

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if not, another appropriately authorised independent financial adviser.

If you have sold or otherwise transferred all of your registered holding of common shares in Hardy Underwriting Bermuda Limited (the "Company"), please send this document (together with the accompanying Form of Proxy and Form of Direction) to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee as soon as possible

HARDY

Hardy Underwriting Bermuda Limited

(Registered in Bermuda No.40834)

Annual General Meeting

Circular to Shareholders

NOTICE OF ANNUAL GENERAL MEETING

This document contains an explanatory letter from the Company Chairman on behalf of the Board of Directors of Hardy Underwriting Bermuda Limited and the Notice of the Annual General Meeting to be held at 4th Floor, Park Place, 55 Par-la-ville Road, Hamilton HM11 Bermuda at 9.30 a.m. Bermuda time (1.30 p.m. London time) on 17 May 2011. Accompanying this document is a Form of Proxy and a Form of Direction (to be used as appropriate) which should be completed and returned in accordance with the instructions thereon. To be valid, the appropriate form should be sent to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, United Kingdom, as soon as possible, but in any event so as to be received by no later than 1.30 p.m. (British Summer Time "BST") on 12 May 2011 for a Form of Direction or 1.30 p.m. (BST) on 13 May 2011 for a Form of Proxy. In addition, arrangements have been made for CREST members to appoint a proxy or proxies through the CREST electronic appointment service.

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Timetable	
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Latest time and date for receipt of a Form of Proxy	1.30 p.m. (BST) on 13 May 2011
Latest time and date for receipt of CREST votes	1.30 p.m. (BST) on 12 May 2011
Annual General Meeting Bermuda	9.30 a.m. (Bermuda time) on 17 May 2011
Video link in London	1.30 p.m. (BST) on 17 May 2011
Ex-dividend date	11 May 2011
Record date	6.30 p.m. (BST) on 13 May 2011
Payment of Final Dividend	3 June 2011

Hardy Underwriting Bermuda Limited

DIRECTORS

Mr David Preston Mann (Chairman)
Mr Paul Bailie
Mr Julian Cusack
Mr Allan Dunkle
Ms Fiona Luck
Mr Jamie David MacDiarmid
Ms Barbara Jane Merry
Mr Anthony Taylor
Mr Adrian Jeremy Walker

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6 April 2011

To all Shareholders and, for information only, to option and depositary interest holders

Dear Shareholder

I am writing on behalf of the Board of Directors (the "Board") of Hardy Underwriting Bermuda Limited (the "Company") to tell you about the business to be conducted at the fourth Annual General Meeting ("AGM") of the Company to be held at 4th Floor, Park Place, 55 Par-la-ville Road, Hamilton HM11, Bermuda and transmitted via video link to London at 9.30 a.m. Bermuda time (1.30 p.m. London time) on 17 May 2011.

The business to be conducted at this year's AGM comprises eight resolutions for ordinary business and three resolutions for special business. This document explains the business that will be proposed at the AGM and where necessary sets out why your Directors consider that such business is in the best interests of the Company and its shareholders as a whole.

ORDINARY BUSINESS

Resolution 1

To receive the Annual Report and Accounts for the year ended 31 December 2010.

Resolution 2

To approve the Directors' Remuneration Report for the year ended 31 December 2010.

Resolutions 3

To receive a final dividend of 10.2 pence per common share in respect of the year ended 31 December 2010, payable on 3 June 2011.

Resolutions 4, 5 and 6

To re-elect Paul Bailie, Allan Dunkle and David Mann as directors of the Company following their retirement in accordance with the retirement by rotation provisions contained in the Company's Bye-Laws and who, being eligible, offer themselves for re-election. The Board believes that they all continue to make a valuable contribution to the Company with their wide ranging skills and experience, and therefore recommends that they be re-elected. Their biographical details are set out on pages 34 and 35 of the Annual Report and Accounts.

Resolution 7

To elect Patrick Gage as a director of the Board. Adrian Walker has decided to retire as Director of Underwriting and from the Board immediately following the AGM. He will be replaced by his deputy Patrick Gage who is standing for election at the AGM. Patrick's biographical details are set out on page 35 of the Annual Report and Accounts.

Resolution 8

To re-appoint KPMG as auditors of the Company and to authorise the Board to determine their remuneration.

SPECIAL BUSINESS

Resolution 9

Resolution 9 will be proposed as an ordinary resolution to grant a new authority to allot un-issued share capital and is materially in the form recommended by the Association of British Insurers ('ABI'). The Board's intention is to maintain flexibility in line with standard market practice.

