

ACE LTD

FORM 8-K (Current report filing)

Filed 10/30/01 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 10/30/2001 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 30, 2001

ACE LIMITED

(Exact name of registrant as specified in its charter)

Cayman Islands (State or other jurisdiction)	1-11778 (Commission (I.R.S. File Number)	98-0091805 Employer of Incorporation) Identification No.)
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ACE Global Headquarters 17 Woodbourne Avenue Hamilton, Bermuda (Address of principal executive offices)	HM 08 Zip Code)
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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 30, 2001, ACE Limited issued a press release announcing earnings for the third-quarter of 2001.

Attached as Exhibit 99.1 is a copy of the press release, dated October 30, 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 30, 2001 ACE LIMITED

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

EXHIBIT INDEX

Exhibit
Number

Description

99.1

Press Release, dated October 30, 2001

Investor Contact: Helen M. Wilson
441/299-9283

Media Contact: Wendy Davis Johnson
441/299-9347

ACE Limited Reports Third Quarter Earnings

HAMILTON, Bermuda--(BUSINESS WIRE)--Oct. 30, 2001--ACE Limited (NYSE:ACE) 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 \$1.72 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 \$1.95 for the current quarter compared with earnings per share of \$0.58 for the same quarter last year. Earnings (loss) per share calculations above are based on the weighted average number of shares calculated in accordance with FAS 128 on a diluted basis. Under FAS 128, the incremental shares from assumed conversions are not included in computing diluted loss per share amounts. The fully diluted book value per share of the Company at September 30, 2001 was \$22.10. Certain amounts noted above have been restated from the third quarter earnings highlights issued on October 25, 2001.

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.

Brian Duperreault, chairman and chief executive officer of ACE Limited, commented: "The tragedy of September 11 has materially altered the business of insurance. It has created uncertainty and significantly increased insurance demand. With our global platform and increased capital, ACE is well positioned to meet this demand."

Gross premiums written during the quarter increased by 25 percent to \$2.5 billion, compared with \$2 billion for the comparable quarter last year.

Net premiums written during the quarter increased by 9 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 26 percent to \$7.5 billion compared with the same period last year and net premiums written increased by 17 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 quarter 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.

On October 25, 2001, ACE announced that it agreed to sell in a public offering 28.6 million ordinary shares at a price per share of \$35.00, resulting in net proceeds of \$980 million. ACE also granted the underwriters of the offering an option to purchase an additional 4.29 million ordinary shares at the same price to cover over-allotments. This option was exercised on Monday, October 29, 2001 and will result in additional proceeds of \$147 million.

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, the amount and timing of losses actually incurred and reported by insureds and reinsureds and governmental responses to the tragedy. Availability of capacity to clients will depend on opportunities presented and the application of underwriting guidelines. Also, competition in the industry, levels of new and renewal business achieved, market acceptance, the frequency of unpredictable catastrophic events, actual loss experience 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. 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 (1)	-	-	(4,461)	-
Income (loss) excluding net realized gains (losses) and cumulative effect	(390,114)	150,553	(115,310)	417,665
Net realized gains (losses) (1)	(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 (1)	-	-	(22,670)	-
Net income (loss)	\$(442,590)	\$140,753	\$(192,679)	\$429,194

Diluted earnings (loss) per share: (2)

Earnings (loss) per share excluding net realized gains (losses), non-recurring expenses and cumulative effect of adopting a new accounting standard	\$(1.72)	\$0.62	\$(0.56)	\$1.83
Earnings (loss) per share excluding net realized gains (losses) and cumulative effect of adopting a new accounting standard	\$(1.72)	\$0.62	\$(0.58)	\$1.83
Earnings (loss) per share excluding cumulative effect of adopting a new accounting standard	\$(1.95)	\$0.58	\$(0.82)	\$1.88
Earnings (loss) per share	\$(1.95)	\$0.58	\$(0.92)	\$1.88

Weighted average shares

outstanding 230,610,425 231,385,699 231,390,682 222,047,554

Earnings (loss) per share based on weighted average shares outstanding and assumed conversions(2)

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	\$(0.54)	\$1.83
Earnings (loss) per share excluding net realized gains (losses) and cumulative effect of adopting a new accounting standard	\$(1.66)	\$0.62	\$(0.56)	\$1.83
Earnings (loss) per share excluding cumulative effect of adopting a new accounting standard	\$(1.88)	\$0.58	\$(0.79)	\$1.88
Earnings (loss) per share	\$(1.88)	\$0.58	\$(0.88)	\$1.88

Weighted average shares

outstanding 238,980,848 231,385,699 240,898,738 222,047,554

(1) Shown net of income tax

(2) Detailed EPS information provided on page 15 of this release.

