

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 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 am Bermuda time (1.30 pm London time) on 18 May 2010. 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 pm (British Summer Time "BST") on 13 May 2010 for a Form of Direction or 1.30 pm (BST) on 16 May 2010 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

Latest time and date for receipt of a Form of Direction	1.30 pm (BST) on 13 May 2010
Latest time and date for receipt of a Form of Proxy	1.30 pm (BST) on 16 May 2010
Latest time and date for receipt of CREST votes	1.30 pm (BST) on 13 May 2010
Annual General Meeting Bermuda	9.30 am (Bermuda time) on 18 May 2010
Video link in London	1.30 pm (BST) on 18 May 2010

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

HARDY

Bermuda
4th Floor Park Place
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9 April 2010

To all Shareholders and, for information only, option holders

Dear Shareholder

I am writing on behalf of the Board to tell you about the business to be conducted at the third 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 am Bermuda time (1.30 pm London time) on 18 May 2010.

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 Annual General Meeting of the Company 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 2009.

Resolution 2

To approve the Directors' Remuneration Report for the year ended 31 December 2009.

Resolutions 3 and 4

To re-elect, respectively, Julian Cusack and Barbara Merry 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.

Julian Cusack and Barbara Merry continue to make a valuable contribution to the Board with their wide ranging skills and experience. The Board therefore recommends that these directors be so elected. Their biographical details are set out on pages 34 to 36 of the Annual Report and Accounts.

Resolutions 5, 6 and 7

To elect, respectively, Fiona Luck, Anthony Taylor and Adrian Walker who in accordance with the Company's Bye-Laws retire at the first AGM following their appointment to the Board and who, being eligible, offer themselves for election.

Fiona Luck and Anthony Taylor were appointed non-executive directors with effect from 1 March 2010 and 27 January 2010 respectively. Adrian Walker was appointed as an executive director of the Board on and with effect from 27 January 2010.

The Board believes these individuals will make significant contributions to the business and will be valuable additions to the Board. The Board therefore recommends that these directors be so elected. Their biographical details are set out on pages 34 to 36 of the Annual Report and Accounts.

Resolution 8

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

SPECIAL BUSINESS

Resolution 9

Resolution 9 is proposed as an Ordinary Resolution.

Authority was granted to the Directors at the Annual General Meeting held in 2009 to allot Relevant Securities (as defined in Bye-Law 2.4) on a pre-emptive basis without the prior consent of Shareholders up to a combined maximum nominal amount of £3,482,418, representing approximately one third of the issued share capital of the Company at that date.

The Directors consider it appropriate to renew this authority at the forthcoming Annual General Meeting. The proposed new authority will expire 15 months after the passing of the resolution or at the conclusion of the 2011 Annual General Meeting, whichever first occurs. It is the current intention to renew this authority annually. The Directors have no present intention of exercising this authority.

The nominal amount of securities to which the new authority will relate represents approximately one third of the Company's issued share capital (excluding any shares held in treasury)

Letter from Chairman of Hardy Underwriting Bermuda Limited - continued

as at 1 March 2010 (being the latest practicable date prior to publication of this circular). As at 1 March 2010, the Company's issued share capital amounted to £10,463,623 comprising 52,318,113 common shares of 20 pence each. No shares were held in treasury.

Resolution 10

Resolution 10 is proposed as a Special Resolution (as defined in the Company's Bye-Laws) in accordance with Bye-Law 2.6 of the Company's Bye-Laws to authorise the Directors to allot Equity Securities (as defined in Bye-Law 2.5) for cash without first being required to offer such shares to existing shareholders. The proposed new authority will expire 15 months after the passing of the resolution or at the conclusion of the 2011 Annual General Meeting, whichever first occurs. It is the current intention to renew this authority annually.

The £523,181 nominal amount of Equity Securities to which this authority relates represents approximately 5 per cent of the nominal amount of the issued share capital of the Company as at 1 March 2010 (being the latest practicable date prior to publication of this circular). The Directors have no current intention of exercising this authority.

