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Hiscox: JP Morgan Cazenove lowers price target for specialist insurer

JP Morgan Cazenove has reduced its price target on FTSE 250 insurance group Hiscox (LON:HSX) on the back of reduced earnings estimates.

The research arm of the financial giant, has reduced the price target from 427 pence to 419 pence (current price: 400.70 pence) - while retaining a 'neutral' stance on the stock.

The firm offers specialist insurance and reinsurance for individuals and businesses. It aims to have a balanced portfolio of volatile international catastrophe business and more steady local and regional business.

Analysts at JP Morgan Cazenove expect the company to post a loss before tax of £79 million in the first half of this year when it releases results on 1 August - compared to a pre-tax profit of £97 in the same period in 2010.

The loss is mainly attributable to high natural catastrophe activity in the first half of this year, said the broker.

"We estimate total natural catastrophe losses of £214m for the first half of which Japan is £93m, New Zealand £60m, Australia £15m and US tornadoes £35m.

"We have assumed a nat cat budget of £51m for the second half of the year, said analyst Andreas de Groot van Embden.

He added that JP Morgan Cazenove had reduced the profit before tax estimate for 2011 to £30 million from an already low previous figure of £74m because of the US Tornado losses in the second quarter of 2011 and reduction in earned premiums due to higher reinsurance ceded.

Price: 1261

Market Cap: £3.64 billion

1 Year Share Price Graph



Share Information

Code: HSX

Listing: AIM

52 week High Low
1795 1140

Sector: Insurance

Website: www.hiscox.com

Company Synopsis:

Hiscox Limited is a Bermuda-based specialist insurer company. Hiscox is a holding company for subsidiaries involved in the business of insurance in the United Kingdom and overseas.

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