MidYear24

Hiscox Ltd
Interim Statement 2024

Hiscox Ltd interim results
For the six months ended 30 June 2024

"Solid delivery. Executing on our commitments."

	H1 2024	H1 2023
Insurance contract written premium[1]	$2,812.9m	$2,723.3m
Net insurance contract written premium[1]	$2,027.2m	$1,945.6m
Insurance service result	$240.7m	$221.4m
Investment result	$152.4m	$121.8m
Profit before tax	$283.5m	$264.8m
Earnings per share	75.1¢	72.2¢
Interim dividend per share	13.2¢	12.5¢
Net asset value per share	989.0¢	823.3¢
Tangible net asset value per share	896.9¢	728.1¢
Group combined ratio (discounted)[1]	85.4%	85.7%
Group combined ratio (undiscounted)[1]	90.4%	90.2%
Return on equity (annualised)[1]	16.5%	19.9%
Positive prior year development[1]	$50.8m	$61.7m

Highlights

- Insurance contract written premium (ICWP) grew by $89.6 million or 3.3% to $2,812.9 million (H1 2023: $2,723.3 million) with sustained retail growth and additional capital deployed in big-ticket property.
- Profit before tax grew 7.1%, to $283.5 million (H1 2023: $264.8 million), underpinned by:
  - insurance service result of $240.7 million (H1 2023: $221.4 million);
  - investment result of $152.4 million (H1 2023: $121.8 million).
- Undiscounted combined ratio of 90.4% (H1 2023: 90.2%) in a more active loss environment.
- Group ROE of 16.5% (H1 2023: 19.9%).
- Excellent tangible NAV per share growth of 23.2%.
- Over 85%[2] of the $150 million buyback completed; interim dividend of 13.2 cents per share, an increase of 5.6% from last year.
- Strong balance sheet and reserves; estimated Bermuda Solvency Capital Ratio (BSCR) of 206%.
- Our diversified portfolio is well placed to deliver sustainable returns and growth for the Group through the insurance cycle.

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

"Our business has built on the momentum from 2023 and delivered strong profits and robust growth in the first half. We are focused on deploying capital to generate profitable growth and investing in underwriting and technology capabilities to build out our competitive advantages. This has delivered a strong and increased underwriting result of $241 million, despite a more active loss environment, and positions us well to deliver high-quality growth through the insurance cycle."

ENDS

[1]Alternative performance measure definitions used by the Group are included within the condensed consolidated interim financial statements.
[2]As of 30 June 2024.

CEO's statement

The Group has continued to deliver strong profitability and sustained growth in the first six months of the year, building on the momentum achieved in 2023. In our big-ticket businesses, positive market conditions have persisted, although more variable than in 2023. Into this market we have proactively, yet selectively, deployed capital and we are managing the various stages of the cycle across different parts of our portfolio. Combining this with continued profit and growth momentum in Retail has resulted in strong profits and an annualised return on equity of 16.5%.

In the first six months the Group has added $90 million of premiums, with the majority of this ($77 million) coming from growth momentum in Retail. Our focus on profitable growth and underwriting discipline ensured that losses are within our expectations, despite a more active loss environment. The strong profit before tax of $283.5 million, up 7.1% year-on-year, is the combined effect of an insurance service result of $240.7 million, up 8.7%, and an improving investment result of $152.4 million.

In Retail, profitability is robust, with the business achieving an undiscounted combined ratio of 93.8%. The actions we have taken over the last few years are leading to strong growth momentum in US DPD, Europe and the UK. In our target customer segments, new business formation and digital adoption trends remain robust, underpinning significant long-term structural growth opportunities. We continue to invest in our retail capabilities, including improving broker service, to build market share and realise the full growth potential of our business.

As the best property market conditions in a decade have mostly persisted into 2024, we deployed more capital early in the year into our reinsurance business, to lock in advantageous pricing and terms when market conditions were most certain. In our London Market business, we remain disciplined, growing where we see profitable opportunities and continuing to manage the cycle in cyber and D&O.

Our diversified portfolio is well placed to deliver attractive and sustainable returns and growth for the Group through the insurance cycle. In line with our strategy we are continuing to invest in the long-term opportunity in Retail to grow the market and capture share. At the same time, we see opportunities to generate strong returns in our London Market and Re & ILS businesses and, as a result, have put more capital to work.

Our balance sheet remains strong, with the confidence level of our reserves stable at 82% and solid capital generation leading to an estimated Bermuda Solvency Capital Ratio (BSCR) of 206%. Over 85% of the $150 million share buyback announced in March was completed at the balance sheet date. The Group's capital management approach is to invest in the many attractive growth opportunities available from our diversified business model while maintaining balance sheet strength and efficiency. Following the first six months of the year, I am pleased to announce that the Board has approved an interim dividend of 13.2 cents per share, an increase of 5.6% from last year.

Hiscox Retail[3]

Hiscox Retail comprises our retail businesses around the world: Hiscox UK, Hiscox Europe, Hiscox USA and DirectAsia. In this segment, our specialist sector and class of business knowledge, ongoing investment in the brand, distribution (including broker relations) and technology reinforce our strong market position in an increasingly digital world.

Insurance contract written premium	$1,335.3 million (H1 2023: $1,258.3 million)
Net insurance contract written premium	$1,206.9 million (H1 2023: $1,146.7 million)
Insurance service result	$123.0 million (H1 2023: $110.9 million)
Profit before tax	$144.3 million (H1 2023: $146.1 million)
Combined ratio	88.8% (H1 2023: 89.3%)
Undiscounted combined ratio	93.8% (H1 2023: 94.0%)

[3] 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.

Retail ICWP of $1,335.3 million (H1 2023: $1,258.3 million) increased by 5.0% in constant currency, as growth returned to the target range. We continue to see strong momentum in Europe and US DPD and a pleasing step up in UK growth momentum. US broker premiums continue to contract due to a combination of both external and internal factors, albeit at a slower pace in the second quarter. We are taking targeted action to reverse this trend and expect to see the benefit in the second half of the year.

Rates in Retail increased 3% across the markets, as inflation moderates.

On an undiscounted basis, Hiscox Retail's combined ratio was 93.8% (H1 2023: 94.0%). This is a 2.6 percentage point improvement on the full year 2023 undiscounted combined ratio of 96.4% and within the target combined ratio range. We have continued to invest in our retail capabilities, including people, marketing and technology to build momentum for growth. Our intention remains to run our Retail business within the 89-94% combined ratio range for the long-term benefit of our shareholders.

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 ICWP grew 4.3%, on a constant currency basis, to $427.4 million (H1 2023: $399.3 million). The underlying growth, excluding the impact of some non-recurring income in June 2023, was 6.4% in constant currency, which is the highest since 2018 and is more reflective of the current momentum in the UK.

This underlying positive business momentum in the UK is broad based. The UK commercial business is growing well and our art and private client business delivered low double-digit growth, benefitting from favourable market dynamics and the launch of the high-value household product on the e-trade platform.

The first half of the year also marked a significant milestone for Hiscox UK, which now has over half a million customers. Proactive management of distribution and improving broker sentiment have resulted in strong new business flows complemented by high retention rates. The business also signed six new distribution deals, which will help sustain growth momentum going forward.

Our brand campaign continues to attract significant attention and was awarded Gold at both the 2024 Outdoor Media Awards for the 'best multi-format campaign' and the 2024 Creative Circle Awards in the 'best use of outdoor medium' category, beating a number of well-known financial and non-financial brands. Spontaneous brand awareness has improved significantly as a result of the brand campaign and has had a positive impact on our acquisition metrics, with strong double-digit growth in branded search.

Catherine Frost joined our business during the first half as UK Chief Operating Officer, after 22 years at RSA where she was most recently Managing Director for UK Commercial Lines.

Hiscox Europe

Hiscox Europe provides commercial insurance, and personal lines cover, including high-value household, fine art and classic car.

Our European business achieved strong growth of 8.5% in constant currency for the first six months of the year, with ICWP of $400.4 million (H1 2023: $365.6 million). Growth in Europe has been broad based with the strongest momentum in France, our second largest market in Europe, where premiums are growing at a strong double-digit rate. We expect the momentum in Europe to build further in the second half of the year, sustained by continued product and distribution innovation as well as the signing of new distribution deals.

The roll-out of our new core technology continues on schedule, with Germany's commercial business now live and activity focused on Germany's art and private client business and France's commercial business. Hiscox Europe is also progressing with the build of broker and customer portals, across our markets, wrapped around our single core technology, as we are digitalising more and more of our customer and broker interactions. This will support sustained growth and drive greater efficiencies in our European business.

