Hiscox Ltd interim results

For the six months ended 30 June 2022

”Strong underwriting result in a complex environment”

	H1 2022	H1 2021
Gross premiums written	$2,649.8m	$2,426.2m
Net premiums earned	$1,440.9m	$1,423.1m
Underwriting result	$123.2m	$99.8m
Investment result	$(214.1)m	$61.9m
(Loss)/profit before tax	$(107.4)m	$133.4m
(Loss)/earnings per share	(25.3)¢	34.8¢
Interim dividend per share	12.0¢	11.5¢
Net asset value per share	679.5¢	738.1¢
Group combined ratio	91.3%	93.1%
Return on equity (annualised)	(6.8)%	10.4%
Foreign exchange gains	$18.2m	$11.2m
Positive prior year development	$76.9m	$79.0m

Highlights

- Gross premiums written increased by 9.2% to $2,649.8 million (H1 2021: $2,426.2 million), despite FX headwinds from a strengthening US Dollar. Rate momentum is continuing to keep pace with or exceed inflation expectations in all three divisions.

- Premium growth and portfolio adjustments leading to strong underwriting result of $123.2 million (H1 2021: $99.8 million), up 23.4% on prior period and our best result since 2018.

- Growth momentum is building across Hiscox Retail, as gross premiums written increased 1.5% to $1,235.2 million (H1 2021: $1,216.4 million), or 5.9% in constant currency, driven by strong growth in Europe and improved performance in the UK. Growth in Retail go-forward gross premiums written[1] accelerated to 8.5% in constant currency (H1 2021: 6.4%).

    - The planned US broker channel re-underwriting is now complete, and good progress is being made on the US DPD re-platforming, with all direct customers now live across 50 states; partner migration will commence in the third quarter. To maintain excellent customer service and reduce complexity during the technology transition, we have chosen to switch off some new business opportunities and pause onboarding of new partners. For these reasons growth in US DPD gross premiums written has moderated to 10.1% in the first half and we expect it to grow in the middle of 5% to 15% range in 2022, before accelerating to in excess of 15% in 2023.

    - Hiscox Retail combined ratio remains on track to be in the 90% to 95% range in 2023, with a strong result of 95.5% (H1 2021: 100.7%[2]).

- In Hiscox London Market, focus continues to be on selective growth and building balanced portfolios at attractive returns.

    - Deliberate reductions in under-priced natural catastrophe exposure resulted in a 3.0% decline in gross premiums written to $591.9 million (H1 2021: $609.9 million). Growth continues in attractive business classes, such as casualty, marine, energy and flood.

    - A combined ratio of 86.1% (H1 2021: 81.7%) after absorbing the net loss from the conflict between Russia and Ukraine (‘Ukraine net loss’) contributing around 10 percentage points. This reflects the benefits of multi-year underwriting actions undertaken to reduce volatility of returns.

[1] Adjusted for the reduction in gross premiums written in the US broker channel business over the course of 2021 and in the first half of 2022 to strategically reshape the portfolio towards smaller business customers with revenues below $100 million.
[2] 96.7% excluding Covid-19, net claims and LPT costs.

- In Hiscox Re & ILS excellent growth is underpinned by ILS inflows and an improving market environment.
  - Gross premiums written up 37.1% to $822.7 million (H1 2021: $599.9 million).
  - ILS net inflows of $561 million and assets under management (AUM) of $1.9 billion as at 1 July 2022.
  - Combined ratio of 80.2% (H1 2021: 76.7%) after absorbing the Ukraine net loss.
- The ultimate Group loss from all risks in Ukraine and Russia, including aviation, is $48 million[3] net of reinsurance, with $34 million attributable to Hiscox London Market.
- Good claims performance across the Group with natural catastrophes in line with expectations.
- Two further legacy portfolio transactions (LPT) completed in 2022[4]. Overall 20% of 2019 and prior years' gross reserves reinsured up to a 1-in-200 downside risk through four LPTs executed over the last two years.
- Conservatively reserved with a 11.0% margin above actuarial best estimate (H1 2021: 11.3%).
- Strongly capitalised with BSCR of 200% and well funded with leverage below 25%.
- Investment result loss of $214.1 million (H1 2021: profit of $61.9 million), due to interest rates rising sharply, credit spreads widening and equity markets selling off. Debt and fixed income losses are mostly unrealised and non-economic in nature.

Aki Hussain, Group Chief Executive Officer, Hiscox Ltd, commented:

"I am pleased with the Group's performance during the first half of the year as rate strengthening and disciplined growth drove much-improved underwriting profitability. Whilst macro-economic and geo-political concerns are affecting the global economic outlook, our strategy and diverse portfolio of businesses continues to create opportunity, and we are well positioned to generate high quality growth and earnings. Our big-ticket businesses have experienced positive market conditions and our well-balanced portfolio is generating attractive returns. In Retail, ongoing investment in technology and brand is driving growth in 2022 and is expected to accelerate in 2023."

ENDS

A conference call for investors and analysts will be held at 10:00 BST on Wednesday, 3 August 2022.

Participant dial-in numbers:

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Participant Access Code: 248242

Inside information

The person responsible for arranging and authorising the release of this announcement on behalf of the Company is Marc Wetherhill, Group Company Secretary and General Counsel.

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[3] Includes margin over best estimate and the impact of reinstatement premiums.

[4] In July the Group competed an LPT reinsuring circa $116 million of Group's share of Syndicate 33 reserves of 1993 to 2018 year of accounts. This transaction is treated as a non-adjusting post balance sheet event in the H1 2022 financial statements.

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Notes to editors

About The Hiscox Group

Hiscox is a global specialist insurer, headquartered in Bermuda and listed on the London Stock Exchange (LSE:HSX). Our ambition is to be a respected specialist insurer with a diverse portfolio by product and geography. We believe that building balance between catastrophe-exposed business and less volatile local specialty business gives us opportunities for profitable growth throughout the insurance cycle.

The Hiscox Group employs over 3,000 people in 14 countries, and has customers worldwide. Through the retail businesses in the UK, Europe, Asia and the USA, we offer a range of specialist insurance products in commercial and personal lines. Internationally traded, bigger ticket business and reinsurance is underwritten through Hiscox London Market and Hiscox Re & ILS.

Our values define our business, with a focus on people, courage, ownership and integrity. We pride ourselves on being true to our word and our award-winning claims service is testament to that. For more information, visit www.hiscoxgroup.com.

CEO's statement

The Group delivered a solid underwriting result in the first six months of the year, with a focus on disciplined underwriting and building balanced portfolios. Gross premiums written increased by 9.2% to $2,649.8 million (H1 2021: $2,426.2 million), despite FX headwinds from a strengthening US Dollar, and underpinned by strong rate momentum across all business segments.

We are seeing improving growth momentum across our Retail businesses, our 'go-forward' portfolio growth has accelerated to 8.5% in constant currency, up from 6.4% in the prior period led by Europe and a recovery in the UK. In the USA, work to refocus the broker channel business is complete. US DPD technology re-platforming is continuing at pace, with all direct customers across 50 states now live on the new platform, and partner migration will commence in the third quarter. To maintain the high standards of service to our customers and reduce complexity of technology transition, we have temporarily switched off some new business opportunities, and paused the onboarding of new partners. As a result, our expectation of US DPD growth in 2022 is now in the middle of the 5% to 15% range, however, we expect the business to return to growth levels in excess of 15% in 2023 as we reap the benefits of the new technology. The business is also making strong progress on profitability, as reflected in the improved combined ratio now at 95.5%, and the business is on track to achieve our target range of 90% to 95% in 2023.

Our big-ticket businesses, Hiscox London Market and Hiscox Re & ILS, continue to deliver good selective growth, price adequacy and balance in their portfolios. We are seeing multiple years of rate improvement and portfolio adjustment turning into sustained profitability as both divisions report combined ratios in the 80s, after absorbing significant losses from the events in Ukraine and Russia. The external environment is somewhat uncertain due to global macroeconomic and geopolitical outlook. However, it is an environment where demand for (re)insurance remains strong and disciplined underwriting combined with a strong balance sheet positions us well to grow profitably, as our results demonstrate.

In these uncertain times we have seen a significant increase in interest rates, which has had a material impact on our pre-tax profits mostly due to mark-to-market falls in our bond portfolio; these are largely non-economic in nature, and the impact on capital is broadly offset by a discounting benefit on reserves. Moreover, the rise in reinvestment yields is indicative of a significant uplift in future expectations of investment income.

Rates

Rates have continued to strengthen ahead of our expectations across all three business units. Hiscox London Market achieved an 8% rate increase in the first half, which equates to a 72% cumulative rate rise since 2017. Cyber continues to experience a hard market with rates up 60% this year. Marine liability rates are up over 20% driven by significant rate increases on the renewal of International Group of Protection & Indemnity Clubs' reinsurance programme, which covers around 90% of the world's ocean-going tonnage. Property binders and commercial property continue to experience strong rate growth, assisted by further capacity being withdrawn from the market. Competition remains challenging in lines that have historically performed strongly, such as K&R and terrorism, although the first signs of re-rating appeared in the second quarter in response to the conflict in Ukraine. D&O rates have continued to soften, although remaining well priced – having seen rate increases approaching 250% over the past five years.

Hiscox Re & ILS achieved a 13% rate increase in the first half, driven by capacity constraints in retrocession, North American catastrophe and cyber, and increase in demand from clients who are starting to buy more limit in an inflationary environment. This equates to a cumulative rate increase of 52% since 2017. With respect to property catastrophe, Japanese renewals in April experienced a modest rate improvement, building on material re-rating in 2020 following significant loss activity in 2018 and 2019. June renewals, which are largely dominated by Florida, experienced a severe capacity contraction and in some cases risks simply could not be fully covered. Hiscox Re & ILS has a focused portfolio of high-quality clients in the state and achieved rate increases in excess of 30%. US nationwide policies benefitted from 18% rate increases, as conditions continue to harden.

In Hiscox Retail, rates are strengthening across all regions: 6% on average in Hiscox UK, driven by double-digit increase in cyber, technology, professional indemnity and commercial property; 8% in Hiscox Europe, driven by cyber and commercial property; and 6% in Hiscox USA, driven by cyber and allied health.

Claims

The conflict in Ukraine has changed the geopolitical dimensions we all face, our primary role has been to provide support to our clients and to consider the risk landscape in these uncertain times. The impact of the conflict is being felt directly and indirectly by many across the world, and our thoughts are with those affected.

The Group's net direct exposure to the ongoing conflict in Ukraine is within a small number of lines, predominantly in our London Market division and to a smaller extent in Hiscox Re & ILS. The main impact is through the political violence, war and terror (PVWT) book, which provides physical damage and ensuing business interruption coverage to multinational companies that have fixed physical assets in Ukraine, such as office buildings or manufacturing plants. Since the outset of the crisis we have been actively reducing our war on land exposure in Ukraine and expect it to reduce by two-thirds by the end of the year. The rest of the impact is mainly in the marine portfolios, however, there have been no reported losses to date.

While the conflict in Ukraine is a live event with a range of potential outcomes, Hiscox has a good early view of our direct exposures. Hiscox London Market exited the aviation hull insurance business in 2018 and political risk/trade credit business in 2017. We estimate that our ultimate loss from all risks in Ukraine and Russia, including aviation (in Hiscox Re & ILS), is $48 million net of reinsurance[5], with $34 million attributable to Hiscox London Market, currently the majority of reserve comprises IBNR.

The second quarter has been relatively benign for natural catastrophe events, such that the net natural catastrophe losses in the first half are within our expectation and budget. Excluding the impact of the conflict in Ukraine, all Hiscox business divisions continued to enjoy favourable claims experience.

Premium growth as a result of rate and indexation is offsetting or is in excess of inflation expectations across our markets. It is important to differentiate between Consumer Price Index rates and our loss inflation assumptions as these are not always directly comparable. Not all items in the CPI basket directly impact our claims experience: for example, inflation in food, beverages, clothing and footwear prices has limited relevance to our insurance products unlike housing repair, build costs and wage inflation. We have a diverse book of portfolios and for each of these our claims inflation expectations are based on a combination of internal and external data points: the monitoring of professional services, legal services, and medical care price incidences, among others.

