

Allied World Assurance Co Holdings, AG
Form S-3ASR
June 19, 2015

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AS FILED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION ON JUNE 18, 2015

REGISTRATION NO. 333-

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Form S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

**ALLIED WORLD ASSURANCE COMPANY HOLDINGS, AG
ALLIED WORLD ASSURANCE COMPANY HOLDINGS, LTD**

(Exact name of each registrant as specified in its charter)

Allied World Assurance Company Holdings, AG
Zug, Switzerland
(State or other jurisdiction of incorporation or organization)

Allied World Assurance Company Holdings, Ltd
Pembroke, Bermuda
(State or other jurisdiction of incorporation or organization)

98-0681223
(I.R.S. Employer Identification Number)

98-0481737
(I.R.S. Employer Identification Number)

**GUBELSTRASSE 24
PARK TOWER, 15th FLOOR
6300 ZUG, SWITZERLAND
41-41-768-1080**
(Address, including zip code, and telephone number, including area code, of
registrant's principal executive offices)

**27 RICHMOND ROAD
PEMBROKE HM 08
BERMUDA
(441) 278-5400**
(Address, including zip code, and telephone number, including area code, of
registrant's principal executive offices)

**CT CORPORATION SYSTEM
111 EIGHTH AVENUE, 13TH FLOOR
NEW YORK, NEW YORK 10011
(212) 894-8940**
(Name, address, including zip code, and telephone number, including area code, of agent for service)

COPIES TO:

WESLEY D. DUPONT, ESQ.
ALLIED WORLD ASSURANCE COMPANY HOLDINGS, AG
GUBELSTRASSE 24
PARK TOWER, 15th FLOOR
6300 ZUG, SWITZERLAND
(646) 794-0506
(646) 794-0613 (FACSIMILE)

STEVEN A. SEIDMAN, ESQ.
CRISTOPHER GREER, ESQ.
SEAN M. EWEN, ESQ.
WILLKIE FARR & GALLAGHER LLP
787 SEVENTH AVENUE
NEW YORK, NY 10019
(212) 728-8000

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC:
From time to time after this Registration Statement becomes effective.

If the only securities being registered on this form are to be offered pursuant to dividend or interest reinvestment plans, please check the following box:

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box:

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

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
(Do not check if a
smaller reporting
company)

Smaller reporting
company

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED(1)	AMOUNT TO BE REGISTERED	PROPOSED MAXIMUM OFFERING PRICE PER UNIT	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE	AMOUNT OF REGISTRATION FEE
Common Shares of Allied World Assurance Company Holdings, AG	(2)(3)	(2)(3)	(2)(3)	(5)
Debt Securities of Allied World Assurance Company Holdings, Ltd(4)	(2)(3)	(2)(3)	(2)(3)	(5)
Guarantee of Debt Securities of Allied World Assurance Company Holdings, Ltd	(6)	(6)	(6)	(6)
Warrants to Purchase Common Shares of Allied World Assurance Company Holdings, AG	(2)(3)	(2)(3)	(2)(3)	(5)
Warrants to Purchase Debt Securities of Allied World Assurance Company Holdings, Ltd	(2)(3)	(2)(3)	(2)(3)	(5)
Units	(2)(3)	(2)(3)	(2)(3)	(5)

(1) There is being registered hereunder such indeterminate number or amount of common shares of Allied World Assurance Company Holdings, AG ("Allied World Switzerland"), warrants to purchase common shares of Allied World Switzerland, debt securities of Allied World Assurance Company Holdings, Ltd ("Allied World Bermuda"), guarantees of debt securities of Allied World Bermuda, warrants to purchase debt securities of Allied World

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Bermuda, and units which may consist of any combination of the securities being registered hereby, each as may from time to time be issued at indeterminate prices and as may be issuable upon conversion, redemption, exchange, exercise or settlement of any securities registered hereunder. The offered securities may be sold separately, together or as units with other offered securities.

- (2) Not applicable pursuant to Form S-3 General Instruction II(E).
 - (3) Such indeterminate number or amount of common shares of Allied World Switzerland, debt securities of Allied World Bermuda, warrants to purchase common shares of Allied World Switzerland, warrants to purchase debt securities of Allied World Bermuda, and units as may from time to time be issued at indeterminate prices, in U.S. dollars or the equivalent thereof denominated in foreign currencies or units of two or more foreign currencies or composite currencies (such as Swiss francs).
 - (4) Subject to Note (3), such indeterminate principal amount of debt securities of Allied World Bermuda (which may be senior or subordinated).
 - (5) Deferred in reliance upon Rule 456(b) and Rule 457(r).
 - (6) No separate consideration will be received for the guarantees of the debt securities issued by Allied World Bermuda.
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PROSPECTUS

**ALLIED WORLD ASSURANCE COMPANY HOLDINGS, AG
("Allied World Switzerland")
ALLIED WORLD ASSURANCE COMPANY HOLDINGS, LTD
("Allied World Bermuda")**

**COMMON SHARES (ALLIED WORLD SWITZERLAND), DEBT SECURITIES
(ALLIED WORLD BERMUDA, GUARANTEES OF DEBT SECURITIES, WARRANTS TO PURCHASE COMMON SHARES,
WARRANTS TO PURCHASE DEBT SECURITIES AND UNITS**

We may offer and sell from time to time:

common shares of Allied World Switzerland;

senior or subordinated debt securities of Allied World Bermuda;

guarantees of debt securities of Allied World Bermuda;

warrants to purchase common shares of Allied World Switzerland;

warrants to purchase debt securities of Allied World Bermuda;

units which may consist of any combination of the securities listed above.

