



Louis P. Iglesias
President,
Allied World
North America

Dear Colleagues,

I hope you are enjoying your summer and are able to spend quality time with family and friends. As part of our commitment to you, and in the spirit of our valuable partnerships, please see the following for an update on Allied World's efforts to bring dynamic and beneficial products, services and expertise to the North American market. During the first half of 2016, we have grown our specialty insurance offerings with new products such as Accounts Receivable, Product Recall and a Cyber risk management service solution for all lines of business. As part of our goal of staying close to the communities we serve, we built out our underwriting branch in Miami in order to be more accessible and responsive in the Florida region. And we are adding staff in other key North American regional offices, ensuring that we have the talent our trading partners have come to expect. While we are proud of our many accomplishments, we are looking forward to new opportunities and challenges ahead.

I am very pleased to share our results for the 2nd quarter of 2016. Our results reflect the strength of our North American business and the combined ratio of 92.3% is representative of our focus, commitment and underwriting discipline.

Our parent company, Allied World Assurance Company Holdings, AG (NYSE: AWH) reported net income of \$153.4 million, or \$1.70 per diluted share, for the second quarter of 2016, compared to net income of \$9.5 million, or \$0.10 per diluted share, for the second quarter of 2015. The company reported operating income of \$82.7 million, or \$0.91 per diluted share, for the second quarter of 2016, compared to operating income of \$25.8 million, or \$0.27 per diluted share, for the second quarter of 2015.

To review our full earnings release, please [click here](#).

At Allied World, we value your trust and the relationships that make long term partnerships possible. Thank you for your continued support.

Best Regards,

A handwritten signature in black ink, appearing to read 'Lou Iglesias'.

Lou Iglesias
President, Allied World North America



PEOPLE

At Allied World, we hire, retain and empower exceptional employees who focus on developing niche solutions for our specialty products. Below are some of our key new hires.

Holly Meidl – Senior Vice President, North American Healthcare

Holly Meidl is responsible for our North American Healthcare platform. With over 30 years of experience, Holly joins Allied World from Marsh USA, where she most recently served as Managing Director and US National Practice Leader for Healthcare. Holly is based in Bermuda and succeeds Sue Chmielewski, who retired on June 30th.

Marc Berner – Vice President, North American D&O, Financial Institutions

Marc Berner has joined Allied World's North American Management Liability underwriting team in the role of Vice President, Public and Private Financial Institutions, D&O. Marc is an industry expert with over 20 years of experience who will assist us in expanding our products and services for financial institutions. Marc will be based in New York.

Terry Enright, Ryan Anderson – Vice Presidents, North American M&A

As part of our continued commitment toward growing and expanding our Mergers and Acquisitions (M&A) practice worldwide, we recently hired two new members for our North American M&A underwriting team. With their extensive legal experience and specialized M&A knowledge, Terry Enright (most recently at Akin Gump Strauss Hauer & Feld LLP) and Ryan Anderson (most recently at Winston & Strawn LLP) will be tremendous assets to all of our trading partners. Both will be based in New York.

Glenn Robins – Vice President, Accounts Receivable Insurance, US

Glenn Robins has joined Allied World as Vice President of Accounts Receivable Insurance. He previously managed AIG's West Coast Trade Credit operations for the past 20 years. Glenn is based in Los Angeles and will develop our US Accounts Receivable Insurance and Short-Term Trade Credit books of business.

CLAIMS

Our North American Claims Department has knowledgeable, dedicated claims specialists located in Allied World offices in Atlanta, Bermuda, Boston, Chicago, Dallas, Farmington, Los Angeles and New York. Each of our analysts is a product line expert. Since inception through March 31, 2016, Allied World has paid \$6.2 billion in claims and has resolved 99.9% of claims without a coverage dispute.

For more information on Allied World's North American claims track record, download the [Quarterly Claims Snapshot](#).

REGIONAL DISTRIBUTION

As part of our ongoing efforts to better connect our products and people to our distribution channels, **Bill Cotter**, EVP, Business Development, is working to expand and empower our Business Development team. We recently launched our North American insurance office in Miami with **Paul Obolensky**, SVP, Business Development, leading the way. The Miami build-out is a concerted effort to bring our points of distribution closer to our partners in Florida. **Lynne Fletcher**, VP, Business Development, was recently appointed Farmington Branch Manager. We have also combined the Farmington and Boston branches to create a New England Region, which will allow us to enhance service to brokers and clients across that region. Lastly, welcome to our new Business Development leads, **Scott Randall** in Dallas and **Jean Thompson** in San Francisco.



PRODUCTS AND SOLUTIONS

We strive to consistently develop suites of specialty insurance risk solutions that are tailored for our partners and customers. Below is a list of new product sets that we now offer in North America.

