



ALLIED WORLD ASSURANCE COMPANY HOLDINGS, LTD

**CODE OF BUSINESS
CONDUCT AND ETHICS**

FEBRUARY 2010

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INTRODUCTION

It is essential to the proper functioning of, and maintenance of public confidence in, Allied World Assurance Company Holdings, Ltd and its subsidiaries worldwide (collectively, the “Company”) that each employee perform his or her duties with honesty and integrity. All officers, directors and employees of the Company worldwide (collectively, “employees”) are subject to this Code of Business Conduct and Ethics (this “Code”), in addition to any other applicable policies or standards that have been established by any subsidiary or affiliate.

This Code provides principles of conduct for all employees. As a practical matter this document cannot cover every possible policy and procedure. Employees are therefore expected to make themselves aware of all policies that apply to their job functions.

This Code shall be available on the Company website. To assist the Company in ensuring compliance with this Code, employees will be required annually to complete and return the Code of Business Conduct and Ethics Certification form attached hereto. The Company’s General Counsel and/or the Board of Directors may request any employee at any time to certify to his or her compliance with the Code as they deem necessary or appropriate.

ETHICAL BUSINESS STANDARDS

1. Employee Conduct

Non-Discrimination and Fair Dealing

- Employees must deal with policyholders, producers, prospects, suppliers, job applicants and other employees without regard to race, color, religion, sex, national origin, sexual orientation, age, disability, military service or marital status. All business decisions shall be considered on their own merits without regard to any characteristic protected by applicable law. *All employment decisions are subject to all applicable work-related laws and regulations.*
- We must endeavor to deal fairly with all of our policyholders, producers, prospects, suppliers, competitors and employees. No one should take unfair advantage of anyone through manipulation, concealment, abuse of privileged or confidential information, misrepresentation of material facts, fraud or any other unfair practice.

Conflicts of Interest

- A “conflict of interest” occurs when an individual’s private interest, real or perceived, interferes with the interests of the Company. Conflicts of interest are prohibited as a matter of Company policy. In particular, an employee must never use or attempt to use his or her position at the Company to obtain any improper

personal benefit for himself or herself, for his or her family, or for any other person.

- Employees must not permit any business decision, such as a decision as to whether or not the Company will do business with an insured, producer, intermediary, reinsurer, prospect, counterparty or supplier, to be influenced, or appear to be influenced, by interests unrelated to the Company. A decision to place the Company's business with such entities and the volume of such business must be based solely upon business considerations.
- Employees must not knowingly permit themselves to be placed in a position where their interests could become adverse to the Company's interests, including situations where the employee could be deemed to be competing with the Company.
- Transactions involving the Company and a member of an employee's immediate family (*e.g.*, spouse, child, sibling, parent or in-law), an individual who has a close personal relationship with an employee or an entity in which an employee has a material interest must be brought to the attention of the employee's supervisor to determine if the transaction poses a perceived, potential or actual conflict of interest.
- The potential for conflict of interest also exists if your spouse, partner or other person with whom you have a romantic relationship also works at the Company and is in a reporting relationship with you. Employees must not supervise or be in a position to influence the terms, conditions or status of the employment of such persons. If such a relationship exists or develops in the course of your employment, you should notify your supervisor so appropriate action can be taken.
- All employees must maintain sound personal financial conditions (including compliance with applicable tax laws) so as to avoid any distractions that may prevent him or her from carrying out his or her responsibilities to the Company.
- There will be occasions where an employee may have difficulty determining whether or not an activity is for the employee's or the Company's benefit, or whether it benefits both. On such occasions, the only prudent course of conduct for employees is to make sure that any use of the Company property or services that is not solely for the benefit of the Company is approved beforehand by the employee's supervisor. Any employee who is aware of a conflict of interest or is concerned that a conflict might develop should discuss the matter with his or her supervisor promptly.
- The Company will not extend credit in the form of personal loans to, or guarantee any obligations of, any of its employees or their family members.

Duty of Loyalty

- All employees must maintain the confidentiality of the Company's business information both during and after his or her employment with the Company. This includes, but is not limited to, human resource and employee salary and benefits information, business plans and other proprietary information as outlined in this Code and the relevant policies and procedures relating to confidentiality, privacy and theft of trade secrets.
- No employee may disclose any attorney-client privileged information or any attorney work product without the prior written consent of the Company's General Counsel. Proprietary or confidential information obtained by any officer, director or employee of the Company in other capacities (including former employment) should not be used in violation of any applicable restrictions on the use of such information.
- Employees owe a duty to the Company to advance its legitimate interests when the opportunity arises. It is improper for officers, directors and employees:
 - to take for themselves personally opportunities discovered due to their position at the Company or through the use of Company property,
 - to use information received performing services for the Company for personal gain, or
 - to otherwise compete in any way with the Company in its legitimate interests.
- Employees must not solicit or encourage other employees to leave the employment of the Company.

