



# Hiscox Ltd Preliminary results

For the year ended 31 December 2023

# Strategy update

## 2023 results

### Strategy execution delivers record profit

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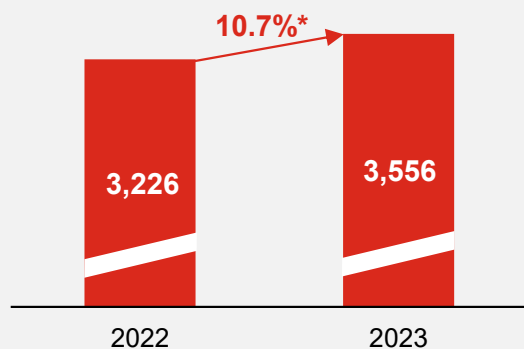
- Hiscox diversified portfolio delivers record profits at excellent pre-tax RoE of 21.8%\*
- Strong profitability and capital generation supports:
  - more capital allocation to big-ticket growth and investment in retail
  - robust balance sheet and financial flexibility
  - progressive dividend and share buyback
- Strong start to 2024

\*Excludes Bermuda deferred tax asset. Including Bermuda DTA, ROE is 27.6%.

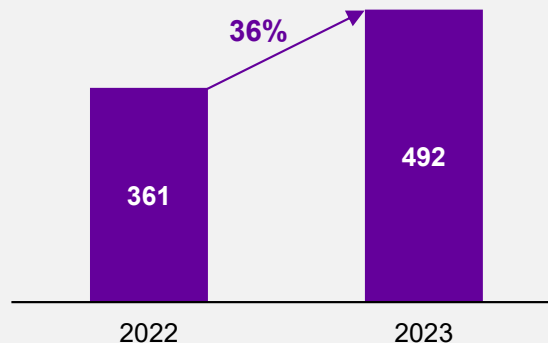
# 2023 results

## Record profitability resulting in capital return

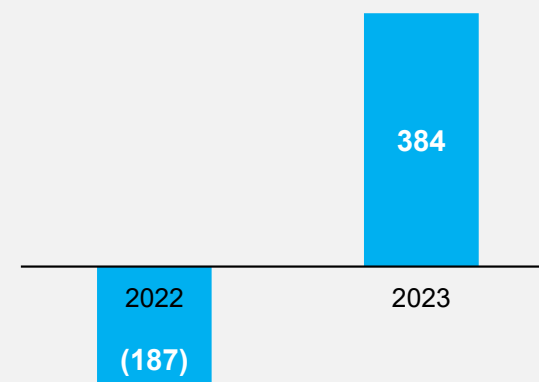
Sustained growth in NICWP (\$m)



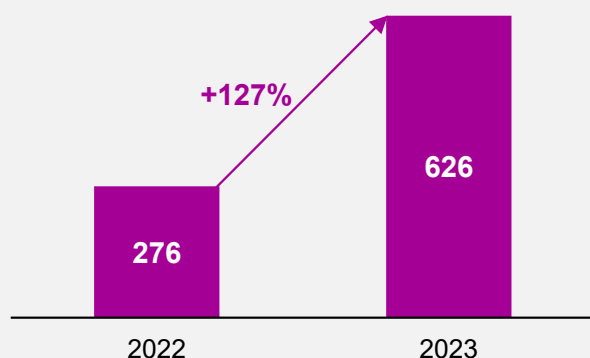
Strong ISR (\$m) growth with improved COR of 89.8%



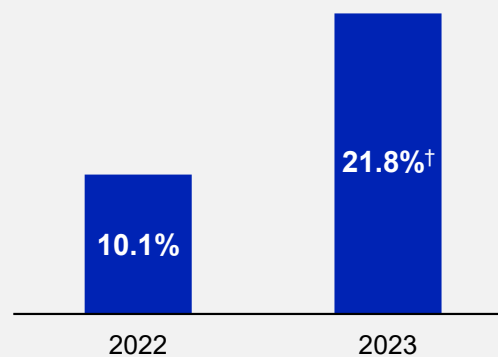
Record investment result (\$m)



Record profit before tax (\$m)

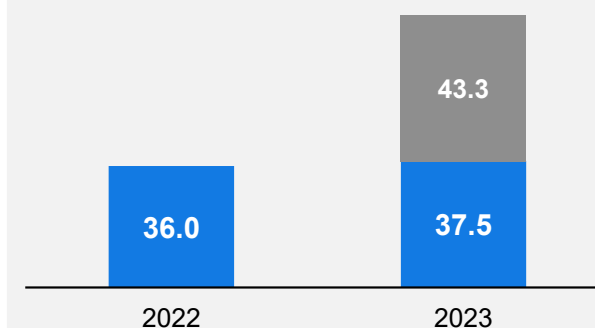


Highest ROE in seven years



Total capital return 8.5% of equity

■ Dividends (cents per share)  
■ Share buyback (cents per share)



\*In constant currency.

<sup>†</sup>27.6% including Bermuda DTA.



# Capital allocation philosophy

## Growth, financial resilience and flexibility



### INVESTMENT IN GROWTH AND EFFICIENCY

- **Invest** in long-term structural growth opportunities in retail
- **Manage** the cycle in big-ticket, deploying capital at attractive returns



### RESILIENCE AND FLEXIBILITY

- Maintain strong **solvency and liquidity**
- **Reserve** conservatively, **strengthen** as appropriate and **transfer risk** through LPTs

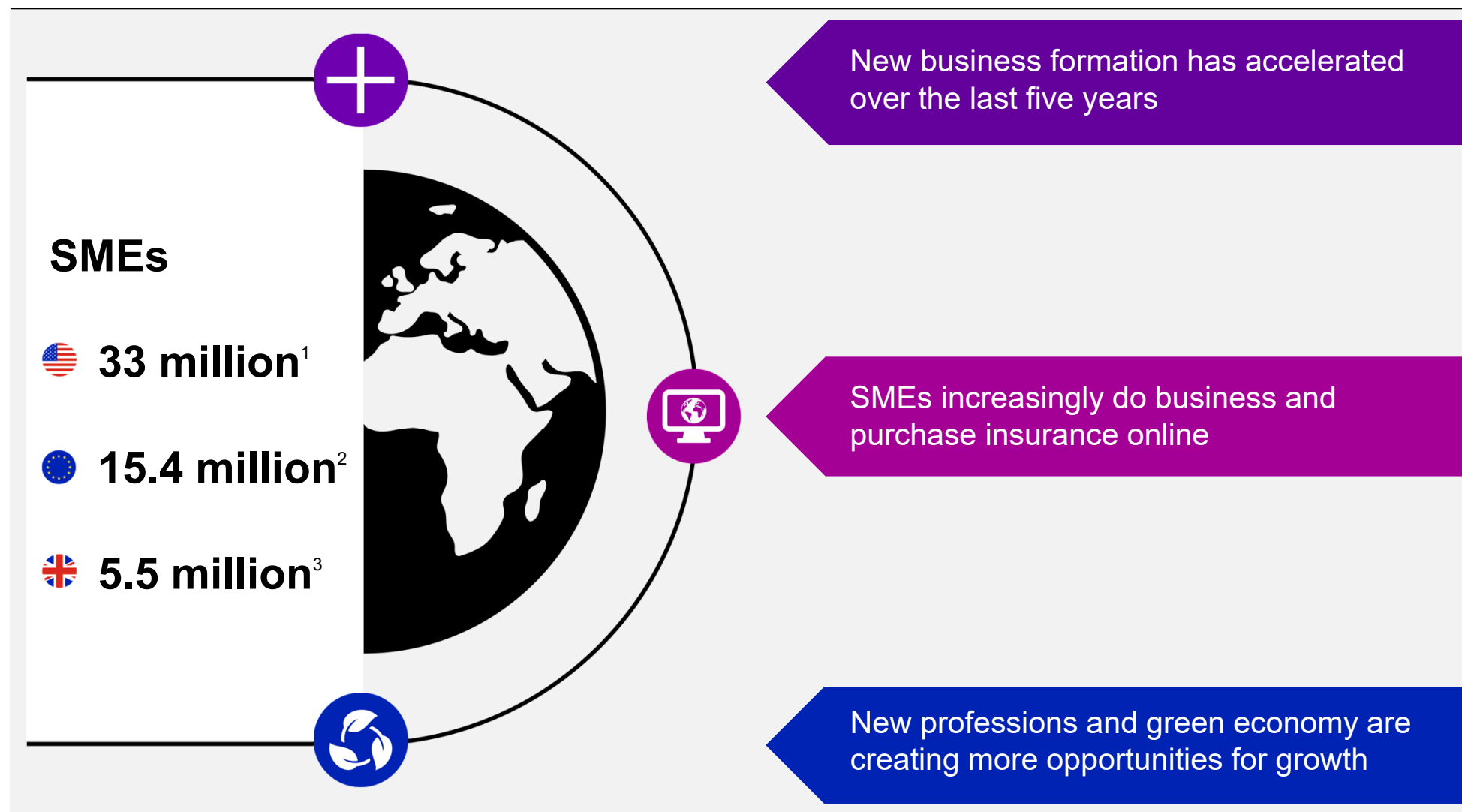


### BALANCE SHEET EFFICIENCY

- Pay out **progressive dividend**
- **Return of surplus capital**

# Retail opportunity

## Market drivers are powerful

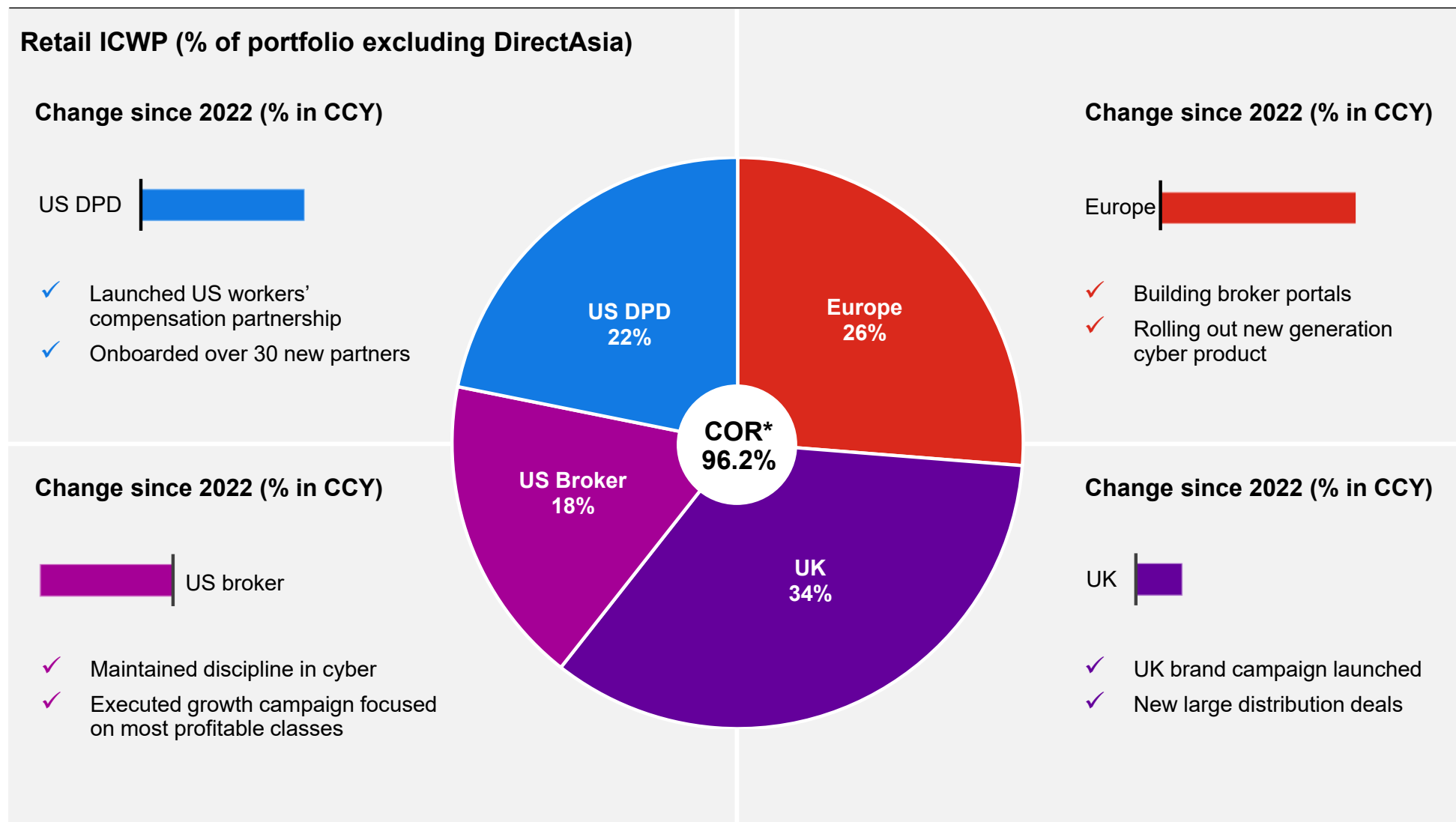


<sup>1</sup>US small business administration office of advocacy.

<sup>2</sup>Eurostat.

<sup>3</sup>Gov.uk.

## Took management action to accelerate profitable growth



\*Reported COR (discounted) is 91.6%.

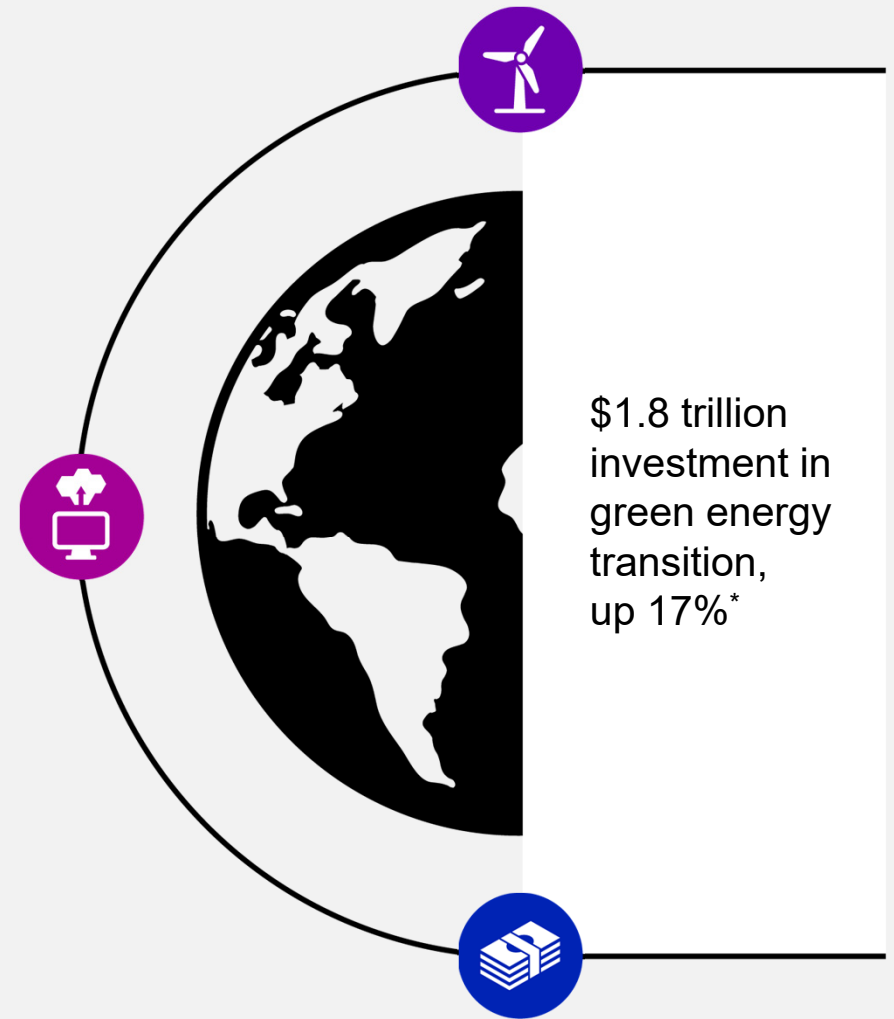
# Big-ticket opportunity

## Long-term enduring opportunity

Lloyd's is the best market for emerging risks

Hiscox technological innovation expands our underwriting capabilities

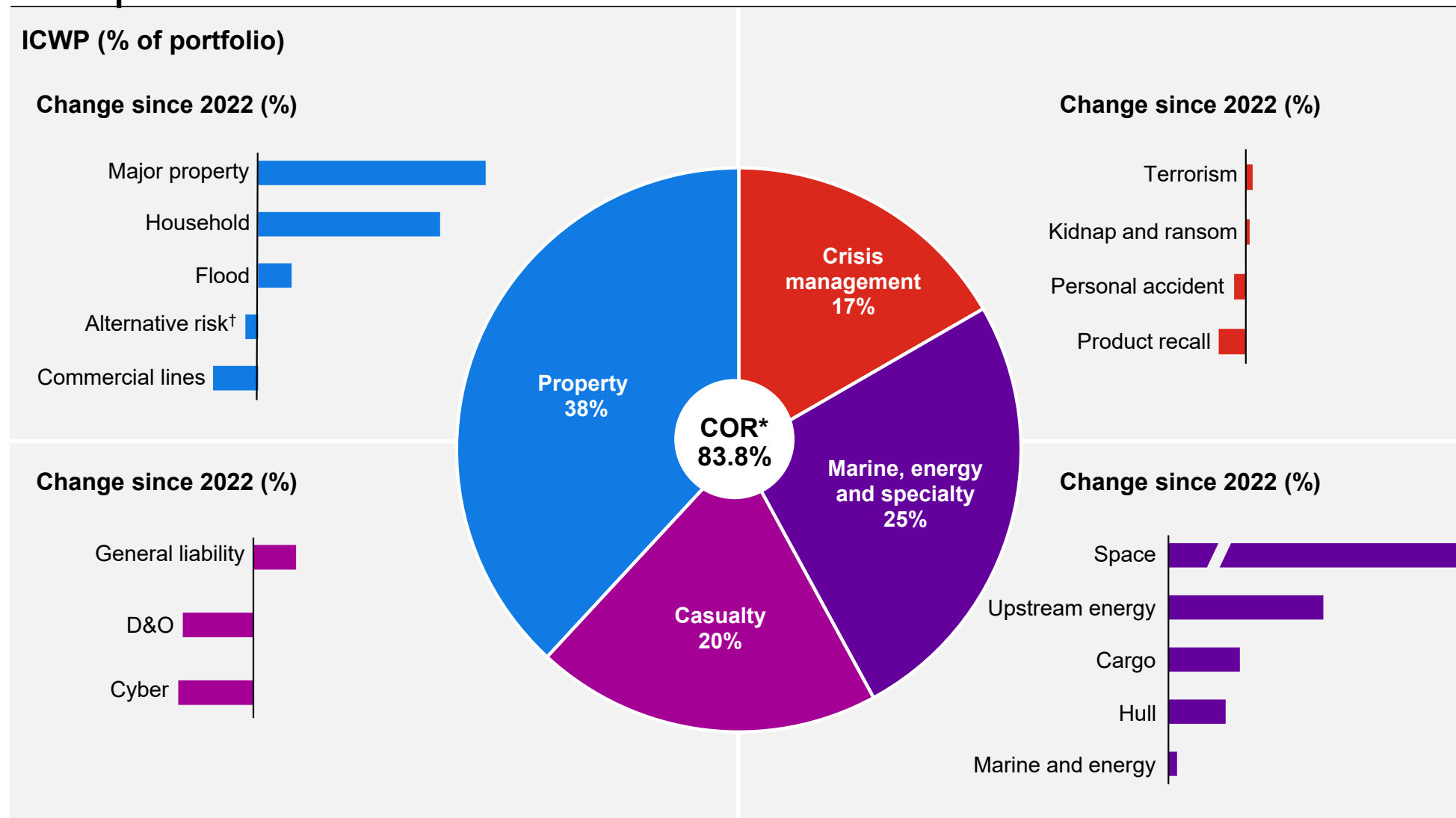
Access to multiple sources of capital in Re & ILS