Allied World Switzerland and/or Allied World Bermuda will provide the specific terms and initial public offering prices of these securities in supplements to this prospectus. You should read this prospectus and any supplement carefully before you invest. Allied World Switzerland or, Allied World Bermuda will not use this prospectus to confirm sales of any securities unless it is attached to a prospectus supplement.

Allied World Switzerland and/or Allied World Bermuda may sell these securities to or through underwriters and also to other purchasers or through agents. The names of any underwriters or agents will be stated in an accompanying prospectus supplement.

Allied World Switzerland and/or Allied World Bermuda may sell any combination of these securities in one or more offerings for an indeterminate number or amount of securities.

Allied World Switzerland common shares are traded on the New York Stock Exchange under the symbol "AWH". Other than Allied World Switzerland common shares, there is no public trading market for the other securities that may be offered hereby.

INVESTING IN THESE SECURITIES INVOLVES CERTAIN RISKS. YOU SHOULD CAREFULLY REVIEW THE RISK FACTORS THAT WILL BE INCLUDED IN AN ACCOMPANYING PROSPECTUS SUPPLEMENT.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This prospectus may not be used to consummate sales of offered securities unless accompanied by a prospectus supplement.

The date of this prospectus is June 18, 2015.

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In this prospectus, references to "Allied World", "we", "us", "our", "the company" or other similar terms mean the consolidated operations of Allied World Assurance Company Holdings, AG and our consolidated subsidiaries; references to "Allied World Switzerland" means Allied World Assurance Company Holdings, AG; and references to "Allied World Bermuda" means Allied World Assurance Company Holdings, Ltd; in each case unless the context requires otherwise. References to "issuers" means Allied World Switzerland and Allied World Bermuda. In addition, references in this prospectus to "dollar" and "\$" are to the lawful currency of the United States and references to "Swiss francs" and "CHF" are to the lawful currency of Switzerland. All amounts of Swiss francs reported in this prospectus, or metrics reported in U.S. dollars that are based on Swiss francs (for example par value and share capital amounts for Allied World Switzerland), assume an exchange rate of CHF 0.9458 to \$1.00, the exchange rate prevailing on June 1, 2015.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that Allied World Switzerland and Allied World Bermuda have filed with the U.S. Securities and Exchange Commission (the "Commission") using a "shelf" registration process, relating to the common shares of Allied World Switzerland, debt securities of Allied World Bermuda, guarantees of debt securities of Allied World Bermuda, warrants to purchase common shares of Allied World Switzerland, warrants to purchase debt securities of Allied World Bermuda, and units described in this prospectus. This means:

either or both of Allied World Switzerland and Allied World Bermuda may issue any combination of securities covered by this prospectus from time to time for an indeterminate number or amount of securities;

each time Allied World Switzerland and/or Allied World Bermuda offers securities pursuant to this prospectus, the issuer(s) will provide a prospectus supplement; and

the prospectus supplement will provide specific information about the terms of that offering and also may add, update or change information contained in this prospectus.

This prospectus provides you with a general description of the securities Allied World Switzerland and/or Allied World Bermuda may offer. This prospectus does not contain all of the information set forth in the registration statement as permitted by the rules and regulations of the Commission. For additional information regarding Allied World Switzerland and Allied World Bermuda and the offered securities, please refer to the registration statement. Each time Allied World Switzerland and/or Allied World Bermuda sells securities, the issuer(s) will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with additional information described under the heading "Where You Can Find More Information".

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ABOUT ALLIED WORLD ASSURANCE COMPANY HOLDINGS, AG

Allied World is a Swiss-based holding company headquartered in Zug, Switzerland, whose subsidiaries provide property, casualty and specialty insurance and reinsurance solutions to clients worldwide. We were formed in Bermuda in 2001 and have continued to maintain significant insurance and reinsurance operations there following our redomestication to Switzerland in 2010. In 2014, we received approval from Lloyd's, the Prudential Regulation Authority and the Financial Conduct Authority to establish our own Lloyd's managing agent, Allied World Managing Agency Limited, to manage Allied World's Lloyd's Syndicate 2232. On April 1, 2015, we completed our acquisitions of the Hong Kong and Singapore operations of Royal & Sun Alliance Insurance plc for approximately \$192.7 million, subject to post-closing adjustments.

During the fourth quarter of 2014, our Chief Executive Officer reorganized how we manage our business, and as a result we realigned our executive management team and changed our reportable segments to correspond to the reorganization. Our Bermuda insurance operations, which had previously been included in the international insurance segment, were combined with the U.S. insurance segment, with the new segment renamed the "North American Insurance" segment. The remaining insurance operations of the international insurance segment were renamed the "Global Markets Insurance" segment. The Reinsurance segment remained unchanged.

Our North American Insurance segment is comprised of our direct insurance operations in the United States, Bermuda and Canada. Within this segment we provide a diverse range of specialty liability products, including coverages for healthcare, professional liability risks and construction. Additionally, we offer a selection of direct general casualty insurance and general property insurance products. Our Bermuda operations underwrite primarily larger, Fortune 1000 casualty and property risks for accounts domiciled in North America, while our operations in the United States and Canada generally write small- and middle-market, non-Fortune 1000 accounts domiciled in North America, including public entities, private companies and non-profit organizations.

