

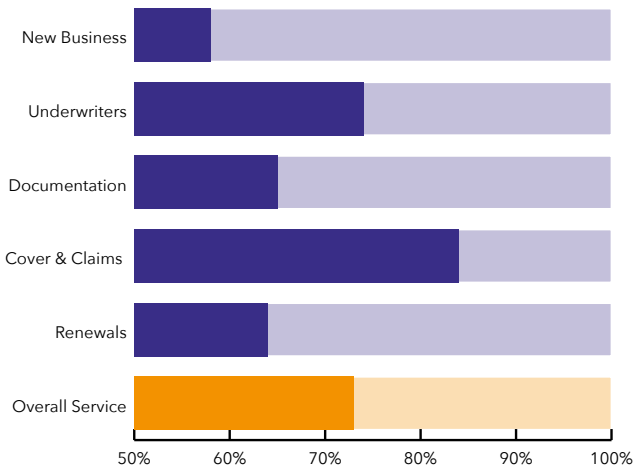
Hiscox

After the debacle of 2018, Hiscox had had another poor year. The best that could be said of its service was that it had not got any worse.

On quoting new business, Hiscox ranked tenth with 58%, a three-point fall. Comment was 8:25 negative and one mixed, to last year's 11:23 negative and one mixed. A minority were happy: 'a decent turnaround'; 'sending over quotations quickly'; 'they are always the first to call'. Service had improved from the dire levels of 2018, said a London broker: 'Hiscox have impressed us in the last few months, with quick turnaround and plenty of interaction.'

Most saw no improvement: 'really slow'; 'simply taking too long'; 'difficult to get hold of'; 'you constantly have to chase'; 'days to weeks for a response'; 'response time is often very poor'; 'tend to be the last to provide terms'; 'slow or non-existent responses'; 'I am lucky if I receive a quotation from them within 72 hours'; 'Hiscox can take up to three weeks'; 'very disappointing'; 'frustrating'; 'unacceptable'; 'shockingly poor'. Hiscox kept on missing

Hiscox ranked tenth out of 12 on new business and on renewals, but third for cover and claims



| Hiscox | Rank/12 | Score | Change vs 2018 |
|------------------------|------------|------------|----------------|
| New Business | 10th | 58% | ↓ 3% |
| Underwriting | 7th | 74% | ↓ 1% |
| Documentation | 9th | 65% | ↑ 1% |
| Cover & Claims | 3rd | 84% | ↑ 2% |
| Renewals | 10th | 64% | ↓ 1% |
| Overall Service | 7th | 73% | → NC |

Price Competitiveness: ★☆☆☆☆

Market Position



the boat. 'They come back far too late,' said a manager at an international firm, 'when we have already had to make a recommendation to clients. They appear to lack hunger for new business.'

On its underwriting, Hiscox dropped one point to 74%, for seventh place. Comment split 16:11 positive and five mixed, to last year's 24:16 positive and ten mixed. For many, the most notable characteristic of Hiscox underwriters was the difficulty in finding one: 'getting hold of underwriters is a challenge'; 'very hard to contact'; 'extremely difficult to speak to'; 'they don't make it easy'. If you did get one on the line, there was a fair chance you were speaking to a novice: 'loads of underwriters who I don't know'; 'the least competent'; 'lack a real understanding of what a HNW client is'; 'seem restricted by systems and pricing'; 'find problems rather than solutions'; 'too rigid, too often'; 'lacking experienced underwriters who can make a decision'; 'have to refer on and come back you'; 'don't seem to want to write any business'; 'it is either too property-heavy, too jewellery-heavy or too pricey'.

With high staff turnover, particularly in London, Hiscox's remaining professionals were spinning plates right left and centre. An Eastern Counties broker reported some 'very silly costly mistakes' from senior Hiscox underwriters. The owner of a London firm remarked: 'Everyone seems to be fire-fighting and trying to catch up all the time.'

Still, some were seeing a recovery. A broker at one London firm had noticed 'a real turnaround' from Hiscox since being assigned a new underwriter. 'Hiscox have really turned their attitude around in the last six months,' said an account manager at another, 'with a reshuffle of underwriters to improve efficiency and flexibility.' And in fairness, half of those who commented on Hiscox underwriters were wholly positive: 'excellent knowledge'; 'aware of broker needs'; 'understand the individual risks'; 'sound advice on tricky situations'; 'you have confidence in their expertise'; 'very flexible'; 'empowered'; 'extremely helpful and accommodating'; 'very experienced and helpful, when you manage to speak to them'. When



we asked brokers which individual underwriter had most impressed them this year, people at Hiscox earned 16 mentions, against 15 last year but 23 in 2017.

