Global Loss Triangles Supplement
2008

ACE Limited

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This report is for informational purposes only. It should be read in conjunction with documents filed by ACE Limited with the Securities and Exchange Commission, including the most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q.

Cautionary Statement Regarding Forward-Looking Statements:
Any forward-looking statements made in this document 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.

For example, the Company's forward-looking statements could be affected by the frequency of unpredictable catastrophic events, actual loss experience which differs from the Company's assumptions, uncertainties in the reserving or settlement process, new theories of liability, coverage issues, judicial, legislative, regulatory and other governmental developments, litigation tactics and developments, the amount and timing of reinsurance recoverable, credit developments among reinsurers, pricing and policy term trends and actual market conditions and developments, as well as management's response to these factors, and other factors identified in the Company's filings with the Securities and Exchange Commission, including the Company's Annual Report on Form 10-K for the year ended December 31, 2008, the Company's quarterly reports on Form 10-Q, and in the Company's earnings press releases, which are available on the Company's website.

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 2008 Global Loss Triangles

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Executive Summary

This document forms the supplement to ACE's release of its Global Loss Triangles (GLT) as at December 31, 2008. This year is our sixth GLT release with the purpose of providing the reader with the opportunity to use their own judgment with respect to the adequacy of certain areas of our Property & Casualty (P&C) reserves and also providing greater insight into ACE's overall reserve balance and business in general. As discussed later in this document, our reserving approach is a detailed ground-up process using data at a very detailed level that reflects the scope and diversity of the products written by our various operations. The aggregated data presented in this release is therefore a consolidation of the numerous reserving triangles that are analyzed by our actuarial staff. In addition, the market has seen changes in both rates and terms and conditions over the last few years. It is therefore difficult to prepare an aggregate disclosure that captures all of these aspects.

We would advise that the inappropriate use of the aggregated data presented in this release may produce misleading results. However, we believe that with the requisite care and attention to analysis, the disclosure can be used to provide the reader with insight about ACE's loss reserves.

To assist the reader with their analysis, we have provided guidance where possible in the document on key assumptions that should be considered when performing an analysis. Please see Pages 15, 16, 17, 22, 23, and 27.

In compiling this year's release we have followed essentially the same format as released last year but we have also made some modest changes to the data. These changes reflect actions from foreign exchange adjustments and continued enhancements to the compilation process. We believe that this year's release is a modest improvement over prior years' releases and that the changes are consistent with our continued commitment to more transparency for loss reserve disclosures.

The GLT supplement is comprised of the following information:

- For direct business – accident year (AY) triangles of a) net paid loss plus paid allocated loss adjustment expenses (ALAE) and b) net reported loss plus paid ALAE (i.e., excluding Incurred But Not Reported reserves (IBNR)) for the ten calendar years ending December 31, 2008.
- For reinsurance business – treaty year (TY) triangles of a) net paid loss plus paid ALAE and b) net reported loss plus paid ALAE (i.e., excluding IBNR) for the ten calendar years ending December 31, 2008.
- Net earned premium for each of the ten accident/treaty years ending December 31, 2008.

The triangle data are provided in groupings under three of ACE's four SEC reporting segments. The remaining segment is Life business. Life business reserves are not typically subject to analysis using triangular actuarial methodologies. The data associated with Life business is therefore not considered within the scope of the GLT release. The SEC reporting segments included are as follows:

- Insurance North American Segment (excluding Financial Solutions business)
  - Workers' Compensation (WC)
  - General Liability (GL)
  - Other Casualty
  - Non-Casualty
- Insurance Overseas General Segment
  - Casualty
  - Non-Casualty
  - Personal Accident
- Global Reinsurance Segment
  - Property
  - Non-Property

Furthermore, the GLT supplement also contains the following:

- A reconciliation of the GLT reserve balances with ACE's published GAAP reserve balance ending December 31, 2008.
- A reconciliation of the current data to that contained in the previous release.
- A discussion of some factors to consider when analyzing loss reserve triangles.
- Commentary highlighting aspects of the GLT triangles and their interpretations.
- Relevant discussion from our 2008 10-K addressing ACE's reserving process.

Reconciliation of GLT with GAAP December 31, 2008 Reserve Balances

The net reserves (Case plus IBNR) associated with the GLT can be reconciled back to ACE Limited's December 31, 2008 closing GAAP P&C net reserve balance as follows:

	($millions)
GAAP Net P&C Reserve Balance at December 31, 2008	$ 24,241
Less: Financial Solutions [1]	1,356
Unallocated Loss Adjustment Expense (ULAE)	834
Bad Debt	452
Other [2]	619
Plus: Recoveries from retroactive reinsurance contracts [3]	1,203
GLT Net Reserve Balance at December 31, 2008	$ 22,183

The GLT Net Reserve Balance can be split as follows:	Case	IBNR	Reserves	% of GAAP Reserves
Accident Years 1999 through 2008	$ 5,660	$ 12,745	$ 18,405	76%
Accident Years 1998 and prior	1,503	2,275	3,778	16%
	$ 7,163	$ 15,020	$ 22,183	92%

The triangles are constructed to exclude the effects of shifting exchange rates. Loss and ALAE data denominated in foreign currencies are converted to U.S. dollars at December 2008 exchange rates.

