RNS Number : 6083Y
Hiscox Ltd
27 February 2025

Hiscox Ltd full year results

For the year ended 31 December 2024

"Record profits, building momentum in Retail, and step-up in capital return."

	2024	2023
Insurance contract written premium[1]	4,766.9m	4,598.2m
Net insurance contract written premium[1]	3,675.6m	3,555.8m
Insurance service result	553.5m	492.3m
Investment result	383.9m	384.4m
Profit before tax	685.4m	625.9m
Earnings per share[2]	183.2¢	162.7¢
Total dividend per share	43.1¢	37.5¢
Net asset value per share[1]	1,086.4¢	951.1¢
Group combined ratio (discounted)[1]	84.7%	85.5%
Group combined ratio (undiscounted)[1]	89.2%	89.8%
Return on equity (ROE)[1, 2]	19.8%	21.8%
Positive prior year development[1]	145.5m	122.8m
Bermuda solvency capital ratio (BSCR)[3]	225%	212%

Highlights

- Insurance contract written premium (ICWP) grew by 3.7% or 168.7 million to 4,766.9 million (2023: 4,598.2 million), driven by Retail premium growth of 147.3 million.
- Disciplined underwriting in an active loss environment resulted in an undiscounted combined ratio of 89.2% (2023: 89.8%).
- Solid investment result of 383.9 million (2023: 384.4 million).
- Record profit before tax of 685.4 million, up 9.5% year-on-year, and ROE of 19.8% (2023: 21.8%[2]).
- Step-up in final dividend per share of 19.6%, with a full year increase of 14.9% in dividend per share, as well as a new special capital return of 175 million in the form of a buyback.
- Hiscox to hold a capital markets day on 22 May 2025.

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

"The Group has delivered another set of excellent results and a second consecutive year of record profits. Our Retail business continues to build broad-based growth and earnings momentum, and our big-ticket portfolio has again delivered an outstanding performance, leading to a strong return on equity in an active loss year. This earnings momentum underpins substantial capital generation, creating the flexibility to pursue multiple growth opportunities and return 10%[4] of equity to shareholders through a combination of a 20% step-up in the final dividend per share and a 175 million share buyback. This demonstrates both the power of - and confidence in - the outlook for our diversified business. I would like to thank all of my Hiscox colleagues for their dedication in delivering another strong year."

ENDS

A conference call for investors and analysts will be held at 10:30 GMT on Thursday, 27 February 2025.

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Notes to editors

About The Hiscox Group

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

The Hiscox Group employs over 3,000 people in 13 countries, and has customers worldwide. Through the retail businesses in the USA, UK, Europe and Asia, we offer a range of specialist insurance products in commercial and personal lines. Internationally-traded, bigger-ticket business and reinsurance is underwritten through Hiscox London Market and Hiscox Re & ILS.

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

Chief Executive's report

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 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[5]

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.

Insurance contract written premium	2,504.6 million (2023: 2,357.3 million)
Net insurance contract written premium	2,296.6 million (2023: 2,187.9 million)
Insurance service result	246.5 million (2023: 177.4 million)
Profit before tax	298.5 million (2023: 256.0 million)

Combined ratio	88.9% (2023: 91.8%)
Undiscounted combined ratio	93.6% (2023: 96.4%)

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 US. 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.

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[5]

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 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[5]

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

Insurance contract written premium	1,229.5 million (2023: 1,254.6 million)
Net insurance contract written premium	879.7 million (2023: 918.3 million)
Insurance service result	141.3 million (2023: 178.8 million)
Profit before tax	215.0 million (2023: 262.7 million)
Combined ratio	83.9% (2023: 79.1%)
Undiscounted combined ratio	88.6% (2023: 83.7%)

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 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 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.

Insurance contract written premium	1,032.8 million (2023: 986.3 million)
Net insurance contract written premium	499.3 million (2023: 449.6 million)
Insurance service result	165.7 million (2023: 136.1 million)
Profit before tax	267.5 million (2023: 221.4 million)
Combined ratio	65.7% (2023: 68.3%)
Undiscounted combined ratio	69.0% (2023: 69.8%)

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[6], 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

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)[7]. 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 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[8] (2023: 272.9 million[8]).

