

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to the action you should take, you are recommended to seek immediately your own financial advice from your stockbroker, bank manager, accountant or other independent financial adviser authorised under the Financial Services Markets Act 2000, if you are in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

If you have sold or otherwise transferred all of your shares in Hiscox Ltd, please forward this document, together with the accompanying documents at once to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee. However, these documents should not be forwarded or transmitted in or into any jurisdiction in which such act would constitute a violation of the relevant laws of such jurisdiction.

If you have sold or transferred only part of your holding of shares in Hiscox Ltd, you should retain these documents and consult the bank, stockbroker or other agent through whom the sale or transfer was effected.

HISCOX LTD

(Incorporated and registered in Bermuda with registered number 38877)

Proposed Final Dividend Scrip Dividend Alternative

This document does not constitute a prospectus nor does it constitute an admission document drawn up in accordance with the Listing Rules.

Notice of an Annual General Meeting of Hiscox Ltd to be held at the Elbow Beach Hotel, 60 South Shore Road, Paget PG04, Bermuda on 8 June 2011 at 10.00am, at which (a) approval of the proposed 2010 final dividend and (b) authority for the directors of Hiscox Ltd to offer a scrip dividend alternative will be sought, accompanies this document.

If you wish to continue to take your dividend in cash, you need take no action, as a Shareholder with respect to the enclosed Shareholder Form of Election, or, as a Depository Interest Holder in respect of an electronic election via the CREST system.

If you hold your Shares in certificated form and you wish to elect for the Scrip Dividend Alternative, you must complete and return the enclosed Scrip Mandate Form so as to be received by the Company's Registrar, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU at least 15 business days before the payment date for that dividend.

If you hold your Shares in uncertificated form through Depository Interests and you wish to elect for the Scrip Dividend Alternative, you must make an electronic election via the CREST system.

If you wish to receive dividends in cash in the usual way, you need take no further action, you should not complete or return a Scrip Mandate Form or elect electronically via the CREST system (as the case may be) and you may disregard this document.

The information contained in this document is accurate only as at the date of this document. Except to the extent required by applicable law, the Listing Rules or the Disclosure and Transparency Rules, Hiscox Ltd will not necessarily update any of the statements in light of new information or future events and undertakes no duty to do so.

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Expected timetable

Announcement of final dividend	28 February 2011
Posting of scrip dividend alternative documentation	14 March 2011
Ex-dividend date	Close of business on 11 May 2011
Dividend record date	Close of business on 13 May 2011
Scrip reference share price date	17 May 2011
Scrip reference share price announcement date	18 May 2011
Last date to make scrip elections	31 May 2011
Annual General Meeting	10.00am (local time) on 8 June 2011
Dividend payment date	21 June 2011

Part I - Letter from the Company Secretary of Hiscox Ltd

To holders of (a) shares in Hiscox Ltd or (b) depository interests issued by Capita IRG Trustees Limited in respect of shares in Hiscox Ltd

14 March 2011

Dear Shareholders and Depository Interest Holders

SCRIP DIVIDEND ALTERNATIVE

I am pleased to inform you that the Directors have decided to offer Shareholders and Depository Interest Holders the opportunity to elect to participate in a Scrip Dividend Alternative to receive any interim or final dividends, for a period of five years from the date of the Annual General Meeting of Hiscox Ltd at which the Scrip Dividend Alternative will be proposed for approval, in the form of fully paid New Shares or New Depository Interests instead of the cash they would otherwise receive.

In addition, the Dividend Access Plan will be suspended indefinitely upon shareholder approval of the Scrip Dividend Alternative.

Scrip dividends are attractive because they enable Shareholders and Depository Interest Holders to increase their holding or interest in the Company in a simple manner without incurring any dealing costs. At the same time, the Company can retain more cash in its business, which would otherwise be paid as a dividend.

Further details of the Scrip Dividend Alternative and the procedure to be followed are set out below. Whether or not you should elect to receive New Shares or New Depository Interests instead of cash dividends may depend on your own personal tax circumstances. For a UK resident individual Shareholder or Depository Interest Holder, receipt of New Shares or New Depository Interests should be treated as a capital receipt and not as income for UK tax purposes. The tax treatment for other categories of Shareholders may differ.

