

FAIRFAX FINANCIAL HOLDINGS LTD/ CAN

Form 40-F/A

September 11, 2006

**U.S. Securities and Exchange Commission
Washington, D.C. 20549
Form 40-F/A**

[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, 2005

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))

95 Wellington Street West

Suite 800

Toronto, Ontario Canada

M5J 2N7

(416) 367-4941

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

Not Applicable

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

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:

Title of each class	Name of each exchange on which registered
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Subordinate Voting Shares

New York Stock Exchange

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

Not Applicable

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

17,056,856

Multiple Voting Shares

1,548,000

Indicate by check mark whether the Registrant by filing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934 (the Exchange Act). If Yes is marked, indicate the filing number assigned to the Registrant in connection with such Rule.

Yes ☐ 82-o No ☒

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 ☐

EXPLANATORY NOTE

This amendment (this Amendment) to the Annual Report on Form 40-F filed on April 3, 2006 (the Original Filing) of Fairfax Financial Holdings Limited (the Company) for the fiscal year ended December 31, 2005 is being filed for the purpose of (1) filing audited restated consolidated financial statements (the Restated Financial Statements) of the Company as at December 31, 2005 and 2004 and for each of the years in the three year period ended December 31, 2005, including the auditors' report with respect thereto; (2) filing the related Revised Management's Discussion and Analysis of Financial Condition and Results of Operations; (3) filing the Revised Annual Information Form of the Company; and (4) filing Management's Report on Internal Control Over Financial Reporting (Restated) dated as of August 31, 2006, and the related Attestation Report of PricewaterhouseCoopers LLP (Restated). On July 27, 2006, upon the recommendation of the Company's management, the audit committee of the board of directors of the Company decided to restate financial statements of the Company for prior periods affected. See a detailed discussion of the restatement in Note 2 to the Restated Financial Statements.

The Restated Financial Statements have been amended to reflect the effects of the restatement. The Restated Financial Statements have not been updated to reflect other events occurring after the filing of the Original Filing or to modify or update any disclosures affected by subsequent events.

In addition, in connection with the filing of this Amendment, we are including as exhibits certain currently dated certifications of our Chief Executive Officer and Chief Financial Officer. As well, the Registrant has revised and restated the following sections as set forth below: Disclosure Controls and Procedures, Identification of the Audit Committee, Audit Committee Financial Expert, Off-Balance Sheet Arrangements, Tabular Disclosure of Contractual Obligations and Forward-Looking Information. This Amendment has no effect on other information presented in the Original Filing, except with respect to the information included herein. Therefore, this Amendment should be read together with other documents that the Company has filed with the Securities and Exchange Commission subsequent to the filing of the Original Filing. Information in such reports and documents updates and supersedes certain information contained in this Amendment. The filing of this Amendment shall not be deemed an admission that the Original Filing, when made, included any known, untrue statement of material fact or knowingly omitted to state a material fact necessary to make a statement not misleading.

UNDERTAKING AND CONSENT TO SERVICE OF PROCESS

The Registrant undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the staff of the Securities and Exchange Commission, and to furnish promptly, when requested to do so by the Securities and Exchange Commission staff, information relating to the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities. 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.

DISCLOSURE CONTROLS AND PROCEDURES

Evaluation of 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 defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) 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 not effective as of the end of such period because of the material weaknesses discussed in Management's Report on Internal Control over Financial Reporting (Restated), included as Exhibit 2 hereto.

Management's Report on Internal Control over Financial Reporting

Management's Report on Internal Control over Financial Reporting (Restated) is included as Exhibit 2 hereto and is incorporated by reference herein.

Attestation Report of the Registered Public Accounting Firm

The Attestation Report of PricewaterhouseCoopers LLP on management's assessment of internal control over financial reporting is included in Exhibit 3 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.

To address the material weaknesses discussed in Management's Report on Internal Control over Financial Reporting (Restated), included as Exhibit 2 hereto, management of the Registrant will implement a remediation plan which will supplement the existing controls of the Registrant. The material weaknesses will be fully remediated when, in the opinion of the Registrant's management, the revised control processes have been operating for a sufficient period of time to provide reasonable assurance as to their effectiveness.

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.

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. The members of the Registrant's audit committee are Frank B. Bennett, Anthony F. Griffiths and Paul Murray. The disclosure provided under "Statement of Corporate Governance Practices - Audit Committee" in the Registrant's Management Proxy Circular, included as Exhibit 6 hereto, is incorporated by reference herein.