Hiscox USA[3]

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's ICWP grew by 2.9% to $476.5 million (H1 2023: $463.1 million) with sustained growth in US DPD and continued but slowing contraction in US broker.

US DPD grew ICWP by 8.8% to $284.2 million (H1 2023: $261.2 million), sustaining the momentum built over 2023. Our US direct business delivered strong double-digit growth boosted by increased investment in marketing spend and strong retention. The first half of the year saw the full digital launch of our workers' compensation partnership, which extends our range of products and brings us a step closer towards meeting the full range of insurance needs of small businesses. In US digital, partnerships growth was more variable, as some established partners' production momentum slowed in the second quarter. This is partially offset by growth from the 29 new partners onboarded over the last 12 months.

US broker ICWP decreased by 4.8% to $192.2 million (H1 2023: $201.9 million). The business is rotating back to growth, having been decisively re-underwritten in 2021 and impacted by challenging conditions in the cyber market. The rate of decrease has slowed in the second quarter to 1.9%, having been 7.5% over the first three months of the year. Growth is now being seen across architects and engineers, terrorism and entertainment, with other lines of business showing improving trends. Nonetheless, we anticipate the US broker business will continue to contract, albeit at a more measured rate, in the second half of the year.

We are excited to welcome Mary Boyd, who has joined Hiscox USA as our new Chief Executive Officer. Mary joins from Plymouth Rock Assurance where she served as CEO of its independent agency business since 2018. She began her career in actuarial roles before moving into leadership positions at The Hartford Insurance Company, ACE, Explorer Insurance, and Chubb. This appointment further underlines our ambition to build America's leading small business insurer and to take the business to scale.

Hiscox Asia

DirectAsia delivered ICWP growth of 3.6% in constant currency to $31.0 million (H1 2023: $30.3 million) with strong double-digit growth in Singapore partially offset by more moderate growth momentum in Thailand. The Group previously announced its agreement to sell DirectAsia to Ignite Thailand Holdings Limited, subject to customary conditions and regulatory approvals. These conditions have not been met within the agreed time period and the agreement to sell has now been terminated. The Group is exploring other options.

Hiscox London Market[3]

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	$648.3 million (H1 2023: $667.1 million)
Net insurance contract written premium	$439.1 million (H1 2023: $453.8 million)
Insurance service result	$74.2 million (H1 2023: $77.8 million)
Profit before tax	$108.1 million (H1 2023: $114.1 million)
Combined ratio	81.5% (H1 2023: 79.2%)
Undiscounted combined ratio	86.9% (H1 2023: 83.2%)

Hiscox London Market has continued to deliver excellent underwriting results, through diligent risk selection and underwriting, combined with proactive, yet selective, deployment of capital. This has led to strong profits of $108.1 million and an undiscounted combined ratio of 86.9%, despite a more active claims environment.

ICWP decreased by 2.8% to $648.3 million (H1 2023: $667.1 million) and net ICWP decreased by 3.2% to $439.1 million (H1 2023: $453.8 million). This is driven by three factors: the decision to non-renew certain large binder deals; our proactive management of the underwriting cycle in casualty lines; and a reduction in space premiums, as there were fewer risks in the market and we took a decision to reduce line size due to heightened recent loss activity. As expected, in the second quarter the business delivered a four percentage point improvement in growth compared to the first quarter of 2024, on a discrete quarterly basis.

Hiscox London Market achieved an average rate increase of 4% during the first half, with cumulative rate increases of 77% since 2018.

Property continues to enjoy a strong rating environment, particularly in property binders and flood. Competition in major property has increased, causing rate to begin to flatten after the strong growth achieved last year. Property premiums grew in the period, although the trend was impacted by strategic non-renewals. The Group utilises its broad market access to deploy capital flexibly across both London Market and Re & ILS, to capture the best opportunities, and we will continue to be agile as the market evolves.

Cycle management activities in cyber and D&O are ongoing, as rates decreased by 9% and 8% respectively. ICWP reduced at a double-digit rate in both of these lines, as we reflect the transitioning markets.

The core marine and upstream energy lines are experiencing an increase in competition, although we continue to see attractive structural growth opportunities in power and renewables and aim to lead more in this space. Upstream construction is also seeing a good flow of new business, where Hiscox is well placed with excellent engineering and underwriting expertise.

Our collaboration with Google Cloud continues in 2024. Our AI solution for terrorism risk is about to be implemented into the live environment following the 2023 proof of concept, which successfully demonstrated that we could reduce the time taken to quote a terrorism risk from three days to three minutes. In parallel, we are extending the core proof of concept capabilities to major property, a more complex class, where we are also aiming to reduce the time to quote. Over time, we aim to roll out AI capabilities to all relevant lines of business to support both our growth and efficiency ambitions.

We continue to proactively pursue new business in our ESG sub-syndicate, Syndicate 3033, and have included liability, D&O, carbon offset and product recall risks for the first time.

The first half of the year saw a number of uncorrelated small- to mid-size loss events across non-casualty divisions of Hiscox London Market. These losses have included the Francis Scott Key Bridge collision near the US Port of Baltimore. Despite this more active loss environment, Hiscox London Market delivered an insurance service result of $74.2 million (H1 2023: $77.8 million) and an undiscounted combined ratio of 86.9% (H1 2023: 83.2%). This marks the fourth consecutive half year of an undiscounted combined ratio in the 80-90% range.

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	$829.3 million (H1 2023: $797.9 million)
Net insurance contract written premium	$381.2 million (H1 2023: $345.1 million)
Insurance service result	$43.5 million (H1 2023: $32.7 million)
Profit before tax	$86.5 million (H1 2023: $55.1 million)
Combined ratio	73.8% (H1 2023: 76.3%)
Undiscounted combined ratio	77.3% (H1 2023: 81.2%)

Hiscox Re & ILS grew net ICWP by 10.5% to $381.2 million (H1 2023: $345.1 million) as the business deployed additional capital early to successfully capture the attractive market conditions. ICWP grew by 3.9% to $829.3 million in the first half (H1 2023: $797.9 million), with a majority of the growth achieved during the January renewals when market conditions were most attractive. The overall growth rate has reduced at subsequent renewal periods, as additional quota share capacity and own capital deployed were offset by a reduction in ILS capital.

The market has remained disciplined at mid-year renewals, with attachment points and terms and conditions broadly holding firm. While market capacity has increased, this has been largely offset by growth in demand from cedants. As anticipated, there have been some rate reductions in the upper layers of structures and on higher-quality business, however, these were from generationally high levels. Overall, rate is flat for the first six months of the year with the market remaining attractive, after cumulative rate increases of 90% since 2018.

As a result of gross capital inflows of $300 million into our side car and ILS funds from a number of new and existing investors in the first six months of the year, Hiscox ILS assets under management were $1.7 billion as at 30 June 2024 (31 December 2023: $1.8 billion). Following a planned return of capital to investors, these reduced to $1.4 billion at 1 July 2024. The third-party capital strategy we have executed in Re & ILS over many years adds scale to the business, enabling more meaningful relationships with our cedants, and allowing Hiscox to manage net retentions within volatility parameters consistent with our ambitions, and also creates a fee-based income stream for risk origination and subsequent profit commissions. In the first six months of this year, fee income increased by 57.7% to $44.3 million (H1 2023: $28.1 million) due to a rise in performance fees reflecting underwriting performance.

Hiscox Re & ILS delivered a strong insurance service result of $43.5 million (H1 2023: $32.7 million) at an undiscounted combined ratio of 77.3% (H1 2023: 81.2%), and an excellent profit before tax of $86.5 million (H1 2023: $55.1 million). Due to the seasonal nature of the risks underwritten by Hiscox Re & ILS, the majority of premium is earned in the second half of the year.

Claims

The first half saw several natural catastrophe loss events occur around the world, including flooding in Dubai and Germany, an earthquake in Taiwan and severe convective storms in the USA. The total net loss reserved for these events for the Group is in line with our expectations.

The Group reserved $28 million net for the events relating to the MV Dali collision with the Francis Scott Key Bridge in Baltimore, causing the bridge to collapse and a number of tragic fatalities. The majority of this loss has been recognised within Hiscox London Market, with the remainder booked in Hiscox Re & ILS. Additionally, there have been a number of uncorrelated, small- to mid-size man-made losses within Hiscox London Market impacting the crisis management and marine, energy and specialty divisions.

The Group loss experience has been within our expectations.

Strong foundations

Reserves

As at 30 June 2024, the Group's net reserves are at the 82% confidence level (FY 2023: 83%, HY 2023: 77%) in line with our conservative reserving philosophy, with the risk adjustment above the best estimate of $262.0 million[4] (FY 2023: $272.9 million, HY 2023: $211.1 million).