Our Global Markets Insurance segment includes all of our direct insurance business outside of North America. We operate primarily in Europe and Asia and have an office in Miami that underwrites Latin American risks. While our European offices have historically focused on mid-sized to large European and multi-national companies domiciled outside of North America, we continue to expand our product offerings for small- and middle-market accounts and for specialist classes of business with global exposures. We underwrite a variety of professional liability, general casualty, healthcare liability, retail, property, marine, on-shore construction, motor, accident and health products from our offices in Asia and Australia. In addition, our Lloyd's Syndicate 2232 writes international property, general casualty and professional liability, motor and aviation targeted either at key territories or where our customers have requested a Lloyd's policy.

Our Reinsurance segment includes the reinsurance of property, general casualty, professional liability, specialty lines and property catastrophe coverages written by other insurance companies. We write reinsurance on both a treaty and a facultative basis targeting several niche markets including professional liability lines, specialty casualty, property for U.S. regional insurers, accident and health, marine, aerospace and crop risks.

Allied World Switzerland is a Swiss corporation with its principal executive office located at Gubelstrasse 24, Park Tower, 15th Floor, 6300 Zug, Switzerland. Our telephone number at that address is +41-41-768-1080.

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ABOUT ALLIED WORLD ASSURANCE COMPANY HOLDINGS, LTD

Allied World Bermuda is a direct, wholly-owned subsidiary of Allied World Switzerland. Allied World Bermuda is the issuer of Allied World's outstanding 5.50% Senior Notes due November 10, 2020 and 7.50% Senior Notes due August 1, 2016 ("Senior Notes").

Allied World Bermuda's principal executive offices are located at 27 Richmond Road, Pembroke, HM 08, Bermuda. Our telephone number at that address is (441) 278-5400.

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GENERAL DESCRIPTION OF THE OFFERED SECURITIES

Allied World Switzerland and Allied World Bermuda may from time to time offer under this prospectus, separately or together:

common shares of Allied World Switzerland, which we would expect to list on the New York Stock Exchange;

senior debt securities of Allied World Bermuda, which may be fully and unconditionally guaranteed by Allied World Switzerland to the extent described in this prospectus;

subordinated debt securities of Allied World Bermuda which will be subordinated in right of payment to our senior indebtedness;

warrants to purchase common shares of Allied World Switzerland, which will be evidenced by share warrant certificates and may be issued under the share warrant agreement independently or together with any other securities offered by any prospectus supplement and may be attached to or separate from such other offered securities;

warrants to purchase debt securities of Allied World Bermuda, which will be evidenced by debt warrant certificates and may be issued under the debt warrant agreement independently or together with any other securities offered by any prospectus supplement and may be attached to or separate from such other offered securities; and

units which may consist of any combination of the securities listed above.

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RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth the ratio of our earnings to fixed charges for each of the periods indicated:

	THREE MONTHS ENDED MARCH 31,		FISCAL YEAR ENDED DECEMBER 31,			
	2015	2014	2013	2012	2011	2010
<u>Ratio of Earnings to Fixed Charges(1)</u>	9.2	9.1	8.1	9.6	6.2	16.4

(1) For purposes of determining this ratio, "earnings" consist of consolidated net income before federal income taxes plus fixed charges. "Fixed charges" consist of interest expense on our Senior Notes and one third of payments under our operating leases.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain information included or incorporated by reference in this prospectus or the accompanying prospectus supplement contains forward-looking statements within the meaning of The Private Securities Litigation Reform Act of 1995 that involve inherent risks and uncertainties. These statements include in general forward-looking statements both with respect to us and the insurance industry. Statements that are not historical facts, including statements that use terms such as "anticipates", "believes", "expects", "intends", "plans", "projects", "seeks" and "will" and that relate to our plans and objectives for future operations, are forward-looking statements. In light of the risks and uncertainties inherent in all forward-looking statements, the inclusion of such statements in this prospectus should not be considered as a representation by us or any other person that our objectives or plans will be achieved. These statements are based on current plans, estimates and expectations. Actual results may differ materially from those projected in such forward-looking statements and therefore you should not place undue reliance on them. Important factors that could cause actual results to differ materially from those in such forward-looking statements will be set forth in the accompanying prospectus supplement under the heading "Risk Factors." We are under no obligation (and expressly disclaim any such obligation) to update or revise any forward-looking statement that may be made from time to time, whether as a result of new information, future developments or otherwise.

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USE OF PROCEEDS

Unless the applicable prospectus supplement states otherwise, the net proceeds from the sale of securities offered by Allied World Switzerland and/or Allied World Bermuda will be used by us and our subsidiaries for working capital, refinancing existing debt, capital expenditures, acquisitions and other general corporate purposes. Until we use the net proceeds in this manner, we may temporarily use them to make short-term investments or reduce short-term borrowings.

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DESCRIPTION OF ALLIED WORLD SWITZERLAND SHARES

The following description of Allied World Switzerland's share capital is a summary. This summary is not complete and is subject to the complete text of Allied World Switzerland's articles of association and organizational regulations as well as Swiss corporate law.

CAPITAL STRUCTURE

Allied World Switzerland has one class of shares (voting shares) currently outstanding. All references to "shares" in this "Description of Allied World Switzerland Shares" refer to the shares of Allied World Switzerland with a par value CHF 4.10 (\$4.33) per share.

Issued Share Capital. As of May 31, 2015, the share capital of Allied World Switzerland registered in the commercial register was CHF 419,946,403.20 (\$444,011,845.21), composed of 102,425,952 shares with a nominal value of CHF 4.10 each.