ACE Limited
Consolidated Supplementary Segment Information

(in millions of U.S. dollars)

	Three Months Ended September 30		Nine Months Ended September 30	
	2001	2000	2001	2000
Gross Premiums Written				
ACE Bermuda	\$ 321	\$ 200	\$ 895	\$ 511
ACE Global Markets	220	239	871	753
ACE Global Reinsurance	102	31	367	178
ACE USA	1,308	975	3,293	2,662
ACE International	514	497	1,726	1,554
ACE Financial Services	37	58	315	289
Total	\$2,502	\$2,000	\$7,467	\$5,947
Net Premiums Written				
ACE Bermuda	\$ 180	\$ 182	\$ 720	\$ 446
ACE Global Markets	86	177	517	551
ACE Global Reinsurance	76	13	327	146
ACE USA	586	450	1,506	1,370
ACE International	342	325	1,134	1,080
ACE Financial Services	35	50	307	274
Total	\$1,305	\$1,197	\$4,511	\$3,867
Net Premiums Earned				
ACE Bermuda	\$ 281	\$ 170	\$ 782	\$ 356
ACE Global Markets	112	174	459	455
ACE Global Reinsurance	103	38	248	96
ACE USA	515	411	1,335	1,256
ACE International	344	339	1,063	1,037
ACE Financial Services	44	43	267	247
Total	\$1,399	\$1,175	\$4,154	\$3,447

(in thousands of U.S. dollars, except per share data)

	September 30, 2001	December 31, 2000

Balance Sheet Data:		
Assets		
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
Insurance and reinsurance balances receivable	2,456,780	2,095,573
Accounts and notes receivable	242,532	388,996
Reinsurance recoverable	10,701,733	8,994,940
Deferred policy acquisition costs	680,642	572,757
Goodwill	2,790,986	2,846,709
Deferred tax assets	1,178,418	1,144,261
Other assets	2,265,796	1,883,966
	-----	-----
Total assets	\$34,909,275	\$31,689,526
	=====	=====
Liabilities		
Unpaid losses and loss expenses	\$19,883,757	\$17,388,394
Unearned premiums	3,777,915	3,035,288
Insurance and reinsurance balances payable	1,563,766	1,319,091
Contract holder deposit funds	106,460	139,056
Accounts payable, accrued expenses and other liabilities	1,497,648	1,412,699
Short-term debt	451,470	364,509
Long-term debt	1,424,429	1,424,228
Trust preferred securities	875,000	875,000
	-----	-----
Total liabilities	\$29,580,445	\$25,958,265
	=====	=====
Commitments and contingencies		
Mezzanine equity	\$ 311,050	\$ 311,050
	-----	-----
Shareholders' equity		
Ordinary shares (\$.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
	=====	=====

(in thousands of U.S. dollars)

	ACE Bermuda	ACE (1) Global Markets	ACE (2) Global Reinsurance	ACE USA	ACE Inter- national
Operations Data:					
Gross premiums written	\$ 321,162	\$219,474	\$70,185	\$1,308,049	\$514,071
Net premiums written	180,289	86,098	43,645	585,967	341,953
Net premiums earned	281,334	112,412	70,293	515,233	344,091
Losses and loss expenses	478,996	256,787	130,612	426,518	230,926
Policy acquisition costs	5,026	55,470	12,795	55,146	66,296
Administrative expenses	11,798	18,158	10,467	66,625	68,445
Underwriting income	(214,486)	(218,003)	(83,581)	(33,056)	(21,576)
Net investment income	35,882	8,288	15,728	84,541	20,545
Amortization of goodwill	(225)	958	3,503	135	-
Interest expense	859	653	-	8,508	-
Income tax expense (benefit)	697	(74,819)	-	14,523	3,102
Income (loss) excluding net realized gains (losses)	(179,935)	(136,507)	(71,356)	28,319	(4,133)
Net realized gains (losses)(4)	(2,602)	2,808	(5,003)	(3,944)	2,214
Net income (loss)	\$(182,537)	\$(133,699)	\$(76,359)	\$ 24,375	\$(1,919)
Losses and loss expense ratio	170.2%	228.4%	185.8%	82.8%	67.1%
Policy acquisition cost ratio	1.8%	49.3%	18.2%	10.7%	19.3%
Administrative expense ratio	4.2%	16.2%	14.9%	12.9%	19.9%
Combined ratio	176.2%	293.9%	218.9%	106.4%	106.3%

- (1) Losses and loss expenses in ACE Global Market includes \$17 million of incurred losses in respect of the RGB syndicate that is in run-off.
(2) ACE Global Reinsurance segment includes both property & casualty reinsurance business and life reinsurance business. These two distinct areas have been shown separately in this analysis.
(3) Includes ACE Limited, ACE INA Holdings and intercompany eliminations
(4) Shown net of income tax.