We continue to invest in our underwriting, pricing, claims and reserving capabilities to understand and monitor claims inflation to ensure we maintain profitability. We have a range of tools available to mitigate impact both on our reserves covering the policies we have already issued and on the new business we are currently writing. Starting with the former, the average duration of our liabilities is 1.9 years, so exposure to inflation is relatively short lived. We have a conservative reserving approach and are slow to release good news in our longer-tailed casualty lines. We have various elements of inflation loaded in our loss ratio picks already, our case reserves are set and reviewed in light of the current inflationary outlook, and we have added a further $55 million precautionary net inflationary load to our best estimate in the first half. At a Group level we hold an 11.0% margin above an already conservative best estimate, and we have completed four LPTs in the last two years which protect 20% of 2019 and prior year gross reserves from inflationary pressures.

From a new business perspective, we mitigate inflationary pressures through a combination of exposure indexation, driving increased premium and continued rate increases. Our current pricing and reserving assumptions incorporate expected inflation which is a multiple of experience in recent times; this is also significantly above our actual claims experience. Therefore, the increased premium we are getting across the Group is keeping pace with or in excess of our current claim inflation assumptions.

Hiscox Retail

Hiscox Retail comprises our retail businesses around the world: Hiscox UK, Hiscox Europe, Hiscox USA and Hiscox Asia. In this segment, our specialist knowledge, technical capabilities, and retail products differentiate us, and our ongoing investment in the brand, distribution and technology is helping to reinforce our strong market position in an increasingly digital world.

Retail gross premiums written increased by 1.5% to $1,235.2 million (H1 2021: $1,216.4 million), or 5.9% in constant currency. We have now completed our portfolio repositioning in the US broker channel, which has

[5] Including impact of reinstatement premiums.

continued to have a moderating impact on Retail growth in the first half. Excluding this, the go-forward Retail business accelerated to 8.5% in constant currency, up from 6.4% in the prior period.

Hiscox Retail delivered a combined ratio of 95.5%, showing good progress towards the 90% to 95% range - the target we set ourselves to achieve in 2023. Since 2019, when this target was set, we have exited portfolios of business which do not meet our profitability hurdles; meanwhile we have grown in attractive areas, driving rate and improving terms and conditions, standardising policy wordings and implementing cost efficiency in claims processing.

Gross premiums written	$1,235.2 million (H1 2021: $1,216.4 million)
Underwriting result	$44.5 million (H1 2021: $3.0 million)
Combined ratio	95.5% (H1 2021: 100.7%[6])

Hiscox USA

Hiscox USA focuses on underwriting small commercial risks with distribution through brokers, partners and direct-to-consumer using a wide range of trading models – traditional, service centre, portals and application programming interfaces (APIs). Our aspiration is to build America's leading small business insurer.

Hiscox USA's gross premiums written grew 1.2% to $464.9 million (H1 2021: $459.3 million), as double-digit growth in the DPD division offset the impact of the final phase of the planned reductions in Retail broker lines to reshape this business towards the profitable small business segment. Adjusting for the latter, the US go-forward business grew 7.8% year-on-year.

The US broker channel re-underwriting programme completed in the first half of the year. In total, since 2019, we have exited around $160 million of business, including the non-renewal of business with customers whose revenues exceed $100 million and through portfolio remediations in D&O and media. Throughout this period we have also been driving substantial rate increases through the broker book, achieving cumulative rate growth of over 34% since 2019.

The business is now starting to see the benefits from the measures undertaken in earlier years to improve cost efficiency and operational effectiveness of the US claims function. Improving in-house capability is resulting in a significant efficiency, as the average claim handling costs for outside services have decreased by 40% year-on-year. Overall, we are now better equipped to support a growing high-volume business and our focus has turned to resetting the US broker sales team into growth mode again.

Against a backdrop of strong demand for our product, our US DPD business grew gross premiums written by 10.1% to $242.0 million. As previously indicated, to maintain the high standards of service to our customers and reduce complexity of technology transition, we have temporarily switched off some new business opportunities, and paused the onboarding of new partners, this is having a temporary moderating impact on growth for 2022.

Technology re-platforming is a significant undertaking involving migration of over 150 distribution partners and over 500,000 customers. In June we reached a significant milestone, as our new direct-to-consumer online portal went live in all of 50 states. In the third quarter we will start the migration of partner portals and then APIs, with this process planned to be materially complete by the end of the year.

Once fully live, the new platform will be able to support improved revenue growth trajectory from 2023 onwards through an enhanced customer experience and significantly reduced time to quote. We have a healthy pipeline of partners who are keen to onboard on the new platform once live to take full advantage of the improved connectivity and functionality. Operational savings will be driven through automation of previously manual tasks.

As a result of switching off some new business opportunities and pausing the onboarding of new partners, we now expect US DPD gross premiums written to grow at the midpoint of our stated 5% to 15% Retail range at full year 2022. The majority of the impact from partner migration will be in the third quarter, with a pick-up in growth in the fourth quarter. We expect the DPD business to return to growth rates in excess of 15% in 2023.

[6] 96.7% excluding Covid-19 net claims and LPT costs.

The opportunity for our US DPD business remains strong, the market is large, fragmented and continues to grow with new business formation remaining significantly above the pre-Covid-19 levels[7]. We anticipate that the commercial digitalisation of small business insurance will only continue to gain momentum. In the build-up to completing the re-platforming, targeted marketing campaigns will resume in the third quarter to deliver the higher growth rate into 2023.

In June, Steve Prymas joined our very experienced US team as Chief Underwriting Officer of Hiscox USA. With over 25 years of specialty insurance experience, Steve brings exceptional breadth and depth of knowledge across financial and professional insurance lines, as well as an inherent understanding of the small business and middle market and the insuretech landscape.

Hiscox UK

Hiscox UK provides commercial insurance for small- and medium-sized businesses as well as personal lines cover, including high-value household, fine art and luxury motor.

Hiscox UK premiums grew 4.6% on a constant currency basis, however, reduced by 1.2% in US Dollars to $406.2 million (H1 2021: $411.2 million). Commercial lines business continued to see strong growth, delivering 9.0% on a constant currency basis, supported by rate tailwinds, excellent retention rates of above 85%. This was partially offset by our decision not to renew some higher commission business in our art and private client portfolio as returns were expected to fall below an acceptable threshold.

Hiscox UK benefitted from good growth in contingency lines, having recovered well from the pandemic, as well as strong rate increases in technology, commercial property and professional indemnity business classes.

Overall the UK non-natural catastrophe loss experience has remained relatively benign in the first half, with weather-related losses in line with expectations.

We continue to drive a number of strategic initiatives to improve our core capabilities in the UK, including a broker service improvement programme, investment in e-trading, customer self-service functionality, together with further automation in operations and distribution. In the DPD channel, we launched our new integrated health and well-being product which combines professional, treatment and public liability insurance, thus covering against the key risks these professionals face.

Following a period of reduced marketing spend during the pandemic, we increased our investment in brand in the UK, extending our outdoor and targeted advertising. Fiona Mayo joined Hiscox UK in June as the new Marketing Director, driving the business's marketing and brand strategy, building affinity with new audiences and accelerating the continued growth of the digital acquisition channel.

Hiscox Europe

Hiscox Europe provides personal lines cover, including high-value household, fine art and classic car, as well as commercial insurance for small- and medium-sized businesses.

Hiscox Europe delivered another strong top-line performance in the first half, growing gross premiums written by 14.3% on a constant currency basis, or 4.8% in US Dollars to $338.3 million (H1 2021: $322.8 million) as all markets in the region are in growth mode. The business has grown well with particularly strong momentum in the core lines of technology, where we have a market-leading reputation, and in the high-net-worth segment, where rates are strengthening and competition retreating.

Overall loss experience has been in line or slightly better than expected across the portfolios. Non-natural catastrophe loss performance in Europe has been benign in terms of both frequency and severity.

The roll-out of new core technology in Germany and France is progressing as planned, with preparation work in Benelux due to start later this year. Hiscox Europe has also commenced its front-end digital programme with an ambition to revamp all digital customer interactions across our European geographies, starting with France broker where work is already underway and planned to be delivered in the first half of 2023.

[7] Source: US Census Bureau, updated 16 June 2022.

Hiscox Asia

DirectAsia grew gross premiums written by 11.3% to $25.7 million (H1 2021: $23.1 million). Singapore performed particularly well, underpinned by excellent new business growth and strong renewals, as the economy emerged from the pandemic and international travel resumed. The sustained focus on profitability has continued to deliver an improving combined ratio.

Hiscox London Market

Hiscox London Market uses the global licences, distribution network and credit rating of Lloyd's to insure clients throughout the world.

Gross premiums written	$591.9 million (H1 2021: $609.9 million)
Underwriting result	$46.9 million (H1 2021: $68.7 million)
Combined ratio	86.1% (H1 2021: 81.7%)

In Hiscox London Market, strategic focus continues to be on selective growth and building balanced portfolios at attractive returns. Excluding the impact of the conflict in Ukraine, the non-natural catastrophe loss performance was favourable and ahead of our expectations. Hiscox London Market delivered a combined ratio of 86.1% absorbing around 10 percentage points due to the Ukraine net loss. Adjusting for this, our London Market business has achieved around 5 percentage points improvement in combined ratio on the prior-year period.

Our focus on profitability means we grew selectively, mainly in casualty lines that benefitted from significant cumulative rate increases over the recent periods. The business benefitted from exposure growth in public D&O while cyber also grew well driven by rate. Overall though, Hiscox London Market's gross premiums written reduced by 3.0% to $591.9 million (H1 2021: $609.9 million), mainly as a result of planned action to further reduce under-priced natural catastrophe exposure in our property binder book, which has taken 5.3 percentage points from the division's top-line growth in the first half. Since 2018, we have reduced gross premiums written with natural catastrophe exposure by over $160 million. While property binder rate strengthened 9% this year, the increased frequency and severity of events and losses means this asset class, although profitable, is not delivering adequate returns on capital. Thus, we are likely to continue with re-underwriting actions focused on further rate increases and managing aggregate exposures to mitigate inflation, litigation and climate impacts.

FloodPlus continues to drive growth, although we are seeing increased competition from the US government alternative, the National Flood Insurance Program (NFIP), as they look to offer more attractive rates. However, our scope and breadth of coverage remains a differentiator, given the significant opportunity we see in the US private flood market, we continue to invest in our offering and capability. In the first half we launched a new suite of flood products, including a selection of primary options and an excess policy which sits above a primary NFIP policy. Our new business pipeline remains positive and the quote levels for residential properties are running at 50,000 per week.

Competition in crisis management lines remains strong and while rates have started to improve in terrorism – the line most impacted by the conflict in Ukraine – the market remains competitive. We have enhanced our malicious attack offering which is now available digitally and includes resilience training to minimise the trigger events. The risk outlook is evolving, so we are focused on maximising profit from the portfolio by right sizing this to factors including rate and expected loss, and against the backdrop of geopolitical friction and supply chain challenges.

The impact of Russian sanctions on London Market gross premiums written is not material, estimated at around $10 million for full year, with around two-thirds reflected in the first half result. It is mainly contained to upstream energy where we removed exposure to Russian oil majors, and space, where all policies with Russian interests have been cancelled. The outlook for space is positive, and we expect (re)insurance markets may harden into 2023 as reinsurance capacity absorbs potential confiscated aircraft claims on combined aviation/space treaties.

Hiscox Re & ILS

The Hiscox Re & ILS segment comprises the Group's reinsurance businesses in London and Bermuda and insurance-linked security (ILS) activity written through Hiscox ILS.

Gross premiums written	$822.7 million (H1 2021: $599.9 million)
Underwriting result	$31.8 million (H1 2021: $28.1 million)
Combined ratio	80.2% (H1 2021: 76.7%)

Hiscox Re & ILS delivered an excellent result in the first half, with gross premiums written up 37.1% to $822.7 million (H1 2021: $599.9 million) due to a particularly strong performance in property catastrophe and retrocession lines. This was helped by the continued pressure on supply of capacity in both the traditional and ILS space. We were able to capitalise on this through improved pricing and our capabilities to carve out placements on our terms. Good relationships with our ILS investors and strong relative performance of our funds have led to AUM net inflows of $561 million, as of 1 July 2022. This has allowed us to step up to the opportunity in the distressed market and grow participation on carefully selected cedants while also moving up on programme layers. The vast majority of the ex-rate growth across the retrocession and natural catastrophe books is supported by third-party capital. Excluding reinstatement premiums, gross premiums written enjoyed even stronger growth of 41.1%.

