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Hiscox Ltd
Investor presentation

May 2020

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Key messages

Proactive and comprehensive response to COVID-19

- US wholesale and reinsurance markets expected to continue to harden
- Moving to strengthen capital buffers amid unprecedented uncertainty
- Placing of up to 19.99% headlines range of proactive capital and operational initiatives
- UK business interruption 12-week risk scenario shows range of modelled outcomes from £10m-£250m[1]

Robust capital position

- Estimated Q1 BSCR capital ratio of 195% (estimate as at 31 December 2019: 205%)
- Ability to withstand a range of downside scenarios

Significant organic growth opportunities ahead

- Continued positive momentum in Hiscox London Market – rising rates and improving T&Cs
- Hiscox Re & ILS well positioned to capture opportunities presented by expected capital contraction
- Long-term growth opportunities in Hiscox Retail – small market shares in large markets. Retail combined ratio target for 2022 remains 90-95%.

Given earnings pattern of premiums, expect transaction to be EPS and ROE accretive in 2022

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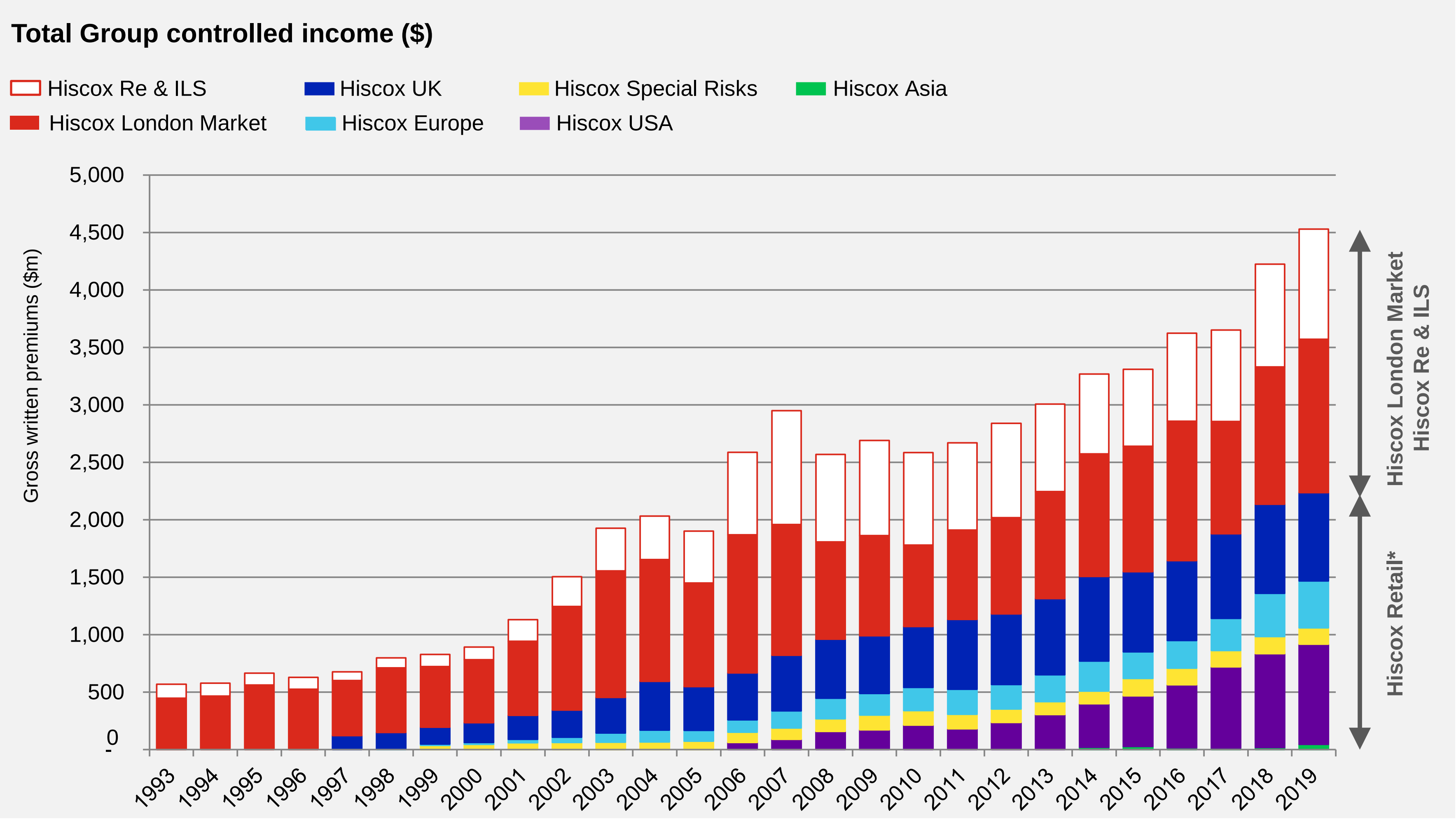
Q1 2020 trading update
A strong start to the year

Year to 31 March 2020	GWP $m	GWP change %	Constant currency GWP change %
Hiscox Retail	**635.1**	**7**	**8**
Hiscox UK	181.7	2	3
Hiscox USA	227.0	7	7
Hiscox Europe	173.4	12	15
Hiscox Special Risks	41.2	8	8
Hiscox Asia	11.8	34	30
Hiscox London Market	**254.5**	**11**	**12**
Hiscox Re & ILS	**292.2**	**(15)**	**(15)**
Total	**1,181.8**	**1**	**2**

- Strong trading performance in Retail
  - Europe the standout performer
  - USA momentum continues
  - Commercial lines driving UK growth
- London Market benefiting from third consecutive year of rate improvement
- Keeping powder dry in Re & ILS, with top line reducing as planned. Rates up 7%.
- Capital contraction expected to drive rates up further
- All financial guidance for 2020 withdrawn due to uncertain impact of COVID-19 on global economy