(in thousands of U.S. dollars)

	ACE				
	ACE Financial Services	Other (3)	Consol- idated P&C	Global Life Re- insurance	ACE Consol- idated
Operations Data:					
Gross premiums written	\$ 37,254	\$ -	\$2,470,195	\$32,176	\$2,502,371
Net premiums written	34,939	-	1,272,891	32,176	1,305,067
Net premiums earned	43,890	-	1,367,253	32,176	1,399,429
Losses and loss expenses	17,788	-	1,541,627	29,706	1,571,333
Policy acquisition costs	9,374	-	204,107	559	204,666
Administrative expenses	8,265	22,181	205,939	1,450	207,389
Underwriting income	8,463	(22,181)	(584,420)	461	(583,959)
Net investment income	25,845	1,961	192,790	119	192,909
Amortization of goodwill	1,051	14,490	19,912	-	19,912
Interest expense	3,840	35,270	49,130	-	49,130
Income tax expense (benefit)	5,516	(18,997)	(69,978)	-	(69,978)
Income (loss) excluding net realized gains (losses)	23,901	(50,983)	(390,694)	580	(390,114)
Net realized gains (losses) (4)	(20,884)	(25,065)	(52,476)	-	(52,476)
Net income (loss)	\$ 3,017	\$(76,048)	\$(443,170)	\$ 580	\$(442,590)
Losses and loss expense ratio	40.5%		112.7%		
Policy acquisition cost ratio	21.4%		14.9%		
Administrative expense ratio	18.8%		15.1%		
Combined ratio	80.7%		142.7%		

(1) Losses and loss expenses in ACE Global Market includes \$17 million of incurred losses in respect of the RGB syndicate that is in run-off.

(2) ACE Global Reinsurance segment includes both property & casualty reinsurance business and life reinsurance business. These two distinct areas have been shown separately in this analysis.

(3) Includes ACE Limited, ACE INA Holdings and intercompany eliminations

(4) Shown net of income tax.

(in thousands of U.S. dollars)

ACE ACE

ACE ACE Global Global ACE Inter- ACE Bermuda Markets Reinsurance USA national Consolidated

Operations Data:

Gross premiums

written	\$142,426	\$(20,691)	\$ -	\$ -	\$ -	\$121,735
Net premiums written	138,676	(66,292)	1,768	(18,124)	(4,500)	51,528
Net premiums earned	100,092	(66,292)	2,892	(18,124)	(4,500)	14,068
Losses and loss expenses	341,785	140,212	122,017	28,178	18,300	650,492
Policy acquisition costs	-	-	502	-	-	502
Administrative expenses	-	-	-	-	-	-
Underwriting income	(241,693)	(206,504)	(119,627)	(46,302)	(22,800)	(636,926)
Net investment income	-	-	-	-	-	-
Amortization of goodwill	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-
Income tax expense (benefit)	-	(61,951)	-	(16,206)	-	(78,157)
Net income (loss)	\$(241,693)	\$(144,553)	\$(119,627)	\$(30,096)	\$(22,800)	\$(558,769)
	=====	=====	=====	=====	=====	=====

(a) The analysis of the impact of the September 11, 2001 tragedy includes the effects of the intercompany reinsurance transactions.

(in thousands of U.S. dollars)

	ACE Bermuda	ACE (1) Global Markets	ACE (2) Global Reinsurance	ACE USA	ACE Inter- national
Operations Data by Segment:					
Gross premiums written	\$178,736	\$240,165	\$70,185	\$1,308,049	\$514,071
Net premiums written	41,613	152,390	41,877	604,091	346,453
Net premiums earned	181,242	178,704	67,401	533,357	348,591
Losses and loss expenses	137,211	116,575	8,595	398,340	212,626
Policy acquisition costs	5,026	55,470	12,293	55,146	66,296
Administrative expenses	11,798	18,158	10,467	66,625	68,445
Underwriting income (loss)	27,207	(11,499)	36,046	13,246	1,224
Net investment income	35,882	8,288	15,728	84,541	20,545
Amortization of goodwill	(225)	958	3,503	135	-
Interest expense	859	653	-	8,508	-
Income tax expense (benefit)	697	(12,868)	-	30,729	3,102
Income (loss) excluding net realized gains (losses)	61,758	8,046	48,271	58,415	18,667
Net realized gains (losses) (4)	(2,602)	2,808	(5,003)	(3,944)	2,214
Net income (loss)	\$ 59,156	\$ 10,854	\$ 43,268	\$ 54,471	\$ 20,881
Losses and loss expense ratio	75.7%	65.2%	12.8%	74.7%	61.0%
Policy acquisition cost ratio	2.8%	31.0%	18.2%	10.3%	19.0%
Administrative expense ratio	6.5%	10.2%	15.5%	12.5%	19.6%
Combined ratio	85.0%	106.4%	46.5%	97.5%	99.6%

