



Interim Management Statement

Hamilton, Bermuda (5 November 2012) -- Hiscox Ltd (LSE:HSX), the international specialist insurer, today issues its Interim Management Statement for the first nine months of the year to 30 September 2012.

Hiscox's gross written premiums increased year on year by 6.4% to £1,244.4 million (2011: £1,169.5 million) as the Group grew where rates are rising, particularly US errors and omissions and internationally traded US property business.

Bronek Masojada, Chief Executive, commented: "Until Superstorm Sandy hit last week it had been a relatively quiet year for Hiscox which puts us in a good position to absorb any losses. The devastation wreaked by Sandy reminds us all of the critical role insurers play in people's lives. Our focus now is to help our clients get back on their feet."

Gross Written Premiums for the period:

	Gross Written Premiums to 30 September 2012		Gross Written Premiums to 30 September 2011		Growth in local Currency	Growth in Sterling
	US\$/€m	£m	US\$/€m	£m	%	%
Hiscox London Market		£499.3		£475.3	4.4%	5.1%
Hiscox International						
- Hiscox Bermuda	US\$299.5	£189.9	US\$265.9	£164.7	12.7%	15.3%
- Hiscox Guernsey	US\$87.3	£55.3	US\$95.3	£59.0	-8.4%	-6.3%
- Hiscox USA	US\$172.5	£109.3	US\$135.4	£83.9	27.4%	30.4%
Hiscox UK		£283.0		£280.0	1.2%	1.1%
Hiscox Europe	€129.3	£107.6	€123.3	£106.6	4.9%	1.0%
Total		£1,244.4		£1,169.5	6.0%	6.4%

Rates

Primary US property business has experienced rate increases of up to 10% year on year.

Reinsurance rates for US and international property catastrophe business rose by 5-10% during the year, and so remain close to an all-time high level in some regions.

Rates are also improving in marine liability insurance.

US casualty rates for admitted business reached a tipping point during the year as the continuing low interest rate environment forces the industry to underwrite more profitably. We have seen average rate rises of up to 5% in errors and omissions (E&O) business so far this year, though there is continuing weakness in big-ticket E&O lines.

Rates in other specialty insurance lines are generally flat to slightly down.

Claims

New York City and surrounding states are not yet fully functioning as people are struggling to get back to their homes and businesses. We have not received any material notifications of claims from our insureds at this stage which makes it too early to produce any meaningful estimate of claims from Sandy.

The reinsurance teams in Bermuda and London have a very manageable exposure to crop losses caused by drought conditions in the US. Our reserves for the Costa Concordia remain

unchanged at net US\$20 million.

Investments

The investment return to 30 September 2012 was +2.7% year to date. Further intervention by monetary authorities, notably the Federal Reserve and the European Central Bank, has produced a general increase in asset prices. Within our portfolio this has led to a good performance from equities and non-government bonds during the third quarter. Invested assets at the end of September totalled approximately £3.03 billion and asset allocation remains largely unchanged from the end of June.

Whilst we are currently benefiting from central bank policy to reduce borrowing costs and force investors to take more risk, the resultant lower yields in our bond portfolios suggest that future returns will be more modest. The investment world remains a very uncertain place, reliant on political decisions to address the most significant problems. Our strategy therefore remains a largely conservative one. We continue to favour credit over duration as a source of extra yield from bonds and remain prepared to take advantage of opportunities that may arise in the event of any dislocation in equity markets.

Capital

As previously stated, we will review our position on capital when the result for the year is clear.

Hiscox London Market

Hiscox London Market increased premium income by 5.1% to £499.3 million (2011:£475.3 million). This growth was mainly driven by US property insurance, with modest growth in terrorism, marine liability, aviation and space business.

In reinsurance business volumes remained broadly stable. As stated at the half year, this year's growth has been offset by the non-renewal of certain inwards proportional treaties and the (welcome) lack of reinstatement premiums due to the absence of catastrophe losses. Hiscox London Market and Hiscox Bermuda are making strides in replacing quota share arrangements for 2013.

Hiscox Bermuda

Gross premium income for Hiscox Bermuda grew by 12.7% to US\$299.5 million (2011: US\$265.9 million) as it continues to take advantage of attractive rates.

During the quarter Jeremy Pinchin became CEO of Hiscox Bermuda and Group Company Secretary. He continues to oversee Group Claims.

Hiscox Guernsey

Hiscox Guernsey reduced premium income as planned by 8.4% to US\$87.3 million (2011: US\$95.3 million). This business continues to hold a disciplined approach to piracy risks and has maintained market share despite increased competition and a softening market. Reduced income was also due to business that was previously signed in three year deals to take advantage of good terms, prices and conditions. These will earn through in line with projections until 2014.

Hiscox USA

Hiscox USA increased premium income by 27.4% to US \$172.5 million (2011: US\$135.4 million). Hiscox USA is growing in every product area and location with core specialty and wholesale broker lines continuing to do well.

Our direct to consumer small business insurance offering continues its accelerated growth through direct marketing and partnerships.

Hiscox UK

The retail business in the UK remained broadly flat with growth of 1.1% to £283.0 million (2011: £280.0 million). As previously stated this business withdrew from two underwriting partnerships at the end of 2011. Hiscox UK has done well to replace this lost income with strong growth in professions and specialty commercial business.

During the quarter Hiscox UK launched five new liability products for professions such as green energy consultants and designers. The business also returned to TV with a second burst of

brand advertising.

Hiscox UK announced its intention to open a multi-function office in York during 2013 with a mix of underwriting and support staff.

Hiscox Europe

Hiscox Europe grew by 4.9% to €129.3 million (2011: €123.3 million). This steady growth is being driven mainly by specialty commercial and technology and media business. The direct business in France is growing well as the marketing campaign earlier in the year generated an increased awareness among our target audience.

Rating increase

In August Fitch Ratings upgraded the Group's core entities' Insurer Financial Strength (IFS) ratings to 'A+'. Fitch also upgraded all Hiscox's holding companies' Long-term Issuer Default Ratings (IDRs) to 'A-'. The outlooks on all the ratings are Stable.

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Notes to editors

About Hiscox

Hiscox, headquartered in Bermuda, is an international specialist insurance group listed on the London Stock Exchange (LSE:HSX). There are three main underwriting parts of the Group – Hiscox London Market, Hiscox UK and Europe and Hiscox International. Hiscox London Market underwrites mainly internationally traded business in the London Market – generally large or complex business which needs to be shared with other insurers or needs the international licences of Lloyd's. Hiscox UK and Hiscox Europe offer a range of specialist insurance for professionals and business customers, as well as high net worth individuals. Hiscox International includes operations in Bermuda, Guernsey and USA.

For further information, visit www.hiscox.com.