

Allied World Assurance Co Holdings, AG
Form 10-Q
July 21, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q
(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: June 30, 2016

OR
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission file number: 001-32938
ALLIED WORLD ASSURANCE COMPANY HOLDINGS, AG
(Exact Name of Registrant as Specified in Its Charter)
Switzerland 98-0681223
(State or Other Jurisdiction of (I.R.S. Employer
Incorporation or Organization) Identification No.)
Gubelstrasse 24, Park Tower, 15th Floor, 6300 Zug, Switzerland
(Address of Principal Executive Offices and Zip Code)

41-41-768-1080
(Registrant’s Telephone Number, Including Area Code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of July 13, 2016, 87,348,066 common shares were outstanding.

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PART I

FINANCIAL INFORMATION

Item 1. Financial Statements.

ALLIED WORLD ASSURANCE COMPANY HOLDINGS, AG

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

as of June 30, 2016 and December 31, 2015

(Expressed in millions of United States dollars, except share and per share amounts)

	June 30, 2016	December 31, 2015
ASSETS:		
Fixed maturity investments trading, at fair value (amortized cost: 2016: \$7,769.0; 2015: \$7,290.6)	\$7,794.2	\$ 7,201.5
Equity securities trading, at fair value (cost: 2016: \$205.3; 2015: \$395.3)	202.3	403.0
Other invested assets	939.8	966.7
Total investments	8,936.3	8,571.2
Cash and cash equivalents	584.5	608.0
Restricted cash	78.2	60.6
Insurance balances receivable	961.0	745.9
Funds held	279.1	640.8
Prepaid reinsurance	430.1	392.3
Reinsurance recoverable	1,516.7	1,480.0
Reinsurance recoverable on paid losses	73.8	96.4
Accrued investment income	38.7	38.3
Net deferred acquisition costs	168.9	165.2
Goodwill	392.6	388.1
Intangible assets	113.5	116.6
Balances receivable on sale of investments	114.6	36.9
Net deferred tax assets	21.2	24.4
Other assets	158.1	147.2
Total assets	\$13,867.3	\$ 13,511.9
LIABILITIES:		
Reserve for losses and loss expenses	\$6,623.2	\$ 6,456.2
Unearned premiums	1,822.1	1,683.3
Reinsurance balances payable	227.7	214.4
Balances due on purchases of investments	155.0	125.1
Senior notes:		
Principal amount	1,300.0	1,300.0
Less unamortized discount and debt issuance costs	6.3	7.1
Senior notes, net of unamortized discount and debt issuance costs	1,293.7	1,292.9
Other long-term debt	23.1	23.0
Accounts payable and accrued liabilities	138.0	184.5
Total liabilities	\$10,282.8	\$ 9,979.4
SHAREHOLDERS' EQUITY:		
Common shares: 2016 and 2015: par value CHF 4.10 per share (2016: 93,586,418; 2015: 95,523,230 shares issued and 2016: 87,463,950; 2015: 90,959,635 shares outstanding)	366.7	386.7
Treasury shares, at cost (2016: 6,122,468; 2015: 4,563,595)	(216.7) (155.1
Accumulated other comprehensive loss	(6.0) (9.3
Retained earnings	3,440.5	3,310.2
Total shareholders' equity	3,584.5	3,532.5

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Total liabilities and shareholders' equity	\$13,867.3	\$ 13,511.9
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See accompanying notes to the consolidated financial statements.

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ALLIED WORLD ASSURANCE COMPANY HOLDINGS, AG
 UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 AND COMPREHENSIVE INCOME

for the three and six months ended June 30, 2016 and 2015

(Expressed in millions of United States dollars, except share and per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
REVENUES:				
Gross premiums written	\$800.3	\$826.0	\$1,663.8	\$1,706.6
Premiums ceded	(222.2)	(222.3)	(381.7)	(330.4)
Net premiums written	578.1	603.7	1,282.1	1,376.2
Change in unearned premiums	24.8	42.7	(99.1)	(161.3)
Net premiums earned	602.9	646.4	1,183.0	1,214.9
Net investment income	55.8	42.8	109.1	87.3
Net realized investment gains (losses)	74.5	(20.2)	93.4	24.8
Other income	5.2	0.9	5.7	1.9
Total revenue	738.4	669.9	1,391.2	1,328.9
EXPENSES:				