Gifts and Entertainment

- In all matters related to gifts or entertainment, it is the responsibility of the Company employee to exercise good judgment. Offering and/or accepting gifts and entertainment is appropriate provided there is a specific business purpose, the expenses incurred are ordinary and necessary and the gift or entertainment falls within the guidelines of all relevant laws and regulations.
- Employees may not accept or present a gift or entertainment (including, but not limited to, beverages, recreation, lodging, transportation and tickets) for the purpose of improperly influencing good business judgment in any business dealing or transactions involving the Company or any business or enterprise associated with the Company.

- A “*gift*” is any item of monetary value presented to an employee by a non-Company employee or any item of monetary value presented to another company’s employee by one of the Company’s employees.
- “*Entertainment*” (including, but not limited to, beverages, recreation, lodging, transportation and tickets) is an event with a specific business purpose. Entertainment must include the presence of an employee of the Company. The Company does not consider entertainment of a non-Company employee as a gift, as long as both the Company’s employee and the other company’s employee are present during the event.
- “*Minimal value*” means retail value in the applicable jurisdiction at the time of acceptance of \$250 or less.

Accepting Gifts

- Employees may accept and retain gifts of minimal value if the value of the gift is in line with accepted business practices and could not be construed as improperly influencing good business judgment. Employees may not receive gifts on a regular or frequent basis from the same source. Each employee is responsible for determining that a gift is of minimal value at the time of acceptance.
- An employee who has been offered a gift or entertainment that exceeds the minimal value, and therefore cannot be personally accepted under this Code, may accept the gift on behalf of the Company if refusal, reimbursement at the fair market value or return would cause offense or embarrassment or would otherwise adversely affect the relationship of the Company to the gift giver. Any tangible gift of more than minimal value is deemed to have been accepted on behalf of the Company and, upon acceptance, shall become the property of the Company.
- If an employee accepts a gift of more than minimal value, the employee must submit a written report to his or her supervisor within 30 days. Such supervisor will be responsible for collecting the report and promptly filing it with a designated officer in the Accounting Department. Holiday season gift reports must be filed by February 1st of each year.

Offering Gifts

- Gifts must be in good taste and without excessive expense.
- Prior written approval from a supervisor is required before purchasing a gift whose value equals or exceeds the minimal value as established by this

Code. Verbal approval by a supervisor is sufficient to order gifts whose costs are between U.S. \$25 and \$250; however, the expense must be approved in writing by a supervisor.

Accepting Entertainment

- Invitations for excessive or extravagant entertainment or invitations for entertainment not in good taste and/or without a specific business purpose must be declined.
- If a non-Company employee is not present at an entertainment event paid for by such non-Company employee, the entertainment should be regarded as a gift and subject to the monetary gift limitation discussed above.

Offering Entertainment

- Entertainment offered by an employee must be for a specific business purpose and in good taste.
- If an employee is not present at an entertainment event paid for by the Company, the entertainment will be deemed a gift and subject to the monetary gift limitation discussed above.

Gifts to Government Personnel

- The laws of most countries prohibit the offer, promise or gift of anything of value to an employee, agent or official of a government, if made with the intent to influence such individual within his or her area of responsibility. The giving of gifts and favors to or the entertainment of such individuals, even when not technically prohibited by law, is strongly discouraged as a matter of Company policy, so that any appearance of impropriety may be avoided. Please also refer to Section 4 “Customs, Laws and Regulations--Compensating Others.”

Outside Business Activities

- Employees must obtain written approval from their supervisor before accepting outside employment or serving as a director, trustee, officer, owner, partner or consultant of a for-profit organization, regardless of whether compensation in any form is received. The employee’s supervisor should send a copy of the written approval to the Company’s General Counsel.
- Employees desiring to serve as a director, trustee, officer, owner, partner or consultant of a not-for-profit organization as a volunteer and without compensation (for example, on the board of a school, hospital, cooperative or

social organization) need not obtain prior approval if there is no actual, potential or perceived conflict of interest, provided that the directors of the Company shall in all cases provide prior or prompt notice of such service to ensure the Company's compliance with applicable "director independence" requirements. If an actual, potential or perceived conflict of interest does arise, employees must avoid even the appearance of impropriety in association with their conduct. All conflicts of interest should be disclosed in writing to the Company's General Counsel.