(1) Losses and loss expenses in ACE Global Market includes \$17 million of incurred losses in respect of the RGB syndicate that is in run-off.

(2) ACE Global Reinsurance segment includes both property & casualty reinsurance business and life reinsurance business. These two distinct areas have been shown separately in this analysis.

(3) Includes ACE Limited, ACE INA Holdings and intercompany eliminations

(4) Shown net of income tax.

(in thousands of U.S. dollars)

ACE

	ACE Financial Services	Other (3)	Consol- idated P&C	Global Life Re- insurance	ACE Consol- idated
	-----	-----	-----	-----	-----
Operations Data by Segment:					
Gross premiums written	\$ 37,254	\$ -	\$2,348,460	\$ 32,176	\$2,380,636
Net premiums written	34,939	-	1,221,363	32,176	1,253,539
Net premiums earned	43,890	-	1,353,185	32,176	1,385,361
Losses and loss expenses	17,788	-	891,135	29,706	920,841
Policy acquisition costs	9,374	-	203,605	559	204,164
Administrative expenses	8,265	22,181	205,939	1,450	207,389
	-----	-----	-----	-----	-----
Underwriting income (loss)	8,463	(22,181)	52,506	461	52,967
Net investment income	25,845	1,961	192,790	119	192,909
Amortization of goodwill	1,051	14,490	19,912	-	19,912
Interest expense	3,840	35,270	49,130	-	49,130
Income tax expense (benefit)	5,516	(18,997)	8,179	-	8,179
	-----	-----	-----	-----	-----
Income (loss) excluding net realized gains (losses)	23,901	(50,983)	168,075	580	168,655
Net realized gains (losses) (4)	(20,884)	(25,065)	(52,476)	-	(52,476)
	-----	-----	-----	-----	-----
Net income (loss)	\$ 3,017	\$(76,048)	\$ 115,599	\$ 580	\$ 116,179
	=====	=====	=====	=====	=====
Losses and loss expense ratio	40.5%		65.9%		
Policy acquisition cost ratio	21.4%		15.0%		
Administrative expense ratio	18.8%		15.2%		
Combined ratio	80.7%		96.1%		

- (1) Losses and loss expenses in ACE Global Market includes \$17 million of incurred losses in respect of the RGB syndicate that is in run-off.
(2) ACE Global Reinsurance segment includes both property & casualty reinsurance business and life reinsurance business. These two distinct areas have been shown separately in this analysis.
(3) Includes ACE Limited, ACE INA Holdings and intercompany eliminations
(4) Shown net of income tax.

(in thousands of U.S. dollars)

	ACE			
	ACE Bermuda -----	ACE Global Markets -----	Global Reinsurance -----	ACE USA ---
Operations Data by Segment:				
Gross premiums written	\$199,741	\$239,484	\$30,750	\$974,862
Net premiums written	181,573	176,672	12,811	450,518
Net premiums earned	170,292	174,266	37,707	410,472
Losses and loss expenses	132,701	102,503	5,813	307,692
Policy acquisition costs	7,565	44,844	6,180	40,430
Administrative expenses	7,494	18,499	2,957	58,631
	-----	-----	-----	-----
Underwriting income (loss)	22,532	8,420	22,757	3,719
Net investment income	38,906	7,932	15,056	89,599
Amortization of goodwill	(225)	965	3,503	135
Interest expense	908	1,897	-	11,404
Income tax expense (benefit)	655	5,623	-	26,238
	-----	-----	-----	-----
Income (loss) excluding net realized gains (losses)	60,100	7,867	34,310	55,541
Net realized gains (losses)(2)	7,135	(1,245)	(12,433)	(5,989)
	-----	-----	-----	-----
Net income (loss)	\$67,235	\$6,622	\$21,877	\$49,552
	=====	=====	=====	=====
Losses and loss expense ratio	77.9%	58.8%	15.4%	75.0%
Policy acquisition cost ratio	4.5%	25.7%	16.4%	9.8%
Administrative expense ratio	4.4%	10.6%	7.9%	14.3%
Combined ratio	86.8%	95.1%	39.7%	99.1%

