

ACE LTD

FORM 8-K (Current report filing)

Filed 10/25/01 for the Period Ending 10/25/01

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

ACE LTD

FORM 8-K (Unscheduled Material Events)

Filed 10/25/2001 For Period Ending 10/25/2001

Address	ACE BLDG 30 WOODBOURNE AVE HAMILTON HM 08 BERMU, 00000
Telephone	809-295-5200
CIK	0000896159
Industry	Insurance (Prop. & Casualty)
Sector	Financial
Fiscal Year	12/31

SECURITIES AND EXCHANGE COMMISSION

Washington D.C. 20549

FORM 8-K

Current Report

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 25, 2001

ACE LIMITED

(Exact name of registrant as specified in its charter)

Cayman Islands 1-11778 98-0091805

(State or other jurisdiction (Commission (I.R.S. Employer of Incorporation)

File Number) Identification No.)

ACE Global Headquarters
17 Woodbourne Avenue
Hamilton, Bermuda HM 08
(Address of principal executive offices) Zip Code)

Registrant's telephone number, including area code: (441) 295-5200

Not Applicable

(Former name or former address, if changed since last report)

Item 5. Other Information

On October 25, 2001, ACE Limited issued a press release announcing earnings highlights for the third-quarter of 2001.

Attached as Exhibit 99.1 is a copy of the press release, dated October 25, 2001.

SIGNATURES

Pursuant to the requirements 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.

Dated: October 25, 2001

ACE LIMITED

By: /s/ Christopher Z. Marshall

Christopher Z. Marshall
Chief Financial Officer

EXHIBIT INDEX

Exhibit
Number

Description

99.1

Press Release, dated October 25, 2001

FOR IMMEDIATE RELEASE

Investor Contact: Helen M. Wilson
(441) 299-9283
Media Contact: Wendy Davis Johnson
(441) 299-9347

ACE Limited Reports Third Quarter Earnings Highlights

HAMILTON, Bermuda--(BUSINESS WIRE)--Oct. 25, 2001--ACE Limited (NYSE: ACE - news) today reported a net loss excluding net realized gains (losses) of \$390.1 million for the quarter ended September 30, 2001, or a loss, after deducting preferred dividends, of \$1.66 per share, compared with income excluding net realized gains (losses) of \$150.6 million for the quarter ended September 30, 2000, or earnings per share of \$0.62. The net loss for the quarter ended September 30, 2001 was \$442.6 million compared with net income of \$140.8 million in 2000 and the loss per share, after deducting preferred dividends, was \$1.88 for the current quarter compared with earnings per share of \$0.58 for the same quarter last year. Earnings per share calculations above are based on the weighted average number of shares calculated in accordance with FAS 128 on a diluted basis.

The Company's third quarter results were reduced by \$558.8 million after tax (\$636.9 million on a pre-tax basis) as a result of the September 11, 2001 tragedy. Excluding the impact of this event, the Company's income excluding net realized gains (losses) for the quarter ended September 30, 2001 would have been \$168.7 million and earnings per share excluding net realized gains (losses), after deducting preferred dividends, would have been \$0.68 per share on a diluted basis.

Gross premiums written during the quarter increased by 25.1 percent to \$2.5 billion, compared with \$2 billion for the comparable quarter last year.

Net premiums written during the quarter increased by 9.0 percent to \$1.3 billion compared with \$1.2 billion for the same quarter last year. Net premiums earned during the quarter increased to \$1.4 billion from \$1.2 billion for the same quarter last year.

For the first nine months of fiscal 2001, gross premiums written increased by 25.6 percent to \$7.5 billion compared with the same period last year and net premiums written increased by 16.6 percent to \$4.5 billion compared with the first nine months of fiscal 2000. Net premiums earned for the nine months ended September 30, 2001 were \$4.2 billion compared with \$3.4 billion for the same period last year.

Net investment income which excludes net realized gains (losses) on investments, was \$192.9 million for the fiscal 2001 third quarter, compared with \$197.6 million for the same period last year. For the first nine months of fiscal 2001, net investment income, was \$593.6 million compared with \$561.5 million for the same period last year. During the 2001 third quarter, ACE had net realized losses, net of tax, of \$52.5 million, compared with net realized losses of \$9.8 million for the same quarter last year. For the nine months ended September 30, 2001, net realized losses, net of tax, were \$54.7 million, compared with net realized gains of \$11.5 million for the nine months ended September 30, 2000.

As previously announced, ACE has commenced a public offering of approximately \$1 billion of its ordinary shares, plus up to an additional \$150 million of ordinary shares to cover over-allotments. Subject to market and other conditions, ACE expects the transaction to be completed in the near future. ACE intends to deploy the new capital by, among other things, expanding its net underwriting capacity, either through internal growth and/or through acquisitions of lines of business or companies.