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 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%[9], 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[10] 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

Over the last 20 years, our Retail business has grown ninefold organically, to over 2.[illegible] 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 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

Hiscox Ltd full year results

Condensed consolidated income statement

For the year ended 31 December 2024

	Note	**2024** **m**	2023 m
Insurance revenue	6	**4,672.5**	4,483.2
Insurance service expenses	6	**(3,331.0)**	(3,189.3)
Insurance service result before reinsurance contracts held		**1,341.5**	1,293.9
Allocation of reinsurance premiums	6	**(1,209.4)**	(1,119.4)
Amounts recoverable from reinsurers for incurred claims	6	**421.4**	317.8
Net expenses from reinsurance contracts held		**(788.0)**	(801.6)
Insurance service result	6	**553.5**	492.3
Investment result	9	**383.9**	384.4
Net finance expenses from insurance contracts		**(225.5)**	(220.7)
Net finance income from reinsurance contracts		**73.4**	81.0
Net insurance finance expenses		**(152.1)**	(139.7)
Net financial result	9	**231.8**	244.7
Other income	10	**113.5**	91.1
Other operational expenses	10	**(149.4)**	(125.5)
Net foreign exchange losses		**(11.2)**	(27.0)
Other finance costs	11	**(53.1)**	(50.0)
Share of profit of associates after tax	6	**0.3**	0.3
Profit before tax		**685.4**	625.9
Tax (expense)/credit	12	**(58.2)**	86.1
Profit for the year (all attributable to owners of the Company)		**627.2**	712.0
Earnings per share on profit attributable to owners of the Company			
Basic	14	**183.2¢**	206.1¢
Diluted	14	**178.1¢**	201.5¢

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

Condensed consolidated statement of comprehensive income

For the year ended 31 December 2024

	Note	**2024** **m**	2023 m
Profit for the period		**627.2**	712.0
Other comprehensive (expense)/income			
Items that will not be reclassified to the income statement:			
Remeasurements of the net defined benefit pension scheme	19	**(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
Other comprehensive (expense)/income net of tax		**(15.2)**	19.2
Total comprehensive income for the period (all attributable to the owners of the Company)		**612.0**	731.2

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

Condensed consolidated statement of financial position

As at 31 December 2024

	Note	**31 December 2024 m**	31 December 2023 m
Assets			
Employee retirement benefit asset	19	**40.0**	44.4
Goodwill and intangible assets		**308.8**	323.9
Property, plant and equipment		**125.6**	130.3
Investments in associates		**0.8**	0.8
Deferred tax assets	12	**179.4**	180.7
Assets included in disposal group classified as held for sale	10	**52.5**	59.1
Reinsurance contract assets	13	**1,976.8**	2,098.3
Financial assets carried at fair value	16	**7,077.6**	6,574.4
Trade and other receivables		**249.0**	206.5
Current tax assets		**3.3**	5.1
Cash and cash equivalents		**1,227.0**	1,437.0
Total assets		**11,240.8**	11,060.5
Equity and liabilities			
Shareholders' equity			
Share capital		**38.1**	38.8
Share premium		**405.6**	528.8
Contributed surplus		**184.0**	184.0
Currency translation reserve		**(391.1)**	(379.2)
Retained earnings		**3,452.2**	2,923.2
Equity attributable to owners of the Company		**3,688.8**	3,295.6
Non-controlling interest		**1.1**	1.1
Total equity		**3,689.9**	3,296.7
Employee retirement benefit obligations	19	**-**	-
Deferred tax liabilities	12	**75.8**	56.9
Liabilities included in disposal group classified as held for sale	10	**52.7**	54.8
Insurance contract liabilities	13	**6,396.3**	6,604.0
Financial liabilities	16	**663.5**	674.7
Current tax liabilities		**19.7**	10.9
Trade and other payables		**342.9**	362.5
Total liabilities		**7,550.9**	7,763.8
Total equity and liabilities		**11,240.8**	11,060.5

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

Condensed consolidated statement of changes in equity

For the year ended 31 December 2024

	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 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 income 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	**0.1**	**21.3**	**-**	**-**	**-**	**21.4**	**-**	**21.4**
Share buyback*	**(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	**-**	**3.8**	**-**	**-**	**-**	**3.8**	**-**	**3.8**
Dividends paid to owners of the Company	**-**	**-**	**-**	**-**	**(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 to the condensed consolidated financial statements are an integral part of this document.

