Hiscox Ltd
Interim results

For the six months ended 30 June 2020

Responding to COVID-19

HISCOX

Employees

- Operationally resilient, with over 95% of our 3,400 employees working remotely
- Supporting them through flexible working and mental health and well-being services
- Retaining all current roles through this time; not furloughing any staff
- Continued paying contract staff and suppliers during the lockdown

Customers

- Extending credit terms, providing payment hibernation, premium rebates and discounts to reduce financial burden
- Providing automatic extensions and extending cover to ensure customers remain protected
- Redeployed staff to front line to ensure efficient and effective service continues

Society

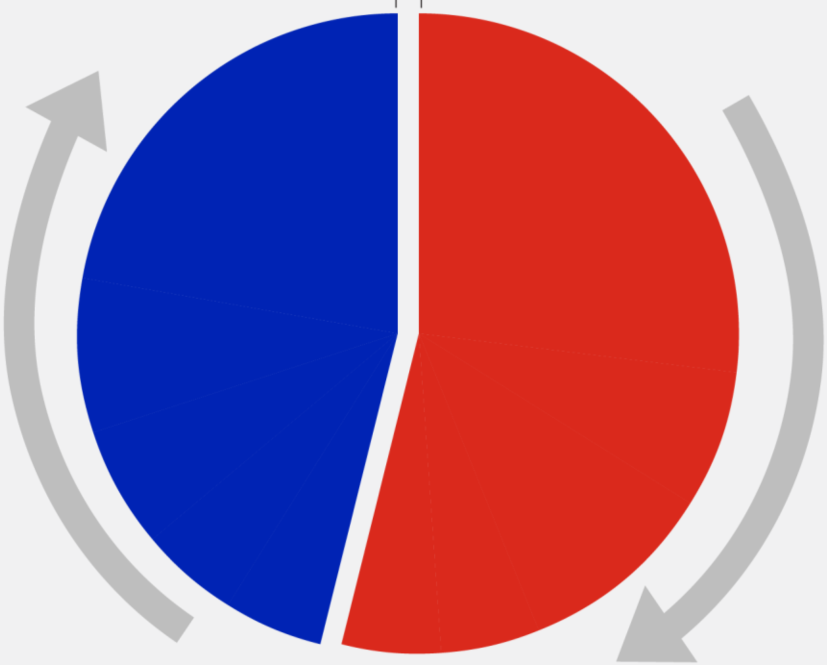
- Over $7m donated to support those impacted by COVID-19
- Hiscox Foundations in UK and USA have donated £1m and $1m to support national and regional initiatives
- Established partnerships with organisations improving SME access to funding and critical resources
- Supported ABI's COVID-19 Support Fund – £83m in industry pledges already received of £100m target

Strategy provides opportunities for profitable growth in every segment

HISCOX

Big-ticket business

- Conditions improving in US wholesale and reinsurance markets
- London Market seeing rate rises in 15 of 16 lines
- Capital and appetite to grow



Retail business

- Long-term growth story continues in challenging economic conditions
- Europe and Special Risks leading the way
- Direct and Partnerships performing strongly around the world
- Investment in technology positions us for shift towards digital accelerated by COVID-19

Business split based on 2019 Group controlled premium.

Financial performance

Group financial performance
A resilient business

	30 June 2020 $m	30 June 2019 $m
Growth		
Gross premiums written	**2,235.5**	2,337.5
Net premiums written	**1,414.1**	1,467.4
Net premiums earned	**1,328.2**	1,313.8
Earnings		
Underwriting (loss)/profit	**(164.3)**	32.6
Investment result	**84.6**	147.5
(Loss)/profit before tax	**(138.9)**	168.0
Combined ratio	**114.6%**	98.8%
Capital		
Ordinary dividend (¢)	**–**	13.75
Net asset value $m ¢ per share	 **2,430.7** **712.4**	 2,321.8 817.0
£m p per share	**1,967.1** **576.5**	1,824.3 641.9
Annualised return on equity	**(12.7)%**	13.3%

- Growth in Retail and London Market offset by discipline in Re & ILS
- Rates improving in every segment
- $232 million reserved for COVID-19 claims
- Well capitalised and robustly reserved
- No interim dividend as previously announced

Hiscox Retail
Robust performance in challenging conditions

	30 June 2020 $m	30 June 2019 $m
Growth		
Gross premiums written	**1,175.2**	1,154.6
Net premiums written	**1,016.5**	1,020.9
Net premiums earned	**963.8**	937.7
Earnings		
Underwriting (loss)/profit	**(118.9)**	54.7
Investment result	**46.0**	81.4
(Loss)/profit before tax	**(73.5)**	137.7
Combined ratio	**115.7%**	95.0%

- GWP growth in constant currency of 4%
  - Growth in four of five Retail business units
  - Global economic lockdown impacted growth in April/May before recovery in June
- Strong growth in direct and partnerships of 14%
- Strong underlying performance excluding impact of COVID-19:
  - $101m profits and 95.4% COR
  - Benign claims experience in Europe; in line with expectations in UK and USA
- On track to reach 90-95% COR by 2022
- Now 1.3 million Retail customers globally

Hiscox London Market
An active half for large losses

	30 June 2020 $m	30 June 2019 $m
Growth		
Gross premiums written	**508.0**	484.6
Net premiums written	**266.0**	246.9
Net premiums earned	**248.0**	262.6
Earnings		
Underwriting loss	**(16.5)**	(8.6)
Investment result	**24.2**	41.5
Profit before tax	**7.6**	34.4
Combined ratio	**107.4%**	103.3%

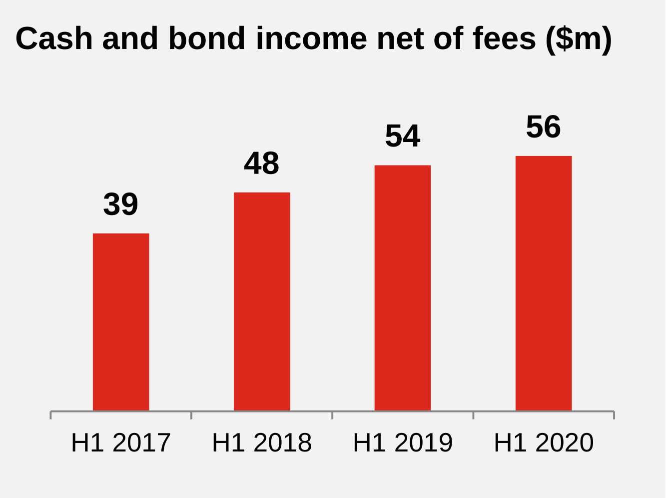
- GWP growth in constant currency of 5%
- Excluding COVID-19 impact, COR of 103.4% materially impacted by above-average large losses
- Higher attritional losses in property binders continue – action to remediate expected to benefit P&L in 2021
- Strong rate momentum accelerates

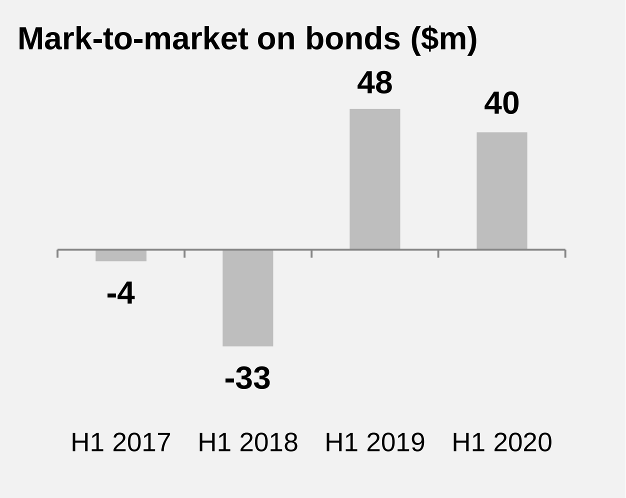
Hiscox Re & ILS
Targeting growth as conditions improve

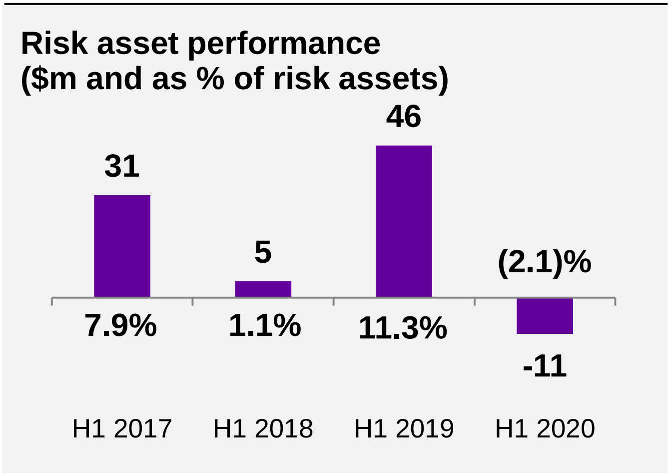
	30 June 2020 $m	30 June 2019 $m
Growth		
Gross premiums written	**552.3**	698.3
Net premiums written	**131.6**	199.6
Net premiums earned	**116.3**	113.5
Earnings		
Underwriting loss	**(28.9)**	(13.5)
Investment result	**14.4**	24.6
(Loss)/profit before tax	**(15.0)**	14.0
Combined ratio	**123.6%**	111.3%

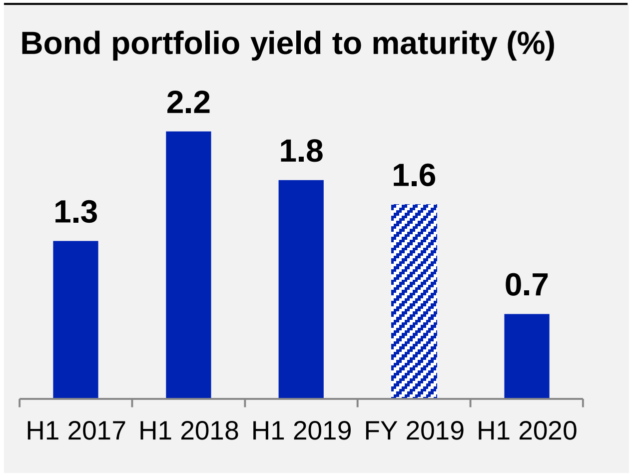
- GWP reduced by 21% due to underwriting discipline and less available third-party capital
- Good growth at mid-year renewals as rates increased materially; YTD GWP down 10% (including July renewals)
- COR of 87.5% excluding COVID-19 impact; with weather and man-made claims impacting risk portfolio
- ILS AUM remains at $1.5bn, with $1.0bn deployable
- Ready to deploy material capital and increase net bet in January