Increases of Share Capital. Under Swiss law, Allied World Switzerland may increase its share capital and issue new shares through an ordinary capital increase, an authorized capital increase or a conditional capital increase. In each case the issue price for each share may not be less than the par value of the newly issued share. The ordinary capital increase is resolved by the general meeting of shareholders (a "shareholder meeting"). The required majority is as a general rule the approval by a majority of the votes cast at the shareholder meeting. A qualified majority of at least 66²/₃% of the votes and the majority of the par value of the shares, each as represented at the shareholder meeting, is required for capital increases against reserves, contributions-in-kind or capital increases where the preemptive rights of shareholders are limited or excluded. The amount by which the capital can be increased in an ordinary capital increase is unlimited, under the condition that sufficient funds can be provided to cover the capital increase. An ordinary capital increase that has been approved by the shareholders must be executed within three months of shareholder approval.

The shareholders can further authorize the board of directors by way of an amendment of the articles of association to increase the share capital in an amount not to exceed CHF 92,258,954.40 (\$97,545,944.60) until May 1, 2016 without further shareholder approval. To create authorized capital, a resolution of the shareholder meeting passed by a qualified majority of at least 66²/₃% of the votes and a majority of the par value of the shares represented at a shareholder meeting is required. Additional information regarding authorized share capital increases is set forth below under " Authorized Share Capital."

Under Swiss law, conditional share capital is used to issue new shares in the context of employee benefit and incentive plans, debt instruments with conversion rights or warrants granted to shareholders. To create conditional capital, a resolution of the shareholder meeting passed by a qualified majority of at least 66²/₃% of the votes and a majority of the par value of the shares represented at a shareholder meeting is required. The requirements for a conditional capital increase are set forth below under " Conditional Share Capital."

Authorized Share Capital. Our board of directors is authorized to issue new shares at any time during a two-year period ending May 1, 2016, and thereby increase the share capital, without further shareholder approval, by a maximum amount of CHF 92,258,954.40 (\$97,545,944.60), or 22,502,184 shares with a par value of CHF 4.10 each. After the expiration of the initial two-year period, and each subsequent two-year period, if any, authorized share capital will be available to the board of directors for issuance of additional shares only if the authorization is reappraised by shareholders. Our authorized share capital expires on May 1, 2016.

The board of directors determines the time of the issuance, the issuance price, the manner in which the new shares have to be paid in, the date from which the new shares carry the right to

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dividends and, subject to the provisions of Allied World Switzerland's articles of association, the conditions for the exercise of the preemptive rights with respect to the issuance as well as the allotment of preemptive rights that are not exercised. The board of directors may allow preemptive rights that are not exercised to expire, or it may place such rights or shares, the preemptive rights of which have not been exercised, at market conditions or use them otherwise in the interest of Allied World Switzerland.

In an authorized capital increase, holders of Allied World Switzerland shares would have preemptive rights to obtain newly issued shares in an amount proportional to the par value of the shares they already hold. However, the board of directors may withdraw or limit these preemptive rights in certain circumstances as set forth in Allied World Switzerland's articles of association. For further details on these circumstances, see " Preemptive Rights and Advance Subscription Rights."

Conditional Share Capital. Our articles of association provide for conditional capital that allows the board of directors to authorize the issuance of up to 15,600,000 of additional shares without obtaining additional shareholder approval as follows:

up to a maximum amount not exceeding CHF 12,300,000 (\$13,004,863.61), or 3,000,000 shares, in connection with the exercise of conversion and/or option or warrant rights granted in connection with bonds, notes or similar instruments, issued or to be issued by Allied World Switzerland or by subsidiaries of Allied World Switzerland, including convertible debt instruments; or

up to a maximum amount not exceeding CHF 51,660,000 (\$54,620,427.15), or 12,600,000 shares, in connection with the exercise of option rights granted to any employee of Allied World Switzerland or a subsidiary, and any consultant, director or other person providing services to Allied World Switzerland or a subsidiary.

Shareholders' preemptive rights are excluded with respect to new shares issued out of conditional share capital in connection with our equity-based incentive plans.

In connection with the issuance of bonds, notes or other similar instruments convertible into or exercisable or exchangeable for Allied World Switzerland shares to be issued out of conditional share capital, the board of directors is authorized to withdraw or limit the advance subscription rights of shareholders in certain circumstances. See " Preemptive Rights and Advance Subscription Rights" below.

Other Classes or Series of Shares. The board of directors may not create shares with increased voting powers (*i.e.*, super-voting shares) or preferred stock. To create super-voting shares or preferred stock, a resolution of a shareholder meeting passed by a qualified majority of at least 66²/₃% of the votes and a majority of the par value of the shares represented at such shareholder meeting is required. To create preferred stock, a resolution of a shareholder meeting passed by a majority of the votes cast at such shareholder meeting is required.

Treasury Shares. Treasury Shares held by Allied World Switzerland or any of its subsidiaries are available for future issuances of shares, such as pursuant to our equity-based incentive plans. These Treasury Shares do not have any voting or other rights while held by Allied World Switzerland or any of its subsidiaries.

PREEMPTIVE RIGHTS AND ADVANCE SUBSCRIPTION RIGHTS

Under the Swiss Code of Obligations (the "Swiss Code"), if new shares are being issued, the existing shareholders will have preemptive rights in relation to such shares in proportion to the respective par values of their holdings. In the context of an ordinary capital increase resolved by the shareholder meeting, the shareholders may by a qualified majority of at least 66²/₃% of the votes and a majority of the par value of the shares represented at a shareholder meeting resolve to withdraw or

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limit the preemptive rights for valid reasons (such as a merger, an acquisition or any of the reasons authorizing the board of directors to withdraw or limit the preemptive rights of shareholders in the context of an authorized capital increase as described below).