Net premiums written grew 9.1%, at a slower pace than top line, as a significant portion of the top line was ceded to ILS, thereby growing our capital-lite income. Marine and specialty experienced some modest net exposure growth, as we look to build out our offering to become a broader, short-tail specialist reinsurer.

Excluding Ukraine, Hiscox Re & ILS losses have been in line with expectations during the first half from both a natural catastrophe and non-natural catastrophe perspective. This includes the impact of Australian floods, which is the largest weather-related loss in the period. The division delivered a combined ratio of 80.2%, after absorbing the Ukraine net loss and despite higher prior-year reserve releases last year.

We have generated additional fee income which sits outside of the combined ratio and contributes towards the overall underwriting profitability. Underwriting discipline through the period further reduced our exposure in the risk excess class, moving and shifting away from aggregate excess of loss and pro-rata accounts to further reduce attrition within the portfolio.

ILS AUM is $1.9 billion as at 1 July 2022.

Investments

The total investment result for the first half of 2022 was a loss of $214.1 million (H1 2021: profit of $61.9 million), or a negative return of 3.0% year to date (H1 2021: positive return of 0.8%). This includes $214.1 million of losses on our bond portfolio, most of which are unrealised and expected to unwind as the bonds mature. As interest rates have risen, we have started to see greater coupon income coming through, which has broadly offset the unrealised losses in our equity and investment funds.

Inflation across much of the globe has continued to rise, with the UK and USA reaching levels not seen for 40 years. Continued disruptions to the global supply chain, exacerbated by lockdowns in China and the geopolitical turmoil in Ukraine, mean inflation has been more persistent than expected. Central banks signalled that an even faster monetary policy tightening would be necessary to tackle inflation. As a result of this, markets priced in significant rate increases and bond yields continue to rise. The associated risks to economic growth caused credit spread widening and equity markets, which had proven quite resilient in the first quarter, to sell off more meaningfully over the course of the second quarter. We remain vigilant and monitor these exposures closely. Our bond portfolio is conservatively positioned with two-thirds rated A or above.

The reinvestment yield on the bond portfolio increased to 3.4% as at 30 June 2022, up from 2.4% at the end of March 2022 and 1.0% at December 2021. The short-dated nature of our portfolio means that increases in risk-free rates lead to improvements to our portfolio yield in short order and much-improved prospects for investment returns for 2023 and beyond.

The Group maintains modest exposure to selected risk assets and increases in volatility could provide opportunities, but otherwise we continue to look to incrementally improve long-term risk and capital adjusted outcomes through further diversification.

AUM as at 30 June 2022 were $7.1 billion (31 December 2021: $7.3 billion).

Dividend, capital and liquidity management

In this uncertain macroeconomic and geopolitical environment Hiscox remains a strongly capitalised and well-funded business.

The Hiscox Group Bermuda solvency capital requirement (BSCR) ratio is estimated at 30 June 2022 at 200% (31 December 2021: 202%). The sharp movement in interest rates had a broadly neutral impact on the solvency ratio, as total investment result losses were offset by increased reserves discount benefit. Organic capital generation added 8 percentage points to the capital ratio broadly covering the payment of the 2021 final dividend and business growth.

The Group's available liquid resources are sufficient to execute against the business plan and act as a buffer to cover opportunities or market events. Our borrowing facility was successfully refinanced in the first half, securing $866 million of funding by way of cash and letter of credit, although the cash facility remains unused. The Group has significant fungible liquidity in excess of $1 billion, comprised of liquid assets and undrawn borrowing facilities. As of 30 June 2022, the Group's leverage was 22.2%[8], giving us headroom over our risk appetite of 25% during business-as-usual conditions.

During the first half of 2022, in line with our broader strategy, we have continued to proactively take action to limit volatility from the back-book, in particular where we have decided to exit business. In March, our Hiscox Re & ILS business executed an LPT buying protection for our casualty reinsurance portfolio that is in run-off. This transaction does not have a material impact on our capital position, but protects $94 million of the Group's share of best estimate reserves from future deterioration.

In July, Hiscox London Market executed another LPT reinsuring around $116 million of the Group's share of Syndicate 33 reserves of 1993 to 2018 year of accounts. The transaction secures protection from reserve deterioration on classes of business we no longer underwrite, such as professional indemnity and healthcare, and classes that we continue to underwrite but where we have revised our risk appetite, such as US general liability and US D&O. The LPTs executed over the last two years have the triple benefit of reducing volatility in lines which are in run-off or the appetite has significantly changed, operate as a mitigant to inflationary pressures as they have tended to be longer duration liabilities, and provide a measure of capital benefit. Overall 20% of 2019 and prior years' gross reserves are reinsured from up to a 1-in-200 downside risk through four LPTs executed over the last two years.

The Board believes that paying a dividend is an important indicator of the financial health of the Group, and therefore the Board has recommended to shareholders for approval the payment of an interim dividend at 12.0 cents per share, an increase of 4.3%. The record date for the dividend will be 12 August 2022 and the payment date will be 20 September 2022. The Board proposes to offer a Scrip alternative, subject to the terms and conditions of Hiscox's 2022 Scrip Dividend Scheme. The last date for receipt of Scrip elections will be 26 August 2022 and the reference price will be announced on 6 September 2022. Further details on the dividend election process and Scrip alternative can be found on the investor relations section of our corporate website, www.hiscoxgroup.com.

People

Having now served my first seven months as Group Chief Executive Officer, I am pleased to report that my leadership team - the Group Executive Committee (GEC), which consists of five functional leaders and five business unit Chief Executive Officers - is now complete.

Paul Cooper, our new Group Chief Financial Officer, joined the business in May. He has over 25 years of financial services experience across both the retail and Lloyd's insurance markets and is already bringing new external perspectives to our organisation.

[8] Leverage defined as borrowings over borrowings and shareholder equity.

Two more new GEC members will join Hiscox in September. Jon Dye, our new UK Chief Executive Officer, has held a number of senior roles within the industry, most recently as CEO of Allianz UK for eight years. He also served as Chair of the ABI between 2019 and 2021. Jon is a recognised industry leader and will bring deep retail experience to our UK business. Nicola Grant is also joining as the Group's new Chief Human Resources Officer, succeeding Amanda Brown who retired after 15 years with the Group. Nicola has over 20 years of HR experience gained across the UK, USA and Europe, including 17 years at ING Group in a range of Group and business division roles and, as a global business ourselves, Nicola's multi-market experience really appealed to us.

In addition, I have appointed Stéphane Flaquet to the newly created role of Group Chief Operating Officer, effective from 1 September 2022 and subject to regulatory consents. Stéphane has been with Hiscox since 2010 and has held a number of senior roles across the Group, including Chief Operating Officer for Hiscox Europe, Group IT Director, Chief Executive Officer for Hiscox Europe, and Interim Chief Executive Officer for Hiscox UK. In his new role, Stéphane will oversee a number of critical central functions including Group technology and Group claims to ensure the continued effective and efficient delivery of core services.

People are our greatest asset and our future success depends on our ability to attract, nurture and retain high-calibre talent. With this in mind, one of my key priorities this year has been to refresh our employee proposition to help ensure Hiscox remains a great place to work. We are accomplishing this, in part, through a review of our benefits programme and in June we announced the launch of 'Time Out', a set of new benefits designed to give employees more flexibility and time away from the office. These include two new 'Hiscox days', a four-week paid sabbatical for every five continuous years' service and the ability to buy holiday from January 2023.

Ownership is our core Hiscox value and I believe it is one of the key features that differentiates the Hiscox culture from others. I am very proud that every permanent employee now owns a part of Hiscox through the HSX:26 share grant that I launched in April, which allocates shares to every single employee and which will be transferred to them on the vesting date, 7 April 2026. I believe this is an important element of driving the success of the business we are jointly building, so this initiative is something I'm extremely proud of.

Environmental, social and governance

Since we announced our new greenhouse gas targets for the Group, which align with a 1.5°C net-zero world by 2050, we have focused on embedding these targets and taking action towards achieving them. This work is well underway, and will be supported by a net-zero transition plan, which we are developing in line with evolving UK government requirements and will publish in due course.

Understanding both the risks and opportunities arising from climate has long been a feature of our business, and we continue to refine our view of climate risks and opportunities through targeted action plans. We also continue to find practical ways to support our customers with ESG and climate issues, and in the UK this includes our partnership with LeakBot, an early warning water leak detector that we offer to all our UK buildings insurance customers. Over the last 12 months we have provided almost 2,000 new devices to customers, bringing total take-up to over 7,000 and reducing not only the impact of escape of water claims but also water waste.

We also continue to contribute to industry progress through the Sustainable Markets Initiative and ClimateWise, specifically in the areas of supply chain impact, industry measurement and parametric insurance, where we have been pleased to share expertise and insight.

Outlook

The global outlook is uncertain, yet continues to present opportunities for disciplined underwriters with financial flexibility to take positions.

Our strategy of driving selective growth in Hiscox London Market and Hiscox Re & ILS and capturing the long-term structural growth opportunity in Retail continues to create opportunities and positions us well to deliver high-quality growth and earnings.

We expect favourable rate momentum to be sustained through the rest of the year and into 2023. The complex underwriting environment will continue to present opportunities for Hiscox London Market and Hiscox Re & ILS, as they maintain a disciplined approach to underwriting, and a focus on building balanced portfolios at attractive returns.

In Retail, we will materially complete US DPD re-platforming in the second half and will remain focused in 2023 on both delivering the Retail combined ratio target and accelerating Retail growth, as we reap the benefits of sustained investments in technology and brand.

In the second half we face the usual uncertainties of the wind season in addition to a challenging macroeconomic and geopolitical environment, but our business is conservatively reserved, strongly capitalised and well funded. The Group strategy of Retail growth, balanced portfolios and managed volatility in big-ticket, positions us well to deliver sustainable and attractive returns for shareholders.

Aki Hussain

Group Chief Executive
3 August 2022

Alternative performance measures

The Group uses, throughout its financial publications, alternative performance measures (APMs) in addition to the figures that are prepared in accordance with UK-adopted international accounting standards. The Group believes that these measures provide useful information to enhance the understanding of its financial performance. The APMs are: combined, claims and expense ratios, return on equity, net asset value per share, net tangible asset value per share, and prior-year developments. These are common measures used across the industry, and allow the reader of the report to compare across peer companies. The APMs should be viewed as complementary to, rather than a substitute for, the figures prepared in accordance with accounting standards.

- **Combined, claims and expense ratios**

The combined, claims and expense ratios are common measures enabling comparability across the insurance industry, that measure the relevant underwriting profitability of the business by reference to its costs as a proportion of its net earned premium. The Group calculates the combined ratio as if the Group owned all of the business, including the proportion of Syndicate 33 that the Group does not own (Group-controlled income). The Group does this to enable comparability from period to period as the business mix may change in a segment between insurance carriers, and this enables the Group to measure all of its underwriting businesses on an equal measure. The calculation is discussed further in note 6, operating segments. The combined ratio is calculated as the sum of the claims ratio and the expense ratio.

- **Return on Equity (ROE)**

Use of return on equity is common within the financial services industry, and the Group uses ROE as one of its key performance metrics. While the measure enables the Group to compare itself against other peer companies in the immediate industry, it is also a key measure internally where it is used to compare the profitability of business segments, and underpins the performance-related pay and pre-2018 share-based payment structures. The ROE is shown in note 8, along with an explanation of the calculation.

- **Net asset value (NAV) per share and net tangible asset value per share**

The Group uses NAV per share as one of its key performance metrics, including using the movement of NAV per share in the calculation of the options vesting of awards granted under performance share plans (PSP) from 2018 onwards. This is a widely used key measure for management and also for users of the financial statements to provide comparability across peers in the market. Net tangible asset value comprises total equity excluding intangible assets. NAV per share and net tangible asset value per share are shown in note 7, along with an explanation of the calculation.