Investment performance





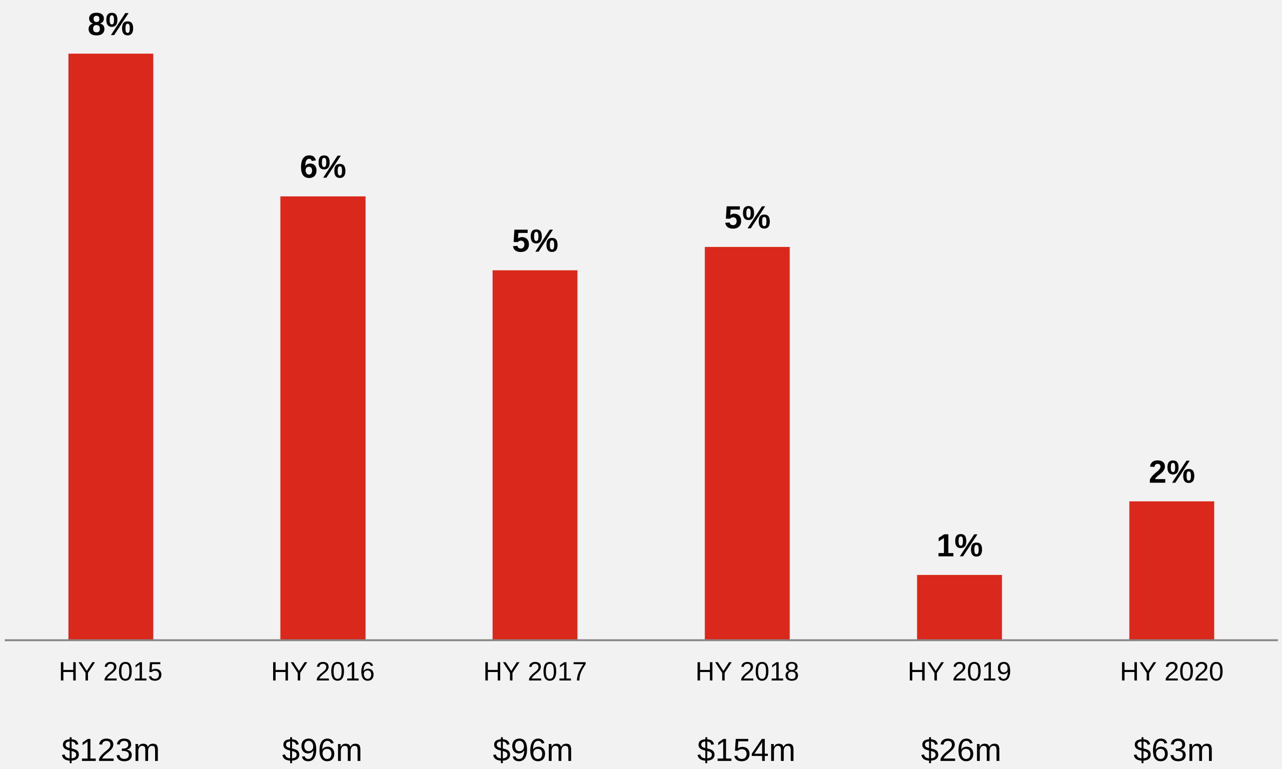




- Half-year investment result $85m (2019: $148m), annualised return of 2.5% (2019: 4.8%)
- Cautious risk positioning insulates portfolio from worst of market volatility
- High allocation to cash in uncertain environment
- Active management of portfolio, taking advantage of market dislocation, increased allocation to risk assets
- Mark-to-market gains on bonds a tailwind so far, but lower yields bring expectation of lower future returns
- Average bond duration: 1.5 years (2019: 1.4 years)
- Group invested assets $7.5bn at 30 June 2020

Conservative reserving approach
Reserve releases of $63m (2019: $26m)

Reserve release as % of opening net reserves



- Reserve buffer at upper end of expectations at c.$350m, 10.7% above actuarial estimate (FY19: c.$300m, 9.4%)
- 2019 catastrophe reserves performing well
- US casualty experience improving in line with expectations
- Some adverse development on exited lines (healthcare, political risk)
- Expect full year reserve releases to be 3-5% of opening net reserves

Strong capital position

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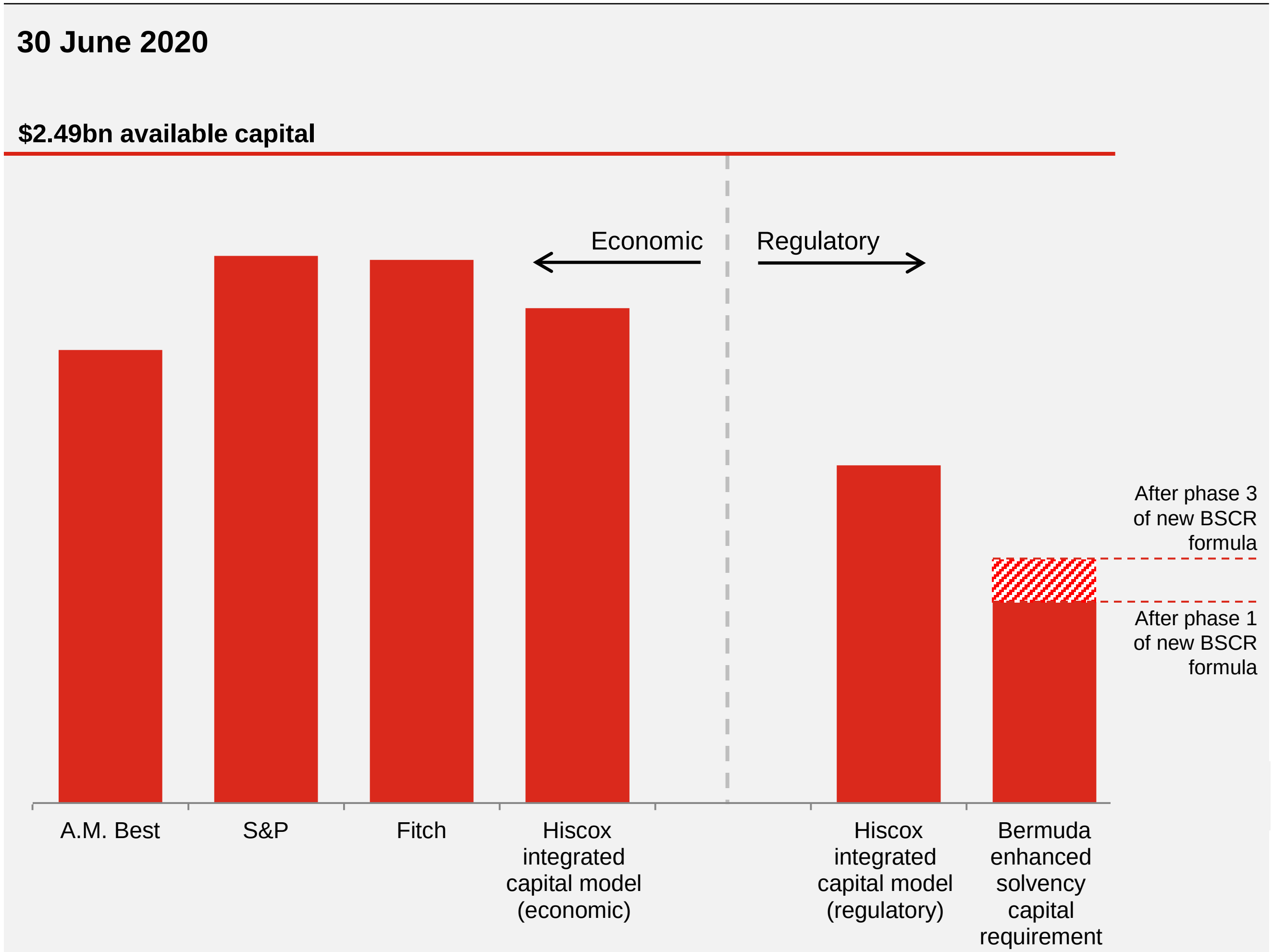
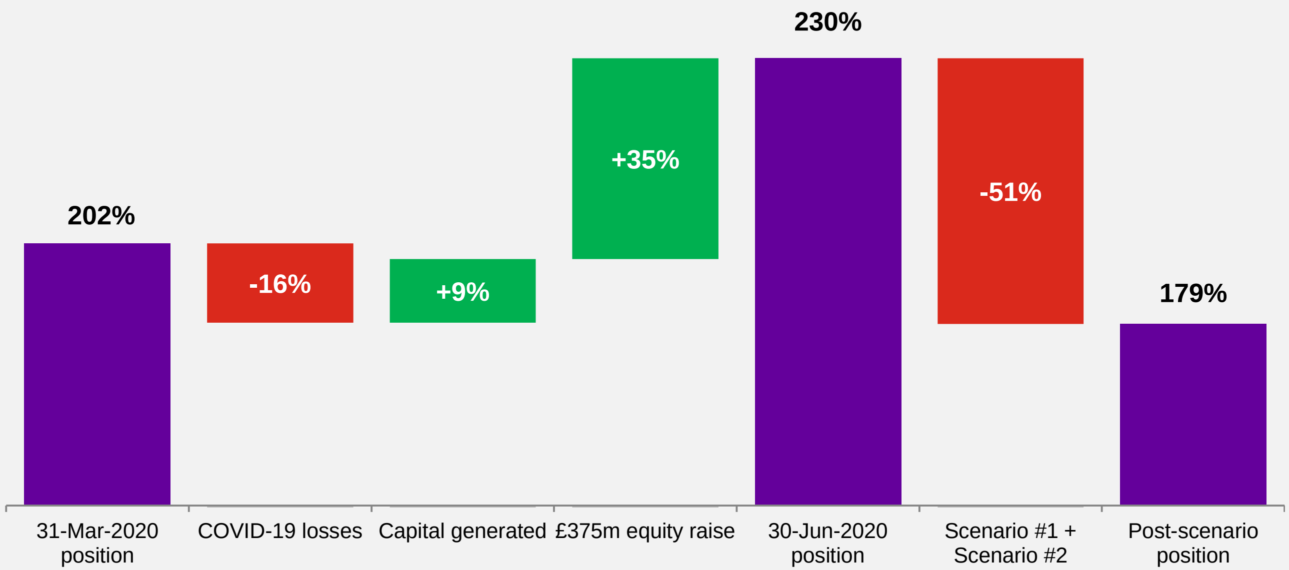


Rating agency assessments shown are internal Hiscox assessments of the agency capital requirements on the basis of projected year-end 2020. Hiscox uses the internally developed Hiscox integrated capital model to assess its own capital needs on both a trading (economic) and purely regulatory basis. All 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.

- Strongly capitalised above all regulatory, economic, and management bases
- £375m raised in May via share placing to respond to growth opportunities and further strengthen capital buffers
- BMA's Bermuda Solvency Capital Requirement (BSCR) is Solvency II equivalent
- BSCR c.230% (2019: 205%), equivalent to a regulatory capital surplus of $1.7bn
- BSCR standard formula strengthening will reduce BSCR coverage ratio by 10-15ppts in 2020 and a further 10-15ppts in 2021
- S&P affirmed A rating and maintained stable outlook for the Group

Capital strength
Resilient, strong organic capital generation

Bermuda solvency capital requirement (BSCR)



Illustrative scenario		**Description**	**Modelled loss**
#1	Natural catastrophe	US windstorm modelled mean loss for a 100-250 year return period	$200m
#2	UK BI risk scenario	Upper end of £10-250m modelled range of outcomes	£250m

- Regulatory and ratings capital position robust
- Significant loss absorption capacity and ability to support growth
- Strong liquidity
- Key changes in second quarter:
  - $232m booked for COVID-19 losses
  - Material organic capital generation
  - £375m equity raise
- Severe downside scenario assumptions:
  - $200m loss from US windstorm
  - £250m UK BI risk scenario
- Post scenario: robust regulatory capital position, consistent with S&P A rating

Managing our expenses
Cost efficiencies beginning to emerge

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2020 savings on track

- On target to achieve $60-90m expense savings against 2020 business plan
- $38m achieved in first half, benefitting from one-off savings on travel, variable compensation, marketing and recruitment
- Expense control demonstrates short term levers to manage combined ratio

Retail expense ambition

- Target Retail expense ratio remains low 40s in the medium term – reduction of 1ppt per year from 2021
- Structural and operational changes and scale already delivering efficiencies
- Major project investment to peak in 2020

Investing for growth

- Continued investment in brand and IT to drive digital platform
- Scale brings efficiencies

Underwriting

2020 expectations
Our progress so far

Hiscox Re & ILS to reduce gross bet due to inadequate pricing and less deployable third-party capital

- GWP reduced by 21% in first half due to re-underwriting of non-cat lines and discipline in January
- Strong mid-year rate improvement; Japan up 20%, Florida up 29%; YTD GWP down 10%
- Momentum expected to continue; ready to deploy material capital and increase net bet in January

Hiscox London Market growth fuelled by improved pricing environment

- GWP up 5% despite continued action to reduce in underperforming lines
- Above average large losses impact first-half performance
- Rates up 13% driven by contraction of risk appetite globally; momentum expected to continue

Hiscox Retail COR 96-98%, with growth in the middle of 5-15% range

- GWP up 4% (1Q20: 8%) as lockdowns slowed growth in April/May before recovery in June
- Excluding COVID-19, COR 95.4% and UK, USA and Europe claims all in line or better than expected
- Rates improving across the portfolio; with growth expected to improve in second half

Benefits of portfolio action and rate improvement will take time to show through in P&L