Percentage growth reflects March 2019 to March 2020

Long-term diversified growth



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

Culture of discipline and cycle management

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What drives us

- **Diversified business model reduces risk profile**
- **Investment and innovation**
  - Over $500m invested in brand and marketing since 2010
  - $320m invested in upgrading IT infrastructure since 2013
- **Cautious approach to reserving**

Active portfolio management

- **Culture of underwriting discipline**
  - 10-year average Group COR 91%
- **Constant course correction**
  - Good growth in all segments while exiting $200m of business in 2019
- **Manage the cycle in big-ticket business**
  - Positioned for rising tide as capital contraction drives rates up

Long-term track record

- **Diversification provides resilience**
  - Weathered an unprecedented three successive years of material catastrophes while maintaining strong capital buffers
  - Returned $338m of capital from 2017-2019
- **Proven history of investment driving profitable growth**
  - 10-year Retail CAGR 8%

COVID-19 underwriting portfolio impacts

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Event cancellation, media and travel

- Actively settling claims for covered losses
- Expect to pay up to $150m of net claims based on six months of government restrictions
- Additional $25m net if restrictions are extended
- These claims are progressing in line with expectations and disclosed pandemic realistic disaster scenario

Retail business interruption

- Core UK property policies do not cover business interruption (BI) as a result of general measures taken by UK government in response to a pandemic
- Limited BI exposure in Europe
- Negligible BI exposure in the US, where small business policies use a standard ISO form with an explicit virus exclusion

Balance of portfolio

- No material exposure to lines such as trade credit which are heavily impacted by COVID-19
- Exposure to losses in London Market and reinsurance currently uncertain
- Hiscox London Market has small market share in major property
- Hiscox Re & ILS underweight in Europe with modest net premium retention
- Too early to estimate third-party liability losses and recessionary impacts

Reinsurance programme provides substantial protection, purchased from high quality, diverse panel of reinsurers

UK business interruption risk scenario

Background

- Approximately 10% (33,000) of UK commercial customers purchase property insurance which includes an element of business interruption.
- Like others in the industry, Hiscox UK's property policies do not provide cover for business interruption as a result of the general measures taken by the UK government in response to a pandemic. Notwithstanding this is not a covered loss, we have provided a risk scenario for illustrative purposes.

Underlying assumptions

- We believe 10,000 of these customers have been mandated to close as a result of the general national measures taken by the UK government
- We believe three-quarters of the remaining customers are not premises dependent

Risk scenario (based on 33,000 customers)

- Scenario models the impact of a 12-week lockdown, taking into account:
  - Our view of the number of customers either ordered to close or with premises materially impacted
  - Savings likely to be made by customers on their normal business expenses
  - Various forms of government relief available to businesses
  - Adjusting for wider business trends resulting from reduced economic activity
- Based on this risk scenario, our analysis suggests a range of possible outcomes between £10 million and £250 million net of reinsurance[1,2]

FCA route to resolution

- FCA has announced a legal process involving multiple carriers to resolve coverage disagreements. We support this approach.
- In the event cover is found to exist, individual customer fact patterns will be considered and loss adjustment of each claim would then take place

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[2]Estimates do not include previously-disclosed $150-175 million for claims from event cancellation and abandonment, media and entertainment and other segments including travel

Comprehensive view of capital
Proactive capital optimisation to achieve strong returns

Capital actions

- Accelerating operational efficiencies (expected $60m-90m saving vs. plan in 2020)
- Continue conservative approach to investment portfolio
- Adjusting business mix and exposures (e.g. Nat Cat)
- $100m of new catastrophe reinsurance protection purchased; more in progress
- No dividend in 2020 ($125m benefit)
- Up to 19.99% placing

Strong capital position

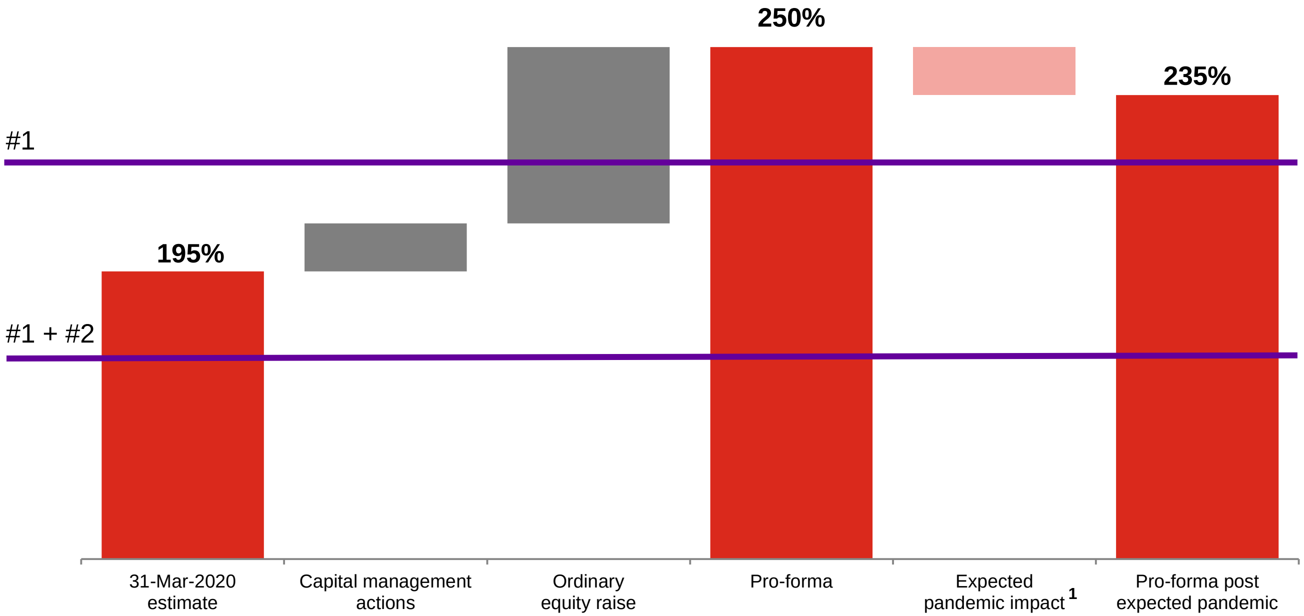
- BSCR at 195% after absorbing reserved COVID-19 claims and $79m mark to market loss on bonds and reduction in equities
- Robust reserves: approximately $300m above actuarial estimate
- Comfortably above all regulatory, economic, and management buffers
- S&P affirmed A rating and maintained stable outlook for the Group on 28 April
- 250% post-placing BSCR