# Hiscox London Market

## Disciplined cycle management results in growth and profits

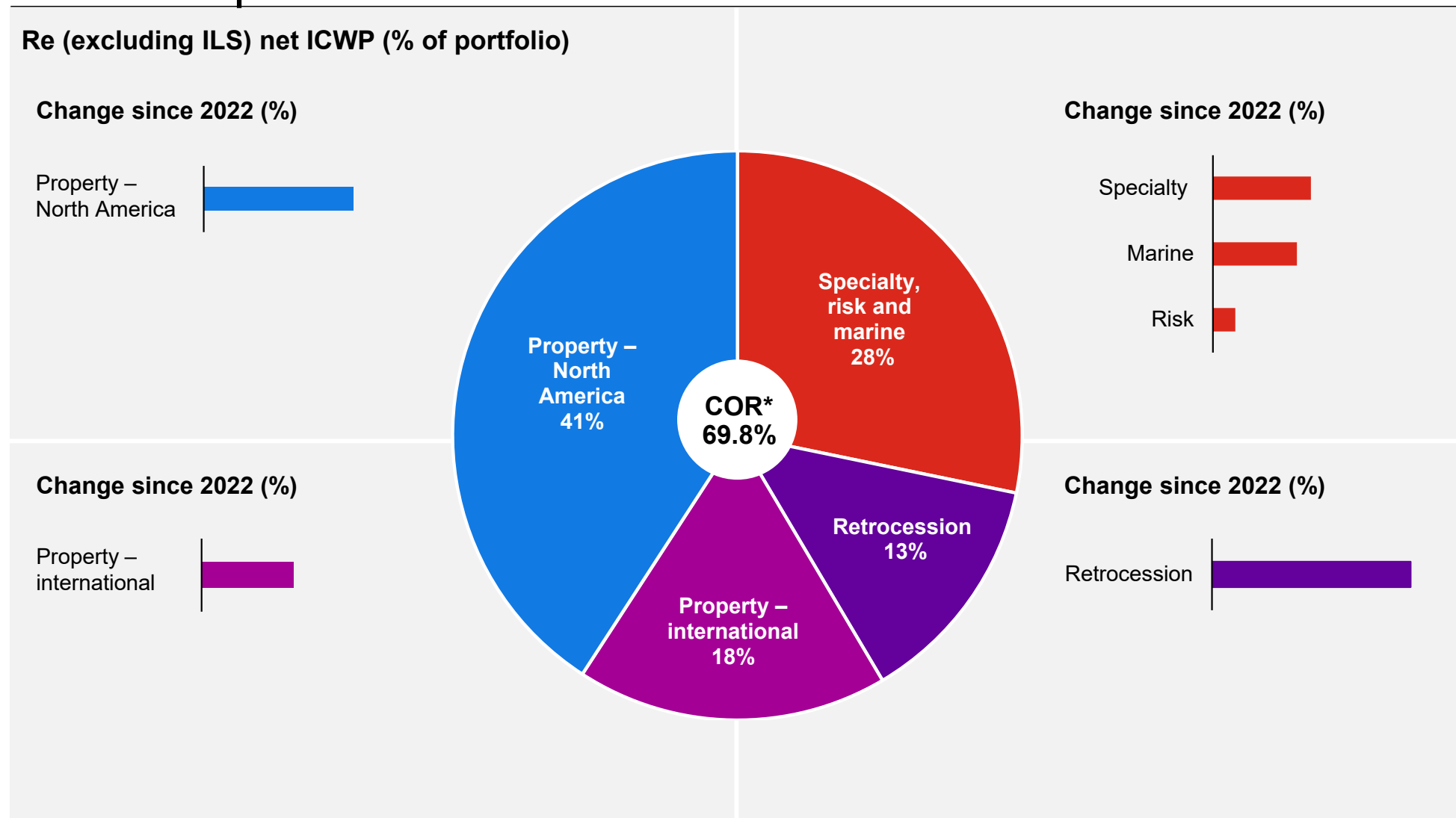


\*Reported COR (discounted) is 79.1%.

†Alternative risk moved from marine, energy and specialty division to property division during 2023.

# Hiscox Re & ILS

Seizing the opportunity: high quality growth, excellent profits



\*Reported COR (discounted) is 68.3%.

# Technology as a strategic enabler

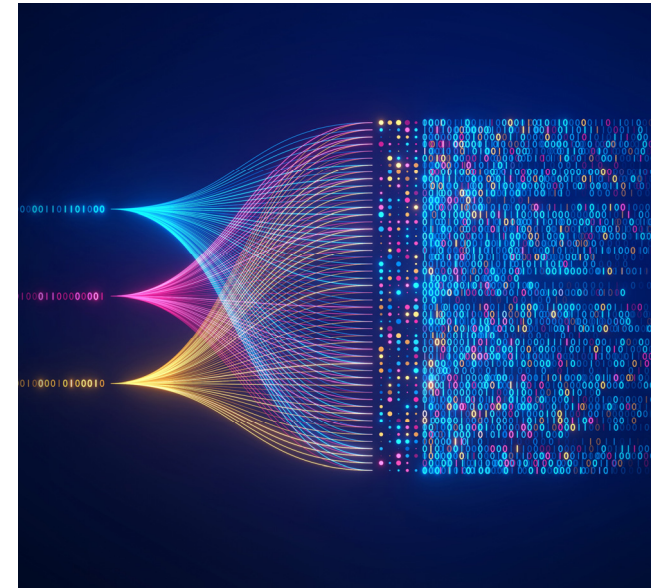
## Building the business of the future



**Easier to do  
business with**



**Superior risk  
selection**



**Efficiency and  
scalability**

# Financial performance

# Group financial performance

## High quality growth delivering profits

	31 December 2023 \$m	31 December 2022* \$m	Year-on-year
<b>Premiums</b>			
Insurance contract written premium	4,598.2	4,355.4	5.6%
Net insurance contract written premium	3,555.8	3,225.5	10.2%
<b>Earnings</b>			
Insurance service result	492.3	360.9	36.4%
Investment result	384.4	(187.3)	n/a
Profit before tax	625.9	275.6	127.1%
Combined ratio	85.5%	88.7%	3.2ppt
Undiscounted combined ratio	89.8%	91.1%	1.3ppt
<b>Shareholder returns</b>			
Total dividend (¢)	37.5	36.0	4.2%
Net asset value \$m	3,296.7	2,635.0	25.1%
¢ per share	951.1	764.5	24.4%
EPS ¢ per share	162.7†	73.8	120.5%
Return on equity	21.8%†	10.1%	11.7ppt

- Net growth 10.7% in constant currency
- Strong and improved COR
- Insurance service result approaching \$0.5bn
- Record investment result as higher bond reinvestment yields earned through
- Disciplined expense management
- Record profit of \$625.9m
- Special return of 43.3¢ per share and total dividend of 37.5¢ per share, up 4.2% year-on-year
- \$150m DTA recognised due to new Bermuda tax law

\*Restated for IFRS 17.

†Excludes Bermuda DTA. Including Bermuda DTA, EPS is 206.1 cents and ROE is 27.6%.

# Hiscox Retail

## Strong earnings

	31 December 2023 \$m	31 December 2022* \$m	Year-on-year
<b>Premiums</b>			
Insurance contract written premium	2,368.5	2,273.1	4.2%
Net insurance contract written premium	2,197.7	2,071.3	6.1%
<b>Earnings</b>			
Insurance service result	180.2	182.5	(1.3%)
Profit before tax	267.3	130.2	105.3%
<b>Combined ratio</b>	<b>91.6%</b>	91.0%	-0.6ppt
<b>Undiscounted combined ratio</b>	<b>96.2%</b>	93.7%	-2.5ppt

- Retail ICWP growth of 4.2% in constant currency
- 10.6% ICWP growth in Europe in constant currency
- US DPD accelerating to 9.2% in H2
- UK Q4 growth disappointing
- US broker headwinds
- Retail COR impacted by management action to increase marketing investment and strengthen reserves
- Profit significantly above prior year



# Hiscox London Market

## Disciplined cycle management leads to sustained profitability

	31 December 2023 \$m	31 December 2022* \$m	Year-on-year
<b>Premiums</b>			
Insurance contract written premium	<b>1,243.4</b>	1,114.7	11.5%
Net insurance contract written premium	<b>908.5</b>	789.2	15.1%
<b>Earnings</b>			
Insurance service result	<b>176.0</b>	123.3	42.7%
Profit before tax	<b>251.4</b>	101.0	148.9%
<b>Combined ratio</b>	<b>79.1%</b>	84.5%	5.4ppt
<b>Undiscounted combined ratio</b>	<b>83.8%</b>	86.7%	2.9ppt

- Net ICWP growth accelerated in H2
  - deployed incremental capital
  - benefitted from opportunities in renewables and energy construction
- Focus on underwriting discipline and cycle management
- Fourth consecutive year of combined ratio in the 80-90% range

## Excellent net growth and superb combined ratio

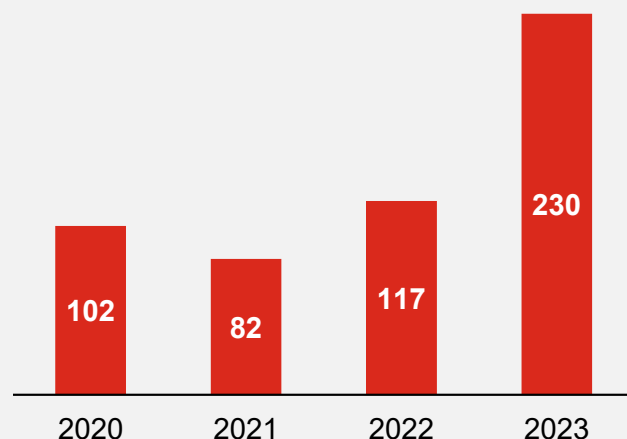
	31 December 2023 \$m	31 December 2022* \$m	Year-on-year
<b>Premiums</b>			
Insurance contract written premium	<b>986.3</b>	967.6	1.9%
Net insurance contract written premium	<b>449.6</b>	365.0	23.2%
<b>Earnings</b>			
Insurance service result	<b>136.1</b>	55.1	147.0%
Profit before tax	<b>221.4</b>	46.9	372.1%
<b>Combined ratio</b>	<b>68.3%</b>	84.5%	16.2ppt
<b>Undiscounted combined ratio</b>	<b>69.8%</b>	85.6%	15.8ppt

- Deployed capital into hard market to generate high quality growth
- Lowest combined ratio since 2016
- Record ILS profits for third-party capital partners
- AUM of \$1.6bn at 1 January 2024
  - Planned return of ILS capital partially offset by \$140m of new capital raised

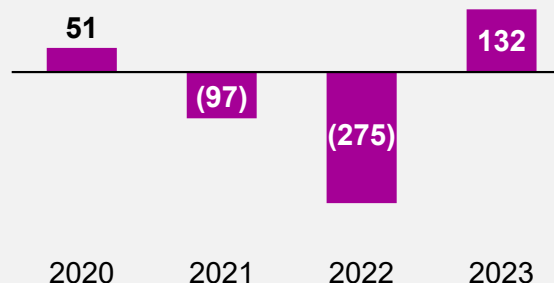
# Investment performance

## Higher rates led to improved returns in 2023

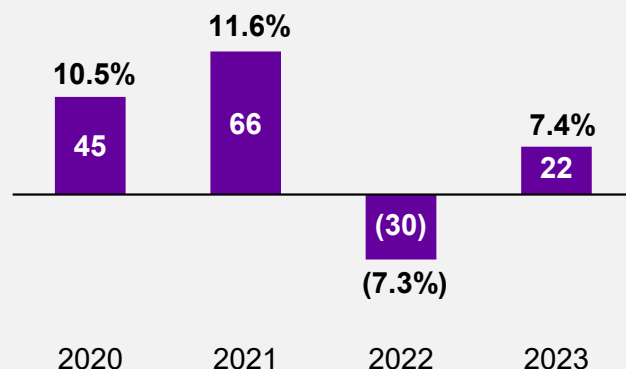
**Cash and bond income net of fees (\$m)**



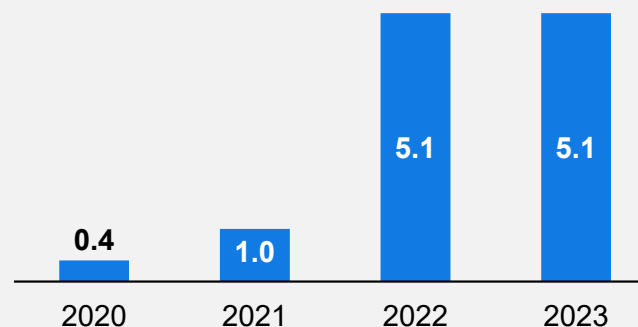
**Gains/(losses) on debt and fixed income holdings (\$m)**



**Equity and investment fund performance (\$m and as % of risk assets)**



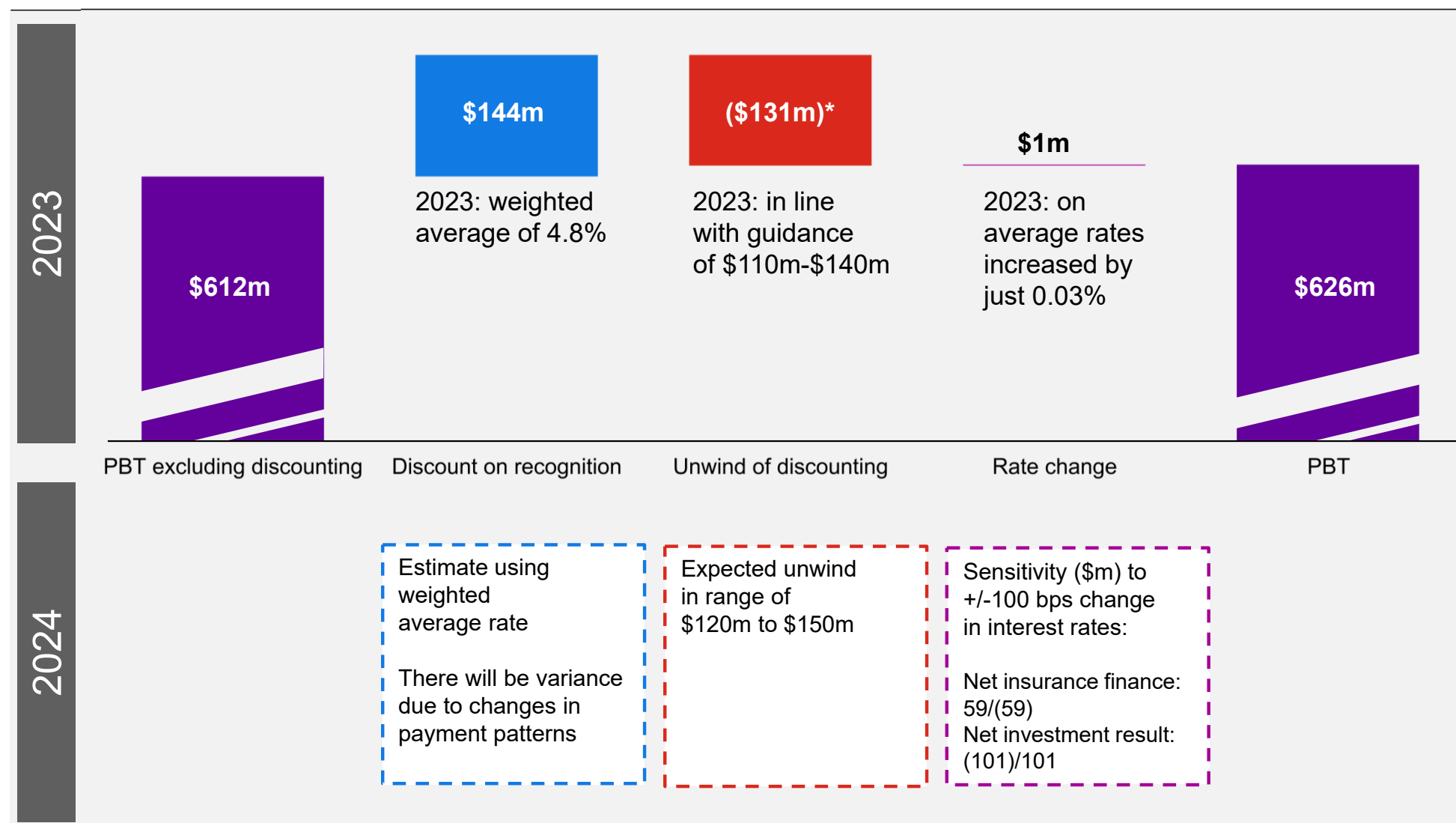
**Bond portfolio yield to maturity (%)**



