



**Hiscox Ltd
Interim results**

for the six months ended 30 June 2009

Another record profit

- Profit before tax £141.4m (2008: £109.2m);
before FX* £243.7m (2008: £114.9m)
- Interim dividend up 5.9% to 4.5p per share (2008: 4.25p)
- Net assets per share up 16.7% to 259.3p
(2008: 222.1p)
- Combined ratio 79.5% (2008: 81.0%) before monetary FX
- Investment return 7.0% (annualised)
- Return on equity 27.5% (2008: 21.8%)

*excludes foreign exchange losses arising on monetary items of £42.8m (2008: £9.6m profit) and includes an uplift of £59.5m to adjust for the impact of the non retranslation of non monetary items (2008: £15.3m), as described in note 19.

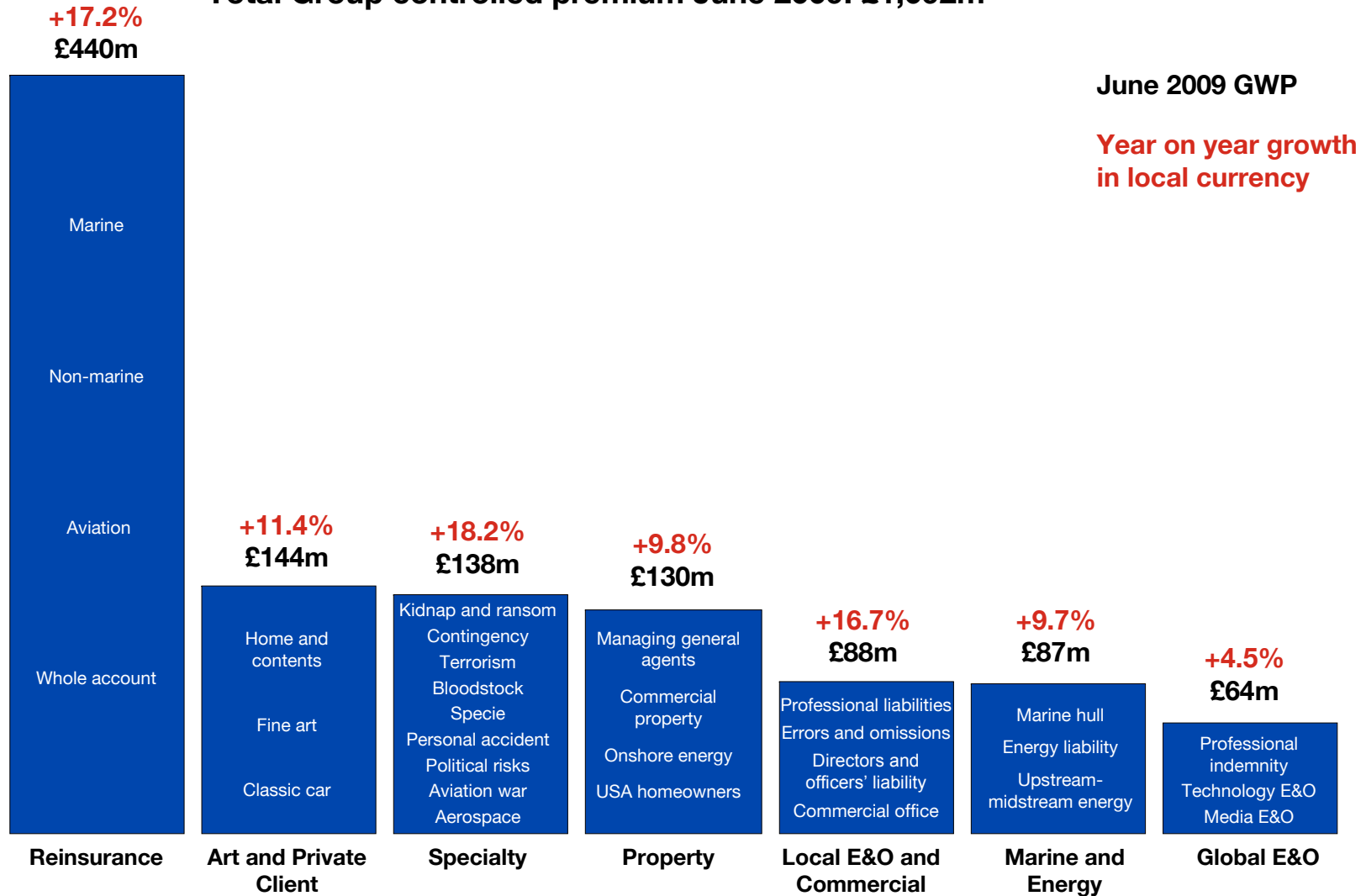
Gross written premiums for the six months to 30 June 2009

	2009 £m	2008 £m	Change %	Growth in local currency %
Hiscox Global Markets	485	344	41.0	11.3
Hiscox International				
- Hiscox Bermuda	135	77	74.3	31.7
- Hiscox Guernsey	43	27	60.9	21.9
- Hiscox USA	23	13	75.5	32.7
Hiscox UK	151	125	20.1	20.1
Hiscox Europe	69	53	31.9	11.3
Total	906	639	41.7	16.3



Group overview – Business trends

Total Group controlled premium June 2009: £1,092m





Financial performance

	June 2009 £000	June 2008 £000	December 2008 £000
Gross Premiums Written	906,029	639,360	1,147,364
Net Premiums Written	715,153	513,947	930,464
Net Premiums Earned	565,165	486,823	953,020
Profit before tax	141,388	109,221	105,180
Profit after tax	122,079	84,352	70,808
Basic earnings per share (p)	33.2	21.7	18.8
Interim/final dividend (p)	4.5	4.25	12.75
Net Asset Value			
£m	964.9	817.6	951.0
p per share	259.3	222.1	258.1
Return on equity after tax*	27.5%	21.8%	9.2%

*Annualised

	30 June 2009					30 June 2008				
	Global Markets £000	UK and Europe £000	Inter- national £000	Corporate Centre £000	Total £000	Global Markets £000	UK and Europe £000	Inter- national £000	Corporate Centre £000	Total £000
Gross Premiums Written	485,376	220,069	200,584	-	906,029	344,341	178,038	116,981	-	639,360
Net Premiums Written	353,518	204,153	157,482	-	715,153	249,252	163,772	100,923	-	513,947
Net Premiums Earned	266,701	174,237	124,227	-	565,165	259,491	143,189	84,143	-	486,823
Investment income – financial assets	46,239	11,431	25,629	2,134	85,433	13,792	(3,414)	6,556	(479)	16,455
Profit before tax	77,267	4,460	71,516	(11,855)	141,388	80,353	16,314	20,310	(7,756)	109,221
Combined Ratio	88.7%	105.7%	62.6%	-	88.3%	75.7%	86.3%	84.6%	-	79.7%
Combined Ratio excluding monetary FX	70.6%	102.4%	72.3%	-	79.5%	76.0%	90.4%	86.1%	-	81.0%

Global Markets

Comprises the results of Syndicate 33, excluding Syndicate 33's fine art, UK regional events coverage, non-US household business and underwriting result of Hiscox Inc. It includes the results of the larger retail TMT business written by Hiscox Insurance Company Limited.

UK and Europe

Comprises the results of Hiscox Insurance Company Limited, the results of Syndicate 33's fine art, UK regional events coverage and non-US household business, together with the income and expenses arising from the Group's retail agency activities in the UK and in continental Europe. It excludes the results of the larger retail TMT business written by Hiscox Insurance Company Limited.

International

Comprises the results of Hiscox Insurance Company (Guernsey) Limited, Hiscox Inc. and Hiscox Insurance Company (Bermuda) Limited and the ALTOHA sub-group.

Corporate Centre

Comprises the investment return, finance costs and administrative costs associated with Group management activities. In respect of the current year under review, Corporate Centre also includes the majority of foreign currency items on economic hedges and intragroup borrowings.

Investment performance

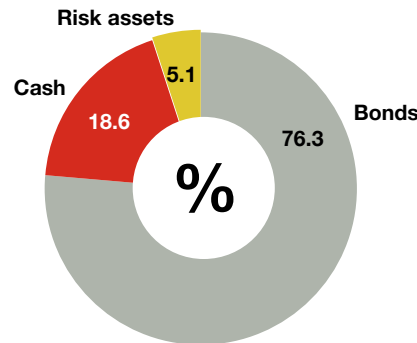
	30 June 2009			30 June 2008		
	Asset Allocation %	Annualised Return %	Return £000	Asset Allocation %	Annualised Return %	Return £000
Bonds £	17.0	3.5		15.5	3.9	
US\$	53.0	9.8		50.7	2.6	
Other	6.3	5.6		9.3	3.0	
Bonds total	76.3	8.3	77,611	75.5	2.8	20,407
Equities	5.1	10.6	6,141	6.8	(16.8)	(12,686)
Deposits/Cash/ Bonds <3m	18.6	0.7	1,681	17.7	4.2	8,734
Actual Return		7.0	85,433		1.6	16,455
Group Invested Assets			£2,379m			£1,931m

Before fees and derivative positions.

