Registration number: 02837811

HISCOX PLC

Annual Report and Financial Statements

for the Year Ended 31 December 2019

HISCOX PLC

Contents

HISCOX PLC

Company Information

Directors	Bronislaw Edmund Masojada (Chief Executive Officer) Hamayou Akbar Hussain (Group Chief Financial Officer) Richard Colin Watson (Group Chief Underwriting Officer - resigned 31 December 2019)
Company secretary	Bethany Francesca Emma Hunt (resigned 28 February 2020) Lori-Lee Hall (appointed 28 October 2019, resigned 13 February 2020) Keith Michael Hubber (resigned 25 October 2019) Loretto Leavy (appointed 28 February 2020)
Registered office	1 Great St Helen's London EC3A 6HX
Registered number	02837811
Tax advisors	KPMG LLP 15 Canada Square Canary Wharf London E14 5GL
Bankers	Lloyds TSB Bank Plc 113-116 Leadenhall Street London EC3A 4AX
Independent auditors	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT

HISCOX PLC

Strategic Report for the Year Ended 31 December 2019

Principal activities

The principal activity of Hiscox plc ("the Company") is to act as a holding company for its subsidiaries which are insurance and insurance related companies. In addition the Company invests surplus assets into a portfolio of investment funds to earn additional return.

Business review and key performance indicators

The Company generated a profit before tax for the year of £4,946,000 (2018: profit of £119,183,000). The profit for the year includes the following notable items:

• Underlying investment returns from invested assets decreased to a gain of £1,901,000 during the year (2018: gain of £3,292,000);
• Dividend income from subsidiaries was £40,000,000 (2018: £146,600,000);
• Salary and related costs decreased to £1,722,000 (2018: £10,926,000);
• Foreign exchange losses of £3,076,000 (2018: gains of £10,846,000);
• Finance costs of £23,480,000 (2018: £21,966,000)
• Losses on impairment of assets of £5,619,000 (2018: losses of £6,900,000)

The shareholders' equity is £312,777,000 at year-end increased from £307,201,000 in 2018. The movement is as a result of the profit for the year after dividends to shareholders. The directors consider the profit or loss before tax as the key performance indicator of the Company, with the understanding that the long-term debt interest has a significant impact on the results of the Company. As the principal business of the Company is that of a holding company, there are no other specific key performance indicators to report.

Principal risks and uncertainties

The Company is an intermediate holding company in the Hiscox Group. The Company's primary source of revenue comprises investment income receipts from financial instruments such as cash deposits, bonds and equities issued by external parties, and from dividends received on share holdings subsidiaries. Ancillary income is generated on occasion from commissions earned on Hiscox Art projects.

The Company's balance sheet includes significant investments in, and amounts receivable from, subsidiary companies. The recoverability of these balances is dependent on the continued solvency of these companies. The principal risks relating to each of these companies are outlined in their respective 31 December 2019 financial statements. The Company's balance sheet also includes significant holdings in cash, equities and debt based financial instruments issued by external parties. Consequently, the Company has significant exposure to interest rate risk, credit risk, liquidity risk and currency risk.

The Company is financed largely by the equity investment from its parent together with retained earnings. It can, however have short term borrowings and consequently bears a degree of interest rate and currency risk exposures in relation to these liabilities. Information on the Company's efforts to manage the general risks disclosed above is presented in note 3 to the financial statements.

Statement by the directors in performance of their statutory duties in accordance with s172 (1) Companies Act 2006

The Board of Directors of Hiscox plc both individually and collectively act in the way they consider in good faith would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and considerations set out in s172 (1) (a-f) of the Act). In decisions taken to the year ended 31 December 2019, we would reference our approach to the business plan and the supporting control environment which deliver good outcomes for the Company and wider stakeholders. In achieving this, the following areas are highlighted:

a) Our Company's plan was designed to have a long-term beneficial impact on the Company and to contribute to the success in delivering the business of an insurance holding Company. We continue to operate our business within a structured control environment. Hiscox values reiterate this longer term perspective with the desire to build a business that lasts and that everyone is proud to be part of.

Statement by the directors in performance of their statutory duties in accordance with s172 (1) Companies Act 2006 (continued)

b) All employees are employed by Hiscox Underwriting Group Services Ltd ("HUGS"). Hiscox wants to build teams that are as diverse as our customers and create a vibrant work environment where all employees can thrive. Steps are in place for workforce engagement, training and development, employee networks, regular communication updates, launch events for major projects and partners' events. In 2019 we became a Living Wage employer in the UK. Hiscox values reiterate that our growth and success has been built on team work, having shared goals and celebrating together when things go well and supporting each other when they do not go well.

c) Time is taken to get to know the people we work with and work for - our customers. Throughout the Hiscox Group, we think about the implications of our decisions on everyone else in our Group, our industry and our community, because we are committed to building a sustainable business with a legacy we can all be proud of. Our success depends on our relationships with a network of experts beyond our business. All of our activities are informed by appropriate engagement with stakeholders to gain an understanding of our operating environment and the market in which we operate. We value our suppliers and have a Group Prompt Payment Policy which states our intention to pay what we owe, when it is owed. Hiscox's business relationships framework is dislcosed in the Directors Report.

d) Our plan takes into account the impact of the Company's operations on the community, the environment and wider societal responsibilities. As a key company within Hiscox, we are part of the Hiscox Economic, Social and Governance (ESG) approach framework and this ensures that we play a responsible part in society and our customers and society benefit when times are tough. Like others, we are responding to a changing climate, and are helping our customers and business partners to adapt through our products and services. We also evolve as regulation changes and public interest in emerging issues grows. ESG issues touch many different parts of our business - such as HR, risk, finance, underwriting, investments - and the Hiscox ESG framework we have developed helps us stay focussed and make an impact. It ensures we are pragmatic and consistent, teaming Group-wide themes with local market relevance. Our ESG efforts are measured both internally and externally. Externally, we participate in a number of key ESG indices including CDP and FTSE4Good, and we reported against TCFD-aligned principles for the first time in our 2019 climate report.

e) The Board of Directors' intention is to behave responsibly and ensure that the business operates in a responsible manner within the high standards of business conduct and good governance. There is a clear policy in place for whistleblowing and this ensures that employees feel empowered to raise concerns in confidence and without fear of unfair treatment.

f) We aim to act fairly between members however note that the Company has a sole shareholder.

COVID-19 uncertainties

During the finalisation of these accounts, Coronavirus (COVID-19) outbreak has evolved into an unprecedented public health emergency in the UK and around the world, causing disruption to businesses and economic activity. The Company considers this outbreak to be a non-adjusting post balance sheet event.

The situation remains dynamic as governments around the globe take unprecedented measures to slow the spread and mitigate the human tragedy. As the circumstances evolve rapidly, Management do not consider it practicable to provide a quantitative measure of the potential impacts on the Company.

The unprecedented social distancing measures have resulted in the activation of business continuity plans (BCP) and servicing customers whilst working remotely. The investment in new technology in recent years has meant the business operates mostly in a paperless environment.

The effects of COVID-19 are creating volatility in capital markets, and the Company's invested assets would be directly or indirectly affected.

Future developments

The Company will continue to act as the holding company for UK and USA based companies in the Hiscox Group.

Approved by the Board on 29th May 2020 and signed on its behalf by:

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Hamayou Akbar Hussain
Director

HISCOX PLC

Directors' Report for the Year Ended 31 December 2019

The directors present their annual report and the audited financial statements for the year ended 31 December 2019.

The Company is a wholly owned subsidiary of Hiscox Ltd, a public company incorporated and domiciled in Bermuda whose ordinary share capital is listed on the London Stock Exchange. Hiscox Ltd is the Company's ultimate parent company. Copies of its consolidated financial statements are available from the Company Secretary at Hiscox Ltd, Chesney House 96 Pitts Bay Road, Pembroke HM 08, Bermuda.

Dividends and transfers to reserves

The profit for the financial year after tax of £14,530,000 has been transferred to the Company's retained earnings (2018: profit after tax of £122,240,000 transferred to the Company's retained earnings).

The directors paid dividends of £8,954,000 to the parent Company, Hiscox Ltd, in respect of the 5p ordinary shares (2018: £68,700,000).