Funding profitable growth

- Track record of generating returns materially above cost of capital
- Expect market to harden further
- Rising rates and improving T&Cs in Hiscox London Market
- Hiscox Re & ILS well positioned to capture opportunities
- Continued growth opportunity in Hiscox Retail
- Retail growth ambition 5-15% p.a. through the cycle

Capital strength
Positioned to withstand stress scenarios

Bermuda Solvency Capital Requirement (BSCR)



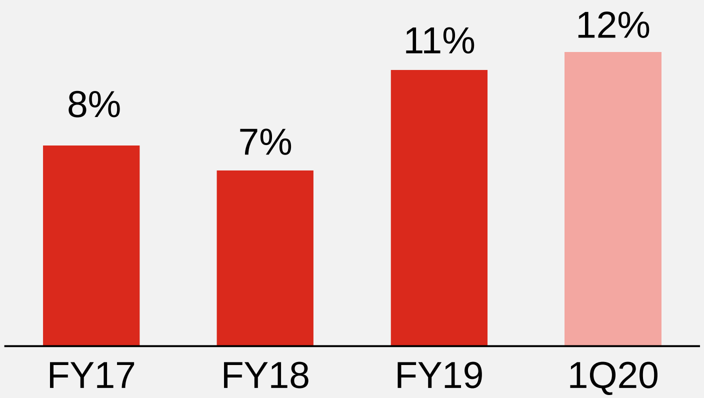
Illustrative scenario		Description	Illustrative BSCR range
#1	Natural catastrophe	US windstorm modelled mean loss for a 25-50 year return period	215-225%
#2	Economic recession	10% decline in equity markets[2], additional $250 million pandemic loss[3], 5% reduction in Group GWP and additional 4ppts Group loss ratio deterioration	170-180%

- Pre-equity raise capital position sufficiently robust to withstand expected COVID-19 losses and risk scenario, while maintaining capital consistent with S&P A rating
- Equity raise immediately strengthens BSCR to 250%
- Ample liquidity
- Post-equity raise capital position sufficiently robust to withstand both scenarios and remain consistent with maintaining S&P A rating
- Capital position supports future growth

[1]Expected pandemic impact consistent with $175 million loss estimate previously disclosed, less amount included in 31 March 2020 estimate
[2]Further decline in equity markets assumed to take place from 31 March 2020 and result in $50 million investment loss
[3]Economic recession scenario assumes further $250 million pandemic impact in addition to $175 million pandemic loss estimate previously disclosed

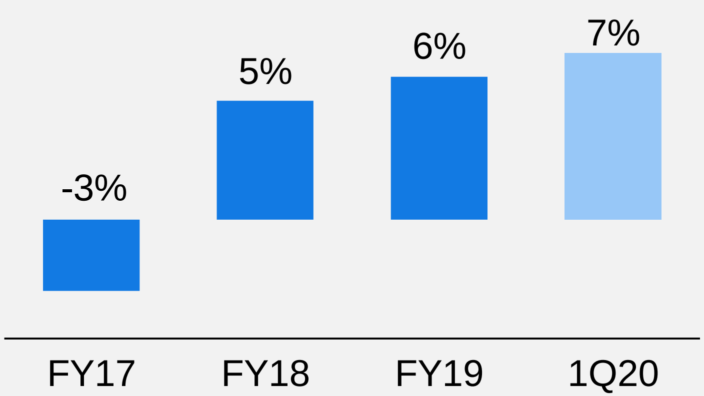
Strong rate momentum in big-ticket
Conditions expected to continue to improve

Hiscox London Market



- Third consecutive year of rate increases
- Overall rates up 12% YTD
- Rates up in 15 of 16 lines
- Rates up double-digits in business contributing 70% of premium including: D&O (+85%), GL (+26%), cargo (+23%), major property (+16%), household and commercial property (+11%)
- Terms and conditions improving

Hiscox Re & ILS



- Overall rates up 7% in Q1. Up 8% including April renewals.
  - Japan: windstorm up 38%, combined perils up 20%
- Rates up in every line of business
  - Retrocession up 15%
  - International catastrophe up 12%
  - North American catastrophe up 7%

Hiscox Retail
Significant long-term growth opportunity

Small market shares in large markets

- Over $80bn GWP to play for, with 50m SMEs and growing
- We have one million small business customers worldwide

Fast growth in our sweet spot

- Micro-SME insurance the largest and fastest growing segment[1]
- Online insurance penetration remains low, even in developed markets
- Investment in technology and automation expected to deliver further efficiencies

Conditions improving in US Retail

- US rates up 4% across the portfolio, with terms and conditions improving
- Strong growth opportunities in all channels