Allied World//FrameWRXSM

We are very proud that **Allied World // FrameWRXSM**, our cyber risk management solution designed to empower companies to address exposure head on, was recognized by Business Insurance as a

2016 Innovation Award Winner.

FrameWRX is now available as a fee-based risk management resource to ALL of our US policyholders. Previously only available to Allied World's [Privacy/403 SRVSM](#) cyber policyholders, this platform offers services designed to enhance an organization's cyber security preparedness and ability to respond to an event. Through dedicated FrameWRX personnel, Allied World US policyholders are guided through a host of risk management solutions, allowing organizations to build knowledge of their current privacy and network security posture, and enabling them to work with a select group of vendors to improve in those areas most relevant to them.

FrameWRX is pre-packaged into three convenient and cost-effective options that work for many different types of organizations. Visit [FrameWRX](#) to learn more or contact Al Fantuzzi at al.fantuzzi@awac.com.

Product Recall Insurance

Product Recall insurance products are now available in both Canada and the United States, as part of our Global Crisis Management Division. This product offers both first-party and third-party coverage and allows clients to mitigate the risk of recall expenses, adverse publicity and damage to brand reputation, business interruption costs and insureds' defense costs. For more information on Allied World's Product Recall offerings, please contact Tom Mangan at thomas.mangan@awac.com.

Accounts Receivable Insurance

We have launched Accounts Receivable Insurance in both the United States and Canada. This coverage helps CFOs and senior financial executives mitigate the risk of non-payment due to customer default or insolvency, and provides certainty around their companies' balance sheets. Accounts Receivable Insurance is the newest addition to Allied World's Global Crisis Management product suite, of which Product Recall, Structured Trade Credit, and Political Risk coverage are already offered on a global basis.

For more information on Allied World's Accounts Receivable Insurance offerings for the US, please contact Glenn Robins at glenn.robins@awac.com. For more information on Allied World's Accounts Receivable Insurance offerings for Canada, please contact Kent Paisley at kent.paisley@awac.com.

Medical Malpractice – Physician and Surgeon Groups

We continually update coverage to better respond to the realities our policyholders face. Our revised **Physician and Surgeon Groups** policy provides meaningful coverage that anticipates the exposures of today's market, so that our insured doctors can focus on their patients, instead of worrying about their insurance policy. The policy offers \$1M/\$3M in primary limits (with excess limits available). Key highlights include professional liability coverage and vicarious liability coverage (for claims arising out of medical professional incidents). Visit our [website](#) for more information, or contact Joanne Gundersen at joanne.gundersen@awac.com.

UmbrellaPro®

Allied World teamed with Great Point Insurance to offer umbrella coverage in the US and Canada for small businesses through their online portal, UmbrellaPro®. Designed for companies with less than \$25M in annual revenues, UmbrellaPro® provides 24/7/365 access for agents and brokers to quote, bind and issue policies for over 600 eligible classes of business. Limit options range from \$5M to \$25M. For more information, please visit www.umbrellapro.com or contact Derek Broaddus at derek.broaddus@awac.com.

Sportsman Program

We have teamed with Venture Insurance Programs to offer a new **Sportsman Program**. Part of Venture's Suitelife Program, this specialty insurance program offers coverage for private hunting and fishing resorts, lodges, and plantations. Coverage includes property, general liability, crime, commercial auto, liquor liability, cyber liability, and umbrella liability. For more information, please contact Grace Meek at grace.meek@awac.com.



THOUGHT LEADERSHIP

Allied World's expertise takes many forms. Whether it is monthly webinars on timely topics to our clients, industry-sponsored whitepapers or articles in various publications, our staff is known for their expertise and insight. Sharing our knowledge with clients and partners is one more measure of the tremendous value we bring to the market.