Going concern

The Company has net current assets of £176,952,000 (2018: net current assets £333,914,000). After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. The Company's cash resources are managed on a Group basis. Working capital forecasts have been prepared for the Group up to 31 December 2022, which demonstrate that the Group has sufficient resources to continue in operational existence for the foreseeable future.

Directors

The names of the directors of the Company at the date of this report are listed on page 1 of these financial statements. The directors have no interests in the shares of the Company, nor in the shares of any other Group company other than in the ultimate parent company. The interests of the directors, who are all directors of the ultimate parent company, are shown in the consolidated financial statements of Hiscox Ltd.

Indemnity insurance

A policy of indemnity insurance cover to the benefit of the directors of the Company has been in force during the year ended 31 December 2019 and at the date of this report.

Political and Charitable Contributions

The Company made no political contributions during the year (2018: £nil). Donations payable to charitable organisations during the year amounted to £ nil (2018: £nil).

Employees and pension arrangements

All employees are employed by HUGS. Hiscox plc established the Hiscox Group's defined benefit scheme which primarily provides benefits for UK employees. The Company is required to make contributions to the scheme and receives contributions from HUGS, by way of periodic recharges, towards the funding of this scheme.

Disclosure of information to auditors

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Business Relationships
We have a diverse range of stakeholders whose engagement is critical to our continued success. We engage with, consider and respond to our stakeholders' needs at various levels and as part of the Hiscox Group. Our success depends on our relationships with a network of experts beyond our business. Our business relationships can be seen via the core themes in the Hiscox Environmental, Social and Governance Framework:

Environmental - We carefully manage our environmental impact and work with our customers, suppliers and business partners to respond to the changing climate. For Hiscox, this means looking at our operations and how we can reduce waste - water, electricity and other consumption helped by our global network of green teams. It also means investing in areas such as research, catastrophe modelling and new technologies that improve our underwriting capabilities and benefit our brokers and customers.

Social - We strive to be a good employer, a trusted insurer and a good corporate citizen, recognising that there is not a 'one-size-fits-all' solution to such matters; no claim, person or plight is the same as another. We take our role in the world seriously and so our claims philosophy, our strategy for charitable giving and our employment practices all contribute to our social narrative. Hiscox's charitable foundation - The Hiscox Foundation - has been in place since 1987, along with Hiscox Gives which creates meaningful volunteering opportunities for employees.

Governance - Good governance practices are essential to our day-to-day business of serving customers and paying claims. Good governance encompasses not just having the appropriate internal controls, policies and procedures, and structures and oversight; it also requires our employees to be accountable for their actions and empowered to raise their hand if something goes wrong. Naturally it also means complying with the laws and regulations that are relevant to our Company.

Independent Auditors

It is the intention of the directors to reappoint the auditors PricewaterhouseCoopers LLP under the deemed appointment rules of Section 487 of the Companies Act 2006.

Approved by the Board on 29th May 2020 and signed on its behalf by:

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Hamayou Akbar Hussain
Director

HISCOX PLC

Statement of Directors' Responsibilities in respect of the Financial Statements

The directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the members of Hiscox PLC

Report on the audit of the financial statements

Opinion

In our opinion, Hiscox PLC's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2019; the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

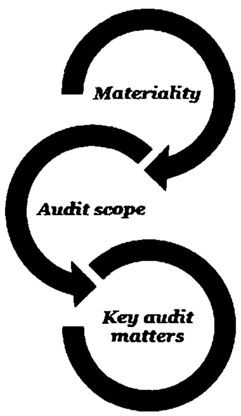
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview



- Overall materiality: £9.85 million (2018: £8.68 million), based on 1% of total assets.

- We performed a full scope audit of the company using the overall materiality of £9.85 million

- The carrying value of investments in subsidiary undertakings;
- The carrying value of financial assets at amortised cost; and
- Going concern and the impact of COVID-19 on the Company.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Independent auditors' report to the members of Hiscox PLC

Report on the audit of the financial statements (continued)

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	*How our audit addressed the key audit matter*
The carrying value of investments in subsidiary undertakings *Refer to note 11 to the financial statements for disclosure of investments in subsidiary undertaking, and to note 2.6 and 2.16 for the related accounting policies.* We identified the carrying amount of investment in subsidiary undertakings as a key audit matter. These balances are material to the Company and management exercise judgement in determining the carrying value. There is a risk that the carrying value of the investment in subsidiary undertakings exceeds the recoverable amount and therefore an impairment should be recognised. We have undertaken work to challenge management as it relates to the carrying value of investments in subsidiary undertakings.	Our procedures in relation to management's assessment of the carrying value of investments in subsidiary undertakings as at 31 December 2019 included the following: • We agreed the carrying value of the investments to the underlying books and records of the Company; • We tested the completeness of the Company's investments in subsidiary undertakings; • We agreed the net asset value (NAV) for each subsidiary to that subsidiary's trial balance and/or management accounts; • Where the NAV of a subsidiary undertaking exceeded the carrying value of the subsidiary undertaking management asserted that the recoverable amount of that subsidiary undertaking exceeded the carrying value. We assessed this analysis as appropriate; and • Where the NAV of a subsidiary undertaking was lower that the carrying value of the subsidiary undertaking management undertook an analysis of the recoverable amount of the subsidiary undertaking. We obtained the calculation of recoverable amount and performed the following: o Vouched the data per the analysis to supporting documentation and recalculated the mathematical accuracy of the calculations; o Identified and assessed the appropriateness of key input assumptions, validating them to alternative sources where feasible; and o Performed sensitivity analysis in regards to the key input assumptions. Based on the procedures performed, no adjustments to the financial statements or disclosures were deemed necessary and the judgements applied were deemed to be materially appropriate in the circumstances.
The carrying value of financial assets at amortised cost *Refer to note 16 to the financial statements for disclosure of financial assets at amortised cost, and to notes 2.7 and 2.9 for the related accounting policies.* We identified the carrying amount of financial assets at	Our procedures in relation to management's impairment analysis and their related assessment of ECLs in relation to the carrying value of financial assets at amortised cost as at 31 December 2019 included the following: • We obtained a listing of the financial assets held at amortised cost, which principally comprises amounts due from Group undertakings, and

Independent auditors' report to the members of Hiscox PLC

Report on the audit of the financial statements (continued)

amortised cost as a key audit matter. These balances are material to the Company and there is a risk that management's impairment analysis and assessment of the expected credit losses (ECL's) under IFRS 9 is inaccurate or incomplete.

We have undertaken work to challenge management as it relates to the calculation of the ECLs and the final carrying value of financial assessments at amortised cost.

vouched the amounts due to the company to the books and records of the group undertakings;

- We understood management's impairment process and the appropriateness of the corresponding ECL analysis as it related to applying IFRS 9; and
- We tested management's ECL analysis, considering in particular, the ability of the Group undertakings to settle amounts due, including the probability and the rate of default based on past history, and considering the intent of the Group undertakings to settle amounts as they fall due. We also considered the fungibility of liquid assets within the Hiscox Group (or access to them) to settle amounts due to Group undertakings.

Based on the procedures performed, no adjustments to the financial statements or disclosures were deemed necessary and the judgements applied in regards to impairment were appropriate in the circumstances.

Going concern and the impact of COVID-19

Refer to note 24 to the financial statements for disclosures related to COVID-19

As disclosed in note 24, subsequent to the balance sheet date and up to the point of reporting there has been a global pandemic of a new strain of Coronavirus (COVID-19) which has caused significant economic disruption. Management concluded that this outbreak and the subsequent spread of the virus does not provide additional evidence about the situation that existed at 31 December 2019, and as such they have treated the event as a non-adjusting post balance sheet event and disclosed it accordingly.

Management have prepared the financial statements on a going concern basis and having assessed the heightened financial volatility and uncertainty caused by COVID-19, believe this assumption remains appropriate.

In considering whether the company can meet its obligations as they fall due, management has assessed the impact of the outbreak of COVID-19 on the company's:

- balance sheet position (assets and liabilities);
- future cash flow forecasts and liquidity; and
- ability to operate for the foreseeable future.

The impact of COVID-19 on the Company

We agree with management's judgement that the COVID- 19 pandemic represents a non-adjusting post balance sheet event for the reasons described opposite. Our work over management's assessment of the impact of COVID-19 on the company's going concern assumption, and their disclosure of the post balance sheet event, included understanding and evaluating management's assessment up to the point of reporting and the associated disclosures.