Net reserve releases of $50.8 million demonstrate the effectiveness of our reserving philosophy, which is evident in the consistently positive reserve development we have reported over many years.

Over recent years we have been proactive in executing legacy portfolio transactions (LPTs) to protect certain lines of business, in particular those lines we have exited. These LPTs continue to provide protection, covering 31% of Group gross reserves and 42% of casualty gross reserves for 2019 and prior years from inflationary and other pressures. We will continue to periodically pursue similar transactions to manage volatility and optimise capital.

Capital

The Group remains strongly capitalised from both a regulatory and a ratings agency perspective. Capital generation has been strong in the first half, lifting the estimated Group BSCR ratio to 206% at 30 June 2024 after payment of the final dividend and with over 85% of the share buyback completed at the balance sheet date. The BSCR ratio excludes any benefit from the $150 million Bermuda deferred tax asset, consistent with our year-end quoted figure.

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

Having considered the capital requirements of the business, the Board has approved the payment of an interim dividend of 13.2 cents per share, an increase of 5.6%. The record date for the dividend will be 16 August 2024 and the payment date will be 24 September 2024. The Board proposes to offer a Scrip alternative, subject to the terms and conditions of the Group's 2022 Scrip Dividend Scheme. The last date for receipt of Scrip elections will be 2 September 2024 and the reference price will be announced on 10 September 2024. Further details on the dividend election process and Scrip alternative can be found on the investor relations section of our corporate website, www.hiscoxgroup.com.

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. The leverage position as at 30 June 2024 for the Group is 16.4%[5], comfortably within the range that the Group chooses to operate in.

Investments

The investment result for the first six months of 2024 was $152.4 million (H1 2023: $121.8 million), or a return of 1.9% year to date (H1 2023: 1.7%) as the interest and coupons from cash, debt and fixed income portfolios increased by 48% year-on-year[6]. Assets under management at 30 June 2024 were $8.0 billion (FY 2023: $8.0 billion).

Bond markets continued to fluctuate on statements from central banks as they assess the inflation outlook. Although the inflationary trend was down, pricing pressures did not ease as quickly as expected. While the European Central Bank and Bank of Canada did cut rates, other central banks did not, with expectations for policy changes pushed further into the second half of the year. Market yields remaining at current levels is favourable for our portfolio reinvestment, despite being a mark-to-market headwind in the short term. The reinvestment yield on the bond portfolio was 5.2% at 30 June 2024, up from 5.1% at year-end, with a book yield of 4.8%. Duration is now 1.9 years.

We continue to look to incrementally improve long-term risk and capital-adjusted outcomes through diversification.

Outlook

Our priority remains profitable growth delivered through disciplined underwriting and proactive capital allocation across our divisions. We will continue to invest capital and drive growth where we believe the returns are attractive and will step away from the business which in our view is not rate adequate. The Group's diversified business portfolio is well positioned to deliver high-quality earnings in 2024 and over the long term.

In Retail, we expect growth momentum to continue to build gradually in the second half as management initiatives take effect and we capture more of the structural growth opportunity, although growth momentum is not expected to be linear. In our London Market business, moderate growth is expected to return in the second half, as we write more business to replace non-renewed binders. In Re & ILS, we wrote over three-quarters of this year's reinsurance premiums in the first half, with a greater share of these premiums to be earned in the second half in line with the risk profile of the business. For the full year we expect to continue to see strong net growth in line with the first half, which will exceed top-line growth as we continue to anticipate ILS fund outflows. We face into the US wind season well capitalised and with a high-quality portfolio written at attractive rates.

Our portfolio of businesses and our talented and ambitious teams position us well to continue delivering high-quality disciplined growth and earnings.

Aki Hussain
Group Chief Executive Officer
7 August 2024

[5]Leverage defined as borrowings over borrowings and shareholder equity.
[6]Net of fees.

HISCOX

Condensed consolidated interim income statement

For the six month period ended 30 June 2024

	Note	Six months to 30 June 2024 (reviewed) $m	Six months to 30 June 2023 (reviewed) $m
Insurance revenue	6	**2,058.1**	1,941.1
Insurance service expenses	6	**(1,611.8)**	(1,486.7)
Insurance service result before reinsurance contracts held		**446.3**	454.4
Allocation of reinsurance premiums	6	**(476.6)**	(417.3)
Amounts recoverable from reinsurers for incurred claims	6	**271.0**	184.3
Net expenses from reinsurance contracts held		**(205.6)**	(233.0)
Insurance service result	6	**240.7**	221.4
Investment result	9	**152.4**	121.8
Net finance expenses from insurance contracts		**(90.5)**	(64.4)
Net finance income from reinsurance contracts		**29.9**	26.6
Net insurance finance expenses	9	**(60.6)**	(37.8)
Net financial result	9	**91.8**	84.0
Other income	10	**49.0**	33.7
Other operational expenses	6	**(58.1)**	(33.8)
Net foreign exchange losses		**(14.5)**	(16.5)
Other finance costs	11	**(25.4)**	(24.0)
Share of profit of associates after tax		**–**	–
Profit before tax		**283.5**	264.8
Tax expense	12	**(24.6)**	(14.7)
Profit for the period (all attributable to owners of the Company)		**258.9**	250.1
Earnings per share on profit attributable to owners of the Company			
Basic	14	**75.1¢**	72.2¢
Diluted	14	**73.1¢**	70.8¢

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

Condensed consolidated interim statement of comprehensive income

For the six month period ended 30 June 2024

	Note	**Six months to 30 June 2024 (reviewed) $m**	Six months to 30 June 2023 (reviewed) $m
Profit for the period		**258.9**	250.1
Other comprehensive income			
Items that will not be reclassified to the income statement:			
Remeasurements of the net defined benefit pension scheme		**(6.5)**	(2.8)
Income tax effect		**1.9**	(1.7)
		(4.6)	(4.5)
Items that may be reclassified subsequently to the income statement:			
Exchange (losses)/gains on translation of foreign operations		**(2.5)**	21.0
Other comprehensive income net of tax		**(7.1)**	16.5
Total comprehensive income for the period (all attributable to owners of the Company)		**251.8**	266.6

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

HISCOX

Condensed consolidated interim balance sheet

As at 30 June 2024

	Note	30 June 2024 (reviewed) $m	31 December 2023 (audited) $m
Assets			
Employee retirement benefit asset		**37.2**	44.4
Goodwill and intangible assets		**313.6**	323.9
Property, plant and equipment		**122.3**	130.3
Investments in associates		**21.3**	0.8
Deferred tax assets		**184.1**	180.7
Assets included in disposal group classified as held for sale		**56.3**	59.1
Financial assets carried at fair value	16	**6,676.8**	6,574.4
Reinsurance contract held assets	13	**2,281.8**	2,098.3
Trade and other receivables		**274.5**	206.5
Current tax assets		**3.4**	5.1
Cash and cash equivalents		**1,368.0**	1,437.0
Total assets		**11,339.3**	11,060.5
Equity and liabilities			
Shareholders' equity			
Share capital		**38.2**	38.8
Share premium		**424.2**	528.8
Contributed surplus		**184.0**	184.0
Currency translation reserve		**(381.7)**	(379.2)
Retained earnings		**3,101.8**	2,923.2
Equity attributable to owners of the Company		**3,366.5**	3,295.6
Non-controlling interest		**1.1**	1.1
Total equity		**3,367.6**	3,296.7
Deferred tax liabilities		**71.1**	56.9
Liabilities included in disposal group classified as held for sale		**58.5**	54.8
Insurance contract liabilities	13	**6,809.7**	6,604.0
Financial liabilities	16	**689.3**	674.7
Current tax liabilities		**6.6**	10.9
Trade and other payables		**336.5**	362.5
Total liabilities		**7,971.7**	7,763.8
Total equity and liabilities		**11,339.3**	11,060.5

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

HISCOX

Condensed consolidated interim statement of changes in equity

For the six month period ended 30 June 2024 (reviewed)

	Share capital $m	Share premium $m	Contributed surplus $m	Currency translation reserve $m	Retained earnings $m	Equity attributable to owners of the Company $m	Non-controlling interest $m	Total equity $m
Balance at 1 January 2024	**38.8**	**528.8**	**184.0**	**(379.2)**	**2,923.2**	**3,295.6**	**1.1**	**3,296.7**
Profit for the period	–	–	–	–	**258.9**	**258.9**	–	**258.9**
Other comprehensive income net of tax	–	–	–	**(2.5)**	**(4.6)**	**(7.1)**	–	**(7.1)**
Employee share options:								
Equity settled share-based payments	–	–	–	–	**9.4**	**9.4**	–	**9.4**
Proceeds from shares issued	**0.1**	**19.9**	–	–	–	**20.0**	–	**20.0**
Share buyback*	**(0.7)**	**(126.0)**	–	–	–	**(126.7)**	–	**(126.7)**
Deferred and current tax on employee share options	–	–	–	–	**0.9**	**0.9**	–	**0.9**
Shares issued in relation to Scrip Dividend	–	**1.5**	–	–	–	**1.5**	–	**1.5**
Dividends paid to owners of the Company	–	–	–	–	**(86.0)**	**(86.0)**	–	**(86.0)**
Balance at 30 June 2024	**38.2**	**424.2**	**184.0**	**(381.7)**	**3,101.8**	**3,366.5**	**1.1**	**3,367.6**

*This represents the buyback of ordinary shares by the Company as part of buyback programme commenced on 5 March 2024.