	ACE Inter- national -----	ACE Financial Services -----	Other(1) -----	ACE Consolidated -----
Operations Data by Segment:				
Gross premiums written	\$496,953	\$58,026	\$ -	\$1,999,816
Net premiums written	324,779	50,451	-	1,196,804
Net premiums earned	339,101	42,944	-	1,174,782
Losses and loss expenses	205,976	18,202	-	772,887
Policy acquisition costs	59,339	9,900	-	168,258
Administrative expenses	68,552	7,665	14,114	177,912
	-----	-----	-----	-----
Underwriting income (loss)	5,234	7,177	(14,114)	55,725
Net investment income	24,612	24,168	(2,689)	197,584
Amortization of goodwill	-	1,051	14,490	19,919
Interest expense	-	3,378	37,821	55,408
Income tax expense (benefit)	4,400	6,403	(15,890)	27,429
	-----	-----	-----	-----
Income (loss) excluding net realized gains (losses)	25,446	20,513	(53,224)	150,553
Net realized gains (losses)(2)	492	2,030	210	(9,800)
	-----	-----	-----	-----
Net income (loss)	\$25,938	\$22,543	\$(53,014)	\$140,753
	=====	=====	=====	=====
Losses and loss expense ratio	60.7%	42.4%		65.8%
Policy acquisition cost ratio	17.5%	23.1%		14.3%
Administrative expense ratio	20.3%	17.8%		15.1%

Combined ratio 98.5% 83.3% 95.2%

(1) Includes ACE Limited, ACE INA Holdings and intercompany eliminations.

(2) Shown net of income tax.

(in thousands of U.S. dollars)

	ACE Bermuda	ACE (1) Global Markets	ACE (2) Global Re- insurance	ACE USA	ACE Inter- national
Operations Data:					
Gross premiums written	\$894,631	\$870,847	\$304,195	\$3,293,341	\$1,725,948
Net premiums written	720,109	516,781	264,341	1,505,970	1,133,864
Net premiums earned	782,206	458,615	184,894	1,334,846	1,063,467
Losses and loss expenses	933,967	455,113	186,884	1,011,216	674,048
Policy acquisition costs	14,872	158,157	32,822	134,464	186,455
Administrative expenses	28,568	52,716	18,943	209,702	197,126
Underwriting income	(195,201)	(207,371)	(53,755)	(20,536)	5,838
Net investment income	113,728	28,575	47,478	256,265	64,291
Amortization of goodwill	(675)	2,803	10,508	405	-
Interest expense	888	2,078	-	25,856	-
Income tax expense (benefit)	2,046	(65,384)	-	66,856	15,733
Income (loss) excluding net realized gains (losses), non-recurring expenses and cumulative effect	(83,732)	(118,293)	(16,785)	142,612	54,396
Non-recurring expenses (4)	-	(4,461)	-	-	-
Income (loss) excluding net realized gains (losses) and cumulative effect	(83,732)	(122,754)	(16,785)	142,612	54,396
Net realized gains (losses)(4)	10,773	5,838	(23,572)	(21,422)	977
Income (loss) excluding cumulative effect of adopting a new accounting standard	(72,959)	(116,916)	(40,357)	121,190	55,373
Cumulative effect of adopting a new accounting standard (4)	-	510	470	(50)	-
Net income (loss)	\$ (72,959)	\$(116,406)	\$ (39,887)	\$ 121,140	\$ 55,373

Losses and loss expense ratio	119.4%	99.2%	101.1%	75.7%	63.4%
Policy acquisition cost ratio	1.9%	34.5%	17.8%	10.1%	17.5%
Administrative expense ratio	3.7%	11.5%	10.2%	15.7%	18.5%
Combined ratio	125.0%	145.2%	129.1%	101.5%	99.4%

- (1) Losses and loss expenses in ACE Global Market includes \$17 million of incurred losses in respect of the RGB syndicate that is in run-off.
(2) ACE Global Reinsurance segment includes both property & casualty reinsurance business and life reinsurance business. These two distinct areas have been shown separately in this analysis.
(3) Includes ACE Limited, ACE INA Holdings and intercompany eliminations
(4) Shown net of income tax.