In Part (i) of Resolution 9, the Board seeks authority to allot un-issued share capital up to an aggregate maximum nominal value of £3,340,786 (being an amount equal to one-third of the issued share capital of the Company, excluding any shares held in treasury and the employee benefit trust ("EBT") on 21 March 2011, the latest date practicable for inclusion in this circular), such amount to be reduced by the nominal amount allotted under Part (ii) of Resolution 9 in excess of such sum.

Part (ii) of Resolution 9 confers on the Board authority to allot un-issued share capital in a fully pre-emptive rights issue up to an aggregate maximum nominal value of £6,681,572 (being an amount equal to two-thirds of the issued share capital of the Company, excluding any shares held in treasury, on 21 March 2011, the latest date practicable for inclusion in this circular), such amount to be reduced by any shares allotted or rights granted under Part (i) of Resolution 9. It should be noted that the Company may be prohibited by local law and regulation from offering shares to shareholders in certain jurisdictions; in that case, the Company

Letter from Chairman of Hardy Underwriting Bermuda Limited continued

would endeavour to follow standard market practice to enable shareholders in restricted jurisdictions to share in the economics, but not share allotment, of a rights issue.

The proposed new authority will expire 15 months after the passing of the resolution or upon conclusion of the next AGM, whichever occurs first. There is no present intention of exercising this authority. However, it is considered prudent to maintain the flexibility that it provides. If they do exercise this authority, the directors intend to follow the recommendations of the ABI relating to directors standing for re-election following such exercise.

The directors intend to renew this authority annually.

Resolution 10

The Board also seeks to renew its authority, in the form recommended by the ABI, from shareholders to allot or sell shares for cash, subject to and conditional upon the passing of Resolution 9. The resolution covers allotment of shares (i) pursuant to a rights issue to shareholders, up to the authority granted in Resolution 9 and (ii) otherwise up to an aggregate nominal value of £501,118 (which is equal to 5 per cent of the issued share capital of the Company on 21 March 2011, the latest date practicable for inclusion in this circular). The authority also includes any sale for cash by the Company of shares held in treasury. As at 21 March 2011, the Company held 1,633,674 shares in treasury. Also in accordance with ABI guidelines, the Board would not intend to issue shares under part (ii) in excess of 7.5 per cent of issued share capital within a rolling three-year period. Unless renewed, this authority will expire 15 months after the passing of the resolution or upon conclusion of the next AGM, whichever first occurs.

Resolution 10 will be proposed as a special resolution. The directors have no current intention of exercising this authority.

Resolution 11

At last year's AGM shareholders passed a resolution authorising the Company to purchase its own shares when such purchases would lead to earnings enhancement for the Company and its shareholders. On 14 December 2010, the Company announced the commencement of a share buy back programme pursuant to this authority. As at 21 March (being the latest practicable date prior to publication of this circular), the Company had purchased 1,633,674 shares representing 3.2 per cent of the current issued ordinary share capital. These shares are being held in treasury. The Board expects to continue to make purchases pursuant to the share buy back programme as appropriate, up to the date of the AGM when the authority will expire.

It is the Board's continuing belief that such purchases would represent an appropriate use of the Company's resources and remain in line with its commitment to the effective use of the Company's capital. The Board is proposing, therefore, that shareholders authorise the Company to purchase in the market up to 5,277,094 common shares, representing approximately 10.00 per cent of the issued ordinary share capital at 21 March 2011, the latest date practicable for inclusion in this circular.

The Board intends to use this power only after careful consideration, having taken account of other investment opportunities, appropriate gearing levels and the overall financial position of the Company and only if satisfied that a repurchase would benefit shareholders generally. Any shares acquired by the Company pursuant to this authority will be cancelled or held as treasury shares. No dividends will be paid on shares whilst held in treasury and no voting rights will be exercisable in respect of such shares. The proposed resolution specifies the maximum and minimum prices at which any shares acquired by the Company pursuant to this authority may be bought in accordance with the current requirements of the London Stock Exchange. Unless renewed, this authority will expire 15 months after the passing of the resolution or upon conclusion of the next AGM, whichever first occurs. Resolution 11 will be proposed as a special resolution.

The Company has outstanding options issued pursuant to the Company's approved and unapproved share schemes and SAYE share option plan which represent 209,363 common shares (approximately 0.42 per cent of the issued common share capital at 21 March 2011). If the full authority to buy-back shares is used these options will represent 0.49 per cent of the issued common share capital (based on the issued common share capital as at 21 March 2011).

The directors intend to renew this authority annually.

ACTION TO BE TAKEN

Shareholders

A Form of Proxy for use by shareholders at the AGM or at any adjournment thereof is attached. Whether or not shareholders propose to attend the AGM they are requested to complete, sign and return the Form of Proxy to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU United Kingdom as soon as possible and in any event to be received no later than 1.30 p.m. (BST) on 13 May 2011. The completion and return of the Form of Proxy will not preclude shareholders from attending the AGM and voting in person should they wish to do so.