The ACE Group of Companies provides insurance and reinsurance for a diverse group of clients. The ACE Group conducts its business on a global basis with operating subsidiaries in nearly 50 countries. Additional information can be found at: <http://www.ancelimited.com>.

Application of the Safe Harbor of the Private Securities Litigation Reform Act of 1995:

Any forward-looking statements made in this press release reflect the Company's current views with respect to future events and financial performance and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements involve risks and uncertainties which may cause actual results to differ materially from those set forth in these statements. Among other things, the impact of the recent tragedy on the Company's financial results will depend on the number of insureds and reinsureds affected by the disaster, and the amount and timing of losses actually incurred and reported by insureds and reinsureds. Also, competition in the industry, levels of new and renewal business achieved, market acceptance, the frequency of unpredictable catastrophic events and economic, market, regulatory, insurance and reinsurance business conditions and other factors identified in the Company's filings with the Securities and Exchange Commission could affect the forward-looking statements contained in this press release. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the dates on which they are made. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

ACE Limited
Summary Consolidated Financial Data
(in thousands of U.S. dollars, except share and per share data)

	Three Months Ended September 30		Nine Months Ended September 30	
	2001	2000	2001	2000
Operations Data:				
Gross premiums written	\$2,502,371	\$1,999,816	\$7,466,670	\$5,946,843
Net premiums written	1,305,067	1,196,804	4,510,830	3,867,711
Net premiums earned	1,399,429	1,174,782	4,153,732	3,447,424
Losses and loss expenses	1,571,333	772,887	3,506,272	2,256,481
Policy acquisition costs	204,666	168,258	558,996	482,628
Administrative expenses	207,389	177,912	601,415	554,784
Underwriting income (loss)	(583,959)	55,725	(512,951)	153,531
Net investment income	192,909	197,584	593,606	561,548
Amortization of goodwill	19,912	19,919	59,664	58,889
Interest expense	49,130	55,408	153,094	166,544
Income tax expense (benefit)	(69,978)	27,429	(21,254)	71,981
Income (loss) excluding net realized gains (losses), non-recurring expenses and cumulative effect of adopting a new accounting standard	(390,114)	150,553	(110,849)	417,665
Non-recurring expenses (a)	-	-	(4,461)	-
Income (loss) excluding net realized gains (losses) and cumulative effect	(390,114)	150,553	(115,310)	417,665
Net realized gains (losses) (a)	(52,476)	(9,800)	(54,699)	11,529
Income (loss) excluding cumulative effect	(442,590)	140,753	(170,009)	429,194
Cumulative effect of adopting a new accounting standard (a)	-	-	(22,670)	-
Net income (loss)	\$ (442,590)	\$ 140,753	\$ (192,679)	\$ 429,194

(Basic earnings per share):(b)				
Earnings (loss) per share excluding net realized gains (losses), non-recurring expenses and cumulative effect of adopting a new accounting standard	\$ (1.72)	\$0.65	\$ (0.55)	\$1.86
Earnings (loss) per share excluding net realized gains (losses) and cumulative effect of adopting a new accounting standard	\$ (1.72)	\$0.65	\$ (0.57)	\$1.86
Earnings (loss) per share excluding cumulative effect of adopting a new accounting standard	\$ (1.95)	\$0.60	\$ (0.81)	\$1.92
Earnings (loss) per share	\$ (1.95)	\$0.60	\$ (0.90)	\$1.92
Weighted average shares outstanding	230,610,425	222,042,432	234,485,610	217,615,849

(Diluted earnings per share):(b)				
Earnings (loss) per share excluding net realized gains (losses), non-recurring expenses and cumulative effect of adopting a new accounting standard	\$ (1.66)	\$0.62	\$ (0.53)	\$1.83
Earnings (loss) per share excluding net realized gains (losses) and cumulative effect of adopting a new accounting standard	\$ (1.66)	\$0.62	\$ (0.55)	\$1.83
Earnings (loss) per share excluding cumulative effect of adopting a new accounting standard	\$ (1.88)	\$0.58	\$ (0.78)	\$1.88
Earnings (loss) per share	\$ (1.88)	\$0.58	\$ (0.87)	\$1.88
Weighted average shares outstanding	238,980,848	231,385,699	243,993,711	222,047,554

(a) Shown net of income tax

(b) EPS calculations provided on page 6 of this release

ACE Limited
Summary Consolidated Financial Data
(in thousands of U.S. dollars, except per share data)