If the shareholder meeting approves the creation of authorized or conditional capital, it can thereby also delegate the decision whether to withdraw or limit the preemptive and advance subscription rights for valid reasons to the board of directors. Allied World Switzerland's articles of association provide for this delegation with respect to Allied World Switzerland's authorized and conditional share capital in the circumstances described below under " Authorized Share Capital" and " Conditional Share Capital."

Authorized Share Capital. Under the articles of association, the board of directors is authorized to withdraw or limit the preemptive rights of shareholders (and to allocate them to third parties) with respect to the issuance of shares from authorized capital if the issuances are made for the purpose of:

mergers, acquisitions of enterprises or participations, financing and/or refinancing of such mergers and acquisitions and other investment projects (including by way of private placements);

improving the regulatory capital position of Allied World Switzerland or its subsidiaries (including by way of private placements);

broadening the shareholder constituency; or

the participation of employees.

Conditional Share Capital. In connection with the issuance of bonds, notes, or similar instruments convertible into or exercisable or exchangeable for Allied World Switzerland shares, the preemptive rights of shareholders are excluded and the board of directors is authorized to withdraw or limit the advance subscription rights of shareholders with respect to such bonds, notes, or similar instruments convertible into or exercisable or exchangeable for Allied World Switzerland shares if their issuance is made in order to (1) finance or re-finance the acquisition of companies, parts of companies or holdings, or new investments planned by Allied World Switzerland, or (2) issue convertible bonds and warrants on the international capital markets or through private placement.

If the advance subscription rights are to be excluded then:

the instruments have to be placed at market conditions;

the exercise period is not to exceed ten years from the date of issue for warrants and twenty years for conversion rights; and

the conversion or exercise price for the new shares is to be set at least in line with the market conditions prevailing at the date on which the instruments are issued.

The preemptive rights of shareholders are excluded with respect to issuances of new shares out of conditional share capital under an equity-based incentive plan to directors, employees, contractors or other persons providing services to Allied World Switzerland or one of its subsidiaries or affiliates.

DIVIDENDS

Under Swiss law, dividends may be paid out only if the corporation has sufficient distributable profits from previous fiscal years, or if the corporation has freely distributable reserves, each as will be presented on the audited annual stand-alone statutory balance sheet. Payments out of the share capital (in other words, the aggregate par value of Allied World Switzerland's share capital) in the form of dividends are not allowed; however, payments out of share capital may be made by way of a capital reduction to achieve a similar result as the payment of dividends. See " Reduction of Share Capital" for more information. Qualifying additional paid-in capital may be paid out as dividends to

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shareholders to the extent permissible under the Swiss Code. The affirmative vote of shareholders holding a majority of the votes cast at a shareholder meeting must approve distributions of dividends. The board of directors may propose to shareholders that a dividend be paid but cannot itself authorize the dividend. In addition, an Allied World Switzerland shareholder may propose dividends without any dividend proposal by the board. To the extent that dividends are approved by the shareholders, they must be paid.

Under the Swiss Code, if Allied World Switzerland's general capital reserves amount to less than 20% of the share capital recorded in the commercial register (*i.e.*, 20% of the aggregate par value of Allied World Switzerland's capital), then at least 5% of Allied World Switzerland's annual profit must be retained as general reserves. The Swiss Code permits Allied World Switzerland to accrue additional general reserves. In addition, Allied World Switzerland is required to create a special reserve on its stand-alone annual statutory balance sheet in the amount of the purchase price of shares it or any of its subsidiaries repurchases, which amount may not be used for dividends or subsequent repurchases.

Swiss companies generally must maintain a separate company, stand-alone statutory balance sheet for the purpose of, among other things, determining the amounts available for the return of capital to shareholders, including by way of a distribution of dividends. Amounts available for the return of capital as indicated on Allied World Switzerland's statutory balance sheet may be materially different from amounts reflected in the consolidated financial statements of Allied World Switzerland prepared using accounting principles generally accepted in the United States. Allied World Switzerland's auditor must confirm that a dividend proposal made to shareholders conforms with the requirements of the Swiss Code and Allied World Switzerland's articles of association.

Allied World Switzerland is required under Swiss law to declare any dividends and other capital distributions in Swiss francs. Allied World Switzerland makes dividend payments, if any, to holders of Allied World Switzerland shares in U.S. dollars. Continental Stock Transfer & Trust Company is responsible for paying the U.S. dollars to registered holders of shares, less amounts subject to withholding for taxes.

REPURCHASES OF SHARES

The Swiss Code limits a company's ability to hold or repurchase its own shares. Allied World Switzerland and its subsidiaries may only repurchase shares if and to the extent that sufficient freely distributable equity (including nominal share capital, legal reserves, reserves for Allied World Switzerland's own shares and special reserves) is available, as described above under " Dividends." The aggregate par value of all Allied World Switzerland shares held by Allied World Switzerland and its subsidiaries may not exceed 10% of the aggregate share capital. However, Allied World Switzerland may, according to legal doctrine, repurchase its own shares beyond the statutory limit of 10%, and the requirement for sufficient freely distributable equity will not apply, if the shareholders have passed a resolution at a shareholder meeting authorizing the board of directors to repurchase shares in an amount in excess of 10% and the repurchased shares are designated for cancellation. Any shares repurchased pursuant to such an authorization will then be cancelled at the next shareholder meeting upon the approval of shareholders holding a majority of the votes cast at the shareholder meeting. On May 1, 2014, Allied World Switzerland's shareholders approved a new share repurchase program for the repurchase of up to \$500 million of the shares. Under the terms of this new share repurchase program, the first three million of shares repurchased will remain in treasury and will be used to satisfy share delivery obligations under our equity-based compensation plans. Any additional shares repurchased shall be designated for cancellation and shall be cancelled upon shareholder approval at a future shareholder meeting and therefore shall not be subject to the statutory provision of Swiss law that prohibits Allied World Switzerland from holding in treasury more than 10% of its aggregate shares. The repurchase of shares will only be made from reserves from capital contributions.

