

ACE LTD

FORM 10-K/A (Amended Annual Report)

Filed 02/11/99 for the Period Ending 09/30/98

Telephone	441 295 5200
CIK	0000896159
Symbol	ACE
SIC Code	6331 - Fire, Marine, and Casualty Insurance
Industry	Insurance (Prop. & Casualty)
Sector	Financial
Fiscal Year	12/31

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Filed 2/11/1999 For Period Ending 9/30/1998

Address	ACE BLDG 30 WOODBOURNE AVE HAMILTON HM 08 BERMU, 00000
Telephone	809-295-5200
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Industry	Insurance (Prop. & Casualty)
Sector	Financial
Fiscal Year	12/31

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-K/A

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended September 30, 1998

OR

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

COMMISSION FILE NO. 1-11778

ACE LIMITED
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

CAYMAN ISLANDS 98-0091805
(JURISDICTION OF INCORPORATION) (I.R.S. EMPLOYER IDENTIFICATION NO.)

**THE ACE BUILDING
30 WOODBOURNE AVENUE
HAMILTON HM 08
BERMUDA
(441) 295-5200**
(ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER,
INCLUDING AREA CODE, OF REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)

SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT:

**NAME OF EXCHANGE
TITLE OF EACH CLASS ON WHICH REGISTERED**

Ordinary Shares, par value \$0.041666667 per share New York Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(G) OF THE ACT: NONE

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 periods that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes X No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference into Part III of this Form 10-K or any amendment to this Form 10-K. (X)

As of December 15, 1998, there were 193,656,476 Ordinary Shares par value \$0.041666667 of the Registrant outstanding and the aggregate market value of voting stock held by non-affiliates at such date was approximately \$5.35 billion. For the purposes of this computation, shares held by directors (and shares held by any entities in which they serve as officers) and officers of the registrant have been excluded. Such exclusion is not intended, nor shall it be deemed, to be an admission that such persons are affiliates of the registrant.

DOCUMENTS INCORPORATED BY REFERENCE

Certain portions of registrant's definitive proxy statement relating to its Annual General Meeting of Shareholders scheduled to be held on February 5, 1999, are incorporated by reference into Part III of this report and certain portions of the 1998 Annual Report to Shareholders are incorporated by reference into Parts II and IV of this report.

EXPLANATORY STATEMENT

This Annual Report on Form 10-K/A amends and restates the following information which was previously incorporated by reference in the registrant's Annual Report on Form 10-K for the year ended September 30, 1998 which was filed on December 18, 1998 (the "Original 10-K"):

- (i) Note 14 - Condensed Unaudited Quarterly Financial Data of Notes to Consolidated Financial Statements of the registrant incorporated by reference in response to Part II, Item 8 - Financial Statements and Supplementary Data and
- (ii) the portion of registrant's definitive proxy statement relating to its Annual General Meeting of Shareholders held on February 5, 1999 and incorporated by reference in response to Part III, Item 12-Security Ownership of Certain Beneficial Owners and Management.

Part II

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following amends and restates Note 14 - Condensed Unaudited Quarterly Financial Data of Notes to Consolidated Financial Statements of the registrant incorporated by reference in response to Part II, Item 8 - Financial Statements and Supplementary Data of the Original 10-K.

14. Condensed Unaudited Quarterly Financial Data

1998	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	----- (in thousands, except per share data)			
Adjusted for pooling-of-interests				
Net premiums earned	\$205,330	\$221,475	\$246,350	\$221,148
Net investment income	63,672	78,283	93,011	89,288
Net realized gains (losses) on investments	27,493	145,616	69,448	(54,172)
	-----	-----	-----	-----
Total revenues	\$296,495	\$445,374	\$408,809	\$256,264
	=====	=====	=====	=====
Losses and loss expenses	\$122,255	\$129,780	\$146,233	\$118,624
	=====	=====	=====	=====
Net income	\$122,210	\$247,901	\$176,528	\$ 13,512
	=====	=====	=====	=====
Diluted Earnings per share	\$0.67	\$1.37	\$0.90	\$0.07
	=====	=====	=====	=====
As originally reported				
Net premiums earned	\$167,821	\$184,746	\$213,126	\$221,148
Net investment income	58,413	73,129	88,151	89,288
Net realized gains (losses) on investments	27,492	145,616	68,791	(54,172)
	-----	-----	-----	-----
Total revenues	\$253,726	\$403,491	\$370,068	\$256,264
	=====	=====	=====	=====
Losses and loss expenses	\$109,161	\$116,265	\$134,305	\$118,624
	=====	=====	=====	=====
Net income	\$112,816	\$236,205	\$171,463	\$ 13,512
	=====	=====	=====	=====
Diluted Earnings per share	\$0.67	\$1.41	\$0.95	\$0.07
	=====	=====	=====	=====

