

HISCOX LTD
TERMS OF REFERENCE AND
SCHEDULE OF MATTERS RESERVED FOR BOARD DECISION

1. Interpretation

In these terms of reference:

“**Board**” means, the board of directors of the Company or the directors present or deemed to be present at a duly convened meeting of the directors at which a quorum is present, as the context requires;

“**Board Pack**” means, the meeting agenda, together with such other documents as the Chairman may from time to time determine;

“**Business Day**” means, Monday to Friday, not including any day which is a Bank Holiday in Bermuda;

“**Company**” means, Hiscox Ltd;

“**Group**” means, the Company and its direct and indirect subsidiaries;

“**Secretary**” means, the Company Secretary and includes any assistant or deputy secretary;

2. Matters reserved for Board decision

2.1. Corporate Strategy

The Board shall determine the Group’s overall strategic direction, business plans and budgets for the Group. The Board shall approve any major new business areas proposed by Group companies or business divisions. The Board shall also consider any matter referred to it by the Group Executive Committee, including issues of significant expenditure and major projects. The UK, European and International Business Divisions shall have authority to spend up to £2 million per project without prior Board approval.

2.2. Mergers and Acquisitions

The Board shall approve any significant mergers and acquisitions within the Group. The UK, European and International Business Divisions shall between them have a £5 million aggregate limit per annum for any mergers and acquisitions within those business areas, such transactions to be approved by the relevant local board. All transactions approved by the local boards will be reported to the Board.

2.3. Capital Raising

The Board shall approve any capital raising to be undertaken as well as any bonus issues or rights issues.

2.4. Investments

The Board shall determine the investment strategy for Group funds.

2.5. Dividend Policy

The Board shall determine the dividend policy and shall recommend, approve or declare as appropriate any dividend.

2.6. Share Schemes

The Board shall, upon the recommendation of the Remuneration and Nomination Committee, approve the granting of any awards under the Group share schemes, including option plans, Performance Share Plans and share save schemes. The Board shall also approve the allotment of any shares under the schemes.

2.7. Financial Reporting

The Board shall approve the consolidated financial statements of the Company including the annual report and accounts and interim accounts. The Board shall also approve the directors' report, statement on internal control, corporate governance statement and directors' remuneration report;

2.8. Internal Control

The Board shall ensure that the Group has adequate systems of internal control and reporting, and at least once a year shall review the systems and controls in place;

2.9. Communications

The Board shall consider and approve any circular, listing particulars or prospectus issued by the Company. The Board shall also approve any announcement relating to interim and final results, as well as any trading update or any other significant announcement to be made on behalf of the Group;

The Board has delegated day to day management of the Company's businesses to the Group Executive Committee, together with certain senior executives. The Board has also delegated responsibility for certain other matters to Sub-Committees of the Board, all of which operate within pre-defined terms of reference.

3. Frequency and timing of meetings

The Board shall meet on a Business Day at least four times each calendar year.

4. Location of meetings

Meetings shall be held at the Company's head office in Bermuda. In exceptional circumstances meetings may be held in Guernsey or Switzerland. In no circumstances will meetings be held in the UK or the US.

5. Authority to set the agenda

The Chairman shall from time to time set the agenda for meetings of the Committee.

6. Board Packs

6.1. Board Packs shall be collated and circulated to members at least five business days prior to each meeting of the Committee, by the Secretary;

6.2. The Secretary shall ensure one copy of each Committee Pack is retained.

7. Minutes of meetings

7.1 Minutes of meetings of the Committee shall be produced by the Secretary;

7.2 The Minutes shall detail the proceedings and decisions of the meeting setting out the date, time, and place of the meeting, together with a list of those present and in attendance;

7.3 The Minutes of the meeting shall be circulated to each director of the Company by the Company Secretary within ten business days of each meeting, subject to the prior approval of the Chairman.

8. Authority to inspect the minutes of meetings

The following individuals are entitled to inspect the minutes of meetings:

All officers of Hiscox Ltd;
External Auditors;
Internal Auditors;
Bermuda Monetary Authority;
Company Secretary; and
Any other person the Chairman may from time to time permit

9. Amendment of Matters Reserved for the Board and Terms of Reference

These Matters Reserved for the Board and Terms of Reference may be amended by the Board.