

FAIRFAX FINANCIAL HOLDINGS LTD/ CAN
Form 40-F
March 08, 2019

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

Form 40-F

(Check one)

Registration statement pursuant to Section 12 of the Securities Exchange Act of 1934

or

Annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 2018

Commission File Number: 1-31556

FAIRFAX FINANCIAL HOLDINGS LIMITED

(Exact name of Registrant as specified in its charter)

Canada

(Province or other jurisdiction of incorporation or organization)

6331

(Primary Standard Industrial Classification Code Number (if applicable))

Not Applicable

(I.R.S. Employer Identification Number (if applicable))

95 Wellington Street West

Suite 800

Toronto, Ontario Canada

M5J 2N7

(416) 367-4941

(Address and telephone number of Registrant's principal executive offices)

CT Corporation System

111 Eighth Avenue, 13th Floor

New York, NY 10011

U.S.A.

(212) 894-8700

(Name, address (including zip code) and telephone number (including area code) of agent for service in the United States)

Securities registered pursuant to Section 12(b) of the Act:

Not Applicable

Securities registered or to be registered pursuant to Section 12(g) of the Act:

Subordinate Voting Shares

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Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

Not Applicable

For annual reports, indicate by check mark the information filed with this form:

Annual Information Form Audited Annual Financial Statements

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

Subordinate Voting Shares	26,489,177
Multiple Voting Shares	1,548,000

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days.

Yes

No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes

No

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 12b-2 of the Exchange Act.

Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

PRINCIPAL DOCUMENTS

The following documents have been filed as part of this Annual Report on Form 40-F

1. Annual Information Form dated March 8, 2019 attached as Exhibit 99.1 hereto.
2. Audited Consolidated Financial Statements of the Registrant as of December 31, 2018 and 2017 and for the two years in the period ended December 31, 2018 and the related notes, Management's Report on Internal Control over Financial Reporting and the Report of Independent Registered Public Accounting Firm, attached as Exhibit 99.2 hereto.
3. Management's Discussion and Analysis of Financial Condition and Results of Operations dated March 8, 2019 attached as Exhibit 99.3 hereto.

DISCLOSURE CONTROLS AND PROCEDURES

Certifications

The required certifications are included in Exhibits 99.6 and 99.7 hereto.

Disclosure Controls and Procedures

The Registrant's chief executive officer and its chief financial officer, after evaluating the effectiveness of the Registrant's disclosure controls and procedures, as of the end of the period covered by this annual report on Form 40-F, have concluded, based upon such evaluation, that the Registrant's disclosure controls and procedures were effective as of the end of such period.

Management's Annual Report on Internal Control Over Financial Reporting

Management's Report on Internal Control over Financial Reporting is included in Exhibit 99.2 hereto and is incorporated by reference herein.

Attestation Report of the Registered Public Accounting Firm

The effectiveness of the Registrant's internal control over financial reporting as at December 31, 2018 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which is included in Exhibit 99.2 hereto and is incorporated by reference herein.

Changes in Internal Control Over Financial Reporting

There was no change in the Registrant's internal control over financial reporting that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting.

The design of any system of controls and procedures is based in part upon certain assumptions about the likelihood of future events. There can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

NOTICES PURSUANT TO REGULATION BTR

The Registrant was not required by Rule 104 of Regulation BTR to send any notice to any of its directors or executive officers during the year ended December 31, 2018.

AUDIT COMMITTEE FINANCIAL EXPERT

The Registrant's board of directors determined that it has at least one audit committee financial expert serving on its audit committee. Mr. Alan D. Horn has been determined to be such an audit committee financial expert and is independent as that term is defined by the New York Stock Exchange's listing standards. The U.S. Securities and Exchange Commission has indicated that the designation of Mr. Horn as an audit committee financial expert does not make Mr. Horn an "expert" for any purpose, impose any duties, obligations or liability on Mr. Horn that are greater than those imposed on members of the audit committee and board of directors who do not carry this designation or affect the duties, obligations or liability of any other members of the audit committee or board of directors.

CODE OF ETHICS

The disclosure provided under "Statement of Corporate Governance Practices" in the Registrant's Management Proxy Circular, included as Exhibit 99.4 hereto, is incorporated by reference herein.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

For details on the Registrant's principal accountant fees payable to PricewaterhouseCoopers LLP and its member firms for the years ended December 31, 2018 and December 31, 2017, as well as a description of the nature of each category of fees, see the information under "Audit Committee" in the Registrant's Annual Information Form dated March 8, 2019, included as Exhibit 99.1 hereto.

