

Allied World Assurance Co Holdings, AG
Form PRE 14A
March 03, 2015

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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 o

Filed by a Party other than the Registrant o

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 under §240.14a-12

ALLIED WORLD ASSURANCE COMPANY HOLDINGS, AG

(Name of Registrant as Specified In Its Charter)

(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:
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 - (1) Amount Previously Paid:
 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:
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-

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ALLIED WORLD ASSURANCE COMPANY HOLDINGS, AG

**NOTICE OF 2015
ANNUAL SHAREHOLDER MEETING**

March [13], 2015

DATE: Thursday, April 30, 2015
TIME: 2:00 p.m., local time
PLACE: Corporate headquarters: Park Tower, 15th floor, Gubelstrasse 24, 6300 Zug, Switzerland

ITEMS OF BUSINESS:

- Amend the Articles of Association to change the company's Swiss registered office.
 - Amend the Articles of Association to define the duties of the Compensation Committee.
 - Amend the Articles of Association to define the company's compensation principles.
 - Amend the Articles of Association to limit the notice period in employment agreements with executive officers and agreements with directors, and to prohibit loans and credit to executives and directors.
 - Amend the Articles of Association to limit the number of outside board seats our directors and executives may hold.
 - Amend the Articles of Association to provide for say-on-pay votes required under Swiss law.
 - Elect the board of directors.
 - Elect the Chairman of the board of directors.
 - Elect the Compensation Committee members.
 - Elect the independent proxy.
 - Approve the 2015 compensation for executives as required under Swiss law.
 - Approve the 2015 compensation for directors as required under Swiss law.
 - Approve, on an advisory basis, 2014 executive compensation as required under U.S. securities laws.
 - Approve the 2014 Annual Report and financial statements.
 - Approve the retention of disposable profits.
 - Approve the payment of dividends to shareholders.
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Approve the cancelling of treasury shares.

Elect Deloitte & Touche LLP as independent auditor and Deloitte AG as statutory auditor.

Elect PricewaterhouseCoopers AG as special auditor.

Discharge of the board of directors and executive officers from liabilities for their actions during the year ended December 31, 2014.

Transact any further business that lawfully may be brought before the meeting.

RECORD DATE: Only shareholders of record holding common shares, as shown on our transfer books, as of the close of business on March 4, 2015 are entitled to vote at the Annual Shareholder Meeting.

MATERIALS TO REVIEW: This document contains our Notice of 2015 Annual Shareholder Meeting and Proxy Statement. Our 2014 Annual Report accompanies this Proxy Statement but is not a part of our proxy solicitation materials.

PROXY VOTING: It is important that your shares be represented and voted 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.

By Order of the Board of Directors,

Wayne H. Datz
Corporate Secretary

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PROXY STATEMENT SUMMARY

Allied World 2014 Highlights

In 2014, we continued to expand our insurance and reinsurance product offerings across a wide array of specialty coverages and jurisdictions. In North America, we further developed and expanded our suite of specialty products to meet our clients' needs. We focused on building out our Global Markets Insurance segment in Europe and Asia, including expanding our lines of business and successfully migrating in-house the managing agency for our Lloyd's Syndicate 2232. In Asia Pacific, we launched an Australia branch office and signed agreements to acquire the Hong Kong and Singapore operations of Royal & Sun Alliance Insurance plc ("RSA") to deepen and broaden our presence in the region. We also realigned our two business insurance operating segments in order to best serve our clients and trading partners.

In 2014, we generated net income of \$490.3 million and our year-end diluted book value per share was \$38.27, an 11.9% increase for the year. We had a combined ratio of 85.2% and underwriting performance benefitted from profitable growth across our portfolio of insurance and reinsurance business. Favorable reserve releases of \$212.6 million, total return on the company's investment portfolio of \$265.8 million and successful management of expenses also combined to contribute to our success.

On May 1, 2014, the shareholders approved a 3-for-1 stock split of the company's common shares. All historical share and per share amounts in this Proxy Statement reflect the effect of the stock split.

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The following table contains key financial data for each of the last three fiscal years, including data as of each year end.

Operating Results	2014	2013	2012
	(\$ in millions, except share, per share and percentage data)		
Total Assets	\$ 12,422	\$ 11,946	\$ 12,030
Total Debt and Other Liabilities	\$ 8,644	\$ 8,426	\$ 8,704
Total Shareholders' Equity	\$ 3,778	\$ 3,520	\$ 3,326
Diluted Book Value per Share	\$ 38.27	\$ 34.20	\$ 30.86
Growth in Diluted Book Value per Share	11.9%	10.8%	15.6%
Gross Premiums Written	\$ 2,935	\$ 2,739	\$ 2,239
Net Income	\$ 490	\$ 418	\$ 493
Operating Income	\$ 415	\$ 364	\$ 203
Total Return on Investments	3.1%	2.6%	5.5%
Net Income Return on Average Shareholders' Equity	13.4%	12.2%	15.3%
Operating Return on Average Shareholders' Equity	11.4%	10.6%	6.3%
Combined Ratio ⁽¹⁾	85.2%	86.2%	94.5%
Cash Dividends Paid	\$ 77	\$ 47	\$ 68
Number of Common Shares Outstanding	96,195,482	100,253,646	104,493,343
Weighted Average Common Shares Outstanding- Diluted	99,591,773	104,865,834	111,209,655
Repurchase of Common Shares	\$ 175	\$ 175	\$ 264

(1)

A measure of underwriting performance. The combined ratio represents the total cost per \$100 of earned premium. A combined ratio below 100% demonstrates underwriting profit while a combined ratio above 100% demonstrates underwriting loss.

Detailed information of our financial and operational performance is contained in our Annual Report on Form 10-K that is included in our 2014 Annual Report accompanying this Proxy Statement. See our Annual Report on Form 10-K for a reconciliation of the non-GAAP financial measures included in the table above.

**Company's Performance Relative
to Its Peer Group as of December 31, 2014
(In quartiles. 1=first quartile, the highest level; 4=fourth quartile, the lowest level)**

Performance Metric	2014 (one year)	2012-2014 (three year)	2010-2014 (five year)
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	Rank	Rank	Rank
Diluted Book Value per Share Growth (adjusted for dividends)	1	1	1
Annualized Net Income Return on Average Equity (adjusted for other comprehensive income)	2	1	1
Combined Ratio	1	1	1
Total Shareholder Return	4	1	1

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Table of Contents**Shareholder Voting Recommendations**

Our Board of Directors unanimously makes the following recommendations:

