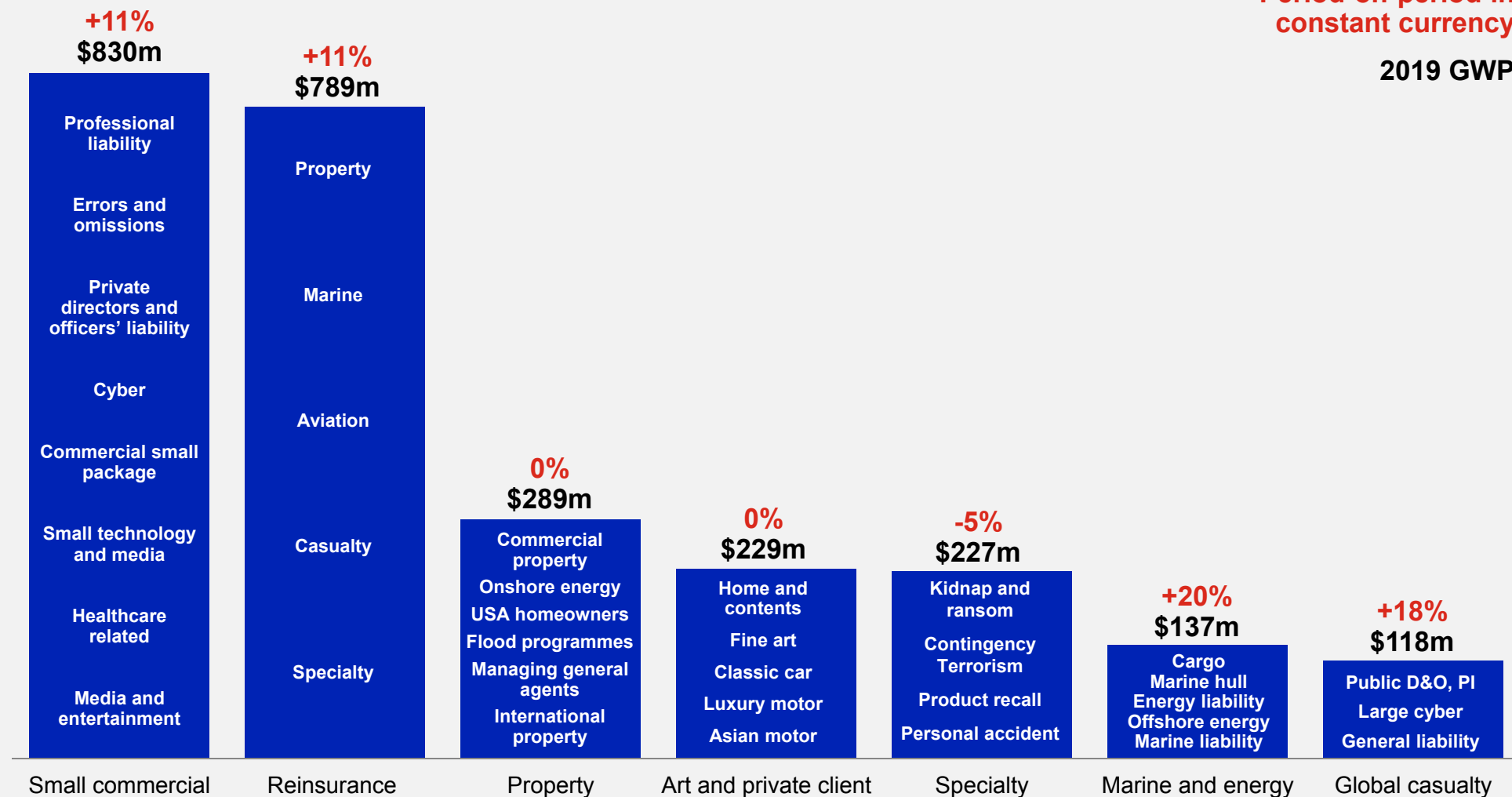


# An actively managed business

Total Group controlled premium 30 June 2019: \$2,619 million

Period-on-period in  
constant currency

2019 GWP



# Segmental analysis

	30 June 2019					30 June 2018				
	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	1,154.6	484.6	698.3	–	2,337.5	1,113.0	458.7	655.6	1.5	2,228.8
Net premiums written	1,020.9	246.9	199.6	–	1,467.4	982.2	277.0	197.5	(57.4)	1,399.3
Net premiums earned	937.7	262.6	113.5	–	1,313.8	900.5	284.2	150.6	(57.4)	1,277.9
Investment result	81.4	41.5	24.6	–	147.5	10.2	5.7	3.9	–	19.8
Foreign exchange gains/(losses)	2.3	1.9	3.7	7.7	15.6	(2.0)	(1.0)	2.5	(8.0)	(8.5)
Profit/(loss) before tax	137.7	34.4	14.0	(18.1)	168.0	100.0	42.7	57.8	(37.8)	162.7
<b>Combined ratio</b>	<b>95.0%</b>	<b>103.3%</b>	<b>111.3%</b>	<b>–</b>	<b>98.8%</b>	<b>90.7%</b>	<b>88.6%</b>	<b>71.5%</b>	<b>–</b>	<b>87.9%</b>

# Hiscox Ltd results



\$m	2018	2017	2016	2015	2014	2013
Gross premiums written	<b>3,778.3</b>	3,286.0	3,257.9	2,972.7	2,894.3	2,656.3