As indicated above, certain blocks of loss and ALAE reserves were excluded for the following reasons, found in Footnotes 1-3 below:

1. With respect to the Financial Solutions business, traditional actuarial methods such as loss development triangles are inappropriate for evaluating reserves. The book is made up of a relatively small number of large heterogeneous accounts, each account having its own unique terms. As a result, each account is reviewed and reserved for individually.

2. Includes other reserves for which loss development methods are not appropriate, or other items such as settlements and commutations.

3. The Global Loss Triangles are presented gross of retroactive reinsurance, which is consistent with the U.S. Statutory Schedule P treatment. In general, these treaties tend to distort the net loss history and prevent a useful analysis. ACE does not utilize this type of reinsurance with third parties in the normal course of business. The retroactive treaties we have on our books relate to acquisitions made by ACE, and the majority of the expected recoveries relate to accident years 1996 and prior. $1.116 billion (or 93%) of the total retroactive recoveries relate to the NICO Brandywine cover, which was purchased at the time of ACE's acquisition of the CIGNA P&C business. The remaining amount of $87 million relates to the ACE Westchester acquisition.

GLT Reserves as % of GAAP Reserves – Historical Perspective

in $US millions

The table below shows an historical perspective of the GLT reserves as a percent of the corresponding GAAP reserves for ACE's current and four prior GLT releases. The reserves on Lines 1 and 2a are taken from the "Reserve Reconciliation" sheets for each of the years. The percentages shown on Line 2b are the GLT reserve amounts divided by the GAAP reserve amounts.

The table shows that over the past five years, the percentage of GLT reserves for the latest 10 years as shown in the each of the GLT releases has steadily increased from 63% in 2004 to 76% in 2008, while the GLT reserves for all years combined has increased from 88% in 2004 to 92% in 2008. The latest 10 years as shown in the 2008 GLT release are 1999-2008.

		GLT Reserves as % of GAAP Reserves Data ending Dec. 31 of:				
Reserve Type	Accident/Treaty Years	**2008**	2007	2006	2005	2004
1) GAAP Reserves	Total	**24,241**	23,592	22,008	20,458	17,517
2a) GLT Reserves	Latest 10 Yrs	**18,405**	17,845	16,105	13,824	11,002
	Prior Yrs	**3,778**	3,780	4,005	4,527	4,447
	All Yrs	**22,183**	21,625	20,110	18,351	15,449
2b) As % of GAAP Reserves	Latest 10 Yrs	**76%**	76%	73%	68%	63%
	Prior Yrs	**16%**	16%	18%	22%	25%
	All Yrs	**92%**	92%	91%	90%	88%

Reconciliation to Previous Release

On the following pages we summarize the historical data changes by segment and accident/treaty year (1999-2007) at December 31, 2007 for paid loss, reported loss, and earned premium. The changes in paid losses and reported losses are the differences between the next to the last diagonal in the triangles from this release and the last diagonal in the corresponding triangles from last year's release. The impact associated with currency fluctuation is separated from other "miscellaneous" enhancements.

As with prior releases of the GLTs, we reviewed the compilation process in detail, and have continued to identify opportunities to improve the quality and scope of the GLT.

The most significant change in the GLT data arises from the inclusion of historical data associated with the Overseas General portion of Combined Insurance Company of America ("Combined Insurance"), acquired on April 1, 2008. This addition resulted in changes across all accident years for paid and incurred losses and earned premiums in the Overseas General Personal Accident line.

A number of other enhancements are also reflected in the 2008 GLTs. Although these enhancements are relatively minor in the context of the overall reserves, we believe their inclusion provides an improved data set for the reader.

A discussion of the changes by reporting segment is included below.

Insurance North American

A comparison of this year's GLT with the previous release shows paid losses decreased by 2%, reported losses decreased by 2%, and premiums decreased by 2% across accident years 1999-2007 combined.

- **Miscellaneous**

Improvements to the data to more accurately reflect the impact of management segmentation resulted in changes to paid losses, reported losses, and earned premiums primarily in accident years 2002-2007 and movement of earned premium from Workers' Compensation to General Liability in the 2007 accident year.

- **Currency**

Effect of restating historical values at December 2008 exchange rates

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Insurance Overseas General

A comparison of this year's GLT with the previous release shows paid losses increased by about 5%, reported losses increased by 3% and premiums increased by about 2% across accident years 1999-2007 combined.