Condensed consolidated statement of changes in equity (continued)

For the year ended 31 December 2023

	Share capital	Share premium	Contributed surplus	Currency translation reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interest	Total equity
	m	m	m	m	m	m	m	m
Balance at 1 January 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	0.1	9.6	-	-	-	9.7	-	9.7
Share buyback	-	-	-	-	-	-	-	-
Deferred and current tax on employee share options	-	-	-	-	2.1	2.1	-	2.1
Shares issued in relation to Scrip Dividend	-	1.6	-	-	-	1.6	-	1.6
Dividends paid to owners of the Company	-	-	-	-	(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

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

Condensed consolidated statement of cash flows

For the year ended 31 December 2024

	Note	**2024**	2023
		m	m
Profit before tax		**685.4**	625.9
Adjustments for:			
Net foreign exchange losses		**11.2**	27.0
Interest and equity dividend income	9	**(316.4)**	(237.0)
Interest expense	11	**53.1**	50.0
Net fair value gains on financial assets	9	**(71.5)**	(170.6)
Depreciation, amortisation and impairment	10	**60.7**	77.1
Charges in respect of share-based payments		**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	19	**-**	(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)
Net cash flows from operating activities		**114.4**	232.1
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		**(34.0)**	(42.6)
Net cash flows used in investing activities		**(38.5)**	(34.2)
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)
Net cash flows used in financing activities		**(282.6)**	(128.9)

Net (decrease)/increase in cash and cash equivalents		**(206.7)**	69.0
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
Cash and cash equivalents at 31 December	18	**1,227.0**	1,437.0

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

Notes to the condensed 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 condensed 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).

The basis of preparation and summary of accounting policies applicable to the Group's condensed consolidated financial statements can be found in note 2 to the 2024 Annual Report and Accounts.

The Group's consolidated financial statements from which the condensed financial statements are extracted have been audited. The auditor's report on the consolidated financial statements is unqualified and does not contain an emphasis-of-matter paragraph.

The condensed 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.

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 condensed 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 condensed consolidated financial statements are presented in US Dollars millions (m) and rounded to the nearest hundred thousand Dollars, unless otherwise stated.

These condensed consolidated financial statements were approved on behalf of the Board of Directors by the Group Chief Executive Officer, Aki Hussain and the Group Chief Financial Officer, Paul Cooper. Accordingly, the financial statements were approved for issue on 26 February 2025.

3. Use of significant accounting judgements, estimates and assumptions

In preparing these condensed consolidated financial statements, management make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Estimates and assumptions are continually evaluated and are based on management's knowledge of current facts and circumstances, and their expectations of future events.

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..
- Insurance contracts: determining the assumptions to arrive at the estimated ultimate cost of claims and the risk adjustment being the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts.

Significant accounting estimates
The following describes items considered particularly susceptible to changes in estimates and assumptions.

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 of 2024 Annual Report and Accounts.

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.

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.

Deferred tax asset
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. 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. Please refer to note 12 for details on the deferred tax assets including the impact of BCIT.

4. 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 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.

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. Please refer to the 2024 Annual Report and Accounts for more information on risk management.

5. Related-party transactions

Transactions with related parties during the period are disclosed in note 30 of the Group's 2024 Annual Report and Accounts.

6. Operating segments

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

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

Hiscox Retail brings together the results of the Group's retail business divisions in the UK, Europe, USA and Asia. Hiscox UK and Hiscox Europe underwrite personal and commercial lines of business through Hiscox Insurance Company Limited, 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.

6. Operating segments (continued)

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)**

Insurance service result before reinsurance contracts held	**361.2**	**197.2**	**783.1**	**-**	**1,341.5**
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**
Net expense from reinsurance contracts held	**(114.7)**	**(55.9)**	**(617.4)**	**-**	**(788.0)**
Insurance service result	**246.5**	**141.3**	**165.7**	**-**	**553.5**
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**
Net insurance finance expense	**(98.0)**	**(40.9)**	**(13.2)**	**-**	**(152.1)**
Net financial result	**102.1**	**72.4**	**57.3**	**-**	**231.8**
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**
Profit/(loss) before tax	**298.5**	**215.0**	**267.5**	**(95.6)**	**685.4**
Ratio analysis					
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**
Combined ratio (%)	**88.9**	**83.9**	**65.7**	**-**	**84.7**

*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.

6. Operating segments (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**	**Total**
	m	**m**	**m**	**m**
Insurance revenue	**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)**
Adjusted net insurance revenue	**2,241.2**	**878.1**	**483.0**	**3,602.3**
Incurred claims and changes to liabilities for incurred claims	**(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**
Adjusted net incurred claims	**(873.6)**	**(352.1)**	**(110.0)**	**(1,335.7)**
Remove benefit from discounting of claims	**(104.9)**	**(41.1)**	**(15.9)**	**(161.9)**
Undiscounted adjusted net incurred claims	**(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**
Combined ratio (%)	**93.6**	**88.6**	**69.0**	**89.2**

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.