High quality and well diversified portfolio

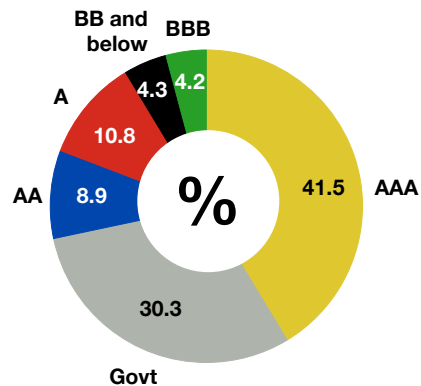
Investment portfolio:
£2,379m

Asset allocation

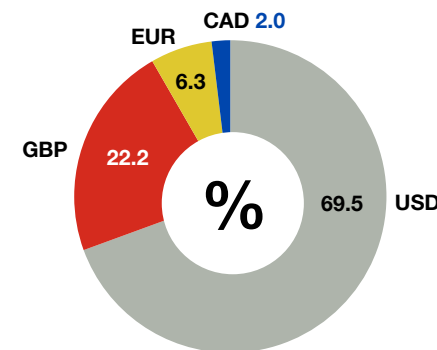


- Over 60% in cash and Government supported securities
- Credit quality and liquidity focus
- Strong recovery in non-Government bonds
- Risk assets maintained

Bond credit quality



Bond currency split



Bond portfolios at 30th June 2009 - USD

Portfolio: \$2.1bn

	Gvt %	AAA %	AA %	A %	BBB %	BB and below	Total %	Duration months	
Government issued	31.3						31.3	18.0	Conservative core
Government supported*		20.1					20.1	20.0	
Asset backed		7.3	0.1	0.3	1.7	0.2	9.6	9.2	Reduced exposure
Mortgage backed agency		9.1					9.1	21.1	Recovery in prices
Non agency		8.1	0.2	1.0	0.9	1.6	11.8	23.2	Corporates increased
Corporates		0.1	4.6	6.9	2.2	4.3	18.1	25.7	
Total	31.3	44.7	4.9	8.2	4.8	6.1	100.0	19.4	

* Includes agency debt and Federal Deposit Insurance Corporation (FDIC) bank bonds



Bond portfolios as at 30th June 2009 – GBP, EUR and CAD

GBP Portfolio: £404m

	Gvt %	AAA %	AA %	A %	BBB %	BB %	Total %	Duration Months
Government issued	36.7						36.7	13.8
Government supported*		33.4					33.4	12.4
Corporates		3.5	11.0	10.4	4.7	0.3	29.9	11.5
Total	36.7	36.9	11.0	10.4	4.7	0.3	100.0	12.2

- Short duration
- Euros (€80m) switched into GBP

EUR and CAD Portfolios: £150m

Government issued	12.6						12.6	28.7
Government supported*		33.6					33.6	28.7
Corporates		9.0	17.1	18.7	3.7	5.3	53.8	15.3
Total	12.6	42.6	17.1	18.7	3.7	5.3	100.0	21.2

* Includes supranational and government guaranteed bonds

New segmental for year end

- Along geographic lines, following new management structure

Existing	Global Markets	UK and Europe	International
	<ul style="list-style-type: none"> • London Market • USA Global Markets 	<ul style="list-style-type: none"> • UK retail • European retail 	<ul style="list-style-type: none"> • Bermuda • Guernsey • USA retail

New	London Market	UK and Europe	International
	<ul style="list-style-type: none"> • London Market 	<ul style="list-style-type: none"> • UK retail • European retail 	<ul style="list-style-type: none"> • Bermuda • Guernsey • USA <ul style="list-style-type: none"> - USA retail - USA Global Markets

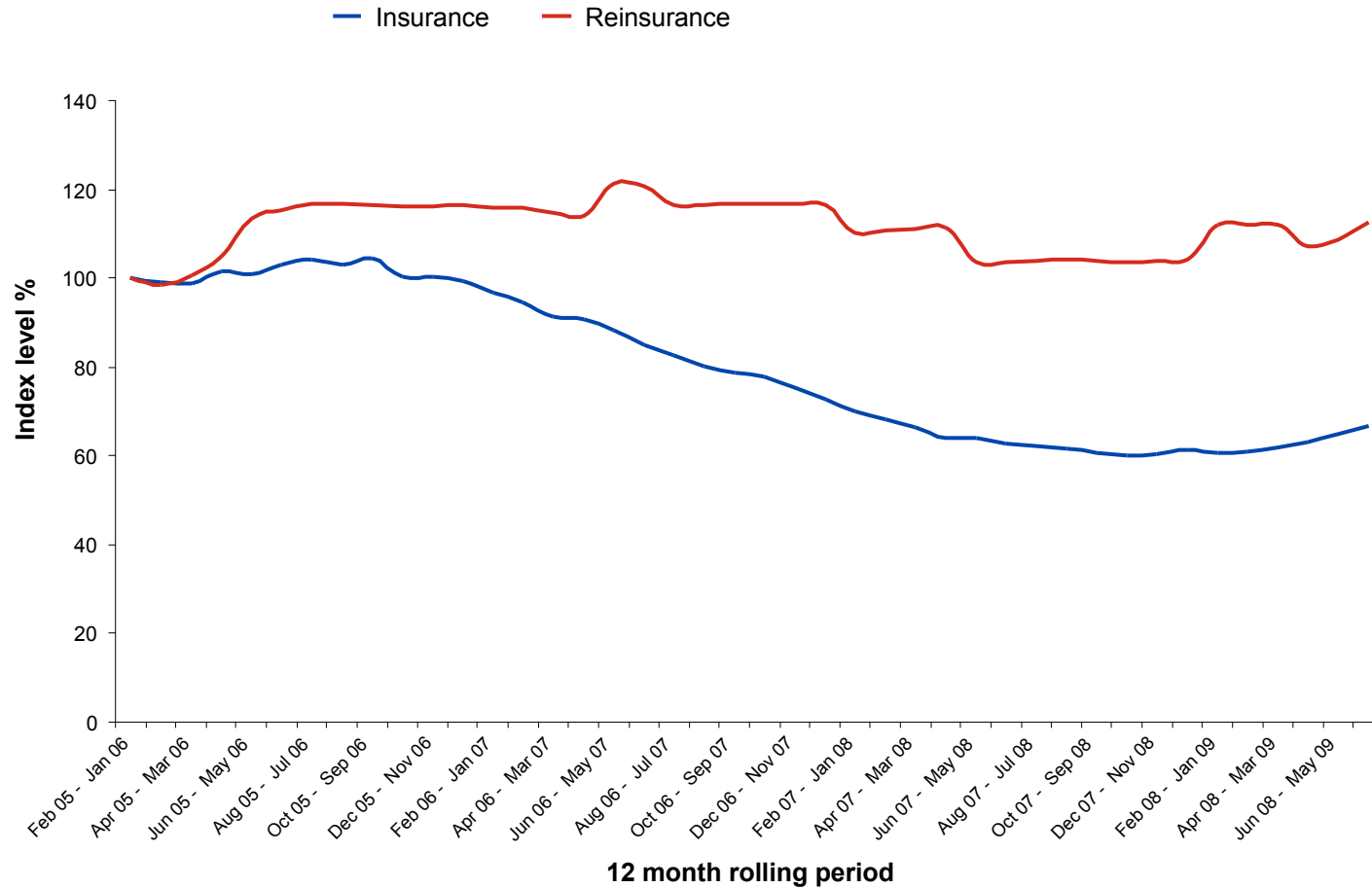
Fascinating financial facts

- 2010 Syndicate 33 capacity £1bn
- Reserve releases of £73m (2008: £66m)
- Investment return of over 1% in July 2009
- Unearned premium/DAC foreign exchange loss of £59.5m (2008: £36.1m gain)