- Investment result \$384.4m (2022: (\$187.3m)), return of 5.2% YTD (2022: (2.6%))
  - coupon income and cash returns doubled
  - risk free rates continued to rise in H1, stable in H2
  - credit spreads narrowed to historical tight levels
- Reinvestment yield on bond portfolio of 5.1% (31 December 2022: 5.1%)
- Book yield of 4.3% as at 31 December 2023 (2022: 2.7%)
- Group invested assets \$8.0bn at 31 December (2022: \$7.1bn)
- Increased asset duration to 1.6 years (2022: 1.5 years) to lock in higher rates

# Claims discounting impact on profit and COR

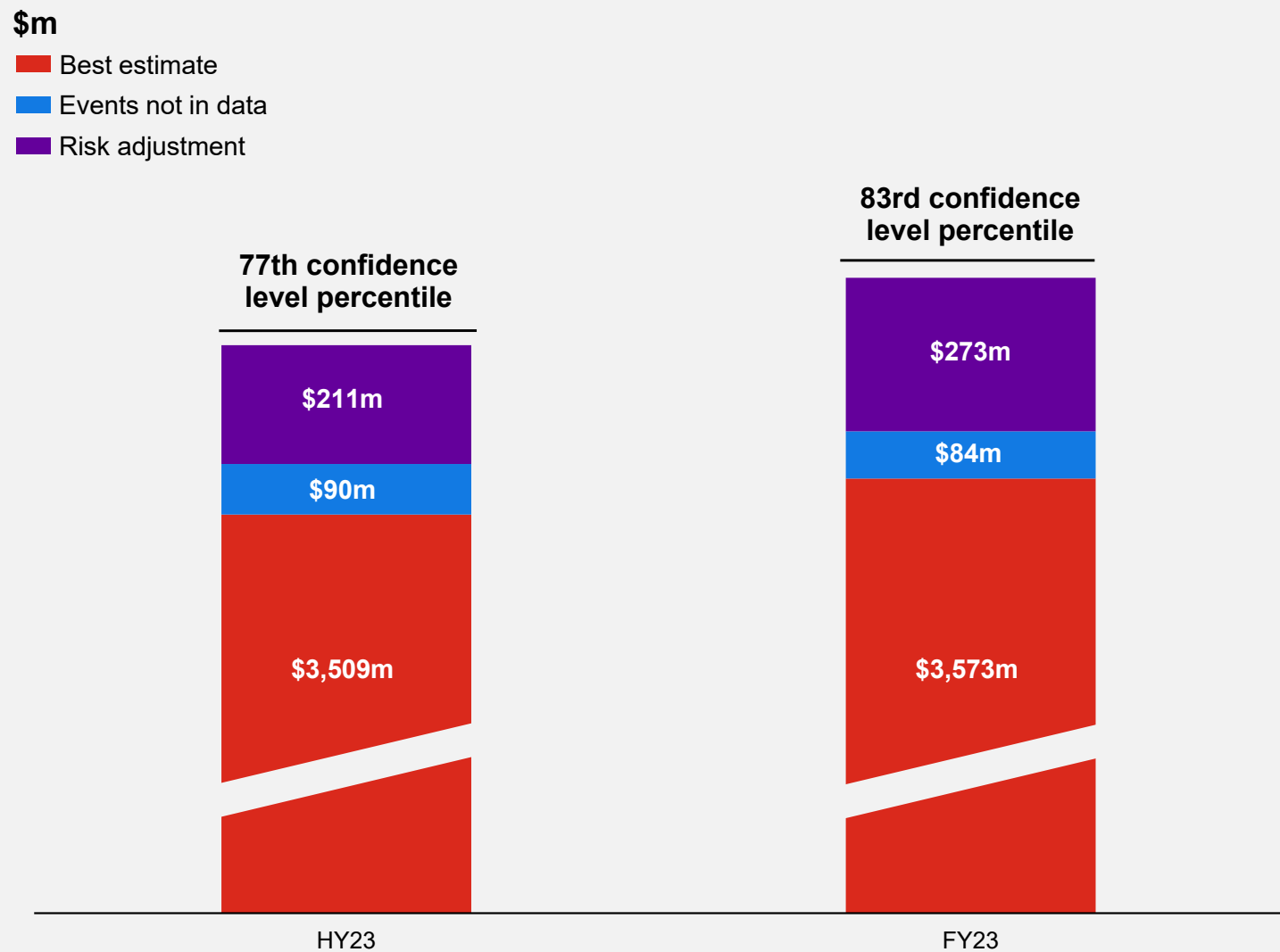
## Net impact on profit is low at \$14 million



\*Excludes \$9.7m of interest from funds withheld (2022: \$8.4m).

# Reserves

## Proactive reserve management

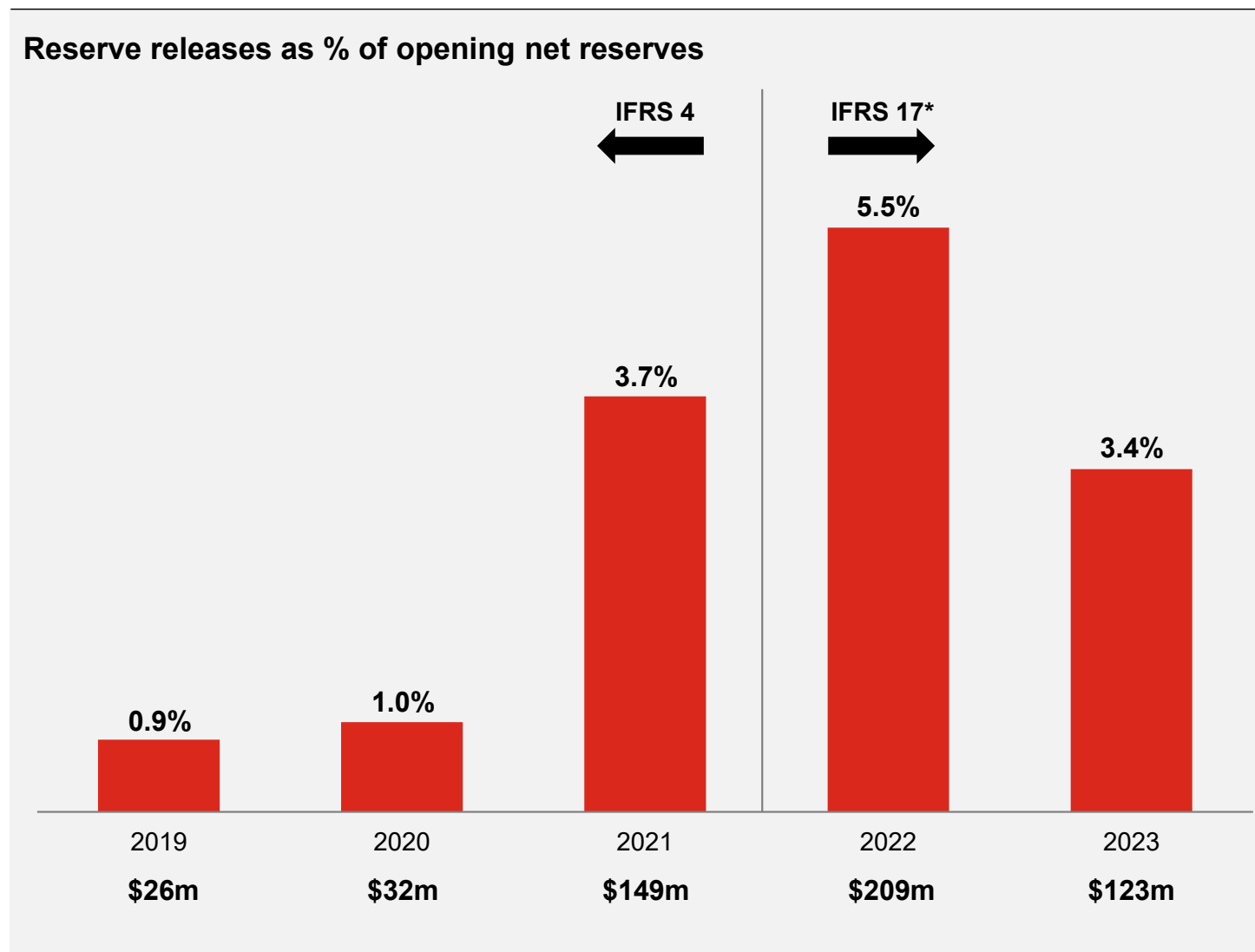


- Prudent reserving philosophy unchanged
- Liabilities average duration 1.9 years
- Continue to reserve proactively
- Confidence level towards top of 75%-85% range
- \$273m\* risk adjustment above conservative best estimate
- LPTs provide protection for 42% of 2019 and prior years' gross casualty reserves

\*Best estimate and risk adjustment totals are undiscounted for comparability purposes between periods and allow for the impact of LPTs.

# Reserve releases

## \$123m positive reserve development



- Reserve releases positive across all segments after strengthening reserve buffers
- Consistent reserve philosophy demonstrated by history of releases

\*Reserve releases under IFRS 17 presented on an undiscounted basis and reclassifying LPT recoveries into claims.

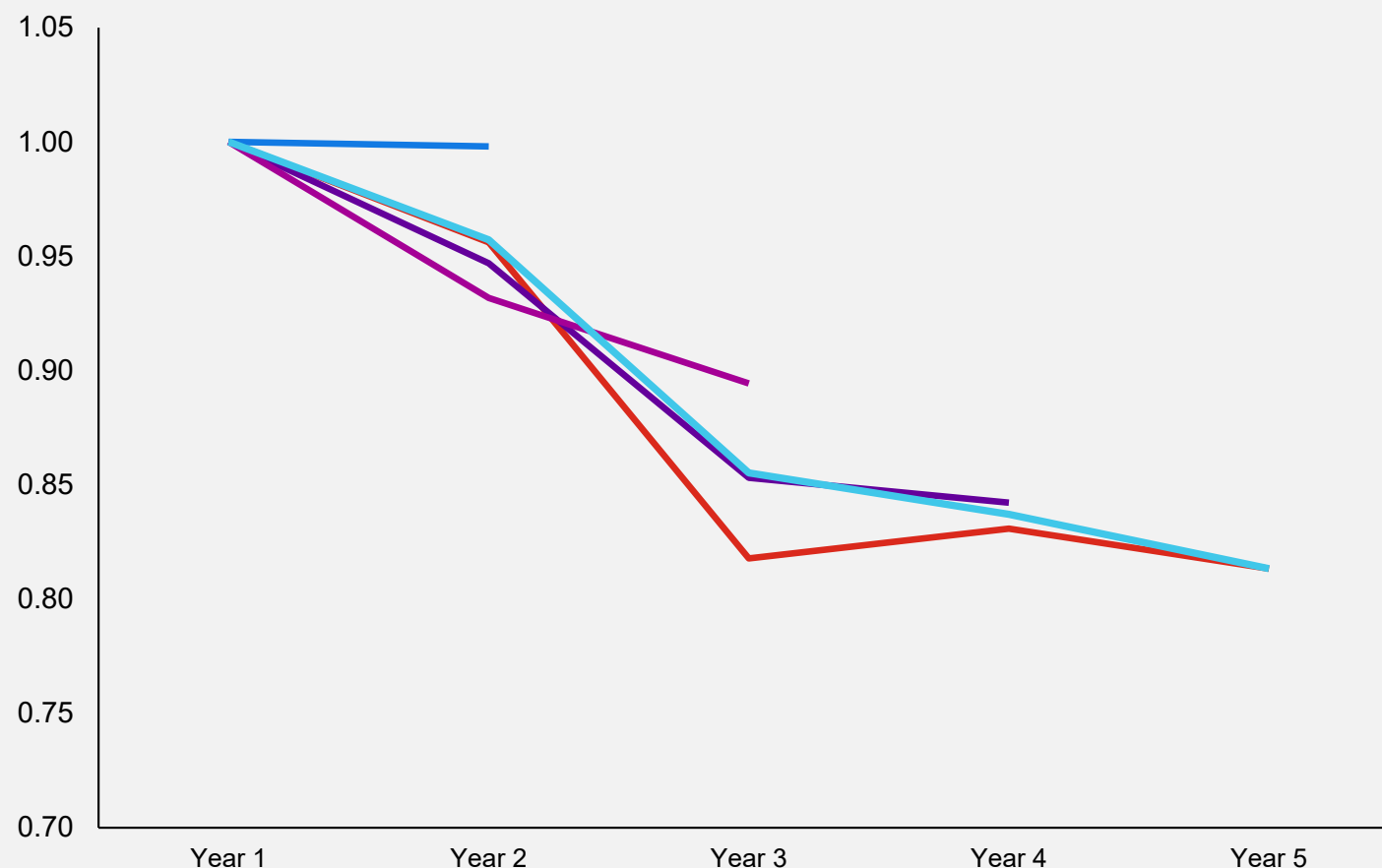


# Accident year loss development net of LPT

## All years trending down

Net loss development\* by accident year

— 2019 — 2020 — 2021 — 2022 — Average of all years



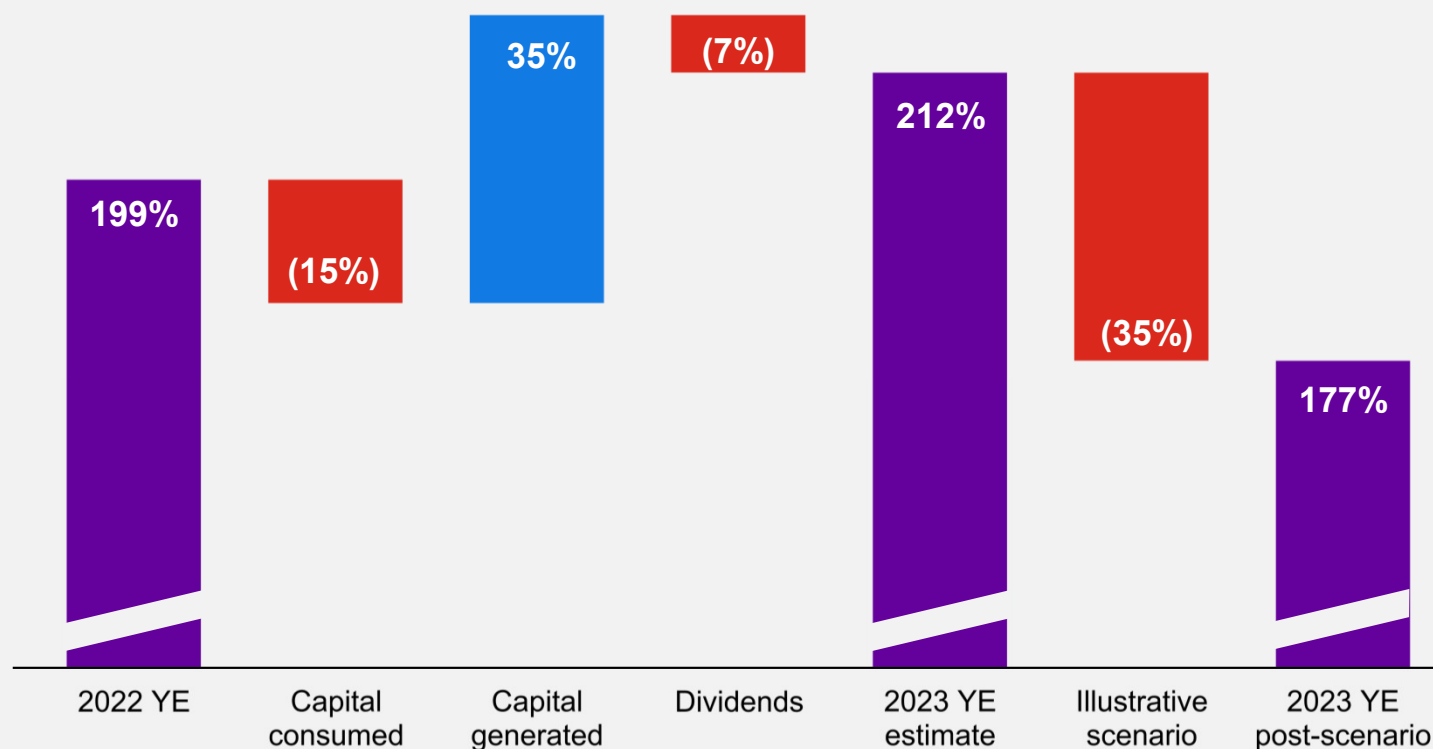
- Net of LPT, releases across all prior accident years
- LPTs provide benefit to all accident years

\*Presentation different from accident year triangles, which are gross of LPT reserves.  
 Note: restated for IFRS 17 and on own-share basis. Some IBNR reclassification between 2019 and older years on transition distorts 2019 accident year.

