

ALLIED WORLD ASSURANCE CO HOLDINGS LTD

Form PRE 14A

October 01, 2010

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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 Section 240.14a-12

ALLIED WORLD ASSURANCE COMPANY HOLDINGS, LTD

(Name of Registrant as Specified in Its Charter)

Not Applicable

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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Dear Shareholders:

On [], 2010, commencing at 10:00 a.m., local time, we will hold special court-ordered meetings of our voting and non-voting common shareholders at our corporate headquarters located at 27 Richmond Road, Pembroke HM 08, Bermuda.

Our board of directors has unanimously approved, and is recommending that our common shareholders approve, a proposal that would result in your holding shares in a Swiss corporation rather than a Bermuda company. The proposed scheme of arrangement under Bermuda law will effectively change our place of incorporation from Bermuda to Switzerland. The number of common shares you will own in Allied World Assurance Company Holdings, AG, the new Swiss corporation, will be the same as the number of common shares you held in Allied World Assurance Company Holdings, Ltd, the existing Bermuda company, immediately prior to the completion of the transaction, and your relative economic interest in the company will remain unchanged.

After the completion of the transaction, our company will continue to conduct the same business operations as we conducted prior to the transaction, with the Swiss corporation as our ultimate holding company instead of the Bermuda company. We expect the voting shares of the Swiss corporation to be listed on the NYSE under the symbol AWH, the same symbol under which our common shares are currently listed. Upon completion of the transaction, we will remain subject to the U.S. Securities and Exchange Commission reporting requirements, the mandates of the Sarbanes-Oxley Act and the applicable corporate governance rules of the NYSE, and we will continue to report our consolidated financial results in U.S. dollars and under U.S. generally accepted accounting principles.

The planned change to our place of incorporation from Bermuda to Switzerland will locate the company in a country that is a leading financial center with a strong reputation for economic and political stability, a shareholder-friendly governance environment and a corporate tax regime that will allow us to maintain a competitive worldwide effective corporate tax rate.

Under U.S. federal income tax law, our shareholders generally will not recognize a gain or loss in the transaction.

This proxy statement provides you with detailed information regarding the transaction. We encourage you to read this entire document carefully. **You should carefully consider Risk Factors beginning on page 22 for a discussion of risks before voting at the meeting.**

The transaction cannot be completed without, among other things, (1) the affirmative vote of a majority in number of the holders of Allied World Assurance Company Holdings, Ltd voting common shares present and voting on the proposal, whether in person or by proxy, representing 75% or more in value of the voting common shares present and voting on the proposal, whether in person or by proxy; (2) the affirmative vote of a majority in number of the holders of Allied World Assurance Company Holdings, Ltd non-voting common shares present and voting on the proposal, whether in person or by proxy, representing 75% or more in value of the non-voting common shares present and voting on the proposal, whether in person or by proxy; and (3) the approval of the Supreme Court of Bermuda. **Your board of directors unanimously recommends that you vote to approve the transaction.**

Please *date, sign and return the enclosed proxy card(s)* in the enclosed, postage-paid envelope as promptly as possible, or appoint a proxy to vote your shares by using the telephone or Internet, as described in the attached proxy statement, so that your shares may be represented at the relevant special court-ordered meeting and voted in accordance with your wishes.

If you have any questions about the meeting, or if you require assistance, please call our proxy solicitor, MacKenzie Partners, Inc., at (800) 322-2885 or our Corporate Secretary at (441) 278-5400.

If you attend the relevant meeting, you may vote in person, even if you have previously submitted a proxy card.

Sincerely,

Scott A. Carmilani

President, Chief Executive Officer and Chairman of the Board

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued in the transaction or determined if this proxy statement is truthful or complete. Any representation to the contrary is a criminal offense.

This proxy statement is dated [], 2010 and is first being mailed to shareholders on or about [], 2010.