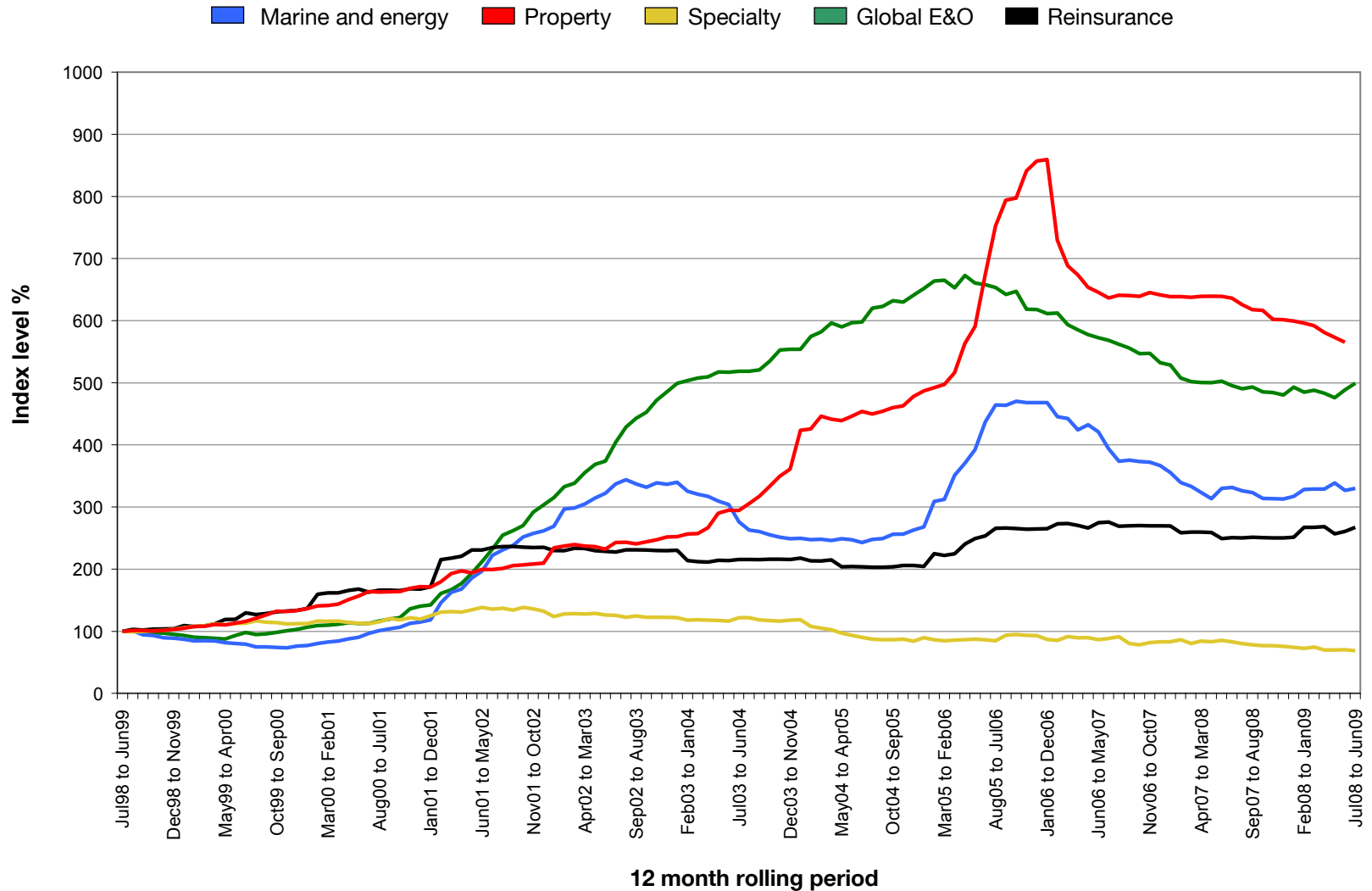
Underwriting

Reinsurance vs. insurance rates

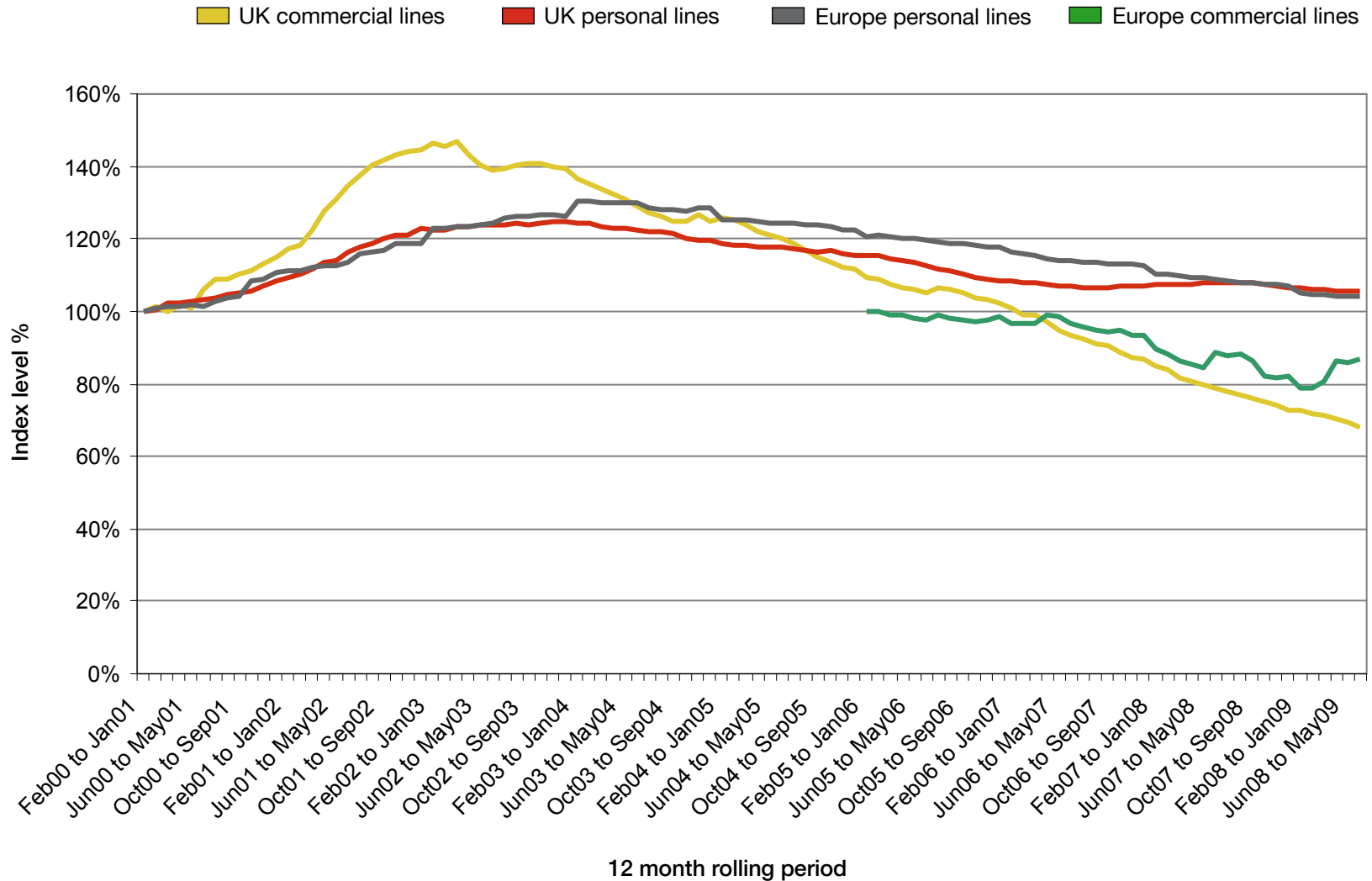


- Catastrophe reinsurance continues to perform well
- Catastrophe exposed insurance sees rate rises
- Other lines remain under pressure

Hiscox Global Markets rating index



Hiscox UK and Europe rating index



Underwriting risk management

- Chief Underwriter is monitoring major risks (CRO)
- Dynamic portfolio management
- Major areas of focus are
 - Risk appetite
 - Pricing
 - Underwriting controls
 - Reinsurance
 - Reserving

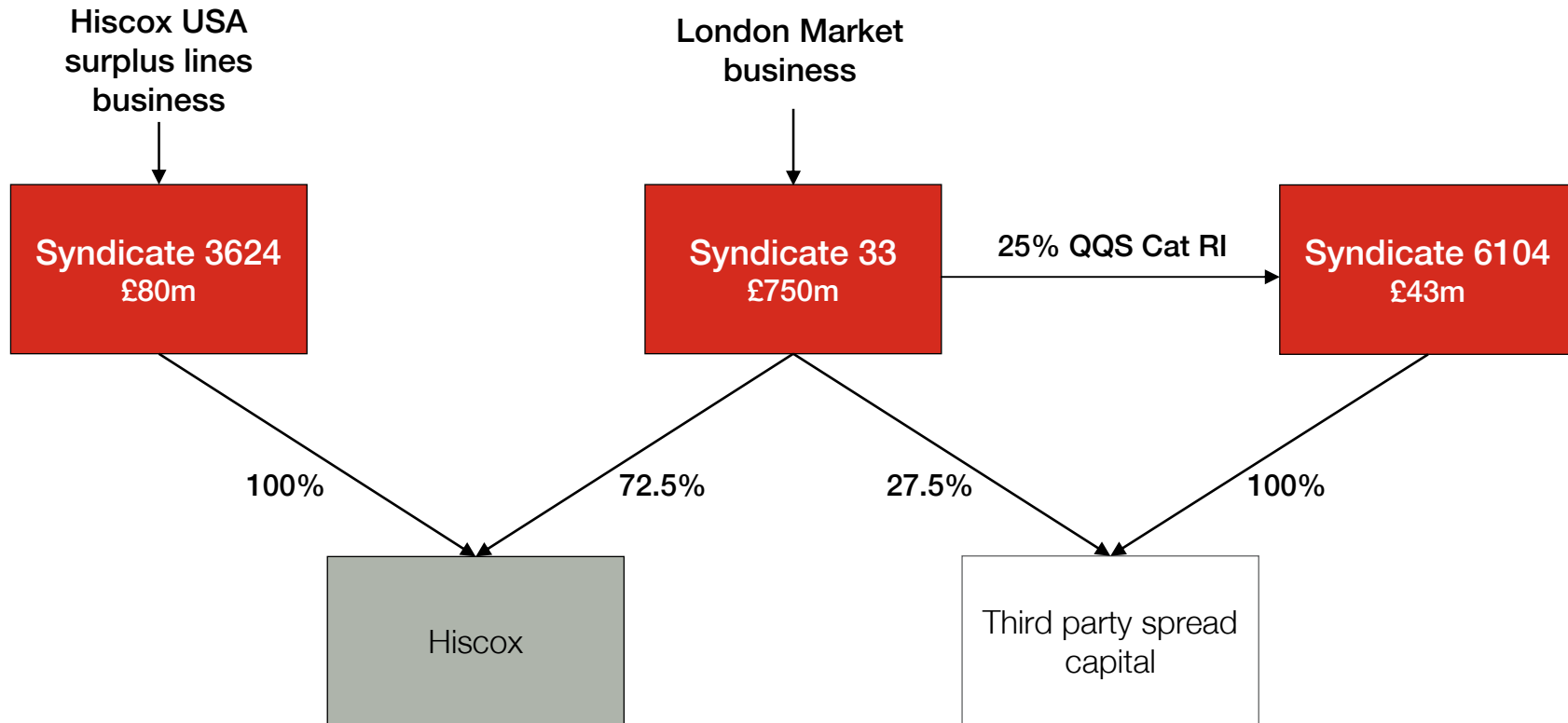


Business highlights

Organisational strength

- Group restructured around geography
- Internal promotions – experience supports opportunity
 - Russell Merrett, Managing Director, Hiscox London Market
 - Richard Watson, CEO Hiscox USA
 - Pierre-Olivier Desaulle, MD Hiscox Europe
 - Charles Dupplin, CEO Hiscox Bermuda
 - Robert Childs, Chief Underwriting Officer and Chairman of Hiscox USA

Hiscox managed syndicates structure 2009



- Strong first half with GWP increase of 11% (before FX)
 - Favourable catastrophe rates
 - Strengthening US Dollar
 - Low loss experience
- Political risks losses prudently reserved
- New strategy focused on London

Hiscox UK and Hiscox Europe

- Hiscox UK: strong GWP and profit growth driven by new business model
- Hiscox Europe: good GWP growth undermined by large losses
- SME commercial insurance priority focus for both
- New brand strategy in UK drives strong Hiscox Direct growth



