

# YearEnd 24



Hiscox Ltd  
Report and Accounts 2024

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## JOURNEY PLANNER

How the Hiscox approach to learning and development is shaping the experts and leaders of tomorrow.

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## INTELLIGENT INSURANCE

How Hiscox is using technology and data to differentiate its offering.

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## CUSTOM MADE

Lifting the lid on customer centricity.

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## STATES OF PLAY

Mary Boyd, our new Chief Executive Officer of Hiscox USA, on the schoolbook that changed her life, the importance of building retail capabilities, and the competitive nature of the small business insurance sector.



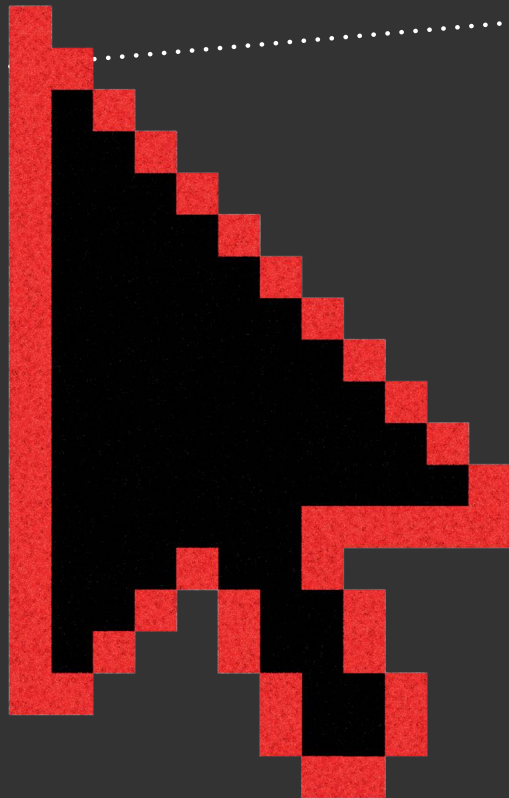


The CEO (me)  
had to talk to  
the Head of IT (me)  
about the person  
who clicked that  
dodgy link (also me).

If your business  
suffers a  
cyberattack,  
Hiscox could  
help get you  
back on track.

The story of  
your business  
underwritten by

  
**HISCOX**  
Business Insurance





# Life at Hiscox

We are a growing, global business, offering everything from small business insurance to insurance-linked securities, and that means no two days at Hiscox are the same. In the pages that follow, find out more about life at Hiscox in 2024.



## STATES OF PLAY

Meet Mary Boyd, our new Chief Executive Officer of Hiscox USA.

See pages 38 to 41.



## INTELLIGENT INSURANCE

How Hiscox is using technology and data to differentiate its offering.

See pages 48 to 51.

## CUSTOM MADE

Lifting the lid on customer centricity.

See pages 60 to 63.



## JOURNEY PLANNER

How the Hiscox approach to learning and development is shaping the experts and leaders of tomorrow.

See pages 70 to 73.

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As a Bermuda-incorporated company, Hiscox is not subject to the UK Companies Act. However, the material provisions of Section 172 of the UK Companies Act are substantively covered by the Bermuda Companies Act, which is the applicable legislation that the Company is required to comply with under Bermuda law. As a company listed on the London Stock Exchange, we comply with the requirements set out in the UK Corporate Governance Code 2018 and the Listing Rules and Disclosure & Transparency Rules of the UK Financial Conduct Authority. Our remuneration report is consistent with UK regulations.

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For more information about this report visit [hiscoxgroup.com](https://hiscoxgroup.com)

To view our interactive online Annual Report and Accounts, or to download all, or portions, of the full report, please scan the QR code or visit: [hiscoxgroup.com/investors/report-and-accounts-2024](https://hiscoxgroup.com/investors/report-and-accounts-2024)



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# Highlights of the year

## Financial performance

**\$4,766.9m\***

Insurance contract written premium of \$4,766.9 million (2023: \$4,598.2 million).

**\$685.4m**

Profit before tax of \$685.4 million (2023: \$625.9 million).

**89.2%\***

Undiscounted combined ratio of 89.2% (2023: 89.8%).

**19.8%\***

Return on equity of 19.8% (2023: 21.8%).

## Non-financial achievements

**72**

A retail claims transactional net promoter score (NPS)<sup>†</sup> for 2024 that reflects customers' high satisfaction with our claims experience (see page 130).

**57%**

Over half of our London Market sabotage and terrorism business is now supported by our AI-lead underwriting solution.

**82%**

High global employee engagement score maintained for the third consecutive year.

**9%**

Reduction in Scope 1 and 2 emissions across the Group during 2024 (vs 2020 baseline).



The Group has delivered another year of excellent results. Our retail businesses continue to build growth and earnings momentum, while our big-ticket portfolio has shown proactive cycle management, as well as underwriting discipline, to deliver strong results in an active loss year. We've been there for our customers, we've innovated in what we do and how we do it, and we've attracted and retained top talent."

**Aki Hussain**  
Group Chief Executive Officer



\*Represents alternative performance measure (APM) used by the Group. APM definitions used by the Group are included within the consolidated financial statements on page 229.

<sup>†</sup>As measured by an independent third party across the UK, Europe and US retail businesses.

# Key moments in 2024



## January

Celebrated 30 years in partnership with Control Risks, through which we offer a market-leading insurance and crisis response service.




## June

Mary Boyd appointed Chief Executive Officer of Hiscox USA.

[Read more on pages 38 to 41.](#) 

## August

Hiscox London Market went live with our generative AI-enhanced lead underwriting model in collaboration with Google Cloud, writing sabotage and terrorism risks.

[Read more on page 49.](#) 



## November

Hiscox Retail's first multi-country deal with a leading digital MGA in Europe went live.

## December

Hiscox Europe surpassed the €600 million premium mark.

## March

Announced \$150 million share buyback programme.

## April


Hiscox Re & ILS launched CyberShock, an industry-first cyber catastrophe consortium.

Celebrated a decade in directors and officers' (D&O) insurance.



## July

Hiscox Spain launched new business protection product – the first packaged insurance product on the market for SMEs.

[Read more on page 62.](#) 

## September

AI-enhanced new business automation solution went live in Hiscox UK, reducing quote handling times by 40%.

Hiscox London Market launched new Personnel Security Plus product – complementing existing kidnap and ransom (K&R) cover with new perils such as cyber stalking and social engineering.

Hiscox UK's high-value-household product launched on e-trading platform, Acturis.

Hiscox Germany completed its adoption of a new core administration system, as we continue to build a scalable technology infrastructure across Europe.

# At a glance

## About us



**Hiscox is a global, specialty insurer, listed on the London Stock Exchange and headquartered in Bermuda.** We have grown from our roots as a niche Lloyd's of London underwriter into a diversified international insurance group operating across direct-to-consumer, broker and partner-distributed retail insurance; large and complex commercial insurance; reinsurance and insurance-linked strategies. We have a distinctive brand, energised and ambitious teams, a strong balance sheet, and plenty of room to grow in each of our chosen markets and lines of business.

## Where we are



**We currently employ over 3,000 people worldwide across 13 countries and 32 offices.** We serve almost 1.7 million retail customers across the UK, Europe and the USA, and we remain one of the largest and longest-standing Lloyd's of London syndicates.

**13**  
countries

**32**  
offices

1. Belgium
2. Bermuda
3. France
4. Germany
5. Guernsey
6. Ireland
7. Luxembourg
8. The Netherlands
9. Portugal
10. Spain
11. Singapore
12. UK
13. USA

**3,000+**  
employees

**1.7m**  
customers





## Our purpose



**We give people and businesses the confidence to realise their ambitions.** To do this, we provide differentiated products and services that address our customers' needs, delivered by our talented, energetic and connected teams. Success is measured in our reputation, financial performance, and customer attraction and retention.

## Our vision



**For Hiscox to be the leading specialist insurer in material markets – not the biggest, but the most respected.** We want to be known by customers for being true to our word, by our employees as a great place to work and grow for those who are ambitious and talented, and as an industry leader in growth, profits and value creation.

## Our values



### Human

Clear, fair and inclusive.

### Connected

Together, build something better.

### Integrity

Do the right thing, however hard.

### Ownership

Passionate, commercial and accountable.

### Courage

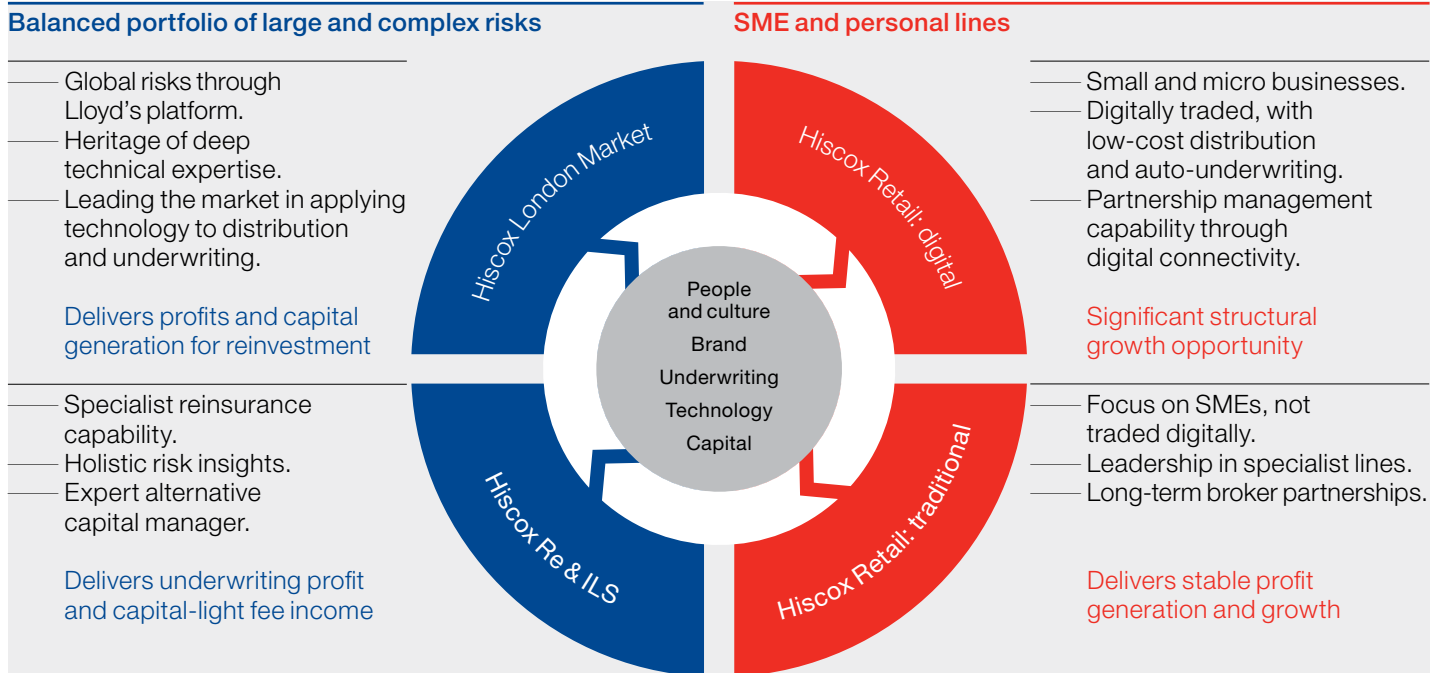
Dare to take a risk.

# A strategy that creates value

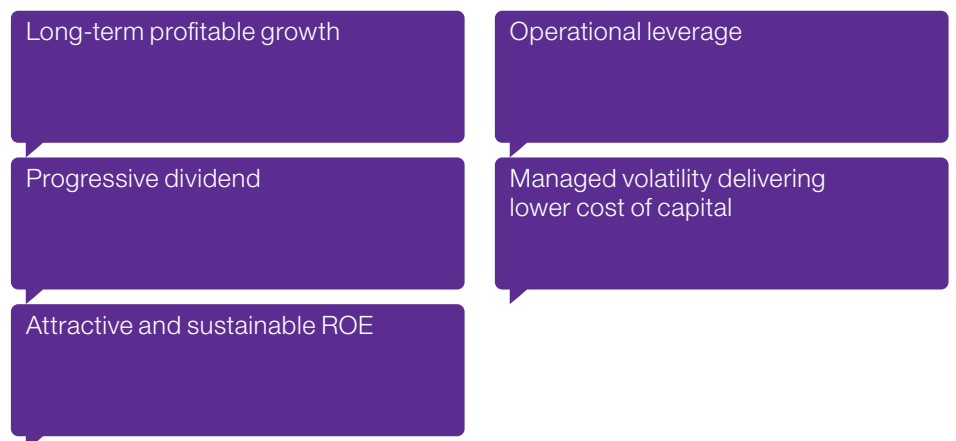
## We have a unique business mix

Read more on page 8.

The Hiscox Group comprises three business units facing different opportunities and challenges, but with a common set of capabilities and the capital support required for success.



## Attractive and sustainable returns for shareholders





## We leverage our differentiated offering



Hiscox is truly distinctive within the sector, thanks to our mix of big-ticket and retail businesses, as well as how and where we operate. This allows us to effectively manage the insurance cycle, as our big-ticket businesses have done excellently in 2024, with sustainable value creation in mind.”

**Paul Cooper**  
Group Chief Financial Officer



### Global reach

We are an international business, but we invest in local market knowledge and experience to truly understand the markets we operate in and provide relevant products and services. This gives us a unique breadth of expertise, serving customers from sole traders to multinational companies and ILS investors.

### Specialist products

In every part of the Hiscox Group, we focus on providing products and services that differentiate us. These range from high-value home insurance and fine art – areas where we have deep foundations to build on – to small business, flood, and kidnap and ransom – where innovative products and service set us apart.

### Claims experience

Being true to our word is the cornerstone of our claims service. Each customer and claim is different, which is why we have embedded experienced claims teams with specialist product knowledge in every part of our business.

### Talented and highly skilled people

The quality of our people is a crucial factor in our continuing success. Their expertise, energy and commitment drive our reputation for quality and professionalism. In return, we aim to provide a work environment that brings out the best in everybody and rewards hard work.

### Powerful brand

We have invested significantly over many years to build a recognised and renowned brand. Our distinctive marketing campaigns are developed from a deep understanding of our customers and positively contribute to consumer buying decisions.

## We create value for all our stakeholders

Read more on pages 52 to 55.

**\$1.4bn\***

returned to shareholders over the last ten years.

**\$2bn**

paid out to customers in claims in 2024.

**82%**

High employee engagement score in 2024, for the third consecutive year.

**Two-thirds**

We currently lead on two-thirds of the London Market business we write through Syndicate 33.

\*Includes share buybacks and all special, ordinary, and Scrip Dividends paid to shareholders since 1 January 2015. Excludes the final dividend proposed for 2024.

# A balanced business

## Hiscox Retail

[Read more on pages 30 to 32.](#)

Our retail operations focus on specialist areas of personal lines, such as high-value homes and fine art, and commercial lines including emerging professions, media and tech, and small business insurance. We aim to be available however customers choose to purchase – whether that’s through a broker, via our website or over the phone. With each of our retail operations at different stages of maturity, we are focused on building scale as the size of our addressable markets is huge, so we continue to invest in our brand, distribution and technology.

## Hiscox London Market

[Read more on pages 32 to 33.](#)

Our big-ticket insurance business uses the global licences, distribution network and credit rating of Lloyd’s to insure clients throughout the world with large, and often complex, insurance needs. This business is written through a number of our syndicates including Syndicate 33, one of the largest syndicates at Lloyd’s of London. Our product range includes property, marine and energy, casualty and other specialty insurance lines. We now lead on more open market risks, with a combination of underwriting and digital expertise that differentiates us.

## Hiscox Re & ILS

[Read more on page 33.](#)

Our reinsurance and ILS business serves clients worldwide in different ways. Hiscox Re is our global reinsurance business, written out of London and Bermuda and offering property, specialty, cyber, marine and aviation, and risk excess of loss reinsurance products, as well as retrocessional cover. Hiscox ILS is our alternative investment manager, which manages capital for third parties through insurance-linked strategies.

## Structure



Structure	Group				
	Retail <sup>†</sup>			London Market	Re & ILS
	USA	UK	Europe		
Proposition	Commercial	Commercial	Commercial	Property	Property
		High-value personal lines	High-value personal lines	Marine, specialty and energy	Marine and specialty
				Casualty	ILS*
				Crisis management	
Distribution	Direct and partners	Direct	Direct	Brokers	Brokers
	Brokers	Brokers	Brokers		
Customer	SMEs	SMEs	SMEs	Corporates	Insurers and reinsurers
		High net worth	High net worth		

<sup>†</sup>DirectAsia is no longer regarded as part of the core Hiscox Retail portfolio and is classified as a disposal group held for sale in the financial statements.

\*Includes ILS, quota share and catastrophe bond funds.

# Clear priorities



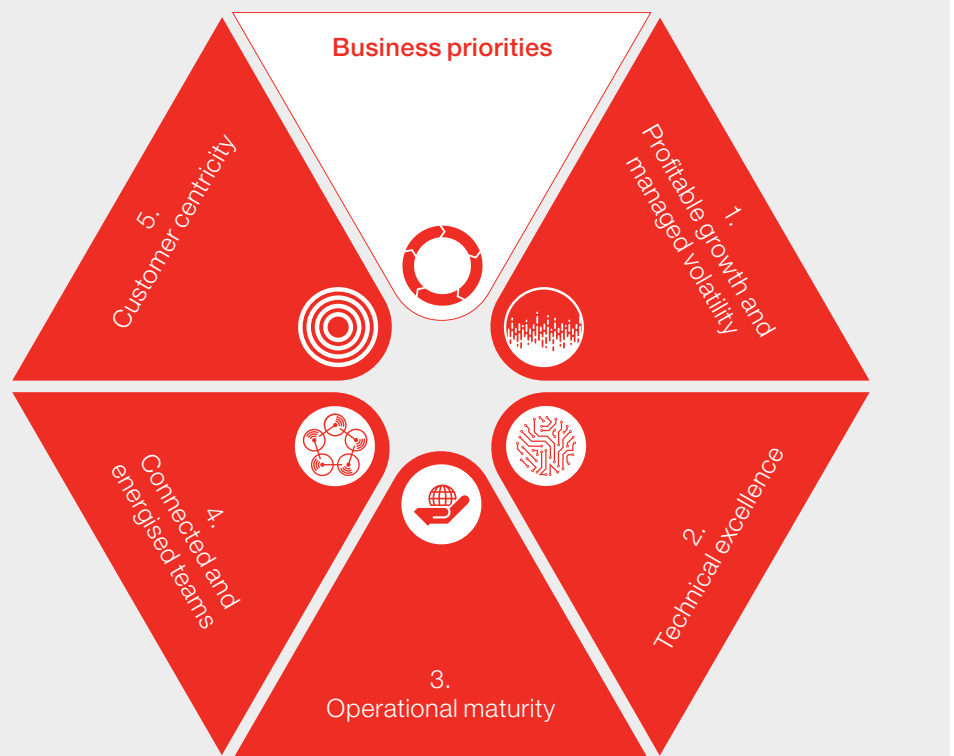
Every part of our business has huge growth potential, which we'll realise through our laser focus on managing volatility, continued technical excellence, evolving operational maturity, attracting and retaining great talent, and most importantly putting the customer at the heart of everything we do."

**Joanne Musselle**  
Group Chief Underwriting Officer



## Business priorities 2025

Read more on pages 10 to 19.



## Our sustainability strategy

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

Read more on pages 56 to 59.

### Customers

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



### People

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



### Governance

We are committed to doing business in the right way.



### Risk adaptation

We continually adapt to an evolving risk landscape.



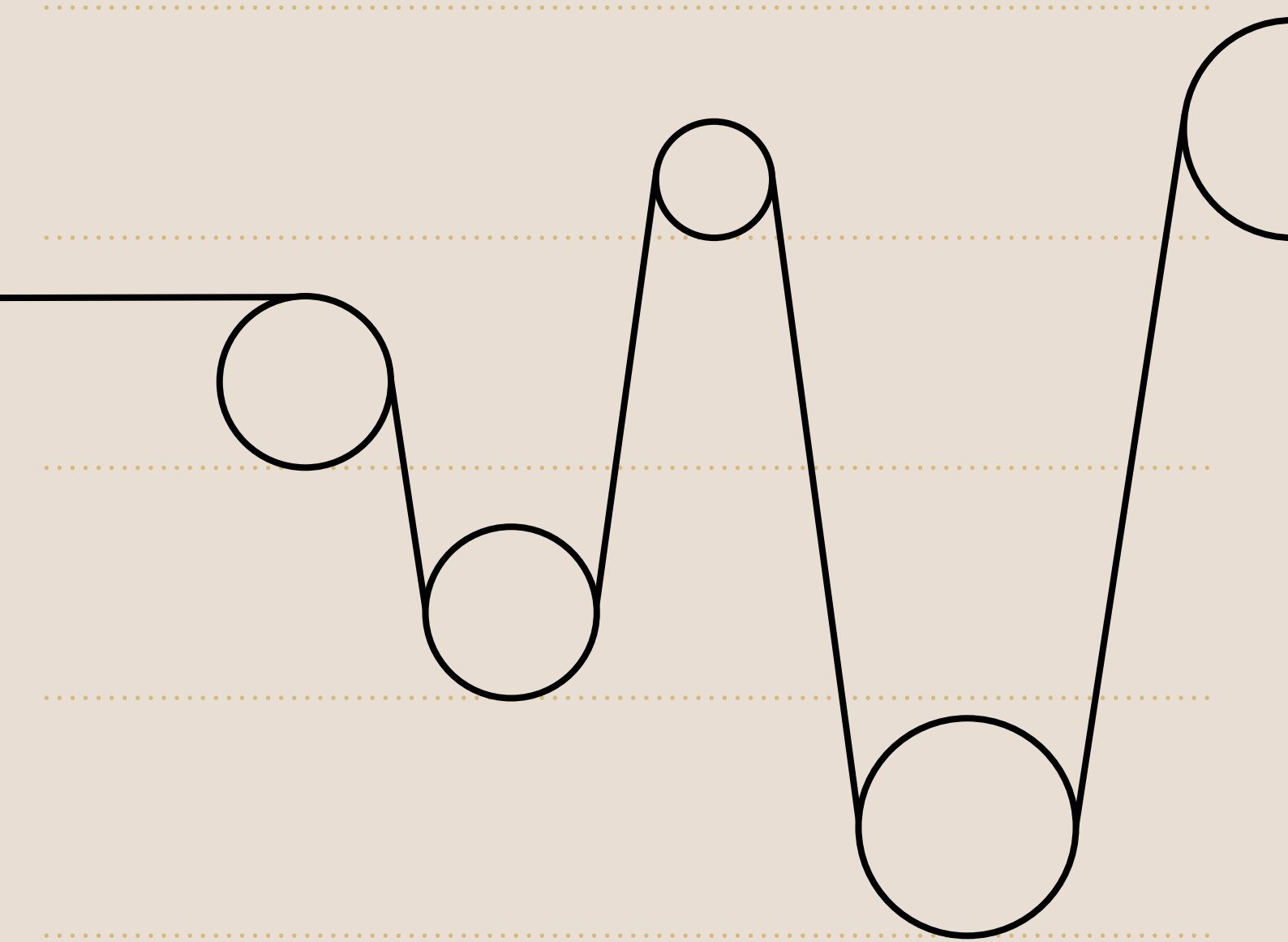
### Impact

We are committed to having a positive impact.



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# 1. Profitable growth and managed volatility





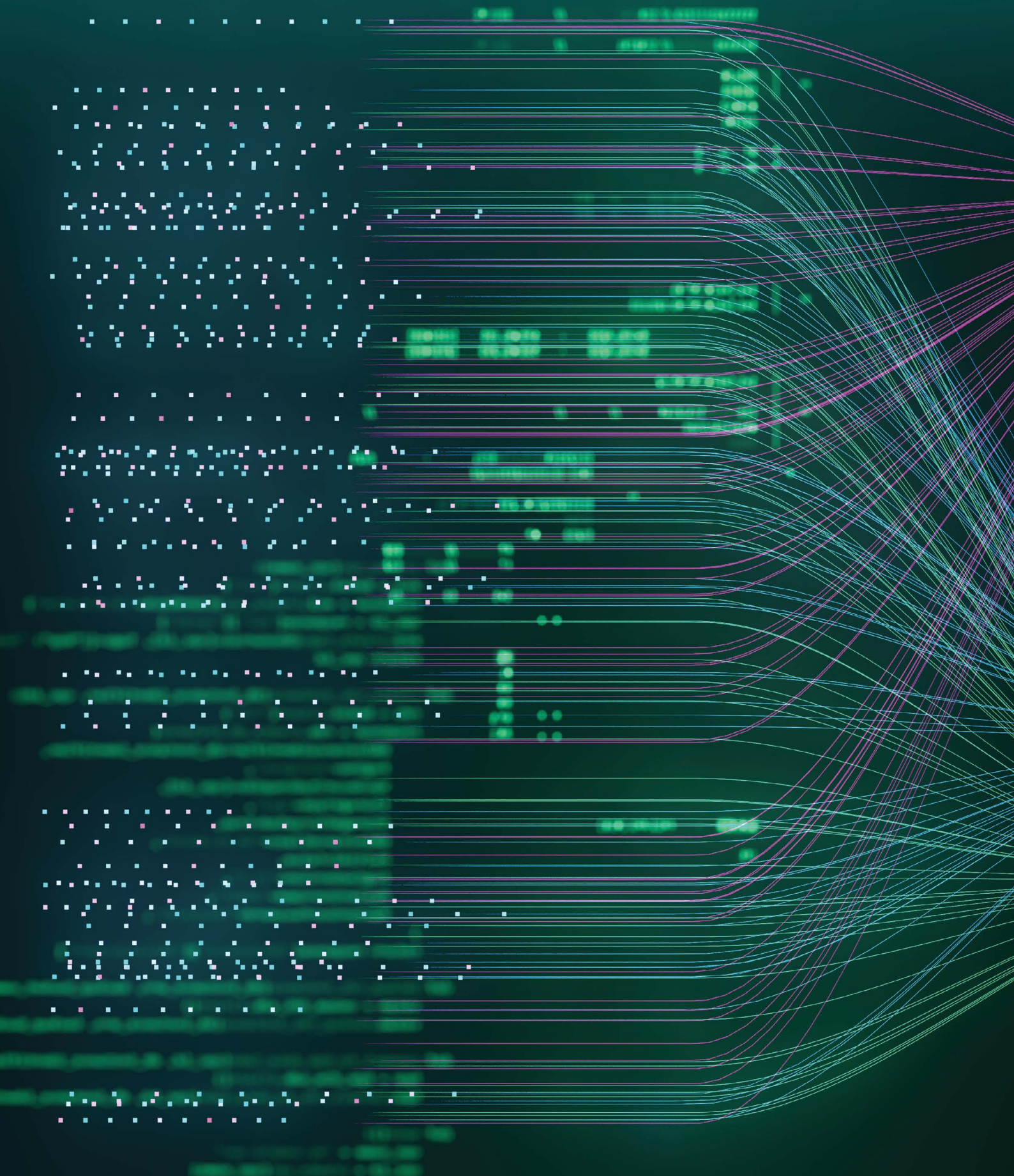
Our focus has remained on achieving targeted growth and sustained profitability in big-ticket through effective cycle management and managed volatility, at the same time as pursuing structural growth in retail, where we have continued to increase our share in large and fragmented markets. During 2024, the Group delivered a record profit before tax of \$685.4 million (2023: \$625.9 million) and a strong undiscounted combined ratio of 89.2% (2023: 89.8%) despite the active loss environment.

As our business continues to grow, we will look to leverage the power of the Hiscox Group and the strength of its diversification. In retail, we will continue to utilise both our expertise and recognised brand to achieve profitable growth in our existing markets, where our market shares remain modest and the structural growth opportunity remains significant. In big-ticket, we will continue to optimise our underwriting portfolios and maintain our disciplined growth philosophy as we continue to prioritise portfolio resilience.





## 2. Technical excellence





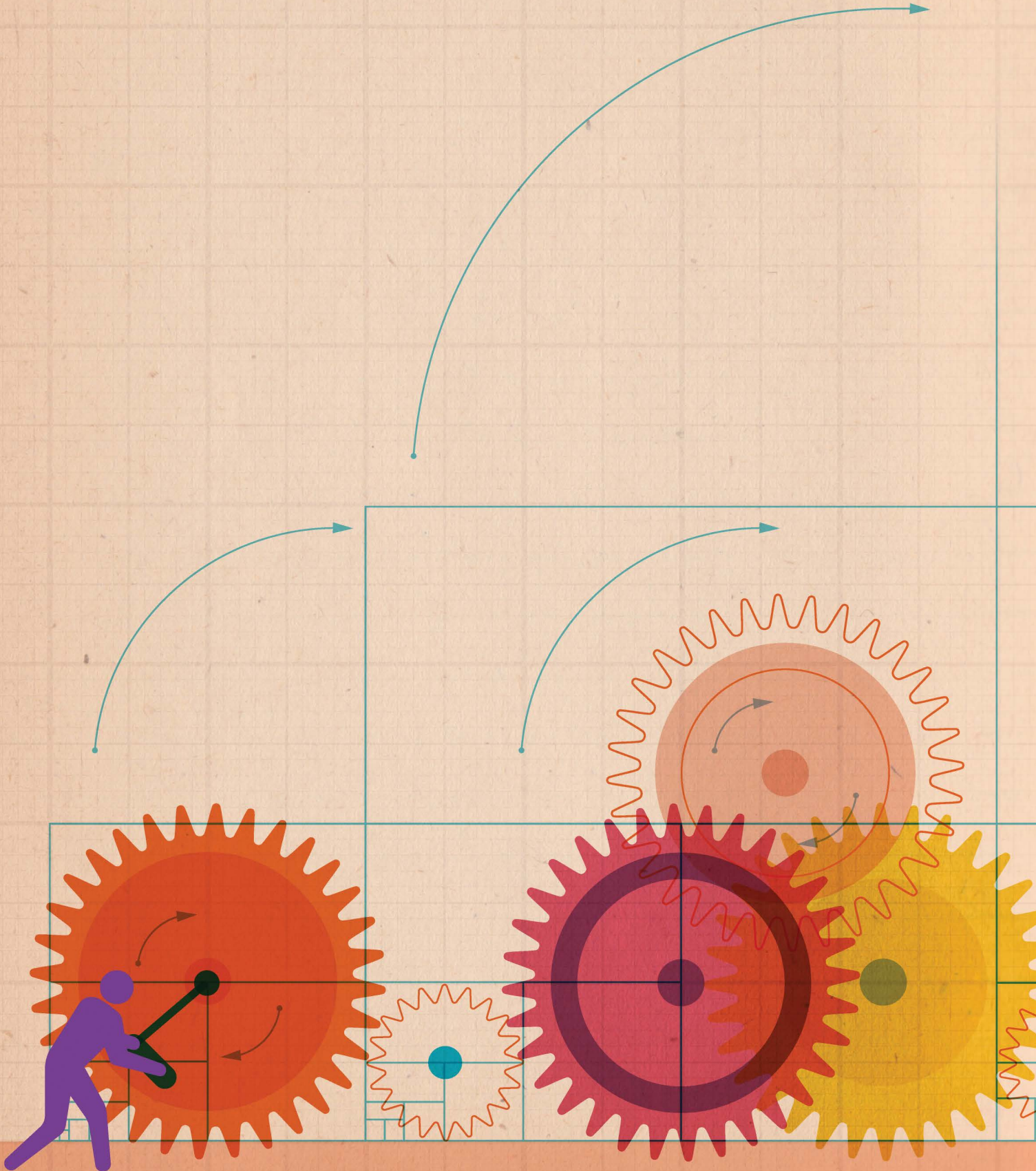
We have continued to advance our data and technology strategies to support decision-making, share expertise across our infrastructure and build strong foundations for future innovation. This includes a continued focus on the alignment of underwriting, claims, reserving and pricing, and progress in removing some of the frictions of manual trading to unlock both efficiencies and opportunities for growth – as we have done during 2024 by launching Lloyd’s first lead underwriting model enhanced

by generative AI, in collaboration with Google Cloud. While we have started with sabotage and terrorism, we will move to other more complex lines of business over time.

Building on work delivered in 2024, we will continue to strengthen our data and analytics muscle and accelerate our data transformation as we look to build a data-driven culture that supports more targeted and agile decision-making (see pages 48 to 51).



# 3. Operational maturity

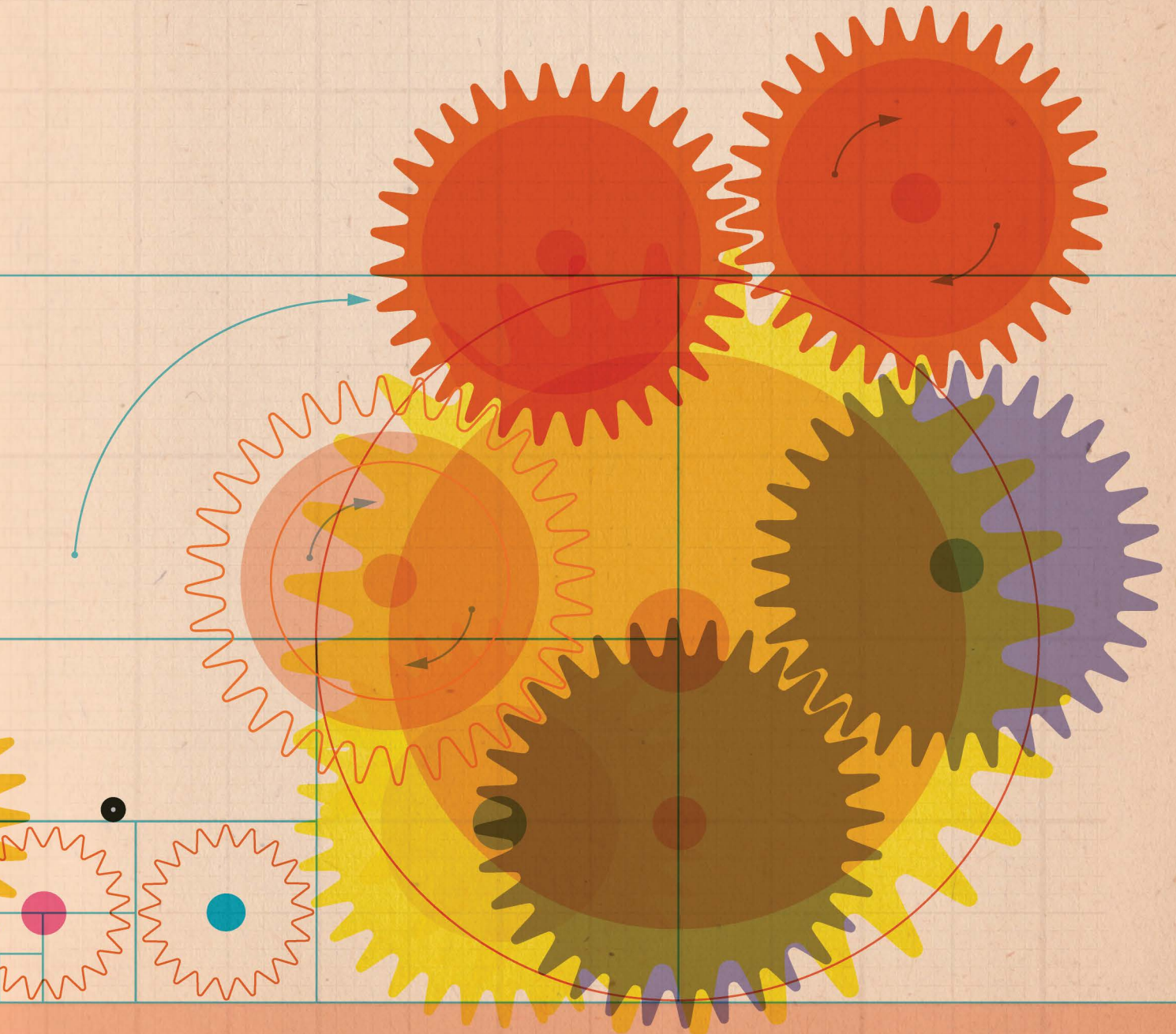




We made further progress in improving our expense ratio and continue to take steps towards realising the benefits of scale thanks to process automation enabled by technological deployments, and heightened governance over our change spend. This includes the introduction in 2024 of a new source-to-pay solution which is transforming the way we interact with third parties (see page 55). We have also embedded our enterprise portfolio management function, which manages our change portfolio and

is bringing greater rigour to prioritisation and capital allocation decisions, and the effectiveness of delivery.

In the year ahead, we will continue to build our change management maturity with an emphasis on prioritising high-impact initiatives and benefit realisation. Our transition to a global, scalable model will be underpinned by a culture of process excellence to uncover opportunities to further increase operational leverage and drive scale.





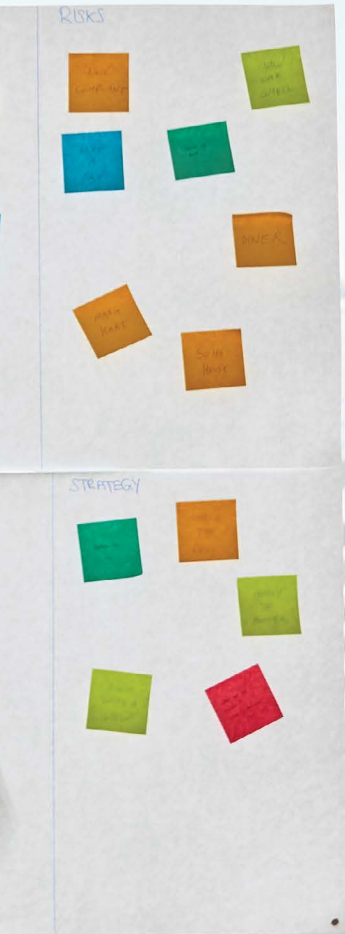
## 4. Connected and energised teams





We are proud of our progress in 2024, which resulted in us maintaining our high engagement score of 82% for the third consecutive year (see page 27). We have continued to invest in our employee value proposition, which this year included further empowering our people's personal growth and professional excellence with a revamped Hiscox Learning Hub and a new partnership with LinkedIn Learning (see pages 70 to 73).

We remain committed to cultivating a highly engaged and inclusive workforce to help us deliver exceptional service to our customers. We will continue to invest in upskilling our talent through focused learning pathways – with a particular focus on leadership capabilities – and critically reviewing the skills we need both today and tomorrow.





# 5. Customer centricity





In line with our ambition of becoming a leading customer-centric organisation, we continue to put our customers at the heart of our business by further evolving our customer relationship management (CRM) capabilities and identifying where we can maximise value to our customers across their lifecycles. During 2024, this included improvements to our faster payment capabilities in claims; an enhanced broker pipeline management capability which is positively aiding adoption rates across open market sales

teams; and a refined customer insights approach which is boosting alignment between marketing and sales activity.

Over the year ahead, we will deepen our focus on reducing friction in customer journeys and refining our services to deliver timely, personalised customer support. This will include further exploring our use of AI in both our big-ticket and retail businesses, and considering new opportunities to add real value at critical moments of the customer journey.



# The world around us

The environment we operate in continues to change at pace. Key themes we are monitoring to ensure we remain well positioned to manage associated risks and opportunities are outlined below.

## Economic instability



**Globally disinflation has continued, but the risk remains that inflation reignites due to tariffs, trade wars or supply chain disruption.** The major global economic challenge currently is growth, which remains relatively low. Regardless of how the macroeconomic environment develops, our geographic diversification provides resilience, and our prudent investment approach limits exposure to short-term market volatility.



## Geopolitical volatility



**Geopolitical tensions have persisted over the year, and the new US administration could lead to a recalibration of foreign policy and security globally.** Our big-ticket business has continued to rigorously manage the small levels of exposures in regions most impacted by conflict, such as the Middle East, while our domestic-focused retail businesses are not directly impacted by current conflicts. In Europe, government crises and associated uncertainty in Germany and France are depressing business confidence and creating barriers to

growth. Nevertheless, we believe we still have strong opportunities to grow in Europe, given our currently modest market share.

# 7

Hiscox currently operates in seven countries across Continental Europe.

## Evolving ESG expectations



**Regulation and broader stakeholder expectations relating to environmental, social and governance factors continue to develop, and we remain committed to addressing our responsibilities in this area.** We have introduced a new stand-alone, Group-wide human rights policy, aligned with the United Nations Guiding Principles on Business and Human Rights, and we have been preparing for the first CSRD disclosures in our European business.

For more information, see pages 56 to 59. 



## The impact of a changing climate



**2024 was the warmest year since records began and has been characterised by a host of devastating natural disasters.** This includes five hurricanes making landfall in the USA, flooding in Spain, Germany and central Europe, and a number of weather events in Canada. Despite the more active loss environment, natural catastrophe losses were within our expectations for 2024.

We have extensive history and expertise in analysing the impact of natural catastrophes, and we recognise

the need to continue to develop this further as the impacts of climate change intensify. This year we have introduced a climate dashboard, monitored by our Sustainability Steering Committee, to track our performance against our climate risk appetite and relevant targets.

For more information, see pages 74 to 88. 

## New technologies



**The capabilities of AI and the pace of adoption have both increased rapidly over the past year.** We are focused on making the most of the efficiencies and insight AI can generate via a number of projects, for example through our market-leading collaboration with Google Cloud, while ensuring that appropriate safeguards are in place (see pages 48 to 51). In addition, we are closely monitoring the impact AI could have on our customers and their risk profiles as they adopt it within their own business processes. The power of AI can also

be deployed maliciously, and our cyber teams continue to track how AI will amplify cyber threats both now and in the future.



## The battle for talent



**The quality of our people is a crucial factor in our continuing success.** We're proud that in 2024 we've continued to maintain our high employee engagement scores for the third consecutive year. Nevertheless, recruiting specialist talent remains a challenge and we continue to evolve our employee proposition so we can attract and retain exceptional people. There are global shortages of experience and expertise impacting various sectors – not only our own, but also those we insure – and we continue to follow this trend closely.

For more information, see pages 64 to 69. 

## 620

In 2024, we attracted 620 new colleagues to Hiscox.

# Actively managing risk

As well as broader risks posed by economic and societal dynamics, as an insurance group we are exposed to a number of specific risks that relate to the nature of our business and operations. The key risks outlined below constitute the emerging and principal risks required under the UK Corporate Governance Code 2018.

## The risk

### Strategic risk

The possibility of adverse outcomes resulting from ineffective business plans and strategies, decision-making, resource allocation or adaptation to changes in the business environment. The Group's continuing success depends on how well we understand our clients, markets and the various internal and external factors affecting our business, and having a strategy in place to address risks and opportunities arising out of this. Not having the right strategy could have a detrimental impact on profitability, capital position, market share and reputation.

### Underwriting risk

The risk that insurance premiums prove insufficient to cover future insurance claims and associated expenses. Likely causes include failing to price policies adequately for the risk exposed, making poor risk selection decisions, allowing insurance exposures to accumulate to an unacceptable level, or accepting underwriting risks outside of agreed underwriting parameters. This includes people, process and system risks directly related to underwriting, and considers emerging external risks such as climate, geopolitical and changing customer trends.

## Risk landscape and how we manage the risk



We consider strategic risks in a holistic way, to better prepare our business for emerging threats, shifting trends, and opportunities in the environment in which we operate. During 2024, we have remained vigilant to potential adverse impacts of economic, geopolitical, social, technological and regulatory developments on our Group strategy – for more information, see pages 20 to 21. Our Group strategy has clarity of focus on consistent delivery from our big-ticket businesses, accelerated growth in retail digital and balanced growth in retail traded, and we continue to focus on its execution.

The external environment remains complex and uncertainties persist, but our robust strategy means that, despite the external headwinds, there is still tremendous opportunity for Hiscox in each of our chosen segments.



We continue to focus on maintaining and improving, where needed, the quality and balance of our portfolios, strengthening our pricing and risk selections, and growing where the opportunities are commensurate with the risk. During the year, we continued to navigate a set of complex external conditions impacting underwriting risk. These ranged from a continued volatile geopolitical environment (notably, the ongoing Russia-Ukraine war and the conflict in the Middle East), macroeconomic shifts (with inflationary pressures lingering and sluggish economic growth in the UK and Europe), emerging societal trends (such as increased propensity to litigation), and the impact of climate change.

Our active monitoring of economic and social inflation, impact from supply chain disruptions, the heightened threat of cyber attacks, and emerging litigation trends, has continued to allow Hiscox to respond promptly, ensuring our pricing keeps pace with costs. We continue to monitor and evolve our view of property exposure risks from natural catastrophes influenced by climate change through our set of realistic disaster scenarios (see pages 45 to 46). Our underwriting exposure remains well within our Board-approved risk appetite levels and, in 2024, our business units have managed the cycle very well.



We continue to evolve our risk management strategies and, in 2024 we strengthened our existing approach including in areas such as AI governance.”

**Fabrice Brossart**  
Group Chief Risk Officer

### The risk

#### Reserving risk

The Group makes financial provisions for unpaid claims, defence costs and related expenses to cover liabilities both from reported claims and from ‘incurred but not reported’ (IBNR) claims. Reserving risk relates to the possibility of unsuitable case reserves and/or insufficient outstanding reserves being in place to meet incurred losses and associated expenses, which could affect the Group’s future earnings and capital.

#### Credit risk

There remains a threat of global recession, which could, in turn, increase default risk. There is also the risk of a reinsurance counterparty being subject to a default or downgrade, or that for any other reason they may renege on a reinsurance contract or alter the terms of an agreement. The Group buys reinsurance as a protection, but if our reinsurers do not meet their obligations to us, this could put a strain on our earnings and capital and harm our financial condition and cash flows. Similarly, if a broker were to default, causing them to fail to pass premiums to us or pass the claims payment to a policyholder, this could result in Hiscox losing money.

### Risk landscape and how we manage the risk



Our consistent and prudent reserving philosophy serves to manage the risk of insufficient reserves to cover claims cost and associated expenses. The Group’s reserve levels remain resilient and we continue to monitor and respond to the volatile macroeconomic environment through maintaining and enhancing processes focused on reviewing our key assumptions against emerging experience and explicitly allowing further reserve margins for uncertainty. Close monitoring of developments will continue in 2025.



Many of our counterparties face the same external conditions as we do. We closely monitor our counterparty exposures on a regular basis, and our credit exposures remain within the Group’s risk appetite. We also take into account the economic outlook in our decision-making on outwards reinsurance purchasing.

## The risk

### Market risk

There is the threat of unfavourable or unexpected movements in the value of the Group's assets or the income expected from them. This includes risks related to investments, for example, losses within a given investment strategy, exposure to inappropriate assets or asset classes, or investments that fall outside of authorised strategic or tactical asset allocation limits.

### Liquidity risk

The risk of being unable to meet customer or other third-party payment obligations from available resources as they fall due. This could result in higher than expected costs in selling assets or raising money quickly to meet our obligations.

### Regulatory, legal and tax governance

This relates to the risk that the business fails to act, or is perceived to have failed to act, in accordance with applicable legal, regulatory, and tax requirements in all of the jurisdictions where the Group operates. The regulatory, legal and tax environment continues to be complex, with frequent changes in rules and expectations which increase complexity in this area.

### Climate change-related risk

This relates to the range of complex physical, transition and liability risks arising from climate change. It includes the risk of higher claims as a result of more frequent and more intense natural catastrophes; the financial risks which could arise from the transition to a low-carbon economy; and the risk that those who have suffered loss from climate change might then seek to recover those losses from others who they believe may have been responsible. Climate change-related risk is not considered a stand-alone risk, but a cross-cutting risk with the potential to amplify each existing risk type.

## Risk landscape and how we manage the risk



While the economic environment has remained volatile, the higher returns that we enjoyed in 2023 on our fixed income portfolio, driven by interest rate increases, have continued through 2024.

The Group also maintains modest exposure to selected non-fixed income investments which provide diversification benefits to the overall portfolio. We continue to look at incrementally improving long-term risk and capital-adjusted outcomes through further diversification across the wider investment universe.



The Group's liquidity risk appetite is designed to ensure that appropriate cash resources are maintained to meet obligations as they fall due, both in business-as-usual and stressed circumstances. This is measured using a liquidity coverage ratio, which compares liquidity sources to stress-tested liquidity requirements.

The Group's liquidity position remains robust and we have access to further liquidity through our revolving credit facility and the debt capital markets if needed.



We monitor the regulatory, legal and tax compliance landscape for emerging changes to local and international laws and regulations in the jurisdictions in which we operate. Areas of regulatory development that we have continued to work on during the year have included Solvency II (notably Bermuda Solvency II equivalence status and proposed changes to the application of Solvency II in the UK), proposed insurer resolution regimes in Bermuda and the UK, and the EU Digital Operational Resilience Act (DORA).

In relation to tax developments, 2024 saw acceleration towards implementation of the OECD's Global Anti-Base Erosion Model Rules (Pillar Two). An internal project is progressing on track to ensure that we are able to comply with the incoming rules.

We invest in proactive engagement with all of our regulators, including through our participation in the annual college of supervisors, hosted by the Bermuda Monetary Authority (BMA), which is an opportunity to update all of our regulators together on strategic developments across the Group.



We continue to monitor climate change-related risk through a number of lenses, including underwriting selection, pricing, multi-year view of natural catastrophe risk, asset types, and developments in potential climate litigation. Every year we run a range of realistic disaster scenarios, in line with emerging trends and updated with our in-house climate research. We utilise investment ESG dashboards for each of our insurance carriers and have an overarching sustainability strategy for the Group which includes greenhouse gas reduction targets. More information on how we manage climate change-related risks can be found in our TCFD disclosure on pages 74 to 88.



## The risk

### Operational risk

This is the risk of direct or indirect loss resulting from internal processes, people or systems, or from external events. It includes cyber security risk, which is a constant threat due to the evolution of attack tools and methods, fuelling the ongoing challenge of maintaining the systems and processes necessary to protect the confidentiality, integrity or availability of information and data. Operational risk covers the potential for financial losses, and implications from a legal, regulatory, reputational or customer perspective.



## Risk landscape and how we manage the risk

Risks from people, process, systems and external events are closely monitored by senior executives across the business.

We continue to evolve our operational risk management processes including our defences against, and response to, information security and cyber threats. Our information security policy is updated annually and approved by the Board. The policy sets out the Group's approach and commitment to information security, including the Group's requirements for a robust approach to protect, preserve and manage the confidentiality, integrity and availability of the Group's information assets and information systems (including technology infrastructure). It is supported by a suite of other policies. We also buy insurance against liabilities including but not limited to those related to cyber and information security risks.

We regularly reassess our information security standards and methodologies to ensure appropriate governance and consistency has been applied to our approach. In 2024, we also introduced an artificial intelligence (AI) standard to ensure we have appropriate governance and controls around our own use of AI. Our approach to information security risk management extends to third-party providers, so through our procurement and claims teams we ensure third parties receive notification of the security requirements expected of them upon contract signing and at contract renewal.

In 2024, we enhanced our approach to the annual Risk and Control Self Assessment exercise, defining more quantitative criteria and implementing a Governance, Risk and Control system.

2024 also saw a continued focus on Group-wide crisis management response planning, which included performing a series of crisis simulations to test and enhance the response plans that are embedded across business areas and functions including business continuity plans, surge plans, people plans and communication plans.

Talent and capabilities risk is actively managed. We continue to monitor and adapt our hybrid working policies and practices to ensure that our workforce is equipped with the necessary skills and tools to succeed, and we are pleased to have maintained a high level of employee engagement in 2024 (see page 27).



# A very good year

## Financial KPIs

Insurance contract written premium\*  
**\$4,766.9m**

2024	4,766.9
2023	4,598.2
2022	4,355.4

Net insurance contract written premium\*  
**\$3,675.6m**

2024	3,675.6
2023	3,555.8
2022	3,225.5

Profit before tax  
**\$685.4m**

2024	685.4
2023	625.9
2022	275.6

Undiscounted combined ratio\*  
**89.2%**

2024	89.2
2023	89.8
2022	91.1

Basic earnings per share  
**183.2¢**

2024	183.2
2023 <sup>†</sup>	162.7
2022	73.8

Ordinary dividend  
**43.1¢**

2024	43.1
2023	37.5
2022	36.0
2021	34.5
2020	0.0

Net asset value per share\*  
**1,086.4¢**

2024	1,086.4
2023	951.1
2022	764.5

Return on equity\*  
**19.8%**

2024	19.8
2023 <sup>†</sup>	21.8
2022	10.1

\*Represents alternative performance measure (APM) used by the Group. APM definitions used by the Group are included within the consolidated financial statements on page 229.  
<sup>†</sup>Excludes Bermuda deferred tax asset (DTA). Including Bermuda DTA, basic earnings per share was 206.1 cents and return on equity was 27.6%.



# Non-financial performance

## UK customer satisfaction **94%**

In the UK, customers who speak to one of our insurance experts in our customer experience centre in York are asked to rate their experience of Hiscox at the end of the call. Whether they have phoned for advice, a quote, to purchase a new policy or make changes to an existing one, their feedback helps us to constantly improve our service.

[See customer centricity.](#)

2024	94%
2023	90%
2022	92%
2021	92%
2020	92%

## Germany customer satisfaction **80**

Germany is our largest operation in Continental Europe, and here we monitor how likely customers and their brokers are to recommend Hiscox after making a claim, based on their experience of our service and support. With a transactional net promoter score range from -100 to +100, we are pleased to consistently sustain very high levels of customer satisfaction.

[See customer centricity.](#)

2024	80
2023	82
2022	80

Data only available from 2022.

## US customer reviews using Feefo **4.7/5**

In the USA, we ask customers to review their experience of Hiscox post-purchase. We do this using Feefo, which has a five-star rating system, and are pleased to maintain such high scores year after year, even as the business grows.

[See customer centricity.](#)

2024	4.7
2023	4.7
2022	4.6
2021	4.8
2020	4.8

## UK gender pay gap **16.5%**

In the UK, we have been annually disclosing our UK gender pay gap since 2017, and continue to focus on closing the gap over time. We recognise the importance of diversity, equity and inclusion (DEI) disclosure in driving progress, and more information on our gender/sex and ethnicity data can be found on pages 66 to 68.

[See connected and energised teams.](#)

2024	16.5%
2023	16.0%
2022	16.0%
2021	19.1%
2020	21.2%

## Employee engagement **82%**

We are proud to have maintained our high employee engagement score for the third consecutive year in 2024. Our people value our evolved listening strategy, which now includes quarterly pulse surveys that provide us with more real-time feedback on what is working well and where we may need to make a change.

[See connected and energised teams.](#)

2024	82%
2023	82%
2022	82%
2021	64%
2020	68%

## Reducing Scope 1 and 2 emissions **-9%**

As part of our focus on being a responsible business, we have committed to achieving a 50% reduction in our Scope 1 and Scope 2 emissions by 2030, against a 2020 adjusted baseline. While this is a multi-year programme of work, and progress is unlikely to happen in a straight line, our 2024 priorities included the adoption of renewable energy in many of our offices and ongoing engagement with our landlords to realise environmental efficiencies (see pages 84 to 85).

2024	-9%
2023	-16%
2022	-0.1%
2021	-11%

Table denotes reduction vs the 2020 baseline each year. Data only available from 2021.

# Positive growth momentum



## Chief Executive's report

The Group has delivered another set of excellent results and a second consecutive year of record profits.

Aki Hussain  
Group Chief Executive Officer  
Hiscox Ltd

### High-quality growth underpins second consecutive year of record profits

The Group has delivered another year of strong results, and we closed the year with improving growth momentum and excellent profitability. ICWP increased 3.7% or \$168.7 million, as Retail growth accelerated in the final quarter to over 7% in constant currency, and we continued to deploy more capital in the big-ticket businesses. The Group's strong undiscounted combined ratio of 89.2% (2023: 89.8%) is a testament to our disciplined underwriting. The investment result of \$383.9 million (2023: \$384.4 million) made another meaningful contribution to profitability. The record profit before tax of \$685.4 million (2023: \$625.9 million), up 9.5% on last year's record profits, with strong returns delivered by each business segment, demonstrates the strength of the Group as we move forward to capture the opportunities ahead of us.

### Growth momentum building

In Retail, we are achieving broad-based growth. The UK business is benefitting from management actions taken over the last few years which have reinvigorated

the brand, added distribution capability and applied technology to improve service to brokers, leading to its strongest rate of growth since 2018. In Europe, we have expanded our distribution and rolled out new technology to grow our market presence. In the USA within digital, partnerships and direct (DPD), the direct business is achieving strong double-digit growth; and in partnerships, the trend of more moderate flows across some established partnerships from the second and third quarters has continued into the fourth quarter. While the US broker premiums continued to decline, the growth gap is narrowing as the business benefits from several initiatives already launched, with more in the pipeline to deliver further improvements to performance next year. We are continuing to invest in our brand, distribution and product development to build on the current positive momentum.

Our big-ticket businesses have demonstrated our cycle management expertise and underwriting discipline, delivering robust profitability in an active loss year. While we are seeing more competition in property, market conditions remain attractive, and we



Our big-ticket businesses have demonstrated our cycle management expertise and underwriting discipline, delivering robust profitability in an active loss year.”





Hiscox Retail	2024 \$	2023 <sup>1</sup> \$
Insurance contract written premium	2,504.6	2,357.3
Net insurance contract written premium	2,296.6	2,187.9
Insurance service result	246.5	177.4
Investment result	200.1	200.2
Profit before tax	298.5	256.0
Combined ratio (%)	88.9	91.8
Undiscounted combined ratio (%)	93.6	96.4

<sup>1</sup>K&R business written through Syndicate 33 has been transferred from Hiscox USA to Hiscox London Market. 2023 financials have been restated to report on a consistent basis.

are deploying incremental capital where we see the best risk-adjusted returns. We are continuing to invest in our capabilities to support longer-term growth and efficiency by increasingly digitising our internal processes and augmenting our underwriting using AI.

### Delivering shareholder returns

Our capital allocation philosophy is to deploy capital for profitable growth while maintaining a strong balance sheet and paying a progressive dividend. The Group is delivering on its promise, and we are achieving high-quality growth, as momentum in our Retail business accelerates combined with selective growth in big-ticket. In 2024, this resulted in substantial capital generation, an excellent return on equity of 19.8% and an estimated BSCR of 225%. The combination of earnings momentum, and substantial capital generation from our big-ticket businesses creates the flexibility to pursue multiple growth opportunities and enable a step-up of our progressive dividend, with the final dividend per share increasing by 19.6%, as well as an additional special capital return of \$175 million via a share buyback. This is consistent with our commitment to return excess capital to shareholders. These actions reinforce the Group's confidence in our strategy and our ability to capture the significant opportunity ahead.

### People are critical to our success

Our people are the cornerstone of our business, and I am deeply proud that, for the third year running, we have sustained a high employee engagement score in the 80s. We continue to nurture our deep internal talent while adding new expertise throughout the organisation, including at senior management level.

In Retail, Mary Boyd was appointed as Hiscox USA Chief Executive Officer back in June; and in January 2025, Shali Vasudeva joined as Group Chief Operations and Technology Officer.

I would also like to take a moment to remember our late Chair, Jonathan Bloomer, and his wife Judith who tragically died during the year. Jonathan's deep experience, sharp intellect, and strong personal values combined with humour and humility were an asset to the Group, and something I deeply valued. He is dearly missed.

### Business performance

#### Hiscox Retail<sup>1</sup>

Hiscox Retail comprises our retail businesses around the world: Hiscox UK, Hiscox Europe, Hiscox USA and DirectAsia. In this segment, our entrepreneurial culture, specialist sector and class of business knowledge, brand, and market-leading distribution platforms reinforce our strong market position in an increasingly digital world.

Hiscox Retail ICWP grew by 5.1% in constant currency to \$2,504.6 million (2023: \$2,357.3 million), improving on the prior year. This is driven by continued good growth in Europe and US DPD, and building momentum in the UK, while the contraction in US broker is slowing. Rates in Retail, a less cyclical business, increased by 2% across our markets, as inflationary pressures abated.

We are making good progress in brand and distribution initiatives across all of our Retail businesses. In 2024, we won nine new distribution deals in the UK, signed our first multi-country deal with a leading digital MGA in Europe, and onboarded 17 new digital partners in the USA. Our brand

campaign in the UK won 18 awards and, more importantly, is contributing to growth. We also continue to innovate with technology, having rolled out artificial intelligence (AI) solutions in both UK art and private client (APC) and Irish commercial lines, with more projects underway. These initiatives are improving quality, efficiency and speed of distribution and helping build growth momentum, which year on year accelerated to over 7% in the final quarter.

The Retail insurance service result of \$246.5 million is a 39.0% increase on prior year, leading to an undiscounted combined ratio improvement of 2.8 percentage points to 93.6% (2023: 96.4%). To achieve this level of profitability while continuing to increase investment into growth is a pleasing result. We will continue to invest in marketing, technology and distribution to capture the structural growth opportunities ahead of us. Our unique Retail business, specialist underwriting and investment over recent years position us well to ensure that all roads lead to Hiscox for our customers.

#### Hiscox UK

Hiscox UK provides commercial insurance, locally traded specialty insurance, as well as personal lines cover, including high-value household, fine art and luxury motor.

Hiscox UK grew ICWP by 5.8% in constant currency to \$864.0 million (2023: \$793.8 million). Momentum accelerated in the year as the business continues to benefit from management actions aimed at reinvigorating the brand, improving distribution production, and enhancing customer service through technology.



In 2024, we won nine new distribution deals in the UK, signed our first multi-country deal with a leading digital MGA in Europe, and onboarded 17 new digital partners in the USA.”

#### Hiscox Retail

UK APC delivered double-digit growth, with particularly strong momentum in the broker channel as we capitalised on attractive market opportunities. This was supported by the implementation of an AI-enhanced new business automation solution in September. The new business AI tool, in combination with our e-trade digital capabilities, has reduced handling times by up to 40%, while also allowing for over half of all personal lines quotes to be processed automatically, freeing up underwriters to focus on business development and writing larger and more complex risks.

Commercial lines growth has been supported by the successful brand campaign and nine new broker distribution deals going live, with a further seven to launch in 2025. This supports our confidence in the sustainability of the UK's positive momentum.

The UK brand campaign has been widely recognised within the UK marketing and advertising industry this year, winning 18 separate industry awards to date for effectiveness, strategy, creativity and execution. Importantly, we have seen tangible benefits from the campaign, with a 46% increase in branded search and an over 50% increase in click-through rates in UK Direct. In UK broker, feedback shows that intermediaries value the quality of the Hiscox brand on their panel.

#### *Hiscox Europe*

Hiscox Europe provides commercial insurance for micro- to medium-sized businesses, especially in the growing technology and non-regulated business sectors, and personal lines cover including high-value household, fine art and classic car.

Hiscox Europe ICWP increased by 7.6% in constant currency to \$656.5 million (2023: \$606.7 million). The business continues to expand its distribution, our pan-European partnership with a leading specialist digital MGA is now live and a new bancassurance relationship with one of the largest banks in Iberia launched in the fourth quarter.

Our technology transformation remains on track, building scalable infrastructure across Europe. Germany is fully live on the core administration system, and in France, commercial business is also live on the new system while work is underway to onboard APC. We also launched new distribution portals in France, Germany and Iberia which provide enhanced self-service functionality and a better customer journey, allowing the business to benefit from an improved quote-to-bind ratio, more efficient customer interactions, and greater speed to market of new propositions.

#### *Hiscox USA<sup>1</sup>*

Hiscox USA focuses on underwriting 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 ICWP increased by 2.5%, with sustained growth in US DPD offset by US broker contraction.

US DPD grew by 7.6% to \$542.7 million (2023: \$504.4 million). The direct business grew at a double-digit rate, while partnerships achieved robust



With 57% of our sabotage and terrorism business now supported by our AI-enhanced lead underwriting solution, our team can spend more time on business development and underwriting more complex risks within the market."

**Hiscox London Market**

growth, albeit at a lower rate, as the trend of more moderate flows across some established partners from the second and third quarters persisted into the fourth quarter. The majority of partners continue to deliver good levels of growth and we continue to expand and diversify our network with, 17 new partners onboarded in 2024.

US broker ICWP decreased by 4.0% to \$378.2 million (2023: \$393.8 million). The contraction is narrowing, with growth emerging in some of the largest lines. To accelerate growth, we have launched a number of initiatives aimed at improving retention and conversion rates as well as creating more opportunities for cross-selling products.

**Hiscox Asia**

On 18 December 2024, Hiscox completed the sale of DirectAsia Thailand. The remainder of the DirectAsia business is non-core for the Group.

**Hiscox London Market<sup>1</sup>**

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

Hiscox London Market ICWP of \$1,229.5 million (2023: \$1,254.6 million) declined by 2.0%, reflecting our proactive cycle management within casualty and exit from the space market. The drag from these reduced in the fourth quarter as the business returned to growth, driven by attractive market opportunities in property and crisis management. Rate increases for the year were 2%, with cumulative rate increases of 74% since 2018.

Growth in property has been driven

**Hiscox London Market**

	2024 \$	2023 <sup>1</sup> \$
Insurance contract written premium	1,229.5	1,254.6
Net insurance contract written premium	879.7	918.3
Insurance service result	141.3	178.8
Investment result	113.3	113.6
Profit before tax	215.0	262.7
Combined ratio (%)	83.9	79.1
Undiscounted combined ratio (%)	88.6	83.7

<sup>1</sup>K&R business written through Syndicate 33 has been transferred from Hiscox USA to Hiscox London Market. 2023 financials have been restated to report on a consistent basis.

by commercial lines, where rate has increased by 8%, partially offset by flood, following the decision not to renew a binder. This capacity has since been fully redeployed and will earn through over the course of 2025. Overall, despite increasing competition leading to some rate softening, market conditions remain attractive.

Within crisis management, there has been significant growth in terrorism, driven by increasing demand and improving rates. With 57% of our sabotage and terrorism business now supported by our AI-enhanced lead underwriting solution, our team can spend more time on business development and underwriting more complex risks within the market. The wider roll-out of the tool is progressing well and we have started to implement the capabilities in major property with the aim of launching an AI-enhanced solution in 2025. The success of our AI adoption has been recognised within the market, with the Hiscox/ Google Cloud collaboration winning 'Excellence in AI' at the British Insurance Technology Awards.

Marine, energy and specialty was impacted by our decision to reduce our line size in space before ultimately exiting the class due to terms and conditions lagging the evolving nature and complexity of the risk. In casualty, we continue to manage the cycle following rate reductions of 8% in cyber and 9% in D&O, while using improving rate in general liability to decrease line size and reduce exposures.

The undiscounted combined ratio of 88.6% (2023: 83.7%) marks the fifth consecutive year that Hiscox

Hear more from Aki on our 2024 full-year results.





Consistent with our strategy, net ICWP has more than doubled since 2020 as the business has grown into the hardening market.”

### Hiscox Re & ILS

Hiscox Re & ILS	2024 \$	2023 \$
Insurance contract written premium	1,032.8	986.3
Net insurance contract written premium	499.3	449.6
Insurance service result	165.7	136.1
Investment result	70.5	70.6
Profit before tax	267.5	221.4
Combined ratio (%)	65.7	68.3
Undiscounted combined ratio (%)	69.0	69.8

London Market has reported an undiscounted combined ratio in the 80s, achieved despite the backdrop of an active loss year, including Hurricanes Milton and Helene, and a number of man-made losses.

### Hiscox Re & ILS

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

Hiscox Re & ILS surpassed the \$1 billion ICWP mark as the business grew by 4.7% to \$1,032.8 million (2023: \$986.3 million). Net ICWP grew by 11.1% to \$499.3 million (2023: \$449.6 million), as the business deployed additional capital into attractive market conditions. Consistent with our strategy, net ICWP has more than doubled since 2020 as the business has grown into the hardening market.

The insurance service result of \$165.7 million (2023: \$136.1 million) and an undiscounted combined ratio of 69.0% (2023: 69.8%) reflect another year of excellent performance. Natural catastrophe losses were within expectations despite a high number of loss events.

The market remained disciplined throughout 2024, with attachment points holding, terms and conditions stable, and rates broadly flat following cumulative rate increases of 90% since 2018. January 2025 renewals were more competitive as capital, typically in the form of retained earnings, pursued growth. This has had an impact on the market, with rates down 8% at the important 1 January renewals,

although attachment points and terms and conditions have remained broadly stable. Market conditions, coming from the significant highs of 2023 and 2024, remain attractive and we have deployed additional capital into the opportunities that provide the best risk-adjusted returns for the portfolio.

ILS assets under management (AUM) as at 1 January 2025 was \$1.4 billion (1 January 2024: \$1.6 billion) following planned capital returns and new inflows of \$460 million. In addition, our third-party capital strategy benefitted from growth in outwards quota share capacity. This third-party capital support, alongside higher performance fees following excellent underwriting results in both 2023 and 2024, has resulted in record fee income, increasing by 26% to \$128.2 million (2023: \$101.7 million), supporting strong profit delivery and further enhancing the return on equity.

### Claims

For the year, we have set aside \$1.6 billion for (re)insurance claims<sup>2</sup>, \$117 million more than in 2023 due to a more active loss environment, particularly impacting the London Market business. 2024 was an active natural catastrophe year, with five hurricanes making landfall in the USA, flooding in Spain, Germany and central Europe, and a number of weather events in Canada. Natural catastrophe losses were within expectations, with a reduction in our initial loss estimate from Hurricane Milton offset by an increase in the amounts reserved for certain other 2024 loss events.

In addition, there were a number of man-made losses that affected our big-ticket business in 2024. These included a net loss of \$28 million from

the MV Dali collision in Baltimore and a number of small- to mid-size events.

The start of 2025 saw several wildfires impact the Greater Los Angeles area, causing a tragic loss of life and widespread destruction. We extend our sympathies to our customers and to all of those impacted by these events.

The Group estimates a net loss from the wildfires of around \$170 million, at an industry loss of \$40 billion. This event is largely a reinsurance loss with \$150 million expected to be recognised in Hiscox Re & ILS, and \$10 million in each of Hiscox London Market and Hiscox Retail. Our estimate, which will be booked in the first quarter of 2025, includes reinstatement premiums and does not make any allowance for subrogation.

Hiscox exists to support our customers at times like this and we firmly believe that a high-quality claims service is essential to help them get back on their feet as quickly as possible. We continually monitor our claims performance through a range of metrics and targets including our Retail claims transactional net promoter score (Retail claims NPS)<sup>3</sup>. In 2024, the Group achieved an exceptional Retail claims NPS of 72%, a three percentage point improvement on the already excellent result in 2023.

### Strong foundations

#### Reserves

We have a conservative reserving philosophy that has consistently produced positive reserve development

<sup>2</sup>Undiscounted 2024 accident year estimate of ultimate claims cost, net of reinsurance.

<sup>3</sup>As measured by an independent third party across the UK, Europe and US Retail businesses.



Our diversified business model and the growing contribution of earnings from our Retail business creates the flexibility to pursue an ambitious growth agenda and to step-up our progressive dividend.”

Capital

over a long period of time. In 2024, net reserve releases were again broad-based, from multiple vintages and classes of business, aggregating to \$145.5 million (2023: \$122.8 million). As at 31 December 2024, the Group's net reserves were at the 83% confidence level (2023: 83%) with a risk adjustment above best estimate of \$267.5 million<sup>4</sup> (2023: \$272.9 million<sup>4</sup>).

Hiscox continues to benefit from legacy portfolio transfers (LPTs) which protect the Group from inflationary and other pressures for 37% of gross casualty reserves for 2019 and prior years. Where appropriate, we will pursue similar transactions to manage volatility and optimise capital.

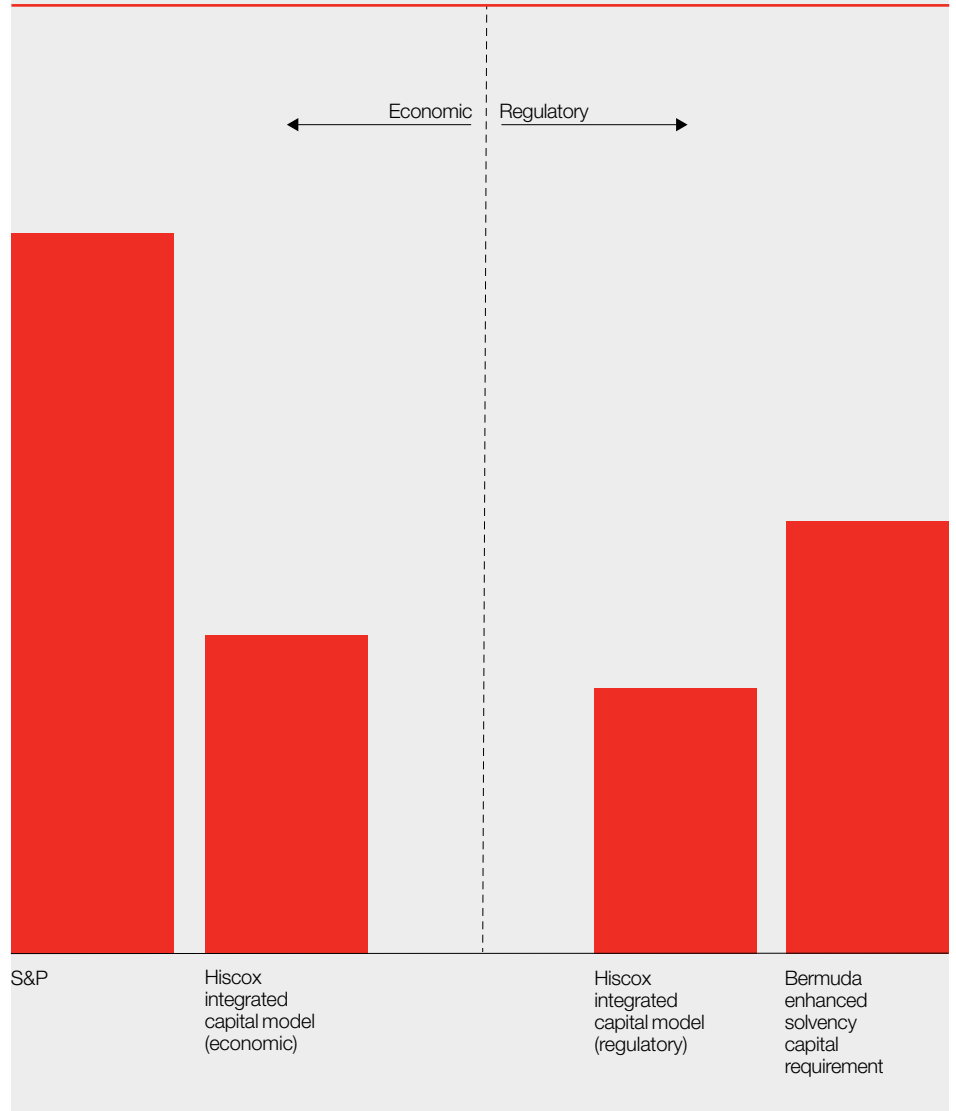
The Group's January 2025 outwards reinsurance placements benefitted from our recent strong underwriting results and ongoing quality of the book, resulting in a favourable outcome for the overall renewal programme. Against this backdrop, the Group took the opportunity to improve capital efficiency and reduce exposure to extreme North America earthquake and windstorm events, issuing a \$200 million catastrophe bond in February 2025 to complement the \$125 million catastrophe bond issued in December 2023. The capital benefit of the new catastrophe bond is not included in the BSCR ratio as at 31 December 2024.

Capital

The Group remains well capitalised, with an estimated BSCR ratio of 225% at 31 December 2024. Our diversified

Projected capital requirement

\$3.46 billion available capital



Rating agency and BSCR assessments shown are internal Hiscox assessments of the capital requirements based on year-end 2024. Hiscox uses the internally developed Hiscox integrated capital model to assess its own capital needs on both a trading (economic) and purely regulatory basis. All capital requirements have been normalised with respect to variations in the allowable capital in each assessment for comparison to a consistent available capital figure. The available capital figure basis is reflective of IFRS 17 and comprises net tangible assets and subordinated debt. Benefit of IFRS 17 discounting is allowed for within the internal capital model position.

<sup>4</sup>Allows for the reclassification of LPT recoveries into claims.



Big-ticket business

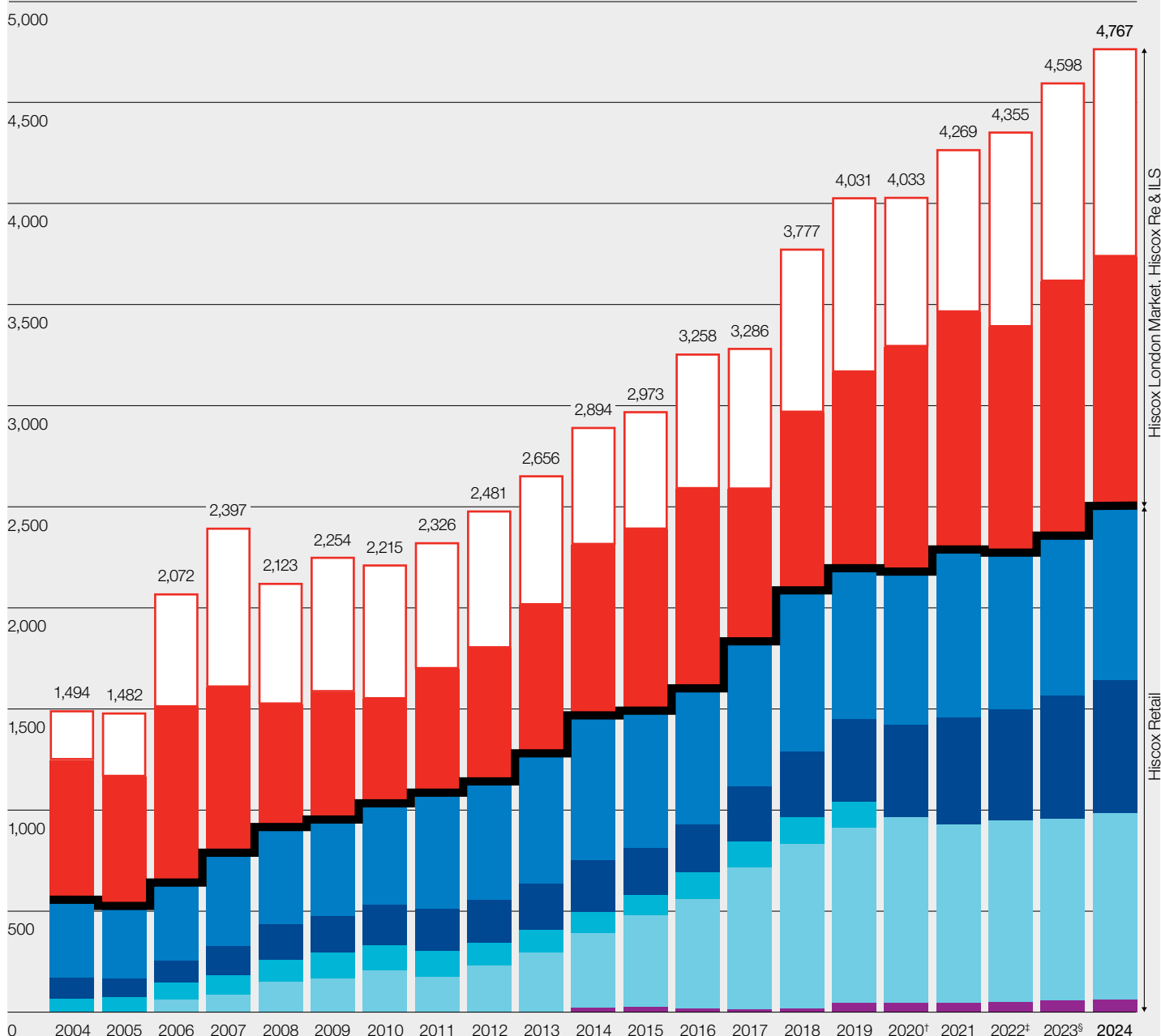
- Hiscox Re & ILS
- Hiscox London Market

Retail business

- Hiscox UK
- Hiscox Europe
- Hiscox Special Risks
- Hiscox USA
- Hiscox Asia

\*Historic amounts have not been restated for IFRS 17 but are presented as gross written premiums on an our-share basis.  
 †2020 restated for Hiscox Special Risks.  
 ‡2022 restated for IFRS 17.  
 §2023 restated for kidnap and ransom transfer from Hiscox USA to Hiscox London Market.