COVID-19 underwriting portfolio impacts

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$232m COVID-19 losses booked to date

- Includes previously disclosed $150m net claims from event cancellation, media, entertainment and other segments including travel
- Claims settling in line with expectations
- $82m net reserved for London Market, UK and Europe property; UK and Europe travel bonds; and third-party claims in US allied healthcare; Re & ILS remains uncertain

UK business interruption

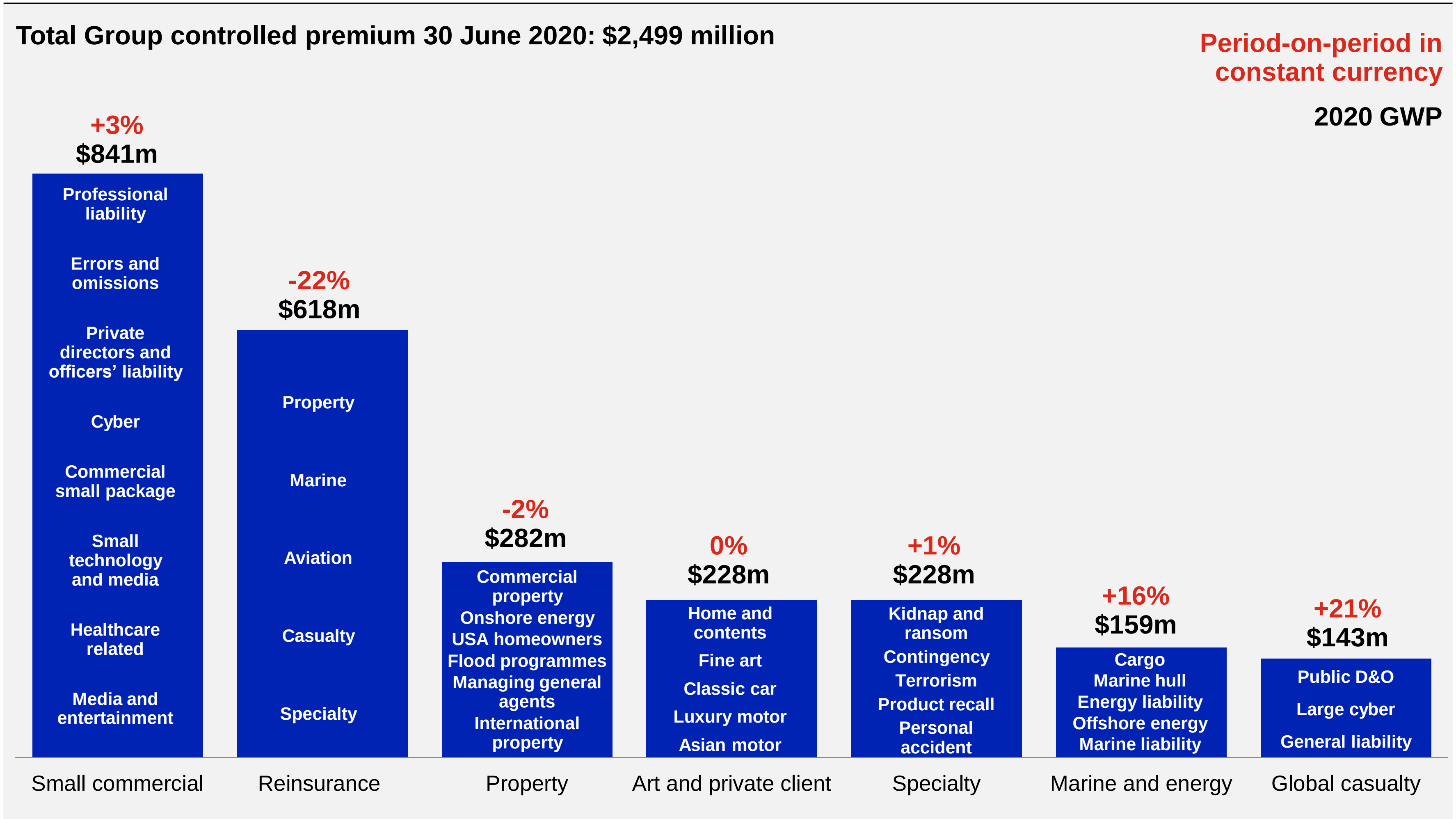
- Core UK policies do not cover business interruption (BI) as a result of general measures taken by UK government in response to a pandemic
- FCA test case to bring clarity and certainty on UK BI claims for policyholders and insurers
- Risk scenario analysis suggests a range of possible outcomes between £10 million and £250 million net of reinsurance

Balance of portfolio

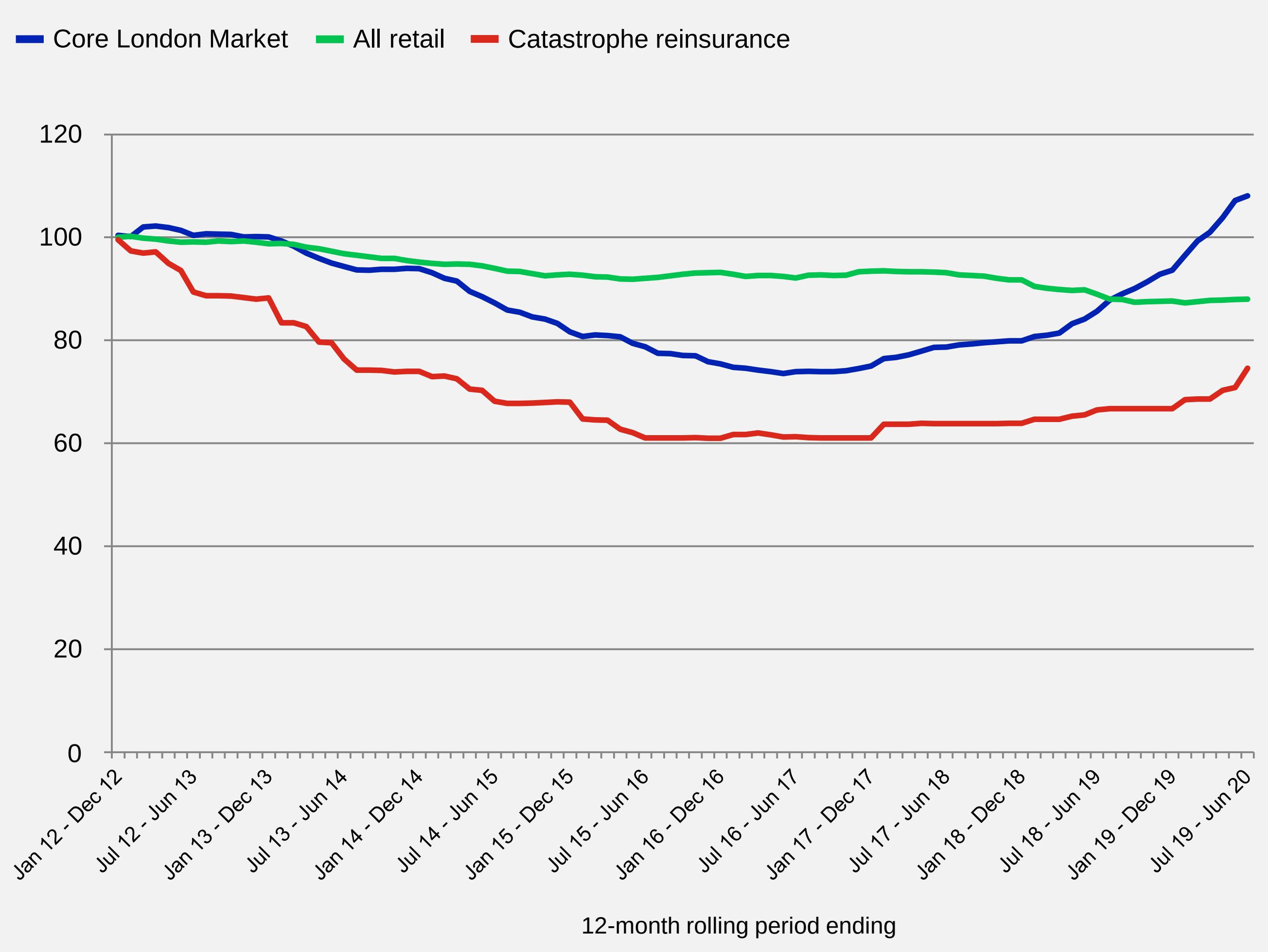
- Risk of increased losses from third-party liability and recessionary impact mitigated through portfolio, rate and underwriting adjustments
- Ex-COVID reported claims frequency materially down year-on-year; 10% reduction in reported claims for big-ticket and 15% in Retail
- Positive claims experience not yet reflected due to reserving prudency

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

An actively managed business

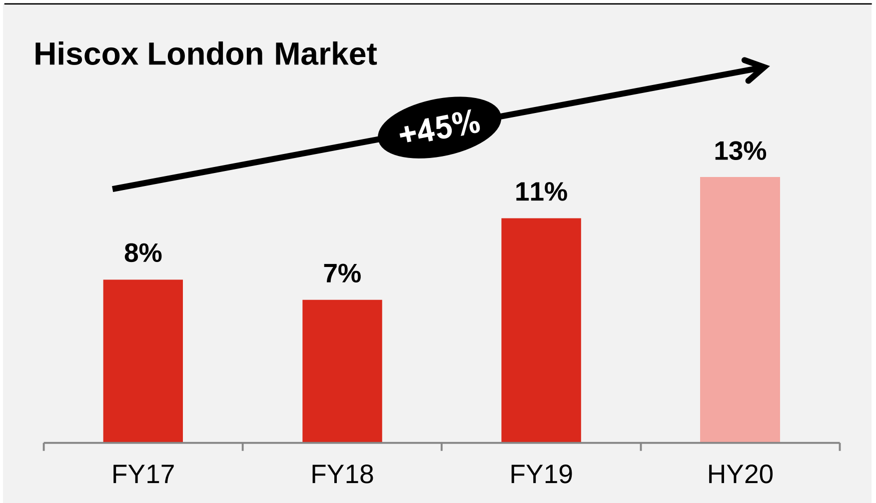


Rates improving in every segment

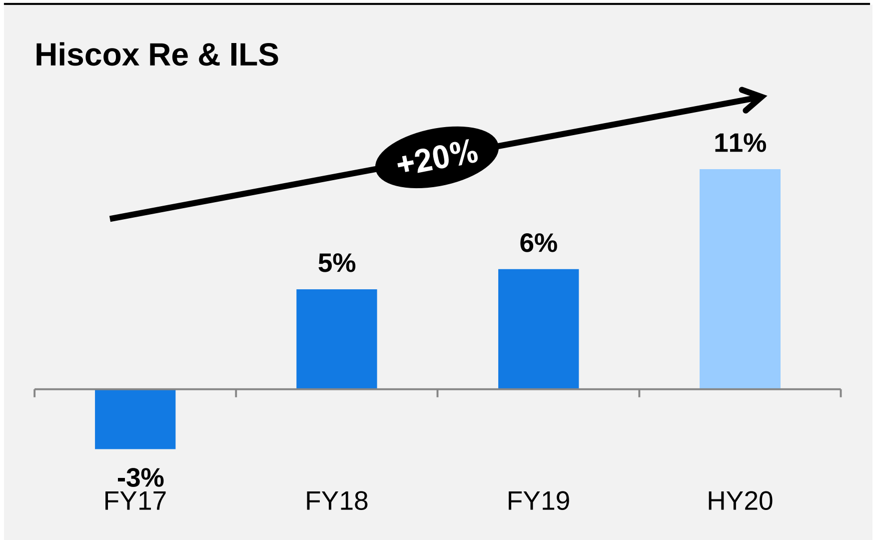


- Hiscox London Market
  - Overall rates up 13%
- Hiscox Re & ILS
  - Overall rates up 11%, well ahead of budget
- Hiscox Retail
  - USA up 5% in aggregate, excess and surplus lines up 9%
  - UK and Europe begin to show positive signs of rating improvement
- Pushing for rate and tightening terms and conditions in all segments
- Expect positive rate momentum to continue