Net premiums written	<b>2,581.5</b>	2,403.0	2,424.5	2,403.3	2,213.9	2,143.0
Net premiums earned	<b>2,573.6</b>	2,416.2	2,271.3	2,194.1	2,169.2	2,005.8
Investment return	<b>38.1</b>	104.8	95.8	47.6	85.7	87.5
Profit before tax*	<b>135.6</b>	37.8	480.0	329.3	380.8	382.2
Profit after tax*	<b>117.9</b>	22.7	447.2	312.5	349.5	364.1
Basic earnings per share (¢)*	<b>41.6</b>	8.1	159.0	108.5	109.0	101.5
Dividend (¢)	<b>41.9</b>	39.8	35.0	36.1	36.2	34.0
Invested assets (incl. cash) <sup>†</sup>	<b>6,264.9</b>	5,957.1	5,468.0	5,305.8	5,062.0	5,163.7
Net asset value*						
\$m	<b>2,259.0</b>	2,317.2	2,217.4	2,216.0	2,244.7	2,307.6
¢ per share	<b>798.6</b>	817.0	792.5	790.0	713.9	658.5
£m	<b>1,773.6</b>	1,797.7	1,635.3	1,449.3	1,332.3	1,476.4
p per share	<b>626.9</b>	633.9	584.5	516.7	423.7	421.3
Combined ratio**	<b>94.9%</b>	99.9%	84.2%	85.0%	83.9%	83.0%
Return on equity after tax* <sup>^</sup>	<b>5.3%</b>	1.0%	22.5%	15.6%	16.8%	18.9%

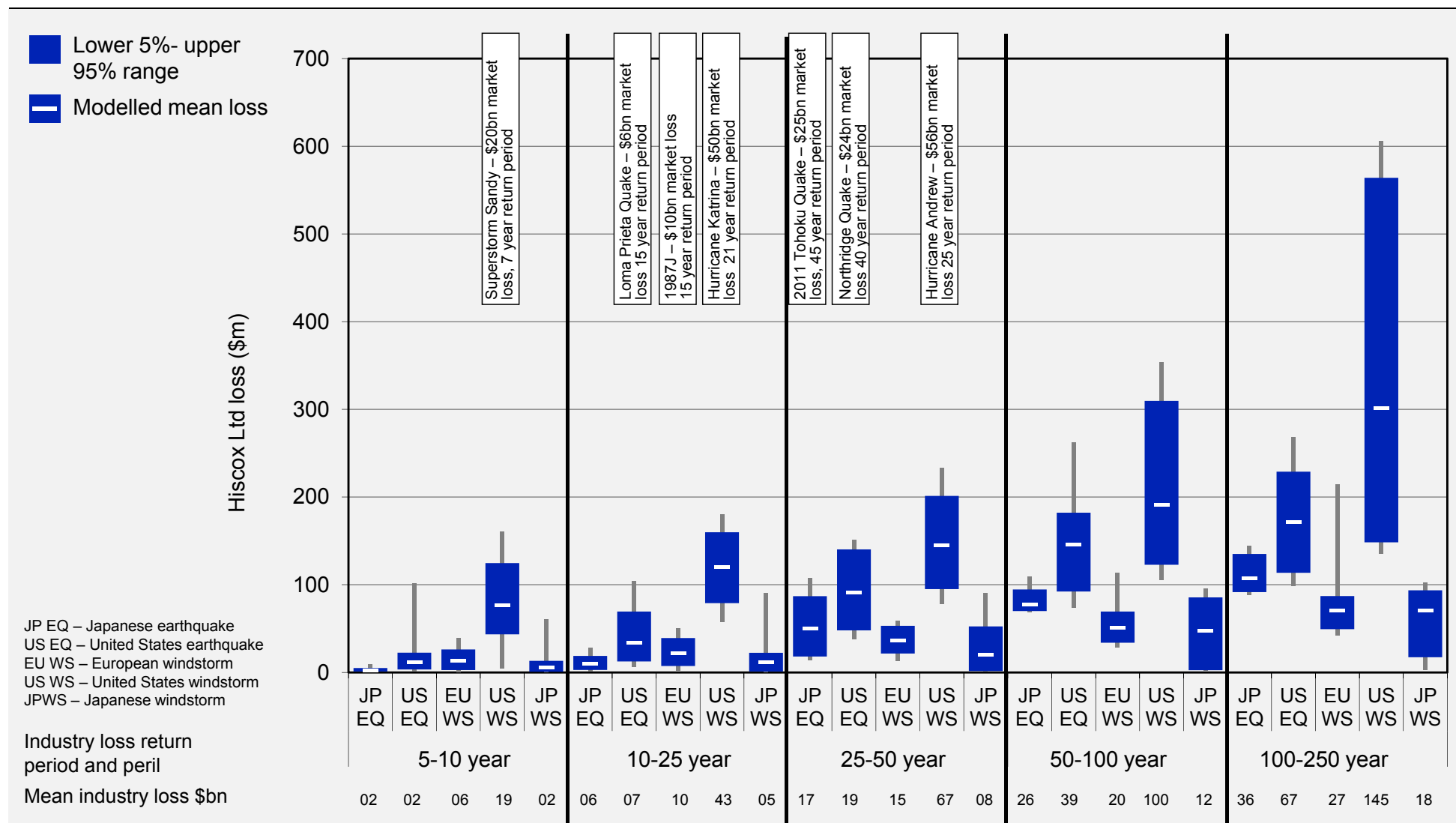
\*Re-stated following prior period re-adjustments.