Depository Interest Holders

Any holder of depository interests wishing to instruct Capita IRG Trustees Limited to vote in respect of the holder's interest should use the attached Form of Direction or, alternatively, should follow the CREST electronic proxy appointment procedure set out below. The completed Form of Direction must be returned to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU United Kingdom as soon as possible and in any event to be received no later than 1.30 p.m. (BST) on 12 May 2011.

Electronic proxy appointment through CREST

CREST members holding entitlements via the Depository Interest arrangement who wish to appoint Capita IRG Trustees Limited (as the Depository) to vote on their behalf through the CREST electronic proxy appointment service may do so for the AGM to be held on Tuesday 17 May 2011 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST

Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by 1.30 p.m. (BST) on 12 May 2011. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means

of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. For further information on CREST procedures, limitations and system timings please refer to the CREST Manual, which is available from www.Euroclear.com/CREST.

The Company may pursuant to the Bye-Laws treat as invalid a CREST Proxy or other proxy that does not comply with the requirements set out in this circular and the notice of AGM or which does not otherwise conform with the requirements set out in the Company's Bye-Laws.

Recommendation

The Directors of the Company consider that the terms of the resolutions to be proposed at the AGM are in the best interests of the Company and its shareholders as a whole. Accordingly, your Board unanimously recommends that you vote in favour of each of the resolutions to be proposed at the AGM, as the Directors intend to do in respect of their own beneficial holdings, which as at 21 March 2011, amount to 2,489,036 common shares representing approximately 4.97 per cent of the issued share capital (with voting rights) of the Company.

Yours faithfully



David Mann
Chairman

Notice of Annual General Meeting

HARDY

Hardy Underwriting Bermuda Limited

(Registered in Bermuda No.40834)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the fourth Annual General Meeting of Hardy Underwriting Bermuda Limited (the "Company") will be held at 4th Floor, Park Place, 55 Par-la-ville Road, Hamilton HM11, Bermuda at 9.30 a.m. (Bermuda time) on Tuesday 17 May 2011 and a video link will be available for those shareholders wishing to attend in London at 1.30 p.m. (BST) on Tuesday 17 May 2011 at The Gold Room, No 1, Cornhill, London EC3V 3ND for the following purposes:

ORDINARY BUSINESS

1. To receive the Annual Report and Accounts for the year ended 31 December 2010.
2. To approve the Directors' Remuneration Report for the year ended 31 December 2010.
3. To receive a final dividend of 10.2 pence per common share in respect of the year ended 31 December 2010, payable on 3 June 2011.
4. To re-elect Paul Baillie as a Director of the Company.
5. To re-elect Allan Dunkle as a Director of the Company.
6. To re-elect David Mann as a Director of the Company.
7. To elect Patrick Gage as a Director of the Company.
8. To re-appoint KPMG as auditors of the Company and to authorise the Directors to determine their remuneration.

SPECIAL BUSINESS

9. (i) THAT the Directors be generally and unconditionally authorised in accordance with the Company's Bye-Laws and the Bermuda Companies Act (1981) as amended to exercise all the powers of the Company to allot Relevant Securities in the Company (within the meaning of Bye-Law 2.4 of the Company's Bye-Laws) up to an aggregate nominal amount of £3,340,786, such amount to be reduced by the nominal amount allotted under Part (ii) of this Resolution 9 in excess of such sum, with such authority to expire 15 months after the passing of this resolution or at the end of the next Annual General Meeting of the Company, whichever comes first (save that the Company may before such expiry make any offer or agreement which would or might require Relevant Securities to be allotted after such expiry and the Directors may allot Relevant Securities in pursuance of any such offer or agreement as if the authority conferred hereby had not expired); and
- (ii) THAT the Directors be generally and unconditionally authorised in accordance with the Company's Bye-Laws and the Bermuda Companies Act(1981) as amended to exercise all powers of the Company to allot Relevant Securities in the Company (within the meaning of Bye-Law 2.4 of the Company's Bye-Laws) in connection with a Rights Issue in favour of common shareholders where the Relevant Securities respectively attributable to the interests of all common shareholders are proportionate (as nearly as may be but subject to such exclusions or other arrangements as the Directors may deem necessary or desirable in relation to fractional entitlements, treasury shares, record dates or legal or practical problems arising in, or pursuant to, the laws of any territory or the requirements of any regulatory body or stock exchange in any territory) to the respective number of common shares held by them up to an aggregate nominal amount of £6,681,572, such amount to be reduced by any shares allotted or rights granted under Part (i) of this Resolution 9, provided that this authority shall expire 15 months after the passing of this resolution or at the end of the next Annual General Meeting of the Company, whichever comes first (save that the Company may before such expiry make an offer or agreement which would or might require Relevant Securities to be allotted after such expiry and the Directors may allot Relevant Securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired).