- **Prior-year developments**

Prior-year developments are a measure of favourable or adverse development on claims reserves that existed at the prior balance sheet date. It enables the users of the financial statements to understand the impact of prior-year development on performance, give an indication of accuracy of management's best estimate and help compare the Group's performance relative to peers. The Group maintains a prudent approach to reserving, to help mitigate the uncertainty within the reserve estimates. The prior-year development is calculated as the positive or negative movement in ultimate losses on prior accident years between the current and prior-year balance sheet date, as shown in note 13.

Condensed consolidated interim income statement

For the six month period ended 30 June 2022

	Note	**Reviewed Six months to 30 June 2022**	Reviewed Six months to 30 June 2021	Audited Year to 31 Dec 2021
		$m	$m	$m
Income				
Gross premiums written	6	**2,649.8**	2,426.2	4,269.2
Outward reinsurance premiums	6	**(1,040.5)**	(860.8)	(1,314.2)
Net premiums written		**1,609.3**	1,565.4	2,955.0
Gross premiums earned		**2,117.3**	2,069.9	4,246.9
Premiums ceded to reinsurers	6	**(676.4)**	(646.8)	(1,327.0)
Net premiums earned		**1,440.9**	1,423.1	2,919.9
Investment result	9	**(214.1)**	61.9	51.2
Other income	10	**21.0**	26.6	56.8
Total income		**1,247.8**	1,511.6	3,027.9
Expenses				
Claims and claim adjustment expenses		**(922.0)**	(1,079.0)	(2,185.5)
Reinsurance recoveries		**234.4**	382.2	755.1
Claims and claim adjustment expenses, net of reinsurance		**(687.6)**	(696.8)	(1,430.4)
Expenses for the acquisition of insurance contracts		**(494.3)**	(522.0)	(1,017.9)
Reinsurance commission income		**137.8**	138.9	283.2
Operational expenses	10	**(307.6)**	(283.4)	(622.7)
Net foreign exchange gain		**18.2**	11.2	0.7
Total expenses		**(1,333.5)**	(1,352.1)	(2,787.1)
Total income less expenses		**(85.7)**	159.5	240.8
Finance costs	11	**(21.7)**	(26.1)	(50.8)
Share of profit of associates after tax		**-**	-	0.8
(Loss)/profit before tax		**(107.4)**	133.4	190.8
Tax credit/(expense)	12	**20.3**	(14.4)	(1.3)
(Loss)/profit for the period (all attributable to owners of the Company)		**(87.1)**	119.0	189.5
Earnings per share on (loss)/profit attributable to owners of the Company				
Basic	14	**(25.3)¢**	34.8¢	55.3¢
Diluted	14	**(25.3)¢**	34.4¢	54.7¢

The notes to the condensed consolidated interim financial statements are an integral part of this document.

HISCOX

Condensed consolidated interim statement of comprehensive income

For the six month period ended 30 June 2022

	Note	**Reviewed Six months to 30 June 2022**	Reviewed Six months to 30 June 2021	Audited Year to 31 Dec 2021
		$m	$m	$m
(Loss)/profit for the period		**(87.1)**	119.0	189.5
Other comprehensive income				
Items that will not be reclassified to the income statement:				
Remeasurements of the net defined benefit pension scheme	19	**34.4**	51.1	31.6
Income tax effect		**(10.8)**	(8.8)	(3.4)
		23.6	42.3	28.2
Items that may be reclassified subsequently to the income statement:				
Exchange (losses)/gains on translating foreign operations		**(70.7)**	1.5	(18.5)
		(70.7)	1.5	(18.5)
Other comprehensive income net of tax		**(47.1)**	43.8	9.7
Total comprehensive income for the period (all attributable to owners of the Company)		**(134.2)**	162.8	199.2

The notes to the condensed consolidated interim financial statements are an integral part of this document.

HISCOX

Condensed consolidated interim balance sheet

As at 30 June 2022

		Reviewed	Reviewed	Audited
		30 June 2022	30 June 2021	31 Dec 2021
	Note	**$m**	$m	$m
Assets				
Employee retirement benefit asset	19	**20.9**	-	-
Goodwill and intangible assets		**302.8**	303.2	313.1
Property, plant and equipment		**132.0**	101.0	90.4
Investments in associates		**5.2**	5.0	5.7
Deferred tax assets		**68.3**	54.8	67.3
Deferred acquisition costs		**507.8**	481.8	436.9
Financial assets carried at fair value	16	**5,684.2**	5,935.2	6,041.3
Reinsurance assets	13	**4,069.0**	4,439.9	3,908.0
Loans and receivables including insurance receivables		**2,200.0**	1,988.1	1,678.2
Current tax assets		**8.2**	2.1	4.9
Cash and cash equivalents		**1,413.9**	1,556.9	1,300.7
Total assets		**14,412.3**	14,868.0	13,846.5
Equity and liabilities				
Shareholders' equity				
Share capital		**38.7**	38.7	38.7
Share premium		**517.2**	516.5	516.8
Contributed surplus		**184.0**	184.0	184.0
Currency translation reserve		**(360.0)**	(269.3)	(289.3)
Retained earnings		**1,959.4**	2,059.4	2,088.0
Equity attributable to owners of the Company		**2,339.3**	2,529.3	2,538.2
Non-controlling interest		**1.1**	1.1	1.1
Total equity		**2,340.4**	2,530.4	2,539.3
Employee retirement benefit obligations	19	**-**	14.6	35.1
Deferred tax liabilities		**0.2**	0.7	0.1
Insurance liabilities	13	**9,148.9**	9,397.1	8,868.4
Financial liabilities	16	**683.2**	776.7	746.7
Current tax liabilities		**17.2**	35.8	21.3
Trade and other payables		**2,222.4**	2,112.7	1,635.6
Total liabilities		**12,071.9**	12,337.6	11,307.2
Total equity and liabilities		**14,412.3**	14,868.0	13,846.5

The notes to the condensed consolidated interim financial statements are an integral part of this document.

Condensed consolidated interim statement of changes in equity

For the six month period ended 30 June 2022

Reviewed

	Share capital	Share premium	Contributed surplus	Currency translation reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interest	Total equity
	$m	$m	$m	$m	$m	$m	$m	$m
Balance at 1 January 2022	38.7	516.8	184.0	(289.3)	2,088.0	2,538.2	1.1	2,539.3
Loss for the period (all attributable to owners of the Company)	-	-	-	-	(87.1)	(87.1)	-	(87.1)
Other comprehensive income net of tax (all attributable to owners of the Company)	-	-	-	(70.7)	23.6	(47.1)	-	(47.1)
Employee share options:								
Equity settled share-based payments	-	-	-	-	13.8	13.8	-	13.8
Proceeds from shares issued	-	0.1	-	-	-	0.1	-	0.1
Deferred and current tax on employee share options	-	-	-	-	0.3	0.3	-	0.3
Shares issued in relation to Scrip Dividend	-	0.3	-	-	-	0.3	-	0.3
Dividends paid to owners of the Company	-	-	-	-	(79.2)	(79.2)	-	(79.2)
Balance at 30 June 2022	**38.7**	**517.2**	**184.0**	**(360.0)**	**1,959.4**	**2,339.3**	**1.1**	**2,340.4**

The notes to the condensed consolidated interim financial statements are an integral part of this document.

Condensed consolidated interim statement of changes in equity (continued)

For the six month period ended 30 June 2021

Reviewed

	Share capital	Share premium	Contributed surplus	Currency translation reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interest	Total equity
	$m	$m	$m	$m	$m	$m	$m	$m
Balance at 1 January 2021	38.7	516.5	184.0	(270.8)	1,884.4	2,352.8	1.1	2,353.9
Profit for the period (all attributable to owners of the Company)	-	-	-	-	119.0	119.0	-	119.0
Other comprehensive income net of tax (all attributable to owners of the Company)	-	-	-	1.5	42.3	43.8	-	43.8
Employee share options:								
Equity settled share-based payments	-	-	-	-	14.0	14.0	-	14.0
Deferred and current tax on employee share options	-	-	-	-	(0.3)	(0.3)	-	(0.3)
Balance at 30 June 2021	38.7	516.5	184.0	(269.3)	2,059.4	2,529.3	1.1	2,530.4

The notes to the condensed consolidated interim financial statements are an integral part of this document.

Condensed consolidated interim statement of changes in equity (continued)

For the year ended 31 December 2021

Audited

	Share capital	Share premium	Contributed surplus	Currency translation reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interest	Total equity
	$m	$m	$m	$m	$m	$m	$m	$m
Balance at 1 January 2021	38.7	516.5	184.0	(270.8)	1,884.4	2,352.8	1.1	2,353.9
Profit for the year (all attributable to owners of the Company)	-	-	-	-	189.5	189.5	-	189.5
Other comprehensive income net of tax (all attributable to owners of the Company)	-	-	-	(18.5)	28.2	9.7	-	9.7
Employee share options:								
Equity settled share-based payments	-	-	-	-	24.0	24.0	-	24.0
Proceeds from shares issued	-	0.1	-	-	-	0.1	-	0.1
Deferred and current tax on employee share options	-	-	-	-	1.3	1.3	-	1.3
Shares issued in relation to Scrip Dividend	-	0.2	-	-	-	0.2	-	0.2
Dividends paid to owners of the Company	-	-	-	-	(39.4)	(39.4)	-	(39.4)
Balance at 31 December 2021	38.7	516.8	184.0	(289.3)	2,088.0	2,538.2	1.1	2,539.3

The notes to the condensed consolidated interim financial statements are an integral part of this document.

Condensed consolidated interim cash flow statement

For the six month period ended 30 June 2022

	Note	**Reviewed Six months to June 2022**	Reviewed Six months to June 2021	Audited Year to 31 Dec 2021
		$m	$m	$m
(Loss)/profit before tax		**(107.4)**	133.4	190.8
Adjustments for:				
Net foreign exchange gains		**(18.2)**	(11.2)	(0.7)
Interest and equity dividend income	9	**(46.5)**	(44.7)	(88.1)
Interest expense	11	**21.7**	26.1	50.8
Net fair value losses on financial assets		**228.3**	10.1	57.9
Depreciation, amortisation and impairment	10	**29.2**	29.0	58.3
Charges in respect of share-based payments	10	**13.8**	14.0	24.0
Realised gain on sale of subsidiary undertaking, intangible assets and property plant and equipment		**(1.0)**	(5.2)	(6.5)
Changes in operational assets and liabilities:				
Insurance and reinsurance contracts		**121.5**	(157.8)	(264.2)
Financial assets carried at fair value		**14.7**	151.9	(30.0)
Financial liabilities carried at fair value		**(0.1)**	(0.4)	(0.4)
Financial liabilities carried at amortised cost		**0.4**	0.4	0.7
Other assets and liabilities		**(0.3)**	(1.6)	(6.7)
Cash paid to the pension fund	19	**(13.5)**	-	-
Interest received		**44.4**	50.6	90.5
Equity dividends received		**2.0**	0.3	1.9
Interest paid		**(6.0)**	(10.1)	(49.6)
Current tax paid		**(1.2)**	(2.5)	(12.1)
Net cash flows from operating activities		**281.8**	182.3	16.6
Cash flows from the sale of subsidiaries		**-**	21.4	21.4
Purchase of property, plant and equipment		**(9.9)**	(1.2)	(5.4)
Proceeds from the sale of property, plant and equipment		**2.4**	-	0.2
Purchase of intangible assets		**(24.1)**	(21.1)	(53.5)
Proceeds from the sale of intangible assets		**-**	-	0.7
Net cash flows used in investing activities		**(31.6)**	(0.9)	(36.6)
Proceeds from the issue of ordinary shares		**0.1**	-	0.1
Distributions made to owners of the Company		**(78.9)**	-	(39.2)
Repayments of short-term borrowings		**-**	(195.7)	(195.7)
Principal elements of lease payments		**(6.9)**	(9.6)	(11.4)
Net cash flows used in financing activities		**(85.7)**	(205.3)	(246.2)
Net increase/(decrease) in cash and cash equivalents		**164.5**	(23.9)	(266.2)
Cash and cash equivalents at 1 January		**1,300.7**	1,577.2	1,577.2
Net increase/(decrease) in cash and cash equivalents		**164.5**	(23.9)	(266.2)
Effect of exchange rate fluctuations on cash and cash equivalents		**(51.3)**	3.6	(10.3)
Cash and cash equivalents at end of period	18	**1,413.9**	1,556.9	1,300.7

The notes to the condensed consolidated interim financial statements are an integral part of this document.