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

HISCOX

Condensed consolidated interim statement of changes in equity (continued)

For the six month period ended 30 June 2023 (reviewed)

	Share capital	Share premium	Contributed surplus	Currency translation reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interest	Total equity
	$m	$m	$m	$m	$m	$m	$m	$m
Balance at 1 January 2023	38.7	517.6	184.0	(404.2)	2,297.8	2,633.9	1.1	2,635.0
Profit for the period	–	–	–	–	250.1	250.1	–	250.1
Other comprehensive income net of tax	–	–	–	21.0	(4.5)	16.5	–	16.5
Employee share options:								
Equity settled share-based payments	–	–	–	–	19.7	19.7	–	19.7
Proceeds from shares issued	–	3.5	–	–	–	3.5	–	3.5
Deferred and current tax on employee share options	–	–	–	–	2.2	2.2	–	2.2
Shares issued in relation to Scrip Dividend	–	1.1	–	–	–	1.1	–	1.1
Dividends paid to owners of the Company	–	–	–	–	(82.8)	(82.8)	–	(82.8)
Balance at 30 June 2023	38.7	522.2	184.0	(383.2)	2,482.5	2,844.2	1.1	2,845.3

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

HISCOX

Condensed consolidated interim cash flow statement

For the six month period ended 30 June 2024

	Note	**Six months to 30 June 2024 (reviewed) $m**	Six months to 30 June 2023 (reviewed) $m
Profit before tax		**283.5**	264.8
Adjustments for:			
Net foreign exchange losses		**14.5**	16.5
Interest and equity dividend income	9	**(153.1)**	(105.3)
Interest expense	11	**25.4**	24.0
Net fair value gains on financial assets		**(7.7)**	(29.3)
Depreciation, amortisation and impairment	10	**34.4**	30.6
Charges in respect of share-based payments		**25.5**	19.7
Loss on sale of subsidiary undertaking, intangible assets and property plant and equipment		**1.5**	–
Changes in operational assets and liabilities:			
Insurance and reinsurance contracts		**48.9**	50.5
Financial assets carried at fair value		**(99.1)**	(248.1)
Financial liabilities carried at fair value		**(0.3)**	(0.2)
Financial liabilities carried at amortised cost		**0.3**	0.2
Other assets and liabilities		**(132.3)**	(72.1)
Cash paid to the pension fund		**–**	(12.2)
Interest received		**140.9**	97.9
Equity dividends received		**0.5**	0.7
Interest paid		**(4.5)**	(3.9)
Current tax paid		**(13.9)**	(4.2)
Net cash flows from operating activities		**164.5**	29.6
Purchase of property, plant and equipment		**(1.8)**	–
Proceeds from the sale of property, plant and equipment		**0.1**	0.1
Purchase of intangible assets		**(14.3)**	(20.6)
Net cash flows used in investing activities		**(16.0)**	(20.5)
Proceeds from the issue of ordinary shares		**3.8**	3.5
Distributions made to owners of the Company		**(84.4)**	(81.7)
Shares repurchased		**(126.7)**	–
Principal elements of lease payments		**(5.8)**	(8.7)
Net cash flows used in financing activities		**(213.1)**	(86.9)
Net decrease in cash and cash equivalents		**(64.6)**	(77.8)
Cash and cash equivalents at 1 January		**1,437.0**	1,350.9
Net decrease in cash and cash equivalents		**(64.6)**	(77.8)
Effect of exchange rate fluctuations on cash and cash equivalents		**(4.4)**	16.8
Cash and cash equivalents at end of period	18	**1,368.0**	1,289.9

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

Notes to the condensed consolidated interim financial statements

1. General information
Hiscox Ltd (the 'Company') is a public limited company registered and domiciled in Bermuda. The condensed consolidated interim financial statements for the Company as at, and for the six months ended, 30 June 2024 comprise the Company and its subsidiaries (together referred to as the 'Group') and the Group's interest in associates. The CEO's statement accompanying these condensed consolidated interim financial statements forms the Interim Statement for the half year ended 30 June 2024.

The Directors of Hiscox Ltd are listed in the Group's 2023 Report and Accounts. A list of current Directors is maintained and available for inspection at the registered office of the Company located at Chesney House, 96 Pitts Bay Road, Pembroke HM 08, Bermuda.

2. Basis of preparation
These condensed consolidated interim financial statements for the six months to 30 June 2024 have been prepared in accordance with IAS 34 *Interim Financial Reporting*, the UK-adopted international accounting standards, and the Disclosure Rules Sourcebook and Transparency Rules issued by the Financial Conduct Authority.

The accounting policies applied, the significant judgements made, and the key sources of estimation uncertainty in the condensed consolidated interim financial statements are the same as those applied in Hiscox Ltd's 2023 consolidated financial statements.

The Group has applied the exception under the IAS 12 amendment to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

These condensed consolidated interim financial statements are unaudited but have been reviewed by the auditor, PricewaterhouseCoopers Ltd. The comparative results for the year ended 31 December 2023 and 30 June 2023 have been taken from the Group's 2023 Report and Accounts, and the 2023 Interim Statements. They should be read in conjunction with the audited consolidated financial statements of the Group as at, and for the year ended, 31 December 2023.

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

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

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

These condensed consolidated interim financial statements were approved by the Board for issue on Wednesday, 7 August 2024.

2.1 New and amended accounting standards adopted by the Group

The Group has not early adopted any new standards, interpretations or amendments that have been issued but are not yet effective. Several amendments and interpretations apply for the first time in 2024, but do not have a material impact on the condensed consolidated interim financial statements of the Group.

2.2 Significant accounting judgements and estimates
In preparing these condensed consolidated interim financial statements, management makes judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to and disclosed in the Group's 2023 Report and Accounts.

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3. Management of risk

Operational risk

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

Insurance risk

The insurance risks are consistent with those disclosed within the 2023 Report and Accounts on pages 192 to 195. The Group continues to assess, review and monitor its underwriting and reserving risk.

Financial risk

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

Reliability of fair value

As detailed in note 16, the Group's investment allocation is broadly comparable to that as at 31 December 2023. In order to assist users, the Group has disclosed the measurement attributes of its investment portfolio in a fair value hierarchy in note 17 in accordance with IFRS 13 *Fair Value Measurement*.

Price risk

The price risks are consistent with those disclosed within the 2023 Report and Accounts on page 196. The Group's equity and investment fund holdings are limited to a relatively small and controlled proportion of the overall investment portfolio. The equity and investment funds holdings are diversified over a number of companies and industries. The fair value of equities and investment fund assets in the Group's balance sheet at 30 June 2024 was $214 million (31 December 2023: $205 million).

Interest rate risk

The interest rate risks are broadly consistent with those disclosed within the 2023 Report and Accounts on pages 196 to 197. The fair value of the Group's investment portfolio of debt and fixed income holdings is normally inversely correlated to movements in market interest rates. When market interest rates decrease, the fair value of the Group's debt and fixed income investments would tend to increase and vice versa if credit spreads remained constant. The fair value of debt and fixed income assets on the Group's balance sheet at 30 June 2024 was $6,432 million (31 December 2023: $6,334 million).

One method of assessing interest rate sensitivity is through the examination of duration-convexity factors in the underlying portfolio. Duration is the weighted average length of time required for an instrument's cash flow stream to be recovered, where the weightings involved are based on the discounted present values of each cash flow. A closely related concept, modified duration, measures the sensitivity of the instrument's price to a change in its yield to maturity. Convexity measures the sensitivity of modified duration to changes in the yield to maturity.

