

Allied World Assurance Co Holdings, AG

Form DEF 14A

March 18, 2013

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No. __)

Filed by the Registrant ☒ Filed by a Party other than the Registrant ☐

Check the appropriate box:

☐ Preliminary Proxy Statement

☐ **Confidential, For Use of the Commission Only** (as permitted by Rule 14a-6(e)(2))

☒ Definitive Proxy Statement

☐ Definitive Additional Materials

☐ Soliciting Material Pursuant to §240.14a-12

Allied World Assurance Company Holdings, AG

(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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ALLIED WORLD ASSURANCE COMPANY HOLDINGS, AG

Lindenstrasse 8

6340 Baar

Zug, Switzerland

NOTICE OF 2013 ANNUAL SHAREHOLDER MEETING

TO BE HELD ON MAY 2, 2013

March 18, 2013

To Our Shareholders:

The 2013 Annual General Meeting (the "Annual Shareholder Meeting") of Allied World Assurance Company Holdings, AG (the "Company") will be held at 2:00 p.m., local time, on Thursday, May 2, 2013 at the Company's corporate headquarters, Lindenstrasse 8, 6340 Baar, Zug, Switzerland, for the following purposes:

To elect three Class III directors to hold office until the Company's Annual Shareholder Meeting in 2016;

To approve, on an advisory basis, executive compensation;

To approve the Company's Annual Report and financial statements for the year ended December 31, 2012;

To approve the Company's retention of disposable profits;

To approve the payment of dividends to the Company's shareholders from general legal reserve from capital contributions;

To approve an amendment to the Articles of Association to reduce the Company's share capital and eliminate its participation capital through the cancellation of a portion of Common Shares and the remainder of non-voting shares, respectively, held in treasury;

To elect Deloitte & Touche Ltd. as the Company's independent auditor and Deloitte AG as its statutory auditor to serve until the Company's Annual Shareholder Meeting in 2014;

To elect PricewaterhouseCoopers AG as the Company's special auditor to serve until the Company's Annual Shareholder Meeting in 2014;

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To approve a discharge of the Company's Board of Directors and executive officers from liabilities for their actions during the year ended December 31, 2012; and

To transact such other further business, if any, as lawfully may be brought before the meeting.

Only shareholders of record holding voting common shares, as shown by the transfer books of the Company, as of the close of business on March 6, 2013 are entitled to vote at the Annual Shareholder Meeting.

Please promptly sign, date and return the enclosed proxy card in the return envelope furnished for that purpose whether or not you plan to attend the meeting. If you later desire to revoke your proxy for any reason, you may do so in the manner described in the attached Proxy Statement. For further information concerning the individuals nominated as directors, use of the proxy and other related matters, you are urged to read the Proxy Statement on the following pages.

By Order of the Board of Directors,

Wayne H. Datz
Corporate Secretary

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ALLIED WORLD ASSURANCE COMPANY HOLDINGS, AG

Lindenstrasse 8

6340 Baar

Zug, Switzerland

PROXY STATEMENT

GENERAL MEETING INFORMATION

Q: Why am I receiving these materials?

A: You are receiving these materials because you are a shareholder of Allied World Assurance Company Holdings, AG (the "Company") as of the Record Date (as defined below). The Board of Directors (the "Board") of the Company is soliciting the enclosed proxy to be voted at the 2013 Annual General Meeting of the Company's shareholders to be held at 2:00 p.m., local time, on Thursday, May 2, 2013 at the Company's corporate headquarters, Lindenstrasse 8, 6340 Baar, Zug, Switzerland (the "Annual Shareholder Meeting"). This Proxy Statement summarizes the information you need to know to vote at the Annual Shareholder Meeting.

When the enclosed proxy card is properly executed and returned, the Company's registered voting shares (the "Common Shares") it represents will be voted, subject to any direction to the contrary, at the Annual Shareholder Meeting **FOR** the matters specified in the Notice of Annual Shareholder Meeting attached hereto and described more fully herein.

This Proxy Statement, the attached Notice of Annual Shareholder Meeting and the enclosed proxy card are being first mailed to shareholders on or about March 18, 2013. A copy of the Company's Annual Report to Shareholders for the fiscal year ended December 31, 2012 accompanies this Proxy Statement. The Annual Report contains the Company's audited consolidated financial statements and its audited Swiss statutory financial statements prepared in accordance with Swiss law for the year ended December 31, 2012 as well as additional disclosures required under Swiss law. Although the Annual Report and this Proxy Statement are being mailed together, the Annual Report is not part of this Proxy Statement.

Except as the context otherwise requires, references in this Proxy Statement to "we," "us" and "our" refer to the Company and its direct and indirect subsidiaries on a consolidated basis. Also, in this Proxy Statement, "\$" and "USD" refer to U.S. dollars, "CHF" refers to Swiss francs and "local time" means the time in Switzerland.

Q: Who is entitled to vote?