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



- Overall rates up 13%
- 45% compound rate growth since 2017
- Rates up in 15 of 16 lines
- Rates up double-digits in nine lines, including:
  - US public D&O up 81%
  - General liability up 31%
  - Cargo up 23%
  - Major property up 16%
  - Commercial property up 12%, household up 11%



- Overall rates up 11%, well ahead of budget
- 20% compound rate growth since 2017
- North American catastrophe up 12%
  - Strong rate increases in Florida, up 29%
- International catastrophe up 14%
- Retrocession up 20%

Proactive underwriting management
Losses, exposure, opportunity and flexibility

Actively managing our losses and risks
- COVID-19 claims settling in line with expectations
- Ex-COVID-19 claims frequency lower than plan
- Disclosed UK BI risk scenario remains robust

Proactively managing future exposures
- Updated Hiscox view of risk; cyber, Japan and USA
- Communicable disease wording clarified on all property portfolios
- ILW reinsurance purchased ahead of wind season
- Re-underwriting for cyber and recessionary trends

Capturing the opportunity
- Digital acceleration and new product opportunity
- Positive rating environment, continued momentum
- Hardening rates and tightening terms and conditions across all lines

Flexible underwriting to help our customers
- Policy extensions, suspension and hibernation cover
- Supporting customers who pivoted their business
- Flexible office, virtual risk inspections, waived terms

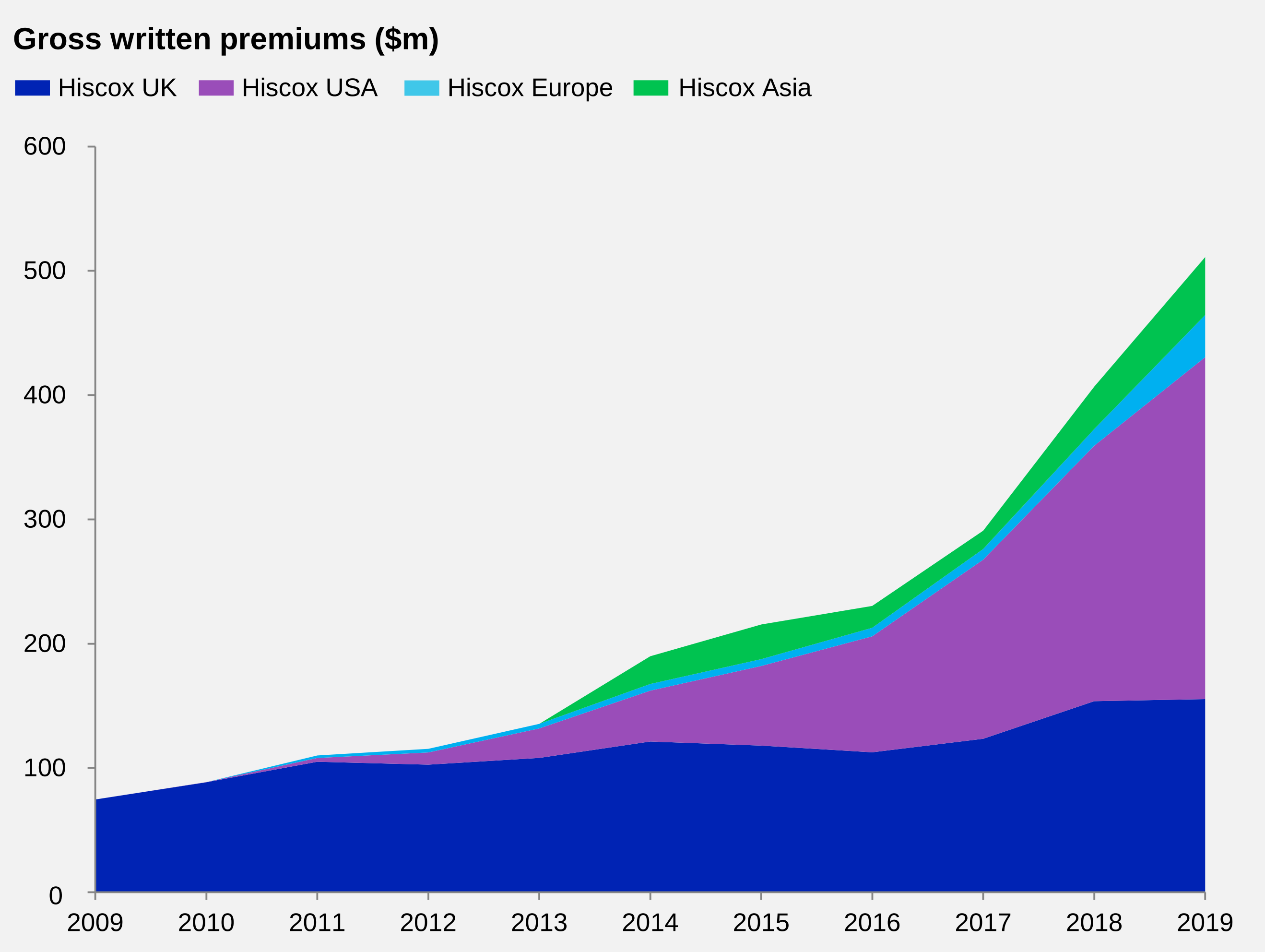
ILW: Industry loss warranties.

Hiscox Retail

Hiscox Retail
Delivering what we said we would

- Exercising discipline where margins are thinner
  - Over $80m cut from US D&O and media
  - Commission pressure in UK private client
- Delivering growth where it matters
  - Commercial direct and partnerships business to exceed $500m in 2020 with a three-year CAGR above 30%
  - Sub $/£/€2,500 risks an increasing share of the broker channel
  - Growth resilient through lockdown after a brief pause
- Driving scale and enhancing competitive position through technology
  - System refreshes delivering
  - Digital initiatives bearing fruit

Long-term growth in direct and partnerships
Now more than $500m globally



- Direct and partnerships division (DPD) GWP up 14% in first half to $289m, now contributing 24% of total Retail premiums
- Ten-year DPD CAGR 19%
- Strong growth in UK direct commercial offsets decline in UK direct home
- Now over 700,000 DPD customers globally
- US system implementation delivering without impacting growth
  - June busiest month in US DPD history; up 21% on 2019
- Migration of UK business to new IT system continues
- Europe IT programme on track

Digital investment delivering efficiencies
Focusing on four key technologies

APIs

- 39 partners in the USA using our APIs to digitally place thousands of risks straight through from their own systems
- Five projects underway in the UK using APIs, opening up new partnership opportunities

Machine learning

- UK natural language processing (NLP) partnered with robotics to triage 90,000 broker requests automatically from emails
- US project underway to combine NLP with optical character recognition, robotics and process optimisation to automate submissions from brokers to quote, materially reducing processing time

Robotics

- 230,000 transactions fully automated in Europe
- UK migration robot automatically transfers data to new underwriting system, creating efficiencies and reducing errors

Self-service

- Broker portals and electronic pre-priced proposals deliver improved service and efficiency in Europe – now used in 56% of submissions
- Online claims notification reduces internal claims expenses
- Self-service credit card updates in the USA improve customer experience

More than one million transactions automated – drives scale and operational efficiency

More on the way in 2021 and beyond

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Doing more with what we already have

- Rolling out NLP across the Group
- Claims digital payments platform to be launched in the USA
- Internet of Things (IoT) for water leakage prevention – partnership in Europe
- Significant programme to develop self-service capabilities across broker, direct and claims in the UK

Exploring new technologies

- B2C video calling capabilities to enable remote loss adjustment
- Omni-channel customer service using text/ WhatsApp to communicate with customers during a claim
- Process mining using automatically generated data in system log files to monitor and improve processes
- Chatbot AI feature can be embedded and used through any major messaging applications to simulate human conversation

Long-term growth opportunity

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COVID-19 accelerating secular shift to digital

- Everything beyond advice or IP is going digital
- What recently seemed impossible is now the norm
- Customers and brokers increasingly demand digital trading
- USA and Europe markets playing catch-up to UK

Global presence, global opportunity

- >$2.2bn Retail GWP from 33 offices in 13 countries
- On track to hit 90-95% COR target range by 2022
- Direct businesses now contributing over $500m GWP globally

Well positioned for the recovery

- Accelerated growth of SMEs expected as global economy recovers
- Post-GFC experience saw SME growth outpace GDP recovery
- Portfolio highly exposed to emerging industries (i.e. gig economy)

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Business performance and outlook

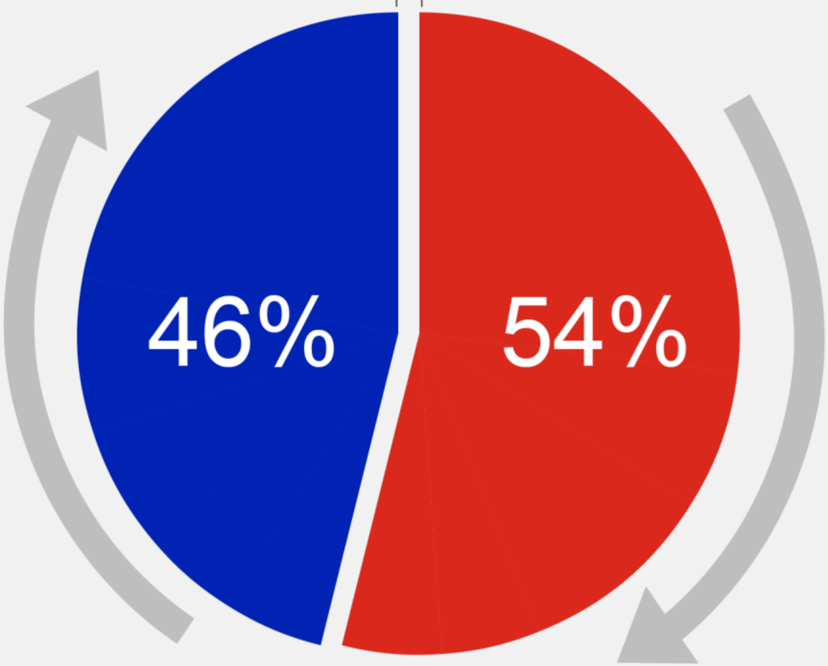
UK BI – FCA test case timetable
An expedited process to deliver clarity for all

- Hearing concluded 30 July
- Judgment expected in the autumn
- Potential for ‘leapfrog’ appeal process to Supreme Court – anticipated any appeal would be heard in 2020
- If cover is found, individual customer fact patterns will be considered and loss adjustment of each claim would then take place

A reminder of our strategy
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

Business split based on 2019 Group controlled premium.

Summary and outlook

- Business shows its resilience in a challenging half
  - Commitment and adaptability from our people
  - Robust Retail performance
  - Investment in digital and technology paying off
  - Well capitalised and strongly reserved

- Growth opportunities across the business
  - Rate improvement expected to continue
  - Capital and appetite to grow in big-ticket lines
  - Long-term Retail opportunity undiminished

Appendices

- Big-ticket and retail business
- Geographical reach
- Strategic focus
- A symbiotic relationship
- Long-term growth
- Hiscox ESG framework
- An actively managed business
- Group performance
- 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?