On documentation, Hiscox ranked ninth with 65%: up one point. Comment split 12:15 negative and two mixed, to 2018's 7:17 negative and two mixed. Many reported good service: 'accurate documents within hours'; 'a couple of hours'; 'well laid-out'; 'the clearest'; 'not lengthy or complicated'; 'Hiscox documents always impress'.

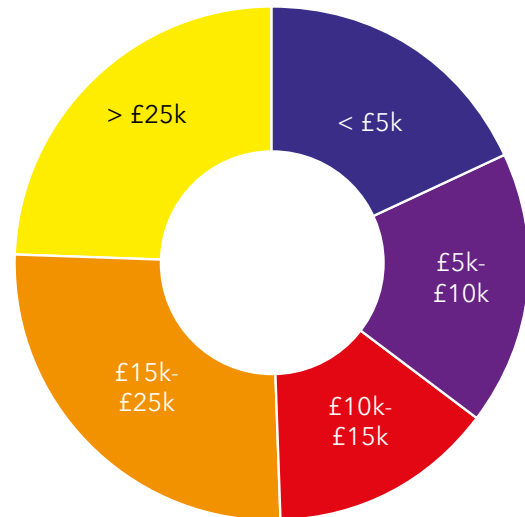
For the majority, however, Hiscox docs remained a torment: 'take an extremely long time'; 'we often have to chase'; 'late and inaccurate'; 'often with mistakes'; 'attention to detail has taken a downwards turn'; 'embarrassing to have basic errors'; 'Hiscox documents need to be carefully checked before we send them to clients'. Getting documents corrected could take another week or more. Recent Hiscox howlers, said a manager at an international firm, included index-linking the section totals, such as specified art – but then failing to apply the index-linking on the individual items, so the totals were mismatched: 'That's basic stuff that should be checked before sending to brokers.'

Hiscox had introduced a new format. Some hated it. 'Hiscox IPIDs seem to go for ever,' said a London broker. 'Hiscox's new policy design – with the differing levels of cover – is difficult for clients to understand,' said an account manager at an international firm, 'and even harder when they are trying to compare this to another provider.'

On cover and claims, Hiscox climbed two points to 84%: third place. Comment cut 19:4 positive and three mixed, to last year's 23:7 positive and two mixed. To most, the Hiscox wording remained a market leader: 'a broad spectrum of cover'; 'lead the way on breadth of cover'. On the cases where it was competitive, said a Yorkshire broker, Hiscox's 'unlimited' cover was a very good option. Claims handling also prompted some bright feedback: 'their claims service is outstanding'; 'quick to respond, assess and pay'; 'the same day if possible'; 'an excellent and helpful claims department'; 'they have kept me informed and appointed Mappin & Webb'; 'we have never had any complaints'.

At times, Hiscox could truly impress. 'We had a recent aggravated burglary claim with Hiscox that highlighted the broad coverage of their 606 wording,' said an account manager in the North West. 'A representative from their claims team was at the client's home the next day: amazing service.' Hiscox had their front-end problems, said a manager in the South West. 'But you can still rely on them paying claims, which is why they remain my default insurer.'

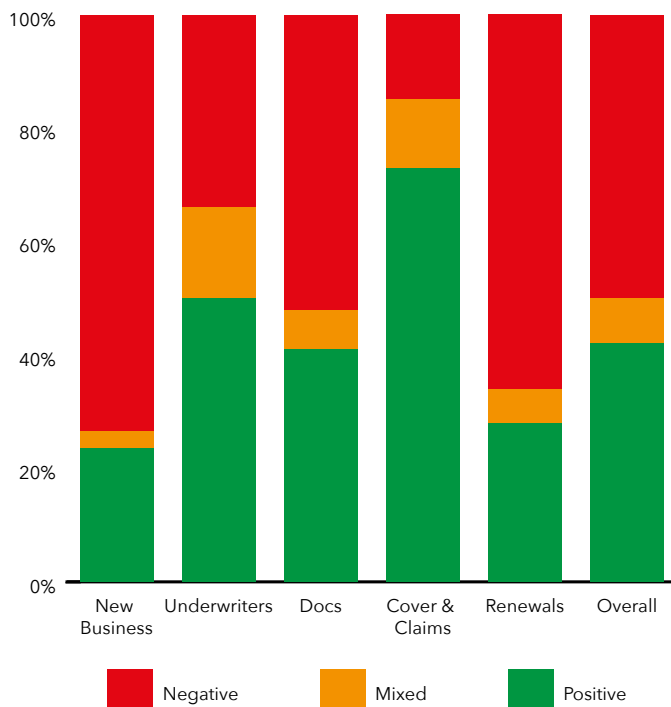
Hiscox appeared increasingly focused on brokers with risks of over £10,000 premium