A: The Board has set March 6, 2013, as the record date for the Annual Shareholder Meeting (the "Record Date"). Holders of the Common Shares as of the close of business on the Record Date will be entitled to vote at the Annual Shareholder Meeting. As of March 6, 2013, there were

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outstanding 34,637,433 Common Shares.

Beneficial owners of Common Shares and shareholders registered in our share register with Common Shares at the close of business on the Record Date are entitled to vote at the Annual Shareholder Meeting, except as provided below. If you ask to be registered as a shareholder of record with respect to your Common Shares in our share register and become a shareholder of record for those shares (as opposed to a beneficial holder of shares held in street name) after the Record Date, but on or before April 15, 2013, and want to vote those shares at the Annual Shareholder Meeting, you will need for identification purposes to obtain a proxy from the registered voting rights record holder of those shares as of the Record Date of the Annual Shareholder Meeting to vote your shares in person at the Annual Shareholder Meeting. Alternatively, you may also obtain the proxy materials by contacting the Corporate Secretary, attention: Wayne H. Datz, at Allied World Assurance Company Holdings, AG, Lindenstrasse 8, 6340 Baar, Zug, Switzerland, or via

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e-mail at secretary@awac.com. If you are a record holder of our Common Shares (as opposed to a beneficial holder of shares held in street name) on the Record Date but sell your Common Shares prior to April 15, 2013 you will not be entitled to vote those shares at the Annual Shareholder Meeting.

Q: What is the difference between holding shares as a shareholder of record and as a beneficial owner?

A: Most of our shareholders hold their shares through a bank, brokerage firm or other nominee rather than directly in their own name. As summarized below, there are some differences between shares held of record and those owned beneficially.

Shareholder of Record

If your Common Shares are registered directly in your name, as registered shares entitled to voting rights, in our share register operated by our transfer agent, Continental Stock Transfer & Trust Company, you are considered, with respect to those shares, the shareholder of record and these proxy materials are being sent to you directly by us. As the shareholder of record, you have the right to grant your voting proxy directly to the Company officers named in the proxy card or to the independent proxy (see How do I appoint and vote via an independent proxy if I am a shareholder of record? below) mentioned in the proxy card, or to grant a written proxy to any person who does not need to be a shareholder or to vote in person at the Annual Shareholder Meeting.

Beneficial Owner

If your Common Shares are held by a bank, brokerage firm or other nominee, you are considered the beneficial owner of shares held in street name, and these proxy materials are being forwarded to you by your bank, brokerage firm or other nominee who is considered, with respect to those shares, the shareholder of record. As the beneficial owner, you have the right to direct your bank, broker or other nominee on how to vote your Common Shares and are also invited to attend the Annual Shareholder Meeting. However, since you are not the shareholder of record, you may only vote these Common Shares in person at the Annual Shareholder Meeting if you follow the instructions described below under the heading How do I vote? Your bank, brokerage firm or other nominee has enclosed a voting instruction card for you to use in directing your bank, broker or other nominee as to how to vote your Common Shares, which may contain instructions for voting by telephone or electronically.

Q: What will I be voting on?

A: You are voting on 9 items (collectively, the proposals):

1. To elect three Class III directors to hold office until the Company's Annual Shareholder Meeting in 2016 (Proposal 1 on the Proxy Card);
2. To approve, on an advisory basis, executive compensation (Proposal 2 on the Proxy Card);
3. To approve the Company's Annual Report and financial statements for the year ended December 31, 2012 (Proposal 3 on the Proxy Card);
4. To approve the Company's retention of disposable profits (Proposal 4 on the Proxy Card);
- 5.

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To approve the payment of dividends to the Company's shareholders from general legal reserve from capital contributions (the Dividend) (Proposal 5 on the Proxy Card);

6. To approve an amendment to the Articles of Association to reduce the Company's share capital and eliminate its participation capital through the cancellation of a portion of the Common Shares and the remainder of the non-voting shares, respectively, held in treasury (Proposal 6 on the Proxy Card);
7. To elect Deloitte & Touche Ltd. as the Company's independent auditor and Deloitte AG as its statutory auditor to serve until the Company's Annual Shareholder Meeting in 2014 (Proposal 7 on the Proxy Card);
8. To elect PricewaterhouseCoopers AG as the Company's special auditor to serve until the Company's Annual Shareholder Meeting in 2014 (Proposal 8 on the Proxy Card); and

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9. To approve a discharge of the Company's Board and executive officers from liabilities for their actions during the year ended December 31, 2012 (Proposal 9 on the Proxy Card).

You may also vote on any other business that properly comes before the meeting.

Q: What are the voting recommendations of the Board?

A: Your Board unanimously recommends that you vote **FOR** each of the proposals listed above.

Q: How many votes do I have?

A: Holders of Common Shares are entitled to one vote per share on each matter to be voted upon by the shareholders at the Annual Shareholder Meeting, unless you own Controlled Shares that constituted 10% or more of the issued Common Shares, in which case your voting rights with respect to those Controlled Shares will be limited, in the aggregate, to a voting power of approximately 10% pursuant to a formula specified in Article 14 of our Articles of Association. Our Articles of Association define Controlled Shares generally to include all shares of the Company directly, indirectly or constructively owned or beneficially owned by any person or group of persons.