Resolution 11

Authority for the company to purchase its own shares

This resolution will be proposed as a Special Resolution. In certain circumstances, it may be advantageous for the Company to purchase its own shares. This authority will enable your Board to acquire shares at a time when the price of the Company's shares in the market would lead to earnings enhancement for the Company and its shareholders.

Your Board believes that such purchases would represent appropriate use of the Company's resources and is in line with the Board's commitment to the effective use of the Company's capital. The Directors do not intend to use the proposed authority unless they consider that it will benefit the Company and its shareholders and would also improve earnings per share without adversely affecting the attributable assets of the Company.

Your Board is therefore proposing that shareholders authorise the Company to purchase in the market up to 7,842,485 Common Shares representing approximately 14.99 per cent of the issued ordinary share capital at 1 March 2010.

The maximum price to be paid on any purchase of a Common Share will not be greater than 5 per cent above the average of the middle market quotation of a Common Share at the close of business on the five business days immediately preceding the date of purchase. The minimum price to be paid on any purchase of a Common Share will be 20p (being the nominal value of a share). The Company may consider holding any of its own shares that it purchases under the proposed buy back authority as treasury shares as an alternative to cancelling them. No dividends will be paid on shares whilst held in

treasury and no voting rights will be exercisable in respect of such shares.

Resolution 11 would give the Company the authority for it to purchase its own shares until 15 months from the date of the Annual General Meeting (or, if earlier, the conclusion of the next Annual General Meeting) on the terms set out in the resolution. The Board's present intention is to seek annual renewal of this authority.

The Company has outstanding options issued pursuant to the Company's approved and unapproved share schemes and SAYE share option plan which represent 233,984 Common Shares (approximately 0.46 per cent of the issued common share capital at 1 March 2010). If the full authority to buy-back shares is used these options will represent 0.54 per cent of the issued common share capital (based on the issued common share capital as at 1 March 2010).

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 pm (BST) on 16 May 2010. 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 pm (BST) on 13 May 2010.

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 Annual General Meeting to be held on Tuesday 18 May 2010 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 CRESTCo'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 pm (BST) on 13 May 2010. 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.

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 Annual General Meeting are in the best interests of the Company and its shareholders as a whole. Accordingly, your Board unanimously recommends that you to vote in favour of each of the resolutions to be proposed at the Annual General Meeting, as the Directors intend to do in respect of their own beneficial holdings, which as at 1 March 2010 amount to 2,210,111 Common Shares representing approximately 4.31 per cent of the issued share capital (with voting rights) of the Company at that date.

I look forward to meeting you at the AGM.



Yours faithfully
David Mann
Chairman

Notice of Annual General Meeting

HARDY

Hardy Underwriting Bermuda Limited

(Registered in Bermuda No.40834)

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the third 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 am (Bermuda time) on Tuesday 18 May 2009 and a video link will be available for those shareholders wishing to attend in London at 1.30 pm (BST) on Tuesday 18 May 2010 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 2009
2. To approve the Directors' Remuneration Report for the year ended 31 December 2009
3. To re-elect Julian Cusack as a Director of the Company
4. To re-elect Barbara Merry as a Director of the Company
5. To elect Fiona Luck as a Director of the Company
6. To elect Anthony Taylor as a Director of the Company
7. To elect Adrian Walker 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. To authorise the allotment of Relevant Securities:

That:

- (a) in accordance with Bye-Law 2.4 of the Company's Bye-Laws, the Directors be authorised to allot Relevant Securities up to an aggregate nominal amount of £7,842,485
- (b) this authority shall expire 15 months after the passing of the resolution or at the conclusion of the next Annual General Meeting of the Company, whichever occurs first, provided that the Company may, before this authority expires, make an offer or agreement which would or might require Relevant Securities to be allotted after it expires; and
- (c) all previous unutilised authorities under Bye-Law 2.4 of the Company's Bye-Laws shall cease to have effect (save to the extent that the same are exercisable by reason of any offer or agreement made prior to the date of this resolution, which would or might require Relevant Securities to be allotted on or after that date).