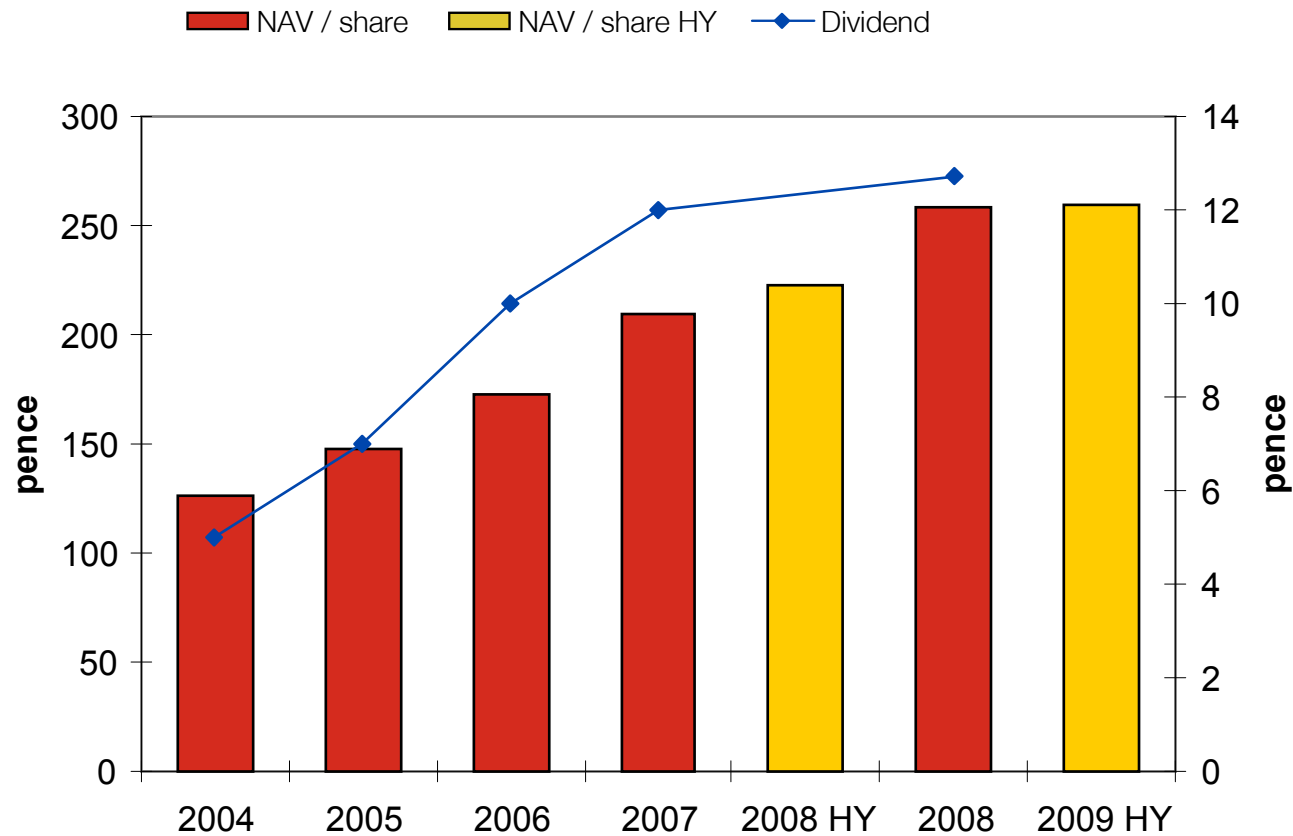
the definitive mark of achievement

General Insurer of the Year

- Hiscox Bermuda
 - Reinsurance rates near all time high
 - New healthcare team hired
- Hiscox Guernsey
 - Piracy product still delivering
- Hiscox USA
 - Grew by 33% (2008: 59%) before FX
 - Near break-even result
 - Strong leadership in place



Summary and outlook



- Strong dividend growth
- Effective capital management
- Focus on RoE

Summary and outlook

- Another record result
- Sticking to the strategy
 - Focus on reinsurance, rates at an all-time high
 - Shrink lines where prices are low
 - US opportunity taken, focus on steady development
 - Maintain our balance
- Positive not exuberant

THERE'S ONLY ONE REASON
WE DON'T PROVIDE A
COMMERCIAL
SCHEME
FOR ROLLER DOG WALKERS.
NO ONE'S ASKED US YET.

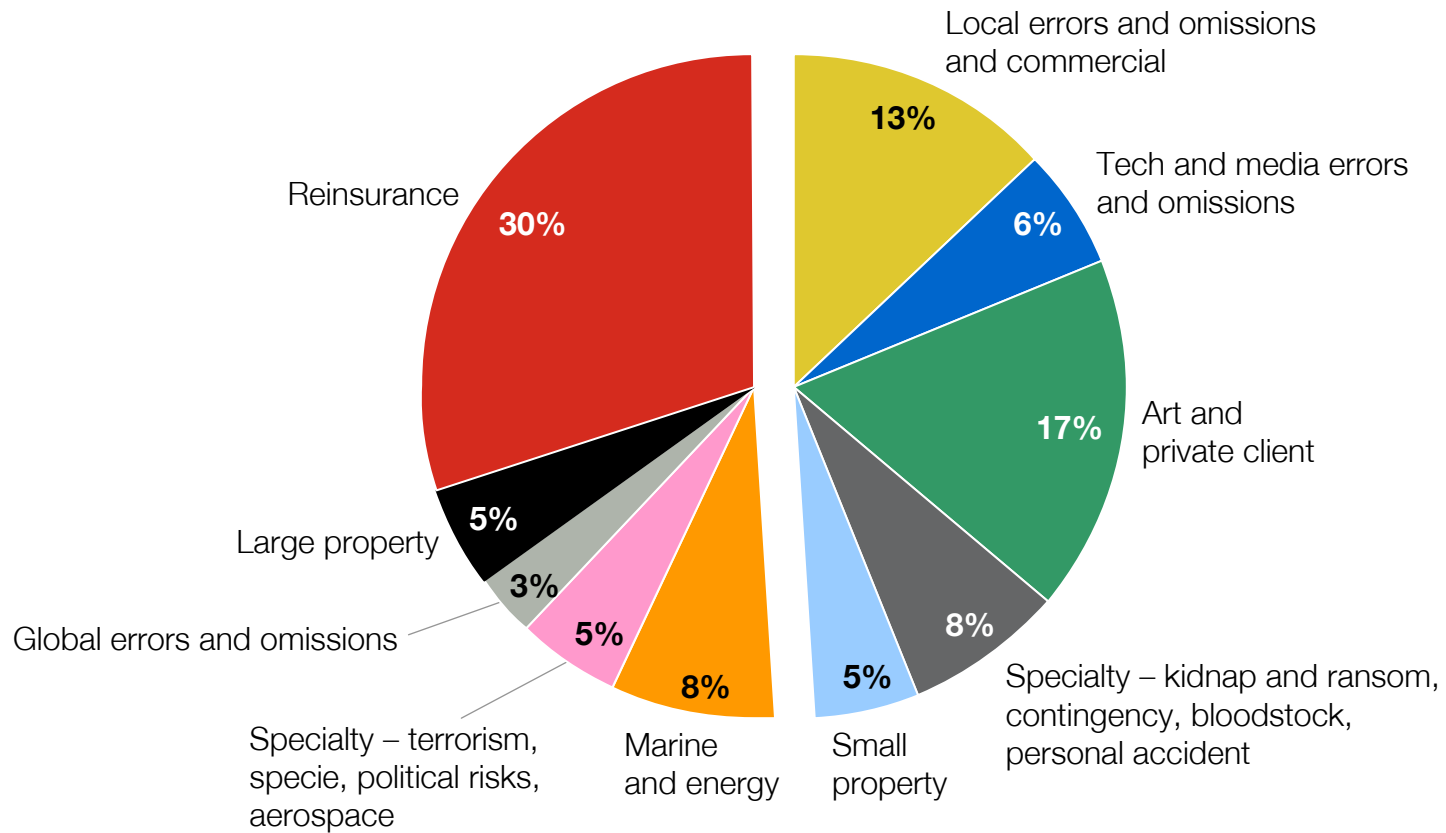
**HISCOX**



- Group overview
- Hiscox Ltd results
- Global Markets premium vs. exposure index
- Boxplot and whisker diagram of Hiscox Ltd
- Realistic disaster scenarios
- GWP geographical and currency split
- Loss ratios as a % of Syndicate premiums
- Syndicate 33 capacity and Hiscox Ltd ownership
- Group reinsurance security
- Reinsurance
- Glossary of terms