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FOR HOLDERS OF VOTING COMMON SHARES ONLY

**ALLIED WORLD ASSURANCE COMPANY HOLDINGS, LTD
27 Richmond Road
Pembroke HM 08, Bermuda**

**NOTICE OF SPECIAL COURT-ORDERED MEETING OF
ALLIED WORLD ASSURANCE COMPANY HOLDINGS, LTD
VOTING COMMON SHAREHOLDERS
TO BE HELD ON [], 2010**

[], 2010

To our Voting Shareholders:

We will hold a special court-ordered meeting of our voting common shareholders at our corporate headquarters, located at 27 Richmond Road, Pembroke HM 08, Bermuda, commencing at 10:00 a.m., local time, on [], 2010 to vote:

To approve a redomestication to be effected by the Scheme of Arrangement attached as Annex A to this proxy statement, between Allied World Assurance Company Holdings, Ltd, a company organized under the laws of Bermuda (Allied World Bermuda), and Allied World Assurance Company Holdings, AG, a Swiss corporation and a wholly-owned subsidiary of Allied World Bermuda (Allied World Switzerland). Under the terms of the Scheme of Arrangement, each holder of Allied World Bermuda voting common shares outstanding immediately before the transaction is effected will receive voting shares of Allied World Switzerland, par value CHF 10.85 (\$10.00) per share, on a one-for-one basis with respect to such outstanding Allied World Bermuda voting common shares, and each holder of Allied World Bermuda non-voting common shares outstanding immediately before the transaction is effected will receive non-voting participation certificates of Allied World Switzerland, par value CHF 10.85 (\$10.00) per share, on a one-for-one basis with respect to such outstanding Allied World Bermuda non-voting common shares;

On a motion to adjourn the meeting to a later date to solicit additional proxies if there are insufficient votes at the time of the meeting to approve the Scheme of Arrangement; and

On any other matters that may properly come before the meeting and any adjournments or postponements of the meeting.

Under Bermuda law, the Scheme of Agreement must be separately approved by the holders of Allied World Bermuda s voting and non-voting common shares. Only shareholders of record holding voting common shares, as shown by the transfer books of Allied World Bermuda, as of the close of business on [], 2010 are entitled to vote at the special court-ordered meeting and at any adjournment or postponement thereof. **If you are a holder of non-voting common shares, you may ignore this Notice. Instead, please see the notice specifically for our non-voting shareholders.**

Please sign, date and return the enclosed proxy card in the return envelope furnished for that purpose, as promptly as possible, 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 use of the proxy and other related matters, you are urged to read the proxy statement on the following pages.

Admission to the special court-ordered meeting of holders of voting common shares will be by ticket only. If you are a record holder of voting common shares and plan to attend the meeting, please check the appropriate box on the proxy card or, if you appoint a proxy by Internet or telephone, indicate your plans to attend when prompted. In all cases, retain the bottom portion of the proxy card as your admission ticket to the meeting. If you are a shareholder whose voting common shares are held through an intermediary such as a bank or broker, please follow the instructions in the proxy statement to obtain a ticket.

The Scheme of Arrangement will be subject to an application to the Supreme Court of Bermuda seeking sanction or approval of the Scheme of Arrangement, which application will be heard on or about [], 2010.

By Order of the Board of Directors,

Wesley D. Dupont
Corporate Secretary

This proxy statement incorporates documents by reference. See [Where You Can Find More Information](#) beginning on page 84 for a listing of documents incorporated by reference. These documents are available to any person, including any beneficial owner of common shares, upon request directed to Wesley D. Dupont, Corporate Secretary, Allied World Assurance Company Holdings, Ltd, 27 Richmond Road, Pembroke HM 08, Bermuda. To ensure timely delivery of these documents, any request should be made by [], 2010. The exhibits to these documents will generally not be made available unless they are specifically incorporated by reference in this proxy statement.