Management's COVID-19 assessment, considers the impact of the pandemic on the recoverable amounts of the Company's investments in subsidiary undertakings and its investments in assets at amortised cost as compared to their carrying values. We have assessed this analysis for reasonableness, and plausible COVID-19 impact scenarios such as the length of travel and social gathering restrictions on the Company's subsidiaries, and ultimately therefore the Company's balance sheet.

The Company has drawn down $728m of its banking facilities post the balance sheet date. We have agreed these funds to supporting documentation, which shows that the Company has sufficient liquidity to continue for the foreseeable future and we have understood from management that it is their intention to contribute capital into the Company's subsidiaries if and when required to support their operations.

We also considered the operational resilience of the company by understanding the impact to date that COVID-19 has had on the operations of the company and its subsidiaries.

We used the results of our work above to assess the impact of COVID-19 on the company's operations and its ability to continue as a going concern.

Financial statement disclosure

We assessed the disclosures made by management in the financial statements and checked the consistency of the disclosures with our knowledge of the company based on our audit and the above procedures.

The results of our procedures indicated that management's use of the going concern basis of preparation and the post balance sheet event disclosure was supported by the evidence we obtained.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	£9.85 million (2018: £8.68 million).
How we determined it	1% of total assets.
Rationale for benchmark applied	We believe that as the principal business of the company is that of a holding company, total assets is an appropriate measure to assess the financial performance and position of the entity, and is a generally accepted auditing benchmark.

We agreed with the those charged with governance that we would report to them misstatements identified during our audit above £492,000 (2018: £434,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Independent auditors' report to the members of Hiscox PLC

Report on the audit of the financial statements (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent auditors' report to the members of Hiscox PLC

Report on the audit of the financial statements (continued)

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Paul Pannell (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
30 May 2020

Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 31 December 2019

	Note	2019 £000	2018 £000
Revenue			
Income from subsidiary undertakings	4	40,000	146,600
Investment income	4	7,016	4,971
Other income	4	231	170
Total revenue		47,247	151,741
Expenses			
Administration expenses	5	(15,745)	(21,439)
Foreign currency (losses)/gains		(3,076)	10,847
Total expenses		(18,821)	(10,592)
Results of operating activities		28,426	141,149
Finance costs	6	(23,480)	(21,966)
Profit before tax		4,946	119,183
Tax credit	8	9,584	3,057
Profit for the year		14,530	122,240

The Company did not recognise any other comprehensive income during the current or prior year.

The above results were derived from continuing operations.

HISCOX PLC

(Registration number: 02837811)
Balance Sheet as at 31 December 2019

	Note	2019 £000	2018 £000
Assets			
Intangible assets	9	3,694	4,432
Property, plant and equipment	10	11,851	11,403
Investments in subsidiary undertakings	11	381,161	217,798
Investment in associate	12	5,757	6,160
Financial assets carried at fair through profit or loss	13, 17	8,924	9,526
Financial assets at amortised cost	13, 16	501,545	506,090
Current tax		14,932	20,997
Cash and cash equivalents	14	60,745	93,520
Total assets		988,609	869,926
Equity and liabilities			
Equity			
Share capital	15	1,000	1,000
Retained earnings		311,777	306,201
Total equity (all attributable to owners of the Company)		312,777	307,201
Deferred tax liabilities	8	560	1,032
Financial liabilities	13	291,798	291,890
Trade and other payables	19	383,474	269,803
Total liabilities		675,832	562,725
Total equity and liabilities		988,609	869,926

The financial statements were approved by the Board of Directors on 29th May 2020 and signed on its behalf by:

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Hamayou Akbar Hussain
Director

Statement of Changes in Equity for the Year Ended 31 December 2019

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2018	1,000	252,661	253,661
Profit for the year	-	122,240	122,240
Income from parent for equity-settled share based payments	-	31	31
Capital contribution relating to equity-settled share based payments	-	(31)	(31)
Total comprehensive income	-	122,240	122,240
Dividends	-	(68,700)	(68,700)
At 31 December 2018	1,000	306,201	307,201

	Share capital £000	Retained earnings £000	Total £000
At 1 January 2019	1,000	306,201	307,201
Profit for the year	-	14,530	14,530
Income from parent for equity-settled share based payments	-	29	29
Capital contribution relating to equity-settled share based payments	-	(29)	(29)
Total comprehensive income	-	14,530	14,530
Dividends	-	(8,954)	(8,954)
At 31 December 2019	1,000	311,777	312,777

HISCOX PLC

Statement of Cash Flows for the Year Ended 31 December 2019

	Note	2019 £000	2018 £000
Cash flows from operating activities			
Profit/(loss) for the year before tax		4,946	119,183
Adjustments for:			
Depreciation expense	5	177	178
Amortisation expense	5	738	738
Impairment loss	5	5,619	6,900
Interest and equity and dividend income	4	(1,090)	(532)
Net fair value gains on financial assets carried at fair value through profit or loss	4	(493)	(502)
Net realised gains on financial assets carried at fair value through profit or loss	4	(318)	(2,258)
Financial assets carried at fair value		602	(259)
Other assets and liabilities		127,591	(47,743)
Interest received		574	159
Equity dividends received		516	373
Interest expense		(22,884)	(20,076)
Current tax received/(paid)		5,924	(4,605)
Interest paid	6	23,480	21,966
Net cash flow from operating activities		145,383	73,522
Cash flows from investing activities			
Cash outflow for capital contribution or loan to a subsidiary undertaking	11	(168,982)	(9,268)
Cash inflow from reclassification of associate to equity investment		403	-
Cash outflow from purchase of property, plant and equipment		(625)	(716)
Net cash flows from investing activities		(169,204)	(9,984)
Cash flows from financing activities			
Dividends paid	20	(8,954)	(68,700)
Cash and cash equivalents at 1 January		93,520	98,682
Net decrease in cash and cash equivalents		(32,775)	(5,162)
Cash and cash equivalents at 31 December		60,745	93,520

The changes in other assets and liabilities includes, where appropriate, non-cash movements for intra group dividends.

Notes to the Financial Statements for the Year Ended 31 December 2019

1 General information

Hiscox plc (the Company) is a public company limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is provided on the company information page and the nature of the Company's operations and principal activities are included within the Strategic Report.

2 Significant accounting policies

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board (IASB), as adopted by the European Union (EU) and in accordance with the provisions of the Companies Act 2006.

The Company is exempt from preparing consolidated financial statements by virtue of the Companies Act 2006, as its ultimate parent Company prepares publicly available consolidated financial statements that are deemed to satisfy the equivalence requirement of section 401 of Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking only and not about its group.

The financial statements are presented in Pounds Sterling and are rounded to the nearest thousand unless otherwise stated. They are compiled on a going concern basis and prepared on the historical cost basis except certain financial instruments including derivative instruments are measured at fair value. The balance sheet of the Company is presented in order of increasing liquidity. All amounts presented in the statement of profit or loss and statement of other comprehensive income ("OCI") relate to continuing operations.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. The Company's cash resources are managed on a Group basis. Working capital forecasts have been prepared for the Group up to 31 December 2022, which demonstrate that the Group has sufficient resources to continue in operational existence for the foreseeable future.

2.2 New accounting standards, interpretations and amendments to published standard

A number of new standards, amendments to standards and interpretations, as adopted by the European Union, are effective for annual periods beginning on or after 1 January 2019. They have been applied in preparing these financial statements. There were no new standards, amendments or interpretations that had a material impact on the Company.

The new standards and interpretation include:

- IFRS 16 Leases supersedes IAS 17 and sets out the principles for the recognition, measurement, presentation and disclosure of leases. The adoption of this standard does not have impact on the Company's financial statements as it has not entered into any lease agreement.

- IFRIC Interpretation 23 Uncertainty over Income Tax Treatment clarifies the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. The adoption of this standard does not have impact on the Company's financial statements on the basis that no tax treatments have been adopted where it is probable that there is uncertainty around the outcome.

The following new standards, and amendments to standards, that are relevant for the Company are effective for annual periods beginning after 1 January 2020 and have not been applied in preparing these financial statements:

2 Significant accounting policies (continued)

2.2 New accounting standards, interpretations and amendments to published standards (continued)

- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: The changes relate to the definition of "material". Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of financial statements make on the basis of these financial statements. The amendments to the definition of material is not expected to have a significant impact on the Company's financial statements.