Q: How do I vote?

A: The manner in which your shares may be voted depends on how your shares are held. If you own shares of record, meaning that your Common Shares are represented by certificates or book entries in your name so that you appear as a shareholder of record in the Company's share register maintained by its transfer agent, Continental Stock Transfer & Trust Company, a proxy card for voting those shares will be included with this Proxy Statement. You may direct how your shares are to be voted by completing, signing and returning the proxy card in the enclosed envelope. You may also vote your Common Shares in person at the Annual Shareholder Meeting.

If you own shares through a bank, brokerage firm or other nominee you may instead receive from your bank, brokerage firm or nominee a voting instruction form with this Proxy Statement that you may use to instruct them how your shares are to be voted. As with a proxy card, you may direct how your shares are to be voted by completing, signing and returning the voting instructions form in the envelope provided. Many banks, brokerage firms and other nominees have arranged for internet or telephonic voting of shares and provide instructions for using those services on the voting instruction form. If you want to vote your shares in person at the meeting, you must obtain a proxy from your bank, broker or nominee giving you the right to vote your Common Shares at the Annual Shareholder Meeting.

The Company has requested that bank, brokerage and other nominees forward solicitation materials to the beneficial owners of Common Shares and will reimburse the banks, brokers and other nominees for their reasonable out-of-pocket expenses for forwarding the materials.

Q: Who will count the vote?

A: A representative from Baker & McKenzie Zurich, a law firm, will act as the inspector of elections and will be responsible for tabulating the votes cast by proxy (which will have been certified by our independent transfer agent) or in person at the Annual Shareholder Meeting. Under Swiss law, the Company is responsible for determining whether or not a quorum is present and the final voting results.

Q: What does it mean if I receive more than one set of the Proxy Statement and proxy card?

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A: Generally, it means that you hold shares registered in more than one account. You should complete, sign and return each proxy card you receive to ensure that all of your shares are voted.

Q: What happens if I sign and return my proxy card but do not indicate how to vote my shares?

A: If no instructions are provided in an executed proxy card, the Common Shares represented by the proxy will be voted at the Annual Shareholder Meeting in accordance with the Board's recommendation for each proposal, and, as to any other business as may properly come before the Annual Shareholder Meeting, in accordance with the proxyholder's judgment as to such business.

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Q: How many votes are required to transact business at the Annual Shareholder Meeting?

A: A quorum is required to transact business at the Annual Shareholder Meeting. Without giving effect to the limitation on voting rights described above, the quorum required at the Annual Shareholder Meeting is two or more persons present in person and representing in person or by proxy throughout the meeting more than 50% of the total issued and outstanding Common Shares registered in our share register.

Q: How does the voting take place at the Annual Shareholder Meeting?

A: A vote will be taken on all matters properly brought before the Annual Shareholder Meeting. Each shareholder present who elects to vote in person and each person holding a valid proxy is entitled to one vote for each Common Share owned or represented.

Q: What vote is required to approve each proposal?

Except as noted below, all of the proposals require an affirmative **FOR** vote by a majority of the votes cast at the Annual Shareholder Meeting. The proposal related to the approval of our Articles of Association to reduce the Company's share capital and eliminate its participation capital (Proposal 6 on the Proxy Card) requires the affirmative **FOR** vote of at least 66 2/3% of the votes represented at the Annual Shareholder Meeting. The advisory vote on executive compensation (Proposal 2 on the Proxy Card) shall take place but is not binding on the Board or the Company.

Q: How are abstentions and broker non-votes treated?

A: Abstentions and broker non-votes will be counted toward the presence of a quorum at the Annual Shareholder Meeting. Except as noted below, abstentions will not be considered votes cast on any of the proposals brought before the Annual Shareholder Meeting. For the proposal related to the amendment to the Articles of Association to reduce the Company's share capital and eliminate its participation capital (Proposal 6 on the Proxy Card), abstentions will be considered votes represented at the meeting and will thus have the same effect as votes against this proposal. While broker non-votes will be counted toward the presence of a quorum, they will not be counted as votes cast either for or against a proposal. Broker non-votes are shares held by banks or brokers for which voting instructions have not been received from the beneficial owners or the persons entitled to vote those shares and for which the bank or broker does not have discretionary voting power under rules applicable to broker-dealers. If you own shares through a bank or brokerage firm and you do not instruct your bank or broker how to vote, your bank or broker will nevertheless have discretion to vote your shares on routine matters, such as the election of Deloitte & Touche Ltd., the Company's independent auditors. More importantly, without instructions from you, your bank or broker will not have discretion to vote on non-routine matters, such as the election of directors, the non-binding advisory vote on executive compensation, the payment of the Dividend to the Company's shareholders and any shareholder proposals.

Q: How do I appoint and vote via an independent proxy if I am a shareholder of record?