<sup>†</sup>Excluding derivatives, insurance linked funds and third-party assets managed by Kiskadee Investment Managers.

\*\*Combined ratio for years 2013-2015 remains gross of investment fees for comparability to original accounts.

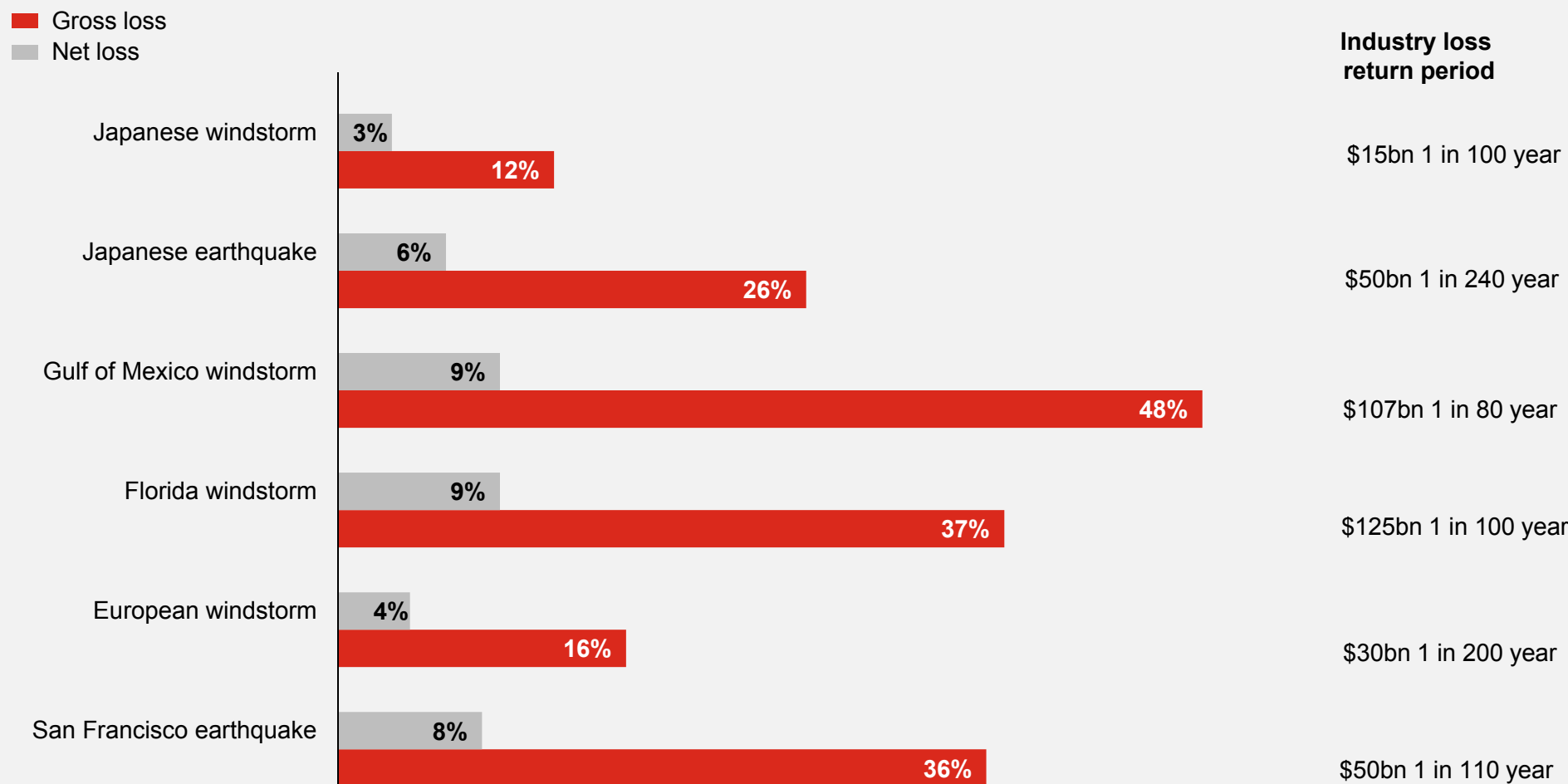
<sup>^</sup>Annualised post-tax, based on adjusted opening shareholders' funds.