- IFRS 3 Business Combinations: The amendments clarify the minimum requirements to be a business and are intended to help determine whether a transaction should be accounted for as a business combination or an asset acquisition. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Company will not be affected by these amendments on the date of transition.

2.3 Foreign currency translation

The functional currency of the Company is Pound Sterling. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the retranslation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income. Non-monetary items carried at historical cost are translated in the balance sheet at the exchange rate prevailing at the original translated date.

2.4 Intangible assets

Intangible assets are recognised where they can be identified separately, measured reliably and it is probable that they will be carried initially at cost, being the fair value of the consideration paid. Intangible assets with finite useful lives such as software are consequently carried at cost, less accumulated amortisation and impairment.

The useful life of the asset is reviewed annually. Any changes in estimated useful lives are accounted for prospectively with the effect of the change being recognised in the current and future periods, if relevant.

Amortisation is calculated using the straight-line method to allocate the cost over the estimated useful lives of the intangible assets.

Subsequent expenditure on other intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

2.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and any impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated will then flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance items are charged to the income statement during the financial period in which they are incurred. Land and artwork assets are not depreciated as they are deemed to have indefinite useful economic lives. Depreciation on buildings is calculated using the straight-line method over 20-50 years to allocate the cost or revalued amounts, less the residual value, over the estimated useful life.

The assets' residual value and useful lives are reviewed at each balance sheet date and adjusted if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the income statement.

2.6 Investment in associates and subsidiary undertakings

Investments in associates and subsidiary undertakings are carried at cost less impairment.

2 Significant accounting policies (continued)

2.7 Financial assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of amounts due from Group undertakings and other receivables, the Group classifies financial assets at its fair value through the profit or loss.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. In assessing whether contractual cash flows are SPPI compliant, interest is defined as consideration primarily for the time value of money and the credit risk of the principal outstanding.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. Information that is considered in determining the applicable business model includes (i) policies and objectives for the relevant portfolio, (ii) how the performance and risks of the portfolio are managed, evaluated and reported to management, and (iii) the frequency, volume and timing of sales in prior periods, sales expectation for future periods, and the reasons for such sales.

Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and their contractual cash flows represent SPPI. The Company's financial assets at amortised cost are amounts due from Group undertakings and other receivables.

Other financial assets with cash flows that are not solely payments of principal and interest are classified as and measured at fair value through profit or loss. These include derivative instruments that are not designated as hedging instruments, and equity investments. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the income statement.

2.8 Cash and cash equivalents

The Company has classified cash deposits and short-term highly liquid investments as cash and cash equivalents. These assets are readily convertible into known amounts of cash and are subject to inconsequential changes in value. Cash equivalents are financial investments with less than three months to maturity at the date of acquisition.

2.9 Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually or whenever there is an indication of impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

(a) Non-financial assets

Objective factors that are considered when determining whether a non-financial asset (such as an intangible asset or item of property, plant and equipment) or group of non-financial assets may be impaired include, but are not limited to, the following:

• adverse economic, regulatory or environmental conditions that may restrict future cash flows and asset usage and/or recoverability;
• the likelihood of accelerated obsolescence arising from the development of new technologies and products; and
• the disintegration of the active market(s) to which the asset is related.

(b) Financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all financial assets at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

2 Significant accounting policies (continued)

2.9 Impairment of assets (continued)

(c) Impairment loss

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss is recognised as income immediately.

2.10 Financial liabilities at amortised cost

All borrowings are measured at amortised cost at each balance sheet date using the effective interest method.

Any difference between the measured amortised cost carrying amount and the ultimate redemption amount is recognised in the income statement over the period of the borrowings.

2.11 Revenue

Revenue predominantly comprises dividend income from subsidiary undertakings and is recognised when approved by the shareholders of the related undertaking.

2.12 Finance costs

Finance costs consist of interest charges accruing on the Company's borrowings and bank overdrafts together with commission fees charged in respect of letters of credit and interest on long-term debt.

Arrangement fees in respect of financing arrangements are charged over the life of the related facilities.

2.13 Retirement benefit obligations

The Company operates a defined benefit pension scheme. The defined benefit scheme closed to future accrual with effect from 31 December 2006 and active members were offered membership of a defined contribution scheme from 1 January 2007.

The Company's subsidiary 'HUGS' has been assessed as the sponsoring entity by virtue of it employing the members of the scheme. The liability for the defined benefit obligation is therefore assessed as belonging to this entity and it recognises the amount on the balance sheet for the retirement benefit obligation in accordance with IAS 19.

The Company is recharged by HUGS its share of the total pension expense for members of the scheme providing service to the Company.

2.14 Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not recognised. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that the future taxable profit will be available against which the temporary differences can be utilised. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the Company controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

2 Significant accounting policies (continued)

2.15 Dividend distribution
Dividend distribution to the Company's shareholder is recognised as a liability in the Company's financial statements in the period in which the dividend is approved.

2.16 Use of critical estimates, judgements and assumptions
The preparation of financial statements requires the use of significant estimates, judgements and assumptions. The directors consider the accounting policies for the valuation of investments in subsidiaries, financial assets and the determination of current and deferred tax assets and liabilities as being most critical to an understanding of the Company's result and position.

Determining the carrying value of investments in subsidiary undertakings is subject to judgement. The directors review the recoverability of the asset based on the expected future benefits including related future cash flows. Should it be considered that the asset will not generate sufficient present valued future benefits for the Company, the asset will be deemed impaired.

The Company carries its financial investments at fair value through profit or loss with fair value determined using published price quotations in the most active financial markets in which the assets trade. During periods of economic distress and diminished liquidity, the ability to obtain quoted bid prices may be reduced and as such a greater degree of judgment is required in obtaining the most reliable source of valuation. In addition the Company has an equity investment in a private company. Valuation of these shares is subject to judgement and includes the use of assumptions, some of which are unobservable. Note 3 to the financial statements discusses the reliability of the Company's fair values.

Legislation concerning the determination of taxation assets and liabilities is complex and continually evolving. In preparing the Company's financial statements, the directors estimate taxation assets and liabilities after taking appropriate professional advice. The determination and finalisation of agreed taxation assets and liabilities may not occur until several years after the balance sheet date and consequently the final amounts payable or receivable may differ from those presently recorded in these financial statements.

2.17 Share-based payments
The Group operates a number of equity-settled, share-based compensation plans, under which the Company receives services from employees as consideration for equity instruments (options) of the ultimate holding company.

The awards are granted by Hiscox Ltd and the Company has no obligation to settle the awards. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. A credit is recognised directly in shareholders' equity.

3 Management of risk

Overview of risk
The Company is part of the Hiscox Group whose Board has developed a governance framework and set Group-wide risk management policies and procedures which cover specific areas such as risk identification, management and mitigation, and reporting.

The overall appetite for accepting and managing varying classes of risk is defined by the Group's Board.

The main sources of risk relevant to the Company's operations and its financial statements relate to financial risk. Note 3.1 onwards outlines the Company's sensitivity to financial risk generally. The Company is also exposed to the risk of continuing operations of its subsidiaries and the carrying value of its investment in them.

The directors have an expectation that the Company's subsidiaries will continue in operation for the foreseeable future.

3 Management of risk (continued)

3.1 Financial risk

The Company is exposed to financial risk through its ownership of financial assets including loans and receivables and financial liabilities. These items collectively represent a significant element of the Company's net shareholder funds.

The key financial risk is that the proceeds from its financial assets are not sufficient to fund liabilities. The most important economic variables that could result in such an outcome relate to the following risk factors; the reliability of fair value measurement, equity price risk, credit risk, liquidity risk and currency risk. The Company's policies and procedures for managing these risks are detailed below.

(a) Reliability of fair values

The financial investments held by the Company carried at fair value are a minority stake in an unlisted entity. The fair value of unquoted equity investment has been determined using other observable inputs such as the most recent regular transaction of identical or closely related instruments occurring before the balance sheet date but updated for relevant perceived changes in market conditions. See further details in note 17 - Fair value measurement.