A: If you are a shareholder of record as of the Record Date, under Swiss law you may authorize the independent proxy, Mr. Paul Buergi, of Buis Buergi AG, Muehlebachstrasse 8, P.O. Box 672, CH-8024 Zurich, Switzerland, with full rights of substitution, to vote your Common Shares on your behalf instead of using the enclosed proxy card. If you authorize the independent proxy to vote your shares without giving instructions (or without giving clear instructions), your shares will be voted in accordance with the recommendations of the Board with regard to the items listed in the notice of meeting. If new agenda items (other than those in the notice of meeting) or new proposals or motions with respect to those agenda items set forth in the notice of meeting are being put forth before the Annual Shareholder Meeting, the independent proxy will, in the absence of other specific instructions, vote in accordance with the recommendations of the Board. A form of proxy card that may be used by the independent proxy to vote your Common Shares is attached to this Proxy Statement as *Appendix A*. Proxy cards authorizing the independent proxy to vote your shares must be sent directly to the independent proxy, arriving no later than noon, local time, on April 25, 2013.

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Q: Can I change my vote after I have mailed my signed proxy card or otherwise instructed how my shares are to be voted?

A: Yes. You may change your vote:

By providing the Corporate Secretary with written notice of revocation, by voting in person at the Annual Shareholder Meeting or by executing a later-dated proxy card; *provided, however*, that the action is taken in sufficient time to permit the necessary examination and tabulation of the subsequent proxy or revocation before the vote is taken;

If you have granted your proxy to the independent proxy, by providing Mr. Paul Buergi with written notice of revocation, by voting in person at the Annual Shareholder Meeting or by executing a later-dated independent proxy card. Revocation of, or changes to, proxies issued to the independent proxy must be received by the independent proxy by noon, local time, on April 25, 2013; or

If you own shares through a bank, brokerage firm or other nominee, by obtaining a proxy from your bank, broker or nominee giving you the right to vote your Common Shares at the Annual Shareholder Meeting.

Attendance at the Annual Shareholder Meeting by a shareholder who has executed and delivered a proxy card to us shall not in and of itself constitute a revocation of such proxy. Only your vote at the Annual Shareholder Meeting will revoke your proxy.

Q: What else will happen at the Annual Shareholder Meeting?

A: At the Annual Shareholder Meeting, shareholders will also receive the report of the Company's independent auditors and the Company's financial statements for the year ended December 31, 2012.

Q: Who pays the costs of soliciting proxies?

A: The cost of the solicitation of proxies will be borne by the Company. Solicitation will be made by mail, and may be made by the Company's directors, officers and employees, personally or by telephone, facsimile or other electronic means, for which the Company's directors, officers and employees will not receive any additional compensation. Proxy cards and materials also will be distributed to beneficial owners of Common Shares through banks, brokers, custodians, nominees and other parties, and the Company expects to reimburse such parties for their reasonable charges and expenses. We may retain a proxy solicitor to assist in the solicitation of proxies, for which the Company would pay usual and customary fees.

Q: How may I receive a copy of the Company's Annual Report on Form 10-K?

A: The Company will furnish without charge to any shareholder a copy of the Company's Annual Report on Form 10-K for the year ended December 31, 2012, filed with the U.S. Securities and Exchange Commission (SEC). A copy of such report may be obtained upon written request to the Corporate Secretary, attention: Wayne H. Datz, at Allied World Assurance Company Holdings, AG, Lindenstrasse 8, 6340 Baar, Zug, Switzerland, or via e-mail at secretary@awac.com. Each such request must include a representation that, as of March 6, 2013, the person making the request was an owner of our Common Shares. The Annual Report on Form 10-K, and all of the Company's filings with the SEC, can be accessed through our website at www.awac.com under the SEC Filings link located in the section entitled Investor Relations. As permitted by the SEC's rules, the Company will not furnish any exhibits to its Annual Report on Form 10-K without charge, but will provide along with such report a list of such exhibits and information about its charges for providing them.

Organizational Matters Required by Swiss Law

Admission to the Annual Shareholder Meeting

Shareholders who are registered in the Company's share register on the Record Date will receive the Proxy Statement and proxy card from Continental Stock Transfer & Trust Company, our transfer agent. Beneficial owners of shares will receive instructions from their bank, brokerage firm or other nominee acting as shareholder of record to indicate how they wish their shares to be voted. Beneficial owners who wish to vote in person at the Annual Shareholder Meeting are requested to obtain a power of attorney from their bank, brokerage firm or other

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nominee that authorizes them to vote the shares held by them on their behalf. In addition, you must bring to the Annual Shareholder Meeting an account statement or letter from your bank, brokerage firm or other nominee indicating that you are the owner of the Common Shares. Shareholders of record registered in the Company's share register are entitled to participate in and vote at the Annual Shareholder Meeting. Each share is entitled to one vote. The exercise of voting rights is subject to the voting restrictions set out in the Company's Articles of Association, a summary of which is contained in "How many votes do I have?" Please see the questions and answers provided under "General Meeting Information" for further information.