# Boxplot and whisker diagram of modelled Hiscox Ltd net loss (\$m) April 2019



# Realistic disaster scenarios

## Hiscox Group – losses shown as percentage of 2018 gross and net written premium



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 \$80m-\$700m could be suffered in the following extreme scenarios:

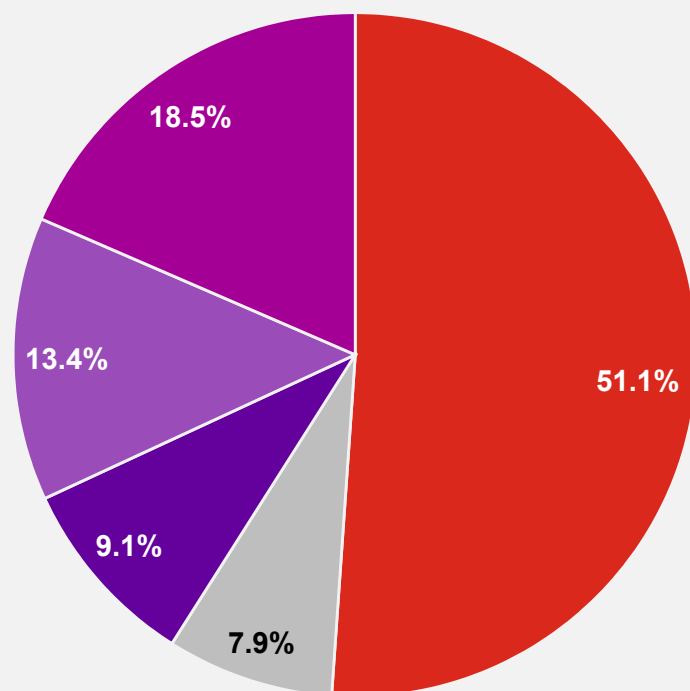
Event		Est. loss
Pandemic	Global Spanish flu-type event (high infection, low mortality) 45% infection rate, 20% medical treatment, 0.3% case fatality rate	\$205m
Multi-year loss ratio deterioration	5% deterioration on three years' casualty premiums of c.\$4bn	\$215m
Economic collapse	An economic collapse more extreme than any witnessed since World War II*	\$625m
Casualty reserve deterioration	40% deterioration on existing casualty reserves of c.\$1.5bn Est. 1 in 200 year event*	\$625m
Cyber	A range of cyber scenarios including mass ransomware outbreaks and cloud outages. Includes 'silent cyber' exposures	\$80m-\$700m
Property catastrophe	1 in 200 year catastrophe event from \$220bn US windstorm	\$400m

\*Losses spread over multiple years.