Notes to the condensed consolidated interim financial statements

1. General information

Hiscox Ltd (the 'Company') is a public limited company registered and domiciled in Bermuda. The condensed consolidated interim financial statements for the Company as at, and for the six months ended, 30 June 2022 comprise the Company and its subsidiaries (together referred to as the 'Group') and the Group's interest in associates. The CEO's statement accompanying these condensed consolidated interim financial statements forms the Interim Statement for the half year ended 30 June 2022.

The Directors of Hiscox Ltd are listed in the Group's 2021 Report and Accounts with the exception of Paul Cooper who was appointed on 12 May 2022. Bronek Masojada retired from the Board on 31 December 2021 and Caroline Foulger retired from the Board on 12 May 2022. A list of current Directors is maintained and available for inspection at the registered office of the Company located at Chesney House, 96 Pitts Bay Road, Pembroke HM 08, Bermuda.

2. Basis of preparation

These condensed consolidated interim financial statements for the six months to 30 June 2022 have been prepared in accordance with IAS 34 *Interim Financial Reporting*, the UK-adopted international accounting standards, and the Disclosure Rules Sourcebook and Transparency Rules issued by the Financial Conduct Authority.

The accounting policies applied, the significant judgements made, and the key sources of estimation uncertainty in the condensed consolidated interim financial statements are the same as those applied in Hiscox Ltd's 2021 consolidated financial statements.

These condensed consolidated interim financial statements are unaudited but have been reviewed by the auditor, PricewaterhouseCoopers Ltd. They should be read in conjunction with the audited consolidated financial statements of the Group as at, and for the year ended, 31 December 2021.

In preparing these condensed consolidated interim financial statements, management makes judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at, and for the year ended, 31 December 2021.

The consolidated financial statements have been prepared on a going concern basis. In adopting the going concern basis, management has reviewed the Group's current and forecast solvency and liquidity positions for the next 12 months and beyond. As part of this consideration, management use scenario analysis and stress testing to assess the robustness of the Group's solvency and liquidity positions.

The Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence over a period of at least 12 months from the date of approval of the condensed consolidated interim financial statements. For this reason, they continue to adopt the going concern basis in preparing the condensed consolidated interim financial statements.

Items included in the financial statements of each of the Group's entities are measured in the currency of the primary economic environment in which that entity operates ('the functional currency'). The condensed consolidated interim financial statements are stated in US Dollars which is the Group's presentation currency. Except where otherwise indicated, all amounts presented in the financial statements are in US Dollars millions ($m) rounded to the nearest hundred thousand Dollars.

These condensed consolidated interim financial statements were approved by the Board for issue on Wednesday, 3 August 2022.

2.1. New and amended accounting standards adopted by the Group

The Group has not early adopted any new standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2022, but do not have a material impact on the interim condensed consolidated financial statements of the Group.

3. Management of risk

Operational risk
The Group demonstrates continued operational resilience, underscoring the benefits of its business model, disciplined risk management and ongoing investment in technology and infrastructure.

Insurance risk
The insurance risks are consistent with those disclosed within the Report and Accounts 2021 on pages 156 to 159. The Group continues to assess, review and monitor its underwriting and reserve risk.

The Group has established explicit inflation net reserve uplifts of $55 million to allow for the current high inflation environment, although insurance risk still remains given the significant uncertainty in future inflation rates. In addressing the impact of inflation the Group focuses on:

3. Management of risk (continued)

- regular case reserve reviews to ensure adequacy;
- uplifts to incurred but not reported (IBNR) reserves to allow for current and future expectations of high inflation rates;
- assessment of rate increases against future inflation to assess loss ratio impacts.

Additionally, the Group has booked a net loss of $48 million for the Ukraine-Russia conflict. The ultimate amount of loss for this event remains subject to a higher than normal level of uncertainty in the best estimate at this stage given it is still ongoing. Whilst the Group has substantial reinsurance coverage, there is scope for future losses if the geographical scope of the conflict increases. Consequently, in measuring the liabilities, the Group has included an allowance for risk and uncertainties that is above the best estimate.

Financial risk
The Group continues to monitor all aspects of its financial risk appetite and the resultant exposure is taken with caution.

Reliability of fair value

As detailed in note 16, the Group's investment allocation is broadly comparable to that at 31 December 2021. In order to assist users, the Group has disclosed the measurement attributes of its investment portfolio in a fair value hierarchy in note 17 in accordance with IFRS 13 Fair Value Measurement. At 30 June 2022, only 2.0% (31 December 2021:2.1%) of the Group's investments are categorised as Level 3.

Price risk
The price risks are consistent with those disclosed within the Report and Accounts 2021 on page 160. The Group's equity and investment fund holdings are limited to a relatively small and controlled proportion of the overall investment portfolio. The equity and investment funds holdings are diversified over a number of companies and industries. The fair value of equity and investment fund assets in the Group's balance sheet at 30 June 2022 was $391 million (31 December 2021: $461 million).

Interest rate risk
The interest rate risks are broadly consistent with those disclosed within the Report and Accounts 2021 on pages 160 to 161. The fair value of the Group's investment portfolio of debt and fixed income holdings is normally inversely correlated to movements in market interest rates. When market interest rates decrease, the fair value of the Group's debt and fixed income investments would tend to increase and vice versa if credit spreads remained constant. The fair value of debt and fixed income assets on the Group's balance sheet at 30 June 2022 was $5,246 million (31 December 2021: $5,528 million).

Credit risk
The credit risks are consistent with those disclosed within the Report and Accounts 2021 on pages 161 to 162.

The Group Credit Committee assesses the creditworthiness of all reinsurers by reviewing credit grades provided by rating agencies and other publicly available financial information detailing their financial strength and performance as well as details of recent payment history and the status of any ongoing negotiations between Group companies and these third parties. As at 30 June 2022, 99.1% (31 December 2021: 99.1%) of Group's reinsurance assets are rated BBB or higher, or are fully collateralised.

Individual operating units maintain records of the payment history for significant brokers and contract holders with whom they conduct regular business. The exposure to individual counterparties is also managed by other mechanisms, such as the right of offset, where counterparties are both debtors and creditors of the Group, and obtaining collateral from unrated counterparties.

The Group mitigates credit risk by investing predominantly in high-quality debt and fixed income instruments. As at 30 June 2022, 93.1% (31 December 2021: 93.1%) of the Group's investments are rated BBB or higher.

3. Management of risk (continued)

Liquidity risk
The liquidity risks are consistent with those disclosed within the Report and Accounts 2021 on pages 163 to 164.

The available headroom of working capital is monitored through the use of a Group cash flow forecast which is reviewed by management quarterly, or more frequently as required.

Strong treasury management has ensured that the Group's balance sheet remains well funded and its operations are financed to accommodate liquidity demands, together with a high level of uncommitted funds that are sufficient to meet future catastrophe obligations even if difficult investment market conditions were to prevail for a period of time.

Currency risk

The currency risk is consistent with what is disclosed in the Report and Accounts 2021 pages 164 to 166. The Group remains susceptible to fluctuations in rates of foreign exchange, in particular between US Dollars and Sterling. The estimated impact of a 10% strengthening or weakening of Sterling against the US Dollar on equity after tax is:

Effect on equity after tax	As at 30 June 2022	As at 31 December 2021
10% strengthening of GBP	$48m	$49m
10% weakening of GBP	$(39)m	$(40)m

This analysis assumes that all other variables, in particular interest rates, remain constant and that the underlying valuation of assets and liabilities in their base currency is unchanged.

Capital risk management
Our capital risk management approach is consistent with the disclosures described within the Report and Accounts 2021 on pages 166 to 168. Prudent capital management is critical to ensure the Group is able to continue to serve its customers, pay valid claims and grow where opportunity permits. As a result, at 30 June 2022, the Group remains strongly capitalised against both our regulatory and rating agency requirements. The Group's available capital on an IFRS basis was $2,372 million (31 December 2021: $2,599 million), comprising net tangible asset value of $2,038 million (31 December 2021: $2,226 million) and subordinated debt of $334 million (31 December 2021: $373 million).

4. Seasonality and weather

Historically, the Group's most material exposure to catastrophe losses on certain lines of business such as reinsurance inwards and marine and major property risk has been greater during the second half of the calendar year, broadly in line with the most active period of the North Atlantic hurricane season. In contrast, a majority of gross premium income written in these lines of business occurs during the first half of the calendar year. The Group actively participates in many regions and if any catastrophic events do occur, it is likely that the Group will share some of the market's losses. Consequently, the potential for significant volatility in expected returns remains during the second half of the year. Details of the Group's recent exposures to these classes of business are disclosed in the Group's Report and Accounts 2021.

5. Related-party transactions

Transactions with related parties during the period are consistent in nature and scope with those disclosed in note 33 of the Group's Report and Accounts 2021.

6. Operating segments

The Group's operating segment reporting follows the organisational structure and management's internal reporting systems, which form the basis for assessing the financial reporting performance of, and allocation of resources to, each business segment.

The Group's four primary business segments are identified as follows:

Hiscox Retail brings together the results of the Group's retail business divisions in the UK, Europe, USA and Asia. 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. Hiscox USA comprises commercial, property and specialty business written by Hiscox Insurance Company Inc. and Syndicate 3624.

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. In addition, the segment includes elements of business written by Syndicate 3624 being auto physical damage and aviation business, however, these are in run-off.

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 Insurance Linked Securities (ILS) funds, along with the gains and losses made as a result of the Group's investment in the funds.

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. The segment includes results from run-off portfolios where the Group has ceded all insurance risks to a third-party reinsurer.

All amounts reported on the following pages represent transactions with external parties only. In the normal course of trade, the Group's entities enter into various reinsurance arrangements with one another. The related results of these transactions are eliminated on consolidation and are not included within the results of the segments. This is consistent with the information used by the chief operating decision-maker when evaluating the results of the Group. Performance is measured based on each reportable segment's profit or loss before tax.

6. Operating segments (continued)

Six months ended 30 June 2022

	Hiscox Retail	Hiscox London Market	Hiscox Re & ILS	Corporate Centre	Total
	$m	$m	$m	$m	$m
Gross premiums written	1,235.2	591.9	822.7	-	2,649.8
Net premiums written	1,044.3	364.4	200.6	-	1,609.3
Net premiums earned	968.7	349.4	122.8	-	1,440.9
Investment result	(113.3)	(62.0)	(38.8)	-	(214.1)
Other income	7.4	3.9	8.7	1.0	21.0
Total income	862.8	291.3	92.7	1.0	1,247.8
Claims and claim adjustment expenses, net of reinsurance	(460.8)	(164.4)	(62.4)	-	(687.6)
Net expenses for the acquisition of insurance contracts	(257.2)	(94.1)	(5.2)	-	(356.5)
Operational expenses	(213.6)	(47.9)	(32.1)	(14.0)	(307.6)
Net foreign exchange gains	-	-	-	18.2	18.2
Total expenses	(931.6)	(306.4)	(99.7)	4.2	(1,333.5)
Finance costs	(3.4)	(0.5)	(1.0)	(16.8)	(21.7)
Loss before tax	(72.2)	(15.6)	(8.0)	(11.6)	(107.4)
100% ratio analysis*					
Claims ratio (%)	47.0%	47.3%	51.2%		47.5%
Expense ratio (%)	48.5%	38.8%	29.0%		43.8%
Combined ratio (%)**	95.5%	86.1%	80.2%		91.3%

* The Group's percentage participation in Syndicate 33 can fluctuate from year to year and, consequently, presentation of the ratios at the 100% level removes any distortions arising therefrom.

** The claims ratio is calculated as claims and claim adjustment expenses, net of reinsurance, as a proportion of net premiums earned. The expense ratio is calculated as the total of expenses for the acquisition of insurance contracts, operational expenses, including profit-related pay as a proportion of net premiums earned. The combined ratio is the total of the claims and expense ratios. All ratios are calculated using the 100% results and exclude a run-off portfolio, where the Group has ceded all insurance risks to a third-party reinsurer, included within Corporate Centre. Costs allocated to Corporate Centre are non-underwriting-related costs and are not included within the combined ratio.

The tables presented below contain the net premiums earned, claims and expenses at 100% ownership, to enable calculation of the ratios included in the operating segments.