(b) Equity price risk

The Company is exposed to equity price risk through its holdings of equity and investment funds, however this is limited as the portfolio is well diversified over a number of companies and industries. The allocation of equity risk is not heavily confined to any one market index so as to reduce the Company's exposure to individual sensitivities. A 10% downward correction in equity prices at 31 December 2019 would have been expected to reduce Company equity and profit after tax for the year by approximately £0.7 million (2018: £0.8 million) assuming that the only area impacted was equity financial assets. A 10% upward movement is estimated to have an equal but opposite effect.

(c) Credit risk

The Company has exposure to credit risk, which is the risk that a counterparty will suffer a deterioration in solvency or be unable to pay amounts in full when due.

One of the key areas where the Company is exposed to credit risk is counterparty risk from other companies in the Hiscox Group. The Company evaluates the required allowance for credit losses on amounts due from the Group undertakings based upon the repayment terms, the interest rate payable on the balances and the ability of the Group Company to make the repayment in accordance with the terms of the arrangement.

The Hiscox Group largely centralises the treasury function for its subsidiaries and so repayment of balances from other Group companies may require the borrower to collect balances that it has owing from other Group companies. Management has determined that amounts due from the Group undertakings are low credit risk falling within 'stage 1' of IFRS 9's impairment model, and 12-month expected credit losses can be calculated.

In evaluating the probability of defaults on amounts due from the Group undertakings, Management has considered the credit rating of the Group as it provides central support for the funding of the subsidiaries. The Group's credit rating from S&P has been 'A' corresponding to a low probability of default. Considering the above, Management has concluded that the expected credit default related to amounts due from the Group undertakings is immaterial. Accordingly, no loss allowance has been made for impairment.

Another key area where the Company is exposed to credit risk is to external counterparty risk with respect to cash and cash equivalents. The Company structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty or groups of counterparties. Such risks are subject to at least an annual review. Limits on the level of credit risk by category and territory are reviewed regularly by the Board of Directors.

Exposures to individual debtors and investment issuers are collected within the internal control programme. An analysis of the Company's major exposures to credit risk for rated assets is as follows:

3 Management of risk (continued)

	AAA	A	Total
As at 31 December 2019	**£000**	**£000**	**£000**
Cash and cash equivalents	44,533	16,212	60,745
Total	44,533	16,212	60,745

	AAA	A	Total
As at 31 December 2018	£000	£000	£000
Cash and cash equivalents	64,450	29,070	93,520
Total	64,450	29,070	93,520

(d) Interest rate risk

The Company has exposure to interest rate risk through its long term debt as outlined in note 17. The floating rate becomes effective from November 2025 which is within the Company's interest risk appetite. The Company has no other significant borrowings or other assets or liabilities carrying interest rate risk, other than the facilities and Letters of Credit outlined in note 21.

(e) Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The Board sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of borrowing facilities that should be in place to cover maturities, claims and surrenders at unexpected levels of demand. The Company's balance sheet contains both liquid and illiquid assets and liabilities. Of the Company's assets of £988 million (2018: £869 million) assets falling due within one year are £562 million (2018: £600 million). These assets are more than sufficient to meet the Company's liabilities as they fall due. The Company's financial assets include highly liquid assets and could be converted into cash in a prompt fashion and at minimal expense. All of the cash and cash equivalents mature within one year of the balance sheet date. Further details of the maturity of the Company's assets and liabilities can be found in notes 16 and 19.

(f) Currency Risk

The profile of the Company's assets and liabilities, categorised by currency at their translated carrying amount, at 31 December was as follows:

	Sterling	US Dollar	Euro	Total
As at 31 December 2019	**£000**	**£000**	**£000**	**£000**
Intangible assets	3,694	-	-	3,694
Property, plant and equipment	11,851	-	-	11,851
Investments in subsidiary undertakings and associates	350,921	35,997	-	386,918
Financial assets carried at fair value through profit or loss	8,500	-	424	8,924
Financial assets at amortised cost	376,834	124,706	5	501,545
Current tax	14,932	-	-	14,932
Cash and cash equivalents	26,143	34,602	-	60,745
Total assets	792,875	195,305	429	988,609
Deferred tax	560	-	-	560
Financial liabilities	268,771	23,027	-	291,798
Trade and other payables	383,474	-	-	383,474
Total liabilities	652,805	23,027	-	675,832

3 Management of risk (continued)

	Sterling	US Dollar	Euro	Total
As at 31 December 2018	**£000**	**£000**	**£000**	**£000**
Intangible assets	4,432	-	-	4,432
Property, plant and equipment	11,403	-	-	11,403
Investments in subsidiary undertakings and associates	37,558	185,997	403	223,958
Financial assets carried at fair value through profit or loss	9,526	-	-	9,526
Financial assets at amortised cost	388,366	117,724	-	506,090
Current tax	20,997	-	-	20,997
Cash and cash equivalents	62,023	31,497	-	93,520
Total assets	534,305	335,218	403	869,926
Deferred tax	1,032	-	-	1,032
Financial liabilities	291,890	-	-	291,890
Trade and other payables	269,803	-	-	269,803
Total liabilities	562,725	-	-	562,725

Sensitivity analysis
The estimated impact of a 10% strengthening or weakening of the US Dollar against the Pound Sterling occurring on total equity and on profit/(loss) before tax is shown below. This analysis assumes all other variables remain constant and that the underlying valuation of assets in their base currency is unchanged.

	Effect on equity	**Effect on profit before tax**	Effect on equity	Effect on loss before tax
	2019	**2019**	2018	2018
	£000	**£000**	£000	£000
Strengthening of US Dollar	14,338	17,700	13,388	16,580
Weakening of US Dollar	(11,731)	(14,483)	(10,954)	(13,566)

4 Revenue

(a) Income from subsidiary undertakings
During the year, the income from subsidiary undertakings was £40,000,000 (2018: £146,600,000).

(b) Investment income/(expense)
The total income/(expense) before taxation comprises:

	2019	2018
	£000	£000
Investment income	1,090	532
Net realised gains on financial investments at fair value through profit or loss	627	2,501
Net unrealised gains on financial investments at fair value through profit or loss	184	259
Investment income	1,901	3,292
Loan interest	5,163	1,756
Investment expenses	(48)	(77)
Total income	7,016	4,971

4 Revenue (continued)

(c) Analysis of return on financial investments

The weighted average return on financial investments, excluding derivatives, for the year by currency was:

	2019 £000	2019 %	2018 £000	2018 %
Sterling	1,174	2.9	977	1.5
US Dollar	727	2.1	2,315	2.1
Total	1,901	2.5	3,292	1.9

The return on financial investments, excluding derivatives, by asset class for the year was:

	2019 £000	2019 %	2018 £000	2018 %
Equities and shares in investment funds	834	8.5	632	6.8
Deposits with credit institutions/cash and cash equivalents	1,067	1.6	2,660	1.6
Total	1,901	1.9	3,292	1.9

(d) Other income	2019 £000	2018 £000
Dividend income from associates	231	160
Gain on sale of associate	-	10
Total other income	231	170

5 Administration expenses

	2019 £000	2018 £000
Fees payable to the company's auditor for the audit of the company's annual accounts	33	28
Fees payable to the company's auditor for the audit of the company's subsidiaries	882	1,360
Depreciation	177	178
Amortisation	738	738
Legal fees	3,941	762
Losses on impairment of assets	5,619	6,900
Salary and related costs	1,722	10,926
Other expenses	2,633	547
Total administration expenses	15,745	21,439

5 Administration expenses (continued)

Fees payable to the Company's external auditor, PricewaterhouseCoopers LLP, its member firms and its associates (exclusive of VAT) have been paid by HUGS. This is recharged to the various Group companies where applicable. Fees paid by the Company for the audit of these financial statements for the year were £33,000 (2018: £28,000). The total auditors remuneration for Hiscox plc and its subsidiary companies was £915,000 (2018: £1,388,000). Following a review, the 2018 comparative has been reclassified to show the fees paid by the Company to its auditors.

All UK employees are employed by HUGS. The Company has been recharged for employee expenses in the current year of £1,722,000 (2018: £10,926,000). The Company is charged for a proportion of certain employees time in relation to their time spent on behalf of the Company.

6 Finance costs

	2019 £000	2018 £000
Interest associated with long term debt	16,798	16,891
Interest and expenses associated with bank borrowings	2,557	1,811
Interest and charges associated with Letters of Credit	4,125	3,264
Total finance costs	23,480	21,966

7 Directors' remuneration

All the executive directors of the Company are employed by HUGS. The Company was recharged £183,000 for their services during the year (2018 : £240,000). The remuneration charge for the highest paid director as recharged to the Company was £103,000 (2018 : £120,000). The highest paid director, as recharged to the Company, exercised share options and was granted performance share awards during the current and prior year. The highest paid director's remuneration also includes shadow dividends received on share awards.