# GWP geographical and currency split

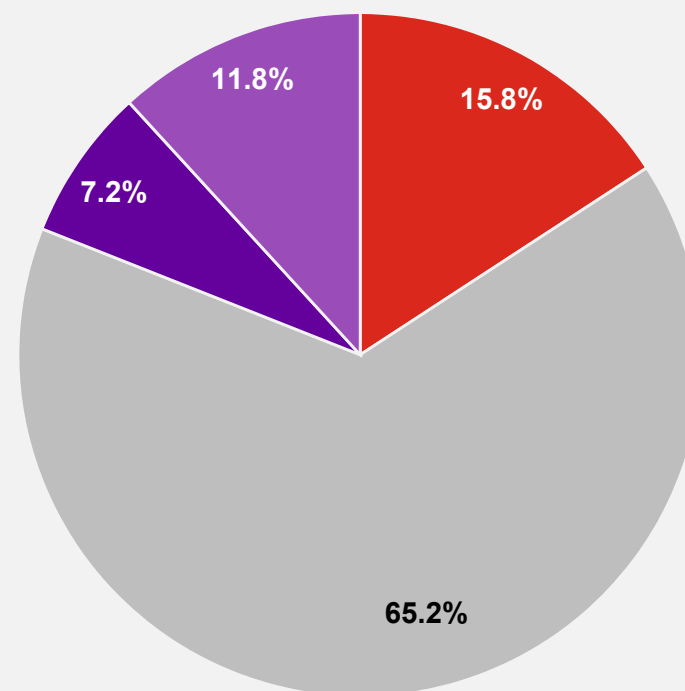
**2019 geographical split – controlled income**

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



**2019 currency split – controlled income**

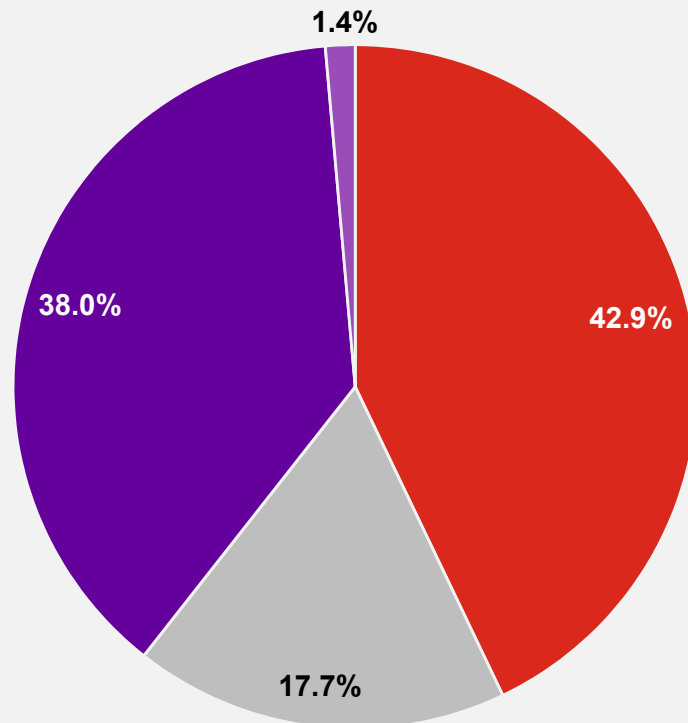
- GBP
- USD
- CAD and other
- EUR



# Group reinsurance security

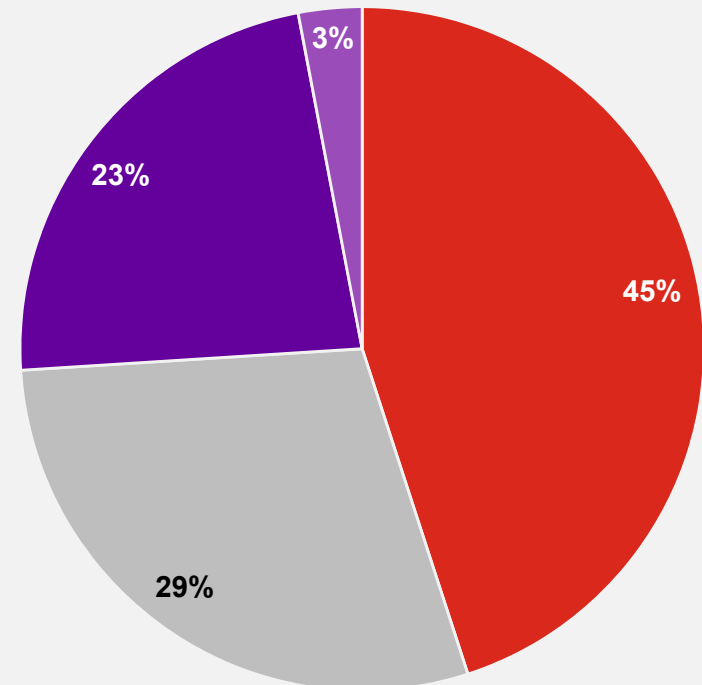
## Receivables at 30 June 2019 of \$2,846 million