Granting a Proxy

If you are a shareholder of record and do not wish to attend the Annual Shareholder Meeting, you have the right to grant a proxy directly to the Company officers named in the proxy card. In addition, under Swiss corporate law you can: (i) appoint Mr. Paul Buergi, of Buis Buergi AG, Muehlebachstrasse 8, P.O. Box 672, CH-8024 Zurich, Switzerland, as independent proxy, with full rights of substitution, with the corresponding proxy card; or (ii) grant a written proxy to any person who is not a shareholder. Please see "How do I vote?" and "How do I appoint and vote via an independent proxy if I am a shareholder of record?" above in the Proxy Statement for more information on appointing an independent proxy. Proxies issued to the independent proxy must be received no later than noon, local time, on April 25, 2013.

Registered shareholders who have appointed a Company officer or the independent proxy as a proxy may not vote in person at the Annual Shareholder Meeting or send a proxy of their choice to the meeting unless they revoke or change their proxies. Revocations to the independent proxy must be received by him by no later than noon, local time, on April 25, 2013.

With regard to the items listed on the agenda and without any explicit instructions to the contrary, the Company officer acting as proxy and the independent proxy will vote according to the recommendations of the Board. If new agenda items (other than those on the agenda) or new proposals or motions regarding agenda items set out in the invitation to the Annual Shareholder Meeting are being put forth before the meeting, the Company officer acting as proxy and the independent proxy will vote in accordance with the position of the Board in the absence of other specific instructions.

Beneficial owners who have not obtained a power of attorney from their bank, brokerage firm or other nominee are not entitled to participate in or vote at the Annual Shareholder Meeting.

Proxy Holders of Deposited Shares

Proxy holders of deposited shares in accordance with Swiss corporate law are kindly asked to inform the Company of the number of shares they represent as soon as possible, but prior to the date of the Annual Shareholder Meeting, at the Company's corporate headquarters.

Admission office

The admission office opens on the day of the Annual Shareholder Meeting at 1:30 p.m. local time. Shareholders of record attending the meeting are kindly asked to present their proxy card as proof of admission at the entrance.

Annual Report of Allied World Assurance Company Holdings, AG

The Company's 2012 Annual Report, which accompanies this Proxy Statement, contains the Company's audited consolidated financial statements and its audited statutory financial statements prepared in accordance with Swiss law and can be accessed through the Company's website at www.awac.com under the "Financial Reports" link located in the section entitled "Investor Relations." Copies of the 2012 Annual Report may be obtained without charge upon written request to the Corporate Secretary, attention: Wayne H. Datz, at Allied World Assurance Company Holdings, AG, Lindenstrasse 8, 6340 Baar, Zug, Switzerland, or via e-mail at secretary@awac.com. The 2012 Annual Report may be physically inspected at the Company's headquarters at Lindenstrasse 8, 6340 Baar, Zug, Switzerland.

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ELECTION OF DIRECTORS

(Proposal 1 on Proxy Card)

The Board is divided into three classes of directors, Class I, Class II and Class III. Three director nominees are being presented for election at the Annual Shareholder Meeting to serve as Class III Directors until the Annual Shareholder Meeting in 2016. Each of the nominees is a current member of the Board, and was recommended for appointment to the Board by the Nominating & Corporate Governance Committee of the Board.

Your Board unanimously recommends a vote FOR each of the nominees, Barbara T. Alexander, Scott Hunter and Patrick de Saint-Aignan, as listed on the enclosed proxy card. It is not expected that any of the nominees will become unavailable for election as a director but, if any nominee should become unavailable prior to the meeting, proxies will be voted for such persons as your Board shall recommend.

The biography of each nominee and each continuing director below contains information regarding the person's service as a director on the Board, his or her business experience, director positions at other companies held currently or at any time during the last five years, and their applicable experiences, qualifications, attributes and skills.

The following are the nominees for election at the Annual Shareholder Meeting:

Barbara T. Alexander (age 64) was appointed to the Board in August 2009. Ms. Alexander has been an independent consultant since January 2004. Prior to that, she was a Senior Advisor to UBS Warburg LLC and predecessor firms from October 1999 to January 2004, and Managing Director of the North American Construction and Furnishings Group in the Corporate Finance Department of UBS from 1992 to October 1999. From 1987 to 1992, Ms. Alexander was a Managing Director in the Corporate Finance Department of Salomon Brothers Inc. From 1972 to 1987, she held various positions at Salomon Brothers, Smith Barney, Investors Diversified Services, and Wachovia Bank and Trust Company. Ms. Alexander is currently a member of the Board of Directors of QUALCOMM Incorporated, where she is a member of both the Audit Committee and Compensation Committee; KB Home, where she is a member of the Audit and Compliance Committee; and Choice Hotels International, Inc., where she is a member of the Audit Committee and Chairperson of the Diversity Committee. Ms. Alexander previously served on the board of directors of Federal Home Loan Mortgage Corporation (Freddie Mac) from November 2004 to March 2010, Centex Corporation from July 1999 to August 2009, Burlington Resources Inc. from January 2004 to March 2006 and Harrah's Entertainment Inc. from February 2002 to April 2007. Ms. Alexander was selected as one of seven Outstanding Directors in Corporate America in 2003 by Board Alert magazine and was one of five Director of the Year honorees in 2008 by the Forum for Corporate Directors. She has also served on the board of directors of HomeAid America, Habitat for Humanity International and Covenant House. Having been a member of numerous public company boards of directors, Ms. Alexander is familiar with a full range of corporate and board functions. She also has extensive experience in corporate finance, investment and strategic planning matters. The Board believes that, among other qualifications, Ms. Alexander's extensive experience in corporate finance, investment and strategic planning matters give her the skills to serve as a director.