The Group has used a duration-convexity-based sensitivity analysis for the debt and fixed income holdings, and recalculated the discounting impact for the reinsurance contract assets and insurance contract liabilities, to estimate that a movement in interest rates may affect the Group equity and profit after tax for the period/year as follows:

Period end/year end	**30 June 2024**	31 December 2023
	1% increase/decrease in interest rates	1% increase/decrease in interest rates
	Equity/Profit after tax $m	Equity/Profit after tax $m
Reinsurance contract assets	**(33)/33**	(34)/34
Insurance contract liabilities	**90/(90)**	87/(87)
Debt and fixed income holdings	**(109)/109**	(91)/91

The liability for incurred claims, reinsurance assets for incurred claims and certain reinsurance assets for remaining coverage are calculated by discounting expected future cash flows at a risk-free rate, plus an illiquidity premium where applicable. Risk-free rates were derived using swap rates available in the market denominated in the same currency as the insurance contracts being measured. When swap rates are not available, highly liquid sovereign bonds with the highest credit ratings (for example, AAA/AA) are used. The following discount rates were applied for the currencies and periods presented below:

	Period end 30 June 2024		
	1 year %	**3 year %**	**5 year %**
USD	**5.13**	**4.50**	**4.31**
GBP	**5.05**	**4.52**	**4.31**
EUR	**3.55**	**3.13**	**3.03**
CAD	**4.47**	**3.85**	**3.66**

3. Management of risk
Financial risk
Interest rate risk (continued)

	Year end 31 December 2023		
	1 year %	3 year %	5 year %
USD	4.83	3.92	3.74
GBP	4.97	4.12	3.82
EUR	3.49	2.75	2.65
CAD	4.63	3.69	3.39

Credit risk
The credit risks are consistent with those disclosed within the 2023 Report and Accounts on pages 197 to 198.

The Reinsurance Credit Committee assesses the creditworthiness of all reinsurers by reviewing credit grades provided by rating agencies and other publicly available financial information detailing their financial strength and performance as well as details of recent payment history and the status of any ongoing negotiations between Group companies and these third parties. As at 30 June 2024, 99.3% (31 December 2023: 99.6%) of the Group's reinsurance assets are rated BBB or higher, or are fully collateralised. Individual operating units maintain records of the payment history for significant brokers and contract holders with whom they conduct regular business. The exposure to individual counterparties is also managed by other mechanisms, such as the right of offset, where counterparties are both debtors and creditors of the Group, and are obtaining collateral from unrated counterparties.

The Group mitigates credit risk by investing predominantly in high-quality debt and fixed income instruments. As at 30 June 2024, 92.9% (31 December 2023: 92.6%) of the Group's investments are rated BBB or higher.

Liquidity risk
The liquidity risks are consistent with those disclosed within the 2023 Report and Accounts on pages 199 to 200.

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

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

The Group is exposed to daily calls on its available cash resources, mainly from claims arising from insurance and reinsurance contracts.

Liquidity risk is the risk of being unable to meet customer or other third-party payments as they fall due. This could result in high costs in selling assets or raising money quickly to meet our obligations. The Group's liquidity risk appetite is designed to ensure that appropriate cash resources are maintained to meet obligations as they fall due, both in business-as-usual and stressed circumstances. This is measured using a liquidity coverage ratio, which compares liquidity sources to stress-tested liquidity requirements.

A significant proportion of the Group's investments is in highly liquid assets which could be converted to cash in a prompt fashion and at minimal expense. The Group's exposure to equities is concentrated on shares and funds that are traded on internationally recognised stock exchanges.

The main focus of the investment portfolio is on high-quality, short-duration debt and fixed income securities and cash. There are no significant holdings of investments with specific repricing dates. Notwithstanding the regular interest receipts, and also the Group's ability to liquidate these securities and the majority of its other financial instrument assets for cash in a prompt and reasonable manner, the contractual maturity profile of the fair value of these securities is presented below.

3. Management of risk
Liquidity risk (continued)

Fair values at balance sheet date analysed by contractual maturity:

As at 30 June 2024	**Within one year $m**	**Between one and two years $m**	**Between two and three years $m**	**Between three and four years $m**	**Between four and five years $m**	**Over five years $m**	**2024 Total $m**
Debt and fixed income holdings	**1,380.1**	**1,337.2**	**1,392.6**	**759.8**	**621.3**	**940.6**	**6,431.6**
Cash and cash equivalents	**1,368.0**	**-**	**-**	**-**	**-**	**-**	**1,368.0**
Total	**2,748.1**	**1,337.2**	**1.392.6**	**759.8**	**621.3**	**940.6**	**7,799.6**

As at 31 December 2023	Within one year $m	Between one and two years $m	Between two and three years $m	Between three and four years $m	Between four and five years $m	Over five years $m	2023 Total $m
Debt and fixed income holdings	1,595.7	1,587.7	1,489.3	659.9	366.6	634.4	6,333.6
Cash and cash equivalents	1,437.0	-	-	-	-	-	1,437.0
Total	3,032.7	1,587.7	1,489.3	659.9	366.6	634.4	7,770.6

The Group's equities, equity funds, hedge funds and credit funds and other non-dated instruments have no contractual maturity terms but predominantly could be liquidated in an orderly manner for cash in a prompt and reasonable time frame within one year of the balance sheet date.

The following is an analysis by liability type of the estimated timing of net cash flows based on the liability for incurred claims. The estimated phasing of settlement is based on current estimates and historical trends and the actual timing of future settlement cash flows may differ materially from the disclosure below.

Liquidity requirements to settle the estimated profile of the net undiscounted liability for incurred claims on balance sheet:

As at 30 June 2024	**Within one year $m**	**Between one and two years $m**	**Between two and three years $m**	**Between three and four years $m**	**Between four and five years $m**	**Over five years $m**	**2024 Total $m**
Total	**1,952.8**	**1,058.9**	**588.8**	**324.1**	**200.8**	**346.9**	**4,472.3**

As at 31 December 2023	Within one year $m	Between one and two years $m	Between two and three years $m	Between three and four years $m	Between four and five years $m	Over five years $m	2023 Total $m
Total	1,821.6	1,042.6	557.3	359.5	202.2	368.5	4,351.7

Currency risk
The currency risk is consistent with the disclosures in the 2023 Report and Accounts on pages 200 to 202. The Group remains susceptible to fluctuations in rates of foreign exchange, in particular between US Dollars, Euros and Sterling.

Capital risk management
The Group's capital risk management approach is consistent with the disclosures described within the 2023 Report and Accounts on pages 203 to 205. Prudent capital management is critical to ensure the Group is able to continue to serve its customers, pay valid claims and grow where opportunity permits. As a result, at 30 June 2024, the Group remains strongly capitalised against both our regulatory and rating agency requirements. The Group's available capital was $3,361.6 million (31 December 2023: $3,323.4 million), comprising net tangible asset value of $3,013.9 million (31 December 2023: $2,972.8 million) and subordinated debt of $347.7 million (31 December 2023: $350.6 million).

4. Seasonality and weather
The Group's material exposure to catastrophe losses on certain lines of business such as reinsurance inwards and marine and major property risk mainly in Re & ILS segment is greater during the second half of the calendar year, broadly in line with the most active period of the North Atlantic windstorm season.

In contrast, a majority of gross premium income written in these lines of business occurs during the first half of the calendar year. The Group actively participates in many regions and, if any catastrophic events do occur, it is likely that the Group will share some of the market's losses. Consequently, the potential for significant volatility in expected returns remains during the second half of the year.

5. Related-party transactions
Transactions with related parties during the period are consistent in nature and scope with those disclosed in note 30 of the Group's 2023 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 and Hiscox Société Anonyme (Hiscox SA), together with the fine art and non-US household insurance business written through Syndicate 33. Hiscox USA comprises commercial, property and specialty business written by Hiscox Insurance Company Inc. and Syndicate 3624.

Hiscox London Market comprises the internationally traded insurance business written by the Group's London-based underwriters via Syndicate 33, including lines in property, marine and energy, casualty and other specialty insurance lines.

Hiscox Re & ILS is the reinsurance division of the Hiscox Group, combining the underwriting platforms in Bermuda and London. The segment comprises the performance of Hiscox Insurance Company (Bermuda) Limited, excluding the internal quota share arrangements, with the reinsurance contracts written by Syndicate 33. In addition, the healthcare and casualty reinsurance contracts written in Bermuda on Syndicate capacity are included. The segment also includes the performance and fee income from the insurance-linked securities (ILS) funds, along with the gains and losses made as a result of the Group's investment in the funds.

Corporate Centre comprises finance costs and administrative costs associated with Group management activities and intragroup borrowings, as well as all foreign exchange gains and losses.