Total Group insurance contract written premium\* (\$m)



business model – with very strong performance in big-ticket and a growing contribution of earnings from our Retail business – creates the flexibility to pursue an ambitious growth agenda and to step-up our progressive dividend with a final ordinary dividend of 29.9 cents per share, an increase of 19.6% from 2023.

The record date for the dividend will be 25 April 2025 and the payment date will be 9 June 2025. The Board proposes to offer a Scrip alternative, under the terms and conditions of the Group's 2025 Scrip Dividend Scheme, which will be made available when the AGM notice is published and will be subject to shareholder approval at the AGM. The last date for receipt of Scrip elections will be 19 May 2025 and the reference price will be announced on 28 May 2025.

The strong results achieved in 2024, with an excellent ROE and significant capital generation, allow for another special capital return of \$175 million to shareholders, by means of a share buyback, consistent with our commitment to return excess capital to investors. Our total capital return is equivalent to 16 percentage points of the 2024 year-end BSCR ratio.

Following updated guidance from the Bermuda Monetary Authority, the Group has included 20% of the value of the \$155 million DTA relating to Bermuda corporate income tax in the 2024 estimated BSCR. Previously none of this DTA was recognised within capital.

The Group's estimated pro-forma BSCR, adjusted for the impact of the year-end capital returns and the California wildfires, is 198%<sup>5</sup>, well in

excess of the level required for the S&P 'A' rating. This would remain the case even following an extreme stress scenario.

#### Liquidity

The Group, at the holding company level, continues to retain a significant level of liquidity, with fungible assets in excess of \$1 billion, comprised of liquid assets and undrawn borrowing facilities. A full-year 2024 leverage<sup>6</sup> for the Group on a pro-forma basis post share buyback of \$175 million is 15.7%, comfortably within the range that the Group chooses to operate in.

#### Investments

The investment result for the year was \$383.9 million (2023: \$384.4 million), or a return of 4.8% (2023: 5.2%). Group invested assets as at 31 December 2024 were \$8.2 billion (2023: \$8.0 billion).

Despite geopolitical uncertainty, economic growth was resilient (although slowing), and inflation stabilised at, or near to, policy targets for many developed markets, so central banks continued to cut rates in the fourth quarter. Against this background, US treasury yields ended the year close to where they started, although tightening credit spreads drove bond yields down, resulting in an improved performance in the second half of the year.

Returns from coupons, cash and cash equivalents have continued to grow, as higher yields have earned through. At 31 December 2024, the Group's bond portfolio reinvestment yield was 4.6% and a duration of 1.8 years. The bond portfolio remains conservatively positioned, with an average credit rating of 'A'. We have modestly increased the allocation

to private credit funds in the year to diversify the portfolio and incrementally add more stable returns.

#### Tax

Bermuda's Corporate Income Tax (BCIT) came into effect on 1 January 2025, with a 15% tax rate applicable. In anticipation of this, the Group recognised a DTA of \$155 million which would mitigate the cash tax impact over ten years.

On 15 January 2025, the OECD published guidance, advising that 80% of the DTA granted under the BCIT will not be recognised for calculating global minimum tax (GMT). As a result, the Group is likely to be obligated to pay additional tax of up to 80% of the DTA, spread over eight years, from 2027. Under current IFRS requirements, the Bermuda DTA must be maintained while it provides a tax benefit in Bermuda, but no offsetting deferred tax liability can be recognised in anticipation of future GMT payable (instead this will be booked as current tax on an arising basis).

The introduction of BCIT and GMT is expected to increase the Group's effective tax rate to a range of 15%-20%.

#### Outlook

Over the last 20 years, our Retail business has grown fivefold organically, to over \$2.5 billion of premium in 2024, yet the structural growth opportunity ahead remains immense. The expectation of long-term, compounding growth in all of our Retail markets is unchanged. Our strategy is based on our entrepreneurial business-building

<sup>5</sup>Does not include expected capital generation in 2025.

<sup>6</sup>Leverage defined as borrowings over borrowings and shareholder equity.

culture, our specialist underwriting, brand strength and use of technology to provide superb products to our customers while reducing friction and costs in the process. This allows Hiscox to capitalise on societal trends, including increasing digital adoption, strong new business formation, and the emergence of new professions and risks.

In recent years we materially improved our Retail platform, we have added new leadership, reinvigorated our brand, re-platformed our technology, expanded our distribution and materially added to our capabilities. All of these are leading to positive momentum in growth and high-quality earnings. I, along with the leaders of each of the Retail businesses, look forward to providing more detail on how we will capture the significant growth opportunity ahead at our Retail-focused capital markets day in May.

In 2025, I expect positive momentum to continue building while maintaining underwriting discipline, with Hiscox Retail growth of above 6% in constant currency. Hiscox London Market is expected to return to growth, given favourable market conditions, as we benefit from new product launches and as the one-off impacts of the 2024 binder non-renewal recede. In Hiscox Re & ILS, the Group will continue to deploy incremental capital into the attractive market conditions, including some non-catastrophe lines.

Aki Hussain  
Group Chief Executive Officer  
26 February 2025



## IN MEMORY OF JONATHAN BLOOMER 1954-2024



We were all deeply shocked and saddened by the sudden and tragic death of our Chair, Jonathan Bloomer and his wife Judy, in the sinking of the Bayesian off the coast of Sicily on 19 August 2024.

Jonathan began his career at Arthur Andersen, becoming a Partner during his tenure. In 1995, he joined FTSE 100 insurer, Prudential plc, initially as Chief Financial Officer, and subsequently became Chief Executive Officer from 2000 to 2005. From 2006 to 2012, Jonathan took on the role of Operating Partner at Cerberus Capital Management, the US private equity and alternative investor.

From 2012 onwards, following over 25 years in executive roles across financial services, Jonathan pursued a highly successful portfolio career

with a range of largely financial services companies, and became a seasoned board director. This included non-executive roles as Chair of Morgan Stanley International, DWF Group plc, SDL Group Holdings Limited and Arrow Global Group, Senior Independent Director at Hargreaves Lansdown plc, Audit Committee Chair of Autonomy Systems and, from 2023, Chair of Hiscox.

During his time with us, we benefitted immensely from Jonathan's generosity and wisdom. Jonathan was widely recognised for his deep experience across our industry and in the broader business arena which, combined with his personal values, made him both an excellent Chair of our business and a person we were proud to know and work with.

Jonathan was as passionate about giving back as he was about business, having served as Trustee and Honorary Treasurer at the NSPCC, and received an MBE for voluntary services to children and young people in 2017. At Hiscox, he chaired our charitable trust, the Hiscox Foundation.

His advice and support were immensely valuable to many, both at Hiscox and beyond. He is dearly missed.



# STATES OF PLAY

**Mary Boyd**, Chief Executive Officer of Hiscox USA, on the schoolbook that changed her life, the importance of building retail capabilities, and the competitive nature of the small business insurance sector.







**Mary Boyd joined us as Chief Executive Officer of Hiscox USA in June 2024.** A US national, Mary came to Hiscox from Plymouth Rock Assurance, a leading home and auto insurance provider, whose independent agency business she had run since 2018. Having built her career in US insurance, Mary has extensive experience of growing, transforming and innovating businesses in this market.

**Q: What inspired you to build a career in the insurance industry?**

A: I double-majored in applied maths and economics and began my career as an actuarial trainee, but the story of how I discovered the actuarial profession goes all the way back to high school. I got this assignment, 'what do you want to be when you grow up?'. So I went to the library, opened a book about careers and started at 'A'. First up was 'accountant', and I absolutely didn't want to be an accountant, but then I saw 'actuary'. It said: *"These individuals apply math to solve business problems. For insurance companies, they set the price of products. Senior actuaries can even go on to lead companies."* That really stood out to me and sounded appealing.

**Q: What was your impression of Hiscox before you joined?**

A: Hiscox had long ago earned my respect for its underwriting excellence, creativity and longevity – especially its 100-year heritage at Lloyd's. When I was at ACE as the President of the Private Risk Services (high net worth personal insurance) division, and we expanded our products into the UK, Hiscox was the firm I studied as a new entrant in that space, so I have respected Hiscox enormously for quite some time.

**Q: And now you're here, how would you sum up the business?**

A: The thing that strikes me most is the size of the opportunity for us – it's

**Key stats**



**18**

Number of years we've been providing specialist products for small- and medium-sized businesses in the USA.

**49**

Number of US states we currently operate in.

**33m**

Huge market opportunity, with over 33 million small businesses in the USA.

enormous. There is so much market share for us still to capture in the small business space, and so much potential. We have work to do and investments we will make in strategic capabilities to fully realise that opportunity, but as one part of a larger business we have both the global strength of the Hiscox Group and the local focus of the US division to go for growth and that's exciting.

**Q: Tell us more about the capabilities you think need to be developed. What are they?**

A: Our ambition has always been to build America's leading small business insurer. To achieve that, we will bolster our capabilities rooted in applying data and analytics to product manufacturing, intuitive user

experiences, and highly scalable and sophisticated underwriting – connecting the components of deals and distribution in a way that’s going to get value out of our business and create advantage. At Hiscox, we call that ‘retail’, an execution capability I’ve developed a deep and wide experience of over the course of my career.

Aki puts it very well when he says “Retail is detail”. When a classically trained underwriter assesses a piece of business, they try to understand the client, the geography, the exposure, the usage, the source of the business, so that they can understand the quality of the various risks. For product manufacturing, we do the same thing for millions of different data points at the same time, looking for the patterns and trends in the data, then aligning them to develop the right price to properly insure that customer’s risk.

The benefit we have is that Hiscox USA was a first-mover in digital experiences, automated underwriting and quoting, and that gives us a real advantage; but we cannot rest on our laurels which is why we continue to build our next-level capabilities. That use of data and tech is not specific to our US operations, so we benefit from the fact that each of our business



The benefit we have is that Hiscox USA was a first-mover in digital experiences, automated underwriting and quoting, and that gives us a real advantage; but we cannot rest on our laurels which is why we continue to build our next-level capabilities.”

units also experiments and innovates locally, then can compare and share learnings with each other. This happens at all levels in the organisation including, of course, at the Group Executive Committee which I am part of, and I find that kind of knowledge-sharing truly valuable.

**Q: Does investment in those analytical capabilities have an impact on business through partners and brokers as well as the direct and digital channels?**

A: Actually, it does. It has a significant impact. Every one of the agencies and brokers out there today in the small business space has its own website. They’re all doing business electronically, they probably

already have quoting on their websites for personal insurance, and they’ll try to extend that to getting quotes or service requests for the simpler commercial business. The investments we have made, and continue to make, mean we can offer our partners and brokers the seamless service they expect.

**Q: In such a vast, competitive marketplace how can you ensure the Hiscox brand punches above its weight?**

A: We think about this a lot and we do a considerable amount for a brand of our size. Right now we trade through brokers, partners and direct-to-consumer and we want customers to be able to access us in a way that works for them. So that means traditional ways of trading, as well as through our service centres, portals and via application programming interfaces or APIs.

**Q: How would you summarise life at Hiscox?**

A: It’s fun, it’s fast-paced and, because it’s so supportive, there’s a palpable sense of community. The insurance business can be complex and challenging but what I see here is a lot of collaboration, a lot of energy, to solve any challenges together. That’s the strength of the Group again – there’s always

someone, somewhere, who’s been there and done that and that’s where the power of knowledge-sharing comes back in. We’re not immune to challenges but when there’s a problem, we call it out, because in conquering it we get stronger. We work together on it and, when doing it that way, we win together every single time. That gives us the energy and confidence to get to the next problem. Our teams have always risen to the occasion when given a challenge. Not once have they shrunk away from it. The folks we have here are smart, they’re hardworking, they care about our mission, they’re willing to be creative, and they’re fearless. It’s inspiring. ■

# Seeing the bigger picture



## Risk strategy

Our robust risk strategy positions us to capture the upside of the risks we pursue and effectively manage the downside of the risks to which we are exposed. It is based on three key principles:

- we maintain underwriting discipline;
- we seek balance and diversification through the underwriting cycle;
- we are transparent in our approach to risk, which allows us to continually improve awareness and hone our response.

## Risk management framework

The Group takes an enterprise-wide approach to managing risk. The risk management framework provides a controlled system for identifying, measuring, managing, monitoring and reporting risk across the Group. The framework includes coverage of strategic, insurance, market, credit and operational risks. It supports innovative and disciplined underwriting across many different classes of insurance by guiding our appetite and tolerance for risk.

Exposures are monitored and evaluated both within the business units and at Group level to assess the overall level of risk being taken and the mitigation approaches being used. We consider how different exposures and risk types interact, and whether these may result in correlations, concentrations or dependencies. The objective is to optimise risk-return decision-making while managing total exposure, and in doing so remain within the parameters set by the Board.

The risk management framework is underpinned by a system of internal control, which provides a proportionate and consistent system for designing, implementing, operating

## Three lines of defence

1st

### Owns risk and controls

Responsible for ownership and management of risks on a day-to-day basis.

Consists of everyone at every level in the organisation, as all have responsibility for risk management at an operational level.

2nd

### Assesses, challenges and advises on risk objectively

Provides independent oversight, challenge and support to the first line of defence.

Consists of the Group risk team and the compliance team.

3rd

### Provides independent assurance of risk control

Provides independent assurance to the Board that risks are being managed in line with approved policies, appetite, frameworks and processes, and helps verify that the system of internal control is effective.

Consists of the internal audit function.



## Risk management

Our core business is to take risk where it is adequately rewarded to meet shareholders' expectations, and our success is dependent on how well we understand and manage our exposures to key risks.

**Fabrice Brossart**  
Group Chief Risk Officer

and assessing the controls that manage our key risks. This framework is regularly reviewed and enhanced to reflect evolving practice in risk management and governance. During 2024, we have continued to maintain and further strengthen our system of internal control including through the implementation of a new governance, risk and controls tool.

### Risk appetite

The risk appetite sets out the nature and degree of risk the Group is prepared to take to meet its strategic objectives and business plan. It forms the basis of our exposure management and is monitored throughout the year.

Our risk appetite is set out in risk appetite statements, which outline the level of risk we are willing to assume, both by type and at an aggregate level.

Risk appetites, which are set for the Group as a whole and for each of our insurance carriers, are reviewed annually, enabling us to respond to internal and external factors such as the growth or reduction of an area of the business, or changes in the underwriting cycle that may have an impact on capacity and rates.

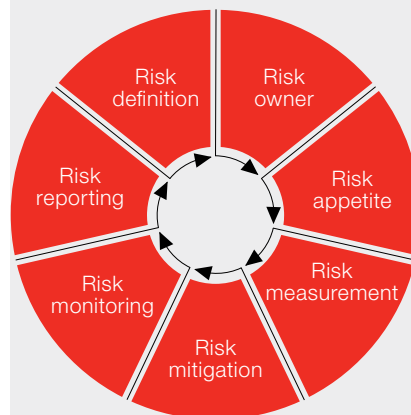
### Risk management across the business

The Group coordinates risk management roles and responsibilities across three lines of defence. These are set out in the model on page 42. We now have Chief Risk Officers in place for each of our business units, and risk is also overseen and managed by formal and informal committees and working groups across the first and second lines of defence. These focus on specific risks such as catastrophe, cyber, casualty, sustainability, reserving, technology,



### Risk management framework

Understanding and managing the significant exposures we face.



investments and credit, as well as emerging risks. The Group Risk and Capital Committee and the Group Underwriting Review Committee are sub-committees of the Risk Committee of the Board and make wider decisions on risk. More information on these Committees can be found on pages 81 to 82.

### The Own Risk and Solvency Assessment (ORSA) process

The Group's ORSA process involves a self-assessment of the risk mitigation and capital resources



### Hiscox Own Risk and Solvency Assessment (ORSA) framework

The Group's ORSA process is an evolution of its long-standing risk management and capital assessment processes.



needed to achieve the strategic objectives of the Group and relevant insurance carriers on a current and forward-looking basis, while remaining solvent, given their risk profiles. The annual process includes multi-disciplinary teams from across the business, such as capital, finance and business planning.

### The role of the Board in risk management

The Board is at the heart of risk governance and is responsible for setting the Group's risk strategy and appetite,



## Risk management in action: creating an AI governance and oversight framework

**Charlotte Paterson**  
Chief Risk Officer  
Hiscox London Market

As the use of AI at Hiscox grows in scale and sophistication, 2024 saw the adoption of a set of processes and controls designed to clarify the Group's approach to this rapidly evolving technology. *"Our brief was to create a solid governance framework that meets our regulators' expectations but isn't so*

*rigid that it stifles innovation,"* says Charlotte Paterson, Chief Risk Officer for Hiscox London Market.


The new AI standard is built on four distinct pillars. *"The first covers governance including responsible use of AI: aligning with regulation, avoiding biases, checking the input relative to the output,"* explains Charlotte. The second pillar is risk and control. *"We systematically work through all the main risk categories and ask: what could go wrong? and how would we mitigate those risks?"*

The third relates to model oversight, which is key given the speed of change surrounding AI. *"We've done a huge amount of testing for the models that are in play today, but as those are replaced, what do we do? How do we make sure that*

*version 2.0 delivers the same quality of outcomes?"*

The final piece is about people and culture. AI has the potential to radically alter working patterns. *"How do people respond to that? How does it change our performance management, training and skills? Is there a risk that people become overly reliant on these tools? And what happens if it all breaks down and we suddenly need to go back to a previous way of working?"*

The Group's new AI governance and oversight framework will evolve in line with technology and regulation, but for now it is supporting a number of AI use cases across the business.

For more on our use of AI, see pages 48 to 51. 

and for overseeing risk management including the risk management framework. The Risk Committee of the Board advises on how best to manage the Group's risk profile by reviewing the effectiveness of risk management activities and monitoring the Group's risk exposures, to inform Board decisions. More information on the Risk Committee can be found on pages 114 to 115.

### The role of the Group risk team in risk management

The Group risk team is responsible

for designing and overseeing the implementation and continual improvement of the risk management framework. The team is led by the Group Chief Risk Officer who reports to the Group Chief Executive Officer and the Risk Committee of the Board.

The team works with the first-line business units and transversal functions to understand how they manage risks and whether they need to make changes in their approach. It is also responsible for monitoring

how the business goes about meeting regulatory expectations around enterprise risk management. The second-line Group risk and compliance function is organised into dedicated business unit and Group-level teams, providing proximity to the business while enabling the provision of critical challenge to the business and ensuring robust risk management oversight.



### Casualty extreme loss scenarios

As our casualty businesses continue to grow, we develop extreme loss scenarios to better understand and manage the associated risks. Losses in the region of \$75-\$950 million could be suffered in the following extreme scenarios:

Event		Estimated loss
Multi-year loss ratio deterioration	5% deterioration on three years' casualty premiums	\$255m
Economic collapse	An event more extreme than witnessed since World War II*	\$460m
Casualty reserve deterioration	Estimated 1:200 view of a casualty reserve deterioration on current reserves of c.\$2.6bn	\$950m
Pandemic	Global pandemic considering broader and alternative impacts than Covid-19	\$115m
Cyber	A 1:200 cyber event, such as a major cloud outage or mass ransomware attack. Includes exposures from outside the cyber product line <sup>†</sup>	\$425m
Marine scenarios	Range of events covering collision and sinking of vessels and any resultant pollution	up to \$75m
Offshore platform	Total loss to a major offshore platform complex	up to \$100m
Terrorism	Aircraft strike terror attack in a major city	up to \$350m
Property catastrophe <sup>‡</sup>	1-in-200 year catastrophe event from \$300bn US windstorm	\$700m

\*Losses spread over multiple years.

<sup>†</sup>Losses incurred from non-cyber product lines from a cyber event.

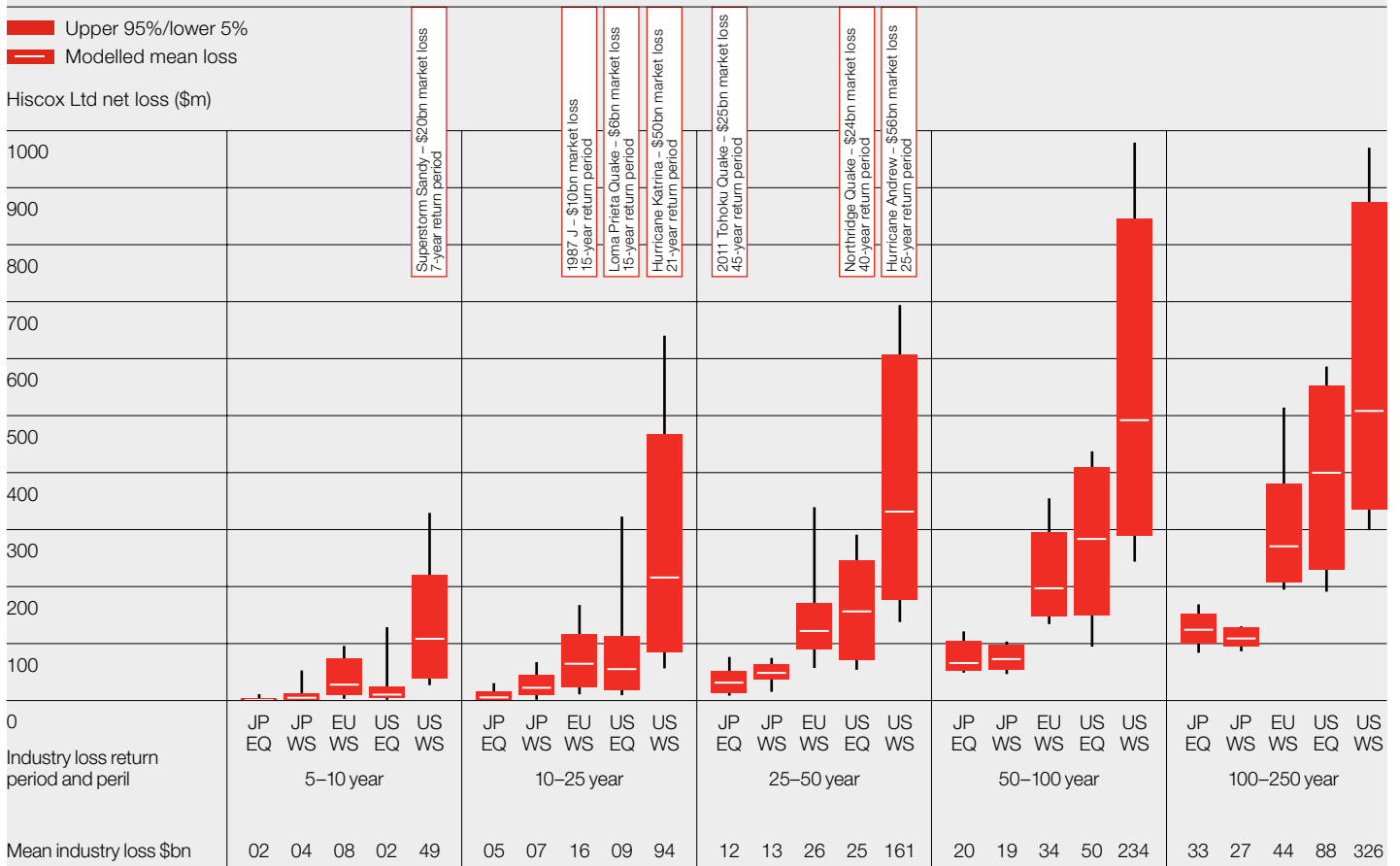
<sup>‡</sup>As a point of comparison.



### Property extreme loss scenarios

Boxplot and whisker diagram of modelled Hiscox Ltd net loss (\$m) January 2025.

Stress tests and reverse stress tests are regularly performed and reported on to the Risk Committee of the Board. These include climate-related scenarios such as those shown in the chart below.



This chart shows a modelled range of net loss the Group might expect from any one catastrophe event. The white on the red bars depicts the modelled mean loss.

The return period is the frequency at which an industry insured loss of a certain amount or greater is likely to occur. For example, an event with a return period of 20 years would be expected to occur on average five times in 100 years.

JP EQ – Japanese earthquake  
 JP WS – Japanese windstorm  
 EU WS – European windstorm  
 US EQ – United States earthquake  
 US WS – United States windstorm

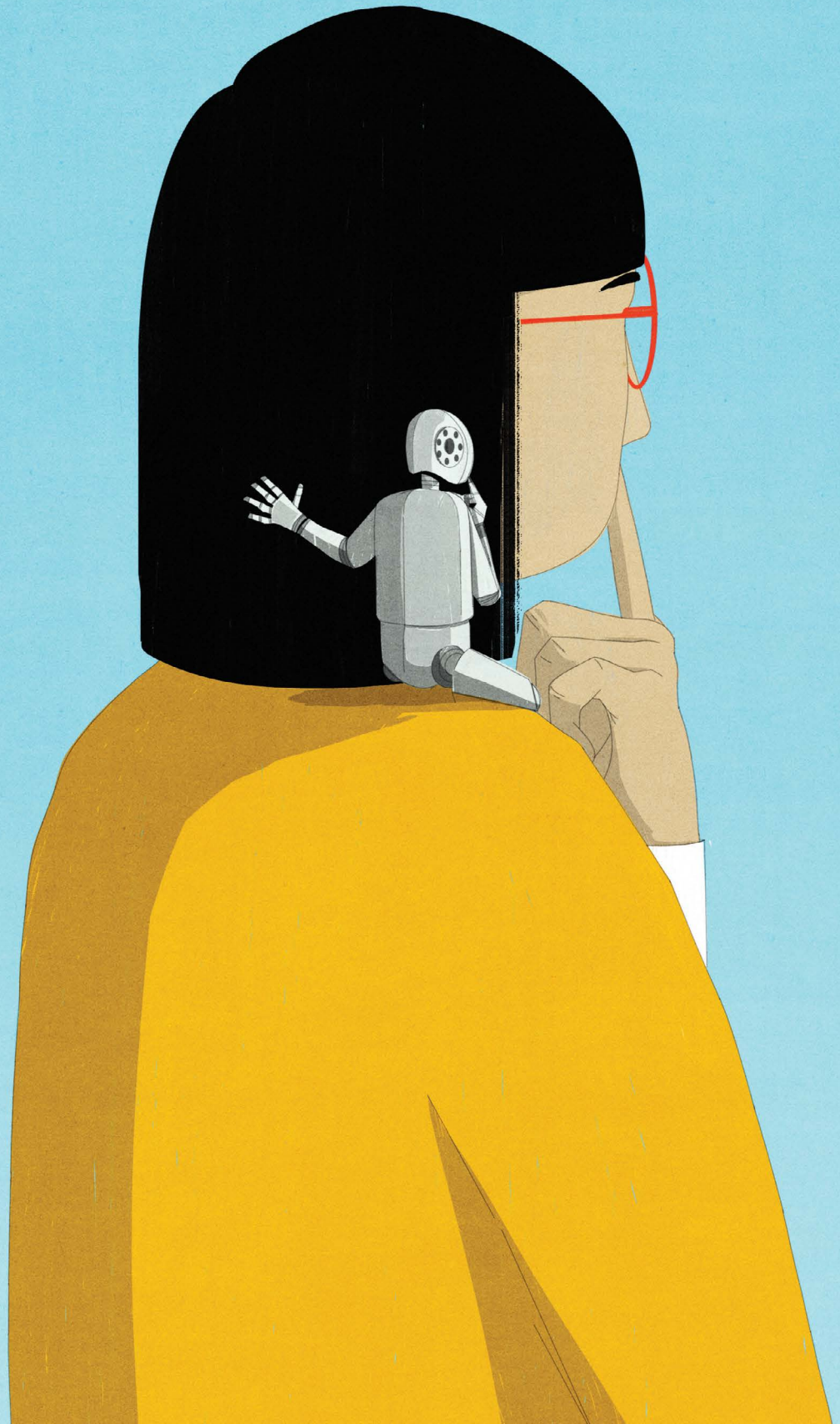


**A pipe bursts  
in your office.  
Water damage,  
inevitable.  
Waterworks,  
avoidable.**

**If your premises  
are damaged,  
Hiscox could help  
get things back  
on track.**

**The story of  
your business  
underwritten by**

  
**HISCOX**  
Business Insurance





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# INTELLIGENT INSURANCE

How Hiscox is using technology and data to differentiate its offering.

”

The inexorable rise of artificial intelligence (AI) is one of the hot topics of our time. And according to Chris Loake, Group Chief Information Officer at Hiscox, the next step in its evolution will be thanks to the sheer breadth of its adoption. *“AI will be in everything,”* he says. *“We won’t even distinguish it as a separate technology.”*

For Hiscox, this means technology working hand in glove with humans. *“The nexus of human and AI interaction is where we see the future world of work. Fundamental roles will remain the same, but with everything sped up – supercharged by technology.”*

That journey is already well underway at Hiscox. *“We have a unique set of strengths and AI technology gives us the chance to double down on them,”* says Chris. *“We’re looking for things*

*that strengthen our risk selection, improve customer experiences, and make us faster and more efficient.”*

The most ambitious of these projects so far has been in Hiscox London Market, thanks to the creation – in collaboration with Google Cloud – of the first AI-enhanced lead underwriting model in the London Market.

*“The upfront challenge was a simple one: how could we integrate generative AI into the big-ticket underwriting process so that some of our underwriters’ valuable time could be liberated for more productive, less painstaking tasks,”* says Melissa Dudley, a Product Manager within Hiscox London Market and part of the core project team.

*“We’d been thinking about this for a while when Google approached us about working*

*with their Google Cloud technologies. We decided to do a ten-week proof of concept to see what we could do together. It was fun, it was experimental, and it worked even better than we anticipated.”*

A combined team of underwriters, risk and technology experts from both companies created a system capable of analysing a broker’s request, assessing the risk, calculating a price, and generating an email back to the broker, ready for the underwriter to review. The entire process, which went live last August after extensive testing, reduced the average time to quote from several days to just a few minutes.

**Laying the foundations** According to Melissa, that’s just the beginning. As well as having an immediate impact on the working

patterns of underwriters, the Google Cloud project is *“laying the foundation”* for future developments. *“Prompting a large language model is incredibly complex – it really is an artform,”* she explains. *“We started with our sabotage and terrorism lines, but over time we’ll layer on more capabilities, quote more risks, and move onto other, more complex lines of business. The potential to create a more efficient augmented underwriting process and better customer service – all by freeing up our experts to do what they do best – is immense.”*

It’s a similar story in Hiscox UK, where the introduction of an AI-powered new business automation solution – combined with existing digital trading capabilities – is reducing quote handling times by up to 40% by automating data extraction and large parts of the quote process.

Brokers are responded to quicker, and underwriters spend less time declining out-of-appetite submissions and more time on larger or more complex risks.

There are other efficiencies too, and the UK team has also been busy turning all of its knowledge bases and underwriting guides into a generative AI-powered digital assistant that colleagues can use to quickly problem-solve. It's a process that's begun in the UK, but is likely to be replicated in other areas over time.

Elsewhere in the business, the Hiscox Europe technology team has been experimenting with Microsoft's Open AI platform. "We started with a question: *what are the activities where true automation can both improve the productivity of our underwriters and claims managers, and reduce our expense ratio?*" says Gonçalo Carvalho, Chief Technology Officer of Hiscox Europe.

The European team's two use cases – one for underwriting, one for claims – presented a lower level of complexity than the London Market project, but with the same overarching aim: automating and accelerating the analysis of information received from customers or brokers, but this time within the retail business. While the underwriting use case focuses on automating more of the process to quote, driving faster response times and freeing up underwriter time for more complex cases, the claims use case focuses on streamlining claims handling protocols –

“

*We started with the idea that AI will solve all these problems. But what we learned throughout the process is that AI alone isn't the answer – it is the mix of technologies that creates the solution.*

**Gonçalo Carvalho**  
Chief Technology Officer  
Hiscox Europe

getting to a coverage decision quicker and ultimately paying claims even faster.

The underwriting and claims proofs of concept, which are being tested in Ireland and Spain respectively, are set to go live in 2025. "Training the models, seeing how they react to the inputs, increasing the guardrails – we've worked through all of this on our journey over the past few months. We asked ourselves, *how do we improve the results? How do we protect the model from hallucination?*" Gonçalo says. He also touches on a broader lesson: "We started with the idea that AI will solve all these problems. But what we learned throughout the process is that AI alone isn't the answer – it is the mix of technologies that creates the solution."

#### **Adaptable to change**

This echoes a point that Chris makes when outlining the Group's evolving technology strategy. "Our strategy can't all be about groundbreaking new tech," says Chris. "It's about how we develop our architecture, how we use the things that

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*The intent is to increase the pace of innovation while shortening implementation times for our data science use cases, of which there are many.*

**Catherine Frost**  
Chief Operations Officer  
Hiscox UK

*already exist. Everything has to be more flexible and adaptable to change if we're going to have the agility needed to deliver these new solutions.*

It's a challenge that holds particular pertinence to Gonçalo and his team. Hiscox Europe has a dedicated presence in seven different countries, and it is crucial to maintain the unique character of each country's offering without inhibiting the flow of ideas and innovation across borders.

Striking the balance between global innovation and consistency, and local expertise, is one of the reasons why Hiscox expanded its Lisbon Tech Hub, a global technology centre of excellence, in 2024. The concentration of technological expertise in Lisbon enhances the coordination and momentum of change across the whole Group in support of a relentless drive to deliver leading-edge customer service and broker experience. 2024 saw the creation of 60 new data and technology

roles across software engineering, software quality, cloud management, data engineering, data science, and cyber security.

Hiscox has, of course, been generating, sourcing and interrogating vast quantities of data for decades – such analysis is central to all insurance underwriting and claims management – but the insurer now sees an opportunity for data to become a true 'business differentiator'.

As Shali Vasudeva, the Group's new Chief Operations and Technology Officer, explains: "The reality is that delivering on our strategic objectives requires us to have the right data, be able to generate the right insights, and have the capacity to act on those insights.

"We have a Group-wide data and analytics strategy to drive business value and accelerate growth. As part of that, we're investing in modern data platforms and data management capabilities to make sure we're ready to take advantage of the full potential AI offers. This strategy, combined with our state-of-the-art data platforms and deep

“

*AI will be in everything. We won't even distinguish it as a separate technology.*

**Chris Loake**  
Group Chief  
Information Officer

*partnerships with global leaders in AI, mean we can experiment at scale, rapidly learn what works, and build reusable AI-powered solutions with the potential to benefit multiple parts of the business.”*

A good example of this thinking is in Hiscox UK where, over the last 18 months, the team has built and tested a new single data platform that brings together customer, broker, policy and operational data from across the UK business in a cohesive and consumable way. It’s an approach that’s already providing colleagues with access to much richer data and insights, with plans to include more data sources in 2025.

*“The intent,”* says Catherine Frost, Hiscox UK Chief Operations Officer, *“is to increase the pace of innovation while shortening implementation times for our data science use cases, of which there are many.”*

By coordinating the development and deployment of our data, analytics and AI capabilities across the Group, Hiscox aims to mature the technical capabilities of the Group’s data platforms, increase the volume of data available, and expand its usage. But that’s not all. While standardising the strategic approach to data, the Group is also looking to devolve much of the operational responsibility and increase the depth and breadth of data skills across the business. *“We’re moving towards what we call ‘self-service’ – putting*



*Our state-of-the-art data platforms and deep partnerships with global leaders in AI mean we can experiment at scale, rapidly learn what works, and build reusable AI-powered solutions with the potential to benefit multiple parts of the business.”*

**Shali Vasudeva**  
Group Chief Operations  
and Technology Officer

*the power of our data and analytics into the hands of the people who use it on a day-to-day basis,”* Shali says. *“Instead of relying on a team to generate reports or insight for you, and refresh it every time you need an update, we will give more of our people the capabilities to do it themselves.”*

Shali reiterates the importance of identifying the right use cases for the application of AI to solve specific business problems. But that also requires the simultaneous development of architecture that will enable those solutions to be propagated in a faster, more efficient, and more standardised way. *“Once we solve a problem in one part of the business, either the whole solution or components of that solution will become available to everyone else across the Group, or we use the components as building blocks for something bigger, more complex, and more valuable.”*

Having systematically identified, validated and

prioritised a wide range of AI use cases across all parts of the business in 2024, from finance to underwriting to claims, a further portfolio of AI-enabled Hiscox business solutions will be developed and rolled out in 2025.

*“We’re as thoughtful about what we don’t do as what we do develop,”* Chris says. *“We want to be close to the leading edge, but not so far ahead that we’re wasting time on areas that the product vendors are ultimately going to innovate for us. There’s no point building expensive workarounds to problems that will soon disappear.”* He illustrates this with a story from the start of the London Market project, when the context window of the AI model – the amount of text it was able to receive as a single input – was too small. *“We had to do what’s called ‘semantic chunking’, where you break the data out into different blocks, and that took time, but the latest versions of the AI models have larger context windows.”*

### Close relationships

Finding the optimal pace of innovation has been significantly helped by the close relationships Hiscox has nurtured with global tech and AI leaders. *“We’re building very deep technology partnerships, to the extent that I think we actually have relatively unparalleled access to highly specialist skills and thought leadership, as well as the ability to influence their product roadmaps and prioritisation of future capabilities to suit*

*our needs and those of our customers,”* says Shali.

These technology partnerships are complemented by a drumbeat of quieter progress with foundational AI capabilities across the business. *“We provide people with the tech so we can see what they can do with it,”* Chris says. *“Great ideas can come from anywhere in the organisation.”*

During 2024, this included 1,000 users in different parts of the business trialling Microsoft Copilot, the AI ‘companion’ integrated within the Microsoft 365 suite. *“We gave them the tech and the training and said: ‘Go and use this in your day-to-day lives and if you find something cool you can do with it, we’ll share it.’ We’re not blind to the fact that innovation will sometimes come from an individual who’s passionate about trying something out in their day job, and we’ve already had – and shared – some great use cases. Plus, if the future of tech sits at the nexus of human and AI, then why wouldn’t we give those humans a say?”* ■



# Staying connected



As a global business, we have diverse stakeholders with diverse interests, so understanding what matters most to them through regular engagement is an important part of our decision-making processes.

We engage with stakeholders at every level, including Board level, to build positive relationships, respond to their areas of interest, and ensure their expectations of Hiscox are met.

Our key stakeholder relationships will be managed in different parts of

the business, and in different ways. However, they are united by a common Hiscox approach, driven by our values, and each has an appropriate degree of Executive involvement and Board oversight.

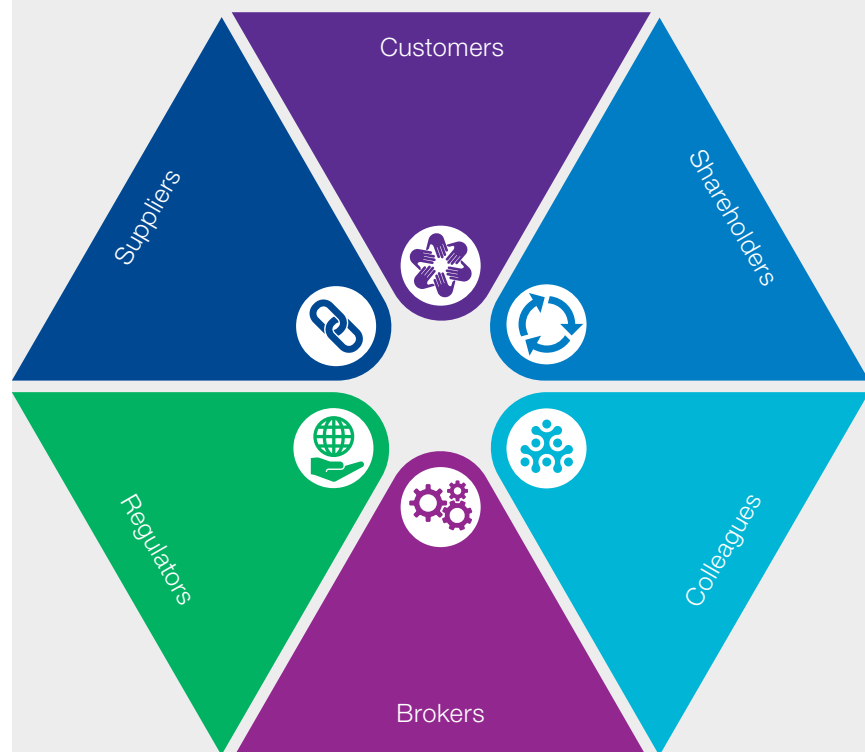


## Stakeholder engagement

We approach all of our stakeholder relationships professionally and pragmatically, and their inputs help to shape our business.

Steve Parry  
Group Claims Director

### Our ecosystem of stakeholders





## Customers

We have almost 1.7 million retail customers worldwide and providing each of them with products they can rely on is what we are here for.

### Relevant materiality area\*

- Customer and broker experience.

### How the business engages with customers

- We conduct both quantitative surveys and qualitative research with thousands of customers each year – including feedback after they have bought a product or made a claim – which help to continually improve our offering.
- We measure the health of our brand through regular brand tracking surveys which assess consumer brand awareness and perception and inform marketing and sales activities.
- We use a combination of customer insight and claims experience to develop our risk transfer products and risk mitigation tools. These include our cyber exposure calculator, the NCSC-approved cyber training we offer through our CyberClear Academy, and Leakbot – an early warning leak detection tool we offer all UK high-value home customers to help mitigate escape of water claims.

### How the Board engages with customers

- The Board receives updates on customer research and insight work, and on customer-focused regulation as appropriate, for example, the UK's Consumer Duty regulation.

### Outcomes of engagement and relevant KPIs

- Customer satisfaction scores – see page 27.
- Paid out \$2 billion in claims to customers in 2024.
- Claims transactional net promoter score of 72 – see page 130.



Read more on pages 18 to 19. 

\*See Hiscox's materiality map on page 59.



## Shareholders

We maintain ongoing engagement with our shareholders, focusing on our clear strategy, strong underwriting discipline, and sound capital management.

### Relevant materiality areas\*

- Corporate governance and business ethics.
- Resilience to volatility – market, political, economic, social, other.

### How the business engages with shareholders

- Our Group Chief Executive Officer, Group Chief Financial Officer and Director of Investor Relations meet with existing shareholders, potential investors and research analysts regularly to discuss our strategy, trading conditions, business performance, and other factors affecting our operations.
- Annual investor roadshows each year in the UK, USA, Europe and the Middle East.
- Participation in a range of investor conferences across regions.
- We report to the market on Company performance four times per year, with interim and preliminary results also shared via an online webcast which is open to capital markets stakeholders to attend. These materials are available on our corporate website and as an email alert for subscribers.
- We publish our Annual Report and Accounts each March, giving shareholders a more detailed view of the business. In 2024,

we engaged with shareholders on their preferences for receiving this report and other statutory disclosures from us, which resulted in more shareholders opting for digital communications.

### How the Board engages with shareholders

- Board members engage with shareholders as part of our AGM.
- Board members engage with shareholders at other key governance moments, for example around remuneration policy review periods.

### Outcomes of engagement and relevant KPIs

- All 2024 AGM resolutions passed with a significant majority.
- During 2024, we held over 470 meetings with over 200 investors, representing approximately 75% of our issued share capital.
- Over the last ten years, we have returned \$1.4 billion in capital to shareholders.



## Colleagues

Our people are critical to the successful delivery of our strategy and ambitions. We want to build teams that are as diverse as our customers and create a vibrant work environment where every colleague feels a sense of belonging and can thrive.

### Relevant materiality areas\*

- Being a great place to work.
- Positively contributing to our communities.

### How the business engages with colleagues

- Regular staff surveys on topics such as leadership, well-being, hybrid working and communication.
- All-staff ‘connected’ interactive events sharing strategy updates, financial results, and news from across the Group.
- Real-time updates via our intranet, The Gallery, and newsletters that highlight work from around the Group including business unit performance, sustainability, charitable giving and volunteering, and brand and marketing.

### How the Board engages with colleagues

- Our Employee Engagement Network is a representative group of colleagues from around the world, convenes approximately twice a year, and is chaired by Independent Non Executive Director, Anne MacDonald. Topics covered in 2024 included culture and leadership, use of technology and data, business planning and future ambitions.

Reports from these sessions are shared annually with the Board and inform Board decision-making.

- Ltd and subsidiary Board members join over 160 of our senior team from around the world at our annual leaders and partners event, for discussions on strategy, ambition, plans and performance.

### Outcomes of engagement and relevant KPIs

- Maintaining a high level of employee engagement, which in 2024 saw us maintain our employee engagement score of 82%.
- Promoted 315 colleagues in 2024.
- Attracted 620 new people in 2024.



Read more on pages 16 to 17. 

\*See Hiscox’s materiality map on page 59.



## Brokers

The risks we write through brokers account for around 84% of our business, so we look to build strong and lasting relationships with those that share our values.

### Relevant materiality area\*

- Customer and broker experience.

### How the business engages with brokers

- We hold an annual preferred broker summit for our UK brokers, to share insight and expertise, and a London Market broker academy to educate and inform.
- We also hold an annual claims insights day, hosted by our London Market claims team and providing junior claims brokers with informative sessions on our claims ethos and process, workshops led by loss adjusters and lawyers, and networking opportunities.
- Each year we measure broker satisfaction with our products and services, with the results informing future plans.
- We participate in key industry events in every part of our broker-facing business, including BIBA, a UK insurance conference; the CIAB, a US marketplace meeting for commercial property and casualty brokers and insurers; and in our big-ticket businesses, Monte Carlo, Baden Baden, and RIMS.
- We produce thought leadership that enhances our broker relationships and our position as experts in our chosen areas.

In 2024, this included our cyber readiness report which examines the cyber threat landscape, ‘HAT 100’ which explores key trends in the contemporary art market, and ‘Art and AI’ which examined emerging trends in AI-generated art.

- We conduct experiential broker events, which in 2024 included the ‘energy express’ – a unique train journey through the history of energy underwriting and its evolution as a result of the transition to net zero.

### How the Board engages with brokers

- Our Executive Directors support our largest broker relationships, attending meetings and events throughout the year.

### Outcomes of engagement and relevant KPIs

- Broker satisfaction scores.
- 70 brokers attended our UK preferred broker summit in 2024.
- 22 participants in our London Market broker academy in 2024.
- 30 London Market brokers participated in our ‘energy express’ experiential event at Lloyd’s of London.



## Regulators

We are a global business with a responsibility to engage with regulators in all jurisdictions where we operate. The Group is regulated in Bermuda and has regulated subsidiaries worldwide, and in 2024 met all material regulatory reporting obligations.

### Relevant materiality areas\*

- Corporate governance and business ethics.
- Data privacy and information security.
- Resilience to volatility – market, political, economic, social and operational.

### How the business engages with regulators

- Our Chief Compliance Officer and compliance teams worldwide lead our relationships with regulators and maintain regular dialogue with them throughout the year.
- We maintain a regular cycle of stress testing and scenario analysis to ensure we manage risk well and evolve at the same pace as the risks we cover. This includes both in-house stress testing and scenario analysis, as well as industry scenarios which we report on to the relevant regulators.
- We contribute to the regulatory change process, both directly and through our membership of trade associations such as the ABIR and the ABI. This helps us to ensure that we remain compliant in an ever-changing regulatory environment.
- We speak at relevant industry events which are often attended by some of our regulators. In 2024, this included participation at the

FT's Global Insurance Summit in London, where our Group Chief Information Officer spoke about our market-first Google Cloud collaboration as part of a panel debate.

### How the Board engages with regulators

- We are long-standing contributors to the annual supervisory college which is hosted by the BMA as our Group supervisor and provides an important opportunity each year to present a consistent message to all of our regulators on issues of common interest. This is attended by all of the Executive Directors, as well as other members of the GEC.
- Many of our Independent Non Executive Directors have one-to-one meetings with our regulators as part of their regular programmes of engagement with us.

### Outcomes of engagement and relevant KPIs

- 13 regulatory officials participated in the 2024 BMA supervisory college.

\*See Hiscox's materiality map on page 59.



## Suppliers

Our suppliers are an important extension of our in-house expertise, which is why we aim to work with like-minded businesses that share our purpose.

### Relevant materiality areas\*

- Corporate governance and business ethics.
- Data privacy and information security.
- Digital transformation and operational excellence.
- Reducing our environmental footprint.

### How the business engages with suppliers

- Rigorous global procurement processes ensure robustness in our practices and contribute to new and existing supplier relationships.
- Periodic assessment of existing supplier relationships ensure these remain productive and valuable.
- Our supplier code of conduct applies to both suppliers and sub-contractors, and is shared with suppliers during the onboarding process and reshared during periodic assessments.
- During 2024, we embedded the use of ESG ratings in our supply chain, starting with our largest suppliers and those with an existing rating on a recognised external data provider.
- In 2024, we introduced a new source-to-pay solution, delivering enhanced supplier oversight and faster payments to partners and suppliers. The system is now live in the UK and Guernsey and

will roll out to other parts of the Group over the course of 2025.

### How the Board engages with suppliers

- Our Executive Directors contribute to decision-making when it comes to our largest suppliers and have been involved in key selection and onboarding processes in 2024.
- The Board receives an annual report on suppliers, covering supply chain strategy and spend.

### Outcomes of engagement and relevant KPIs

- Over 100 new suppliers in the UK and Guernsey onboarded to source-to-pay solution in 2024.
- Suppliers with an ESG rating, using a recognised external data provider, represented 30% of third-party spend in 2024.

# Being a responsible business



We have established many of the structures, policies and processes that it takes to build a responsible business, but the sustainability landscape is rapidly evolving and so too must our approach.

Our sustainability strategy is a key driver of sustainability action within our business (see page 57). Our five strategic pillars – customers, people, governance, risk adaptation, and impact – represent important areas of focus for the Group. We want to be a great place to work, deliver exceptional customer experiences, adapt effectively to the changing risk landscape, do business in a responsible and ethical way, and play our part in the net-zero transition.

Activities, progress and oversight of each pillar will continue to be driven through our embedded sustainability governance structures, under Executive leadership and in collaboration with the wider business.

## People

Building a connected and inclusive workforce matters to us and is a long-term priority. More information on this, including our people strategy and latest diversity targets and data, can be found on pages 64 to 69.

Beyond our own people, we also care about positively contributing to the diverse communities in which we live and work. We donate to good causes through the Hiscox Foundations in the UK and USA, and we fundraise and volunteer for the causes we care about through Hiscox Gives. In 2024, our collective efforts resulted in us supporting almost 250 charities with donations totalling over \$2 million and 1,000 hours of volunteering.

## Customers

We are in the business of paying claims, and during 2024 we paid out \$2 billion to customers around the world. Delivering a best-in-class claims service really matters to us, and this work is recognised not only through our customer and claims satisfaction scores, but also through industry awards including Personal Lines Insurer of the Year at the UK Broker Awards 2024, which we were proud to receive.

As part of enhancing our awareness of the sustainability progress of our suppliers and partners, we revised and updated our information requests that are shared with vendor managers. This will enable us to collect better data and encourage our vendor managers to more closely align with our ambitions.

More information on customer satisfaction, including some of our 2024 customer and broker satisfaction scores, can be found on page 27 and you can find out more about our customer-centric approach on pages 60 to 63.

## Governance

This year, we have continued to embed the outputs of the double materiality assessment we conducted in 2023. This is enhancing our understanding of the material sustainability issues facing our business and supports emerging regulatory requirements including CSRD and the ISSB's IFRS S1 and, to a lesser extent, S2.

Our double materiality assessment is shaping our sustainability work and sharpening our focus on areas of potential risk and significant opportunity (see page 59).



**Sustainability**  
Being a responsible business takes consistent and collaborative effort, particularly as we focus on establishing an effective transition plan for the Group.

**Jon Dye**  
Chief Executive Officer, Hiscox UK  
and member of the Sustainability  
Steering Committee

## Hiscox sustainability strategy

### Group purpose

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

### Sustainability ambition

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

### Strategic pillars

#### Customers



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

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

#### People



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

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

#### Governance



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

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

#### Risk adaptation



We continually adapt to an evolving risk landscape through:

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

#### Impact



We are committed to having a positive impact by:

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



We will continue to review and refine our approach in 2025.

Our governance pillar also includes responsible investments. In 2024, we made good progress towards our responsible investment targets (see page 85). We have reduced the threshold for direct investment in securities of companies that generate revenues from excluded activities from 30% to 10% of revenue. This applies to each excluded activity: thermal coal, oil sands, arctic exploration, and controversial weapons. This will further reduce the Group’s exposure to areas of high-transition risk and aligns with our wider ESG activity and emissions reduction initiatives. Using the support of our external data provider, we can increase the screening of our investment portfolio for climate and nature-related impacts which we can then engage with our managers to address going forward.

During 2024, we also worked with an external specialist to refine our modern slavery statement and enhance our human rights policy. This involved carrying out a gap analysis to identify any areas of the business in which we could strengthen the controls currently in place to prevent any policy breaches. We plan to continue this work in 2025 as we look to further embed our expectations within our supply chain.

### Risk adaptation

We are passionate about risk adaptation in all its forms – from product innovation to risk mitigation tools – and as the underwriting risk landscape continues to evolve, so too does our approach. In 2024:

- we set out our ambition to grow our exposure to renewables through our new

ESG 3033 sub-syndicate, which during 2024 has written a range of risks including wind and solar farms;

- we continued to support customers through the Hiscox CyberClear Academy, with online cyber training provided to over 19,000 employees at over 3,000 companies;
- we provided over 1,000 Leakbot devices to our UK home insurance customers, giving them an early warning leak detection system that can help them avoid the damaging cost of water claims.

More information on climate-related risk adaptation can be found on pages 74 to 88.

### Impact

We continue to enhance our responsible operational practices in support of our sustainability ambition and net-zero goals.

During 2024, this included amending our lease contract language to encourage landlords to support our progress to net zero by switching to renewable energy contracts; supporting our emissions data collection process with more timely data points; and notifying us in good time of any significant changes that could impact our progress.

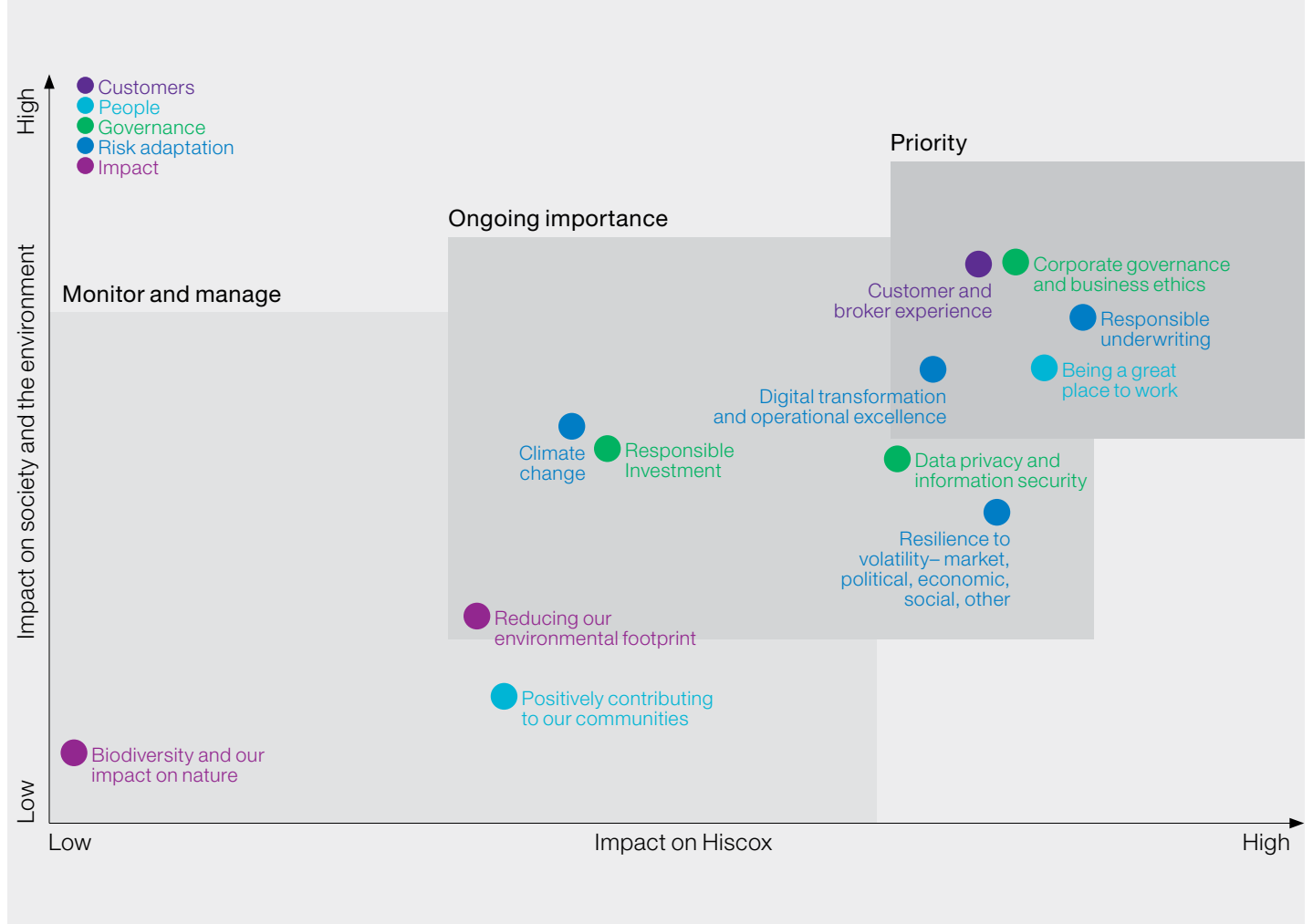
We also undertook a review of the buildings we own in the UK to understand where we could make energy efficiency savings, use more sustainable forms of energy, and continue to reduce our impact. Some of the actions identified have started to be addressed in 2024, for example, by reducing heating and air conditioning

usage and adjusting lighting levels in Hiscox-controlled offices, and others will be a focus for 2025.

In addition, we have begun to monitor our supplier performance against a range of metrics to ensure positive sustainability outcomes within our supply chain. We have set targets to continually increase the number of suppliers we monitor through our third-party data provider and to track supplier improvements year on year. More information can be found on page 84.

We also continue to carefully monitor our GHG emissions. The half-year footprint process we introduced is proving effective, improving the quality of our data and providing oversight beyond a single point in time. A copy of our full GHG inventory for 2024, along with our SECR table, can be found on pages 83 to 87.

### Hiscox materiality map



#### Key

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

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

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



**Custom made  
in action:**  
Operations School

Hear from one of our valued Hiscox  
USA SME customers on their  
experience of building a successful  
business... and protecting it with us.



# CUSTOM MADE

We are a 'customer-centric' business – so what does that mean in practice?

## When Racheal Allen established Operations School, she was no stranger to Hiscox.

*"I was an insurance agent first. I did that for a number of years and then switched industry – getting into teaching and then non-profit leadership operations, not realising that every little stop on my professional journey was leading me here, to creating Operations School."*

Racheal established Operations School, a Michigan-based business which teaches primarily minority-owned SMEs how to start, sustain and scale

their start-ups, in 2019 and the results are staggering. From being the sole tutor, Racheal has built a core faculty of 25, and the school now supports over 1,000 students each year through its nine-week training programmes and events. *"I'm a business owner by day and a teacher by night,"* says Racheal. *"Everything that I learn in my business, I take it back to the students."* That includes insurance.

Racheal has been a Hiscox USA small business customer since 2022 and that's when, she says, *"I realised how easy it was. With most*

*insurance companies, it's a long process – you have to talk to people, you've got to get quotes, it's very salesy. Hiscox was the most direct, straightforward approach that I had found. I've had to renew some of our existing coverages and, as we've grown, add some new ones, but the speed, efficiency and value of it has been unbeatable. I refer Hiscox to all our students and for many of them that means they're getting general liability cover for the first time."*

It's a great grounding for further growth, as Racheal explains, *"We're still just*

*scratching the surface. We're in a tonne of communities, working with adults who aspire to be an entrepreneur and in high schools where students increasingly say they want to work for themselves but don't know where to go for training and support. We want to grow nationally, and ultimately we want to be in any community where there are entrepreneurs."* ■



## We build products that make our **customers'** lives easier

**A vital part of being customer centric is ensuring that the products we develop are genuinely aligned with what customers want and need.** A good example of how our products take shape is Hiscox business protection, a new generation of products for freelancers and small businesses that we introduced in Spain in 2024.

By analysing historical claims data and talking to customers, we were able to build a detailed understanding of the level of coverage that businesses with a turnover of under €500,000 are likely to require, their financial constraints, and their appetite for poring over multiple complex documents in search of the right combination of policies.

Hiscox business protection bundles up four key aspects of business insurance (professional liability, general liability, directors and officers' liability, and cyber insurance) and offers them to customers as a single, easily understood, competitively-priced policy, with a level of coverage suited to their turnover and risk profile. The product is available in three versions: light, medium and premium; offering an ascending level of cover and cost that matches the different stages of a small business's growth.



## We take a **commonsense** approach to claims

**The moment at which a customer will feel most in need of our support is at the point of making a claim – a stressful time in anyone's life – so we do everything we can to make that process as smooth as possible.** That means giving each customer a single point of contact for the entire life of their claim, including direct contact details for them, and making sure that the depth of expertise needed to unpick complex cases is readily available.

It also means paying all valid claims as quickly as we can. During 2024, we introduced a new faster payments functionality in the UK which means we can instantly transfer the claims payment to the customer, often while they're still on the phone – a simple change, but a very popular one with policyholders. It means that, for simple first-party property insurance claims, we pay around one-in-six of these claims on day one. As well as being faster, the new system is also more secure, with additional fraud protections built into the process.



Had a burglary in my locked garage at 2.30am on a Friday morning when an expensive cycle and all of my power tools were stolen. Contacted Hiscox at about 10am, provided details of the crime and a list of what was stolen with cost of each item. My claim was settled immediately and the money was in my account by 11am. I could not have expected or asked for a better service."

**UK home insurance customer**



The biggest thing was the communication and the feeling like I'm a partner. We're the only client in the room when it comes to Hiscox, and those are the things that are most important to foster."

London Market risk manager



## We help our customers to **reduce the risks they face**

**We're always here to serve our customers when they're confronted by a crisis, but an even better way of serving them is to help prevent that crisis from occurring in the first place.** We call this 'risk mitigation'. Through dealing with large volumes of claims, we've developed a vast wealth of knowledge as to where and how problems can occur and the simple protections that can help ward them off. What we've come to understand is the value of sharing that hard-won expertise with our customers at every opportunity.

A good example of this is the Hiscox CyberClear Academy. Available in seven different markets and adapted to the regulatory landscape of the local jurisdiction, our CyberClear Academy provides a suite of online training modules to our small business customers. Intuitive and easy to use, the programme helps our customers meet their statutory obligations while keeping their systems and data as safe as possible from cyber attacks. In 2024, our CyberClear Academy was used by over 19,000 employees at over 3,000 companies.



## We **support** our most vulnerable customers

**A truly customer-centric business must be responsive to the needs of all its customers – including those who, for reasons of health, capability, resilience, or the impact of life events, have vulnerabilities that require additional understanding and support.** We provide resources and training relating to the safeguarding of vulnerable people, and we ensure that their needs are considered within our products and services. But as with so much of what we do, one of our strongest assets in this area is the knowledge and dedication of our people. Safeguarding is an area beset with complexities and sensitivities, and every vulnerable person is completely unique, so it's inevitable that colleagues will have questions and concerns that can't be answered by simply reading a document. That's where our Vulnerable Customer Champions come in. This specially trained team are committed to building awareness of vulnerable customers, advocating for their needs, and supporting colleagues with information or referrals.



## We create policies that can be **easily read and understood by all**

**Insurance can be complicated but we have always prided ourselves on our plain English, jargon-free policy wordings.** We also know that some of our customers may have additional accessibility requirements, from alternative formats to a preferred way of speaking with us. That's why we provide documents in braille, large print or audio format, or on different coloured paper, on request.

# Connected and inclusive teams



At Hiscox, people matter, and we are focused on building a vibrant, engaged and inclusive workforce. A place where there are no barriers to prevent our people from fulfilling their potential. A place where we reflect the communities where we live and work and the customers we serve. A place where talented people can thrive and make great things happen for our customers and wider society. Creating such an environment has been a strategic priority for Hiscox over a number of years, because we know it makes us a better, more

sustainable and resilient company, ready to meet future challenges and seize opportunities.

## Learning and development

During 2024, we transformed our learning and development (L&D) function and introduced important enhancements to how learning and development is structured within Hiscox to best drive business outcomes. This included the introduction of L&D Product Manager roles aligned to critical skills such as underwriting, sales, claims,



## People

We are transforming our approach to our people in every way and I'm proud of the progress we've made already in evolving our talent and listening strategies, as well as what it means to be a leader at Hiscox.

Nicola Grant  
Chief People Officer



### People strategy

Our people strategy is designed to enable business success by empowering our people and supporting them to thrive.



**Build a great place to work** with top quartile engagement and a diverse and inclusive workforce.



**Invest in the skills of the future** that can support our ambitious growth plans.



**Develop great leaders and managers** that can attract, retain and inspire their teams.



**Deliver market-leading experiences for our people**, with enhanced digital capabilities and direct access to people products and services.

technology and data, in line with our business priorities and growth ambitions. We are building core and common learning experiences that align with the needs of the business, and in parallel have revamped and redesigned our learning management system, Hiscox Learning Hub, and launched a significant partnership with LinkedIn Learning, democratising learning for all by providing access to digital, personalised, self-paced learning. All of our people have access to the Hiscox Learning Hub for personal development as well as technical training for the skills we need not only today but tomorrow, and in 2024 our people completed over 51,000 hours of training worldwide.

We have an established and embedded approach to professional qualifications and compliance education for our people. This includes mandatory training around specific risks such as information security and financial crime; role-specific professional development such as ACA, CII or CIPD; as well as more tailored personal development opportunities. For example, we have made mentoring accessible to any employee who wants it, as we look to improve readiness for leadership roles at mid-manager level and ensure equity when it comes to opportunities to progress. We have also embedded the Hiscox Data Academy, an apprenticeship programme focused on increasing the data fluency of our people, which over 70 of our colleagues have enrolled in so far (see page 86). In 2025 and beyond, we will focus on further supporting our colleagues to upskill in key areas, personalise their learning experiences and align individual career growth with our organisational priorities and the skills required, by building out learning pathways to intentionally help our colleagues navigate and best select the right content faster.

We also provide on-the-job training, for example through our established internship and graduate programmes, where we continue to target a diverse pool of students. We do this through a range

of partnerships with organisations such as the Bright Network and SEO London. In 2024, we provided nine UK summer internship placements and welcomed 21 new recruits through our global graduate programme. We also launched a new apprenticeship programme in Hiscox London Market, partnered with the London Market Association to host work experience students as part of VisionPath's Futures Academy, and ran an Insight Week in London, offering places to students from under-represented backgrounds.

Each year we also review our existing learning and development programmes to identify opportunities to further embed inclusive principles and practices into our materials and approaches. DEI training is available to all employees and new joiners and this includes topics such as allyship, creating psychological safety, building inclusive teams, and neurodiversity in the workplace.

### Employee listening

In 2024, leveraging market-leading behavioural science, we evolved the way we listen to our employees. This included capturing employee experiences in the form of externally benchmarkable, quarterly pulse surveys. Our new approach is providing managers with valuable insights relating to their teams and business areas, enabling them to dynamically respond to feedback and take timely action where necessary. Pulse survey participation in 2024 was consistently above 80%, and we are proud to have maintained an engagement score of 82% for the third consecutive year. Through these pulses, we have explored areas such as communications, inclusion and well-being, with the feedback received being used to further shape our approach. For example, we have made enhancements to how we activate our management cohorts in response to feedback received on frequency of communications.

### DEI strategy

Our DEI strategy is built on four cornerstones. Together, these four cornerstones provide the solid and sustainable foundation that we need to achieve our vision and drive progress.



#### Represent, lead and guide the DEI culture

How we lead the way forward is critical. Our DEI strategy is integral to our overall business strategy and we all have a responsibility to contribute to a diverse and inclusive Hiscox.



#### Strengthen and leverage data and insights

We are investing in our data inputs and outputs so we can drive deeper insights and understanding of our workforce, pain points and opportunities. This will help us make better decisions and place wiser bets to get us the results we want.



#### Inspire with our story

Our stories are important. We listen to and communicate our successes, invest time and effort into building on the vision, and work hard to understand how our employees and customers experience Hiscox so we can know who we are, 'see' progress and help our people see themselves as part of the Hiscox success story.



#### Make DEI 'business as usual'

We continue to invest in equitable structures, programmes, and tools that enable our journey, so that being diverse, equitable and inclusive is just our everyday way of doing business.

## Meaningful external partnerships

Lloyd's of London  
Inclusive Futures programme



enei Member Forum



Black Insurance Industry Collective



We Are The City



Bright Network



SEO London



We also continue to capture valuable feedback through our Employee Engagement Network, which consists of a representative group of colleagues from around the world and is chaired by Independent Non Executive Director, Anne MacDonald. More information, including areas of focus in 2024, can be found on page 54.

## Our community of networks

We have a number of passionate employee networks, which focus on building communities and support around a variety of employee populations. These include Global Abilities (disabilities and neurodiversity), Pan-African, Generations, Latino, Parents and Carers, Pride (LGBT+), WeMind (mental health), Muslim, and Women at Hiscox. These groups support our DEI strategy by building communities, helping to drive positive employee engagement and promoting a culture of inclusion.

During 2024, our networks delivered a series of events including: speed networking with senior leaders; celebrations for Hispanic Heritage Month; mindful movement and understanding emotional well-being events during Mental Health Awareness Month; Pride commemorations; and a webinar on the stigma of neurodiversity through our Global Abilities network.

## Structures that support inclusion

Our senior leadership drives sustainable progress in diversity, equity and inclusion across the Company. This includes our approach to building culture, the alignment of policies and processes with inclusion principles, building community and

belonging via employee networks, and ensuring alignment to credible external commitments related to inclusion.

We continue to build our capabilities in this area and to embed inclusive principles and best practice into our processes and structures, while translating our global plan into local action. Plans are monitored centrally, including via our global culture and conduct dashboard – which supports our monitoring of organisational health in areas including customer outcomes, employee engagement and wellness – and via specific local reports to subsidiary boards.

Our efforts are guided by the Hiscox Ltd Board DEI policy and our Group DEI policy, which applies to all employees. These policies are publicly available on our website at [hiscoxgroup.com/about-hiscox/group-policies-and-disclosures](https://hiscoxgroup.com/about-hiscox/group-policies-and-disclosures).

### Hiscox Ltd Board DEI policy

This sets out the purpose, scope and governance of our DEI efforts, and the Board's commitment to DEI, including the Board's and Hiscox's overall diversity and how DEI is considered in appointments and succession planning at Board level.

The specific objectives of the Hiscox Ltd Board DEI policy, as well as how they have been implemented and the results during the reporting period, are set out on page 69.

### Hiscox Group DEI policy

This sets out the purpose, scope, governance, principles and commitment to DEI, how we apply the policy in all

areas of our business, and how we monitor progress.

## Progress through participation

We want to play our part in making our industry an attractive and inclusive place to build a career, which is why we participate in industry groups including the Lloyd's of London Inclusive Futures programme, the Insurance Inclusion Diversity Forum, enei Member Forum and We Are The City. We are particularly proud to be a founding sponsor of the Black Insurance Industry Collective, and to actively participate in the ABI's sub-committee on DEI through which we have contributed to the creation of the ABI's DEI Blueprint to clarify and promote DEI best practices across the industry.

## Reporting and disclosures

We have fulfilled our UK obligations to report our gender pay gap ratios with respect to our UK subsidiaries, and published our latest annual gender pay report during the year. This report sets out in detail the gender-related programmes and initiatives we pursued during 2024 and can be viewed at [hiscoxgroup.com/genderpayreport2024](https://hiscoxgroup.com/genderpayreport2024).

We also report our Board and Executive Management diversity data as at 31 December 2024 in accordance with the UK Listing Rules targets and associated disclosure requirements – see page 91.

As at 31 December 2024, the Board comprised 50% women and there was one Director from an ethnic minority background. Since August 2024, one of the four FCA-specified positions on the Board (Chair, Group Chief Executive



Our policies are publicly available on our website at [hiscoxgroup.com/about-hiscox/group-policies-and-disclosures](https://hiscoxgroup.com/about-hiscox/group-policies-and-disclosures).

### Gender/sex diversity at 31 December 2024

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in Executive Management*	Percentage of Executive Management*	Percentage of Executive Management and direct reports <sup>†</sup>	Percentage of all employees
Men	6	50%	3	7	58%	55%	49%
Women	6	50%	1	5	42%	45%	50%
Not specified/prefer not to say	–	–	–	–	–	–	<1%

### Ethnic diversity at 31 December 2024

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in Executive Management*	Percentage of Executive Management*	Percentage of Executive Management and direct reports <sup>†</sup>	Percentage of all employees
White British or other white (including minority-white groups)	11	92%	3	10	91%	82%	75%
Mixed/multiple ethnic groups	–	–	–	–	–	1%	3%
Asian/Asian British	1	8%	1	1	9%	8%	9%
Black/African/Caribbean/Black British	–	–	–	–	–	5%	7%
Other ethnic group, including Arab	–	–	–	–	–	–	2%
Not specified/prefer not to say	–	–	–	–	–	5%	4%

\*For the purposes of the UK Listing Rules, Executive Management includes the Group Executive Committee (the most senior executive body below the Board) and the Company Secretary, excluding administrative and support staff.

<sup>†</sup>For the purposes of the UK Corporate Governance Code, Senior Management (which for consistency we refer to as Executive Management in the tables above) includes the Group Executive Committee and the Company Secretary and their direct reports.

Our approach to gender/sex and ethnicity data collection and reporting is consistently applied in the countries where we collect this data, according to local law and custom. We use the Group's online HR management system, Workday, to collect and securely store this data.

In all countries, employees can choose to self-report their gender/sex (male/female) or specify that they 'prefer not to say'.

In the countries where we collect ethnicity data (currently the UK, Bermuda, USA and Guernsey), employees can choose to self-report their ethnicity, specify that they 'prefer not to disclose', or not provide an answer at all (leave blank).

The self-reported ethnicity options provided in each country are aligned to the options provided in that country's government census, and have been collated corresponding to the UK Listing Rules' prescribed categories by our People team. Any ethnicities reflected in a country's census that do not align with one of the prescribed categories in the table were included in the 'other ethnic group' row data.

The data reported here includes the self-reported data provided by our employees in the countries where we collect the data. For any data categories where an employee has not provided a response, these employees are counted in the 'not specified/prefer not to say' row. We do this so that, to the best of our abilities, all employees in the countries where we collect the data are accounted for.

The data does not include employees in countries where we were unable to collect data. Note: some totals may not tally due to rounding.



## People in action: building out data literacy across the Group

Jason Bell  
Group Head of Learning  
and Development

Hiscox launched its Data Academy in response to evolving demands for data fluency. *“Data has always been part of our underwriting and claims DNA, but now it’s permeating most if not all functions,”* says Jason Bell. *“Almost every part of the business wants to understand and be informed by data in new or different ways.”*

As well as proliferating vital skills and knowledge, the academy has brought a more uniform approach to enhancing data fluency. *“Consistency is key,”* says

Jason. *“It’s an area where you typically find lots of people are self-taught or have learnt within other companies. Creating core and common learning experiences across the business is one of our driving principles and through the Data Academy we can make sure we’re all speaking the same language when it comes to data.”*

While the pilot programme drew its participants from roles that already feature an explicit data component, in 2024 – thanks to the success of the pilot – the academy was made available to all Hiscox colleagues. Delivered by Corndel, a specialist training provider, in partnership with Imperial College London, the programme combines instructor-led lessons, one-to-one coaching and e-learning. Different qualification levels are available, which ensures it’s suited to everyone from beginners to data strategy leaders.

Each programme is designed to take 12 to 18 months, but the benefits accrue quickly, with progress through the modules often dependent on evidence that learning is being applied within the workplace.

The programme’s success has been tangible. The academy’s completion rate is around 90% and stories abound of its positive impact – Jason cites the example of a member of the People team who was able to move from a generalist role to a more specialist role that relied heavily on data skills. The next step: going global. *“The academy’s success so far has been UK-centric,”* says Jason, *“but we plan to extend its reach globally. It’s a critical skill for the entire business and we really sharpen our focus on data-driven decision-making.”*

See pages 48 to 51. 



Officer, Group Chief Financial Officer or Senior Independent Director) has been held by a woman.

We are committed to enhancing ethnic diversity within our Senior Management\* team, in alignment with the updated Parker Review. Our global target remains to achieve 13% ethnic minority representation among our 90 Senior Management members by the end of 2027, up from 11% as of 31 December 2024†.