- A
- AA
- AAA and collateralised
- Other



## 2019 reinsurance protections\* First loss exposure by rating

- A
- AA
- ILS
- Collateralised

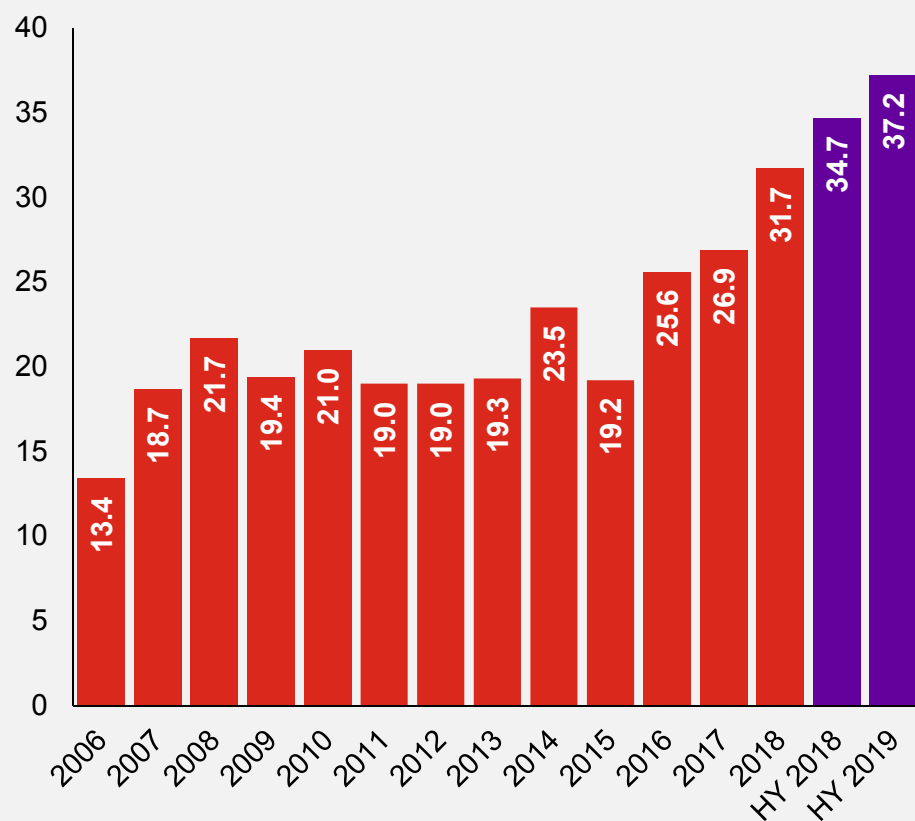


\*Reinsurance placements in force at 16 July 2019.