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)

Profit before tax by segment
Six months ended 30 June 2024 (reviewed)

	Hiscox Retail $m	Hiscox London Market $m	Hiscox Re & ILS $m	Corporate Centre $m	Total $m
Insurance revenue	1,185.7	530.4	342.0	–	2,058.1
Insurance service expenses	(1,018.3)	(439.4)	(154.1)	–	(1,611.8)
Incurred claims and changes to liabilities for incurred claims	(490.9)	(277.5)	(83.7)	–	(852.1)
Acquisition costs*	(328.0)	(107.1)	(40.0)	–	(475.1)
Other attributable expenses*	(194.4)	(54.8)	(30.4)	–	(279.6)
Losses on onerous contracts and reversals	(5.0)	–	–	–	(5.0)
Insurance service result before reinsurance contracts held	167.4	91.0	187.9	–	446.3
Allocation of reinsurance premiums	(119.8)	(159.5)	(197.3)	–	(476.6)
Amounts recoverable from reinsurers for incurred claims	75.4	142.7	52.9	–	271.0
Net expense from reinsurance contracts held	(44.4)	(16.8)	(144.4)	–	(205.6)
Insurance service result	123.0	74.2	43.5	–	240.7
Investment result	79.5	44.9	28.0	–	152.4
Net finance expense from insurance contracts	(47.8)	(25.3)	(17.4)	–	(90.5)
Net finance income from reinsurance contracts	8.3	9.5	12.1	–	29.9
Net insurance finance expense	(39.5)	(15.8)	(5.3)	–	(60.6)
Net financial result	40.0	29.1	22.7	–	91.8
Other income	7.1	12.9	27.8	1.2	49.0
Other operational expenses*	(25.3)	(7.9)	(6.7)	(18.2)	(58.1)
Net foreign exchange losses	–	–	–	(14.5)	(14.5)
Other finance costs	(0.5)	(0.2)	(0.8)	(23.9)	(25.4)
Share of profits of associates	–	–	–	–	–
Profit/(loss) before tax	144.3	108.1	86.5	(55.4)	283.5
Ratio analysis					
Claims ratio (%)	41.0	41.0	31.6	–	40.0
Acquisition cost ratio (%)	30.0	26.8	24.0	–	28.6
Administrative expense ratio (%)	17.8	13.7	18.2	–	16.8
Combined ratio (%)	88.8	81.5	73.8	–	85.4

*Total marketing expenditure for the period was $50.3 million (30 June 2023: $37.2 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 expense ratio is calculated as acquisition costs and other attributable expenses, as a proportion of insurance revenue net of allocation of reinsurance premiums. The combined ratio is the total of the claims and 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.

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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.

Six months ended 30 June 2024 (reviewed)

	Hiscox Retail $m	Hiscox London Market $m	Hiscox Re & ILS $m	Total $m
Insurance revenue	**1,185.7**	**530.4**	**342.0**	**2,058.1**
Allocation of reinsurance premiums	**(119.8)**	**(159.5)**	**(197.3)**	**(476.6)**
LPT premium	**27.4**	**29.4**	**21.9**	**78.7**
Allocation of reinsurance premiums after reclassifying LPT premium	**(92.4)**	**(130.1)**	**(175.4)**	**(397.9)**
Adjusted net insurance revenue	**1,093.3**	**400.3**	**166.6**	**1,660.2**
Incurred claims and changes to liabilities for incurred claims	**(490.9)**	**(277.5)**	**(83.7)**	**(852.1)**
Amounts recoverable from reinsurers for incurred claims	**75.4**	**142.7**	**52.9**	**271.0**
LPT premium	**(27.4)**	**(29.4)**	**(21.9)**	**(78.7)**
Amounts recoverable from reinsurers for incurred claims after reclassifying LPT premium	**48.0**	**113.3**	**31.0**	**192.3**
Adjusted net incurred claims	**(442.9)**	**(164.2)**	**(52.7)**	**(659.8)**
Remove benefit from discounting of claims	**(55.5)**	**(21.6)**	**(5.8)**	**(82.9)**
Undiscounted adjusted net incurred claims	**(498.4)**	**(185.8)**	**(58.5)**	**(742.7)**

The following ratios reflect the reclassification of LPT premium and removes the impact of discounting.

Ratio analysis (undiscounted)				
Claims ratio (%)	**46.0**	**46.4**	**35.1**	**45.0**
Acquisition cost ratio (%)	**30.0**	**26.8**	**24.0**	**28.6**
Administrative expense ratio (%)	**17.8**	**13.7**	**18.2**	**16.8**
Combined ratio (%)	**93.8**	**86.9**	**77.3**	**90.4**

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6. Operating segments (continued)

Six months ended 30 June 2023 (re-presented)

	Hiscox Retail* $m	Hiscox London Market* $m	Hiscox Re & ILS $m	Corporate Centre $m	Total $m
Insurance revenue	1,133.8	505.2	302.1	–	1,941.1
Insurance service expenses	(987.5)	(382.1)	(117.1)	–	(1,486.7)
Incurred claims and changes to liabilities for incurred claims	(474.9)	(218.2)	(44.1)	–	(737.2)
Acquisition costs	(319.2)	(106.8)	(37.7)	–	(463.7)
Other attributable expenses	(187.2)	(57.1)	(35.3)	–	(279.6)
Losses on onerous contracts and reversals	(6.2)	–	–	–	(6.2)
Insurance service result before reinsurance contracts held	146.3	123.1	185.0	–	454.4
Allocation of reinsurance premiums	(118.9)	(140.3)	(158.1)	–	(417.3)
Amounts recoverable from reinsurers for incurred claims	83.5	95.0	5.8	–	184.3
Net expense from reinsurance contracts held	(35.4)	(45.3)	(152.3)	–	(233.0)
Insurance service result	110.9	77.8	32.7	–	221.4
Investment result	62.8	36.7	22.3	–	121.8
Net finance income from insurance contracts	(27.4)	(18.6)	(18.4)	–	(64.4)
Net finance expense from reinsurance contracts	5.3	7.4	13.9	–	26.6
Net insurance finance income	(22.1)	(11.2)	(4.5)	–	(37.8)
Net financial result	40.7	25.5	17.8	–	84.0
Other income	8.0	14.4	10.5	0.8	33.7
Other operational expenses	(12.9)	(3.5)	(5.5)	(11.9)	(33.8)
Net foreign exchange gains	–	–	–	(16.5)	(16.5)
Other finance costs	(0.6)	(0.1)	(0.4)	(22.9)	(24.0)
Share of profit of associates	–	–	–	–	–
Profit/(loss) before tax	146.1	114.1	55.1	(50.5)	264.8
Ratio analysis					
Claims ratio (%)	40.4	35.3	23.6	–	37.7
Acquisition cost ratio (%)	30.8	28.6	27.2	–	30.0
Administrative expense ratio (%)	18.1	15.3	25.5	–	18.0
Combined ratio (%)	89.3	79.2	76.3	–	85.7

*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.

Six months ended 30 June 2023 (re-presented)	Hiscox Retail* $m	Hiscox London Market* $m	Hiscox Re & ILS $m	Total $m
Insurance revenue	1,133.8	505.2	302.1	1,941.1
Allocation of reinsurance premiums	(118.9)	(140.3)	(158.1)	(417.3)
LPT premium	21.3	8.6	(5.6)	24.3
Allocation of reinsurance premiums after reclassifying LPT premium	(97.6)	(131.7)	(163.7)	(393.0)
Adjusted net insurance revenue	1,036.2	373.5	138.4	1,548.1
Incurred claims and changes to liabilities for incurred claims	(474.9)	(218.2)	(44.1)	(737.2)
Amounts recoverable from reinsurers for incurred claims	83.5	95.0	5.8	184.3
LPT premium	(21.3)	(8.6)	5.6	(24.3)
Amounts recoverable from reinsurers for incurred claims after reclassifying LPT premium	62.2	86.4	11.4	160.0
Adjusted net incurred claims	(412.7)	(131.8)	(32.7)	(577.2)
Remove benefit from discounting of claims	(48.3)	(15.1)	(6.8)	(70.2)
Undiscounted adjusted net incurred claims	(461.0)	(146.9)	(39.5)	(647.4)
Ratio analysis (undiscounted)				
Claims ratio (%)	45.1	39.3	28.5	42.2
Acquisition cost ratio (%)	30.8	28.6	27.2	30.0
Administrative expense ratio (%)	18.1	15.3	25.5	18.0
Combined ratio (%)	94.0	83.2	81.2	90.2

*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

	Reviewed 30 June 2024		Audited 31 December 2023	
	Net asset value (total equity) $m	**NAV per share cents**	Net asset value (total equity) $m	NAV per share cents
Net asset value	**3,367.6**	**989.0**	3,296.7	951.1
Net tangible asset value	**3,054.0**	**896.9**	2,972.8	857.7

