

Hiscox Ltd trading statement

Hamilton, Bermuda (1 May 2025) - Hiscox Ltd (LSE:HSX), the international specialist insurer, today issues its trading statement for the first three months of the year to 31 March 2025.

Highlights:

- Group insurance contract written premiums (ICWP) increased by 2.4% to 1,558.0 million (Q1 2024: 1,521.9 million¹) driven by continued momentum in Hiscox Retail, which grew by 6.1% in constant currency, and a return to growth in Hiscox London Market, which grew by 4.0%.
- No change in estimates for the California wildfires loss.
- Investment result of 114.1 million or a return of 1.4% year-to-date.
- Share buyback announced on 27 February 2025 progressing well with 2.2 million shares repurchased as at 30 April 2025.

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

"The Group is capturing high quality growth. The multi-year improving growth trajectory continues in Retail, driven by growth in all parts of our Retail business and in particular excellent momentum in Europe, double-digit growth in US digital direct and US broker returning to growth. London Market growth benefitted from new commercial deals and Re & ILS has found attractive opportunities to grow net premiums at the January renewals. We look forward to providing greater insight into our business at our Capital Markets Day on 22 May 2025."

Hiscox Group

The Group's diversification across both class of business and geography is enabling the business to react with agility to changing macro and geopolitical circumstances to capture opportunities and achieve high quality growth while maintaining underwriting discipline.

Retail growth momentum continued to build in the first quarter with growth achieved in every market, largely driven by rising policy count. The Retail business is on track to deliver growth in excess of 6% in constant currency for 2025.

Both Re & ILS and London Market have deployed capital early in the year to take advantage of favourable market conditions. While both businesses have seen single-digit rate reductions for the first time in over seven years, this is from decade highs and the risks we are focused on remain attractive. Overall market conditions remain favourable, and we are managing the portfolio with our customary proactive and disciplined approach.

Insurance contract written premiums for the period:

	Insurance contract written premiums to 31 March 2025	Insurance contract written premiums to 31 March 2024 ^[1]	Growth in USD	Growth in constant currency
	US m	US m	%	%
Hiscox Retail	736.1	707.6	4.0%	6.1%
Hiscox London Market	329.7	316.9	4.0%	4.0%
Hiscox Re & ILS	492.2	497.4	(1.0%)	(1.0%)
Total	1,558.0	1,521.9	2.4%	3.3%

Hiscox Retail¹

Hiscox Retail grew by 6.1% in constant currency to 736.1 million (Q1 2024: 707.6 million). The segment remains on track to deliver growth in excess of 6% for 2025. The distribution engine continues to build momentum and add

track to deliver growth in excess of 6% for 2025. The distribution engine continues to build momentum and add customers and policies well in excess of rate increases, which remain positive at 2%, although are moderating.

Importantly, all three geographies are growing, and momentum is expected to continue to build through the year as new deals and partnerships come on line.

Insurance contract written premiums for the period:

	Insurance contract written premiums to 31 March 2025		Insurance contract written premiums to 31 March 2024 ¹		Growth in USD	Growth in constant currency
	£m/€m	US m	£m/€m	US m	%	%
Hiscox Retail						
- Hiscox UK	£166.3	209.4	£159.3	202.2	3.6%	4.4%
- Hiscox Europe	€262.4	273.5	€241.2	263.3	3.9%	8.8%
- Hiscox USA		253.2		242.1	4.6%	4.6%
Hiscox Retail total		736.1		707.6	4.0%	6.1%

Hiscox UK

Hiscox UK grew by 4.4% in the quarter, on a constant currency basis, to 209.4 million (Q1 2024: 202.2 million) as the business benefits from management actions taken over recent years.

In UK commercial, overall policy count growth more than offset softening rates, notably in the mid-market segment.

Schemes^[2] growth was very strong as production begins to ramp up from recently won broker distribution deals. Two new deals went live in the first quarter with a further nine scheduled to go live later in the year. Art and private client (APC) grew at a double-digit rate, continuing the trend from last year, as we capture market opportunities and benefit from technology-led initiatives that are enhancing both productivity and broker service.

The UK is benefitting from its award-winning brand campaign, with brand awareness and affinity metrics continuing to improve, driving growth across personal and commercial lines and in both direct and broker.

Hiscox Europe

Hiscox Europe grew by 8.8%, on a constant currency basis, with ICWP of 273.5 million (Q1 2024: 263.3 million). Growth is broad-based across geographies, channels and both commercial and personal lines. Production from recent distribution deals is beginning. We continue to build share in existing sectors and launch new products to help build further momentum, including an innovative e-reputation product in France and a new start-ups product in Belgium.

Hiscox USA

Hiscox USA's ICWP increased by 4.6% to 253.2 million (Q1 2024: 242.1 million), accelerating on the 2024 exit rate, as US broker returned to growth and momentum in US DPD continued, most notably in digital direct.

US DPD grew ICWP by 6.6% in the first quarter to 156.0 million (Q1 2024: 146.3 million) as US digital direct continued to deliver strong double-digit growth underpinned by attractive levels of new business and high levels of retention. In March we launched a new brand campaign, "There's no business like small business", which is expected to provide an additional tailwind going forward. US digital partnerships continues to grow at a more moderate rate, with the team working closely with partners on a number of growth-enhancing initiatives. These include the launch of a growth-incentivising compensation strategy, the ongoing refinement of underwriting appetite and customer segmentation, and the streamlining of our onboarding process for new partners to accelerate the time it takes to reach meaningful production.