	Proposal	Vote Recommendation	See Page Number for More Information
Proposal 1	Amend the Articles of Association to Change the Company's Swiss Registered Office	FOR	p. 15
Proposal 2	Amend the Articles of Association to Define the Duties of the Compensation Committee	FOR	p. 15
Proposal 3	Amend the Articles of Association to Define the Company's Compensation Principles	FOR	p. 16
Proposal 4	Amend the Articles of Association to Limit the Notice Period in Employment Agreements with Executive Officers and Agreements with Directors, and to Prohibit Loans and Credit to Executives and Directors	FOR	p. 17
Proposal 5	Amend the Articles of Association to Limit the Number of Outside Board Seats Our Directors and Executives May Hold	FOR	p. 18
Proposal 6	Amend the Articles of Association to Provide for Say-on-Pay Votes Required Under Swiss Law	FOR	p. 19
Proposal 7	Elect the Board of Directors	FOR EACH NOMINEE	p. 20
Proposal 8	Elect the Chairman of the Board of Directors	FOR	p. 31
Proposal 9	Elect the Compensation Committee Members	FOR EACH NOMINEE	p. 31
Proposal 10	Elect the Independent Proxy	FOR	p. 32
Proposal 11	Approve the 2015 Compensation for Executives as Required under Swiss Law	FOR	p. 32
Proposal 12	Approve the 2015 Compensation for Directors as Required under Swiss Law	FOR	p. 35
Proposal 13	Advisory Vote on 2014 Executive Compensation as Required under U.S. Securities Laws	FOR	p. 37
Proposal 14	Approve the 2014 Annual Report and Financial Statements	FOR	p. 38
Proposal 15	Approve the Retention of Disposable Profits	FOR	p. 38
Proposal 16	Approve the Payment of Dividends to Shareholders	FOR	p. 39
Proposal 17	Approve the Cancelling of Treasury Shares	FOR	p. 41
Proposal 18	Elect Deloitte & Touche LLP as Independent Auditor and Deloitte AG as	FOR	p. 41

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Statutory Auditor

Proposal 19	Elect PricewaterhouseCoopers AG as Special Auditor	FOR	p. 43
Proposal 20	Discharge of the Board of Directors and Executive Officers from Liabilities	FOR	p. 43

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The company is committed to strong corporate governance, which promotes the long-term interests of shareholders, strengthens the accountability of the board of directors (the "Board") and management and helps build public trust in the company. Highlights include the following:

Board and Other Governance Information	2015
Size of Board	7
Average Age of Directors	62.7
Percentage of Independent Directors	86%
Diverse Board (Gender, Experience and Skills)	Yes
Majority Voting for Directors	Yes
Annual Election of All Directors	Yes
Annual Election of Chairman of the Board	Yes
Annual Election of Compensation Committee Members	Yes
Use of Independent Proxy to Represent Shareholders	Yes
No Director Holds More than 3 other Public Company Board Seats	Yes
Lead Independent Director	Yes
Separate Chairman & CEO	No
CEO Holds No Other Public Company Board Seat	Yes
Independent Directors Meet Without Management	Yes
Annual Board and Committees Self-Evaluations	Yes
Annual Equity Grant to Non-Employee Directors	Yes
Board Orientation/Education Program	Yes
Number of Board Meetings Held in 2014	6
Code of Business Conduct and Ethics for Directors and Executives	Yes
Stock Ownership Policy for Directors and Senior Management	Yes

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Disclosure Committee for Financial Reporting	Yes
Annual Approval of Executive Compensation	Yes
Shareholder Ability to Call Special Meetings	Yes
Policy Prohibiting Insider Pledging or Hedging of Company Common Shares	Yes

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You are being asked to vote on the election of the following seven directors to the Board. All directors are elected annually by a majority of the votes cast. Detailed information about each director's background and key attributes, experience and skills can be found beginning on page 21 of this Proxy Statement.

Name	Age	Director Since	Primary Occupation	Principal Skills	Independent	Committees					
						AC	CC	ERC	Exec	IC	N&CG
Barbara T. Alexander	66	2009	Independent Consultant	Corporate Finance, Investment, Strategic Planning	Yes	C	•	•		•	
Scott Carmilani	50	2003	President, CEO and Chairman <i>Allied World Assurance Company Holdings, AG</i>	Insurance and Reinsurance Industry Leadership	No					C	
James F. Duffy	71	2006	Former Chairman and CEO <i>The St. Paul Reinsurance Group</i>	Insurance and Reinsurance Industry Leadership	Yes	•	•		•		•
Bart Friedman	70	2006	Partner <i>Cahill Gordon Reindel LLP</i>	Investment, Corporate Governance	Lead Independent Director		•			•	C
Patrick de Saint-Aignan	66	2008	Former Advisory Director <i>Morgan Stanley</i>	Corporate Finance, Risk Management, Investment	Yes	•	•	C		•	
Eric S. Schwartz	52	2013	CEO and Founder <i>76 West Holdings</i>	Corporate Finance, Investment	Yes		•				C
Samuel J. Weinhoff	64	2006	Independent Consultant	Corporate Finance, Insurance and Reinsurance, Strategic Planning	Yes	•	C	•	•	•	

C	Chair		
AC	Audit Committee	Exec	Executive Committee
CC	Compensation Committee	IC	Investment Committee
ERC	Enterprise Risk Committee	N&CG	Nominating & Corporate Governance Committee

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Executive Compensation Philosophy and Goals

The Compensation Committee believes that an effective executive compensation program is one that is designed to:

Reward strong company and individual performance,

Align the interests of the executive officers with the company's shareholders, and

Balance the objectives of pay-for-performance and retention.

The Compensation Committee's objectives for the company's compensation programs include:

Driving and rewarding employee performance that supports the company's business objectives and financial success;

Attracting and retaining talented and highly-skilled employees;

Aligning the interests of the named executive officers with the company's shareholders by:

- having a **substantial portion of compensation in long-term, performance-based equity awards**, a large portion of which is **"at risk"** with vesting dependent on the **company achieving certain performance targets over time**, particularly at the senior officer level where such persons can more directly affect the company's financial success;
- regularly evaluating the company's compensation programs to help ensure that they do not encourage excessive risk taking;
- tying incentive opportunity to a **blend of metrics** that focus on key company objectives, correlate with the creation of shareholder value and encourage prudent risk taking; and

Remaining competitive with other insurance and reinsurance companies, particularly other insurance and reinsurance companies with which the company competes for talent.

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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 as of the Record Date (as defined below). The Board is soliciting the enclosed proxy to be voted at the 2015 Annual General Meeting of the company's shareholders to be held at 2:00 p.m., local time, on Thursday, April 30, 2015 at the company's corporate headquarters, Park Tower, 15th floor, Gubelstrasse 24, 6300 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 [13], 2015. A copy of the company's Annual Report to Shareholders for the fiscal year ended December 31, 2014 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, 2014 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," "our" and the "company" refer to Allied World Assurance Company Holdings, AG 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 4, 2015, as the record date for the Annual Shareholder Meeting (the "Record Date"). Holders of our 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 4, 2015, there were outstanding [] common shares.

Beneficial owners of our 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. Shareholders not registered in our share register as of the Record Date will not be entitled to attend, vote or grant proxies to vote at the Annual Shareholder Meeting. No shareholder will be entered in our share register as a shareholder with voting rights between the close of business on the Record Date and the opening of business on the day following the Annual Shareholder Meeting. Continental Stock Transfer & Trust Company, as transfer agent, which maintains our share register,

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will, however, continue to register transfers of our registered shares in the share register in its capacity as transfer agent during this period.

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 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:
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 below, 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:
What will I be voting on, what vote is required and how will abstentions and "broker non-votes" be counted?