Additionally, and again in alignment with the updated Parker Review, we have set a new and specific target for our UK Senior Management team, aiming to increase ethnic minority representation from 9% to 12% by the end of 2027, among our 57 UK-based Senior Management members.

In some of the jurisdictions in which we operate, current laws mean it is not possible to collect ethnicity data from employees, but where we can we

encourage employees to self-identify. This helps us build a more complete picture of our workforce (including intersectionality), understand our progress, and further evolve our people strategy and approach. As such, improving the volume of voluntary disclosure from employees – not only in areas such as sex and ethnicity but in other diversity-related categories – remains a focus area and while that work continues we are pleased to be disclosing all-employee ethnicity data, as far as we are able to currently, for the third consecutive year in this report.

We will look to build on this work in 2025 and beyond by strengthening our ability to leverage data and insights, building our inclusion skills and capabilities, inspiring others with our stories, and embedding inclusive and equitable practices into business as usual. Together, these initiatives will strengthen the diversity measures we already have in place and build

the maturity of the DEI landscape at Hiscox.

\*For the purposes of the Parker Review, Senior Management includes the Group Executive Committee (the most senior executive body below the Board) and the Company Secretary, and their direct reports, excluding administrative and support staff.

†An additional 13% of our Senior Management live in countries where we do not currently collect ethnicity data and therefore are not reflected in our ethnic minority metrics.

**Board DEI objectives and 2024 progress**

Board objective	Implementation	Progress
1. Ensure a diverse <sup>1</sup> and effective Board	<ul style="list-style-type: none"> <li>— Annually review the structure, size and composition of the Board, including the balance of skills, knowledge and experience to assist in the development of a diverse pipeline.</li> <li>— Annually review Board diversity as part of the Board evaluation process.</li> <li>— Ensure the values of the Company promote an open and inclusive environment.</li> </ul>	<p>Page 91 of this Annual Report demonstrates the diversity of our Board as at 27 February 2025.</p> <p>Via the delivery of our Board DEI policy, we have:</p> <ul style="list-style-type: none"> <li>— maintained a gender balance in line with the Davies and Hampton-Alexander reviews since 2015 and intend to work towards the current FTSE Women Leaders Review targets and UK Listing Rules targets for gender balance at Board level;</li> <li>— had at least one ethnic minority Director since 2016.</li> </ul>
2. Ensure that all Board appointments are considered on merit within the context of the strategy requirements and diversity considerations	<ul style="list-style-type: none"> <li>— At least annually review the succession plans for the Board and Senior Management and ensure the talent review process is in place for the wider workforce.</li> <li>— Gender and ethnic diversity will be taken into consideration when evaluating the skills, knowledge and experience desirable to fill each role and when considering the methods to attract diverse candidates.</li> <li>— A search firm will normally be engaged to assist in the review of the market and they should be committed to addressing gender and/or ethnic diversity.</li> <li>— All appointments must be made on merit as aligned to the needs of the Board, the Company, and its strategy and values.</li> </ul>	<p>Each June, the Board and Committee review the talent plans for Senior Management and, each November, the Board succession plans. Diversity is taken into account as part of this process. Talent reviews are replicated throughout the business.</p>
3. Ensure that the overall workforce is diverse and inclusive	<ul style="list-style-type: none"> <li>— Review the execution of the Group DEI policy<sup>2</sup>.</li> <li>— Ongoing Board and Committee review of matters relating to employee retention, engagement and culture.</li> </ul>	<p>The Committee receives an annual report from the Global Head of DEI. Our senior leadership drives sustainable progress in diversity, equity and inclusion across the Company, which includes a commitment from every business unit leader to deliver on our DEI goals. These plans are monitored centrally and also via specific local reports to subsidiary boards.</p> <p>The tables on page 67 provide a breakdown of diversity at Hiscox at 31 December 2024.</p> <p>The Board and Committees receive reports relating to key workforce matters on an ongoing basis, including employee retention, engagement and culture.</p>

<sup>1</sup>Diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.<sup>2</sup>[hiscoxgroup.com/diversity-and-inclusion-policy](https://hiscoxgroup.com/diversity-and-inclusion-policy).



# JOURNEY PLANNER

How the Hiscox approach to learning and development is shaping the experts and leaders of tomorrow.



Building the business of the future means having the skills for the future. And that requires data, explains Nicola Grant, Chief People Officer at Hiscox. *“One of the things we’ve done during 2024 is a ground-up review of our approach to learning and development. Now that’s not something we do in isolation; we look at the data. Where do our people go for development, and how do they want to learn? What we found is that, actually, our people want a lot more convenience in when and where and how they learn, and a good proportion were actively engaged in LinkedIn Learning. We listened to that and as a result have offered our own digital proposition on LinkedIn Learning.”* Within the first ten weeks of going live, more than 1,700 people had signed up.

This is a prime example of how the People function uses a raft of information sources to pin down what colleagues

across the business actually want. *“What we’re trying to do is make sure we’re listening to people and then making their lives better,”* says Nicola. Rather than relying purely on the blunt force of a large annual survey, her team have developed what she calls an ‘approach to listening’ that involves a much wider set of inputs.

*“We still have a ‘pulse survey’ – so quarterly pulses, which give us a regular check-in with how people are doing. But we also listen to colleagues in lots of ways that historically would have been very fragmented.”* This ‘passive feedback’, as she calls it, might be comments on Glassdoor, feedback from prospective candidates, exit interviews from leavers – or indeed usage stats for online learning platforms. *“We’re starting to bring all these things together in a way that means we can draw actionable insights from the data.”*

Encouraging and facilitating a commitment to learning is an essential part of the Hiscox strategy as a skills-based business, and the signs are good. *“Obviously, the big ‘people’ goal is that we want this to be a great place to work, a place where everyone feels welcome, where everyone feels able to bring their full self to work. But we also care very deeply about our people building their skills and being relevant in the future,”* she says.

## Defining leadership

It was with this in mind that, in 2024, Hiscox developed a global leadership framework, part of a comprehensive process to articulate what great leadership looks like at Hiscox. This framework serves as a key underpin of the Group’s leadership development strategy. It will be integrated into talent acquisition, performance and talent management organisational practices, and leadership

programmes that focus on the skills and behaviours that set Hiscox apart from peers when it comes to attracting, developing and retaining talent.

Building those first-class leadership capabilities are equally important for nurturing technical expertise, as one of the key tenets of the framework is the fundamental responsibility of all senior staff to, in turn, build the skills of every member of their teams. *“Every single day, our leaders need to be developing their people in service of our strategy. It can’t only be down to the People function to make those things happen – we’ve got far more managers in the business than we’ve got staff within the People function, and they know better than anyone where the gaps are.”*

Some of the skills that need building are specific to individual roles or business units – for example, underwriters are well served by our underwriting faculty – but others need to be developed across the board. *“One of our key priorities is looking at the skills that are going to be required in the future and putting programmes in place to develop them at pace,”* says Nicola. *“We did a piece of work earlier this year, developing our view of what we believe should be core and common skills across the organisation, so we can start investing in those.”*

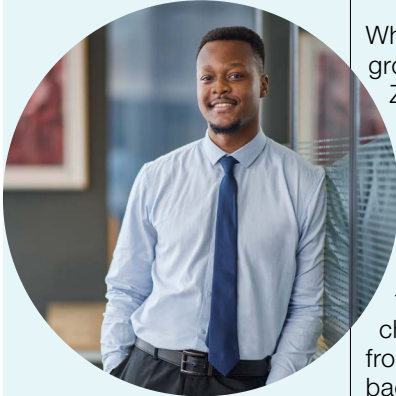
One of the most important of these universal skills is data literacy. Rather than remaining the domain of specialists, the ability to interrogate, analyse and present data will need to be a proficiency common to every employee. *“These skills are only going to be more and more important as time passes. That’s why we’ve*





## Early careers in action: the graduate experience

**Michael Moyo**  
Underwriting Graduate



When Michael Moyo was growing up in Harare, Zimbabwe, the idea of forging a career in insurance never crossed his mind. But that all changed while at university in Bristol, when Michael was introduced to SEO London – a charity that helps students from under-represented backgrounds achieve career success. Through the charity, he helped organise an event at which representatives from Hiscox introduced students to the insurance sector. *“It was brilliant and eye-opening,”* he says. *“Afterwards, a colleague sent me a message saying that my eyes had been glued to the screen the entire time. One thing that stood out was that a CEO joined the session – that was my first experience of speaking to someone at that level.”*

In the summer of 2022, after navigating a highly competitive application process, Michael spent two months on the Hiscox internship programme. *“They give you a lot of responsibility, which I thought was both very surprising and very rewarding!”* he recalls. *“You really get to forge your own way and meet a plethora of people within the organisation.”*

The obvious next step then was the Company’s graduate scheme. *“Because I’d had such a wonderful time during my internship with Hiscox, it was a no-brainer to apply. And because of the network I’d built within the Company, I was able to speak to people and get their input in terms of what to expect and how to prep for an interview.”*

Securing a place on the graduate programme involves an extensive interview process, and competition is typically fierce. When Michael applied, he was one of over 1,200 applicants globally for just 20 roles; and having been successful he is now partway through a 27-month programme which will see

him rotate through three placements. His rotation started in the cyber team, and he is now in business change, before commencing his final rotation in the terrorism team during 2025. *“It’s a great opportunity to experience different aspects of the business, meet different people, learn new skills and get the relevant qualifications. Honestly I haven’t stood still – the learning curve is steep but I’ve been able to get stuck in at the same time as feeling really supported.”*

Michael has also joined the Hiscox Pan-African employee network, which was shortlisted for the Outstanding Ethnicity Network of the Year award at the British Diversity Awards 2024. Through the network, Michael’s journey has come full circle as he’s now offering the kind of support to young people that he received on his way into the business. *“There’s no reason why anyone can’t excel within this world,”* he concludes. *“But having people who can help you get your foot through the door can make all the difference.”*

*developed a Data Academy where everybody has an opportunity to learn more about data,”* says Nicola. Launched in 2023, the Data Academy is run in partnership with leading data education providers. Participants have access to robust training programmes lasting as long as 18 months. Work is now underway to expand the offering to a wider cohort by including more specific, bite-sized modules.

An appetite for this kind of learning is one of the main traits demanded of participants in the Hiscox early careers programmes – the summer internships and graduate recruitment

schemes used to draw bright junior talent into the business. Hiscox has an early careers team which is focused on this, led by Kema Davies. She explains the importance of personal attributes over degree discipline, work experience or professional qualifications. *“To thrive in this environment, people need the ability to learn quickly,”* she explains. *“We’re looking for lots of drive and ambition, people who are going to be making things happen, who are solutions focused. We’re looking for curiosity, the ability to question, the ability to join the dots.”*

### **Grit in the system**

One of the benefits of seeking

out aptitudes rather than fully developed skills is that it deepens the well of potential hires beyond the social milieu from which the financial sector has historically drawn. *“Insurance, generally, has been relatively insular as an industry, so when you’re looking for experienced senior hires, they often have quite similar backgrounds,”* explains Nicola. *“You get the best outcomes when there’s a bit of grit in the system, when you’re challenged on a regular basis, so bringing in new thinking, innovative thinking, is essential. That allows us to represent the diversity of our customers. Our early careers programmes are a*



*To thrive in this environment, people need the ability to learn quickly. We’re looking for lots of drive and ambition, people who are going to be making things happen, who are solutions focused. We’re looking for curiosity, the ability to question, the ability to join the dots.”*

**Kema Davies**  
Early Careers Lead



## Career development in action: the career builder

**James Brady**  
Divisional Director – Property  
Hiscox London Market

When James Brady joined Hiscox as a 22-year-old Trainee Underwriter, he had no idea of the opportunities that lay ahead. *“What I’ve found is that there are many ways you can build a career here, especially as an underwriter,”* he says. *“If you want, you can stay in one product line and become an expert in that particular thing, and we have people like that who are market leaders. I’ve moved around a lot, which has given me a breadth of experience, so there’s room to do that too.”*

Having started out in the retail side of the Group, James spent almost 12 years within Hiscox UK. He took both upwards and lateral moves during this time, working

*fantastic pipeline for bringing in different capabilities, different demographics, different perspectives.”*

Hiscox is supported in this work by some highly effective partnerships. In the UK, one of these is with SEO London, an organisation that helps students from underrepresented backgrounds gain access to job opportunities. For the past three years, Hiscox has been working with the charity to promote the idea of careers in insurance – and at Hiscox in particular – to young people who might otherwise never be exposed to the possibility. *“Our partnership with SEO London enables us to engage*

in Glasgow and London, leading the Manchester and later the Maidenhead office. Initially underwriting high-value homes, he moved on to professions and specialty commercial before specialising in media and finally cyber when the risk was still in its infancy. He took on ever-greater underwriting and management responsibility, and his willingness to embrace change was, he explains, aided by the remarkable consistency of the company’s culture: *“If you’re moving to a different product line, a different office, even a different business unit, you’re never having to adjust to a completely new environment. Every step I’ve taken here, I’ve felt supported.”*

His decision six years ago to swap the retail unit for a role within Hiscox London Market was James’s boldest move yet. It was, he says, *“an itch I wanted to scratch”*. In terms of seniority, it was initially one step back, but as James recalls, *“I was told: ‘Come and do a good job here and you will not be held back,’”* and so it came to pass. After working hard to gain technical

*with students in a meaningful way,”* explains Kema. *“There are lots of in-person events, virtual events, opportunities to network. We’re able to have people from Hiscox deliver panel discussions, skills sessions, mentoring programmes.”* Of the ten places on the UK internship programme each year, around half are filled by candidates who have come through the SEO London route, and those who don’t secure a place still benefit from exposure to coaching and interviews.

There are internal partnerships too, including with the Hiscox Pan-African network, an

knowledge, negotiation skills and new broker relationships, he is now a Divisional Director overseeing product lines including commercial and residential property, major property, and London Market’s innovative US flood proposition.

James’s appreciation for how his own mentors encouraged his growth now informs his own leadership approach. *“The easy thing to do, when someone’s doing a great job, is to keep them in that role, but I’ve experienced firsthand the long-term view we take to talent so I would never stand in anyone’s way, as painful as that might be,”* he says. *“I have lost genuine superstar talent to other teams within Hiscox, but that person’s retained and they’re motivated to grow and develop. That’s a good thing for that individual and ultimately that’s a good day for the business.”*



employee-led network that supports and represents employees of African descent. *“There is a general acknowledgement that there’s an under-representation of minority groups in our sector – either they’re not attracted to insurance, or they can’t get in, or they don’t stay,”* says Dominica George-Oppong, a Hiscox Re Risk and Controls Manager and Pan-African network lead. *“Our objective is to support*

*representation at all levels of the organisation.”* As well as participating in careers fairs, members of the network act as mentors to new employees, offering the kind of personal advice and social networking opportunities that can’t be gained through a LinkedIn Learning module.

### Continuous development

That culture of professional development is crucial to employee retention too. *“Helping our colleagues learn and grow and develop their careers within Hiscox is something we pay a lot of attention to,”* says Nicola. It’s important the business fosters a culture in which, however disruptive it might be to a team in the short term, change within the workforce is seen as a positive, with people actively encouraged to seek new challenges and experiences within the Group. *“More than 10% of our colleagues have taken new jobs within Hiscox over this last year, and in the ten months since January 2024, we had 122 secondments – an enormous number for an organisation of our size.”*

According to Nicola, the scale of Hiscox means it is large and diverse enough for its people to be exposed to a wide array of specialisms and environments. *“We’re a global specialty insurer, and we’ve got such a diversity of businesses – London Market, reinsurance, ILS, and three retail businesses. The fact that we’re based in multiple geographies as well means we can offer a global career to those who want it. No two days, and certainly no two careers, at Hiscox look the same.”* ■

# Climate change and decarbonisation



**Task Force on Climate-related Financial Disclosures (TCFD)** Reporting against the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) is a requirement of the FCA for all premium-listed firms on a 'comply or explain' basis, and represents the mandatory climate-related financial disclosures by publicly listed companies, large private companies and LLPs.

We have been reporting against the TCFD-aligned ClimateWise Principles since 2019 and are public supporters of TCFD. Our annual climate report sets out our approach to climate-related matters in every part of our business, including from governance, risk management, operations, underwriting, investment, and marketing perspectives. It is our richest source of climate-related information and expands on the information set out in the pages that follow, so for more information go to: [hiscoxgroup.com/hiscox-climate-report-2024](https://hiscoxgroup.com/hiscox-climate-report-2024).

Disclosures have been made against the TCFD recommendations, taking into account the TCFD supporting guidance, and in consideration of the FCA listing rules and compliant with CFD requirements. Where additional information outside of this report aids our TCFD disclosure, links have been provided, and where we have not yet disclosed fully against the recommended TCFD disclosure, we have flagged this and where possible outlined current and planned actions being taken towards full disclosure.

TCFD offers a comply or explain basis for reporting metrics, and Hiscox is currently compliant in all but two areas of TCFD: 2°C or lower scenario analysis, and financial planning. Both of these reporting recommendations remain under development, with the aim of reaching full compliance during 2025.

## **Governance** Board oversight

We have an established and embedded governance structure for climate-related matters, with robust and rigorous processes for identifying, measuring, monitoring, managing

and reporting climate-related matters (including climate-related risks and opportunities) across the Group. This spans from an operational level up to the Sustainability Steering Committee, the Risk Committee of the Board, and the Board itself – see page 75 for an overview of structure, membership, roles and responsibilities and frequency of meetings, including Management's role in assessing and managing climate-related risks and opportunities. Climate-related responsibilities are embedded across Board and Management committees, and where appropriate within job roles. The Board has oversight, with the Group Chief Executive Officer holding ultimate accountability. This ensures that climate action and ambition are driven by the Group's senior leaders, as well as by individuals with day-to-day management responsibilities. The Board and each entity board adheres to its own terms of reference which have been updated and approved to include climate and wider sustainability considerations.

## **Management responsibilities**

The Group sustainability strategy, outlined on page 57, ensures a focus on the areas that matter most to our business – our people, our customers, governance, risk adaptation and impact – and a member of the Group Executive Committee leads each pillar. Our Group Chief Executive Officer is Chair of the Sustainability Steering Committee and his regulatory responsibilities for managing the climate risks to the business are set out in the Senior Managers Certificate Regime (SMCR).

**Sustainability governance discussions**  
While this structure also covers broader sustainability matters, both climate and



## Environmentally focused commitments

### ClimateWise



### Paris Agreement 2015



### Principles for Responsible Investment (PRI)



### Principles for Sustainable Insurance (PSI)



### Sustainable Markets Initiative



### Task Force on Climate-related Financial Disclosures (TCFD)



## Sustainability governance structure

This is how we manage and monitor sustainability matters, including climate and nature, to ensure appropriate accountability and oversight. This structure is supported by other established roles and teams, including our employee-led networks and our green teams, our governance committees, and Management forums, such as those outlined on pages 82 to 83. While not explicitly shown here, these also feed into elements of this structure.

### Board

- Oversight of long-term sustainability vision, strategy, priorities and performance against agreed metrics and targets.
- Ensures governance and accountability in place with sufficient support.
- Meets quarterly and discusses sustainability strategy, trends, opportunities, vulnerabilities, and emerging issues including climate issues at least annually.

### Risk Committee

- Advises Board on sustainability strategy, key priorities, risk profile, risk exposures and opportunities.
- Meets quarterly and recommends proposals for consideration by the Board as required.
- Provides oversight to identifying and managing climate risks and opportunities.

### Group Risk and Capital Committee (GRCC)

- Quarterly reporting on sustainability and climate matters from the SSC.
- Sets high-level Group strategy, priorities and ensures delivery across the Group.

### Group Executive Committee (GEC)

- Periodic sustainability sessions.
- Sets business unit or function sustainability-related strategy, priorities and drives delivery through business units and functions.

### Sustainability Steering Committee (SSC)

- Sub-committee of the GRCC, responsible for execution of the agreed sustainability strategy, driving actions and delivery at a Group level.
- Typically meets quarterly and oversees the embedding of sustainability risks and opportunities.
- Oversees effective use of resources and tracks Group and entity-level sustainability performance.
- Ensures Senior Management-level involvement and accountability for sustainability issues, with senior representation from areas including underwriting, investments and operations.

### Sustainability working group

- Operational body, providing a central point of coordination and expertise for sustainability and climate-related activity across the Group.
- Manages sustainability-related Group reporting, disclosures and communications.
- Meets monthly and provides input and recommendations to Management on sustainability matters.
- Focuses on sustainability-related research, including external monitoring and expectations.



More information on our policies and disclosures can be found at [hiscoxgroup.com/about-hiscox/group-policies-and-disclosures](https://hiscoxgroup.com/about-hiscox/group-policies-and-disclosures).

nature-related matters are important components of this and as such are regularly debated and discussed.

Examples of climate-related discussions during 2024 include:

- discussion and approval at the SSC of the underlying sustainability plans to achieve our strategic ambition;
- annual review of the ESG exclusions policy and the responsible investment policy, coordinated by the sustainability working group (and, in the case of the responsible investment policy, the Group Investment team) and approved by the SSC;
- review of our overarching new Group climate action plan, ensuring a Group view improved from the individual business entity views which will form addendums to the Group plan;
- approval of a new Group code of conduct designed to ensure clarity around the expectations of policies, practices and behaviours that matter to us as a business as we grow, including health and safety, data privacy and security, responsible environmental practices and avoiding financial crime such as bribery and corruption;
- approval of our human rights policy and modern slavery statement;
- review of our impact assessment regarding nature and biodiversity and approval of actions;
- approval of our first Group climate transition plan, ahead of Board approval;
- review and approval of our environmental policy;
- review and approval of our annual climate report for publication.

### Training and building expertise

We also consider the training and development requirements of those with oversight responsibilities and accountability for climate-related matters to ensure we have appropriate awareness and expertise to drive progress. In 2024, this included a Board session focused on ESG risks within underwriting. The session was delivered by our Sustainability Manager with support from a specialist risk and sustainability third party. The aim of the session was to further inform the Board on the intricacies of E, S and G factors that may occur in the risks we write. The topic was well received and achieved its main aim. Board sessions on sustainability and related issues have also taken place in our subsidiary boards.

Other opportunities to further build in-house expertise are also considered on a team-by-team, function-by-function basis. For example, our new sustainability manager has previously completed the Cambridge Institute for Sustainability Leadership's (CISL) Sustainable Business Management course, senior members of our in-house Group Investment team have gained accreditation through the CFA Certificate in ESG Investing, and one member of the investment team has completed a Themis course, developed with the UK Independent Anti-Slavery Commissioner and accredited by the London Institute of Banking and Finance, on modern slavery and human trafficking within financial services. Meanwhile, members of our central strategy and investor relations teams have also upskilled through the Sustainability in Insurance course for senior leaders, run by the LMA through the ESG Academy. The remainder of the business receives

annual sustainability mandatory training which has been updated for 2024 to ensure individuals have the basic knowledge of our impact on climate and nature, our sustainability strategy and the associated policies. In addition, we carried out numerous lunch and learns for our employees to brush up their knowledge and understanding of how to reduce their individual impact.

We will consider further ESG or climate-specific training in 2025 as appropriate.

### Policies and processes

The governance structure we have embedded for climate-related issues is also supported by a range of relevant policies and processes that we expect both our staff and our third-party providers to adhere to. These policies are all published on [hiscoxgroup.com](https://hiscoxgroup.com) and the table on page 77 shows the updates to enhance the policies during 2024.

These governance policies and processes are complemented by our long-standing active risk management practices, which include climate-related stress testing and scenario analysis, such as those outlined on page 46, both through our own established internal programme of stress testing and scenario analysis and also as participants in market-wide activities when they occur, such as the Bank of England's Climate Biennial Exploratory Scenario (CBES) in 2021 and the PRA's General Insurance Stress test (GIST) in 2022. Examples of the outputs of our internal work include the property extreme loss scenarios detailed on page 46, which show the potential financial impact to the Group of events including



## Policies and processes

Policy	Overview	2024 updates
<b>The Hiscox Group ESG exclusions policy</b>	This policy outlines our ambition to reduce steadily and eliminate by 2030 our (re)insurance and investment exposure to thermal coal, oil sands, Arctic exploration (beginning in the ANWR region) and controversial weapons. Oversight of this policy occurs at the SSC, as well as through the relevant underwriting and investment committees, with implementation of it driven at a business unit and function level across both underwriting and investments. The policy is reviewed annually.	During 2024, the SSC decided to lower the threshold for exclusion from direct investment, from 30% to 10% of revenue. This applies to each excluded activity: thermal coal, oil sands, Arctic exploration and controversial weapons. This will further reduce the Group's exposure to areas of high-transition risk and aligns with our wider ESG activity and emissions reduction initiatives.
<b>The Hiscox Group responsible investment policy</b>	This policy outlines our expectations of both our in-house investment team and our external asset managers. This includes: our investment processes and stewardship activities as we look to invest in companies that have sound ESG practices; how we evaluate our managers' ESG integration; and our approach to impact investing. This policy is owned by the Group investment team with oversight from both the SSC and the Group Investment Committee. The policy is reviewed annually.	The 2024 policy review resulted in more precise guidelines on the human rights-related filters that we expect our external investment managers to apply to investments. In addition, we now monitor an increasing array of nature-related metrics across our portfolios, such as commodity production that contributes to deforestation.
<b>The Hiscox Group environmental policy</b>	This policy outlines our approach to managing the environmental impact of our business activities and those that arise from our ownership and occupation of office premises. We actively manage and aim to minimise our environmental impacts, due to the resources we consume and the amount of waste our activities produce, as well as complying with relevant environmental legislation and other external requirements. While the policy is owned by our Chief Operations and Technology Officer and reviewed periodically, its effective implementation relies on Group-wide adherence to the environmental principles we wish to live by. During 2024, it was reviewed and further enhanced in line with our evolving environmental practices.	The policy has been updated to ensure alignment with regulatory expectations and to ensure it captures our targets and progress to net zero as part of our transition planning developments.
<b>Human rights policy</b>	This policy outlines our approach to managing any risks associated with human rights. Human rights are based on the principles of dignity, equality, and respect, and they are enshrined in the Universal Declaration of Human Rights and other international treaties and laws, which have guided our approach.	Policy developed in 2024, ongoing development of associated risk review processes.
<b>Modern slavery statement</b>	This statement outlines our approach to managing any risks associated with modern slavery.	The statement has been enhanced to provide more transparency around our business structure, risk management and KPIs. The developments have been well received by external ratings agencies.



Japanese earthquake, Japanese windstorm, European windstorm, US earthquake and US windstorm. Our risk management practices also include the work of our exposure management groups, which is outlined on pages 42 to 45.

Our governance work culminates in regular, repeatable climate-related public reporting and disclosures. This includes reports we produce such as our annual climate report, as well as global standards that provide a means of independent peer comparison such as CDP, ClimateWise, MSCI and Sustainalytics. An overview of our 2024 performance resulting from these disclosures can be found on page 88. These scores are used to inform areas of improvement for the year ahead, alongside our own sustainability plans, with the resulting action plans driven by the sustainability working group and overseen by the SSC in line with our established governance structure (see page 75).

**Strategy**

**Climate-related strategic objectives**  
Strategic climate-related objectives are considered in the Board-approved Group business plan as each business area or function considers the climate-related elements that affect them – for example, from an underwriting, investment or operational perspective. The Group business plan outlines the strategic priorities for the business and is used by Senior Management to guide the Group’s annual business strategy and financial planning.

Specific climate-related strategic objectives for the Group in 2024 included further thinking on strategic view of climate-related emerging risks and opportunities, the embedding of our sustainability strategy, and the understanding of nature and biodiversity risks and opportunities.

**Process for identifying climate risks and opportunities**

Climate-related risks and opportunities are identified and either progressed or managed and mitigated in much the same way as any other risks and opportunities facing the Group.

Risks can be initially identified in a number of ways, for example via emerging risk groups, exposure management, or via bottom-up risk register refreshes. Once identified, they are assessed by impact materiality and probability and an appropriate treatment strategy is put in place to ensure the risk level is acceptable; in certain cases the risk may be formally accepted for a defined time period. The relevant structures involved in identifying climate-related risks and opportunities in particular are outlined here.

**Opportunities**

In the short, medium and long term we expect to adjust our current product offering and develop new products that support the changing needs of our customers. The products below will support our sustainable operating model plans.

**Climate-related product development**

We are continuously developing products that are necessary for our customers in the short, medium and long term and that consider changing needs including in relation to a changing

**Identified climate-related risks**

Risk type	Time horizon	Risk
Physical	Short, medium and long term	Increased frequency and severity of natural catastrophes including floods and storms.
Physical	Medium to long term	Business disruption to us, our suppliers or investment assets from climate events.
Physical	Medium to long term	Lack of availability and increased price of reinsurance.
Transition	Short, medium and long term	Slump in the price of carbon-intensive financial assets.
Transition	Short, medium	Reputational damage from insuring risks that have a negative E, S, or G impact.
Litigation	Medium and long term	Increased cases of legal action against those that are seen as being responsible for climate damage.

Short term: 0-2 years, medium term: 2-5 years, long term: 5+ years.



climate. What that looks like varies by business area; for example, through our participation in Flood Re in the UK, we are better positioned to provide flood insurance to some clients that are in high-risk flood areas, and in the USA our FloodPlus products similarly improve market access to affordable flood cover. ESG, including climate, is a key consideration in our product frameworks.

*Hiscox UK flood insurance*

In UK retail, where our climate-related exposures are relatively low, we have been supporting homeowners and

small businesses with effective flood insurance for a number of years. As such, we are a longstanding participant in Flood Re, the government-backed scheme designed to improve both the access and affordability of flood insurance for high-risk properties. Through our participation in Flood Re, we also support the 'build back better' provision introduced to Flood Re in 2022. This provision enables customers to access further funds, above reinstatement costs, after a flood to install flood resilience measures that are designed to reduce the cost and impact

of future flooding. However, for our high-value home insurance product this is an approach we have taken for some time because we have always believed that prevention is better than cure.

*Hiscox UK sustainability and environmental professional indemnity*

In UK retail, we offer a suite of tailored professional indemnity (PI) products for specific emerging professions and sectors. Given the continued growth in environmental and ESG-related professions, in recent years our PI product suite has included a bespoke

**Risk to Hiscox**

Increased claims from customers and changes to current claims patterns. These claims will not only come from damage to property but also from other knock-on effects, such as global supply chain disruption or scarce resources.

Our employees, suppliers and assets including sovereign bonds may be impacted by physical climate impacts. This may mean business disruption.

As climate change increases it may become harder and/or more expensive to buy reinsurance for the most impacted regions/perils.

Financial market dislocation could have a negative impact on our investment portfolios if we do not actively reduce our exposure to carbon-intensive financial assets.

Increased risk of reputational impact including customers, suppliers and other partners no longer wanting to work with us.

Where such claims are successful, those parties against whom the claims are made may seek to pass on some, or all, of the cost to insurance firms through policies such as professional indemnity or directors and officers' insurance.

**Mitigation**

Given the majority of the policies we write are annual (re)insurance policies, we regularly consider our exposures to physical climate change risks, which gives us the opportunity to adjust pricing and appetite accordingly.

We have plans in place to deal with disruption from natural disasters and extreme weather events, supported by our business continuity processes.

We continue to maintain strong relationships with a broad panel of reinsurers. This enables us to understand how reinsurers' risk appetites are evolving over time and to optimise pricing and cover.

Our ESG exclusions policy, which will see us reduce steadily and eliminate by 2030 our exposure to the worst carbon emitters in both underwriting and investments, prepares us for this, as do our GHG emission reduction targets.

Continue to improve our sustainability progress and continue to reduce our exposure to the high-emitting sectors.

Given the majority of the policies we write are annual (re)insurance policies, we regularly consider our exposures to climate litigation risks, which gives us the opportunity to adjust pricing and appetite accordingly. We could also consider specific policy exclusions over time.

**Associated metrics and targets**

We monitor any relevant claim notifications.

Not applicable.

ESG exclusions policy to 2030.

ESG exclusions policy to 2030.

GHG targets to 2050.

ESG scores.

ESG exclusions policy to 2030.

We monitor any relevant claim notifications.



product for 'green' consultants – designed specifically for businesses, consultants or freelancers who are providing professional advice and consultancy on environmental goals and practices to protect them against claims arising from any poor or negligent advice given. During 2023, we reviewed our green consultants product offering and have evolved the product in line with the changing risk landscape, consumer expectations and feedback, and our own claims insights. The result of this work is our sustainability and environmental PI product, which better reflects the current landscape of climate-related, environmental and broader sustainability professions which are emerging. As such, it is designed specifically for those professionals providing advice and services in the ESG sector, and who use their professional expertise to help clients reach their sustainability goals. In addition to the standard elements of PI cover, the policy provides more tailored elements of cover for risks associated with sustainability or climate-related incentives and tariffs, or environmental certificate providers – whether these risks relate to our customer's own practice, or those of their client.

### *Hiscox London Market FloodPlus*

We also support clients with effective flood cover in our big-ticket London Market business, where our award-winning FloodPlus product offers higher limits and wider coverage than those provided by the National Flood Insurance Program (NFIP), the US government-backed scheme. Through FloodPlus, we also offer premium discounts for those who take steps to minimise the risk to their property from flood. Our pricing capabilities for FloodPlus are significant, as we use a combination of in-house modelling and additional model sources to identify location-level pricing, and we work with data providers to augment the information we receive from vendor flood hazard maps which enhance our ability to view first-floor elevation data.

### *Hiscox London Market ESG 3033*

During 2023, we launched ESG 3033 – a sub-syndicate of our Lloyd's Syndicate 33 – to recognise those businesses we provide insurance for who can show they have a positive ESG record. It is industry agnostic and brings additional insurance capacity to those clients to

help them cover ESG-positive risks, such as wind and solar farms. In time, this should lead to premium savings for those businesses who show how their ESG performance makes them a more attractive risk. In 2024, we have written a range of risks into the sub-syndicate, delivering a more diverse and robust portfolio. We aim to continue the growth trajectory to enable support for more businesses who align with our own sustainability commitments.

### *Climate risk exposure management*

Our natural catastrophe team uses catastrophe models, to produce a quarterly risk review of Hiscox's exposure to peril impacts. The team's work also results in a one-year forward-looking model of relevant natural catastrophe risks, which reflects the fact that the majority of the policies we write are annual in nature, and supports our ability to rapidly respond to emerging trends as required. The team includes historical claims data in the model to produce a realistic likelihood of risk exposure to Hiscox, and alongside other functions this work contributes to the development of UK entity-level climate action plans which are reviewed and approved at both entity-level and through the SSC. One example of how an identified risk has been managed with the help of the natural catastrophe team relates to Japanese typhoon risks, where through modelling we identified changing typhoon patterns in terms of both size and intensity, which we were then able to reflect in how we price this particular business.

### *Climate and disaster recovery*

As part of the climate risk mitigation focus of our risk adaptation pillar within our sustainability strategy, Hiscox has been helping to plug the insurance protection gap for countries and communities around the world by founding and chairing the Lloyd's Disaster Risk Facility. Alongside five other Lloyd's syndicates who work together as part of the facility, we aim to design and support initiatives in areas of the world where insurance is unaffordable, or simply does not exist at all. The facility focuses on providing crisis and climate-related disaster risk financing solutions to reduce vulnerability and support the risk transfer mechanisms across all stages of the disaster cycle, from emergency response through to reconstruction.

Following a disaster caused by natural or anthropogenic hazards, pre-arranged finance (such as insurance) can significantly reduce the cost, impact and recovery time, by ensuring financial support reaches those who need it most. The Lloyd's Disaster Risk Facility operates globally with streams of distribution including the Lloyd's chaired Sustainable Markets Initiative, and the Insurance Development Forum (IDF), which is a public-private partnership, and led by the insurance industry.

Examples of support include:

- participation on the IDF's Sovereign and Humanitarian Solutions working group, which together with the United Nations Development Programme (UNDP) and InsuResilience Solutions Fund (ISF), aims to address the insurance needs of the most climate-vulnerable sovereigns, and humanitarian organisations operating in these nations;
- provision of reinsurance for the major risk pools across the globe, providing capacity to: the Southeast Asia Disaster Risk Insurance Facility (SEADRIF) for flood risk in Laos; the African Risk Capacity (ARC) for drought, flood and cyclone risks across more than 20 nations in Africa; the Caribbean Catastrophe Risk Facility (CCRIF SPC) for excess rainfall, hurricane and earthquake risk in the Caribbean and Latin America; and the Pacific Catastrophe Risk Insurance Company (PCRIC), which supports small island nations, and responds to the risk of earthquake, tsunami and cyclone in the south Pacific region. The Lloyd's Disaster Risk Facility has a global scope and is peril agnostic, engaging with clients located all over the world;
- providing support to the United Nations Children's Fund (UNICEF) Today and Tomorrow initiative, which focuses on providing rapid pay-outs following cyclone events in eight countries across four global cyclone basins – Bangladesh, Comoros, Haiti, Fiji, Madagascar, Mozambique, Solomon Islands, and Vanuatu. These insurance pay-outs are then used in the immediate aftermath of such an event, responding to the needs of vulnerable children and helping to mitigate the impacts;



partnered with Aon and the International Federation of Red Cross and Red Crescent Societies (IFRC), to implement a reinsurance solution which protects IFRC's Disaster Response Emergency Fund (DREF), allowing the local societies of the Red Cross and Red Crescent to respond to more natural hazard-related disasters in a timely manner.

## Risk management

### Approach to climate risk management

While there are certain nuances to climate risk, we consider it to be a cross-cutting risk with the potential to impact each existing risk type rather than a stand-alone risk. We look at how climate interacts with different risks and whether this may result in correlations or concentrations of exposure that we need to know about, monitor and manage.

Climate-related risks, among other major exposures, are monitored and measured both within our business units and at Group level. By design, our Group risk management framework provides a controlled and consistent system for the identification, measurement, mitigation, monitoring and reporting of risks (both current and emerging) and is structured in a way that allows us to continually and consistently manage the various impacts of climate risk on the risk profile. Examples of the climate-related risks identified can be found on pages 78 to 79, and for more information on the risk management framework, see pages 42 to 43.

Our risk and control register, risk and control self-assessment process, and risk policies include relevant climate considerations against each of our existing risk types, including our emerging and principal risks, which can be found on pages 22 to 25. Therefore, climate-related risk drivers are not considered a single risk factor but are assessed and recorded against the risks on our risk and control register.

### Climate risk appetite

In line with regulatory requirements, we have developed a climate risk appetite statement for the Group, which articulates our risk appetite when it comes to climate and guides our approach to climate risk. The climate risk appetite statement was

formally approved by the SSC and we subsequently developed a climate dashboard to monitor a set of metrics which can assess our position relative to our climate risk appetite.

### Climate risk management and oversight

Our Risk Committee is responsible for assessing the climate-related risks and opportunities we face. It advises the Board on how best to manage the Group's risks, by reviewing the effectiveness of risk management activities and monitoring the Group's actual risk exposure. The Risk Committee relies on frequent updates from within the business, including those arising from the management committees and working groups that report up through the Risk Committee, and from independent risk experts, for its understanding of the risks facing both our business and wider industry.

### Group Underwriting Review (GUR)

The GUR is a Group management committee focused on assessing progress against the Group's strategic underwriting priorities, reviewing and challenging the Group's underwriting portfolio and loss ratio performance, and approving key underwriting risks. It also serves as an escalation point for underwriting governance and control issues. The committee meets at least five times a year, is chaired by the Group Chief Executive Officer, and attended by other senior leaders including the Group Chief Financial Officer, Group Chief Underwriting Officer and the Group Chief Risk Officer – with experts invited from actuarial, claims, underwriting risk and reinsurance.

A number of working groups feed into the GUR, including some with particular climate relevance such as the Natural Catastrophe Exposure Management Group (see below) and the Casualty Exposure Management Group, which considers among other things risks associated with climate litigation.

### Deep dive – the Natural Catastrophe Exposure Management Group

The Natural Catastrophe Exposure Management Group reviews natural catastrophe risk at least quarterly. This group is chaired by the Group Chief Underwriting Officer and attended by other Hiscox senior managers responsible for catastrophe-exposed

business. This group looks at the risk landscape, exposure monitoring and capital modelling for climate-related perils, and recommends, based on the latest observations and scientific knowledge, which models should be used for each peril, and, if necessary, how they should be adapted to reflect our best view of the risk. They also identify new areas of risk research. The models are reflected with changes to Hiscox's modelling policy, historical claim data and all of our research prioritisations. The results from the updates are signed off and authorised by this group, resulting in recommendations of changes to Hiscox's policies to mitigate the potential impact of climate-related losses to the Group.

### Deep dive – the Casualty Exposure Management Group

This group develops and manages the systemic risk that may arise in our casualty portfolio. Extreme loss scenarios are run to better understand and manage the associated risks throughout Hiscox. The risks that the team review include possible climate litigation covering topics such as greenwashing, energy litigation and mis-statement of disclosures. There is potential exposure in all business units, particularly in our London Market business in areas such as general liability, marine and energy liability and D&O. The team continues to track developments in climate cases, new legislation and corporate reporting requirements to understand potential risks, and these are taken into account when setting business plans across the Group.

### Group Risk and Capital Committee (GRCC)

The GRCC is a Group Management committee focused on risk and capital management. It covers all types and categories of risk, including but not limited to underwriting, reserving, market, credit, operational and strategic risk (see pages 22 to 25 for a summary of our emerging and principal risks), as well as risk aggregation, concentration and dependencies. The committee meets four times a year, is chaired by the Group Chief Executive Officer, and attended by other senior leaders including the Group Chief Financial Officer, Group Chief Underwriting Officer, Group Chief Risk Officer, and the Group Head of Capital



## Climate Value-at-Risk (CVaR)

Warming scenario	1.5°C net zero 2050	2.0°C delayed transition	3.0°C fragmented world
CVaR (%)	(3.4)	(2.0)	(1.6)
CVaR (\$m)	(283)	(162)	(135)

Data as at year-end 2024.

Percentages above are calculated as a proportion of total investable assets.

This analysis aggregates the bottom-up exposure of our investee companies to transition and physical risks to produce a holistic view of the Group's risk exposure in different plausible scenarios. The modelling uses the REMIND model with scenarios from the NGFS (Network for Greening the Financial System) and assumes aggressive physical risk outcomes.

These stress tests are updated quarterly and are run for each entity, portfolio and at Group level. The calculated values are also compared to the outcomes for a globally diversified equity index and are included within our internal ESG investment dashboard in order to highlight any Management actions required. The CVaR results show the most dramatic impact at 1.5°C in part due to the make up of our investment portfolio and the limitations of current modelling.

Management – with other experts invited from across the business as required.

A number of committees feed into the GRCC, including some with particular climate relevance such as the SSC and the Grey Swan Group (see below).

### Deep dive – the Grey Swan Group

Grey swan risks are defined as being those risks with a potentially large impact, but a low perceived likelihood of happening. Therefore, the focus of the Grey Swan Group is to consider various enterprise emerging risks identified from across the business and to provide a forum for discussion to ensure Hiscox has the relevant 'grey swans' identified and the right actions in place to address them. Several elements feed into this process, including enterprise emerging risk scanning; regulatory horizon scanning; casualty exposure management; strategic and business planning; claims and actuarial reserving; and any other relevant business unit or function inputs. Rapidly evolving expectations on companies' responses to sustainability and climate change are considered as part of this group, in addition to other matters unrelated to sustainability or climate change. The risk management processes we have established and embedded for climate-related matters feed into the annual review of the operating plan, the long-term strategy planning process, forward-looking assessment scenarios, stress tests, and reverse stress test scenarios.

### Climate scenario analysis

The governance and risk management structures we have in place are critical to the delivery of the annual Group operating plan and ensure a coordinated approach to climate and other issues

across the Group. These structures are supported by investments in technology – to ensure the right modelling and data are available to support our pricing and exposure – and by in-house expertise – where we combine off-the-shelf climate views with our own claims expertise and insight to form a unique view (what we call the 'Hiscox view of risk'). Therefore, we consider the potential impact from climate-related issues over a range of short-, medium- and long-term time horizons. We consider short term to be 0-2 years, medium term to be 2-5 years, and long term to be five years and over, which aligns with some of our business planning timeframes.

While in the long term as a property casualty insurer, Hiscox is certainly exposed to climate-related risks, we believe our exposures can be managed through time as a result of how we conduct our business. For example, through the flexibility we have in our predominantly annual underwriting contracts, and through the liquidity of our investment portfolio which lends itself to constant adjustment. This flexibility is our key tool for managing the multi-decade challenge of climate risks holistically. We have previously conducted our own in-house stress testing and scenario analysis and contribute to industry events which can help us manage the risks related to climate impact. In 2022, Hiscox Syndicate 33, Syndicate 3624 and Hiscox Insurance Company (HIC) participated in the PRA General Insurance Stress Test (GIST). The objectives of the GIST 2022 exercise were to assess resilience to severe but plausible natural catastrophe, as well as cyber scenarios, to gather information about firms' modelling and risk management

capabilities and to enhance the PRA's and firms' abilities to respond to future shocks.

While the exercise did not aim to assess the financial impact specifically from climate change, the climate-related (atmospheric) scenarios it explored – US hurricanes, European/UK windstorms and UK flood – represented severe but plausible realisations of current climate conditions chosen to reflect firms' exposures and business models. Industry-wide stress tests such as the GIST support our established and embedded programme of internal stress testing and scenario analysis and contribute to their continued evolution, with the risks identified contributing to the table on pages 78 to 79.

### Metrics and targets

#### Metrics

We recognise the need to establish climate-related metrics that can inform and incentivise the management of our identified climate risks and opportunities. While we have established metrics in areas such as GHG emissions, investments, and underwriting exposure, we have more work to do in other areas and as such we are committed to expanding our disclosures in the near future to ensure we can further quantify our progress over time.

#### Investments

##### Climate Value-at-Risk (CVaR)

Hiscox's investment exposure to climate risk in different global temperature scenarios can be analysed through the lens of CVaR. This form of stress and scenario testing is designed to aid our identification, assessment, and management of climate-related risks as they arise and complements our



## Water and waste

	Activity data (Unit)		Emissions (tCO <sub>2</sub> e)	
	2024	2023	2024	2023
Water use (m <sup>3</sup> )	23,000.3	32,288.4	3.5	5.7
Wastewater (m <sup>3</sup> )	20,746.7	29,002.1	3.9	5.8
Waste (tonnes)	123.2	84.6	57.6*	22.7*

The increase in waste is due to more actual data from sites, including some spending for waste that wasn't previously reported.

\*Includes office waste reported by material type and weight, plus spend related to waste treatment. GHG emissions for spend-related data use the US EPA EEIO emission factors.

## GHG emissions summary

Scope	2024 (tCO <sub>2</sub> e)	2023 (tCO <sub>2</sub> e)	2022 (tCO <sub>2</sub> e)	2021 (tCO <sub>2</sub> e)	2020 (tCO <sub>2</sub> e)	2024 vs. 2020 baseline
Scope 1	549.4	408.9	786.6	677.5	615.1	-10.7%
Scope 2 (market-based)	1,029.4	1,043.1	926.1	866.2	1,111.0	-7.3%
<b>Total Scope 1 and 2</b>	<b>1,578.8</b>	<b>1,452.0</b>	<b>1,712.7</b>	<b>1,543.7</b>	<b>1,726.1</b>	<b>-8.5%</b>
Scope 3 (operational)	22,612.1	24,462.0	19,298.1	17,116.2	20,347.9	11.1%
Scope 3 (operational) per FTE	6.47	6.94	5.83	5.80	6.13	5.5%
<b>Total operational footprint</b>	<b>24,190.9</b>	<b>25,914.0</b>	<b>21,010.8</b>	<b>18,659.9</b>	<b>22,047.0</b>	<b>9.6%</b>
Scope 3 (non-operational)	12,948.7	10,233.8	9,862.2	8,458.0	8,635.7	49.9%
Investments <sup>†</sup>	126,997.0	129,526.0	127,497.0	125,156.0	135,275.0	-6.1%

Our Scope 1-3 emissions (excluding investments) are independently verified to a reasonable assurance level. A limited level of assurance has been attained for Investments emissions. Emissions are calculated for the period 1 November 2023 to 31 October 2024. A copy of the verification statement can be found at [hiscoxgroup.com/responsibility/environment](https://hiscoxgroup.com/responsibility/environment).

\*GHG emissions are calculated according to the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised edition). Hiscox uses market-based Scope 2 emissions for reporting in line with its GHG reduction target. Scope 1 includes natural gas, fugitive emissions (leakage of gases from air conditioning and refrigeration systems) and company cars, while Scope 2 includes electricity and district heating. Operational Scope 3 includes operational suppliers (office and other related services), capital purchases, fuel and energy-related activities, waste generated in operations, business travel, employee commuting and remote working. Non-operational Scope 3 includes emissions that do not directly contribute to the emissions associated with daily business activity, including non-operational purchased goods and services, transportation and distribution and downstream leased assets.

An assessment across all categories of Scope 3 emissions has taken place and the relevant categories are disclosed as part of our full GHG inventory (above). Note some emissions totals may not tally due to rounding. A copy of our Streamlined Energy and Carbon Reporting (SECR) GHG emissions table can be found on page 84.

The investment emissions are calculated using the Enterprise Value Including Cash (EVIC-based) method of attributing financed emissions to investors, and calculations use Morgan Stanley Capital International's (MSCI) carbon data<sup>†</sup> as the ultimate source. Our 2020 operational emissions baseline for business travel has been restated to project pre-Covid travel patterns.

<sup>†</sup>Although Hiscox's information providers, including without limitation, MSCI ESG Research LLC and its affiliates (the 'ESG Parties'), obtain information (the 'information') from sources they consider reliable, none of the ESG Parties warrants or guarantees the originality, accuracy and/or completeness, of any data herein and expressly disclaim all express or implied warranties, including those of merchantability and fitness for a particular purpose. The information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for, or a component of, any financial instruments or products or indices. Further, none of the information can in and of itself be used to determine which securities to buy or sell or when to buy or sell them. None of the ESG Parties shall have any liability for any errors or omissions in connection with any data herein, or any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

participation in market-wide activities, such as the Bank of England's Climate Biennial Exploratory Scenario (CBES) in 2021 and the PRA General Insurance Stress Test (GIST) in 2022.

Current models do not forecast any loss in cash or government bonds, and generally do not cover asset-backed securities at present. Therefore the stress impacts mainly derive from climate risk exposure within our corporate bond portfolio, and within our equity portfolios to a smaller extent. We have chosen three warming

scenarios to assess our investment exposure to climate risk, each from the Network for Greening the Financial System (NGFS). These scenarios provide a plausible range of outcomes, are broadly conservative, and do not assume the transition will be orderly. The modelling uses the REMIND model for future macro-economic climate damage.

In each scenario we use a version that assumes an aggressive physical risk outcome, to more accurately assess worst-case portfolio

outcomes. This helps to inform our strategic decision-making and monitor the climate impacts of our investment portfolio.

For Hiscox's investments as a whole, the CVaR results for the different scenarios, as of year-end 2024, are shown in the table on page 82.



## Streamlined Energy and Carbon Reporting (SECR) GHG emissions

	Current reporting year (2024)			Previous reporting year (2023)			% Change in emissions (total year-on-year)
	UK	Global (excluding UK)	Total	UK	Global (excluding UK)	Total	
Fuel consumption – stationary (Scope 1) (tCO <sub>2</sub> e)	340.3	39.5	379.9	269.5	45.5	314.9	21%
Fuel consumption – mobile (Scope 1) (tCO <sub>2</sub> e)	–	58.7	58.7	–	44.4	44.4	32%
Fugitive emissions (Scope 1) (tCO <sub>2</sub> e)	102.2	8.7	110.9	32.3	17.3	49.6	124%
<b>Scope 1 total (tCO<sub>2</sub>e)</b>	<b>442.5</b>	<b>106.9</b>	<b>549.4</b>	<b>301.7</b>	<b>107.2</b>	<b>408.9</b>	<b>34%</b>
Electricity (Scope 2) – location-based** (tCO <sub>2</sub> e)	498.8	861.8	1,360.6	514.4	926.6	1,441.0	-6%
Electricity (Scope 2) – market-based** (tCO <sub>2</sub> e)	65.0	917.7	982.7	38.0	955.2	993.2	-1%
District heating and cooling (Scope 2) (tCO <sub>2</sub> e)	–	46.7	46.7	–	49.9	49.9	-6%
<b>Scope 2 market-based total (tCO<sub>2</sub>e)</b>	<b>65.0</b>	<b>964.4</b>	<b>1,029.4</b>	<b>38.0</b>	<b>1,005.1</b>	<b>1,043.1</b>	<b>-1%</b>
<b>Total Scope 1 and Scope 2 (location-based)</b>	<b>941.3</b>	<b>1,015.4</b>	<b>1,956.7</b>	<b>816.1</b>	<b>1,083.7</b>	<b>1,899.8</b>	<b>3%</b>
<b>Total Scope 1 and Scope 2 (market-based)</b>	<b>507.5</b>	<b>1,071.3</b>	<b>1,578.8</b>	<b>339.7</b>	<b>1,112.3</b>	<b>1,452.0</b>	<b>9%</b>
Scope 1 and 2 intensity ratio – location-based (tCO <sub>2</sub> e/headcount)	0.5	0.6	0.6	0.5	0.6	0.5	4%
Scope 1 and 2 intensity ratio – market-based (tCO <sub>2</sub> e/headcount)	0.3	0.6	0.5	0.2	0.6	0.4	10%
<b>Total energy consumption (MWh)<sup>§</sup></b>	<b>4,269.8</b>	<b>2,942.4</b>	<b>7,212.3</b>	<b>3,957.0</b>	<b>3,033.9</b>	<b>6,990.8</b>	<b>3%</b>

\*Includes electricity consumption from both stationary and mobile assets.

†A location-based method reflects the average emissions intensity of grids on which energy consumption occurs.

‡A market-based method reflects emissions from the electricity supply that the company has purchased.

§Total energy consumption refers to all energy consumption under Hiscox's operation control. This includes Scope 1 and Scope 2: natural gas, diesel, petrol, refrigerants, stationary electricity, mobile electricity and district heating.

For the purposes of baselining and ongoing comparison, we are required to express emissions using a carbon intensity metric. The intensity metric chosen is employee headcount.

In line with the requirements set out in the UK Government's guidance on streamlined energy and carbon reporting, the table above shows Hiscox's total annual energy use and GHG emissions associated with the consumption of electricity, natural gas and other fuels combusted, and fuel consumed for relevant business transport purposes, for the period 1 November 2023 to 31 October 2024.

The methodology applied to the calculation of GHG emissions is the 'GHG Protocol: Corporate Accounting and Reporting Standard (revised edition)'. An 'operational control' boundary has been applied. Carbon factors from UK Government GHG Conversion Factors for Company Reporting, and the International Energy Agency (IEA) database and, the United States Environmental Protection Agency (US EPA) GHG Emission Factors Hub database have been used to calculate the GHG emissions. Emissions are reported as tCO<sub>2</sub>e. Electricity emissions have been reported as both 'location-based' and 'market-based'.

This table will differ from our full GHG inventory on page 83. In our full GHG inventory you will find information on our Scope 3 emissions not required under SECR.

In 2024, the UK accounted for 32% of our global total Scope 1 and 2 of our market-based emissions, and 59% of our global energy use as outlined in the table above.

In 2024, we implemented a number of energy efficiency initiatives, including reducing heating and air conditioning usage and adjusting lighting levels in Hiscox-controlled offices, in support of our decarbonisation plans.



### GHG targets

Our GHG targets commit us to:

- reduce our Scope 1 and Scope 2 emissions by 50% by 2030, against a 2020 adjusted baseline;
- reduce our Operational Scope 3 emissions by 25% per FTE by 2030, against a 2020 adjusted baseline;
- transition our investment portfolios to net-zero GHG emissions by 2050;
- engage with our suppliers, brokers and reinsurers on our net-zero targets and on their plans to adopt Paris-aligned climate targets;
- monitor emerging standards around underwritten emissions and collaborate across our industry on their development, aligning with best practice in this area as it emerges.

Our GHG targets are important as they will help us to reduce our exposure to volatile carbon costs in the future, for example the cost of offsetting, and therefore help to mitigate the financial risks associated with our GHG emissions.

### Interim GHG targets

We recognise that achieving these targets will take collective, consistent effort and continue to work towards achieving them.

- In addressing our Scope 1 and Scope 2 targets, we continue to produce a half-year carbon footprint process in order to further enhance data transparency and accuracy and provide a midpoint for internal tracking and review.
- We continue to review all electricity contracts across the Group to further improve our evidence base and oversight as we migrate to

renewable electricity contracts wherever possible.

- On Scope 3, where emissions are dominated by our investments, we have set a number of interim targets:
  - we aim for more than 25% of our corporate bond portfolio by invested value to have net-zero/Paris-aligned targets by 2025;
  - we are targeting an additional 25% by AUM coverage every five years as we aim to be on a linear path to 100% portfolio coverage by 2040.

In addition, in 2024 we set engagement targets for our supply chain management, which will be progressed by all relationship managers across the business. These include:

- 45% of our suppliers to be assessed via our third-party agency ratings in 2025.
- 75% of spend assessed via our third-party ratings agency over the next three years.

We have now exceeded the first of our interim targets, a year ahead of schedule, with approximately 27% of our corporate bond portfolio having net-zero/Paris-aligned targets as at year end. We will continue to engage with our managers on further net-zero plans and action, in order to reach our next target of 50% portfolio coverage by 2030.

### 2024 GHG progress

We continue to focus on managing and reducing our carbon emissions.

In 2024, we adapted our contract lease wording to ensure the offices we are choosing as part of our estate meet our future sustainability commitments

and have continued to engage with landlords to ensure alignment. We also took part in the UK Government Energy Savings Opportunity Scheme (ESOS) assessment which enabled us to capture and implement reduction opportunities within our UK offices. Against our 2020 baseline, we have seen a 9% decrease in our overall Scope 1 and 2 emissions, partly due to reductions in our vehicle fleet emissions as we switch to electric and hybrid vehicles. We have also maintained our renewable electricity contracts, which support our reduction in Scope 2 emissions.

Compared to 2023, we have seen an increase in our overall Scope 1 and 2 emissions due to more accurate reporting on natural gas and refrigerant emissions for several of our more significant UK sites. Our Scope 2 emissions have slightly improved compared to 2023, and we continue to focus on renewable electricity procurement in our updated office lease guidance and through our engagement with landlords.

There has been an 8% decrease in our Scope 3 operational emissions compared with 2023, predominantly due to reductions in our operational purchased goods and services and slight reductions in our employee commuting emissions linked to changes in both headcount and office occupancy rates.

With our Scope 3 non-operational emissions, we have seen an increase compared to the previous year, driven in part by an increase in non-operational emissions from purchased goods and services, in line with heightened overall spend in this area in 2023. As part of



developing processes to manage and monitor our supply chain sustainability, we have onboarded a third-party data provider and are encouraging new suppliers to report their progress via the platform. Sustainability is also part of our new supplier scorecard, with 20% of the rating given to sustainability.

We also report on waste and waste water usage (see page 83), where the year-on-year movements we have seen are predominantly driven by further enhancements to our data collection processes, including greater use of actual, rather than estimated, data. In relation to waste data, this has resulted in more detail on waste types for some sites, which in turn allows for more accurate categorisation of emission factors.

### Tracking progress against our GHG targets

Progress against these targets is driven by our sustainability working group and overseen by the SSC. For example, emissions data is discussed at least annually at the sustainability working group and SSC, with other related activities discussed periodically. This includes our progress against targets, and any issues with progress are escalated through the established sustainability governance structure (see page 75).

Progress against these targets is also recorded through our annual carbon reporting cycle, and we seek to remain operationally carbon neutral through offsetting, as we have been since 2014, while also actively reducing our emissions over time. Our primary and continuous goal is to improve our emissions reporting to become more granular in order to help us reduce emissions efficiently and confidently.

### Climate targets

Beyond our GHG targets, other climate-related measures include:

- reducing underwriting and investment exposure to carbon-heavy sectors including coal-fired power plants and coal mines, oil sands and Arctic energy exploration (beginning with the Arctic National Wildlife Refuge), in line with our Group ESG exclusions policy;
- annual investment portfolio sustainability reviews, taking

into account climate-related issues, in line with our responsible investment policy;

- monitoring the amount invested in ESG/green bonds, which at year end stood at \$264 million, or 4% of the corporate bond portfolio;
- supporting the growth and exposure of sustainable underwriting products such as flood and renewable energy products, including, but not limited to, the business written through the ESG sub-syndicate we launched during 2023, ESG 3033.

### Transition planning

As part of our ongoing work to assess our progress to our committed and stated targets we have begun developing an internal transition plan which has been reviewed by the SSC. The transition plan has been developed in line with the Transition Plan Taskforce guidance and aligned to a 1.5°C trajectory. The transition activity is owned by the relevant business areas, and progress governed by the SSC which is chaired by the Group Chief Executive Officer.

We acknowledge that a ‘whole economy’ approach is necessary to achieve a net-zero transition, and our value chain partners are critical to our ability to achieve our net-zero targets. When engaging with our partners, we aim to nurture long-term relationships based on the principles of fairness and transparency through both our commercial dialogue and supplier assessments.

We have focused on the areas where we can currently measure our emissions with a robust methodology. One challenge the industry has as a whole is measuring the emissions of our insureds. This is particularly challenging for Hiscox given the nature of our various business units, there are varied approaches to customer engagement. As such, we are proactively engaging data providers and increasingly shifting resources to support further development in this area.

We will continue to develop, track and monitor the progress of our transition plan internally for another year before publication, but include, below, some progress highlights for reference.

### Scope 1 and 2

For our Scope 1 and 2 target, a reduction of 50% by 2030 and achieving net zero by 2050 are heavily dependent on landlords and the type of energy used to power the offices we lease. In 2024, we updated our contracts to include certain contractual terms to encourage landlords to make the switch to renewable energy contracts and sources. In recent years this has potentially been difficult for landlords as the energy and financial crisis has made renewable energy less of a priority and sourcing cheaper forms of energy more attractive. However, now our green leasing terms will support us in ensuring we do not return to non-renewable energy sources in any of the buildings we lease. We are also reliant on government policy prioritising and enabling renewable energy for the countries we operate in to support our progress. For any future new offices, we will prioritise renewable energy sources.

### Operational Scope 3

Our focus for this scope of emissions over the coming years will be on improving our data collection processes and coverage and engaging with our suppliers to reduce their own emissions. The calculation used to understand our supply chain emissions is currently based on spend rather than the emissions of each supplier, which with increased spend will increase the carbon footprint of our supply chain. During 2023/4 we onboarded a third party to support our suppliers to report their emissions, and this has been successful in moving us from zero to 30% coverage of our portfolio as well as in helping us to understand the ESG factors of our supply chain. However, this is still fairly low coverage for us to move away from the current measurement process. We will continue to improve the coverage, and then look to amend our measurement with the improved data.

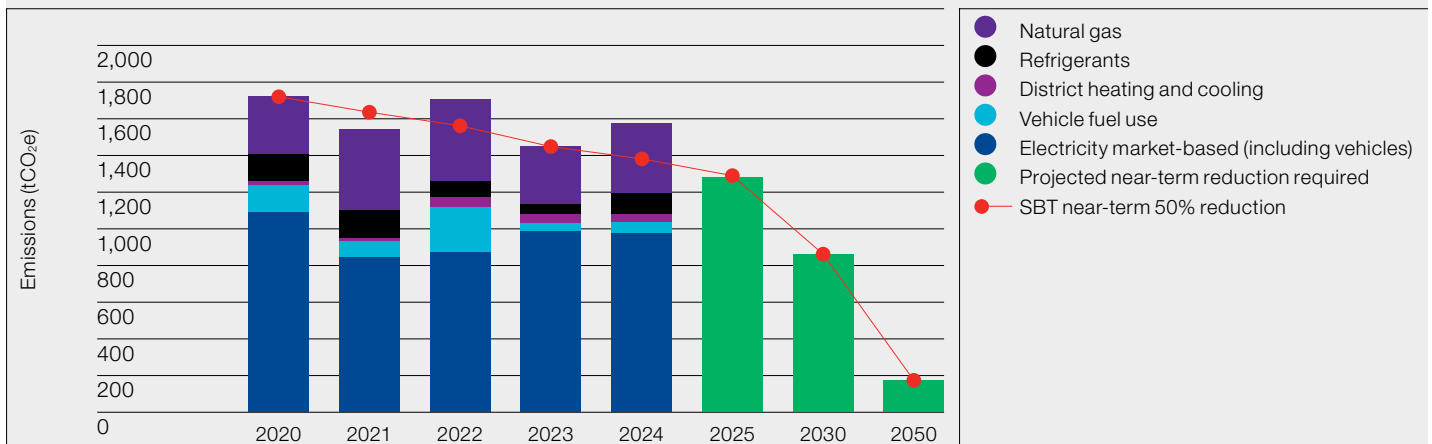
### Investments

Our ESG considerations are embedded in our investment strategy and activated when selecting funds. Our investment managers are engaged to support us to meet our committed aims. Our progress is tracked and monitored via an investment dashboard and we have achieved our first interim target with approximately 27% of



### Transition planning: Scope 1 and 2

The graph below shows our progress to date and our forward-looking assumptions to net zero. We aim to reduce by 50% by 2030 in addition to our current achieved reductions, and by 90% by 2050. In the table below are some of the agreed near-term actions to support the required reduction. Any associated costs will be included in our operational costs, and in most cases offer cost savings.



### Our plan to reach our near-term 50% reduction target involves the following actions and aims

Reduction activity	Time frame (s/m/l term)	Dependencies	Potential reduction (tCO <sub>2</sub> e)
Electricity: switch to renewable electricity tariffs for our remaining UK, European and main US site between 2025 and 2030.	Medium	Landlord engagement and government policy.	492
Heating electrification: switching 10% of gas demand to be provided by heat pumps by 2030.	Medium	Landlord engagement and government policy.	25
Fuel efficiency: reducing gas usage by 5% by 2030 using high efficiency boilers and thermal insulation.	Medium	Landlord engagement.	19
Energy efficiency: electricity consumption reduction of 10% by 2030 by changing lighting, BMS optimisation, insulation, HVAC controls.	Medium	Landlord engagement.	179

Short term: 0-2 years, medium term: 2-5 years, long term: 5+ years.

our corporate bond portfolio having net-zero/Paris-aligned targets as at year end. We will continue to engage with our managers on further net-zero plans and action. The chart below shows our current projections to 2040.

With the goal of a fully net-zero/Paris-aligned portfolio by 2040, we use a variety of data sources and assumptions to estimate, based on our current portfolio, to what extent this is likely to be achieved. Principally this is based on whether companies have SBTi-approved targets, whether they are members of key net-zero industry organisations and, where available, company-specific implied temperature rise (ITR) data.

Where companies already have SBTi-approved targets, we assume these are kept and adhered to. If a company has implied temperature rise alignment of between two and three degrees, or they are members of key net-zero industry organisations, we also assume they set targets by 2040. The same is true for the small number of companies where there is a lack of current data on their status. There is

a small portion of the corporate bond portfolio which, based on current data, is not likely to set net-zero/Paris-aligned targets. As we get closer to the interim and final targets, we may have to exit these holdings if these companies make no further efforts to transition.

Using the data and assumptions outlined, we estimate the corporate bond portfolio will trend towards 92% Paris/net-zero-alignment by 2040. This methodology allows for regular updates as the portfolio shifts, further data points become available and new industry standards emerge.

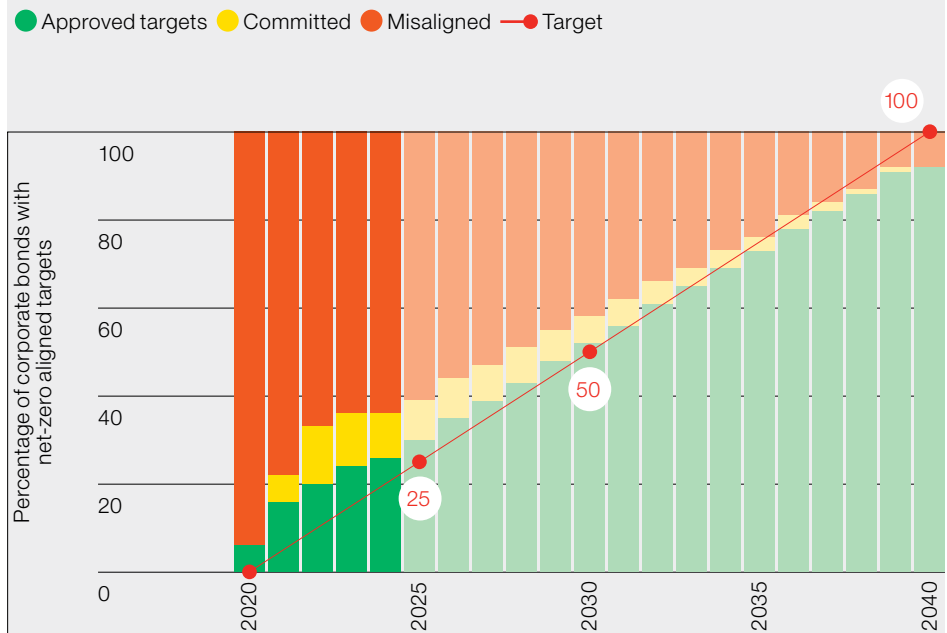
Please see the glossary on page 246 for definitions of acronyms.

**ESG disclosure**

We recognise the importance of credible, repeatable and comparable ESG disclosure which is why we contribute to a number of independent ESG standards.

Our continued progress to embedding sustainability across our business has enabled us to maintain or improve our scores. Our ClimateWise score has reduced due to the development of new principles, which is a positive action as it continuously raises the bar for the insurance industry.

**Hiscox's net-zero/Paris-alignment, smooth trajectory**



- Assumes current portfolio of corporate bonds is static.
- Assumes that all 'committed' companies do set net-zero targets by 2040, and therefore the share falls to zero.
- Assumes that companies with no SBTi/net-zero org/ITR data do eventually set targets (4% currently).
- Assumes companies with 2<ITR<3, and in net-zero aligned industry organisations, set net-zero aligned targets by 2040.
- Assumes companies with ITR>3 remain misaligned and do not set net-zero targets.

**2024: B grade**  
2023: B grade



**2024: 54%\***  
2023: 78%

\*2024 reporting reflects a change in the ClimateWise reporting principles.



**2024: AAA grade**  
2023: AA grade



**2024: 26.4**  
2023: 28.0  
Risk reduction score





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business dream as  
much as you do.**

Underwritten by Hiscox Insurance Inc., a Chicago based insurer.



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# Governance summary

## Key corporate governance activities

Read more about 2024 Board activities on pages 101 to 102.

## Transition

Smooth transition of Board responsibilities following the sudden death of Chair, Jonathan Bloomer, with Colin Keogh appointed Interim Chair and Lynn Pike appointed Interim Senior Independent Director.

## Appointments

Jane Guyett, Lynne Biggar and June Yee Felix appointed to the Board.

## Engagement

Sixth year of our Employee Engagement Network, led by Independent Non Executive Director Anne MacDonald, which is ensuring that workforce views are considered as part of Board decision-making.

## Training

The Board undertook focused training in 2024 on areas including the UK Listing Regime and UK Market Abuse Regulation, investments, and ESG issues.

## Performance review

An internal Board performance review was conducted in 2024, with the findings reflecting the effective progress made by the Board against the 2023 external Board performance review.

## Code of conduct

New Group-wide code of conduct introduced.

## Board attendance 2024

- Board Chair
- Committee Chair

	Board meetings attended	Audit Committee attended	Nominations and Governance Committee attended	Remuneration Committee attended	Risk Committee attended	Investment Committee attended
<b>Board member*</b>						
Colin Keogh <sup>†</sup>	4/4	4/4	4/4	4/4	4/4	4/4
Aki Hussain	4/4	4/4	4/4	4/4	4/4	4/4
Paul Cooper	4/4	4/4	4/4	4/4	4/4	4/4
Joanne Musselle	4/4	4/4	4/4	4/4	4/4	4/4
Lynn Pike	3/3	4/4	3/3	3/3	4/4	3/3
Beth Boucher	4/4	4/4	4/4	4/4	4/4	4/4
Donna DeMaio	4/4	4/4	4/4	4/4	4/4	4/4
Michael Goodwin	4/4	4/4	4/4	4/4	4/4	4/4
Jane Guyett <sup>‡</sup>	1/1	1/1	1/1	1/1	1/1	1/1
Thomas Huerlimann	4/4	4/4	4/4	4/4	4/4	4/4
Anne MacDonald	4/4	4/4	4/4	4/4	4/4	4/4
Constantinos Miranthis	4/4	4/4	4/4	4/4	4/4	4/4
Jonathan Bloomer <sup>†</sup>	3/3	3/3	3/3	3/3	3/3	3/3

\*Lynne Biggar and June Yee Felix did not attend any 2024 meetings as they were not appointed to the Board until January 2025.

<sup>†</sup>Colin Keogh became Interim Chair in August 2024 following the sudden death of Jonathan Bloomer.

<sup>‡</sup>Jane Guyett joined the Board in September 2024.

The Company's Bye-laws prohibit any Director who is in the UK or the USA from counting towards the quorum necessary for the transaction of business at a Board meeting. This restricts the ability of the Company's Directors based in the UK or USA to participate in Board meetings by telephone or other electronic means. More information on the Board and Committees can be found on page 103.

## Board statistics

Board diversity at 27 February 2025.

Read more about gender and ethnic diversity at Hiscox on page 67.

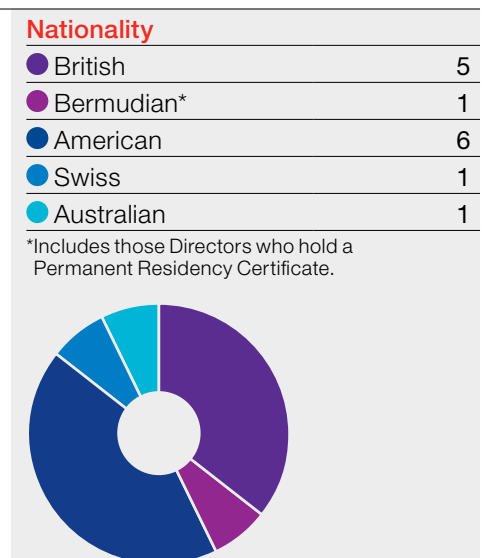
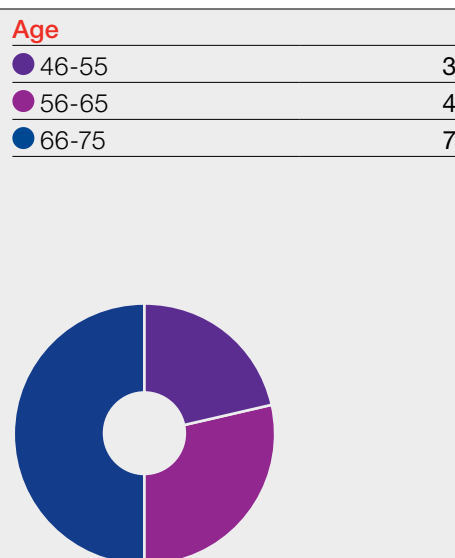
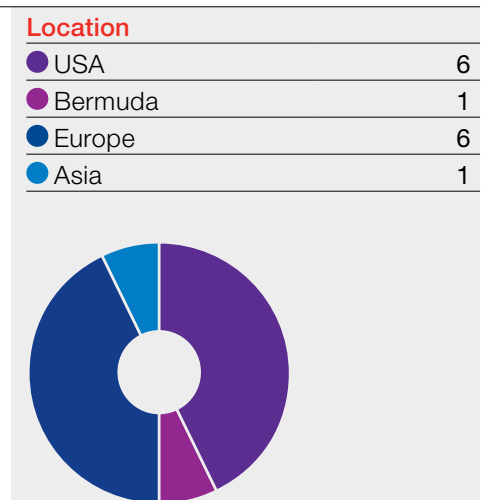
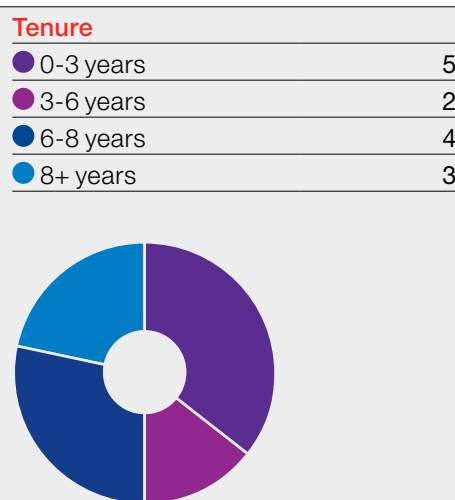
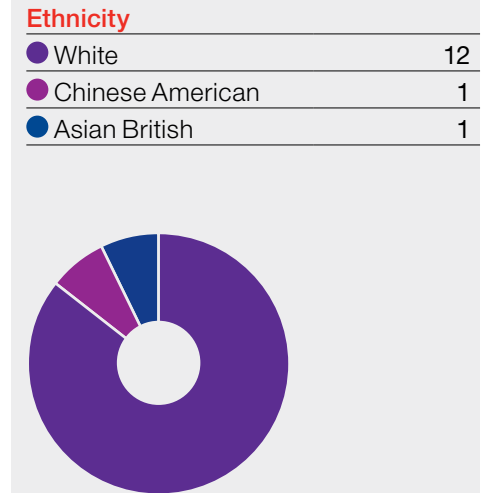
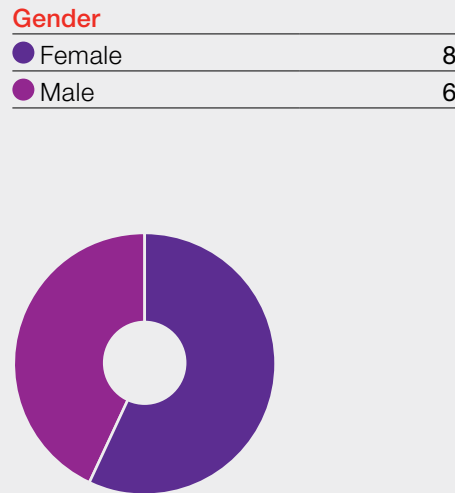
## Appointments and departures

### Appointments

- Jane Guyett  
*(effective 2 September 2024)*
- Lynne Biggar  
*(effective 27 January 2025)*
- June Yee Felix  
*(effective 27 January 2025)*

### Departures

- Jonathan Bloomer  
*(deceased August 2024)*
- Anne MacDonald  
*(effective 15 May 2025)*
- Lynn Pike  
*(effective 15 May 2025)*



# Board of Directors

- △ Member of the Audit Committee
- Member of the Nominations and Governance Committee
- Member of the Remuneration Committee
- Member of the Risk Committee
- ▧ Member of the Investment Committee

▲◆●●/ Chair of Committee is highlighted in solid.