Six months ended 30 June 2022

	Hiscox Retail	Hiscox London Market	Hiscox Re & ILS	Corporate Centre	Total
	$m	$m	$m	$m	$m
Net premiums earned	981.5	470.2	145.0	-	1,596.7
Claims and claim adjustment expenses, net of reinsurance	(461.3)	(222.2)	(74.2)	-	(757.7)
Net expenses for the acquisition of insurance contracts	(260.9)	(124.3)	(7.3)	-	(392.5)
Operational expenses	(215.3)	(58.5)	(34.8)	-	(308.6)

6. Operating segments (continued)

Six months ended 30 June 2021

	Hiscox Retail	Hiscox London Market	Hiscox Re & ILS	Corporate Centre	Total
	$m	$m	$m	$m	$m
Gross premiums written	1,216.4	609.9	599.9	-	2,426.2
Net premiums written	1,020.4	361.2	183.8	-	1,565.4
Net premiums earned	961.2	348.1	113.8	-	1,423.1
Investment result	32.1	18.9	10.5	0.4	61.9
Other income	12.8	7.7	5.3	0.8	26.6
Total income	1,006.1	374.7	129.6	1.2	1,511.6
Claims and claim adjustment expenses, net of reinsurance	(505.4)	(138.8)	(52.6)	-	(696.8)
Net expenses for the acquisition of insurance contracts	(269.1)	(106.0)	(8.0)	-	(383.1)
Operational expenses	(196.5)	(42.3)	(30.4)	(14.2)	(283.4)
Net foreign exchange gains	-	-	-	11.2	11.2
Total expenses	(971.0)	(287.1)	(91.0)	(3.0)	(1,352.1)
Finance costs	(3.4)	(0.3)	(0.5)	(21.9)	(26.1)
Profit/(loss) before tax	31.7	87.3	38.1	(23.7)	133.4
100% ratio analysis*					
Claims ratio (%)	52.1%	40.8%	45.0%	-	48.2%
Expense ratio (%)	48.6%	40.9%	31.7%	-	44.9%
Combined ratio (%)**	100.7%	81.7%	76.7%	-	93.1%

* The Group's percentage participation in Syndicate 33 can fluctuate from year to year and, consequently, presentation of the ratios at the 100% level removes any distortions arising therefrom.

** The claims ratio is calculated as claims and claim adjustment expenses, net of reinsurance, as a proportion of net premiums earned. The expense ratio is calculated as the total of expenses for the acquisition of insurance contracts, operational expenses, including profit-related pay as a proportion of net premiums earned. The combined ratio is the total of the claims and expense ratios. All ratios are calculated using the 100% results and exclude a run-off portfolio, where the Group has ceded all insurance risks to a third-party reinsurer, included within Corporate Centre. Costs allocated to Corporate Centre are non-underwriting-related costs and are not included within the combined ratio.

The tables presented below contain the net premiums earned, claims and expenses at 100% ownership, to enable calculation of the ratios included in the operating segments.

Period ended 30 June 2021

	Hiscox Retail	Hiscox London Market	Hiscox Re & ILS	Corporate Centre	Total
	$m	$m	$m	$m	$m
Net premiums earned	971.9	467.7	133.1	-	1,572.7
Claims and claim adjustment expenses, net of reinsurance	(506.8)	(190.6)	(59.9)	-	(757.3)
Net expenses for the acquisition of insurance contracts	(274.3)	(139.1)	(8.2)	-	(421.6)
Operational expenses	(198.2)	(52.5)	(33.9)	-	(284.6)

6. Operating segments (continued)

Year ended 31 December 2021

	Hiscox Retail $m	Hiscox London Market $m	Hiscox Re & ILS $m	Corporate Centre $m	Total $m
Gross premiums written	2,290.0	1,171.4	807.8	-	4,269.2
Net premiums written	1,969.3	711.5	274.2	-	2,955.0
Net premiums earned	1,958.6	690.3	271.0	-	2,919.9
Investment result	26.9	15.8	8.8	(0.3)	51.2
Other income	22.8	19.1	11.3	3.6	56.8
Total income	2,008.3	725.2	291.1	3.3	3,027.9
Claims and claim adjustment expenses, net of reinsurance	(985.9)	(333.9)	(110.6)	-	(1,430.4)
Net expenses for the acquisition of insurance contracts	(524.9)	(193.9)	(15.9)	-	(734.7)
Operational expenses	(435.7)	(92.0)	(64.7)	(30.3)	(622.7)
Net foreign exchange gains	-	-	-	0.7	0.7
Total expenses	(1,946.5)	(619.8)	(191.2)	(29.6)	(2,787.1)
Finance costs	(6.9)	(0.6)	(1.4)	(41.9)	(50.8)
Share of loss of associates after tax	-	-	-	0.8	0.8
Profit/(loss) before tax	54.9	104.8	98.5	(67.4)	190.8
100% ratio analysis*					
Claims ratio (%)	50.0%	49.5%	40.0%	-	48.9%
Expense ratio (%)	48.9%	39.6%	28.0%	-	44.3%
Combined ratio (%)**	98.9%	89.1%	68.0%	-	93.2%

* The Group's percentage participation in Syndicate 33 can fluctuate from year to year and, consequently, presentation of the ratios at the 100% level removes any distortions arising therefrom.

** The claims ratio is calculated as claims and claim adjustment expenses, net of reinsurance, as a proportion of net premiums earned. The expense ratio is calculated as the total of expenses for the acquisition of insurance contracts, operational expenses, including profit-related pay as a proportion of net premiums earned. The combined ratio is the total of the claims and expense ratios. All ratios are calculated using the 100% results and exclude a run-off portfolio, where the Group has ceded all insurance risks to a third-party reinsurer, included within Corporate Centre. Costs allocated to Corporate Centre are non-underwriting-related costs and are not included within the combined ratio.

The tables presented below contain the net premiums earned, claims and expenses at 100% ownership, to enable calculation of the ratios included in the operating segments.

Year ended 31 December 2021

	Hiscox Retail	**Hiscox London Market**	**Hiscox Re & ILS**	**Corporate Centre**	**Total**
	$m	**$m**	**$m**	**$m**	**$m**
Net premiums earned	1,985.0	924.1	313.3	-	3,222.4
Claims and claim adjustment expenses, net of reinsurance	(991.7)	(457.8)	(125.2)	-	(1,574.7)
Net expenses for the acquisition of insurance contracts	(531.8)	(252.5)	(16.6)	-	(800.9)
Operational expenses	(439.1)	(114.0)	(71.1)	-	(624.2)

7. Net asset value (NAV) per share and net tangible asset value per share

	30 June 2022		30 June 2021		31 December 2021	
	Net asset value (total equity)	**NAV per share cent**	Net asset value (total equity)	NAV per share cent	Net asset value (total equity)	NAV per share cent
	$m		$m		$m	
Net asset value	**2,340.4**	**679.5**	2,530.4	738.1	2,539.3	739.8
Net tangible asset value	**2,037.6**	**591.6**	2,227.2	649.6	2,226.2	648.6

The NAV per share is based on 344,417,619 shares (30 June 2021: 342,847,280; 31 December 2021: 343,232,855), being the shares in issue at 30 June 2022, less those held in treasury and those held by the Group Employee Benefit Trust. Net tangible assets comprise total equity excluding intangible assets. The NAV per share expressed in pence is 559.6 pence (30 June 2021: 534.2 pence; 31 December 2021: 546.2 pence).

8. Return on equity (ROE)

	Six months to 30 June 2022	Six months to 30 June 2021	Year to 31 Dec 2021
	$m	$m	$m
(Loss)/profit for the period	**(87.1)**	119.0	189.5
Opening total equity	**2,539.3**	2,353.9	2,353.9
Adjusted for the time-weighted impact of capital distributions and issuance of shares	**(3.7)**	-	(11.3)
Adjusted opening total equity	**2,535.6**	2,353.9	2,342.6
Annualised return on equity (%)	**(6.8)%**	10.4%	8.1%

The ROE is calculated by using profit or loss for the period divided by the adjusted opening total equity. The adjusted opening total equity represents the equity on 1 January of the relevant year as adjusted for time-weighted aspects of capital distributions and issuing of shares or treasury share purchases during the period. The time-weighted positions are calculated on a daily basis with reference to the proportion of time from the transaction to the end of the period.

9. Investment result

i. Analysis of investment result

The total investment result for the Group before taxation comprises:

	Six months to 30 June 2022	Six months to 30 June 2021	Year to 31 Dec 2021
	$m	$m	$m
Investment income including interest receivable	**46.5**	44.7	88.1
Net realised (losses)/gains on financial investments at fair value through profit or loss	**(32.6)**	28.9	25.2
Net fair value losses on financial investments at fair value through profit or loss	**(228.3)**	(10.1)	(57.9)
Investment result – financial assets	**(214.4)**	63.5	55.4
Fair value gains on derivative financial instruments	**3.8**	0.6	1.7
Investment expenses	**(3.5)**	(2.2)	(5.9)
Total result	**(214.1)**	61.9	51.2

ii. Annualised investment return

	Six months to 30 June 2022		Six months to 30 June 2021*		Year to 31 Dec 2021	
	Return $m	**Yield %**	Return $m	Yield %	Return $m	Yield %
Debt and fixed income holdings	**(170.8)**	**(6.5)**	10.6	0.4	(11.4)	(0.2)
Equities and investment funds	**(44.8)**	**(22.0)**	52.5	21.7	66.2	11.6
Deposits with credit institutions/cash and cash equivalents	**1.2**	**0.2**	0.4	0.1	0.6	0.0
Investment return – financial assets	**(214.4)**	**(6.1)**	63.5	1.7	55.4	0.7

* The 30 June 2021 figures have been re-presented for the re-allocation of certain debt and bond funds to debt and fixed income holdings. There is no impact on the total investment result.

10. Other income and operational expenses

	Six months to 30 June 2022	Six months to 30 June 2021	Year to 31 Dec 2021
	$m	$m	$m
Agency-related and other underwriting income	**8.8**	13.1	27.9
Profit commission	**1.8**	2.6	4.8
Other income	**10.4**	10.9	24.1
Other income	**21.0**	26.6	56.8
Wages and salaries	**105.3**	107.3	228.9
Social security costs	**14.9**	15.5	30.8
Pension cost – defined contribution	**8.1**	9.2	17.3
Pension cost – defined benefit	**0.1**	0.4	1.0
Share-based payments	**13.8**	14.0	24.0
Temporary staff costs	**17.8**	19.7	39.6
Travel and entertainment	**5.0**	1.2	5.6
Legal and professional	**31.7**	26.9	71.6
Office costs	**7.0**	6.9	13.6
Computer costs	**39.4**	26.4	53.8

10. Other income and operational expenses (continued)

	Six months to 30 June 2022	Six months to 30 June 2021	Year to 31 Dec 2021
	$m	$m	$m
Depreciation, amortisation and impairment	**29.2**	29.0	58.3
Other expenses	**35.3**	26.9	78.2
Operational expenses	**307.6**	283.4	622.7

Wages and salaries have been shown net of transfers to acquisition costs and claims expenses. Total marketing expenditure (included in operational expenses and expenses for the acquisition of insurance contracts) for the period was $31.4 million (30 June 2021: $24.0 million; 31 December 2021: $56.6 million).

No disposals were made during 2022 (2021: disposal of Crystal Ridge subsidiary for $21.4 million on 1 June 2021 for a gain of $5.2 million reported in other income).

11. Finance costs

	Six months to 30 June 2022	Six months to 30 June 2021	Year to 31 Dec 2021
	$m	$m	$m
Interest charge associated with borrowings	**14.5**	15.4	30.7
Interest and expenses associated with bank borrowing facilities	**0.8**	4.4	7.5
Interest and charges associated with Letters of Credit	**2.0**	2.0	5.0
Other interest expenses*	**4.4**	4.3	7.6
Finance costs	**21.7**	26.1	50.8

*Including interest expenses on lease liabilities of $1.1 million (30 June 2021: $0.6 million; 31 December 2021: $1.2 million).

As at 30 June 2022, the total amount drawn by way of Letter of Credit to support the Funds at Lloyd’s requirement was $266.0 million (30 June 2021: $266.0 million; 31 December 2021: $266.0 million).