A:
The following chart describes the proposals to be considered at the meeting, the vote required to adopt each proposal and the manner in which the votes will be counted:

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	Proposal	Vote Required	Effect of Abstentions	Effect of "Broker Non-Votes"
1	Amend the Articles of Association to Change the Company's Swiss Registered Office	2/3 of votes cast	Vote against	Vote not counted
2	Amend the Articles of Association to Define the Duties of the Compensation Committee	Majority of votes cast	Vote not counted	Vote not counted
3	Amend the Articles of Association to Define the Company's Compensation Principles	Majority of votes cast	Vote not counted	Vote not counted
4	Amend the Articles of Association to Limit the Notice Period in Employment Agreements with Executive Officers and Agreements with Directors, and to Prohibit Loans and Credit to Executives and Directors	Majority of votes cast	Vote not counted	Vote not counted
5	Amend the Articles of Association to Limit the Number of Outside Board Seats our Directors and Executives May Hold	Majority of votes cast	Vote not counted	Vote not counted
6	Amend the Articles of Association to Provide for Say-on-Pay Votes Required under Swiss Law	Majority of votes cast	Vote not counted	Vote not counted
7	Elect the Board of Directors	Majority of votes cast	Vote not counted	Vote not counted
8	Elect the Chairman of the Board of Directors	Majority of votes cast	Vote not counted	Vote not counted
9	Elect the Compensation Committee Members	Majority of votes cast	Vote not counted	Vote not counted
10	Elect the Independent Proxy	Majority of votes cast	Vote not counted	Vote not counted
11	Approve the 2015 Compensation for Executives as Required under Swiss Law	Majority of votes cast	Vote not counted	Vote not counted

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	Proposal	Vote Required	Effect of Abstentions	Effect of "Broker Non-Votes"
12	Approve the 2015 Compensation for Directors as Required under Swiss Law	Majority of votes cast	Vote not counted	Vote not counted
13	Advisory Vote on 2014 Executive Compensation as Required under U.S. Securities Laws	Majority of votes cast	Vote not counted	Vote not counted
14	Approve the 2014 Annual Report and Financial Statements	Majority of votes cast	Vote not counted	Brokers have discretion to vote
15	Approve the Retention of Disposable Profits	Majority of votes cast	Vote not counted	Brokers have discretion to vote
16	Approve the Payment of Dividends to Shareholders	Majority of votes cast	Vote not counted	Brokers have discretion to vote
17	Approve the Cancelling of Treasury Shares	Majority of votes cast	Vote not counted	Brokers have discretion to vote
18	Elect Deloitte & Touche LLP as Independent Auditor and Deloitte AG as Statutory Auditor	Majority of votes cast	Vote not counted	Brokers have discretion to vote
19	Elect PricewaterhouseCoopers AG as Special Auditor	Majority of votes cast	Vote not counted	Brokers have discretion to vote
20	Discharge of the Board of Directors and Executive Officers from Liabilities	Majority of votes cast	Vote not counted	Vote not counted

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Abstentions and "broker non-votes" will be counted toward the presence of a quorum at the Annual Shareholder 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 nevertheless have discretion to vote your shares on "routine" matters, such as the election of Deloitte & Touche LLP, our 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 votes on executive compensation, the payment of the dividend to our shareholders and any shareholder proposals.

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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: How many votes do I have?

A: Holders of our 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 our 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.

We have 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, we are 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?

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.

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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. As to any other business that may properly come before the Annual Shareholder Meeting, you may provide general instructions, as indicated on the proxy card, as to how such other business is to be voted. If you provide no instruction, the common shares represented by the proxy will be voted in accordance with the Board's recommendation as to such business.

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, Buis Buergi AG, Muehlebachstrasse 8, P.O. Box 672, CH-8024 Zurich, Switzerland, e-mail at proxy@bblegal.ch, with full rights of substitution, to vote your common shares on your behalf. 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, you may provide general instructions, as indicated on the proxy card, as to how such other business is to be voted. If you provide no instruction, the common shares represented by the proxy will be voted in accordance with the Board's recommendation as to such business. Proxy cards authorizing the independent proxy to vote your shares must be sent directly to the independent proxy, arriving no later than 6:00 a.m., local time, on April 30, 2015. If sending by e-mail to

the independent proxy, you must attach the executed proxy card in order for your vote to be counted.

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 Buis Buergi AG 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 6:00 a.m., local time, on April 30, 2015 either by mail to Buis Buergi AG, Muehlebachstrasse 8, P.O. Box 672, CH-8024 Zurich, Switzerland or by e-mail at proxy@bblegal.ch; 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 the independent proxy shall not in and of itself constitute a revocation of such proxy. Only your vote at the Annual Shareholder Meeting will revoke your proxy.

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

A: At the Annual Shareholder Meeting, shareholders will also receive the report of our independent auditors and our financial statements for the year ended December 31, 2014.

Q: Who pays the costs of soliciting proxies?

A: We will bear the cost of the solicitation of proxies. Solicitation will be made by mail, and may be made by our directors, officers and employees, personally or by telephone, facsimile or other electronic means, for which our 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. Georgeson has been retained to assist us in the solicitation of proxies at a fee not expected to exceed \$12,500, plus out-of-pocket expenses.

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

A: We will furnish without charge to any shareholder a copy of our Annual Report on Form 10-K for the year ended December 31, 2014, 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, Park Tower, 15th floor, Gubelstrasse 24, 6300 Zug, Switzerland, or via e-mail at secretary@awac.com. Each such request must include a representation that, as of March 4, 2015, 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, we will not furnish any exhibits to the Annual Report on Form 10-K without charge, but will provide along with such report a list of such exhibits and information about the charges for providing them.

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Organizational Matters Required by Swiss Law

Admission to the Annual Shareholder Meeting

Shareholders who are registered in our 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 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 our 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 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.

Registered shareholders who have appointed 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 6:00 a.m., local time, on April 30, 2015 either by mail to Buis Buergi AG, Muehlebachstrasse 8, P.O. Box 672, CH-8024 Zurich, Switzerland or by e-mail at proxy@bblegal.ch.

As indicated on the proxy card, with regard to the items listed on the agenda and without any explicit instructions to the contrary, 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 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.

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 2014 Annual Report, which accompanies this Proxy Statement, contains the company's audited consolidated financial statements, its audited statutory financial statements prepared in accordance with Swiss law and the remuneration report of the board of directors and executives required under Swiss law. The 2014 Annual Report can be accessed through the company's

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website at www.awac.com under the "Financial Reports" link located in the section entitled "Investor Relations." Copies of the 2014 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, Park Tower, 15th floor, Gubelstrasse 24, 6300 Zug, Switzerland, or via e-mail at secretary@awac.com. The 2014 Annual Report may be physically inspected at the company's headquarters at Park Tower, 15th floor, Gubelstrasse 24, 6300 Zug, Switzerland.

PROPOSAL 1
AMEND THE ARTICLES OF ASSOCIATION
TO CHANGE THE COMPANY'S SWISS REGISTERED OFFICE

The company has moved its corporate headquarters from the town of Baar in the Canton of Zug, Switzerland, to the city of Zug in the Canton of Zug, Switzerland. Under Swiss law, and pursuant to paragraph 1(g) of Article 16 of the Articles of Association, the company's shareholders must approve this change to the company's registered office.

The Board is proposing that the shareholders amend Article 1 of the Articles of Association to reflect that the company's registered office is now located in the city of Zug.

Pursuant to Swiss law, we are required to submit to you for your approval both the English version and the (authoritative) German version of the proposed amendments to the company's Articles of Association. Upon the approval of this proposal, Article 1 of the Articles of Association will be amended to read as follows:

"Artikel 1 Firma, Sitz und Dauer der Gesellschaft "Article 1 Corporate Name, Registered Office and Duration

Unter der Firma	Under the corporate name
Allied World Assurance Company Holdings, Ltd	Allied World Assurance Company Holdings, Ltd
Allied World Assurance Company Holdings, AG	Allied World Assurance Company Holdings, AG

besteht eine Aktiengesellschaft gemäss Artikel 620 ff. OR mit Sitz in Zug. Die Dauer der Gesellschaft ist unbeschränkt.	a Company exists pursuant to Article 620 et seq. of the Swiss Code of Obligations (hereinafter "CO") having its registered office in Zug. The duration of the Company is unlimited.
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If the shareholders do not approve this proposal, the Board may call an extraordinary general meeting of shareholders for reconsideration of the proposal.