The NAV per share is based on 340,502,346 shares (31 December 2023: 346,612,554), being the shares in issue at 30 June 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)

	Reviewed Six months to 30 June 2024 $m	Reviewed Six months to 30 June 2023 $m
Profit for the period	**258.9**	250.1
Opening total equity	**3,296.7**	2,635.0
Adjusted for the time-weighted impact of capital distributions, share buyback and issuance of shares	**(36.6)**	(3.4)
Adjusted opening total equity	**3,260.1**	2,631.6
Annualised return on equity (%)	**16.5**	19.9

The ROE is calculated by using profit or loss for the period divided by the adjusted opening total equity. The adjusted opening total equity represents the equity on 1 January of the relevant year as adjusted for time-weighted aspects of capital distributions, 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

	Reviewed Six months to 30 June 2024 $m	Reviewed Six months to 30 June 2023 $m
Investment result		
Investment income including interest receivable	**153.1**	105.3
Net realised losses on financial investments at fair value through profit or loss	**(5.7)**	(10.3)
Net fair value gains on financial investments at fair value through profit or loss	**7.7**	29.3
Investment return – financial assets	**155.1**	124.3
Net fair value gains on derivative financial instruments	**0.1**	1.2
Investment expenses	**(2.8)**	(3.7)
Total investment return	**152.4**	121.8
Net finance (expense)/income from insurance contracts:		
Interest accreted	**(125.6)**	(107.7)
Effects of changes in interest rates and other financial assumptions	**35.1**	43.3
Total net finance expense from insurance contracts	**(90.5)**	(64.4)
Net finance income/(expense) from reinsurance contracts:		
Interest accreted	**43.5**	44.0
Effects of changes in interest rates and other financial assumptions	**(13.6)**	(17.4)
Total net finance income from reinsurance contracts	**29.9**	26.6
Net insurance finance expense	**(60.6)**	(37.8)
Net financial result	**91.8**	84.0

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10. Other income and operational expenses

	Reviewed Six months to 30 June 2024 $m	Reviewed Six months to 30 June 2023 $m
Other income	**49.0**	33.7
Staff costs	**149.9**	146.7
Depreciation, amortisation and impairment	**34.4**	30.6
Other expenses	**153.4**	136.1
Operational expenses	**337.7**	313.4

11. Finance costs

	Reviewed Six months to 30 June 2024 $m	Reviewed Six months to 30 June 2023 $m
Interest charge associated with borrowings	**23.8**	22.6
Other interest expenses*	**1.6**	1.4
Finance costs	**25.4**	24.0

*Other interest expenses included interest on funds withheld which is included in insurance finance expenses under IFRS 17.

12. Tax (credit)/expense

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

	Reviewed Six months to 30 June 2024 $m	Reviewed Six months to 30 June 2023 $m
Current tax expense	**11.4**	0.2
Deferred tax expense	**13.2**	14.5
Total tax charged to the income statement	**24.6**	14.7

The current tax charge of $24.6 million arises on taxable profits (i.e. after adjusting for non-deductible expenses) based on a forecast effective tax rate for the full year, and includes the adjustments in respect of prior year.

Multiple jurisdictions in which the Group operates have substantively enacted such legislation (‘Pillar Two legislation’) before the balance sheet date. The Hiscox Group expects to be 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 (UTPR) from 2025, meaning that 'top-up taxes' on profits in jurisdictions where the effective tax rate is below 15% may be payable in other jurisdictions across the Group with effect from 2025.

Based on historic trend and forecast analysis, the Group is not expected to incur top-up tax in 2024 and so no top-up tax has been provided for in the period ended 30 June 2024.

13. Insurance liabilities and reinsurance contract

	Reviewed 30 June 2024 $m	Audited 31 December 2023 $m
Insurance contract liabilities	**6,809.7**	6,604.0
Liabilities for remaining coverage	**513.9**	354.4
Liabilities for incurred claims	**6,295.8**	6,249.6
Reinsurance contract held assets	**(2,281.8)**	(2,098.3)
Asset for remaining coverage	**(105.2)**	118.8
Asset for incurred claims	**(2,176.6)**	(2,217.1)
Net insurance contract liabilities	**4,527.9**	4,505.7
Net liabilities for remaining coverage	**408.7**	473.2
Net liabilities for incurred claims	**4,119.2**	4,032.5

Risk adjustment

For the incurred claim liabilities measurement purposes, the Group calculates the risk adjustment at each insurance undertaking entity in accordance with its risk profile using a combination of value at risk method and scenario analysis targeting an overall confidence level for the aggregate risk distribution. Scenario analysis is used to determine the level of compensation that the Group requires for bearing uncertainty about the large event-driven claims e.g. natural catastrophe. This element of the compensation for risk takes into consideration the range of potential outcomes from an event and the sensitivities of the loss positions in any modelled scenarios. Given the nature of the underlying business and losses it is normal for new risks to become apparent or for the magnitude of existing risks to change over time.

Group diversification benefit is not considered at the individual insurance undertaking entity level but is considered in determining the confidence level at a consolidated level for disclosure purposes. At 30 June 2024, the risk adjustment in respect of the liability for incurred claims (LIC) net of reinsurance is at the 82nd percentile (31 December 2023: 83rd percentile).

Detailed reconciliations of changes in insurance contract balances during the year are included below.

13. Insurance liabilities and reinsurance contract (continued)

Net insurance contract liabilities

Net insurance contracts – analysis by remaining coverage and incurred claims

	Six months to 30 June 2024 (reviewed)				
	Net liabilities for remaining coverage		Net liabilities for incurred claims		
	Excluding loss component $m	Loss component $m	Estimates of present value of future cash flows $m	Risk adjustment for non-financial risk $m	Total $m
Net opening balance	465.7*	7.5	3,731.5	301.0	4,505.7
Changes in the condensed consolidated income statement					
Insurance revenue, net of allocation of reinsurance premiums†	(1,581.5)	–	–	–	(1,581.5)
Insurance service expenses, net of amounts recoverable from reinsurers					
Incurred claims and other attributable expenses	–	(4.2)	987.8	24.1	1,007.7
Acquisition costs	475.1	–	–	–	475.1
Adjustments to liabilities for incurred claims relating to past service	–	–	(114.4)	(32.7)	(147.1)
Losses and reversals of losses on onerous contracts	–	5.0	–	–	5.0
Effect of changes in non-performance risk of reinsurers	–	–	0.1	–	0.1
Total net insurance service expenses	475.1	0.8	873.5	(8.6)	1,340.8
Insurance service result	(1,106.4)	0.8	873.5	(8.6)	(240.7)
Net finance (income)/expenses from insurance contracts	(3.9)	–	64.5	–	60.6
Net foreign exchange gains	(7.8)	–	(16.3)	(2.6)	(26.7)
Total change recognised in comprehensive income	(1,118.1)	0.8	921.7	(11.2)	(206.8)
Investment components	11.4	–	(11.4)	–	–
Transfer to other items in balance sheet	(132.3)	–	(326.0)	(1.0)	(459.3)
Net cash flows	1,173.7	–	(485.4)	–	688.3
Net closing balance	400.4	8.3	3,830.4	288.8	4,527.9

*Includes LPT ARC gross of premium payables of $532.3 million at 31 December 2023 and $459.9 million at 30 June 2024.
†Includes allocation of LPT premium of $78.7 million.

13. Insurance liabilities and reinsurance contract (continued)

Net insurance contract liabilities

Net insurance contracts – analysis by remaining coverage and incurred claims

	Year to 31 December 2023 (audited)				
	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
Net opening balance	474.2*	1.9	3,454.7	246.3	4,177.1
Changes in the condensed 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
Acquisition costs	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 balance sheet	(258.3)	–	(682.7)	(1.0)	(942.0)
Net cash flows	2,531.4	–	(988.5)	–	1,542.9
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.

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14. Earnings per share

Basic

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

	Six months to 30 June 2024 (reviewed)	Six months to 30 June 2023 (reviewed)
Profit for the period attributable to owners of the Company ($m)	**258.9**	250.1
Weighted average number of ordinary shares in issue (thousands)	**344,899**	346,546
Basic earnings per share (cents per share)	**75.1¢**	72.2¢

Diluted

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

	Six months to 30 June 2024 (reviewed)	Six months to 30 June 2023 (reviewed)
Profit for the period attributable to owners of the Company ($m)	**258.9**	250.1
Weighted average number of ordinary shares in issue (thousands)	**344,899**	346,546
Adjustment for share options (thousands)	**9,078**	6,929
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**353,977**	353,475
Diluted earnings per share (cents per share)	**73.1¢**	70.8¢

Diluted earnings per share has been calculated after taking account of Performance share plan awards, options under Save As You Earn schemes and employee share awards.