Pre-Approval Policies and Procedures

The Registrant's Audit Committee has adopted a pre-approval policy with respect to permitted audit and non-audit services. Non-audit services are expected to relate primarily to tax advisory services. Under the policy, non-audit service requests and associated estimated fees payable by the Registrant and its subsidiaries must be submitted prior to the initiation of the services in advance of each financial quarter for pre-approval by the Registrant's Audit Committee. Requests by the Registrant or its subsidiaries for pre-approval of non-audit services (other than tax advisory services discussed below) within any financial quarter must be submitted to the Registrant's chief financial officer and pre-approved by the Chair of the Audit Committee and must be presented to the Audit Committee at its next meeting. The Audit Committee has pre-approved in principle certain types of tax advisory services and during any quarter, the Registrant's chief financial officer may approve requests for such services of less than CDN \$5,000 per item subject to an aggregate quarterly limit of CDN \$25,000 for Canadian and international tax matters and \$25,000 for U.S. tax matters.

For the year ended December 31, 2018, none of the services described above were approved by the Audit Committee pursuant to paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

OFF-BALANCE SHEET ARRANGEMENTS

The Registrant and its subsidiaries have certain security arrangements and commitments that have financial implications. These arrangements are described in Note 20 to the Registrant's audited consolidated financial statements for the year ended December 31, 2018, included as Exhibit 99.2 hereto.

TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

Tabular disclosure of the Registrant's present and future obligations as at December 31, 2018 is provided in Note 24 to the Registrant's audited consolidated financial statements for the year ended December 31, 2018, included as Exhibit 99.2 hereto.

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For further details on the Registrant's provision for claim liability, long term debt principal and interest payments, purchase obligation and other liabilities payments and operating lease payments, see Notes 8, 15, 22, 23 and 24 of the Registrant's audited consolidated financial statements for the year ended December 31, 2018, included as Exhibit 99.2 hereto.

IDENTIFICATION OF THE AUDIT COMMITTEE

The Registrant has a standing audit committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended. The members of the Registrant's audit committee are Alan D. Horn, Anthony F. Griffiths, Robert J. Gunn, Timothy R. Price and Lauren C. Templeton. The disclosure provided under "Statement of Corporate Governance Practices Audit Committee" in the Registrant's Management Proxy Circular, included as Exhibit 99.4 hereto, is incorporated by reference herein.

MINE SAFETY DISCLOSURE

The Registrant is not currently required to disclose the information required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

FORWARD-LOOKING INFORMATION

A number of statements in the documents incorporated by reference in this Form 40-F constitute "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Please refer to the paragraph under the heading "Forward-Looking Statements" in the Management's Discussion and Analysis of Financial Condition and Results of Operations dated March 8, 2019, including Management's Report on Internal Control over Financial Reporting incorporated by reference herein, attached as Exhibit 99.3 hereto and forming an integral part of this document, for a discussion of risks, uncertainties and assumptions that could cause actual results to vary from those forward-looking statements.

UNDERTAKING AND CONSENT TO SERVICE OF PROCESS

A. Undertaking.

Fairfax Financial Holdings Limited (the "Registrant") undertakes to make available, in person or by telephone, representatives to respond to inquiries made by Securities and Exchange Commission (the "Commission") staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

B. Consent to Service of Process.

The Registrant has previously filed with the Securities and Exchange Commission a Form F-X in connection with the class of securities in relation to which the obligation to file this report arises.

SIGNATURES

Pursuant to the requirements of the Exchange Act, the registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereto duly authorized.

Date: March 8, 2019

FAIRFAX FINANCIAL HOLDINGS LIMITED

By: /s/ Paul Rivett

Name: Paul Rivett
Title: President

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EXHIBIT INDEX

- 99.1 Annual Information Form dated March 8, 2019
- 99.2 Audited Consolidated Financial Statements of the Registrant as of December 31, 2018 and 2017 and for the two years in the period ended December 31, 2018 and the related notes, Management's Report on Internal Control over Financial Reporting and the Report of Independent Registered Public Accounting Firm on the Consolidated Financial Statements and the effectiveness of internal control over financial reporting
- 99.3 Management's Discussion and Analysis of Financial Condition and Results of Operations dated March 8, 2019
- 99.4 The information under "Statement of Corporate Governance Practices" in the Registrant's Management Proxy Circular, dated March 8, 2019 in connection with the annual meeting of shareholders to be held on April 11, 2019, is incorporated herein by reference to Exhibit 99.1 to the Registrant's Report on Form 6-K furnished to the Securities and Exchange Commission on March 8, 2019
- 99.5 Consent of PricewaterhouseCoopers LLP
- 99.6 Rule 13a-14(a)/15d-14(a) Certifications:
 - Certification of Registrant's Chief Executive Officer
 - Certification of Registrant's Chief Financial Officer
- 99.7 Section 1350 Certifications:
 - Certification of Registrant's Chief Executive Officer
 - Certification of Registrant's Chief Financial Officer
- 101 Interactive Data File

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