**Non Executive Interim Chair**  
**Colin Keogh** (Aged 71)  
*Appointed to the Board: November 2015*  
*Appointed Interim Chair: August 2024*

**Relevant skills, experience and contribution**

- Valuable financial services experience.
- Significant knowledge of how to run an international financial business.

Colin has spent his career in financial services, principally at Close Brothers Group plc where he worked for 24 years and served as Chief Executive Officer for seven years until 2009. Colin is also Interim Chair of the Nominations and Governance Committee and Chair of the Hiscox Insurance Company Limited Board.

**External board appointments**  
 Ninety One Plc; Ninety One Ltd.



**Executive Director**  
**Aki Hussain** (Aged 52)  
 Group Chief Executive Officer  
*Appointed to the Board: September 2016*

**Relevant skills, experience and contribution**

- Considerable experience of providing strategic, financial and commercial management and in-depth knowledge of the regulatory and compliance environment.
- Significant experience of driving complex business change.

Aki joined Hiscox in 2016 as Group Chief Financial Officer and became Group Chief Executive Officer in 2022. Aki also sits on the board of a number of Hiscox subsidiary companies. Aki has over 30 years of leadership experience, across financial services, telecoms and media, including as Chief Financial Officer of Prudential's UK and Europe business, and Finance Director for Lloyds Banking Group's consumer bank division. Aki is a Chartered Accountant, having trained with KPMG.

**External board appointments**  
 Visa Europe Limited.



**Executive Director**  
**Paul Cooper** (Aged 52)  
 Group Chief Financial Officer  
*Appointed to the Board: May 2022*

**Relevant skills, experience and contribution**

- Considerable experience of financial and commercial management within a complex regulatory and compliance environment.
- Qualified Chartered Accountant, with significant experience of both the retail and Lloyd's insurance markets.

Paul joined Hiscox in 2022 as Group Chief Financial Officer. With over 30 years of financial services experience, Paul has held a number of senior roles, including Interim Group Chief Financial Officer at M&G Plc and Chief Financial Officer for The Prudential Assurance Company. Paul is a qualified Chartered Accountant, having trained with PwC, and sits on the board of a number of Hiscox subsidiary companies.

**External board appointments**  
 None.



**Group General Counsel and Company Secretary**  
**Marc Wetherhill** (Aged 52)

Marc has significant legal and governance experience, and is the Principal Representative to the Bermuda Monetary Authority for the Hiscox Group. He previously served as Chief Legal Counsel and Chief Compliance Officer at PartnerRe Ltd, having trained as a solicitor in London, and is a member of the Bermuda Bar.



**Executive Director**  
**Joanne Musselle** (Aged 54)  
 Group Chief Underwriting Officer  
*Appointed to the Board: March 2020*

**Relevant skills, experience and contribution**

- Considerable underwriting expertise, including experience of managing underwriting portfolios in our key markets.
- Significant knowledge of Hiscox, particularly Hiscox Retail, having worked for the Group for over 20 years.

Joanne joined Hiscox in 2002 and has held a number of roles across the Group, including Head of UK Claims, Chief Underwriting Officer for Hiscox UK & Ireland, and Chief Underwriting Officer for Hiscox Retail. Joanne also sits on the board of a number of Hiscox subsidiary companies. Prior to Hiscox, Joanne spent almost ten years working in a variety of actuarial, pricing and reserving roles at AXA and Aviva in both the UK and Asian markets.

**External board appointments**  
 Realty Insurances Ltd.



**Interim Senior Independent Director**  
**Lynn Pike** (Aged 68)  
*Appointed to the Board: May 2015*

**Relevant skills, experience and contribution**

- Strong background in the US financial services sector.
- Significant knowledge of providing commercial solutions for small businesses, particularly in the USA.

Lynn worked in the US banking industry for nearly four decades, most recently as President of Capital One Bank. Before that, she was President of Bank of America's business banking division. Lynn is Chair of the Risk Committee and also serves on the Hiscox Insurance Company Inc. board as a Non Executive Director.

**External board appointments**  
 American Express Company (NYSE: AXP); American Express National Bank; CareerWork\$ Advisory; California State University Channel Islands Foundation.



**Independent Non Executive Director**  
**Lynne Biggar** (Aged 62)  
*Appointed to the Board: January 2025*

**Relevant skills, experience and contribution**

- Extensive experience in developing and advancing well-known, multi-market brands.
- Deep global marketing expertise, including within financial services.

Lynne has over 25 years of experience in advancing global brands across a range of sectors. Lynne has held a range of senior global marketing and operational roles, including at American Express, Time Inc., and most recently Visa where, as Executive Vice President & Global Chief Marketing Officer, she led a global team of 800+ and managed a budget of over \$1 billion. She is currently a Senior Advisor at Boston Consulting Group.

**External board appointments**  
 Anheuser-Busch InBev SA/NV; Voya Financial Inc.; Finastra Group Holdings Ltd; The Leading Hotels of the World, Ltd.



**Independent Non Executive Director**  
**Beth Boucher** (Aged 59)  
*Appointed to the Board:*  
*May 2023*

**Relevant skills, experience and contribution**

- Considerable technology experience within global operations.
- Extensive experience in leading global M&A and transformation programmes.

Beth is currently a partner and fractional CIO at Fortium Partners and a Research Fellow at Nemertes Research. Beth has more than 25 years of professional experience across multiple industries, as well as strategic consulting and managed services. Most recently, Beth was the Senior Vice President and Chief Information Officer of Sirius Point from 2019 until 2021 and prior to that held various executive roles at The Travelers Company. Beth is a certified organisational change management and international board director with experience leading technology strategy, application development, infrastructure and operations.

**External board appointments**  
Coforge Ltd.



**Independent Non Executive Director**  
**Donna DeMaio** (Aged 66)  
*Appointed to the Board:*  
*November 2021*

**Relevant skills, experience and contribution**

- Extensive financial services experience, particularly in the USA.
- Proven expertise in overseeing global auditing and operational activities.

Donna has over 35 years' financial services experience, gained across banking and insurance. She was AIG's General Insurance Global Chief Operating Officer and also served as their Global Chief Auditor. Donna was Chief Executive and Chair of the Board at United Guaranty, Chief Executive Officer and Chair of the Board at MetLife Bank and was a PwC Financial Services Partner. Donna serves on the board of Hiscox Insurance Company Inc. as a Non Executive Director and is Chair of the Audit Committee.

**External board appointments**  
State Street Corporation.



**Independent Non Executive Director**  
**June Yee Felix** (Aged 68)  
*Appointed to the Board:*  
*January 2025*

**Relevant skills, experience and contribution**

- Considerable experience in running, advising and transforming technology intensive businesses.
- Deep expertise in leading complex global fintech operations that serve both businesses and consumers.

June has over 30 years of experience growing, advising and transforming technology intensive businesses globally, particularly in financial services, having worked across Asia, the USA and Europe. This includes leadership roles at Chase Bank, Citibank, IBM, Verifone, and most recently as Group Chief Executive Officer of FTSE-listed global fintech, IG Group Plc.

**External board appointments**  
Relx Plc; Iron Mountain Inc.



**Independent Non Executive Director**  
**Michael Goodwin** (Aged 66)  
*Appointed to the Board:*  
*November 2017*

**Relevant skills, experience and contribution**

- Significant knowledge of the global insurance market.
- Deep understanding of risk management as a trained actuary.

Michael has over 25 years' experience in the insurance industry, having worked in Australia and the Asia Pacific region for QBE Insurance Group for over 20 years. Michael started his career as an actuary, is a Fellow of the Institute of Actuaries of Australia and served as Vice President of the General Insurance Association of Singapore between 2006 and 2012. During the year, Michael served on the DirectAsia board as a Non Executive Director.

**External board appointments**  
Steadfast Distribution Services Pte Ltd; NCI Brokers (Asia) Pte Ltd; Galaxy Insurance Consultants Pte Ltd; Enya-Lea Pte Ltd; Werombi Pte Ltd.



**Independent Non Executive Director**  
**Jane Guyett** (Aged 64)  
*Appointed to the Board:*  
*September 2024*

**Relevant skills, experience and contribution**

- Strong financial services experience across multiple markets.
- Considerable expertise in effective global operational capabilities.

Jane has held a range of roles across both the public and private sectors and worked in the global banking sector for over two decades, most recently at Bank of America Securities in senior leadership roles including Chief Operating Officer Global Markets, EMEA and Asia. Jane was awarded a CBE in the 2021 New Year Honours List for public service to the economy. On her appointment during 2024, Jane became Chair of the Hiscox Remuneration Committee.

**External board appointments**  
Royal London Mutual Insurance Society; BDO LLP; LCH Limited; Banque Centrale de Compensation; Connect Plus (M25) PLC.



**Independent Non Executive Director**  
**Thomas Huerlimann** (Aged 61)  
*Appointed to the Board:*  
*November 2017*

**Relevant skills, experience and contribution**

- Considerable experience of leading a global business.
- Extensive knowledge of the European insurance market.

Thomas has over 30 years' experience in banking, reinsurance and insurance. He was Chief Executive Officer Global Corporate at Zurich Insurance Group, a \$9 billion business working in over 200 countries. Prior to that, he held senior positions at Swiss Re Group and National Westminster Bank. Thomas serves on the Hiscox Syndicate Ltd board as Chair and on the Hiscox SA board as a Non Executive Director.

**External board appointments**  
Leadway Assurance Ltd, Nigeria.



**Independent Non Executive Director**  
**Anne MacDonald** (Aged 69)  
*Appointed to the Board:*  
*May 2015*

**Relevant skills, experience and contribution**

- Extensive marketing expertise, particularly in the USA.
- Sizeable experience in developing well-known global brands.

Anne has served as Chief Marketing Officer at four Fortune 100 companies, and been in charge of some of the most recognised brands in the world, including Citigroup, Travelers, Macys and Pizza Hut. Anne serves as the Employee Liaison for Hiscox.

**External board appointments**  
Boot Barn Holdings, Inc.; Visiting Nurse & Hospice of Litchfield County.



**Independent Non Executive Director**  
**Constantinos Miranthis** (Aged 61)  
*Appointed to the Board:*  
*November 2017*

**Relevant skills, experience and contribution**

- Deep understanding of Bermuda's (re)insurance industry, as well as the broader global (re)insurance landscape and market cycle.
- Senior leadership experience in the reinsurance sector including within large publicly-listed companies.

Costas served as President and Chief Executive Officer of PartnerRe Ltd, one of the world's leading reinsurers, until 2015 and prior to that was a Principal of Tillinghast-Towers Perrin in London, where he led its European non-life practice. He is a Fellow of the UK Institute and Faculty of Actuaries and a resident of Bermuda. Costas serves on the Hiscox Insurance Company (Bermuda) Limited board as a Non Executive Director.

**External board appointments**  
Argus Group Holdings Limited; Pacific Life Re; Riverstone International Limited.

# Group Executive Committee (GEC)



**Aki Hussain**  
Group Chief Executive Officer  
*Joined Hiscox: September 2016*

**Relevant skills, experience and contribution**

- Considerable experience of providing strategic, financial and commercial management and in-depth knowledge of the regulatory and compliance environment.
- Significant experience of driving complex business change.

Aki joined Hiscox in 2016 as Group Chief Financial Officer and became Group Chief Executive Officer in 2022. As such, Aki leads the Group Executive Committee in realising the strategy, delivering the business plan, and driving the Company through its next phase of growth. Aki has over 30 years of leadership experience, across financial services, telecoms and media, and is a Chartered Accountant, having trained with KPMG.



**Mary Boyd**  
Chief Executive Officer, Hiscox USA  
*Joined Hiscox: June 2024*

**Relevant skills, experience and contribution**

- Accomplished builder and leader of key insurance businesses in the USA.
- Deep understanding of the US customer market and in product and service innovation across multiple trading models.

Mary joined the business during 2024 from Plymouth Rock Assurance Corporation, where she was Chief Executive Officer of its independent agency business. She has 30 years of experience within the US insurance market across both agency and direct channels, and in addition to small commercial auto, her expertise includes property, auto, inland marine and excess casualty protection for personal lines customers segments spanning high net worth and the mass-market. At Hiscox, she leads our team of over 400 people across the USA, with a focus on realising the market opportunity and building America's leading small business insurer.



**Fabrice Brossart**  
Group Chief Risk Officer  
*Joined Hiscox: November 2023*

**Relevant skills, experience and contribution**

- Extensive expertise in enterprise risk management and actuarial within the international general insurance industry.
- Considerable experience in leading regulator relationships around the world.

Fabrice joined Hiscox in 2023 from ALG, where he was Chief Risk Officer for the International General Insurance business. He continues to evolve our risk function, leading our global team of approximately 40 risk and compliance experts, and is responsible for ensuring our risk structures enable growth, as well as our continued regulatory compliance. Fabrice has held a number of senior actuarial roles at ALG and AXA, having trained with Watson Wyatt.



**Paul Cooper**  
Group Chief Financial Officer  
*Joined Hiscox: May 2022*

**Relevant skills, experience and contribution**

- Considerable expertise of financial and commercial management within a complex regulatory and compliance environment.
- Qualified Chartered Accountant, with significant experience of both the retail and Lloyd's insurance markets.

With over 30 years of financial services experience, Paul leads our team of 400 finance experts around the world and is establishing a market-leading finance function. He is responsible for ensuring robust financial systems and continued capital efficiency, and is a qualified Chartered Accountant, having trained with PwC.



**Robert Dietrich**  
Chief Executive Officer, Hiscox Europe  
*Joined Hiscox: June 1997*

**Relevant skills, experience and contribution**

- In-depth knowledge of the European insurance market.
- Significant experience of bringing niche insurance products to market.

Robert served as Managing Director for Hiscox Germany for many years, driving disciplined expansion and building it into the flagship European business it is today. In 2021, he took on wider responsibility for Hiscox Europe, whose operations span eight countries, overseeing critical cross-country systems transformation, redefining its long-term vision and leading its ambitious growth plans.



**Jon Dye**  
Chief Executive Officer, Hiscox UK  
*Joined Hiscox: September 2022*

**Relevant skills, experience and contribution**

- In-depth knowledge of the UK insurance market.
- Track record of building sustainable, profitable retail insurance businesses.

Jon leads our UK retail insurance business, which spans eight offices and over 800 employees, overseeing the development of our established broker business and direct-to-consumer offerings. Jon is responsible for building on our long-term broker relationships, distinguished brand and deep expertise in underwriting and digital distribution with new capabilities as we continue to drive scale.



**Nicola Grant**  
Chief People Officer  
*Joined Hiscox: September 2022*

**Relevant skills, experience and contribution**

- Deep expertise in leading HR as a global function, scaling it through technology and effective, integrated, global products and services.
- Significant experience of performance and reward management, robust talent and succession planning and HR transformation.

Nicola leads our global People team, driving Group-wide people strategies to accelerate and de-risk the Group's business performance. This includes policies, products, and services covering workforce planning and talent acquisition to ensure the right talent is in the right place at the right time; learning and development experiences that strengthen our culture and support skills development; employee listening mechanisms to understand and communicate with colleagues; and compensation and benefits programmes that retain and inspire performance at all levels.



**Kate Markham**  
Chief Executive Officer,  
Hiscox London Market  
*Joined Hiscox: June 2012*

**Relevant skills, experience and contribution**

- Strong experience of building customer-focused businesses.
- Track record of establishing operational and digital infrastructures that support profitable growth.

Kate originally joined Hiscox to run our UK Direct business and moved across to our big-ticket business in 2017 when she became Chief Executive Officer of Hiscox London Market. She leads our team of 400 London Market underwriters, analysts and support functions in the UK, Guernsey and the USA, who work with clients around the world with large and often complex insurance needs. Most recently, Kate has overseen an ambitious market-leading programme of AI adoption in our lead underwriting model through a collaboration with Google Cloud.



**Joanne Musselle**  
Group Chief Underwriting Officer  
*Joined Hiscox: April 2002*

**Relevant skills, experience and contribution**

- Considerable underwriting expertise, including experience of managing underwriting portfolios in our key markets.
- Significant knowledge of Hiscox, particularly Hiscox Retail, having worked for the Group for over 20 years.

Joanne joined Hiscox in 2002 and has held a number of roles across the Group, including Head of UK Claims, Chief Underwriting Officer for Hiscox UK & Ireland, and Chief Underwriting Officer for Hiscox Retail. As Group Chief Underwriting Officer, Joanne leads our team of around 500 underwriters around the world, driving the continued evolution of our underwriting practices and the development of our underwriting talent. Prior to Hiscox, Joanne spent almost ten years working in a variety of actuarial, pricing and reserving roles at AXA and Aviva in both the UK and Asian markets.



**Kathleen Reardon**  
Chief Executive Officer,  
Hiscox Re & ILS  
*Joined Hiscox: January 2021*

**Relevant skills, experience and contribution**

- Extensive experience of building reinsurance businesses throughout the cycle.
- In-depth knowledge of the Bermuda reinsurance market.

Kathleen leads our reinsurance and ILS business, which operates in London and Bermuda. She is responsible for ensuring the 130-strong team of underwriting, analytics and asset manager experts lean into changing market conditions and seize opportunities as they present themselves, as we continue to build both specialist reinsurance capability and our position as an expert alternative capital manager in the ILS space.



**Shali Vasudeva**  
Group Chief Operations and  
Technology Officer  
*Joined Hiscox: January 2025*

**Relevant skills, experience and contribution**

- Strong insurance industry background.
- Deep expertise in delivering large-scale transformation programmes and technological innovation at pace.

Shali joined Hiscox in January 2025 with over 25 years of experience within financial services, having led large-scale transformation projects and driven technological innovation across multiple markets, and with deep expertise in digitising customer interactions, improving colleague experiences, and building new systems from the ground up. At Hiscox, Shali oversees critical Group functions including technology, change, operations, data, procurement and property services to ensure the continued effective and efficient delivery of core services while also driving operational efficiency and scalability.

# Chair's letter to shareholders



Dear Shareholder

As you are aware I was appointed Interim Chair in August following the sudden death of Jonathan Bloomer. During his tenure, Jonathan led the Board with professionalism and passion, and I am privileged to have known and worked with him. I would also like to take this opportunity to thank my fellow Board members for their various contributions to ensuring a smooth transition of Board responsibilities during the year, particularly in such difficult circumstances.

It has been a busy year for the Board as the Group continues to focus on realising its ambitious plans. This has included Board oversight and critical review of the Group's strategy and plans to ensure that both position the Group well for stronger growth and earnings.

The Board also had a particular focus on succession as a number of Board members – myself included – reach the conclusion of their respective terms. While Lynn Pike and Anne MacDonald will not seek re-election at the 2025 AGM, I will remain in post until a permanent Chair has been appointed and following an appropriate period of handover. I would like to thank Lynn and Anne for their many valuable contributions during their tenure, particularly Lynn's support in chairing the Risk Committee and as Interim Senior Independent Director during 2024, and Anne's work to establish a very effective employee engagement network.

We welcomed Jane Guyett to the Board in September, not only as an Independent Non Executive Director but also as Chair of the Remuneration

Committee. Jane brings immense public and private sector experience to our ranks, and we are already benefitting from her sage counsel. We also welcomed Lynne Biggar and June Yee Felix to the Board as Independent Non Executive Directors in January 2025. Lynne brings extensive US market experience, as well as deep marketing expertise, and June has considerable experience in growing, advising and transforming technology intensive businesses globally. Both will be excellent additions to the Board.

Hiscox is an ambitious, growing business which in 2024 delivered a second consecutive record profit before tax of \$685.4 million (2023: \$625.9 million) and a strong undiscounted combined ratio of 89.2% (2023: 89.8%) despite the active loss environment. With every business unit contributing, this result demonstrates the strength and successful diversification of the Group.

I trust that this report will further enhance your understanding of the business, including the robustness of our corporate governance arrangements, and thank you for your continued support of the Hiscox Group.

**Colin Keogh**  
Interim Chair



It has been a busy year for the Board as the Group continues to focus on realising its ambitious plans.

**Colin Keogh**  
Interim Chair



# SIE MACHEN IHREN JOB DOCH AUCH NICHT 08/15.

Eine normale Business-Versicherung kriegt jeder.  
Sie kriegen Hiscox. Individuelle Absicherung  
und persönlicher Schadenservice.

Wir schützen, was Sie schätzen.

Mehr erfahren auf  
[hiscox.de/herzblut](https://www.hiscox.de/herzblut)



# Corporate governance



Having a robust governance structure, and a culture which supports that, really matters to us and we have further strengthened our approach in 2024, including with a new code of conduct for the Group.

**Marc Wetherhill**  
Group General Counsel and  
Company Secretary

## Corporate governance framework

The corporate governance framework throughout Hiscox supports the delivery of our values, culture, strategy and business objectives.

The Board's formal corporate governance framework includes the Board, the Hiscox Group subsidiaries and the Executive internal governance structures, which together ensure the governance requirements for the Group are robust and fit for purpose. As a company listed on the London Stock Exchange, the UK Corporate Governance Code (the Code) is applicable to Hiscox, and an overview of the Company's compliance with the Code is detailed on pages 104 to 105.

The Board has a formal schedule of matters reserved for the Board's determination that covers areas including: setting the Group's purpose and strategic vision; monitoring performance of the delivery of the strategy; approving major investments, acquisitions and divestments; risk oversight and setting the Group's risk appetite; and reviewing the Group's governance. The Group governance manual (the Manual) details the wider corporate governance framework including the overall legal entity structures and relationship with the business units, the division of responsibilities between Group and principal subsidiary boards, Board process and procedures for issues such as Non Executive Director appointments, diversity requirements and Board performance reviews, and the principles to be applied to the wider subsidiary management. The Manual also includes procedures for the regulations of Board conduct

(accompanied by Directors' individual appointment letters) to ensure that all Directors act with integrity, lead by example and promote our culture. The Manual is approved by the Board and regularly reviewed. The Group also benefits from a strong governance framework at a subsidiary level. The Manual and the supporting subsidiary governance manuals ensure that the underlying processes throughout the subsidiary boards follow consistent and effective governance practices. The division of responsibility between the Board and the boards of the Group's principal subsidiaries is understood throughout the Group and is visually represented in the Hiscox Group governance model (available to view at [hiscoxgroup.com/investors/corporate-governance](https://hiscoxgroup.com/investors/corporate-governance)).

The model shows the relationship between the Board exercising strategic direction and oversight of the Hiscox Group, and the subsidiary boards' delivery of their respective entity's responsibilities. This is further detailed in explicit terms of reference and governance manuals for the principal subsidiaries – ensuring alignment to the overall Group approach to values, purpose, culture of risk awareness, ethical behaviour and Group controls. Informal interaction, information flows and collaboration between Group and the principal subsidiaries are also delivered by Board Non Executive and Executive Director representation on the boards of the principal insurance carrier entities.

The Executive's internal governance structures support decision-making at the Executive level between the Group Executive Committee, the business units and the functional departments. The



Group Executive Committee members are detailed on pages 94 to 95.

### Supporting policies and processes

During the year, no corrective action was required by Management to ensure that policies, practices and behaviours in the business were aligned with the Company's purposes, values and strategy, as outlined on pages 5 to 7.

The corporate governance framework complements the Company's internal controls framework and its supporting framework of policies and processes. Key policies for the Group are published online and available to view at [hiscoxgroup.com/about-hiscox/group-policies-and-disclosures](https://hiscoxgroup.com/about-hiscox/group-policies-and-disclosures).

The Board is ultimately responsible for the Company's risk management and internal controls, and for ensuring that the systems in place are robust and take into account the principal and emerging risks faced by the Company. The Board is satisfied that the internal control and risk management systems relating to the financial reporting process are strong, with the Audit Committee and the Risk Committee forming the central points of review and challenge. In 2024, the Audit Committee undertook a review of the effectiveness of the internal controls of the Group on behalf of the Board. This review is carried out at least annually. The Risk Committee leads detailed discussions on the principal and emerging risks of the Company on behalf of the Board and recommends to the Board the appropriate risk management framework including risk limits, appetite and tolerances. The Risk Committee also oversees the independence of the risk and compliance functions. The Risk Committee supported the Board in its review of the effectiveness of the Group's internal control systems through key activities that took place over the course of 2024, and considers internal control effectiveness as a specific topic. Further detail can be found in the Audit Committee report on pages 110 to 112 and in the risk management section on pages 42 to 45.

In addition, the Board and the Audit Committee – whose Chair also serves as the Group's whistleblowing champion – have oversight of whistleblowing matters and receive reports arising from its operation.

The Company's whistleblowing policy is designed to ensure that the workforce feel empowered to raise concerns in confidence and without fear of unfair treatment. The structures and processes in place allow for the proportionate and independent investigation of any such matters, and for appropriate follow-up action to be taken where necessary.

### Board composition

The Board has responsibility for the overall leadership of the Group and its culture. The operations of the Board are underpinned by the collective experience of the Directors and the diverse skills which they bring. The composition of the Board can be found on pages 92 to 93, along with biographical details of each of our Directors, including the reasons why their contribution is (and continues to be) important to the Company's long-term sustainable success. Information on changes to the Board in the reporting period can be found on page 91.

The Board is satisfied that it has the appropriate balance of skills, experience, independence and knowledge of the Company to enable it to discharge its duties and responsibilities effectively, and that no individual or group dominates the Board's decision-making.

In accordance with the Company's Bye-laws and the Code, all Directors will seek appointment or re-appointment (as applicable) at the 2025 AGM, with the exception of Lynn Pike and Anne MacDonald who will not seek re-appointment following the conclusion of their respective terms. It had previously been anticipated that Colin Keogh would also step down from the Board before the Company's 2025 AGM, having reached the conclusion of his nine-year term. While the Board has progressed its established succession plans during the year – including the appointment of Jane Guyett who now serves as Chair of the Remuneration Committee, and the addition of Lynne Biggar and June Yee Felix to the Board in January 2025 – the unexpected death of Chair, Jonathan Bloomer, in August 2024 necessitated changes to these plans, with Colin serving as Interim Chair and Lynn as Interim Senior Independent Director.

Given his role in the search for a permanent Chair, and the functioning of the Board as a whole, Colin will remain in post until a permanent Chair has been appointed, and following an appropriate period of handover.

Colin will therefore stand for re-election at the Company's 2025 AGM. The Board is content that, notwithstanding his tenure, Colin continues to demonstrate strong commitment to his role and continues to show the independence of thought and judgement consistent with remaining on the Board.

No issues have arisen that would prevent the Chair from recommending the appointment or re-appointment of any individual Director.

Additional details on Board succession planning, can be found on page 108.

### Board independence and Director duties

The Nominations and Governance Committee reviews the independence of each Non Executive Director, taking into account, among other things, the circumstances set out in the Code that are likely to impair, or could appear to impair, their independence. The Committee remains of the view that the most important factor is the extent to which they are independent of mind.

Each Director has undertaken to allocate sufficient time to the Group in order to discharge their responsibilities effectively. Each Non Executive Director's letter of appointment outlines the commitments expected of them throughout the year and this is further detailed in the Manual. Executive Directors are prohibited from taking more than one additional non executive directorship in a FTSE 100 company. Each year, as part of the Director review process, the Directors are required to provide a complete list of all third-party relationships that they maintain. This is analysed to determine if there is any actual or potential conflict of interest and that appropriate time continues to be available to devote to the Company.

The Nominations and Governance Committee reviews the findings and determines if there is any conflict of interest. The Committee determined that there were no relationships



which could cause an actual or potential conflict.

Additionally, there were no concerns regarding overboarding and all Directors had adequate time available to carry out their duties. Where Directors accepted additional Board positions during the year, these were reviewed as part of our corporate governance processes and were not deemed to be significant to the extent that they would overburden that Director's time. Approval occurs prior to a Director undertaking additional external appointments.

### Onboarding and Board training

On joining the Board, all Non Executive Directors take part in a full, formal induction programme which is tailored to their specific requirements. More information on this can be found on pages 107 and 109.

The Board also has an ongoing training programme with regular items on topical issues. In 2024 this included, among other things: updates on the UK Listing Regime and UK Market Abuse Regulation; investments; and ESG issues. Items for training are identified in the Board, Committee and Director reviews, as well as through specific requirements and individual requests, and can be delivered via the frequent programme of Board informational sessions.

### Board structure and decision-making

The Board operates within an established structure which ensures clear responsibilities at Board level, transparent, well-informed and balanced decision-making, and appropriate onward delegations to effectively deliver the Company's purpose, values and strategy.

The Board has delegated a number of its responsibilities to its Audit, Nominations and Governance, Remuneration and Risk Committees. Each Board Committee operates within established written terms of reference and each Committee Chair reports directly to the Board. The formal schedule of matters reserved for Board decision and the Committee terms of reference were reviewed in late 2024 as part of the annual review of terms of reference, and copies of each can be found at [hiscoxgroup.com/investors/corporate-governance](https://hiscoxgroup.com/investors/corporate-governance). To ensure that the Board operates efficiently, the roles of the Chair, Senior Independent Director and Group Chief Executive Officer are distinct to demonstrate the segregation of responsibilities.

### Board cycle

The Board receives appropriate and timely information to enable Directors to review business strategy, trading performance, business risks and opportunities. Executive Directors and Senior Management from the business are invited to present on key items, allowing the Board the opportunity to debate and challenge initiatives and proposals directly.

The Board agenda is set by the Chair following discussion with the Group Chief Executive Officer and Company Secretary, and taking into consideration feedback from the individual Directors. Board agendas focus on strategically important issues, key regulatory items and regular reports from key business areas. Board papers are circulated in advance of each meeting to ensure Directors have appropriate time to review them, and to seek clarification where necessary. The Management reports follow a short standard format which aids discussion and

understanding. The quality of Board papers is kept under regular review.

At each meeting, the Board receives an update from the Committee Chairs to keep them abreast of the items discussed, the outcomes agreed, and to summarise recommendations for Board approval from the Committees.

The scheduled meetings follow an agreed format; agendas are developed from the Board's annual plan of business, with flexibility built in to ensure the agendas can accommodate relevant upcoming issues. Each quarterly cycle typically covers a series of decisions, discussions and regulatory items either at the Board, during Committee discussions, or during informal informational sessions, depending on the nature of the matter. Items for discussion may be identified from actions from previous meetings, issues escalated from Management, items requested either formally or informally by Non Executive Directors, ongoing regulatory topics throughout the Group, and horizon scanning including a review of the competitive landscape. Agendas are built to ensure that the most appropriate method of progressing an item is utilised. The Chair and Non Executive Directors usually meet at the start or end of each Board meeting without the Executive Directors, creating an opportunity for Non Executive Directors to raise any issues privately. Owing to this system, the Group has an effective Board which supports a culture of accountability, transparency and openness. Executive and Non Executive Directors continue to work well together as a unitary Board and

debate issues freely. The Board culture is congenial; however, both Non Executive Directors and Executive Directors continually challenge each other in order to deliver our shared aim. In the context of unitary Boards, Non Executive Directors provide Executive Directors with support and guidance, not just challenge, and our Non Executive Directors are close enough to the business to do this.

### Board and Committee attendance

In line with the agreed meeting schedule, the Board and each of the Committees of the Board held four comprehensive meetings in 2024, in addition to seven informational Board calls between Board meetings. These informational calls provided an opportunity to ensure the Board was kept informed of any business developments and allowed the Directors to monitor exposures, emerging issues and opportunities. More information on Board and Committee attendance can be found on page 90.

Outside of the formal Board and Committee meetings and informational calls, Non Executive Directors have unfettered access to employees at all levels of the business, regularly liaise with Management on activities aligned to their key skills, and attend appropriate management strategy and training events. They also have the opportunity to attend briefings with Group Executive Committee members and Senior Management, to understand key issues and conduct deep dives on specialist subjects.

### Board activity in 2024

Board activity in 2024 was suitably focused to ensure it covered the appropriate strategy, performance and governance items and considered

the needs and concerns of our key stakeholders. This included:

- strategy and business performance, including approval of the 2025 business plan, the agreement of business priorities for the year ahead, oversight of capital management measures taken (including legacy portfolio transactions), embedding the Group's strategic evolution, and further optimising operational effectiveness;
- culture and engagement, including reviewing the annual employee engagement survey, oversight of the employee proposition work done to date, and gaining new insights from the Employee Engagement Network facilitated by the Board's Employee Liaison. Anne MacDonald has served as the Board's Employee Liaison, and when she steps down from the Board in 2025, this role will be assumed by Beth Boucher;
- governance, including updates on key underwriting exposures, and approval of the updated risk limits framework;
- oversight of all key risks, compliance, internal controls and governance matters, as outlined on pages 22 to 25, 42 to 46 and 110 to 112.

### Board engagement with stakeholders

A key element of the corporate governance framework is open and transparent communication with stakeholders at all levels including Board level. As such, the Board regularly discusses stakeholder topics including shareholder matters, employee engagement, customers, and the Group's impact on, and relationship with, wider society.

The Board is kept abreast of stakeholder feedback and issues through reports from a variety of sources, including the Chair, Group Chief Executive Officer, Group Chief Financial Officer, Employee Liaison, Senior Management and external consultants. This feedback loop is complemented by the regular dialogue that the Board maintains with the Group's key stakeholders, with the support of Executives and Senior Management. The Chair of each Committee of the Board is available for engagement with shareholders when required. More information on how the Board engages with key stakeholders can be found on pages 52 to 55.

More information on the Board's approach to investing in and rewarding the workforce can be found on pages 121 to 123.

### Board performance review

The Board and its Committees have a culture of continuous improvement and as part of this undertake a formal and rigorous annual review of Board and Committee performance, the results of which help to inform action and development. Board and Committee performance reviews are carried out each year and the results are reviewed and discussed by the Board and its Committees.

Every third year, the Board performance review is undertaken by an external evaluator. An external review was last undertaken in 2023 by SCT Consultants and, in the interim years, such as 2024, an internal performance review is carried out which reviews each Committee, the Board and individual Directors. The review also assesses the completion of the prior year's actions.

## 2024 performance review and outcomes

Building on the work of prior years, the performance review undertaken at the end of 2024 involved an assessment of Board, Committee Chair and individual Director performance. The 2024 performance review focused on Board oversight of strategy; risk management performance and effectiveness of systems; Board accountability, focus and priorities for the coming year; Board composition; culture of the Board and the broader organisation; Board and Chair independence, expertise, decision-making and dynamics; succession planning; Board progress on diversity, climate change approach and digitalisation; communication with shareholders; clarity on purpose, direction and values; and Board support.

The format of the performance review was a confidential survey of the Board. This survey was completed by all Directors, with the results analysed by the Company Secretary, shared with the Chair and discussed with the Board. Individual Director reviews are an opportunity to discuss individual skills, training requirements, succession and any other issues. Each Non Executive Director completes a self-assessment form which is followed by a detailed discussion on performance with the Chair. The Senior Independent Director carries out the Chair's review, including by meeting with the Non Executive Directors without the Chair being present, and this supports the annual review process of the Chair. Individual objectives and action plans are agreed following each meeting where appropriate.

The 2024 Board performance review results demonstrated continued strong Board, Director, Chair, and Committee performance and re-affirmed the independence of the Board, the appropriate leadership provided by the Chair, and the robustness of the Non Executive Director succession plans and Executive Director talent reviews. Directors were fully engaged with the Board, Committee and Director evaluation process. The review was positive and confirmed continued robust decision-making and a Board culture which fosters constructive discussion. The Board continues to engage in continuous improvements, with the annual review process being an explicit

point of reflection on ongoing actions and new areas of focus. The Directors determined to focus on the following matters in 2025:

- overseeing and guiding the development and execution of the Group strategy;
- the appointment and comprehensive onboarding of a new Chair and two new Non Executive Directors, who will replace longstanding members of the Board, ensuring constructive and collaborative relationships are established, including a good rhythm between the Chair and the CEO;
- managing the insurance cycle and transitioning markets;
- workforce planning to ensure the right talent and skills are in the right place at the right time;
- oversight of technology, AI and data strategies;
- ensuring the operations and control environment keeps pace with growth.

Additional topics for review were identified as part of the Board performance review which will influence the agendas and training plans for the year.

In light of the finding that the Board continues to perform well and function effectively, it is not anticipated that there will be any changes to Board composition as a direct result of the Board effectiveness review conducted this year.

The Board welcomed the review's conclusions, with the feedback directly linking to ongoing Board developments. The Chair owns the response to the findings, and a report on their delivery will be included in the 2025 Annual Report and Accounts.

## Progress against 2023 performance review outcomes

The Board and its Committees have made tangible progress against the action points identified during 2024. They have:

- continued to enhance the annual strategy review taking account of and examining the wider picture, including overall market, customer and partner feedback, as well as competitive positioning and geopolitical factors;

- developed a clear roadmap for strategy implementation with explicit milestones, measures and indicators of success;
- established plans for major investments and projects and established regular monitoring of progress in terms of cost management, timescales and timely deliverables;
- enhanced and strengthened the talent review sessions with additional focus on talent and pipeline, seeking out the perspectives of key stakeholders;
- recognised the significant benefits that are derived from attendance at subsidiary boards across the Group, identified opportunities for Independent Non Executive Directors to further participate in the subsidiary board process to develop stronger insights into the wider business, and developed ways for these experiences to be shared between all Directors.

## Board remuneration

The remuneration of Independent Non Executive Directors is determined by the Chair in conjunction with the Nominations and Governance Committee and is regularly benchmarked to ensure it reflects the time commitment and responsibilities of each role; there are no performance-related elements. The Chair's remuneration is determined pursuant to the remuneration policy. More information can be found on pages 121 to 163.

**The role of the Board**

The Board as a whole is collectively responsible for the success of Hiscox Ltd and the Group. Its duties are to:

- set the Group’s strategic direction, purpose and values and align these with its culture;
- oversee competent and prudent management of internal control, corporate governance and risk management;
- determine the sufficiency of capital in light of the Group’s risk profile and business plans;
- approve the business plans and budgets.

This structure is supported by the Group Executive Committee, Investment Committee and a number of other management committees. The Board and its Committees have unfettered access to the resources they deem necessary to fulfil their obligations.

Certain administrative matters have been delegated to a committee comprising any Director and the Company Secretary.

The Company Secretary acts as a trusted advisor to the Board and its Committees, and ensures there are appropriate interactions between Senior Management and Non Executive Directors. He is responsible for advising the Board on all governance matters and all Directors have access to him for advice.

Audit Committee	Nominations and Governance Committee	Remuneration Committee	Risk Committee
<ul style="list-style-type: none"> <li>— Advises the Board on financial reporting.</li> <li>— Oversees the relationship with internal and external audit.</li> <li>— Oversees internal controls including reserving and claims.</li> </ul> <p>The Audit Committee report can be found on pages 110 to 112.</p>	<ul style="list-style-type: none"> <li>— Recommends Board appointments.</li> <li>— Succession planning.</li> <li>— Ensures an appropriate mix of skills and experience on the Board.</li> <li>— Promotes diversity.</li> <li>— Manages any potential conflicts of interests.</li> </ul> <p>The Nominations and Governance Committee report can be found on pages 106 to 108.</p>	<ul style="list-style-type: none"> <li>— Establishes remuneration policy.</li> <li>— Oversees alignment of rewards, incentives and culture.</li> <li>— Sets Chair, Executive Director and Senior Management remuneration.</li> <li>— Oversees workforce remuneration-related policies and practices across the Group.</li> </ul> <p>The Remuneration Committee report can be found on pages 121 to 123.</p>	<ul style="list-style-type: none"> <li>— Advises the Board on the Group’s overall risk appetite, tolerance and strategy.</li> <li>— Provides advice, oversight and challenge to embed and maintain a supportive risk culture throughout the Group.</li> </ul> <p>The Risk Committee report can be found on pages 114 to 115 and more information on risk management can be found on pages 22 to 25 and 42 to 46.</p>

**To ensure that the Board operates efficiently, each Director has distinct role responsibilities.**

Chair	Senior Independent Director (SID)	Chief Executive	Independent Non Executive Directors
<ul style="list-style-type: none"> <li>— Leadership of the Board.</li> <li>— Ensuring effective relationships exist between the Non Executive and Executive Directors.</li> <li>— Ensuring that the views of all stakeholders are understood and considered appropriately in Board discussions.</li> <li>— Overseeing the annual performance evaluation and identifying any action required.</li> <li>— Leading initiatives to assess the culture of the Company and ensure that the Board leads by example.</li> </ul>	<ul style="list-style-type: none"> <li>— Advisor to the Chair.</li> <li>— Leading the Chair’s performance evaluation.</li> <li>— Serving as an intermediary to other Directors when necessary.</li> <li>— Being available to shareholders and other stakeholders if they have any concerns that cannot be resolved through normal channels, or if contact through these channels is deemed inappropriate.</li> </ul>	<ul style="list-style-type: none"> <li>— Proposing and delivering the strategy as set by the Board.</li> <li>— Facilitating an effective link between the business and the Board to support effective communication.</li> <li>— Leading the Group Executive Committee, which delivers operational and financial performance.</li> <li>— Representing Hiscox internally and externally to stakeholders, including shareholders, employees, government and regulators, suppliers and contractors.</li> </ul>	<ul style="list-style-type: none"> <li>— Active participation in Board decision-making.</li> <li>— Advising on key strategic matters.</li> <li>— Critiquing and constructively challenging proposals and activities, and approving plans where appropriate.</li> <li>— Upholding the cultural tone of the Company.</li> <li>— Engaging with internal and external stakeholders.</li> </ul>

# Compliance with the UK Corporate Governance Code 2018



As a company listed on the London Stock Exchange, the UK Corporate Governance Code is applicable to Hiscox.

The Board is pleased to report that the Company applied the principles of the 2018 edition of the UK Corporate Governance Code (the Code) throughout the year and complied with all of its provisions throughout the year except as disclosed below.

Following the sudden death of our Chair, Jonathan Bloomer, in late August 2024, in accordance with our Governance processes, Colin Keogh, as the then-appointed Senior Independent Director, assumed the position of Interim Chair. Colin had been due to step down from the Board before the Company's Annual General Meeting in 2025, having originally been appointed to the Board in November 2015. As a result, the Company has not been in compliance with Provision 19 of the Code since November 2024 (being the nine-year anniversary of Colin's appointment to the Board), given that Colin continues to serve as Interim Chair but has now been on the Board for more than nine years since his first appointment.

This instance of non-compliance is attributable only to the unexpected circumstances leading to the extension of Colin's tenure and the Board fully expects to be compliant with Provision 19 once a permanent successor to Jonathan is appointed (the process for which is well advanced). The Board is satisfied that Colin continues to demonstrate objective judgement and considers his leadership and in-depth knowledge of the Group to be invaluable to the search for a new Chair and to the functioning of the Board as a whole.

Additionally, the Company was non-compliant with Provision 32 of

the Code for a short period between late August 2024 and September 2024 when Colin was technically serving as both Interim Chair and Chair of the Remuneration Committee. No Remuneration Committee meetings were held during this period.

Immediately upon Jane Guyett's appointment in September 2024, Colin transferred the role of Chair of the Remuneration Committee to Jane and stepped down from the Committee.

The corporate governance statement, the remuneration report and the Directors' report, together with the cross-references to other relevant sections of the Annual Report and Accounts, explain the main aspects of the Company's corporate governance framework and provide greater understanding as to how the Company has applied the principles and reported against the provisions of the Code. The Code itself can be found at [frc.org.uk](https://www.frc.org.uk).

With effect from 1 January 2025, the 2024 edition of the UK Corporate Governance Code will apply to the Company (with the exception of Provision 29, which is effective from 1 January 2026). The Company will report on its compliance with the 2024 edition of the Code in its 2025 Annual Report.



The Code can be found at [frc.org.uk](https://www.frc.org.uk).

### Compliance with the UK Corporate Governance Code 2018

More information on how we have applied the principles of the Code is contained in various sections of this report. Please refer to the pages signposted below.

1	1. Board leadership and Company purpose	
	The Board's role	pages 98 to 103
	Purpose and culture	pages 5 and 98 to 99
	Resources and controls	pages 42 to 46 and 110 to 112
	Stakeholder engagement	pages 52 to 55
	Workforce engagement	page 54
2	2. Division of responsibilities	
	Role of the Chair	page 103
	Composition of the Board	pages 92 to 93
	Role of Non Executive Directors	page 103
	Role of the Company Secretary	page 103
3	3. Composition, succession and evaluation	
	Board appointments and succession	pages 106 to 109
	Skills, experience and knowledge	pages 92 to 93
	Board performance review	pages 101 to 102 and 108
4	4. Audit, risk and internal controls	
	Internal and external audit	page 112
	Fair, balanced and understandable assessment	page 112
	Risk management and internal controls	pages 22 to 25, 42 to 45 and 111
5	5. Remuneration	
	Policies and practices	pages 121 to 123, 126 to 139 and 152 to 158
	Executive remuneration	pages 121 to 122, 124 to 125 and 129
	Outcomes and independent judgement	pages 121 to 122 and 126 to 139

# Nominations and Governance Committee report



Succession was an important focus for the Committee in 2024, and we have made good progress in this regard, with two new appointments bringing fresh perspectives to the Board.

**Colin Keogh**  
Interim Chair of the Nominations and Governance Committee

## Key responsibilities and membership

The Nominations and Governance Committee (the Committee) leads in the delivery of formal, rigorous and transparent procedures on appointments and succession, ensuring the development of a diverse pipeline of Board members and Senior Managers. This includes an annual review of succession plans for Executives and Non Executives, a process which is guided by the appointment and succession principles set out in the Group governance manual for Non Executive Directors and by our Group people policies for Executive Directors and Senior Management. The Committee also reviews the Board performance review process, Company strategy relating to DEI, and the diversity of both the Board and Senior Management. In addition, the Committee carries out several other Group activities, including a review of intragroup conflicts of interest and the approval of certain Group policies.

The Committee comprised the Chair of the Board and all of the Independent Non Executive Directors. The Interim Chair of the Board is the Interim Chair of the Nominations and Governance Committee, and the Senior Independent Director leads on any matters relating to the Chair. The Committee's terms of reference are reviewed and approved annually and are publicly available at [hiscoxgroup.com/investors/corporate-governance](https://hiscoxgroup.com/investors/corporate-governance).

## Key activities of the Committee

The Committee's key activities in 2024 were as follows.

- Search for and appointment of several new Independent Non Executive Directors, resulting in the appointments

of Jane Guyett in September 2024 (who also serves as Chair of the Remuneration Committee), and Lynne Biggar and June Yee Felix in January 2025 – see page 107 for more information on the Board appointment process.

- Smooth transition of Board responsibilities on an interim basis following the death of Jonathan Bloomer in August 2024.
- Search for a new permanent Chair.
- Review of the Board performance review outcomes.
- Ongoing diversity monitoring of the Board and Senior Management.
- Review of Committee terms of reference.
- Development of explicit milestones and measures of success in connection with the implementation of the Group strategy.

## Talent reviews

The Committee leads on Executive succession planning via an established and robust talent review process. As required, the Committee reviews key talent plans throughout the Group. The Group review focuses on the GEC and their direct reports, and the Company Secretary. The outputs of the talent review process contribute to Senior Management performance development plans and include relevant diversity actions. This process is replicated at a business unit level to ensure a sufficient pipeline of talent in each area. Talent plans are also reviewed when vacancies arise.

## Board composition and succession

The Committee reviewed the independence of each of the Non Executive Directors. There was a



A formal and transparent process was deployed for the appointment of the Remuneration Committee Chair.

#### Requirements

As part of the orderly succession plan for the retirement of the Remuneration Committee Chair, it was agreed to target an appointment to be in place during 2024.

The key requirements of the role were agreed as being recent financial services and remuneration experience (including at least 12 months' service on another remuneration committee).

It was agreed that a diverse candidate with these skills would also be highly regarded.

A review was completed by the Committee on the geographical location of the new Remuneration Chair, assisted by an externally delivered market map of available Directors.

A brief was prepared for the role specifying the above.

#### Process

The process was initiated with the appointment of an agency.

Spencer Stuart was engaged based on its market reputation, and alignment to our DEI objectives. The search firm used was deemed to be independent as it does not have any connection with the Company or its individual Directors other than in its engagement on other Non Executive Director search processes.

The search firm identified potential candidates assessed against the role specification, based on merit, and with due regard for the benefits of all forms of diversity on the Board, including gender and ethnicity. This produced a long list of high-quality candidates from a broad range of potential sources of talent. Candidates were then shortlisted for interviews, which focused on each candidate's skills and experience for the role.

#### Interview and appointment

A formal, multi-stage interview process was used to assess candidates, and included interviews with Board members. All interview candidates were deemed appropriate for appointment based on their skills and experience, and subject to a referencing process and review of any potential conflicts and time availability (assessed against significant time commitments).

The outstanding candidate for the role was Jane Guyett, and the Nominations and Governance Committee agreed that she demonstrated considerable financial services expertise and sufficient experience of chairing remuneration committees. The appointment was announced in September 2024.

#### Induction

Jane's induction consisted of a tailored induction programme which allowed her to become more familiar with the working of the Board and the Group, and to fully understand the Company's operating environment (internal and external). This included meetings with individuals from the Board, Senior Management and external auditor, and was supported by an induction pack. The programme was tailored to Jane's appointment and was continually reviewed to identify additional areas where induction may be required. More information on Jane's induction can be found on page 109.



particularly robust assessment of the independence of those Directors that had served more than six years on the Board. While an appointment process was initiated for the replacement of Colin Keogh as Senior Independent Director and Chair of the Remuneration Committee in the first half of 2024, to ensure a smooth transition of Board responsibilities on an interim basis following the death of Jonathan Bloomer, Colin agreed to stay on as Interim Chair until the search for a new permanent Chair has concluded and following an appropriate period of handover. The Board continues to consider that Colin demonstrates independent judgement and provides robust challenge.

As part of the annual Board succession planning process, the Committee reviewed the composition of the Board in 2024. This included a skills and experience review – encompassing independence, length of service, the balance of skills and experience, diversity, and the capacity required to oversee the delivery of the Company's strategy – and Board succession planning on an immediate and longer-term basis for the Chair and all members of the Board.

The review focused on Non Executive succession and was aligned to the talent reviews for the Executive Directors. The reviews resulted in the appointment of Jane Guyett as Chair of the Remuneration Committee, as well as Lynne Biggar and June Yee Felix as Independent Non Executive Directors. In 2025, the Committee will be focused on the search for a new permanent Chair, as well as the transition of the Senior Independent Director role from

Lynn Pike, who will not be standing for re-election at the 2025 AGM.

The appointment process associated with each of Lynne and June's appointments will be disclosed in next year's Annual Report and Accounts.

Following these formal reviews, the Board remains confident that the current skills and expertise are in place to deliver value to the Company and its shareholders. This formal annual process is augmented by ongoing open dialogue between the Non Executive Directors on succession and the skills required to deliver the strategy.

Pages 92 to 93 set out the nature and breadth of each Director's relevant skills and experience. Additionally, all Directors have demonstrated that they have adequate capacity to fulfil their duties. As part of the discussions on the requirements of new Directors, the Committee determined that the Company has a strong Board which is sufficiently capable to meet the demands of the Group and future strategy. This was also validated through the Board performance review process.

#### **Board performance review**

The Board and its Committees have a culture of continuous improvement and as part of this undertake a formal and rigorous annual evaluation of Board and Committee performance, the results of which help to inform action and development. Board and Committee effectiveness evaluations are carried out each year and the results are reviewed and discussed by the Board and its Committees – specifically the Nominations and Governance Committee, with a

focus on Board composition. More information on this can be found on pages 101 to 102.

#### **Colin Keogh**

Interim Chair of the Nominations and Governance Committee



## Board appointments in action: getting up to speed

Jane Guyett  
Independent Non Executive  
Director and Chair of the  
Remuneration Committee

When Jane Guyett, a highly experienced Non Executive Director, was appointed to the Hiscox Board in September 2024, she already had a strong sense of the culture she was stepping into. *"I already knew Hiscox very well from a client perspective,"* she says. *"I've always liked the tradition, the specialisation, the great history around risk taking. I'm very careful about the boards I choose*

*– I need to agree with the strategy, like the people and feel they have integrity – and Hiscox ticked those boxes for me."*

To be effective from the start, she has

worked quickly to develop a well-rounded view of the business. Understanding the structures was, she explains, the easy part for a seasoned director: *"Large companies often have lots of similarities in how they're structured. Some of that is defined by the regulators, some is shaped by best practice in the industry."* It was getting to grips with the nuances of the strategy that required far greater immersion.

The foundations can be laid through reading documentation, but real depth can only come from meeting people. *"I had numerous meetings with key individuals and joined some of their monthly calls,"* she says. For a two-week spell she was in the Hiscox office almost full-time, *"drinking from the fire hose"* as she puts it. That extended to seeking external

perspectives, meeting with some of our external advisors which *"gave me that market lens"*.

As Chair of the Remuneration Committee, Jane has also developed a clear sense of what her priority for the Committee will be in the coming years. *"I want to see a clear path through from what we're trying to do strategically to what we're trying to reward. Are we rewarding people for driving the strategic performance that we want? That's the key thing for me."*

See pages 121 to 123. 



# Audit Committee report



We have continued to evolve our approach as it relates to ensuring the integrity and robustness of our financial disclosures, and to the effectiveness of the Group's internal controls.

**Donna DeMaio**  
Chair of the Audit Committee

In relation to financial reporting, the primary role of the Audit Committee (the Committee) is to monitor the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance. The Committee meets four times a year to coincide with key points in the Group's financial calendar. Working with both Management and the external auditor, the Committee reviewed the appropriateness of the interim and annual financial statements, concentrating on:

- the quality and acceptability of accounting policies and practices;
- the clarity of the disclosures and compliance with financial reporting standards and requirements;
- material areas in which significant judgements and estimates have been applied, or where there has been discussion with the external auditor; and
- any correspondence from third parties in relation to our financial reporting.

The Committee is comprised of the Chair of the Board and all of the Independent Non Executive Directors. Colin Keogh ceased being a member following his appointment as Interim Chair on 19 August 2024. Jane Guyett was appointed to the Committee on 2 September 2024.

The requirements of the FRC's publication 'Audit Committees and the External Audit: Minimum Standard', have applied to Hiscox (as a FTSE 350 constituent) since it was published in May 2023 and is now incorporated in the 2024 Corporate Governance Code with effect from 1 January 2025, were reviewed, and the Committee believes

it is compliant with those requirements. The Committee has set out below the activities it has undertaken to fulfil its responsibilities and meet the requirements of that Standard.

An explanation of how the Company applies its accounting policies can be found on pages 178 to 189.

The significant judgements considered by the Committee in relation to the 2024 financial statements were as follows.

## i) Reserving for insurance losses

As set out in our material accounting policies on pages 187 to 189, the reserving for insurance losses is the most critical estimate in the Group's financial statements.

The Chief Actuary presents a quarterly report to the Committee covering Group loss reserves, which discusses both the approach taken by Management in arriving at the estimates and the key judgements within those estimates. The Committee reviewed and challenged the key judgements and estimates in valuing the insurance assets and liabilities, including in relation to reserving methods, longer-tailed casualty lines and IFRS 17 assumptions involving discounting, onerous contract charge and risk adjustment.

The Committee is satisfied with both the process that was conducted, and the reporting and disclosure of the resulting estimates. While there remains uncertainty around the final cost of these events to the Group, the Committee notes that the Group continues to adopt a conservative approach where uncertainty exists as to the final cost of settlement. As with prior years, the Committee also

considers the report of the external auditor, following its re-projection of reserves using its own methodologies. On the basis of this work, it reported no material misstatements in respect of the level of reserves held by the Group at the end of the reporting period. The Committee is satisfied that the valuation of insurance liabilities and reinsurance assets at 31 December 2024 is appropriate.

#### ii) Going concern assessment and longer-term viability statements

The Committee noted the Group's going concern statements included in the Interim Statement and in this Annual Report and Accounts, and the assessment reports prepared by Management in support of such statements. More information on the going concern and longer-term viability statements can be found on pages 116 to 117.

#### iii) Treatment of investment vehicles

The Group invests in insurance-linked securities and private credit funds. In accordance with the requirements of IFRS 10, the Group would consolidate such investments if it had power over the investment, exposure or rights to variable returns and the ability to use its power to affect the Group's variable returns. These arrangements can be complex in nature and the ability to exert power judgemental. The Committee is satisfied the Group has adopted the appropriate accounting treatment for such investments.

#### iv) Recoverability of goodwill and other intangible assets

Judgements in relation to impairment testing relate primarily to the assumptions underlying the calculation of the value in use of the Group's

businesses, being the achievability of the long-term business plans and the macroeconomic factors underlying the valuation process. The Committee received updates on impairment testing and the analysis performed by Management and assessed the appropriateness of the assumptions made. The Committee is satisfied with the approach taken and the recoverability of the goodwill and intangible assets.

#### v) Accounting for DirectAsia

On 18 December 2024, the Group divested the part of the DirectAsia business which was based in Thailand. The remaining DirectAsia business, which is based in Singapore, continues to be classified as a disposal group held for sale and valued according to the requirements of IFRS 5. A sale is still considered highly probable within the next 12 months and therefore the Committee is satisfied the presentation and valuation of the remaining DirectAsia business in the consolidated financial statements is appropriate.

#### vi) Valuation of the investment portfolio

The Group continues to measure and report its investment assets at fair value. Due to the nature of the investments, as disclosed in notes 14 and 17, the fair values are based on quoted prices or are measured using directly or indirectly observable inputs. A small proportion of investments rely on a higher degree of judgement, due to the limited availability of observable market prices or observable inputs, to estimate their fair value. The Committee received updates on the valuation of certain investments where the fair value was particularly subjective, and is satisfied with the valuations.

Sensitivity analysis on valuation of assets is captured within the financial risk section (note 3.3) of the financial statements.

#### vii) Legacy portfolio transactions

The accounting treatment of legacy portfolio transactions is judgemental as the present value probability-weighted average fulfilment cash flows associated with the transactions need to be estimated. The Committee was satisfied with the key assumptions Management were making in respect of these transactions.

#### viii) The recognition and recovery of deferred tax assets

The estimation of the value of the Group's deferred tax asset requires significant judgement. On 15 January 2025, the OECD released new guidance which, if enacted through legislation, would mean that 80% of this asset would not be recognised for global minimum tax (GMT) purposes. This would result in additional 'top-up tax' payable by the Group in future periods of up to 80% of the deferred tax asset. IFRS standards do not allow the recognition of a deferred tax liability for this potential future tax payable at the balance sheet date. The Committee is satisfied with Management's approach to valuation and recognition of the deferred tax asset.

#### Internal controls

The Committee receives quarterly updates on the effectiveness of the financial reporting control environment. This includes metrics to evaluate control effectiveness, attestations from business unit chief financial officers and the tracking of any control remediation activity. The Committee also receives updates on internal controls and reporting matters from the significant



regulated entity audit committees operating within the Group. In 2024, the Committee, on behalf of the Board, undertook a review of the effectiveness of the internal controls of the Group. These activities are carried out at least annually.

### Regulatory changes

The Committee was updated on various upcoming regulatory changes that fall under its remit. These include: changes to the UK Corporate Governance Code; tax developments, notably the global minimum tax; and various environmental, social and governance (ESG) reporting matters.

### Internal audit

The Group's Chief Auditor provided quarterly updates to the Committee on the progress of the internal audit plan, the outcomes of recent audits, the progress of audit-related actions, and any other relevant activities including its key performance measures and the development of its resources. Updates on aspects such as the assessment of internal audit's effectiveness and the review of the internal audit policy are shared annually. Detailed results of an annual self-assessment against internal audit standards and codes, and on independence are reported annually to the Committee. It is a requirement that every five years this assessment is carried out externally, though on occasion it has been conducted more frequently.

A new Group Chief Auditor has been appointed and will join the organisation in March 2025.

The internal audit plan is derived using a risk-based approach. In 2024, key themes included core underwriting and claims controls, third-party vendor management, business and IT operations, change, financial control, data governance and controls, consumer duty and various regulatory themes.

### External auditor

PwC has been the Group's external auditor since 2016 following a competitive tender process. During 2024, an auditor tender process was undertaken, for the period effective 1 January 2026. Seven firms responded to a request for information, of which five provided positive responses and

confirmed they could be independent by 1 January 2025. The selection criteria used were transparent and non-discriminatory and communicated clearly to the prospective firms. The tender process was held price blind, and a quality panel evaluated each of the firms against the following four themes as selection criteria: experience and capability; audit approach; audit transformation and innovation; and value-add activity. Overall PwC had the highest scoring. The tender process was led by the Chair of the Audit Committee with regular updates provided to all Committee members throughout the process. PwC was recommended to the Hiscox Ltd Board and was subsequently approved to continue as the Group's auditor.

As the Group's auditor, PwC is invited to attend all meetings of the Committee, and it is the responsibility of the Committee to monitor their performance, objectivity and independence. The Committee discusses and agrees with PwC the scope of its audit plan for the full-year and the review plan for the interim financial statements. No shareholders requested any matters be covered as part of the external audit. The Committee also reviewed and approved the remuneration and terms of engagement with PwC.

The Audit Committee receives reports from PwC at each meeting which include the progress of the audit, key matters identified and the views of PwC on the judgements outlined above. The Committee ensures that PwC has full access to the Group's staff and records. The Committee also invites challenge by PwC, giving due consideration to points raised and making changes to financial statements in response, where appropriate. PwC also reports on matters such as its observations on the Group's financial control environment, developments in the audit profession, and certain other mandatory communications.

To provide a forum in which any matters of concern could be raised in confidence, the Non Executive Directors met with the external and internal auditors throughout the year without Management present. To safeguard auditor independence and objectivity, non-audit services are not

contracted with PwC unless it is clear that there is no practical alternative and there are no conflicts of interest or independence considerations. The Committee has also managed its non-audit relationships with audit firms, ensuring that it had a fair choice of suitable external auditor for the recent tender process.


Throughout the year, the Committee has assessed the independence, effectiveness and quality of the external audit process. This assessment considers the Committee's interactions with the external auditor and considers a variety of issues, including: the external auditor's experience and expertise; its professional scepticism and approach to challenging Management where necessary; its efficiency in completing the agreed external audit plan; and the content, quality and robustness of its reports. The Committee also takes into account the perspectives of those in Senior Management who interact with the external auditor on a regular basis. This process forms the basis for the Committee's reporting to the Board and its recommendation to shareholders to reappoint the external auditor, and the Committee concluded that PwC continued to perform effectively and remains independent and that the audit was of a sufficiently high quality.

### Fair, balanced and understandable

The Committee assessed whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's financial position and performance, business model and strategy. The Committee reviewed the processes and controls that underpin its preparation, ensuring that all contributors and Senior Management are fully aware of the requirements and their responsibilities.

### Donna DeMaio

Chair of the Audit Committee



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# Risk Committee report



## Key responsibilities and membership

The role of the Risk Committee (the Committee) is to support the Board in providing oversight of principal and emerging risks within Hiscox, and to review the effectiveness of the Group's risk management framework.

The Committee is comprised of 11 Independent Non Executive Directors, including the Committee Chair, each of whom has relevant expertise gained over the course of their executive and non-executive careers. During 2024, the Committee met quarterly.

The Committee relies on frequent updates from within the business and from independent risk experts. As such, the Committee regularly invites others relevant to Committee matters to attend, in particular the Group's Executive Directors and the Group Chief Risk Officer, with the Group Chief Risk Officer having unfettered access to the Chair and other members of the Committee.

## Risk monitoring and reporting

At each of its meetings during the year, the Committee reviews and discusses a risk dashboard and a critical risk tracker which monitors the most significant exposures to the business.

The Committee receives and reviews regular reporting from the Group Chief Risk Officer which highlights key information impacting the Group-wide risk profile, as well as updates on key activities undertaken by the risk function to deliver on its objectives, outputs of regular risk monitoring activities, and relevant regulatory developments.

The Committee also receives reports focused on emerging risks throughout the year. In 2024, emerging risks considered include risks associated with AI, climate change and demographic change. An overview of the processes for identifying emerging risks through the Grey Swan Group is described on page 82.

In addition, the Committee is responsible for reviewing and recommending to the Board for approval the Group's annual Group Solvency Self Assessment (GSSA) report for submission to the BMA. This is a mandatory solvency self-assessment filing for all BMA-regulated (re)insurers which is designed to ensure an analysis of internal capital needs is incorporated into risk management frameworks.

As part of the GSSA process, stress tests and reverse stress tests (scenarios such as those shown on pages 45 to 46, which could potentially give rise to business failure as a result of either a lack of viability or capital depletion) are also performed and reported to the Risk Committee.

## Key activities of the Committee

The main areas of focus for the Committee in 2024 were as follows.

### Enhancements to the risk management framework

The Committee reviewed a number of new and revised risk policies and standards, as well as assessments of risk maturity across different business units and functions and plans to enhance risk maturity against a set of established risk management maturity goals. The Committee also discussed new metrics for monitoring the Group's climate risk.



During 2024 we have further strengthened the Group's effective risk management culture and continued to evolve our risk management maturity, including the consideration of emerging risks associated with technology and AI.

Lynn Pike  
Chair of the Risk Committee



### Continued assessment of risk culture

The Committee received updates on the embedded process to assess risk culture, which includes a risk culture survey for staff that is completed as part of annual risk management training.

### Targeted risk reviews

There has been a continued focus during the year on performing targeted risk reviews at both Group and legal entity level, the outputs of which are shared with the Committee. During 2024, reviews have focused on risk management maturity, capital model validation deep dives, regulatory risk and change, as well as specific topics such as crisis management.

### Technology and AI risks

The Committee received updates on the development of the Group's technology and data strategies and reviewed the Group's new AI governance standard which was developed and launched during 2024.

### Underwriting risks

The Committee received updates on a number of relevant developments including reinsurance purchasing, managing the insurance market cycle and exposure management.

### Effectiveness review

The Committee also supports the Board in its review of the effectiveness of the Group's risk management and internal control systems through key activities that took place over the course of 2024, including: reviewing its annual declaration of compliance with the BMA's Group Supervision Rules, reviewing the results of the annual Group-wide risk and control self-assessment and associated second-line review, reviewing changes

to Hiscox Group risk policies and the Hiscox risk and control register, as well as considering risk management and internal control effectiveness as a specific topic.

During 2024, the Board has, through the Committee, conducted a robust assessment of the emerging and principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity, and is satisfied that no material changes to the key risks are required.

**Lynn Pike**  
Chair of the Risk Committee

# Directors' report



The Directors have pleasure in submitting their Annual Report and consolidated financial statements for the year ended 31 December 2024.

## Management report

The Company is a holding company for subsidiaries involved in the business of insurance and reinsurance in Bermuda, the USA, the UK, Guernsey, and Europe. The information found on pages 28 to 37, 42 to 46, 174 to 228 and 229 to 230 fulfils the requirements of the Management report as referred to in Chapter 4 of the Disclosure Guidance and Transparency Rules (DTR). This includes additional explanation of the figures detailed in the financial statements and the office locations of the Group in different countries.

The key performance indicators are shown on pages 26 to 27. Details of the use of financial instruments are set out in notes 3.3 and 17 to the consolidated financial statements. An analysis of the development and performance of the business during the financial year, its position at the end of the year, any important events since the end of the year and the likely future development can be found within the Chief Executive's report on pages 28 to 37. The Chief Executive's report also describes the main trends and factors likely to affect the future development, performance and position of the Company's business. A description of the Company's strategy and business model is set out on pages 6 to 9. The Company is not involved in any research and development activities. A description of the key risks and uncertainties and how they are managed or mitigated can be found in the key risks section on pages 22 to 25 and the risk management section on pages 42 to 46. In addition, note 3 to the consolidated financial statements provides a detailed explanation of the key risks which are inherent to the Group's business and how those risks are managed.

## Compliance with the UK Corporate Governance Code 2018 (the Code)

Details of how the Company has applied the principles set out in the Code and complied with the provisions of the Code are set out on pages 104 to 105.

## Emerging and principal risks

The confirmation required by Provision 28 of the Code in relation to the Board's robust assessment of the Company's emerging and principal risks (referred to in this document as key risks) can be found on pages 22 to 25.

## Corporate governance statement

The information that fulfils the requirements of the corporate governance statement as referred to in DTR 7.2 can be found on pages 104 to 105 in this report.

## Diversity

The diversity of the business is outlined on pages 64 to 69.

## Financial results

The Group delivered a record profit before tax for the year of \$685.4 million (2023: \$625.9 million). Detailed results for the year are shown in the consolidated income statement on page 174.

## Going concern

A review of the financial performance of the Group is set out in the Chief Executive's report on pages 28 to 37. The financial position of the Group, its cash flows and borrowing facilities are outlined on pages 33 to 36. The Group has considerable financial resources and a well-balanced book of business. The Board has reviewed the Group's current and forecast solvency and liquidity positions for the next twelve months and beyond. As part of the



### Director duties

As a company incorporated under the laws of Bermuda, Hiscox complies with Bermuda Company Law and as such the UK Companies Act 2006 and associated reporting regulations do not apply. Although there is no prescription of statutory duties in Bermuda, Directors are bound by fiduciary duties to the Company and statutory duties of skill and care. This includes exercising care, diligence, and skill that a reasonably prudent person would be expected to exercise in a comparable circumstance. The Directors act in a way that they consider in good faith would be most likely to promote the success of the Company for the benefit of its members as a whole.

consideration of the appropriateness of adopting the going concern basis, the Directors use scenario analysis and stress testing to assess the robustness of the Group's solvency and liquidity positions. Multiple experts within the business review the provisional results in order to reduce individual biases and to try and ensure all possibilities are considered and captured. In undertaking this analysis, no material uncertainty in relation to going concern has been identified. This is due to the Group's strong capital and liquidity positions, which provide resilience to shocks, underpinned by the Group's approach to risk management which is described in note 3 on pages 190 to 202. After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence over a period of at least 12 months from the date of this report. For this reason, the Group continues to adopt the going concern basis in preparing the consolidated financial statements.

### Longer-term viability statement

The preparation of the longer-term viability statement includes an assessment of the Group's long-term prospects in addition to an assessment of the ability to meet future commitments and liabilities as they fall due.

It is fundamental to the Group's longer-term strategy that the Directors manage and monitor risk, taking into account all key risks the Group faces, including insurance risks, so that it can continue to meet its obligations to policyholders. The Group is also subject to extensive regulation and supervision including the Bermuda Solvency Capital Requirement, which is outlined on page 34.

Against this background, the Directors have assessed the prospects of the Group in accordance with Provision 31 of the UK Corporate Governance Code 2018, with reference to the Group's current position and prospects, its strategy, risk appetite and key risks, as detailed in the key risks section on pages 22 to 25 and the risk management section on pages 42 to 46, as well as note 3 to the consolidated financial statements.

The assessment of the Group's prospects by the Directors covers the three years to 2027 and is underpinned by Management's 2025-2027 business plan. It includes projections of the Group's capital, liquidity and solvency and reflects the Group's risk profile of a portfolio of diversified short-tailed and medium-tailed insurance liabilities. In making the viability statement, the Board carried out, as part of the Group's solvency self-assessment process, a robust assessment using scenario analysis and stress testing to consider the Group's capacity to respond to a series of relevant financial, insurance-related or operational shocks should future circumstances or events differ from these current assumptions.

The adequacy of the liquid resources of the Group's parent company has been assessed by considering stress scenarios that would result in additional calls on central liquidity by the Group's business units. A 1-in-200 climate-heavy natural catastrophic year was assessed to be the most severe liquidity stress. Under this scenario the Group was shown to have access to sufficient liquidity sources to remain above risk appetite, after taking into account the Group's \$650 million undrawn revolving credit facility. This analysis allows the

Board to review and challenge the risk management strategy and consider potential mitigating actions.

Based on these assessments, the Board confirms that it has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year assessment period. Longer term, the Group's viability is underpinned by the Group's strategy of balancing big-ticket with retail business, market growth opportunities and underwriting expertise. See pages 6 to 9 for further details of the Group's strategy and business model.

### Dividends

An interim dividend of 13.2 cents per share was paid on 24 September 2024 and, as in previous years, a Scrip Dividend alternative was offered. The Board is also proposing payment of a final dividend in respect of the year ended 31 December 2024 (subject to shareholder approval) of 29.9 cents per share, to be paid on 9 June 2025 to shareholders on the register at 25 April 2025.

### Bye-laws

The Company's Bye-laws contain no specific provisions relating to their amendment and any such amendments are governed by Bermuda Company Law and subject to the approval of shareholders in a general meeting.

### Share capital

Details of the structure of the Company's share capital and changes in the share capital during the year are disclosed in note 19 to the consolidated financial statements. The ordinary shares of 6.5p each are the only class of shares presently in issue and carry voting rights. There is power under Bye-law 45 of the

**Major interests in shares**

The Company has been notified of the following interests in voting rights in its ordinary shares in accordance with DTR 5:

	Number of shares	% of issued share capital as at 31 December 2024*
Sun Life Financial Group	30,231,189	8.89
BlackRock Inc.	21,336,052	6.28
The Capital Group Companies, Inc.	20,097,684	5.91
T. Rowe Price Associates, Inc.	17,839,762	5.25
Boston Partners	16,997,137	5.00

\*There were 339,979,688 shares in issue (excluding Treasury shares) as at 31 December 2024. As at 26 February 2025, no changes have been notified to the Company.

Company's Bye-laws for voting rights to be suspended if calls on shares are unpaid. However, there are no nil or partly paid shares in issue on which calls could be made. The Bye-laws also allow the Company to investigate interests in its shares and apply restrictions including suspending voting rights where information is not provided. No such restrictions are presently in place. The Company was authorised by shareholders at the 2024 AGM to purchase in the market up to 10% of the Company's issued ordinary shares. The Company announced on 5 March 2024 that it would commence a buyback of its issued ordinary shares for a maximum aggregate consideration of \$150 million. As part of the buyback programme, which was implemented to reduce the issued share capital of the Company, the Company purchased 9,948,884 ordinary shares of 6.5p each for an aggregate consideration of \$150 million. The Company concluded the buyback programme in August 2024 and all shares repurchased under the programme have been cancelled. The Company announced a further special capital return via share buyback with its 2024 preliminary results and will update the market accordingly.

**Directors**

The names and details of all Directors of the Company who served during the year and up to the date of this report are set out on pages 92 to 93. Details of the Interim Chair's professional commitments are included in his biography on page 92.

The Bye-laws of the Company govern the appointment and replacement of Directors. In accordance with the Code, the Directors will submit themselves for re-election at the AGM.

Details of the Directors' share ownership are also set out on page 137. Biographical details of the Directors are set out on pages 92 to 93, as are the reasons why the Board believes their contribution is (and continues to be) important to the Company's long-term sustainable success. This information will also be set out in the circular which will accompany the notice of AGM.

**Major interests in shares**

The Company has been notified of the interests in voting rights in its ordinary shares in accordance with DTR 5, which are outlined in the table above. Any acquisitions or disposals of major shareholdings notified to the Company in accordance with DTR 5.1 are announced and those announcements are available on the Company's website, hiscoxgroup.com.

**Political donations and charitable contributions**

The Group made no political donations during the year (2023: \$nil). Information concerning the Group's charitable activities is contained in the sustainability section on pages 56 to 59.

**Climate-related matters**

In preparing and authorising this report, the Board has considered the relevance of material climate-related matters. Climate-related matters are discussed at all levels of the Company, including Board level, in line with the sustainability governance structure outlined on page 57.

The Company also aligns its climate-related activities to the TCFD framework, details of which can be found on pages 74 to 88.

**Disclosure under UK Listing Rule 6.6.1**

Details of long-term incentive schemes	Directors' remuneration report (pages 133 to 135)
Allotment of shares for cash pursuant to employee share schemes	Note 19 to the consolidated financial statements on employee share schemes (page 222)

**Directors and officers' indemnity**

The Company has granted indemnities to each of its Directors and Officers in respect of all losses arising out of, or in connection with, the execution of their powers, duties and responsibilities as Directors and/or Officers to the extent permitted by Bermuda Company law and the Bye-laws of the Company.

**Powers of Directors**

The powers given to the Directors are contained in the Company's Bye-laws and are subject to relevant legislation and, in certain circumstances (including in relation to the issuing and buying back by the Company of its shares), approval by shareholders in a general meeting.

At the 2024 AGM, the Directors were granted authorities to allot and issue shares and to make market purchases of shares, and intend to seek renewal of these authorities in 2025.

**Disclosure under UK Listing Rule 6.6.1**

The information that fulfils the reporting requirements relating to the following matters can be found at the pages identified in the table above.

**Annual General Meeting**

The notice of the AGM, to be held on 15 May 2025, will be sent to shareholders alongside a copy of this report. The deadline for submission of proxies is 48 hours before the meeting.

By order of the Board  
**Marc Wetherhill**  
Company Secretary

Chesney House  
96 Pitts Bay Road  
Pembroke HM 08  
Bermuda  
26 February 2025

## Directors' responsibilities statement

The Board is responsible for ensuring the maintenance of proper accounting records which disclose with reasonable accuracy the financial position of the Group. It is required to ensure that the financial statements present a fair view for each financial period. The Directors explain in the Annual Report their responsibility for preparing the Annual Report and Accounts.

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Management report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The Directors responsible for authorising the responsibility statement on behalf of the Board are the Interim Chair, Colin Keogh, and the Group Chief Executive Officer, Aki Hussain. The statements were approved for issue on 26 February 2025.

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's and the Group's position, performance, business model and strategy.

## Advisors

### Hiscox Ltd

**Secretary**  
Marc Wetherhill

**Registered office**  
Chesney House  
96 Pitts Bay Road  
Pembroke HM 08  
Bermuda

**Registered number**  
38877

**Auditor**  
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London  
SE1 2RT

**Stockbrokers**  
Citigroup  
Citigroup Centre  
33 Canada Square  
London  
E14 5LB

Peel Hunt LLP  
7th Floor  
100 Liverpool Street  
London  
EC2M 2AT

**Registrars**  
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c/o Equiniti Limited  
Aspect House  
Spencer Road  
Lancing  
West Sussex BN99 6DA  
United Kingdom



# HISCOX

Assureur des TPE  
et des indépendants



mot compte triple!