Your Board unanimously recommends a vote FOR the amendment of Article 1 of the Articles of Association as described in this proposal.

PROPOSAL 2
AMEND THE ARTICLES OF ASSOCIATION
TO DEFINE THE DUTIES OF THE COMPENSATION COMMITTEE

Pursuant to changes under Swiss law that became effective as of January 1, 2014 (the "Ordinance"), we are required to amend our Articles of Association to define the duties of the Compensation Committee. The company is proposing that the shareholders adopt a new Article 20a in order to comply with these requirements of the Ordinance.

The Compensation Committee members are elected annually, which was previously approved by shareholders at the 2014 Annual Shareholder Meeting. As required by the Ordinance, Article 20a provides: (i) that the Chair of the Compensation Committee be elected by the Board; (ii) that vacancies

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on the Compensation Committee be filled at the Board's discretion, with such appointee to serve until the next annual shareholder meeting; and (iii) the duties of the Compensation Committee, which are set forth in the Compensation Committee's Charter that is approved by the Board of Directors. As noted in "Proposal 7 Election of Directors Board Leadership Structure" below, a copy of the Compensation Committee Charter is available on our website at www.awac.com under "Investor Relations Corporate Information Governance Documents".

Pursuant to Swiss law, we are required to submit to you for your approval both the English version and the (authoritative) German version of the proposed amendment to the Articles of Association. The foregoing summary of the proposed changes to the company's current Articles of Association is qualified in its entirety by express reference to the text of Article 20a of the Articles of Association, a copy of which has been marked to indicate changes from the company's current Articles of Association and is attached as *Appendix B* to this Proxy Statement.

If the shareholders do not approve this proposal, the Board may call an extraordinary general meeting of shareholders for reconsideration of the proposal.

Your Board unanimously recommends a vote FOR the adoption of Article 20a of the Articles of Association as described in this proposal and set forth in *Appendix B*.

PROPOSAL 3
AMEND THE ARTICLES OF ASSOCIATION
TO DEFINE THE COMPANY'S COMPENSATION PRINCIPLES

Pursuant to the Ordinance, we are required to amend our Articles of Association to define the principles of compensation, including performance-based compensation and equity grants. The company is proposing that shareholders adopt a new Article 20b to the company's Articles of Association to comply with Swiss law and define such principles.

The company's principles of compensation, as recommended by the Compensation Committee and approved by the Board, are discussed in detail in "Executive Compensation Compensation Discussion and Analysis" beginning on page 50 of this Proxy Statement (the "CD&A"). Proposed Article 20b (i) specifies the components of compensation that may be paid to directors and executive officers; and (ii) provides for the payment of retirement, health and welfare benefits, all consistent with the company's current pay practices as discussed in this Proxy Statement. Article 20b also permits the company to purchase director and officer liability insurance and other liability insurance and that the payment of the premium for such insurance shall not be deemed compensation to the directors and executive officers. The company believes that such liability insurance coverage is an important element of its overall risk management program and that this coverage is provided by the company's competitors. Proposed Article 20b also specifies that any additional shares received by the directors or executive officers as shareholders of the company shall not be deemed compensation.

Pursuant to the Ordinance, the Board is also required to annually issue a compensation report detailing the compensation of the company's directors and executives. The Ordinance states that this obligation of the Board may not be delegated. The company is proposing an amendment to Article 19(6) to reflect this requirement. The Ordinance further requires that the Board may delegate the management of the company's business only to the directors or to one or more natural persons, as opposed to corporations and other legal entities. Accordingly, the company is proposing a clarifying amendment to Article 18(b) to allow delegation only to natural persons.

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Pursuant to Swiss law, we are required to submit to you for your approval both the English version and the (authoritative) German version of the proposed amendment to the Articles of Association. The foregoing summary of the proposed changes to the company's current Articles of Association is qualified in its entirety by express reference to the texts of Article 20b, Article 18(b), and Article 19(6) of the Articles of Association, a copy of which has been marked to indicate changes from the company's current Articles of Association and is attached as *Appendix B* to this Proxy Statement.

If the shareholders do not approve this proposal, the Board may call an extraordinary general meeting of shareholders for reconsideration of the proposal.

Your Board unanimously recommends a vote FOR the adoption of Article 20b of the Articles of Association and FOR the related amendments to Articles 18(b) and Article 19(6) as described in this proposal and set forth in *Appendix B*.

PROPOSAL 4
AMEND THE ARTICLES OF ASSOCIATION TO LIMIT THE NOTICE PERIOD IN
EMPLOYMENT AGREEMENTS WITH EXECUTIVE OFFICERS AND AGREEMENTS
WITH DIRECTORS, AND TO PROHIBIT LOANS AND
CREDIT TO EXECUTIVES AND DIRECTORS

Pursuant to the Ordinance, we are required to amend our Articles of Association to limit the "notice period" (as discussed below) in any compensation-related agreements we enter into with our directors and executive officers. We are also required to prohibit any loans or credit to our directors and executive officers. The company is proposing that shareholders adopt a new Article 20c to the Articles of Association to comply with the Ordinance.

Limitation on Notice Period

The "notice period" is the period of time after the company or the respective director or executive has given notice of termination of his or her agreement and before the effective time of termination of his or her employment with the company. During the notice period, the company is required to continue to pay a director's or executive's salary, health and welfare benefits and other compensation and the respective director or executive generally has to continue to fulfill his or her duties towards the company. With respect to service agreements with directors or employment agreements with executives, it is common in Europe that the notice period is transferred into a "garden leave", which means that the company releases the director or executive from his or her duties but continues to pay compensation for the remaining notice period. The Ordinance provides that the notice period of the service agreements with directors and employment agreements with executives that form the basis for their compensation may not exceed 12 months. The Board is proposing that the company's Articles of Association limit the notice period of any compensation-related agreements with directors and any employment agreements with executive officers to 12 months.

Proposed Article 20c a) states that the company may enter into service agreements with directors and employment agreements with executives for a fixed term or for an indefinite term so long as the notice period under such agreements does not exceed 12 months. The company does not currently, and in the future does not plan to, enter into service agreements with its directors. If the shareholders approve this Proposal 4, employment agreements with the company's key executives will be amended accordingly before December 31, 2015.

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Limit on Loans and Credit to Directors and Executives

The company does not currently, and in the future does not plan to, extend loans or credit to its directors or executives. The Board is proposing that the company's Articles of Association specify that the company does not engage in such practice. Accordingly, proposed Article 20c b) states that as a rule, the company does not grant any loans or credit to directors or officers.

Pursuant to Swiss law, we are required to submit to you for your approval both the English version and the (authoritative) German version of the proposed amendment to the Articles of Association. The foregoing summary of the proposed changes to the company's current Articles of Association is qualified in its entirety by express reference to the text of Article 20c of the Articles of Association, a copy of which has been marked to indicate changes from the company's current Articles of Association and is attached as *Appendix B* to this Proxy Statement.

If the shareholders do not approve this proposal, the Board may call an extraordinary general meeting of shareholders for reconsideration of the proposal.

Your Board unanimously recommends a vote FOR the adoption of Article 20c of the Articles of Association as described in this proposal and set forth in *Appendix B*.