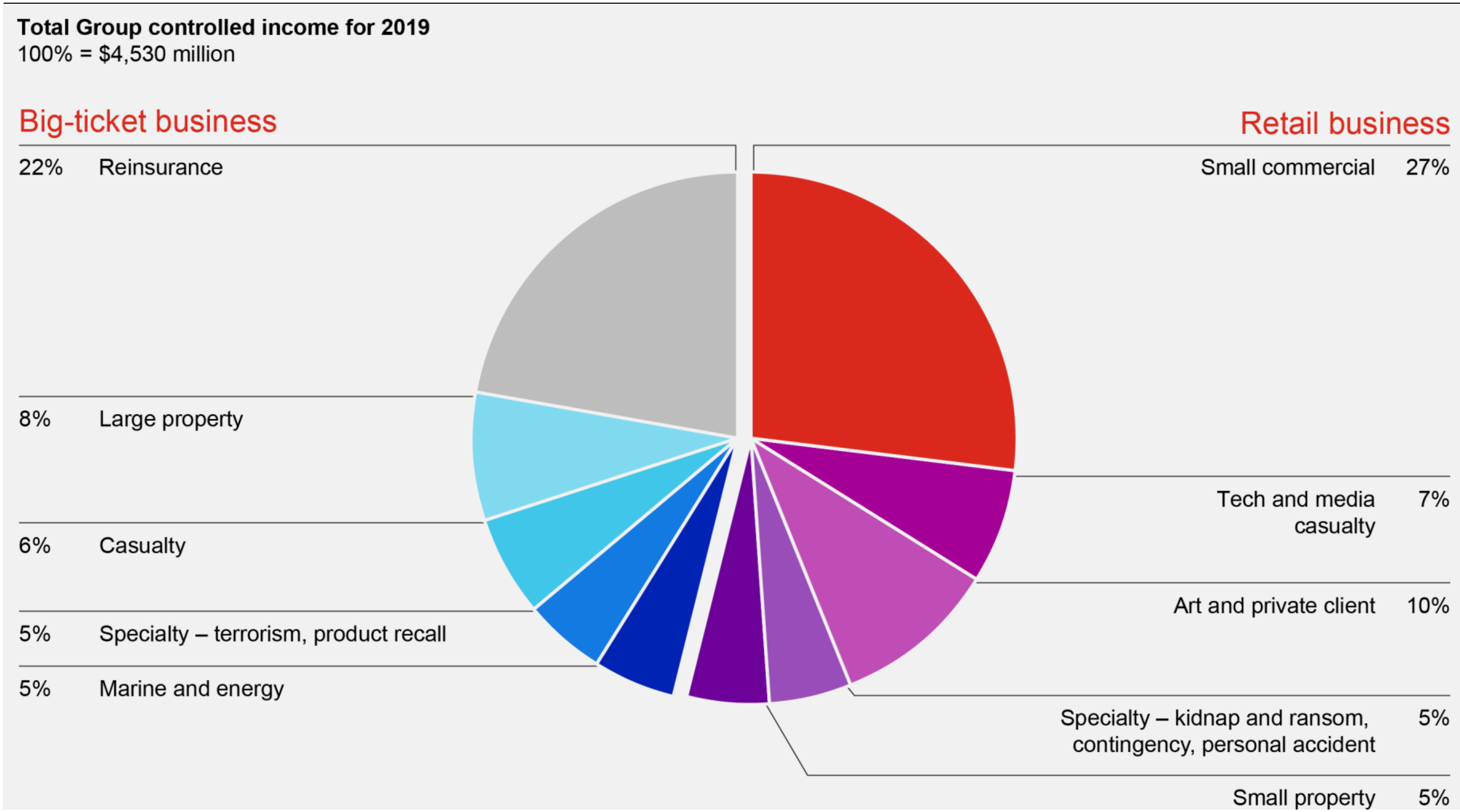
- We characterise **big-ticket** as larger premium, catastrophe-exposed business written mainly through Hiscox Re & ILS and Hiscox London Market. We expand and shrink these lines according to market conditions.

- **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

35 offices in 14 countries

Strategic focus



A symbiotic relationship

HISCOX

Big-ticket business

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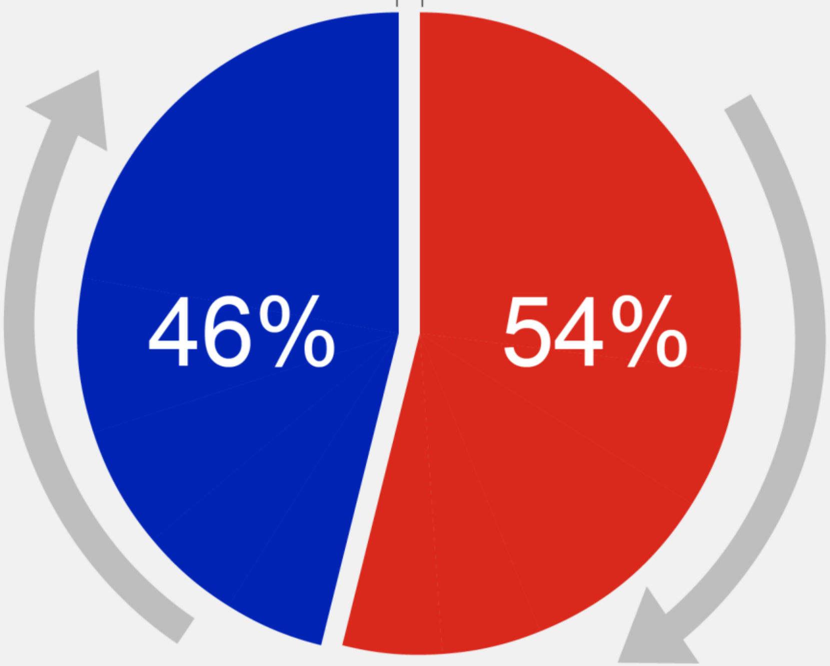

Retail business

- Smaller premium, locally traded, relatively less volatile business written mainly through Hiscox Retail
- Growth between 5-15% per annum
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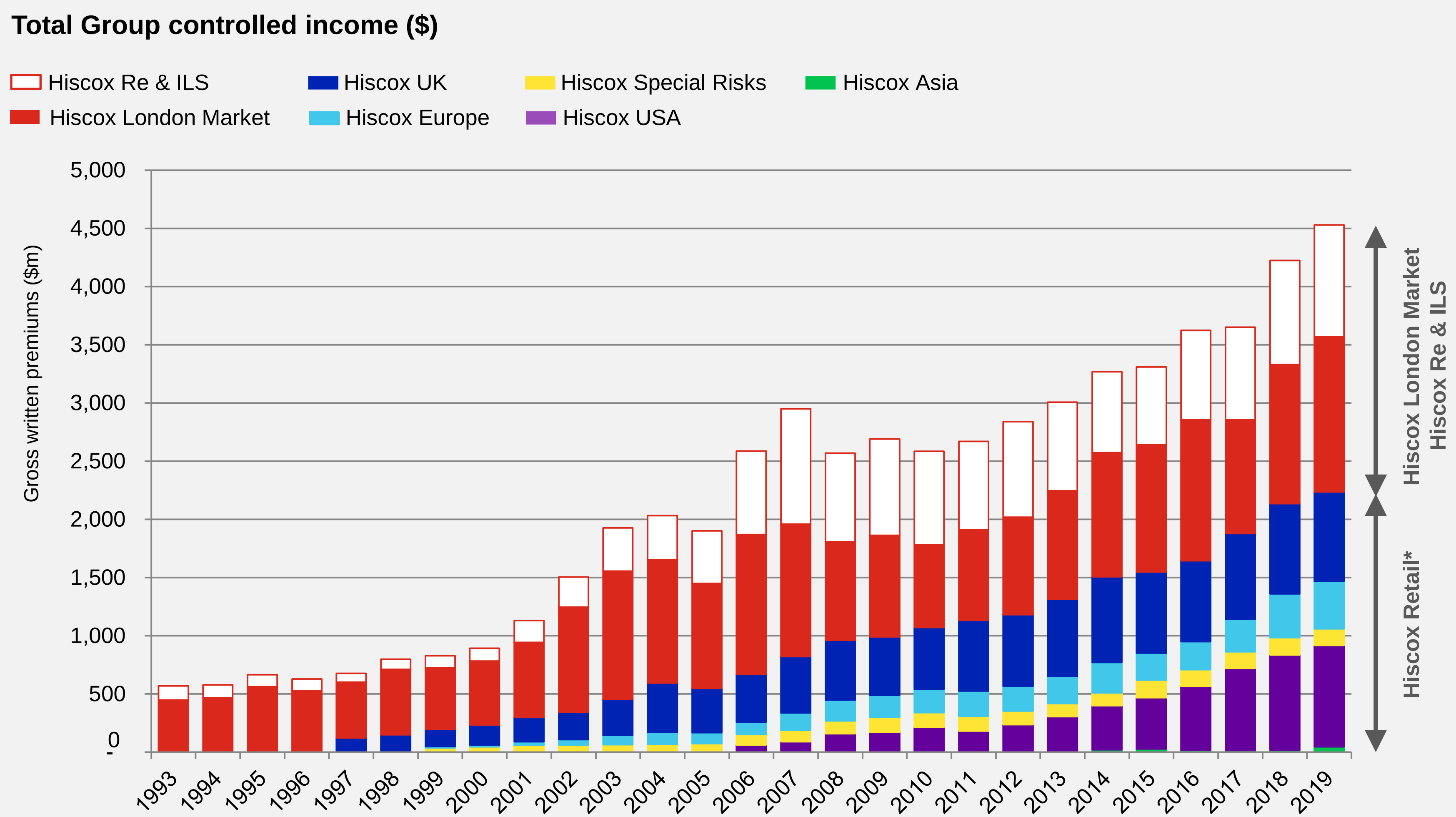
Business split based on 2019 Group controlled premium.

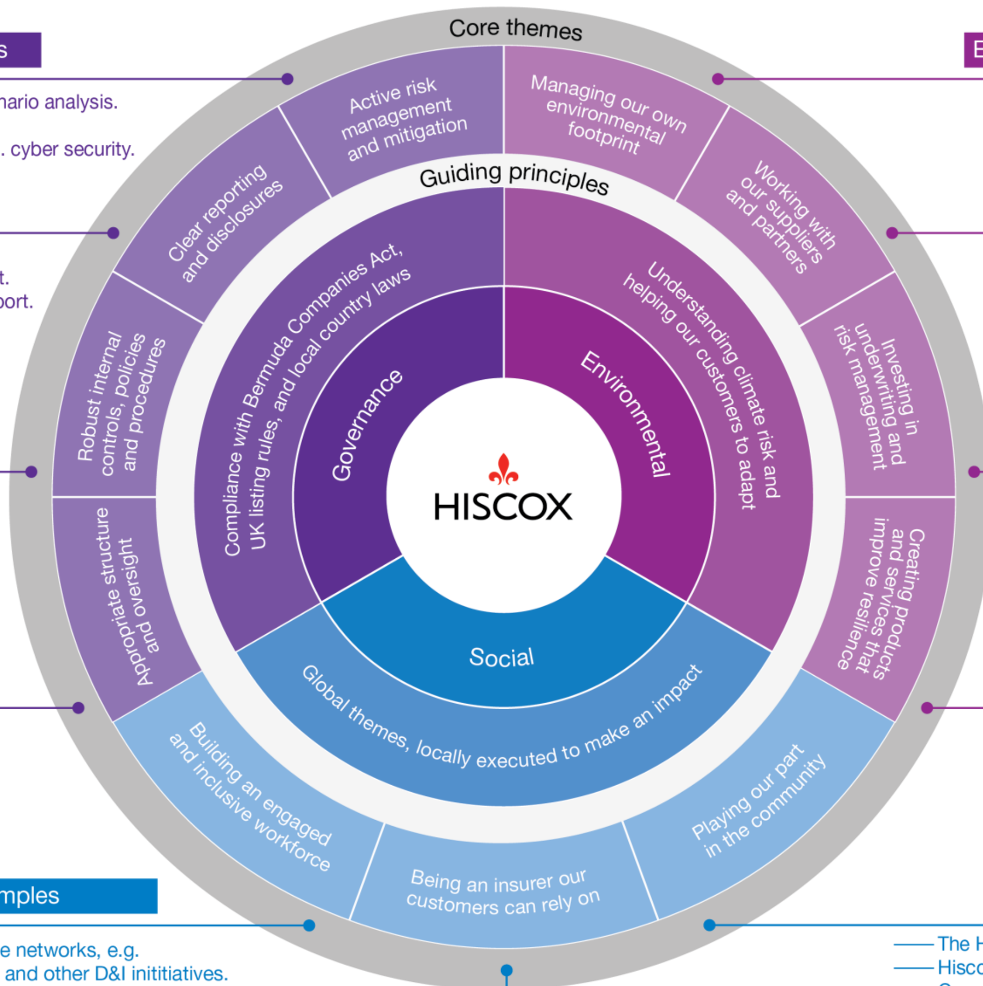
Long-term growth

HISCOX



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

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 catastrophe 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.

