PARTNERSHIP

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ACE weathers the storms of 2005

Last year saw more than its fair share of unprecedented natural disasters, with inevitable consequences for the global insurance industry. The ACE Group of Companies responded to these events with efficiency and compassion, ensuring the needs of its clients were met in exceptional circumstances.

ACE Limited 's positive financial performance last year, above all its ability to achieve a combined ratio of below 100% in such a challenging environment, is testament to the underwriting strengths of the organisation.

The company's net income for the fourth quarter of 2005 was $237 million, compared with net income of $278 million for the same quarter in 2004. Full year 2005 net income amounted to $1,029 million, while P&C combined ratio was 99.3 per cent following pre-tax catastrophe losses of $1,049 million.

The losses from hurricane Wilma, $251 million, and development primarily related to hurricanes Katrina, Rita and Dennis, $53 million, together resulted in an after-tax charge for the quarter of $0.94 per share.

Evan Greenberg, president and chief executive officer of ACE Limited, commented: "This past year was the worst in history for insured catastrophe losses, yet ACE finished the year with a combined ratio under 100 per cent, an ROE of approximately nine per cent, and book value growth of seven per cent.

While failing to meet our standards, these results are a testament to the underwriting discipline of our organisation. Looking ahead, ACE is well-positioned both operationally and financially to capitalise on a dynamic market and the opportunities it presents."

For more detailed information on individual segment performance, together with additional disclosure on reinsurance recoverable, loss reserves, catastrophe loss charges by segment, investment portfolio and capital structure, please refer to the ACE Financial Supplement December 31, 2005: http://media.corporate-ir.net/media_files/nys/ace/reports/fin_supp_december_31_2005.xls.

Additional 2005 operating highlights include:

- P&C net premiums written increased two per cent for the year
- Cash and invested assets increased by $5 billion in 2005 to $32.4 billion
- Net paid and unpaid losses and loss expenses increased $3 billion to $19.6 billion
- Net investment income increased 25 per cent for the year to $1.26 billion
- Shareholders' equity increased 20 per cent for the year to $11.8 billion
- Tangible equity rose to $9.1 billion, a gain of 27 per cent, from year-end 2004
- Debt to total capital ratio improved to 14.8 per cent from 16.3 per cent at year-end 2004
- On October 4, 2005, the Company issued common stock of approximately $1.5 billion

Inside...

How well protected are goods in temporary storage? See page 3 ➤