12. Tax (credit)/expense

The Company and its subsidiaries are subject to enacted tax laws in the jurisdictions in which they are incorporated and domiciled. The amount charged in the condensed consolidated income statement comprises the following:

	Six months to 30 June 2022	Six months to 30 June 2021	Year to 31 Dec 2021
	$m	$m	$m
Current tax (credit)/expense	**(3.4)**	9.2	4.4
Deferred tax (credit)/expense	**(16.9)**	5.2	(3.1)
Total tax (credited)/charged to the income statement	**(20.3)**	14.4	1.3

The current tax credit of $20.3 million arises on taxable losses (i.e. after adjusting for non-deductible expenses) based on a forecast effective tax rate for the full year, and includes the adjustments in respect of prior year.

13. Insurance liabilities and reinsurance assets

	Six months to 30 June 2022 $m	Six months to 30 June 2021 $m	Year to 31 Dec 2021 $m
Gross			
Claims and claim adjustment expenses outstanding including IBNR	**6,851.3**	7,213.8	7,045.9
Unearned premiums	**2,297.6**	2,183.3	1,822.5
Total insurance liabilities, gross	**9,148.9**	9,397.1	8,868.4
Recoverable from reinsurers			
Claims and claim adjustment expenses outstanding including IBNR	**3,301.2**	3,778.8	3,492.8
Unearned premiums	**767.8**	661.1	415.2
Total reinsurers' share of insurance liabilities	**4,069.0**	4,439.9	3,908.0
Net			
Claims and claim adjustment expenses outstanding including IBNR	**3,550.1**	3,435.0	3,553.1
Unearned premiums	**1,529.8**	1,522.2	1,407.3
Total insurance liabilities, net	**5,079.9**	4,957.2	4,960.4

Net claims and claim adjustment expenses include releases of $76.9 million (30 June 2021: $79.0 million; 31 December 2021: $148.9 million) related to reserves established in prior reporting periods.

In March 2022, the Group completed a further legacy portfolio transaction whereby a reinsurer assumes historical best estimate liabilities of $94 million for the Group's share of casualty reinsurance written in Syndicates 33 and 3624 (June 2021: the Group completed legacy portfolio transactions securing coverage for potential adverse development on historical liabilities for selected lines of business, including the majority of Hiscox USA's surplus lines broker business).

13. Insurance liabilities and reinsurance assets (continued)

Insurance claims and claim adjustment expenses reserves – net of reinsurance at 100%

The development of net claims reserves by accident years is detailed below.

Accident year **	2013	2014	2015	2016	2017	2018	2019	2020	2021	**2022**	**Total**
	$m	$m	$m	$m	$m	$m	$m	$m	$m	**$m**	**$m**
Estimate of ultimate claims costs as adjusted for foreign exchange*											
at end of accident year**:	1,086.4	1,129.8	1,207.7	1,417.7	1,794.3	1,731.6	1,578.2	2,112.1	1,707.5	**862.9**	**14,628.2**
one period later**	964.4	992.9	1,115.5	1,287.6	1,606.5	1,657.6	1,540.6	1,981.1	1,661.0		**12,807.2**
two periods later**	865.5	900.8	1,024.9	1,220.2	1,542.0	1,632.4	1,461.6	1,938.4			**10,585.8**
three periods later**	801.7	848.0	1,018.8	1,219.4	1,536.2	1,526.0	1,436.8				**8,386.9**
four periods later**	796.2	822.0	999.8	1,271.6	1,453.0	1,500.4					**6,843.0**
five periods later**	772.6	788.1	1,038.3	1,217.3	1,430.0						**5,246.3**
six periods later**	758.6	790.2	1,010.0	1,173.5							**3,732.3**
seven periods later**	767.3	785.7	989.1								**2,542.1**
eight periods later**	755.7	772.0									**1,527.7**
nine periods later**	749.5										**749.5**
Current estimate of cumulative claims	749.5	772.0	989.1	1,173.5	1,430.0	1,500.4	1,436.8	1,938.4	1,661.0	**862.9**	**12,513.6**
Cumulative payments to date	(734.9)	(716.5)	(881.0)	(1,082.4)	(1,276.1)	(1,177.2)	(1,063.2)	(985.9)	(602.9)	**(115.3)**	**(8,635.4)**
Liability recognised at 100% level	14.6	55.5	108.1	91.1	153.9	323.2	373.6	952.5	1,058.1	**747.6**	**3,878.2**
Liability recognised in respect of prior accident years at 100% level											**115.1**
Total net liability to external parties at 100% level											**3,993.3**

* The foreign exchange adjustment arises from the retranslation of the estimates at each date using the exchange rate ruling at 30 June 2022.
** With the exception of the most recent development data for each accident year, which only relates to the six months ending 30 June 2022, the term period refers to one full calendar year. This includes the legacy portfolio transaction which reinsures the Hiscox Casualty Reinsurance book in Syndicate 33 and Syndicate 3624 for the accident years 2013-2021.

Reconciliation of 100% disclosures above to Group's share – net of reinsurance

Accident year	2013	2014	2015	2016	2017	2018	2019	2020	2021	**2022**	**Total**
	$m	$m	$m	$m	$m	$m	$m	$m	$m	**$m**	**$m**
Current estimate of cumulative claims	749.5	772.0	989.1	1,173.5	1,430.0	1,500.4	1,436.8	1,938.4	1,661.0	**862.9**	**12,513.6**
Less: attributable to external Names	(77.4)	(76.9)	(106.9)	(120.9)	(149.6)	(150.3)	(178.0)	(196.3)	(173.7)	**(89.6)**	**(1,319.6)**
Group share of current ultimate claims estimate	672.1	695.1	882.2	1,052.6	1,280.4	1,350.1	1,258.8	1,742.1	1,487.3	**773.3**	**11,194.0**
Cumulative payments to date	(734.9)	(716.5)	(881.0)	(1,082.4)	(1,276.1)	(1,177.2)	(1,063.2)	(985.9)	(602.9)	**(115.3)**	**(8,635.4)**
Less: attributable to external Names	73.7	79.1	97.7	116.4	124.9	101.2	127.3	84.4	65.7	**15.5**	**885.9**
Group share of cumulative payments	(661.2)	(637.4)	(783.3)	(966.0)	(1,151.2)	(1,076.0)	(935.9)	(901.5)	(537.2)	**(99.8)**	**(7,749.5)**
Liability for 2013 to 2022 accident years recognised on Group's balance sheet	10.9	57.7	98.9	86.6	129.2	274.1	322.9	840.6	950.1	**673.5**	**3,444.5**
Liability for accident years before 2013 recognised on Group's balance sheet											**105.6**
Group liability to external parties included in balance sheet – net*											**3,550.1**

* This represents the claims element of the Group's insurance liabilities and reinsurance assets.

13. Insurance liabilities and reinsurance assets (continued)

A reconciliation of the gross premium written to net premiums earned is as follows:

	Six months to 30 June 2022	Six months to 30 June 2021	Year to 31 Dec 2021
	$m	$m	$m
Gross premiums written	**2,649.8**	2,426.2	4,269.2
Outward reinsurance premiums	**(1,040.5)**	(860.8)	(1,314.2)
Net premiums written	**1,609.3**	1,565.4	2,955.0
Change in gross unearned premium reserves	**(532.5)**	(356.3)	(22.3)
Change in reinsurers' share of unearned premium reserves	**364.1**	214.0	(12.8)
Change in net unearned premium reserves	**(168.4)**	(142.3)	(35.1)
Net premiums earned	**1,440.9**	1,423.1	2,919.9

14. Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares purchased by the Group and held in treasury as own shares.

	Six months to 30 June 2022	Six months to 30 June 2021	Year to 31 Dec 2021
(Loss)/profit for the period attributable to owners of the Company ($m)	**(87.1)**	119.0	189.5
Weighted average number of ordinary shares in issue (thousands)	**343,712**	342,097	342,551
Basic (loss)/earnings per share (cent per share)	**(25.3)¢**	34.8¢	55.3¢
Basic (loss)/earnings per share (pence per share)	**(19.4)p**	25.1p	40.2p

Diluted

Diluted earnings per share is calculated by adjusting the assumed conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares, share options and awards. For the share options, a calculation is made to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Six months to 30 June 2022	Six months to 30 June 2021	Year to 31 Dec 2021
(Loss)/profit for the period attributable to owners of the Company ($m)	**(87.1)**	119.0	189.5
Weighted average number of ordinary shares in issue (thousands)	**343,712**	342,097	342,551
Adjustment for share options (thousands)	**-**	3,831	3,740
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**343,712**	345,928	346,291
Diluted (loss)/earnings per share (cent per share)	**(25.3)¢**	34.4¢	54.7¢
Diluted (loss)/earnings per share (pence per share)	**(19.4)p**	24.8p	39.8p

Diluted earnings per share has been calculated after taking account of outstanding options and awards under employee share option and performance plan schemes and also options under save as you earn schemes. For the six months to 30 June 2022 the potential ordinary shares are antidilutive and have therefore been ignored for calculating diluted earnings per share.

15. Dividends paid to owners of the Company

	Six months to 30 June 2022 $m	Six months to 30 June 2021 $m	Year to 31 Dec 2021 $m
Final dividend for the year ended:			
31 December 2021 of 23.0¢ (net) per share	**79.2**	-	-
Interim dividend for the year ended:			
31 December 2021 of 11.5¢ (net) per share	**-**	-	39.4
	79.2	-	39.4

The final dividend for the year ended 31 December 2021 of 23.0¢ was paid in cash of $78.9 million and 27,940 shares for the Scrip Dividend. The interim dividend for the year ended 31 December 2021 was paid in cash of $39.2m and 20,231 shares for a Scrip Dividend. There was no interim or final dividend declared for the year ended 31 December 2020.

The Board has declared an interim dividend of 12.0¢ per share payable on 20 September 2022 to shareholders registered on 12 August 2022 in respect of the six months to 30 June 2022 (30 June 2021: 11.5¢ per share; 31 December 2021: 23.0¢ per share). The dividends will be paid in Sterling unless shareholders elect to be paid in US Dollars. The foreign exchange rate to convert the dividends declared in US Dollars into Sterling will be based on the average exchange rate in the five business days prior to the Scrip dividend price being determined. On this occasion, the period will be between 30 August 2022 and 5 September 2022 inclusive.

When determining the level of dividend each year, the Board considers the ability of the Group to generate cash and the availability of that cash in the Group, while considering constraints such as regulatory capital requirements and the level required to invest in the business. This is a progressive policy and is expected to be maintained for the foreseeable future.

16. Financial assets and liabilities

i. Analysis of financial assets carried at fair value

	30 June 2022	30 June 2021*	31 Dec 2021
	$m	$m	$m
Debt and fixed income holdings	**5,246.4**	5,426.6	5,528.1
Equities and investment funds	**391.1**	454.7	461.2
Investments	**5,637.5**	5,881.3	5,989.3
Insurance-linked funds	**46.2**	53.8	50.9
Derivative financial instruments	**0.5**	0.1	1.1
Total financial assets carried at fair value	**5,684.2**	5,935.2	6,041.3

* The 30 June 2021 figures have been re-presented for the re-allocation of certain debt and bond funds to debt and fixed income holdings.

ii. Analysis of financial liabilities carried at fair value

	30 June 2022	30 June 2021	31 Dec 2021
	$m	$m	$m
Derivative financial instruments	**0.2**	0.3	0.2
Total financial liabilities carried at fair value	**0.2**	0.3	0.2

16. Financial assets and liabilities (continued)

iii. Analysis of financial liabilities carried at amortised cost

	30 June 2022	30 June 2021	31 Dec 2021
	$m	$m	$m
Borrowings	**667.1**	758.2	743.7
Accrued interest on borrowings	**15.9**	18.2	2.8
Total financial liabilities carried at amortised cost	**683.0**	776.4	746.5

On 24 November 2015, the Group issued £275.0 million 6.125% fixed-to-floating rate callable subordinated notes due 2045, with a first call date of 2025.

The notes bear interest from and including 24 November 2015 at a fixed rate of 6.125% per annum annually in arrears starting 24 November 2016 up until the first call date in November 2025, and thereafter at a floating rate of interest equal to the sum of compounded daily Sterling Overnight Index Average (SONIA), the reference rate adjustment of 0.1193% and a margin of 5.076% payable quarterly in arrears on each floating interest payment date.