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Repurchased shares held by Allied World Switzerland or its subsidiaries do not carry any rights to vote at any shareholder meeting but are entitled to the economic benefits generally associated with the shares.

REDUCTION OF SHARE CAPITAL

Capital distributions may also take the form of a distribution of cash or property that is based upon a reduction of Allied World Switzerland's share capital recorded in the commercial register. Such a capital reduction requires the approval of shareholders holding a majority of the votes cast at the shareholder meeting. A special audit report must confirm that creditors' claims remain fully covered despite the reduction in the share capital recorded in the commercial register. Upon approval by the shareholder meeting of the capital reduction, the board of directors must give public notice of the capital reduction resolution in the Swiss Official Gazette of Commerce three times and notify creditors that they may request, within two months of the third publication, satisfaction of or security for their claims. Reduction of share capital requires that the company's net assets still exceed the share capital and statutory reserves after a par value reduction payment to the shareholders has been made.

SHAREHOLDER MEETINGS

The general meeting of shareholders is Allied World Switzerland's supreme corporate body. Annual and extraordinary shareholder meetings may be held. The following powers are vested exclusively in the shareholder meeting:

adoption and amendment of Allied World Switzerland's articles of association;

election and removal of members of the board of directors and the auditor;

approval of the statutory required annual report, the annual accounts and the consolidated financial statements;

payments of dividends and any other distributions of capital;

discharge of the members of the board of directors from liability for business conduct;

approval of the compensation of the members of the Board of Directors and the persons entrusted by the Board of Directors in whole or in part with the management of the Company's business operations; and

any other resolutions that are submitted to a shareholder meeting pursuant to law, Allied World Switzerland's articles of association or by voluntary submission by the board of directors (unless a matter is within the exclusive competence of the board of directors pursuant to the Swiss Code).

Under the Swiss Code and Allied World Switzerland's articles of association, Allied World Switzerland must hold an annual shareholder meeting within six months after the end of its fiscal year for the purpose, among other things, of approving the annual financial statements and the annual report, the annual election of directors for the class whose term has expired and the annual election of auditors. The invitation to shareholder meetings must be published in the Swiss Official Gazette of Commerce at least 20 days prior to the relevant shareholder meeting. The notice of a meeting must state the items on the agenda and the proposals of the board of directors and of the shareholders who demanded that a shareholder meeting be held or that an item be included on the agenda and, in case of elections, the names of the nominated candidates. No resolutions may be passed at a shareholder meeting concerning agenda items for which proper notice was not given. This does not apply, however, to proposals made during a shareholder meeting to convene an extraordinary shareholder meeting or to initiate a special investigation. No previous notification will be required for proposals concerning items included on the agenda or for debates as to which no vote is taken. Pursuant to the Swiss Code, any

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shareholder may make proposals for any item included on the agenda of a shareholder meeting at any time before the taking of the resolution including the nomination of a director if the election of the board of directors is an item on the agenda. A shareholder registered in the share register with voting rights may participate in such meeting either in person or by a third party appointed by way of a written proxy. Beneficial owners of shares held through a nominee exercise shareholders' rights through such nominee.

An annual shareholder meeting may be convened by the board of directors or, under certain circumstances, by the auditor. Shareholder meetings can be held anywhere in Switzerland, provided that the selection of the meeting location does not impair shareholders' participation rights.

An extraordinary shareholder meeting of Allied World Switzerland may be called upon the resolution of the board of directors or, under certain circumstances, by the auditor. In addition, the board of directors is required to convene an extraordinary shareholder meeting if so requested by the shareholders registered in the share register as holding an aggregate of at least 10% of the shares, specifying the items for the agenda and their proposals, or if it appears from the stand-alone annual statutory balance sheet that half of the company's share capital and reserves are not covered by the company's assets. In the latter case, the board of directors must immediately convene an extraordinary shareholder meeting and propose financial restructuring measures.

Under Swiss law and Allied World Switzerland's articles of association, a shareholder or group of shareholders registered in Allied World Switzerland's share register representing shares with a par value of at least CHF 1 million may submit a proposal for consideration by the shareholders at any annual shareholder meeting by giving written notice of such intent in writing and received by Allied World Switzerland not less than 60 calendar days in advance of the date of the meeting.

The board of directors or chairman of the board of directors may postpone a shareholder meeting with sufficient factual reason, provided that notice of postponement is given to the shareholders in the same form as the invitation before the time for such meeting. A new notice is then required to hold the postponed meeting. According to legal doctrine, a shareholder meeting for which a notice of meeting has been duly published may not be adjourned without publishing a new notice of meeting.

Shareholders registered with voting rights in the share register may, at a shareholder meeting, raise new proposals or counterproposals related to any existing proposal or item already on the agenda. Except as required by law, no resolution of the shareholders may be passed on items proposed without notice at a shareholder meeting and having no bearing on any of the proposed items of the agenda.

Allied World Switzerland's annual report and auditor's report must be made available for inspection by the shareholders at Allied World Switzerland's place of incorporation no later than 20 days prior to the meeting. The annual report will include Allied World Switzerland's financial statements (statutory and consolidated) and a description of its business and economic situation. Each shareholder is entitled to request immediate delivery of a copy of these documents free of charge. Shareholders of record will be notified of this in writing.