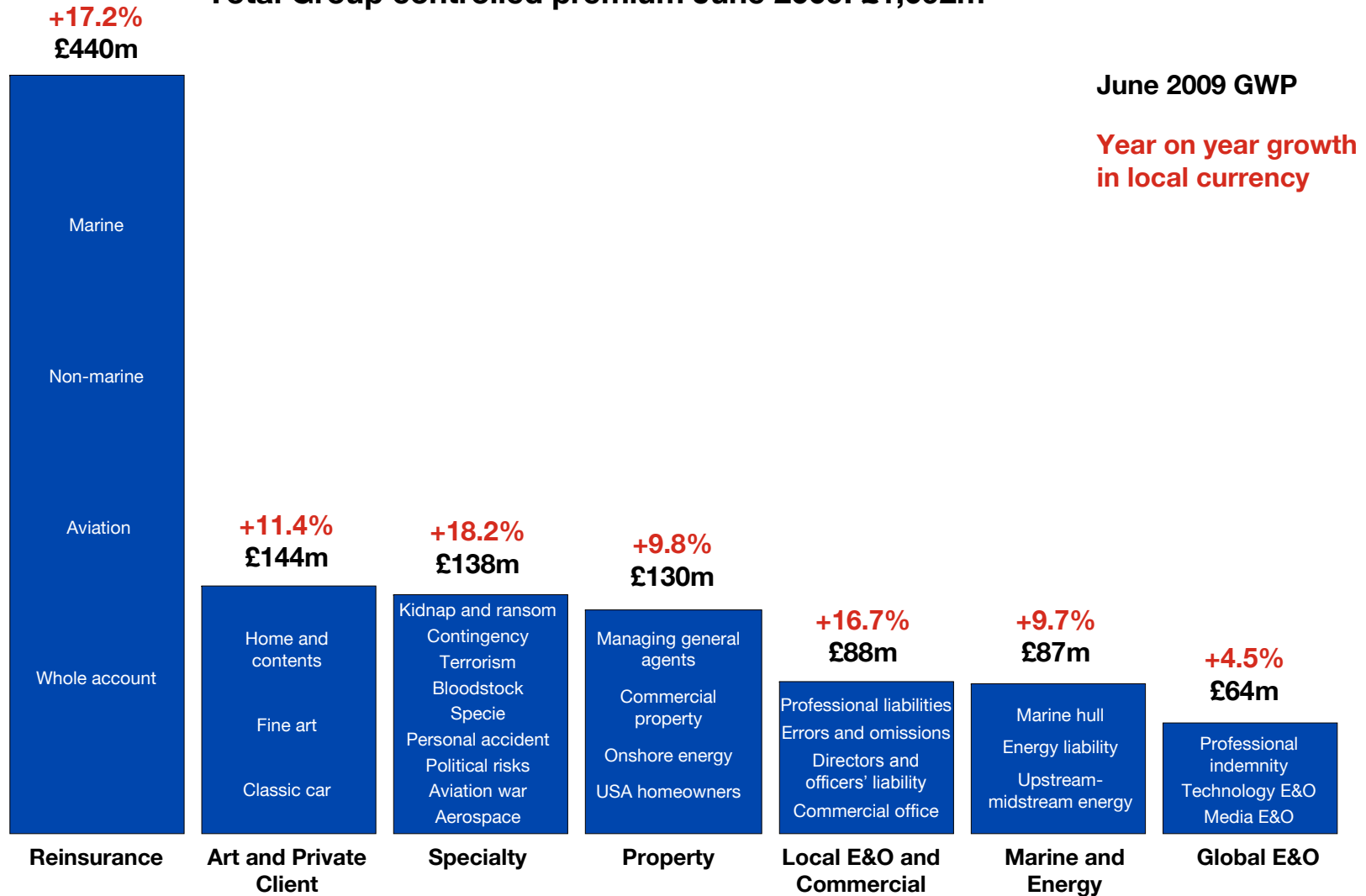
Group overview – Strategic focus

Total Group controlled income for 2008
100% = £1,390m



Group overview – Business trends

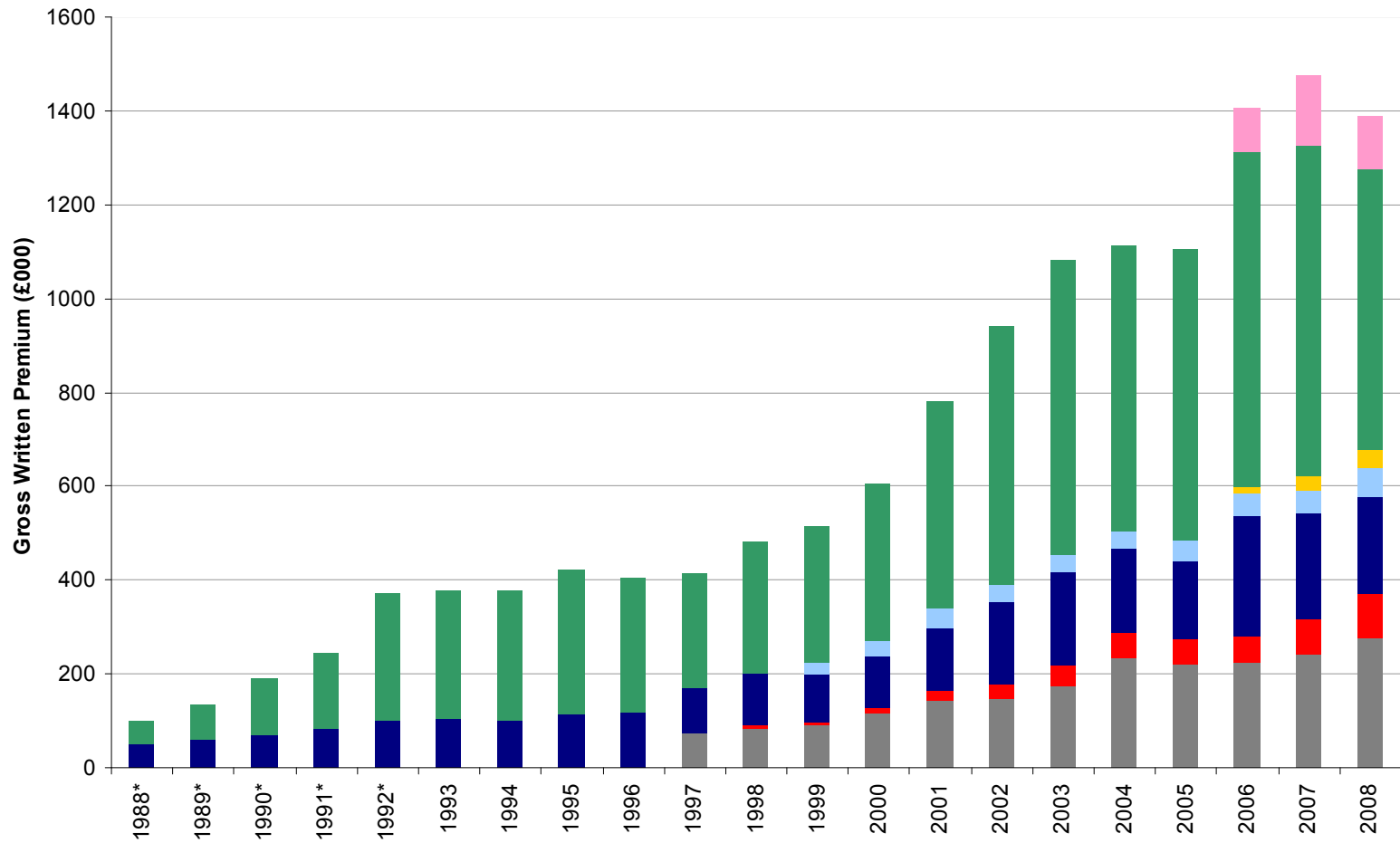
Total Group controlled premium June 2009: £1,092m





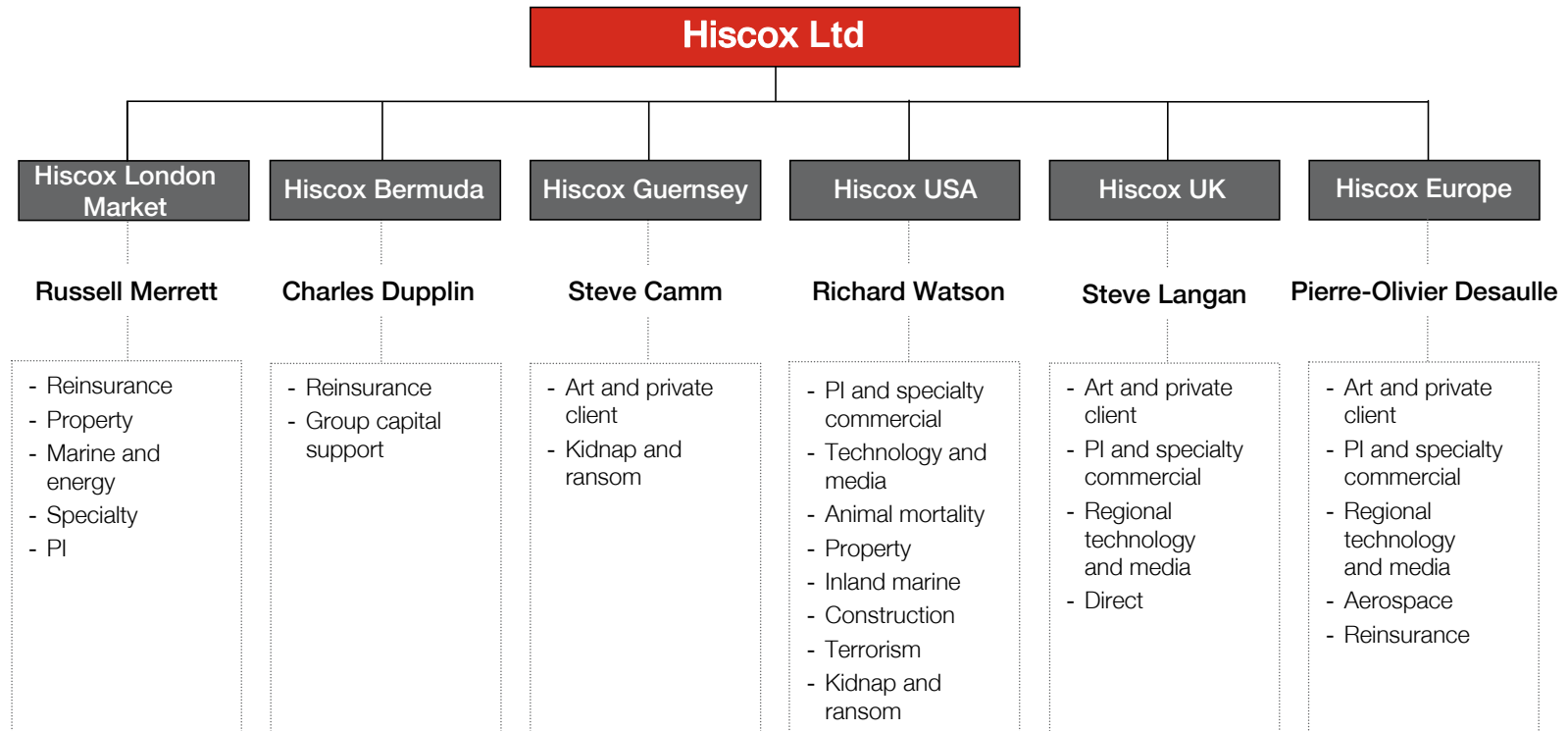
Group overview – Building a balanced business

- Bermuda
- Hiscox USA
- Hiscox Global Markets - Retail
- Hiscox UK
- Hiscox Global Markets - Volatile
- Hiscox Guernsey
- Hiscox Europe