# Very strong capital generation

## Deployed capital into favourable market conditions

### Estimated Bermuda solvency capital requirement (BSCR)



- Capital generation more than 2x of capital consumed by growth
- Regulatory and ratings capital position remains strong
- Bermuda DTA not included
- Fungible liquidity of around \$1bn

### Illustrative scenario

US windstorm modelled loss for a 100-250 year return period, combined with economic stress (\$35m equity losses and 100bps interest rate increase)

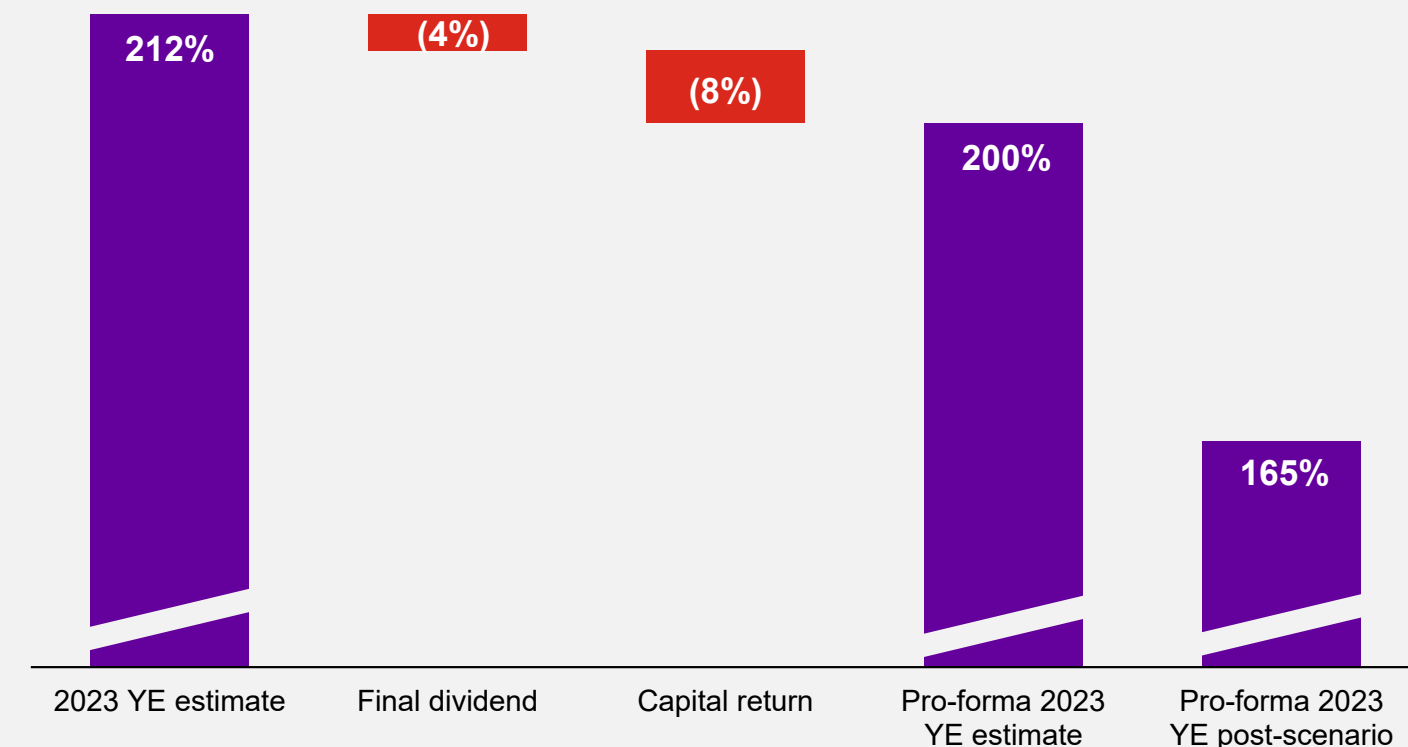
### Modelled loss amount

**\$625m**

# Remain strongly capitalised post capital return

## Post capital return in line with historic levels

### Pro-forma Bermuda solvency capital requirement



- Pro-forma BSCR post capital return is very strong
- Consistent with historical levels
- Post loss scenario position comfortably within the S&P 'A' rating post capital return

### Illustrative scenario

US windstorm modelled loss for a 100-250 year return period, combined with economic stress (\$35m equity losses and 100bps interest rate increase)

### Modelled loss amount

**\$625m**

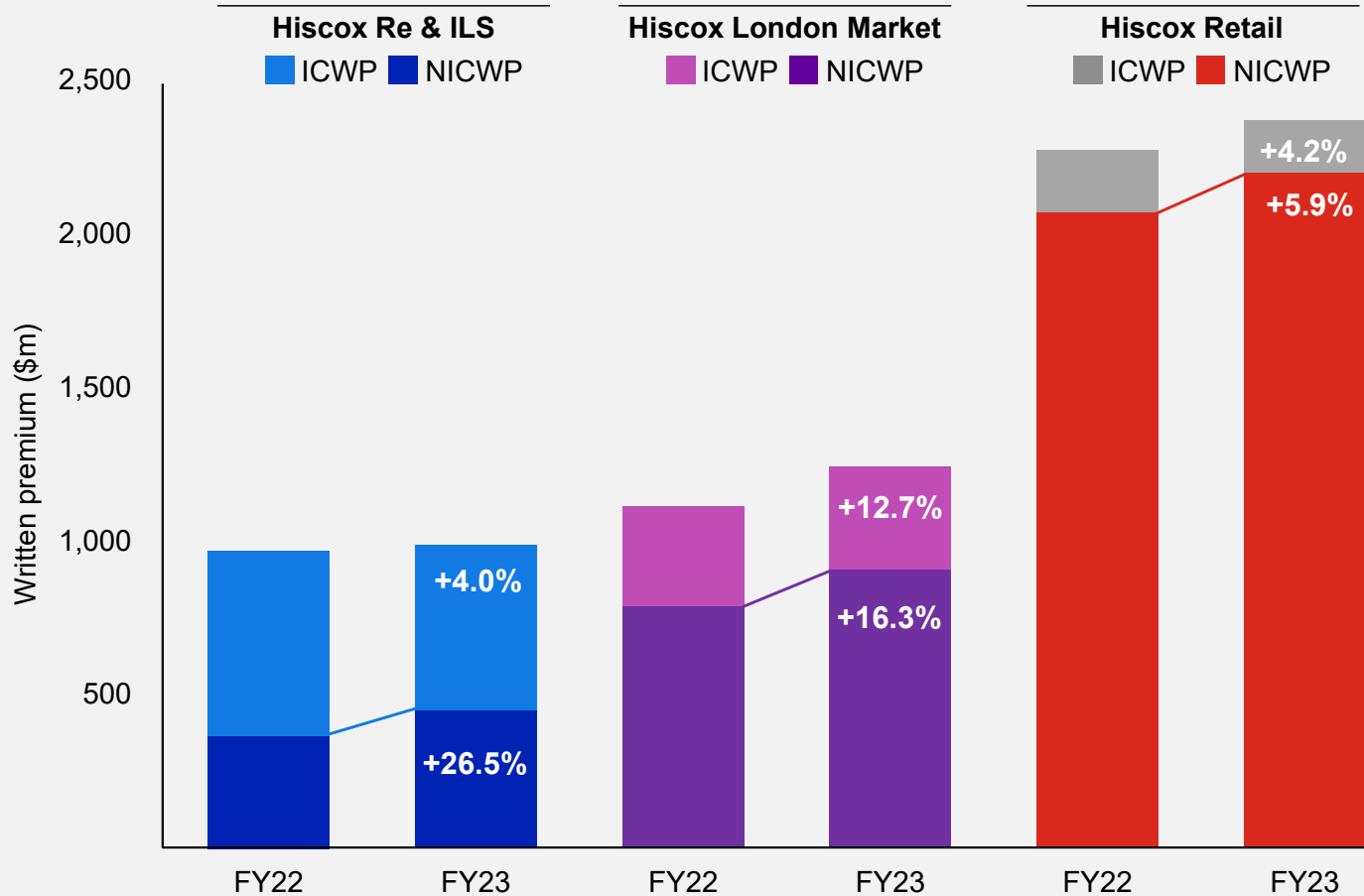
# Underwriting

# Underwriting portfolio

## Disciplined growth delivering strong profits

### 2023 Group written premium (constant currency)

ICWP \$4,598.2m; Net ICWP \$3,555.8m



### London Market

- Effective cycle management, delivering strong net growth and consistent profits

### Re & ILS

- Excellent net growth as we deployed incremental capital in a hard market

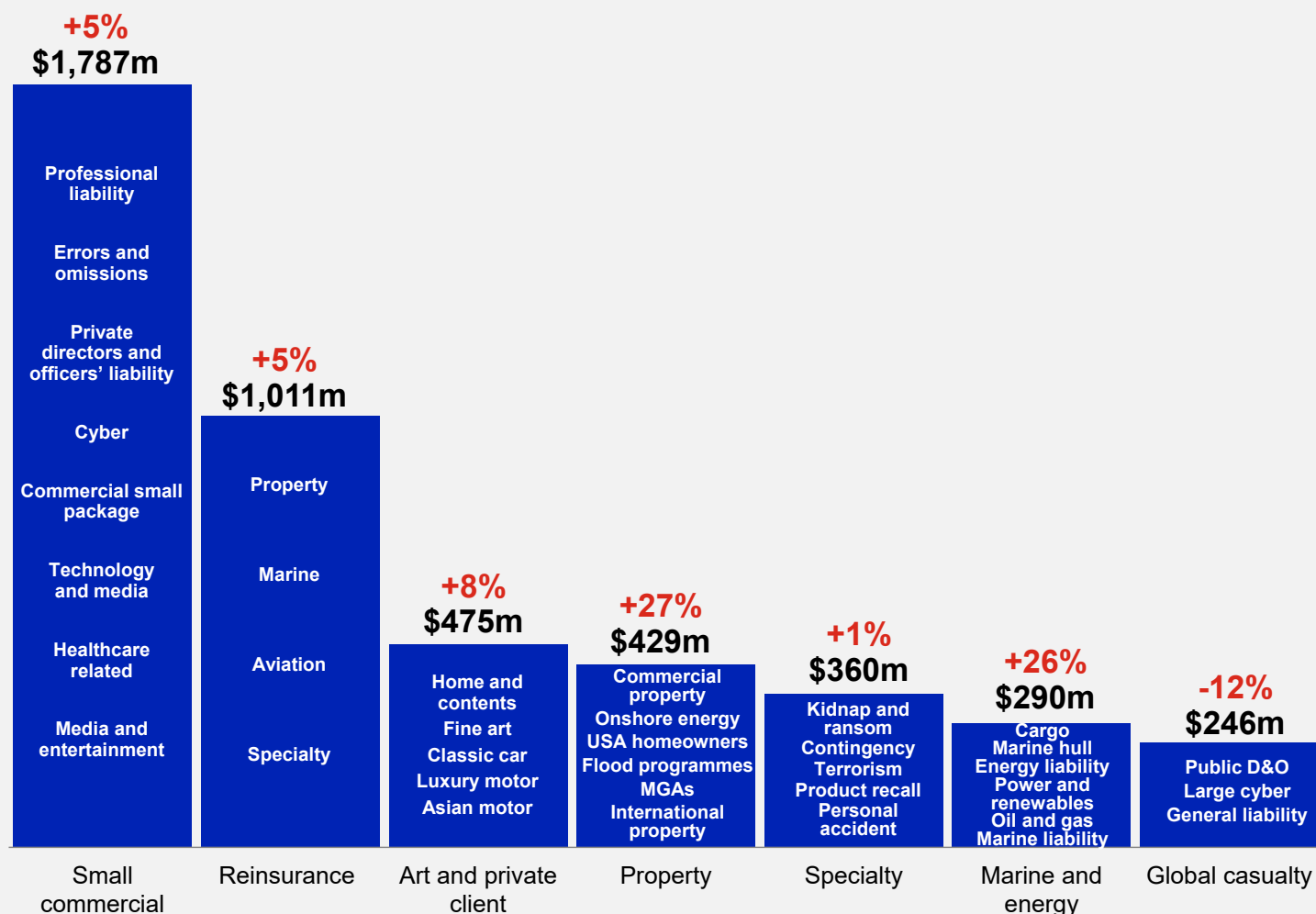
### Hiscox Retail

- Strong momentum in Europe and accelerating growth in US DPD

# Power of an actively managed portfolio

## Continuing to benefit from strategy of balance

### 2023 Group ICWP (year on year in constant currency)



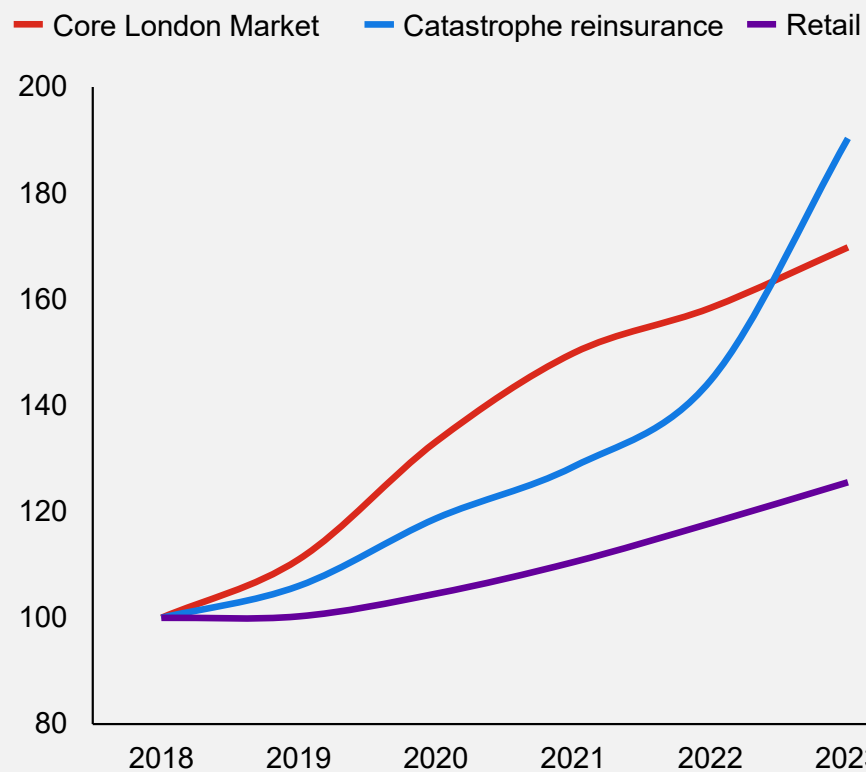
- Retail commercial continues year on year compound growth
- Reinsurance gross moderated by ILS outflows
- Strong retail art and private client growth
- Favourable market conditions contributing to property and marine and energy growth
- Deliberate reductions in casualty as rates continued to soften in D&O and cyber
- Flexing and taking opportunities in current market conditions



# Aggregate rate momentum continues

## Assumed inflation remains elevated

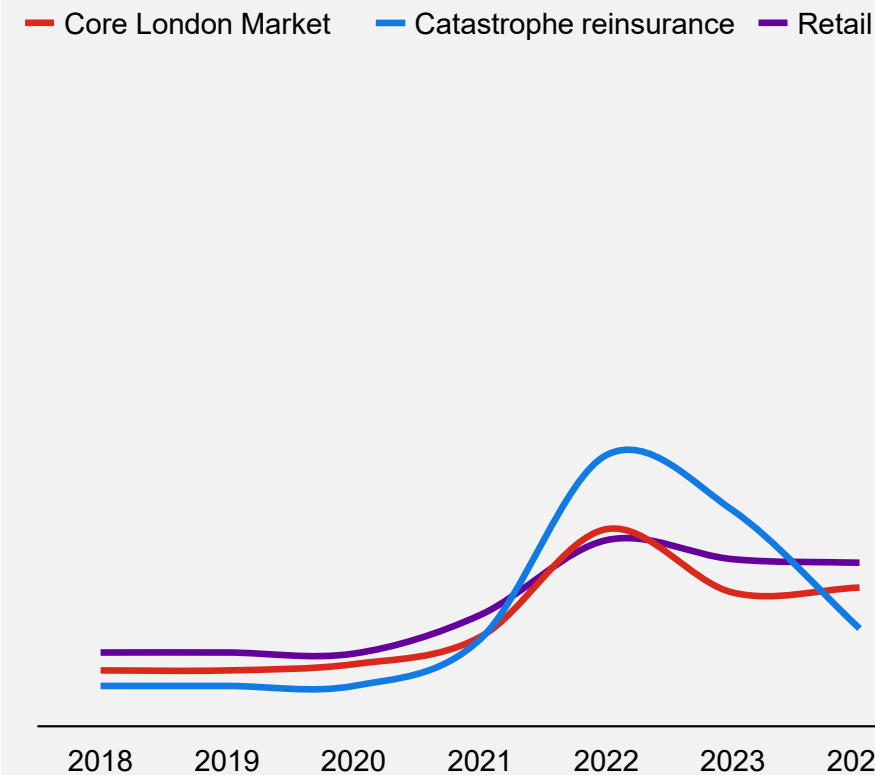
**Compound rate\* change, indexed to 2018**



- **London Market** rate\* up 7%-70% cumulative since 2018
- **Re & ILS** rate\* up 31%-90% cumulative since 2018
- **Retail** rate\* up 7%-26% cumulative since 2018

\*London Market and reinsurance rates are net risk adjusted for assumed inflation, retail rates are gross of assumed inflation.

