

ACE LTD

FORM 8-K (Current report filing)

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Telephone	441 295 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 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) – December 13, 2005

ACE LIMITED

(Exact name of registrant as specified in its charter)

Cayman Islands
(State or other jurisdiction)

1-11778
(Commission File Number)

98-0091805
(I.R.S. Employer of Incorporation
Identification No.)

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

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

Not applicable

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry into a Material Definitive Agreement.

On December 13, 2005, ACE European Holdings No. 2 Limited entered into a £100,000,000 syndicated five-year term loan agreement and ACE Australia Holdings PTY Limited entered into a AUD \$100,000,000 syndicated two-year term loan agreement (collectively referred to as the "Loan Agreements"). ACE Limited guaranteed the obligations of the borrower under each Loan Agreement.

Both Loan Agreements are unsecured and repayable on maturity. The proceeds from the term loans will be used to retire indebtedness of ACE INA Holdings Inc. and for general corporate purposes.

Pricing under both Loan Agreements is based on a fixed rate plus a margin determined by reference to ACE Limited's credit ratings. The applicable borrower will also pay customary upfront, arrangement and administration fees.

The covenants in the Loan Agreements are substantially similar to covenants in other ACE group credit facilities and include limitations on liens, substantial asset sales and mergers. Both Loan Agreements also contain financial covenants that require ACE Limited to:

(i) maintain minimum consolidated net worth of not less than \$6.447 billion (subject to an annual reset provision) plus 25 percent of cumulative net income from December 31, 2004 plus 50 percent of the net proceeds of any issuance of equity interests subsequent to December 31, 2004; and

(ii) maintain a ratio of total debt (excluding trust preferred securities and mezzanine capital to the extent not exceeding 15% of total capitalization) to total capitalization of not greater than 0.35 to 1.

Both Loan Agreements have customary events of default, including (subject to certain materiality thresholds and grace periods) payment default, failure to comply with covenants, material inaccuracy of representation or warranty, bankruptcy or insolvency proceedings, change of control and cross-default to other debt agreements.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

See Item 1.01 above which is incorporated herein by reference.