ACE Limited Supplemental Information by Segment Nine months ended September 30, 2001

(in thousands of U.S. dollars)

	ACE		Consol- idated	Global	ACE
	Financial Services	Other (3)	P&C	Life Re- insurance	Consol- idated
	-----	-----	-----	-----	-----
Operations Data:					
Gross premiums written	\$314,553	\$ -	\$7,403,515	\$ 63,155	\$7,466,670
Net premiums written	306,610	-	4,447,675	63,155	4,510,830
Net premiums earned	266,549	-	4,090,577	63,155	4,153,732
Losses and loss expenses	186,533	-	3,447,761	58,511	3,506,272
Policy acquisition costs	30,492	-	557,262	1,734	558,996
Administrative expenses	27,079	64,682	598,816	2,599	601,415
	-----	-----	-----	-----	-----
Underwriting income	22,445	(64,682)	(513,262)	311	(512,951)
Net investment income	75,657	7,158	593,152	454	593,606
Amortization of goodwill	3,153	43,470	59,664	-	59,664
Interest expense	10,486	113,786	153,094	-	153,094
Income tax expense (benefit)	15,199	(55,704)	(21,254)	-	(21,254)
	-----	-----	-----	-----	-----
Income (loss) excluding net realized gains (losses), non-recurring expenses and cumulative effect	69,264	(159,076)	(111,614)	765	(110,849)
Non-recurring expenses (4)	-	-	(4,461)	-	(4,461)
	-----	-----	-----	-----	-----

Income (loss) excluding net realized gains (losses) and cumulative effect	69,264	(159,076)	(116,075)	765	(115,310)
Net realized gains (losses)(4)	(2,228)	(25,065)	(54,699)	-	(54,699)
	-----	-----	-----	-----	-----
Income (loss) excluding cumulative effect of adopting a new accounting standard	67,036	(184,141)	(170,774)	765	(170,009)
Cumulative effect of adopting a new accounting standard (4)	(23,600)	-	(22,670)	-	(22,670)
	-----	-----	-----	-----	-----
Net income (loss)	\$ 43,436	\$(184,141)	\$(193,444)	\$ 765	\$ (192,679)
	=====	=====	=====	=====	=====
Losses and loss expense ratio	70.0%		84.3%		
Policy acquisition cost ratio	11.4%		13.6%		
Administrative expense ratio	10.2%		14.6%		
Combined ratio	91.6%		112.5%		

- (1) Losses and loss expenses in ACE Global Market includes \$17 million of incurred losses in respect of the RGB syndicate that is in run-off.
(2) ACE Global Reinsurance segment includes both property & casualty reinsurance business and life reinsurance business. These two distinct areas have been shown separately in this analysis.
(3) Includes ACE Limited, ACE INA Holdings and intercompany eliminations
(4) Shown net of income tax.

(in thousands of U.S. dollars)

	ACE			
	ACE Bermuda	ACE Global Markets	Global Reinsurance	ACE USA
	-----	-----	-----	---
Operations Data by Segment:				
Gross premiums written	\$510,788	\$752,791	\$178,223	\$2,662,542
Net premiums written	446,297	551,140	146,265	1,369,785
Net premiums earned	356,164	454,599	96,062	1,256,042
Losses and loss expenses	265,002	258,271	17,474	938,783
Policy acquisition costs	14,648	119,577	17,877	118,498
Administrative expenses	22,278	54,069	7,806	188,552
	-----	-----	-----	-----
Underwriting income (loss)	54,236	22,682	52,905	10,209
Net investment income	111,240	23,420	44,839	251,542
Amortization of goodwill	(658)	2,990	10,508	405
Income tax expense (benefit)	1,920	11,069	(173)	72,991
	-----	-----	-----	-----
Income (loss) excluding net realized gains (losses)	162,616	27,963	87,409	160,346
Net realized gains (losses)(2)	31,432	(2,193)	(20,378)	(16,836)
	-----	-----	-----	-----
Net income (loss)	\$194,048	\$25,770	\$67,031	\$143,510
	=====	=====	=====	=====
Losses and loss expense ratio	74.4%	56.8%	18.2%	74.8%
Policy acquisition cost ratio	4.1%	26.3%	18.6%	9.4%
Administrative expense ratio	6.3%	11.9%	8.2%	15.0%
Combined ratio	84.8%	95.0%	45.0%	99.2%