If you are in any doubt about what course of action to take, or if you are resident or otherwise subject to taxation in a jurisdiction outside the United Kingdom, you should consult immediately your stockbroker, bank manager, solicitor, accountant or other independent financial adviser.

The attention of Shareholders not resident in the United Kingdom is drawn to paragraph 10 of the Scrip Dividend Alternative Terms and Conditions as detailed at Part II of this document.

Shareholders who wish to elect for the Scrip Dividend Alternative should sign and return the enclosed Scrip Mandate Form to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. If you complete a Scrip Mandate Form, your election will remain in force (subject to paragraph 13 of the Scrip Dividend Alternative Terms and Conditions) in respect of your entire holding of Shares for all future dividends until cancelled by you in writing, or otherwise at the completion of the Scrip Dividend Alternative (which will be five years from the date of the Annual General Meeting of Hiscox Ltd at which this Scrip Dividend Alternative will be proposed for approval). A reply paid envelope is enclosed for your use. Scrip Mandate Forms must be received by Capita

Registrars at least 15 business days before a dividend payment date in order to be eligible for that dividend. Scrip Mandate Forms received by Capita Registrars within 15 business days of a dividend payment date will be applied in respect of the next dividend declared by the Company.

Shareholders who have elected for the Scrip Dividend Alternative may cancel their Mandate at any time by writing to Capita Registrars at the address previously stated. For a cancellation to be effective in respect of a particular dividend, it must be received at least 15 business days before the payment date for that dividend. If it is received within 15 business days of a dividend payment date, it will not apply to that dividend but it will apply in respect of all subsequent dividends declared by the Company.

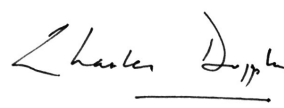
Depository Interest Holders who wish to elect for the Scrip Dividend Alternative should make an election via the CREST system. If a Depository Interest Holder elects via the CREST system, such election will apply (subject to paragraph 13 of the Scrip Dividend Alternative Terms and Conditions) only to the next dividend declared by the Company, but not to any subsequent dividends (i.e. if a Depository Interest Holder wishes to participate in the Scrip Dividend Alternative in relation to more than one dividend declared by the Company, such Depository Interest Holder must make separate elections in respect of each such dividend).

If you wish to receive dividends in cash in the usual way, you need take no action and should disregard this document.

Completion of allotments under the Scrip Dividend Alternative is subject to several conditions, namely shareholder approval of the Scrip Dividend Alternative Terms and Conditions as detailed at Part II of this document, admission of the New Shares to the Official List of the UKLA and to trading on the London Stock Exchange and sufficient authority under Bye-Law 5 of the Company's Bye-Laws. If any of these conditions are not met, the Scrip Dividend Alternative will not be introduced or will be cancelled (as the case may be) and dividends will be paid in cash to all Shareholders and Depository Interest Holders.

Applications will be made for the New Shares and the New Depository Interests to be admitted to the Official List of the UKLA and to trading on the London Stock Exchange. On issue, the New Shares will rank pari passu with the existing issued Shares in the Company and the New Depository Interests will rank pari passu with the existing issued Depository Interests issued by Capita IRG Trustees Ltd in respect of Shares in the Company, in respect of all rights arising on or after the date of issue.

Yours faithfully



Charles Dupplin
Company Secretary

Part II - Scrip Dividend Alternative Terms and Conditions

1. The Scrip Dividend Alternative

The Scrip Dividend Alternative enables you, at your election, to receive New Shares or New Depositary Interests instead of the cash dividends you normally receive. This makes it possible for you to increase your shareholding or interest in the Company without going into the market to buy New Shares or New Depositary Interests. You will not incur any dealing costs. Please refer to paragraph 15 below for taxation information.

2. Electing for the Scrip Dividend Alternative

All Shareholders can elect for the Scrip Dividend Alternative by signing the enclosed Scrip Mandate Form (which may be amended from time to time) in accordance with the instructions thereon and sending it (in the envelope provided) to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. No acknowledgement of receipt of Scrip Mandate Forms will be given.

