



Interim Management Statement

Hamilton, Bermuda (9 November 2015) – 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 2015.

Gross written premiums grew by 12.9% to £1,536.9 million (2014: £1,361.3 million) driven by a strong performance in insurance lines particularly in Hiscox USA and Hiscox London Market. The Group has also benefited from good risk selection and a lack of storms, floods and hurricanes.

Bronek Masojada, Chief Executive, commented: “Our strategy is working. A long-term investment in the brand has helped us attract new business and talent and we see plenty of opportunities for growth.”

Gross Written Premiums for the period:

	Gross Written Premiums to 30 September 2015		Gross Written Premiums to 30 September 2014		Growth in local Currency	Growth in Sterling
	US\$/€m	£m	US\$/€m	£m	%	%
Hiscox Retail						
- Hiscox UK		£336.5		£324.0	4.3%	3.9%
- Hiscox Europe	€164.3	£122.0	€153.1	£125.3	7.3%	-2.6%
- Hiscox Guernsey	US\$81.4	£52.7	US\$82.3	£49.2	-1.1%	7.0%
- Hiscox USA	US\$321.4	£209.9	US\$274.5	£164.5	17.1%	27.6%
- DirectAsia		£13.9		£9.2	39.7%	51.5%
Hiscox London Market		£453.4		£364.2	16.9%	24.5%
Hiscox Re	US\$541.4	£348.5	US\$543.0	£324.9	-0.3%	7.3%
Total		£1,536.9		£1,361.3	7.9%	12.9%

Rates

The rating environment remains mixed. In our retail businesses in the UK and US, rates are broadly flat. In Europe we are seeing single-digit increases in both personal and commercial lines.

In the London Market, we are growing in areas where rates are healthy including casualty, small property and specialty auto business. Rates in upstream energy and US large property continue to decline.

Excess capital and the on-going benign claims environment continue to put pressure on property reinsurance. Casualty and specialty reinsurance are experiencing nominal reductions.

Investments

The investment return to 30 September 2015 was +0.7% (+0.9% annualised). Volatility in investment markets picked up sharply during the third quarter. Our bond portfolios generated positive returns in the period, despite widening credit spreads, but these were offset by the decline in the value of our risk assets portfolio which gave back its first half gains. Invested assets at the end of September totalled £3.2 billion and asset allocation remains largely unchanged from the end of June.

Renewed concern that a slowdown in China will derail the recovery in the global economy has cast doubt on the timing of the Federal Reserve and Bank of England's first rate rise. Uncertainty

and volatility therefore are expected to continue and we are maintaining a conservative position in respect of credit and duration for our bond portfolios. Our allocation to actively managed equity funds has performed relatively well and has contributed to a good return in October. The exposure to risk assets amounted to 8.0% of the overall portfolio at the end of September.

Claims

A combination of good underwriting and the wind season ending without incident has resulted in another benign period for Hiscox. Although considerable uncertainty exists around the explosion in the Port of Tianjin, based on early estimates, the Group expects net claims of \$10 million. For the Californian wildfires in September and the more recent South Carolina floods, the Group had limited exposure. Hiscox UK and Europe has reserved net €5 million for the October floods in the south of France.

Capital

Hiscox continues to identify opportunities for profitable growth and is allocating capital accordingly. These growth plans are leading us to explore the possibility of a subordinated debt issue which would count towards both regulatory and rating agency capital. The Group remains well capitalised and we believe that such an instrument could enable us to take advantage of attractive market rates to refinance current short-term borrowings.

Hiscox Retail

Hiscox UK and Ireland

Hiscox UK and Ireland increased gross written premiums by 3.9% to £336.5 million (2014: £324.0 million), driven by the commercial and high net worth household business across all regions.

The broker channel is performing well. Our cyber and data insurance product is delivering ahead of expectations and giving us new opportunities to showcase our expertise to brokers and customers.