The directors may be members of a defined contribution scheme. Certain directors are members of a defined benefit scheme that closed to future accrual with effect from 31 December 2006. These details are shown in the table below, along with aggregate gains made on performance share plan awards during the current and prior year.

	2019	2018
No. of deferred members of the defined benefit scheme	1	2
No. of deferred members of the defined contribution scheme	1	2
No. of directors who exercised performance share awards	1	-
Aggregate gains made on performance share plan awards (£'000)	592	1,572

8 Tax credit

Tax charged/(credited) in the income statement

	2019 £000	2018 £000
Current taxation		
UK corporation tax	(5,835)	(5,120)
UK corporation tax adjustment to prior periods	(3,276)	1,662
	(9,111)	(3,458)
Deferred taxation		
Arising from origination and reversal of temporary differences	(767)	447
Arising from changes in tax rates and laws	295	(46)
Total deferred taxation	(472)	401
Tax credit in the income statement	(9,584)	(3,057)

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK of 19% (2018 - 19%).

The differences are reconciled below:

	2019 £000	2018 £000
Profit before tax	4,946	119,183
Corporation tax at standard rate	940	22,645
Prior year adjustments	(3,048)	1,662
Effect of rate change	65	(47)
Non-taxable income	(8,275)	(29,256)
Other items not deductible for tax	1,247	1,492
Permanent difference on investment disposals	(513)	447
Total tax credit	(9,584)	(3,057)

Factors affecting tax charges in future years

Finance Act 2016, which received Royal Assent on 15 September 2016, reduced the main rate of corporation tax to 17% from 1 April 2020. This was subsequently amended and the main UK rate will remain at 19% from 1 April 2020.

Deferred taxation liability	2019 £000	2018 £000
At 1 January	(1,032)	(631)
Income statement credit	472	(401)
Total deferred tax liability	(560)	(1,032)

8 Tax credit (continued)

Deferred tax analysed by balance sheet headings	2018 £000	Income statement	**2019 £000**
Financial assets	(1,034)	472	(562)
Property, plant and equipment	2	-	2
Total deferred tax liability	(1,032)	472	(560)

9 Intangible assets

	Total £000
At 1 January 2018	
Cost	7,386
Accumulated amortisation	(2,216)
Opening net book amount	5,170
Additions	-
Amortisation charge	(738)
Closing net book amount at 31 December 2018	4,432
At 1 Janaury 2019	
Cost	7,386
Accumulated amortisation	(2,954)
Opening net book amount	4,432
Additions	-
Amortisation charge	(738)
Closing net book amount at 31 December 2019	3,694
At 31 December 2019	
Cost	7,386
Accumulated amortisation	(3,692)
Net book amount	3,694

The remaining amortisation period is five years

10 Property, plant and equipment

	Land and buildings £000	Art £000	Total £000
At 1 January 2018			
Cost	7,077	4,623	11,700
Accumulated depreciation	(835)	-	(835)
Opening net book amount	6,242	4,623	10,865
Additions	72	644	716
Depreciation charge	(178)	-	(178)
Closing net book amount at 31 December 2018	6,136	5,267	11,403
At 1 January 2019			
Cost	7,149	5,267	12,416
Accumulated depreciation	(1,013)	-	(1,013)
Opening net book amount	6,136	5,267	11,403
Additions	-	625	625
Depreciation charge	(177)	-	(177)
Closing net book amount at 31 December 2019	5,959	5,892	11,851
At 31 December 2019			
Cost	7,149	5,892	13,041
Accumulated depreciation	(1,190)	-	(1,190)
Net book amount	5,959	5,892	11,851

11 Investment in subsidiary undertakings

The principal subsidiary undertakings of the Company are:	**2019 £000**	2018 £000
Hiscox Holdings Limited	286,332	131,842
Direct Asia Insurance (Holdings) Pte Limited	46,353	34,118
Hiscox Insurance Holdings Limited	29,983	29,983
Hiscox MGA Limited	12,000	12,000
Hiscox Underwriting Services Limited	1,037	4,495
Whitehall Insurance Services Limited	1,881	1,881
Event Assured Limited	342	342
Applewell Limited	1,636	1,636
Hiscox Dedicated Corporate Member Limited	1,500	1,500
Hiscox Assure SAS	97	1
At 31 December	381,161	217,798

11 Investment in subsidiary undertakings (continued)

During the year the Company increased their capital contributions in Hiscox Holdings Limited by £154,490,000, in Direct Asia Insurance (Holdings) Pte Limited by £14,396,000 and Hiscox Assure SAS by £96,000. (In 2018 the Company increased its capital contributions in Hiscox Underwriting Services Limited by £500,000, in Direct Asia Insurance (Holdings) Pte Limited by £7,768,000, and in Hiscox MGA Limited by £1,000,000).

In the year, the Company performed an impairment test on the subsidiaries which resulted in an impairment in Direct Asia Insurance (Holdings) Pte Limited of £2,161,000 and Hiscox Underwriting Services Limited of £3,458,000. (In 2018 the impairment test resulted in an impairment in Direct Asia Insurance Pte (Holdings) Limited was £5,900,000). Recoverable values of the subsidiaries are the higher of their fair value less cost to sell and value in use.

Value in use calculations are performed using cash flow projections based on financial forecasts covering a 10 year period. A discount factor of 7.0% (2018: 7.0%) has been applied to the projections to determine the net present value. Fair value less cost to sell is estimated based on trading multiples of comparable companies or recent market transactions. The outcome of the recoverable value is compared against the carrying value of the asset and where the carrying value is in excess of the value in use, the asset is written down to this amount.

12 Investment in associates

Movement in carrying value	**2019**	2018
	£000	£000
Year ended 31 December		
At beginning of the year	6,160	7,160
Transfers during the year	(403)	-
Impairment during the year	-	(1,000)
At the end of the year	5,757	6,160

In the year, the Company performed an impairment test on the associates and as a result an impairment of £nil was required (2018: £1,000,000). A value in use calculation was performed using cash flow projections based on financial forecasts covering a ten-year period. A discount factor of 7.0% (2018: 7.0%) has been applied to the projections to determine the net present value. The outcome of the value in use calculation is measured against the carrying value of the asset and, where the carrying value is in excess of the value in use, the asset is written down to this amount.

The Company's interest in its principal associates, all of which are unlisted, were as follows:

	Interest held	**Assets**	**Liabilities**	**Revenues**	**Profit after tax**
	%	**£000**	**£000**	**£000**	**£000**
2019					
Associates incorporated in the UK	From 29 to 35	15,382	11,037	9,754	(139)
Associates incorporated in Europe	From 26	2,025	1,454	1,863	556
Total		17,407	12,491	11,617	417
2018					
Associates incorporated in the UK	From 21 to 35	14,169	9,607	12,343	1,044
Associates incorporated in Europe	From 10 to 26	2,522	4,568	1,879	558
		16,691	14,175	14,222	1,602

Table shows 100% of balance sheet and profit or loss items.

12 Investment in associates (continued)

The equity interests held by the Company in respect of associates do not have quoted market prices and are not regularly traded in any active recognised market. The associates concerned have no material impact on the results of the Company.

13 Financial assets and liabilities

	2019	2018
Financial assets at fair value through profit or loss	£000	£000
Equities and shares in investment funds	8,924	9,526
Financial assets at amortised cost (note 16)	501,545	506,090
Total financial assets	510,469	515,616

On 24 November 2015, the Hiscox Group issued £275.0 million 6.125% fixed-to-floating rate callable subordinated notes due 2045, with a first call date of 2025. This financial liability was transferred from Hiscox Ltd to Hiscox plc.

The notes bear interest from and including 24 November 2015 at a fixed rate of 6.125% per annum payable 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 three-month LIBOR plus 5.076% payable quarterly in arrears on each floating interest payable date.

The group is exposed to cash flow interest rate risk on its long term debt. The long-term debt is issued on The International Stock Exchange in Guernsey.