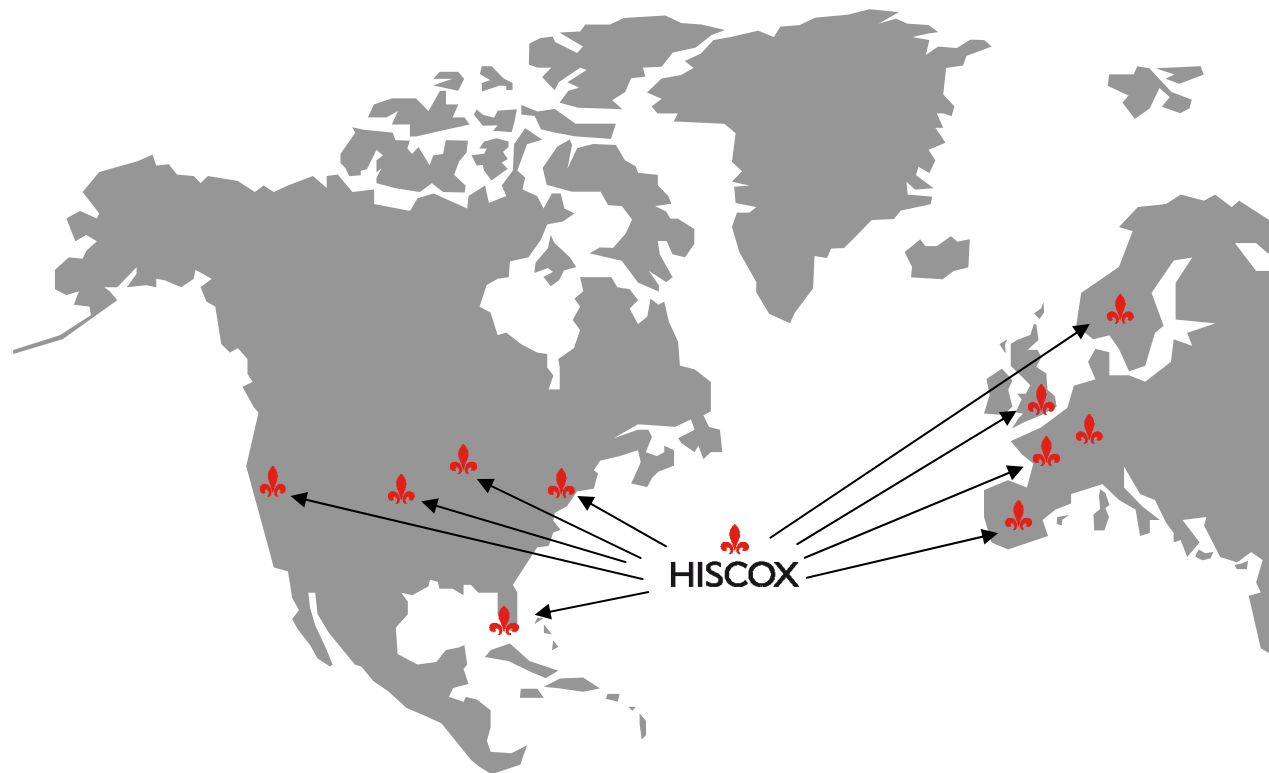
* Global Markets/Regional split estimated for these years

Group overview – Group structure





Group overview – Geographic reach



Bermuda
Hamilton

Europe
Amsterdam
Bordeaux
Brussels
Cologne
Dublin
Guernsey
Hamburg
Lisbon
Lyon
Madrid
Munich
Paris
Stockholm

UK
Birmingham
Colchester
Glasgow
Leeds
London
Maidenhead
Manchester

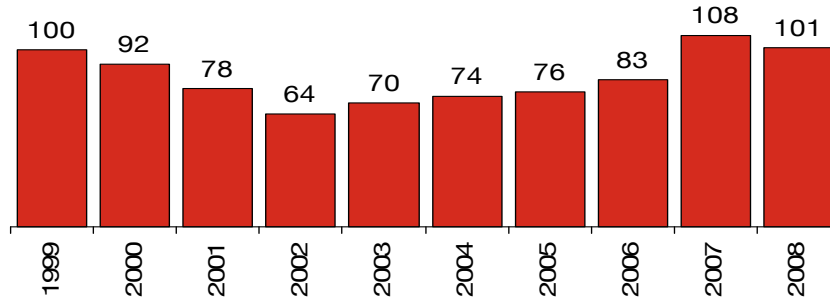
USA
Armonk
Boston
Chicago
Geneva
Kansas City
Lexington
Los Angeles
Manhattan
Miami
San Francisco

£000	2008	2007	2006	2005	2004	2003
Gross premiums written	1,147,364	1,198,949	1,126,164	861,174	816,609	797,380
Net premiums written	930,464	974,910	975,397	681,236	704,085	660,966
Net premiums earned	953,020	965,190	888,828	693,299	714,852	547,451
Profit before tax	105,180	237,199	201,062	70,221	89,552	83,408
Profit after tax	70,808	191,248	163,846	48,630	63,948	60,491
Basic earnings per share	18.8p	48.4p	41.7p	15.6p	21.3p	20.9p
Dividend	12.75p	12.0p	10.0p	7.0p	5.0p	4.2p
Invested assets (incl cash) £m	2,522.4	2,050.6	1,744.8	1,651.5	1,100.3	826.2
<i>Net asset value</i>						
£m	951.0	824.3	682.1	578.0	368.8	329.8
p per share	258.1	209.5	173.2	147.7	125.7	113.5
Combined Ratio	76.1%	84.4%	89.1%	96.0%	92.6%	87.2%
Return on equity after tax*	9.2%	28.8%	28.9%	12.8%	20.6%	21.7%

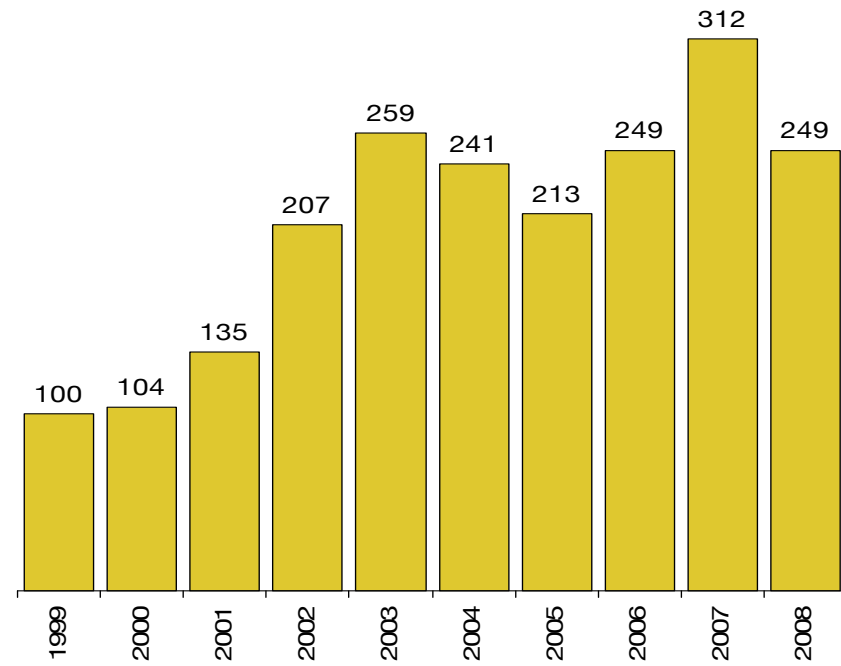
*Annualised post tax, based on adjusted opening shareholders' funds