PROPOSAL 5
AMEND THE ARTICLES OF ASSOCIATION
TO LIMIT THE NUMBER OF OUTSIDE BOARD SEATS
OUR DIRECTORS AND EXECUTIVES MAY HOLD

Pursuant to the Ordinance, we are required to amend our Articles of Association to limit the number of outside board seats that directors and executive officers can hold. While our Articles of Association currently do not provide for a limit to the number of outside board seats that our directors can maintain, the Board expects each director and executive officer to ensure that any commitment they make to other organizations will not interfere with their ability to devote sufficient time and attention to company matters. In addition, it is the policy of the Board that each director not serve on more than three additional public company boards of directors and that a director notify the Chairman of the Board prior to accepting any invitation to serve on another public company board in order to ensure that conflicts of interest, antitrust issues or a failure to maintain independence does not arise. It is the policy of the company that all executive officers obtain written approval before serving as a director of a for-profit corporation.

The Board is proposing that the shareholders adopt a new Article 20d to the company's Articles of Association that would limit the number of outside director seats that directors can hold to ten, of which not more than three may be with an additional public company, and the number of outside director seats that executives can hold to five, of which not more than one may be with an additional public company. Any outside board seat that is held by a director or an executive officer with any subsidiary or affiliate of the company shall not count against these limits. Outside board seats that are held by a director or executive officer at the request of the company or with a non-profit organization shall each be limited to no more than ten such directorships.

Pursuant to Swiss law, we are required to submit to you for your approval both the English version and the (authoritative) German version of the proposed amendment to the Articles of Association. The foregoing summary of the proposed changes to the company's current Articles of Association is qualified in its entirety by express reference to the texts of Article 20d of the Articles of

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Association, a copy of which has been marked to indicate changes from the company's current Articles of Association and is attached as *Appendix B* to this Proxy Statement.

If the shareholders do not approve this proposal, the Board may call an extraordinary general meeting of shareholders for reconsideration of the proposal.

Your Board unanimously recommends a vote FOR the adoption of Article 20d of the Articles of Association as described in this proposal and set forth in *Appendix B*.

PROPOSAL 6
AMEND THE ARTICLES OF ASSOCIATION
TO PROVIDE FOR SAY-ON-PAY VOTES REQUIRED UNDER SWISS LAW

The Ordinance requires the company to hold binding shareholder say-on-pay votes for director and executive compensation. The Ordinance also requires amendments to our Articles of Association to define the details regarding these binding say-on-pay votes. The Ordinance mandates that shareholders vote separately on the aggregate compensation of directors as a group and on the aggregate compensation of executives as a group. Under the Ordinance, organizations may conduct these binding say-on-pay votes either prospectively or retrospectively. That is, companies may choose whether shareholders vote to approve the actual compensation that has already been paid by the company or whether shareholders approve a compensation budget that is proposed to be paid by the company for a specified period. If the company conducts prospective say-on-pay votes, it must specify the fiscal year, calendar year or other period of the time for which shareholders are being asked to approve the compensation budget (the "Approval Period").

In accordance with SEC requirements, each year since 2011, the company has provided shareholders with the opportunity to cast an advisory vote on executive compensation retrospectively. Each year, these advisory votes have received overwhelming shareholder approval with over 98% of the votes cast in favor of the company's say-on-pay proposal. The Board therefore proposes that the company's Articles of Association provide that the binding say-on-pay votes required by the Ordinance be conducted prospectively in order to alleviate any uncertainty that may occur if the shareholders did not approve the binding say-on-pay votes required by the Ordinance, but did approve the advisory say-on-pay vote conducted pursuant to SEC requirements, or vice versa. The Board is proposing that the Approval Period applicable to each say-on-pay vote be the current calendar year. Accordingly, the Approval Period for the say-on-pay votes that will be conducted at this Annual Shareholder Meeting, as described in Proposals 11 and 12 in this Proxy Statement, will be the 2015 calendar year.

The Ordinance also provides that, if a company elects to conduct prospective binding say-on-pay votes, the Articles of Association may provide for a specified additional amount to be available for the compensation of executives who are appointed after shareholder approval of the say-on-pay votes. This additional amount may be paid to such executives without any further shareholder action, but only if the aggregate amount approved by the shareholders for executives is insufficient to compensate the newly appointed executive(s). The Board is proposing that the Articles of Association include a provision that an additional amount of up to 40% of the previously approved total aggregate compensation of executives be available for the compensation of each new executive appointed after the say-on-pay vote for 2015.

The Ordinance also requires that the Articles of Association provide details regarding how to proceed if shareholders do not approve the say-on-pay votes required by the Ordinance. The Board proposes that the Articles of Association provide that in such event, the Board may call an extraordinary meeting of shareholders in order to submit a new proposal for shareholder approval.

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The Board is proposing that the shareholders adopt a new Article 20e to the company's Articles of Association that would define the details regarding the binding say-on-pay votes. The proposed Article 20e would also clarify that: (i) amounts paid to directors and executives as reimbursement of business expenses incurred in connection with their service to the company will not constitute compensation subject to shareholder approval; (ii) directors and executives may receive compensation for services rendered to the company's subsidiaries, which may be paid by the company or its subsidiaries, if such amounts are included in the total aggregate amount of compensation approved by shareholders; and (iii) compensation approved by the shareholders may be paid in whole or in part after the Approval Period for which it was approved if it is paid for the performance of services during the Approval Period for which it was approved. In addition, the Board is proposing to adopt a new Article 9(5) to state specifically that shareholders must approve the compensation amount for the directors and the executive officers. The Board is also proposing that Article 17 of the Articles of Association be amended to delete paragraph c) since the Ordinance requires that the compensation of directors be subject to shareholder approval rather than determined by the Board.

Pursuant to Swiss law, we are required to submit to you for your approval both the English version and the (authoritative) German version of the proposed amendment to the Articles of Association. The foregoing summary of the proposed changes to the company's current Articles of Association is qualified in its entirety by express reference to the texts of Article 9(5) and Article 20e of the Articles of Association, a copy of which has been marked to indicate changes from the company's current Articles of Association and is attached as *Appendix B* to this Proxy Statement.

If the shareholders do not approve this proposal, the Board may call an extraordinary general meeting of shareholders for reconsideration of the proposal.

Your Board unanimously recommends a vote FOR the adoption of Article 9(5) and Article 20e and the deletion of paragraph c) of Article 17 of the Articles of Association as described in this proposal and set forth in *Appendix B*.

PROPOSAL 7
ELECT THE BOARD OF DIRECTORS

Each member of our Board is being nominated for election at this Annual Shareholder Meeting. 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 to serve until the Annual Shareholder Meeting in 2016.

Your Board unanimously recommends a vote FOR each of the nominees 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 in accordance with the general instructions provided on the proxy card with regard to such other person as your Board shall recommend and nominate. In the absence of other specific instructions, proxies will be voted as your Board shall recommend.

The biography of each nominee 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. Mr. Scott Hunter, a current director, is retiring from the Board and is not a nominee for reelection.

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Nominees for Election

Barbara T. Alexander, 66

Position, Principal Occupation and Business Experience:

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 the Compensation Committee; and Choice Hotels International, Inc., where she is Chairperson of the Audit Committee and a member of the Diversity Committee. Ms. Alexander previously served on the board of directors of KB Home from October 2010 to April 2014, 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.

Key Attributes, Experience and Skills:

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.