# Remuneration Committee report



Our remuneration strategy is designed to help attract and retain talented, ambitious people, to foster a culture of high performance and to create sustainable long-term value for shareholders.

Jane Guyett  
Chair of the Remuneration Committee

## Dear Shareholder

On behalf of the Board, I am pleased to present Hiscox's remuneration report for the year ended 31 December 2024.

Firstly, I would like to say that I am delighted to have joined the Hiscox Board and to have been appointed as Chair of the Remuneration Committee. I cannot do so, however, without acknowledging the tragic circumstances of Jonathan Bloomer's untimely death which led to my predecessor, Colin Keogh, assuming the role of Interim Chair and me replacing him in this role rather sooner than anticipated. As Hiscox colleagues and fellow Directors have expressed in other parts of this report, my deepest condolences are with Jonathan's family and friends and I join them in paying tribute to his service to the Company and the Board.

On behalf of the Board, I would like to thank Colin for his leadership of the Remuneration Committee for the past nine years. On a personal note, I am grateful to him for the guidance he has given me during the transition.

Our remuneration strategy is designed to help attract and retain talented, ambitious people, to foster a culture of high performance and to create sustainable long-term value for shareholders. I am pleased to be presenting this report against a backdrop of strong business results and remuneration outcomes for executives and wider Hiscox employees.

## 2024 performance and remuneration outcomes

During 2024, the Group delivered a record profit before tax of \$685.4 million (2023: \$625.9 million) and, for the

second consecutive year, a strong undiscounted combined ratio of 89.2% (2023: 89.8%), despite the active loss environment. Along with an excellent investment return of \$383.9 million (2023: \$384.4 million), the Group has generated a return on equity of 19.8% (2023: 27.6%).

For both the short- and long-term incentive plans, and consistent with previous years, the Committee assessed performance in the round when determining variable pay outcomes, including an assessment of wider Group performance and the employee, shareholder and wider stakeholder experience, alongside adherence to the risk framework.

## Exercise of discretion

The ongoing impact on the long-term incentive plan of the change in accounting standard from IFRS 4 to IFRS 17 is described in more detail later in the report. The Committee maintains the view that, in principle, plan participants should be no better or worse off due to this change than they would have been without it. Similarly, the Committee has exercised discretion and retrospectively adjusted incentive targets and outcomes to reflect the accounting-driven material change in share capital during 2024, in order to ensure that incentive payouts are reflective only of underlying Company performance.

As explained in previous years' remuneration reports, ROE in 2022 was materially impacted by unrealised investment losses on the bond portfolio. The corresponding upward adjustment made in 2022 to calculate Executive Director and wider



workforce bonuses was agreed to be adjusted downward in 2023, 2024 and 2025 as the bonds return to par. As such a deduction of \$35.8 million has been made to the pre-tax ROE for bonus purposes in 2024.

#### 2024 annual bonus

For the 2024 annual bonus, performance metrics consisted of: pre-tax ROE (75% weighting), employee engagement (5%), retail claims net promoter score (5%) and individual strategic objectives (15%).

As a result of the strong pre-tax adjusted ROE of 21.2% for 2024, improvements in the retail claims NPS, maintaining the ten-year high engagement score, and the personal contribution of the Executive Directors (see page 132 for further details), the Committee determined to award an annual bonus equivalent to 94% of the maximum bonus opportunity to Aki Hussain (£2,325,000), 94% to Paul Cooper (£1,600,000) and 89% to Joanne Musselle (£2,000,000).

In line with the remuneration policy, 40% of each Executive Director's bonus for 2024 will be deferred into Hiscox shares for three years to further align their interests with those of shareholders.

#### 2022 long-term incentive awards

Awards made under the Performance Share Plan in 2022 included a 40% weighting on relative total shareholder returns (TSR) and a 60% weighting on growth in net asset value (NAV) per share plus dividends.

The adjusted three-year average growth in NAV of 16% resulted in vesting of 100% of the maximum

weighting for this metric. Relative TSR performance was below the median of the peer group over the three-year period, resulting in zero vesting of this portion of the award. This resulted in an overall vesting of 60% of 2022 awards.

#### 2025 remuneration

For 2025, Paul Cooper and Joanne Musselle's salaries will be increased by 1.8% and Aki Hussain by 2.5%, in line with average workforce increases in the UK of 2.8%.

The Committee has discretion to determine the specific metrics and targets attached to each compensation cycle with reference to the business strategy. There are no proposed changes to the metrics used or maximum award levels under the annual bonus and long-term incentive plan.

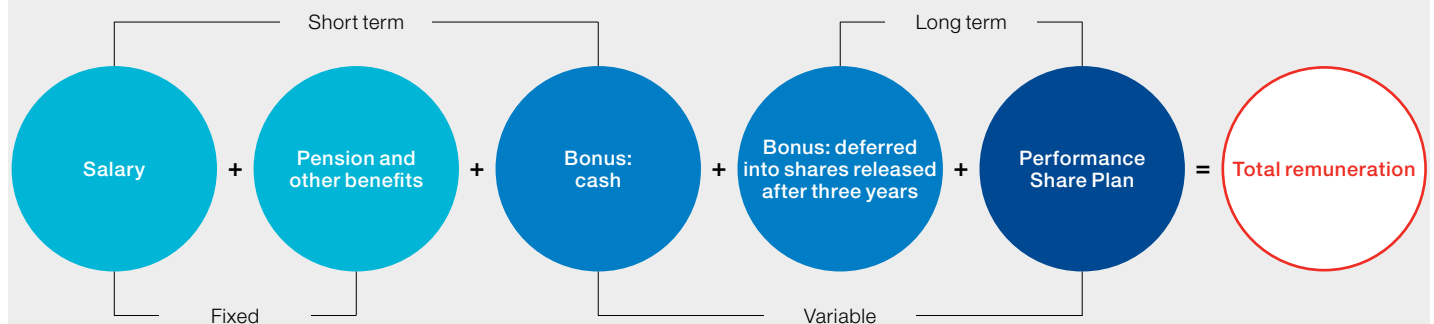
#### Wider workforce

Since joining Hiscox, it has been encouraging to see the commitment to ensuring Hiscox's reward philosophy is applied successfully across the entire workforce and that we are looking after our lowest paid employees. Hiscox has been a Living Wage employer in the UK since 2019. This is an important part of our employee value proposition and helps ensure that Hiscox employees receive pay that recognises the increased cost of living in the UK.

We published our eighth annual UK gender pay report in 2024. Our pay gap remains relatively well positioned versus our peers, however we recognise that we still have work to do.

2024 saw the first year of the new short- and long-term incentive

### Our remuneration approach at a glance



approach in operation for the wider workforce. This refreshed approach formed part of our overall reward strategy and was built on three pillars:

- **consistent methodology:** allowing us to unite our reward approach globally, so that wherever a colleague is in the organisation, their reward reflects their performance, the success of their business unit or function, and our Group's profitability;
- **market competitive:** allowing us to deliver competitive rewards in every one of our markets;
- **transparent:** giving colleagues more visibility of the total reward value they could receive, clarity around performance measures and how they can influence them.

The Committee also continued with the following activities to ensure we are appropriately rewarding and engaging the entire workforce and reflecting this in Board decision-making.

- **Board oversight:** we are regularly kept up to date by the Chief People Officer on wider workforce remuneration trends and policies to aid our understanding of how Executive Directors' remuneration aligns to that of wider employees.
- **Employee engagement:** Anne MacDonald, Non Executive Director, also serves as Employee Liaison and, as such, continues to facilitate engagement sessions through the established representative Employee Engagement Network to better understand employee views on issues, including but not limited to, remuneration, and provides periodic feedback on these discussions to the Board. We were pleased to hear the feedback that Executive Director remuneration is viewed as appropriate and no concerns were raised by the workforce.

#### 2026 remuneration policy

The current remuneration policy was approved by shareholders at the 2023 AGM and, as such, a new policy is required to be put to vote at the 2026 AGM. We look forward to consulting with shareholders over the coming year ahead of the policy's renewal.

#### In summary

The Remuneration Committee is satisfied that 2024 remuneration outcomes are aligned with the experience of shareholders and colleagues and reflective of business performance.

#### Jane Guyett

Chair of the Remuneration Committee

# Summary of remuneration arrangements

## Total remuneration 2024

Aki Hussain	898,055	2,325,000	1,350,897	£4,573,952
Paul Cooper	610,046	1,600,000	1,534,463	£3,744,509
Joanne Musselle	623,446	2,000,000	942,362	£3,565,808

● Fixed pay ● Bonus ● LTIP/buy-out/Sharesave gain

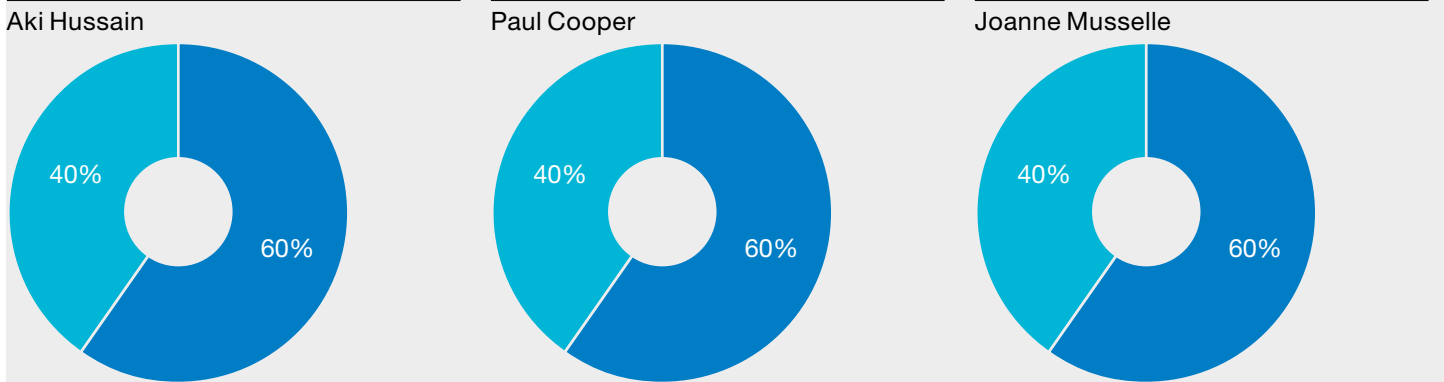
## Annual bonus

Aki Hussain	Paul Cooper	Joanne Musselle

● 2024 award (as % of max) ● Maximum opportunity (as % of salary)

## Long-term incentive plan (Performance Share Plan)

Performance period ends 31 December 2024



● 2024 vested ● vs lapsed

## Shareholding requirement

Aki Hussain	Paul Cooper	Joanne Musselle

● Held ● Requirement



Implementation of policy for 2024	Implementation of policy for 2025
<p><b>Salaries for 2024:</b></p> <ul style="list-style-type: none"> <li>— Aki Hussain: £821,500</li> <li>— Paul Cooper: £565,000</li> <li>— Joanne Musselle: £565,000</li> </ul> <p>Base salary is set at a competitive level to reduce reliance on variable pay and discourage excessive risk taking.</p>	<p><b>Salaries for 2025:</b></p> <ul style="list-style-type: none"> <li>— Aki Hussain: £842,000</li> <li>— Paul Cooper: £575,000</li> <li>— Joanne Musselle: £575,000</li> </ul> <p>Salary increases of 2.5% for the CEO and 1.8% for other Executive Directors in line with external market data and other UK-based employees where the average increase is 2.8%.</p>
<p><b>Maximum opportunity:</b></p> <ul style="list-style-type: none"> <li>— up to 300% of salary for CEO and CFO;</li> <li>— up to 400% of salary for CUO.</li> </ul> <p>Over the past ten years, the average bonus awarded to the CEO has been equivalent to 35% of the current maximum opportunity.</p> <p><b>Performance metrics:</b> 75% weighting on ROE and 25% on strategic performance metrics. Further details are provided on pages 128 to 129.</p> <p><b>Deferral:</b> flat rate of 40% of bonus deferred into shares and released three years following the end of the relevant performance year.</p>	<p>No changes to the maximum opportunity or deferral.</p> <p>Performance metrics are outlined on page 140.</p>
<p>Award subject to three-year performance period and two-year holding period.</p> <p><b>Maximum opportunity:</b> 250% of salary for all Executive Directors.</p> <p><b>Vesting subject to:</b> growth in NAV (50% weighting) and relative TSR (50% weighting).</p> <p><b>2024 award as percentage of salary:</b></p> <ul style="list-style-type: none"> <li>— Aki Hussain: 250%</li> <li>— Paul Cooper: 200%</li> <li>— Joanne Musselle: 200%</li> </ul> <p><b>Holding period:</b> awards subject to a further two-year holding period following vesting.</p>	<p>No changes.</p> <p><b>2025 award as percentage of salary:</b></p> <ul style="list-style-type: none"> <li>— Aki Hussain: 250%</li> <li>— Paul Cooper: 200%</li> <li>— Joanne Musselle: 200%</li> </ul>
<p>Share ownership guidelines of 200% of salary for all Executive Directors, after five years in role.</p> <p><b>2024 actual:</b></p> <ul style="list-style-type: none"> <li>— Aki Hussain: 344%</li> <li>— Paul Cooper: 269%</li> <li>— Joanne Musselle: 357%</li> </ul> <p><b>Post-employment shareholding requirement:</b> maintain the level of the in-employment shareholding guideline (or the actual shareholding on stepping down, if lower) for two years following stepping down from the Board.</p>	<p>Share ownership guideline unchanged.</p>

### Key principles underpinning remuneration at Hiscox

The Hiscox remuneration policy is designed to drive a culture of high performance and create sustainable long-term value for shareholders.

The policy follows three clear principles:

- simple and results-driven, with variable rewards if Hiscox delivers profits and shareholder returns in excess of specified return thresholds;
- incentivise Executive Directors appropriately, over the short and long term; and
- align Executive Directors' interests with those of our shareholders, focusing on effective risk management, return on equity (ROE) and net asset value growth, which drives total shareholder return over time.

### CEO single figure (ten-year history)

	£
2024	4,573,952
2023	3,870,426
2022	1,390,959
2021	1,332,964
2020	717,243
2019	698,196
2018	1,818,086
2017	2,394,428
2016	3,970,466
2015	3,358,894

### Implementation of policy

The remuneration policy operated as intended in terms of Company performance and quantum during 2024 and no changes are necessary for 2025.

## Directors' remuneration report

This report explains how the remuneration policy was implemented for the financial year ended 31 December 2024.

PwC has been engaged to audit the sections in the Directors' remuneration report 2024 below entitled 'Executive Director remuneration table' and 'additional notes to the Executive Director remuneration table', 'annual bonus', 'bonus outcomes for 2024', '2024 key objectives and individual achievements by the Executive Directors', 'long-term incentive plan', 'long-term incentive plan outcomes for 2024', 'PSP awards granted during the 2024 financial year', 'Non Executive Director remuneration table', 'Directors' shareholding and share interest', 'Performance Share Plan' and 'Sharesave Schemes', 'deferred bonus', 'payments to past Directors', 'payments for loss of office', to the extent that would be required by the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2013 as amended.

### Executive Director remuneration table (audited)

	Aki Hussain		Paul Cooper		Joanne Musselle	
	2024 £	2023 £	2024 £	2023 £	2024 £	2023 £
Salary	813,000	778,125	561,563	544,688	561,563	544,688
Benefits	11,149	10,703	9,217	8,945	9,621	9,349
Retirement	73,906	70,736	39,266	52,796	52,262	50,546
Bonus <sup>1</sup>	2,325,000	2,200,000	1,600,000	1,500,000	2,000,000	1,900,000
Long-term incentive plan <sup>2</sup>	1,346,261	810,862 <sup>3</sup>	986,209	0	942,362	810,862 <sup>3</sup>
Other <sup>4</sup>	4,636	0	548,254	963,600	0	0
<b>Total</b>	<b>4,573,952</b>	<b>3,870,426</b>	<b>3,744,509</b>	<b>3,070,029</b>	<b>3,565,808</b>	<b>3,315,445</b>
<b>Total split</b>						
Fixed remuneration	898,055	859,564	610,046	606,429	623,446	604,583
Variable remuneration	3,675,897	3,010,862	3,134,463	2,463,600	2,942,362	2,710,862

<sup>1</sup>40% of the bonus is deferred into shares for three years. No further performance conditions apply.

<sup>2</sup>2024 long-term incentives for Executive Directors relate to performance share awards granted in 2022 where the performance period ends on 31 December 2024. The award is due to vest on 8 April 2025 for Aki Hussain and Joanne Musselle, and 16 May 2025 for Paul Cooper. The amount includes dividend equivalents of an extra 9,184 shares for Aki Hussain, 5,408 shares for Paul Cooper and 6,428 shares for Joanne Musselle accrued on the award. For the purpose of this table, the award has been valued using the average share price during the three-month period 1 October 2024 to 31 December 2024 of £10.91. Of the vested amount, £121,523 relates to share price appreciation for Aki Hussain, £108,273 for Paul Cooper and £85,065 for Joanne Musselle.

<sup>3</sup>The value of the 2023 long-term incentive awards has been updated from £687,550 (using a share price of £10.00) to £810,862 reflecting the actual share price on the vesting date of 8 April 2024 of £11.89 and the final dividend equivalents.

<sup>4</sup>On 2 April 2024, the third tranche of the share buyout award for Paul Cooper vested. The total vested award was 44,429 shares including dividend equivalents accrued on the award. The award was valued at £548,254 using the middle market quotation of £12.34 on 2 April 2024, which included £113,375 share price appreciation. Aki Hussain has a Sharesave discount to market value of £4,636. See page 138 for further details.



### Additional notes to the Executive Director remuneration table (audited)

#### Salary

Salary reviews take place in the first quarter of the year, effective from 1 April. As noted in last year's remuneration report, Aki Hussain's salary increased by 4.3% and the other Executive Directors' salaries by 2.5%, effective 1 April 2024. The average UK-based employee salary increase was 4.3%.

Base salaries for Executive Directors from 1 April 2024 were as follows:

	2024 £
Aki Hussain	821,500
Paul Cooper	565,000
Joanne Musselle	565,000

#### Benefits

For 2024, benefits provided for Executive Directors included the healthcare scheme, life insurance, income protection insurance and critical illness policies, as well as a Christmas gift and fitness cash allowance.

#### Retirement benefits

Aki Hussain and Paul Cooper received a 10% of salary cash allowance in the year (less an offset for the employer's UK National Insurance liability) in lieu of the standard employer pension contribution. Joanne Musselle receives a combination of cash allowance and employer pension contribution (£10,000 for 2024) totalling 10% of salary (less an offset for employer's UK National Insurance on the cash allowance). The value of these retirement benefits is shown in the Executive Director remuneration table on page 126. Executive Director retirement benefits are consistent with those offered to the majority of UK employees. This has been the policy at Hiscox for a number of years.

#### Variable pay

To ensure that remuneration is aligned with Company performance and the shareholder experience, a significant proportion of pay is delivered through incentive awards, consisting of an annual bonus and share awards under the Performance Share Plan, which can vary significantly based on the level of performance achieved. Although the remuneration structure has naturally evolved over time to reflect market and best practice, the framework has been in place for more than 15 years.



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### Annual bonus (audited)

The Executive Directors, along with other employees across the Group, participate in a performance-related short-term incentive plan. Bonuses are based on the performance of the individual, the business unit and the Group as a whole.

The Remuneration Committee believes that the most appropriate measure for the calculation of the financial performance of the Company is pre-tax return on equity (ROE), as this aligns Management's interests with those of shareholders, minimises the possibility of anomalous results, and ensures that incentives for Executive Directors and other employees are tied to the Company's profit performance. When setting targets, the Committee seeks to motivate strong performance while also encouraging sustainable behaviours, in line with the defined risk appetite of the business.

In determining the bonuses to be paid to Executive Directors for 2024, the Committee based its judgement on the scorecard shown on page 129. Assessment of retail claims transactional NPS and employee engagement was undertaken by external third parties.



Executive Director bonus scorecard																
Metric	Weighting of maximum opportunity	Performance criteria														
Pre-tax ROE	75%	<p>The pre-tax ROE threshold is set annually using an investment benchmark rate and for 2024 was set at a pre-tax ROE of 5%.</p> <p>To aid the Committee's assessment of bonus outcomes, the following framework was in place for 2024.</p> <table border="1"> <thead> <tr> <th>Pre-tax ROE</th> <th>Bonus % max for this metric</th> </tr> </thead> <tbody> <tr> <td>&lt; 5%</td> <td>0%</td> </tr> <tr> <td>5%-12%</td> <td>0-30%</td> </tr> <tr> <td>11%-16%</td> <td>25-55%</td> </tr> <tr> <td>15%-20%</td> <td>45-75%</td> </tr> <tr> <td>18%-23%</td> <td>65-90%</td> </tr> <tr> <td>&gt;21%</td> <td>80-100%</td> </tr> </tbody> </table>	Pre-tax ROE	Bonus % max for this metric	< 5%	0%	5%-12%	0-30%	11%-16%	25-55%	15%-20%	45-75%	18%-23%	65-90%	>21%	80-100%
Pre-tax ROE	Bonus % max for this metric															
< 5%	0%															
5%-12%	0-30%															
11%-16%	25-55%															
15%-20%	45-75%															
18%-23%	65-90%															
>21%	80-100%															
Strategic personal objectives	15%	<p>The Committee undertakes a robust assessment of individual achievements by the Executive Directors. See page 132 for further details.</p>														
Retail claims transactional NPS	5%	<p>A weighted average half-yearly score is derived by an external third party.</p> <table border="1"> <thead> <tr> <th>Threshold</th> <th>Target</th> <th>Stretch</th> </tr> </thead> <tbody> <tr> <td><b>61</b> (20% vest)</td> <td><b>64</b> (50% vest)</td> <td><b>69</b> (100% vest)</td> </tr> </tbody> </table> <p>Threshold score of 61 and maximum outturn at 69 or above for each six-monthly period.</p>	Threshold	Target	Stretch	<b>61</b> (20% vest)	<b>64</b> (50% vest)	<b>69</b> (100% vest)								
Threshold	Target	Stretch														
<b>61</b> (20% vest)	<b>64</b> (50% vest)	<b>69</b> (100% vest)														
Global employee engagement score	5%	<p>Engagement is measured through the annual employee engagement survey run by an external third-party provider.</p> <table border="1"> <thead> <tr> <th>Threshold</th> <th>Target</th> <th>Stretch</th> </tr> </thead> <tbody> <tr> <td><b>79</b> (20% vest)</td> <td><b>82</b> (50% vest)</td> <td><b>87</b> (100% vest)</td> </tr> </tbody> </table> <p>Threshold performance of 79% engagement and a stretch score of 87% or above for maximum outturn.</p>	Threshold	Target	Stretch	<b>79</b> (20% vest)	<b>82</b> (50% vest)	<b>87</b> (100% vest)								
Threshold	Target	Stretch														
<b>79</b> (20% vest)	<b>82</b> (50% vest)	<b>87</b> (100% vest)														

Maximum bonus opportunities for 2024 remained unchanged from 2023, being 300% of salary for both the Group Chief Executive Officer and Group Chief Financial Officer and 400% of salary for the Group Chief Underwriting Officer. 40% of annual bonuses are deferred into Hiscox shares for a period of three years. The release of these shares and the associated accrued dividend shares are generally subject to continued employment but are not subject to any further performance conditions. The remaining 60% of annual bonus is paid in cash in March 2025. Malus and clawback provisions apply (see page 159 for more details).



**Bonus outcomes for 2024 (audited)**

**Pre-tax ROE**

The Executive Directors led the business to achieve strong underwriting results against a challenging macroenvironment and an active year for claims. The Group has delivered a pre-tax ROE result of 22.4%.

As explained in previous years' remuneration reports, ROE in 2022 was materially impacted by unrealised investment losses on the bond portfolio. The Committee previously agreed that the fairest treatment was to pay bonuses to Executive Directors and the wider workforce on an adjusted profit basis, recognising the impact of unrealised investment losses on bonds. It was further agreed that as the bonds return to par, adjustments would be made to the 2023-2025 bonus pools to remove the impact of any future gains. This year, the Committee has therefore again deducted one-third of the profit adjustment made in 2022, from the 2024 ROE results. For the Executive Directors, the profit adjustment of \$35.8 million results in an adjusted pre-tax ROE of 21.2% for bonus purposes.

The Committee is of the view that paying 100% of the maximum bonus opportunity weighted to ROE performance is a fair outcome for the Executive Directors and that payment of this level is aligned with the shareholder experience. Year-on-year profit before tax is up \$60 million, the majority of which was delivered by underwriting results, with investment income being broadly flat.

**Strategic personal objectives (audited)**

The Committee used a scoring mechanism to calculate performance outcomes against key strategic objectives for each Executive Director, outlined on page 132. The results are shown in the table on page 131.

**Retail claims transactional NPS (audited)**

Our customers are at the heart of what we do and their experience of dealing with us is intrinsically linked to our brand value. Claims transactional net promoter score was measured by an external third party across our retail operations in Europe, the UK and the USA. The weighted average half-yearly scores are shown below.

H1	71
H2	76

As performance exceeded the stretch target of 69 in both six-month periods, 100% of the maximum bonus opportunity weighted to retail claims transactional NPS was paid.

**Global employee engagement score (audited)**

Employee engagement has proven to be strongly correlated with overall business performance and we regard it as an important forward-looking leading measure of our success. We also believe it is largely a function of good leadership. Engagement was measured during 2024 through an annual global employee engagement survey run by an external third-party provider. The score was 82% and therefore 50% of the maximum bonus opportunity weighted to this metric was paid.

**Summary of annual bonus performance outcomes for 2024 (audited)**

	% of salary outcome		
	Aki Hussain	Paul Cooper	Joanne Musselle
Adjusted pre-tax ROE	225	225	300
Strategic objectives	35.5	35.5	24
Claims NPS	15	15	20
Employment engagement	7.5	7.5	10
<b>Total</b>	<b>283</b>	<b>283</b>	<b>354</b>
% maximum	94	94	89

The maximum bonus opportunity for both the Group Chief Executive Officer and Group Chief Financial Officer is 300% salary and 400% of salary for the Group Chief Underwriting Officer. Having assessed the scorecard outturns and aggregate performance, the Committee is of the view that paying 94% of the maximum bonus opportunity to Aki Hussain (£2,325,000), 94% to Paul Cooper (£1,600,000) and 89% to Joanne Musselle (£2,000,000) are fair outcomes for the Executive Directors, reflective of the excellent business results and aligned with the shareholder experience.

**2024 key objectives and individual achievements by the Executive Directors (audited)**

Key objectives	Achievements
<b>Aki Hussain</b> Deliver the 2024 business plan	In 2024, Aki led the business to achieve accelerating momentum in the retail business and deliver Group-wide ICWP growth of 3.7% and a net combined ratio (undiscounted) of 89.2% in a year characterised by ongoing geopolitical uncertainty, economic pressures and an active year for claims. The Group has delivered another year of strong results, a second consecutive year of record pre-tax profits of \$685.4 million, and a third consecutive year of double-digit ROE at 19.8%. The Group's success is attributed to disciplined capital allocation, high-quality underwriting and cost discipline against a backdrop of favourable market conditions in big-ticket that continues to deliver results.
Lead an effective Group Executive Committee (GEC)	Aki has fostered a well-aligned and high-performing GEC, with a focus on optimising collective performance in support of the Hiscox Group ambition. By defining individual objectives with clear and measurable quarterly targets, Aki has introduced a process for greater accountability and alignment across the leadership team. Morale across the business has been at a decade high, reflected in the achievement of a record employee engagement score of 82% for the third consecutive year.
Oversee a risk-aware culture	In 2024, Aki has built upon and socialised the Group's risk-aware culture, ensuring alignment across both the Group and local business units. The Risk and Compliance framework was further refined to align with evolving regulatory requirements and governance standards. Regular risk maturity evaluations, supported by internal risk and control self-assessments, have facilitated ongoing improvement. The Group is positioned to advance its risk maturity in the year ahead, enabling pro-active decision-making.
<b>Paul Cooper</b> Deliver the 2024 expense ratio plan	Paul has continued to prioritise expense base efficiency and has led the business to achieve an expense ratio of 47.3% which represents a 0.8 point improvement on prior year. Material drivers include further scaling our business, process optimisation and increasing our use of automation.
Build a first-class finance function	Establishing a market-leading finance function has been a key focus for Paul in 2024. Notable achievements include further refining the financial risk and control framework to meet regulatory developments and addressing updates to the UK Corporate reform and Global minimum tax legislation through targeted initiatives. Through a combination of loss portfolio transfers (LPTs) executed over recent years and prudent reserving, the portfolio has been well protected from unforeseen volatility. Paul has also enriched finance's 'fit for the future' workforce, with strategic hires in key areas across financial planning and analysis, actuarial capabilities and systems and controls, the latter of which has led to efficiencies with a faster reporting close process.
Technical excellence	During 2024, Paul advanced the Group's business planning capabilities by fostering greater alignment across the trilogy of claims, underwriting, reserving and pricing, enabling earlier course correction and improvements in decision-making. Paul implemented driver-based budgeting across all retail business units, laying the foundation for more informed insights in 2025.
<b>Joanne Musselle</b> Deliver the 2024 underwriting growth strategy	Under Joanne's leadership, our global underwriting teams have continued to demonstrate exceptional discipline and performance, achieving an insurance service result of \$553.5 million for 2024, an increase of 12.4% on prior year despite a more active claims environment. The retail segment achieved net ICWP growth of 5%, while our big-ticket portfolios continue to benefit from favourable market conditions, particularly in Hiscox Re & ILS, which achieved net ICWP growth of 11.1%.
Technical excellence	Joanne has continued to strengthen the alignment between underwriting, claims, reserving and pricing – in collaboration with Paul – through the introduction of standardised data and analytics dashboard packs, defined KPIs, and streamlined operating rhythms, leading to improved and earlier insight into underwriting performance and allowing focus to shift to driving action across relevant teams. Joanne has also led efforts to enhance our risk and control frameworks, particularly in the areas of underwriting authorities, product governance, and pricing oversight. All business units now track pricing governance in alignment with internal guidelines, while plans for digital underwriting controls are in flight.
Active portfolio management	Joanne has overseen an ongoing focus on active portfolio management and, under her leadership, our big-ticket businesses have delivered an excellent year of results having benefitted from an attractive rate environment in property (re)insurance while effectively managing volatility. Our retail businesses have sustained structural growth in chosen markets while strengthening our technical capabilities. Following an extended period of favourable rate conditions, Joanne has developed robust market in transition frameworks with tolerance thresholds, automated triggers, and trackers for cyclical trends to remain resilient and adaptable in light of expected future rate movements.

**Long-term incentive plan (audited)****Share buy-out arrangements for Paul Cooper**

As disclosed in the 2022 remuneration report, in lieu of forfeited long-term incentive plan awards with his previous employer, Paul Cooper was compensated with awards of an equivalent face value and all vesting terms were mirrored. The Hiscox malus and clawback provisions apply. Vesting is subject to continued employment.

On 2 April 2024, the third tranche of the buy-out award vested. Paul Cooper received an additional 1,484 shares equivalent to the dividends payable with a record date between 16 May 2022 and 1 April 2024. The total vested award was 44,429 shares.

**Performance Share Plan (PSP) awards where the performance period ends with the 2024 financial year (audited)**

Aki Hussain was granted 190,355 nil-cost options under the PSP on 8 April 2022 for the three-year performance period 1 January 2022 to 31 December 2024. Joanne Musselle was similarly granted 133,248 nil-cost options. Paul Cooper's grant was made on 16 May 2022 following his appointment as Group Chief Financial Officer on 9 May 2022. He was awarded 141,646 nil-cost options.

The performance conditions for this award were set at the start of the performance period and are as follows.

60% of awards are based on three-year average growth in NAV per share, plus dividends:

	Award vesting (% of maximum)
Less than RFR + 6% p.a.	0
RFR + 6% p.a.	16
RFR + 14% p.a.	80
Equal to or greater than RFR +17% p.a.	100

Straight-line vesting in between each point.

The risk-free rate (RFR) for the awards granted in 2022 was set at 0%.

40% of awards are based on relative total shareholder return measured against a group of global insurance peers:

	Award vesting (% of maximum)
Below median	0
Median	20
Upper quartile	100

Straight-line vesting in between each point.

The peer group consists of the following 22 companies: Admiral Group, American Financial Group, Arch Capital, Axis Capital, Beazley, Cincinatti Financial, Conduit, CNA Financial, Direct Line Insurance Group, Everest Re, Fairfax Financial Holdings, Hanover Insurance, James River Group, Kinsale Capital Group, Lancashire Holdings, Markel, QBE, Renaissance Re, RLI, SCOR, White Mountains Insurance Group, and WR Berkley.

An additional two-year holding period applies post vest.



### Long-term incentive plan outcomes for 2024 (audited)

#### Relative TSR

Following Berkshire Hathaway's acquisition of Alleghany in 2022, Alleghany has been removed from the peer group. Argo has also been removed following its acquisition by Brookfield Reinsurance. The TSR peer group has therefore reduced to 22 companies.

Hiscox's TSR performance over the three-year period was 41.2% versus the median TSR performance for the comparator group of 57.7%. This corresponds to zero vesting of this portion of the award.

#### Growth in NAV

The performance targets for awards granted in 2022 were set using the IFRS 4 accounting standard. 2022 calendar year performance was measured on an IFRS 4 basis but 2023 and 2024 were measured using IFRS 17. The Committee agreed it was appropriate to remove any variability in the 2023 and 2024 results driven by the transition between the two standards to align with the guiding principle of ensuring no material benefit or deficit relative to performance absent the change. This resulted in a 1% reduction to the target ranges outlined on page 133, such that threshold vesting was at RFR+5% and maximum vesting at RFR+16%.

During 2024, the Group transacted a \$150 million share buyback programme. The Committee agreed it was appropriate to adjust for the impact of this change in capital on the per share performance outcome.

The adjusted three-year average growth in NAV of 16% resulted in vesting of 100% of the maximum weighting for this metric.

### Summary of long-term incentive outcomes for 2024 (audited)

Measure	Outcome	Maximum
Relative TSR	0%	40%
Growth in NAV	60%	60%
<b>Total</b>	<b>60%</b>	<b>100%</b>

The Committee is of the view that paying 60% of the maximum opportunity to the Executive Directors is a fair outcome and reflective of overall Company financial performance. The Committee reviewed share price performance in concluding that no windfall gains had occurred.

**PSP awards granted during the 2024 financial year (audited)**

PSP awards granted to the Executive Directors in 2024 were set at 250% of salary for Aki Hussain and 200% of salary for both Paul Cooper and Joanne Musselle. Awards are based on a three-year performance period commencing 1 January 2024 and will vest on 8 April 2027 followed by a two-year holding period. The Committee has discretion to determine the performance metrics, weightings and targets and has determined that 50% of awards are based on stretching growth in NAV plus dividends plus shareholder returns, measured on a per-share basis, with 50% based on relative total shareholder return (TSR) against a group of global insurance peers.

Executive Directors were granted nil-cost options under the PSP as shown below. Grants were made on 8 April 2024.

	Number of awards granted	Market price at date of grant £	Market value at date of grant £
Aki Hussain	168,478	11.89	2,003,203
Paul Cooper	92,698	11.89	1,102,179
Joanne Musselle	92,698	11.89	1,102,179

The performance condition for these awards, measured over the period 1 January 2024 to 31 December 2026, is as follows:

Growth in NAV per share plus dividends, plus shareholder returns	Award vesting (% of maximum) <sup>†</sup>
< \$0.42 p.a.	0
\$0.42 p.a.	20
\$1.21 p.a.	100

\*Applies to 50% of awards. Straight-line vesting in between each point.

Relative TSR	Award vesting (% of maximum) <sup>†</sup>
Below median	0
Median	20
Upper quartile	100

\*Applies to 50% of awards. Straight-line vesting in between each point.

The peer group consists of the following 22 companies: Admiral Group, American Financial Group, Arch Capital, Axis Capital, Beazley, Cincinnati Financial, CNA Financial, Conduit, Direct Line Insurance Group, Everest Re, Fairfax Financial Holdings, Hanover Insurance, James River Group, Kinsale Capital Group, Lancashire Holdings, Markel, QBE, Renaissance Re, RLI, SCOR, White Mountains Insurance Group, and WR Berkley.

Executive Directors will be required to retain any shares post vest (net of tax charges) for a further two years.

**Payments for loss of office (audited)**

No payments were made during the year for loss of office.

**Payments to past Directors (audited)**

There were no payments to past Directors.



### Membership of the Remuneration Committee

The Remuneration Committee members during the year were Beth Boucher, Donna DeMaio, Michael Goodwin, Jane Guyett, Thomas Huerlimann, Colin Keogh, Anne MacDonald, Constantinos Miranthis and Lynn Pike. Jane joined the Board in September 2024, replacing Colin as Remuneration Committee Chair.

### Non Executive Director remuneration table (audited)

The table below sets out the remuneration received by the Non Executive Directors for the financial years ending 31 December 2024 and 31 December 2023.

2024	Ltd Board fee £	Subsidiary board fee £	Total Hiscox fees £
Jonathan Bloomer <sup>1</sup>	335,000	–	335,000
Beth Boucher	98,425	–	98,425
Donna DeMaio	106,299	61,417	167,716
Michael Goodwin	98,425	35,433	133,858
Jane Guyett <sup>2</sup>	34,580	15,250	49,830
Thomas Huerlimann	98,425	154,760	253,185
Colin Keogh (Interim Chair) <sup>3</sup>	172,923	106,000	278,923
Anne MacDonald	106,299	–	106,299
Constantinos Miranthis	106,299	38,583	144,882
Lynn Pike	107,283	61,417	168,700

2023	Ltd Board fee £	Subsidiary board fee £	Benefits £	Total Hiscox fees £
Jonathan Bloomer (Chair) <sup>1</sup>	195,417	–	–	195,417
Robert Childs <sup>4</sup>	147,500	–	7,041	154,541
Beth Boucher <sup>5</sup>	64,213	–	–	64,213
Donna DeMaio	108,871	62,903	–	171,774
Michael Goodwin	100,806	36,290	–	137,096
Thomas Huerlimann	100,806	119,804	–	220,610
Colin Keogh	121,774	106,000	–	227,774
Anne MacDonald	108,871	–	–	108,871
Constantinos Miranthis	108,871	39,516	–	148,387
Lynn Pike	106,452	62,903	–	169,355

<sup>1</sup>Jonathan Bloomer was appointed as Chair to the Hiscox Ltd Board on 1 June 2023. He passed away in August 2024.

<sup>2</sup>Jane Guyett joined the Board in September 2024, replacing Colin as Remuneration Committee Chair.

<sup>3</sup>Colin Keogh was appointed Interim Chair August 2024.

<sup>4</sup>Robert Childs retired from the Hiscox Ltd Board on 30 June 2023.

<sup>5</sup>Beth Boucher was appointed to the Hiscox Ltd Board on 12 May 2023.

Fees are paid in multiple currencies – 2024 fees were converted using £1: €1.21 and £1: \$1.27. 2023 fees were converted using £1: €1.15 and £1: \$1.24.

**Directors' shareholding and share interests (audited)**

To align their interests with those of Hiscox shareholders, senior managers are expected to own a minimum number of Hiscox shares. Executive Directors are required to hold Hiscox shares valued at 200% of salary within five years of becoming an Executive Director. Shares owned by the Executive Director (and any connected person) count towards the guidelines, as do vested but unexercised share awards net of assumed taxes and bonus deferred into shares net of assumed taxes. Executive Directors are expected to retain a shareholding at the level of the in-employment shareholding guideline for two years after termination.

All three Executive Directors have met the share ownership requirement using their annual salary and closing share price on 31 December 2024. Aki Hussain has holdings of 344% salary, Paul Cooper 269% and Joanne Musselle 357%.

The interests of Executive and Non Executive Directors are set out below, including shares held by connected persons. There have been no changes in the Director share interests between 31 December 2024 and 27 February 2025.

	31 December 2024 6.5p ordinary shares number of shares beneficial	31 December 2023 6.5p ordinary shares number of shares beneficial
<b>2024</b>		
<b>Executive Directors:</b>		
Aki Hussain	186,688	174,188
Paul Cooper	114,395	77,174
Joanne Musselle	117,309	117,309
<b>Non Executive Directors:</b>		
Jonathan Bloomer <sup>1</sup>	20,000	20,000
Beth Boucher	–	–
Donna DeMaio	–	–
Michael Goodwin	12,678	12,678
Jane Guyett	–	–
Thomas Huerlimann	16,970	16,548
Colin Keogh	59,667	59,667
Anne MacDonald	43,720	42,629
Constantinos Miranthis	6,832	6,832
Lynn Pike	1,538	1,538

<sup>1</sup>Shareholding as at date of death.

**Performance Share Plan (PSP) (audited)**

Awards in the form of nil-cost options are granted under the PSP as a percentage of salary. All awards are subject to performance conditions and a further two-year holding period post release, with the exception of Paul Cooper's buy-out. The interests of Executive Directors are set out below.

Name	Number of awards at 1 January 2024	Number of awards granted	Number of awards lapsed	Number of awards exercised	Number of awards at 31 December 2024	Mid-market price at date of grant £	Market price at date of exercise £	Date from which released
Aki Hussain	144,436	3,721	(79,960)	0	68,197	8.59		08-Apr-24
	190,355	0	0	0	190,355	9.85		08-Apr-25
	168,269	0	0	0	168,269	11.74		23-May-26
	0	168,478	0	0	168,478	11.89		08-Apr-27
Paul Cooper	42,945 <sup>1</sup>	1,484	0	(44,429)	0	9.70	12.34	01-Apr-24
	11,037 <sup>1</sup>	0	0	0	11,037	9.70		01-Apr-25
	141,646	0	0	0	141,646	9.85		08-Apr-25
	106,009	0	0	0	106,009	11.74		23-May-26
	0	92,698	0	0	92,698	11.89		08-Apr-27
Joanne Musselle	144,436	3,721	(79,960)	0	68,197	8.59		08-Apr-24
	133,248	0	0	0	133,248	9.85		08-Apr-25
	106,009	0	0	0	106,009	11.74		23-May-26
	0	92,698	0	0	92,698	11.89		08-Apr-27
<b>Total</b>	<b>1,188,390</b>	<b>362,800</b>	<b>(159,920)</b>	<b>(44,429)</b>	<b>1,346,841</b>			

<sup>1</sup>Denotes buy-out award.

**Sharesave Schemes (audited)**

The scheme offers a three-year savings contract where the exercise price of the options is calculated on an average share price over five days prior to the invitation date, with a 20% discount. Sharesave options are not subject to performance. The interests of Executive Directors under the Sharesave Schemes are set out below.

Name	Number of options at 1 January 2024	Number of options granted	Number of options lapsed	Number of options exercised	Number of options at 31 December 2024	Exercise price £	Market price at date of exercise £	Date from which exercisable	Expiry date
Aki Hussain	2,500	0	0	(2,500)	0	7.20	11.50	01-Jun-24	30-Nov-24
	0	1,944	0	0	1,944	9.54		01-Dec-27	31-May-28
Paul Cooper	2,452	0	0	0	2,452	7.34		01-Dec-25	31-May-26
Joanne Musselle	2,380	0	0	0	2,380	7.56		01-Dec-24	31-May-25
<b>Total</b>	<b>7,332</b>	<b>1,944</b>	<b>0</b>	<b>(2,500)</b>	<b>6,776</b>				

Aki Hussain was granted 1,944 options during 2024 with a discount to market value in the option price of £4,636.

**Deferred bonus (audited)**

40% of annual bonuses are deferred into Hiscox shares for a period of three years. The shares are not subject to any further performance conditions. The interests of Executive Directors are set out below.

Name	Number of awards at 1 January 2024	Number of awards granted	Number of awards lapsed	Number of awards exercised	Number of awards at 31 December 2024	Mid-market price at date of grant £	Market price at date of exercise £	Date from which released
Aki Hussain	0	71,661	0	0	71,661	12.24		25-Mar-27
Paul Cooper	0	48,859	0	0	48,859	12.24		25-Mar-27
Joanne Musselle	0	61,889	0	0	61,889	12.24		25-Mar-27
<b>Total</b>	<b>0</b>	<b>182,409</b>	<b>0</b>	<b>0</b>	<b>182,409</b>			

## Implementation of the remuneration policy for 2025

There are no significant changes to the implementation of the policy for 2025 when compared to 2024.

### Salary

Annual salary reviews take effect from April each year. The Committee takes account of a number of factors, primarily the increase applied to other UK-based employees. The Committee applies judgement when using external market data.

For 2025, salaries will be increased by 2.5% for the Group Chief Executive Officer and 1.8% for the other Executive Directors. This is in line with external market data and other UK-based employees where the average increase is 2.8%. Salaries from April 2025 will be as follows:

	2025 £
Aki Hussain	842,000
Paul Cooper	575,000
Joanne Musselle	575,000

### Bonus

The Committee has discretion to determine the specific performance conditions attached to each bonus cycle and to set annual targets for these measures with reference to the strategy approved by the Board. 75% of the Executive Director bonuses for 2025 will be based on pre-tax ROE. The Group Chief Executive Officer will have 17.5% of his bonus based on specific strategic objectives, 5% on employee engagement and the remaining 2.5% on retail claims NPS. The Group Chief Financial Officer and Group Chief Underwriting Officer will both have bonuses based 20% on specific strategic objectives, 2.5% on employee engagement and 2.5% on retail claims NPS. The strategic objectives for each Executive Director are considered commercially sensitive and will be disclosed in full in the 2025 Directors' remuneration report.

The maximum opportunity remains unchanged at 300% salary for the Group Chief Executive Officer and Group Chief Financial Officer, and 400% salary for the Group Chief Underwriting Officer.

**Long-term incentive plan: Performance Share Plan (PSP)**

The performance conditions for awards are set to align with the long-term objectives of the Group. The Committee reviews the targets prior to each grant to ensure that they remain appropriate. The maximum opportunity for the awards to be granted to the Executive Directors in 2025 will remain unchanged at 250% of salary. Awards in the form of nil-cost options will continue to be based on a three-year performance period (1 January 2025 to 31 December 2027) followed by a two-year holding period post vest. The Group Chief Executive Officer will receive an award of 250% salary and the Group Chief Financial Officer and Group Chief Underwriting Officer will each receive 200% of salary.

For 2025, 50% of awards will be based on stretching growth in NAV plus dividends plus shareholder returns, measured on a per-share basis. The Committee considers that growth in NAV continues to be a key metric for the PSP given that our strategy is built around the objective of generating long-term shareholder value and NAV is aligned with shareholder value creation.

The targets below represent an expected aggregate increase in shareholder value of between \$423 million and \$1,204 million over three years.

	Growth in NAV plus dividends plus shareholder returns per share	Proportion of PSP vesting* %
Minimum threshold vesting	\$0.42 p.a.	20
Maximum vesting	\$1.19 p.a.	100

\*Applicable to 50% of awards. Straight-line vesting between threshold and maximum.

50% of awards will be based on relative TSR, aligned to our strategy of generating long-term value for shareholders.

Relative TSR	Proportion of PSP vesting* %
Below median	0
Median	20
Upper quartile	100

\*Applicable to 50% of awards. Straight-line vesting in between each point.

The peer group consists of the following companies: Admiral Group, American Financial Group, Arch Capital, Axis Capital, Beazley, Conduit, Cincinnati Financial, CNA Financial, Direct Line Insurance Group (will be removed once acquisition receives regulatory approval), Everest Re, Fairfax Financial Holdings, Hanover Insurance, James River Group, Kinsale Capital Group, Lancashire Holdings, Markel, QBE, Renaissance Re, RLI, SCOR, White Mountains Insurance Group, and WR Berkley.

**Non Executive Director fees**

The Non Executive Director fees for 2025 remain unchanged from 2024, however a review is planned in the first half of 2025.

All Board members sit on each of the Committees (Audit, Remuneration, Risk, Nominations and Governance) so the Committee fees have been aggregated into the basic fee.

	2025 fees
Board Chair and subsidiary services	£335,000
Non Executive Director basic fee	\$125,000
<b>Additional fees for:</b>	
Audit Committee Chair	\$10,000
Remuneration Committee Chair	\$9,000
Risk Committee Chair	\$7,000
Senior Independent Director	\$17,000
Employee Liaison	\$10,000
Bermuda Committee	\$10,000



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## Other remuneration matters

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### External Non Executive Directorships

Executive Directors may not accept any external appointment that may give rise to a conflict of interest, and all external appointments require the consent of the Chair. Aki Hussain held a directorship at Visa Europe Limited during 2024 and received a fee of £138,750. Joanne Musselle was remunerated £42,000 for her directorship at Realty.

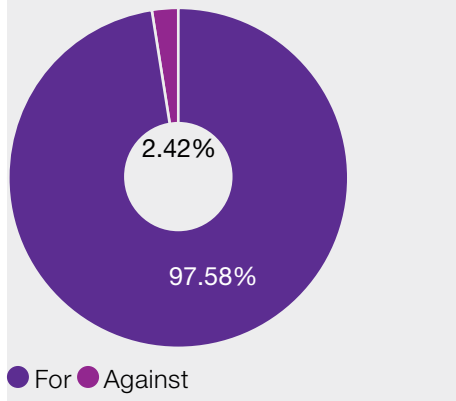
### External advisors

The Committee received independent advice from WTW during 2024. WTW was appointed by the Committee in June 2022, following a competitive tender process. WTW is a signatory to the Remuneration Consultants Group Code of Conduct and, as such, voluntarily operates under its code of conduct. During the year, the Committee received advice on developments in market practice, corporate governance, institutional investor views, and on the design of the Company's remuneration arrangements. Total fees for advice provided to the Committee during the year were £177,697 based on a time and materials basis.

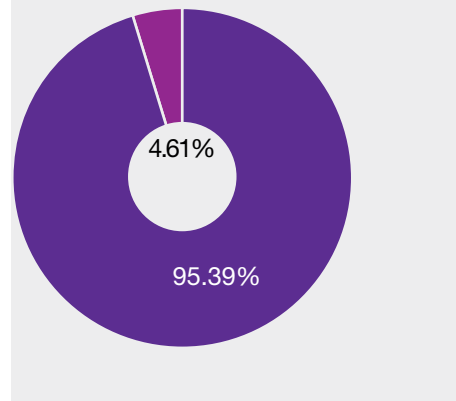
The Committee regularly reviews the advice it receives and is satisfied that this has been objective and independent. During the year, WTW also provided other consulting services to the Company.

In addition to the external advisors, the Group Chief Executive Officer and Chief People Officer attend the Committee meetings by invitation and provided material assistance to the Remuneration Committee during the year. No Director or Committee member was involved in determining their own remuneration during the year.

**Directors' remuneration policy**



**Directors' remuneration report**



**Statement of shareholder voting**

At the AGM on 9 May 2024, the Directors' remuneration report received the shareholder votes shown in the table below. The Committee was pleased with the level of support received from shareholders.

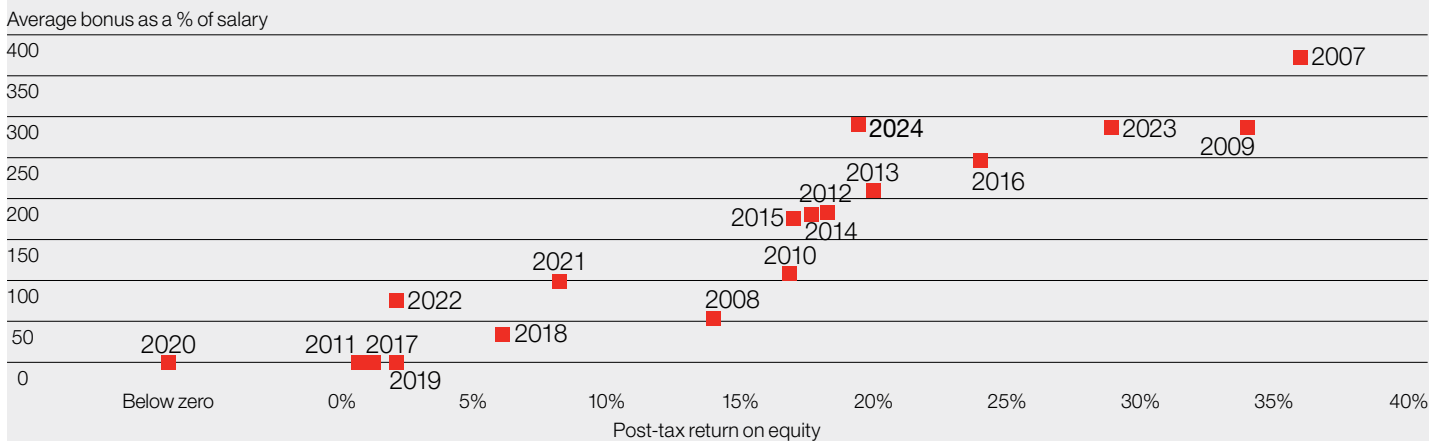
	Directors remuneration report (9 May 2024)	Remuneration policy (11 May 2023)
For	280,273,321	274,610,137
%	95.39%	97.58%
Against	13,539,032	6,811,674
%	4.61%	2.42%
Withheld	1,269,666	10,302

The remuneration policy approved by shareholders on 11 May 2023 can be viewed in the 2022 Annual Report and Accounts at [hiscoxgroup.com](http://hiscoxgroup.com).

**ROE performance**

The chart below shows the relationship between the Group ROE performance and bonus awards for Executive Directors over an extended period. It demonstrates the strong link between business performance and bonus outcomes.

**Executive Directors' cash incentives and return on equity**

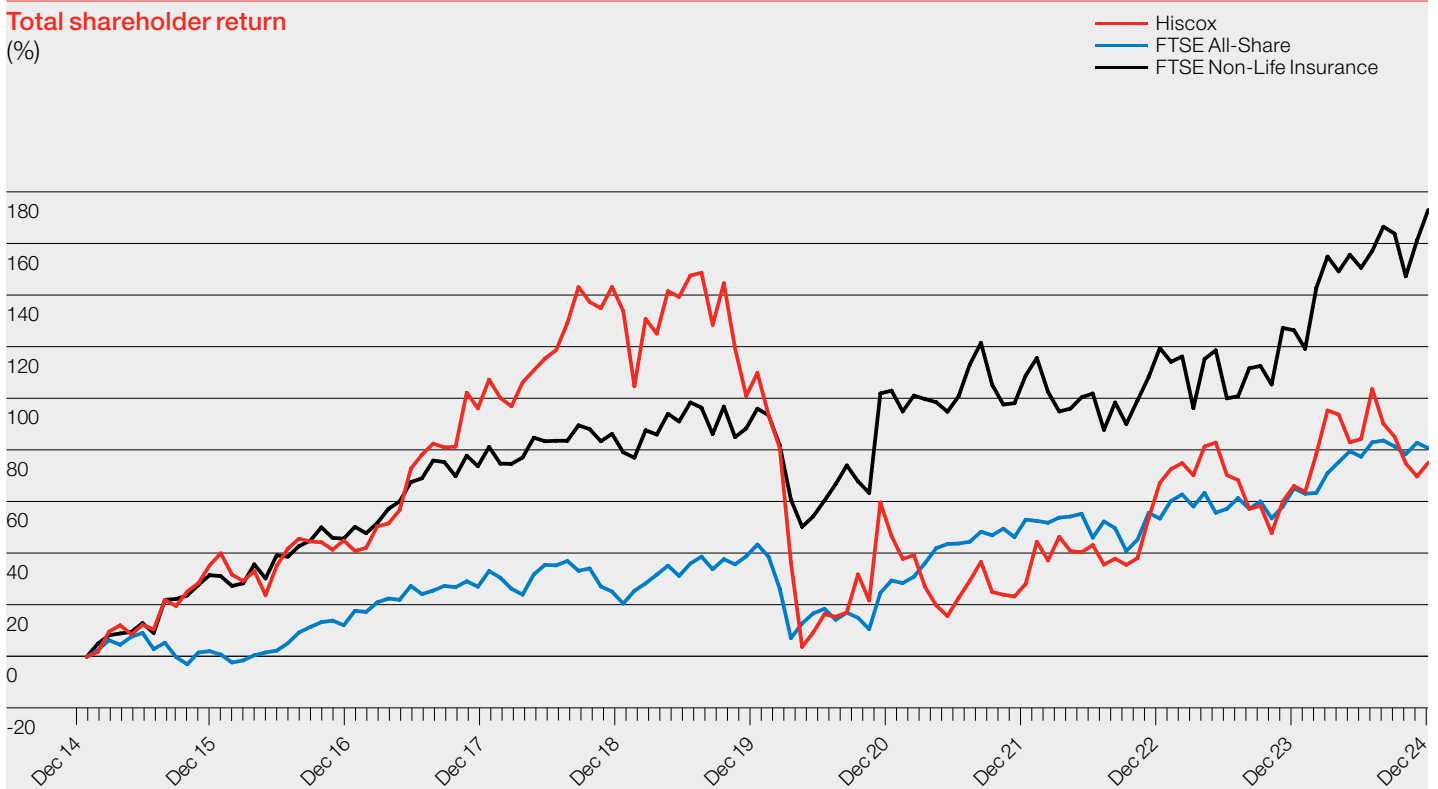


ROE is measured on IFRS 4 basis until 2023, after which it is measured on IFRS 17 basis.



### Total shareholder return performance

The graph below shows the total shareholder return of the Group against the FTSE All-Share and FTSE Non-Life Insurance indices. These reference points have been shown to assess performance against the general market and industry peers. Between December 2014 and 2024, Hiscox delivered total shareholder return of 75.5%.



### Chief Executive historical remuneration

The table below shows the total remuneration figure for the Group Chief Executive Officer for the past ten years. The Group Chief Executive Officer was Bronek Masojada up to and including 2021. From 1 January 2022 the Group Chief Executive Officer is Aki Hussain.

Name	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
CEO single figure of remuneration (£)	3,358,894	3,970,466	2,394,428	1,818,086	698,196	717,243	1,332,964	1,390,959	3,870,426	4,573,952
Annual bonus as percentage of current max	39	64	0	9	0	0	30	25	93	94
PSP vesting as percentage of maximum opportunity	100	100	85	47	0	0	0	0	45	60

### Comparator data

#### Remuneration for the wider workforce

When considering the remuneration arrangements for senior management, the Committee takes into account remuneration throughout the wider workforce, which is based on broadly consistent principles. The remuneration philosophy supports a culture where employees are rewarded for sustained individual and collective performance and demonstrating the right behaviours. Goals and measures for Executive Directors cascade to Senior Management and much of the wider workforce. Every colleague has the opportunity to share in the long-term success of our business via our all-employee share plans.

The Remuneration Committee receives information on Group-wide remuneration and uses internal and external measures to assess the appropriateness of the remuneration policy and outcomes for Executive Directors. During the year, the Committee reviewed information on market levels of pay in our peer group, bonus pools split by business area, levels of share plan participation and pay ratios between Executives and average employees.

The Committee received employee feedback on executive remuneration during 2024 via our Employee Engagement Network led by Employee Liaison and Non Executive Director Anne MacDonald. The wider workforce representatives did not believe that Executive Director remuneration was excessive or that Executive Directors benefitted from any arrangements that targeted them in a disproportionate manner. No concerns were raised with the remuneration approach.



### Group Chief Executive Officer pay ratio

The Group Chief Executive Officer's total remuneration compared with the median (50th percentile) remuneration of the Company's UK employees as at 31 December 2024 is shown below, along with the 25th and 75th percentiles.

The Committee selected calculation method 'Option A' as it is the more robust approach and favoured by investors. This method captures all pay (excluding overtime due to its volatility) and benefits for the financial year to 31 December 2024 and aligns with how the 'single figure' table is calculated (from which there has been no deviation). Part-time employee single figures were annualised to provide more meaningful comparison.

Full year	Calculation methodology	P25 (lower quartile)	P50 (median)	P75 (upper quartile)
2024	A	87:1	56:1	38:1
2023	A	79:1	49:1	32:1
2022	A	31:1	20:1	13:1
2021	A	34:1	20:1	12:1
2020	A	20:1	12:1	8:1
2019	A	19:1	11:1	7:1

The table below shows the salary and total remuneration of each employee at the 2024 quartile positions.

2024	P25 £	P50 £	P75 £
Salary	41,660	57,813	89,250
Total remuneration	52,687	81,466	121,110

The Committee has considered the pay data for the three employees identified and believes that it fairly reflects pay at the relevant quartiles among the UK employee population. The increase in the Group Chief Executive Officer pay ratio for 2024 is a result of improved vesting of the long-term incentive plan and another year, like 2023, of high bonus outturns. Given the greater weighting of variable remuneration versus fixed pay for senior roles, including the Group Chief Executive Officer, these positive business outcomes translate into an increase in the Group Chief Executive Officer pay ratio.

The Committee is comfortable that the pay ratio for 2024 aligns to the pay and progression policies for employees, in particular that pay is truly linked to performance and that individuals are appropriately motivated and rewarded according to their knowledge and seniority within the business.

**Percentage change in remuneration of the Board Directors**

The table below shows the percentage change in remuneration for each Executive and Non Executive Director, between the years 2020 and 2024. Salary and bonus are compared against all employees globally, benefits are compared against all UK-based employees, reflecting the location of the Executive Directors.

	2020 % change			2021 % change		
	Salary/fees	Benefits	Bonus	Salary/fees	Benefits	Bonus
All employees <sup>1</sup>	4.3	5.9	(36.1)	1.8	(3.7)	147
Executive Directors:						
Aki Hussain	2.8	(6.9)	–	2.2	3.3	–
Paul Cooper	–	–	–	–	–	–
Joanne Musselle	–	–	–	22.1	21.6	–
Non Executive Directors: <sup>2</sup>						
Jonathan Bloomer <sup>3</sup>	–	–	–	–	–	–
Beth Boucher <sup>4</sup>	–	–	–	–	–	–
Donna DeMaio	–	–	–	–	–	–
Michael Goodwin	4.2	–	–	(0.7)	–	–
Jane Guyett <sup>5</sup>	–	–	–	–	–	–
Thomas Huerlimann	(2.0)	–	–	(1.4)	–	–
Colin Keogh	(2.5)	–	–	32.4	–	–
Anne MacDonald	2.2	–	–	(0.7)	–	–
Constantinos Miranthis	(5.2)	–	–	5.0	–	–
Lynn Pike	(6.3)	–	–	(0.7)	–	–

<sup>1</sup>Median employee salary, benefits and bonus have been calculated on a full-time equivalent basis. Salary and benefits are calculated as at 31 December 2024, bonus is that earned during the year ending 31 December 2024.

<sup>2</sup>Non Executive Director fees are subject to exchange rate fluctuations.

<sup>3</sup>Jonathan Bloomer was appointed as Chair to the Hiscox Ltd Board on 1 June 2023.

<sup>4</sup>Beth Boucher joined the Board on 12 May 2023.

<sup>5</sup>Jane Guyett joined the Board in September 2024.

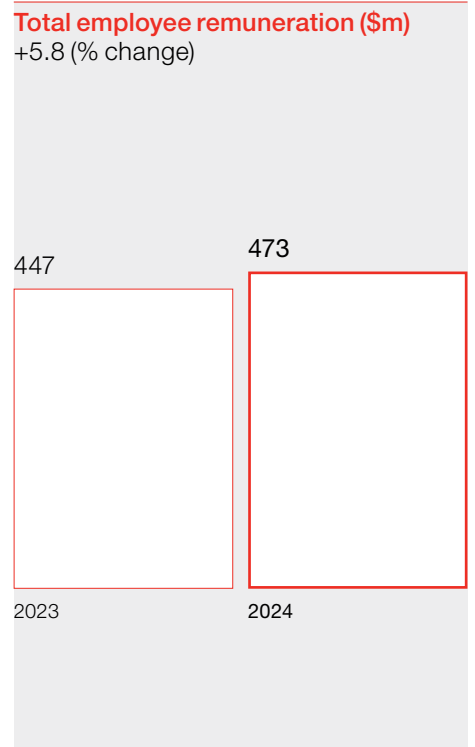
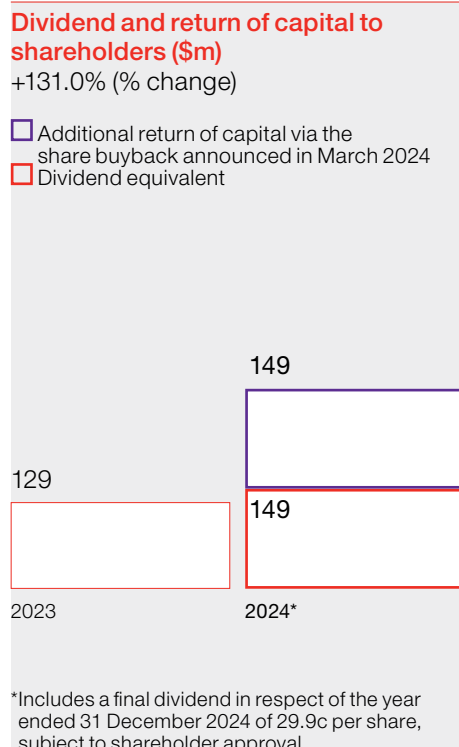


2022 % change			2023 % change			2024 % change		
Salary/fees	Benefits	Bonus	Salary/fees	Benefits	Bonus	Salary/fees	Benefits	Bonus
5.8	2.6	11.6	3.6	8.6	29.7	7.4	5.0	(8.0)
46.8	43.3	21.7	3.8	3.8	291.1	4.5	4.2	5.7
–	–	–	60.2	68.0	532.4	3.1	3.0	6.7
2.2	(6.4)	(4.5)	4.3	14.3	261.9	3.1	2.9	5.3
–	–	–	–	–	–	71.4	–	–
–	–	–	–	–	–	53.3	–	–
536.2	–	–	10.4	–	–	(2.4)	–	–
19.0	–	–	(6.5)	–	–	(2.4)	–	–
–	–	–	–	–	–	–	–	–
12.5	–	–	38.7	–	–	14.8	–	–
9.6	–	–	(3.6)	–	–	22.5	–	–
19.0	–	–	(6.5)	–	–	(2.4)	–	–
19.0	–	–	(6.5)	–	–	(2.4)	–	–
19.0	–	–	(6.5)	–	–	(0.4)	–	–



### Relative importance of the spend on pay

The charts below show the relative movement in profit, shareholder returns and employee remuneration for the 2023 and 2024 financial years. Shareholder return for the year incorporates the distribution made in respect of that year. Employee remuneration includes salary, benefits, bonus, long-term incentives and retirement benefits. Profit is the ultimate driver behind the performance metrics of the bonus and long-term incentive schemes. See profit before tax on the consolidated income statement on page 174.



**How we have addressed the following factors in the UK Corporate Governance Code 2018**

Factor	Consideration of how this is addressed for Hiscox
<p><b>Clarity</b> – remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.</p>	<ul style="list-style-type: none"> <li>— We are committed to transparent communication with all our stakeholders including shareholders.</li> <li>— In 2024, a range of people-related topics, including remuneration, were discussed by our Employee Engagement Network.</li> </ul>
<p><b>Simplicity</b> – remuneration structures should avoid complexity and their rationale and operation should be easy to understand.</p>	<p>The remuneration philosophy is a simple one: to reward performance.</p> <ul style="list-style-type: none"> <li>— Hiscox’s remuneration framework comprises three main elements:               <ul style="list-style-type: none"> <li>— fixed pay (base salary, benefits and pension);</li> <li>— annual bonus; and</li> <li>— performance share plan award.</li> </ul> </li> </ul>
<p><b>Risk</b> – remuneration arrangements should ensure that reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated.</p>	<p>The remuneration policy incorporates a number of design features to take account of and minimise risk:</p> <ul style="list-style-type: none"> <li>— the Committee has the ability to apply independent judgement and override formulaic outcomes to ensure that incentive awards are a fair reflection of both the Company’s performance and that of the individual over that period;</li> <li>— part of the annual bonus is subject to deferral, and share awards are subject to a post-vesting holding period and a post-employment shareholding requirement;</li> <li>— all variable remuneration is subject to malus and clawback provisions.</li> </ul>
<p><b>Predictability</b> – the range of possible values of rewards to individual Directors and any other limits or discretions should be identified and explained at the time of approving the policy.</p>	<ul style="list-style-type: none"> <li>— The range of possible values is set out in the performance scenario charts in the remuneration policy on pages 162 to 163.</li> <li>— Limits and ability to exercise discretion are also set out in the notes to the policy on page 159.</li> </ul>
<p><b>Proportionality</b> – the link between individual awards, the delivery of strategy and the long-term performance of the Company should be clear. Outcomes should not reward poor performance.</p>	<ul style="list-style-type: none"> <li>— Variable incentive pay-outs have a strong link to Company performance. The Committee is satisfied that the remuneration outcomes for 2024, detailed on pages 130 to 134, are reflective of Company performance over the respective performance periods.</li> </ul>
<p><b>Alignment to culture</b> – incentive schemes should drive behaviours consistent with Company purpose, values and strategy.</p>	<ul style="list-style-type: none"> <li>— The variable incentive schemes, including quantum, time horizons, form of award, performance measures and targets, are all designed with the Company’s purpose, values and strategy in mind.</li> <li>— Strategic non-financial measures, including retail claims NPS, are included in the annual incentive.</li> <li>— The pay arrangements for the Executive Directors are aligned with those of the broader workforce and senior team.</li> </ul>

# Remuneration policy

## Hiscox has a forward-looking remuneration policy for its Board members

Hiscox has a forward-looking remuneration policy for its Executive Directors. The policy was approved at the 11 May 2023 AGM and can be viewed in the 2022 Annual Report and Accounts at [hiscoxgroup.com](https://www.hiscoxgroup.com). It is replicated below.

### Future policy table

Executive Director remuneration

#### Base salary

Purpose and link to strategy	
Operation	<p>Fixed-pay elements enable the Company to be competitive in the recruitment market when looking to employ individuals of the calibre required by the business.</p>
Maximum potential value	<p>Base salary is normally reviewed annually, taking into account a range of factors including inflation rate movements by country, relevant market data and the competitive position of Hiscox salaries by role.</p> <p>Individual salaries are set by taking into account the above information, as well as the individual's experience, performance and skills, increases to salary levels across the wider Group, and overall business performance.</p> <p>By exception, an individual's salary may be amended outside of the annual review process.</p>
Performance metrics	<p>The salaries for current Executive Directors which apply for 2025 are set out on page 140.</p> <p>Executive Directors' salary increases will normally be in line with overall employee salary increases in the relevant location.</p> <p>Increases above this level may be considered in other circumstances as appropriate (for example, to address market competitiveness, development in the role, or a change in role size, scope or responsibility).</p>
Application to broader employee population	<p>Individual and business performance are taken into account when setting salary levels.</p> <p>Process for review of salaries is consistent for all employees.</p>

**Future policy table**

## Executive Director remuneration

**Benefits (including retirement benefits)****Purpose and link to strategy**

Fixed-pay elements enable the Company to be competitive in the recruitment market when looking to employ individuals of the calibre required by the business.

**Operation****Retirement benefits**

These vary by local country practice, but all open Hiscox retirement schemes are based on defined contributions or an equivalent cash allowance. This approach will be generally maintained for any new appointments other than in specific scenarios (for example, where local market practice dictates other terms). For current Executive Directors, a cash allowance of up to 10% of salary is paid in lieu of the standard employer pension contribution, or a combination of pension contributions and cash allowance, totalling 10% of salary.

**Other benefits**

Benefits are set within agreed principles but reflect normal practice for each country. Hiscox benefits include, but are not limited to: health insurance, life assurance, long-term disability schemes and participation in all-employee share plans such as the Sharesave Scheme. Executive Directors are included on the directors and officers' indemnity insurance.

The Committee may provide reasonable additional benefits based on circumstances (for example, travel allowance and relocation expenses) for new hires and changes in role.

**Maximum potential value**

Set at an appropriate level by reference to the local market practice and reflecting individual and family circumstances.

Pension benefits will be in line with the standard employer contribution taking into account any local requirements.

**Performance metrics**

None.

**Application to broader employee population**

Executive Directors' benefits are determined on a basis consistent with all employees.



<b>Future policy table</b>	
Executive Director remuneration	
<b>Annual bonus</b>	
<b>Purpose and link to strategy</b>	<p>To reward for performance against the achievement of financial results over the financial year and key objectives linked to Company strategic priorities.</p> <p>To provide a direct link between reward and performance.</p> <p>To provide competitive compensation packages.</p>
<b>Operation</b>	<p>Performance metrics and targets are set annually.</p> <p>The payment outcome at the end of the performance period is based on an assessment of the level of performance achieved with reference to the performance targets set at the start of the year, including an assessment of risk factors.</p> <p>Amounts are paid in accordance with the bonus deferral mechanism described on page 155. Bonus awards are non-pensionable.</p> <p>Bonus awards are subject to malus and clawback provisions as described in the notes to the policy table on page 159.</p>
<b>Maximum potential value</b>	<p>The maximum bonus opportunity for the Executive Directors will be as follows: Group Chief Executive Officer and Group Chief Financial Officer – 300% of salary; Group Chief Underwriting Officer – up to 400% of salary.</p> <p>Where performance is deemed to be below acceptable levels, pay-outs will be nil.</p>
<b>Performance metrics</b>	<p>Performance is assessed against relevant financial and non-financial targets designed to incentivise the achievement of Company strategy.</p> <p>The Committee has the discretion to determine the specific performance conditions attached to each bonus cycle and to set annual targets for these measures with reference to the strategy approved by the Board. The financial measures used will typically include return or profit-based targets. Up to 25% of the bonus can be based on non-financial measures including environmental, social and governance (ESG) related measures. For the measures and weightings to be used in a particular year, please refer to the Directors' remuneration report.</p> <p>The discretion available to the Committee in assessing the achievement of the performance targets is as set out in the notes to the policy table on page 159.</p>
<b>Application to broader employee population</b>	<p>The operation of the annual incentive is consistent for the majority of employees across the Group.</p>

**Future policy table**

## Executive Director remuneration

**Bonus deferral****Purpose and link to strategy**

To align with sound risk management, encourage retention of employees, share ownership and alignment with shareholder interests.

**Operation**

Executive Directors are required to defer a percentage (currently 40%) of their total annual bonus into Hiscox shares for a period of three years. The release of these shares and the associated accrued dividend shares are generally subject to continued employment but are not subject to any further performance conditions. The remaining 60% will be paid as cash following the end of the financial year.

The Remuneration Committee may exercise discretion and agree to early payment of deferred bonuses to Executive Directors on an exceptional basis.

Deferred awards are subject to malus and clawback provisions as described in the notes to the policy table on page 159.

**Maximum potential value**

In accordance with the operation of the annual bonus plus accrued dividend shares.

**Performance metrics**

In accordance with the operation of the annual bonus.

**Application to broader employee population**

Bonus deferral is applied in line with regulatory requirements.



<b>Future policy table</b>	
Executive Director remuneration	
<b>Long-term incentive plan – Performance Share Plan (PSP)</b>	
<b>Purpose and link to strategy</b>	<p>To motivate and reward for the delivery of long-term objectives in line with Company strategy.</p> <p>To encourage share ownership and align interests with shareholders.</p> <p>To provide competitive compensation packages.</p>
<b>Operation</b>	<p>Awards are granted under, and governed by, the rules of the PSP as approved by shareholders from time to time.</p> <p>Share awards are made at the discretion of the Remuneration Committee.</p> <p>Awards normally vest after a three-year period subject to the achievement of performance conditions. Dividend equivalents may accrue prior to the vesting date. An additional holding period, which is currently two years, applies.</p> <p>Awards are generally subject to continued employment, however awards may vest to leavers in certain scenarios.</p> <p>Dividends (or equivalents) may accrue on vested shares prior to release. Awards are subject to malus and clawback provisions as described in the notes to the policy table on page 159.</p>
<b>Maximum potential value</b>	<p>PSP awards are subject to a maximum annual grant of up to 250% of salary in respect of any one financial year plus accrued dividends (or equivalents).</p>
<b>Performance metrics</b>	<p>The performance conditions for awards are set to align with the long-term objectives of the Company.</p> <p>The Committee reviews the targets prior to each grant to ensure that they remain appropriate. The policy provides for a minimum aggregate weighting of 70% for financial metrics and for up to 30% to be based on strategic non-financial performance metrics. For the weightings used in a particular year, please refer to the annual remuneration report.</p> <p>For delivery of threshold performance, up to 20% of the relevant portion of the award can vest. For full vesting, the stretch hurdles need to be met in full.</p> <p>The discretion available to the Committee in assessing the achievement of the performance targets is as set out in the notes to the policy table on page 159.</p> <p>Where the Committee considers it appropriate to do so, under the plan rules the Committee is able to modify performance criteria for outstanding awards on the occurrence of certain events (for example, a major disposal).</p>
<b>Application to broader employee population</b>	<p>Participation in the PSP is normally restricted to senior individuals.</p>

**Future policy table**

## Executive Director remuneration

**Shareholding guidelines****Purpose and link to strategy**

To ensure Executive Directors are aligned with shareholder interests.

**Operation**

Within five years of becoming an Executive Director, individuals will normally be expected to have acquired an interest in Hiscox shares valued at 200% of salary. Shares owned by the Executive Director (and any connected person) count towards the guidelines as do shares subject to any vested but unexercised PSP awards (net of assumed taxes).

Executive Directors are also expected to remain aligned with the interests of shareholders for an extended period after leaving the Company. Executive Directors will typically be expected to retain a shareholding at the level of the in-employment shareholding guideline (or the actual shareholding on stepping down, if lower) for two years after termination unless the Committee determines otherwise in exceptional circumstances.

**Maximum potential value**

N/A.

**Performance metrics**

N/A.

**Application to broader employee population**

Post-employment shareholding guidelines only apply to Executive Directors.



### Future policy table

#### Non Executive Director remuneration

##### General approach

The total aggregate fees payable are set within the limit specified by the Company's Bye-laws. The fees paid are determined by reference to the skills and experience required by the Company, as well as the time commitment associated with the role. The decision-making process is informed by appropriate market data. Non Executive Directors are not eligible for participation in the Company's incentive plans or pension arrangements. Travel and other reasonable expenses incurred in the course of performing their duties are reimbursed to Non Executive Directors (including any tax thereon where these are deemed to be taxable benefits). Non Executive Directors are included on the directors and officers' indemnity insurance. The current fees payable to Non Executive Directors are set out on page 142.

##### Chair

The Chair receives an all-inclusive fee in respect of the role. In addition to their fee the Chair may be provided with incidental benefits, for example private healthcare and life assurance (including any tax thereon where these are deemed to be taxable benefits). The remuneration of the Chair is determined by the Remuneration Committee.