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FOR HOLDERS OF NON-VOTING COMMON SHARES ONLY

**ALLIED WORLD ASSURANCE COMPANY HOLDINGS, LTD
27 Richmond Road
Pembroke HM 08, Bermuda**

**NOTICE OF SPECIAL COURT-ORDERED MEETING OF
ALLIED WORLD ASSURANCE COMPANY HOLDINGS, LTD
NON-VOTING COMMON SHAREHOLDERS
TO BE HELD ON [], 2010**

[], 2010

To our Non-Voting Shareholders:

We will hold a special court-ordered meeting of our non-voting common shareholders at our corporate headquarters, located at 27 Richmond Road, Pembroke HM 08, Bermuda, commencing at 10:30 a.m., local time, on [], 2010 to vote:

To approve a redomestication to be effected by the Scheme of Arrangement attached as Annex A to this proxy statement, between Allied World Assurance Company Holdings, Ltd, a company organized under the laws of Bermuda (Allied World Bermuda), and Allied World Assurance Company Holdings, AG, a Swiss corporation and a wholly-owned subsidiary of Allied World Bermuda (Allied World Switzerland). Under the terms of the Scheme of Arrangement, each holder of Allied World Bermuda voting common shares outstanding immediately before the transaction is effected will receive voting shares of Allied World Switzerland, par value CHF 10.85 (\$10.00) per share, on a one-for-one basis with respect to such outstanding Allied World Bermuda voting common shares, and each holder of Allied World Bermuda non-voting common shares outstanding immediately before the transaction is effected will receive non-voting participation certificates of Allied World Switzerland, par value CHF 10.85 (\$10.00) per share, on a one-for-one basis with respect to such outstanding Allied World Bermuda non-voting common shares;

On a motion to adjourn the meeting to a later date to solicit additional proxies if there are insufficient votes at the time of the meeting to approve the Scheme of Arrangement; and

On any other matters that may properly come before the meeting and any adjournments or postponements of the meeting.

Under Bermuda law, the Scheme of Agreement must be separately approved by the holders of Allied World Bermuda s voting and non-voting common shares. Only shareholders of record holding non-voting common shares, as shown by the transfer books of Allied World Bermuda, as of the close of business on [], 2010 are entitled to vote at the special court-ordered meeting and at any adjournment or postponement thereof. **If you are a holder of voting common shares, you may ignore this Notice. Instead, please see the notice specifically for our voting shareholders.**

Please sign, date and return the enclosed proxy card in the return envelope furnished for that purpose, as promptly as possible, 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 use of the proxy and other related matters, you are urged to read the proxy

statement.

Admission to the special court-ordered meeting of holders of non-voting common shares will be by ticket only. If you are a record holder of non-voting common shares and plan to attend the meeting, please check the appropriate box on the proxy card or, if you appoint a proxy by Internet or telephone, indicate your plans to attend when prompted. In all cases, retain the bottom portion of the proxy card as your admission ticket to the meeting.

The Scheme of Arrangement will be subject to an application to the Supreme Court of Bermuda seeking sanction or approval of the Scheme of Arrangement, which application will be heard on or about [], 2010.

By Order of the Board of Directors,

Wesley D. Dupont
Corporate Secretary

This proxy statement for our non-voting common shareholders incorporates documents by reference. See Where You Can Find More Information beginning on page 84 for a listing of documents incorporated by reference. These documents are available to any person, including any beneficial owner of common shares, upon request directed to Wesley D. Dupont, Corporate Secretary, Allied World Assurance Company Holdings, Ltd, 27 Richmond Road, Pembroke HM 08, Bermuda. To ensure timely delivery of these documents, any request should be made by [], 2010. The exhibits to these documents will generally not be made available unless they are specifically incorporated by reference in this proxy statement.

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**ALLIED WORLD ASSURANCE COMPANY HOLDINGS, LTD
27 Richmond Road
Pembroke HM 08, Bermuda**

PROXY STATEMENT

**For the Special Court-Ordered Meetings of
Voting Common Shareholders and
Non-Voting Common Shareholders
To be held on [], 2010**

GENERAL 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, Ltd (Allied World Bermuda) as of the Record Date (as defined below). The board of directors of Allied World Bermuda is soliciting the enclosed proxy to be voted at our special court-ordered meetings of common shareholders to be held on [], 2010 (the Special Meetings), and any adjournments or postponements thereof, at the times and place and for the purposes set forth in the accompanying Notice of Special Court-Ordered Meeting of Allied World Assurance Company Holdings, Ltd Voting Common Shareholders and the accompanying Notice of Special Court-Ordered Meeting of Allied World Assurance Company Holdings, Ltd Non-Voting Common Shareholders (collectively, the Notices of Special Meetings). This proxy statement summarizes the information you need to know to vote at the relevant Special Meeting. When the enclosed proxy card is properly executed and returned, the company's common shares, par value \$0.03 per share, it represents will be voted, subject to any direction to the contrary, at the relevant Special Meeting **FOR** the matters specified in the relevant Notice of Special Meeting attached hereto and described more fully herein.