Scott Hunter (age 61) was appointed to the Board in March 2006. Mr. Hunter has served as an independent consultant to Bermuda's financial services industry since 2002. From 1986 until 2002, Mr. Hunter was a partner at Arthur Andersen Bermuda, whose clients included numerous insurance and reinsurance companies. The Board believes that, among other qualifications, Mr. Hunter's broad insurance and reinsurance industry experience and expertise specifically with regard to insurance and reinsurance corporate finance and accounting matters give him the skills to serve as a director.

Patrick de Saint-Aignan (age 64) was appointed to the Board in August 2008. Mr. de Saint-Aignan held multiple positions at Morgan Stanley internationally from 1974 to 2007, where he was a Managing Director and, most recently, an Advisory Director. He held responsibilities in corporate finance and capital markets and headed successively Morgan Stanley's global fixed income derivatives and debt capital markets activities, its office in Paris, France, and the firm-wide risk management function. He was also a Founder, Director and Chairman of the International Swaps and Derivatives Association (1985-1992), Censeur on the Supervisory Board of IXIS

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Corporate and Investment Bank (2005-2007); a member of the board of directors of Bank of China Limited (2006-2008), where he was Chairman of the Audit Committee and a member of the Risk Policy Committee and the Personnel and Remuneration Committee; and a member of the board of directors and non-executive Chairman of the European Kyoto Fund (2010 – 2011). Mr. de Saint-Aignan is currently a member of the board of directors of State Street Corporation, where he is a member of its Risk and Capital Committee and its Examining and Audit Committee. The Board believes that, among other qualifications, Mr. de Saint-Aignan's broad experience and expertise in corporate finance, risk management and investment matters as well as his international business background give him the skills to serve as a director.

The following individuals are the Company's continuing directors:

Name	Position	Term Expires
Samuel J. Weinhoff	Class I Director	2014
Scott A. Carmilani	Class II Director	2015
James F. Duffy	Class II Director	2015
Bart Friedman	Class II Director	2015

Scott A. Carmilani (age 48) was elected our President and Chief Executive Officer in January 2004, became a director in September 2003 and was appointed Chairman of the Board in January 2008. Mr. Carmilani was, prior to joining our Company as Executive Vice President in February 2002, the President of the Mergers & Acquisition Insurance Division of subsidiaries of American International Group, Inc. (AIG) and responsible for the management, marketing and underwriting of transactional insurance products for clients engaged in mergers, acquisitions or divestitures. Mr. Carmilani was previously the Regional Vice-President overseeing the New York general insurance operations of AIG. Before that he was the Divisional President of the Middle Market Division of National Union Fire Insurance Company of Pittsburgh, Pa., which underwrites directors and officers liability, employment practice liability and fidelity insurance for middle-market-sized companies. Prior to joining our Company, he held a succession of underwriting and management positions with subsidiaries of AIG since 1987. Mr. Carmilani is currently a member of the board of trustees of the Visiting Nurse Association (VNA) Health Group, Inc. of New Jersey. The Board believes that, among other qualifications, Mr. Carmilani's extensive expertise and experience in the insurance and reinsurance industry give him the skills to serve as a director.

James F. Duffy (age 69) was appointed to the Board in July 2006. Mr. Duffy retired in 2002 as Chairman and Chief Executive Officer of The St. Paul Reinsurance Group, where he originally served from 1993 until 2000 as President and Chief Operating Officer of global reinsurance operations. Prior to this, Mr. Duffy served as an executive vice president of The St. Paul Companies from 1984 to 1993, and as President and Chief Operating Officer of St. Paul Surplus Lines Insurance Company from 1980 until 1984. Mr. Duffy had 15 years prior experience in insurance underwriting with Employers Surplus Lines Insurance Company, First State Insurance Company and New England Re. The Board believes that, among other qualifications, Mr. Duffy's extensive expertise and experience in the insurance and reinsurance industry give him the skills to serve as a director.