We continue to build our expertise in specialty areas through small bolt-on acquisitions; our events team has been reinvigorated by new talent following the 2014 acquisition of Event Assured, and in luxury motor we have completed the integration of RH Classics which we acquired in August.

The direct-to-consumer business has delivered another steady performance. We continue to seize opportunities in this space and will invest an additional £4 million in marketing this year.

Hiscox Europe

Hiscox Europe grew gross written premiums by 7.3% to €164.3 million (2014: €153.1 million) with all countries contributing.

Europe is benefiting from product innovation and a focus on alternative distribution. Our new cyber product in the Benelux and Germany has done particularly well. In France and Germany we have launched a property offering within our specialty commercial product suite. This makes us more attractive in the schemes market, where customers with similar needs are grouped together to benefit from a tailored offering.

Germany has taken advantage of new distribution opportunities in classic car and Spain is now supporting contingency and personal accident MGAs.

Hiscox Guernsey – Hiscox Special Risks

Gross written premiums for Hiscox Guernsey remain stable at US\$81.4 million (2014: US\$82.3 million).

The business is delivering as planned despite challenging trading conditions. The sales and service centres in Miami and London are generating good new business as we reach out to more clients worldwide.

Hiscox USA

Hiscox USA had another strong result, growing gross written premiums by 17.1% to \$321.4 million (2014: \$274.5 million).

Our core professional liability and small commercial products (available through brokers and partnerships as well as direct) continue to deliver strong growth and drive good underwriting performance. Retention and new business is pleasing in all areas. Commercial property remains competitive and we are exercising caution.

We continue to build our direct-to-consumer brand, which is now our single biggest business line in the US with over 110,000 policies in force. At the same time, we have invested in our entertainment business with a new policy administration system which will provide a more seamless interaction for our customers. We are also investing in people and will be looking to expand our underwriting teams in the coming months.

DirectAsia

DirectAsia, which we acquired in Q2 2014, delivered gross written premiums of £13.9 million. We see strong growth potential in Thailand and brand-building work there continues apace. We have also re-launched the brand in Singapore, with promising early signs.

Hiscox London Market

Hiscox London Market increased gross written premiums by 16.9% in local currency to £453.4 million (2014: £364.2 million) driven by a good performance in specialty, casualty, our relationship with White Oak and our investment in new people.

The Hiscox MGA set up earlier this year is bearing fruit. The integration of Randall & Quilter Marine Services (now Hiscox MGA Marine Services) has completed successfully and the team is benefiting from our focus, reach and improved processes. In time, it will give us new opportunities in important marine markets. The Miami arm of Hiscox MGA is also delivering, with terrorism and fine art proving particularly successful and new innovations emerging such as our Latin American commercial property business. This team complements the business written out of London.

Hiscox Re

Gross written premiums for Hiscox Re remain stable at US\$541.4 million (2014: US\$543.0 million) as income to support Kiskadee, the Insurance Linked Securities business, offsets reductions elsewhere. Hiscox Re has also seen good growth in the healthcare and specialty areas.

During the quarter we announced the launch of Cardinal Re Ltd; a Bermuda domiciled Special Purpose Insurer designed to transform collateralised insurance and reinsurance risk into a security more suited for capital market investors. This takes Kiskadee Investment Managers' assets under management to over US\$600 million.

ENDS

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Notes to editors

About Hiscox

Hiscox, the international specialist insurer, is headquartered in Bermuda and listed on the London Stock Exchange (LSE:HSX). There are three main underwriting divisions in the Group - Hiscox Retail (which includes Hiscox UK and Europe, Hiscox Guernsey, Hiscox USA and subsidiary brand, DirectAsia), Hiscox London Market and Hiscox Re. Through its retail businesses in the UK, Europe and the US Hiscox offers a range of specialist insurance for professionals and business customers, as well as homeowners. Hiscox underwrites internationally traded, bigger ticket business and reinsurance through Hiscox London Market and Hiscox Re.

For further information, visit www.hiscoxgroup.com.