Scrip Mandate Forms must be received by Capita Registrars by 5.00 p.m. on such date that is at least 15 business days (i.e. excluding weekends and public holidays) before the dividend payment date in respect of a particular dividend in order to be eligible for that dividend. Forms received by Capita Registrars within 15 business days of a dividend payment date will be applied in respect of subsequent dividends declared by the Company.

As a Shareholder, your Mandate will remain in force in respect of your entire holding of Shares for all future dividends until cancelled by you in writing, or otherwise at the completion of the Scrip Dividend Alternative (which will be five years from the date of the Annual General Meeting of Hiscox Ltd at which this Scrip Dividend Alternative will be proposed for approval).

Any Scrip Mandate Form sent to an address other than that stated above for Capita Registrars will not be accepted or considered valid.

Depositary Interest Holders who wish to elect for the Scrip Dividend Alternative should elect to participate in the Scrip Dividend Alternative by way of an electronic election via the CREST system, in accordance with the procedures for electronic elections set out in the CREST Manual. Please note that no other form of election by or on behalf of Depositary Interest Holders (including by way of the delivery of a Scrip Mandate Form) will be accepted by the Company or Capita Registrars. If received, any such alternative form of election will be rejected and returned to the relevant Depositary Interest Holder.

Where a valid election to participate in the Scrip Dividend Alternative is made by way of an electronic election via the CREST system, this election will be valid (unless and until cancelled by such Depositary Interest Holder) only in respect of the next dividend declared by the Company following the date of such election, but not to any future dividends. Depositary Interest Holders who wish to participate in the Scrip Dividend Alternative in relation to more than one dividend declared by the Company must make separate elections in respect of each such dividend.

In order to be valid, elections made via the CREST system must contain a number of Depositary Interests in relation to which an election to participate in the Scrip Dividend Alternative is being made. If the relevant field is left blank or completed with a zero, the election will be rejected. If the number of Depositary Interests in relation to which an election

to participate in the Scrip Dividend Alternative is being made is greater than the number of Depositary Interests held in CREST for the relevant Depositary Interest Holder on the applicable record date, the election will be deemed to have been made in respect of that Depositary Interest Holder's total holding of Depositary Interests held on the applicable record date.

If you are a CREST Personal Member, or other CREST Sponsored Member, you should consult your CREST Sponsor, who will be able to take appropriate action on your behalf.

Upon execution of a Scrip Mandate Form or electronic election via the CREST system, such Shareholder or Depositary Interest Holder (as the case may be) is deemed (in respect of himself, his heirs, successors and assigns): (a) to agree to participate in the Scrip Dividend Alternative pursuant to these terms and conditions; and (b) (i) in respect of each Shareholder, to authorise the Company or its agent to send to the relevant Shareholder at that Shareholder's registered address any definitive share certificate in respect of New Shares allotted, and (ii) in respect of each Depositary Interest Holder, to authorise Capital IRG Trustees Ltd to send to the relevant Depositary Interest Holder a statement showing the number of New Depositary Interests allotted, the reference share price and the total cash equivalent of the New Depositary Interests.

For details regarding overseas Shareholders and Depositary Interest Holders, please see paragraph 10 below.

3. Number of New Shares and New Depositary Interests

The number of New Shares and New Depositary Interests that Shareholders and Depositary Interest Holders will receive in respect of each dividend will depend on the amount of the cash dividend, any residual cash balance brought forward (in the case of Shareholders only) from the last scrip dividend, the number of shares or Depositary Interests held and the scrip reference share price to be used in calculating the scrip entitlement of the relevant Shareholder or Depositary Interest Holder. The scrip reference share price will be equal to the average middle market quotation for a fully paid share of the Company (adjusted if necessary) as shown on the London Stock Exchange Daily Official List or as established from such other source as the directors of the Company consider appropriate for the five business days immediately preceding or following the announcement of the cash dividend to which the Scrip Dividend Alternative relates, as the directors of the Company may decide. The scrip reference share price will be posted on the Company's website www.hiscox.com. The formula used for calculating the maximum number of New Shares, and the maximum number of New Depositary Interests, to be received for each dividend declared by the Company is set out below:

$$\begin{array}{c} \text{(Number of Shares held at the dividend record date} \\ \quad \times \\ \quad \text{cash dividend rate)} \\ \quad + \\ \text{any fractional cash entitlement carried forward} \\ \quad \text{from last dividend*} \\ \quad \div \\ \text{Scrip reference share price} \end{array}$$

*Fractional cash entitlements will be available for Shareholders only, and no fractional cash entitlements will be available in respect of the first dividend for which a Shareholder participates in the Scrip Dividend Alternative.