[1]Finaccord

Key messages

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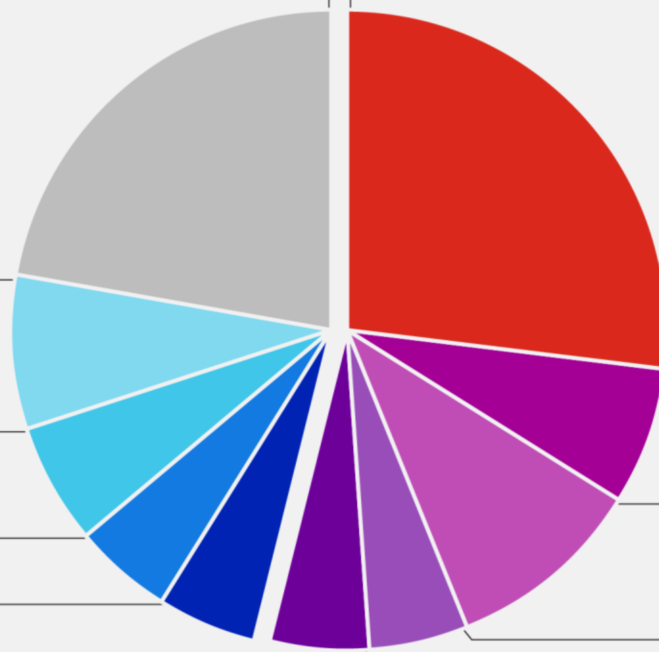
Overview of the offering

Placing size	• Up to 57.7 million new shares (up to 19.99% of issued share capital)
Placing structure	• Primary Institutional Placing (‘Placing’) via a cashbox
Lock-up	• The Company will be subject to a 90 day lock-up arrangement
Offer format	• Reg S offering and private placement to QIBs in the US
Use of proceeds	• Primary proceeds to be used to position the Group to respond to future growth opportunities in the US wholesale and reinsurance markets
Ranking	• New shares rank pari passu with existing shares

Further information on Hiscox

Strategic focus

Total Group controlled income for 2019
$100% = $4,530 million



A symbiotic relationship

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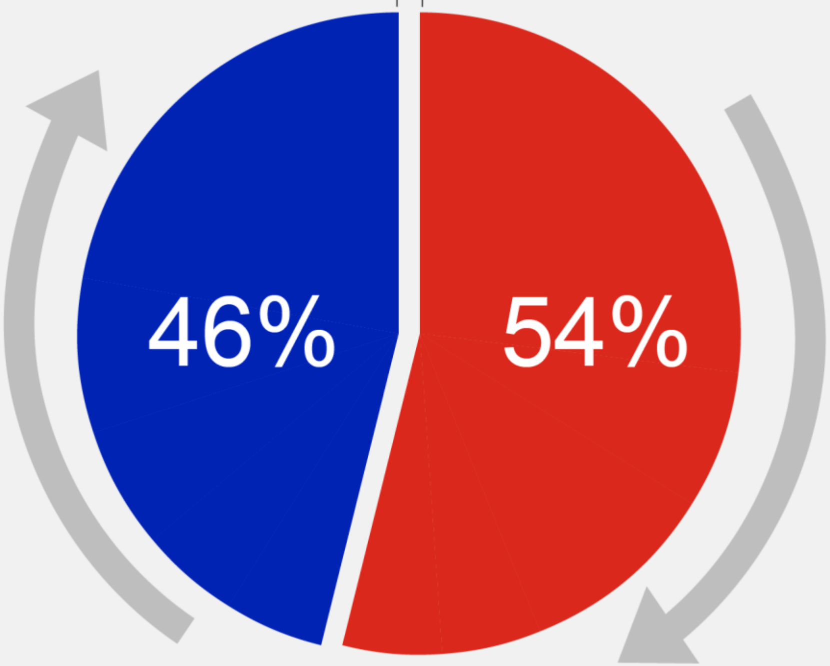
Big-ticket business