**Annual assumed claims inflation†**

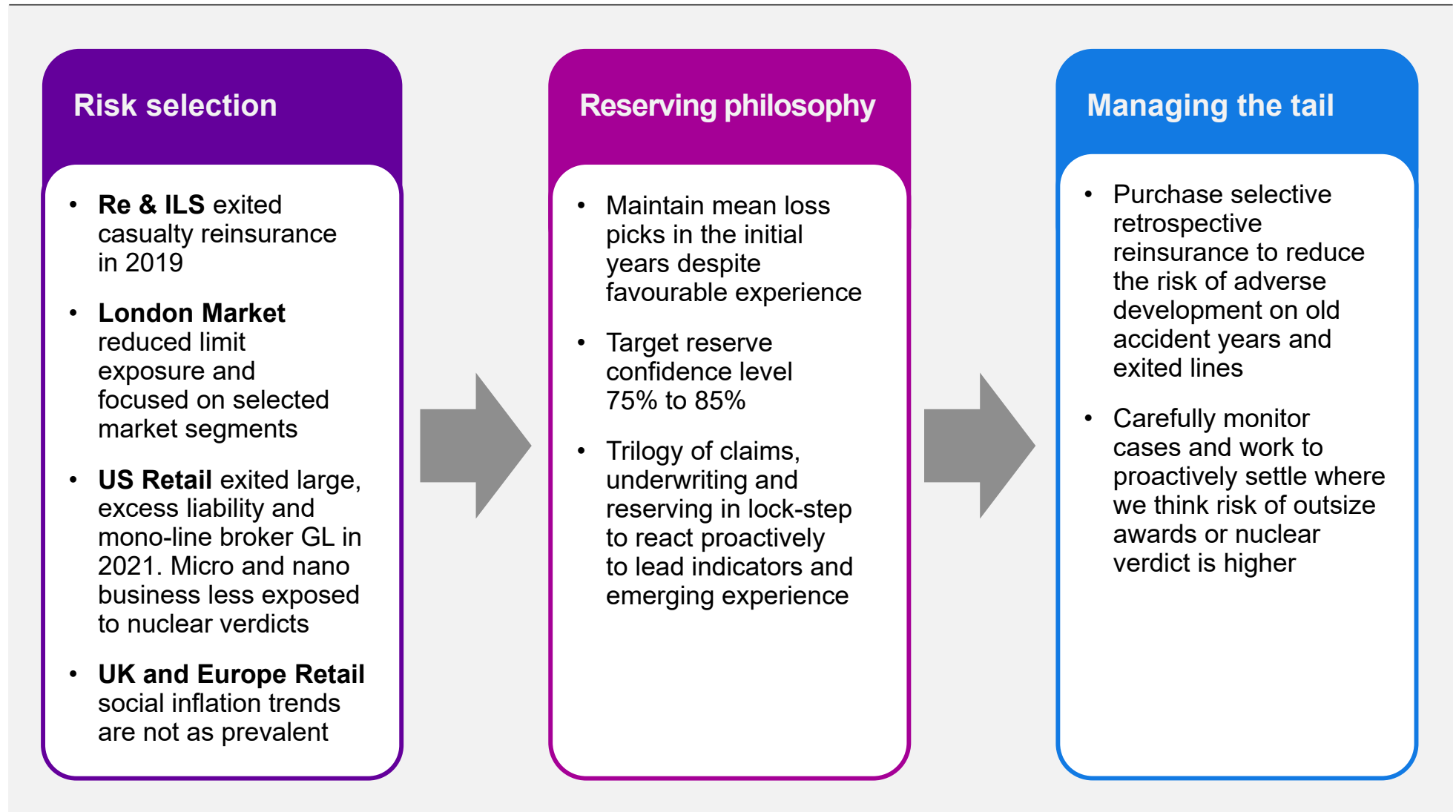


- Inflation assumptions passed peak, but remain elevated
- Inflation comprised of economic, climate and social
- Individual portfolios are impacted differently

†Explicit inflation over and above inflationary changes already captured in our Hiscox view of risk model for peak perils.

# Social inflation

## Managing the risk over the life of a policy



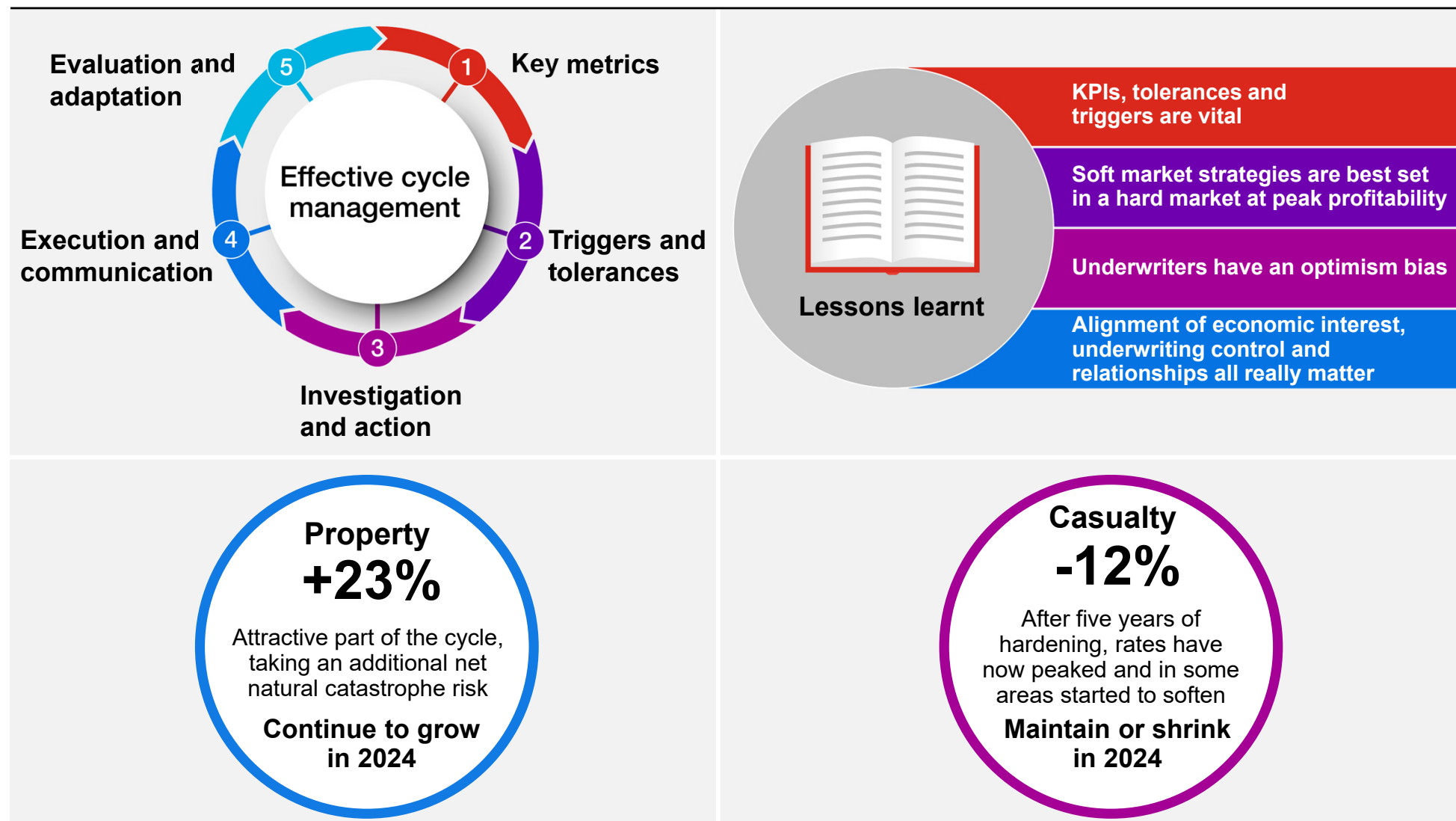
# Retail profitable growth

## Capturing the opportunity



# Big ticket effective cycle management

## Managing risk and opportunity

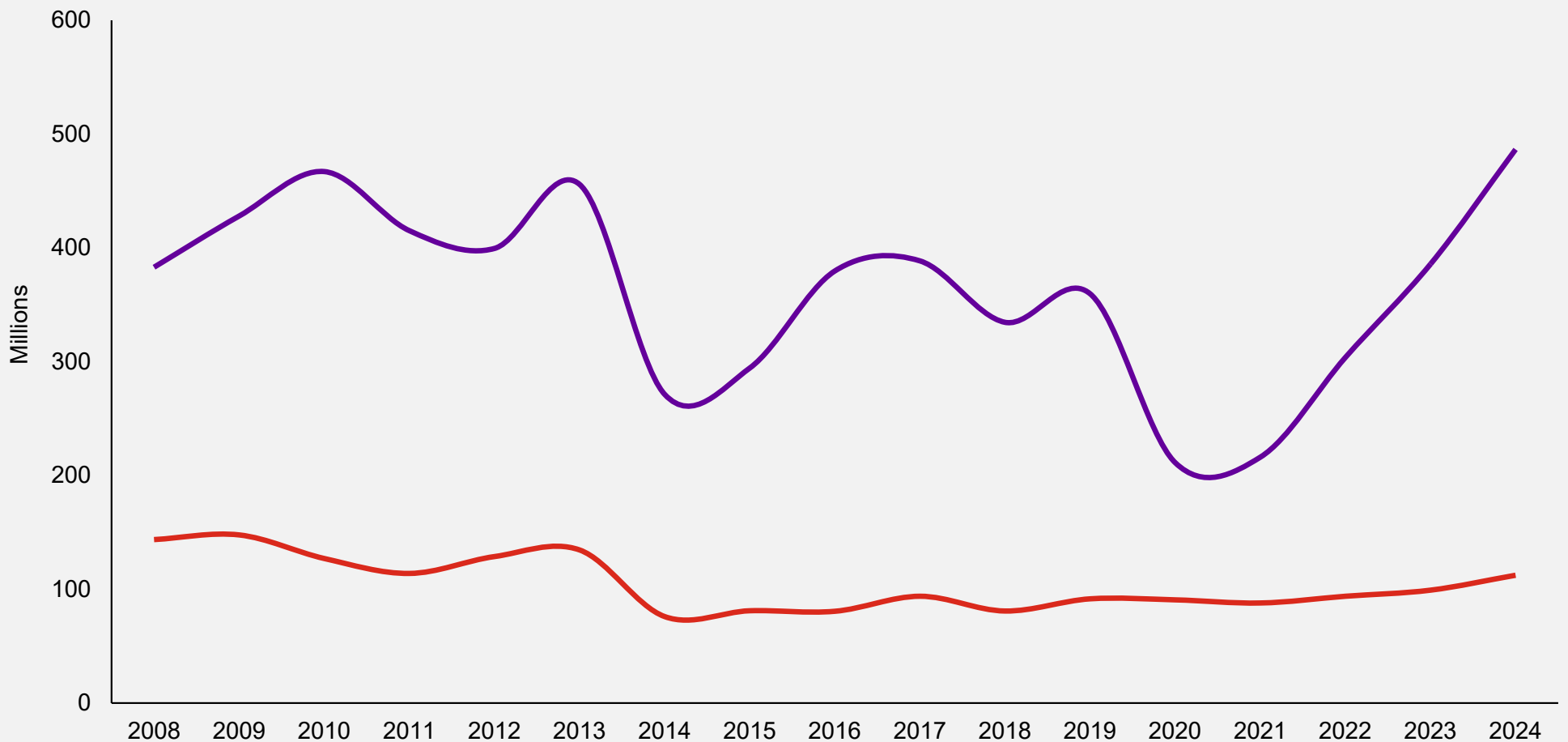


# Natural catastrophe risk

## Managing volatility

US hurricane mean modelled \$m loss adjusted for US CPI (5-10 year and 100-250 year)

— 5-10 year Inflated — 100-250 year Inflated



# Artificial intelligence and technology in underwriting

## Evolving the business for the future



### Augmented underwriting

- Customer experience
- Risk selection and pricing
- Operational leverage



### Emerging risk

- Insured
- Third party
- Bad actor



### Business opportunity

- New products
- Emerging sectors
- Existing barriers

## Closing remarks

- 
- The Group is well positioned to deliver high quality growth and earnings across the portfolio
  - Retail outlook is positive
    - strong start to 2024
    - expect to deliver full-year 2024 growth within the 5% to 15% target range, and
    - to operate within the 89%-94% combined ratio range; will continue investing in retail growth
  - Positive market conditions persist in big-ticket
    - strong January renewals
    - see attractive opportunities for growth



# Appendices

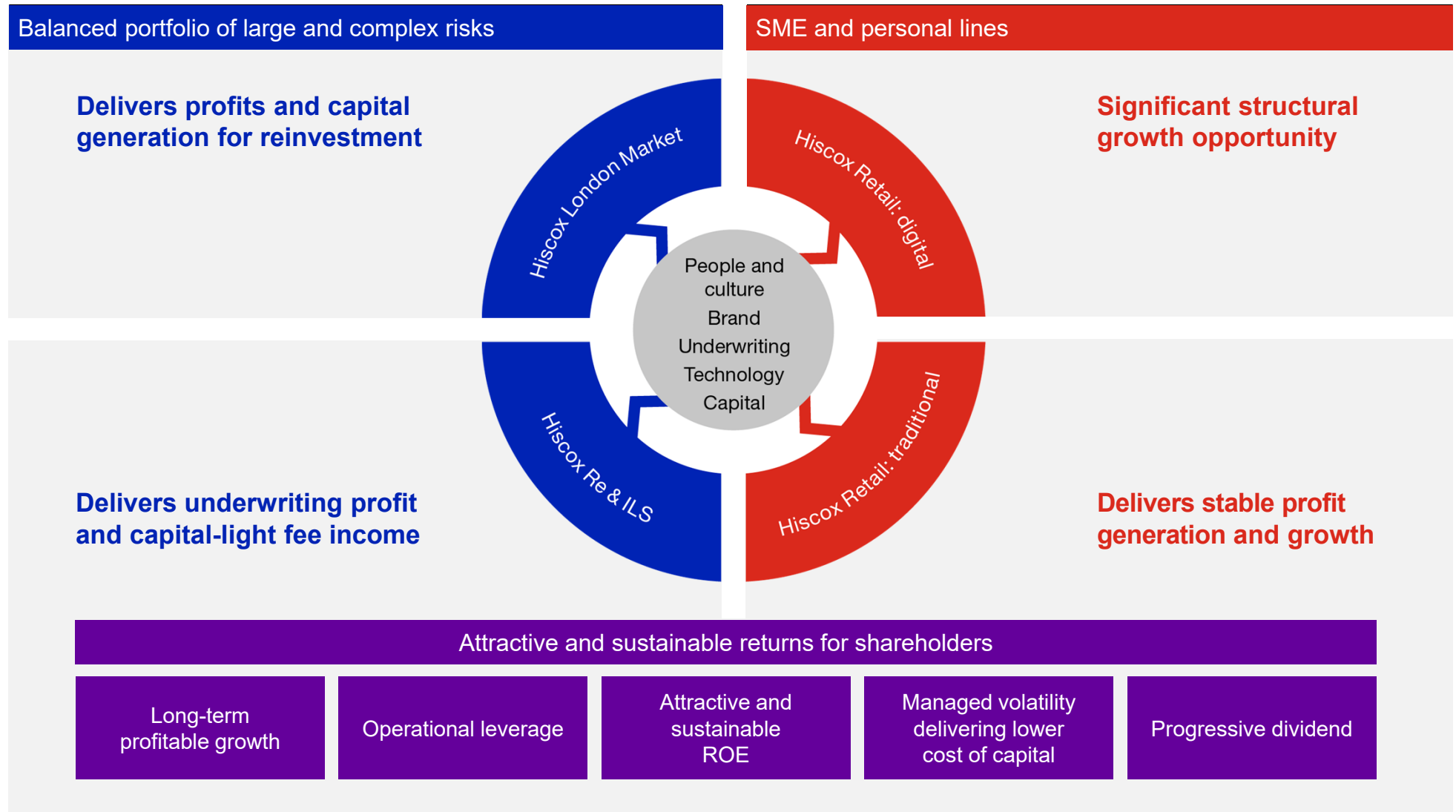
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- Geographical reach
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  - Strategic focus
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  - Power of an actively managed portfolio
  - Hiscox sustainability strategy
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  - Non-natural catastrophe extreme loss scenarios
  - Boxplot and whisker diagram of modelled Hiscox Ltd net loss (\$m)
  - ICWP geographical and currency split
  - Group reinsurance security
  - Reinsurance
  - Investment result
  - Portfolio – asset mix
  - Portfolios – USD debt and fixed income holdings
  - Portfolios – GBP and other currencies debt and fixed income holdings
  - Simplified illustration of unwind of claims discounting
  - Business segments