Once the New Shares have been issued, (a) a new share certificate and (b) a statement showing the number of New Shares allotted, the scrip reference share price and the total cash equivalent of the New Shares, will be sent to the relevant Shareholders.

For details regarding the issue of New Depositary Interests, please see paragraph 7 below.

4. Fractions and cash balances

No fraction of a New Share will be allotted and calculations of entitlements to New Shares will always be rounded down to the nearest whole New Share. Any residual cash balance will either: (a) in the case of Shares, be carried forward to be included in the calculation of New Shares to be issued in respect of the next dividend declared by the Company; or (b) in the case of Depositary Interests, paid in cash on the relevant dividend payment date. No interest will be paid on any residual cash balances.

5. Future dividends

Once a Shareholder has returned a valid Scrip Mandate Form, the relevant form will apply for all successive dividends unless and until it is revoked in writing by the Shareholder. Once a Depositary Interest Holder has made a valid electronic election via the CREST system, the relevant election will apply only for the next dividend payable by the Company unless it is revoked by the Depositary Interest Holder at least 15 business days in advance of the dividend payment date.

The Scrip Dividend Alternative is always subject to the Directors' decision to offer a scrip dividend alternative. The Directors' may decide not to offer a scrip dividend alternative in respect of any future dividend.

All New Shares and New Depositary Interests issued under the Scrip Dividend Alternative will automatically increase Shareholders' and Depositary Interest Holders' holdings which will form the basis on which the entitlement to any subsequent scrip dividend will be calculated. Where the cash dividend is insufficient to acquire New Shares or New Depositary Interests: (a) funds representing Shareholders' fractional cash entitlements will be accumulated for their benefit, and then (i) subsequently added to the cash amount of any subsequent dividends in respect of which a scrip dividend alternative is offered and applied in calculating Shareholders' entitlements under those dividends, or (ii) paid out to each relevant Shareholder where a scrip dividend alternative is not offered or to be applied in respect of a subsequent dividend; or (b) funds representing Depositary Interest Holders' fractional entitlements will be paid out to each relevant Depositary Interest Holder.

If you withdraw from the Scrip Dividend Alternative or sell or transfer your entire holding of or interest in Shares or if the Company terminates the Scrip Dividend Alternative any cash balance of less than £5 will be paid to a charity of the Company's choice.

6. Listing and ranking of the New Shares and the New Depositary Interests

Application will be made to the UKLA and the London Stock Exchange for admission to listing and trading of the New Shares and the New Depositary Interests. The New Shares will be credited as fully paid and will rank equally in all respects with the existing shares (including the same voting rights). Equally, the New Depositary Interests will rank *pari passu* with the existing Depositary Interests issued by Capita IRG

Trustees Ltd in respect of Shares in the Company, in respect of all rights arising on or after the date of issue.

If for any reason the New Shares and/or the New Depositary Interests are not admitted to listing or trading the Company will pay the relevant dividend in cash in the usual way as soon as practicable.

7. Share certificates and dealings in the New Shares and New Depositary Interests

Subject to the New Shares and the New Depositary Interests being admitted to the Official List of the UKLA and to trading on the London Stock Exchange: (a) new share certificates will be posted, at Shareholders' own risk, on or about the same date as dividend warrants are posted to Shareholders who are taking the dividends in cash (see our website www.hiscox.com for current dates); and (b) Depositary Interest Holders will have their member accounts credited directly with the New Depositary Interests on the dividend payment date or as soon as practicable thereafter and will separately receive a statement showing the number of New Depositary Interests allotted, the scrip reference share price and the total cash equivalent of the New Depositary Interests.

Dealings in the New Shares and the New Depositary Interests are expected to begin on the dividend payment date.

