

# THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

To the holders of shares in Hiscox Ltd ('Shareholders') or depositary interests issued by Capita IRG Trustees Limited in respect of shares in Hiscox Ltd ('Depositary Interest Holders')

Bermuda, 10 August 2015

Dear Shareholders and Depositary Interest Holders

## SCRIP DIVIDEND ALTERNATIVE

As in previous years, the Board of Directors of Hiscox Ltd (the 'Company') are offering Shareholders and Depositary Interest Holders the opportunity to elect to participate in a Scrip Dividend Alternative to receive the interim dividend of 8.0p per share in the form of New Shares or New Depositary Interests instead of the cash dividend they would otherwise receive.

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

For individual shareholders resident in the UK the tax treatment of New Shares received under the Scrip Dividend Alternative has changed as a result of the Finance Act 2015. An individual shareholder who is a UK resident and elects to receive the interim dividend in the form of New Shares under the Scrip Dividend Alternative will have the same liability to income tax as they would have had upon receiving the dividend in cash subject to the following exception. If the difference between the cash dividend the Shareholder would have received had they not elected for shares and the market value of the New Shares on 16 September 2015 (the dividend payment date) is 15 percent or more, then the market value of the New Shares on that date shall be treated as the cash equivalent for the purposes of UK taxation. When an individual Shareholder elects to receive New Shares instead of a cash dividend, they will be treated as having received gross income of an amount which, when reduced by income tax at a rate of ten percent is equal to the cash equivalent of the New Shares. Income tax at the rate of ten percent is treated as having been paid on the gross income. This is an outline of the UK tax implications for individual shareholders only and your own tax treatment will depend upon your individual circumstances. You are therefore recommended to take your own advice before taking any action.

Further details of the Scrip Dividend Alternative and the procedure to be followed are set out below. The terms and conditions of the Company's Scrip Dividend Alternative are contained in the circular dated 14 March 2011 which is available to view on Hiscox Ltd's website [www.hiscoxgroup.com](http://www.hiscoxgroup.com). For those Shareholders or Depositary Interest Holders who elect for the Scrip Dividend alternative the scrip reference share price will be 923.5p.

**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 and Markets Act 2000, if you are in the United Kingdom, or if not, from another appropriately authorised independent financial adviser.**

Shareholders who have not previously elected to receive dividends in the form of shares will be sent a Scrip Mandate Form through the post. If you wish to continue to receive your dividends in cash in the usual way, then you need take no action. If you wish to receive future dividends in the form of shares then you should sign and return the Scrip Mandate Form to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, United Kingdom by no later than 26 August 2015.

For those Shareholders who have previously elected to receive dividends in the form of shares you need take no action unless you now wish to change those instructions and receive future dividends in cash. In those circumstances you should contact Capita Asset Services on 0371 664 0300\*. Depositary Interest Holders who wish to elect for the Scrip Dividend Alternative should make an election via the CREST system.

The timetable for the Scrip Dividend Alternative is as follows:

### Timetable

Announcement of interim dividend	27 July 2015
Ex-dividend date	6 August 2015
Record date for dividend	7 August 2015
Last date to make scrip elections	26 August 2015
Dividend payment date	16 September 2015

Yours faithfully



**Jeremy Pinchin**  
Company Secretary

Hiscox Ltd is incorporated in Bermuda, registered number 38877  
Registered office: Wessex House, 45 Reid Street, Hamilton HM 12, Bermuda.

\*Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9:00am-5:30pm, Monday to Friday excluding public holidays in England and Wales.