# Geographical reach

## 34 offices in 14 countries



# Hiscox investment case



# Strategic focus

## Insurance contract written premium for 2023

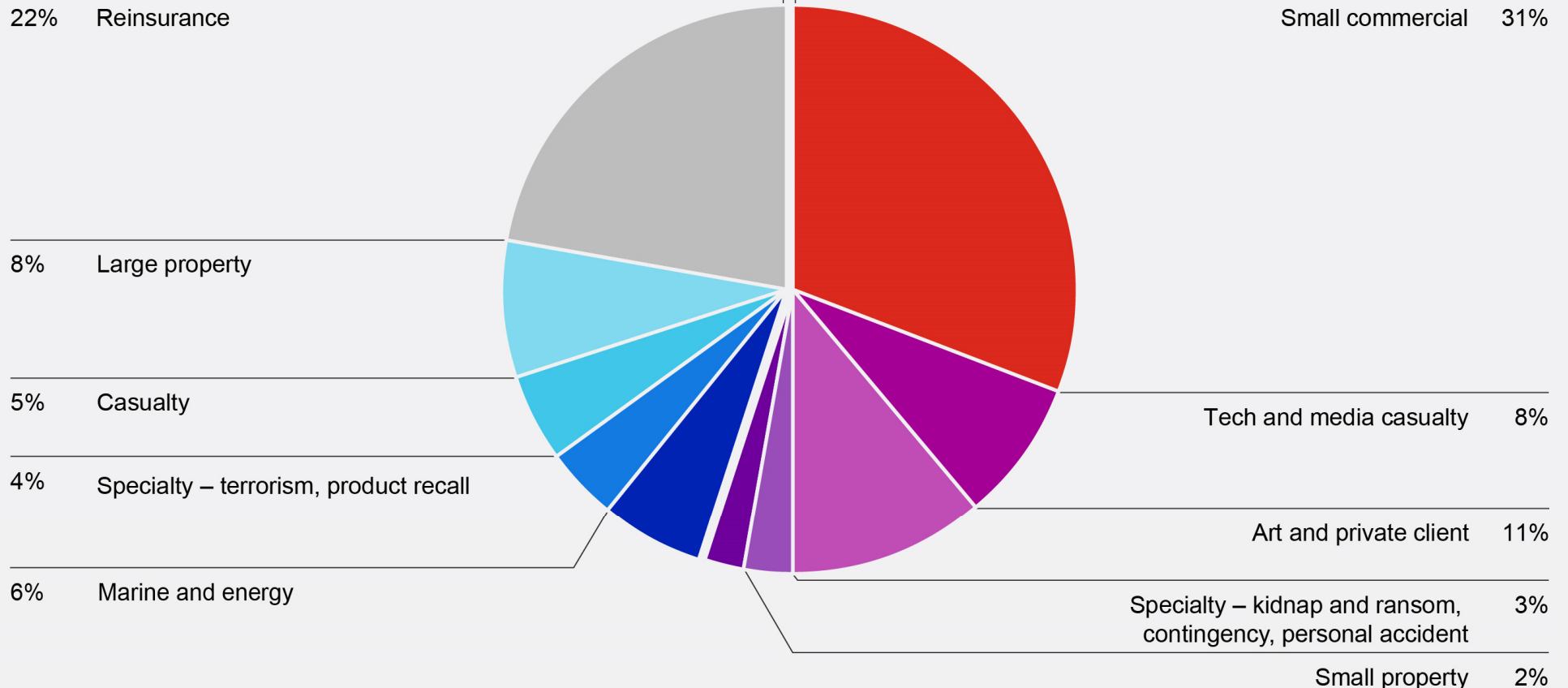
Total ICWP = \$4,598.2 million

### Big-ticket business

Larger premium, globally traded, catastrophe-exposed business written mainly through Hiscox London Market and Hiscox Re & ILS.

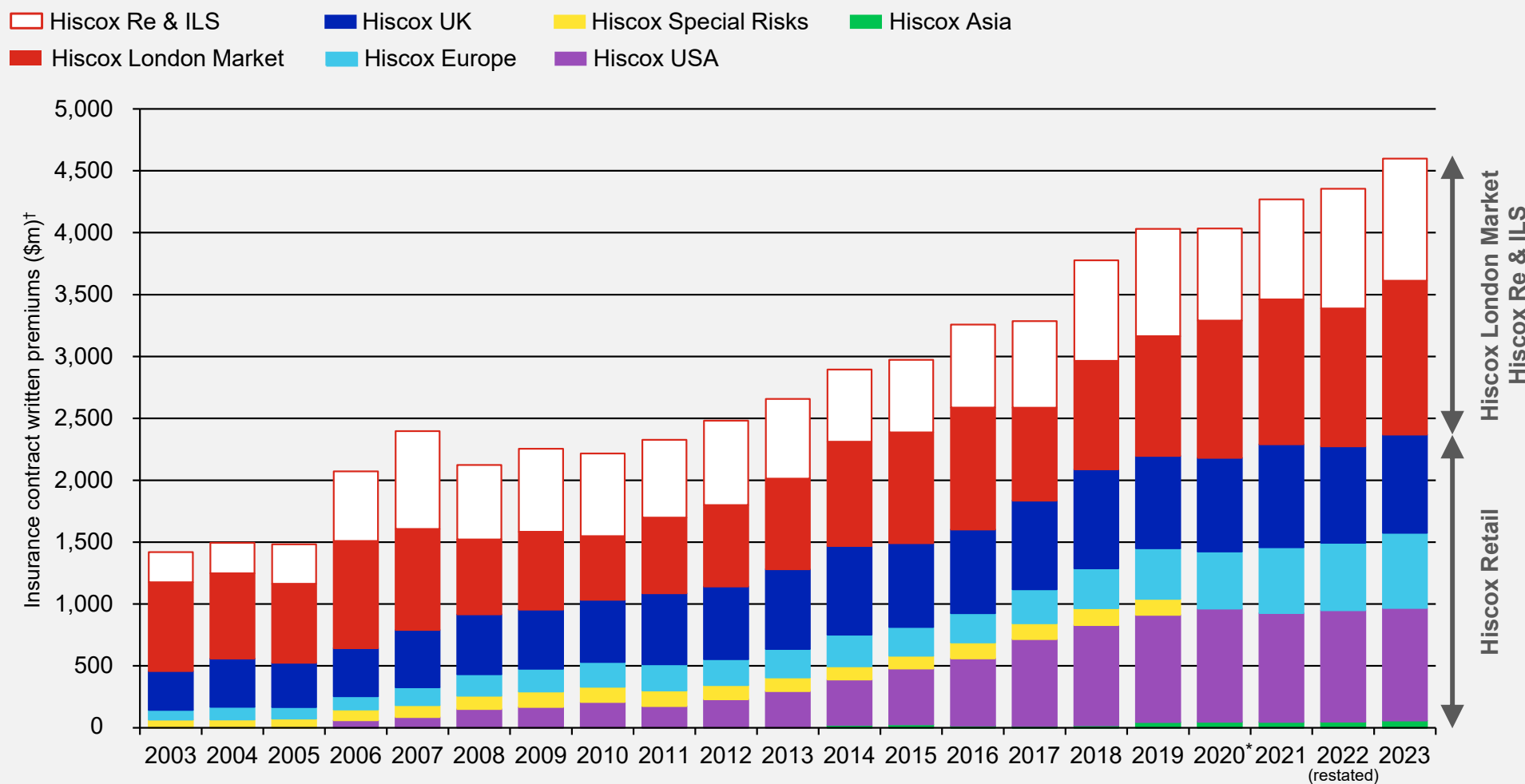
### Retail business

Smaller premium, locally traded, relatively less volatile business written mainly through Hiscox Retail.



# Long-term growth

## Group premium (\$m)



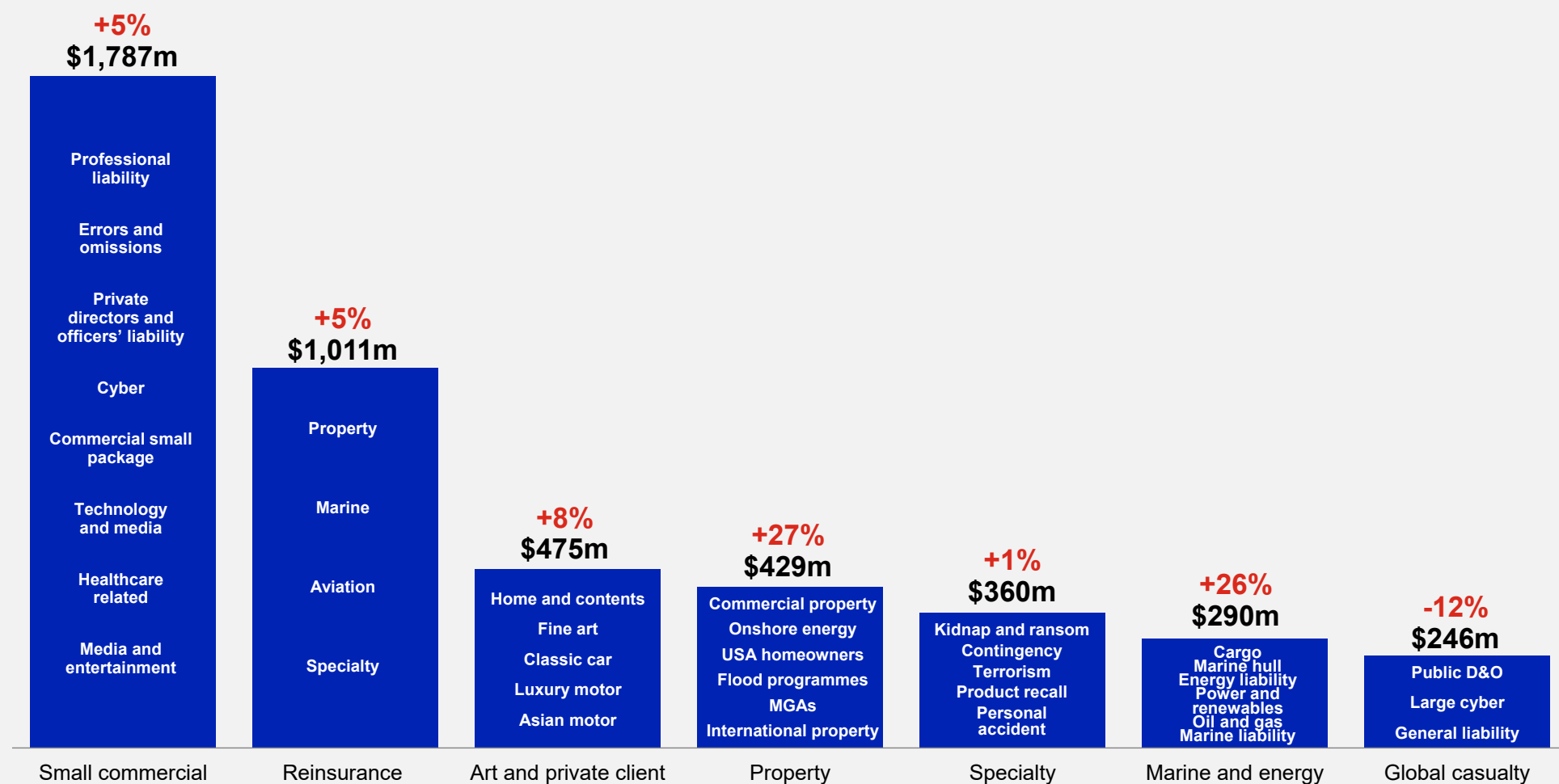
\*2020 restated for Hiscox Special Risks.

<sup>†</sup>Historic amounts have not been restated for IFRS 17 but are presented as gross written premiums on an our-share basis.

# Power of an actively managed portfolio

## Continuing to benefit from strategy of balance

Insurance contract written premium 31 December 2023: \$4,598.2m



# Hiscox sustainability strategy

## Five-pillar approach with Group Executive Committee oversight

### Group purpose

We give people and businesses the confidence to realise their ambitions.

### Sustainability ambition

We want to be here for the long term, for our customers, colleagues and communities, operating in a sustainable way for the future.

### Strategic pillars

#### People



We aim to be a great place to work, attracting, nurturing and retaining talent through:

- strong culture, lived values and sense of belonging
- diverse, equitable and inclusive practices
- continuous learning as a skills-based business
- differentiating benefits
- supporting our people and communities to thrive

#### Customers



We want to give people and businesses the confidence to realise their ambitions through:

- delivery of our brand promise across the customer life cycle
- best-in-class claims service
- championing SMEs
- effective products for risk transfer and mitigation

#### Governance



We are committed to doing business in the right way through:

- robust and embedded structures, policies, processes
- adherence to local laws and regulation wherever we operate
- responsible investing
- active risk management

#### Risk adaptation



We continually adapt to an evolving risk landscape through:

- sustainable underwriting
- understanding climate impacts on our underwriting
- effective products and services for risk transfer and mitigation
- use of data and technology for changing underwriting needs

#### Impact



We are committed to having a positive impact by:

- reducing our GHG carbon footprint
- contributing to the net-zero transition, including through responsible operational practices
- using robust data to drive a sustainable and scalable operating model



# Embedding sustainability in our business



## Investments

- Established processes: annual ESG reviews of investment managers, and net-zero wording in segregated mandates; impact specifically considered in manager selection; regular climate stress testing analysis; ESG dashboard for Investment Committee reporting; signatory to UN PRI, first reporting complete
- Sustainable assets including green/ ESG bonds now over \$350 million – over 5.5% of bond portfolios in green/ESG-labelled bonds
- Good progress towards 2025 interim GHG target, with c.24% of our corporate bond portfolio having net-zero/ Paris-aligned targets at year-end 2023



## Underwriting

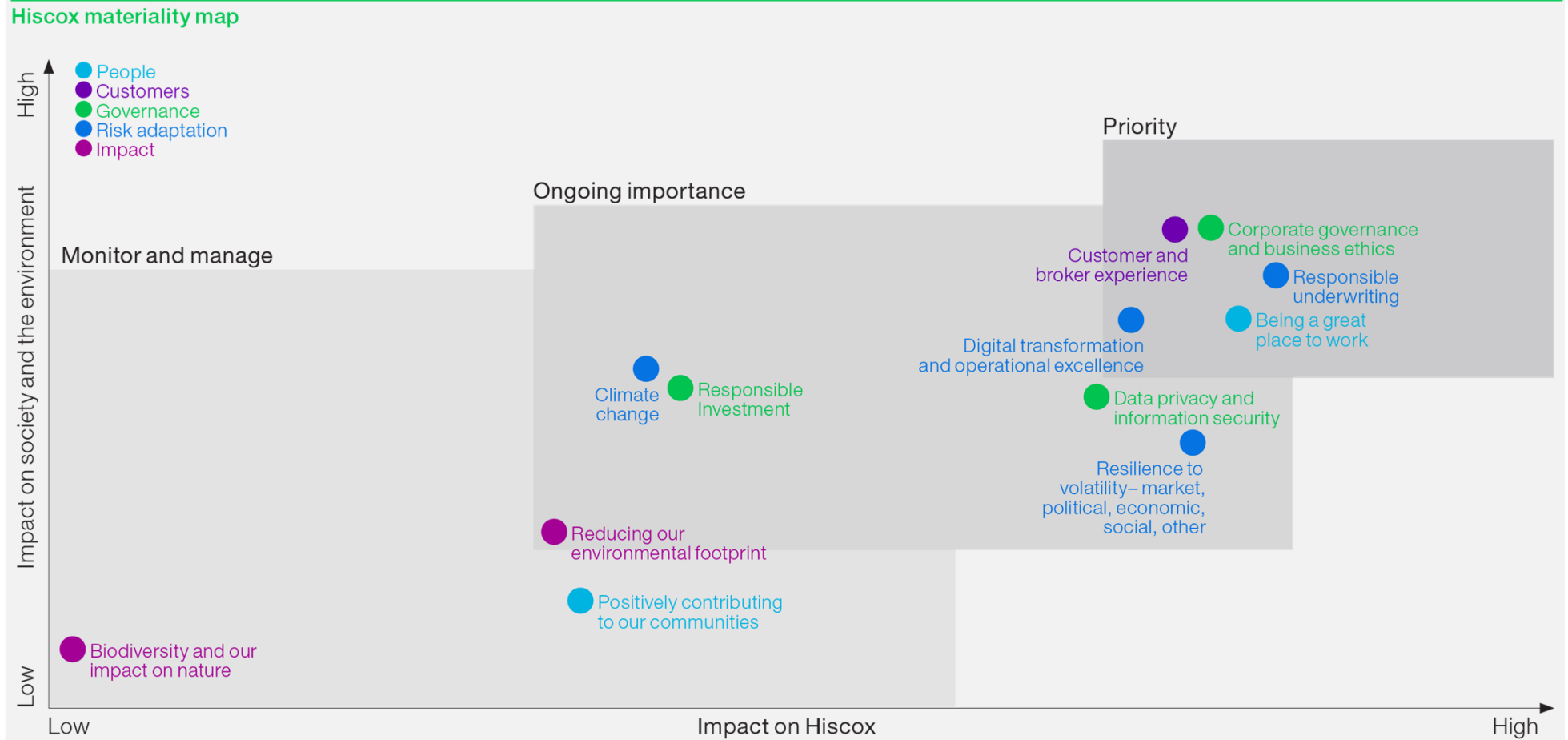
- Balanced approach to supporting the net-zero transition:
  - Reducing exposures to worst emitters in line with our ESG exclusions policy
  - Growing exposure to renewables and other ESG positive risks through Hiscox ESG 3033 sub-syndicate
  - Embracing emerging ESG-related opportunities through product innovation and mitigation services
  - Understanding climate impact on our underwriting portfolios through modelling and scenario analysis



## Operations

- Continued embedding of SBTi-aligned net-zero GHG targets; improving GHG data quality through half-year footprint process
- Continued adoption of renewable electricity contracts across the Group
- Enhancing our supplier engagement on sustainability including through our partnership with a global sustainability ratings provider to track key metrics and inform decision-making over time
- Double materiality assessment completed in 2023 in readiness for new CSRD regulation

# Hiscox ESG materiality map



## Key

**Manage and monitor:** topics of relatively lower impact at the point of assessment, but which are managed and monitored with a readiness to adapt to evolving internal and external requirements.

**Ongoing importance:** topics of ongoing importance due to their influence on our strategy, performance and stakeholder relationships and so require continuous focus and active management.