	2019 £000	2018 £000
Long term debt	275,000	275,000
Accrued interest on long-term debt	16,798	16,890
	291,798	291,890
Trade and other payables	383,474	269,803
Total financial liabilities	675,272	561,693

14 Cash and cash equivalents

	2019 £000	2018 £000
Cash at bank	60,745	93,520

The Company's cash and cash equivalents are held with financial institutions in Europe.

15 Share capital

	2019		2018	
	Number of shares 000s	£000	Number of shares 000s	£000
Ordinary of £0.05 each	20,000	1,000	20,000	1,000

16 Financial assets at amortised cost

	2019	2018
	£000	£000
Amounts due from Group undertakings	501,509	506,053
Other debtors	36	37
Total financial assets at amortised cost	501,545	506,090

	2019	2018
	£000	£000
The amounts expected to be recovered before and after one year, are estimated as follows:-		
Within one year	500,950	506,090
After one year	595	-
Total	501,545	506,090

Amounts due from Group undertakings are repayable on demand, however, repayment has not been requested.

17 Fair value measurement

	Level 1	**Level 2**	**Level 3**	**Total**
As at 31 December 2019	**£000**	**£000**	**£000**	**£000**
Financial assets				
Equities and shares in investment funds	-	-	8,924	8,924
Total	-	-	8,924	8,924
Financial liabilities				
Long-term debt	291,799	-	-	291,799
Total	291,799	-	-	291,799

	Level 1	**Level 2**	**Level 3**	**Total**
As at 31 December 2018	**£000**	**£000**	**£000**	**£000**
Financial assets				
Equities and shares in investment funds	-	-	9,526	9,526
Total	-	-	9,526	9,526
Financial liabilities				
Long term debt	291,890	-	-	291,890
Total	291,890	-	-	291,890

17 Fair value measurement (continued)

The levels of the fair value hierarchy are defined by International Financial Reporting Standards 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 observable market 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 Company's financial assets are based on prices provided by investment managers who obtain market data 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.

Included within Level 1 of the fair value hierarchy would be Treasury bills and deposits with bank institutions which are measured based on quoted prices. There are currently no level 1 financial assets.

Level 2 of the hierarchy contains and shares in unit trusts including positions in traditional long funds and long and short special funds. The fair value of these assets are based on the prices obtained from both investment managers and investment custodians as discussed above. The Company 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 valuations provided by external parties to derive fair value.

Level 3 contains investments in unquoted equity securities which have limited observable inputs on which to measure fair value. Unquoted equities are initially carried at cost, which is deemed to be comparable to fair value, and revised when an observable transaction occurs providing new data for the fair value of the investment. The effect of changing one or more inputs used in the measurement of fair value of these instruments to another reasonably possible assumption would not be significant and no further analysis has been performed.

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.

During the year, there were no transfers made between Level 1 and Level 2 of the fair value hierarchy.

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

		2019		2018
	Equity and shares in unit trusts	**Total**	Equity and shares in unit trusts	Total
	£000	**£000**	£000	£000
Balance at 1 January	9,526	9,526	9,267	9,267
Total gains or losses through profit or loss *	184	184	-	-
Additions and disposals	(786)	(786)	259	259
Closing balance	8,924	8,924	9,526	9,526

*Total gains/(losses) are included within the investment result in the income statement

18 Share options and performance share plan awards

Performance Share Plan awards are granted to Directors and to senior employees. No exercise price is attached to performance plan awards, although their attainment is conditional on the employee completing three years' service (the vesting period) and Hiscox Ltd achieving targeted levels of returns on equity for pre-2018 awards and net asset value targets for awards from 2018. Share options are also conditional on the employees completing two or three years' service (the vesting period) or less under exceptional circumstances (death, disability, retirement or redundancy). The options are exercisable starting three years from the grant date only if Hiscox Ltd achieves its targets of return on equity or net asset value; the options have a contractual option term of ten years. Hiscox Ltd has no legal or constructive obligation to repurchase or settle the options in cash.

In accordance with IFRS 2, the Company recognises an expense for the fair value of share option and Performance Share Plan award instruments issued to employees, over their vesting period through the income statement. The appropriate expense for the Company's directors and senior employees is recharged from Hiscox Ltd through to the Company. The expense recognised in the income statement during the year was £28,728 (2018: income of £30,531). This comprises an expense of £18,321 (2018: income of £43,405) in respect of Performance Share Plan awards and an expense of £10,407 (2018: expense of £12,874) in respect of share option awards. Hiscox Ltd has applied the principles outlined in the Black-Scholes option pricing model when determining the fair value of each share option instrument.

The range of principal assumptions applied by Hiscox Ltd in determining the fair value of share-based payment instruments granted during the year under review are:

Assumptions affecting inputs to fair value models	**2019**	2018
Annual risk-free rates of return and discount rates (%)	0.42-0.68	0.83-0.89
Long-term dividend yield (%)	2.39	3.05
Expected life of options (years)	3.25	3.25
Implied volatility of share price (%)	21.0	22.0
Weighted average share price (p)	1,555.30	1497.80

The weighted average fair value of each share option granted during the year was 306.1p (2018: 302.5p). The weighted average fair value of each Performance Share Plan award granted during the year was 1,554.2p (2018: 1,492.9p).

The interests of employees under the Performance Share Plan of Hiscox Ltd are as follows :

Date from which exercisable	1 January 2019	Number of awards granted	Number of options lapsed	Number of awards exercised	31 December 2019	Market price of exercise £
2 April 2012 - 8 April 2022	167,819	17,122	(9,550)	(99,525)	75,866	13.70-17.00

The interests of employees under the Sharesave Scheme of Hiscox Ltd are as follows

Date from which exercisable	1 January 2019	Number of awards granted	Number of awards lapsed	Number of awards exercised	31 December 2019	Option price £	Market price of exercise £
1 December 2018 to 1 December 2022	18,951	23,236	(3,784)	(2,078)	36,325	7.15-13.31	12.20-17.70

18 Share options and performance share plan awards (continued)

The Performance Share Plan awards have seven years in which to be exercised once vested. The Sharesave schemes have an expiry date six months after the date from which exercisable.

The total number of options and Performance Share Plan awards, as charged to the Company, outstanding is 75,866 (2018: 167,819) of which 32,328 are exercisable (2018: 122,874). The total number of SAYE options outstanding is 36,325 (2018: 18,951).

The implied volatility assumption is based on historical data for periods of between five and ten years immediately preceding grant date. For options issued after 1 January 2006 the assumptions regarding long-term dividend yield have been aligned to the progressive dividend policy announced during the 2005 Rights Issue.

19 Trade and other payables

	2019 **£000**	2018 £000
Amount due to group undertakings	383,182	269,641
Accruals and deferred income	292	162
	383,474	269,803

All amounts are expected to be recovered within one year. Amounts due to Group undertakings are repayable on demand however, repayment has not been requested.

20 Dividends

Interim dividends declared during the year were £8,954,000 (2018: £68,700,000).

21 Contingencies and guarantees

The Company's subsidiaries may from time to time be involved in legal proceedings, claims and litigation in the normal course of business. The Company does not believe that such actions will have a material effect on its loss and financial condition.

Hiscox plc continued with its Letter of Credit and revolving credit facility with Lloyds Banking Group, as agent for a syndicate of banks, for a total $800 million (2018: $800 million) which may be drawn in cash (under a revolving credit facility), Letter of Credit or a combination thereof, providing that the cash portion does not exceed $800 million (2018: $300 million). In addition, the terms also provide that upon request the facility may be drawn in a currency other than US Dollars. At 31 December 2019 $50 million (2018: $50 million) was utilised by way of Letter of Credit to support the Funds at Lloyd's requirement and no cash drawings were outstanding (2018: £ nil).

The Company has provided a guarantee to its subsidiary HUGS over the obligation due from another subsidiary company Hiscox Inc, however, this has not been provided for in the financial statements as the directors consider it highly unlikely that Hiscox Inc. will be unable to pay back the loan.

There is a contingent commitment of £75,000 (2018: £75,000) in respect of uncalled share capital of a subsidiary undertaking.

22 Related party transactions

The Company is part of the Hiscox Group and acts as a holding company for the Group's UK and US insurance companies. It receives dividends from these companies.

The Company is also the lead company in the UK Group companies Corporation Tax Group Payment Arrangement and pays and receives any tax balances due on behalf of the other UK Group companies.