Bart Friedman (age 68) was appointed to the Board in March 2006, was elected Vice Chairman of the Board in July 2006 and was appointed Lead Independent Director of the Board in January 2008. Mr. Friedman has been a partner at Cahill Gordon & Reindel LLP, a New York law firm, since 1980. Mr. Friedman specializes in corporate governance, special committees and director representation. Mr. Friedman worked early in his career at the SEC. Mr. Friedman is currently a member of the board of directors of Sanford Bernstein Mutual Funds, where he is a member of the Audit Committee and chairman of the Nominating and Governance Committee. He is also the chairman of the Public Responsibility and Ethics Committee of The Brookings Institution and is a member of the board of directors of the Lincoln Center for the Performing Arts, where he is chairman of the Audit Committee. The Board believes that, among other qualifications, Mr. Friedman's extensive expertise and experience in corporate finance, investment and corporate governance matters give him the skills to serve as a director.

Samuel J. Weinhoff (age 62) was appointed to the Board in July 2006. Mr. Weinhoff has served as a consultant to the insurance industry since 2000. Prior to this, Mr. Weinhoff was head of the Financial Institutions Group for Schroder & Co. from 1997 until 2000. He was also a Managing Director at Lehman Brothers, where he

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worked from 1985 to 1997. Mr. Weinhoff had ten years prior experience at the Home Insurance Company and the Reliance Insurance Company in a variety of positions, including excess casualty reinsurance treaty underwriter, investment department analyst, and head of corporate planning and reporting. Mr. Weinhoff is currently a member of the board of directors of Infinity Property and Casualty Corporation where he is a member of the Executive Committee and the Nominating and Governance Committee and Chairman of the Audit Committee. Mr. Weinhoff served on the board of directors of Inter-Atlantic Financial, Inc. from July 2007 to October 2009. The Board believes that, among other qualifications, Mr. Weinhoff's extensive insurance and reinsurance industry experience as well as expertise in corporate finance, investment and strategic planning matters give him the skills to serve as a director.

The Board has determined that Ms. Alexander and Messrs. Duffy, Friedman, Hunter, de Saint-Aignan and Weinhoff are independent directors under the listing standards of the New York Stock Exchange (the "NYSE"). In addition, although Ms. Alexander serves on the audit committee of more than three publicly-traded companies, the Board has affirmatively determined that such simultaneous service does not impair her ability to serve on our Audit Committee. The Company requires that a majority of its directors meet the criteria for independence under applicable law and the rules of the NYSE. The Board has adopted a policy to assist it and the Nominating & Corporate Governance Committee in their determination as to whether a nominee or director qualifies as independent. This policy contains categorical standards for determining independence and includes the independence standards required by the SEC and the NYSE as well as standards published by institutional investor groups and other corporate governance experts. In making its determination of independence, the Board applied these standards for director independence and determined that no material relationship existed between the Company and these directors. A copy of the Board Policy on Director Independence was attached as an appendix to the Company's Proxy Statement filed with the SEC on March 16, 2012.

Meetings and Committees of the Board

During the year ended December 31, 2012, there were five meetings of the Board of the Company (including regularly scheduled and special meetings). Each of our directors attended at least 75% of the aggregate number of Board meetings and committee meetings of which he or she was a member during the period he or she served on the Board. Our non-management directors meet separately from the other directors in an executive session at least quarterly. Mr. Friedman, our Vice Chairman of the Board and Lead Independent Director, served as the presiding director of the executive sessions of our non-management and independent directors held in 2012. The Lead Independent Director also has the authority to call meetings of the independent directors or full Board.

Board Leadership Structure

The Board has chosen a leadership structure that combines the role of the Chief Executive Officer and the Chairman of the Board while also having a Lead Independent Director. The Lead Independent Director assumes many of the responsibilities typically held by a non-executive chairman of the board and a list of his responsibilities is provided below. The Company's rationale for combining the Chief Executive Officer and Chairman of the Board positions relates principally to the Board's belief that at this stage of the Company's development and continued global expansion, the Company and its shareholders will be best served if the Chairman is in close proximity to the senior management team on a regular and continual basis.

The Lead Independent Director is elected solely by and from the independent directors. The Lead Independent Director's responsibilities include:

organizing and presiding over all meetings of the Board at which the Chairman of the Board is not present, including all executive sessions of the non-management and independent directors,

serving as the liaison between the Chairman of the Board and the non-management directors,

overseeing the information sent to the Board by management,

approving meeting agendas and schedules for the Board to assure that there is sufficient time for discussion of all agenda items,

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facilitating communication between the Board and management,

being available to communicate with and respond to certain inquiries of the Company's shareholders, and

performing such other duties as requested by the Board.

Our Board has established an Audit Committee, a Compensation Committee, an Enterprise Risk Committee, an Executive Committee, an Investment Committee and a Nominating & Corporate Governance Committee, each of which reports to the Board. During 2012, the Audit Committee held six meetings, the Compensation Committee held four meetings, the Enterprise Risk Committee held four meetings, the Executive Committee held no meetings, the Investment Committee held four meetings and the Nominating & Corporate Governance Committee held four meetings. The Board has adopted an Audit Committee Charter, a Compensation Committee Charter, an Enterprise Risk Committee Charter, an Investment Committee Charter and a Nominating & Corporate Governance Committee Charter. Copies of these charters are available on our website at www.awac.com under Investor Relations Corporate Information Governance Documents. Printed copies are also available by sending a written request to the Company's Corporate Secretary. Each committee reviews its charter at least annually and recommends any proposed changes to the Board for approval. Each of the Audit Committee, Compensation Committee, Enterprise Risk Committee and Nominating & Corporate Governance Committee conducts an annual self-evaluation of its performance. The Nominating & Corporate Governance Committee also conducts an evaluation of the performance of the Board, its committees and each director.