- **Allied WorldWide®/Multinational Insurance** - To learn more about global insurance and how it can help your business, please view our sponsored Advisen white paper, "**Global Insurance: Navigating a Complex Web of Exposure and Regulation.**"
- **Construction** - **Joe Cellura**, President, North American Casualty, was featured in Insurance Day's Special Report/Construction & Engineering in "Wrapping Up Construction Cover in US." The article discussed the important underwriting considerations for wrap-up insurance policies.
- **Defense Base Act** - Our Risk Management group has produced quarterly DBA thought leadership whitepapers in 2016 in coordination with our external Risk Management partners, on such topics as "**Managing Soft Tissue Injuries**" and "**Accident Investigation.**"
- **Environmental** - Our Risk Management group produced quarterly Environmental thought leadership whitepapers, called *Enviroscope*, in 2016, in coordination with our external Risk Management partners, on such topics as "**Adopting Better Waste Minimization and Recycling Approaches**" and "**Mold Case Studies and Preventative Best Practices.**"
- **General Liability** - Our Risk Management group produced a thought leadership whitepaper in 2016, in coordination with our external Risk Management partners, on "**Unauthorized Occupants in Multifamily Housing.**"
- **Healthcare Risk Management** created a whitepaper on "**Informed Consent for Research**" for Allied World Policyholders. Informed consent is critical verification of a subject's willingness to participate in a clinical research study and should be the cornerstone of a facility's risk management program. This whitepaper defines informed consent, explains the legal and regulatory requirements for conducting clinical trials, and discusses various unique circumstances that may present challenges to the informed consent discussion.
- **Healthcare Second Opinion Series** - Allied Worlds Medical Malpractice and Healthcare Management Liability Underwriting Teams have extensive experience working in – and understanding – the major shifts that are occurring within the Healthcare industry. We have created a series called "**Second Opinion: small doses of Healthcare insight.**" Packed with information on emerging trends and analysis, recent issues include a brief overview of **Accountable Care Organizations**, the **impact of the Zika Virus**, and an analysis of **Clinically Integrated Networks**.
- **M&A/Accounts Receivable** - **Jeff Anderson**, SVP, M&A Insurance, and **Kent Paisley**, SVP, Accounts Receivable Insurance, were featured in Transaction Advisors in the article "**Managing Transaction Risk.**"
- **Product Recall** - To learn more about product recall and how it can impact your business, please view our sponsored Advisen white paper, "**Product Recalls Impact on Business Financial Health.**"
- **Risk Management Webinars** are hosted during the year. Popular recent webinars for our Healthcare Medical Malpractice policyholders have included "Managing Guns, Knives and Volatile People in the Workplace," "Informed Consent & Mental Capacity Concerns," and "Hidden Dangers in the ER." We also offer webinars for our Casualty policyholders, with topics such as "Confined Space Work, Silica and Arc Flash in Construction", "Trending Issues in Construction Vehicle Fleet Safety and Risk Management", "Emerging Environmental Issues" and "Mold Case Studies."



OUT AND ABOUT

Patrick Kenahan, SVP, Bermuda Excess Casualty Division was a speaker at the *Advisen Casualty Insights Conference* in March on a panel entitled "The Underwriters Viewpoint."

Allied World was well represented at the *Advisen Transaction Insurance Insights Forum* in NY in April. **Jeff Anderson**, SVP, North American M&A Practice Lead spoke on the panel "What is Transaction Insurance?" that discussed the size/shape of the market. **Diane Parker**, VP, Claims, participated in "The Claims Process," a panel that analyzed the life cycle of a claim.

Diane Parker, VP, Claims, was panelist on "When the Claim Comes In: Coverage Issues, Claims Experiences and Trends to Date" at *The Inaugural Reps & Warranties & Transactional Liability Insurance ExecuSummit* that took place in CT in May.

Kristen Lambert, VP, Psychiatric and Professional Liability Risk Management Group, and **Moira Wertheimer**, AVP, Psychiatric Risk Management Group were presenters at a number of educational programs during the *American Psychiatric Association (APA) Annual Meeting* in Atlanta, GA in May.

Erin Bonin, VP and Associate General Counsel, spoke on a panel, "The Interaction Between Forms," during the *NetDiligence Cyber Forum* in Philadelphia, PA in June.

Allied World was active at *ACI's Transactional Insurance: An Essential Tool for Bridging the Gap* in M&A Deals in NY in June. **Jeff Anderson**, SVP, North American M&A Practice Lead, participated in a panel: "Underwriting Reps and Warranties Insurance: Carriers' Fees, Due Diligence, Attorney/Client Privilege Concerns, and More." **Diane Parker**, VP, Claims, was a panelist on "Assessing the Reps and Warranties Insurance Claims Process: Key Claims (With a Focus on Financial Misrepresentation Claims), Arbitration Considerations, and Claims Resolution."

Diane Parker, VP, Claims, participated in a PLUS Webinar called "Reps & Warranties Claims, Trends, and Process" in July. This webinar was part of a series on Transactional Risk Insurance for PLUS members.

Allied World has a prominent presence during *Florida RIMS* in Naples, FL. Our team is hosting a panel discussion on "The Zika Virus: Impact and Implications," which consists of **Jeff Anderson** as Moderator and **Kristen Kenst**, AVP, North American Healthcare and **Ruth Nayko**, AVP, Healthcare Risk Management Group as panelists. Jeff Anderson is also on a panel called "The Importance of Representations & Warranties."



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ABOUT ALLIED WORLD

Allied World Assurance Company Holdings, AG, through its subsidiaries and brand known as Allied World, is a global provider of innovative property, casualty and specialty insurance and reinsurance solutions. Allied World offers superior client service through a global network of offices and branches. All of Allied World's rated insurance and reinsurance subsidiaries are rated A by A.M. Best Company, A by Standard & Poor's, and A2 by Moody's, and our Lloyd's Syndicate 2232 is rated A+ by Standard & Poor's and AA by Fitch.

Please visit the following for further information on Allied World:

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