- An employee who is compensated for making an oral presentation, writing a magazine article or engaging in similar activities prepared or conducted using the time or facilities of the Company must report that compensation in writing to his or her supervisor. Such compensation, other than nominal honorariums (\$250 or less) appropriate to the circumstances, will either be declined or paid to the Company.

Trading in Securities

- Employees, while employed by the Company, often learn of important information about the Company or other companies that has not been disclosed to the public. It is both illegal and against Company policy for an employee to buy or sell securities on the basis of material, non-public information. This type of illegal conduct is referred to as "insider trading." Passing on or "tipping" material, non-public information to someone who may buy or sell securities may also be a violation by both the person who provides the information and the person who receives it. Each employee should read and refer to the Company's "Policy Regarding Insider Trading for all Directors, Officers and Employees."
- To the extent that the Company's securities can be freely traded on a national exchange or market, employees are prohibited from engaging in speculative or "in and out" trading in the securities of the Company. In addition, the Company also prohibits hedging and derivative transactions in its securities (other than transactions in stock options) and holding or trading the Company's securities in or through a margin account. Hedging and derivative transactions are characterized by short sales, "put" or "call" options, swaps, collars or similar derivative transactions.
- If an employee is uncertain about the Company's insider trading policy or legal rules involving his or her purchase or sale of any Company securities or any securities in companies with which he or she is familiar by virtue of his or her work for the Company, such employee should consult with the Company's General Counsel before making any such purchase or sale.

Political Activities

All employees are encouraged to participate in community affairs and to support the political party or candidate of their choice.

Holding Political Office

- Any employee wishing to run for political office or accept a political appointment must obtain prior written approval from the President of the Company.
- Employees are not permitted to use the Company's name in connection with any political campaign other than to state that they are employed by the Company.

Making Political Contributions

- No Company funds or any other Company asset may be used for political purposes.

Communicating with Regulators and Others

- Requests from regulators or auditors for information should be answered with complete, factual and accurate information. During any inspection, examination or audit, employees must not conceal, destroy or alter any documents, lie or make any misleading statements to any regulatory agency representative or auditor.
- Employees who are not authorized to respond on behalf of the Company must refer other external requests for information (other than information already published by the Company) to the Company's President, Chief Financial Officer, Chief Corporate Strategy Officer or General Counsel. For full details, please review the Company's External Communications Policy.
- Full, fair, accurate, timely and understandable disclosure must be made in reports and documents that the Company files with, or submits to the United States Securities and Exchange Commission and in other public communications made by the Company.
- Each employee must use caution to avoid unauthorized use of the Company's name in any manner that could be misinterpreted to indicate a relationship between the Company and any other entity or activity.
- Employees must not, and must not direct any other person to, take any action to fraudulently influence, coerce, manipulate or mislead any independent public or

certified accountant engaged in the performance of an audit of the financial statements of the Company or any of its subsidiaries.

- If an employee is served with legal documents (*e.g.*, a subpoena relating to the Company), or receives any inquiries from regulatory authorities or government representatives, he or she must notify the Company's General Counsel immediately by telephone or e-mail, and the documents are to be sent to the Company's General Counsel without delay.

Employee Use of Company Assets and Information Technology Systems

- The Company's equipment, supplies and assets are for Company use only. All employees should protect the Company's assets and ensure their efficient use.
- When using the Company's computers and computer networks, computer-processed information and electronic communications systems (*e.g.*, e-mail), employees are required to exercise the highest standards of corporate and social behavior in all of their usage, language and communications.
- Employees must treat e-mail messages and any other communications sent or received using Company's information technology systems as official business correspondence.

Improper Behavior and Substance Abuse

- The Company is committed to conducting its business in a manner designed to protect the health and safety of its employees. The Company does not tolerate harassment, violence or threatening behavior of any kind.
- All employees are expected to perform their duties free from the influence of any illegal or controlled substances or alcohol. The possession, sale, use or distribution of illegal drugs or controlled substances in the workplace, without a doctor's prescription, will not be tolerated.

2. Business Information

Accurate Records

- The Company's business records must always be prepared with accuracy and reliability. The details of the Company's relationships and transactions with those with whom it does business must be accurately entered in its books and records.
- Employees may not alter or falsify information on any record or document.

- Compliance with applicable generally accepted accounting principles and controls is expected at all times.