Global Markets Premium vs. exposure index

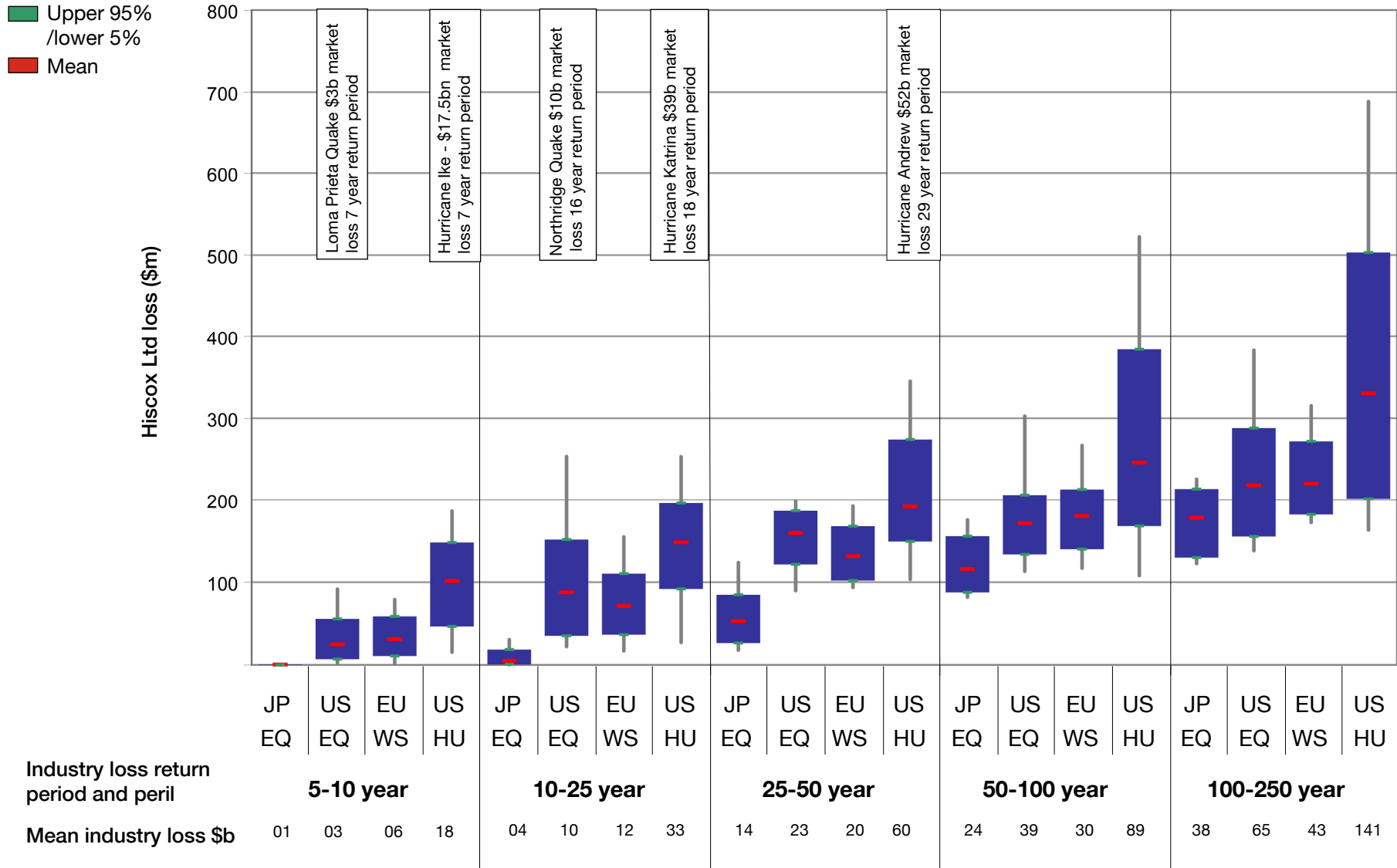
Exposure



Premium

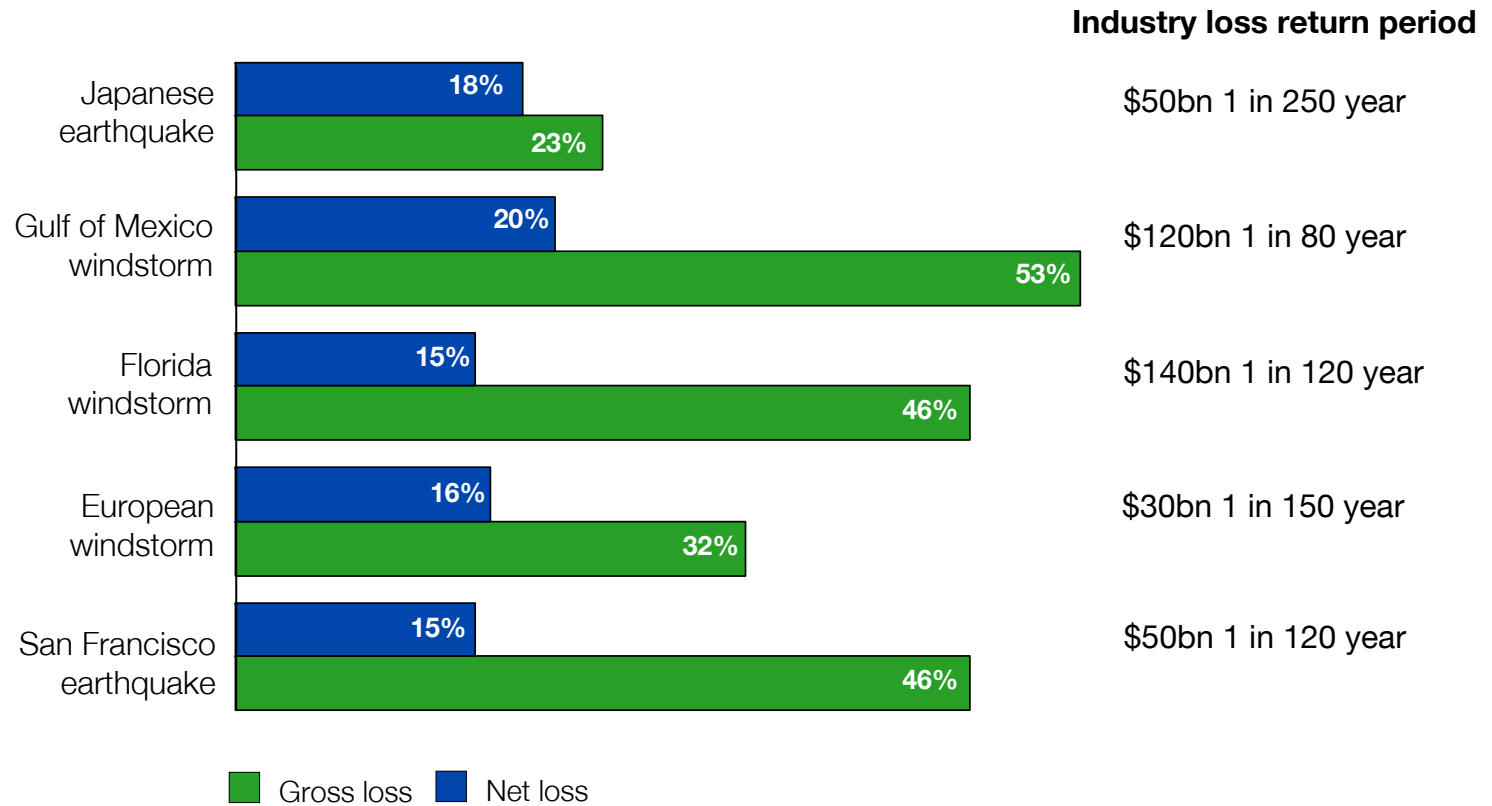


Boxplot and whisker diagram of Hiscox Ltd net loss (\$m)



Realistic disaster scenarios

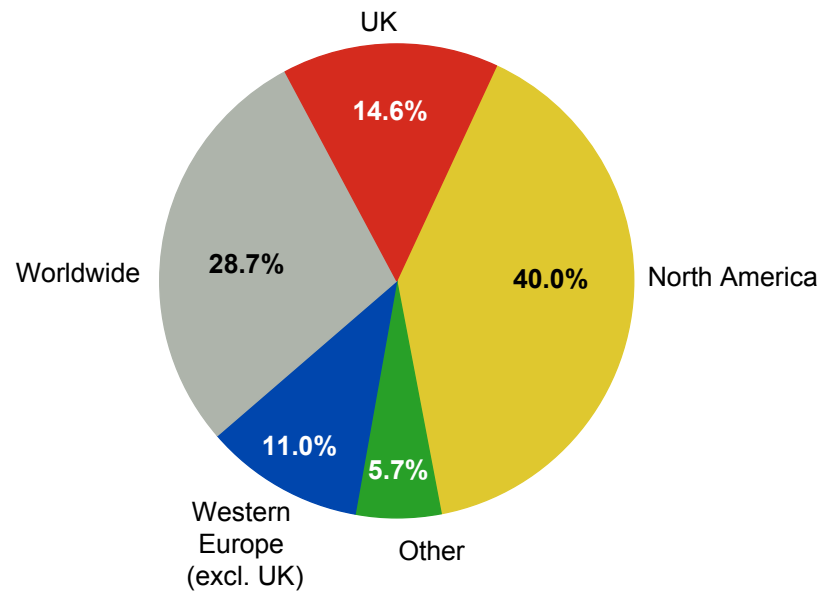
Hiscox Group - losses shown as percentage of 2008 gross and net written premium



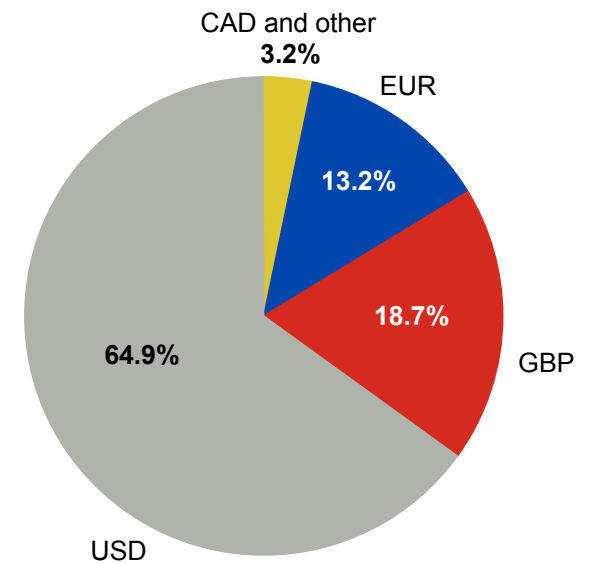
Estimates use models provided by Risk Management Solutions, Inc & AIR Worldwide Corporation.