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. The Chair of the Registrant's audit committee, Mr. Paul Murray, 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 applicable to the Registrant. The U.S. Securities and Exchange Commission has indicated that the designation of Mr. Murray as an audit committee financial expert does not make Mr. Murray an "expert" for any purpose, impose any duties, obligations or liability on Mr. Murray 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.

OFF-BALANCE SHEET ARRANGEMENTS

The Registrant and its subsidiaries have certain security arrangements and commitments that have financial implications. These arrangements are described in Notes 5, 13 and 15 to the Registrant's Restated Financial Statements.

TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

Tabular disclosure of the Registrant's present and future obligations as at December 31, 2005 is provided in the Registrant's Management's Discussion and Analysis of Financial Condition and Results of Operations at pages 116 117 of Exhibit 4.

For further details on the Registrant's provision for claim liability, long term debt principal and interest payments, operating lease payments, purchase obligation and other liabilities payments, see Notes 6, 7, 8, 15 and 18 of the Registrant's Restated Financial Statements included as Exhibit 3 hereto.

FORWARD-LOOKING INFORMATION

Documents and statements herein and documents herein incorporated by reference include forward-looking statements which are made pursuant to the "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Registrant to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, but are not limited to: a reduction in net income if the reserves of the Registrant's subsidiaries (including reserves for asbestos, environmental and other latent claims) are insufficient; underwriting losses on the risks the Registrant's subsidiaries insure that are higher or lower than expected; the lowering or loss of one of the Registrant's subsidiaries financial or claims paying ability ratings; an inability to realize the Registrant's investment objectives; exposure to credit risk in the event the Registrant's subsidiaries reinsurers or insureds fail to make payments; a decrease in the level of demand for the Registrant's subsidiaries' products, or increased competition; an inability to obtain reinsurance coverage at reasonable prices or on terms that adequately protect the Registrant's subsidiaries; an inability to obtain required levels of capital; an inability to access cash of the Registrant's subsidiaries; risks associated with requests for information from the Securities and Exchange Commission; risks associated with current government investigations of, and class action litigation related to, insurance industry practice or any other conduct; the passage of new legislation; and the failure to realize future income tax assets. Readers are cautioned not to place undue reliance on this forward-looking information and the Registrant undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise. Additional risks and uncertainties are described on pages 120 123 of the Registrant's 2005 Annual Report (Restated) included as exhibit 1 to a Form 6-K of the Registrant filed with the SEC on September 1, 2006 and in the Registrant's Supplemental and Base Shelf Prospectus (under "Risk Factors") filed with the SEC on September 28, 2005.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant certifies that it meets all of the requirements for filing on Form 40-F/A and has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized.

FAIRFAX FINANCIAL HOLDINGS LIMITED

Date: September 8, 2006

By: /s/ Bradley P. Martin

Name: Bradley P. Martin

Title: Vice President and Corporate
Secretary

EXHIBIT INDEX

- 1 Revised Annual Information Form dated August 31, 2006
- 2 Management's Report on Internal Control over Financial Reporting (Restated)
- 3 Restated Audited Consolidated Financial Statements of the Registrant as of December 31, 2005 and 2004 and for the three years ended December 31, 2005 and related notes and the auditors' report thereon
- 4 Revised Management's Discussion and Analysis of Financial Condition and Results of Operations
- 5* Narrative Description of Business, including Review of Business, Insurance and Reinsurance Operations, Runoff Operations, and Claims Adjusting Operations dated March 31, 2006
- 6* The information under "Statement of Corporate Governance Practices" in the Registrant's Management Proxy Circular, dated March 31, 2006 in connection with the annual meeting of shareholders held on May 11, 2006, is incorporated herein by reference to Exhibit 1 to the Registrant's Report on Form 6-K furnished to the Securities and Exchange Commission on March 31, 2006
- 7 Consent of PricewaterhouseCoopers LLP regarding its report
- 8 Rule 13a-14(a)/15d-14(a) Certifications:
 - Certification of Registrant's Chief Executive Officer
 - Certification of Registrant's Chief Financial Officer
- 9 Section 1350 Certifications:
 - Certification of Registrant's Chief Executive Officer
 - Certification of Registrant's Chief Financial Officer
- * Previously Filed.