Document Retention

- Employees must comply with any record management policy that is implemented by the Company. Documents, records and data must be preserved as required by those policies and may be destroyed only as authorized by those policies. Destruction of documents, records or data in accordance with those policies may be suspended at any time upon notice of litigation or threat of litigation, investigation (internal or external) or regulatory inquiry.
- If you believe that any documents, records or data in your possession or in your control are, or may be, the subject of litigation, audit or investigation, you must notify and consult with the Company's General Counsel. The failure to maintain required documents, records or data may result in criminal and civil proceeding against the Company and employee.

Confidentiality and Privacy

- Employees must comply with applicable privacy laws and the Company's policies related to securing and sharing confidential information.
- The Company's clients and business associates trust us with their confidential information. All such information concerning these third parties and their businesses and transactions must be treated as confidential and must be confined, even within the Company, only to those people who must have such information in order for the Company to carry out its engagement or perform its business properly and effectively.
- Non-public information about a client's financial circumstances, business plans, health and family matters are confidential. Disclosure within the Company should be only on a need-to-know basis. Disclosure to third parties, except in compliance with legal requirements, is not only unethical but in some cases may be contrary to law.

Confidentiality and Trade Secrets

- Trade secrets developed by the Company for use in its business are to be kept confidential. Employees must exercise discretion in using, discussing or otherwise transferring information regarding the Company's business.
- The Company condemns the practice of improperly obtaining, disclosing or using the trade secrets of others.

- An employee may not disclose to any non-Company employee who is not authorized to receive such information any of the Company's confidential or proprietary information or trade secrets whether in written, electronic or verbal form.
- In the event that an employee leaves the Company, he or she may not use or disclose to any non-Company employee any of the Company's confidential or proprietary information or trade secrets whether in written, electronic or verbal form.

Intellectual Property

- Intellectual property, including, but not limited to, patents, trademarks and copyrights, developed or otherwise acquired by employees using the Company's resources during their employment with the Company, and that is related to the Company's business, is the property of the Company. Employees with access to intellectual property must not improperly disclose or use the intellectual property either during or after their employment with the Company unless proper authorization is received.
- Employees must cooperate with the Company in all efforts to secure its interest in intellectual property deemed to be the property of the Company.
- Employees may not use intellectual property obtained in the course of their employment with another company without first obtaining permission from the other company.
- The Company respects the limitations placed upon software by the manufacturer. Employees are not permitted to use or copy software or documentation, except as specified in the relevant licensing agreement.
- Employees who are approached with any offer of confidential information that may have been obtained improperly must immediately discuss this matter with the Company's General Counsel.

External Communications

- All press or media inquiries, including requests for information and interviews or the issuance of any press releases by any Company employee must be referred to the person(s) designated by the Company to respond to such inquiries. For full details, please review the Company's External Communications Policy. Company employees not authorized by the Company, should not contact the media on the Company's behalf.

- Company employees and their immediate family (e.g., spouse, child, sibling, parent or in-law) are strongly cautioned that the provisions of this Code and of the other “Policies” (as defined in Section 5 of this Code) relating to the protection of business information apply equally to internet postings, including social networking sites, blogs or message boards.
- Company employees and their immediate family are strictly prohibited from posting comments, whether anonymously or otherwise, on investor-oriented internet message boards that relate to the Company or its securities, even if the intent is to correct prior misinformation on the message board.
- Employees who discover proprietary or non-public information concerning the Company on the internet should report such fact promptly to the Company’s General Counsel.

3. Marketing Practices

Competitive Practices

- Employees shall not violate applicable competition or antitrust laws.
- The Company does not advocate public criticism of its competitors as a means of increasing business. Each employee should refrain from making negative comments publicly about its competitors.

Agents, Consultants and Third Parties

- Employees cannot use agents, consultants, independent contractors or other representatives to do indirectly that which an employee could not do directly under this Code or applicable law and regulation.
- Employees must exercise appropriate business judgment when selecting a third party to represent the Company.
- Employees must be careful to ensure that insureds, producers, agents or suppliers do not exploit their relationship with the Company and that such persons do not use the Company’s name in connection with any fraudulent, unethical or dishonest transactions.

Trade Regulations and Export Controls

- Employees must fully comply with applicable laws related to export controls, embargoes, sanctions and international boycotts.

- Many countries regulate international trade transactions, such as international financial transactions, insuring property and casualty risks and securities transactions, for a variety of reasons, including national security and foreign policy. Employees should consult with the Company's General Counsel to assure compliance with current law and regulation.

Anti-Money Laundering Controls

- Employees must fully comply with applicable laws and the Company's policies and procedures related to anti-money laundering initiatives.