On 25 November 2015, the notes were admitted for trading on the London Stock Exchange's regulated market. The notes were rated BBB- by S&P and Fitch.

On 14 March 2018, the Group issued £275.0 million 2% notes due December 2022. The notes will be redeemed on the maturity date at their principal amount together with accrued interest.

The notes bear interest from and including 14 March 2018 at a fixed rate of 2% per annum annually in arrears starting 14 December 2018 until maturity on 14 December 2022. On 14 March 2018, the notes were admitted for trading on the Luxembourg Stock Exchange's Euro MTF. The notes were rated BBB+ by S&P and Fitch.

iv. Investment and cash allocation

	30 June 2022		30 June 2021*		31 Dec 2021	
	$m	**%**	$m	%	$m	%
Debt and fixed income holdings	**5,246.4**	**74.4**	5,426.6	73.0	5,528.1	75.9
Equities and investment funds	**391.1**	**5.5**	454.7	6.1	461.2	6.3
Deposits with credit institutions / cash and cash equivalents	**1,413.9**	**20.1**	1,556.9	20.9	1,300.7	17.8
Total	**7,051.4**	**100.0**	7,438.2	100.0	7,290.0	100.0

* The 30 June 2021 figures have been re-presented for the re-allocation of certain debt and bond funds to debt and fixed income holdings.

v. Total investments and cash allocation by currency

	30 June 2022	30 June 2021	31 Dec 2021
	%	%	%
US Dollars	**69.3**	63.5	64.8
Sterling	**18.5**	21.6	21.9
Euro	**9.0**	9.4	8.9
Other currencies	**3.2**	5.5	4.4

17. Fair value measurements

An analysis of assets and liabilities carried at fair value, categorised by fair value hierarchy that reflects the significance of the inputs used in measuring the fair value, is set out below.

As at 30 June 2022	**Level 1**	**Level 2**	**Level 3**	**Total**
	$m	**$m**	**$m**	**$m**
Financial assets				
Debt and fixed income holdings	**996.2**	**4,219.7**	**30.5**	**5,246.4**
Equities and investment funds	**-**	**353.4**	**37.7**	**391.1**
Insurance-linked funds	**-**	**-**	**46.2**	**46.2**
Derivative financial instruments	**-**	**0.5**	**-**	**0.5**
Total	**996.2**	**4,573.6**	**114.4**	**5,684.2**
Financial liabilities				
Derivative financial instruments	**-**	**0.2**	**-**	**0.2**
Total	**-**	**0.2**	**-**	**0.2**

As at 30 June 2021*	Level 1	Level 2	Level 3	Total
	$m	$m	$m	$m
Financial assets				
Debt and fixed income holdings	859.0	4,537.6	30.0	5,426.6
Equities and investment funds	-	408.6	46.1	454.7
Insurance-linked funds	-	-	53.8	53.8
Derivative financial instruments	-	0.1	-	0.1
Total	859.0	4,946.3	129.9	5,935.2
Financial liabilities				
Derivative financial instruments	-	0.3	-	0.3
Total	-	0.3	-	0.3

As at 31 December 2021	Level 1	Level 2	Level 3	Total
	$m	$m	$m	$m
Financial assets				
Debt and fixed income holdings	858.5	4,639.5	30.1	5,528.1
Equities and investment funds	-	416.5	44.7	461.2
Insurance-linked funds	-	-	50.9	50.9
Derivative financial instruments	-	1.1	-	1.1
Total	858.5	5,057.1	125.7	6,041.3
Financial liabilities				
Derivative financial instruments	-	0.2	-	0.2
Total	-	0.2	-	0.2

* The 30 June 2021 figures have been re-presented for the re-allocation of certain debt and bond funds to debt and fixed income holdings and corporate bond level hierarchy.

17. Fair value measurements (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the 'fair value hierarchy' described as follows:

- Level 1 - fair values measured using quoted prices (unadjusted) in active markets for identical instruments;
- Level 2 - fair values measured using directly or indirectly observable inputs or other similar valuation techniques for which all significant inputs are based on market observable data;
- Level 3 - fair values measured using valuation techniques for which significant inputs are not based on market observable data.

The fair values of the Group's financial assets are typically based on prices from numerous independent pricing services. The pricing services used by the investment manager obtain actual transaction prices for securities that have quoted prices in active markets. For those securities which are not actively traded, the pricing services use common market valuation pricing models. Observable inputs used in common market valuation pricing models include, but are not limited to, broker quotes, credit ratings, interest rates and yield curves, prepayment speeds, default rates and other such inputs which are available from market sources.

Investments in mutual funds comprise a portfolio of stock investments in trading entities which are invested in various quoted investments. The fair value of these investment funds are based on the net asset value of the fund reported by independent pricing sources or the fund manager.

In the second half of 2021, management refined the criteria for financial assets being allocated to Level 1, and certain corporate bonds considered to have quoted prices in active markets are now included in Level 1. Previously no corporate bonds were included in Level 1. As at 30 June 2022, $85.5 million of corporate bonds have been recognised in Level 1 and $41.0 million have been re-presented from Level 2 to Level 1 for 30 June 2021.

Included within Level 1 of the fair value hierarchy are certain government bonds, treasury bills, borrowings and exchange-traded equities which are measured based on quoted prices in active markets.

Level 2 of the hierarchy contains certain government bonds, US government agencies, corporate securities, asset-backed securities and mortgage-backed securities. The fair value of these assets is based on the prices obtained from independent pricing sources, investment managers and investment custodians as discussed above. The Group records the unadjusted price provided and validates the price through a number of methods including a comparison of the prices provided by the investment managers with the investment custodians and the valuation used by external parties to derive fair value. Quoted prices for US government agencies and corporate securities are based on a limited number of transactions for those securities and as such the Group considers these instruments to have similar characteristics to those instruments classified as Level 2. Also included within Level 2 are units held in collective investment vehicles investing in traditional and alternative investment strategies and over-the-counter derivatives.

Level 3 contains investments in a limited partnership and unquoted equity securities and insurance-linked funds which have limited observable inputs on which to measure fair value. Unquoted equities, including equity instruments in limited partnerships, are carried at fair value. Fair value is determined to be net asset value for the limited partnerships, and for the equity holdings it is determined to be the latest available traded price. The effect of changing one or more of the inputs used in the measurement of fair value of these instruments to another reasonably possible assumption would not be significant. At 30 June 2022, the insurance-linked funds of $46.2m (30 June 2021: $53.8m; 31 December 2021: $50.9m) represents the Group's investment in the unconsolidated Kiskadee funds. There were no transfers in or out of Level 3 of the fair value hierarchy.

The fair value of the Kiskadee funds is estimated to be the net asset value as at the balance sheet date. The net asset value is based on the fair value of the assets and liabilities in the funds. The majority of the assets of the funds are cash and cash equivalents. Significant inputs and assumptions in calculating the fair value of the assets and liabilities associated with reinsurance contracts written by the Kiskadee funds include the amount and timing of claims payable in respect of claims incurred and periods of unexpired risk. The Group has considered changes in the net asset valuation of the Kiskadee funds if reasonably different inputs and assumptions were used and has found that a 12% change to the fair value of the liabilities would increase or decrease the fair value of funds by $2.6million.

In certain cases, the inputs used to measure the fair value of a financial instrument may fall into more than one level within the fair value hierarchy. In this instance, the fair value of the instrument in its entirety is classified based on the lowest level of input that is significant to the fair value measurement.

17. Fair value measurements (continued)

The following tables present a reconciliation of opening and closing balances for financial instruments classified under Level 3 of the fair value hierarchy:

30 June 2022	**Financial assets**			
	Debt and fixed income holdings	**Equities and investment funds**	**Insurance-linked funds**	**Total**
Financial assets	**$m**	**$m**	**$m**	**$m**
Balance at 1 January	**30.1**	**44.7**	**50.9**	**125.7**
Fair value gains or losses through profit or loss*	**0.4**	**(2.8)**	**(1.0)**	**(3.4)**
Net foreign exchange (losses)/gains	**-**	**(4.1)**	**0.1**	**(4.0)**
Settlements	**-**	**(0.1)**	**(3.8)**	**(3.9)**
Closing balance	**30.5**	**37.7**	**46.2**	**114.4**
Unrealised gains/(losses) in the period on securities held at the end of the period	**0.4**	**(2.1)**	**0.2**	**(1.5)**

30 June 2021	Financial assets			
	Debt and fixed income holdings	Equities and investment funds	Insurance-linked funds	Total
	$m	$m	$m	$m
Balance at 1 January	-	45.5	63.2	108.7
Fair value gains or losses through profit or loss*	-	-	0.4	0.4
Net foreign exchange gains/(losses)	-	0.4	(0.5)	(0.1)
Purchases	30.0	0.2	-	30.2
Settlements	-	-	(9.3)	(9.3)
Closing balance	30.0	46.1	53.8	129.9
Unrealised gains in the period on securities held at the end of the period	-	-	0.1	0.1

31 December 2021	Financial assets			
	Debt and fixed income holdings	Equities and investment funds	Insurance-linked funds	Total
	$m	$m	$m	$m
Balance at 1 January	-	45.5	63.2	108.7
Fair value gains or losses through profit or loss*	0.1	(0.3)	-	(0.2)
Net foreign exchange (losses)/gains	-	(0.4)	0.1	(0.3)
Purchases	30.0	0.2	-	30.2
Settlements	-	(0.3)	(12.4)	(12.7)
Closing balance	30.1	44.7	50.9	125.7
Unrealised gains/(losses) in the period on securities held at the end of the period	0.1	-	(0.4)	(0.3)

* Fair value gains/(losses) are included within the investments result for debt and fixed income holdings, for equities and investment funds; and other income for the insurance-linked funds.

18. Condensed consolidated interim cash flow statement

The purchase, maturity and disposal of financial assets and liabilities, including derivatives, is part of the Group's insurance activities and is therefore classified as an operating cash flow.

Included within cash and cash equivalents held by the Group are balances totalling $323 million (30 June 2021: $334 million; 31 December 2021: $215 million) not available for immediate use by the Group outside of the Lloyd's Syndicates within which they are held. Additionally, $0.5 million (30 June 2021: $47.2 million; 31 December 2021: $6.9 million) is pledged cash against Funds at Lloyd's, and $0.5 million (30 June 2021: $0.4 million; 31 December 2021: $0.4 million) is held within trust funds against reinsurance arrangements.

19. Employee retirement benefit obligations

The table below provides a reconciliation of the movement in the Group's net defined benefit (surplus)/liability position under IAS 19.

	Six months to 30 June 2022 $m	Year to 31 December 2021 $m
Group defined benefit liability at beginning of the period/year	**35.1**	73.5
Third-party Names' share of liability at beginning of period/year	**(12.3)**	(18.8)
Net defined benefit liability at beginning of the period/year	**22.8**	54.7
Total remeasurements included in other comprehensive income	**(34.4)**	(31.6)
Contribution by employer	**(13.5)**	-
Other movements	**(0.1)**	(0.3)
Net defined benefit (surplus)/liability at end of the period/year	**(25.2)**	22.8
Third-party Names' share of (surplus)/liability at end of period/year	**4.3**	12.3
Group defined benefit (surplus)/liability at end of period/year	**(20.9)**	35.1

Remeasurements include changes in actuarial assumptions, predominantly the application of a higher discount rate (2021: higher discount rate) being applied to the scheme liabilities and the decrease (2021: increase) in the fair value of the scheme assets. There was a contribution paid from the company of $13.5 million in the six months to 30 June 2022 (2021: nil).

Other movements include the defined benefit cost recognised in operating expenses and exchange gains/losses.

20. Post-balance sheet events

In July 2022, the Group completed a legacy portfolio transaction reinsuring an estimated $116 million of the Group's share of Syndicate 33 reserves relating to 1993 to 2018 year of accounts.

HISCOX

Directors' responsibilities statement

The Directors confirm, to the best of our knowledge, that these condensed consolidated interim financial statements have been prepared in accordance with UK-adopted international accounting standard 34, '*Interim Financial Reporting'* and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and that the Interim Statement includes a fair review of the information required by DTR 4.2.7 and 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of consolidated interim financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions in the first six months and any material changes in the related-party transactions described in the last report and accounts.

The Interim Statement 2022 was approved by the Board for issue on Wednesday, 3 August 2022.