This proxy statement, the attached Notices of Special Meetings and the enclosed proxy cards are being first mailed to shareholders on or about [], 2010.

Q: Who is entitled to vote?

A: The Board has set [], 2010, as the record date for the Special Meetings (the Record Date). Shareholders of record holding Allied World Bermuda voting common shares, as shown by the transfer books of the company as of the close of business on the Record Date, will be entitled to vote at the special court-ordered meeting of voting common shareholders and at any adjournment or postponement thereof. Holders of non-voting common shares (the substantial majority of which are held by certain Goldman Sachs Capital Partners and other investment funds, which are affiliates of the Goldman Sachs Group, Inc. (the GSCP Funds)), will receive this proxy statement but will vote at a separate special court-ordered meeting of non-voting common shareholders to be held immediately following the special court-ordered meeting of voting common shareholders. As of [], 2010, there were [] common shares outstanding, of which [] were voting common shares and [] were non-voting common shares. References to common shares in this proxy statement refer to Allied World Bermuda's voting and non-voting common shares combined.

Q: What will I be voting on?

A: You are being asked to vote on a scheme of arrangement under Bermuda law, whereby your common shares of Allied World Bermuda will be cancelled and you will receive, on a one-for-one basis, new voting shares and/or non-voting participation certificates, as applicable, of Allied World Assurance Company Holdings, AG, the new Swiss corporation (Allied World Switzerland), for the purpose of changing our place of incorporation from Bermuda to Switzerland (the Scheme of Arrangement). As a result of the Scheme of Arrangement, shareholders of Allied World Bermuda will become shareholders of Allied World Switzerland.

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You are also being asked to vote on a proposal to adjourn the meeting to a later date to solicit additional proxies if there are insufficient votes at the time of the meeting to approve the Scheme of Arrangement proposal. Approval of the adjournment proposal is not a condition to the Scheme of Arrangement. You may also vote on any other business that properly comes before the relevant Special Meeting.

Q: What are the voting recommendations of the Board?

A: Your Board unanimously recommends that you vote:

A. **FOR** the approval of the Scheme of Arrangement, and

B. **FOR** the motion to adjourn the relevant Special Meeting to a later date to solicit additional proxies if there are insufficient votes at the time of the meeting to approve the Scheme of Arrangement.

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 relevant Special Meeting.

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 on the records of the company's share transfer agent, Continental Stock Transfer & Trust Company, you may appoint a proxy to vote on your behalf:

By internet, at the web address shown on the form of proxy card;

By telephone, using the telephone number shown on the form of proxy card; and

By mail, returning your completed and signed proxy card to the address shown on the form of proxy card.

If you own shares of record, you may also vote your common shares in person at the relevant Special Meeting.

If you own shares through a bank or brokerage firm, you may instead receive from your bank or brokerage firm 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 and brokerage firms 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 or broker giving you the right to vote your common shares at the relevant Special Meeting.

Allied World Bermuda has requested that bank, brokerage and other custodians, nominees and fiduciaries forward solicitation materials to the beneficial owners of voting common shares and will reimburse the banks, brokers and other fiduciaries for their reasonable out-of-pocket expenses for forwarding the materials.

Q: Who will count the vote?

A: A representative from Conyers Dill & Pearman Limited, a Bermuda law firm, will act as the inspector of elections and will be responsible for determining whether or not a quorum is present and tabulating the votes cast by proxy (which will have been certified by our independent transfer agent) or in person at the relevant Special Meeting.

Q: What does it mean if I receive more than one proxy card?

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

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 relevant Special Meeting **FOR** each of the proposals, and, as to any other business as may properly come before the Special Meeting, in accordance with the proxyholder's judgment as to such business.