Director Since:

August 2009

Board Committees:

Audit (Chair),
Compensation, Enterprise
Risk and Investment

Other Current

Public Boards:

QUALCOMM Incorporated
(NASDAQ: QCOM)
and
Choice Hotels
International (NYSE: CHH)

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Scott A. Carmilani, 50

Position, Principal Occupation and Business Experience:

Mr. Carmilani was elected our President and Chief Executive Officer in January 2004 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.

Key Attributes, Experience and Skills:

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.

Director Since:
September 2003

Board Committees:
Executive (Chair)

Other Current Public Boards:
None

James F. Duffy, 71

Position, Principal Occupation and Business Experience:

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.

Key Attributes, Experience and Skills:

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.

Director Since:
July 2006

Board Committees:
Audit, Compensation, Executive and Nominating & Corporate Governance

Other Current Public Boards:
None

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Bart Friedman, 70

Position, Principal Occupation and Business Experience:

Mr. Friedman 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 chairman of the board of directors of Sanford Bernstein Mutual Funds, where he is a member of the Audit Committee and the Nominating and Governance Committee. He is also the chairman of the Audit 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 and the Compensation Committee.

Key Attributes, Experience and Skills:

The Board believes that, among other qualifications, Mr. Friedman's extensive expertise and experience in corporate governance and investment matters give him the skills to serve as a director.

Director Since:

March 2006

Lead Independent Director

Board Committees:

Compensation,
Investment and
Nominating & Corporate
Governance (Chair)

Other Current

Public Boards:

Sanford Bernstein
Mutual Funds

Patrick de Saint-Aignan, 66

Position, Principal Occupation and Business Experience:

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 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.

Key Attributes, Experience and Skills:

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.

Director Since:

August 2008

Board Committees:

Audit, Compensation,
Enterprise Risk (Chair)
and Investment

Other Current

Public Boards:

State Street Corporation
(NYSE: STT)

Table of Contents**Eric S. Schwartz, 52****Position, Principal Occupation and Business Experience:**

Mr. Schwartz is the founder and has been Chief Executive Officer of 76 West Holdings, a private investment company, since June 2008. In support of the activities of 76 West, he has served as Chairman of Applied Data Finance, LLC, a non-prime consumer finance company since November 2014; as a director of Demica Limited, a trade finance company since July 2014; as Chairman of Jefferson National Financial Corp., an insurance company focused on the variable annuity market, since January 2012; as Chairman of Gold Bullion International LLC, a precious metals dealer, since January 2012; as a director of Indostar Capital Finance, a finance company based in India, since April 2011; and as a director of Binary Event Network, an electronic prediction marketplace, since May 2011. He has served as a director of Atlanta Hawks Basketball & Entertainment, LLC since March 2014. He also served as Chairman-elect of Nikko Asset Management from June 2008 until its sale in June 2009; and as a director of Prosper Marketplace, an internet-based consumer lending company, from March 2012 until January 2013. Mr. Schwartz is a former Co-CEO of Goldman Sachs Asset Management. He joined The Goldman Sachs Group, Inc. ("Goldman Sachs") in 1984 and served in various leadership positions at the firm during his tenure at Goldman Sachs. In 1994, he became a partner in the Equity Capital Markets unit of Goldman Sachs' Investment Banking Division and later served as Co-Head of its Global Equities and Investment Management Divisions. He joined Goldman Sachs' Management Committee in 2001 and was named Co-Head of its Partnership Committee in 2005. In June 2007, he retired from Goldman Sachs. He serves as a director of the Food Bank for New York City and as a director of Securing America's Future Energy.

Key Attributes, Experience and Skills:

The Board believes that, among other qualifications, Mr. Schwartz's broad experience and expertise in corporate finance and investment matters as well as his international business background give him the skills to serve as a director.

Director Since:

October 2013

Board Committees:

Compensation and Investment (Chair)

Other Current**Public Boards:**

None

Table of Contents**Samuel J. Weinhoff, 64****Position, Principal Occupation and Business Experience:**

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 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.

Key Attributes, Experience and Skills:

The Board believes that, among other qualifications, Mr. Weinhoff's extensive insurance and reinsurance industry experience as well as expertise in corporate finance and strategic planning matters give him the skills to serve as a director.

Director Since:

July 2006

Board Committees:

Audit, Compensation (Chair), Enterprise Risk, Executive and Investment

Other Current**Public Boards:**

Infinity Property and Casualty Corporation (NASDAQ: IPCC)

Board and Committee Membership⁽¹⁾

Name	Audit	Compensation	Enterprise Risk	Executive	Investment	Nominating
Barbara T. Alexander*	C	•	•		•	
Scott A. Carmilani				C		
James F. Duffy*	•	•		•		•
Bart Friedman**		•			C	C
Patrick de Saint-Aignan*	•	•	C		•	
Eric S. Schwartz*		•			C	
Samuel J. Weinhoff*	•	C	•	•	•	
<i>Number of 2014 Meetings</i>	6	4	5	0	4	3

• Member

C Chair

* Independent Director

** Lead Independent Director

(1)

All committees, except the Executive Committee, are comprised of independent directors only.

Director Independence

The Board has determined that Ms. Alexander and Messrs. Duffy, Friedman, Hunter, de Saint-Aignan, Schwartz and Weinhoff are independent directors under the listing standards of the New York Stock Exchange (the "NYSE"). We require that a majority of our 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

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company and these directors. A copy of the Board Policy on Director Independence is attached as *Appendix A* to this Proxy Statement.

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Meetings and Committees of the Board

During the year ended December 31, 2014, there were six meetings of our Board (including regularly scheduled and special meetings), six meetings of the Audit Committee, four meetings of the Compensation Committee, five meetings of the Enterprise Risk Committee, no meeting of the Executive Committee, four meetings of the Investment Committee and three meetings of the Nominating & Corporate Governance Committee. 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, or his designee, served as the presiding director of the executive sessions of our non-management and independent directors held in 2014. 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 in the chart 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 our 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.

Lead Independent Director

The Lead Independent Director is elected solely by and from the independent directors. 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;
- facilitating communication between the Board and management;
- being available to communicate with and respond to certain inquiries of the company's shareholders; and
-

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performing such other duties as requested by the Board.

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. Printed copies of these documents as well as the committee charters discussed below are available by sending a written request to our Corporate Secretary. The foregoing information is available on our website at www.awac.com under "Investor Relations Corporate Information Governance Documents".

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Audit Committee. 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. 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. 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 has the authority to oversee the general business and affairs of the company to the extent permitted by Swiss law.

Investment Committee. 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. 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 2016 may do so by submitting in writing such nominees' names and other information required under SEC rules and our Articles of Association, in compliance with the procedures described under "Shareholder Proposals for 2016 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;

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- 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 director candidates. The Nominating & Corporate Governance Committee determines whether or not the candidate meets the company's general qualifications and specific qualities for directors and whether or not additional information is appropriate.

The Board and the Nominating & Corporate Governance Committee do not have a specific policy regarding diversity. Instead, in addition to the general qualities that the Board requires of all nominees and directors, such as high personal and professional ethics, values and integrity, the Board and the Nominating & Corporate Governance Committee strive to have a diverse group of directors with differing experiences, qualifications, attributes and skills to further enhance the quality of the Board. As we are an insurance and reinsurance company that (i) sells products that protect other companies and individuals from complex risks, (ii) has a significant investment portfolio and (iii) faces operational risks similar to those at other international companies, the Board and the Nominating & Corporate Governance Committee believe that having a group of directors who have the range of experience and skills to understand and oversee this type of business is critical. The Board and the Nominating & Corporate Governance Committee do not believe that each director must be an expert in every aspect of our business, but instead the Board and committee strive to have well-rounded, collegial directors who contribute to the diversity of ideas and strengthen the Board's capabilities as a whole. Through their professional careers and experiences, the Board and the Nominating & Corporate Governance Committee believe that each director has obtained certain attributes that further the goals discussed above.

