



March 23, 2009

LETTER OF COMMENT NO. 33

Technical Director -- File Reference: Proposed FSP FAS 115-a, FAS 124-a, and EITF 99-20-b Financial Accounting Standard Board 401 Merrit 7, PO Box 5116

Norwalk, CT 06856-5116

RE: Proposed FSP FAS 115-a, FAS 124-a, and EITF 99-20-b

Dear Technical Director,

Allied World Assurance Company Holdings Ltd ("we" or "our") appreciates the opportunity to respond to the Proposed FSP FAS 115-a, FAS 124-a, and ETTF 99-20-b "Recognition and Presentation of Other-Than-Temporary Impairments" ("Proposed FSP").

We are a Bermuda-based specialty insurance and reinsurance company that underwrites a diversified portfolio of property and casualty insurance and reinsurance lines of business. We write direct property and casualty insurance as well as reinsurance through our operations in Bermuda, Europe, and the United States. As of December 31, 2008, our investment portfolio of \$6,157.1 million consisted of \$6,032.0 million of available-for-sale fixed maturity investments, \$55.2 million of other invested assets available-for-sale and \$69.9 million of other invested assets for which we elected the fair value option under FAS No. 159 *The Fair Value Option for Financial Assets and Financial Liabilities* ("FAS 159") and account for as trading under FAS 115. Our other invested assets, available-for-sale, consists of our investment in a global high-yield bond fund and our other invested assets, trading, consists of our investment in several hedge funds and various equity securities.

We support the efforts of the FASB to address the accounting and disclosure consequences of the current financial turmoil in a timely fashion. While our organization is currently assessing and analyzing the impact of this Proposed FSP, as well as, Proposed FSP 157-e, we have one additional recommendation we would like the FASB to consider. We believe given the current financial turmoil, one alternative to provide more relevant and reliable financial information to the users of our financial statements is to "mark-to-market" all invested assets in the income statements. We believe that one of the most efficient and orderly ways of accomplishing this alternative would be to allow companies to elect the fair value option for financial instruments, within the scope of FAS 159, held as of January 1, 2009 and to follow the transitional guidance similar to initial adoption.

We appreciate your consideration of this matter and would be pleased to discuss this letter with you in detail if this would be helpful. You may contact me at (441) 278-5678.

Sincerely,

Joan Dillard

Senior Vice President & CFO

Joan Dellard