

Allied World Assurance Co Holdings, AG  
Form 10-Q  
April 22, 2015  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Form 10-Q  
(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: March 31, 2015

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 001-32938

ALLIED WORLD ASSURANCE COMPANY HOLDINGS, AG

(Exact Name of Registrant as Specified in Its Charter)

Switzerland

98-0681223

(State or Other Jurisdiction of

(I.R.S. Employer

Incorporation or Organization)

Identification No.)

Gubelstrasse 24, Park Tower, 15th Floor, 6300 Zug, Switzerland

(Address of Principal Executive Offices and Zip Code)

41-41-768-1080

(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company   
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of April 13, 2015, 95,444,669 common shares were outstanding.



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## PART I

## FINANCIAL INFORMATION

## Item 1. Financial Statements.

## ALLIED WORLD ASSURANCE COMPANY HOLDINGS, AG

## UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

as of March 31, 2015 and December 31, 2014

(Expressed in thousands, except share and per share amounts)

	As of March 31, 2015	As of December 31, 2014
<b>ASSETS:</b>		
Fixed maturity investments trading, at fair value (amortized cost: 2015: \$6,229,608; 2014: \$6,035,240)	\$6,288,897	\$6,069,010
Equity securities trading, at fair value (cost: 2015: \$798,275; 2014: \$791,206)	856,652	844,163
Other invested assets	926,407	955,509
Total investments	8,071,956	7,868,682
Cash and cash equivalents	515,070	589,339
Restricted cash	49,931	80,971
Insurance balances receivable	773,394	664,815
Funds held	479,909	724,021
Prepaid reinsurance	318,838	360,732
Reinsurance recoverable	1,350,311	1,340,256
Reinsurance recoverable on paid losses	107,071	86,075
Accrued investment income	28,267	28,456
Net deferred acquisition costs	187,246	151,546
Goodwill	280,725	278,258
Intangible assets	49,274	46,298
Balances receivable on sale of investments	46,822	47,149
Net deferred tax assets	29,922	33,615
Other assets	329,050	121,350
Total assets	\$12,617,786	\$12,421,563
<b>LIABILITIES:</b>		
Reserve for losses and loss expenses	\$5,905,110	\$5,881,165
Unearned premiums	1,717,399	1,555,313
Reinsurance balances payable	184,322	180,060
Balances due on purchases of investments	34,396	5,428
Senior notes	798,881	798,802
Other long-term debt	19,730	19,213
Dividends payable	21,528	21,669
Accounts payable and accrued liabilities	107,353	181,622
Total liabilities	\$8,788,719	\$8,643,272
Commitments and contingencies		
<b>SHAREHOLDERS' EQUITY:</b>		
Common shares: 2015 and 2014: par value CHF 4.10 per share (2015: 100,299,454; 2014: 100,775,256 shares issued and 2015: 95,444,669; 2014: 96,195,482 shares outstanding)	406,088	408,020
Treasury shares, at cost (2015: 4,854,785; 2014: 4,579,774)	(162,356)	(143,075)
Retained earnings	3,585,335	3,513,346
Total shareholders' equity	3,829,067	3,778,291

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Total liabilities and shareholders' equity	\$12,617,786	\$12,421,563
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See accompanying notes to the consolidated financial statements.

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ALLIED WORLD ASSURANCE COMPANY HOLDINGS, AG  
 UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
 AND COMPREHENSIVE INCOME

for the three months ended March 31, 2015 and 2014

(Expressed in thousands, except share and per share amounts)

	Three Months Ended March 31,	
	2015	2014
REVENUES:		
Gross premiums written	\$880,614	\$901,393
Premiums ceded	(108,086 )	(129,779 )
Net premiums written	772,528	771,614
Change in unearned premiums	(203,980 )	(241,329 )
Net premiums earned	568,548	530,285
Net investment income	44,551	47,619
Net realized investment gains	45,025	54,205
Other income	854	—
Total revenue	658,978	632,109
EXPENSES:		
Net losses and loss expenses	325,176	275,286
Acquisition costs	78,699	67,722
General and administrative expenses	97,138	80,340
Other expense	1,823	—
Amortization of intangible assets	633	633
Interest expense	14,337	14,534
Foreign exchange loss	9,897	49
Total expenses	527,703	438,564
Income before income taxes	131,275	193,545
Income tax expense	6,919	16,573
NET INCOME	124,356	176,972
Other comprehensive income	—	—
COMPREHENSIVE INCOME	\$ 124,356	