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**
1% change in claims or expense ratio	**22.4**	**8.8**	**4.8**

6. Operating segments (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.

6. Operating segments (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	Total
	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)
The following ratios reflect the reclassification of LPT premium and remove the impact of discounting.				
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.

		Year ended 31 December 2023	
	Hiscox Retail*	Hiscox London Market*	Hiscox Re & ILS
	m	m	m
1% change in claims or expense ratio	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.

7. 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.

8. Return on equity (ROE)

	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.

9. Net investment and insurance finance result

	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
Investment return - financial assets	**389.4**	390.0
Net fair value gains on derivative financial instruments	**0.4**	1.1
Investment expenses	**(5.9)**	(6.7)
Total investment result	**383.9**	384.4
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
Total net finance (expense)/income from insurance contracts	**(225.5)**	(220.7)
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)
Total net finance income/(expenses) from reinsurance contracts	**73.4**	81.0
Net insurance finance (expense)/income	**(152.1)**	(139.7)
Net financial result	**231.8**	244.7

Net financial result	**231.8**	244.7

10. Other income and operational expenses

	2024	2023
	m	m
Other income	**113.5**	91.1
Staff costs	**386.6**	373.0
Depreciation, amortisation and impairment	**60.7**	77.1
Other expenses	**327.3**	286.8
Operational expenses	**774.6**	736.9

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.

11. Other finance costs

	2024	2023
	m	m
Interest charge associated with borrowings	**40.7**	39.4
Other interest expenses	**12.4**	10.6
Other finance costs	**53.1**	50.0

12. Tax (credit)/expense

The Company and its subsidiaries are subject to enacted tax laws in the jurisdictions in which they are incorporated and domiciled.

The 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)
Total current tax expense	**35.0**	8.2
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)
Total tax expense/(credit) to the income statement	**58.2**	(86.1)

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.

13. Insurance contract liabilities and reinsurance contract assets

13.1 Net insurance contract liabilities

Net insurance contracts - analysis by remaining coverage and incurred claims

Year to 31 December 2024	Net liabilities for remaining coverage		Net liabilities for incurred claims		
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
	m	m	m	m	m
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**
Net opening balance	**465.7**	**7.5**	**3,731.5**	**301.0**	**4,505.7**
Changes in the consolidated income statement					
Insurance revenue, net of allocation of reinsurance premiums†	**(3,463.1)**	**-**	**-**	**-**	**(3,463.1)**
Insurance service expenses, net of amounts recoverable from reinsurers					
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)**
Total net insurance service expenses	**1,075.6**	**1.9**	**1,833.9**	**(1.8)**	**2,909.6**
Insurance service result	**(2,387.5)**	**1.9**	**1,833.9**	**(1.8)**	**(553.5)**
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)**
Total change recognised in comprehensive income	**(2,421.6)**	**1.9**	**1,951.6**	**(7.4)**	**(475.5)**
Investment components	**36.3**	**-**	**(36.3)**	**-**	**-**
Transfer to other items in statement of financial position	**(271.8)**	**-**	**(702.1)**	**(0.7)**	**(974.6)**
Net cash flows					
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)**
Total cash flows	**2,607.3**	**-**	**(1,243.4)**	**-**	**1,363.9**
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**
Net closing balance	**415.9**	**9.4**	**3,701.3**	**292.9**	**4,419.5**

*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.

13. Insurance contract liabilities and reinsurance contract assets (continued)
13.1 Net insurance contract liabilities (continued)

Net insurance contracts - analysis by remaining coverage and incurred claims (continued)

Year to 31 December 2023	Net liabilities for remaining coverage		Net liabilities for incurred claims		
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
	m	m	m	m	m
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†	(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.

†Includes allocation of LPT premium of 61.7 million.

13. Insurance contract liabilities and reinsurance contract assets (continued)
13.2 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.

Insurance contract liability for incurred claims - net of reinsurance

Accident year	2020 m	2021 m	2022 m	2023 m	2024 m	Total m
Estimate of ultimate claims costs as adjusted for foreign exchange*						
at end of accident year:	1,870.7	1,554.1	1,489.8	1,457.4	**1,606.7**	**7,978.7**
one period later	1,858.0	1,460.8	1,501.9	1,408.9		**6,229.6**
two periods later	1,708.0	1,413.3	1,394.0			**4,515.3**
three periods later	1,673.6	1,385.4				**3,059.0**
four periods later	1,644.4					**1,644.4**
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)**
Total Group liability for incurred claims to external parties included in balance sheet - net						**3,994.2**

*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.