- **Miscellaneous**

Continued improvements in the conversion of gross year-of-account data to net accident year data resulted in changes to paid and reported losses primarily for years 2001 and prior.

Improved identification of countries and lines resulting from a system conversion resulted in changes across all years and lines to paid and reported losses and earned premiums.

Inclusion of the Overseas General portion of Combined Insurance, which was acquired on April 1, 2008, across all accident years for the Personal Accident line, resulted in changes to paid and reported losses of approximately $1.2 billion and earned premiums of approximately $2.8 billion.

- **Currency**

Effect of restating historical values at December 2008 exchange rates

Reconciliation to Previous Release (cont.)

Global Re

A comparison of this year's GLT with the previous release shows paid losses decreased by less than 1% and reported losses decreased by about 1% over treaty years 1999-2007 combined. A comparison of the earned premium figures would show large increases as treaty years naturally advance towards being fully earned. Therefore we have not shown this comparison within the reconciliation schedules.

- **Miscellaneous**
  None
- **Currency**
  Effect of restating historical values at December 2008 exchange rates

For future releases, we will continue to review the content and segmentation of the triangles to ensure that they provide a useful representation of our evolving business profile.

Reconciliation to Previous Release – Insurance North American Workers' Compensation

in $US thousands

Cumulative Paid Loss + Paid ALAE at December 31, 2007

Accident Year	Previous Release	Miscellaneous	Currency	Current Release
1999	232,033	0	(2,298)	229,735
2000	142,718	0	(2,303)	140,415
2001	109,515	0	(2,923)	106,592
2002	92,985	0	(2,738)	90,247
2003	120,231	0	(2,313)	117,918
2004	159,649	0	(2,306)	157,344
2005	214,980	0	(1,038)	213,941
2006	170,181	0	(362)	169,819
2007	66,159	(26)	(15)	66,118
Total	1,308,452	(26)	(16,296)	1,292,130

Cumulative Reported Loss + Paid ALAE at December 31, 2007

Accident Year	Previous Release	Miscellaneous	Currency	Current Release
1999	272,366	0	(2,426)	269,941
2000	156,650	0	(2,807)	153,843
2001	124,767	0	(3,173)	121,594
2002	131,905	0	(3,121)	128,784
2003	175,175	0	(2,958)	172,217
2004	226,161	0	(3,028)	223,133
2005	319,656	0	(2,283)	317,372
2006	300,434	0	(1,419)	299,015
2007	155,859	(138)	(810)	154,911
Total	1,862,973	(138)	(22,025)	1,840,810

Net Earned Premium

Accident Year	Previous Release	Miscellaneous	Currency	Current Release
1999	348,585	0	(1,434)	347,151
2000	211,716	0	(1,678)	210,037
2001	273,575	0	(2,526)	271,049
2002	377,809	0	(3,375)	374,434
2003	618,368	0	(4,523)	613,845
2004	907,922	2,614	(3,091)	907,444
2005	1,264,347	0	(1,245)	1,263,102
2006	1,324,073	0	(5,083)	1,318,990
2007	1,338,143	(82,623)	(6,445)	1,249,075
Total	6,664,538	(80,010)	(29,401)	6,555,127

Reconciliation to Previous Release – Insurance North American General Liability

in $US thousands

Cumulative Paid Loss + Paid ALAE at December 31, 2007

Accident Year	Previous Release	Miscellaneous	Currency	Current Release
1999	376,656	3	(6,263)	370,396
2000	319,343	10	(4,642)	314,711
2001	333,725	123	(7,685)	326,164
2002	460,507	(73)	(3,270)	457,164
2003	374,751	(873)	(4,321)	369,557
2004	364,720	(594)	(3,911)	360,215
2005	334,272	(4,975)	(2,609)	326,688
2006	156,513	(6,305)	(1,267)	148,942
2007	50,847	(4,355)	(543)	45,949
Total	2,771,333	(17,038)	(34,510)	2,719,786

Cumulative Reported Loss + Paid ALAE at December 31, 2007

Accident Year	Previous Release	Miscellaneous	Currency	Current Release
1999	414,368	3	(6,895)	407,476
2000	330,663	1	(5,098)	325,566
2001	441,041	(3)	(8,973)	432,065
2002	554,195	(402)	(4,039)	549,754
2003	514,204	(1,821)	(8,190)	504,192
2004	446,322	(3,084)	(5,450)	437,788
2005	455,454	(9,336)	(5,086)	441,031
2006	292,626	(10,115)	(4,238)	278,272
2007	144,244	(9,022)	(2,621)	132,601
Total	3,593,115	(33,780)	(50,589)	3,508,747