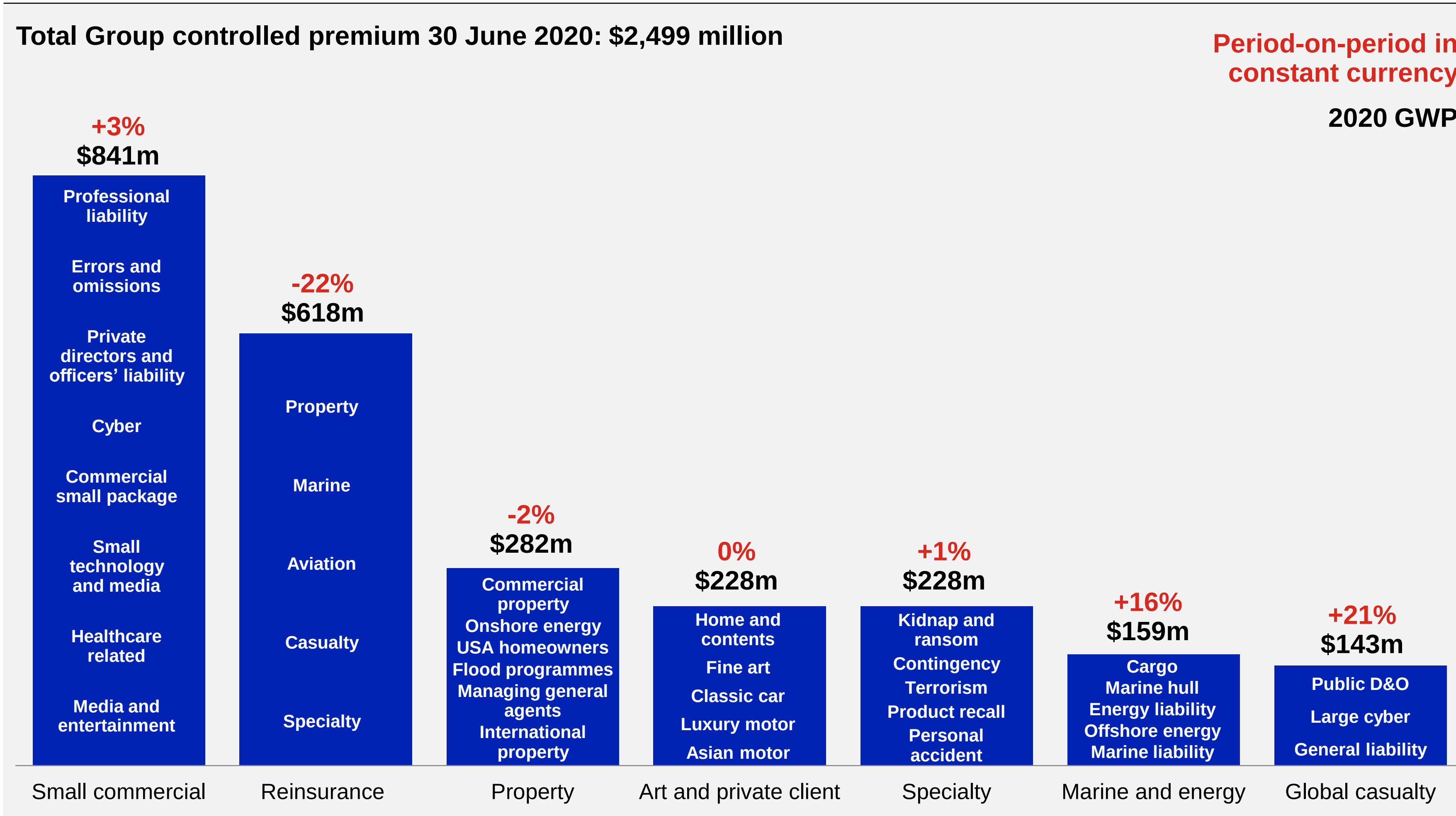
Social examples

- 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.

An actively managed business



Group performance

Six months to 30 June 2020	GWP $m	GWP change %	Constant currency GWP change %
Hiscox Retail*	**1,175.2**	**3**	**4**
Hiscox UK	363.3	(4)	(2)
Hiscox USA	452.0	3	3
Hiscox Europe	263.4	7	10
Hiscox Special Risks	72.3	8	8
Hiscox Asia	24.2	30	27*
Hiscox London Market	**508.0**	**5**	**5**
Hiscox Re & ILS	**552.3**	**(21)**	**(21)**
Total	**2,235.5**	**(4)**	**(4)**

*GWP percentage growth for Hiscox Asia has been adjusted to include the impact of premium written via an agency relationship into Hiscox Insurance Company (Bermuda) Limited for the purpose of 'like-for-like' comparison.

Segmental analysis

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	30 June 2020					30 June 2019				
	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	**1,175.2**	**508.0**	**552.3**	**–**	**2,235.5**	1,154.6	484.6	698.3	–	2,337.5
Net premiums written	**1,016.5**	**266.0**	**131.6**	**–**	**1,414.1**	1,020.9	246.9	199.6	–	1,467.4
Net premiums earned	**963.9**	**248.0**	**116.3**	**–**	**1,328.2**	937.7	262.6	113.5	–	1,313.8
Investment result	**46.0**	**24.2**	**14.4**	**–**	**84.6**	81.4	41.5	24.6	–	147.5
Foreign exchange (losses)/gains	**–**	**–**	**–**	**(13.6)**	**(13.6)**	2.3	1.9	3.7	7.7	15.6
(Loss)/profit before tax	**(73.5)**	**7.6**	**(15.0)**	**(58.0)**	**(138.9)**	137.7	34.4	14.0	(18.1)	168.0
Combined ratio	**115.7%**	**107.4%**	**123.6%**	**–**	**114.6%**	95.0%	103.3%	111.3%	–	98.8%

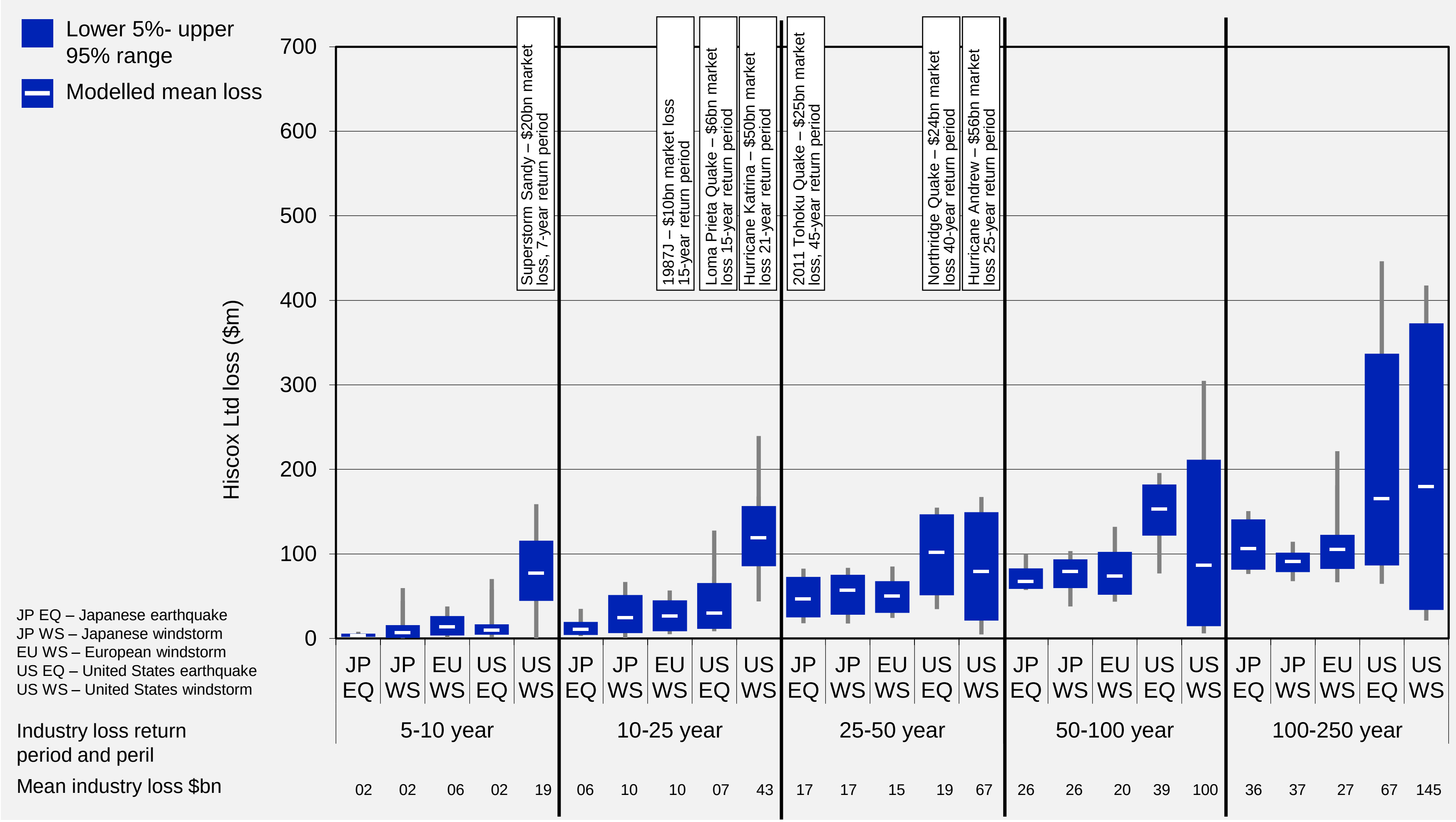
Business segments described in appendices.