15. Dividends paid to owners of the Company

The Board has declared an interim dividend of 13.2¢ per share (30 June 2023: 12.5¢ per share) payable on 24 September 2024 to shareholders registered on 16 August 2024 in respect of the six months to 30 June 2024. The dividends will be paid in Sterling unless shareholders elect to be paid in US Dollars. The foreign exchange rate to convert the dividends declared in US Dollars into Sterling will be based on the average exchange rate in the five business days prior to the Scrip Dividend price being determined. On this occasion, the period will be between 3 September 2024 and 9 September 2024 inclusive.

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

16. Financial assets and liabilities

i. Analysis of financial assets carried at fair value

	30 June 2024 (reviewed) $m	31 December 2023 (audited) $m
Debt and fixed income holdings	**6,431.6**	6,333.6
Equities and investment funds	**214.0**	205.4
Investments	**6,645.6**	6,539.0
Insurance-linked funds	**31.2**	35.4
Derivative financial instruments	**–**	–
Total financial assets carried at fair value	**6,676.8**	6,574.4

ii. Analysis of financial liabilities carried at fair value

	30 June 2024 (reviewed) $m	31 December 2023 (audited) $m
Derivative financial instruments	**–**	0.3
Total financial liabilities carried at fair value	**–**	0.3

iii. Analysis of financial liabilities carried at amortised cost

	30 June 2024 (reviewed) $m	31 December 2023 (audited) $m
Borrowings	**661.9**	667.0
Accrued interest on borrowings	**27.4**	7.4
Total financial liabilities carried at amortised cost	**689.3**	674.4
Total financial liabilities	**689.3**	674.7

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.

iv. Investment and cash allocation

	30 June 2024 (reviewed) $m	31 December 2023 (audited) $m
Debt and fixed income holdings	**6,431.6**	6,333.6
Equities and investment funds	**214.0**	205.4
Cash and cash equivalents	**1,368.0**	1,437.0
Total	**8,013.6**	7,976.0

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17. Fair value measurements

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

As at 30 June 2024 (reviewed)	**Level 1 $m**	**Level 2 $m**	**Level 3 $m**	**Total $m**
Financial assets				
Debt and fixed income holdings	**1,226.0**	**5,107.9**	**97.7**	**6,431.6**
Equities and investment funds	**–**	**183.8**	**30.2**	**214.0**
Insurance-linked funds	**–**	**–**	**31.2**	**31.2**
Derivative financial instruments	**–**	**–**	**–**	**–**
Total	**1,226.0**	**5,291.7**	**159.1**	**6,676.8**
Financial liabilities				
Derivative financial instruments	**–**	**–**	**–**	**–**
Total	**–**	**–**	**–**	**–**

As at 31 December 2023 (audited)	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Financial assets				
Debt and fixed income holdings	1,235.2	5,033.5	64.9	6,333.6
Equities and investment funds	–	175.4	30.0	205.4
Insurance-linked funds	–	–	35.4	35.4
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

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

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

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

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

Included within debt and fixed income holdings is $47.1 million (31 December 2023: $nil) of holdings in private credit funds which, in turn, hold debt investments in private companies that are not quoted in an active market. The Group’s private credit investments are held at fair value using the most appropriate valuation technique based on the nature, facts and circumstances of the private company. The Group classified these assets as Level 3.

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

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

Level 3 contains investments in a limited partnership, unquoted equity securities and insurance-linked funds which have limited observable inputs on which to measure fair value. Unquoted equities, including equity instruments in limited partnerships, are carried at fair value. Fair value is determined to be net asset value for the limited partnerships, and for the equity holdings it is determined to be the latest available traded price. The effect of changing one or more of the inputs used in the measurement of fair value of these instruments to another reasonably possible assumption would not be significant.

Following an inflow of capital from third-party investors during 2024, resulting in a dilution of the Group's exposure to variable returns from its involvement in the Kiskadee Cadence Fund, the Group has determined that this Fund no longer meets the criteria for consolidation. The Fund has been deconsolidated from the Group accordingly.

The fair value of the Kiskadee funds is estimated to be the net asset value as at the balance sheet date. The net asset value is based on the fair value of the assets and liabilities in the funds. The majority of the assets of the funds are cash and cash equivalents. Significant inputs and assumptions in calculating the fair value of the assets and liabilities associated with reinsurance contracts written by the Kiskadee funds include the amount and timing of claims payable in respect of claims incurred and periods of unexpired risk. The Group has considered changes in the net asset valuation of the Kiskadee funds if reasonably different inputs and assumptions were used and has found that an 11% change to the fair value of the liabilities would increase or decrease the fair value of funds by $1.5 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.

There were no material transfers of assets into or out of Level 3 during the current period.

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

As at	**30 June 2024 total $m**	31 December 2023 total $m
Financial assets		
Balance at 1 January	**130.3**	139.7
Fair value losses through profit or loss	**(10.4)**	(11.5)
Foreign exchange (losses)/gains	**(0.3)**	4.8
Purchases	**53.1**	–
Settlements	**(13.6)**	(28.7)
Transfers	**–**	26.0
Closing balance	**159.1**	130.3
Net unrealised (losses)/gains in the period/year on securities held at the end of the period/year	**(10.3)**	3.5

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

Included within cash and cash equivalents held by the Group are balances totalling $172 million (30 June 2023: $231 million) not available for immediate use by the Group outside of the Lloyd's Syndicates within which they are held. Additionally, $70 million (30 June 2023: $66 million) is pledged cash held against Funds at Lloyd's, and $16.2 million (30 June 2023: $0.5 million) is held within trust funds against reinsurance arrangements.

19. Post balance sheet events
There are no material events that have occurred after the reporting date.

Directors' responsibilities statement

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

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

The Interim Statement 2024 was approved by the Board for issue on Wednesday, 7 August 2024.

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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 and prior-year developments. These are common measures used across the industry, and allow the reader of the report to compare across peer companies. The APMs should be viewed as complementary to, rather than a substitute for, the figures prepared in accordance with accounting standards.

- **Combined, claims and expense ratios**
  The combined, claims and expense ratios are common measures enabling comparability across the insurance industry, that measure the relevant underwriting profitability of the business by reference to its costs as a proportion of the insurance revenue net of allocation of reinsurance premiums. 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 calculation is discussed in more detail in note 6, operating segments. The combined ratio is calculated as the sum of the claims ratio and the expense ratio.

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

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

- **Insurance contract written premium and net insurance contract written premium**
  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 to ensure consistency with insurance revenue under IFRS 17.

  The definition of net insurance contract written premium (NICWP) has been adjusted for certain items to ensure consistency with insurance revenue under IFRS 17. The adjustments primarily relate to reinstatement premium and non-claim dependent commissions, along with reinsurance commissions offset.

  The tables below reconcile the insurance contract written premium back to insurance revenue and net insurance contract written premium back to net insurance revenue.

	Six months to 30 June 2024 $m	Six months to 30 June 2023 $m
Insurance contract written premium	**2,812.9**	2,723.3
Change in unearned premium included in the liability for remaining coverage	**(754.8)**	(782.2)
Insurance revenue	**2,058.1**	1,941.1

	Six months to 30 June 2024 $m	Six months to 30 June 2023 $m
Net insurance contract written premium	**2,027.2**	1,945.6
Change in unearned premium included in the liability for remaining coverage	**(754.8)**	(782.2)
Change in reinsurance provision for unearned premium included in asset for remaining coverage	**309.1**	360.4
Net insurance revenue (insurance revenue less allocation of reinsurance premiums)	**1,581.5**	1,523.8

– **Prior-year developments**
Prior-year developments are a measure of favourable or adverse development on claims reserves, net of reinsurance, that existed at the prior balance sheet date. This measure enables the users of the financial statements to compare and contrast the Group's performance relative to peer companies.

The prior-year development is calculated as the positive or negative movement in ultimate losses on prior accident years between the current and prior-year balance sheet date on an undiscounted basis adjusted for LPT premium. The LPT premium reclassification 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 period amounts to $50.8 million (31 December 2023: $122.8 million) and comprises:

	30 June 2024 (reviewed) $m	31 December 2023 (audited) $m
Adjustment to liabilities for incurred claims relating to past service, net of reinsurance recoveries (on a present value basis)	**147.1**	203.6
Adjustment for discounting impact	**(17.6)**	(19.1)
Adjustment for LPT premium and experience adjustment	**(78.7)**	(61.7)
	50.8	122.8