- 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

An actively managed business

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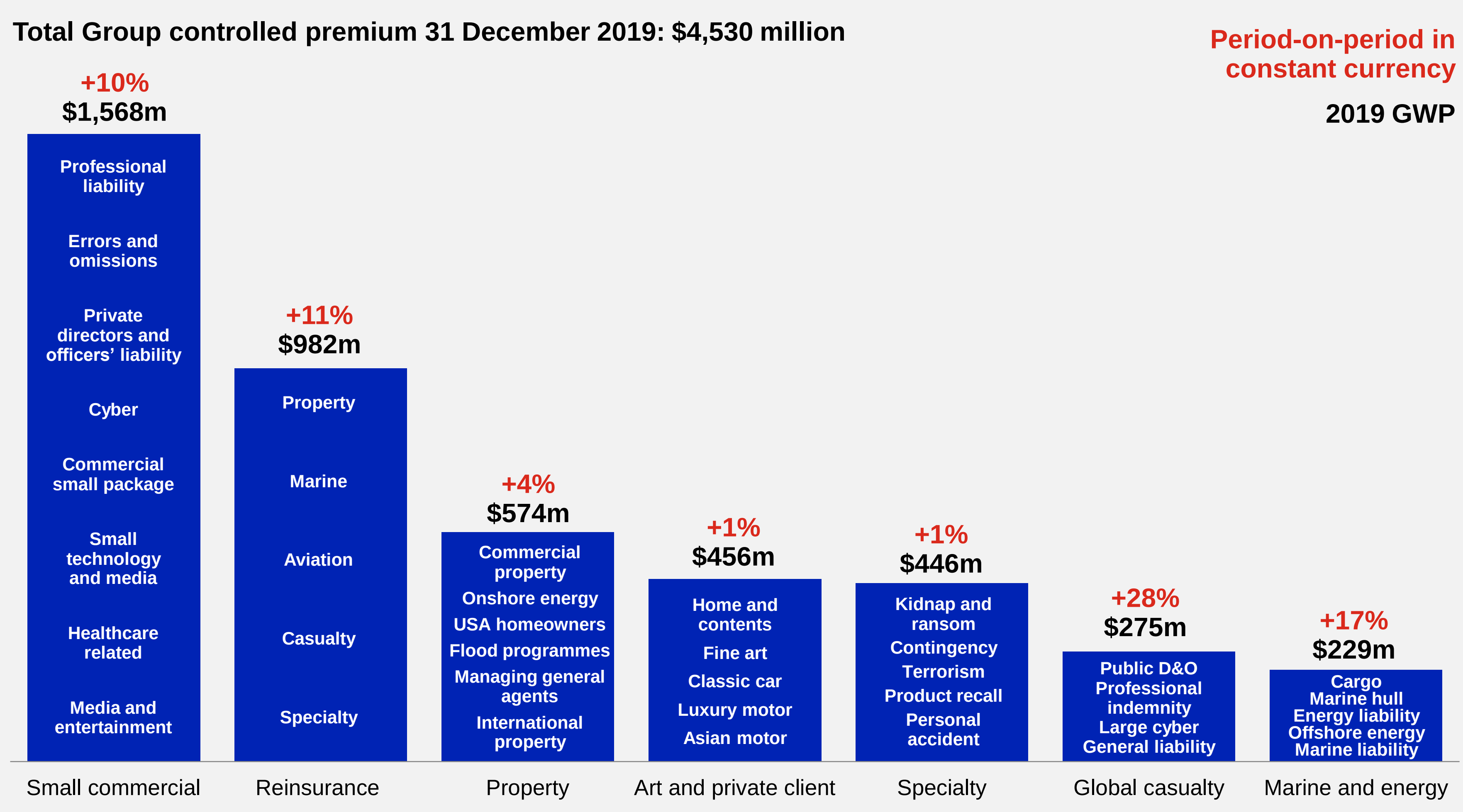
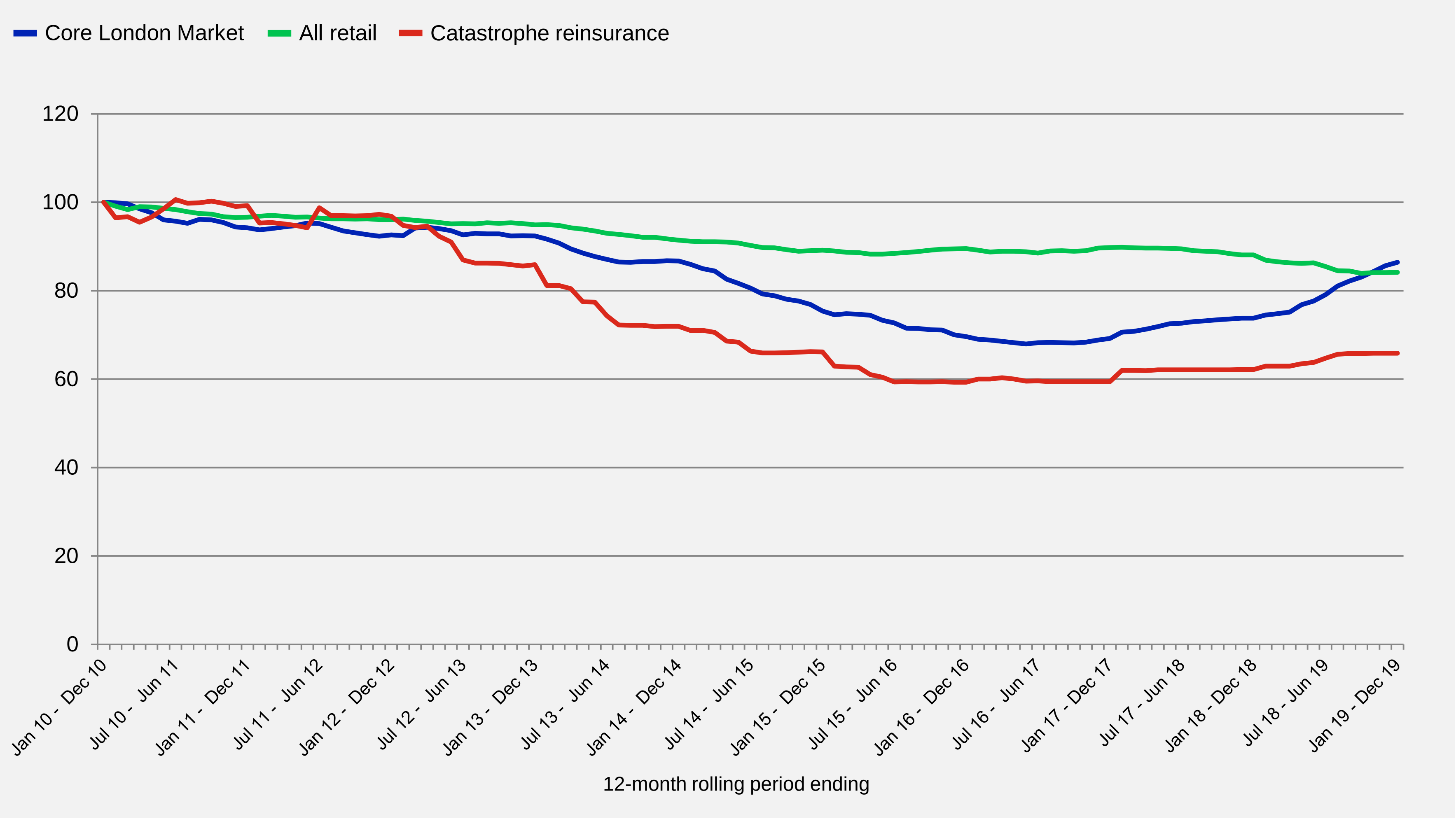
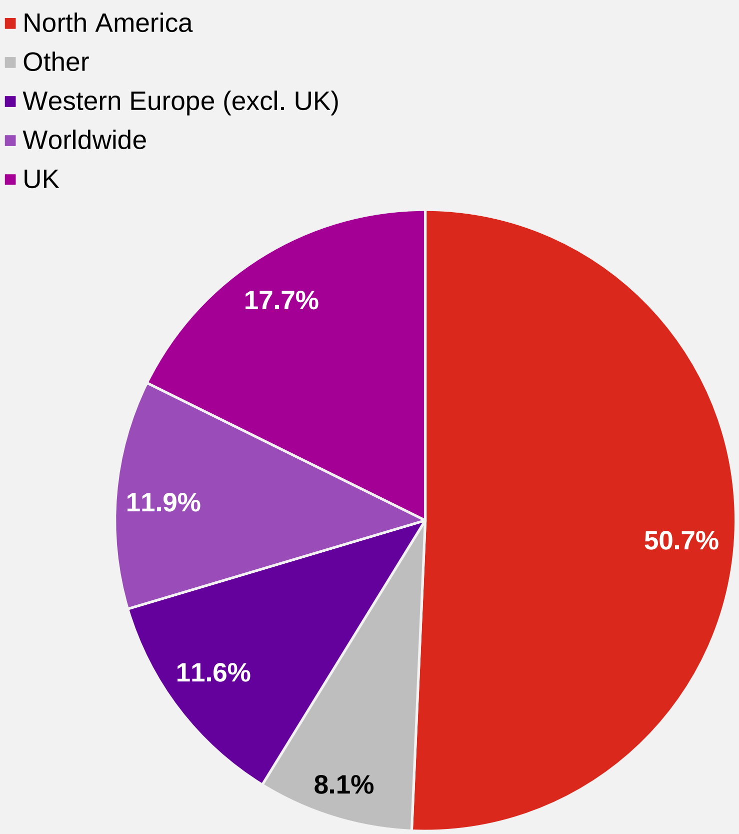