4. Customs, Laws and Regulations

Compliance with Laws

- It is the Company's policy to comply with all applicable laws, rules and regulations. Employees are responsible for knowing and complying with the relevant laws, rules and regulations of the countries in which the Company conducts its business and adhering to the standards and restrictions imposed by those laws, rules and regulations.
- An employee who is unsure of whether a situation violates any applicable laws, rules or regulations should discuss the situation with the Company's General Counsel to prevent possible misunderstandings and embarrassment at a later date.
- Any violation of applicable laws, rules and regulations, including any conflict of interest that rises to such a level, will be dealt with swiftly by the Company and, as appropriate, will be promptly disclosed to the applicable law enforcement authorities.

Compensating Others

- The U.S. Foreign Corrupt Practices Act and similar laws of other nations make it unlawful for companies, their subsidiaries and their employees or agents to bribe foreign officials for the purpose of obtaining or retaining business or obtaining an unfair advantage in any business dealing or transaction.
- Employees must fully comply with applicable laws and the Company's policies and procedures related to anti-corruption initiatives.
- No kickbacks, bribes or other payments (except for normal compensation) in any form whatsoever, whether or not such payment is secret or illegal, shall be made under any circumstances to obtain a benefit for the Company, its insureds or an employee.

- No payment should ever be made to a government official except the payment of government fees necessary for the proper conduct of the Company's business.

5. Failure to Follow this Code and Other Policies

- Every employee is expected to read, understand and fully comply with this Code and the Company's other formal policies and procedures adopted from time to time (collectively, the "Policies").
- Any employee who compromises or violates the ethical standards contained in this Code or any other Policy may be subject to disciplinary action up to and including dismissal for cause (and loss of employment related benefits) and if applicable, to criminal or civil proceedings.
- To determine whether a violation of this Code has occurred, an initial investigation will be made by or under the direction of the Company's General Counsel, and the result of such investigation shall be presented in a written report to the Chairman of Board. If deemed necessary, the Chairman of the Board shall conduct interviews with all employees possessing relevant information and shall then present his or her findings in writing to the Board of Directors, for its consideration.
- Examples of conduct that may result in discipline include actions that violate this Code or any other Policy; requesting others to violate this Code or any other Policy; failure to promptly report a known or suspected violation of this Code or any other Policy; or retaliation against any employee for reporting a policy violation.
- In all cases, it is the judgment of the Company and/or the Board of Directors and not the employee as to whether a particular transaction violates this Code or any other Policy.

6. Waivers

From time to time, the Company may waive some provisions of this Code. Any employee who believes that a waiver may be called for should contact the Company's General Counsel. Any waiver of the Code for executive officers or directors of the Company may be made only by the Company's Board of Directors or a committee of the Board of Directors and must be promptly disclosed to the Company's shareholders.

7. Questions and Concerns

Reporting Concerns

- Employees must promptly report to the Company's General Counsel any

problems or concerns or any potential or actual violation of laws, rules, regulations or this Code or any other Policy. The responsibility of the Company's employee to report any questionable behavior promptly to the Company's General Counsel is a clear and objective requirement. Failure to do so may be a violation of this Code.

- An employee who is aware of any questionable behavior, or whether a situation violates this Code or any other Policy, should discuss the situation with his or her supervisor or the Company's General Counsel to prevent possible misunderstandings and embarrassment at a later date.
- The Company's General Counsel is responsible for applying these policies to specific situations in which questions may arise and has the authority to interpret these policies in any particular situation. Any questions relating to how these policies should be interpreted or applied should be addressed to the Company's General Counsel.
- The Company will not allow retaliation against anyone for reporting or supplying information about a violation of this Code, provided that such report was made in good faith. *Retaliation against an employee who reports violations of this Code or other misconduct may be a crime.*
- Employees with questions about the Code or requests for copies of the Code should direct their enquiries to the Company's General Counsel.
- The Company has established procedures that govern the process through which employees may openly, confidentially or anonymously report an actual or potential violation by another person acting on behalf of the Company of any law, rule or regulation, the Code or any other Policy. This includes the report of information relating to accounting, internal accounting controls or auditing matters. The Company has provided each employee a copy of these procedures in a separate document entitled "Whistleblower Policy."

Important Notice: *This Code is NOT a Contract. Nothing in this Code should be construed as a promise of any kind, or as creating a contract regarding wages or any other working conditions. Notwithstanding the foregoing, nothing in this Code shall be construed to alter any existing "at will" employment arrangements between the Company and an employee which may exist subject to applicable laws. If any provision of this Code is not permitted by the local laws of a country or jurisdiction in which an employee works, then such local law shall supersede that provision of this Code with respect to that employee.*