8. Multiple and joint holdings

If a Shareholder's shares or Depositary Interest Holder's Depositary Interests are registered in more than one holding, unless such multiple holdings are consolidated before the scrip election date, they will be treated as separate. As a result, separate Scrip Mandate Forms will need to be completed, or separate electronic elections made via the CREST system, for each holding if Shareholders and Depositary Interest Holders wish to receive New Shares or New Depositary Interests, respectively, under the Scrip Dividend Alternative in respect of each holding.

In respect of holdings held in joint names, all joint Shareholders or Depositary Interest Holders must sign the Scrip Mandate Form or elect electronically via the CREST system (as the case may be).

9. Partial elections

Scrip Mandate Forms will only be accepted in relation to whole shareholdings. The Directors may, at their discretion, allow a Depositary Interest Holder to elect in respect of a lesser number of Depositary Interests where they are acting on behalf of more than one beneficial holder, that is, through a nominee depositary interest holding held in CREST. Any such related electronic election via the CREST system must contain the number of Depositary Interests for which the election is being made. Such election must be renewed for each dividend. A cash dividend will be paid on any remaining Depositary Interests not included in the election.

10. Overseas Shareholders and Depositary Interest Holders

Shareholders and Depositary Interest Holders who are resident outside the UK may treat this document as an invitation to receive New Shares or New Depositary Interests, respectively, unless such an invitation could not lawfully be made to such Shareholders and Depositary Interest Holders without compliance with any registration or other legal or regulatory requirements in the relevant non-UK jurisdiction. It is the responsibility of any person resident outside the UK wishing to elect to receive New Shares or New Depositary Interests

pursuant to the Scrip Dividend Alternative to be satisfied that such an election can validly be made without any further obligation on the part of the Company, and to be satisfied as to full observance of the laws of the relevant territory, including obtaining any governmental, regulatory or other consents which may be required and observing any other formalities in such territories and any resale restrictions which may apply to the New Shares or the New Depositary Interests. Unless this condition (i.e. that any person resident outside the UK and wishing to participate in the Scrip Dividend Alternative must take responsibility for being satisfied that such an election can be validly made) is met, such Shareholders and Depositary Interest Holders may not participate in the Scrip Dividend Alternative or sign a Scrip Mandate Form or elect electronically via the CREST system (as the case may be).

11. Recent sale or purchase of Shares or Depositary Interests

If Shareholders or Depositary Interest Holders have sold some of their Shares or Depositary Interests, respectively, prior to a dividend record date, the Scrip Dividend Alternative will apply in respect of the remainder of such Shareholders' Shares or Depositary Interest Holders' Depositary Interests accordingly. If Shareholders or Depositary Interest Holders have bought any additional Shares or Depositary Interests, respectively, after a dividend record date, the additional Shares or Depositary Interests will not be eligible for the next dividend declared by the Company, but will be eligible for future dividends, without the need to complete a further Scrip Mandate Form in respect of the additional Shares, although there will be a need to elect again via the CREST system in respect of additional Depositary Interests.

12. Cancellation of Mandates and electronic elections

Shareholders may cancel their Scrip Dividend Mandates at any time. Notice of cancellation must be given in writing to Capita Registrars, at least 15 business days (i.e. excluding weekends and public holidays) before the relevant dividend payment date. A notice of cancellation will take effect on its receipt and will be processed by Capita Registrars in respect of all dividends payable after the date of receipt of such notice. If a notice of cancellation is received within 15 business days of a dividend payment date, the Shareholder will receive additional shares under the Scrip Dividend Alternative in respect of the relevant dividend and the cancellation will take effect for subsequent dividends. A Mandate will be deemed to be cancelled if such Shareholder sells or otherwise transfers their Shares to another person but only with effect from the registration of the relevant transfer. If a Shareholder sells or transfers the entire shareholding before or on the last date for the receipt of elections for a particular dividend, such Shareholder will be withdrawn from the Scrip Dividend Alternative for that dividend.

Depositary Interest Holders may cancel their election to participate in the Scrip Dividend Alternative at any time by way of a message sent via the CREST system except that, for a cancellation instruction to be effective for a relevant dividend, it must be received by not later than 5.00p.m. (London time) on the date which is 15 business days before the relevant dividend payment date.