An improving market

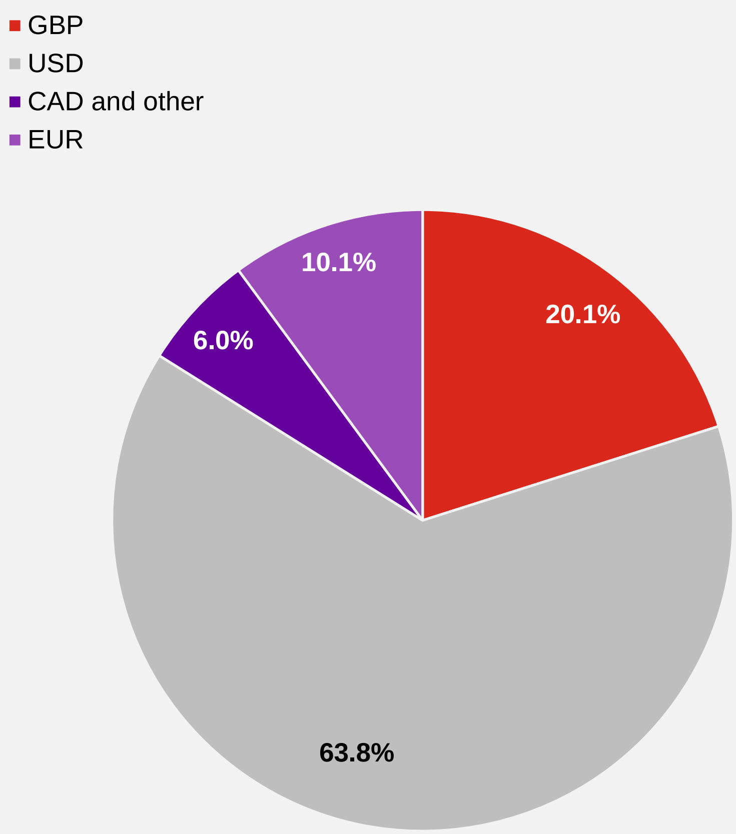


GWP geographical and currency split

2019 geographical split – controlled income



2019 currency split – controlled income



Robust capital position

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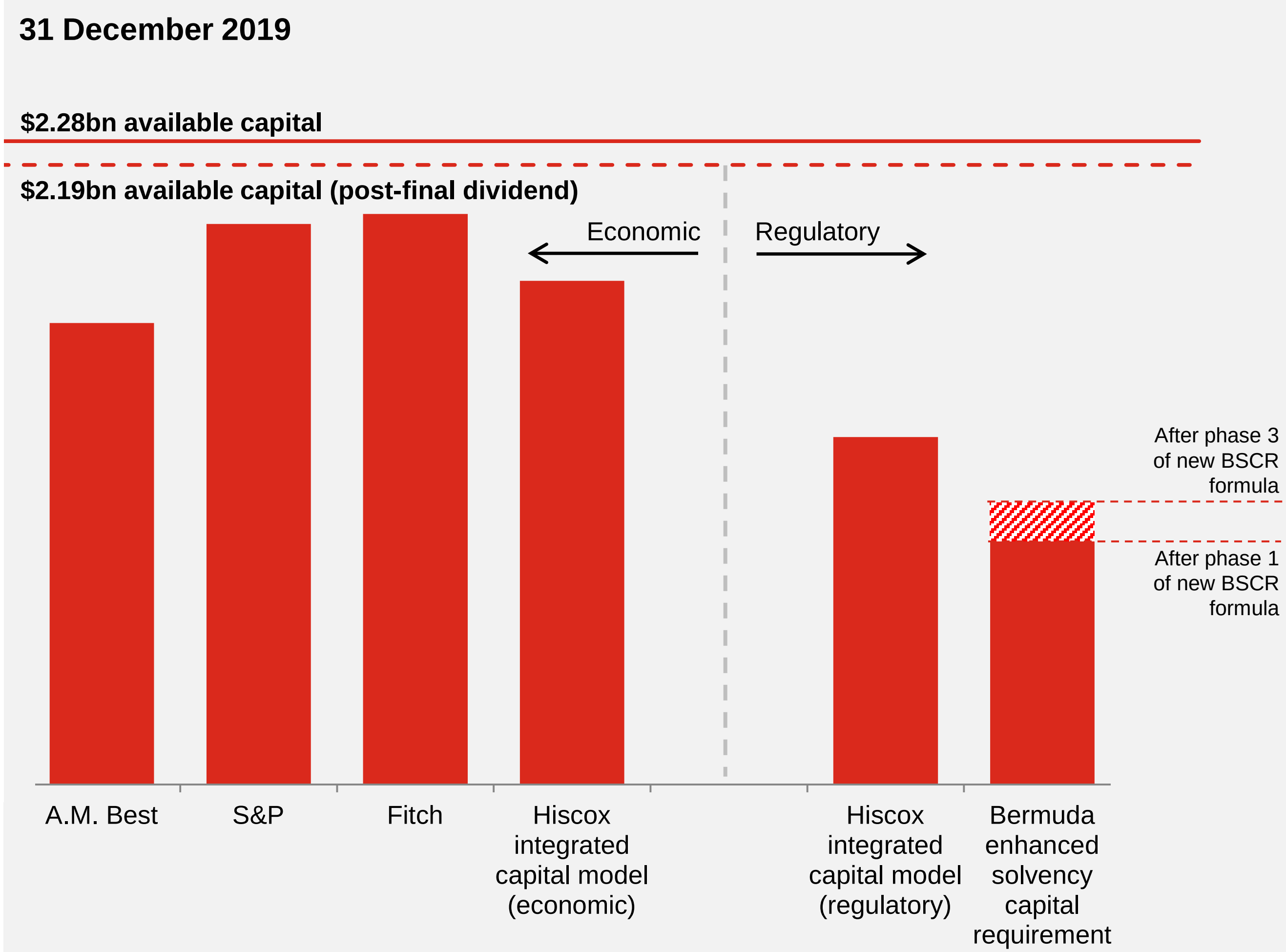

- All capital bases satisfactorily capitalised
- BMA's Bermuda Solvency Capital Requirement (BSCR) is Solvency II equivalent
- BSCR 205% (2018: 210%), equivalent to a regulatory capital surplus of $1.4bn
- First year of three-year process to strengthen BSCR formula now complete