	September 30, 2001	December 31, 2000
Balance Sheet Data:		
Investments and Cash:		
Fixed maturities available for sale, at fair value (amortized cost \$11,051,756 and \$10,640,937)	\$11,375,713	\$10,721,309
Equity securities, at fair value (cost \$525,325 and \$495,049)	427,929	532,046
Short-term investments, at fair value (amortized cost \$1,439,235 and \$1,369,784)	1,439,235	1,369,784
Other investments, at fair value (cost \$568,745 and \$518,130)	594,923	531,116
Cash	754,588	608,069
	-----	-----
Total investments and cash	\$14,592,388	\$13,762,324
Reinsurance recoverable	10,701,733	8,994,940
Total assets	\$34,909,275	\$31,689,526
Unpaid losses and loss expenses	\$19,883,757	\$17,388,394
Total liabilities	\$29,580,445	\$25,958,265
Mezzanine equity	\$ 311,050	\$ 311,050
Shareholders' equity		
Ordinary shares (\$0.041666667 par value, 300,000,000 shares authorized; 226,390,282 and 232,346,579 shares issued and outstanding)	\$ 9,433	\$ 9,681
Additional paid-in capital	2,575,080	2,637,085
Unearned stock grant compensation	(40,129)	(29,642)
Retained earnings	2,320,704	2,733,633
Accumulated other comprehensive income	152,692	69,454
	-----	-----
Total shareholders' equity	\$ 5,017,780	\$ 5,420,211
	-----	-----
Total liabilities, mezzanine equity and shareholders' equity	\$34,909,275	\$31,689,526
	=====	=====
Fully diluted book value per share	\$21.66	\$23.25

ACE Limited
Consolidated Supplementary Information
Computation of Basic and Diluted Earnings per Share
(in thousands of U.S. dollars, except share and per share data)

	Three Months Ended September 30		Nine Months Ended September 30	
	2001	2000	2001	2000

Numerator:				
Income (loss) excluding net realized gains (losses), non-recurring expenses and cumulative effect of adopting a new accounting standard	\$(390,114)	\$ 150,553	\$(110,849)	\$ 417,665
Feline PRIDES dividend	(6,416)	(6,537)	(19,179)	(11,862)

Income (loss) available to the holders of ordinary shares, excluding net realized gains (losses), non-recurring expenses and cumulative effect of adopting a new accounting standard	(396,530)	144,016	(130,028)	405,803
Non-recurring expenses (a)	-	-	(4,461)	-

Net income (loss) available to the holders of ordinary shares, excluding net realized gains (losses) and cumulative effect	(396,530)	144,016	(134,489)	405,803
Net realized gains (losses)(a)	(52,476)	(9,800)	(54,699)	11,529

Net income (loss) available to the holders of ordinary shares, excluding cumulative effect	(449,006)	134,216	(189,188)	417,332
Cumulative effect of adopting a new accounting standard (a)	-	-	(22,670)	-

Net income (loss) available to the holders of ordinary shares	\$(449,006)	\$ 134,216	\$(211,858)	\$ 417,332

Denominator:				
Denominator for basic earnings per share:				
Weighted average shares outstanding	230,610,425	222,042,432	234,485,610	217,615,849
Dilutive effect of Feline PRIDES	2,462,861	2,663,691	3,067,185	-
Effect of other dilutive securities	5,907,562	6,679,576	6,440,916	4,431,705

Denominator for diluted earnings per share:				
Adjusted weighted average shares outstanding and assumed conversions	238,980,848	231,385,699	243,993,711	222,047,554

Basic earnings per share:				
Earnings (loss) per share excluding net realized gains (losses), non-recurring expenses and cumulative effect of adopting a new accounting standard	\$ (1.72)	\$0.65	\$ (0.55)	\$1.86
Earnings (loss) per share excluding net realized gains (losses) and cumulative effect of adopting a new accounting standard	\$ (1.72)	\$0.65	\$ (0.57)	\$1.86
Earnings (loss) per share excluding cumulative effect of adopting a new accounting standard	\$ (1.95)	\$0.60	\$ (0.81)	\$1.92
Earnings per share	\$ (1.95)	\$0.60	\$ (0.90)	\$1.92

Diluted earnings per share:				
Earnings (loss) per share excluding net realized gains (losses), non-recurring expenses and cumulative effect of adopting a new accounting standard	\$ (1.66)	\$0.62	\$ (0.53)	\$1.83
Earnings (loss) per share excluding net realized gains (losses) and cumulative effect of adopting a new accounting standard	\$ (1.66)	\$0.62	\$ (0.55)	\$1.83
Earnings (loss) per share excluding cumulative effect of adopting a new accounting standard	\$ (1.88)	\$0.58	\$ (0.78)	\$1.88
Earnings per share	\$ (1.88)	\$0.58	\$ (0.87)	\$1.88

(a) Shown net of income tax

End of Filing

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