Hiscox Ltd results

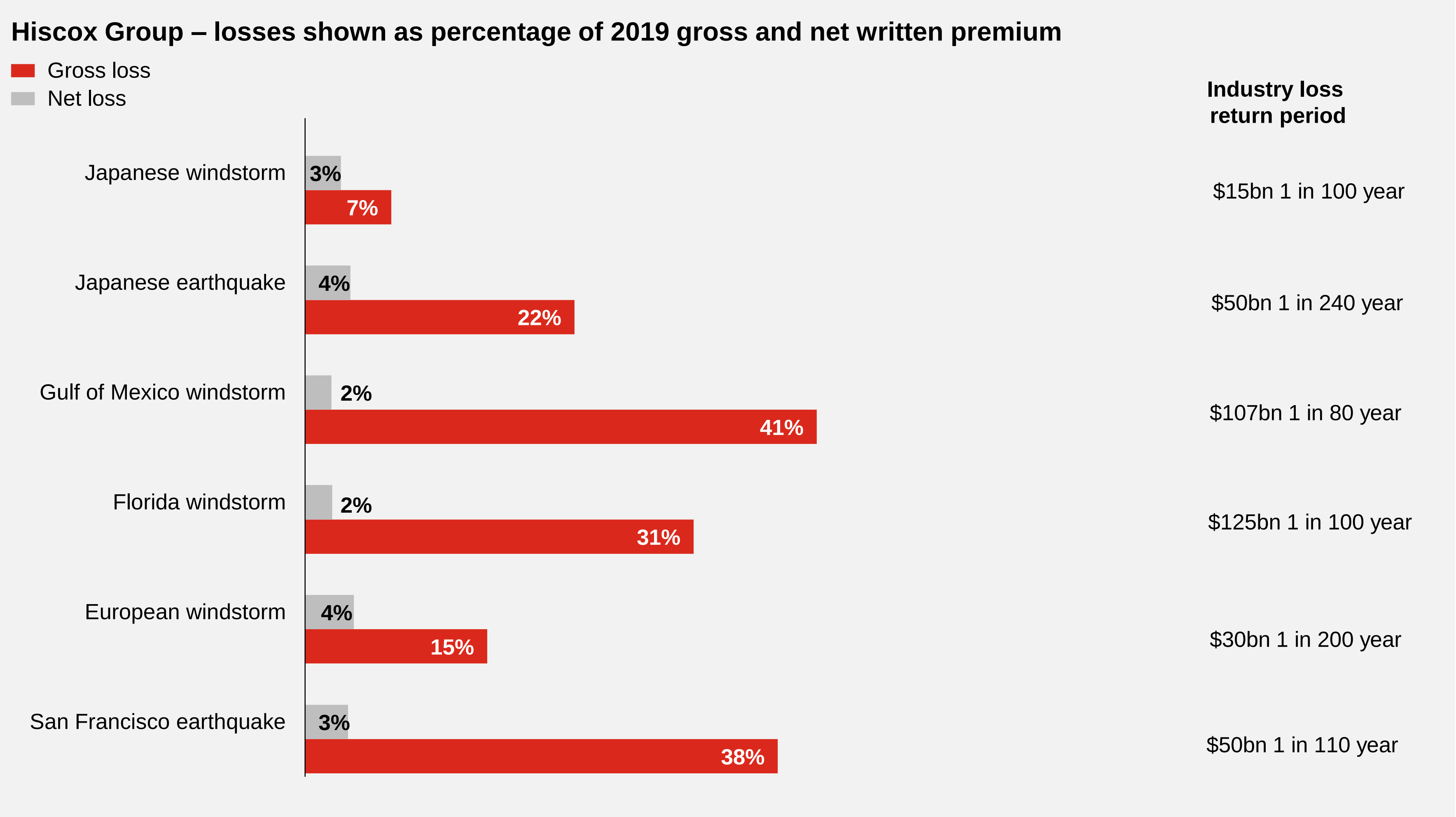
$m	2019	2018	2017	2016	2015	2014
Gross premiums written	**4,030.7**	3,778.3	3,286.0	3,257.9	2,972.7	2,894.3
Net premiums written	**2,678.8**	2,581.5	2,403.0	2,424.5	2,403.3	2,213.9
Net premiums earned	**2,635.6**	2,573.6	2,416.2	2,271.3	2,194.1	2,169.2
Investment return	**223.0**	38.1	104.8	95.8	47.6	85.7
Profit before tax	**53.1**	135.6	37.8	480.0	329.3	380.8
Profit after tax	**48.9**	117.9	22.7	447.2	312.5	349.5
Basic earnings per share (¢)	**17.2**	41.6	8.1	159.0	108.5	109.0
Dividend (¢)	**13.75**	41.9	39.8	35.0	36.1	36.2
Invested assets (incl. cash)†	**6,592.2**	6,261.8	5,957.1	5,468.0	5,305.8	5,062.0
Net asset value						
$m	**2,189.7**	2,259.0	2,317.2	2,217.4	2,216.0	2,244.7
¢ per share	**768.2**	798.6	817.0	792.5	790.0	713.9
£m	**1,653.5**	1,773.6	1,797.4	1,635.3	1,449.3	1,332.3
p per share	**580.1**	627.0	605.3	584.5	516.7	423.7
Combined ratio*	**105.7%**	94.9%	99.9%	84.2%	85.0%	83.9%
Return on equity after tax^	**2.2%**	5.3%	1.0%	22.5%	15.6%	16.8%

†Excluding derivatives, insurance-linked funds and third-party assets managed by Kiskadee Investment Managers.
*Combined ratio for years 2014-2015 remains gross of investment fees for comparability to original accounts.
^Annualised post-tax, based on adjusted opening shareholders' funds.

Boxplot and whisker diagram of modelled Hiscox Ltd net loss ($m) April 2020



Realistic disaster scenarios



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

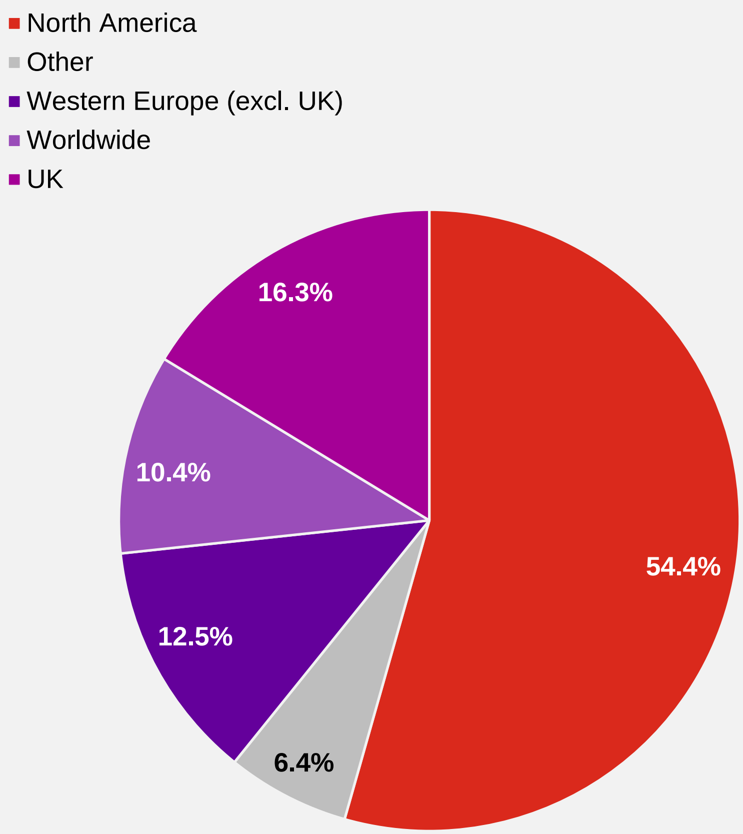
- As our casualty businesses continue to grow, we develop extreme loss scenarios to better understand and manage the associated risks
- Losses in the region of $80m-$700m could be suffered in the following extreme scenarios:

Event		Est. loss
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*	$590m
Casualty reserve deterioration	40% deterioration on existing casualty reserves of c.$1.5bn Est. 1 in 200 year event*	$800m
Cyber	A range of cyber scenarios including mass ransomware outbreaks and cloud outages. Includes 'silent cyber' exposures**	$80-750m
Property catastrophe	1 in 200 year catastrophe event from $220bn US windstorm	$260m

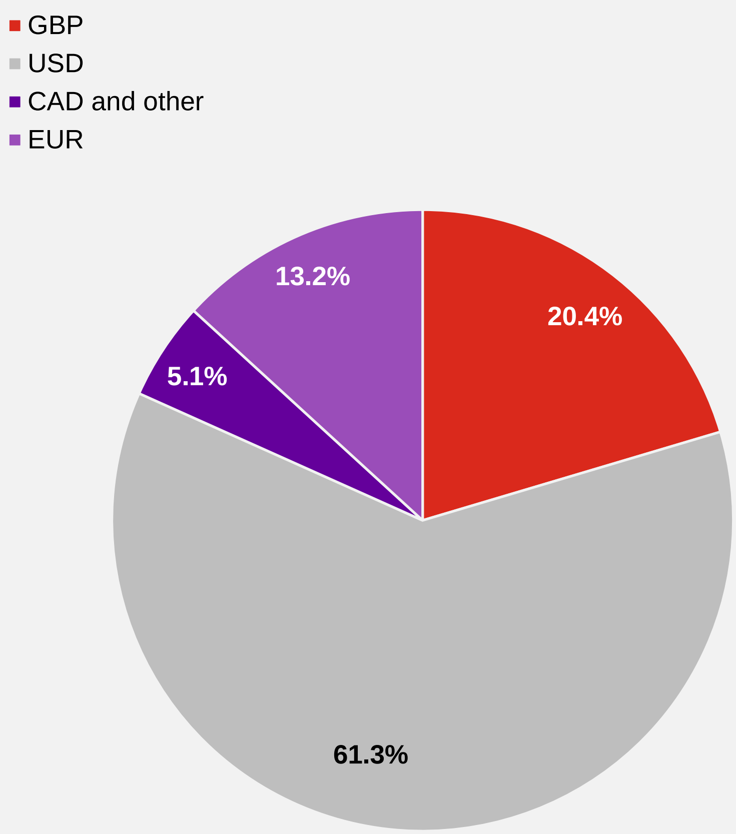
*Losses spread over multiple years.
**'Silent cyber' refers to losses incurred from traditional lines from a cyber event.