- Based on current position, full strengthening would reduce BSCR by 20ppts, expected to be largely offset by capital generation and optimisation over next two years

Rating agency assessments shown are internal Hiscox assessments of the agency capital requirements on the basis of 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.

Reserve resilience continues

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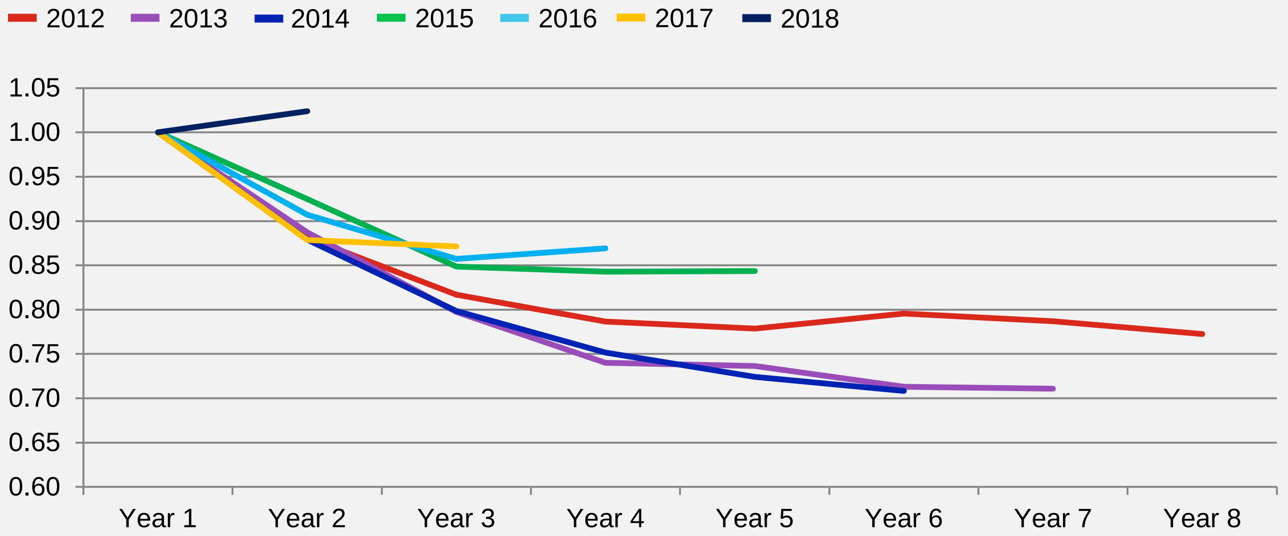
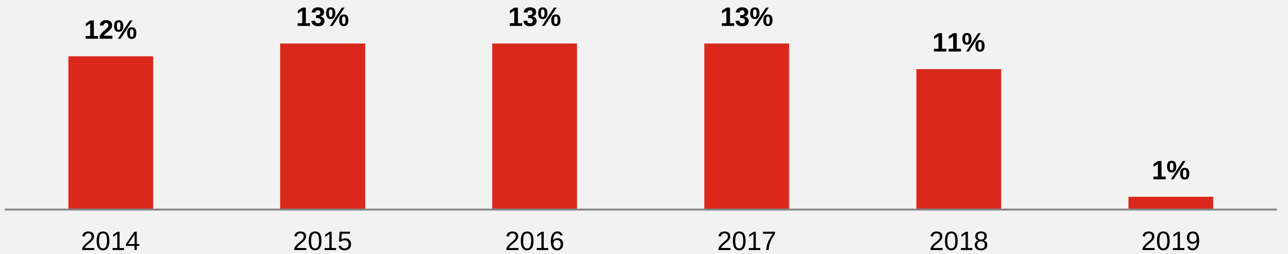
Loss development by accident year