##### Non Executive Directors

Non Executive Directors receive an annual fee in respect of their Board and Committee appointments together with additional compensation for further duties (for example, chairmanship, subsidiary boards, SID fee and employee liaison fee). The fees for the Non Executive Directors (excluding the Chair) are determined by the Nominations and Governance Committee.

### Notes to the policy table

#### Performance measures, target setting and assessment

The performance targets for the annual bonus and Performance Share Plan (PSP) awards are closely aligned with the Company's short- and long-term strategic objectives. The intention is to provide a direct link between reward levels and performance.

The Company operates a performance scorecard-based approach for the annual bonus. This ensures that both individual bonus levels and overall spend are commensurate with the performance of the Company across a number of key metrics, some financial and some non-financial. The Committee considers performance metrics and targets prior to the start of each financial year to ensure that these remain suitable and relevant. It is the intention of the Committee that the bonus payments should normally reflect the outcome of the performance measures set, although the Committee has the ability to apply independent judgement to ensure that the outcome is a fair reflection of the performance of the Company and individual over the performance period. When making this judgement, the Committee has scope to consider any such factors as it deems relevant.

PSP performance measures are intended to motivate and reward delivery of long-term Company success. The Committee considers performance metrics and targets prior to the grant of each award to ensure that these remain suitable and relevant. It is the intention of the Committee that the vesting of PSP awards should normally reflect the outcome of the performance measures set, although the Committee has the ability to apply independent

judgement to ensure that the outcome is a fair reflection of the performance of the Company and individual over the performance period. When making this judgement, the Committee has scope to consider any such factors as it deems relevant.

#### Detailed provisions

The Committee reserves the right to use discretion within the remuneration policy to aid in its operation or implementation (for example, for regulatory or administrative purposes), provided that any such change is not to the material advantage of Directors.

The Committee may continue to satisfy remuneration payments and payments for loss of office (including the exercise of any discretions available to the Committee in connection with such payments) where the terms of the payment were: i) agreed before 15 May 2014 when the first approved remuneration policy came into effect; ii) agreed before the policy set out above came into effect, provided that the terms of the payment were consistent with the shareholder-approved Directors' remuneration policy in force at the time they were agreed; or iii) agreed at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company. For these purposes, such payments include the Committee satisfying awards of variable remuneration.

#### Malus and clawback provisions

Bonus deferral applied from 2023 and PSP awards granted from 2023 are subject to malus and clawback provisions as set out below.

The Committee may, in its absolute discretion, determine at any time prior to the vesting of an award to reduce, defer, cancel or impose further conditions in the following circumstances:

- a retrospective material restatement of the audited financial results of the Group;
- an error in assessing a performance condition applicable to the award or in the information or assumptions on which the award was granted, or vests;
- actions of gross misconduct or material error, including fraud, by the participant or their team;
- significant reputational or financial damage to the Company as a result of the participant's conduct;
- a failure of adequate risk management and/or controls by the participant or their team, resulting in a material impact to the Group;
- a material corporate failure in the Group;
- a regulatory or law enforcement investigation which results in significant censure.

Annual bonus and PSP awards granted to Executive Directors shall also be subject to clawback provisions for up to two years from the date of payment or vesting in the above circumstances.

The malus and clawback provisions that apply to awards made prior to 2023 are as set out in the relevant remuneration policy as at the date of award.



### Recruitment policy

A new hire will ordinarily be remunerated in accordance with the policy described in the table on the previous pages. In order to define the remuneration for an incoming Executive Director, the Committee will take account of:

- prevailing competitive pay levels for the role;
- experience and skills of the candidate;
- awards (shares or earned bonuses) and other elements which will be forfeited by the candidate;
- transition implications on initial appointment;
- the overall Hiscox approach.

A buy-out payment/award may be necessary in respect of arrangements forfeited on joining the Company.

The size and structure of any such buy-out arrangement will take account of relevant factors in respect of the forfeited terms including potential value, time horizons and any performance conditions which apply. The objective of the Committee will be to suitably limit any buy-out to the commercial value forfeited by the individual.

On initial appointment (including interim Director appointments) the maximum level of variable remuneration (excluding any buy-outs) is capped at the maximum level set out in the policy table on pages 152 to 157. Within these limits, and where appropriate, the Committee may tailor the award (for example, timeframe, form, performance criteria) based on the commercial circumstances. Shareholders would be informed of the terms for any such arrangements. Ordinarily, it would be expected that the package on recruitment would be consistent with the usual ongoing Hiscox incentive arrangements.

On the appointment of a new Non Executive Chair or Non Executive Director, the fees will normally be consistent with the policy. Fees to Non Executives will not include share options or other performance-related elements.

### Service contracts

It is the Company's policy that Executive Directors should have service contracts with an indefinite term which can be terminated by the Company by giving notice not exceeding 12 months or the Director by giving notice of six months.

The terms set out in the service contracts for the current Executive Directors do not allow for any payments that are not in line with this policy.

Non Executive Directors are appointed for a three-year term, which is renewable, with three months' notice on either side, no contractual termination payments being due and subject to re-election pursuant to the Bye-laws at the Annual General Meeting. The contract for the Chair is subject to a six-month notice provision on either side.

### Policy on payment for loss of office

Subject to the execution of an appropriate general release of claims an Executive Director may receive on termination of employment by the Company:

#### 1. Notice period of up to 12 months

In the normal course of events, an Executive will remain on the payroll but may be placed on gardening leave for the duration of the notice period (or until they leave early by mutual agreement, whichever is sooner). During this period

they will be paid as normal, including base pay, pension contributions (or cash allowance as appropriate) and other benefits (for example, healthcare). In the event of a termination where Hiscox requests that the Executive Director ceases work immediately, a payment in lieu of notice may be made that is equal to fixed pay, pension entitlements and other benefits (benefits may continue to be provided). Payments may be made in instalments and would ordinarily be subject to mitigation should the individual find alternative employment during the unexpired notice period.

#### 2. Bonus payment for the financial year of exit

Bonuses will normally only be paid to Executive Directors who are granted 'good leaver' status in accordance with the bonus plan rules. The bonus amount would normally be pro-rated depending on the proportion of the financial year which has been completed by the time of the termination date and paid in line with the normal bonus scheme timings and performance metrics.

#### 3. Release of any deferred bonuses

All outstanding bonuses deferred from the annual incentive scheme will normally be paid in full at the normal vesting date.

#### 4. Unvested Performance Share Plan awards

Treatment would be in accordance with the plan rules and relevant grant documentation. The intended approach is summarised below.

- Awards will vest in line with the normal plan vesting date (unless the Committee determines otherwise). Awards vest to the extent that the relevant



performance targets are considered to have been met.

— The award will normally be pro-rated to reflect the period which has elapsed from the commencement of the award to the date of termination unless the Committee determines otherwise.

If the departing Executive Director does not sign a release of claims, they would normally be entitled to payments defined under point 1 only. In the event that the Executive is dismissed for gross misconduct, they would forfeit all payments.

The Committee may also make a payment in respect of outplacement costs, legal fees and costs of settling any potential claims where appropriate.

### 5. Change of control

In the event of a change of control, outstanding PSP awards will normally vest early to the extent that the performance condition, as determined by the Committee in its discretion, has been satisfied and, unless the Committee determines otherwise, would be pro-rated to reflect the period which has elapsed from the commencement of the award to the date of the relevant corporate event.

Deferred bonus awards will vest in full. Outstanding awards under all-employee share plans will be treated in accordance with the relevant plan rules.

### Consideration of employment conditions elsewhere

We are proud of our reward offering across the Company and apply principles consistent with how we pay our Executive Directors. We ensure employees are paid fairly in line with

their responsibilities, experience and the market rate for the role. Employees participate in an annual bonus scheme and senior individuals are eligible for awards under the Performance Share Plan. We also offer a generous benefit package.

Variable remuneration for the most senior employees is more highly performance geared towards the longer term in order to encourage delivery of strong returns across the insurance cycle and create sustainable long-term value for our shareholders.

Hiscox encourages all employees to become shareholders through our Sharesave Schemes, enabling employees to share in the success of the Company.

While the Committee did not consult directly with the broader workforce on the remuneration policy for Executive Directors, we have introduced a process by which employee views are gathered on a range of topics and presented to the Board (see page 146 for further details). The Remuneration Committee also receives an update on the broader workforce remuneration policies and practices during the year, which informs the Committee's consideration of the policy for Executive Directors.

### Consideration of shareholder views

Hiscox regularly discusses remuneration policy matters with a selection of shareholders. The Remuneration Committee takes into consideration the range of views expressed in making its decisions.

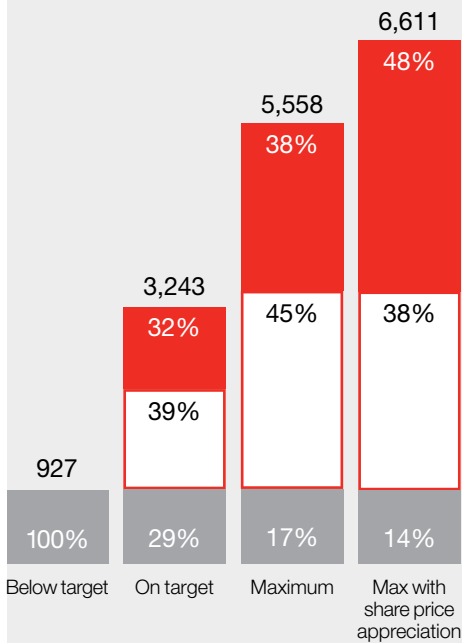
The Committee consulted with major shareholders during Q1 2023 and took

shareholder feedback into account when finalising the revised policy.

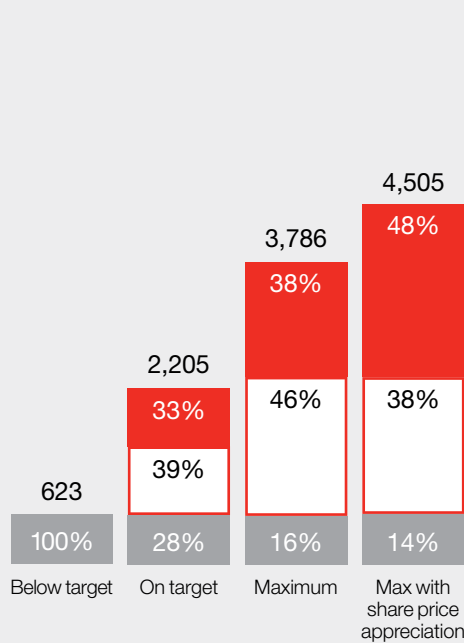
**Illustration of application of the remuneration policy**  
(£000s)

■ Long-term variable remuneration  
□ Annual variable remuneration  
■ Fixed remuneration

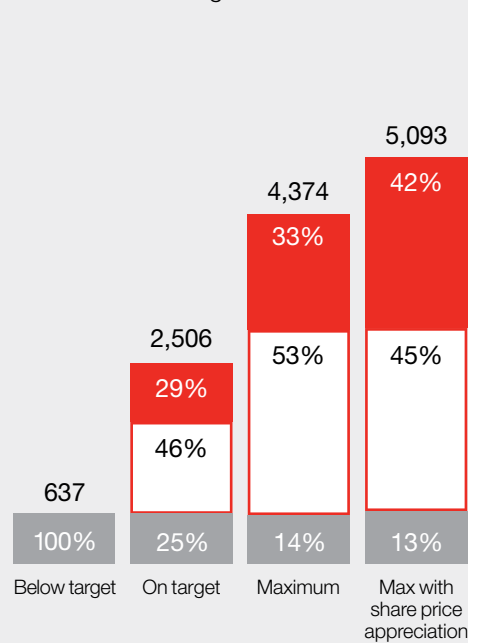
**Chief Executive**



**Chief Financial Officer**



**Chief Underwriting Officer**



The charts above have been compiled using the following assumptions.

**Fixed remuneration**

Fixed reward (base salary, benefits and retirement benefit).

- Salary with effect from 1 April 2025.
- Benefits as received during 2024, as disclosed in the Executive Director remuneration table on page 126.
- Retirement benefit as received during 2024, as disclosed in the Executive Director remuneration table on page 126.

**Variable remuneration**

Assumptions have been made in respect of the annual incentive and the long-term incentive (PSP) for the purpose of these illustrations.

- Annual incentive: the amounts shown in the scenarios are for illustration only. In practice, the award would be determined based on a range of performance factors and therefore vary depending on the circumstances. The maximum award reflects the incentive caps described at the beginning of this report.
- PSP: scenario analysis assumes awards are granted at the maximum level set out in the policy table on page 156. In practice, award levels are determined annually and are not necessarily granted at the plan maximum every year.



<b>Performance scenarios</b>	
<b>Below target performance</b>	Fixed reward only.
<b>On target performance</b>	Fixed reward plus variable pay for the purpose of illustration as follows. — Annual incentive: assume a bonus equivalent to 50% of the maximum opportunity. — PSP: assume vesting of 50% of the maximum award.
<b>Maximum performance</b>	Fixed reward plus variable pay for the purpose of illustration as follows. — Annual incentive: maximum bonus equivalent to 300% of salary for the Group Chief Executive Officer and Group Chief Financial Officer and 400% of salary for the Group Chief Underwriting Officer. — PSP: vesting of 100% of the maximum award.
<b>Maximum performance with share price appreciation</b>	Fixed reward plus variable pay for the purpose of illustration as follows. — Annual incentive: maximum bonus equivalent to 300% of salary for the Group Chief Executive Officer and Group Chief Financial Officer and 400% of salary for the Group Chief Underwriting Officer. — PSP: vesting of 100% of the maximum award plus assumed share price growth of 50%.



Ausgezeichneter  
Schadenservice  
**4,7 / 5**  
★★★★★  
Kundenzufriedenheit  
(Kundenbefragung 2023)

**HISCOX**

Jonas Deichmann  
Entrepreneur & Extremsportler

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# Financial summary

# Independent auditor's report to the Board of Directors and the Shareholders of Hiscox Ltd

## Report on the audit of the consolidated financial statements

### Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Hiscox Ltd (the Company) and its subsidiaries (together the Group) as at 31 December 2024, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with UK-adopted international accounting standards.

### What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2024;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements comprising material accounting policy information and other explanatory information.

Our opinion is consistent with our reporting to the Audit Committee.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)). Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the consolidated financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

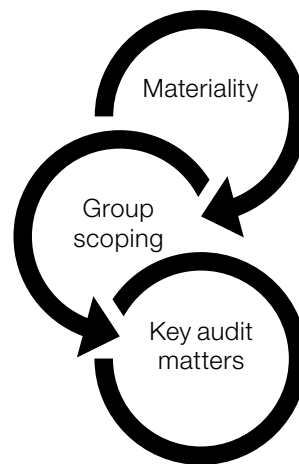
We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 10, we have provided no non-audit services to the Company in the period under audit.

## Our audit approach

### Overview



— Overall group materiality: \$45 million, which represents 1% of insurance revenue for the year ended 31 December 2024.

### Our audit comprised:

- full scope audit procedures over four components;
- for certain other components, audit procedures over financial statement line-item balances or specified procedures; and
- for the remaining components that were not inconsequential, analytical procedures on their financial information.

— Valuation of insurance contract liabilities and reinsurance contract assets – assumptions and judgements.

### Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where Management made subjective judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of Management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

### Tailoring of Group audit scope

- The scope of our audit was tailored in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.
- The Group is structured into four segments (see note 4 to the consolidated financial statements) and is a consolidation of over 50 separate legal entities. The Group is a global specialist insurer and reinsurer, and its operations primarily consist of the legal entity operations in the United Kingdom, Europe, the United States and Bermuda.
- A full scope audit was performed for four components located in the United Kingdom and Bermuda. Financial statement line-item audit procedures or specified procedures were also performed over components in the United Kingdom, the United States and Bermuda. Taken together this work provided over 80% coverage of the Group's insurance revenue and over 80% of the Group's total assets.
- The four full scope audit components are: (i) Hiscox Dedicated Corporate Member Syndicate No. 33, (ii) Hiscox Dedicated Corporate Member Syndicate No. 3624, (iii) Hiscox Insurance Company Limited, and (iv) the parent company, Hiscox Ltd (including consolidation). For certain other components, account balances were identified which were considered to be significant in size or audit risk at the financial statement line-item level in relation to the consolidated financial statements, financial statement line-item audit procedures, or specified procedures were performed over these specified balances. Analytical procedures over the financial information of the remaining components that were not inconsequential were performed.
- We tailored our in scope components based on our assessment of inherent risk and their financial significance to the consolidated financial results.
- In establishing the overall approach to the Group audit a determination was made of the type of work that needed to be performed at the components by the Group engagement team, or by the component audit teams within the PwC United Kingdom, PwC United States and PwC Bermuda firms. A determination was made of the level of involvement of the Group engagement team that was necessary

in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence had been obtained. The Group engagement team had regular interaction with the component teams during the audit process. The engagement leader and senior members of the Group engagement team reviewed in detail all reports with regards to the audit approach and findings submitted by the component auditors. This together with additional procedures performed, as described above, gave us the evidence we needed for our opinion on the consolidated financial statements as a whole.

### The impact of climate risk on our audit

- As part of our audit, enquiries were made of Management (both within and outside of the Group's finance function) to understand the process Management adopted to assess the extent of the potential impact of climate risk on the Group's financial statements and support the disclosures made within the notes to the consolidated financial statements. The key areas where Management has evaluated that climate risk has a potential to impact the business are in relation to underwriting risk, financial risk, and regulatory, legal, and reputational risk. Management considers that the impact of climate change does not give rise to a material financial statement impact.
- Our knowledge of the Group was applied to evaluate Management's assessment of the impact on the financial statements. An evaluation was performed of the completeness of management's assessment of climate change risk under the categories of physical risk, transition risk, and litigation risk and how these may affect the consolidated financial statements, and the audit procedures performed.
- As part of this, our audit procedures included:
  - reading the minutes of meetings of the Group's Sustainability Steering Committee;
  - reading submissions to regulators;
  - reading the Group's Climate Report 2024; and
  - considering the Group's memberships, accreditations and public commitments.

The risks of material misstatement to the consolidated financial statements as a result of climate change were assessed and it was concluded that for the year ended 31 December 2024, there was no impact on the key audit matters or the assessment of the risks of material misstatement.

Finally, the consistency of the disclosures in relation to climate change (including the disclosures in the Task Force on Climate-related Financial Disclosures (TCFD) section) within the Report and Accounts was considered against the consolidated financial statements and our knowledge obtained from our audit including challenging the disclosures given in the narrative reporting within the consolidated financial statements.

**Materiality**

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of the users taken on the basis of the consolidated financial statements.

Based on our professional judgement, certain quantitative thresholds for materiality were determined, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with the qualitative considerations, helped to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

**Materiality**

<b>Overall group materiality</b>	<b>\$45 million (2023: \$44 million).</b>
<b>How we determined it</b>	In determining materiality, we considered a range of financial metrics believed to be relevant to the primary users of the consolidated financial statements. We selected a materiality amount using our professional judgement which represents 1% of insurance revenue for the year ended 31 December 2024.
<b>Rationale for benchmark applied</b>	The materiality amount selected is appropriate to the size and nature of the business. Expressing materiality in terms of insurance revenue, one of the key metrics relevant to key users of the consolidated financial statements, provides a good representation relative to the size and complexity of the business and it is not distorted by insured catastrophe events to which the Group is exposed, or the levels of external reinsurance purchased by the Group.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall Group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example, in determining sample sizes. Our performance materiality was 75% (2023: 75%) of overall materiality, amounting to \$33.75 million (2023: \$33 million) for the consolidated financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above \$2.25 million (2023: \$2 million), as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

**Key audit matters**

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the consolidated financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the consolidated financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

We have removed the following key audit matters identified last year:

- implementation of IFRS 17 – transition and restatement of comparatives – as the Group has now restated comparatives and successfully transitioned to IFRS 17, this is no longer included;
- valuation of deferred tax asset – on enactment of Bermuda Corporate Income Tax – the estimation uncertainty has been reduced as the deferred tax asset has now been recognised.

Otherwise, the key audit matter below is consistent with last year.

## Key audit matters

### Key audit matter

#### Valuation of insurance contract liabilities and reinsurance contract assets – assumptions and judgements

Refer to notes 2.11, 2.19 and 20 to the consolidated financial statements for disclosures of related accounting policies and balances.

As at 31 December 2024, insurance contract liabilities comprised \$355.6 million of liabilities for remaining coverage (LRC), and \$6 billion of liabilities for incurred claims (LIC). Reinsurance contract assets comprised \$69.7 million of assets for remaining coverage (ARC) and \$2 billion of assets for incurred claims (AIC). Insurance contract liabilities and reinsurance contract assets are inherently uncertain and contain material estimates.

LIC and AIC – the most subjective element continues to be the incurred but not yet reported claims cash flows, which form part of the LIC, and the associated reinsurers' share of incurred but not yet reported claim cash flows, which form part of AIC.

Management bases these estimates on the estimated ultimate cost of all claims, together with estimates of the related claims handling costs, these estimates can be materially impacted by numerous factors including:

- the underlying volatility attached to estimates for certain classes of business, where small changes in assumptions can lead to large changes in the levels of the estimate held;
- the risk of inappropriate assumptions used in determining current year estimates, especially for 'long-tailed' classes of business, means that there is necessarily greater use of Management judgement;
- the risk that key assumptions in respect of natural catastrophes and other large claim losses ('specific IBNR') are inappropriate. There is significant judgement involved in those loss estimates, particularly as they are often based on limited data;
- the valuation of AIC is uncertain due to the significant degree of judgement applied in valuing the underlying insurance contracts that have been reinsured, the complexity of the application and coverage of the reinsurance programme;
- the determination of discount rates (including choice of illiquidity premium) and payment patterns used to derive the cash flow for incurred claims.

Risk adjustment – the LIC and AIC also include the risk adjustment to reflect Management's view of the compensation that it requires for bearing uncertainty about the amount and timing of cash flows from non-financial risks.

LRC and ARC – we consider the most significant judgements to be:

- the determination of the premium allocation approach (PAA) measurement model for groups of contracts that are not automatically eligible, including the selection of 'reasonably expects' assumptions;

### How our audit addressed the key audit matter

We assessed the valuation of the insurance contract liabilities and assets by performing the following procedures:

- evaluated the process and the design and implementation of controls in place to determine the insurance contract liabilities and reinsurance contract assets;
- tested the underlying data to source documentation;
- evaluated and challenged the robustness of the key judgements adopted in relation to LIC and AIC, including the risk adjustment;
- applied our industry knowledge and experience and compared the methodology, models and assumptions used against recognised actuarial practices;
- for the undiscounted best estimate liabilities, we developed independent point estimates for classes of business considered to be higher risk, focusing on the largest and most uncertain classes, as well as for certain other classes for unpredictability, as at Q3 and rolled-forward for year end;
- our roll-forward approach considered the impact of key movements during the fourth quarter such as:
  - actual versus expected emerging claims experience;
  - the earning of new business during the quarter;
  - any updates to specific IBNR estimates; and
  - changes in premium estimates;
- for the remaining classes we have evaluated the methodology and assumptions or performed a diagnostic check (key indicator testing) to identify and investigate any anomalies;
- tested the accuracy of application of reinsurance contract terms; and
- understood any updates made to the actuarial assumptions impacting the forecast future claims cash flows, testing the discount rate applied and evaluated any changes for reasonableness.

For specific IBNR, we:

- validated management's industry loss picks, as well as the key management methodology and assumptions applied for each event. We focused on new and large events in 2024;
- for prior year catastrophes, reviewed the incurred development and understood how Management responded to the information available and assessed the reserve adequacy and development compared to others in the market from the data available;
- on the Covid-19 reserves, performed independent analysis by considering alternative scenarios relating to litigation risk and possible deterioration;



## Key audit matters

### Key audit matter

#### Valuation of insurance contract liabilities and reinsurance contract assets – assumptions and judgements (continued)

Refer to notes 2.11, 2.19 and 20 to the consolidated financial statements for disclosures of related accounting policies and balances.

- the appropriateness of methodologies and assumptions adopted to value reinsurance assets associated with retrospective reinsurance arrangements measured under the general measurement model (GMM);
- the judgement on the degree of risk that will transfer with respect to retrospective reinsurance arrangements.

### How our audit addressed the key audit matter

- challenged Management's ground up analysis and inspected evidence at a cedant level to test for accuracy of the data; and
- challenged Management on the reasonableness of the margin including 'bulk IBNR' and the uplift of cedant notification values prior to applying the margin.

Risk adjustment – assessed the appropriateness of the policy applied to determine the risk adjustment, read the disclosure of the basis in the accounting policies, and tested the consistent application, and derivation of the adjustment.

LRC – to assess PAA eligibility we:

- assessed the appropriateness of the judgements and supporting estimates used to determine use of the PAA and GMM measurement models;
- tested the completeness and accuracy of the supporting data;
- assessed the scenarios used to stress the modelled GMM and PAA liability for remaining coverage (LFRC); and
- considered the qualitative attributes that may impact the eligibility risk, for example, seasonality or long-tail risks that drive a mismatch between GMM and PAA.

Through the procedures detailed above and having considered the specific nature and circumstances of the Group's business, we have concluded that the valuation of insurance contract liabilities and reinsurance contract assets is appropriate.

### Conclusions relating to going concern

Our evaluation of the Directors' assessment of the Group's ability to continue to adopt the going concern basis of accounting included:

- validating Management's going concern analysis based on audit work performed, considering the Group's capital, solvency and liquidity positions;
- considering information obtained during the audit and publicly available market information to identify any evidence that would contradict Management's assessment of going concern; and
- reviewing the disclosures included in the consolidated financial statements in relation to going concern, including the 'basis of preparation'.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the consolidated financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the consolidated financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's ability to continue as a going concern.

In relation to the Directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

### Reporting on other information

Management is responsible for the other information. The other information comprises the Report and Accounts (but does not include the consolidated financial statements and our auditor's report thereon). The other information also includes reporting based on the TCFD recommendations. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities for the consolidated financial statements and the audit

#### Responsibilities of Management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the applicable framework and for being satisfied that they present fairly, in all material respects. Management is also responsible for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

#### Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the

consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements.

We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Bermudian Companies Act, taxation, and regulatory principles such as those governed by the Bermuda Monetary Authority (BMA) and other local regulatory authorities in which the Group operates, and we considered the extent to which non-compliance might have a material effect on the financial statements.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to management bias in accounting estimates and judgemental areas of the consolidated financial statements as shown in our 'key audit matters'. The Group engagement team have shared

this risk assessment with the component auditors so they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditors included:

- discussions with the Board, Management, internal audit, management involved in the risk and compliance functions and Group legal function, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- evaluation and testing of the operating effectiveness of Management's controls designed to prevent and detect irregularities;
- assessment of matters reported on the Group whistleblowing helpline and fraud register and the results of Management's investigation of such matters;
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;
- reviewing relevant meeting minutes including those of the Board of Directors, audit, risk, and Remuneration Committees;
- reading key correspondence with the BMA and other local regulators, including those in relation to compliance with laws and regulations;
- reviewing the Group's register of litigation and claims, internal audit reports, and compliance reports so far as they related to non-compliance with laws and regulations and fraud; and
- attendance at Audit Committee meetings.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the consolidated financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the consolidated financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Report on other legal and regulatory requirements

#### Other voluntary reporting – Directors' remuneration

The Company voluntarily prepares a report on Directors' remuneration in accordance with the provisions of the UK Companies Act 2006. The Directors have requested an audit of the part of the report on Directors' remuneration specified

by the UK Companies Act 2006 to be audited as if the Company were a UK-registered company.

In our opinion, the part of the report on Directors' remuneration to be audited has been properly prepared in accordance with the UK Companies Act 2006.

#### Corporate governance statement

ISAs (UK) require us to review the Directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code, which the Listing Rules of the Financial Conduct Authority specify for review by the auditor. Our additional responsibilities with respect to the corporate governance statement as other information are described in the 'reporting on other information' section of this report.

Based on the work undertaken as part of our audit, it was concluded that each of the following elements of the corporate governance statement is materially consistent with the consolidated financial statements and our knowledge obtained during the audit, and there is nothing material to add or draw attention to in relation to:

- the Directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- the disclosures in the Report and Accounts that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- the Directors' statement in the consolidated financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties as to the Group's ability to continue to do so over a period of at least twelve months from the date of approval of the consolidated financial statements;
- the Directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate; and
- the Directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

The review of the Directors' statement regarding the longer-term viability of the Group was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the consolidated financial statements and our knowledge and understanding of the Group and its environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, it was concluded that each of the following elements of the corporate governance statement is materially consistent with the consolidated financial statements and our knowledge obtained during the audit:

- the Directors' statement that they consider the Report and Accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the shareholders to assess the Group's position, performance, business model and strategy;
- the section of the Report and Accounts that describes the review of effectiveness of risk management and internal control systems; and
- the section of the Report and Accounts describing the work of the Audit Committee.

There is nothing to report in respect of our responsibility to report when the Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

#### Other matter

The Company is required by the Financial Conduct Authority Disclosure Guidance and Transparency Rules to include these consolidated financial statements in an annual financial report prepared under the structured digital format required by DTR 4.1.15R - 4.1.18R and filed on the National Storage Mechanism of the Financial Conduct Authority. This auditor's report provides no assurance over whether the structured digital format annual financial report has been prepared in accordance with those requirements.

Following the recommendation of the Audit Committee, PricewaterhouseCoopers LLP was appointed on 10 April 2024 and reappointed at the Annual General Meeting of the Company on 9 May 2024 to audit the financial statements for the year ended 31 December 2024 and subsequent financial periods. The period of uninterrupted appointment of the firm is 11 months. (Previously PricewaterhouseCoopers Ltd., Bermuda, were appointed continuously to audit the financial statements for the years ended 31 December 2016 to 31 December 2023).

The engagement partner on the audit resulting in this independent auditors' report is Thomas Robb.

**PricewaterhouseCoopers LLP**  
Chartered Accountants and Statutory Auditors  
London  
26 February 2025

## Consolidated income statement

For the year ended 31 December 2024	Note	2024	2023
		\$m	\$m
Insurance revenue	4	4,672.5	4,483.2
Insurance service expenses	4	(3,331.0)	(3,189.3)
<b>Insurance service result before reinsurance contracts held</b>		<b>1,341.5</b>	<b>1,293.9</b>
Allocation of reinsurance premiums	4	(1,209.4)	(1,119.4)
Amounts recoverable from reinsurers for incurred claims	4	421.4	317.8
<b>Net expenses from reinsurance contracts held</b>		<b>(788.0)</b>	<b>(801.6)</b>
<b>Insurance service result</b>	4	<b>553.5</b>	<b>492.3</b>
<b>Investment result</b>	7	<b>383.9</b>	<b>384.4</b>
Net finance expenses from insurance contracts		(225.5)	(220.7)
Net finance income from reinsurance contracts		73.4	81.0
<b>Net insurance finance expenses</b>	7	<b>(152.1)</b>	<b>(139.7)</b>
<b>Net financial result</b>	7	<b>231.8</b>	<b>244.7</b>
Other income	8	113.5	91.1
Other operational expenses	8	(149.4)	(125.5)
Net foreign exchange losses		(11.2)	(27.0)
Other finance costs	9	(53.1)	(50.0)
Share of profit of associates after tax	13	0.3	0.3
<b>Profit before tax</b>		<b>685.4</b>	<b>625.9</b>
Tax (expense)/credit	22	(58.2)	86.1
<b>Profit for the year (all attributable to owners of the Company)</b>		<b>627.2</b>	<b>712.0</b>
<b>Earnings per share on profit attributable to owners of the Company</b>			
Basic	25	183.2¢	206.1¢
Diluted	25	178.1¢	201.5¢

## Consolidated statement of comprehensive income

For the year ended 31 December 2024	Note	2024	2023
		\$m	\$m
Profit for the period		627.2	712.0
<b>Other comprehensive (expense)/income</b>			
Items that will not be reclassified to the income statement:			
Remeasurements of the net defined benefit pension scheme	24	(4.8)	(4.1)
Income tax effect		1.5	(1.7)
		(3.3)	(5.8)
Items that may be reclassified subsequently to the income statement:			
Exchange (losses)/gains on translation of foreign operations		(11.9)	25.0
<b>Other comprehensive (expense)/income net of tax</b>		<b>(15.2)</b>	<b>19.2</b>
<b>Total comprehensive income for the period (all attributable to the owners of the Company)</b>		<b>612.0</b>	<b>731.2</b>

The notes on pages 178 to 228 are an integral part of these consolidated financial statements.

## Consolidated statement of financial position

		31 December 2024	31 December 2023
	Note	\$m	\$m
<b>Assets</b>			
Employee retirement benefit asset	24	40.0	44.4
Goodwill and intangible assets	11	308.8	323.9
Property, plant and equipment	12	125.6	130.3
Investments in associates	13	0.8	0.8
Deferred tax assets	23	179.4	180.7
Assets included in disposal group classified as held for sale	8	52.5	59.1
Reinsurance contract assets	20	1,976.8	2,098.3
Financial assets carried at fair value	14	7,077.6	6,574.4
Trade and other receivables	15	249.0	206.5
Current tax assets		3.3	5.1
Cash and cash equivalents	18	1,227.0	1,437.0
<b>Total assets</b>		<b>11,240.8</b>	<b>11,060.5</b>
<b>Equity and liabilities</b>			
Shareholders' equity			
Share capital	19	38.1	38.8
Share premium	19	405.6	528.8
Contributed surplus	19	184.0	184.0
Currency translation reserve		(391.1)	(379.2)
Retained earnings		3,452.2	2,923.2
<b>Equity attributable to owners of the Company</b>		<b>3,688.8</b>	<b>3,295.6</b>
Non-controlling interest		1.1	1.1
<b>Total equity</b>		<b>3,689.9</b>	<b>3,296.7</b>
Employee retirement benefit obligations			
	24	–	–
Deferred tax liabilities	23	75.8	56.9
Liabilities included in disposal group classified as held for sale	8	52.7	54.8
Insurance contract liabilities	20	6,396.3	6,604.0
Financial liabilities	14	663.5	674.7
Current tax liabilities		19.7	10.9
Trade and other payables	21	342.9	362.5
<b>Total liabilities</b>		<b>7,550.9</b>	<b>7,763.8</b>
<b>Total equity and liabilities</b>		<b>11,240.8</b>	<b>11,060.5</b>

The notes on pages 178 to 228 are an integral part of these consolidated financial statements.

The consolidated financial statements were approved by the Board of Directors on 26 February 2025 and signed on its behalf by:

**Aki Hussain**  
Group Chief Executive Officer

**Paul Cooper**  
Group Chief Financial Officer

## Consolidated statement of changes in equity

	Note	Share capital \$m	Share premium \$m	Contributed surplus \$m	Currency translation reserve \$m	Retained earnings \$m	Equity attributable to owners of the Company \$m	Non-controlling interest \$m	Total equity \$m
Balance at 1 January 2023		38.7	517.6	184.0	(404.2)	2,297.8	2,633.9	1.1	2,635.0
Profit for the year		–	–	–	–	712.0	712.0	–	712.0
Other comprehensive income net of tax		–	–	–	25.0	(5.8)	19.2	–	19.2
Total comprehensive income		–	–	–	25.0	706.2	731.2	–	731.2
Employee share options:									
Equity settled share-based payments		–	–	–	–	43.2	43.2	–	43.2
Proceeds from shares issued	19	0.1	9.6	–	–	–	9.7	–	9.7
Deferred and current tax on employee share options		–	–	–	–	2.1	2.1	–	2.1
Shares issued in relation to Scrip Dividend	19	–	1.6	–	–	–	1.6	–	1.6
Dividends paid to owners of the Company	26	–	–	–	–	(126.1)	(126.1)	–	(126.1)
Balance at 31 December 2023		38.8	528.8	184.0	(379.2)	2,923.2	3,295.6	1.1	3,296.7
Profit for the year		–	–	–	–	627.2	627.2	–	627.2
Other comprehensive expense net of tax		–	–	–	(11.9)	(3.3)	(15.2)	–	(15.2)
Total comprehensive income		–	–	–	(11.9)	623.9	612.0	–	612.0
Employee share options:									
Equity settled share-based payments		–	–	–	–	33.4	33.4	–	33.4
Proceeds from shares issued	19	0.1	21.3	–	–	–	21.4	–	21.4
Share buyback*	19	(0.8)	(148.3)	–	–	–	(149.1)	–	(149.1)
Deferred and current tax on employee share options		–	–	–	–	2.5	2.5	–	2.5
Shares issued in relation to Scrip Dividend	19	–	3.8	–	–	–	3.8	–	3.8
Dividends paid to owners of the Company	26	–	–	–	–	(130.8)	(130.8)	–	(130.8)
Balance at 31 December 2024		38.1	405.6	184.0	(391.1)	3,452.2	3,688.8	1.1	3,689.9

\*In the year ended 31 December 2024, \$149.1 million of shares were purchased and shares with a nominal value of \$0.8 million have been cancelled as part of the share buyback programme.

The notes on pages 178 to 228 are an integral part of these consolidated financial statements.

## Consolidated cash flow statement

	Note	2024	2023
		\$m	\$m
<b>For the year ended 31 December 2024</b>			
<b>Profit before tax</b>		<b>685.4</b>	<b>625.9</b>
Adjustments for:			
Net foreign exchange losses		11.2	27.0
Interest and equity dividend income	7	(316.4)	(237.0)
Interest expense	9	53.1	50.0
Net fair value gains on financial assets	7	(71.5)	(170.6)
Depreciation, amortisation and impairment	8	60.7	77.1
Charges in respect of share-based payments	19	49.1	43.2
Realised gain on sale of subsidiary undertaking, intangible assets and property, plant and equipment		(0.5)	(4.0)
Changes in operational assets and liabilities:			
Insurance and reinsurance contracts		(12.1)	248.3
Financial assets carried at fair value		(479.6)	(549.6)
Financial liabilities carried at fair value		(0.3)	–
Financial liabilities carried at amortised cost		0.7	0.7
Other assets and liabilities		(97.0)	(15.6)
Cash paid to the pension fund	24	–	(24.8)
Interest received		302.4	218.1
Equity dividends received		1.4	1.5
Interest paid		(51.9)	(48.5)
Tax paid		(20.3)	(9.6)
<b>Net cash flows from operating activities</b>		<b>114.4</b>	<b>232.1</b>
Proceeds from sale of associate		0.5	9.5
Purchase of property, plant and equipment		(5.1)	(1.1)
Proceeds from the sale of property, plant and equipment		0.1	–
Purchase of intangible assets	11	(34.0)	(42.6)
<b>Net cash flows used in investing activities</b>		<b>(38.5)</b>	<b>(34.2)</b>
Proceeds from the issue of ordinary shares		5.2	9.6
Distributions made to owners of the Company		(127.0)	(124.5)
Shares repurchased		(149.1)	–
Principal elements of lease payments		(11.7)	(14.0)
<b>Net cash flows used in financing activities</b>		<b>(282.6)</b>	<b>(128.9)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(206.7)</b>	<b>69.0</b>
Cash and cash equivalents at 1 January		1,437.0	1,350.9
Net (decrease)/increase in cash and cash equivalents		(206.7)	69.0
Effect of exchange rate fluctuations on cash and cash equivalents		(3.3)	17.1
<b>Cash and cash equivalents at 31 December</b>	18	<b>1,227.0</b>	<b>1,437.0</b>

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 \$156 million (2023: \$181 million) not available for immediate use by the Group outside of the Lloyd's syndicate within which they are held. Additionally, \$32.6 million (2023: \$108.1 million) is pledged cash held against Funds at Lloyd's, and \$19.5 million (2023: \$10.1 million) is held within trust funds against reinsurance arrangements.

The notes on pages 178 to 228 are an integral part of these consolidated financial statements.

# Notes to the consolidated financial statements

## 1 General information

The Hiscox Group, which is headquartered in Hamilton, Bermuda, comprises Hiscox Ltd (the parent company, referred to herein as the 'Company') and its subsidiaries (collectively, the 'The Hiscox Group' or the 'Group'). For the current period the Group provided insurance and reinsurance services to its clients worldwide. It has operations in Bermuda, UK, Europe, Asia and USA and currently has over 3,000 staff.

The Company is registered and domiciled in Bermuda and its ordinary shares are listed on the London Stock Exchange.

The address of its registered office is: Chesney House, 96 Pitts Bay Road, Pembroke HM 08, Bermuda.

## 2 Basis of preparation

The financial statements of the Group have been prepared in accordance with UK-adopted International Accounting Standards, and Section 4.1 of the Disclosure and Transparency Rules and the Listing Rules, both issued by the Financial Conduct Authority (FCA) and in accordance with the provisions of the Bermuda Companies Act 1981.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The consolidated financial statements have been prepared on a going concern basis. In adopting the going concern basis, the Board has reviewed the Group's current and forecast solvency and liquidity positions for the next 12 months and beyond. As part of the consideration of the appropriateness of adopting the going concern basis, the Directors use scenario analysis and stress testing to assess the robustness of the Group's solvency and liquidity positions. In undertaking this analysis, no material uncertainty in relation to going concern has been identified, due to the Group's strong capital and liquidity positions providing resilience to shocks, underpinned by the Group's approach to risk management described in note 3. After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence over a period of at least 12 months from the date of this report. For this reason, the Group continues to adopt the going concern basis in preparing the consolidated 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 consolidated financial statements are presented in US Dollars millions (\$m) and rounded to the nearest hundred thousand Dollars, unless otherwise stated.

The consolidated statement of financial position is presented in order of increasing liquidity. All amounts presented in the income statement and statement of comprehensive income relate to continuing operations.

The financial statements were approved for issue by the Board of Directors on 26 February 2025.

## 2.1 Material accounting policies information

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. The most critical individual components of these financial statements that involve the highest degree of judgement or significant assumptions and estimations are identified in note 2.19. Except as described in section (a) below, the accounting policies adopted are consistent with those of the previous financial year.

### (a) New accounting standards, interpretations and amendments to published standards

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. New standards, amendments to standards and interpretations, as adopted by the UK, that are effective for annual periods beginning on 1 January 2024 have been applied in preparing these consolidated financial statements and had no material impact on the Group.

- Amendments to IFRS 16 *Leases – Lease Liability in a Sale and Leaseback*.
- Amendments to IAS 1 – *Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current and Non-Current Liabilities with Covenants*.
- Amendments to IAS 7 – *Statement of Cash Flows* and IFRS 7 – *Financial Instruments: Disclosures – Supplier Finance Arrangements*.

### (b) Future accounting developments

The following new standards, and amendments to standards, are effective for annual periods beginning on or after 1 January 2025 and have not been applied in preparing these consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 – *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (not yet endorsed, effective date postponed indefinitely).
- Amendments to IAS 21 – *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability* (endorsed, effective date 1 January 2025).
- Amendments to IFRS 9 – *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments* (not yet endorsed, effective date 1 January 2026).
- Amendments to IFRS 1 – *First-time Adoption of International Financial Reporting Standards* (not yet endorsed, effective date 1 January 2026).
- Amendments to IFRS 7 – *Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7* (not yet endorsed, effective date 1 January 2026).
- Amendments to IFRS 10 – *Consolidated Financial Statements* (not yet endorsed, effective date 1 January 2026).
- Amendments to IAS 7 – *Statement of Cash Flows* (not yet endorsed, effective date 1 January 2026).
- IFRS 18 – *Presentation and Disclosure in Financial Statements* (not yet endorsed, effective date 1 January 2027).
- IFRS 19 – *Subsidiaries without Public Accountability: Disclosures* (not yet endorsed, effective date 1 January 2027).

## 2 Basis of preparation (continued)

### 2.2 Basis of consolidation

#### (a) Subsidiaries

Subsidiaries are those entities controlled by the Group. Control exists when the Group has power over an entity, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. The consolidated financial statements include the assets, liabilities and results of the Group up to 31 December each year. The financial statements of subsidiaries are included in the consolidated financial statements only from the date that control commences until the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

#### (b) Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is generally identified with a shareholding of between 20% and 50% of an entity's voting rights. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity-accounted basis from the date that significant influence commences until the date that significant influence ceases.

The Group's share of its associates' post-acquisition profits or losses after tax is recognised in the income statement for each period, and its share of the movement in the associates' net assets is reflected in the investments' carrying values on the statement of financial position. When the Group's share of losses equals or exceeds the carrying amount of the associate, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associate.

#### (c) Transactions eliminated on consolidation

Intragroup balances, transactions and any unrealised gains arising from intragroup transactions are eliminated in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Foreign currency gains

and losses on intragroup monetary assets and liabilities may not fully eliminate on consolidation when the intragroup monetary item concerned is transacted between two Group entities that have different functional currencies. Unrealised gains arising from transactions with associates are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

### 2.3 Foreign currency translation

#### (a) Functional currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). Entities operating in France, Germany, The Netherlands, Spain, Portugal, Ireland and Belgium have a functional currency of Euros; those subsidiary entities operating from the USA, Bermuda, Guernsey and Syndicates have a functional currency of US Dollars with the exception of Hiscox Ltd, a public company incorporated and domiciled in Bermuda with a functional currency of Sterling. Functional currencies of entities operating in Asia include US Dollars, Singapore Dollars and Thai Baht. All other entities have a functional currency of Sterling.

#### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the retranslation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as IFRS 9 effective net investment hedges or when the underlying balance is deemed to form part of the Group's net investment in a subsidiary operation and is unlikely to be settled in the foreseeable future. Non-monetary items carried at historical cost are translated on the statement of financial position at the exchange rate prevailing on the original transaction date. Non-monetary items measured at fair value are translated using the exchange rate ruling when the fair value was determined.

#### (c) Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the date of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain, or loss, on sale.

## 2 Basis of preparation (continued)

### 2.4 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and any impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance items are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated as it is deemed to have an indefinite useful economic life. The cost of leasehold improvements is amortised over the unexpired term of the underlying lease or the estimated useful life of the asset, whichever is shorter. Depreciation on other assets is calculated using the straight-line method to allocate their cost, less their residual values, over their estimated useful lives.

The rates applied are as follows:

— buildings	20-50 years
— vehicles	3 years
— leasehold improvements including fixtures and fittings	10-15 years
— furniture, fittings and equipment	3-15 years

The assets' residual values and useful lives are reviewed at the end of the reporting period and adjusted if appropriate.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the income statement.

### 2.5 Intangible assets

#### (a) Goodwill

Goodwill represents amounts arising on acquisition of subsidiaries and associates. In respect of acquisitions that have occurred since 1 January 2004, goodwill represents the excess of the fair value of consideration of an acquisition over the fair value of the Group's share of the net identifiable assets and contingent liabilities assumed of the acquired subsidiary or associate at the acquisition date. In respect of acquisitions prior to 1 January 2004, goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous generally accepted accounting principles.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is not amortised but is tested at least annually for impairment and carried at cost, less accumulated impairment losses.

Goodwill is allocated to the Group's cash-generating units identified according to the smallest identifiable group of assets from which cash flows are generated that are largely independent of the cash flows generated by other assets or group of assets.

The impairment review process examines whether or not the carrying value of the goodwill attributable to individual cash-generating units exceeds its recoverable amount. Any excess of goodwill over the recoverable amount arising from the review process indicates impairment. Any impairment charges are presented as part of operational expenses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

#### (b) Other intangible assets

Intangible assets acquired separately from a business are carried initially at cost. An intangible asset acquired as part of a business combination is recognised outside of goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably. Customer relationships, syndicate capacity and software acquired are capitalised at cost, being the fair value of the consideration paid. Software is capitalised on the basis of the costs incurred to acquire and bring it into use. Intangible assets with indefinite lives such as syndicate capacity are subsequently valued at cost and are subject to annual impairment assessment.

Intangible assets with finite useful lives are consequently carried at cost, less accumulated amortisation and impairment. The useful life of the asset is reviewed annually. Any changes in estimated useful lives are accounted for prospectively with the effect of the change being recognised in the current and future periods, if relevant.

Amortisation is calculated using the straight-line method to allocate the cost over the estimated useful lives of the intangible assets.

Subsequent expenditure on other intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Those intangible assets with finite lives are assessed for indicators of impairment at each reporting date. Where there is an indication of impairment then a full impairment test is performed. An impairment loss recognised for an intangible asset in prior years should be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

### 2.6 Impairment of non-financial assets

Non-financial assets (such as goodwill, an intangible asset or item of property, plant and equipment) that have an indefinite useful life are not subject to amortisation and are tested annually or whenever there is an indication of impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Objective factors that are considered when determining whether a non-financial asset or group of non-financial assets may be impaired include, but are not limited to, the following:

- adverse economic, regulatory or environmental conditions that may restrict future cash flows and asset usage and/or recoverability;

## 2 Basis of preparation

### 2.6 Impairment of non-financial assets (continued)

- the likelihood of accelerated obsolescence arising from the development of new technologies and products; and
- the disintegration of the active market(s) to which the asset is related.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss is recognised as income immediately. Impairment losses recognised in respect of goodwill are not subsequently reversed.

### 2.7 Financial assets and liabilities

The Group classifies its financial assets in the following measurement categories, which depend on the business model for managing the financial assets and the contractual terms of the cash flows.

- Amortised cost: assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest (SPPI), and that are not designated at fair value through profit or loss (FVPL), are measured at amortised cost. Interest income from these financial assets is included in interest income using the effective interest rate method. Such assets held by the Group include cash and cash equivalents, receivables from brokers, prepayments and accrued income, receivables and accrued interest and other debtors.
- Fair value through other comprehensive income (FVOCI): assets that are held for collection of contractual cash flows and for selling the financial assets, and where the cash flows represent SPPI, and that are not designated as FVPL, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss on the instrument's amortised cost previously recognised in OCI is reclassified from equity to profit or loss. Interest from these financial assets is included in interest income using the effective interest rate method. The Group does not hold any assets at FVOCI as the business model criteria are not met.
- Fair value through profit or loss (FVPL): assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. Assets can also be designated to FVPL if in doing so it eliminates, or significantly reduces, an accounting mismatch. The gains or losses arising from fair value changes on assets measured at FVPL are recognised in profit or loss and presented within the investment result in the

period in which it arises. The Group's investment assets in this category include government bonds, corporate bonds, asset and mortgage-backed securities, other fixed income holdings, equities, investment funds, private credit funds, insurance-linked funds and derivatives. All these assets are at FVPL because of the business model test and the characteristics of the associated contractual cash flows.

#### (a) Recognition

The Group recognises a financial asset or a financial liability in its statement of financial position when, and only when, it becomes a party to the contractual provisions of the instrument. At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

#### (b) Impairment allowances

An expected credit loss (ECL) model is applicable for all assets measured at amortised cost and FVOCI. The assessment of credit risk and the estimation of an ECL are unbiased, probability-weighted and incorporate all available information relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of economic conditions at the reporting date. The forward-looking aspect of IFRS 9 requires judgement as to how changes in economic factors affect ECLs. Impairment charges are recognised in the Income Statement within operational expenses.

The ECL is a three-stage model based on forward-looking information regarding changes in credit quality since inception. Credit risk is measured using a probability of default (PD); exposure at default (EAD); and loss given default (LGD) approach as follows.

- PD is an estimate of the likelihood of default of the asset.
- EAD is an estimate of the exposure at that future default date, taking into account expected changes in the exposure after the reporting date.
- LGD is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive. It is usually expressed as a percentage of the exposure at default.

The three stages of ECL are defined and assessed as follows.

- Stage 1 – no significant increase in credit risk since inception, ECL is calculated using a 12-month PD.
- Stage 2 – a significant increase in credit risk since inception, ECL is calculated using a lifetime PD.
- Stage 3 – credit impaired, ECL is calculated using a lifetime PD.

A significant increase in credit risk is considered to have occurred when payments are 30 days past due, or earlier if other factors indicate the risk has increased significantly since inception. Financial assets are written off when there is no reasonable expectation of recovery on a case-by-case basis.

## 2 Basis of preparation

### 2.7 Financial assets and liabilities (continued)

#### (c) Derecognition

Financial assets are derecognised when the contractual rights to receive the cash flows from the financial assets have expired; or they have been transferred and the Group transfers substantially all the risks and rewards of ownership; or they have been transferred and the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control. Any gain or loss arising from derecognition is recognised directly in the income statement. A financial liability is derecognised when the obligation under that liability is discharged, cancelled or expires.

#### (d) Investment income

The total gain/loss from financial assets carried at fair value through profit or loss (FVPL) is recognised in profit or loss and disclosed in the notes as investment income comprising interest received, realised gains/losses and unrealised gains/losses.

#### (e) Financial liabilities

At initial recognition, the Group classifies a financial liability at fair value and subsequently at amortised cost using the effective interest rate method. Financial liabilities mainly include payables to brokerage customers, short-term borrowings, long-term borrowings and bonds payable.

When all or part of the current obligations of a financial liability have been discharged, the Group derecognises the portion of the financial liability or obligation that has been discharged. The difference between the carrying amount of the derecognised liability and the consideration is recognised in profit or loss.

Derivative financial liabilities are measured at fair value through profit or loss. All the related realised and unrealised gains or losses and transaction costs are recognised in profit or loss.

### 2.8 Cash and cash equivalents

The Group has classified cash deposits and short-term highly-liquid investments as cash and cash equivalents. These assets are readily convertible into known amounts of cash and are subject to inconsequential changes in value. Cash equivalents are financial investments with less than three months to maturity at the date of acquisition.

### 2.9 Derivative financial instruments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently valued at fair value at the end of the reporting period. Fair values are obtained from quoted market values and, if these are not available, valuation techniques including option pricing models are used as appropriate. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. For derivatives not formally designated as a hedging instrument, fair value changes are recognised immediately in the consolidated income statement. Changes in the value of derivatives and other financial instruments formally designated as hedges of net investments in foreign operations are recognised in the currency translation reserve to the extent they are effective; gains or losses relating to the ineffective portion of the hedging instruments are recognised immediately in the consolidated income statement.

The Group had no derivative instruments designated for hedge accounting during the current period and prior financial year.

#### 2.10 Own shares

Where any Group company purchases the Parent Company's equity share capital (own shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's owners on consolidation. Where such shares are subsequently sold, reissued or otherwise disposed of, any consideration received is included in equity attributable to the Company's owners, net of any directly attributable incremental transaction costs and the related tax effects.

#### 2.11 Insurance and reinsurance contracts

The accounting policy set out below is applicable to insurance and reinsurance contracts that are issued by the Group and reinsurance contracts held by the Group unless indicated otherwise.

##### (a) Classification

Insurance contracts are defined as those containing significant insurance risk. Significant insurance risk criteria are met if, and only if, an insured event could cause an insurer to make significant additional payments in any scenario, excluding scenarios that lack commercial substance, at the inception of the contract. Such contracts remain insurance contracts until all rights and obligations are extinguished or expire.

The Group issues short-term casualty and property (re)insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders. The Group also enters into ceded reinsurance contracts with reinsurers under which the Group transfers significant insurance risk to reinsurers and is compensated for claims on contracts issued by the Group.

##### (b) Separating components

The Group assesses its insurance and reinsurance products to determine whether they contain distinct components which must be accounted for under another IFRS instead of under IFRS 17. After separating any distinct components, the Group applies IFRS 17 to all remaining components of the (host) insurance contract. Currently, the Group's products do not include any distinct components that require separation.

Some reinsurance contracts issued contain profit commission arrangements. Under these arrangements, there is a guaranteed minimum amount that the policyholder will always receive – either in the form of profit commission, or as claims, or another contractual payment irrespective of the insured event happening. The guaranteed minimum amounts have been assessed to be highly interrelated with the insurance component of the reinsurance contracts and are, therefore, non-distinct investment components which are not accounted for separately. However, receipts and payments of these investment components are excluded from insurance revenue and expenses.

##### (c) Level of aggregation

Insurance contracts are aggregated into groups for measurement purposes. The level of aggregation for the Group is determined firstly by grouping contracts into portfolios which,

## 2 Basis of preparation

### 2.11 Insurance and reinsurance contracts

#### (c) Level of aggregation (continued)

with some limited exceptions, are set as the reserving classes of each legal entity. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. No group for level of aggregation purposes may contain contracts issued more than one year apart. The grouping of contracts is not subsequently reconsidered.

A group of insurance contracts is considered to be onerous at initial recognition if the fulfilment cash flows allocated to that group of contracts in total are a net outflow. That is if the present value of expected claims, attributable expenses and risk adjustment exceeds the premium.

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. Reinsurance contracts held cannot be onerous.

#### (d) Recognition and derecognition

Groups of insurance contracts issued are initially recognised from the earliest of the following:

- the beginning of the coverage period;
- the date when the first payment from the policyholder is due, or actually received if there is no due date; and
- when the Group determines that a group of contracts becomes onerous.

Insurance contracts acquired in a business combination within the scope of IFRS 3 *Business Combinations* or a portfolio transfer are accounted for as if they were entered into at the date of acquisition or transfer.

Reinsurance contracts held are recognised as follows:

- a group of reinsurance contracts held that provide proportionate coverage is recognised at the later of the following dates (unless underlying contracts are onerous, in which case earlier recognition is required):
  - the beginning of the coverage period of the group; and
  - the initial recognition of any underlying insurance contract;
- all other groups of reinsurance contracts held are recognised from the beginning of the coverage period of the group of reinsurance contracts held; unless the Group entered into the reinsurance contract held at or before the date when an onerous group of underlying contracts is recognised prior to the beginning of the coverage period of the group of reinsurance contracts held, in which case the reinsurance contract held is recognised at the same time as the group of underlying insurance contracts is recognised.

Only contracts that individually meet the recognition criteria by the end of the reporting period are included in the groups. When contracts meet the recognition criteria in the groups after the reporting date, they are added to the groups in the reporting period in which they meet the recognition criteria. The composition of the groups is not reassessed in subsequent periods.

An insurance contract is derecognised when it is:

- extinguished (that is, when the obligation specified in the insurance contract expires or is discharged or cancelled); or
- the contract is modified such that the modification results in a change in the measurement model (for example, the general measurement model (GMM)) or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contracts to be included in a different group.

When a modification is not treated as a derecognition, the Group recognises amounts paid or received for the modification of the contract as an adjustment to the relevant liability or asset for remaining coverage.

When a group of insurance contracts is derecognised, adjustments to remove related rights and obligations result in the following amounts being charged immediately to consolidated income statement:

- if the contract is extinguished, any net difference between the derecognised part of the liability for remaining coverage (LRC) of the original contract and any other cash flows arising from extinguishment;
- if the contract is transferred to the third party, any net difference between the derecognised part of the LRC of the original contract and the premium charged by the third party; or
- if the original contract is modified resulting in its derecognition, any net difference between the derecognised part of the LRC and the hypothetical premium that the entity would have charged if it had entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification.

#### (e) Contract boundary

The Group uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the premiums, or in which the Group has a substantive obligation to provide the policyholder with services. A substantive obligation to provide services ends when:

- the Group has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or
- both of the following criteria are satisfied:
  - the Group has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio;
  - the pricing of the premiums for coverage up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract is not recognised. Such amounts relate to future insurance contracts.

## 2 Basis of preparation

### 2.11 Insurance and reinsurance contracts (continued)

#### (f) Measurement – premium allocation approach

##### *Initial measurement*

The Group applies the premium allocation approach (PAA) to the majority of the insurance contracts that it issues and reinsurance contracts that it holds, because:

- the coverage period of each contract in the group is one year or less; or
- for contracts longer than one year, the Group has modelled possible future scenarios and reasonably expects that the measurement of the LRC for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model.

For insurance contracts issued, on initial recognition, the Group measures the LRC as the amount of premiums received, less any acquisition cash flows paid and any amounts arising from the derecognition of the insurance acquisition cash flows asset and the derecognition of any other relevant pre-recognition cash flows.

For reinsurance contracts held, on initial recognition, the Group measures assets for the remaining coverage at the amount of ceding premiums paid, plus broker fees paid to a party other than the reinsurer and any amounts arising from the derecognition of any other relevant pre-recognition cash flows.

For insurance contracts issued, insurance acquisition cash flows allocated to a group are recognised over the coverage period of contracts in the group. For reinsurance contracts held, broker fees are recognised over the coverage period of contracts in a group.

##### *Subsequent measurement*

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is:

- increased for premiums received in the period;
- decreased for insurance acquisition cash flows paid in the period;
- decreased for the amounts of expected premium receipts recognised as insurance revenue for the services provided in the period;
- increased for the amortisation of insurance acquisition cash flows in the period recognised as insurance service expenses; and
- decreased for any investment component paid or transferred to the liability for incurred claims.

For reinsurance contracts held, at each of the subsequent reporting dates, the remaining coverage is:

- increased for ceding premiums paid in the period;
- increased for broker fees paid in the period;
- decreased for the expected amounts of ceding premiums and broker fees recognised as reinsurance expenses for the services received in the period; and
- decreased for any investment component paid or transferred to the reinsurance assets for incurred claims.

The Group does not adjust the LRC for insurance contracts issued or the remaining coverage for reinsurance contracts held for the effect of the time value of money, because associated premiums are due within one year of the coverage period. The Group only adjusts the remaining coverage for

reinsurance contracts held for the time value of money in relation to the legacy portfolio transactions (LPT) that were held, as the associated premiums are not due within one year of the coverage period.

The Group estimates the liability for incurred claims (LIC) as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows.

If facts and circumstances indicate that a group of insurance contracts measured under the PAA is onerous on initial recognition or has become onerous subsequently, the Group increases the carrying amount of the LRC, recognising a loss component, to the amounts of the excess of the fulfilment cash flows that relate to the remaining coverage of the group of contracts, over the carrying amount of the LRC of the group. The amount of such an increase is recognised in insurance service expenses. Subsequently, the loss component is amortised over the coverage period of the group of contracts.

When a loss is recognised on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group, the carrying amount of the reinsurance asset for remaining coverage for reinsurance contracts held measured under the PAA is increased by the amount of expected recoveries that will be in the consolidated income statement and a loss recovery component is established or adjusted for that amount. The loss recovery component is calculated by multiplying the loss component recognised on underlying insurance contracts by the percentage of claims on underlying insurance contracts that the Group expects to recover from the reinsurance contracts held that are entered into before or at the same time as the loss is recognised on the underlying insurance contracts. When underlying insurance contracts that are reinsured are included in the same group as insurance contracts issued that are not reinsured, the Group applies a systematic and rational method of allocation to determine the portion of losses that relates to underlying insurance contracts.

#### (g) Insurance revenue

The insurance revenue for the period is the amount of expected premium receipts (excluding any investment component) allocated to the period. The Group allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time. But if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, for example a group of contracts that is exposed to large natural catastrophe risk concentrated in the first or second half of the year, then the allocation is made on the basis of the expected timing of incurred insurance service expenses.

Changes to the basis of allocation are accounted for prospectively as a change in accounting estimate.

#### (h) Insurance service expenses

Insurance service expenses include the following:

- incurred claims, excluding investment components reduced by loss component allocations;

## 2 Basis of preparation

### 2.11 Insurance and reinsurance contracts

#### (h) Insurance service expenses (continued)

- other incurred directly attributable expenses;
- insurance acquisition cash flows amortisation using the pattern that is consistent with the insurance revenue;
- changes that relate to past service;
- changes that relate to future service;
- insurance acquisition cash flows assets impairment; and
- mandatory reinstatement premiums.

Other expenses not meeting the above categories are included in other operating expenses in the consolidated income statement.

#### (i) Allocation of reinsurance premiums

The allocation of reinsurance premiums includes reinsurance premiums and other incurred directly attributable expenses. Reinsurance premium and expenses are recognised similarly to insurance revenue. The amount of reinsurance expenses recognised in the reporting period depicts the transfer of received insurance contract services at an amount that reflects the portion of ceding premiums that the Group expects to pay in exchange for those services. Additionally, broker fees and ceding commissions that are not contingent on claims of the underlying contracts issued reduce ceding premiums and are accounted for as part of reinsurance premiums.

In addition, the allocation of reinsurance premiums also includes changes in the reinsurance assets arising from retroactive reinsurance contracts held and voluntary reinstatement ceded premiums.

#### (j) Amounts recoverable from reinsurers for incurred claims

The amounts recoverable from reinsurers for incurred claims include:

- incurred claims recoveries, excluding investment components;
- loss-recovery component allocations;
- changes that relate to past service;
- effect of changes in the risk of reinsurers' non-performance;
- amounts relating to accounting for onerous groups of underlying insurance contracts issued;
- ceding commissions that are contingent on claims of the underlying contracts issued reduce incurred claims recovery; and
- mandatory reinstatement ceded premiums.

#### (k) Insurance finance income or expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- the effect of the time value of money and changes in the time value of money. This mainly comprises interest accreted on the LIC and interest unwind on the assets for incurred claims (AIC); and
- the effect of financial risk and changes in financial risk. This mainly includes the effect of changes in interest rates (for example, discount rates).

The Group does not disaggregate changes in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses. The change in the risk adjustment is entirely presented as part of the insurance service result.

Foreign exchange gains and losses continue to be presented in the net other foreign exchange (losses)/gains line item.

#### 2.12 Taxation

Current tax, including corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on advice sought from specialist tax advisors.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not recognised. With the exception of deferred tax related to top-up income taxes arising from tax law enacted to implement Pillar Two legislation, deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the Group controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

#### 2.13 Employee benefits

##### (a) Pension obligations

The Group has defined contribution and defined benefit pension schemes. The defined benefit scheme closed to future accrual with effect from 31 December 2006 and active members were offered membership of the defined contribution scheme from 1 January 2007. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity and has no further obligation beyond the agreed contribution rate. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a contractual basis. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. The amount recognised on the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting

## 2 Basis of preparation

### 2.13 Employee benefits

#### (a) Pension obligations (continued)

period, less the fair value of plan assets. The calculation of the defined benefit obligation is performed annually by a qualified actuary using the projected unit method. As the plan is closed to all future benefit accruals, each participant's benefits under the plan are based on their service to the date of closure or earlier leaving date and their final pensionable earnings. The service cost is the expected administration cost during the year. Past service costs are recognised immediately in the income statement.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any), are recognised immediately in other comprehensive income. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the income statement through operating expenses.

To the extent that a surplus emerges on the defined benefit obligation, it is only recognisable as an asset when it is probable that future economic benefits will be recovered by the Group.

#### (b) Other long-term employee benefits

The Group provides sabbatical leave to employees on completion of every five years' service. The present value of the expected costs of these benefits is accrued over the period of employment. In determining this liability, consideration is given to future increases in salary levels, experience with employee departures and periods of service.

#### (c) Share-based compensation

The Group operates equity settled share-based employee compensation plans. These include the share option schemes, and the Group's Performance Share Plans, outlined in the Directors' remuneration report, together with the Group's Save As You Earn (SAYE) schemes. The fair value of the employee services received, measured at grant date, in exchange for the grant of the awards is recognised as an expense, with the corresponding credit being recorded in retained earnings within equity. The total amount to be expensed over the vesting period is determined by reference to the fair value of the awards granted, excluding the impact of any non-market vesting conditions (for example, profitability or net asset growth targets). Non-market vesting conditions are included in assumptions about the number of awards that are expected to become exercisable. At the end of the reporting period, the Group revises its estimates of the number of awards that are expected to vest.

The Group recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity, in periods in which the estimates are revised.

When the terms and conditions of an equity settled share-based employee compensation plan are modified, and the expense to be recognised increases as a result of the modification, then the increase is recognised evenly over the remaining vesting period. When a modification reduces the expense to be recognised, there is no adjustment recognised and the pre-modification expense continues to be applied. The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium when the options are exercised.

#### (d) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

#### (e) Profit sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where a contractual obligation to employees exists, or where there is a past practice that has created a constructive obligation.

### 2.14 Finance costs

Finance costs consist of interest charges accruing on the Group's borrowings and bank overdrafts together with commission fees charged in respect of Letters of Credit and interest in respect of lease liabilities and funds withheld. Arrangement fees in respect of financing arrangements are charged over the life of the related facilities.

### 2.15 Leases

#### (a) Hiscox as lessee

The Group recognises right-of-use assets at the commencement date of the lease (for example, the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and the lease term. Right-of-use assets are subject to impairment. Right-of-use assets are presented on the statement of financial position as 'property, plant and equipment'.

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and

## 2 Basis of preparation

### 2.15 Leases

#### (a) Hiscox as lessee (continued)

amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs. Lease liabilities are included in 'trade and other payables' on the statement of financial position.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification that is not accounted for as a separate lease: future lease payments that are linked to a rate or index, a change in the lease term, a change in the in-substance fixed lease payments, a change in the assessment to purchase the underlying asset or a change in the amounts expected to be payable under a residual value guarantee.

The Group applies the short-term lease recognition exemption to its applicable short-term leases. It also applies the low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

#### (b) Hiscox as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant contractual agreement.

### 2.16 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved.

### 2.17 Operations held for sale

Assets and liabilities held for disposal as part of operations which are held for sale are shown separately in the consolidated statement of financial position. Operations held for sale are recorded at the lower of their carrying amount and their fair value less the estimated selling costs.

### 2.18 Provisions and contingent liabilities

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event that can be measured reliably, and it is probable that an outflow of economic benefits will be required to settle that obligation.

The amount recorded as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Discounting is applied to the provision where the effect of the time value of money is material. Provisions are not recognised for future operating losses. A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan and the restructuring has

either commenced or has been announced publicly.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from the contracts are less than the related unavoidable cost of meeting its obligations under the contract.

A provision for a termination payment is recognised when the Group has a demonstrable commitment to either terminate the employment of an employee or group of employees before the normal retirement date, or to provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Contingent liabilities are disclosed if there is a possible future obligation as a result of a past event, or if there is a present obligation as a result of a past event but either a payment is not probable or the amount cannot be reasonably estimated.

### 2.19 Use of significant accounting judgements, estimates and assumptions

The preparation of financial statements requires the Group to select accounting policies and make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses in the consolidated financial statements.

The Audit Committee reviews the reasonableness of critical judgements, estimates and assumptions applied and the appropriateness of material accounting policies information. The significant issues considered by the Committee in the year are included within the Audit Committee report on pages 110 to 112.

#### Significant accounting judgements

The following accounting policies are the critical judgements, apart from those involving estimations (which are presented separately below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant impact on the amounts recognised in the consolidated financial statements.

- Consolidation: assessment of whether the Group controls or has significant influence over an underlying entity, for example, the treatment of insurance-linked securities funds including consideration of its decision-making authority and its rights to the variable returns from the entity.
- Financial investments: classification and measurement of investments including the application of the fair value option.

#### (a) Liability for incurred claims

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques. The Group relies on actuarial analysis to estimate the settlement cost of future claims. Via a formal governed process, there is

## 2 Basis of preparation

### 2.19 Use of significant accounting judgements, estimates and assumptions

#### (a) Liability for incurred claims (continued)

close communication between the actuaries and other key stakeholders, such as the underwriters, claims and finance teams when setting and validating the assumptions. The main assumption underlying these techniques is that a Group's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future (for example, to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability-weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

#### (b) Premium allocation approach eligibility assessment

A simplified measurement model, the PAA, can be applied if certain eligibility criteria are met. The majority of the Group's policies have a coverage period of 12 months or less and so are eligible for the PAA. Management applies significant judgement whether applying PAA to those groups of contracts differ materially from general measurement model (GMM) with a coverage period extending beyond 12 months.

#### Significant accounting estimates

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

All estimates are based on management's knowledge of current facts and circumstances, assumptions based on that knowledge and their predictions of future events. Actual results may differ from those estimates, possibly significantly. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The most critical estimate included within the consolidated statement of financial position is the measurement of insurance contract liabilities and reinsurance contract assets, and in particular the estimate of the liability for incurred claims (LIC). The total gross estimate of LIC as at 31 December 2024 is \$6,040.7 million (2023: \$6,249.6 million). The total estimate for reinsurance asset for incurred claims as at 31 December 2024 is \$2,046.5 million (2023: \$2,217.1 million).

#### Insurance and reinsurance contracts

In applying IFRS 17 measurement requirements, the following inputs and methods were used that include significant

estimates. The present value of future cash flows is estimated using deterministic scenarios. The assumptions used in the deterministic scenarios are derived to approximate the probability-weighted mean of a full range of scenarios. For the sensitivities with regard to the assumptions made that have the most significant impact on measurement under IFRS 17 please refer to note 3 management of risk.

#### (a) Discount rates

Insurance contract liabilities are calculated by discounting expected future cash flows at a risk-free rate, plus an illiquidity premium where applicable. Risk-free rates were derived using swap rates available in the market denominated in the same currency as the insurance contracts being measured. When swap rates are not available, highly liquid sovereign bonds with the highest (for example, AAA/AA) credit rating were used.

Management uses judgement to assess liquidity characteristics of the liability cash flows. The illiquidity premium was estimated based on market observable liquidity premiums in financial assets, adjusted to reflect the illiquidity characteristics of the liability cash flows. The illiquidity premium is determined by reference to market observable AA-rated bonds yield curve in the currency of the insurance contract being measured, adjusted to remove both expected and unexpected credit risk.

The following discount rates were applied for the currencies and periods presented below:

	Year end 31 December 2024		
	1 year	3 year	5 year
	%	%	%
USD	4.27	4.18	4.24
GBP	4.68	4.40	4.35
EUR	2.46	2.35	2.49
CAD	2.96	2.88	2.98

	Year end 31 December 2023		
	1 year	3 year	5 year
	%	%	%
USD	4.83	3.92	3.74
GBP	4.97	4.12	3.82
EUR	3.49	2.75	2.65
CAD	4.63	3.69	3.39

#### (b) Estimates of future cash flows to fulfil insurance contracts

Included in the measurement of each group of contracts within the scope of IFRS 17 are all of the future cash flows within the boundary of each group of contracts. The estimates of these future cash flows are based on probability-weighted expected future cash flows. The Group estimates which cash flows are expected and the probability that they will occur as at the measurement date. In setting these expectations, the Group uses information about past events, current conditions and forecasts of future conditions. The Group's estimate of future cash flows is the mean of a range of scenarios that reflect the full range of possible outcomes. Each scenario specifies the amount, timing and probability of cash flows. The probability-weighted average of the future cash flows is calculated using a deterministic scenario representing the probability-weighted mean of a range of scenarios.

## 2 Basis of preparation

### 2.19 Use of significant accounting judgements, estimates and assumptions

#### (b) Estimates of future cash flows to fulfil insurance contracts (continued)

Where estimates of expenses-related cash flows are determined at the portfolio level or higher, they are allocated to groups of contracts on a systematic basis, such as activity-based costing method. The Group has determined that this method results in a systematic and rational allocation. Similar methods are consistently applied to allocate expenses of a similar nature. Acquisition cash flows are typically allocated to groups of contracts based on gross premiums written. This includes an allocation of acquisition cash flows among existing groups of insurance contracts issued. Claims settlement-related expenses are largely allocated based on claims costs.

Uncertainty in the estimation of future claims and benefit payments arises primarily from the severity and frequency of claims and uncertainties regarding future inflation rates leading to claims and claims-handling expenses growth. Assumptions used to develop estimates about future cash flows are reassessed at each reporting date and adjusted where required.

#### (c) Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects an amount that an insurer would charge to make it indifferent between the cash flows with a range of probable scenarios versus equivalent fixed cash flows.

To determine the risk adjustment for non-financial risk for reinsurance contracts, the Group applies a combination of a value at risk (VaR) (or a percentile) approach and a scenario-based approach, both gross and net of reinsurance, and derives the amount of risk being transferred to the reinsurer as the difference between the two results. Most business is measured under the PAA model and therefore the Group does not calculate a risk adjustment in relation to LRC excluding loss component.

The Group calculates the risk adjustment for incurred claims liabilities at each insurance undertaking entity level in accordance with its risk profile using a combination of the VaR method and scenario analysis, targeting an overall confidence level range for the aggregate risk distribution. Scenario analysis is used to determine the level of compensation that the Group requires for bearing uncertainty for qualitative risks not captured in the risk distribution and large event-driven claims, such as natural catastrophes. Given the nature of the underlying business and losses it is normal for new risks to become apparent or for the magnitude of existing risks to change over time. The risk adjustment in its entirety is judged to provide adequate compensation for the risk in the reserves.

Group diversification benefit is not considered at the individual insurance undertaking entity level but is considered in determining the confidence level at a consolidated level for disclosure purposes. At 31 December 2024, the risk adjustment in respect of the LIC net of reinsurance is at the 83rd percentile (2023: 83rd percentile).

#### (d) Fair value measurement

The Group carries its financial investments at fair value through profit or loss, with fair values determined using published price

quotations in the most active financial markets in which the assets trade, where available. Where quoted market prices are not available, valuation techniques are used to value financial instruments. These include third-party valuation reports and models utilising both observable and unobservable market inputs. Valuation techniques involve judgement, including the use of valuation models and their inputs, which can lead to a range of plausible valuations for financial investments. Note 3.3(a) discusses the reliability of the Group's fair values.

#### (e) Employee benefit

The employee retirement benefit scheme obligations are calculated and valued with reference to a number of actuarial assumptions including mortality, inflation rates and discount rate, many of which have been subject to recent volatility. This complex set of economic variables can have a significant impact on the financial statements, as shown in note 24.

#### (f) Tax

The Group operates in a multinational environment, and legislation concerning the determination of taxation of assets and liabilities is complex and continually evolving. In preparing the financial statements, the Group applies significant judgements in identifying uncertainties over tax treatments and in the measurement of the provision being the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and based on advice sought from specialist tax advisors.

A deferred tax asset can be recognised only to the extent that it is recoverable. The recoverability of deferred tax assets in respect of carry forward losses requires consideration of the future levels of taxable profit in the Group. In preparing the Group's financial statements, management estimates taxation assets and liabilities after taking appropriate professional advice, as shown in note 22. Significant estimates and assumptions used in the valuation of deferred tax relate to the forecast taxable profits, taking into account the Group's financial and strategic plans. See note 23 for further details of adjustments made to deferred tax during the year.

The determination and finalisation of agreed taxation assets and liabilities may not occur until several years after the reporting date and consequently the final amounts payable or receivable may differ from those presented in these financial statements.

### 2.20 Reporting of alternative performance measures

The Directors consider that the combined, claims and expense ratio measures reported in respect of operating segments and the Group overall in note 4, net asset value per share and return on equity measures disclosed in notes 5 and 6 and prior-year developments disclosed in note 20, provide useful information regarding the underlying performance of the Group's businesses.