Risk Oversight

While the assumption of risk is inherent to our business, we believe we have developed a strong risk management culture throughout our organization that is fostered and maintained by our senior management, with oversight by the Board through its committees. The Board primarily delegates its risk management oversight to three of its committees: the Audit Committee, the Enterprise Risk Committee and the Investment Committee, who regularly report to the Board. The Audit Committee primarily oversees those risks that may directly or indirectly impact the company's financial statements, the Enterprise Risk Committee primarily oversees the company's business and operational risks and the Investment Committee primarily oversees the company's investment portfolio risks. The Enterprise Risk Committee also reviews and recommends for approval by the Board our overall firm-wide risk appetite statement, and oversees management's compliance with this statement. Each committee has broad powers to ensure that it has the resources to satisfy its duties under its charter, including the ability to request reports from any officer or employee of the company and the authority to retain special counsel or other experts and consultants as it deems appropriate.

Each of these committees receives regular reports from senior management who have day-to-day risk management responsibilities, including from our Chief Executive Officer. The Audit Committee receives reports from our Chief Executive Officer, Chief Financial Officer, Chief Actuary, General Counsel, Chief Information Officer, Head of Internal Audit and the company's independent auditors. These reports address various aspects of risk assessment and management relating to the company's financial statements. The Enterprise Risk Committee meets regularly with our Chief Executive Officer; President, Underwriting and Global Risk; Chief Risk Officer; and Chief Actuary as part

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of its oversight of the company's underwriting, pricing and claims risks. Throughout the year, the Enterprise Risk Committee will also receive reports from other operational areas. To assist it in its oversight of the company's investment risk exposures, the Investment Committee receives reports from our Chief Investment Officer and external investment managers and advisors.

As open communications and equal access to information can be an important part of the Board's risk oversight, all of the directors receive the information sent to each committee prior to any committee meeting. Board members are also encouraged to, and often do, attend all committee meetings regardless of whether he or she is a member of such committee.

Director Compensation

In 2014, compensation for our non-management directors consisted of the following:

Fees for Non-Management Directors

Position	Annual Cash Retainers	Annual Value of RSU Award
Board Member	\$ 85,000 ⁽¹⁾	\$ 90,000 ₍₁₎
Lead Independent Director	\$ 15,000	
Audit Committee and Enterprise Risk Committee Chair	\$ 50,000 ⁽¹⁾	
Compensation Committee and Investment Committee Chair	\$ 35,000	
Nominating & Corporate Governance Committee Chair	\$ 8,000	
Audit Committee Members	\$ 25,000	

(1) In May 2014, the Board approved an increase in the annual cash retainer paid to each non-management director from \$80,000 to \$85,000, an increase in the value of the annual equity award of restricted stock units ("RSUs") from \$75,000 to \$90,000, and an increase in the annual retainer for the Chairs of the Audit Committee and the Enterprise Risk Committee from \$35,000 to \$50,000.

Our non-management directors received \$3,000 for each Board meeting attended and \$2,000 for each committee meeting attended. We also provide to all non-management directors reimbursement of expenses incurred in connection with their service on the Board, including the reimbursement of director educational expenses.

As discussed in footnote 2 to the "Stock Awards" column of the "Non-Management Directors Compensation" table below, in February 2014, each non-management director received an annual equity award of RSUs of the company worth approximately \$75,000. Each RSU represents the right to receive one newly-issued, fully paid and non-assessable common share of the company at a future date and fully vests on the first anniversary of the date of grant, subject to continued service as a director through such date. The RSUs were awarded to our non-management directors pursuant to the Allied World Assurance Company Holdings, AG 2012 Omnibus Incentive Compensation Plan (the "2012 Omnibus Plan") and, other than with respect to vesting terms, were granted on similar terms and conditions as those generally granted to our employees. In 2014, these annual equity awards were granted concurrently with the grant of equity awards to members of our senior management following the preparation and completion of the 2014 year-end financial statements. Consistent with past practice, on February 17, 2015, each of our non-management directors (other than Mr. Hunter) received 2,311 RSUs under the 2012 Omnibus Plan.

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The following table provides information concerning the compensation paid to the company's non-management directors for fiscal year 2014.

Non-Management Directors Compensation⁽¹⁾

Name	Fees Earned or Paid in Cash	Stock Awards⁽²⁾	Other Compensation⁽³⁾	Total
Barbara T. Alexander	\$ 189,750	\$ 74,503	\$ 10,000	\$ 274,253
James F. Duffy	\$ 152,750	\$ 74,503	\$	\$ 227,253
Bart Friedman	\$ 174,750	\$ 74,503	\$	\$ 249,253
Scott Hunter	\$ 229,097	\$ 74,503	\$	\$ 303,600
Patrick de Saint-Aignan	\$ 214,750	\$ 74,503	\$ 10,000	\$ 299,253
Eric S. Schwartz	\$ 152,750	\$ 74,503	\$	\$ 227,253
Samuel J. Weinhoff	\$ 199,750	\$ 74,503	\$ 10,000	\$ 284,253

(1)

In 2014, our non-management directors did not receive any non-equity incentive plan compensation and did not have any pension or deferred compensation plans compensation that would be required to be included in this table. Accordingly, other columns generally required pursuant to SEC rules are not included in the "Non-Management Directors Compensation" table. In 2014, Mr. Hunter received \$46,347 in additional fees for serving on the board of directors of one of our European subsidiaries. These fees are included in the table above.

(2)

As of December 31, 2014, our non-management directors held an aggregate of 15,540 RSUs under the 2012 Omnibus Plan, with each director holding 2,220 RSUs. In accordance with SEC rules, the amounts shown in the "Stock Awards" column equal the estimate of aggregate compensation costs to be recognized with respect to RSU awards granted in 2014 determined as of the grant date under Financial Accounting Standards Board Accounting Standards Codification (ASC) Topic 718, Stock Compensation ("FASB ASC Topic 718"), and excluding the effect of estimated forfeitures. The fair value has been calculated for purposes of the "Stock Awards" column in the table above by using the closing price of our common shares on the date of grant (\$33.56 per common share for the awards issued on February 18, 2014). In determining the fair value of awards for directors and all of our employees, the Board uses the daily volume-weighted average sales price of our common shares for the 20 consecutive trading days up to and including the second trading day prior to the date of grant (\$33.77 per common share, or a \$74,969 aggregate grant to each director on February 18, 2014).

(3)

Reflects matching contributions made under the company's matching gift program, which is available to all employees and directors. Under this program, the company will match contributions to eligible non-profit organizations, up to a maximum of \$10,000 per year.

Stock Ownership Policy

In order to promote equity ownership and further align the interests of the Board with our shareholders, the Board adopted a stock ownership policy for all non-management directors. Under this policy, non-management directors are expected to own, within five years after his or her joining the Board, equity interests of the company with a value equal to five times the then-current annual cash retainer for serving on the Board. Non-management directors are expected not to sell any common shares until they are in compliance with this policy. Mr. Carmilani, our President, Chief Executive Officer and Chairman of the Board, is subject to a stock ownership policy for senior employees as described in "Executive Compensation Compensation Discussion and Analysis Stock Ownership Policy."