US broker ICWP grew by 1.5% to 97.2 million (Q1 2024: 95.8 million). The initiatives implemented over recent periods, such as the streamlining of the submissions process and the optimisation of business placed under auto-renewal, have resulted in the business returning to growth.

Hiscox London Market

Hiscox London Market returned to growth, in line with expectations, with ICWP up 4.0% to 329.7 million (Q1 2024: 316.9 million) driven by strong growth in property and marine, energy and specialty. For the first time since 2017 rates have fallen in aggregate, reducing by 3%, but remain up 69% cumulatively since 2018.

The property division is benefitting from the property binders written in the second half of 2024, some new commercial deals in 2025 and improving rate in flood. More generally, we are seeing rates beginning to soften in the US property market, but this is from decade highs and the business remains attractive. In marine, energy and specialty, we are winning new construction contracts following investment in our underwriting capabilities.

In crisis management we are seeing a modest reduction in demand for kidnap and ransom from NGOs, driven by the changing political environment in the US. There remains significant competition in product recall, despite elevated market losses. In these areas we remain disciplined.

The business continues to manage the cycle in casualty, as low IPO volumes have driven further rate declines of 9% in D&O, while cyber remains competitive, with rates falling by 5%. In general liability, where rates are strengthening, we are writing new business while maintaining underwriting discipline through line size management.

Looking forward, we continue to see attractive opportunities in certain lines against the backdrop of increased rate softening across the portfolio. We continue to maintain underwriting discipline, as we manage these micro-cycles across the Hiscox London Market portfolio.

Hiscox Re & ILS

Hiscox Re & ILS net ICWP grew by 9.1% to 222.1 million (Q1 2024: 203.6 million) in the first quarter as the business found attractive deployment opportunities at the January renewals. ICWP reduced by 1.0% to 492.2 million (Q1 2024: 497.4 million).

While rates reduced by 7% in the first quarter, the business remains well-rated, with cumulative rate increases of 80% since 2018. Furthermore, the terms and conditions as well as attachment points have broadly held as the market remains disciplined. These continued to hold into the April renewals, although rates saw further downward pressure. Following the natural catastrophe losses in the market over the last 12 months, conditions at the mid-year renewals are expected to be slightly more favourable than in January. Given substantial net growth in recent years, including at the January 2025 renewals, at mid-year we expect to maintain the level of capital deployed and take rate on loss-affected business.

Hiscox Re & ILS has continued to build quota share support from both traditional partners and alternative capital providers. ILS assets under management (AUM) was 1.3 billion as at 1 April 2025, reflecting the impact of the California wildfires on the funds.

Claims

The Californian wildfires was the largest event during the first quarter and the Group's previously disclosed estimate remains unchanged. The Group has reserved a net loss of 170 million, of which 150 million is in Hiscox Re & ILS, and 10 million is in each of Hiscox London Market and Hiscox Retail. This estimate does not take allowance for any subrogation despite an increasing likelihood of recoveries in relation to the Eaton fire.

Outside of the wildfires, the Group's loss experience was within expectations for the first quarter of the year.

Investments

The investment result for the first quarter was 114.1 million (Q1 2024: 66.9 million), or a year-to-date return of 1.4% (Q1 2024: 0.8%). Group invested assets as at 31 March 2025 were 8.5 billion (FY 2024: 8.2 billion). At 31 March 2025, the Group's bond portfolio reinvestment yield was 4.5% with a duration of 1.8 years. The fixed income portfolio remains conservatively positioned, with an average credit rating of 'A'.

While growth and employment held up in the first quarter and some central banks cut rates, market movements were more focused on the potential policy actions of the new US administration. As such, the fixed income portfolio saw some mark-to-market gains, with the investment result largely driven by coupon and cash income.

In the wake of the US government announcing a range of tariffs in April, market volatility has significantly increased, with two-year government bond yields fluctuating, spreads widening and equity markets falling. Hiscox's investment portfolio has remained resilient through this period as rate moves have helped to offset a widening of credit spreads and the impact from equity markets has been limited given the Group's relatively low exposure to this asset class. While continued volatility is anticipated, the Group's short duration and high-quality fixed income portfolio means that Hiscox is well positioned.

Capital management

The Group remains well capitalised on both a regulatory and rating agencies basis, with high levels of liquidity and strong capital generation.

We have the flexibility to deploy capital into each of our business units where we see attractive growth opportunities, while maintaining balance sheet strength and financial flexibility in line with our strategy.

As at 30 April 2025, the Group had repurchased 2.2 million shares for a total consideration of approximately 33.0 million as part of the 175 million share buyback programme announced on 27 February 2025.

ENDS

A conference call for investors and analysts will be held at 09:00 BST on Thursday, 1 May 2025.

Participant dial-in numbers:

United Kingdom (Local): +44 20 3936 2999
All other locations: +44 800 358 1035
Participant Access Code: 219364

Investors and analysts

Yana O'Sullivan, Director of Investor Relations, London +44 (0)20 3321 5598
Marc Wetherhill, Group Company Secretary, Bermuda +1 441 278 8300

Media

Eleanor Orebi Gann, Group Director of Communications, London +44 (0)20 7081 4815
Simone Selzer, Brunswick +44 (0)20 7404 5959
Tom Burns, Brunswick +44 (0)20 7404 5959

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 and Europe, 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.

[1] Hiscox Asia is considered non-core and is not included within Hiscox Retail. 2024 financials have been restated to report on a consistent basis.

[2] Otherwise referred to as programmes.

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