A Shareholder's Mandate or Depositary Interest Holder's election will terminate immediately on receipt of notice of such Shareholder's or Depositary Interest Holder's death. However, if a joint Shareholder or Depositary Interest Holder dies, the Mandate or election will continue in favour of the surviving joint Shareholder(s) or Depositary Interest Holder(s) (unless

and until cancelled by the surviving joint Shareholder(s) or Depositary Interest Holder(s) or, in the case of Depositary Interest Holders, terminated upon the payment of the next dividend in accordance with paragraph 2 above.). Any residual amounts over £5 standing to the credit of a Shareholder or Depositary Interest Holder will be paid to such Shareholder or Depositary Interest Holder in cash (by cheque) on or as soon as practicable after the cancellation. Where such residual amount is under £5, such sums will be paid to a charity of the Company's choice.

Any notice sent to an address other than that stated in paragraph 2 above will not be accepted or considered valid.

13. Changes to or cancellation of the Scrip Dividend Alternative

The Directors may at any time, at their discretion and without notice to Shareholders or Depositary Interest Holders, modify, suspend, terminate or cancel the Scrip Dividend Alternative. In the case of any modification, existing Mandates and electronic elections (unless otherwise specified by the Directors) will be deemed to remain valid under the modified arrangements unless and until Capita Registrars or CREST (as the case may be) receives a cancellation from such Shareholders or Depositary Interest Holders pursuant to paragraph 12 above. If the Scrip Dividend Alternative is terminated or cancelled by the Directors, all Mandates and electronic elections then in force will be deemed to have been cancelled as at the date of such termination or cancellation.

The operation of the Scrip Dividend Alternative is always subject to the Directors' decision to make an offer of New Shares, and an offer of New Depositary Interests, in respect of any particular dividend. The Directors also have the power, after such an offer is made, to revoke the offer generally at any time prior to the allotment of New Shares (and New Depositary Interests) under the Scrip Dividend Alternative. If the Directors revoke an offer (or otherwise suspend, terminate or cancel the Scrip Dividend Alternative), Shareholders and Depositary Interest Holders will receive their dividend in cash on or as soon as reasonably practicable after the relevant dividend payment date.

14. The Dividend Access Plan

Upon Shareholder approval of the Scrip Dividend Alternative, the Company's Dividend Access Plan will be suspended indefinitely and the Directors will notify this through a RIS pursuant to the Hiscox Ltd Dividend Access Plan Rules. Shareholders and Depositary Interest Holders participating (directly or indirectly) in the Dividend Access Plan will need to complete a Scrip Mandate Form or an electronic election via the CREST system, respectively, if they wish to move to the Scrip Dividend Alternative. If a Mandate for a Shareholder or an electronic election for a Depositary Interest Holder (whether or not a Dividend Access Plan participant) is not received by Capita Registrars by the first scrip election date, such Shareholder or Depositary Interest Holder will receive a cash dividend. Future dividends will also continue to be paid in cash unless a valid Mandate is received by Capita Registrars or a valid electronic election is received by CREST. Any residual amounts standing to the credit of a Shareholder or Depositary Interest Holder who is a participant in the Dividend Access Plan at the time of introduction of the Scrip Dividend Alternative will be paid to such Shareholder or Depositary Interest Holder in cash (by cheque) on or as soon as practicable after the payment date of the first scrip dividend.

15. Taxation

The tax consequences of electing to receive New Shares or New Depositary Interests instead of a cash dividend will depend on your individual circumstances. For a UK resident individual Shareholder or Depositary Interest Holder, receipt of New Shares or New Depositary Interests should be treated as a capital receipt and not as income for UK tax purposes. The tax treatment for other categories of shareholders may differ.

If you are not sure how you will be affected from a tax perspective, you should consult your solicitor, accountant or other professional adviser before taking any action. UK resident trustees, corporates, pension funds and other Shareholders and Depositary Interest Holders, including overseas Shareholders and Depositary Interest Holders, are advised to contact their professional advisers regarding their own tax circumstances in relation to the Scrip Dividend Alternative.