For the purposes of this Resolution 9, "Relevant Securities" has the meaning given to it in Bye-Law 2.4 of the Company's Bye-Laws.

10. To disapply pre-emption rights:

That:

- (a) in accordance with Bye-Law 2.6 of the Company's Bye-Laws the Directors be given power to allot for cash Equity Securities (as defined in Bye-Law 2.5 of the Company's Bye-Laws) pursuant to the general authority conferred on them by the resolution passed under Resolution 7 above as if Bye-Law 2.5(a) of those Bye-Laws did not apply to the allotment but this power shall be limited:
 - (i) to the allotment of Equity Securities in connection with an offer or issue to or in favour of holders on the Register of Members on a date fixed by the Directors where the Equity Securities respectively attributable to the interests of all those holders are proportionate (as nearly as practicable) to the respective numbers of shares held by them on that date but the Directors may make such exclusions or other arrangements as they consider expedient in relation to fractional entitlements, legal or practical problems under the laws of, or the requirements of any relevant regulatory body or stock exchange in, any territory or any matter whatsoever; and
 - (ii) to the allotment (other than under (i) above) of Equity Securities having a nominal amount not exceeding in aggregate £523,181 (representing 5 per cent of the issued common share capital of the Company);
- (b) this power shall expire 15 months after the passing of the resolution or at the conclusion of the next Annual General Meeting of the Company, whichever occurs first;
- (c) all previous authorities under Bye-Law 2.5(a) of the Company's Bye-Laws shall cease to have effect; and
- (d) the Company may, before this power expires, make an offer or agreement which would or might require Equity Securities to be allotted after it expires.

11. Authority to purchase shares in the Company

That:

- (a) That the Company be and is hereby generally and unconditionally authorised to purchase common shares of 20 pence each in the capital of the Company ("common shares") in accordance with the provisions of Section 42A of the Bermuda Companies Act 1981 (the "Act") and for such shares to be either treated as cancelled and the amount of the Company's issued share capital shall be diminished by the nominal value of those shares accordingly or held by the Company as Treasury Shares in accordance with the provisions of Section 42B of the Act provided that:
 - (i) the maximum number of common shares authorised to be purchases is 7,842,485 representing 14.99 per cent of the Company's issued ordinary share capital;
 - (ii) the minimum price which may be paid for a common share shall be 20 pence;
 - (iii) the maximum price which may be paid for a common share shall not be more than 5 per cent about the average of the middle market quotations for a common share derived from the London Stock Exchange Daily Official List for five business days immediately preceding the date of purchase of the ordinary share;

Notice of Annual General Meeting - continued

- (iv) unless previously renewed, varied or revoked the authority hereby conferred shall expire 15 months after the passing of this Resolution or at the conclusions of the next Annual General Meeting of the Company whichever is the earlier, save that the Company may prior to such expiry enter into a contract to purchase common shares which will or may be executed wholly or partly after such expiry and purchase common shares pursuant to such contact; and
- (v) the purchase be in compliance with the provisions set out in Section 42A and 42B of the Act and the Company's Bye-Laws.

"Any notice (save for one delivered in accordance with Bye-law 25.4) shall be deemed to have been served at the time when the same would be delivered in the ordinary course of transmission and, in proving such service, it shall be sufficient to prove that the notice was properly addressed and prepaid, if posted, and the time when it was posted, delivered to the courier or transmitted by electronic means. Mail notice shall be deemed to have been served the day after the date on which it is deposited, with postage prepaid, in the mail of any member state of the European Union, the United States or Bermuda."

Dated 9 April 2010

BY ORDER OF THE BOARD

Registered Office:

Crawford House
50 Cedar Avenue
Hamilton
HM11
Bermuda

Christiane Kenny-Post

Secretary

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. A copy of the AGM documents can be viewed on the Company's website at www.hardygroup.bm

HARDY

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