These measures are widely recognised by the insurance industry and are consistent with the internal performance measures reviewed by senior management including the chief operating decision-maker. However, these measures are not defined within the accounting standards and interpretations, and therefore may not be directly comparable with similarly titled alternative performance measures reported by other companies.

### 3 Management of risk

The Group's overall appetite for accepting and managing varying classes of risk is defined by the Group's Board of Directors. The Board has developed a governance framework and has set Group-wide risk management policies and procedures which include risk identification, risk management and mitigation and risk reporting. The objective of these policies and procedures is to protect the Group's shareholders, policyholders and other stakeholders from negative events that could hinder the Group's delivery of its contractual obligations and its achievement of sustainable profitable economic and social performance.

The Board exercises oversight of the development and operational implementation of its risk management policies and procedures through the Risk Committee, and ongoing compliance through a dedicated internal audit function, which has operational independence, clear terms of reference influenced by the Board's Non Executive Directors and a clear upwards reporting structure back into the Board. The Group, in line with the non-life insurance industry generally, is fundamentally driven by a desire to originate, retain and service insurance contracts to maturity. The Group's cash flows are funded mainly through advance premium collections and the timing of such premium inflows is reasonably predictable. In addition, the majority of material cash outflows are typically triggered by the occurrence of insured events, although the timing, frequency and severity of claims can fluctuate.

The principal sources of risk relevant to the Group's operations and its financial statements fall into three broad categories: operational risk, insurance risk and financial risk, which are described in notes 3.1, 3.2 and 3.3 below. The Group also actively manages its capital risks as detailed in note 3.4 and tax risks as detailed in note 3.5. Additional unaudited information is also provided in the corporate governance, risk management and capital sections of this Annual Report and Accounts.

#### 3.1 Operational risk

The Group is exposed to the risk of direct or indirect loss resulting from internal processes, people or systems, or from external events. This includes cyber security risk, as well as major IT, systems or service failures. The Group has demonstrated continued resilience, underscoring the benefits of its business model, disciplined risk management and ongoing investment in technology and infrastructure.

Hiscox has implemented several operational risk management processes, which include a continued focus on Group-wide crisis management response planning and enhancing its defences and response to information security and cyber threats. Hiscox regularly reassesses its information security standards and methodologies to ensure appropriate governance and consistency in its approach. In 2024, we also introduced an artificial intelligence (AI) standard to ensure we have appropriate governance and controls around our own use of AI.

In 2024, Hiscox introduced a Governance, Control and Risk system which is used to perform the annual Risk and Control Self Assessment exercise. It also enables more robust

reporting and analysis of operational risk events, driving greater insight and lessons learnt.

Our third-party suppliers are often crucial to our business, enabling the delivery of high-quality service to our customers. We have an established supplier code of conduct which sets out the standards we expect our suppliers to operate to. Due diligence is carried out not only as part of an initial sourcing exercise but refreshed on an annual basis. We are investing in supply chain management tools and processes which help us better manage risk, including being part of the Financial Services Qualification Scheme, utilising ESG ratings and verification tooling.

#### 3.2 Insurance risk

The predominant risk to which the Group is exposed is insurance risk which is assumed through the underwriting process. Insurance risk can be sub-categorised into i) underwriting risk including the risk of catastrophe, systemic insurance losses and the market cycle, and ii) reserving risk.

##### i) Underwriting risk

The Board sets the Group's underwriting strategy and risk appetite, seeking to exploit identified opportunities in light of other relevant anticipated market conditions.

The Board requires all underwriters to operate within an overall Group appetite for individual events. This defines the maximum exposure that the Group is prepared to retain on its own account for any one potential catastrophe event or disaster. In addition, the Group's overall underwriting risk appetite seeks to ensure that in a 1-in-200 bad year we are within the underwriting risk limit. The limit is calibrated each year based on exposure, expected profit and the size of other correlated risks to enable us to continue in business and take advantage of market opportunities that arise.

Specific underwriting objectives such as aggregation limits, reinsurance protection thresholds and geographical disaster event risk exposures are prepared and reviewed by the Group Chief Underwriting Officer in order to translate the Board's summarised underwriting strategy into specific measurable actions and targets. These actions and targets are reviewed and approved by the Board in advance of each underwriting year. The underwriting strategy is continually reviewed throughout each underwriting year in light of the evolving market pricing and loss conditions and as opportunities present themselves. The Group's underwriters and management consider underwriting risk at an individual contract level, and also from a portfolio perspective where the risks assumed in similar classes of policies are aggregated and the exposure evaluated in light of historical portfolio experience and prospective factors.

To assist with the process of pricing and managing underwriting risk, the Group routinely performs a wide range of activities including the following:

- regularly updating the Group's risk models;
- documenting, monitoring and reporting on the Group's strategy to manage risk;
- developing systems that facilitate the identification of emerging issues promptly;

### 3 Management of risk

#### 3.2 Insurance risk

##### i) Underwriting risk (continued)

- utilising sophisticated computer modelling tools to simulate catastrophes and measure the resultant potential losses before and after reinsurance;
- monitoring legal developments and amending the wording of policies when necessary;
- regularly aggregating risk exposures across individual underwriting portfolios and known accumulations of risk;
- examining the aggregated exposures in advance of underwriting further large risks; and
- developing processes that factor market intelligence into the pricing process.

The delegation of underwriting authority to specific individuals, both internally and externally, is subject to regular review. All underwriting staff and binding agencies are set with strict parameters in relation to the levels and types of business they can underwrite, based on individual levels of experience and competence. These parameters cover areas such as the maximum sums insured per insurance contract, maximum gross premiums written and maximum aggregated exposures per geographical zone and risk class. Regular meetings are held between underwriting, claims and actuarial teams in order to monitor claims development patterns and discuss individual underwriting issues as they arise. The Group compiles estimates of losses arising from extreme loss events using statistical models alongside input from its underwriters. These require significant management judgement. The extreme loss scenarios, shown on pages 45 to 46, represent hypothetical major events occurring in areas with large insured values.

They also represent areas of potentially significant exposure for Hiscox. In addition to understanding the loss Hiscox may suffer from an event, it is important to ensure that the risk models used are calibrated to the risks faced today. This includes recognising and forecasting inflationary trends, updating trends in claims payments, and capturing climate change-related impacts. Hiscox has a climate risk framework, which is used to assess where research resources should be focused, and models updated, and as a result improves not only the Group's understanding of the potential impact of a changing climate but also the Group's ability to respond.

The selection of extreme loss scenario events is adjusted each year and they are not therefore necessarily directly comparable from one year to the next. The events are extreme and unprecedented, and as such these estimates may prove inadequate as a result of incorrect assumptions, model deficiencies, or losses from unmodelled risks. This means that should an extreme loss event actually occur, the Group's final ultimate losses could materially differ from those estimates modelled by management. The Group's insurance contracts include provisions to contain losses, such as the ability to impose deductibles and demand reinstatement premiums in certain cases. In addition, in order to manage the Group's

exposure to repeated catastrophic events (both man-made and natural catastrophes), relevant policies frequently contain payment limits to cap the maximum amount payable from these insured events over the contract period. In the case of climate-exposed risks specifically, the vast majority of contracts written by the Group are annual in nature and thus can be revised frequently. This flexibility is a key tool for managing the multi-decade challenge of climate risks holistically.

The Group also manages underwriting risk by purchasing reinsurance. Reinsurance protection is purchased at an entity level and is also considered at an overall Group level to mitigate the effect of catastrophes and unexpected concentrations of risk. However, the scope and type of reinsurance protection purchased may change depending on the extent and competitiveness of cover available in the market.

The estimated liquidity profile to settle the net claims liabilities is given in note 3.3(e).

The specific insurance risks accepted by the Group fall broadly into the following main categories: reinsurance inwards, marine and major asset property, other property risks, casualty professional indemnity and casualty other insurance risks. These specific categories are defined for risk review purposes only, as each contains risks specific to the nature of the cover provided. They are not exclusively aligned to any specific reportable segment in the Group's operational structure or to the primary internal reports reviewed by the chief operating decision-maker. The Group also considers climate change to be a cross-cutting risk with potential to impact each existing risk type, rather than a stand-alone risk. By design, the established and embedded Group risk management framework provides a controlled and consistent system for the identification, measurement, mitigation, monitoring and reporting of risks (both current and emerging) and so is structured in a way that allows us to continually and consistently manage the various impacts of climate risk on the risk profile. This is supported by equally robust processes and policies that address climate-related underwriting risks, such as the Group-wide ESG exclusions policy which represents a commitment to reduce steadily, and eliminate by 2030, both underwriting and investment exposure to coal-fired power plants and coal mines; Arctic energy exploration, beginning with the Arctic National Wildlife Refuge; oil sands; and controversial weapons such as landmines.

More information on the strategy and governance structures in place to manage climate-related risks can be found on pages 74 to 88. The following describes the policies and procedures used to identify and measure the risks associated with each individual category of business.

### 3 Management of risk

#### 3.2 Insurance risk

##### i) Underwriting risk (continued)

Estimated concentration of insurance risks measured in insurance revenue is as follows:

Estimated concentration of insurance risk in 2024	Types of insurance risk in the Group						
	Reinsurance inwards	Property – marine and major assets	Property – other assets	Casualty – professional indemnity	Casualty – other risks	Other*	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Total</b>	<b>1,034.6</b>	<b>386.5</b>	<b>938.4</b>	<b>1,091.4</b>	<b>811.8</b>	<b>409.8</b>	<b>4,672.5</b>

Estimated concentration of insurance risk in 2023	Types of insurance risk in the Group						
	Reinsurance inwards	Property – marine and major assets	Property – other assets	Casualty – professional indemnity	Casualty – other risks	Other*	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Total</b>	<b>976.2</b>	<b>345.0</b>	<b>903.3</b>	<b>1,077.1</b>	<b>789.2</b>	<b>392.4</b>	<b>4,483.2</b>

\*Includes a diverse mix of certain specialty lines such as kidnap and ransom, terrorism and other risks which contain a mix of property and casualty exposures.

##### Reinsurance inwards

The Group's reinsurance inwards acceptances are primarily focused on large commercial property, homeowner and marine and short-tail specialty exposures held by other insurance companies predominantly in North America and other developed economies. This business is characterised more by large claims arising from individual events or catastrophes than the high-frequency, low-severity attritional losses associated with certain other business written by the Group. Multiple insured losses can periodically arise out of a single natural or man-made occurrence. The main circumstances that result in claims against the reinsurance inwards book are conventional catastrophes, such as earthquakes or storms, but also include other events including fires, explosions and cyber events. The occurrence and impact of these events are very difficult to predict over the short term, which complicates attempts to anticipate claims frequencies on an annual basis. In those years where there is a low incidence of severe catastrophes, claims frequencies on the reinsurance inwards book can be relatively low.

A significant proportion of the reinsurance inwards business provides cover on an excess of loss basis for individual events. The Group agrees to reimburse the cedant once their losses exceed a minimum level. Consequently, the frequency and severity of reinsurance inwards claims are related not only to the number of significant insured events that occur, but also to their individual magnitude. If numerous catastrophes occurred in any one year, but the cedant's individual loss on each was below the minimum stated, then the Group would have no liability under such contracts. Maximum gross line sizes and aggregate exposures are set for each type of programme. The Group writes reinsurance risks for periods of mainly one year so that contracts can be assessed for pricing and terms and adjusted to reflect any changes in market conditions and the evolving impact of climate change.

##### Property risks – marine and major assets

The Group directly underwrites a diverse range of property risks. The risk profile of the property covered under marine and major asset policies is different to that typically contained in the other classes of property (such as private households and contents insurance) covered by the Group.

Typical property covered by marine and other major property contracts includes fixed and moveable assets such as ships and other vessels, cargo in transit, energy platforms and

installations, pipelines, other subsea assets, satellites, commercial buildings and industrial plants and machinery. These assets are typically exposed to a blend of catastrophic and other large loss events and attritional claims arising from conventional hazards such as collision, flooding, fire and theft. Climate change may give rise to more frequent and severe extreme weather events (for example, windstorms and river flooding) and it may be expected that their frequency will increase over time. For this reason, the Group accepts major property insurance risks for periods of mainly one year so that each contract can be repriced on renewal to reflect the continually evolving risk profile. The most significant risks covered for periods exceeding one year are certain specialist lines such as marine and offshore construction projects which can typically have building and assembling periods of between three and four years. These form a small proportion of the Group's overall portfolio.

Marine and major property contracts are normally underwritten by reference to the commercial replacement value of the property covered. The cost of repairing or rebuilding assets, of replacement or indemnity for contents and time taken to restart or resume operations to original levels for business interruption losses are the key factors that influence the level of claims under these policies. The Group's exposure to commodity price risk in relation to these types of insurance contracts is very limited, given the controlled extent of business interruption cover offered in the areas prone to losses of asset production.

##### Other property risks

The Group provides building and contents insurance, together with cover for artwork, antiques, classic cars, jewellery, collectables and other assets in relation to personal customers and small business owners. The Group also extends cover to reimburse certain policyholders when named insureds or insured assets are seized for kidnap and a ransom demand is subsequently met. Events which can generate claims on these contracts include burglary, kidnap, seizure of assets, acts of vandalism, fires, flooding and storm damage. Losses on most classes can be predicted with a greater degree of certainty as there is a rich history of actual loss experience data and the locations of the assets covered, and the individual levels of security taken by owners, are relatively static from one year to the next.

The losses associated with these contracts tend to be of a higher frequency and lower severity than the marine and other

### 3 Management of risk

#### 3.2 Insurance risk

##### i) Underwriting risk (continued)

major property assets covered above. The Group's building and contents insurance contracts are exposed to weather and climate-related risks such as floods and windstorms and their consequences. As outlined earlier, the frequency and severity of these losses do not lend themselves to accurate prediction over the short term. Contract periods are therefore not normally more than one year at a time to enable risks to be regularly repriced.

Contracts are underwritten by reference to the commercial replacement value of the properties and contents insured. Claims payment limits are always included to cap the amount payable on occurrence of the insured event.

##### *Casualty insurance risks*

The casualty underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of potential hazard, industry and geography. However, the Group's exposure is more focused towards professional, general, technological and marine liability risks. Claims typically arise from incidents such as errors and omissions attributed to the insured, professional negligence and general liability losses which can be property damage or bodily injury in nature. The provision of insurance to cover allegations made against individuals acting in the course of fiduciary or managerial responsibilities, including directors and officers' insurance, is one example of a casualty insurance risk.

The Group's casualty insurance contracts mainly experience low-severity attritional losses. By nature, some casualty losses may take longer to settle than other categories of business. In addition, there is increased potential for accumulation in casualty risk due to the growing complexity of business, technological advances, and greater interconnectivity and interdependency across the world due to globalisation. The Group's pricing strategy for casualty insurance policies is typically based on historical claim frequencies and average claim severities, adjusted for inflation and extrapolated forwards to incorporate projected changes in claims patterns. In determining the price of each policy, an allowance is also made for acquisition and administration expenses, reinsurance costs, investment returns and the Group's cost of capital.

The market for cyber insurance is still a relatively immature one, complicated by the fast-moving nature of the threat, as the world becomes even more connected. The risks associated with cyber insurance are multiplying in both diversity and scale, with associated financial and reputational consequences of failing to prepare for them. The Group has focused its cyber expertise on prevention, in addition to the more traditional recovery product. Cyber products are sold through our businesses in the UK, USA, Bermuda and Europe, and the product is sold both direct to consumers and through a more traditional broker channel.

##### ii) Reserving risk

The Group's procedures for estimating the outstanding costs of settling insured losses at the end of the reporting period, including liability of incurred claims, are detailed in note 20.2. The Group's provision estimates are subject to rigorous review by senior management from all areas of the business. The managed Syndicates and US business receive a review of their estimates from independent actuaries. The final provision is

approved by the relevant boards on the recommendation of dedicated reserving committees. Similar to the underwriting risk detailed above, the Group's reserve risks are well diversified. Short-tailed claims are normally notified and settled within 12 to 24 months of the insured event occurring. Those claims taking the longest time to develop and settle typically relate to casualty risks, where legal complexities occasionally develop regarding the insured's alleged omissions or negligence. The length of time required to obtain definitive legal judgments and make eventual settlements exposes the Group to a degree of reserving risk in an inflationary environment.

The final quantum for casualty claims may not be established for many years after the event. A significant proportion of the casualty insurance amounts reserved on the statement of financial position may not be expected to settle within 24 months of the end of the reporting period. Consequently, our approach is not to recognise favourable experience in the early years of development in the reserving process when setting the booked reserve.

Certain marine and property insurance contracts, such as those relating to subsea and other energy assets and the related business interruption risks, can also take longer than normal to settle. This is because of the length of time required for detailed subsea surveys to be carried out and damage assessments agreed, together with difficulties in predicting when the assets can be brought back into full production.

For the inwards reinsurance lines, there is often a time lag between the establishment and re-estimate of case reserves and reporting to the Group. The Group works closely with the reinsured to ensure timely reporting and also centrally analyses industry loss data to verify the reported reserves.

The Group maintains explicit reserve uplifts to allow for the impact of high inflation in recent years. Loss ratios are also closely monitored to ensure they include an appropriate allowance for future inflation.

Losses from Covid-19 continue to settle well within expectations. As time passes and legal cases are gradually settled, the outcome becomes more certain and so the level of risk adjustment above the best estimate can be reduced.

#### 3.3 Financial risk

##### Overview

The Group is exposed to financial risk through its ownership of financial instruments including financial liabilities. These items collectively represent a significant element of the Group's net shareholder funds. The Group invests in financial assets in order to fund obligations arising from its insurance contracts and financial liabilities.

The key financial risk for the Group is that the proceeds from its financial assets and investment result generated thereon are not sufficient to fund the Group's obligations. The most important elements and economic variables that could result in such an outcome relate to the reliability of fair value measures, equity price risk, interest rate risk, credit risk, liquidity risk and currency risk. The Group's policies and procedures for managing exposure to these specific categories of risk are detailed below.

### 3 Management of risk

#### 3.3 Financial risk (continued)

##### (a) Reliability of fair values

The Group has elected to carry trade and other receivables at amortised cost and all financial investments at fair value through profit or loss as they are managed and evaluated on a fair value basis in accordance with a documented strategy.

With the exception of any unquoted investments shown in note 17, all of the financial investments held by the Group are available to trade in markets and the Group therefore seeks to determine fair value by reference to published prices or as derived by pricing vendors using observable quotations in the most active financial markets in which the assets trade.

The fair value of financial assets is measured primarily with reference to their closing market prices at the end of the reporting period. The ability to obtain quoted market prices may be reduced in periods of diminished liquidity. In addition, those quoted prices that may be available may represent an unrealistic proportion of market holdings or individual trade sizes that could not be readily available to the Group. In such instances, fair values may be determined or partially supplemented using other observable market inputs such as prices provided by market makers such as dealers and brokers, and prices achieved in the most recent regular transaction of identical or closely-related instruments occurring before the end of the reporting period, but updated for relevant perceived changes in market conditions.

Valuation of securities will continue to be impacted by external market factors including interest rates, default rates, rating agency actions and liquidity. The Group will make adjustments to the investment portfolio as appropriate as part of its overall portfolio strategy, but its ability to mitigate its risk by selling or hedging its exposures may be limited by the market environment.

The Group's future results may be impacted, both positively and negatively, by the valuation adjustments applied to securities.

Note 17 provides an analysis of the measurement attributes of the Group's financial instruments.

##### (b) Price risk

The Group is exposed to price risk through its holdings of equities and investment funds. This is limited to a relatively small and controlled proportion of the overall investment portfolio and the equities and investment funds involved are diversified over a number of companies and industries.

The fair value of equities and investment fund assets in the consolidated statement of financial position at 31 December 2024 was \$210.2 million (2023: \$205.4 million). A 10% downward correction in equities and investment fund prices at 31 December 2024 would have been expected to reduce Group equity and profit after tax by approximately \$18 million (2023: \$18 million). These may be analysed as follows:

Nature of equity and investment fund holdings	2024	2023
	% weighting	% weighting
Directly held equity securities	15	15
Equity funds	34	32
Hedge funds	51	53
<b>Geographic focus</b>		
Specific UK mandates	36	39
Global mandates	64	61

The allocation of price risk is not heavily confined to any one market index so as to reduce the Group's exposure to individual sensitivities. We make allocations to diversifying and less volatile strategies, such as absolute return strategies, so as to balance our desire to maximise returns with the need to ensure capital is available to support our underwriting throughout any downturn in financial markets.

##### (c) Interest rate risk

Debt and fixed income investments represent a significant proportion of the Group's assets and the Board continually monitors investment strategy to minimise the risk of a fall in the portfolio's market value which could affect the amount of business that the Group is able to underwrite or its ability to settle claims as they fall due. The fair value of the Group's investment portfolio of debt and fixed income holdings and some private credit funds is normally inversely correlated to movements in market interest rates. If market interest rates rise, the fair value of the Group's debt and fixed income investments and private credit funds with underlying fixed-rate debt would tend to fall and vice versa if credit spreads remained constant. Debt and fixed income assets are predominantly invested in high-quality corporate, government and asset-backed bonds. The investments typically have relatively short durations and terms to maturity. The portfolio is managed to minimise the impact of interest rate risk on anticipated Group cash flows. The Group may also, from time to time, enter into interest rate future contracts in order to reduce interest rate risk on specific portfolios. The fair value of debt and fixed income assets in the consolidated statement of financial position at 31 December 2024 was \$6,660.9 million (2023: \$6,278.9 million). These may be analysed below as follows:

Nature of debt and fixed income holdings	2024	2023
	% weighting	% weighting
Government issued	18	20
Agency and government supported	3	4
Corporate bonds	63	60
Asset-backed securities	7	8
Mortgage-backed instruments	7	6
Lloyd's deposits and bond funds*	2	2

\*Lloyd's deposits and bond funds include \$28.3 million exchange-traded funds which were previously classified as credit funds (2023: \$26.5 million).

The fair value of private credit funds with exposures to interest rate risk at 31 December 2024 was \$148.2 million (2023: \$54.7 million) of which more than 99% are floating rate.

### 3 Management of risk

#### 3.3 Financial risk

##### (c) Interest rate risk (continued)

One method of assessing interest rate sensitivity is through the examination of duration-convexity factors in the underlying portfolio. Duration is the weighted average length of time required for an instrument's cash flow stream to be recovered, where the weightings involved are based on the discounted present values of each cash flow. A closely related concept, modified duration, measures the sensitivity of the instrument's price to a change in its yield to maturity. Convexity measures the sensitivity of modified duration to changes in the yield to maturity. Using these three concepts, scenario modelling derives the below estimated impact on instruments' fair values for a 100 basis point change in the term structure of market interest rates.

The Group has used a duration-convexity-based sensitivity analysis for the debt and fixed income holdings and private credit funds, and recalculated the discounting impact for the reinsurance contract assets and insurance contract liabilities. If market interest rates had increased or decreased by 100 basis points at the end of the reporting period, the Group equity and profit after tax for the year might have been expected to decrease or increase by the following amounts:

	1% increase/decrease in interest rates	
	Equity/profit after tax	
31 December 2024	\$m	
Reinsurance contract assets	(32)/32	
Insurance contract liabilities	91/(91)	
Debt and fixed income holdings	(113)/113	
Private credit funds	0/0	

	1% increase/decrease in interest rates	
	Equity/profit after tax	
31 December 2023	\$m	
Reinsurance contract assets	(34)/34	
Insurance contract liabilities	87/(87)	
Debt and fixed income holdings	(90)/90	
Private credit funds	0/0	

The liability for incurred claims, reinsurance assets for incurred claims and certain reinsurance assets for remaining coverage are subject to discounting. Please refer to note 2.19(a) for further details regarding the discount rate used.

At 31 December 2024, the Group had borrowings at nominal value of £525 million (2023: £525 million). The borrowings comprised £525 million (2023: £525 million) of long-term debt, which includes two listed instruments of £275 million and £250 million, as explained in note 14: the first being fixed-to-floating rate callable subordinated notes where the floating rate becomes effective from November 2025; the second being fixed rate notes maturing in September 2027. The Group also has a revolving credit facility of \$650 million (2023: \$600 million), which is \$nil drawn (2023: \$nil) and, therefore, is not presenting interest rate risk. The Group has no other significant borrowings or other assets or liabilities carrying interest rate risk, other than the facilities and Letters of Credit (LOCs) outlined in note 27.

##### (d) Credit risk

The Group has exposure to credit risk, which is the risk that a counterparty will suffer a deterioration in actual or perceived financial strength and be unable to pay amounts in full when due, or that for any other reason they renege on a contract or alter the terms of an agreement. The concentrations of credit risk exposures held by insurers may be expected to be greater than those associated with other industries, due to the specific nature of reinsurance markets and the extent of investments held in financial markets. In both markets, the Group interacts with a number of counterparties who are engaged in similar activities with similar customer profiles, and often in the same geographical areas and industry sectors. Consequently, as many of these counterparties are themselves exposed to similar economic characteristics, one single localised or macroeconomic change could severely disrupt the ability of a significant number of counterparties to meet the Group's agreed contractual terms and obligations.

Key areas of exposure to credit risk include:

- reinsurance asset for incurred claims including amounts due from reinsurers in respect of claims already paid;
- amounts due from insurance contract holders; and
- counterparty risk with respect to investments, derivative transactions and catastrophe bonds.

The Group's maximum exposure to credit risk is represented by the carrying values of financial assets and reinsurance assets included in the consolidated statement of financial position at any given point in time. The Group does not use credit derivatives or other products to mitigate maximum credit risk exposures on reinsurance assets, but collateral may be requested to be held against these assets. The Group structures the levels of credit risk accepted by placing limits on its exposure to a single counterparty, or groups of counterparties, and having regard to geographical locations. Such risks are subject to an annual or more frequent review.

There is no significant concentration of credit risk with respect to trade and other receivables, as the Group has a large number of internationally dispersed debtors with unrelated operations. Reinsurance is used to contain insurance risk. This does not, however, discharge the Group's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Group remains liable for the payment to the policyholder. The creditworthiness of reinsurers is therefore continually reviewed throughout the year.

The Group Reinsurance Credit Committee (RCC) 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 detailed analysis from the Group's analysis team. The financial analysis of reinsurers produces an assessment categorised by factors including their S&P rating (or equivalent when not available from S&P).

Despite the rigorous nature of this assessment exercise, and the resultant restricted range of reinsurance counterparties with acceptable strength and credit credentials that emerges therefrom, some degree of credit risk concentration remains inevitable.

### 3 Management of risk

#### 3.3 Financial risk

##### (d) Credit risk (continued)

While the rating agencies provide strong analysis on the financials and governance of a reinsurance security, the RCC also takes account of qualitative factors. The RCC considers the reputation of its reinsurance partners and also receives details of recent payment history and the status of any ongoing negotiations between Group companies and these third parties. The final score that a security receives will determine how much reinsurance credit risk Hiscox is willing to have with that security based on the exposure guidelines.

This information is used to update the reinsurance purchasing strategy.

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. Management information reports detailed provisions for impairment on trade and other receivables and subsequent write-off.

Exposures to individual intermediaries and groups of intermediaries are collected within the ongoing monitoring of the controls associated with regulatory solvency.

The Group also mitigates counterparty credit risk by focusing debt and fixed income investments in a portfolio of typically high-quality corporate and government bonds.

Derivative contracts may be traded on an exchange or over the counter. Many over-the-counter transactions are contracted and documented under International Swaps and Derivatives Association Master Agreements or their equivalent, which are designed to provide legally enforceable set-off in the event of default, reducing the Group's exposure to credit risk.

An analysis of the Group's major exposures to counterparty credit risk, excluding derivative assets, trade and other receivables, and equities and units in unit trusts, based on S&P or equivalent rating, is presented below:

As at 31 December 2024	Note	AAA	AA	A	BBB	Other/non-rated	Total
		\$m	\$m	\$m	\$m	\$m	\$m
Debt and fixed income holdings	14	885.9	1,775.8	1,969.2	1,689.9	340.1	6,660.9
Private credit funds	14	–	–	–	–	148.2	148.2
Reinsurance contract assets	20	370.0	1,118.6	480.7	–	7.5	1,976.8
<b>Total</b>		<b>1,255.9</b>	<b>2,894.4</b>	<b>2,449.9</b>	<b>1,689.9</b>	<b>495.8</b>	<b>8,785.9</b>

As at 31 December 2023	Note	AAA	AA	A	BBB	Other/non-rated	Total
		\$m	\$m	\$m	\$m	\$m	\$m
Debt and fixed income holdings	14	847.1	1,751.1	1,721.8	1,608.9	350.0	6,278.9
Private credit funds	14	–	–	–	–	54.7	54.7
Reinsurance contract assets	20	524.9	1,039.4	525.0	–	9.0	2,098.3
<b>Total</b>		<b>1,372.0</b>	<b>2,790.5</b>	<b>2,246.8</b>	<b>1,608.9</b>	<b>413.7</b>	<b>8,431.9</b>

Within the debt and fixed income holdings, which include debt securities, deposits with credit institutions and cash equivalent assets, there are exposures to a range of government borrowers, on either a direct or guaranteed basis, and banking institutions. The Group, together with its investment managers, closely manages its geographical exposures across government issued and supported debt.

The largest aggregated counterparty exposure related to debt and fixed income holdings at 31 December 2024 of \$776 million is to the US Treasury (2023: \$994 million).

Within private credit fund holdings, which include commingled vehicles which hold mainly loans, there are exposures to a range of corporate borrowers. The Group manages its exposure to individual funds and, together with the investment managers of the funds, closely manages the sector and geographical exposures within the funds.

The Group is exposed to concentrations of risk with individual reinsurers due to the nature of the reinsurance market and the restricted range of reinsurers that have acceptable credit ratings. The largest counterparty exposure included in reinsurance assets at 31 December 2024 is to Munich Reinsurance Company (2023: Munich Reinsurance Company). The recoverable amount from Munich Reinsurance Company represents 23% (2023: Munich Reinsurance Company 17%) of this category of assets.

For the current period and prior period, the Group did not experience any material defaults on debt securities. The Group's AAA rated reinsurance contract assets include fully collateralised positions at 31 December 2024 and 2023.

### 3 Management of risk

#### 3.3 Financial risk (continued)

##### (e) Liquidity risk

The Group is exposed to daily calls on its available cash resources, mainly from claims arising from insurance and reinsurance contracts. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The Board sets limits on the minimum level of cash and maturing funds available to meet such calls and on the minimum level of borrowing facilities that should be in place to cover unexpected levels of claims and other cash demands.

A significant proportion of the Group's investments is in highly liquid assets which could be converted to cash in a prompt fashion and at minimal expense. The Group's exposure to equities is concentrated on shares and funds that are traded on internationally recognised stock exchanges.

The main focus of the investment portfolio is on high-quality, short-duration debt and fixed income securities and cash. There are no significant holdings of investments with specific repricing dates. Notwithstanding the regular interest receipts and also the Group's ability to liquidate these securities and the majority of its other financial instrument assets for cash in a prompt and reasonable manner, the contractual maturity profile of the fair value of these securities at 31 December is as follows.

As at 31 December 2024	Note	Within one year	Between one and two years	Between two and three years	Between three and four years	Between four and five years	Over five years	Total
		\$m	\$m	\$m	\$m	\$m	\$m	\$m
Debt and fixed income holdings	14	1,392.3	1,336.0	1,185.7	926.5	836.9	983.5	6,660.9
Cash and cash equivalents	18	1,227.0	–	–	–	–	–	1,227.0
<b>Total</b>		<b>2,619.3</b>	<b>1,336.0</b>	<b>1,185.7</b>	<b>926.5</b>	<b>836.9</b>	<b>983.5</b>	<b>7,887.9</b>

As at 31 December 2023	Note	Within one year	Between one and two years	Between two and three years	Between three and four years	Between four and five years	Over five years	Total
		\$m	\$m	\$m	\$m	\$m	\$m	\$m
Debt and fixed income holdings	14	1,541.0	1,587.7	1,489.3	659.9	366.6	634.4	6,278.9
Cash and cash equivalents	18	1,437.0	–	–	–	–	–	1,437.0
<b>Total</b>		<b>2,978.0</b>	<b>1,587.7</b>	<b>1,489.3</b>	<b>659.9</b>	<b>366.6</b>	<b>634.4</b>	<b>7,715.9</b>

The Group's equities, equity funds, hedge funds and other non-dated instruments have no contractual maturity terms but predominantly could be liquidated in an orderly manner for cash in a prompt and reasonable time frame within one year of the end of the reporting period. The Group's private credit funds are not readily realisable and the principal will be returned over the life of the underlying assets which have a typical contractual maturity of five to seven years.

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

Average contractual maturity analysed by denominational currency of investments as at 31 December	2024	2023
	In years	In years
US Dollar	5.58	4.03
Sterling	2.48	2.18
Euro	2.92	2.55
Canadian Dollar	2.65	2.59

The following is an analysis by liability type of the estimated timing of net cash flows based on the liability for incurred claims. The estimated phasing of settlement is based on current estimates and historical trends and the actual timing of future settlement cash flows may differ materially from the disclosure below.

### 3 Management of risk

#### 3.3 Financial risk

##### (e) Liquidity risk (continued)

Liquidity requirements to settle estimated profile of net undiscounted liability for incurred claims on statement of financial position:

As at 31 December 2024	Note	Within one year	Between one and two years	Between two and three years	Between three and four years	Between four and five years	Over five years	Total
		\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Total</b>	20	<b>1,813.4</b>	<b>1,043.2</b>	<b>586.5</b>	<b>322.4</b>	<b>197.0</b>	<b>344.8</b>	<b>4,307.3</b>

As at 31 December 2023	Note	Within one year	Between one and two years	Between two and three years	Between three and four years	Between four and five years	Over five years	Total
		\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Total</b>	20	<b>1,821.6</b>	<b>1,042.6</b>	<b>557.3</b>	<b>359.5</b>	<b>202.2</b>	<b>368.5</b>	<b>4,351.7</b>

Details of the payment profile of the Group's borrowings, derivative instruments and other liabilities are given in notes 14, 16 and 21.

##### (f) Currency risk

Currency risk is the risk of loss resulting from fluctuations in exchange rates. The Group operates internationally and therefore is exposed to the financial impact of fluctuations in the exchange rates of various currencies.

The Group's exposures to foreign exchange risk arise mainly with respect to the US Dollar, Sterling and the Euro. These exposures may be classified in two main categories:

- operational foreign exchange exposure arises from the conversion of foreign currency transactions resulting from the activities of entering into insurance, investment, financing and operational contracts in a currency that is different to each respective entity's functional currency; and
- structural foreign exchange exposure arises from the translation of the Group's net investment in foreign operations to the US Dollar, the Group's presentation currency.

##### Operational currency risk

Operational foreign exchange risk is principally managed within the Group's individual insurance carriers by broadly matching assets and liabilities by currency and liquidity. Due attention is paid to local regulatory solvency and risk-based capital requirements. All foreign currency derivative transactions with external parties are managed centrally. The Group also manages some exchange risk centrally through matching intragroup loans and balances.

##### Structural currency risk

The Group's exposure to structural currency risks mainly relates to Sterling and the Euro net investments in businesses operating in the UK and Europe. The Group does not ordinarily seek to use derivatives to mitigate the structural risk because:

- the currency translation gains and losses are accounted for in the currency translation reserve (a component of equity) and do not affect the income statement unless the related foreign operation is disposed of;
- the currency translation gains and losses have no cash flow.

In periods of significant volatility that are expected to persist for an extended period of time, the Group may elect to utilise derivatives to mitigate or reduce the risk in order to preserve capital.

The currency profile of the Group's assets and liabilities is as follows:

Year ended 31 December 2024	US Dollar	Sterling	Euro	Other	2024
	\$m	\$m	\$m	\$m	\$m
Goodwill and intangible assets	115.3	112.1	81.4	0.0	308.8
Financial assets carried at fair value	5,269.7	932.9	710.0	165.0	7,077.6
Cash and cash equivalents	747.3	316.1	120.8	42.8	1,227.0
Reinsurance contract assets	1,668.6	158.4	139.3	10.5	1,976.8
Other assets	381.4	170.0	50.8	48.4	650.6
<b>Total assets</b>	<b>8,182.3</b>	<b>1,689.5</b>	<b>1,102.3</b>	<b>266.7</b>	<b>11,240.8</b>
Insurance contract liabilities	4,679.5	762.7	865.7	88.4	6,396.3
Other liabilities	101.6	940.0	60.7	52.3	1,154.6
<b>Total liabilities</b>	<b>4,781.1</b>	<b>1,702.7</b>	<b>926.4</b>	<b>140.7</b>	<b>7,550.9</b>
<b>Total equity</b>	<b>3,401.2</b>	<b>(13.2)</b>	<b>175.9</b>	<b>126.0</b>	<b>3,689.9</b>

### 3 Management of risk

#### 3.3 Financial risk

##### (f) Currency risk (continued)

Year ended 31 December 2023	US Dollar	Sterling	Euro	Other	2023
	\$m	\$m	\$m	\$m	\$m
Goodwill and intangible assets	126.8	125.8	65.3	6.0	323.9
Financial assets carried at fair value	4,691.8	1,045.2	635.7	201.7	6,574.4
Cash and cash equivalents	819.7	321.2	219.1	77.0	1,437.0
Reinsurance contract assets	1,710.7	203.5	157.9	26.2	2,098.3
Other assets	385.2	146.7	39.6	55.4	626.9
<b>Total assets</b>	<b>7,734.2</b>	<b>1,842.4</b>	<b>1,117.6</b>	<b>366.3</b>	<b>11,060.5</b>
Insurance contract liabilities	4,893.2	764.7	845.4	100.7	6,604.0
Other liabilities	92.4	939.6	96.8	31.0	1,159.8
<b>Total liabilities</b>	<b>4,985.6</b>	<b>1,704.3</b>	<b>942.2</b>	<b>131.7</b>	<b>7,763.8</b>
<b>Total equity</b>	<b>2,748.6</b>	<b>138.1</b>	<b>175.4</b>	<b>234.6</b>	<b>3,296.7</b>

##### Sensitivity analysis

As at 31 December 2024, the Group used closing rates of exchange of \$1: £0.80 and \$1: €0.97 (2023: of \$1: £0.78 and \$1: €0.91). The Group performs sensitivity analysis based on a 10% strengthening or weakening of the US Dollar against Sterling.

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. The estimated sensitivities below take account of the retranslation movements of foreign currency monetary assets and liabilities in Group entities, and for the effect on equity the impact on the retranslation of entities with non-US Dollar functional currencies. The methodology includes inter-company balances that are eliminated on consolidation, but still expose the Group to foreign currency risk.

During the year, the Group transacted in a number of over-the-counter forward currency derivative contracts. The contracts remaining at 31 December 2024 increased the sensitivity of equity after tax and reduced the sensitivity of profit after tax; these contracts were settled in January 2025. In 2023, the impact of such contracts on the sensitivity analysis was negligible.

As at 31 December	December 2024	December 2024	December 2023	December 2023
	effect on equity after tax	effect on profit after tax	effect on equity after tax	effect on profit after tax
	\$m	\$m	\$m	\$m
Strengthening of Sterling	48.6	1.5	77.4	13.6
Weakening of Sterling	(51.4)	(4.3)	(77.4)	(13.6)

##### (g) Limitations of sensitivity analysis

The sensitivity information given in notes 3.3 (a) to (f) demonstrates the estimated impact of a change in a major input assumption, while other assumptions remain unchanged. In reality, there are normally significant levels of correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear, and larger or smaller impacts should not be interpolated or extrapolated from these results. The same limitations exist in respect to the retirement benefit scheme sensitivities presented in note 24 to these financial statements. Furthermore, estimates of sensitivity may become less reliable in unusual market conditions, such as instances when risk-free interest rates fall towards zero.

The sensitivity analysis does not take into consideration that the Group's assets and liabilities are actively managed. Additionally, the financial position of the Group may vary at the time that any actual market movement occurs. For example, the Group's financial risk management strategy aims to manage the exposure to market fluctuations. As investment markets move past various trigger levels, management actions could include selling investments, changing the investment portfolio allocation and taking other protective action.

#### 3.4 Capital risk management

The Group's primary objectives when managing its capital position are:

- to safeguard its ability to continue as a going concern, so that it can continue to provide long-term growth and progressive dividend returns for shareholders;
- to provide an adequate return to the Group's shareholders by pricing its insurance products and services commensurately with the level of risk;
- to maintain an efficient cost of capital;
- to comply with all regulatory requirements by an appropriate margin;
- to maintain financial strength ratings of A in each of its insurance entities; and
- to settle policyholders' claims as they arise.

### 3 Management of risk

#### 3.4 Capital risk management (continued)

The Group sets the amount of capital required in its funding structure in proportion to risk. The Group then manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to obtain or maintain an optimal capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, assume debt, or sell assets to reduce debt.

The Group measures its capital requirements against its available capital. Available capital is defined by the Group as the total of net tangible asset value and subordinated debt.

The subordinated debt issued by the Group is hybrid in nature, which means it counts towards regulatory and rating agency capital requirements.

At 31 December 2024, the available capital was \$3,725.6 million (2023: \$3,323.4 million), comprising net tangible asset value of \$3,381.1 million (2023: \$2,972.8 million) and subordinated debt of \$344.5 million (2023: \$350.6 million).

The Board ensures that the use and allocation of capital are given a primary focus in all significant operational actions. With that in mind, the Group has developed and embedded capital modelling tools within its business. These join together short-term and long-term business plans and link divisional aspirations with the Group's overall strategy.

The model provides the basis of the allocation of capital to different business lines, as well as the regulatory and rating agency capital processes.

#### Gearing

The Group currently utilises gearing as an additional source of funds to maximise the opportunities from strong markets and to reduce the risk profile of the business in weaker markets, particularly with respect to the more volatile business. The Group's gearing is obtained from a number of sources, including:

- Letter of Credit (LOC) and revolving credit facility – the Group's main facility may be drawn in cash up to \$650 million (2023: \$600 million) under a revolving credit facility and utilised as LOC up to \$266 million (2023: \$266 million). The facility was renewed during 2024, enabling the Group to utilise the LOC as Funds at Lloyd's to support underwriting on the 2024, 2025 and 2026 years of account. The revolving credit facility is available until the end of 2026. As at 31 December 2024, \$266 million was utilised by way of LOC to support the Funds at Lloyd's requirement and the revolving credit facility was undrawn (2023: \$266 million and the revolving credit facility was undrawn);
- in 2020, the Group sourced an additional \$65 million of funding in the form of a Funds at Lloyd's facility. Under this facility assets are pledged with the Corporation of Lloyd's on the Group's behalf, providing regulatory Tier 1 capital. As at 31 December 2024 and 2023 the facility was fully drawn;
- £275 million of fixed-to-floating rate subordinated notes that are classified as Tier 2 debt. This was raised in November 2015 and matures in 2045. The debt is rated BBB- by S&P and Fitch;
- £250 million of fixed rate senior notes raised in September 2022 and maturing in September 2027. The debt is rated BBB+ by S&P and Fitch;
- external Names – 27.4% of Syndicate 33's capacity is capitalised by third parties, who also pay a profit share of approximately 20%;
- Syndicate 6104 at Lloyd's – with a capacity of £78.5 million for the 2025 year of account (2024 year of account: £56.4 million – in 2023, this was £57.0 million). This Syndicate is wholly backed by external members and takes pure year of account quota share of Syndicate 33's applicable excess of loss property catastrophe reinsurance, marine, terrorism and cyber accounts;
- gearing quota shares – historically the Group has used reinsurance capital to fund its capital requirement for short-term expansions in the volume of business underwritten by the Syndicate and Hiscox Insurance Company (Bermuda) Limited; and
- qualifying quota shares and legacy portfolio transactions – these are reinsurance arrangements that allow the Group to increase the amount of premium it writes.

The Group's LOC and revolving credit facility and Funds at Lloyd's facility include financial covenants that are standard in such arrangements, including certain metrics relating to the Group's financial position. These are monitored on a regular basis, at least quarterly, but more frequently where necessary.

### 3 Management of risk

#### 3.4 Capital risk management (continued)

##### Financial strength

The financial strength ratings of the Group's significant insurance company subsidiaries are outlined below:

	A.M. Best	Fitch	S&P
Hiscox Insurance Company Limited	A (Excellent)	A+	A (Strong)
Hiscox Insurance Company (Bermuda) Limited	A (Excellent)	A+	A (Strong)
Hiscox Insurance Company (Guernsey) Limited	A (Excellent)	A+	–
Hiscox Insurance Company Inc.	A (Excellent)	–	–
Hiscox Société Anonyme	–	–	A (Strong)

Syndicate 33 has an A.M. Best rating of A (Excellent). It also benefits from Lloyd's own ratings of A+ (Superior) from A.M. Best, AA- (Very Strong) from S&P, AA- (Very Strong) from Fitch and AA- (Very Strong) from Kroll Bond Rating Agency.

##### Capital performance

The Group's main capital performance measure is the achieved return on equity (ROE). This marker aligns the aspirations of employees and shareholders. As variable remuneration relates directly to ROE and it is used as a key performance indicator within the business planning process, this concept is embedded in the workings and culture of the Group. The Group seeks to maintain its cost of capital levels and its debt to overall equity ratios in line with others in the non-life insurance industry.

##### Capital modelling and regulation

The capital requirements of an insurance group are determined by its exposure to risk and the solvency criteria established by management and statutory regulations.

The Group's capital requirements are managed both centrally and at a regulated entity level. The assessed capital requirement for the business placed through Hiscox Insurance Company Limited, Hiscox Insurance Company (Bermuda) Limited, Hiscox Insurance Company (Guernsey) Limited, Hiscox Insurance Company Inc., Hiscox Société Anonyme and Direct Asia Insurance (Singapore) Pte Limited is driven by the level of resources necessary to maintain regulatory requirements.

The Group's regulatory capital is supervised by the Bermuda Monetary Authority (BMA). The Group had sufficient capital at all times throughout the year to meet the BMA's requirements. Hiscox Insurance Company Limited and Hiscox Société Anonyme use the standard formula to calculate their regulatory capital requirements under the Solvency UK regime and Solvency II regime respectively. Their risk profiles are sufficiently well represented by the standard formula not to warrant going through the internal model approval process. Hiscox's Lloyd's operations use the internal model that has been built to meet the requirements of the Solvency UK regime. The model is concentrated specifically on the particular product lines, market conditions and risk appetite of each risk carrier.

For Syndicate 33 and Syndicate 3624, internal model results are uplifted by Lloyd's to the level of capital required to support its ratings. Capital models are used more widely across the Group to monitor exposure to key risk types, inform decision-making and measure ROE across different segments of the business.

The Group is required to publish a financial condition report, as part of its regulatory filing with the BMA. This is a public document and sets out the financial performance and solvency position of the Group in accordance with the economic balance sheet return filed with the BMA. It is intended to provide the public with certain information to be able to make informed assessments about the Group. In the Group's other geographical territories, including the USA and Asia, its subsidiaries underwriting insurance business are required to operate within broadly similar risk-based externally imposed capital requirements when accepting business.

During the year the Group was in compliance with capital requirements imposed by regulators in each jurisdiction where the Group operates.

## 3 Management of risk (continued)

### 3.5 Tax risk

The Group is subject to income taxes levied by the various jurisdictions in which the Group operates, and the division of taxing rights between these jurisdictions results in the Group tax expense and effective rate of income tax disclosed in these financial statements. Due to the Group's operating model, there is an unquantifiable risk that this division of taxing rights could be altered materially, either by a change to the tax residence, or permanent establishment profile, of Hiscox Ltd or its principal subsidiaries; or due to the repricing or recharacterisation for tax purposes of transactions between members of the Group, under local transfer pricing or related tax legislation. The Group seeks to manage this risk by:

- maintaining appropriate internal policies and controls over its operations worldwide;
- monitoring compliance with these policies on an ongoing basis;
- adhering to internationally recognised best practice in determining the appropriate division of profits between taxing jurisdictions;
- taking additional advice and obtaining legal opinions from local third-party professionals with the necessary experience in the particular area.

The Group seeks to maintain an open dialogue with the relevant tax authorities and to resolve any issues arising promptly.

Various jurisdictions in which the Group operates have now enacted legislation implementing the principles of the OECD 'Pillar Two' tax rules, intended to apply a global minimum tax to the profits of multinational enterprises such as Hiscox with effect from 1 January 2024. The impact of these legislative changes on the Group is discussed in note 23. Pillar Two legislation represents a departure from existing corporate income tax principles, introducing new concepts and design features to the corporate income tax landscape. The model rules issued by the OECD in December 2021 have been designed and implemented at speed, and continue to be subject to changes and updates through guidance. On 15 January 2025, the OECD issued new guidance on the treatment of deferred tax assets for the purposes of calculating Pillar Two tax, which, if enacted into local legislation, is likely to result in additional Pillar Two tax payable over the eight years, from 2027, of up to 80% of the value of the \$154.6 million Bermuda deferred tax asset recognised on the statement of financial position at 31 December 2024. In this context, there is a risk that the new legislation could prove to have further unintended and/or unforeseen consequences for the Group, which could also have an impact on the Group's income tax payable in future periods. The Group relies on expert advice from third-party professionals, as well as open dialogue with implementing tax authorities, to manage this risk.

In alignment with the adoption of Pillar Two legislation by other jurisdictions, in December 2023 Bermuda enacted a corporate income tax which will apply to the Group's Bermudian resident entities with effect from 1 January 2025 at a rate of 15%. It is anticipated that the introduction of this tax will increase the income tax payable and therefore the effective tax rate to which the Group is exposed with effect from 1 January 2025.

The Group recognises uncertain tax provisions where there is uncertainty that a tax treatment will be accepted under local law, including matters which are under discussion with the tax authorities. Based on facts and circumstances at the end of the reporting period, the range of the total exposure is estimated between \$19 million and \$43 million. The estimate is subject to review on an ongoing basis and is susceptible to the progress of the settlement discussions with the tax authorities. Matters under discussion which could affect the estimate include the Hiscox Group's policy on the allocation of expenses between companies within the Group, the allocation of income and expenses between branches of the same company, and the period subject to re-assessment.

## 4 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, Syndicate 3624 and Hiscox Société Anonyme, together with the fine art and non-US household insurance business written through Syndicate 33. Hiscox USA comprises commercial, property and specialty business written by Hiscox Insurance Company Inc., Syndicate 33 and Syndicate 3624;
- **Hiscox London Market** comprises the internationally traded insurance business written by the Group's London-based underwriters via Syndicate 33, including lines in property, marine and energy, casualty and other specialty insurance lines;
- **Hiscox Re & ILS** 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. 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.

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 and combined ratio.

## 4 Operating segments (continued)

### (a) Profit before tax by segment

Year ended 31 December 2024	Hiscox Retail	Hiscox London Market	Hiscox Re & ILS	Corporate Centre	Total
	\$m	\$m	\$m	\$m	\$m
Insurance revenue	2,442.9	1,201.4	1,028.2	–	4,672.5
Insurance service expenses	(2,081.7)	(1,004.2)	(245.1)	–	(3,331.0)
Incurred claims and changes to liabilities for incurred claims	(960.6)	(619.5)	(37.8)	–	(1,617.9)
Amortisation of insurance acquisition cash flows*	(688.6)	(262.5)	(124.5)	–	(1,075.6)
Other attributable expenses*	(420.2)	(122.2)	(82.8)	–	(625.2)
Losses on onerous contracts and reversals	(12.3)	–	–	–	(12.3)
<b>Insurance service result before reinsurance contracts held</b>	<b>361.2</b>	<b>197.2</b>	<b>783.1</b>	<b>–</b>	<b>1,341.5</b>
Allocation of reinsurance premiums	(259.2)	(364.9)	(585.3)	–	(1,209.4)
Amount recoverable from reinsurers for incurred claims	144.5	309.0	(32.1)	–	421.4
<b>Net expense from reinsurance contracts held</b>	<b>(114.7)</b>	<b>(55.9)</b>	<b>(617.4)</b>	<b>–</b>	<b>(788.0)</b>
<b>Insurance service result</b>	<b>246.5</b>	<b>141.3</b>	<b>165.7</b>	<b>–</b>	<b>553.5</b>
Investment result	200.1	113.3	70.5	–	383.9
Net finance expense from insurance contracts	(116.4)	(66.1)	(43.0)	–	(225.5)
Net finance income from reinsurance contracts	18.4	25.2	29.8	–	73.4
<b>Net insurance finance expense</b>	<b>(98.0)</b>	<b>(40.9)</b>	<b>(13.2)</b>	<b>–</b>	<b>(152.1)</b>
<b>Net financial result</b>	<b>102.1</b>	<b>72.4</b>	<b>57.3</b>	<b>–</b>	<b>231.8</b>
Other income	19.5	26.3	64.6	3.1	113.5
Other operational expenses*	(68.5)	(24.7)	(18.5)	(37.7)	(149.4)
Net foreign exchange losses	–	–	–	(11.2)	(11.2)
Other finance costs	(1.1)	(0.3)	(1.6)	(50.1)	(53.1)
Share of profits of associates	–	–	–	0.3	0.3
<b>Profit/(loss) before tax</b>	<b>298.5</b>	<b>215.0</b>	<b>267.5</b>	<b>(95.6)</b>	<b>685.4</b>
<b>Ratio analysis</b>					
Claims ratio (%)	39.5	40.1	22.8	–	37.4
Acquisition cost ratio (%)	30.7	29.9	25.8	–	29.9
Administrative expense ratio (%)	18.7	13.9	17.1	–	17.4
<b>Combined ratio (%)</b>	<b>88.9</b>	<b>83.9</b>	<b>65.7</b>	<b>–</b>	<b>84.7</b>

\*Total marketing expenditure for the year was \$101.1 million (2023: \$85.0 million).

The claims ratio is calculated as incurred claims and losses on onerous contracts net of reinsurance recoveries, as a proportion of insurance revenue net of allocation of reinsurance premiums. The acquisition cost ratio is calculated as amortisation of insurance cash flows, as a proportion of insurance revenue net of allocation of reinsurance premiums. The administrative expense ratio is calculated as other attributable expenses, as a proportion of insurance revenue net of allocation of reinsurance premiums. The combined ratio is the total of the claims, acquisition and administrative expense ratios. All ratios are on an own share basis, which reflects the Group's share in Syndicate 33, and includes a reclassification of LPT premium from allocation of reinsurance premium into amounts recoverable from reinsurers as detailed below.

Costs allocated to Corporate Centre, along with other non-attributable expenses, are non-underwriting-related costs and are not included within the combined ratio.

## 4 Operating segments

### (a) Profit before tax by segment (continued)

As noted above, the claims ratio, expense ratio and combined ratio include a reclassification of LPT premium from allocation of reinsurance premiums into amounts recoverable from reinsurers for incurred claims. The subsequent impacts of LPTs within reinsurance expenses and reinsurance income are analysed on a net basis within the net claims to provide a view of the underlying development on these contracts, against the corresponding development of the gross reserves, consistent with the focus on net performance when assessing underwriting performance. The impact on profit is neutral, however this reclassification for the ratios removes any volatility on a year-on-year comparison.

Year ended 31 December 2024	Hiscox Retail	Hiscox London Market	Hiscox Re & ILS	Corporate Centre	Total
	\$m	\$m	\$m	\$m	\$m
<b>Insurance revenue</b>	2,442.9	1,201.4	1,028.2	–	4,672.5
Allocation of reinsurance premiums	(259.2)	(364.9)	(585.3)	–	(1,209.4)
LPT premium	57.5	41.6	40.1	–	139.2
Allocation of reinsurance premiums after reclassifying LPT premium	(201.7)	(323.3)	(545.2)	–	(1,070.2)
<b>Adjusted net insurance revenue</b>	2,241.2	878.1	483.0	–	3,602.3
<b>Incurred claims and changes to liabilities for incurred claims</b>	(960.6)	(619.5)	(37.8)	–	(1,617.9)
Amounts recoverable from reinsurers for incurred claims	144.5	309.0	(32.1)	–	421.4
LPT premium	(57.5)	(41.6)	(40.1)	–	(139.2)
Amounts recoverable from reinsurers for incurred claims after reclassifying LPT premium	87.0	267.4	(72.2)	–	282.2
<b>Adjusted net incurred claims</b>	(873.6)	(352.1)	(110.0)	–	(1,335.7)
Remove benefit from discounting of claims	(104.9)	(41.1)	(15.9)	–	(161.9)
<b>Undiscounted adjusted net incurred claims</b>	(978.5)	(393.2)	(125.9)	–	(1,497.6)

The following ratios reflect the reclassification of LPT premium and remove the impact of discounting.

Ratio analysis (undiscounted)					
Claims ratio (%)	44.2	44.8	26.1	–	41.9
Acquisition cost ratio (%)	30.7	29.9	25.8	–	29.9
Administrative expense ratio (%)	18.7	13.9	17.1	–	17.4
<b>Combined ratio (%)</b>	<b>93.6</b>	<b>88.6</b>	<b>69.0</b>	<b>–</b>	<b>89.2</b>

The impact on profit before tax of a 1% change in each component of the segmental combined ratios is shown in the following table. Any further ratio change is linear in nature.

	Year ended 31 December 2024		
	Hiscox Retail	Hiscox London Market	Hiscox Re & ILS
	\$m	\$m	\$m
<b>1% change in claims or expense ratio</b>	<b>22.4</b>	<b>8.8</b>	<b>4.8</b>

## 4 Operating segments

### (a) Profit before tax by segment (continued)

Year ended 31 December 2023	Hiscox Retail*	Hiscox London Market*	Hiscox Re & ILS	Corporate Centre	Total
	\$m	\$m	\$m	\$m	\$m
Insurance revenue	2,327.8	1,185.5	969.9	–	4,483.2
Insurance service expenses	(2,060.9)	(867.9)	(260.5)	–	(3,189.3)
Incurred claims and changes to liabilities for incurred claims	(978.0)	(492.1)	(55.6)	–	(1,525.7)
Amortisation of insurance acquisition cash flows	(663.6)	(255.7)	(119.7)	–	(1,039.0)
Other attributable expenses	(406.1)	(120.1)	(85.2)	–	(611.4)
Losses on onerous contracts and reversals	(13.2)	–	–	–	(13.2)
Insurance service result before reinsurance contracts held	266.9	317.6	709.4	–	1,293.9
Allocation of reinsurance premiums	(249.2)	(337.9)	(532.3)	–	(1,119.4)
Amount recoverable from reinsurers for incurred claims	159.7	199.1	(41.0)	–	317.8
Net expense from reinsurance contracts held	(89.5)	(138.8)	(573.3)	–	(801.6)
Insurance service result	177.4	178.8	136.1	–	492.3
Investment result	200.2	113.6	70.6	–	384.4
Net finance expense from insurance contracts	(111.0)	(61.0)	(48.7)	–	(220.7)
Net finance income from reinsurance contracts	22.0	23.2	35.8	–	81.0
Net insurance finance expense	(89.0)	(37.8)	(12.9)	–	(139.7)
Net financial result	111.2	75.8	57.7	–	244.7
Other income	16.1	27.2	41.5	6.3	91.1
Other operational expenses	(47.8)	(18.8)	(12.8)	(46.1)	(125.5)
Net foreign exchange losses	–	–	–	(27.0)	(27.0)
Other finance costs	(0.9)	(0.3)	(1.1)	(47.7)	(50.0)
Share of profits of associates	–	–	–	0.3	0.3
Profit/(loss) before tax	256.0	262.7	221.4	(114.2)	625.9
Ratio analysis					
Claims ratio (%)	41.8	35.2	20.5	–	37.4
Acquisition cost ratio (%)	31.0	29.9	27.9	–	30.3
Administrative expense ratio (%)	19.0	14.0	19.9	–	17.8
Combined ratio (%)	91.8	79.1	68.3	–	85.5

\*Following a change in management structure at the start of 2024, Hiscox Retail's kidnap and ransom business written in Syndicate 33 is now reported within the London Market segment. The comparative period has been reclassified to present on a consistent basis.

## 4 Operating segments

### (a) Profit before tax by segment (continued)

The impact of the reclassification of LPT premium is shown in the following table.

Year ended 31 December 2023	Hiscox Retail*	Hiscox London Market*	Hiscox Re & ILS	Corporate Centre	Total
	\$m	\$m	\$m	\$m	\$m
Insurance revenue	2,327.8	1,185.5	969.9	–	4,483.2
Allocation of reinsurance premiums	(249.2)	(337.9)	(532.3)	–	(1,119.4)
LPT premium	62.4	7.9	(8.6)	–	61.7
Allocation of reinsurance premiums after reclassifying LPT premium	(186.8)	(330.0)	(540.9)	–	(1,057.7)
Adjusted net insurance revenue	2,141.0	855.5	429.0	–	3,425.5
Incurred claims and changes to liabilities for incurred claims	(978.0)	(492.1)	(55.6)	–	(1,525.7)
Amounts recoverable from reinsurers for incurred claims	159.7	199.1	(41.0)	–	317.8
LPT premium	(62.4)	(7.9)	8.6	–	(61.7)
Amounts recoverable from reinsurers for incurred claims after reclassifying LPT premium	97.3	191.2	(32.4)	–	256.1
Adjusted net incurred claims	(880.7)	(300.9)	(88.0)	–	(1,269.6)
Remove benefit from discounting of claims	(98.5)	(39.5)	(6.3)	–	(144.3)
Undiscounted adjusted net incurred claims	(979.2)	(340.4)	(94.3)	–	(1,413.9)
Ratio analysis (undiscounted)					
Claims ratio (%)	46.4	39.8	22.0	–	41.7
Acquisition cost ratio (%)	31.0	29.9	27.9	–	30.3
Administrative expense ratio (%)	19.0	14.0	19.9	–	17.8
Combined ratio (%)	96.4	83.7	69.8	–	89.8

\*Following a change in management structure at the start of 2024, Hiscox Retail's kidnap and ransom business written in Syndicate 33 is now reported within the London Market segment. The comparative period has been reclassified to present on a consistent basis.

The impact on profit before tax of a 1% change in each component of the segmental combined ratios is shown in the following table. Any further ratio change is linear in nature.

1% change in claims or expense ratio	Year ended 31 December 2023		
	Hiscox Retail*	Hiscox London Market*	Hiscox Re & ILS
	\$m	\$m	\$m
	21.4	8.6	4.3

\*Following a change in management structure at the start of 2024, Hiscox Retail's kidnap and ransom business written in Syndicate 33 is now reported within the London Market segment. The comparative period has been reclassified to present on a consistent basis.

## 4 Operating segments (continued)

### (b) Geographical information

The Group's operational segments underwrite business domestically in Bermuda and from locations in the UK, USA, Guernsey, France, Germany, Belgium, The Netherlands, Spain, Portugal, Ireland, Singapore and Thailand.

The following table provides an analysis of the Group's Insurance revenue earned by material geographical location from external parties:

	Year to 31 December 2024					Year to 31 December 2023				
	Hiscox Retail	Hiscox London Market	Hiscox Re & ILS	Corporate Centre	Total	Hiscox Retail*	Hiscox London Market*	Hiscox Re & ILS	Corporate Centre	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
UK	778.9	86.5	41.3	–	906.7	729.8	96.2	41.0	–	867.0
Europe	643.5	89.2	77.1	–	809.8	597.4	81.1	62.9	–	741.4
USA	936.9	738.8	598.5	–	2,274.2	922.5	739.5	552.9	–	2,214.9
Rest of world	83.6	286.9	311.3	–	681.8	78.1	268.7	313.1	–	659.9
	<b>2,442.9</b>	<b>1,201.4</b>	<b>1,028.2</b>	<b>–</b>	<b>4,672.5</b>	<b>2,327.8</b>	<b>1,185.5</b>	<b>969.9</b>	<b>–</b>	<b>4,483.2</b>

\*Following a change in management structure at the start of 2024, Hiscox Retail's kidnap and ransom business written in Syndicate 33 is now reported within the London Market segment. The comparative period has been reclassified to present on a consistent basis.

The following table provides an analysis of the Group's non-current assets by material geographical location excluding financial instruments, deferred tax assets, post-employment benefit assets, and rights arising under insurance contracts:

Non-current assets	2024 total	2023 total
	\$m	\$m
UK	234.9	254.5
Europe	104.8	83.5
USA	94.2	109.0
Rest of world	1.3	8.0
	<b>435.2</b>	<b>455.0</b>

## 5 Net asset value (NAV) per share and net tangible asset value per share

	31 December 2024		31 December 2023	
	Net asset value (total equity)	Net asset value per share	Net asset value (total equity)	Net asset value per share
	\$m	cents	\$m	cents
Net asset value	3,689.9	1,086.4	3,296.7	951.1
Net tangible asset value	3,381.1	995.5	2,972.8	857.7

The NAV per share is based on 339,636,268 shares (2023: 346,612,554), being the shares in issue at 31 December 2024, less those held in treasury and those held by the Group Employee Benefit Trust. Net tangible assets comprise total equity excluding intangible assets.

## 6 Return on equity

	2024	2023
	\$m	\$m
Profit for the year (all attributable to the owners of the Company)	627.2	712.0
Opening total equity	3,296.7	2,635.0
Adjusted for the time-weighted impact of capital distributions, share buyback and issuance of shares	(136.8)	(54.3)
Adjusted opening total equity	3,159.9	2,580.7
Return on equity (%)	19.8	27.6

The return on equity (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, share buyback 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.

## 7 Net investment and insurance finance result

	Note	2024	2023
		\$m	\$m
Investment income including interest receivable		316.4	237.0
Net realised gains/(losses) on financial investments at fair value through profit or loss		1.5	(17.6)
Net fair value gains on financial investments at fair value through profit or loss		71.5	170.6
<b>Investment return – financial assets</b>		<b>389.4</b>	<b>390.0</b>
Net fair value gains on derivative financial instruments	16	0.4	1.1
Investment expenses		(5.9)	(6.7)
<b>Total investment result</b>		<b>383.9</b>	<b>384.4</b>
Net finance (expense)/income from insurance contracts:			
Interest accreted		(241.6)	(228.5)
Effects of changes in interest rates and other financial assumptions		16.1	7.8
<b>Total net finance (expense)/income from insurance contracts</b>		<b>(225.5)</b>	<b>(220.7)</b>
Net finance income/(expenses) from reinsurance contracts:			
Interest accreted		81.4	87.5
Effects of changes in interest rates and other financial assumptions		(8.0)	(6.5)
<b>Total net finance income/(expenses) from reinsurance contracts</b>		<b>73.4</b>	<b>81.0</b>
<b>Net insurance finance (expense)/income</b>		<b>(152.1)</b>	<b>(139.7)</b>
<b>Net financial result</b>		<b>231.8</b>	<b>244.7</b>

## 8 Other income and operational expenses

	2024	2023
	\$m	\$m
<b>Other income</b>	<b>113.5</b>	<b>91.1</b>
Staff costs	386.6	373.0
Depreciation, amortisation and impairment	60.7	77.1
Other expenses	327.3	286.8
<b>Operational expenses</b>	<b>774.6</b>	<b>736.9</b>

Other income includes management fees and is recognised when the investment management services are rendered to the ILS funds and commissions paid to the Group-owned Syndicate managing agent by third-party Names.

Operational expenses comprise attributable expenses amounting to \$625.2 million (2023: \$611.4 million) included within insurance service expense, and non-attributable expenses amounting to \$149.4 million (2023: \$125.5 million) included within other operational expenses.

The Group previously announced its agreement to sell DirectAsia to Ignite Thailand Holdings Limited, subject to customary conditions and regulatory approvals. Those conditions were not met within the agreed time period and that agreement to sell was terminated. On 18 December 2024, the Group divested the part of the DirectAsia business which was based in Thailand to Ignite Thailand Holdings Limited and Roojai Holding (Thailand) Co., Ltd. The \$2.1 million loss on disposal is included within other expenses. The remaining DirectAsia business, which is based in Singapore, continues to be classified as a disposal group held for sale, as a sale is still considered highly probable within the next 12 months. The disposal group has been valued at its expected recoverable amount and no impairment charge has been recognised (2023: \$18.5 million). The remaining DirectAsia business is part of the retail operating segment but the assets, liabilities and results of DirectAsia are not material to the segment. Assets held for sale include reinsurance contract assets and cash, while liabilities held for sale include insurance contract liabilities and trade and other payables.

## 9 Finance costs

		2024	2023
	Note	\$m	\$m
Interest charge associated with borrowings	14	40.7	39.4
Other interest expenses		12.4	10.6
<b>Other finance costs</b>		<b>53.1</b>	<b>50.0</b>

## 10 Auditor's remuneration

Fees payable to the Group's external auditor, PwC, its member firms and its associates (exclusive of VAT) include the following amounts recorded in the consolidated income statement:

	2024	2023
	\$m	\$m
<b>Group</b>		
Amounts receivable by the auditors and its associates in respect of:		
The auditing of the accounts of the Group and its subsidiaries	4.9	6.8
All audit-related assurance services	0.7	0.4
All other non-audit services	–	0.1
	<b>5.6</b>	<b>7.3</b>

The full audit fee payable for the Syndicate 33 and Syndicate 6104 audit has been included above, although an element of this is borne by the third-party participants in the Syndicate.

## 11 Goodwill and intangible assets

	Goodwill	Syndicate capacity	State authorisation licences	Software and development costs	Other	Total
	\$m	\$m	\$m	\$m	\$m	\$m
<b>At 1 January 2023</b>						
Cost	10.2	33.1	8.5	409.8	20.3	481.9
Accumulated amortisation and impairment	(2.4)	–	–	(143.3)	(15.8)	(161.5)
<b>Net book amount</b>	<b>7.8</b>	<b>33.1</b>	<b>8.5</b>	<b>266.5</b>	<b>4.5</b>	<b>320.4</b>
<b>Year ended 31 December 2023</b>						
Opening net book amount	7.8	33.1	8.5	266.5	4.5	320.4
Additions	–	–	–	42.6	–	42.6
Disposals	–	–	–	–	–	–
Amortisation charges	–	–	–	(37.0)	(1.9)	(38.9)
Impairment charge*	–	–	–	(6.0)	–	(6.0)
Foreign exchange movements	0.4	–	–	5.1	0.3	5.8
<b>Closing net book amount</b>	<b>8.2</b>	<b>33.1</b>	<b>8.5</b>	<b>271.2</b>	<b>2.9</b>	<b>323.9</b>
<b>At 31 December 2023</b>						
Cost	10.8	33.1	8.5	467.3	23.4	543.1
Accumulated amortisation and impairment	(2.6)	–	–	(196.1)	(20.5)	(219.2)
<b>Net book amount</b>	<b>8.2</b>	<b>33.1</b>	<b>8.5</b>	<b>271.2</b>	<b>2.9</b>	<b>323.9</b>
<b>Year ended 31 December 2024</b>						
Opening net book amount	8.2	33.1	8.5	271.2	2.9	323.9
Additions	–	–	–	33.0	1.0	34.0
Disposals	–	–	–	–	–	–
Amortisation charges	–	–	–	(41.6)	(2.2)	(43.8)
Impairment charge	–	–	–	–	–	–
Foreign exchange movements	(0.1)	–	–	(5.2)	–	(5.3)
<b>Closing net book amount</b>	<b>8.1</b>	<b>33.1</b>	<b>8.5</b>	<b>257.4</b>	<b>1.7</b>	<b>308.8</b>
<b>At 31 December 2024</b>						
Cost	10.7	33.1	8.5	483.7	23.8	559.8
Accumulated amortisation and impairment	(2.6)	–	–	(226.3)	(22.1)	(251.0)
<b>Net book amount</b>	<b>8.1</b>	<b>33.1</b>	<b>8.5</b>	<b>257.4</b>	<b>1.7</b>	<b>308.8</b>

\*The impairment charge in prior year relates to DirectAsia business classed as a disposal group held for sale.

### Goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to the smallest identifiable unit to which cash flows are generated. \$7.3 million (2023: \$7.4 million) is allocated to the London Market CGU and \$0.8 million (2023: \$0.8 million) is allocated to the CGUs within the Hiscox Retail business segment. Goodwill is considered to have an indefinite life and as such is tested annually for impairment based on the recoverable amount which is considered to be the higher of the fair value less cost to sell or value in use. During 2024, there was no impairment charge on goodwill (2023: \$nil).

Value in use is considered to be the best indication of the recoverable amount for goodwill. Value in use calculations are performed using cash flow projections based on financial forecasts. A discount factor, based on a weighted average cost of capital (WACC) for the Group, of 10.1%, depending on the underlying currency (2023: 10.0% to 10.3%), has been applied to the cash flow projections to determine the net present value. The outcome of the value in use calculation is measured against the carrying value of the asset and, where the carrying value is in excess of the value in use, the asset is written down to this amount.

## 11 Goodwill and intangible assets (continued)

### Impairment assessments

To test the sensitivity of the assessment, management flexed the key assumptions within a reasonably expected range. Within this range, goodwill and other intangible assets recoveries were stress tested and remain supportable across all cash-generating units or assets.

### Intangible assets

All intangible assets have a finite useful life except for the Syndicate capacity and US state authorisation licences.

#### (a) Syndicate capacity

The cost of purchasing the Group's participation in the Lloyd's insurance syndicates is not amortised, but is tested annually for impairment and is carried at cost less accumulated impairment losses. Having considered the future prospects of the London insurance market, the Board believes that the Group's ownership of Syndicate capacity will provide economic benefits over an indefinite number of future periods. This assumption is reviewed annually to determine whether the asset continues to have an indefinite life.

The Group's intangible asset relating to Syndicate capacity has been allocated, for impairment testing purposes, to the active Lloyd's corporate member entity. The asset is tested annually for impairment based on its recoverable amount which is considered to be the higher of the asset's fair value less costs to sell or its value in use. The value in use is determined using cash flow projections based on business plans approved by management and discounted at the applicable WACC rate. At 31 December 2024, the value in use or the fair value less cost to sell exceeded the carrying value of Syndicate capacity recognised on the statement of financial position.

#### (b) US state authorisation licences

In 2007, the Group acquired insurance authorisation licences for 50 US states as part of a business combination. The licences are allocated for impairment testing to the Group's North American underwriting business. The carrying value of this asset is calculated using a projected cash flow based on business plans approved by management and discounted at the same rate used for goodwill. The asset is tested annually for impairment based on its value in use, and the results show no impairment.

#### (c) Software and development costs

The Group capitalises acquired software licenses based on the costs incurred. Amortisation is performed through applying the straight-line method over a period of three to ten years.

Internally developed software is capitalised only if future economic benefits are probable and can be measured reliably. Amortisation of internally developed computer software begins when the software is available for use and is allocated on a straight-line basis over the expected useful life of the asset.

The useful life of the asset is reviewed annually and, if different from previous estimates, is revised accordingly with the change being accounted for as a change in accounting estimates in accordance with IAS 8.

The carrying value of software and development costs is reviewed for impairment on an ongoing basis by reference to the stage and expectation of a project. Additionally, at the end of each reporting period, the Group reviews the positions for any indication of impairment and as a result of this no impairment was provided in 2024 (2023: \$6 million).

At 31 December 2024 there were \$27.6 million of assets under development on which amortisation has yet to be charged (2023: \$34.1 million).

The assets are expected to be recovered or settled more than 12 months after the reporting date and, as such, are considered to be non-current.

#### (d) Rights to customer contractual relationships (included in other)

Intangible costs related to securing customer contractual relationships are recognised as an asset where they can be identified separately and measured reliably and it is probable that they will be recovered by directly related future profits. These costs are amortised on a straight-line basis over the useful economic life, which is deemed to be ten years, and are carried at cost less accumulated amortisation and impairment losses.

At the end of each reporting period, the carrying value arrived at using value in use is tested for impairment. Value in use is calculated using the same method as described above for goodwill and the same discount rate used. The results of this test led to no impairment charge on intangible rights to customer contractual relationships in 2024 (2023: \$nil).

## 12 Property, plant and equipment

	Land and buildings	Leasehold improvements	Furniture fittings and equipment and art	Right-of-use assets: property and other	Total
	\$m	\$m	\$m	\$m	\$m
<b>Year ended 31 December 2023</b>					
Opening net book amount	18.3	1.3	43.0	70.5	133.1
Additions	–	–	1.7	13.1	14.8
Disposals	–	–	–	(0.7)	(0.7)
Depreciation charge	(1.1)	(0.6)	(5.1)	(12.9)	(19.7)
Impairment	–	(0.4)	(0.2)	–	(0.6)
Foreign exchange movements	0.9	0.2	2.1	2.6	5.8
Closing net book amount, including assets held for sale	18.1	0.5	41.5	72.6	132.7
<b>At 31 December 2023</b>					
Cost	28.1	13.1	85.1	132.4	258.7
Accumulated depreciation	(10.0)	(12.6)	(43.6)	(59.8)	(126.0)
Net book amount, including assets held for sale	18.1	0.5	41.5	72.6	132.7
Less: assets held for sale	–	–	–	(2.4)	(2.4)
Net book amount	18.1	0.5	41.5	70.2	130.3
<b>Year ended 31 December 2024</b>					
Opening net book amount, including assets held for sale	18.1	0.5	41.5	72.6	132.7
Additions	–	–	5.2	12.4	17.6
Disposals	–	–	(0.1)	(2.4)	(2.5)
Depreciation charge	(1.2)	(0.5)	(4.7)	(12.8)	(19.2)
Foreign exchange movements	(0.3)	0.1	(0.9)	(1.3)	(2.4)
Closing net book amount, including assets held for sale	16.6	0.1	41.0	68.5	126.2
<b>At 31 December 2024</b>					
Cost	27.6	12.6	86.1	105.1	231.4
Accumulated depreciation	(11.0)	(12.5)	(45.1)	(36.6)	(105.2)
Net book amount, including assets held for sale	16.6	0.1	41.0	68.5	126.2
Less: assets held for sale	–	–	–	(0.6)	(0.6)
Net book amount	16.6	0.1	41.0	67.9	125.6

The Group's land and buildings assets relate to freehold property in the UK. There was no impairment charge on these assets during the year (2023: \$nil).

The assets are expected to be recovered or settled more than 12 months after the reporting date and, as such, are considered to be non-current.

The income from subleasing right-of-use assets amounted to \$0.4 million (2023: \$0.4 million).

### 13 Subsidiaries, associates and interests in other entities

This note provides details of the Syndicates and Special Purpose Insurers (SPI) managed by the Group, the acquisition and disposal of subsidiaries and associates during the year and investments in associates.

#### (a) Subsidiaries

Hiscox Dedicated Corporate Member Limited (HDCM) underwrites as a corporate member of Lloyd's on the main Syndicates managed by Hiscox Syndicates Limited (the main managed Syndicates numbered 33 and 3624).