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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, but will not be considered votes cast on any of the proposals brought before, the relevant Special Meeting. 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 have discretion to vote your shares on routine matters. More importantly, without instructions from you, your bank or broker will not have discretion to vote on non-routine matters, such as the approval of the Scheme of Arrangement.

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:

Voting again over the internet or by telephone prior to 7:00 p.m., Eastern Time, on [], 2010;

Providing the Corporate Secretary with written notice of revocation, by voting in person at the relevant Special 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; or

If you own shares through a bank or brokerage firm, obtaining a proxy from your bank or broker giving you the right to vote your common shares at the relevant Special Meeting.

Attendance at a Special 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 relevant Special Meeting will revoke your proxy.

Q: How does the voting take place at the Special Meeting?

A: A vote by poll will be taken on all matters properly brought before the Special Meeting. On a vote by poll, 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: Who pays the costs of soliciting proxies?

A: The cost of the solicitation of proxies will be borne by Allied World Bermuda. 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 voting common shares through banks, brokers, custodians, nominees and other parties, and the company expects to reimburse such parties for their charges and expenses. MacKenzie Partners, Inc. has been retained to assist the company in the solicitation of proxies at a fee not expected to exceed \$8,000, plus out-of-pocket expenses.

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OVERVIEW OF THE REDOMESTICATION

We are seeking your approval at the Special Meetings of a scheme of arrangement under Bermuda law that will effectively change our place of incorporation from Bermuda to Switzerland.

The Scheme of Arrangement involves several steps. Allied World Bermuda, the Bermuda company whose common shares you currently own, has formed a new corporation registered in Switzerland named Allied World Assurance Company Holdings, AG (as defined above, Allied World Switzerland) as a direct, wholly-owned subsidiary. On [], 2010, we petitioned the Supreme Court of Bermuda (the Supreme Court) to order the calling of a meeting of holders of Allied World Bermuda voting common shares (and immediately thereafter a meeting of holders of Allied World Bermuda non-voting common shares) to approve the Scheme of Arrangement. On [], 2010, the Supreme Court ordered us to seek your approval of the Scheme of Arrangement. We will hold the Special Meetings to approve the Scheme of Arrangement on [], 2010. If we obtain the necessary shareholder approval, the Supreme Court will hold a second hearing scheduled to be held on or about [], 2010 to approve the Scheme of Arrangement (the Sanction Hearing). Assuming we receive the necessary approvals from the shareholders and the Supreme Court and the other conditions to consummation of the Scheme of Arrangement are satisfied, the following steps will occur pursuant to the Scheme of Arrangement:

- (1) all previously outstanding common shares of Allied World Bermuda will be cancelled;
- (2) Allied World Bermuda will issue [] voting and [] non-voting common shares to Allied World Switzerland (which will constitute all of Allied World Bermuda's issued common shares at such time); and
- (3) Allied World Switzerland will issue (i) voting shares of Allied World Switzerland on a one-for-one basis to the holders of Allied World Bermuda voting common shares that have been cancelled and (ii) non-voting participation certificates of Allied World Switzerland having no voting rights on a one-for-one basis to the holders of Allied World Bermuda non-voting common shares that have been cancelled.

As a result of the Scheme of Arrangement, the holders of voting common shares of Allied World Bermuda will become holders of voting shares of Allied World Switzerland, the holders of non-voting common shares of Allied World Bermuda will become holders of non-voting participation certificates of Allied World Switzerland, and Allied World Bermuda will become a wholly-owned subsidiary of Allied World Switzerland.

In connection with the consummation of the Scheme of Arrangement:

Allied World Switzerland will issue an additional [] voting shares of Allied World Switzerland to be held in treasury (the Treasury Shares) in order to satisfy delivery obligations under certain of our equity-based incentive plans and under the put agreements we will attempt to enter into with the holders of the Allied World Switzerland non-voting participation certificates and warrants with respect to non-voting participation certificates (see Description of Allied World Switzerland Shares Participation Certificates); and

pursuant to the terms of Allied World Bermuda's warrants outstanding on the date of the consummation of the Scheme of Arrangement, Allied World Switzerland will assume Allied World Bermuda's obligations under the warrants and will agree to issue voting shares and/or non-voting participation certificates of Allied World Switzerland (rather than Allied World Bermuda shares) upon exercise of the warrants in accordance with their terms.