VOTING

Each Allied World Switzerland share carries one vote at a shareholder meeting. Voting rights may be exercised by shareholders registered in Allied World Switzerland's share register with voting rights in person or by a duly appointed proxy of a shareholder registered in the share register with voting rights, which proxy need not be a shareholder. Except as described below, Allied World Switzerland's articles of association do not limit the number of shares that may be voted by a single shareholder. Beneficial owners of shares held through a nominee exercise shareholders' rights through the nominee.

Allied World Switzerland's articles of association limit the voting rights of shares that are "controlled shares" of a shareholder to one vote less than 10% of the total voting rights of Allied

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World Switzerland's share capital as registered with the commercial register. Controlled shares of a shareholder consist of shares owned by the shareholder (i) directly or (ii) by application of certain constructive ownership rules. These rules are derived from constructive ownership rules contained in the Internal Revenue Code of 1986, as amended (the "U.S. Code") relating to "controlled foreign corporation" status but are broader than the U.S. Code in that the U.S. Code distinguishes in some respects between U.S. and non-U.S. persons, while Swiss law would not support rules that discriminate based on citizenship or residence. The board of directors may waive this restriction.

To be able to exercise voting rights, holders of the shares must apply to us for enrollment in our share register as shareholders with voting rights. The form of application includes a representation that the holder is holding shares for his own account. Certain exceptions exist for nominees. The board of directors has registered Cede & Co., as nominee of The Depository Trust Company ("DTC"), with voting rights with respect to shares held in "street name" through DTC.

Registration of a shareholder in Allied World Switzerland's share register can be refused on the following grounds:

No individual or legal entity may, directly or indirectly, formally, constructively or beneficially own (as defined in Article 14 of the articles of association) or otherwise control voting rights with respect to 10% or more of the share capital recorded in the commercial register. Those associated through capital, voting power, joint management or in any other way, or joining for the acquisition of shares, shall be regarded as one person. Persons holding shares exceeding the limit of 10% shall be entered in the share register with respect to such shares as shareholders without voting rights;

The limit of 10% of the share capital also applies to the subscription for, or acquisition of, shares by exercising option or convertible rights arising from registered or bearer securities or any other securities issued by Allied World Switzerland or third parties, as well as by means of exercising purchased preemptive rights arising from either registered or bearer shares. Persons holding shares exceeding the limit of 10% shall be entered in the share register with respect to such excess shares as shareholders without voting rights;

The board of directors shall reject entry of holders of shares as shareholder with voting rights in the share register or shall decide on their deregistration when the acquirer or shareholder upon request does not expressly state that she/he has acquired or holds the shares in her/his own name and for her/his own account.

The board of directors may record Cede & Co and other nominees in our share register as shareholders with the right to vote without limitation when the nominee undertakes the obligation to disclose at any time to us at our written request the names, addresses and share holdings of each person for whom such nominee is holding shares. Beneficial owners of shares who hold their shares through nominees exercise their rights through the intermediation of such nominees.

If the board of directors refuses to register a shareholder in the share register as a shareholder with voting rights, the board must notify the shareholder of such refusal within 20 days of the receipt of the application. Furthermore, the board may cancel, with retroactive application, the registration of a shareholder with voting rights if the initial registration was on the basis of false information in the shareholder's application. Shareholders registered without voting rights may not participate in or vote at Allied World Switzerland's shareholder meetings, but will be entitled to dividends, preemptive rights and liquidation proceeds. Only shareholders that are registered as shareholders with voting rights on the relevant record date are permitted to participate in and vote at a shareholder meeting.

Treasury Shares, whether owned by Allied World Switzerland or one of its majority-owned subsidiaries, will not be entitled to vote at shareholder meetings.

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Pursuant to Allied World Switzerland's articles of association, the shareholders generally pass resolutions and make elections at shareholder meetings by the affirmative vote of a simple majority of the votes cast (whereby abstentions, broker non-votes, blank or invalid ballots are disregarded for purposes of establishing the majority).

The Swiss Code and/or Allied World Switzerland's articles of association require the affirmative vote of at least $66\frac{2}{3}\%$ of the voting rights and a majority of the par value of the shares, each as represented at a shareholder meeting to approve the following matters:

a change of the purpose of Allied World Switzerland;

the creation of shares with privileged voting rights;

the restriction on the transferability of shares;

an increase of capital, authorized or subject to a condition;

an increase of capital out of equity against contributions in kind, or for the purpose of acquisition of assets and the granting of special benefits;

the limitation or withdrawal of preemptive rights;

a change in the domicile of Allied World Switzerland;

the liquidation of Allied World Switzerland;

the alleviating or withdrawal of restrictions upon the transfer of shares;

the conversion of shares into bearer shares and vice versa;

the dismissal of any member of the board of directors according to Article 705, paragraph 1 of the Swiss Code; and

any alteration or amendment of Articles 8, 14, 15 or 16 of the articles of association, which relate to the voting rights of shareholders of Allied World Switzerland.

The same supermajority voting requirements apply to resolutions in relation to transactions among corporations based on Switzerland's Federal Act on Mergers, Demergers, Transformations and the Transfer of Assets (the "Merger Act"), including a merger, demerger or conversion of a corporation (other than a cash-out or certain squeeze-out mergers, in which minority shareholders of the company being acquired may be compensated in a form other than through shares of the acquiring company, for instance, through cash or securities of a parent company of the acquiring company or of another company in such a merger, an affirmative vote of 90% of the outstanding shares is required). Swiss law may also impose this supermajority voting requirement in connection with the sale of "all or substantially all of its assets" by Allied World Switzerland. See " Compulsory Acquisitions; Appraisal Rights."