The suspension of the Dividend Access Plan will have the effect that all Shareholders and Depositary Interest Holders will receive dividends, whether cash dividends or scrip dividends, from the Company, which is resident in Bermuda, rather than from a UK resident company under the Dividend Access Plan. UK Shareholders and Depositary Interest Holders that are “small companies” as defined in the Annex to Commission Recommendation 2003/361/EC of 6 May 2003 and who have opted to receive dividends via the Dividend Access Plan are likely to become taxable on dividends received on their Shares or Depositary Interests (as the case may be) as a result of suspension of the Dividend Access Plan.

Some further information in relation to small companies can be found on the Company’s website at www.hiscox.com.

16. Governing law

The Scrip Dividend Alternative is subject to the Company’s Bye-Laws and these terms and conditions, as amended from time to time, and is governed by, and its terms and conditions are to be construed in accordance with, English law. By electing to receive New Shares or New Depositary Interests, the relevant Shareholder or Depositary Interest Holder agrees to submit to the exclusive jurisdiction of the English courts in relation to the Scrip Dividend Alternative.

Contacts

For general enquiries about the Scrip Dividend Alternative, please contact Capita Registrars on 0871 664 0321. Calls cost 10 pence per minute from a BT landline. Other network providers’ costs may vary. Lines are open 9.00 a.m. to 5.00 p.m. Monday to Friday (except UK public holidays). Calls to the helpline from outside the UK will be charged at applicable international rates. Calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Scrip Dividend Alternative nor give any personal financial, legal or tax advice.

Part III - Definitions

Annual General Meeting the Annual General Meeting of Hiscox Ltd to be held at the Elbow Beach Hotel, 60 South Shore Road, Paget PG04, Bermuda on 8 June 2011 at 10.00am (Bermudian time)

Capita Registrars a trading name of Capita Registrars Limited

CREST the relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI/3755)) in respect of which Euroclear UK & Ireland Limited is the operator

CREST Manual the rules governing the operation of CREST consisting of the CREST Reference Manual, the CREST International Manual, the CREST Central Counterparty Service Manual, the CREST Rules, the CCSS Operations Manual, and the CREST Glossary of Terms, each as amended from time to time

CREST Personal Member a person who has been admitted to CREST as a system-member, as defined in the CREST Manual

CREST Sponsor a CREST participant admitted to CREST as a CREST Sponsor

CREST Sponsored Member a CREST member admitted to CREST as a CREST Sponsored Member

Depositary Interests depositary interests issued by Capita IRG Trustees Limited in respect of Shares in the Company

Depositary Interest Holder a holder of depositary interests issued by Capita IRG Trustees Limited in respect of shares in the Company

Directors the directors of Hiscox Ltd

Dividend Access Plan the current dividend access plan of Hiscox Ltd as set out in the Hiscox Ltd Dividend Access Plan Rules

Disclosure and Transparency Rules the Disclosure and Transparency Rules made under Part VI of FSMA (as set out in the FSA Handbook), as amended

Listing Rules the Listing Rules made under Part VI of FSMA (as set out in FSA Handbook), as amended

London Stock Exchange London Stock Exchange plc

New Depositary Interests the new Depositary Interests to be issued by Capita IRG Trustees Limited pursuant to the Scrip Dividend Alternative

New Shares the new Shares to be issued by the Company under the Scrip Dividend Alternative

Shares of par value 5 pence each in the capital of the Company

Hiscox or **Company** Hiscox Ltd, incorporated and registered in Bermuda under registration number 38877

Scrip Dividend Alternative the Hiscox Ltd Scrip Dividend Alternative as comprised under, and subject to the terms and conditions contained in, Part II of this document, as amended from time to time

Scrip Dividend Mandate or **Mandate** the instructions of a Shareholder as set out in a valid Scrip Mandate Form

Scrip Mandate Form a mandate in a form provided by the Company from a Shareholder to the Directors to allot New Shares under the terms of the Scrip Dividend Alternative in lieu of a cash dividend to which they may become entitled from time to time

Shareholder a holder of Shares in the Company

UKLA the United Kingdom Listing Authority

UK or **United Kingdom** means the United Kingdom of Great Britain and Northern Ireland and its dependent territories