As of [], 2010, there were [] voting common shares of Allied World Bermuda outstanding, [] non-voting common shares outstanding, and warrants outstanding to purchase up to 2,000,000 voting common shares and up to 1,500,000 non-voting common shares of Allied World Bermuda. In addition, there were [] voting common shares of Allied World Bermuda reserved for issuance pursuant to outstanding equity awards and an additional [] voting common shares available for issuance but unissued under Allied World Bermuda's equity-based incentive plans. Allied World Bermuda also holds [] common shares in treasury. Immediately after completion of the Redomestication (as defined below), our new parent company Allied World Switzerland will have the same number of Allied World Switzerland voting shares and non-voting participation certificates as there were voting common shares and non-voting common shares, respectively, outstanding for Allied World Bermuda immediately before completion of the transaction, including [] Treasury Shares.

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We refer to the foregoing transactions, including the steps of the Scheme of Arrangement, as the Redomestication.

The following diagram shows the structure of Allied World Bermuda before the Redomestication and following the Redomestication. The diagram does not reflect all of the legal entities owned by Allied World Bermuda.

Following the Redomestication, our outstanding 7.50% Senior Notes due August 1, 2016 (the Senior Notes) will remain outstanding at Allied World Bermuda. Subsequent to the solicitation of votes pursuant to this proxy statement, Allied World Bermuda will seek the consent of the noteholders solely for the purpose of removing the contractual requirement in the indenture governing the notes that would require Allied World Bermuda to continue to file periodic reports with the U.S. Securities and Exchange Commission (SEC) following the Redomestication (which would be in addition to the SEC reports that will be required of Allied World Switzerland). Following the Redomestication, Allied World Switzerland will fully and unconditionally guaranty the Senior Notes.

In this proxy statement, we sometimes refer to Allied World Bermuda and Allied World Switzerland as we, our, us or the company and which, as the context so requires, includes Allied World Bermuda or Allied World Switzerland and its subsidiaries as a consolidated group. Also, in this proxy statement, \$ refers to U.S. dollars and CHF to Swiss francs. All amounts of Swiss francs reported in this proxy statement assume an exchange rate of CHF 1.085 to \$1.00, the exchange rate prevailing on June 30, 2010.

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QUESTIONS AND ANSWERS ABOUT THE REDOMESTICATION

Q: What am I being asked to vote on at the meeting?

A: You are being asked to vote on a Scheme of Arrangement under Bermuda law, whereby your common shares of Allied World Bermuda will be cancelled and you will receive, on a one-for-one basis, new voting shares or non-voting participation certificates of Allied World Switzerland, which will reflect your current holding of common shares in Allied World Bermuda, for the purpose of changing our place of incorporation from Bermuda to Switzerland. As a result of the Scheme of Arrangement, shareholders of Allied World Bermuda will become shareholders of Allied World Switzerland. Many of the principal attributes of Allied World Bermuda's voting shares and non-voting shares and Allied World Switzerland's voting shares and non-voting participation certificates, respectively, will be similar. However, there are differences between your rights under Swiss law and under Bermuda law. In addition, there are differences between Allied World Bermuda's memorandum of association and bye-laws and Allied World Switzerland's articles of association and organizational regulations that will become effective after the completion of the Redomestication. We discuss these differences in detail under "Description of Allied World Switzerland Shares" and "Comparison of Rights of Shareholders and Powers of the Board of Directors." Copies of forms of Allied World Switzerland's amended and restated articles of association and organizational regulations are attached as Annex D and Annex E to this proxy statement, respectively.

You are also being asked to vote on a proposal to adjourn the meeting to a later date to solicit additional proxies if there are insufficient votes at the time of the meeting to approve the Scheme of Arrangement proposal. Approval of the adjournment proposal is not a condition to the Scheme of Arrangement.

Q: Why was Switzerland selected as the place of domicile for Allied World Switzerland?

