

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 (the 'Company'), please forward this document, together with any 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 the Company, you should retain these documents and consult the bank, stockbroker or other agent through whom the sale or transfer was effected.

To holders of (a) ordinary shares in the Company ('shareholders') or (b) depositary interests issued by Capita IRG Trustees Limited in respect of ordinary shares in the Company ('Depositary Interest Holders')

11 July 2016

Dear Shareholders and Depositary Interest Holders

2016 SCRIP DIVIDEND SCHEME

I am writing to confirm that the resolution proposed at the Annual General Meeting of the Company on 19 May 2016 granting authority to the Directors of the Company to offer a scrip dividend alternative in respect of any future interim or final dividends declared and payable by the Company was duly passed and remains in effect until the Annual General Meeting to be held in 2019.

As a result of the passing of this resolution the Company's 2016 Scrip Dividend Scheme became effective for the same period. The terms and conditions of this Scrip Dividend Scheme are contained in the circular dated 14 April 2016 which is available to view on the Company's website www.hiscoxgroup.com (the 'Circular').

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 any dealing costs. At the same time, the Company can retain more cash for reinvestment in its business, which would otherwise be paid as a dividend.

The tax treatment in respect of those shareholders who are resident (or in the case of individual shareholders, domiciled and resident) in the UK for UK tax purposes, who hold shares as investments and who are the absolute beneficial owners of shares and who take up new shares under the 2016 Scrip Dividend Scheme was described in paragraph 14 of the Circular. This only provides an outline of the UK tax implications for UK shareholders and your own tax treatment will depend on your individual circumstances. You are therefore recommended to seek advice from your solicitor, accountant or other professional adviser before taking any action.

All elections which were made under the Company's scrip dividend alternative scheme adopted in June 2011 will remain in force for the purposes of the 2016 Scrip Dividend Scheme. Those shareholders who have completed a Scrip Mandate Form will automatically receive new ordinary shares in respect of any future interim or final dividends to the extent a scrip dividend alternative applies.

Accordingly we are now sending to those shareholders who have not previously elected to receive scrip dividends a Scrip Mandate Form. If you wish to receive future dividends in the form of shares and you have not previously elected to do so 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. If you wish to receive your dividends in cash in the usual way, then you need take no action. If you have previously elected to receive dividends in the form of shares and now wish to change those instructions you should contact Capita Asset Services on 0371 664 0321*. Depositary Interest Holders should make an election via the CREST system.

In order to be effective Scrip Mandate Forms must be received by no later than the date advised by the Company when a dividend is announced to the extent a scrip dividend alternative is then offered. Details of the expected timetable for any such dividend will be published at the same time as a dividend is announced. As indicated in the Circular the Company intends that the last date for electing for any scrip dividend under the 2016 Scrip Dividend Scheme and therefore for receipt of any Scrip Mandate Forms or an electronic election via the CREST system will be prior to the date on which the scrip reference share price is determined. As a result if you wish to receive future dividends in the form of shares and you have not previously elected to do so, you should sign and return a Scrip Mandate Form to Capita Asset Services as indicated above.

Yours faithfully



Jeremy Pinchin
Company Secretary

*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. The helpline is open between 9.00 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

Hiscox Ltd is incorporated in Bermuda, registered number 38877,
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