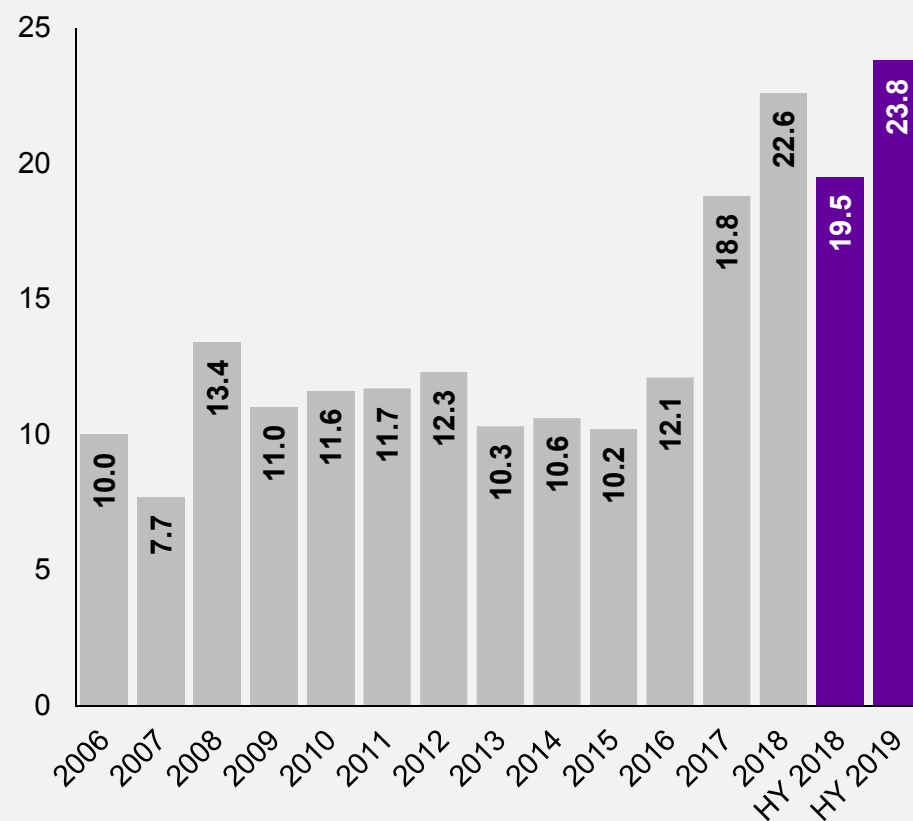


# Reinsurance

Ceded as a percentage of GWP



Reinsurance receivables as a percentage of total assets



# Investment result

## Return of \$147.5m

	30 June 2019			30 June 2018		
	Asset allocation %	Annualised return %	Return \$m	Asset allocation %	Annualised return %	Return \$m
Bonds £	14.5	3.1		13.2	0.2	
\$	53.5	4.9		50.8	0.6	
Other	7.1	1.9		4.5	0.3	
Bonds total	75.1	4.4	100.9	68.5	0.5	11.6
Equities	7.5	22.5	46.5	6.7	2.1	4.6
Deposits/cash/bonds <three months	17.4	0.6	3.5	24.8	0.8	5.7
Investment result – financial assets		4.8	150.9		0.7	21.9
Derivative returns			(0.5)			0.7
Investment fees			(2.9)			(2.8)
Investment result			147.5			19.8
Group invested assets			\$6,367m			\$6,460m

- Yield to maturity of bond portfolio 1.8% at 30 June 2019 (2.4% at 30 December 2018)
- Coupon income increasing, boosted by mark-to-market adjustments on bonds as US rates have fallen
- Risk assets perform strongly in buoyant equity markets
- High credit quality maintained in fixed income portfolio
- Average bond duration: 1.4 years (2018: 1.5 years)