1997

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	-----	-----	-----	-----
	(in thousands, except per share data)			
Adjusted for pooling-of-interests				
Net premiums earned	\$206,919	\$199,150	\$202,965	\$196,338
Net investment income	62,867	61,160	64,303	65,110
Net realized gains (losses) on investments	41,580	(2,480)	45,788	\$ 42,814
	-----	-----	-----	-----
Total revenue	\$311,366	\$257,830	\$313,056	\$304,262
	=====	=====	=====	=====
Losses and loss expenses	\$123,019	\$117,350	\$123,900	\$121,871
	=====	=====	=====	=====
Net income	\$138,443	\$ 87,676	\$139,915	\$136,691
	=====	=====	=====	=====
Diluted Earnings per share	\$0.72	\$0.46	\$0.76	\$0.74
	=====	=====	=====	=====
As originally reported				
Net premiums earned	\$164,400	\$158,641	\$163,605	\$158,192
Net investment income	59,738	58,094	59,545	60,446
Net realized gains (losses) on investments	41,723	(2,339)	45,786	42,812
	-----	-----	-----	-----
Total revenues	\$265,861	\$214,396	\$268,936	\$261,450
	=====	=====	=====	=====
Losses and loss expenses	\$110,150	\$105,290	\$111,380	\$109,121
	=====	=====	=====	=====
Net income	\$125,741	\$ 77,949	\$130,038	\$127,626
	=====	=====	=====	=====
Diluted Earnings per share	\$0.71	\$0.45	\$0.77	\$0.75
	=====	=====	=====	=====

Part III

ITEM 12. SECURITY OWNERSHIP AND CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following amends and restates the portion of registrant's definitive proxy statement relating to its Annual General Meeting of Shareholders held on February 5, 1999 and incorporated by reference in response to Part III, Item 12 - Security Ownership of Certain Beneficial Owners and Management in the Original 10-K.

BENEFICIAL OWNERSHIP OF ORDINARY SHARES

Directors and Officers

The following tables set forth information, as of 4 December 1998, with respect to the beneficial ownership of Ordinary Shares by Brian Duperreault, the Company's Chairman, President and Chief Executive Officer (the Company's "CEO"), the Company's other four most highly compensated executive officers (the "Named Executive Officers"), each of the Company's directors and by all directors and executive officers of the Company as a group. Unless otherwise indicated, the named individual has sole voting and investment power over the Ordinary Shares under the column "Ordinary Shares Beneficially Owned." The Ordinary Shares owned by each director and each Named Executive Officer constitute less than one percent of the outstanding Ordinary Shares. The Ordinary Shares owned by all directors and executive officers as a group constitute approximately 4.2% of the outstanding Ordinary Shares.

Name of Beneficial Owner	Ordinary Shares Beneficially Owned	Ordinary Shares Subject to Option(1)	Restricted Ordinary Shares(2)
Brian Duperreault.....	273,059	675,000	280,000
Donald Kramer.....	108,723	1,032,730	20,725
Dominic J. Frederico....	10,082	115,000	89,850
William J. Loschert (3)..	106,019	336,000	18,875
Christopher Z. Marshall..	97,325	324,000	48,850
Michael G. Atieh (3)....	6,189	--	1,068
Bruce L. Crockett (3)...	5,786	--	1,068
Jeffrey W. Greenberg (4)	22,311	--	1,068
Meryl D. Hartzband (4)..	--	--	--
Robert M. Hernandez (3)..	19,819	--	1,068
Peter Menikoff (3).....	14,275	--	1,068
Thomas J. Neff (3).....	2,429	--	1,068
Glen M. Renfrew.....	5,400	--	1,068
Robert Ripp (3).....	7,689	--	1,068
Walter A. Scott (3).....	226,184	305,000	1,068
Dermot F. Smurfit.....	441	--	1,068
Robert W. Staley (4)....	7,611	--	1,068
Gary M. Stuart (3).....	5,289	--	1,068