Our Board has also approved Corporate Governance Guidelines, a Code of Business Conduct and Ethics and a Code of Ethics for Chief Executive Officer and Senior Financial Officers. The foregoing information is also available on our website at www.awac.com under Investor Relations Corporate Information Governance Documents. Printed copies are also available by sending a written request to the Company's Corporate Secretary.

Audit Committee. The Audit Committee presently consists of Ms. Alexander (Co-Chair) and Messrs. Hunter (Co-Chair), Duffy, de Saint-Aignan and Weinhoff, each of whom is an independent director. Pursuant to its charter, the Audit Committee is responsible for overseeing our independent auditors, internal auditors, compliance with legal and regulatory standards and the integrity of our financial reporting. Each member of the Audit Committee has been determined by the Board to be financially literate within the meaning of the NYSE Listing Standards and each has been designated by the Board as an audit committee financial expert, as defined by the applicable rules of the SEC, based on either their extensive prior accounting and auditing experience or having a range of experience in varying executive positions in the insurance or financial services industry.

Compensation Committee. The Compensation Committee presently consists of Messrs. Weinhoff (Chairperson), Duffy, Friedman, Hunter and de Saint-Aignan and Ms. Alexander. The Compensation Committee is comprised entirely of independent directors. Pursuant to its charter, the Compensation Committee has the authority to establish compensation policies and recommend compensation programs to the Board, including administering all equity and incentive compensation plans of the Company. Pursuant to its charter, the Compensation Committee also has the authority to review the competitiveness of the non-management directors' compensation programs and recommend to the Board these compensation programs and all payouts made thereunder. Additional information on the Compensation Committee's consideration of executive compensation, including a discussion of the roles of the Company's Chief Executive Officer and the independent compensation consultant in such executive compensation consideration, is included in Executive Compensation Compensation Discussion and Analysis.

Enterprise Risk Committee. The Enterprise Risk Committee presently consists of Messrs. de Saint-Aignan (Chairperson), Hunter and Weinhoff and Ms. Alexander, each of whom is an independent director. Pursuant to its charter, the Enterprise Risk Committee oversees management's assessment and mitigation of the Company's enterprise risks and reviews and recommends to the Board for approval the Company's overall firm-wide risk appetite statement and oversees management's compliance therewith.

Executive Committee. The Executive Committee presently consists of Messrs. Carmilani (Chairperson), Duffy and Weinhoff. The Executive Committee has the authority to oversee the general business and affairs of the Company to the extent permitted by Swiss law.

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Investment Committee. The Investment Committee presently consists of Messrs. Friedman (Chairperson), Hunter, de Saint-Aignan and Weinhoff and Ms. Alexander. The Investment Committee is comprised entirely of independent directors. Pursuant to its charter, the Investment Committee is responsible for adopting and overseeing compliance with the Company's Investment Policy Statement, which contains investment guidelines and other parameters for the investment portfolio. The Investment Committee oversees the Company's overall investment strategy and the Company's investment risk exposures.

Nominating & Corporate Governance Committee. The Nominating & Corporate Governance Committee presently consists of Messrs. Friedman (Chairperson), Duffy and Hunter. The Nominating & Corporate Governance Committee is comprised entirely of independent directors. Pursuant to its charter, the Nominating & Corporate Governance Committee is responsible for identifying individuals believed to be qualified to become directors and to recommend such individuals to the Board and to oversee corporate governance matters and practices.

The Nominating & Corporate Governance Committee will consider nominees recommended by shareholders and will evaluate such nominees on the same basis as all other nominees. Shareholders who wish to submit nominees for director for consideration by the Nominating & Corporate Governance Committee for election at the Annual Shareholder Meeting in 2014 may do so by submitting in writing such nominees names and other information required under SEC rules and the Company's Articles of Association, in compliance with the procedures described under Shareholder Proposals for 2014 Annual Shareholder Meeting in this Proxy Statement.

The criteria adopted by the Board for use in evaluating the suitability of all nominees for director include the following:

high personal and professional ethics, values and integrity;

education, skill and experience with insurance, reinsurance or other businesses and organizations that the Board deems relevant and useful, including whether such attributes or background would contribute to the diversity of the Board;

ability and willingness to serve on any committees of the Board; and

ability and willingness to commit adequate time to the proper functioning of the Board and its committees.

In addition to considering candidates suggested by shareholders, the Nominating & Corporate Governance Committee considers candidates recommended by current directors, officers and others. The Nominating & Corporate Governance Committee screens all