GWP geographical and currency split

2020 geographical split – controlled income

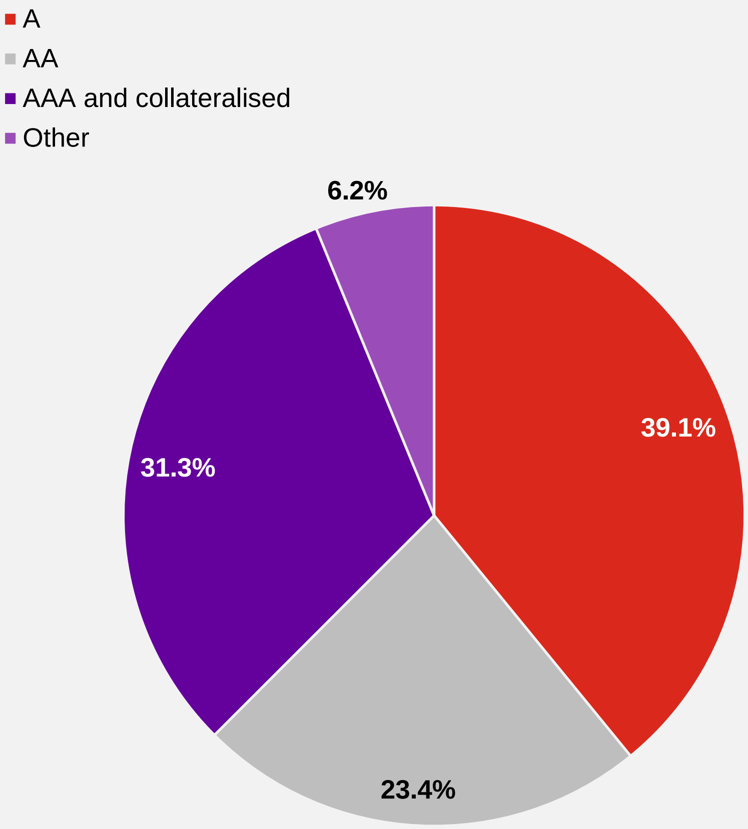


2020 currency split – controlled income

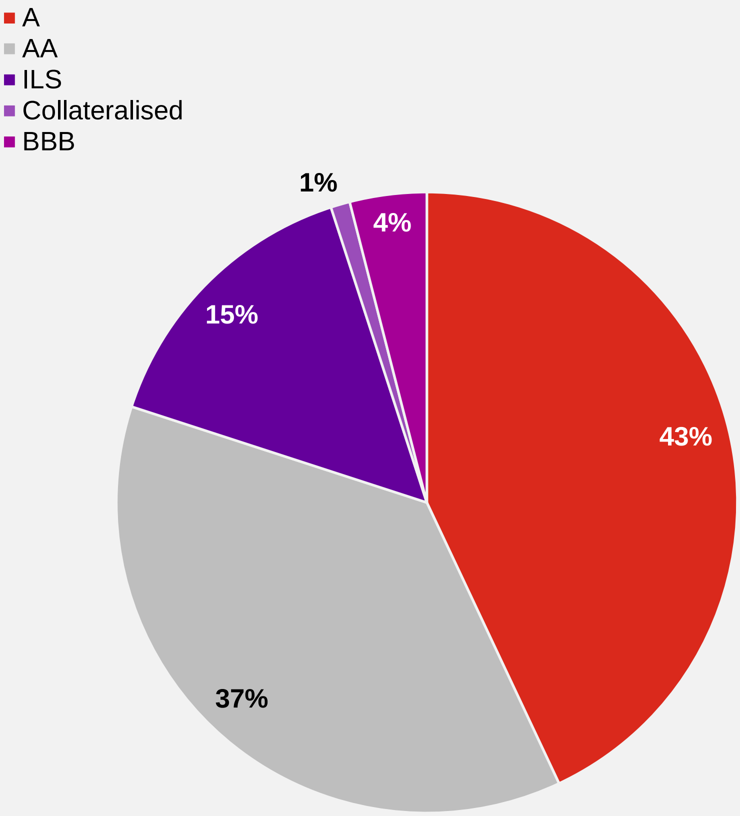


Group reinsurance security

Receivables at 30 June 2020 of $3,582.6 million



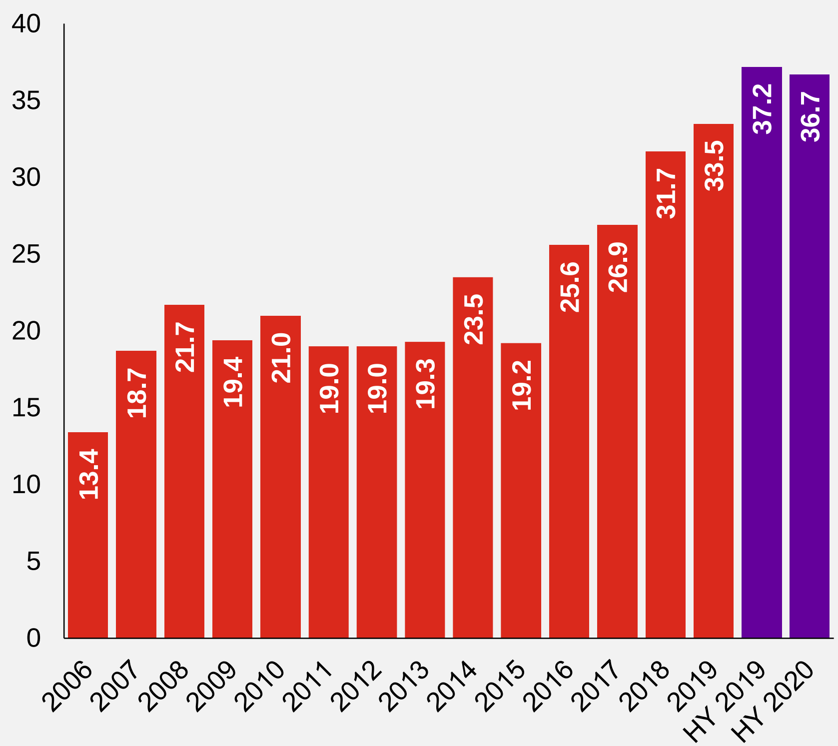
2020 reinsurance protections*
First loss exposure by rating



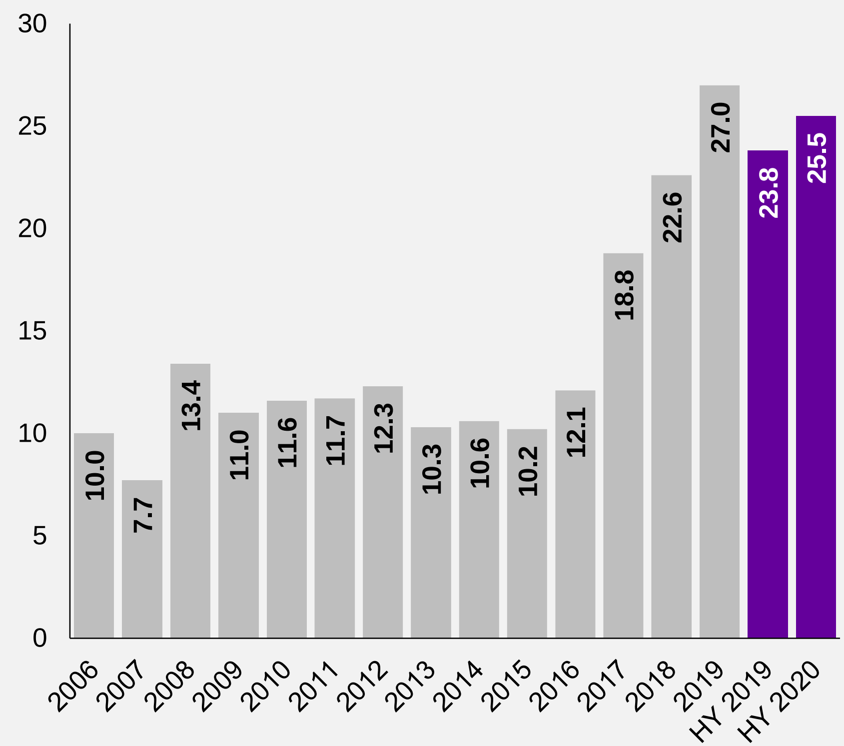
*Reinsurance placements in force at 15 July 2020.

Reinsurance

Ceded as a percentage of GWP



Reinsurance receivables as a percentage of total assets



Investment result

Return of $84.6m (HY 2019: $147.5m)

		30 June 2020			30 June 2019	
	Asset allocation %	**Annualised return %**	**Return $m**	Asset allocation %	Annualised return %	Return $m
Bonds £	**10.7**	**0.4**		14.5	3.1	
$	**47.0**	**3.9**		53.5	4.9	
Other	**7.3**	**(1.4)**		7.1	1.9	
Bonds total	**65.0**	**3.8**	**93.1**	75.1	4.4	100.9
Equities	**7.9**	**(4.2)**	**(10.6)**	7.5	22.5	46.5
Deposits/cash/bonds <three months	**27.1**	**0.7**	**5.1**	17.4	0.6	3.5
Investment result – financial assets		**2.5**	**87.6**		4.8	150.9
Derivative returns			**(0.5)**			(0.5)
Investment fees			**(2.5)**			(2.9)
Investment result			**84.6**			147.5
Group invested assets			**$7,467.1**			$6,367.1

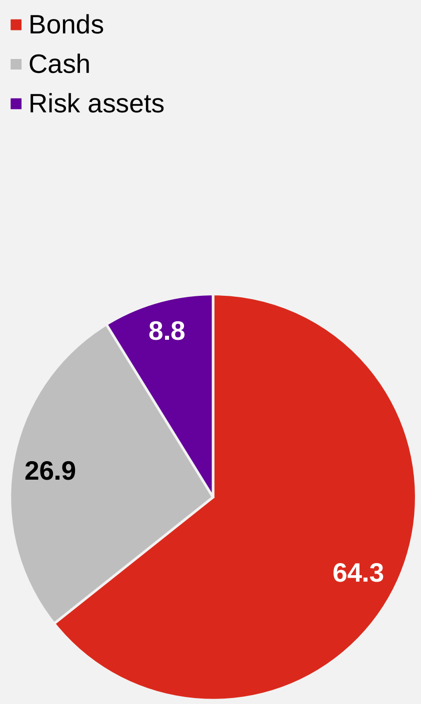
Now categorised including investment fees.

Portfolio – asset mix
High quality, conservative portfolio

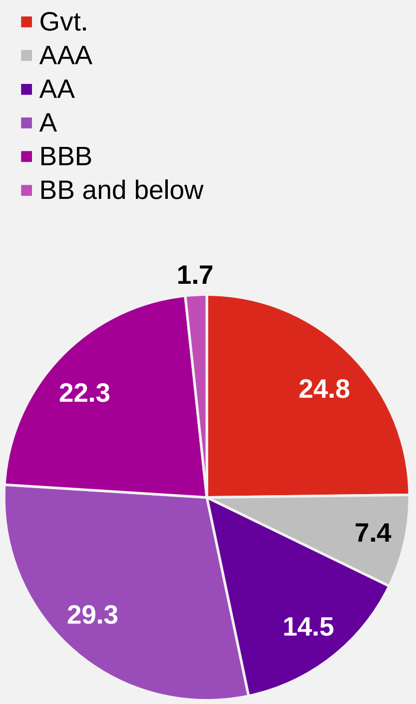
HISCOX

Investment portfolio $7,467.1 million as at 30 June 2020

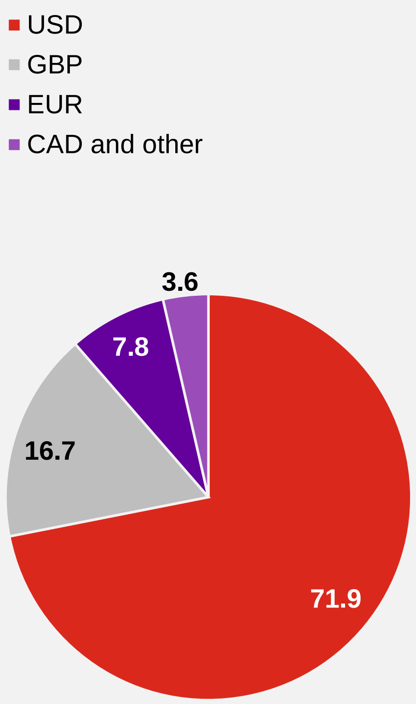
Asset allocation



Bond credit quality



Bond currency split



Portfolio – USD bond portfolios
as at 30 June 2020

Portfolios: $3.5 billion	AAA %	AA %	A %	BBB %	BB and below %	**Total %**	**Duration years**
Government issued	0.1	27.6				**27.7**	**0.9**
Government supported*	0.4	1.5	0.5			**2.4**	**1.6**
Asset backed	0.5					**0.5**	**2.2**
Mortgage backed agency		7.7				**7.7**	**2.4**
Non agency		0.1			0.4	**0.5**	**2.4**
Corporates	0.7	8.9	29.3	21.4	0.4	**60.7**	**1.9**
Lloyd's deposits and bond funds		0.4	0.1			**0.5**	**2.0**
Total	**1.7**	**46.2**	**29.9**	**21.4**	**0.8**	**100.0**	**1.7**

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

Portfolio – GBP, EUR and CAD bond portfolios as at 30 June 2020

HISCOX

GBP portfolios: $810 million	AAA %	AA %	A %	BBB %	BB and below %	**Total %**	**Duration years**
Government issued		9.4				**9.4**	**1.1**
Government supported*	2.7	0.6	0.5			**3.8**	**2.3**
Asset backed	3.6		0.1		0.2	**3.9**	**1.2**
Commercial MBS					0.2	**0.2**	**2.2**
Corporates	20.5	7.9	26.3	28.0		**82.7**	**1.0**
Total	**26.8**	**17.9**	**26.9**	**28.0**	**0.4**	**100.0**	**1.0**

Other currencies: $555 million	AAA %	AA %	A %	BBB %	BB and below %	**Total %**	**Duration years**
Government issued	6.7		0.8			**7.5**	**0.9**
Government supported*	10.5		0.2			**10.7**	**2.4**
Asset backed	1.3					**1.3**	**1.6**
Corporates	10.4	6.2	27.6	22.0	0.4	**66.6**	**1.7**
Lloyd's deposits	6.6	3.0	2.2	0.9	1.2	**13.9**	**1.3**
Total	**35.5**	**9.2**	**30.8**	**22.9**	**1.6**	**100.0**	**1.7**

*Includes supranational and government guaranteed bonds.

Business segments

HISCOX

Hiscox Retail
Hiscox Retail brings together the results of the Group's retail business divisions in the UK, Europe, USA and Asia, as well as Hiscox Special Risks. Hiscox UK and Hiscox Europe underwrite personal and commercial lines of business through Hiscox Insurance Company Limited and Hiscox Société Anonyme (Hiscox SA), 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.
Hiscox Europe excludes the kidnap and ransom business written by Hiscox SA. Hiscox Special Risks comprises the specialty and fine art lines written through Hiscox Insurance Company (Guernsey) Limited and the European kidnap and ransom business written by Hiscox SA and Syndicate 33. Hiscox USA comprises commercial, property and specialty business written by Hiscox Insurance Company Inc. and Syndicate 3624.

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 business written by Syndicate 3624 being auto physical damage and aviation business.

Hiscox Re & ILS
Hiscox Re & ILS is the reinsurance division of the Hiscox 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 healthcare and casualty reinsurance contracts written in the Bermuda hub on Syndicate capacity are also included. The segment also includes the performance and fee income from the ILS funds, along with the gains and losses made as a result of the Group's investment in the funds.

Corporate Centre
Corporate Centre comprises finance costs and administrative costs associated with Group management activities and intragroup borrowings. The segment includes results from run-off portfolios where the Group has ceded all insurance risks to a third-party reinsurer. In 2020, the Group has further refined how it manages and evaluates the performance of the different businesses segments and all foreign exchange gains and losses are now allocated to, and managed by, Corporate Centre.