14. Earnings per share

Basic

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

	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) Performance Share Plan (PSP) awards, 371,118 (2023: 648,208) options under SAYE schemes and 3,206,786 (2023: 2,142,256) employee share awards.

15. Dividends paid to owners of the Company

	2024	2023
	m	m
Final dividend for the year ended:		
31 December 2023 of 25¢ (net) per share	**86.0**	-
31 December 2022 of 24¢ (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
	130.8	126.1

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.

16. Financial assets and liabilities

i. Analysis of financial assets carried at fair value

	2024	2023
	m	m
Debt and fixed income holdings	**6,660.9**	6,278.9
Equities and investment funds	**210.2**	205.4
Private credit funds	**148.2**	54.7
Total investments	**7,019.3**	6,539.0
Insurance-linked funds	**58.3**	35.4
Total financial assets carried at fair value	**7,077.6**	6,574.4

ii. Analysis of financial liabilities carried at fair value

	2024	2023
	m	m
Derivative financial instruments	**0.0**	0.3
Financial liabilities carried at fair value	**0.0**	0.3

iii. Analysis of financial liabilities carried at amortised cost

	2024	2023
	m	m
Borrowings	**656.2**	667.0
Accrued interest on borrowings	**7.3**	7.4
Financial liabilities carried at amortised cost	**663.5**	674.4
Total financial liabilities	**663.5**	674.7

16. Financial assets and liabilities (continued)

iii. Analysis of financial liabilities carried at amortised cost (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.

iv. Investments at 31 December are denominated in the following currencies at their fair value:

	2024	2023
	m	m
Debt and fixed income holdings		
US Dollars	**4,998.4**	4,517.3
Sterling	**835.8**	960.9
Euro and other currencies	**826.7**	800.7
	6,660.9	6,278.9
Equities and investment funds		
US Dollars	**95.5**	84.5
Sterling	**80.6**	84.3
Euro and other currencies	**34.1**	36.6
	210.2	205.4
Private credit funds		
US Dollars	**117.5**	54.7
Sterling	**16.5**	-
Euro and other currencies	**14.2**	-
	148.2	54.7
Total investments	**7,019.3**	6,539.0

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.

	Level 1	Level 2	Level 3	Total
31 December 2024	m	m	m	m
Financial assets				
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	**-**	**-**	**-**	**-**
Total	**1,127.5**	**5,702.7**	**247.4**	**7,077.6**
Financial liabilities				
Derivative financial instruments	**-**	**-**	**-**	**-**
Total	**-**	**-**	**-**	**-**

	Level 1	Level 2	Level 3	Total
31 December 2023	m	m	m	m
Financial assets				
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	-	-	-	-

Total	1,235.2	5,208.9	130.3	6,574.4
Financial liabilities				
Derivative financial instruments	-	0.3	-	0.3
Total	-	0.3	-	0.3

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).

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.

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
Balance At 1 January	**130.3**	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	[illegible]	[illegible]

Settlements	**(14.2)**	(28.7)
Transfers	**-**	26.0
Closing balance	**247.4**	130.3
Net unrealised (losses)/gains in the period on securities held at the end of the period	**(4.0)**	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. Condensed consolidated cash flow statement

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

Included within cash and cash equivalents held by the Group are balances totalling 156 million (2023: 181.0 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.

19. Employee retirement benefit obligations

The table below provides a reconciliation of the movement in the Group's net defined benefit (surplus)/liability recognised in the Group's statement of financial position:

	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)

Remeasurements include changes in actuarial assumptions, predominantly the application of a higher discount rate (2023: lower discount rate) being applied to the scheme liabilities and the decrease (2023: increase) in the fair value of the scheme assets. The contributions paid by the company were nil in 2024 (2023: 24.8 million).

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

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.

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.

20. 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 6, operating segments.

Return on equity

The ROE is shown in note 8, 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.

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 7, 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 **m**	2023 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 **m**	2023 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 **m**	2023 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)
	145.5	122.8

[1] Alternative performance measure definitions used by the Group are included within the consolidated financial statements.

[2] 2023 excluding Bermuda deferred tax asset (DTA). ROE of 27.6% and earnings per share of 206.1¢ including Bermuda DTA.

[3] Estimated for 2024.

[4] Total estimated cost of returns (interim dividend, final dividend and 175 million buyback) as a percentage of opening adjusted equity.

[5] 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.

[6] Undiscounted 2024 accident year estimate of ultimate claims cost, net of reinsurance

[7] As measured by an independent third party across the UK, Europe and US Retail businesses.

[8] Allows for the reclassification of LPT recoveries into claims.

[9] Does not include expected capital generation in 2025.

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

END

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