22 Related party transactions (continued)

Transactions with immediate and ultimate parent company

	2019 Income/ (expenses) £000	2019 receivable/ (payable) £000	2018 Income/ (expenses) £000	2018 receivable/ (payable) £000
Hiscox Ltd	(19,979)	(541,903)	(19,343)	(486,449)

Hiscox plc continued with its Letter of Credit and revolving credit facility with Lloyds Banking Group, as an agent for a syndicate of banks, for a total of $800 million (2018: $800 million) which may be drawn in cash (under a revolving credit facility), Letter of Credit or combination thereof.

Hiscox plc is liable for a 0.5% fee on the total charge incurred on the Letter of Credit and revolving credit facility with Lloyds Banking Group during the year to Hiscox Ltd, which acts as the guarantor for the Letter of Credit and revolving credit facility.

Hiscox plc has a long-term debt arrangement with Hiscox Ltd, as explained in note 13.

Transactions with subsidiary

	2019 Income/ (expenses) £000	2019 receivable/ (payable) £000	2018 Income/ (expenses) £000	2018 receivable/ (payable) £000
Subsidiary companies	(13,629)	235,178	(7,358)	310,945

Hiscox plc charges its subsidiary Hiscox Dedicated Corporate Member Limited a 0.6% fee on the utilised Letter of credit facilities with Lloyds Banking Group. During the period Hiscox plc acted as the borrower for the Letter of Credit on behalf of Hiscox Dedicated Corporate Member Limited. Hiscox Insurance Holdings Ltd acts as a guarantor on the facility and a charge is made to Hiscox plc in relation to this.

HUGS recharges expenses to Hiscox plc in the act of service company in the UK. HUGS also recharges a proportion of the Hiscox defined benefit pension scheme deficit movement to Hiscox plc. All intragroup transactions involving the Company are made on an arm's length basis.

Transactions with associated companies

	2019 Income/ (expenses) £000	2019 receivable/ (payable) £000	2018 Income/ (expenses) £000	2018 receivable/ (payable) £000
Associates	231	500	266	-

Hiscox plc receives dividend income from the associates.

23 Parent and ultimate parent undertaking

The Company is a subsidiary of Hiscox Ltd.

The smallest and largest group in which the results of the Company are consolidated is that headed by Hiscox Ltd, Bermuda. No other group financial statements include the results of the Company. The consolidated financial statements of Hiscox Ltd are available to the public and may be obtained from Chesney House, 96 Pitts Bay Road. Pembroke HM 08, Bermuda.

24 Subsidiary companies of Hiscox plc at 31 December 2019

The following subsidiaries all have their registered address as 1 Great St. Helen's, London, EC3A 6HX, United Kingdom.

Company	Nature of business
Amorphous Sugar Limited*	Non-trading Company
Applewell Limited	Underwriting Agent
Event Assured Limited	Non-trading Company
Event Insurance Direct Limited*	Dormant
Event Insurance Online Limited*	Dormant
Expo-Sure Limited*	Non-trading Company
HIM Capital Limited	Dormant
Hiscox 2004 UK Limited	Non-insurance Undertaking
Hiscox ASM Limited*	Insurance Intermediary
Hiscox Connect Limited	Online Intermediary
Hiscox Dedicated Corporate Member Limited	Lloyd's Corporate Name
Hiscox EBT Trustees Limited	Non-insurance Undertaking
Hiscox Europe Services Limited *	Service Company
Hiscox Holdings Limited	Insurance Intermediary
Hiscox Insurance Company Limited*	General Insurance
Hiscox Insurance Holdings Limited	Insurance Holding Company
Hiscox Investment Holdings Limited	Non-trading Company
Hiscox MGA Limited	Underwriting Agent
Hiscox Pension Trustees Limited	Pension Trustee
Hiscox Qualifying Employees Share Ownership Trustees Limited	Share Scheme Trustee
Hiscox SIP Ltd	Non-insurance Undertaking
Hiscox Syndicates Limited*	Lloyd's Managing Agent
Hiscox Syndicates Trustees Limited	Non-insurance Undertaking
Hiscox Trustees Ltd	Non-insurance Undertaking
Hiscox Underwriting Group Services Limited	Service Company
Hiscox Underwriting Ltd*	Lloyd's Managing Agent
Hiscox Underwriting Services Limited	Non-trading Company
Insurex Limited*	Non-trading Company
Insurex-Exposure Limited*	Non-trading Company
Roberts & Hiscox (Underwriting Agencies) Limited*	Non-trading Company
Whitehall Insurance Service Ltd	Investment Company

24 Subsidiary companies of Hiscox plc at 31 December 2019 (continued)

The following subsidiary companies have a registered office overseas.

Company	Nature of business	Registered office
ALTOHA Inc.*	Holding Company	520 Madison Ave., 32nd Floor, New York NY 10022, United States
CGGI Ltd*	Non-trading Company	72 Northumberland Road, Ballsbridge, Dublin 4, Ireland
Direct Asia (Thailand) Co Ltd*	Insurance Intermediary	173/21 Asia Centre Building, 20th Floor, South Sathorn Road, Khwaeng Thungmahamek, Khet Sathorn, Bangkok, 10120, Thailand
Direct Asia Holdings (Thailand) Co Ltd*	Holding Company	173/21 Asia Centre Building, 20th Floor, South Sathorn Road, Khwaeng Thungmahamek, Khet Sathorn, Bangkok, 10120, Thailand
Direct Asia Insurance (Holdings) Pte Limited	Insurance Holding Company	88 South Bridge Road, Singapore, 058716, Singapore
Direct Asia Insurance (Singapore) Pte Ltd*	Insurance Company	88 South Bridge Road, Singapore, 058716, Singapore
Direct Asia Management Services Pte Ltd*	Non-Insurance Undertaking	88 South Bridge Road, Singapore, 058716, Singapore
Direct Asia Services (Thailand) Co Ltd*	Non-Insurance Undertaking	173/21 Asia Centre Building, 20th Floor, South Sathorn Road, Khwaeng Thungmahamek, Khet Sathorn, Bangkok, 10120, Thailand
Crystal Ridge Specialty Insurance Company Inc*	Surplus Lines Insurance Company	104 South Michigan Avenue
Hiscox Holdings Inc.*	Insurance Holding Company	520 Madison Ave., 32nd Floor, New York NY 10022, United States
Hiscox Inc.*	Underwriting Agent	520 Madison Ave., 32nd Floor, New York NY 10022, United States
Hiscox Insurance Company Inc.*	Insurance Intermediary	233 North Michigan Ave., Suite 1840, Chicago IL 60601, United States
Hiscox Insurance Services (Guernsey) Ltd	Underwriting Agent	Polygon Hall, Le Marchant Street, St Peter Port, Guernsey
Hiscox Insurance Services Inc*	Insurance Intermediary	233 North Michigan Ave., Suite 1840, Chicago IL 60601, United States
Hiscox Special Risks Agency (Americas) Inc.*	Underwriting Agent	2711 Centerville Road, Suite 400, Wilmington DE 19808, United States
Richmond Global Ventures Limited*	Non-trading Company	Non-trading Company

The proportion of voting rights of subsidiaries held are the same as the proportion of equity shares held.
*Held indirectly

25 Post balance sheet events

During the finalisation of these accounts, Coronavirus (COVID-19) outbreak has evolved into an unprecedented public health emergency in the UK and around the world, causing disruption to businesses and economic activity. The situation remains dynamic as governments around the globe take unprecedented measures to slow the spread and mitigate the human tragedy. The Company considers this outbreak to be a non-adjusting post balance sheet event.

The potential financial impact to the Company arising from COVID-19 mainly relates to the recoverability of the Company's investment in its subsidiary undertakings and balances due from these entities (held within financial assets at amortised cost). While there remains significant uncertainty regarding the potential financial impact of COVID-19 on the Company's subsidiary undertakings, and in particular its insurance subsidiary undertakings, which could affect the recoverability of these balances and the Company currently expects these balances to remain fully recoverable. The subsidiary undertakings are expected to be able to absorb any net losses arising from COVID-19. If the need arises the Company is in a position of being able to make capital injections into the underlying subsidiary undertakings.

The Company has drawn down c$728 million of its revolving credit facility and letter of credit to enhance the Company's liquidity position and support the Company's subsidiary undertakings as required.