A: Switzerland is a leading financial center and has a strong reputation for economic and political stability. It is home to several of Europe's major multinational organizations spanning several industries, including power, banking, insurance, consumer products and pharmaceuticals. Switzerland also has a stable and well-developed infrastructure base and is a major transportation hub, providing a base for possible expansion of corporate functions in an optimal centralized European location.

We believe that the Redomestication to Switzerland will help reduce certain reputational, political, regulatory and financial risks to our company. The Redomestication can increase our strategic flexibility while posing no noticeable risks to our operating model, our long-term strategy or our ability to maintain a competitive worldwide effective corporate tax rate.

Switzerland also has a well-developed legal system that we believe encourages a high standard of corporate governance and provides shareholders with substantial rights. Generally, the rights of a shareholder of a Swiss company are substantially similar to, and in some cases more favorable to shareholders than, the rights of a shareholder of a Bermuda company.

Please see "The Redomestication Background and Reasons for the Redomestication" for more information. Our board of directors has considered both the potential advantages and risks of the Redomestication and has unanimously approved the Scheme of Arrangement and recommended that the shareholders vote for the Scheme of Arrangement. We cannot assure you, however, that the anticipated benefits of the Redomestication will be realized. In addition to the potential benefits described above, the Redomestication will expose Allied World

Bermuda and its shareholders to certain risks. Please see the discussion under Risk Factors.

Q: Will the Redomestication affect our current or future operations?

A: We currently believe that the Redomestication will have no material impact on how we conduct our day-to-day operations. The location of our future operations will depend on the needs of our business, independent of our legal domicile.

Q: Will the Redomestication dilute my economic interest?

A: The Redomestication will not dilute your economic interest in Allied World Bermuda. Immediately after the Redomestication, the number of outstanding voting shares of Allied World Switzerland will be the same as the number of outstanding voting common shares of Allied World Bermuda immediately before the

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Redomestication and the number of outstanding non-voting participation certificates of Allied World Switzerland will be the same as the number of outstanding non-voting common shares of Allied World Bermuda immediately before the Redomestication. For changes in the capital structure that could have a dilutive effect see Description of Allied World Switzerland Shares, Capital Structure, Authorized Share Capital, Conditional Share Capital, Conditional Participation Capital and Treasury Shares below.

Q: What are the material tax consequences of the Redomestication?

A: Please read the following questions and answers regarding some of the potential tax consequences of the Redomestication. Please refer to Material Tax Considerations beginning on page 38 for a description of the material U.S. federal income tax and Swiss tax consequences of the Redomestication to Allied World Bermuda shareholders. Determining the actual tax consequences to you of the Redomestication may be complex and will depend on your specific situation. You are urged to consult your tax adviser for a full understanding of the tax consequences of the Redomestication to you.

Q: Is the Redomestication taxable to me?

A: Under U.S. federal income tax law, holders of shares of Allied World Bermuda generally will not recognize gain or loss in the Redomestication. Under Swiss tax law, no tax is due from non-Swiss holders of Allied World Bermuda shares on the receipt of Allied World Switzerland voting shares or non-voting participation certificates in the Redomestication. Any beneficial owner of Allied World Bermuda shares, and particularly Swiss holders, are urged to consult their tax advisers regarding the tax consequences to them of the Redomestication.

Q: Is the Redomestication a taxable transaction for either Allied World Bermuda or Allied World Switzerland?

A: No. The Redomestication is not a taxable transaction for Allied World Bermuda or Allied World Switzerland.

Q: When do you expect the Redomestication to be completed?

A: We are working towards completing the Redomestication as quickly as possible and, assuming the Scheme of Arrangement is approved by the requisite shareholder votes and by the Supreme Court and the conditions to the consummation of the Scheme of Arrangement are satisfied, we expect to do so as soon as practicable following the Sanction Hearing. We currently expect to complete the Redomestication prior to the year end 2010. See Annex C for an expected timetable. However, the Redomestication may be abandoned or delayed for any reason by our board of directors at any time prior to the Special Meetings.

Q: What will I receive for my Allied World Bermuda common shares?