10. THAT, subject to and conditional upon the passing of Resolution 9, the authority granted pursuant to Resolution 9 may be exercised by the Board to allot Equity Securities (as defined in Bye-Law 2.5 of the Company's Bye-Laws) for cash as if Bye-Law 2.5(a) of the Company's Bye Laws did not apply and, if relevant, the Directors be authorised to sell shares in the Company for cash if immediately before the sale such shares are held by the Company as treasury shares, as if Bye-Law 2.5(a) did not apply, provided that such authorisation shall be limited to the allotment of Equity Securities (as defined in Bye-Law 2.5 of the Company's Bye-Laws) or sale of treasury shares:

- (i) in connection with a Rights Issue in favour of common shareholders where the Equity Securities respectively attributable to the interests of all common shareholders are proportionate (as nearly as may be but subject to such exclusions or other arrangements as the Directors may deem necessary or desirable in relation to fractional entitlements, treasury shares, record dates or legal or practical problems arising in, or pursuant to, the laws of any territory or the requirements of any regulatory body or stock exchange in any territory) to the respective numbers of common shares held by them; and
- (ii) otherwise than pursuant to paragraph (i) of this resolution, up to an aggregate nominal amount of £501,118 (representing approximately 5 per cent of the issued common share capital of the Company on 21 March 2011, the latest date practicable for inclusion in this circular);

such authority to expire 15 months after the passing of this resolution or at the conclusion of the next Annual General meeting, whichever comes first (save that the Company may before such expiry make any offer or agreement which would or might require Equity Securities to be allotted or treasury shares to be sold after such expiry and the Directors may allot Equity Securities or sell treasury shares in pursuance of any such offer or agreement as if the authority conferred hereby had not expired).

11. THAT the Company be generally and unconditionally authorised to make market purchases (pursuant to Bermuda Companies Act Sections 42A and 42B) of any of its common shares of 20 pence each ('common shares'), provided that:

- (i) the maximum number of common shares hereby authorised to be purchased is 5,277,094 (representing approximately 10.00 per cent of the issued common share capital of the Company on 21 March 2011, the latest date practicable before publication of this circular, or such other number as represents 10.00 per cent of the Company's issued share capital at the date of the next Annual General Meeting);
- (ii) the minimum price that may be paid for each common share is 20 pence, exclusive of the expenses of purchase;
- (iii) the maximum price that may be paid for each common share is an amount equal to 105 per cent of the average of the middle market quotations for the common shares of the Company as derived from the Daily Official List of the London Stock Exchange plc for the five business days immediately preceding the day on which such share is contracted to be purchased, exclusive of the expenses of purchase;
- (iv) unless previously revoked or varied the authority hereby conferred shall expire 15 months after the passing of this resolution or at the end of the next Annual General Meeting, whichever is earlier; and
- (v) the Company may, before the expiry of this authority, conclude a contract to purchase common shares which will or may be executed wholly or partly after such expiry and may make a purchase of common shares pursuant to any such contract, as if such authority had not expired.

Dated 6 April 2011

BY ORDER OF THE BOARD

Registered Office:

Crawford House
50 Cedar Avenue
Hamilton
HM11
Bermuda

Christiane Kenny-Post
Secretary

Notice of Annual General Meeting continued

Notes:

1. Copies of the Directors' service contracts with Hardy Underwriting Bermuda Limited or any of its subsidiaries not expiring or determinable without payment of compensation within one year will be available for inspection at the registered office during normal business hours on any weekday from the date of this notice until the conclusion of the Annual General Meeting and at the Annual General Meeting for at least fifteen minutes prior to and during the meeting.
2. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend in his place. A proxy need not also be a member of the Company.
3. To have the right to attend and vote at the meeting (and also for the purpose of calculating how many votes a person entitled to attend and vote may cast), a person must be entered on the register of members by no later than 6 p.m. (BST) on 13 May 2011, being 96 hours before the time fixed for the meeting. Changes to the register after this time shall be disregarded in determining the rights of any person to attend or vote at the meeting.
4. As at 21 March 2011 (the latest date practicable for inclusion in this circular) the Company's issued share capital is 52,770,940 common shares of 20 pence each in the capital of the Company, carrying one vote each. The Company holds 1,633,674 common shares in treasury and in addition 1,025,469 common shares are held in the EBT. Therefore, the total voting rights in the Company as at 21 March 2011 are 50,111,797.
5. The contents of this notice, details of the total number of shares in respect of which members are entitled to exercise voting rights at the Annual General Meeting and the total voting rights members are entitled to exercise at Annual General Meeting can be found at www.hardygroup.bm



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