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PROPOSAL 8
ELECT THE CHAIRMAN OF THE BOARD OF DIRECTORS

Pursuant to Swiss law, the Chairman of the Board must be elected annually by our shareholders. The Nominating & Corporate Governance Committee has recommended electing Scott A. Carmilani to serve as Chairman of the Board until the Annual Shareholder Meeting in 2016. Mr. Carmilani has served as Chairman of the Board since January 2008. As noted in "Board Leadership Structure," our rationale for combining the CEO and Chairman of the Board positions relates principally to the Board's belief that at this stage of our development and continued global expansion, we and our shareholders will be best served if the Chairman is in close proximity to the senior management team on a regular and continual basis. Under Mr. Carmilani's leadership as President, CEO and Chairman of the Board, we have achieved considerable growth by expanding our business in Asia, Europe, Latin America and North America; have successfully responded to changes to the insurance and reinsurance industry as well as macroeconomic change; and have delivered superior value creation over the past several years. For additional information about our financial performance and our performance relative to our peers, please see the "Proxy Statement Summary" on page 1 of this Proxy Statement.

This agenda item may only be approved if our shareholders voting (in person or by proxy) at the Annual Shareholder Meeting first elect Mr. Carmilani as a director in Proposal 7 "Elect the Board of Directors". If our shareholders do not approve this proposal, the Board may call an extraordinary general meeting of shareholders for reconsideration of this proposal.

Your Board unanimously recommends a vote FOR the nominee for Chairman of the Board, Mr. Scott A. Carmilani, as listed on the enclosed proxy card. It is not expected that the nominee will become unavailable for election as Chairman of the Board but, if Mr. Carmilani should become unavailable prior to the meeting, proxies will be voted in accordance with the general instructions provided on the proxy card with regard to such other person as your Board shall recommend and nominate. In the absence of other specific instructions, proxies will be voted as your Board shall recommend.

PROPOSAL 9
ELECT THE COMPENSATION COMMITTEE MEMBERS

Pursuant to Swiss law, the Compensation Committee members must be elected annually by our shareholders. The Nominating & Corporate Governance Committee has recommended electing Ms. Alexander and Messrs. Duffy, Friedman, de Saint-Aignan, Schwartz and Weinhoff to serve as members of the Compensation Committee until the Annual Shareholder Meeting in 2016. As noted in "Nominees for Election Board and Committee Membership," the Compensation Committee is comprised entirely of independent directors. As noted in "Board Leadership Structure," the Compensation Committee has the authority to establish compensation policies and recommend compensation programs to the Board. Each of the members of the Compensation Committee proposed for election currently serves on the committee.

This agenda item may only be approved if our shareholders voting (in person or by proxy) at the Annual Shareholder Meeting elect each of the directors that are members of the Compensation Committee in Proposal 7 "Elect the Board of Directors". If a director is not re-elected as a director in Proposal 7, he or she will be ineligible to serve on the Compensation Committee. If our shareholders do not approve this proposal, the Board may call an extraordinary general meeting of shareholders for reconsideration of this proposal.

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Your Board unanimously recommends a vote FOR each of the nominees of the Compensation Committee, Ms. Alexander and Messrs. Duffy, Friedman, de Saint-Aignan, Schwartz and Weinhoff, as listed on the enclosed proxy card. It is not expected that any nominee will become unavailable for election as a member of the Compensation Committee but, if any nominee should become unavailable prior to the meeting, proxies will be voted in accordance with the general instructions provided on the proxy card with regard to such other person as your Board shall recommend and nominate. In the absence of other specific instructions, proxies will be voted as your Board shall recommend.

PROPOSAL 10
ELECT THE INDEPENDENT PROXY

Pursuant to Swiss law, the independent proxy must be elected annually by our shareholders. The Board has recommended electing Buis Buergi AG, a Swiss law firm, to serve as the independent proxy at and until the conclusion of the Annual Shareholder Meeting in 2016. Mr. Paul Buergi of Buis Buergi AG has served as independent proxy at our Annual Shareholder Meetings since 2012.

If the shareholders do not approve this proposal, the Board may call an extraordinary general meeting of shareholders for reconsideration of this proposal.

Your Board unanimously recommends a vote FOR Buis Buergi AG as the independent proxy at and until the conclusion of the 2016 Annual Shareholder Meeting.

PROPOSAL 11
APPROVE THE 2015 COMPENSATION FOR EXECUTIVES
AS REQUIRED UNDER SWISS LAW

As discussed in Proposal 6 "Amend the Articles of Association to Provide for Say-on-Pay Votes Required Under Swiss Law", the company has proposed amendments to our Articles of Association so that the shareholders can approve the maximum amount of aggregate compensation that can be paid to our executive officers for 2015. Accordingly, the proposal described in this Proposal 11 gives shareholders the opportunity to approve the maximum aggregate amount of compensation that can be paid to our executive officers for 2015. The executive officers currently include the following ten senior executives: Messrs. Scott A. Carmilani, John R. Bender, Thomas A. Bradley, Wesley D. Dupont, Frank N. D'Orazio, John J. Gauthier, Marshall J. Grossack, Louis P. Iglesias, Julian James and John J. McElroy.

The general principles of the company's executive compensation programs are described in Article 20b of the amended Articles of Association attached hereto as *Appendix B*. A more detailed description of our executive compensation programs currently in effect and the actual amounts paid to our named executive officers for 2014 are described in our CD&A, which begins on page 50 of this Proxy Statement. As described more fully in the CD&A, the Compensation Committee has established a compensation philosophy and related practices and follows a disciplined process in implementing our executive compensation programs and in making individual executive compensation determinations. Please read the amended Articles of Association and the CD&A to understand our executive compensation philosophy and process when considering this proposal.

In addition, shareholders have had the opportunity since 2011 under U.S. securities law to cast a non-binding advisory vote to approve the compensation paid to our named executive officers. There

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are three primary differences between the votes under the U.S. securities laws and under the Swiss Ordinance in this Proxy Statement.

	U.S. Securities Laws	Swiss Ordinance
Effect of Vote	Advisory, non-binding	Binding
Persons Covered	Five named executive officers	All executive officers (currently ten in total)
Compensation Year Covered	2014	2015

Our shareholders have strongly supported our executive compensation programs, providing approval in each year since the required vote became effective. At our Annual Shareholder Meetings held in 2012, 2013 and 2014, the shareholder approval levels have been 99.7%, 98.4% and 98.8%, respectively. The advisory vote required under the U.S. securities laws is still in effect, so our shareholders are again provided the opportunity to vote to approve the compensation paid to the named executive officers in 2014, as is more fully discussed in Proposal 13 "Advisory Vote on 2014 Executive Compensation as Required under U.S. Securities Laws".

For 2015, the company is proposing that shareholders approve the maximum aggregate compensation that can be paid to our executive officers in an amount not to exceed \$39.6 million. This amount is the maximum amount that the Company can pay to our executive officers (other than additional amounts that may be payable to persons who newly assume executive officer functions after the Annual Shareholder Meeting) and has been calculated using conservative assumptions in order to provide the Board and the company's management flexibility to reward superior performance across all businesses and to address unforeseen circumstances that might arise during 2015. The table below provides the maximum amounts of compensation that could have been paid, granted or promised in 2014 and our estimates for maximum compensation levels for 2015. The comments provide insight into the assumptions we have used to make these estimates.

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