GWP geographical and currency split

2009 geographical split



2009 currency split

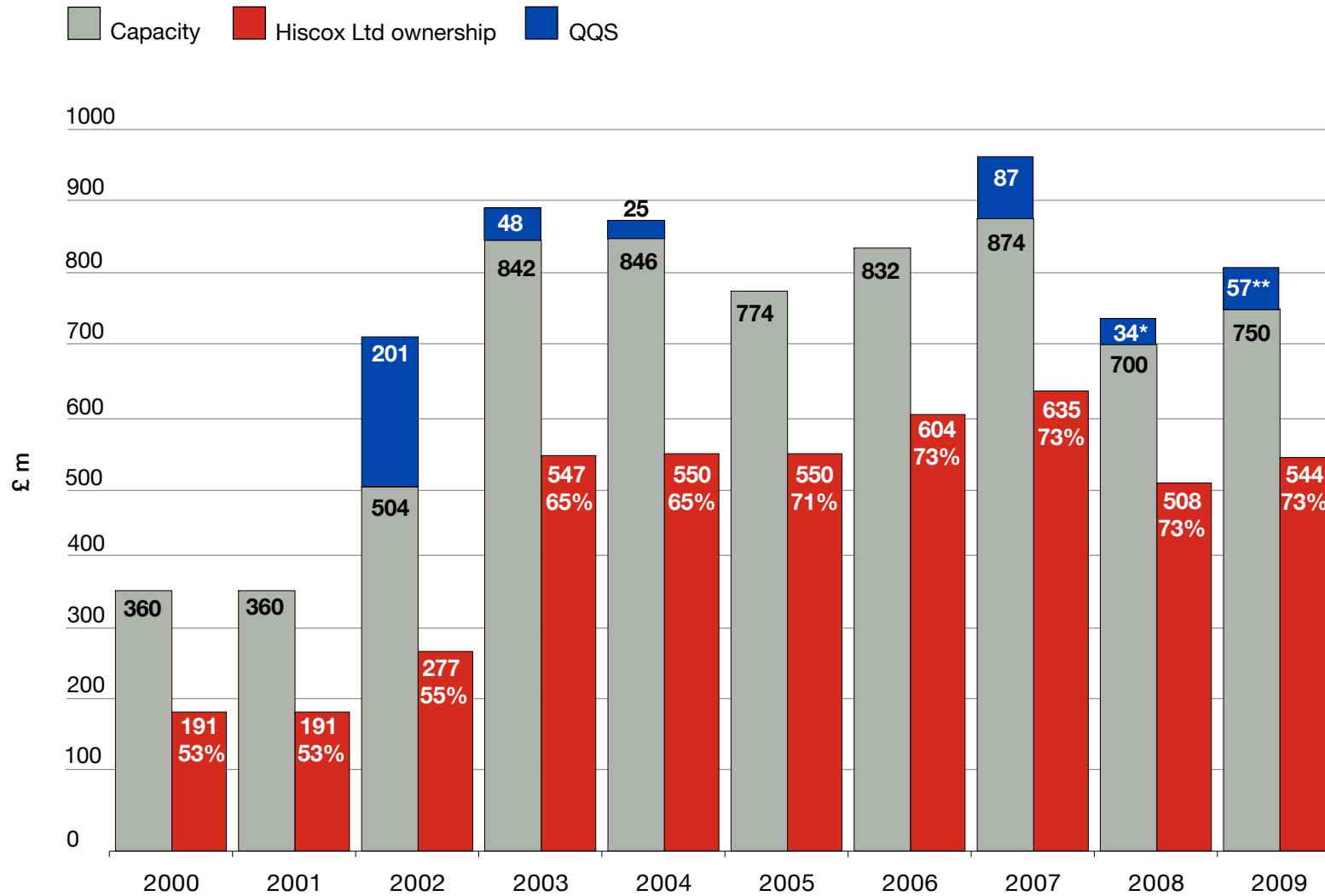


Syndicate 33 incurred losses as a percentage of signed premium

	GILR					NILR				
YOA	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009
6 mths	7.0%	5.4%	9.0%	7.8%	8.6%	10.6%	6.7%	12.7%	9.1%	10.4%
18 mths	96.0%	21.4%	26.5%	43.1%		66.0%	24.3%	31.4%	39.4%	
30 mths	108.2%	33.1%	41.9%			81.4%	38.7%	47.5%		
42 mths	113.0%	39.3%				86.9%	46.7%			
54 mths	115.3%					89.0%				



Syndicate 33 capacity and Hiscox Ltd ownership

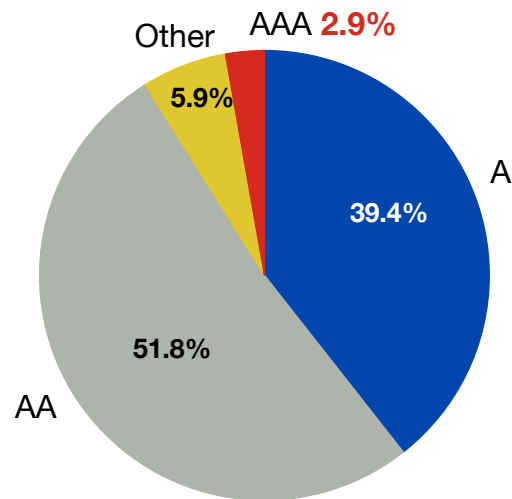


*QQS provided by Syndicate 6104

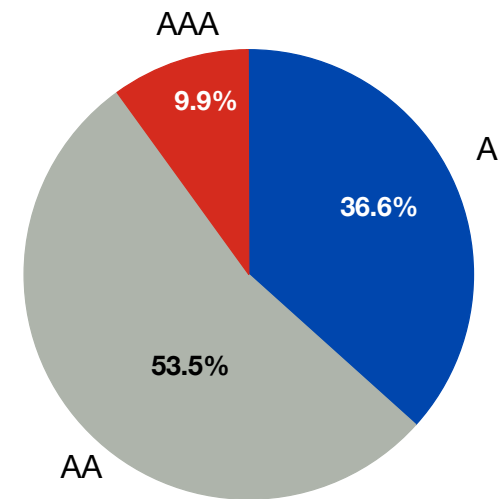
**QQS provided by Syndicates 6104 (£43m) and 3624 (£14m)

Group reinsurance security

Receivables at 30/06/09 of £358.3m

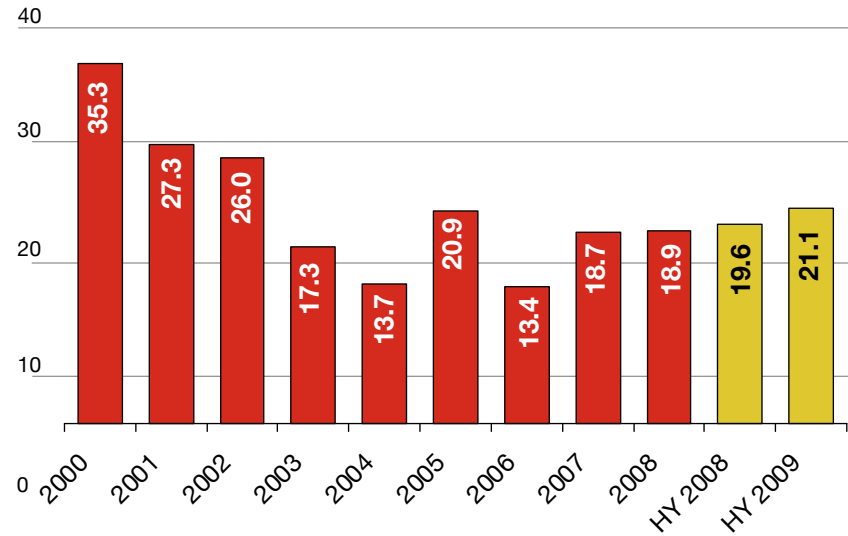


2009 programme

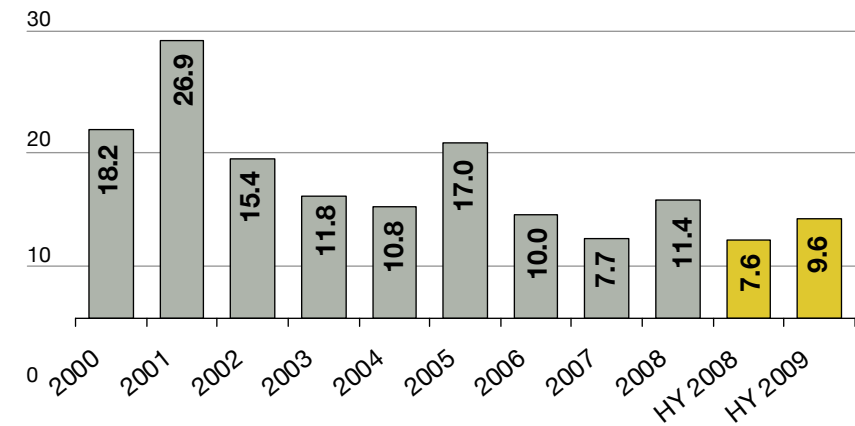


AAA includes collateralised reinsurances.

Reinsurance as a % of GWP



Reinsurance receivables as a % of total assets



Annual venture	The system used for running a Lloyd's syndicate under which each "year of account" is treated separately. Members own capacity on a syndicate for a "year of account" and the results are declared when the year is closed by the RITC mechanism, usually after three years.
Claims ratio	Net claims incurred, including IBNR, as a percentage of net earned premiums.
Combined ratio	The total of the claims and expenses ratios.
Expenses ratio	Expenses as a percentage of net earned premiums.
Funds at Lloyd's	The amount of assets, which can be cash, investments or letters of credit, that a syndicate member has to deposit with Lloyd's to support his share of the capacity on a syndicate. The minimum amount is 40% of the capacity owned by the member.
Gross written premium	Premiums contracted for before any deductions.
Group controlled	The total gross written premium controlled by the group including the 27% of the Syndicate capacity not owned by Hiscox in 2009 (27% in 2008).
IBNR	Incurred but not reported. An estimate made at the end of each accounting period to cover the expected cost of losses that have occurred but have not yet been reported to the insurer or reinsurer.
Incurred loss ratio	Paid and outstanding losses as a percentage of premiums. Gross incurred loss ratio is before deducting any reinsurance and net is after deducting reinsurance.
Long-tail	A term used to describe an insurance risk that has the potential for claims development or new claims to be reported a number of years after expiry of the term of the policy.
Member or Name	The companies or individuals who own the capacity of a syndicate and who belong to the membership of the Society of Lloyd's.

Net premiums earned	Premiums received after the cost of reinsurance and adjustment for unearned premium. Unearned premium covers the future period of risk of an insurance policy.
Net premiums written	Premiums contracted for after deduction of reinsurance.
Open year	A Year of Account of a syndicate which has not been closed by Reinsurance To Close (RITC). RITC usually occurs at the end of the third year. A Year of Account can be left open beyond the third year if the extent of the future liability cannot be accurately quantified.
Qualifying quota share	These are quota share reinsurance policies, which Lloyd's allow in certain circumstances, that enable a syndicate to write gross premium in excess of its capacity.
Reinsurance to close – RITC	The reinsurance to close comprises a premium payable by the closing year to the members on the next open year of account and a contract which transfers the liability for all claims in respect of the closing year to the next open year.
Run-off account	At Lloyd's, a year of account which is kept open after the date on which it would normally have been closed.
Subrogation	The right of the underwriter to “stand in the shoes of the insured” and take over the Insured's rights, following payment of a claim, to recover the payment of an incurred loss from a third party responsible for the loss. It is limited to the amount of loss paid by the insurance policy.
Syndicate capacity	Also referred to as the ‘stamp’. The maximum amount of business that a syndicate in Lloyd's can write per year, aggregated from all its members.