| Hiscox | Percent |
|-----------------|------------|
| < £5,000 | 18% |
| £5,000-£10,000 | 17% |
| £10,000-£15,000 | 14% |
| £15,000-£25,000 | 26% |
| > £25,000 | 24% |
| Total | 99% |

But could you? On some claims, it seemed, Hiscox had not been meeting expectations: 'I'm not impressed with Hiscox'; 'very 'black or white''; 'unwilling to consider anything that may be slightly unusual or outside of the policy terms'; 'they now like to quibble'. A City account exec had had 'a major problem with a sizeable claim' with Hiscox: the risk had since been moved to Chubb. A manager at an international firm had 'literally just come back' from a client meeting with a Hiscox-appointed claims investigator: 'I have a client very unhappy with the speed at which Hiscox have handled the claim and how Hiscox have responded and treated the client.' All in all, major claims could be hard going: 'Hiscox will pay on complicated losses, or losses where there are discrepancies in information provided – eventually,' said a manager at a national firm. 'But it is painful process to get to that stage.'

Overall broker comment on Hiscox showed no improvement on 2018



| Hiscox | Positive | Mixed | Negative |
|------------------------|------------|-----------|------------|
| New Business | 24% | 3% | 74% |
| Underwriters | 50% | 16% | 34% |
| Documentation | 41% | 7% | 52% |
| Cover & Claims | 73% | 12% | 15% |
| Renewals | 28% | 6% | 66% |
| Overall Service | 42% | 8% | 50% |

On renewals, Hiscox landed tenth with 64%, a one-point fall. Comment was 9:21 negative and two mixed, no real change on 2018's 9:22 negative and three mixed. Some 30 per cent of Hiscox brokers described a competent, well-rounded service: 'efficient in getting terms out'; 'the renewal pack is very clear'; 'contact us in advance of any problem cases'; 'fair increases as expected'; 'willing to try and negotiate'. But most were fed-up: 'Hiscox have been appalling'; 'as slow as ever'; 'large increases'; 'painful'; 'huge premium increases'; 'silly rate increases'; 'no apparent reason'; 'asking for ten per cent-plus on renewals, for clean risks, as they try to make up for a poor loss year'; 'between 15 and 75 per cent, depending on the client'; 'all over the shop'; 'not willing to negotiate'; 'no flexibility'; 'Hiscox renewals are hard work'; 'they will not move much'; 'a very bad attitude and frankly uncompetitive'; 'we had to re-broke a lot of our risks'.

Hiscox was restructuring its book, said an account exec at a national firm, and it 'obviously' wanted to get rid of smaller clients: 'I asked for a discount for a client renewing with them for the 20th consecutive year,' she said. 'It

was refused: very disappointing.' For some, rate rises were just the last straw. 'The service just isn't there,' said a broker at a London firm. 'We will move clients if there is a reason to, rather than fight to keep with them'.

When we asked brokers which HNW Home market had done most for them on business development, 11 said Hiscox, no change on 2018. They cited quick quotes and competitive pricing on new business and, in a few cases, marketing funds. 'We have been working with Hiscox in our efforts to launch a new product in our area,' said a broker at a small West Midlands firm. An account executive in the Eastern Counties had had lots of help with HNW building works cases.

Four mentioned a regular office presence. 'Hiscox have placed underwriters in our office to look at new business and address any queries with existing business one day a month,' said a manager at a Yorkshire firm. 'Hiscox are the most visible in our offices,' said a broker at a national firm, 'so therefore manage to obtain some good business.'