Name of Beneficial Owner	Ordinary Shares Beneficially Owned	Ordinary Shares Subject to Option(1)	Restricted Ordinary Shares(2)
Sidney F. Wentz (5).....	11,188	--	1,068
All directors and executive officers as a group (25 individuals) (6).....	4,306,571	3,278,530	547,184

(1) Represents Ordinary Shares which the reporting person has the right to acquire within 60 days of 4 December 1998 pursuant to options.

(2) The reporting person has the right to vote (but not dispose of) the Ordinary Shares listed under "Restricted Ordinary Shares."

(3) The amounts included under "Ordinary Shares Beneficially Owned" and "Restricted Ordinary Shares" include certain Ordinary Shares for which the reporting person has elected to defer receipt. The reporting person has the right to dispose of (but not to vote) such Ordinary Shares.

(4) Mr. Greenberg, Ms. Hartzband and Mr. Staley serve as officers or are otherwise affiliated with significant shareholders of the Company. The number of Ordinary Shares beneficially owned by such shareholders is set forth below.

(5) Includes 6,000 Ordinary Shares owned by Mr. Wentz's wife.

(6) Includes Ordinary Shares indirectly owned.

Each of the Company's directors named below is an officer of or otherwise affiliated with a significant shareholder of the Company. The following table sets forth the name of each such director, the name of the affiliated shareholder (or the ultimate parent of such shareholder) and the number of Ordinary Shares beneficially owned as of 11 December 1998, by such shareholder (or the ultimate parent of such shareholder).

Name	Name of Shareholder	Number of Ordinary Shares	Percent of Total Ordinary Shares Outstanding
Jeffrey W. Greenberg....	Marsh & McLennan Risk Capital Holdings, Ltd.	3,790,113	1.96%
Meryl D. Hartzband.....	J. P. Morgan & Co. Incorporated	3,205,020	1.66%
Robert W. Staley.....	Emerson Electric Co.	621,816	*

* Represents less than one percent of the outstanding Ordinary Shares.

Other Beneficial Owners

The following table sets forth information regarding each person known by the Company (including corporate groups) to own of record or beneficially own more than five percent of the Company's outstanding Ordinary Shares as of the dates indicated below.

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned	Percent of Class
Oppenheimer Capital (1)..... Oppenheimer Tower World Financial Center New York, New York 10281	27,449,329	14.17%
American Express Financial Corporation (2)..... IDS Tower--10 Minneapolis, Minnesota 55440-0010	13,284,319	6.86%
Wellington Management Company (3)..... 75 State Street Boston, Massachusetts 02109	12,699,204	6.56%

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned	Percent of Class
Jennison Associates (4)..... 466 Lexington Avenue New York, NY 10017	10,563,900	5.46%
State Street Research & Management Company (5).... One Financial Center, 30th Floor Boston, Massachusetts 02111-2690	9,227,400	4.77%

(1) Based upon information contained in a Schedule 13G filed by Oppenheimer Capital ("Oppenheimer") on 10 March 1998, information contained in a 13F filed on 14 August 1998 for the quarter ending 30 June 1998 by PIMCO Advisers L.P. on behalf of Oppenheimer, and information provided by Oppenheimer as of 4 December 1998. According to such Schedules 13G and 13F, Oppenheimer is a registered investment advisor under Section 203 of the Investment Advisers Act of 1940. As a result of Oppenheimer's role as investment advisor, it may be deemed to be the beneficial owner of the 27,449,329 Ordinary Shares having the sole power to dispose of and vote the shares under its written guidelines established by its Management Board.