(1) Includes ACE Limited, ACE INA Holdings and intercompany eliminations

(2) Shown net of income tax

	ACE Inter- national -----	ACE Financial Services -----	Other(1) -----	ACE Consolidated -----
Operations Data by Segment:				
Gross premiums written	\$1,553,853	\$288,646	\$ -	\$5,946,843
Net premiums written	1,080,317	273,907	-	3,867,711
Net premiums earned	1,037,411	247,146	-	3,447,424
Losses and loss expenses	613,942	163,009	-	2,256,481
Policy acquisition costs	173,462	38,566	-	482,628
Administrative expenses	211,589	23,705	46,785	554,784
	-----	-----	-----	-----
Underwriting income (loss)	38,418	21,866	(46,785)	153,531
Net investment income	69,498	71,002	(9,993)	561,548
Amortization of goodwill	-	3,154	42,490	58,889
Interest expense	-	10,016	122,841	166,544
Income tax expense (benefit)	19,235	15,664	(48,725)	71,981
	-----	-----	-----	-----
Income (loss) excluding net realized gains (losses)	88,681	64,034	(173,384)	417,665
Net realized gains (losses) (2)	19,779	1,566	(1,841)	11,529
	-----	-----	-----	-----
Net income (loss)	\$108,460	\$65,600	\$(175,225)	\$429,194
	=====	=====	=====	=====
Losses and loss expense ratio	59.2%	66.0%		65.5%
Policy acquisition cost ratio	16.7%	15.6%		14.0%
Administrative expense ratio	20.4%	9.6%		16.1%
Combined ratio	96.3%	91.2%		95.6%

(1) Includes ACE Limited, ACE INA Holdings and intercompany eliminations

(2) Shown net of income tax

ACE Limited
 Supplementary Information
 September 30, 2001
 (in millions of U.S. dollars)

	Amount Outstanding at Sept. 30, 2001	Coupon Rate	Interest expense including fees Three Months Ended Sept. 30, 2001
	-----	-----	-----
Short-term Debt			
ACE INA commercial paper	\$ 268	Floating	\$ 3.7
ACE INA bank borrowings	158	Floating	0.3
ACE Financial Services Note	25	Floating	0.3
	--		--
	\$ 451		\$ 4.3
	-----		-----
Long-term Debt			
ACE Financial Services			
Debentures due 2002	\$ 75	7.75%	\$ 1.5
ACE INA Notes due 2004	400	8.20%	8.2
ACE INA Notes due 2006	299	8.30%	6.2
ACE INA Debentures due 2029	100	8.875%	2.2
ACE US Senior Notes due 2008	250	6.47%	4.0
ACE INA Subordinated Notes due 2009	300	8.41%	6.3
	---		---
	\$1,424		\$ 28.4
	-----		-----
Trust Preferred Securities			
ACE INA Rhino Preferred			
Securities due 2002	\$ 400	Floating	\$ 4.8
Capital Re LLC Monthly Income Preferred Securities due 2044	75	7.65%	1.4
ACE INA Trust Preferred Securities due 2029	100	8.875%	2.2
ACE INA Capital Securities due 2030	300	9.70%	7.3
	---		---
	\$ 875		\$ 15.7
	-----		-----
Other			0.7

			\$ 49.1
			=====
	Amount Outstanding at Sept. 30, 2001	Dividend Rate	Dividend Three Months Ended Sept. 30, 2001
	-----	-----	-----
Mezzanine equity	\$311	8.25%	\$ 6.4
	===	====	====

(in millions of U.S. dollars)

	September 30, 2001	December 31, 2000
Reinsurance Recoverable		
Reinsurance recoverable on paid losses and loss expenses	\$ 1,037	\$ 937
Reinsurance recoverable on unpaid losses and loss expenses	10,401	8,767
Provision for uncollectible balances	(736)	(709)
	\$10,702	\$8,995
	=====	=====

	Property & Casualty	Life & Health	Financial Products	Total
Net Premiums Written by Type of Premium				
Three months ended				
September 30, 2001				
ACE Bermuda	\$ 38	\$ -	\$142	\$ 180
ACE Global Markets	86	-	-	86
ACE Global Reinsurance	44	32	-	76
ACE USA	440	-	146	586
ACE International	224	117	1	342
ACE Financial Services	-	-	35	35
	---	---	---	---
Total	\$832	\$149	\$324	\$1,305
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Three months ended				
September 30, 2000				
ACE Bermuda	\$ 113	\$ -	\$ 69	\$ 182
ACE Global Markets	171	6	-	177
ACE Global Reinsurance	13	-	-	13
ACE USA	417	-	33	450
ACE International	294	31	-	325
ACE Financial Services	-	-	50	50
	---	---	---	---
Total	\$1,008	\$ 37	\$ 152	\$1,197
	---	---	---	---