As at 31 December 2024, HDCM owned 72.6% of Syndicate 33 (2023: 72.6%), and 100% of Syndicate 3624 (2023: 100%). In view of the several but not joint liability of underwriting members at Lloyd's for the transactions of Syndicates in which they participate, the Group's attributable share of the transactions, assets and liabilities of these Syndicates has been included in the financial statements. The Group manages the underwriting of, but does not participate as a member of, Syndicate 6104 at Lloyd's which provides reinsurance to Syndicate 33 on a normal commercial basis. Consequently, aside from the receipt of managing agency fees, defined profit commissions as appropriate and interest arising on effective assets included within the experience account, the Group has no share in the assets, liabilities or transactions of Syndicate 6104. The position and performance of that Syndicate is therefore not included in the Group's financial statements.

#### (b) SPIs

The Kiskadee Diversified Fund and Kiskadee Select Fund were launched in 2014 to provide investment opportunities to institutional investors in property catastrophe reinsurance and insurance-linked strategies. The funds are managed by Hiscox Re Insurance Linked Strategies Limited (formerly known as Kiskadee Investment Managers Limited) which is a wholly owned subsidiary of the Group.

The Kiskadee Latitude Fund was launched in 2019 to give investors access to a more diverse portfolio of insurance and reinsurance risks, with less focus on pure property catastrophe risk. The fund is managed by Hiscox Re Insurance Linked Strategies Limited which is a wholly owned subsidiary of the Group.

The Group determined that it does not control the Kiskadee Diversified Fund, the Kiskadee Select Fund and the Kiskadee Latitude Fund. Hence they are not consolidated.

The Kiskadee Cadence Fund was launched in December 2019 to achieve attractive risk-adjusted returns by investing primarily in a worldwide reinsurance and retrocession portfolio and the Kiskadee Select Plus Fund was launched in January 2021 to achieve attractive risk-adjusted returns that have low correlation to broader financial markets by investing primarily in a diversified, worldwide property catastrophe reinsurance and retrocession portfolio, including a portion of non-catastrophe reinsurance. These funds are segregated accounts of Kiskadee ILS Fund SAC Ltd, which is managed by Hiscox Re Insurance Linked Strategies Limited, a wholly owned subsidiary of the Group. Following an inflow of capital from third-party investors during 2024, resulting in a dilution of the Group's exposure to variable returns from its involvement in the Kiskadee Cadence Fund, the Group has determined that this fund no longer meets the criteria for consolidation. The fund has been de-consolidated from the Group accordingly.

As at 31 December 2024, the Group recognised a financial asset at fair value of \$58.3 million (2023: \$35.4 million) in relation to its investment in the unconsolidated funds (note 17). In assessing the maximum exposure to loss from its interest in the funds, the Group has determined it is no greater than the fair value recognised as at the end of the reporting period. The total size of the unconsolidated funds was \$694.7 million at 31 December 2024 (2023: \$505 million). In addition to the return on the financial asset, the Group also receives fee income through Hiscox Re Insurance Linked Strategies Limited and Hiscox Insurance Company (Bermuda) Limited, both wholly owned subsidiaries, under normal commercial terms.

The Group is exposed to credit risk associated with reinsurance recoveries on risks fronted for the SPIs. Note 3.3(d) discusses how the Group manages credit risk associated with reinsurance assets. The operations of the funds and SPIs are financed through the issuance of preference shares to external investors. The Group does not intend to provide any further financial support to the funds or SPIs.

## 13 Subsidiaries, associates and interests in other entities (continued)

### (c) Investments in associates

Year ended 31 December	2024	2023
	\$m	\$m
At beginning of year	0.8	5.6
Disposals during the year	–	(5.2)
Distributions received	(0.3)	(0.3)
Net profit from investments from associates	0.3	0.3
Foreign exchange movements	–	0.4
<b>At end of year</b>	<b>0.8</b>	<b>0.8</b>

The Group's interests in its principal associates, all of which are unlisted, were as follows:

	% interest held at 31 December	Assets	Liabilities	Revenues	Profit after tax
		\$m	\$m	\$m	\$m
<b>2024</b>					
Associates incorporated in the UK	32%	3.0	2.1	5.9	0.1
Associates incorporated in Europe	26%	2.1	1.1	2.0	1.1
<b>Total at the year ended 2024</b>		<b>5.1</b>	<b>3.2</b>	<b>7.9</b>	<b>1.2</b>
<b>2023</b>					
Associates incorporated in the UK	32%	2.8	2.1	5.3	0.1
Associates incorporated in Europe	26%	2.6	1.4	2.8	1.1
<b>Total at the year ended 2023</b>		<b>5.4</b>	<b>3.5</b>	<b>8.1</b>	<b>1.2</b>

The equity interests held by the Group in respect of associates do not have quoted market prices and are not traded regularly in any active recognised market. The associates concerned have no material impact on the results or assets of the Group.

The assets are expected to be recovered or settled more than 12 months after the reporting date and as such are considered to be non-current.

## 14 Financial assets and liabilities

Financial assets designated at fair value through profit or loss are measured at fair values, with all changes from one accounting period to the next being recorded through the income statement.

	Note	2024	2023
		\$m	\$m
Debt and fixed income holdings	17	6,660.9	6,278.9
Equities and investment funds	17	210.2	205.4
Private credit funds	17	148.2	54.7
<b>Total investments</b>		<b>7,019.3</b>	<b>6,539.0</b>
Insurance-linked funds	17	58.3	35.4
<b>Total financial assets carried at fair value</b>		<b>7,077.6</b>	<b>6,574.4</b>

The effective maturity of the debt and fixed income holdings due within and after one year is as follows:

	2024	2023
	\$m	\$m
Within one year	1,392.3	1,541.0
After one year	5,268.6	4,737.9
	<b>6,660.9</b>	<b>6,278.9</b>

Equities, investment funds, private credit funds and insurance-linked securities do not have any maturity dates. The effective maturity of all other financial assets is due within one year. An analysis of the credit risk and contractual maturity profiles of the Group's financial instruments is given in notes 3.3(d) and 3.3(e).

Financial liabilities of the Group are:

	Note	2024	2023
		\$m	\$m
Derivative financial instruments	16	–	0.3
<b>Financial liabilities carried at fair value</b>		<b>–</b>	<b>0.3</b>
Borrowings		656.2	667.0
Accrued interest on borrowings		7.3	7.4
<b>Financial liabilities carried at amortised cost</b>		<b>663.5</b>	<b>674.4</b>
<b>Total financial liabilities</b>		<b>663.5</b>	<b>674.7</b>

All of the financial liabilities carried at fair value are due within one year and all the borrowings are due after one year. Accrued interest on long-term debt is due within one year.

## 14 Financial assets and liabilities (continued)

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 22 September 2022, the Group issued £250.0 million 6% notes due September 2027. The notes will be redeemed on the maturity date at their principal amount together with accrued interest.

The notes bear interest from, and including, 22 September 2022 at a fixed rate of 6% per annum annually in arrears starting 22 September 2022 until maturity on 22 September 2027. On 22 September 2022, the notes were admitted for trading on the Luxembourg Stock Exchange's Euro MTF. The notes were rated BBB+ by S&P and Fitch.

The fair value of the borrowings is estimated at \$672.0 million (2023: \$681.0 million). The fair value measurement is classified within Level 1 of the fair value hierarchy. The fair value is estimated by reference to the actively traded value on the stock exchanges.

The decrease in the carrying value of the borrowings and accrued interest during the year comprises the amortisation of the difference between the net proceeds received and the redemption amounts of \$0.7 million (2023: \$0.7 million), the decrease in accrued interest of \$0.7 million (2023: \$0.1 million), less exchange movements of \$10.9 million (2023: plus exchange movements of \$37.9 million). The Group did not draw down any new borrowings (2023: \$nil) or repay any short-term borrowings (2023: \$nil) during the year.

Note 9 includes details of the interest expense for the year included in finance costs.

Investments at 31 December are denominated in the following currencies at their fair value:

	2024	2023
	\$m	\$m
<b>Debt and fixed income holdings</b>		
US Dollars	4,998.4	4,517.3
Sterling	835.8	960.9
Euro and other currencies	826.7	800.7
	<b>6,660.9</b>	<b>6,278.9</b>
<b>Equities and investment funds</b>		
US Dollars	95.5	84.5
Sterling	80.6	84.3
Euro and other currencies	34.1	36.6
	<b>210.2</b>	<b>205.4</b>
<b>Private credit funds</b>		
US Dollars	117.5	54.7
Sterling	16.5	–
Euro and other currencies	14.2	–
	<b>148.2</b>	<b>54.7</b>
<b>Total investments</b>	<b>7,019.3</b>	<b>6,539.0</b>

**15 Trade and other receivables**

	2024	2023
	\$m	\$m
Prepayments and accrued income	37.3	31.3
Trade and other receivables:		
Accrued interest	68.0	55.5
Other debtors including related party amounts	143.7	119.7
<b>Total trade and other receivables</b>	<b>249.0</b>	<b>206.5</b>

The amount expected to be recovered before and after one year are estimated as follows:

Within one year	233.2	188.2
After one year	15.8	18.3
	249.0	206.5

## 16 Derivative financial instruments

The Group entered into both exchange-traded and over-the-counter derivative contracts for a number of purposes during 2024. The Group had the right and intention to settle each contract on a net basis. The assets and liabilities of these contracts at 31 December 2024 all mature within one year of the end of the reporting period and are detailed below:

31 December 2024	Gross contract notional amount	Fair value of assets	Fair value of liabilities	Net balance sheet position
	\$m	\$m	\$m	\$m
<b>Derivative financial instruments included on statement of financial position</b>				
Foreign exchange forward contracts	200.0	–	–	–
Interest rate futures contracts	–	–	–	–
		–	–	–

The foreign exchange forward contracts are represented by gross fair value of assets and liabilities as detailed below:

31 December 2024	Fair value of assets	Fair value of liabilities	Net balance sheet position
	\$m	\$m	\$m
Gross fair value of assets	–	3.5	3.5
Gross fair value of liabilities	–	(3.5)	(3.5)
	–	–	–

31 December 2023	Gross contract notional amount	Fair value of assets	Fair value of liabilities	Net balance sheet position
	\$m	\$m	\$m	\$m
<b>Derivative financial instruments included on statement of financial position</b>				
Foreign exchange forward contracts	5.5	–	(0.1)	(0.1)
Interest rate futures contracts	16.9	–	(0.2)	(0.2)
		–	(0.3)	(0.3)

The foreign exchange forward contracts are represented by gross fair value of assets and liabilities as detailed below:

31 December 2023	Fair value of assets	Fair value of liabilities	Net balance sheet position
	\$m	\$m	\$m
Gross fair value of assets	–	4.7	4.7
Gross fair value of liabilities	–	(4.8)	(4.8)
	–	(0.1)	(0.1)

### Foreign exchange forward contracts

During the current and prior year, the Group entered into a series of conventional over-the-counter forward contracts in order to secure translation gains made on Euro, US Dollar and other non-Sterling denominated monetary assets. The contracts require the Group to forward sell a fixed amount of the relevant currency for Sterling at pre-agreed future exchange rates. The Group made a gain of \$0.5 million on the forward contracts during the year (2023: loss of \$0.1 million).

### Interest rate futures contracts

To hedge the interest rate risk the Group is exposed to, it sold a number of government bond futures denominated in a range of currencies. All are exchange traded and the Group made a loss on these futures contracts of \$0.1 million (2023: gain of \$1.1 million) as included in the investment result in note 7.

## 17 Fair value measurements

In accordance with IFRS 13 *Fair Value Measurement*, the fair value of financial instruments, based on a three-level fair value hierarchy that reflects the significance of the inputs used in measuring the fair value, is set out below.

As at 31 December 2024	Level 1	Level 2	Level 3	Total
	\$m	\$m	\$m	\$m
<b>Financial assets</b>				
Debt and fixed income holdings	1,127.5	5,523.4	10.0	6,660.9
Equities and investment funds	–	179.3	30.9	210.2
Private credit funds	–	–	148.2	148.2
Insurance-linked funds	–	–	58.3	58.3
Derivative financial instruments	–	–	–	–
<b>Total</b>	<b>1,127.5</b>	<b>5,702.7</b>	<b>247.4</b>	<b>7,077.6</b>
<b>Financial liabilities</b>				
Derivative financial instruments	–	–	–	–
<b>Total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
As at 31 December 2023	Level 1	Level 2	Level 3	Total
	\$m	\$m	\$m	\$m
<b>Financial assets</b>				
Debt and fixed income holdings	1,235.2	5,033.5	10.2	6,278.9
Equities and investment funds	–	175.4	30.0	205.4
Private credit funds	–	–	54.7	54.7
Insurance-linked funds	–	–	35.4	35.4
Derivative financial instruments	–	–	–	–
<b>Total</b>	<b>1,235.2</b>	<b>5,208.9</b>	<b>130.3</b>	<b>6,574.4</b>
<b>Financial liabilities</b>				
Derivative financial instruments	–	0.3	–	0.3
<b>Total</b>	<b>–</b>	<b>0.3</b>	<b>–</b>	<b>0.3</b>

The levels of the fair value hierarchy are defined by the standard 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 and unquoted investments. The fair value of these investment funds is based on the net asset value of the fund as reported by independent pricing sources or the fund manager.

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

The fair value of the borrowings carried at amortised cost is estimated at \$672.0 million (2023: \$681.0 million) and is considered as Level 1 in the fair value hierarchy.

## 17 Fair value measurements (continued)

Level 2 of the hierarchy contains certain government bonds, US government agencies, corporate securities, asset-backed securities, mortgage-backed securities and certain commingled funds. 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 limited partnerships, unquoted equity securities, private credit funds 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 inputs used in the measurement of fair value of these instruments to another reasonably possible assumption would not be significant.

Private credit funds comprise holdings in funds which, in turn, hold debt investments in private companies that are not quoted on an active market. The fair value of the private credit funds is determined based on the net asset values reported by the investment managers. The underlying loan values, on which the investments are based, are valued by the investment managers using a discounted cash flow model. The inputs to the valuation are cash flows, risk-free rate and a credit spread. The cash flow projections are determined by the loan terms and the risk-free rate is the overnight rate for the issuing currency; these are all observable inputs. The credit spread applied is based on synthetic rating analysis, whereby an equivalent corporate bond rating is assigned to a private loan based on structural analysis of the issuer's statement of financial position and performance since investment. This is an unobservable input but is not deemed to be significant. Given the Group's knowledge of the underlying investments and the size of the Group's investment therein, the Group would not anticipate any material variance between the statements and the final net asset values reported by the investment managers.

At 31 December 2024, the insurance-linked funds of \$58.3 million represent the Group's investment in the unconsolidated Kiskadee funds (2023: \$35.4 million) as described in note 14.

The fair value of the Kiskadee funds is estimated to be the net asset value as at the end of the reporting period. The net asset value is based on the fair value of the assets and liabilities in the fund. 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 \$2.2 million.

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.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels at the end of the relevant reporting period during which the transfers are deemed to have occurred. During the year, investments of \$nil (2023: \$26.0 million) were transferred from Level 2 to Level 3 due to insufficient observable data being available, as a result of reduced trading volumes.

## 17 Fair value measurements (continued)

The table below sets forth a reconciliation of opening and closing balances for financial instruments classified under Level 3 of the fair value hierarchy:

	2024	2023
	\$m	\$m
<b>Balance At 1 January</b>	<b>130.3</b>	139.7
Fair value losses through profit or loss	(4.5)	(11.5)
Foreign exchange (losses)/gains	(0.8)	4.8
Purchases	136.6	–
Settlements	(14.2)	(28.7)
Transfers	–	26.0
<b>Closing balance</b>	<b>247.4</b>	130.3
<b>Net unrealised (losses)/gains in the period on securities held at the end of the period</b>	<b>(4.0)</b>	3.5

The closing balance at year end comprised \$10.0 million debt and fixed income holdings (2023: \$10.2 million), \$30.9 million equities and investment funds (2023: \$30.0 million), \$148.2 million private credit funds (2023: \$54.7 million) and \$58.3 million insurance-linked funds (2023: \$35.4 million).

## 18 Cash and cash equivalents

	2024	2023
	\$m	\$m
Cash at bank and in hand	1,141.3	1,411.2
Short-term deposits	85.7	25.8
<b>Total</b>	<b>1,227.0</b>	1,437.0

The Group holds its cash deposits with a well-diversified range of banks and financial institutions. Cash includes overnight deposits. Short-term deposits include debt securities with an original maturity date of less than three months and money market funds.

## 19 Share capital

	31 December 2024		31 December 2023	
	Share capital	Number of shares	Share capital	Number of shares
	\$m	000	\$m	000
<b>Group</b>				
Authorised ordinary share capital of 6.5p (2023: 6.5p)	425.8	3,692,308	425.8	3,692,308
Issued ordinary share capital of 6.5p (2023: 6.5p)	38.1	347,503	38.8	355,283

The amounts presented in the equity section of the Group's consolidated statement of financial position relate to Hiscox Ltd, the legal parent company.

Changes in Group share capital and contributed surplus	Ordinary share capital	Share premium	Contributed surplus
	\$000	\$000	\$000
At At 1 January 2023	38,667	517,657	183,969
Employee share option scheme – proceeds from shares issued	90	9,530	–
Scrip dividends to owners of the Company	10	1,645	–
At 31 December 2023	38,767	528,832	183,969
Employee share option scheme – proceeds from shares issued	159	21,252	–
Scrip dividends to owners of the Company	21	3,821	–
Share buyback	(819)	(148,349)	–
<b>At 31 December 2024</b>	<b>38,128</b>	<b>405,556</b>	<b>183,969</b>

On 5 March 2024, the Group announced a share buyback programme for up to a maximum aggregate consideration of \$150 million to commence on the same day. On 15 August 2024, the Group announced that it had completed the programme. In total, 9,948,884 shares were purchased with a nominal value of \$0.8 million and were subsequently cancelled. The 9,948,884 shares were acquired at an average price of 1,185 pence per share.

## 19 Share capital (continued)

Contributed surplus is a distributable reserve and arose on the reverse acquisition of Hiscox plc on 12 December 2006.

The Company relies on dividend streams from its subsidiary companies to provide the cash flow required for distributions to be made to shareholders. The ability of the subsidiaries to pay dividends is subject to regulatory restrictions within the jurisdiction from which they operate.

### Share repurchase

The Trustees of the Group's Employee Benefit Trust purchased nil shares (2023: nil shares) to facilitate the settlement of vesting awards under the Group's Performance Share Plan. As the Trust is consolidated into the Group financial results, these purchases are accounted for in the same way as treasury shares and are charged against retained earnings. The shares are held by the Trustees for the beneficiaries of the Trust.

Equity structure of Hiscox Ltd	Note	Number of ordinary shares in issue 2024	Number of ordinary shares in issue 2023
		000	000
At 1 January		355,283	354,067
Employee share option scheme – ordinary shares issued		1,916	1,094
Scrip Dividends to owners of the Company	26	253	122
Share buyback		(9,949)	–
<b>At 31 December</b>		<b>347,503</b>	<b>355,283</b>

All issued shares are fully paid.

### Performance Share Plan awards

Performance Share Plan (PSP) awards are granted to Directors and other senior employees. Awards normally vest after a three-year period subject to the achievement of performance conditions which can be a mix of financial and non-financial measures. Awards are generally subject to continued employment; however, awards may vest to leavers in certain scenarios. Awards granted under the all-employee share ownership scheme (HSX:26) vest in April 2026 subject to continued employment and satisfactory personal performance between the date of grant and vesting.

In accordance with IFRS 2, the Group recognises an expense for the fair value of shares, share options and PSP award instruments issued to employees, over their vesting period through the income statement. The amount recognised in the consolidated income statement during the year was an expense of \$49.1 million (2023: \$43.2 million). This comprises an expense of \$33.3 million (2023: \$28.3 million) in respect of PSP awards, an expense of \$3.1 million (2023: \$3.3 million) in respect of share option awards and an expense of \$12.7 million (2023: \$11.6 million) in respect of employee share awards. The Group has applied the principles outlined in the Black-Scholes option pricing model when determining the fair value of each share option instrument. For the fair value pricing of PSPs, the Group uses the share price on the date of grant of the options. For any options contingent on achieving targets linked to total shareholder returns, the fair value price on date of grant is adjusted to take account of the probability of achieving the performance targets.

The range of principal Group assumptions applied in determining the fair value of share-based payment instruments granted during the year under review are:

Assumptions affecting inputs to fair value models	2024	2023
Annual risk-free rates of return and discount rates(%)	3.7-3.97	3.35-4.78
Long-term dividends yield (%)	1.54	1.40
Expected life of options (years)	3.25	3.25
Implied volatility of share price (%)	34.6	38.7
Weighted average share price(p)	1,186.6	1,117.4

The weighted average fair value of each share option granted during the year was 409.5p (2023: 392.1p). The weighted average fair value of each Performance Share Plan award granted during the year was 1,186.2p (2023: 1,140.1p).

Movements in the number of share options and PSP awards during the year and details of the balances outstanding at 31 December 2024 for the Executive Directors are shown in the annual report on remuneration 2024. The total number of options and PSP awards outstanding is 10,376,020 (2023: 10,505,901) of which 1,014,399 are exercisable (2023: 706,282). The total number of SAYE options outstanding is 2,054,494 (2023: 2,195,828) and employee share awards is 4,729,792 (2023: 4,615,061) of which 12,700 are exercisable (2023: nil).

The implied volatility assumption is based on historical data for periods of between five and ten years immediately preceding grant date.

## 20 Insurance contract liabilities and reinsurance contract assets

	2024	2023
	\$m	\$m
Insurance contract liabilities	6,396.3	6,604.0
Reinsurance contract assets	(1,976.8)	(2,098.3)
<b>Net insurance contract liabilities</b>	<b>4,419.5</b>	<b>4,505.7</b>

Detailed reconciliation of changes in insurance contract balances during the year is included below in note 20.1.

The analysis of changes is disclosed at a consolidated level in line with how the Group manages and monitors the statement of financial position. Further details related to changes in the consolidated income statement by segmental reporting are disclosed in note 4.

### 20.1(a) Net insurance contract liabilities

#### Net insurance contracts – analysis by remaining coverage and incurred claims

	Net liabilities for remaining coverage		Net liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
	\$m	\$m	\$m	\$m	\$m
<b>Year to 31 December 2024</b>					
Opening assets	118.8*	–	(1,696.3)	(520.8)	(2,098.3)
Opening liabilities	346.9	7.5	5,427.8	821.8	6,604.0
<b>Net opening balance</b>	<b>465.7</b>	<b>7.5</b>	<b>3,731.5</b>	<b>301.0</b>	<b>4,505.7</b>
<b>Changes in the consolidated income statement</b>					
Insurance revenue, net of allocation of reinsurance premiums <sup>†</sup>	(3,463.1)	–	–	–	(3,463.1)
<b>Insurance service expenses, net of amounts recoverable from reinsurers</b>					
Incurred claims and other attributable expenses	–	(10.4)	2,089.9	57.6	2,137.1
Amortisation of insurance acquisition cash flows	1,075.6	–	–	–	1,075.6
Adjustments to liabilities for incurred claims relating to past service	–	–	(255.4)	(59.4)	(314.8)
Losses and reversals of losses on onerous contracts	–	12.3	–	–	12.3
Effect of changes in non-performance risk of reinsurers	–	–	(0.6)	–	(0.6)
<b>Total net insurance service expenses</b>	<b>1,075.6</b>	<b>1.9</b>	<b>1,833.9</b>	<b>(1.8)</b>	<b>2,909.6</b>
<b>Insurance service result</b>	<b>(2,387.5)</b>	<b>1.9</b>	<b>1,833.9</b>	<b>(1.8)</b>	<b>(553.5)</b>
Net finance (income)/expenses from insurance contracts	(10.0)	–	162.1	–	152.1
Net foreign exchange losses	(24.1)	–	(44.4)	(5.6)	(74.1)
<b>Total change recognised in comprehensive income</b>	<b>(2,421.6)</b>	<b>1.9</b>	<b>1,951.6</b>	<b>(7.4)</b>	<b>(475.5)</b>
Investment components	36.3	–	(36.3)	–	–
Transfer to other items in statement of financial position	(271.8)	–	(702.1)	(0.7)	(974.6)
<b>Net cash flows</b>					
Net premium received	3,440.6	–	–	–	3,440.6
Net claims and other insurance service expenses paid	–	–	(1,243.4)	–	(1,243.4)
Insurance acquisition cash flows	(833.3)	–	–	–	(833.3)
<b>Total cash flows</b>	<b>2,607.3</b>	<b>–</b>	<b>(1,243.4)</b>	<b>–</b>	<b>1,363.9</b>
Closing assets	69.7*	–	(1,726.2)	(320.3)	(1,976.8)
Closing liabilities	346.2	9.4	5,427.5	613.2	6,396.3
<b>Net closing balance</b>	<b>415.9</b>	<b>9.4</b>	<b>3,701.3</b>	<b>292.9</b>	<b>4,419.5</b>

\*The net liabilities for remaining coverage, excluding loss component, includes LPT ARC gross of premium payables of \$532.3 million at 31 December 2023 and \$407.0 million at 31 December 2024.

†Includes allocation of LPT premium of \$139.2 million.

## 20 Insurance contract liabilities and reinsurance contract assets

### 20.1(a) Net insurance contract liabilities

#### Net insurance contracts – analysis by remaining coverage and incurred claims (continued)

	Net liabilities for remaining coverage		Net liabilities for incurred claims		Total \$m
	Excluding loss component \$m	Loss component \$m	Estimates of present value of future cash flows \$m	Risk adjustment for non-financial risk \$m	
Year to 31 December 2023					
Opening assets	186.8*	(0.6)	(2,282.4)	(421.0)	(2,517.2)
Opening liabilities	287.4	2.5	5,737.1	667.3	6,694.3
Net opening balance	474.2	1.9	3,454.7	246.3	4,177.1
Changes in the consolidated income statement					
Insurance revenue, net of allocation of reinsurance premiums <sup>†</sup>	(3,363.8)	–	–	–	(3,363.8)
Insurance service expenses, net of amounts recoverable from reinsurers					
Incurred claims and other attributable expenses	–	(7.7)	1,962.5	72.4	2,027.2
Amortisation of insurance acquisition cash flows	1,039.0	–	–	–	1,039.0
Adjustments to liabilities for incurred claims relating to past service	–	–	(179.5)	(24.1)	(203.6)
Losses and reversals of losses on onerous contracts	–	13.2	–	–	13.2
Effect of changes in non-performance risk of reinsurers	–	–	(4.3)	–	(4.3)
Total net insurance service expenses	1,039.0	5.5	1,778.7	48.3	2,871.5
Insurance service result	(2,324.8)	5.5	1,778.7	48.3	(492.3)
Net finance (income)/expenses from insurance contracts	(9.1)	–	148.8	–	139.7
Net foreign exchange losses	20.5	0.1	52.3	7.4	80.3
Total change recognised in comprehensive income	(2,313.4)	5.6	1,979.8	55.7	(272.3)
Investment components	31.8	–	(31.8)	–	–
Transfer to other items in statement of financial position	(258.3)	–	(682.7)	(1.0)	(942.0)
Net cash flows					
Net premium received	3,337.4	–	–	–	3,337.4
Net claims and other insurance service expenses paid	–	–	(988.5)	–	(988.5)
Insurance acquisition cash flows	(806.0)	–	–	–	(806.0)
Total cash flows	2,531.4	–	(988.5)	–	1,542.9
Closing assets	118.8*	–	(1,696.3)	(520.8)	(2,098.3)
Closing liabilities	346.9	7.5	5,427.8	821.8	6,604.0
Net closing balance	465.7	7.5	3,731.5	301.0	4,505.7

\*Includes LPT ARC gross of premium receivable \$534.1 million at 31 December 2022 and \$532.3 million at 31 December 2023.

<sup>†</sup>Includes allocation of LPT premium of \$61.7 million.

## 20 Insurance contract liabilities and reinsurance contract assets (continued)

### 20.1(b) Insurance contract liabilities

#### Insurance contracts – analysis by remaining coverage and incurred claims

	Liabilities for remaining coverage		Liabilities for incurred claims		Total \$m
	LRC Excluding loss component \$m	Loss component \$m	Estimates of present value of future cash flows \$m	Risk adjustment for non-financial risk \$m	
<b>Year to 31 December 2024</b>					
Opening assets	–	–	–	–	–
Opening liabilities	346.9	7.5	5,427.8	821.8	6,604.0
<b>Net opening balance</b>	<b>346.9</b>	<b>7.5</b>	<b>5,427.8</b>	<b>821.8</b>	<b>6,604.0</b>
<b>Changes in the consolidated income statement</b>					
Insurance revenue	(4,672.5)	–	–	–	(4,672.5)
<b>Insurance service expenses</b>					
Incurred claims and other insurance service expenses	–	(10.4)	2,612.6	136.6	2,738.8
Amortisation of insurance acquisition cash flows	1,075.6	–	–	–	1,075.6
Adjustments for liabilities for incurred claims relating to past service	–	–	(155.2)	(340.5)	(495.7)
Losses and reversals of losses on onerous contracts	–	12.3	–	–	12.3
<b>Total insurance service expenses</b>	<b>1,075.6</b>	<b>1.9</b>	<b>2,457.4</b>	<b>(203.9)</b>	<b>3,331.0</b>
<b>Insurance service result</b>	<b>(3,596.9)</b>	<b>1.9</b>	<b>2,457.4</b>	<b>(203.9)</b>	<b>(1,341.5)</b>
Net finance expense from insurance contracts	–	–	225.5	–	225.5
Foreign exchange movements	(11.1)	–	(69.2)	(3.5)	(83.8)
<b>Total change in the consolidated income statement</b>	<b>(3,608.0)</b>	<b>1.9</b>	<b>2,613.7</b>	<b>(207.4)</b>	<b>(1,199.8)</b>
Investment components	(0.6)	–	0.6	–	–
Transfer to other items in statement of financial position	(277.1)	–	(709.6)	(1.2)	(987.9)
<b>Cash flows</b>					
Premium received	4,718.3	–	–	–	4,718.3
Claims and other insurance service expenses paid	–	–	(1,905.0)	–	(1,905.0)
Insurance acquisition cash flows	(833.3)	–	–	–	(833.3)
<b>Total cash flows</b>	<b>3,885.0</b>	<b>–</b>	<b>(1,905.0)</b>	<b>–</b>	<b>1,980.0</b>
Closing assets	–	–	–	–	–
Closing liabilities	346.2	9.4	5,427.5	613.2	6,396.3
<b>Net closing liabilities</b>	<b>346.2</b>	<b>9.4</b>	<b>5,427.5</b>	<b>613.2</b>	<b>6,396.3</b>

## 20 Insurance contract liabilities and reinsurance contract assets

### 20.1(b) Insurance contract liabilities

#### Insurance contracts – analysis by remaining coverage and incurred claims (continued)

	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	LRC Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
	\$m	\$m	\$m	\$m	\$m
Year to 31 December 2023					
Opening assets	–	–	–	–	–
Opening liabilities	287.4	2.5	5,737.1	667.3	6,694.3
Net opening balance	287.4	2.5	5,737.1	667.3	6,694.3
Changes in the consolidated income statement					
Insurance revenue	(4,483.2)	–	–	–	(4,483.2)
Insurance service expenses					
Incurred claims and other insurance service expenses	–	(8.3)	2,369.3	112.8	2,473.8
Amortisation of insurance acquisition cash flows	1,039.0	–	–	–	1,039.0
Adjustments for liabilities for incurred claims relating to past service	–	–	(372.9)	36.2	(336.7)
Losses and reversals of losses on onerous contracts	–	13.2	–	–	13.2
Total insurance service expenses	1,039.0	4.9	1,996.4	149.0	3,189.3
Insurance service result	(3,444.2)	4.9	1,996.4	149.0	(1,293.9)
Net finance expense from insurance contracts	–	–	220.7	–	220.7
Foreign exchange movements	24.9	0.1	73.7	7.1	105.8
Total change in the consolidated income statement	(3,419.3)	5.0	2,290.8	156.1	(967.4)
Investment components	(1.0)	–	1.0	–	–
Transfer to other items in statement of financial position	(258.0)	–	(693.1)	(1.6)	(952.7)
Cash flows					
Premium received	4,543.8	–	–	–	4,543.8
Claims and other insurance service expenses paid	–	–	(1,908.0)	–	(1,908.0)
Insurance acquisition cash flows	(806.0)	–	–	–	(806.0)
Total cash flows	3,737.8	–	(1,908.0)	–	1,829.8
Closing assets	–	–	–	–	–
Closing liabilities	346.9	7.5	5,427.8	821.8	6,604.0
Net closing liabilities	346.9	7.5	5,427.8	821.8	6,604.0

## 20 Insurance contract liabilities and reinsurance contract assets (continued)

### 20.1(c) Reinsurance contract assets – analysis by remaining coverage and incurred claims

	Assets for remaining coverage		Assets for incurred claims		Total
	ARC Excluding loss recovery component	Loss recovery component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
Year to 31 December 2024	\$m	\$m	\$m	\$m	\$m
Opening assets	(118.8)	–	1,696.3	520.8	2,098.3
Opening liabilities	–	–	–	–	–
Net opening balance	(118.8)	–	1,696.3	520.8	2,098.3
<b>Changes in the consolidated income statement</b>					
Allocation of reinsurance premiums	(1,209.4)	–	–	–	(1,209.4)
<b>Amounts recoverable from reinsurers</b>					
Recoveries of incurred claims and other attributable expenses	–	–	522.7	79.0	601.7
Adjustments to assets for incurred claims relating to past service	–	–	100.2	(281.1)	(180.9)
Effect of changes in non-performance risk of reinsurers	–	–	0.6	–	0.6
<b>Total amounts recoverable from reinsurers</b>	–	–	623.5	(202.1)	421.4
Net expense from reinsurance contracts held	(1,209.4)	–	623.5	(202.1)	(788.0)
Net finance income from reinsurance contracts	10.0	–	63.4	–	73.4
Foreign exchange movements	13.0	–	(24.8)	2.1	(9.7)
<b>Total changes in the consolidated income statement</b>	(1,186.4)	–	662.1	(200.0)	(724.3)
Investment components	(36.9)	–	36.9	–	–
Transfer to other items in the statement of financial position	(5.3)	–	(7.5)	(0.5)	(13.3)
<b>Cash flows</b>					
Premium paid	1,277.7	–	–	–	1,277.7
Amounts received	–	–	(661.6)	–	(661.6)
<b>Total cash flows</b>	1,277.7	–	(661.6)	–	616.1
Closing assets	(69.7)	–	1,726.2	320.3	1,976.8
Closing liabilities	–	–	–	–	–
Net closing balance	(69.7)	–	1,726.2	320.3	1,976.8

## 20 Insurance contract liabilities and reinsurance contract assets

### 20.1(c) Reinsurance contract assets – analysis by remaining coverage and incurred claims (continued)

	Assets for remaining coverage		Assets for incurred claims		Total
	ARC Excluding loss recovery component	Loss recovery component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
	\$m	\$m	\$m	\$m	\$m
Year to 31 December 2023					
Opening assets	(186.8)	0.6	2,282.4	421.0	2,517.2
Opening liabilities	–	–	–	–	–
Net opening balance	(186.8)	0.6	2,282.4	421.0	2,517.2
Changes in the consolidated income statement					
Allocation of reinsurance premiums	(1,119.4)	–	–	–	(1,119.4)
Amounts recoverable from reinsurers					
Recoveries of incurred claims and other attributable expenses	–	(0.6)	406.8	40.4	446.6
Adjustments to assets for incurred claims relating to past service	–	–	(193.4)	60.3	(133.1)
Effect of changes in non-performance risk of reinsurers	–	–	4.3	–	4.3
Total amounts recoverable from reinsurers	–	(0.6)	217.7	100.7	317.8
Net expense from reinsurance contracts held	(1,119.4)	(0.6)	217.7	100.7	(801.6)
Net finance income from reinsurance contracts	9.1	–	71.9	–	81.0
Foreign exchange movements	4.4	–	21.4	(0.3)	25.5
Total changes in the consolidated income statement	(1,105.9)	(0.6)	311.0	100.4	(695.1)
Investment components	(32.8)	–	32.8	–	–
Transfer to other items in the statement of financial position	0.3	–	(10.4)	(0.6)	(10.7)
Cash flows					
Premium paid	1,206.4	–	–	–	1,206.4
Amounts received	–	–	(919.5)	–	(919.5)
Total cash flows	1,206.4	–	(919.5)	–	286.9
Closing assets	(118.8)	–	1,696.3	520.8	2,098.3
Closing liabilities	–	–	–	–	–
Net closing balance	(118.8)	–	1,696.3	520.8	2,098.3

## 20 Insurance contract liabilities and reinsurance contract assets (continued)

### 20.2 Claims development tables

The development of insurance contract liabilities provides a measure of the Group's ability to estimate the ultimate cost of claims. The Group analyses actual claims development compared with previous estimates on an accident year basis.

The Group provides information on the gross and net claims development for the current reporting period and four years prior to it. The Group considers that there is no significant uncertainty with regard to claims that were incurred more than four years before the reporting period.

#### (a) Insurance contract liability for incurred claims – net of reinsurance

Accident year	2020	2021	2022	2023	2024	Total
	\$m	\$m	\$m	\$m	\$m	\$m
Estimate of ultimate claims costs as adjusted for foreign exchange*						
at end of accident year:						
one period later	1,870.7	1,554.1	1,489.8	1,457.4	1,606.7	7,978.7
two periods later	1,858.0	1,460.8	1,501.9	1,408.9		6,229.6
three periods later	1,708.0	1,413.3	1,394.0			4,515.3
four periods later	1,673.6	1,385.4				3,059.0
Current estimate of cumulative claims	1,644.4	1,385.4	1,394.0	1,408.9	1,606.7	7,439.4
Cumulative payments to date	(1,202.8)	(973.3)	(885.5)	(666.8)	(353.0)	(4,081.4)
Net cumulative liability for incurred claims – accident years from 2020–2024	441.6	412.1	508.5	742.1	1,253.7	3,358.0
Net cumulative liability for incurred claims in respect of accident years before 2020						949.3
Effect of discounting						(313.1)
<b>Total Group liability for incurred claims to external parties included in balance sheet – net</b>						<b>3,994.2</b>

\*The foreign exchange adjustment arises from the retranslation of the estimates at each date using the exchange rate ruling at 31 December 2024.

The table above excludes reinsurance recoveries related to the retroactive reinsurance contracts, for example legacy portfolio transfer arrangements where the financial effect of the underlying claims is still uncertain. These are included in reinsurance contract asset for remaining coverage.

#### (b) Insurance contract liability for incurred claims – gross

Accident year	2020	2021	2022	2023	2024	Total
	\$m	\$m	\$m	\$m	\$m	\$m
Estimate of ultimate claims costs as adjusted for foreign exchange*						
at end of accident year:						
one period later	3,227.3	2,515.3	2,495.5	1,956.1	2,250.7	12,444.9
two periods later	3,196.0	2,405.8	2,491.6	1,895.9		9,989.3
three periods later	3,021.0	2,249.3	2,159.6			7,429.9
four periods later	2,954.0	2,185.0				5,139.0
Current estimate of cumulative claims	2,948.5	2,185.0	2,159.6	1,895.9	2,250.7	11,439.7
Cumulative payments to date	(2,176.2)	(1,537.4)	(1,225.6)	(794.3)	(393.9)	(6,127.4)
Gross cumulative liability for incurred claims – accident years from 2020-2024	772.3	647.6	934.0	1,101.6	1,856.8	5,312.3
Gross cumulative liability for incurred claims in respect of accident years before 2020						1,169.8
Effect of discounting						(441.4)
<b>Total Group liability for incurred claims to external parties included in balance sheet – gross</b>						<b>6,040.7</b>

\*The foreign exchange adjustment arises from the retranslation of the estimates at each date using the exchange rate ruling at 31 December 2024.

## 21 Trade and other payables

	2024	2023
	\$m	\$m
Social security and other taxes payable	13.5	12.6
Lease liabilities	79.5	79.8
Accruals and other creditors	249.9	270.1
<b>Total</b>	<b>342.9</b>	<b>362.5</b>

The amounts expected to be settled before and after one year are estimated as follows:

	2024	2023
	\$m	\$m
Within one year	270.8	284.9
After one year	72.1	77.6
<b>Total</b>	<b>342.9</b>	<b>362.5</b>

The carrying amounts disclosed above are reasonably approximate to the fair value at the reporting date.

The Group acts as both lessee and lessor in relation to various offices in the UK and overseas, which are held under non-cancellable lease agreements. The leases have varying terms, escalation clauses and renewal terms.

Extension and termination options were taken into account on recognition of the lease liability if the Group was reasonably certain that these options would be exercised in the future. As a general rule, the Group recognises non-lease components, such as services, separately to lease payments.

Maturity analysis – contractual undiscounted cash flows:

	2024	2023
	\$m	\$m
Not later than one year	12.7	16.4
Later than one year and not later than five years	44.0	43.2
Later than five years	29.9	36.4
<b>Total undiscounted lease liabilities</b>	<b>86.6</b>	<b>96.0</b>

### Income from subleasing

Hiscox acts as a lessor and sublets excess capacity of its office space to third parties.

The total future aggregate minimum lease rentals receivable by the Group as lessor under non-cancellable operating property leases are as follows:

	2024	2023
	\$m	\$m
Not later than one year	2.2	2.2
Later than one year and not later than five years	1.0	1.0
	<b>3.2</b>	<b>3.2</b>

## 22 Tax expense/(credit)

The Company and its subsidiaries are subject to enacted tax laws in the jurisdictions in which they are incorporated and domiciled. The principal subsidiaries of the Company and the country in which they are incorporated are listed in note 29. The amounts charged in the consolidated income statement comprise the following:

	2024	2023
	\$m	\$m
Current tax expense/(credit)		
Expense for the year	44.2	10.0
Adjustments in respect of prior years	(9.2)	(1.8)
<b>Total current tax expense</b>	<b>35.0</b>	<b>8.2</b>
Deferred tax expense/(credit)		
Expense for the year	33.1	(79.6)
Adjustments in respect of prior years	(9.9)	(13.4)
Effect of rate change	–	(1.3)
Total deferred tax expense/(credit)	23.2	(94.3)
<b>Total tax expense/(credit) to the income statement</b>	<b>58.2</b>	<b>(86.1)</b>

The standard rate of corporation tax in Bermuda is 0% whereas the effective rate of tax for the Group is 8.5% (2023: 13.8%).

A reconciliation of the difference is provided below:

	2024	2023
	\$m	\$m
Profit before tax	685.4	625.9
Tax calculated at the standard corporation tax rate applicable in Bermuda: 0% (2023: 0%)	–	–
Effects of Group entities subject to overseas tax at different rates	54.2	52.8
Impact of overseas tax rates on:		
Effect of rate change	–	(1.3)
Expenses not deductible for tax purposes	5.7	6.8
Tax losses for which no deferred tax asset is recognised	14.1	21.7
Adjustment to tax charge in respect of prior periods	(19.1)	(15.2)
Other	3.3	(150.9)
<b>Tax charge/(credit) for the year</b>	<b>58.2</b>	<b>(86.1)</b>

Included within the current tax, a provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable.

The Group companies' tax filings include transactions which are subject to transfer pricing legislation and the taxation authorities may challenge the tax treatment of those transactions. The Directors are proactively engaged in discussions with the tax authorities regarding these tax positions. The Group determines, based on tax and transfer pricing advice provided by external specialist tax advisors, that: it is probable that the tax authorities will assess additional taxes in respect of these filings, for which provisions have been made; and the amount recognised at the end of the reporting period represents the best estimate of the amount expected to be settled, taking into account the range of potential outcomes and the current progression of discussions with tax authorities.

No provision for current tax has been made in respect of taxes assessable under legislation implementing global minimum tax rules in line with the OECD two-Pillar reform framework ('Pillar Two legislation'). The Group has applied the mandatory exception under IAS12 to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

## 23 Deferred tax

	2024	2023
	\$m	\$m
Deferred tax assets	179.4	180.7
Deferred tax liabilities	(75.8)	(56.9)
<b>Net deferred tax asset/(liability)</b>	<b>103.6</b>	<b>123.8</b>

	2024	2023
	\$m	\$m
Bermuda ETA	154.6	150.0
Trading losses in overseas entities	33.4	37.4
Employee retirement benefit assets	(11.4)	(12.8)
Goodwill and intangible assets	(21.2)	(14.6)
Property, plant and equipment	(1.0)	(9.0)
Financial assets	(1.5)	(0.2)
Insurance contract liabilities	(66.6)	(46.2)
Employee share options	16.5	16.5
Other	0.8	2.7
<b>Net deferred tax asset/(liability)</b>	<b>103.6</b>	<b>123.8</b>

Deferred tax assets and deferred tax liabilities relating to the same tax authority are presented net in the consolidated statement of financial position.

	2023	Income statement (charge) /credit	Recognised in other comprehensive income/equity	Foreign exchange	2024
	\$m	\$m	\$m	\$m	\$m
<b>At 31 December</b>					
Bermuda ETA	150.0	4.6	–	–	154.6
Trading losses in overseas entities	37.4	(3.9)	–	(0.1)	33.4
Employee retirement benefit assets	(12.8)	(0.4)	1.6	0.2	(11.4)
Goodwill and intangible assets	(14.6)	(6.8)	–	0.2	(21.2)
Property, plant and equipment	(9.0)	8.0	–	–	(1.0)
Financial assets	(0.2)	(1.3)	–	–	(1.5)
Insurance contract liabilities	(46.2)	(20.0)	–	(0.4)	(66.6)
Employee share options	16.5	0.6	(0.2)	(0.4)	16.5
Other	4.8	(4.0)	–	–	0.8
Net deferred tax asset/(liability)	125.9	(23.2)	1.4	(0.5)	103.6
Less assets held for sale	(2.1)	2.1	–	–	–
Net deferred tax asset/(liability)	123.8	(21.1)	1.4	(0.5)	103.6

Movements in deferred and current tax relating to tax deductions arising on employee share options are recognised in the statement of changes in equity to the extent that the movement exceeds the corresponding charge to the income statement.

Movements in deferred tax relating to the employee retirement benefit obligation are recognised in the statement of comprehensive income to the extent that the movement corresponds to actuarial gains and losses recognised in the statement of comprehensive income.

## 23 Deferred tax (continued)

The total income recognised outside the income statement is \$4.2 million (2023: expense of \$0.4 million), comprising \$1.4 million deferred tax income and \$2.8 million current tax income (2023: \$1.3 million deferred tax income and \$1.7 million current tax expense).

Deferred tax assets of \$33.4 million (2023: \$37.4 million), relating to losses arising in overseas entities, which depend on the availability of future taxable profits, have been recognised. Business projections indicate it is probable that sufficient future taxable income will be available against which to offset these recognised deferred tax assets within five years. \$27.7 million (2023: \$27.7 million) of the tax losses to which these assets relate will expire within ten years; a further \$5.9 million (2023: \$9.7 million) will expire after ten years or will be available indefinitely. The Group has not provided for deferred tax assets totalling \$91.6 million (2023: \$84.8 million) in relation to losses in overseas companies and unutilised tax credits of \$439.8 million (2023: \$415.5 million).

In accordance with IAS 12, all deferred tax assets and liabilities are classified as non-current. The amount of deferred tax asset expected to be recovered after more than 12 months is \$101.8 million (2023: \$123.8 million).

### Factors affecting tax charges in future years

Over one hundred and thirty countries have agreed to implement a new global minimum tax (GMT) as Pillar Two of the OECD two-Pillar reform framework. The GMT uses adjusted consolidated accounting data to calculate the effective tax rate (ETR) paid on profits by a multinational in each jurisdiction in which it operates; and then applies a 'top-up tax' on any jurisdictions where the ETR is below 15%.

The majority of jurisdictions in which the Group operates have substantively enacted such legislation ('Pillar Two legislation'). The Hiscox Group is within the scope of these rules, by virtue of the fact that the Group's consolidated revenue in at least two of the four years prior to 2024 exceeded €750 million.

This legislation brings into effect the Income Inclusion Rule (IIR) and Qualified Domestic Minimum Top-Up Tax (QDMTT) from 2024, and the Undertaxed Profits Rule (UPR) from 2025. The rules in force for 2024 apply top-up taxes in participating jurisdictions in respect of any profits in subsidiaries for which the ETR is below 15%. The Group expects any top-up tax payable in 2024 to be immaterial and has therefore not provided for any such current tax.

As a response to the Pillar Two reform, Bermuda has introduced a corporate income tax (Bermuda CIT) which will apply at a rate of 15% to profits of certain Bermuda resident entities with effect from 1 January 2025. The Group expects to be subject to Bermuda CIT. The Bermuda CIT will apply at a rate of 15% on the profits of Hiscox's Bermudian constituent entities. This will have a consequential effect on the Group's future tax charge.

A deferred tax asset of \$154.6 million in relation to the economic transition adjustment (ETA) required by this legislation is recognised at the end of the reporting period. On first entering the scope of Bermuda CIT, the ETA requires each in-scope entity to estimate the fair value of the assets and liabilities held by the Bermudian business at 30 September 2023 and use this in place of book value for tax purposes, creating temporary differences. The principal driver of this temporary difference is the customer relationships intangible asset which is subject to significant judgement and estimates, including forecast cash flows, the discount rate and capital allocation charges.

The impact of these changes on the Group's ETR in future periods will be dependent on the level of taxable profits in those periods for the Group's Bermuda constituent entities. In January 2025, the OECD published new Guidance on the interpretation of the Pillar Two income tax model rules, which advises that deferred tax assets recognised by Bermuda companies as a result of the ETA should only be creditable for top-up tax purposes until the end of 2026. Should this Guidance be substantively enacted into legislation in future periods, the Group expects a corresponding tax liability to arise equivalent to 80% of the value of the ETA, spread over eight years, from 2027. Under the existing IAS12 exception for disclosing information about deferred tax impacts of Pillar Two taxes, however, this would not be recognised as deferred tax but would instead increase the Group's effective tax rate in future periods.

The proportion of the Group's profits expected to be otherwise impacted by Pillar Two taxes is between \$0 million and \$5 million, currently taxed at 0% to 10%.

## 24 Employee retirement benefit obligations

The Company's subsidiary Hiscox plc operates a defined benefit pension scheme based on final pensionable salary. The scheme closed to future accruals with effect from 31 December 2006 and active members were offered membership of a defined contribution scheme from 1 January 2007. The funds of the defined benefit scheme are controlled by the Trustees and are held separately from those of the Group. 61% of any scheme surplus or deficit is recharged to Syndicate 33. The full pension obligation of the Hiscox defined benefit pension scheme is recorded and the recovery from the third-party Names for their share of the Syndicate 33 recharge is shown as a separate asset.

The gross amount recognised in the consolidated statement of financial position in respect of the defined benefit scheme is determined as follows:

	2024	2023
	\$m	\$m
Present value of scheme obligations	209.1	236.2
Fair value of scheme assets	(249.1)	(280.6)
<b>Net amount recognised as a defined benefit surplus</b>	<b>(40.0)</b>	<b>(44.4)</b>

As the fair value of the scheme assets exceeds the present value of scheme obligations, the scheme reports a surplus (2023: reports a surplus).

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit actuarial cost method. A formal full actuarial valuation is performed on a triennial basis, most recently at 31 December 2023, and updated at the end of each intervening reporting period by the actuaries. The year end present value of the defined benefit obligation under IAS 19 is determined by discounting the estimated future cash flows, using interest rates of AA rated corporate bonds that have terms to maturity that approximate to the terms of the related pension liability, and is not impacted directly by the triennial valuation.

The scheme assets are invested in pooled investment vehicles as follows:

	2024		2023 (restated)	
	Total	Of which not quoted on an active market	Total	Of which not quoted on an active market
	\$m	\$m	\$m	\$m
At 31 December				
Invested assets				
UK equity*	6.6	6.6	6.8	6.8
US equity*	–	–	7.3	7.3
Diversified growth*	43.3	43.3	41.3	41.3
Bonds†	65.8	65.8	66.0	66.0
Liability driven investments†	100.7	100.7	128.8	128.8
Assets held by insurance company	2.0	2.0	2.8	2.8
Cash†	30.7	30.7	27.6	27.6
	<b>249.1</b>	<b>249.1</b>	<b>280.6</b>	<b>280.6</b>

\*These were previously aggregated and presented as pooled investment vehicles.

†In 2023, liability driven investments of \$128.8 million and cash of \$6.5 million were previously presented as part of bonds.

## 24 Employee retirement benefit obligations (continued)

The amounts recognised in total comprehensive income are as follows:

For the year ended 31 December	2024	2023
	\$m	\$m
Past service cost	–	–
Interest cost on defined benefit obligation	11.0	10.9
Interest income on plan assets	(13.1)	(12.6)
Net interest income	(2.1)	(1.7)
Total income recognised in operational expenses in the income statement	(2.1)	(1.7)
Remeasurements		
Effect of changes in actuarial assumptions	(26.5)	6.3
Return on plan assets (excluding interest income)	32.2	(1.3)
Remeasurement of third-party Names' share of defined benefit obligation	(0.9)	(0.9)
Total remeasurement included in other comprehensive income	4.8	4.1
Total defined benefit charge recognised in comprehensive income	2.7	2.4

The movement in the surplus recognised in the consolidated statement of financial position is as follows:

	2024	2023
	\$m	\$m
Group defined benefit surplus at beginning of year	(44.4)	(20.9)
Third-party Names' share at beginning of year	(5.0)	(4.3)
Net defined benefit surplus at beginning of year	(49.4)	(25.2)
Defined benefit income included in the income statement	(2.1)	(1.7)
Contribution by employer	–	(24.8)
Total remeasurements included in other comprehensive income	4.8	4.1
Other movements	1.1	(1.8)
Net defined benefit surplus at end of year	(45.6)	(49.4)
Third-party Names' share at end of year	5.6	5.0
Group defined benefit surplus at end of year	(40.0)	(44.4)

A reconciliation of the fair value of scheme assets is as follows:

	2024	2023
	\$m	\$m
Opening fair value of scheme assets	280.6	234.8
Interest income	13.1	12.6
Cash flows		
Contribution by the employer	–	24.8
Benefit payments	(7.8)	(7.8)
Remeasurements		
Return on plan assets (excluding interest income)	(32.2)	1.3
Foreign exchange movements	(4.6)	14.9
Closing fair value of scheme assets	249.1	280.6

## 24 Employee retirement benefit obligations (continued)

A reconciliation of the present value of obligations of the scheme is as follows:

	2024	2023
	\$m	\$m
Opening present value of scheme obligations	236.2	213.9
Past service cost	–	–
Interest expense	11.0	10.9
Cash flows		
Benefit payments	(7.8)	(7.8)
Remeasurements		
Changes in actuarial assumptions	(26.5)	6.3
Foreign exchange movements	(3.8)	12.9
<b>Closing present value of scheme obligations</b>	<b>209.1</b>	<b>236.2</b>

Assumptions regarding future mortality experience are set based on the S4PA (2023: S3PA) light tables. Reductions in future mortality rates are allowed for by using the CMI 2023 (2023: 2019) projections (core model) with 1.25% per annum long-term trend for improvements.

The average life expectancy in years of a pensioner retiring at age 60 on the end of the reporting period is as follows:

	2024	2023
Male	27.9	29.0
Female	29.8	30.8

The average life expectancy in years of a pensioner retiring at 60, 15 years after the end of the reporting period, is as follows:

	2024	2023
Male	28.1	29.4
Female	30.2	31.0

The weighted average duration of the defined benefit obligation at 31 December 2024 was 14.0 years (2023: 16.0 years)

Other principal actuarial assumptions are as follows:

	2024	2023
	%	%
Discount rate	5.57	4.77
Inflation assumption (RPI)	3.07	2.99
Inflation assumption (CPI)	2.47	2.39
Pension increases	2.89	2.82

The scheme operates under UK Trust law and the Trust is a separate legal entity from the Group. The scheme is governed by a board of Trustees, comprised of member-nominated and employer-appointed Trustees. The Trustees are required by law to act in the best interests of scheme members and are responsible for setting certain policies, together with the principal employer. The scheme is funded by the Group when required. Funding of the scheme is based on a separate actuarial valuation for funding purposes for which assumptions may differ from the assumptions above. Funding requirements are formally set out in the statement of funding principles, schedule of contributions and recovery plan agreed between the Trustees and the Group.

A triennial valuation was carried out as at 31 December 2023 and resulted in a surplus position of £3.7 million (\$4.7 million) on a technical provisions basis. The previous recovery plan has therefore now fallen away and no further deficit recovery contributions are due.

While management believes that the actuarial assumptions are appropriate, any significant changes to those could affect the statement of financial position and income statement. For example, an additional one year of life expectancy for all scheme members would increase the scheme obligations by £4.2 million (\$5.3 million) at 31 December 2024 (2023: £5.4 million (\$6.9 million)), and would increase/reduce the recorded net deficit/surplus on the statement of financial position by the same amounts.

## 24 Employee retirement benefit obligations (continued)

A Court of Appeal legal ruling in July 2024 (Virgin Media Limited v NTL Pension Trustees II Limited) decided that certain pension scheme amendments were invalid if they were not accompanied by the correct actuarial confirmation. Pensions industry stakeholders have called on the Department for Work and Pensions to provide clarity and further legal actions are expected in this area. The Group continues to believe that the pension scheme deed, including relevant amendments remains valid and has set the IAS19 assumptions accordingly. The Group will monitor any further developments and assess any impact on the Group's pension scheme.

The most sensitive and judgemental financial assumptions are the discount rate and inflation. These are considered further below. CPI revaluation in deferment is used for contracted-out members. Contracted-in members are linked to RPI, as well as for all pension in payment increases.

The Group has estimated the sensitivity of the present value of unfunded obligations to isolated changes in these assumptions at 31 December 2024 as follows:

	Present value of unfunded obligations before change in assumption	Present value of unfunded obligations after change	(Increase) /decrease in obligation recognised on balance sheet
	\$m	\$m	\$m
Effect of change in discount rate			
Use of discount rate of 5.82%	209.1	202.4	6.7
Use of discount rate of 5.32%	209.1	216.1	(7.0)
Effect of change in discount rate			
Use of RPI inflation assumption of 3.32%	209.1	211.3	(2.2)
Use of RPI inflation assumption of 2.82%	209.1	207.1	2.0

## 25 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.

	2024	2023
Profit for the period attributable to owners of the Company (\$m)	627.2	712.0
Weighted average number of ordinary shares in issue (thousands)	342,273	345,402
Basic earnings per share (cents per share)	183.2	206.1

### 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.

	2024	2023
Profit for the period attributable to owners of the Company (\$m)	627.2	712.0
Weighted average number of ordinary shares in issue (thousands)	342,273	345,402
Adjustment for share options (thousands)	9,841	7,981
Weighted average number of ordinary shares for diluted earnings per share (thousands)	352,114	353,383
Diluted earnings per share (cents per share)	178.1	201.5

Diluted earnings per share has been calculated after taking account of 6,263,301 (2023: 5,190,855) PSP awards, 371,118 (2023: 648,208) options under SAYE schemes and 3,206,786 (2023: 2,142,256) employee share awards.

## 26 Dividends paid to owners of the Company

	2024	2023
	\$m	\$m
Final dividend for the year ended:		
31 December 2023 of 25.0¢ (net) per share	86.0	–
31 December 2022 of 24.0¢ (net) per share	–	82.8
Interim dividend for the year ended		
31 December 2024 of 13.2¢ (net) per share	44.8	–
31 December 2023 of 12.5¢ (net) per share	–	43.3
	<b>130.8</b>	<b>126.1</b>

The interim and final dividend for 2023 was paid either in cash or issued as a Scrip Dividend at the option of the shareholder. The interim dividend for the year ended 31 December 2023 was paid in cash of \$42.7 million and 43,673 shares for a Scrip Dividend. The final dividend for the year ended 31 December 2023 of 25.0¢ was paid in cash of \$84.4 million and 108,222 shares for the Scrip Dividend.

The interim dividend for 2024 was paid either in cash or issued as a Scrip Dividend at the option of the shareholder. The amounts were \$42.6 million in cash and 144,509 shares for a Scrip Dividend.

The Board recommended a final dividend of 29.9¢ per share to be paid, subject to shareholder approval, on 15 May 2025 to shareholders registered on 25 April 2025. 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 20 May 2025 and 27 May 2025 inclusive.

A Scrip Dividend alternative will be offered to the owners of the Company.

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.

## 27 Contingencies and guarantees

The Group's parent company and subsidiaries may become involved in legal proceedings, claims and litigation in the normal course of business. The Group reviews and, in the opinion of the Directors, maintains sufficient provision, capital and reserves in respect of such claims.

The following guarantees have also been issued:

- (a) Hiscox Dedicated Corporate Member Limited (HDCM) and Hiscox Insurance Company (Bermuda) Limited (Hiscox Bermuda) provide assets under a Security and Trust Deed charged to Lloyd's of London, to meet any liabilities that occur from their interest in Syndicates 33 and 3624. At 31 December 2024, HDCM held \$79.9 million of investments (2023: \$69.6 million), \$12.7 million of cash (2023: \$12.9 million) and a \$106.4 million LOC (2023: \$241.0 million) in favour of Lloyd's of London under this arrangement. At 31 December 2024, Hiscox Bermuda held \$216.1 million of investments (2023: \$384.6 million), \$19.9 million of cash (2023: \$95.2 million) and a \$159.6 million LOC (2023: \$25.0 million) in favour of Lloyd's of London under this arrangement.
- (b) In 2020, HDCM entered into a \$65.0 million Funds at Lloyd's agreement under which the lending bank provides assets on HDCM's behalf under a security and trust deed charged to Lloyd's of London as part of the Company's Funds at Lloyd's provision. This has been extended annually. At 31 December 2023 and 2024 the full \$65.0 million was utilised.
- (c) In June 2024, Hiscox plc renewed its LOC and revolving credit facility with Lloyds Banking Group, as agent for a syndicate of banks. The facility may be drawn in cash up to \$650.0 million (2023: \$600.0 million) under a revolving credit facility and LOC up to \$266.0 million (2023: \$266.0 million). The terms also provide that the facility may be drawn in USD, GBP or EUR, or another currency with the agreement of the banks. At 31 December 2024, \$266.0 million (2023: \$266.0 million) was utilised by way of LOC to support the Funds at Lloyd's requirement and \$nil cash drawings were outstanding (2023: \$nil).
- (d) The Council of Lloyd's has the discretion to call a contribution of up to 5% of capacity if required from the managed Syndicates.
- (e) As Hiscox Bermuda is not an admitted insurer or reinsurer in the USA, the terms of certain US insurance and reinsurance contracts require Hiscox Bermuda to provide LOCs or other terms of collateral to clients. Hiscox Bermuda has in place a LOC reimbursement and pledge agreement with Citibank for the provision of a committed LOC facility in favour of USA ceding companies and other jurisdictions, and also committed LOC facility agreements with National Australia Bank and Commerzbank AG. The agreements combined allow Hiscox Bermuda to request the issuance of up to \$395.0 million in committed LOCs (2023: \$470.0 million). LOCs issued under these facilities are collateralised by cash, US government and corporate securities of Hiscox Bermuda. LOCs under these facilities totalling \$205.1 million were issued with an effective date of 31 December 2024 (2023: \$207.0 million) and these were collateralised by US government and corporate securities with a fair value of \$251.2 million (2023: \$233.7 million). In addition, Hiscox Bermuda maintained assets in trust accounts to collateralise obligations under various reinsurance agreements. At 31 December 2024, total cash and marketable securities with a carrying value of approximately \$46.2 million (2023: \$36.2 million) were held in external trusts. Cash and marketable securities with an approximate market value of \$521.9 million (2023: \$535.2 million) were held in trust in respect of internal quota share arrangements.
- (f) Hiscox Société Anonyme has arranged bank guarantees with respect to its various office deposits for a total of €0.5 million (2023: €0.3 million).
- (g) See note 22 for tax-related contingent liabilities.

## 28 Capital commitments

Refer to note 21 for lease commitments and income from sub-leasing and note 24 for the Group's funding contributions to the defined benefit scheme. The Group's capital commitments contracted for at the end of the reporting period but not yet incurred for property, plant, equipment and software development were \$0.2 million (2023: \$1.6 million).

The Group has given an undertaking to provide up to \$296.7 million in private credit funds (2023: \$nil). The table below shows the total commitment and the amount that remains undrawn as at 31 December 2024.

	Total commitment in original currency	Total commitment	Undrawn commitment
	m	\$m	\$m
Hiscox Insurance Company (Bermuda) Limited	\$115	115.0	65.4
Hiscox Société Anonyme	€45	46.6	32.3
Hiscox Insurance Company Inc.	\$85	85.0	48.6
Hiscox Insurance Company Limited	£40	50.1	33.5
<b>Total</b>		<b>296.7</b>	<b>179.8</b>

## 29 Principal subsidiary companies of Hiscox Ltd at 31 December 2024

Company	Nature of business	Country
Hiscox plc*	Holding company	United Kingdom
Hiscox Insurance Company Limited	General insurance	United Kingdom
Hiscox Insurance Company (Guernsey) Limited*	General insurance	Guernsey
Hiscox Holdings Inc.	Holding company	USA (Delaware)
ALTOHA, Inc.	Insurance holding company	USA (Delaware)
Hiscox Insurance Company Inc.	General insurance	USA (Illinois)
Hiscox Inc.	Insurance intermediary	USA (Delaware)
Hiscox Special Risks Agency (Americas) Inc.	Underwriting agency	USA (Delaware)
Hiscox Insurance Services Inc.	Insurance intermediary	USA (Delaware)
Hiscox Speciality Insurance Company Inc.	General insurance	USA (Illinois)
Hiscox Insurance Company (Bermuda) Limited*	General insurance and reinsurance	Bermuda
Hiscox Dedicated Corporate Member Limited	Lloyd's corporate Name	United Kingdom
Hiscox Re Insurance Linked Strategies Limited*	Investment manager	Bermuda
Hiscox Agency Limited*	Lloyd's service company	Bermuda
Hiscox Dollar Holdings Ltd*	Inactive	Bermuda
Hiscox Services Ltd*	Service company	Bermuda
Hiscox Holdings Limited	Insurance holding company	United Kingdom
Hiscox Syndicates Limited	Lloyd's managing agent	United Kingdom
Hiscox ASM Ltd.	Insurance intermediary	United Kingdom
Hiscox Underwriting Group Services Limited	Service company	United Kingdom
Hiscox Underwriting Ltd	Underwriting agent	United Kingdom
Hiscox Société Anonyme*	General insurance	Luxembourg
Hiscox Insurance Services (Guernsey) Limited	Underwriting agency	Guernsey
Hiscox MGA Limited	Insurance intermediary	United Kingdom
Hiscox Insurance Holdings Limited	Holding company	United Kingdom
Hiscox Connect Limited	Service company	United Kingdom
Hiscox Assure SAS	Insurance intermediary	France
Direct Asia Insurance (Holdings) Pte Ltd	Holding company	Singapore
Direct Asia Insurance (Singapore) Pte Ltd	General insurance	Singapore
Direct Asia Management Services Pte Ltd	Service company	Singapore

\*Held directly by Hiscox Ltd.

All principal subsidiaries are wholly owned. The proportion of voting rights of subsidiaries held is the same as the proportion of equity shares held.

### 30 Related-party transactions

Details of the remuneration of the Group's key personnel, presented in Sterling, are shown in the Directors' remuneration report 2024 on pages 126 to 139. A number of the Group's key personnel hold insurance contracts with the Group, all of which are on normal commercial terms and are not material in nature.

The following transactions were conducted with related parties during the year.

#### (a) Syndicate 33 at Lloyd's

Related-party balances between Group companies and Syndicate 33 reflect the 27.4% interest (2023: 27.4%) that the Group does not own, and are as follows.

	Transactions in the income statement for the year ended		Balances outstanding receivable/(payable) at	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
	\$m	\$m	\$m	\$m
Hiscox Syndicates Limited	21.5	24.2	32.4	23.3
Hiscox Group Insurance carriers	38.0	20.7	(55.0)	(75.1)
Hiscox Group Insurance intermediaries	7.1	7.4	(2.9)	(4.2)
Other Hiscox Group companies	53.8	47.6	(1.4)	(0.3)
	120.4	99.9	(26.9)	(56.3)

#### (b) Transactions with associates

Certain companies within the Group conduct insurance and other business with associates. These transactions arise in the normal course of obtaining insurance business through brokerages, and are based on arm's length arrangements.

	2024	2023
	\$m	\$m
Insurance revenue achieved through associates	8.5	10.9
Commission expense charged by associates	2.2	2.9

There were no material outstanding balances with associates.

Details of the Group's associates are given in note 13.

#### (c) Internal reinsurance arrangements

During the current and prior year, there were a number of reinsurance arrangements entered into in the normal course of trade between various Group companies. The related results of these transactions have been eliminated on consolidation.

### 31 Events after the reporting period

There are no material events that have occurred after the reporting date.

## 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 and net tangible asset value per share, insurance contract written premium, net insurance contract written premium 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 ratio is calculated as the sum of the claims ratio and the expense ratio. Claims are discounted under IFRS 17 which can introduce volatility to the ratios if interest rates move significantly during a period, therefore ratios are also presented on an undiscounted basis. The combined, claims and expense ratios are common measures enabling comparability across the insurance industry, and are used by the Group to measure the relative underwriting profitability of the business by reference to its costs as a proportion of the insurance revenue net of allocation of reinsurance premiums. The calculation is discussed further in note 4, operating segments.

### Return on equity

The ROE is shown in note 6, along with an explanation of the calculation. Use of ROE is common within the financial services industry, and the Group uses ROE as one of its key performance indicators. While the measure enables the Group to compare itself against other peer companies in the insurance 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.

### Net asset value (NAV) per share and net tangible asset value per share

NAV per share and net tangible asset value per share are shown in note 5, along with an explanation of the calculation. Net tangible asset value comprises total equity excluding intangible assets. The Group uses NAV per share as one of its key performance indicators, including using the movement of NAV per share in the calculation of the options vesting of awards granted under PSPs 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.

### Insurance contract written premium (ICWP) and net insurance contract written premium

ICWP is the Group's top-line key performance indicator, comprising premiums on business incepting in the financial year, adjusted for estimates of premiums written in prior accounting periods, reinstatement premium and non-claim dependent commissions.

The tables below reconcile the ICWP back to insurance revenue and net insurance contract written premium back to net insurance revenue.

Writing insurance policies is the Group's primary function and this measure allows a written premium measure alongside the earned premium basis adopted by the Group under the premium allocation approach for insurance revenue under IFRS 17.

	2024	2023
	\$m	\$m
Insurance contract written premium	4,766.9	4,598.2
Change in unearned premium included in the liability for remaining coverage	(94.4)	(115.0)
Insurance revenue	4,672.5	4,483.2

	2024	2023
	\$m	\$m
Net insurance contract written premium	3,675.6	3,555.8
Change in unearned premium included in the liability for remaining coverage	(94.4)	(115.0)
Change in reinsurance provision for unearned premium included in asset for remaining coverage	(118.1)	(77.0)
Net insurance revenue (Insurance revenue less allocation of reinsurance premiums)	3,463.1	3,363.8

### Prior-year developments

Prior-year developments are a measure of favourable or adverse development on claims reserves, net of reinsurance, that existed at the end of the prior year.

The prior-year development is calculated as the positive or negative movement in ultimate losses on prior accident years during the year on an undiscounted basis adjusted for LPT premium.

Prior-year developments are a useful measure as they enables users of the financial statements to compare and contrast the Group's performance relative to peer companies and to understand the consistency of the Group's conservative approach to reserving.

The LPT premium reclass captures the LPT reinsurance recoveries due to changes in ultimate losses related to the covered business which is recognised in the reinsurance asset held for remaining coverage.

Prior-year development recognised for the year amounts to \$145.5 million (2023: \$122.8 million) and comprises:

	2024	2023
	\$m	\$m
Adjustment to liabilities for incurred claims relating to past service, net of reinsurance recoveries (on a present value basis)	314.8	203.6
Adjustment for discounting impact	(30.1)	(19.1)
Adjustment for LPT premium and experience adjustment	(139.2)	(61.7)
	<b>145.5</b>	<b>122.8</b>

## Five-year summary

	2024	2023	2022	2021	2020
	\$m	\$m	\$m	\$m	\$m
<b>Results</b>					
Profit/(loss) before tax	685.4	625.9*	275.6	190.8 <sup>†</sup>	(268.5) <sup>†</sup>
Insurance revenue	4,672.5	4,483.2*	4,273.3	–	–
Profit/(loss) for the year after tax	627.2	712.0	253.9	189.5 <sup>†</sup>	(293.7) <sup>†</sup>
<b>Assets employed</b>					
Goodwill and intangible assets	308.8	323.9	320.4	313.1	298.9
Financial assets carried at fair value	7,077.6	6,574.4	5,812.1	6,041.3	6,116.8
Cash and cash equivalents	1,227.0	1,437.0	1,350.9	1,300.7	1,577.2
Insurance contract liabilities and reinsurance contract assets	(4,419.5)	(4,505.7)	(4,177.1)	(4,690.4) <sup>†</sup>	(5,468.8) <sup>†</sup>
Other net liabilities	(504.0)	(532.9)	(671.3)	(155.4)	(170.2)
<b>Net assets</b>	<b>3,689.9</b>	<b>3,296.7</b>	<b>2,635.0</b>	<b>2,539.3</b>	<b>2,353.9</b>
<b>Net assets value per share (cents)</b>	<b>1,086.4</b>	<b>951.1</b>	<b>764.5</b>	<b>739.8</b>	<b>689.0</b>
<b>Key statistics</b>					
Basic earnings/(loss) per share (¢)	183.2	2.1	73.8	55.3 <sup>†</sup>	(91.6) <sup>†</sup>
Diluted earnings/(loss) per share (¢)	178.1	2.0	72.7	54.7 <sup>†</sup>	(90.6) <sup>†</sup>
Combined ratio (%)	84.7 <sup>‡</sup>	85.5 <sup>‡</sup>	88.7 <sup>‡</sup>	93.2 <sup>†</sup>	114.5 <sup>†</sup>
Return on equity (%)	19.8	27.6	10.1	8.1 <sup>†</sup>	(11.8) <sup>†</sup>
Dividends per share (¢)	43.1	37.5	36.0	34.5	–
Share price – high (p) <sup>§</sup>	1,281.0	1,193.0	1,106.5	1,004.0	1,431.0
Share price – low (p) <sup>§</sup>	998.0	938.0	827.2	770.0	666.4

\*These numbers were previously transposed and have now been corrected.

<sup>†</sup>Represent balances reported under IFRS 4 and IAS 39.

<sup>‡</sup>Represents combined ratio on a discounted basis.

<sup>§</sup>Closing mid-market prices.

The five-year summary is unaudited.

## Glossary of terms

**ABI** stands for Association of British Insurers.

**ABIR** stands for Association of Bermuda Insurers and Reinsurers.

**ACA** stands for Associate Chartered Accountant.

**AGM** stands for Annual General Meeting.

**ARC** stands for assets for remaining coverage.

**BIBA** stands for British Insurance Brokers' Association.

**Big-ticket** stands for large and complex (re)insurance business written through Hiscox London Market and Hiscox Re & ILS.

**BMA** stands for Bermuda Monetary Authority.

**BSCR** stands for Bermuda Solvency Capital Requirement.

**CBES** stands for Climate Biennial Exploratory Scenario.

**CGU** stands for cash-generating unit.

**CIAB** stands for Council of Insurance Agents and Brokers.

**CIT** stands for corporate income tax.

**COR** stands for combined ratio.

**CSRD** stands for Corporate Sustainability Reporting Directive.

**CVaR** stands for Climate Value-at-Risk.

**DEI** stands for diversity, equity and inclusion.

**D&O** stands for directors and officers' insurance.

**DPD** stands for direct and partnership division.

**DTA** stands for deferred tax asset.

**EAD** stands for exposure at default.

**ECL** stands for expected credit loss.

**EPS** stands for earnings per share.

**ESG** stands for environmental, social and governance.

**ETR** stands for effective tax rate.

**FCA** stands for Financial Conduct Authority.

**FRC** stands for Financial Reporting Council.

**FVOCI** stands for fair value through other comprehensive income.

**FVPL** stands for fair value through profit or loss.

**GBP** stands for Great British Pounds (Sterling).

**GEC** stands for Group Executive Committee.

**GHG** stands for greenhouse gas.

**GIST** stands for general insurance stress test.

**GMM** stands for General Measurement Model.

**GRCC** stands for Group Risk and Capital Committee.

**GRI** stands for Global Reporting Initiative.

**GSSA** stands for Group Solvency Self Assessment.

**GUR** stands for Group Underwriting Review.

**H1** stands for first half of the year.

**H2** stands for second half of the year.

**IAS** stands for International Accounting Standards.

**IBNR** stands for incurred but not reported.

**ICWP** stands for insurance contract written premium.

**IFRS** stands for the International Financial Reporting Standards.

**ILS** stands for insurance-linked securities.

**IPCC** stands for Intergovernmental Panel on Climate Change.

**ISSB** stands for International Sustainability Standards Board.

**ITR** stands for implied temperature loss.

**KPI** stands for key performance indicator.

**LGD** stands for loss given default.

**LIC** stands for liability for incurred claims.

**LOC** stands for Letter of Credit.

**LMA** stands for Lloyd's Market Association.

**LPT** stands for legacy portfolio transaction.

**LRC** stands for liability for remaining coverage.

**LTIP** stands for long-term incentive plan.

**MSCI** stands for Morgan Stanley Capital International.

**NAV** stands for net asset value.

**NAVPS** stands for net asset value per share.

**OCI** stands for other comprehensive income.

**OECD** stands for Organisation for Economic Co-operation and Development.

**ORSA** stands for own risk and solvency assessment.

**PAA** stands for premium allocation approach.

**PBT** stands for profit before tax.

**PD** stands for probability of default.

**PRA** stands for Prudential Regulation Authority.

**PSP** stands for performance share plan.

**Re** stands for reinsurance.

**ROE** stands for return on equity.

**RIMS** stands for Risk and Insurance Management Society.

**SME** stands for small- and medium-sized enterprises.

**SPPI** stands for solely payments of principal and interest.

**USD** stands for United States Dollars.

**WACC** stands for weighted average cost of capital.



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**You had a meeting  
with a potential client  
and you smashed it.  
Unfortunately,  
“it” was their £12,000  
LED video wall.**

**If your business is  
blamed for damaging  
property, Hiscox could  
help protect you.**

The story of  
your business  
underwritten by

  
Business Insurance