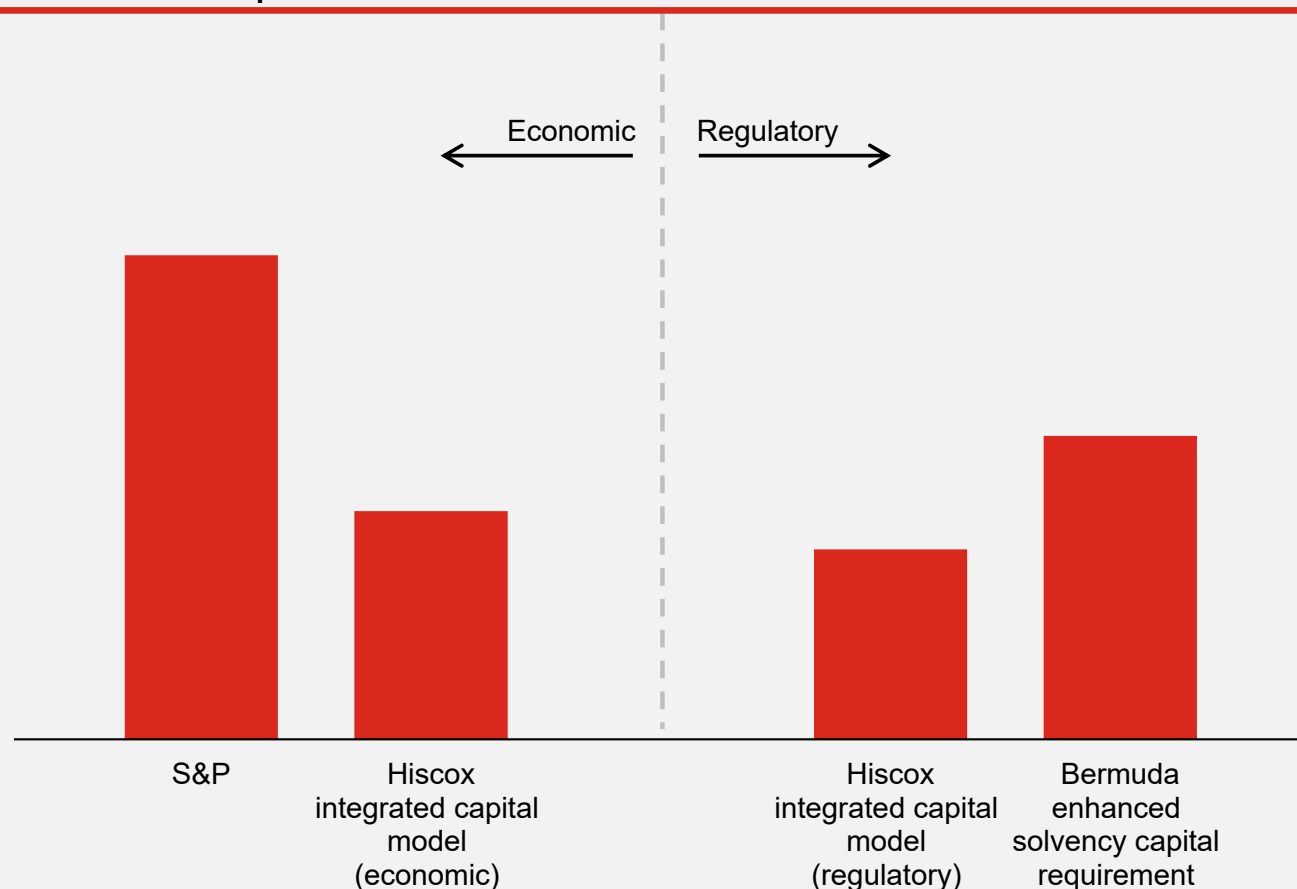
**Priority:** current mission-critical sustainability topics due to their potential to impact our reputation, financial performance, and ability to attract and retain customers, business partners and investors.

# Demonstrating capital resilience

## Strongly capitalised across all bases

As at 31 December 2023

**\$3.32bn available capital**



- Strongly capitalised above all regulatory, economic, and management bases
- BMA's Bermuda Solvency Capital Requirement (BSCR) is Solvency II equivalent
- BSCR estimate of 212%, equivalent to a regulatory capital surplus of \$2bn
- All ratings for the Group affirmed in Q4 with stable outlooks maintained

Rating agency assessments shown are internal Hiscox assessments of the agency capital requirements on the basis of projected year-end 2023. 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 basis has been updated for IFRS 17 and comprises net tangible assets and subordinated debt. Benefit of IFRS 17 discounting is allowed for within the internal capital model position.

# Group performance

Year to 31 December 2023			Constant currency
	ICWP \$m	ICWP change %	ICWP change %
<b>Hiscox Retail</b>	<b>2,368.5</b>	<b>4.2</b>	<b>4.2</b>
Hiscox UK	793.8	2.0	2.4
Hiscox Europe	606.7	11.2	10.6
Hiscox USA	909.4	1.0	1.0
Hiscox Asia	58.6	19.3	17.4
<b>Hiscox London Market</b>	<b>1,243.4</b>	<b>11.5</b>	<b>12.7</b>
<b>Hiscox Re &amp; ILS</b>	<b>986.3</b>	<b>1.9</b>	<b>4.0</b>
<b>Total</b>	<b>4,598.2</b>	<b>5.6</b>	<b>6.3</b>

# Segmental analysis

	31 December 2023					31 December 2022 (restated)				
	Hiscox Retail \$m	Hiscox London Market \$m	Hiscox Re & ILS \$m	Corporate Centre \$m	Group Total \$m	Hiscox Retail \$m	Hiscox London Market \$m	Hiscox Re & ILS \$m	Corporate Centre \$m	Group Total \$m
Insurance contract premium written	2,368.5	1,243.4	986.3	–	4,598.2	2,273.1	1,114.7	967.6	–	4,355.4
Net insurance contract premium written	2,197.7	908.5	449.6	–	3,555.8	2,071.3	789.2	365.0	–	3,225.5
Insurance service result	180.2	176.0	136.1	–	492.3	182.5	123.3	55.1	–	360.9
Investment result	203.9	109.9	70.6	–	384.4	(98.9)	(54.4)	(34.0)	–	(187.3)
Foreign exchange (losses)/gains	–	–	–	(27.0)	(27.0)	–	–	–	54.7	54.7
Profit/(loss) before tax	267.3	251.4	221.4	(114.2)	625.9	130.2	101.0	46.9	(2.5)	275.6
<b>Combined ratio</b>	<b>91.6%</b>	<b>79.1%</b>	<b>68.3%</b>	<b>–</b>	<b>85.5%</b>	91.0%	84.5%	84.5%	–	88.7%

# Hiscox Ltd results



\$m	2023	2022 (restated)	2021	2020	2019
Insurance contract premiums written	4,598.2	4,355.4			
Net insurance contract premiums written	3,555.8	3,225.5			
Insurance service result	492.3	360.9			
Investment return	384.4	(187.3)	51.2	197.5	223.0
Profit/(loss) before tax	625.9	275.6	190.8	(268.5)	53.1
Profit/(loss) after tax	712.0	253.9	189.5	(293.7)	48.9
Basic earnings per share (¢)	162.7*	73.8	55.3	(91.6)	17.2
Dividend (¢)	37.5	36.0	34.5	–	13.8
Invested assets (incl. cash)†	7,976.0	7,116.6	7,290.0	7,630.0	6,592.2
Net asset value					
\$m	3,296.7	2,635.0	2,539.3	2,353.9	2,189.7
¢ per share	951.1	764.5	739.8	689.0	768.2
Combined ratio	85.5%	88.7%	93.2%	114.5%	106.8%
Return on equity after tax‡	21.8%*	10.1%	8.1%	(11.8%)	2.2%

\*Excludes Bermuda DTA. Including Bermuda DTA, EPS is 206.1 cents, and return on equity is 27.6%.

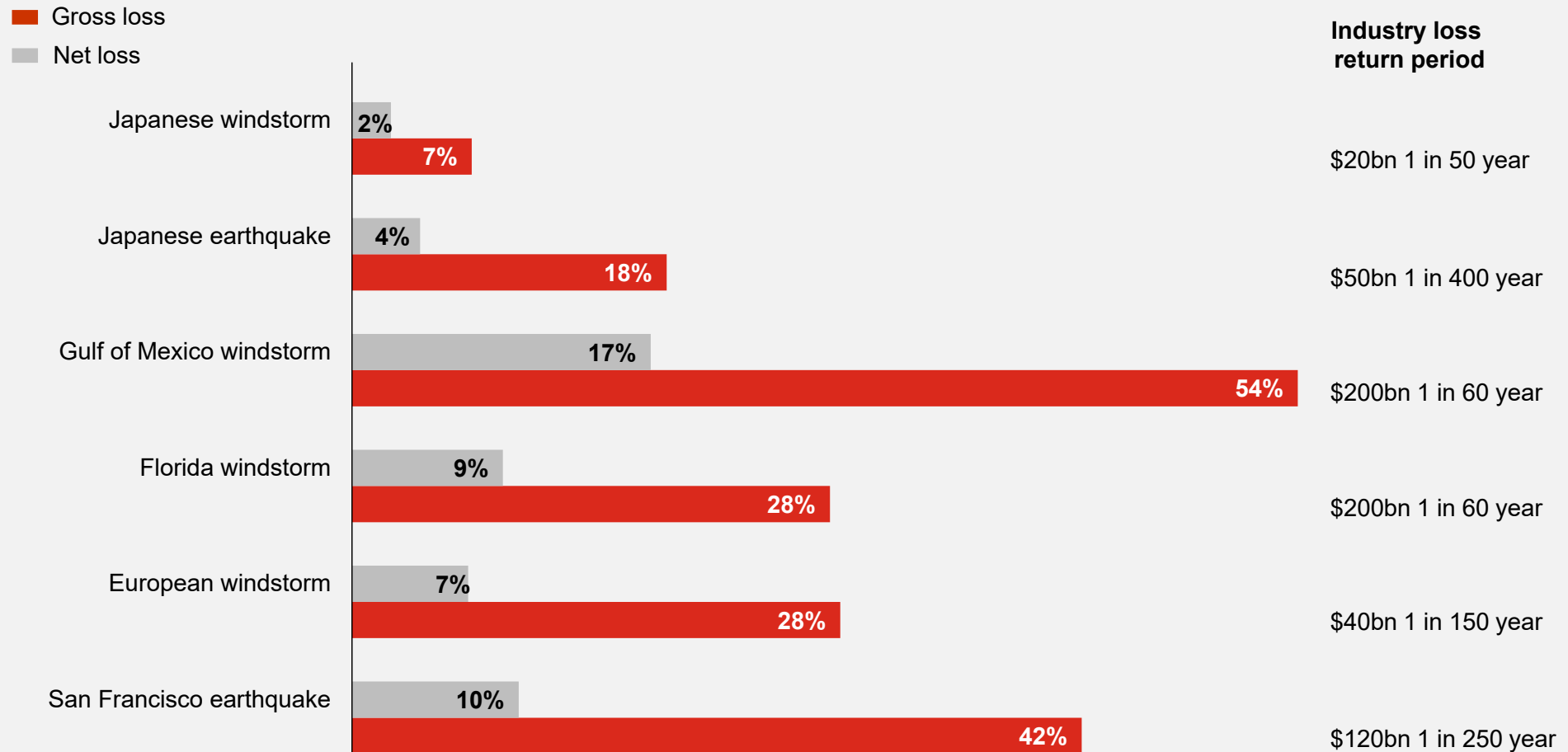
†Excluding derivatives, insurance-linked funds and third-party assets managed by Kiskadee Investment Managers.

‡Post-tax, based on adjusted opening shareholders' funds.

# Realistic disaster scenarios

## January 2024

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



# Non-natural catastrophe 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
- We have included more loss scenarios to illustrate other non-natural catastrophe events
- Losses in the region of \$75m-\$850m could be suffered in the following extreme scenarios

Event		Est. loss
Multi-year loss ratio deterioration	5% deterioration on three years casualty premiums	\$245m
Economic collapse	An event more extreme than witnessed since World War II*	\$400m
Casualty reserve deterioration	Est. 1:200 view of a casualty reserve deterioration on current reserves of c.\$2.2bn	\$850m
Pandemic	Global pandemic considering broader and alternative impacts than Covid-19	\$125m
Cyber	A 1:200 cyber event, such as a major cloud outage or mass ransomware attack. Includes exposures from outside the cyber product line†	\$400m
Marine scenarios	Range of events covering collision and sinking of vessels and any resultant pollution	up to \$75m
Offshore platform	Total loss to a major offshore platform complex	up to \$100m
Terrorism	Aircraft strike terror attack in a major city	up to \$350m
Property catastrophe‡	1-in-200 year catastrophe event from \$280bn US windstorm	\$650m

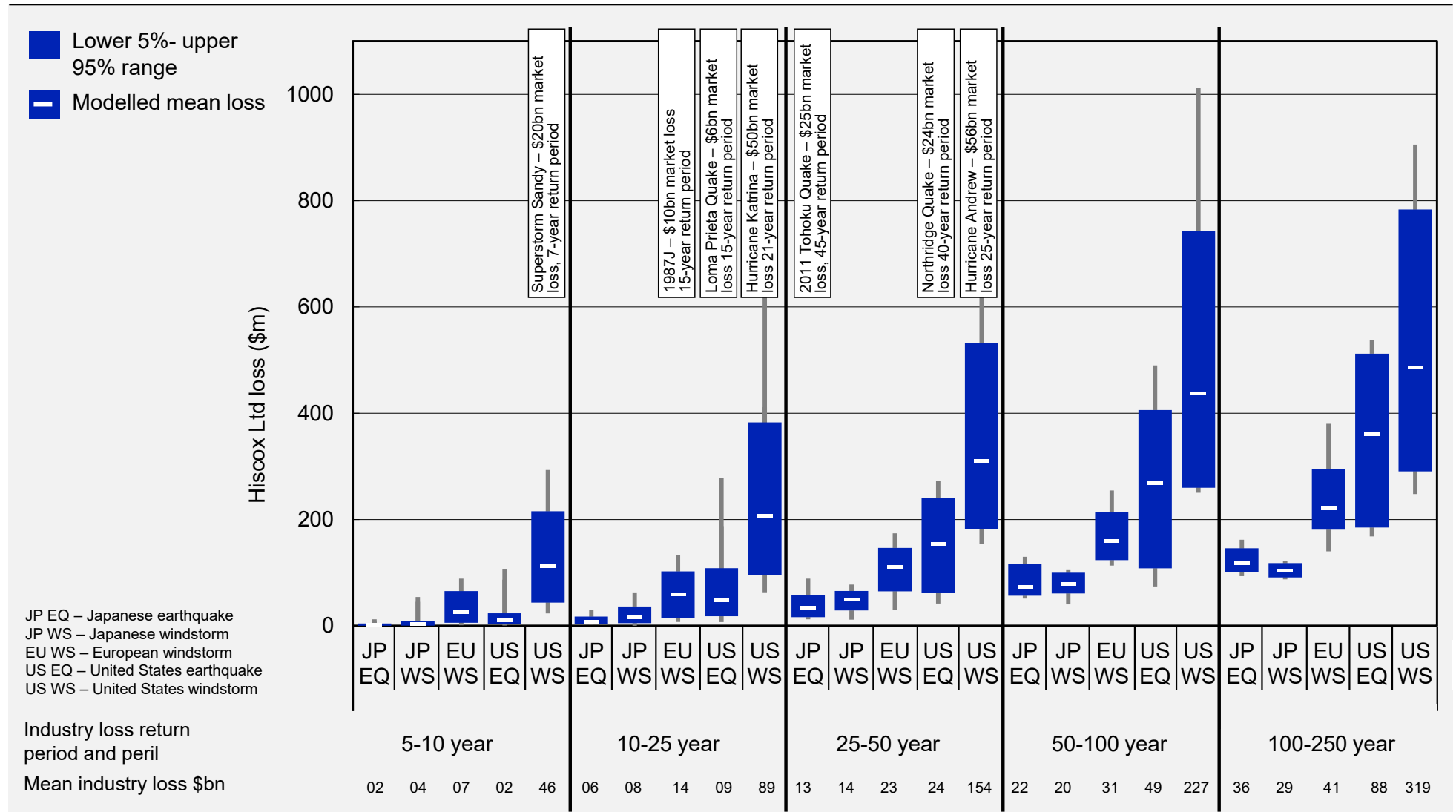
\*Losses spread over multiple years.

†Losses incurred from non-cyber product lines from a cyber event.

‡As a point of comparison.