Nine months ended				
September 30, 2001				
ACE Bermuda	\$ 131	\$ -	\$ 589	\$ 720
ACE Global Markets	515	2	-	517
ACE Global Reinsurance	264	63	-	327
ACE USA	1,282	-	224	1,506
ACE International	748	381	5	1,134
ACE Financial Services	-	-	307	307
	---	---	---	---
Total	\$2,940	\$ 446	\$1,125	\$4,511
	---	---	---	---

Nine months ended				
September 30, 2000				
ACE Bermuda	\$ 228	\$ -	\$ 218	\$ 446
ACE Global Markets	509	42	-	551
ACE Global Reinsurance	146	-	-	146
ACE USA	1,150	-	220	1,370
ACE International	801	279	-	1,080
ACE Financial Services	-	-	274	274
	---	---	---	---
Total	\$2,834	\$ 321	\$ 712	\$3,867
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(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:				
Weighted average shares outstanding	230,610,425	222,042,432	231,390,682	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

Adjusted weighted average shares outstanding and assumed conversions	238,980,848	231,385,699	240,898,783	222,047,554
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(a) Shown net of income tax

ACE Corporate Announcements - Third Quarter, 2001

September 28, 2001 - Sovereign Announces Its Election to the Berne Union

Sovereign Risk Insurance Ltd. announced its election to the International Union of Credit and Investment Insurers (the Berne Union). Sovereign's application for membership was approved at the Berne Union's annual meeting in Biarritz, France on September 19. The Berne Union has a total of fifty-one members from forty-two countries and locations. Sovereign is one of only three private sector political risk insurers to become eligible for, and be approved as, a member of the Berne Union.

September 25, 2001 - ACE USA Diversified Products Enters Strategic Alliance with RelMark Program Managers

The Diversified Products division of ACE USA announced it has selected RelMark Program Managers to manage a program for fire sprinkler contractors. ACE USA Diversified Products writes customized commercial lines programs through program agents who are experts in particular niche markets. RelMark Program Managers of Exton, PA. will have authority for underwriting, marketing and administration on behalf of ACE USA Diversified Products.

September 17, 2001 - ACE Establishes Fund for Victims' Families

ACE Limited announced that it has established a fund to aid the families of the victims of the September 11 attacks in the United States. The fund will be administered by charitable trusts operated by ACE Foundations in Bermuda and Philadelphia and will provide one million dollars a year for a period of five years to families affected by the disasters in New York, Washington and Pennsylvania.

September 7, 2001 - Sovereign Risk Announces Completion of Samurai/US Dollar Capital Markets Transaction in Brazil

Sovereign Risk Insurance Ltd. has announced the issuance of two political risk insurance policies in connection with a capital markets transaction covering a two-tranche Yen and US Dollar-denominated notes issue by Banco Itau. The policies were issued in support of an aggregate amount of US\$350 million of notes, US\$250 million equivalent of which was denominated in Japanese yen. The issue represents two "firsts" for Brazil -- it is both the first wrapped A-rated deal and the first subordinated bond offering in Brazil.

August 23, 2001 - INAMAR Introduces ORCA, Online Real-Time Communications Access

INAMAR, the marine insurance products and services arm of the ACE Group of Companies, announced the initial release of a new system - ORCA, Online Real-Time Communications Access. This Internet-based system will be available to appointed recreational marine specialist insurance agents and will provide automated boat and insurance quoting on a 24/7 basis using innovative underwriting tools.

August 9, 2001 - ACE Opens Global Headquarters in Bermuda

ACE Limited, the holding company for the ACE Group of Companies, opened its new global headquarters in Hamilton, Bermuda. An official opening ceremony attended by the Premier of Bermuda, the Honorable Jennifer Smith DHumL, JP, MP, Members of Parliament, Chairman & Chief Executive Officer of ACE, Brian Duperreault, members of ACE's Board of Directors as well as other invited dignitaries and guests was held at 5.00 p.m., Thursday, August 9, 2001 at the new global headquarters on Woodbourne Avenue.

July 31, 2001 - Sovereign Announces Financial Results for Fourth Year of Operations

Sovereign Risk Insurance Ltd. announced financial results for its fourth year of operations. For the fiscal year July 1, 2000 - June 30, 2001, Sovereign underwrote 52 new political risk insurance policies. Sovereign's gross premium revenue was \$52.5 million, with net revenue of \$40.7 million. This compares with \$31.3 million in gross premium revenue and \$23.5 million in net revenue in FY 1999/2000. Sovereign's combined ratio for the year was 40% and expense ratio was 11%.