(2) Based upon information contained in a Schedule 13G jointly filed by American Express Company and American Express Financial Corporation on 29 January 1998, information contained in a Schedule 13F-E filed on 21 October 1998 and information provided by American Express Financial Corporation as of 7 December 1998. According to such Schedules 13G and 13F-E, American Express Company is a Parent Holding Company in accordance with Rule 13d-1(b)(1)(ii)(G) and American Express Financial Corporation is a registered investment advisor under Section 203 of the Investment Advisers Act of 1940.

(3) Based on information contained in a Schedule 13G filed by Wellington Management Company, LLP ("WMC") on 12 February 1998, information contained in a Schedule 13F filed on 13 November 1998, and information provided by WMC as of 7 December 1998. WMC is a registered investment advisor under the Investment Advisers Act of 1940 and a Parent Holding Company, in accordance with Rule 13d-1(b)(1)(ii)(G), of Wellington Trust Company, NA, 75 State Street, Boston, MA 02109, a wholly-owned subsidiary of WMC, and a bank as defined in Section 3(a)(6) of the Securities Exchange Act of 1934. As of 7 December 1998, WMC, in its capacity as investment advisor, may be deemed to have beneficial ownership of 12,699,204 Ordinary Shares that are owned by numerous investment advisory clients, none of which is known to have such interest with respect to more than five percent of the class.

(4) Based upon information obtained from Jennison Associates as of 4 December 1998.

(5) Based upon information obtained from State Street Research & Management Company ("SSRM") as of 4 December 1998. SSRM is a registered investment advisor under Section 203 of the Investment Advisers Act of 1940. As of 4 December 1998, the 9,227,400 Ordinary Shares reported above were owned by various investment advisory clients of SSRM, none of which has such interest with respect to more than five percent of the class. SSRM disclaims any beneficial ownership in such shares.

Other than as disclosed above, there are no persons who own of record, or are known by the Company to beneficially own, as of 4 December 1998, more than five percent of the Company's outstanding Ordinary Shares.

SIGNATURE

PURSUANT TO THE REQUIREMENTS OF SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934, THE REGISTRANT HAS DULY CAUSED THIS REPORT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED.

ACE Limited

By: /s/ Christopher Z. Marshall
Christopher Z. Marshall
Chief Financial Officer

February 11, 1999

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES EXCHANGE ACT OF 1934, THIS REPORT HAS BEEN SIGNED BELOW BY THE FOLLOWING PERSONS ON BEHALF OF THE REGISTRANT AND IN THE CAPACITIES AND ON THE DATES INDICATED.

SIGNATURE -----	TITLE -----	DATE ----
/s/ Brian Duperreault ----- Brian Duperreault	Chairman, President and Chief Executive Officer; Director	February 5, 1999
/s/ Christopher Z. Marshall ----- Christopher Z. Marshall	Chief Financial Officer (Principal Financial and Accounting Officer)	February 5, 1999
/s/ Donald Kramer ----- Donald Kramer	Vice Chairman; Director	February 5, 1999
/s/ Michael G. Atieh ----- Michael G. Atieh	Director	February 5, 1999
/s/ Bruce L. Crockett ----- Bruce L. Crockett	Director	February 5, 1999

/s/ Jeffrey W. Greenberg ----- Jeffrey W. Greenberg	Director	February 5, 1999
/s/ Meryl D. Hartzband ----- Meryl D. Hartzband	Director	February 5, 1999
/s/ Robert M. Hernandez ----- Robert M. Hernandez	Director	February 5, 1999
/s/ Peter Menikoff ----- Peter Menikoff	Director	February 5, 1999
/s/ Thomas J. Neff ----- Thomas J. Neff	Director	February 5, 1999
/s/ Glen M. Renfrew ----- Glen M. Renfrew	Director	February 5, 1999
/s/ Robert Ripp ----- Robert Ripp	Director	February 5, 1999
/s/ Walter A. Scott ----- Walter A. Scott	Director	February 5, 1999
/s/ Dermot F. Smurfit ----- Dermot F. Smurfit	Director	February 5, 1999
----- Robert W. Staley	Director	February 5, 1999
/s/ Gary M. Stuart ----- Gary M. Stuart	Director	February 5, 1999
/s/ Sidney F. Wentz ----- Sidney F. Wentz	Director	February 5, 1999

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