QUORUM FOR SHAREHOLDER MEETINGS

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Under Swiss law, there is no mandatory quorum requirement unless set forth in a company's articles of association (although certain actions by shareholders require the approval of a specified percentage of all shares, whether or not such shares are actually voted, which has the practical effect of a quorum requirement). Allied World Switzerland's articles of association provide for a quorum requirement the presence of two or more persons at the shareholder meeting representing in person or by proxy more than 50% of Allied World Switzerland's total outstanding shares throughout the meeting.

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INSPECTION OF BOOKS AND RECORDS

Under the Swiss Code, a shareholder registered in Allied World Switzerland's share register has a right to inspect the share register with regard to his own shares and otherwise to the extent necessary to exercise his shareholder rights. No other person has a right to inspect the share register. The books and correspondence of a Swiss company may be inspected with the express authorization of a shareholder meeting or by resolution of the board of directors (if unlawfully denied, by court order) and subject to the safeguarding of the company's business secrets. At a shareholder meeting, any shareholder registered in Allied World Switzerland's share register is entitled to request information from the board of directors concerning the affairs of the company. Shareholders registered in Allied World Switzerland's share register may also ask the auditor questions regarding its audit of the company. The board of directors and the auditor must answer shareholders' questions to the extent necessary for the exercise of shareholders' rights and subject to prevailing business secrets or other material interests of Allied World Switzerland.

SPECIAL INVESTIGATION

If the shareholders' inspection and information rights as outlined above prove to be insufficient, any shareholder may propose to a shareholder meeting that specific facts be examined by a special commissioner in a special investigation. If the shareholder meeting approves the proposal, Allied World Switzerland or any shareholder may, within 30 calendar days after the shareholder meeting, request the court at Allied World Switzerland's registered office to appoint a special commissioner. If the shareholder meeting rejects the request, one or more shareholders representing at least 10% of the share capital or holders of shares in an aggregate par value of at least two million Swiss francs may request the court to appoint a special commissioner. The court will issue such an order if the petitioners can demonstrate that the board of directors, any member of the board or an officer of Allied World Switzerland infringed the law or Allied World Switzerland's articles of association and thereby damaged the company or the shareholders. The costs of the investigation would generally be allocated to Allied World Switzerland and only in exceptional cases to the petitioners.

COMPULSORY ACQUISITIONS; APPRAISAL RIGHTS

Business combinations and other transactions that are binding on all shareholders are governed by the Merger Act. A statutory merger or demerger requires that at least $66\frac{2}{3}\%$ of the shares and a majority of the par value of the shares, each as represented at the shareholder meeting vote in favor of the transaction. Under the Merger Act, a "demerger" may take two forms:

a legal entity may divide all of its assets and transfer such assets to other legal entities, with the shareholders of the transferring entity receiving equity securities in the acquiring entities and the transferring entity dissolving upon deregistration in the commercial register; or

a legal entity may transfer all or a portion of its assets to other legal entities, with the shareholders of the transferring entity receiving equity securities in the acquiring entities (in addition to the current shareholdings).

If a transaction under the Merger Act receives all of the necessary consents, all shareholders would be compelled to participate in the transaction. See " Voting."

Swiss companies may be acquired by an acquirer through the direct acquisition of the share capital of the Swiss company. With respect to corporations limited by shares, such as Allied World Switzerland, the Merger Act provides for the possibility of a so-called "cash-out" or "squeeze-out" merger if the acquirer controls 90% of the outstanding shares. In these limited circumstances, minority shareholders of the company being acquired may be compensated in a form other than through shares of the acquiring company (for instance, through cash or securities of a parent company of the acquiring

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company or of another company). For business combinations effected in the form of a statutory merger or demerger and subject to Swiss law, the Merger Act provides that if the equity rights have not been adequately preserved or compensation payments in the transaction are unreasonable, a shareholder may request the competent court to determine a reasonable amount of compensation.

In addition, under Swiss law, the sale of "all or substantially all of its assets" by Allied World Switzerland may require a resolution of the shareholder meeting passed by holders of at least 66²/₃% of the voting rights and a majority of the par value of the shares, each as represented at the shareholder meeting.

Whether or not a shareholder resolution is required depends on the particular transaction, including whether the following test is satisfied:

the company sells a core part of its business, without which it is economically impracticable or unreasonable to continue to operate the remaining business;

the company's assets, after the divestment, are not invested in accordance with the company's statutory business purpose; and

the proceeds of the divestment are not earmarked for reinvestment in accordance with the company's business purpose but, instead, are intended for distribution to shareholders or for financial investments unrelated to the company's business.

If all of the foregoing apply, a shareholder resolution would likely be required.

ANTI-TAKEOVER PROVISIONS

Allied World Switzerland's articles of association have provisions that could have an anti-takeover effect. These provisions are intended to enhance the likelihood of continuity and stability in the composition of the board of directors and in the policies formulated by the board of directors, and may have the effect of discouraging actual or threatened changes of control by limiting certain actions that may be taken by a potential acquirer prior to its having obtained sufficient control to adopt a special resolution amending Allied World Switzerland's articles of association.

Under the Swiss Code, directors may at any time, with or without cause, be removed from office by resolution of the shareholders at a shareholder meeting, provided that a proposal for such resolution has been put on the agenda for the meeting in accordance with the requirements of the Swiss Code and Allied World Switzerland's articles of association. Allied World Switzerland