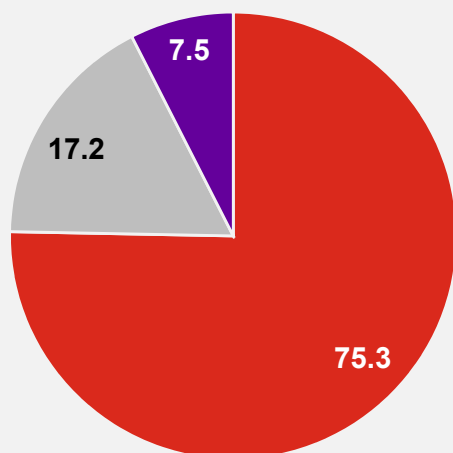
# Portfolio – asset mix

## High quality, conservative portfolio

Investment portfolio \$6,367 million as at 30 June 2019

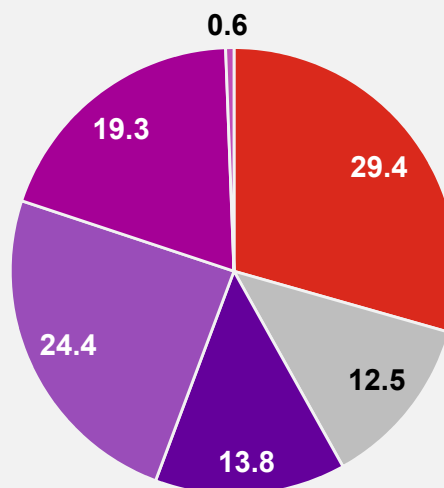
### Asset allocation

- Bonds
- Cash
- Risk assets



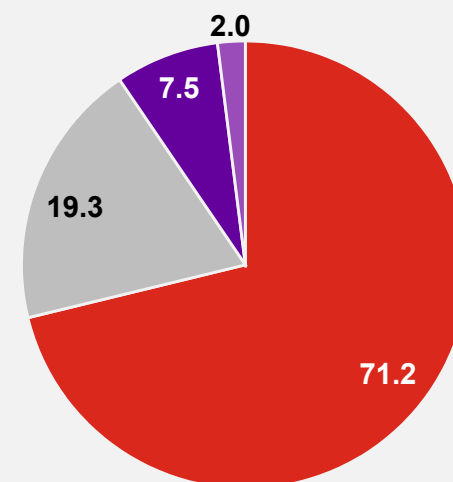
### Bond credit quality

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



### Bond currency split

- USD
- GBP
- EUR
- CAD and other



# Portfolio – USD bond portfolios as at 30 June 2019

<b>Portfolios: \$3.3 billion</b>	<b>AAA %</b>	<b>AA %</b>	<b>A %</b>	<b>BBB %</b>	<b>BB and below %</b>	<b>Total %</b>	<b>Duration years</b>
Government issued		37.3				<b>37.3</b>	<b>1.2</b>
Government supported*	0.5	0.6	0.1			<b>1.2</b>	<b>1.4</b>
Asset backed	1.5					<b>1.5</b>	<b>0.3</b>
Mortgage backed agency		5.7				<b>5.7</b>	<b>3.1</b>
Non agency	0.3	0.1			0.6	<b>1.0</b>	<b>2.2</b>
Commercial MBS	0.2					<b>0.2</b>	<b>3.0</b>
Corporates	0.8	7.4	24.6	19.2	0.2	<b>52.2</b>	<b>1.4</b>
Lloyd's deposits and bond funds	0.1	0.6	0.1	0.1		<b>0.9</b>	<b>1.3</b>
<b>Total</b>	<b>3.4</b>	<b>51.7</b>	<b>24.8</b>	<b>19.3</b>	<b>0.8</b>	<b>100.0</b>	<b>1.3</b>

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

# Portfolio – GBP, EUR and CAD bond portfolios as at 30 June 2019

<b>GBP portfolios: \$946 million</b>	AAA %	AA %	A %	BBB %	BB and below %	<b>Total %</b>	<b>Duration years</b>
Government issued		14.8				<b>14.8</b>	<b>1.3</b>
Government supported*	9.9	6.9	2.7			<b>19.5</b>	<b>1.9</b>
Asset backed	3.6		0.4			<b>4.0</b>	<b>1.4</b>
Corporates	18.4	5.7	17.6	20.0		<b>61.7</b>	<b>1.9</b>
<b>Total</b>	<b>31.9</b>	<b>27.4</b>	<b>20.7</b>	<b>20.0</b>	<b>0.0</b>	<b>100.0</b>	<b>1.8</b>

<b>Other currencies: \$524 million</b>	AAA %	AA %	A %	BBB %	BB and below %	<b>Total %</b>	<b>Duration years</b>
Government issued	6.1					<b>6.1</b>	<b>0.9</b>
Government supported*	9.9	2.7	0.9	0.2		<b>13.7</b>	<b>1.9</b>
Asset backed	0.6					<b>0.6</b>	<b>1.3</b>
Corporates	15.1	7.6	26.4	16.9		<b>66.0</b>	<b>1.9</b>
Lloyd's deposits	9.3	1.7	1.2	1.2	0.2	<b>13.6</b>	<b>1.3</b>
<b>Total</b>	<b>41.0</b>	<b>12.0</b>	<b>28.5</b>	<b>18.3</b>	<b>0.2</b>	<b>100.0</b>	<b>1.8</b>

\*Includes supranational and government guaranteed bonds.

## **Hiscox Retail**

Hiscox Retail brings together the results of the Group's retail business divisions: Hiscox UK, Hiscox Europe, Hiscox USA, Hiscox Special Risks and Hiscox Asia. Hiscox UK and Hiscox Europe underwrite UK and European personal and commercial lines business through Hiscox Insurance Company Limited and Hiscox SA respectively. These businesses also underwrite fine art and non-US household insurance through Syndicate 33. In addition, Hiscox UK includes elements of specialty and international employees and officers' insurance written by Syndicate 3624. Hiscox Special Risks comprises the specialty and fine art lines written through Hiscox Insurance Company (Guernsey) Limited, as well as the European kidnap and ransom business written by Hiscox Insurance Company Limited and Syndicate 33. Hiscox USA comprises the US commercial and specialty business written by Syndicate 3624 and Hiscox Insurance Company Inc.

## **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 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 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 2.2 of the Group's Report and Accounts for the year ended 31 December 2018.

## **Corporate Centre**

Corporate Centre comprises 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.