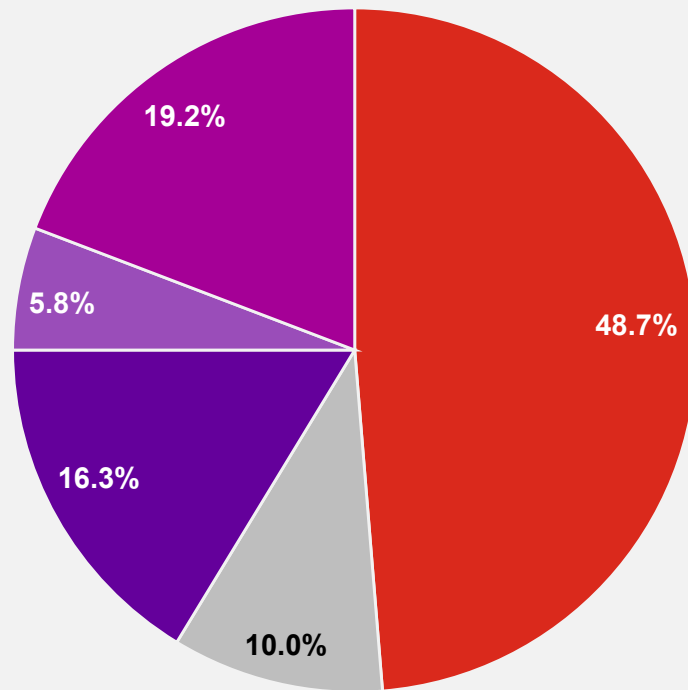
# Boxplot and whisker diagram of modelled Hiscox Ltd net loss (\$m) January 2024



# ICWP geographical and currency split

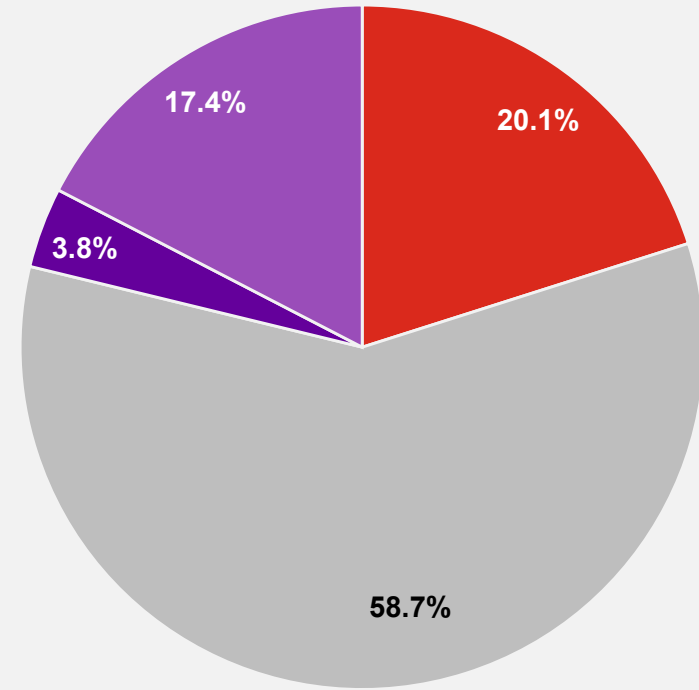
**FY 2023 geographical split**

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



**FY 2023 currency split**

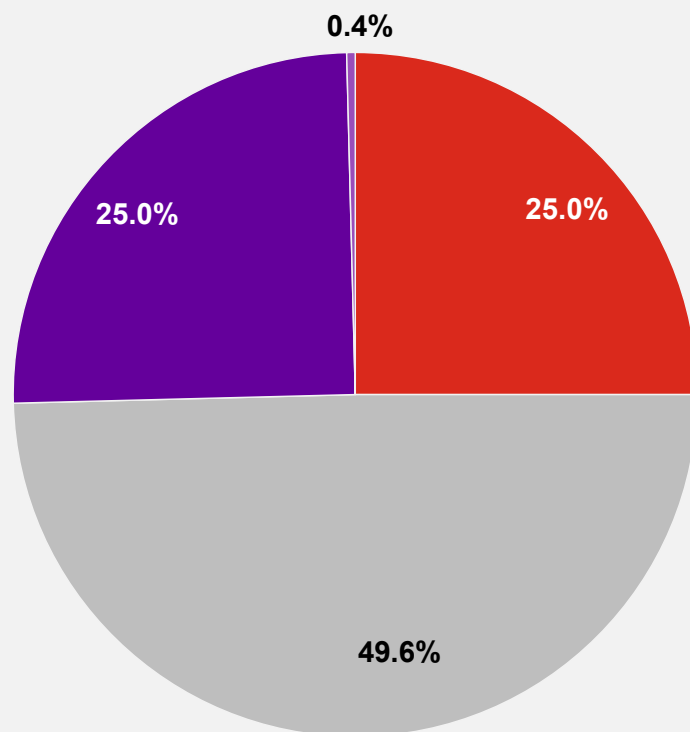
- GBP
- USD
- CAD and other
- EUR



# Group reinsurance security

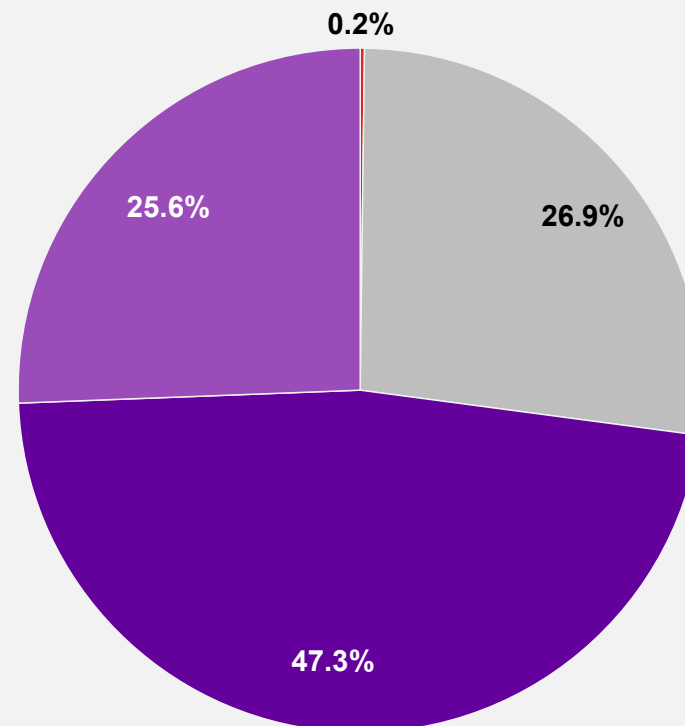
## Reinsurance assets at FY 2023 of \$2.1bn (FY 2022: \$2.5bn)

- AAA and collateralised
- AA
- A
- Other



## 2023 reinsurance protections\* First loss exposure by rating

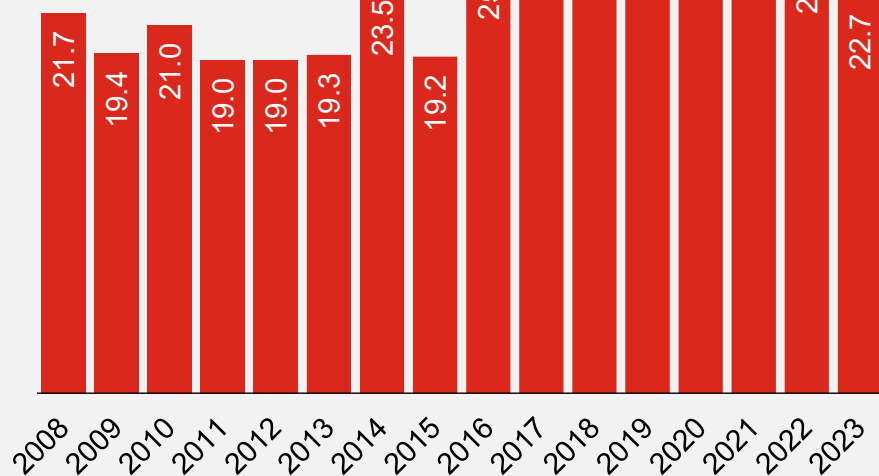
- Collateralised
- AA range
- A range†
- ILS



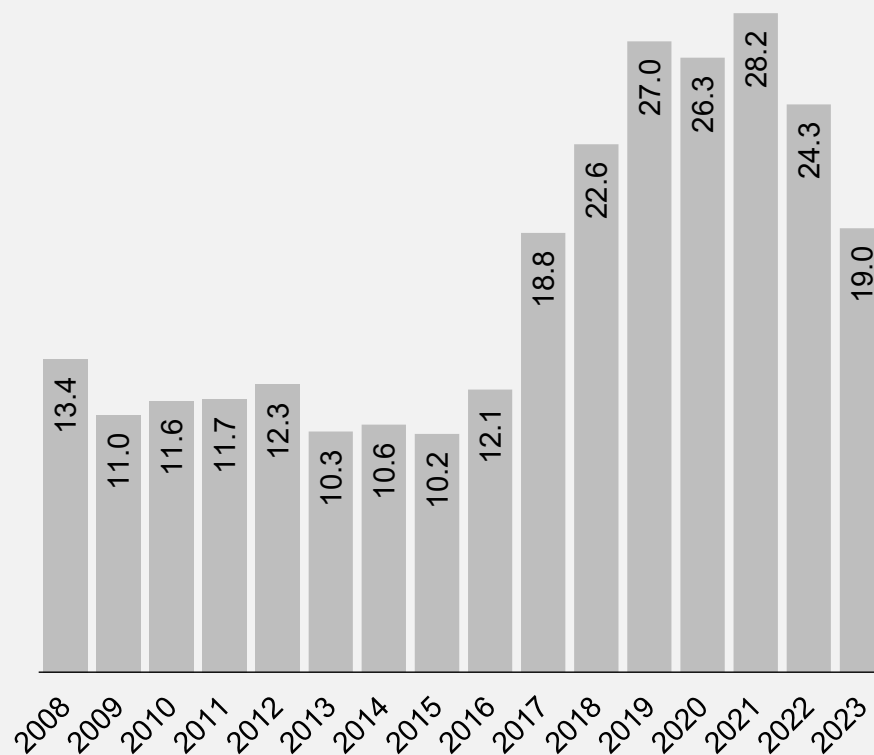
\*Reinsurance placements in force at 13 December 2023.

†Out of the total, 17.6% belongs to A+ and overall weighted average credit quality is A+.

Written premium – ceded as a percentage of gross\*



Reinsurance assets as a percentage of total assets\*



\*2008-2021 under IFRS 4; 2022-2023 under IFRS 17.

# Investment result

## Return of \$384m (2022: -\$187m)

	31 December 2023			31 December 2022 (restated)		
	Asset allocation %	Return %	Return \$m	Asset allocation %	Return %	Return \$m
Debt and fixed income holdings						
£	12.1			11.6		
\$	57.3			55.2		
Other	10.0			9.5		
Total	79.4	5.4	317.9	76.3	(3.2)	(169.1)
Equity and investment funds	2.6	7.4	22.4	4.8	(7.3)	(29.6)
Cash and cash equivalents	18.0	3.8	49.7	18.9	0.7	9.9
Investment result – financial assets		5.2	390.0		(2.6)	(188.8)
Derivative returns			1.1			8.5
Investment fees			(6.7)			(7.0)
Investment result			384.4			(187.3)
Group invested assets			\$7,976m			\$7,117m

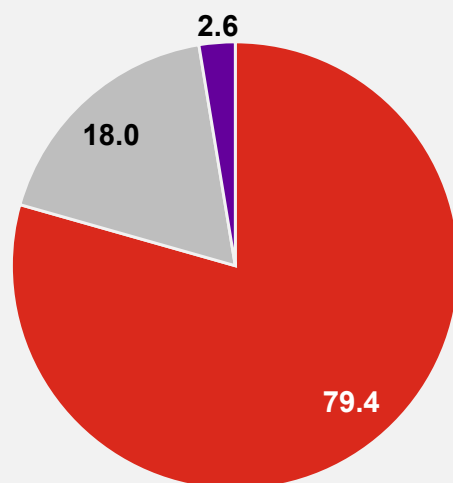
# Portfolio – asset mix

## High quality, short duration portfolio

Investment portfolio \$8.0bn as at 31 December 2023

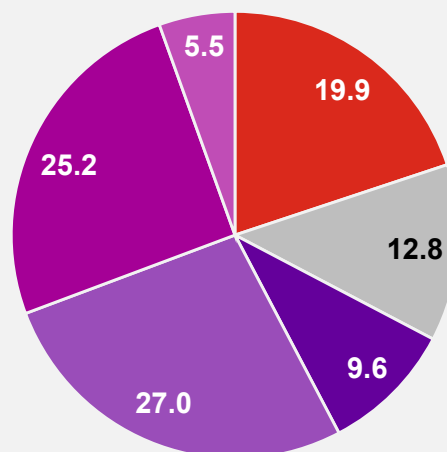
### Asset allocation

- Debt and fixed income holdings
- Cash and cash equivalents
- Equity and investment funds



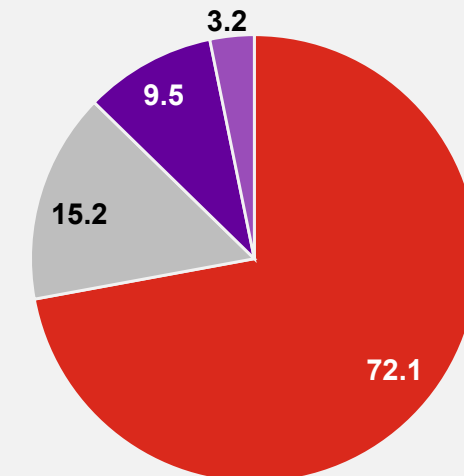
### Debt and fixed income holdings credit quality

- Gvt.\*
- AAA
- AA
- A
- BBB
- BB, below and unrated



### Debt and fixed income currency

- USD
- GBP
- EUR
- CAD and other



\*Full breakdown of government allocation in appendices.

# Portfolio – USD debt and fixed income holdings

## As at 31 December 2023

<b>Portfolios: \$4.6 billion</b>	<b>AAA %</b>	<b>AA %</b>	<b>A %</b>	<b>BBB %</b>	<b>BB and below and unrated %</b>	<b>Total %</b>	<b>Duration years</b>
Government issued		20.1	0.1	0.3	1.3	<b>21.8</b>	<b>1.6</b>
Government supported*		0.8	0.3	0.3	0.2	<b>1.6</b>	<b>2.0</b>
Asset backed	10.3					<b>10.3</b>	<b>1.0</b>
Mortgage backed agency		5.8				<b>5.8</b>	<b>3.1</b>
Mortgage backed non agency	1.9				0.6	<b>2.5</b>	<b>2.6</b>
Corporates	0.2	4.2	25.1	23.1	3.6	<b>56.2</b>	<b>1.4</b>
Lloyd's deposits and credit funds					1.8	<b>1.8</b>	<b>2.6</b>
<b>Total</b>	<b>12.4</b>	<b>30.9</b>	<b>25.5</b>	<b>23.7</b>	<b>7.5</b>	<b>100.0</b>	<b>1.6</b>

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

# Portfolio – GBP and other currencies debt and fixed income holdings

As at 31 December 2023

<b>GBP portfolios: \$961 million</b>	<b>AAA %</b>	<b>AA %</b>	<b>A %</b>	<b>BBB %</b>	<b>BB and below and unrated %</b>	<b>Total %</b>	<b>Duration years</b>
Government issued		17.4				<b>17.4</b>	<b>0.7</b>
Government supported*	7.8	4.8	1.0			<b>13.6</b>	<b>1.7</b>
Corporates	3.5	3.2	31.2	29.9	1.2	<b>69.0</b>	<b>1.9</b>
<b>Total</b>	<b>11.3</b>	<b>25.4</b>	<b>32.2</b>	<b>29.9</b>	<b>1.2</b>	<b>100.0</b>	<b>1.7</b>

<b>Other currencies: \$801 million</b>	<b>AAA %</b>	<b>AA %</b>	<b>A %</b>	<b>BBB %</b>	<b>BB and below and unrated %</b>	<b>Total %</b>	<b>Duration years</b>
Government issued	4.7	7.2	0.5	0.4		<b>12.8</b>	<b>1.1</b>
Government supported*	1.3	0.6	0.8			<b>2.7</b>	<b>2.2</b>
Corporates	11.0	3.5	28.6	29.2		<b>72.3</b>	<b>2.1</b>
Lloyd's deposits	5.0	0.7	0.7	0.7	5.1	<b>12.2</b>	<b>1.3</b>
<b>Total</b>	<b>22.0</b>	<b>12.0</b>	<b>30.6</b>	<b>30.3</b>	<b>5.1</b>	<b>100.0</b>	<b>1.8</b>

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



# Simplified illustration of unwind of claims discounting

In this simplified approach the unwind is calculated using the average position of reserves during the period, whilst assuming linearity of losses and payments within a 12-month period. Under these assumptions the average reserve is equivalent to the reserve at the mid-point of the period. The estimation should be done separately for prior and current year reserves.

Unwind on prior-year reserves		Potential source	Analyst assumptions required
<b>Step 1 Calculate an average net reserve balance for the year</b> (i.e. at half year, as half of year 1 settlement by HY)			
Opening discounted net best estimate reserve	1,000	Prior year closing undiscounted best estimate (reserves slide in analyst presentation)	Discount using opening discount rate factoring in liability duration
Expected payment during H1 (%)	20%	Note 3 in the financial statements*	Use to estimate average reserve position during the year
Expected prior-year reserves at end of H1	800		
<b>Step 2 Unwind using opening discount rate</b>			
Opening discount rate	5.0%	Note 2.18 in the financial statements†	Currency mix
Estimate of unwind on prior year	(40)		
Unwind on current-year reserves		Potential source	Analyst assumptions required
<b>Step 1 Calculate the average net reserve balance</b> (i.e. at 9M, as incurred at HY and partly settled by 9M)			
Current year discounted net incurred claims	500	N/A	Discounted current year claims (e.g. current year assumptions of net insurance revenue x loss ratio)
Expected payment from HY to 9M (%)	10%	Note 3 in the financial statements*	Use to estimate average reserve position
Estimate of remaining current year reserve	450		
<b>Step 2 Unwind using mid-year discount rate</b>			
Mid-year discount rate	4.0%	N/A	Mid-year discount rate
Estimate of unwind on current year (unwind from mid year)	(9)		<b>All numbers are illustrative</b>

\*Note 3. Liquidity requirements to settle estimated profile of net undiscounted liability for incurred claims on balance sheet.

† 2.18 use of significant accounting judgements, estimates and assumptions, significant accounting estimates (continued), (a) discount rates.

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## **Hiscox Retail**

Hiscox Retail brings together the results of the Group's retail business divisions in the UK, Europe, the USA and Asia. Hiscox UK and Hiscox Europe underwrite personal and commercial lines of business through Hiscox Insurance Company Limited, Syndicate 3624, and Hiscox Société Anonyme (Hiscox SA), together with the fine art and non-US household insurance business written through Syndicate 33. Hiscox USA comprises commercial, property and specialty business written by Hiscox Insurance Company Inc., Syndicate 33 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.

## **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 previously written in Bermuda 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, as well as all foreign exchange gains and losses.