Reserve release as % of opening net reserves



- Robust reserves 9.4% (2018: 11.0%) above actuarial estimate
- 2018 impacted by deterioration on catastrophes and reserve caution
- 2016 and 2017 impacted by strengthening on healthcare and US casualty
- Tail length of casualty business 3-5 years on average
- Reserve releases expected to be 3-5% of opening net reserves in 2020

Hiscox ESG framework
A pragmatic approach

Governance examples

- Stress testing and scenario analysis.
- Emerging risks forum.
- Mandatory training e.g. cyber security.

- ClimateWise.
- Gender pay gap report.
- Financial condition report.

- Three lines of defence model.

- Risk management framework.
- ORSA.

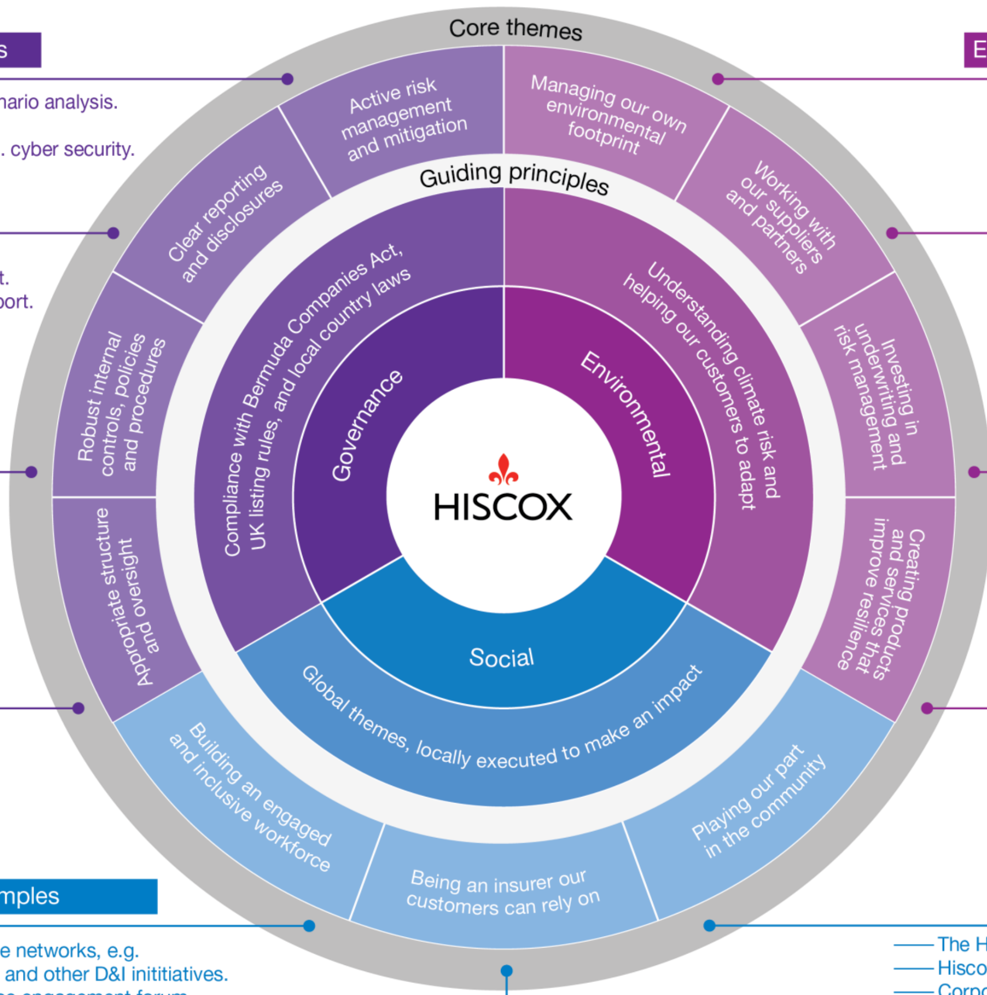
Environmental examples

- Carbon reporting and offsetting.
- Waste management.
- Hiscox Green Team.

- Investment managers.
- Claims supply chain.
- Caterers and facilities management.

- Natural catastophe research and modelling, e.g. wildfire.
- Risk curve stress testing and analysis.

- FloodPlus, FloodXtra.
- Underwriting sustainable ventures, e.g. wind farms.
- Piloting new technologies, e.g. LeakBot.



Social examples

- Employee networks, e.g. WeMind, and other D&I inititiatives.
- Workplace engagement forum.
- Annual employee engagement survey.

- Claims philosophy.
- (Re)insurance as a public good.

- The Hiscox Foundation.
- Hiscox Gives.
- Corporate sponsorship.

Thank you