Asked which market had seen the biggest increase in its share of their book, six brokers said Hiscox, citing at-



tentive service and a ‘flexible and competitive approach’. But 23 said Hiscox had been their biggest loser and there was no mystery as to why: ‘due to rate hikes’; ‘because of premium increases’; ‘way overpriced’; ‘rate increases and inflexibility’; ‘pricing and service’; ‘not being willing to negotiate’; ‘inflexibility on renewals and lack of response for new business’; ‘our Hiscox book continues to reduce due to their underwriting inflexibility’; ‘our Hiscox account is diminishing due to poor service levels, price and terms’; ‘we have recently ceased trading with them’. Competition from Hiscox’s direct products was another factor.

Three also mentioned the botched implementation of Hiscox’s Merlin IT system and unlimited wording and, as they saw it, consequent staff exodus from the 606 Art & Private Client London team. ‘Their accounts are just shocking,’ said the owner of a small independent firm. ‘Their new computer system seems to have blown it for them.’

The Judgment

On overall service Hiscox scored 73% – no change on 2018 and enough, this year, to shunt it up three rungs to seventh place. Core service comment divided 64:76 negative and 13 mixed, to last year’s 74:85 negative and 18 mixed.

On new business enquiries, three-quarters of brokers were having a lousy time with Hiscox. Service was even worse than last year. A minority of key relationship firms got a prompt call, a friendly chat and a swift quotation. Most had to wait and chase and wait again. When Hiscox eventually delivered, a week or three later, it was often too late: the case had gone.

Hiscox still had the UK’s largest team of truly premier league HNW underwriters. Powerful, expert practitioners, they inspired trust, understood clients’ needs and set out to accommodate them, though they were overworked and brokers’ comments on outstanding individuals included a few backhanders for Hiscox itself: ‘he is an island in the Hiscox sea of chaos’; ‘Hiscox, as a firm, is letting her down.’ But for many brokers, Hiscox senior underwriters were a pipe dream: they had to manage with a cohort of incapable, unhelpful juniors whose hands were tied. Hiscox was focusing its leading players and business development resources on its key firms.

Hiscox documentation was commonly delayed and, on inspection, proved unfit to send to clients. There had been marginal improvement and a sizeable minority spoke of quick service, sound accuracy and smart presentation, but the new format documents had problematic features. Service on MTAs could be very slow, even on cases with five-figure premiums.

www.hiscox.com

Incorporated in Bermuda, listed on the London Stock Exchange, Hiscox has three divisions: Hiscox International, which includes offshore operations and Hiscox USA; Hiscox London Market; and Hiscox UK and Europe, which offers cover for businesses, professions and HNW clients. Hiscox has offices in London, Birmingham, Colchester, Glasgow, Maidenhead, Manchester, York and St Peter Port, Guernsey.

The Hiscox 606 policy is designed for clients with home contents and Fine Art in excess of £150,000, providing worldwide accidental loss and damage, family protection, home business equipment, public and employer’s liability and legal expenses as standard. Hiscox also offers comprehensive high-value motor cover and in 2016, launched a renovation and extension product.

In June 2018, Hiscox began offering ‘unlimited’ buildings and contents cover (i.e. with no overall cap on the sums insured) on its 606 policy, though the list of exceptions includes clients with individual items worth more than £20,000 or general contents over £300,000, as well as properties that are let, Grade I or II* listed or valued at over £3 million. The ‘unlimited’ cover is the default option for most new customers. Existing ones have the option at renewal.

For the six months to 30th June 2019, Hiscox Group reported \$2,338m (\$2,229m) in GWP, with a pre-tax profit of \$168m (\$163m). COR, however, had declined to 98.8% (87.9%). Art and Private Client accounts for a tenth of Hiscox’s premium income.

Hiscox cover retained its reputation. The ‘unlimited’ option (see box) had much to commend it. But while claims service was normally faultless and often superlative, a surprisingly solid clump of brokers were noting a pedantic attitude and slow, stubborn negotiations on major claims. Hiscox had had a rough claims year, it seemed: money was tight.

For the second successive year, Hiscox renewals had been a horror. Again, a favoured minority reported considerate service and scope for negotiation. Most described colossal and – to them – irrational rises, with no movement possible. A decade of claim-free premiums counted for nothing: pay up or, it was goodbye. But increasingly, brokers didn’t mind. They were giving up. For most, Hiscox’s service was no longer anywhere near good enough for the premiums it charged. As a City-based senior manager at a large independent firm remarked, there had been ‘too many challenges for our client-facing staff to contend with’.