Net Earned Premium

Accident Year	Previous Release	Miscellaneous	Currency	Current Release
1999	472,573	0	(6,011)	466,561
2000	395,861	0	(6,974)	388,887
2001	314,903	0	(8,932)	305,972
2002	702,939	0	(12,746)	690,194
2003	1,289,735	0	(20,127)	1,269,608
2004	1,581,171	10,206	(26,646)	1,564,730
2005	2,058,791	0	(29,177)	2,029,613
2006	2,257,174	(12,760)	(28,239)	2,216,175
2007	2,195,070	23,893	(26,932)	2,192,031
Total	11,268,216	21,339	(165,783)	11,123,772

Reconciliation to Previous Release – Insurance North American Other Casualty

in $US thousands

Cumulative Paid Loss + Paid ALAE at December 31, 2007

Accident Year	Previous Release	Miscellaneous	Currency	Current Release
1999	492,102	14	(1,678)	490,438
2000	501,720	0	(1,792)	499,928
2001	380,385	(1)	(3,268)	377,115
2002	268,946	0	(3,134)	265,812
2003	326,196	0	(3,915)	322,281
2004	302,946	0	(3,040)	299,906
2005	307,593	(6,392)	(2,657)	298,543
2006	246,525	(15,125)	(1,463)	229,938
2007	114,379	(7,359)	(726)	106,294
Total	2,940,791	(28,863)	(21,674)	2,890,254

Cumulative Reported Loss + Paid ALAE at December 31, 2007

Accident Year	Previous Release	Miscellaneous	Currency	Current Release
1999	515,186	312	(1,686)	513,812
2000	515,317	(18)	(1,812)	513,487
2001	401,443	(1)	(3,359)	398,083
2002	293,037	0	(3,533)	289,504
2003	331,336	0	(4,549)	326,787
2004	340,715	0	(4,565)	336,149
2005	379,761	(6,238)	(3,635)	369,889
2006	341,789	(19,615)	(2,170)	320,005
2007	252,440	(18,807)	(2,056)	231,578
Total	3,371,024	(44,366)	(27,365)	3,299,293

Net Earned Premium

Accident Year	Previous Release	Miscellaneous	Currency	Current Release
1999	575,044	0	(1,850)	573,194
2000	479,664	0	(2,496)	477,169
2001	411,927	0	(2,996)	408,931
2002	553,636	0	(4,080)	549,556
2003	672,789	0	(7,242)	665,548
2004	600,987	(18,631)	(9,634)	572,722
2005	748,799	(3,742)	(9,046)	736,011
2006	883,627	(70,474)	(8,652)	804,500
2007	998,884	(95,657)	(9,518)	893,710
Total	5,925,358	(188,504)	(55,513)	5,681,341

Reconciliation to Previous Release – Insurance North American Non-Casualty

in $US thousands

Cumulative Paid Loss + Paid ALAE at December 31, 2007

Accident Year	Previous Release	Miscellaneous	Currency	Current Release
1999	294,864	0	(2,724)	292,141
2000	385,941	1,423	(8,802)	378,562
2001	359,080	1,620	(7,042)	353,658
2002	478,689	(3,676)	(4,478)	470,535
2003	580,471	(6,289)	(19,002)	555,180
2004	622,664	11,379	(12,757)	621,287
2005	832,086	3,901	(20,096)	815,890
2006	530,028	111	(13,683)	516,456
2007	383,837	(1,009)	(4,006)	378,822
Total	4,467,659	7,462	(92,590)	4,382,531

Cumulative Reported Loss + Paid ALAE at December 31, 2007

Accident Year	Previous Release	Miscellaneous	Currency	Current Release
1999	294,870	0	(2,581)	292,289
2000	388,829	847	(8,865)	380,811
2001	441,083	983	(7,051)	435,016
2002	481,177	(4,804)	(4,499)	471,874
2003	588,850	(8,248)	(19,310)	561,291
2004	629,396	9,763	(12,768)	626,391
2005	873,506	3,045	(20,734)	855,817
2006	565,766	(371)	(14,595)	550,800
2007	573,683	(2,655)	(22,330)	548,697
Total	4,837,159	(1,441)	(112,733)	4,722,986

Net Earned Premium

Accident Year	Previous Release	Miscellaneous	Currency	Current Release
1999	523,171	0	(7,616)	515,554
2000	675,493	0	(8,243)	667,250
2001	629,111	0	(14,971)	614,140
2002	822,909	0	(19,320)	803,589
2003	1,100,937	0	(25,748)	1,075,190
2004	1,638,218	(22,916)	(29,989)	1,585,313
2005	1,237,909	(20,182)	(26,718)	1,191,009
2006	1,206,578	(4,259)	(26,871)	1,175,448
2007	1,328,550	(22,428)	(27,235)	1,278,888
Total	9,162,876	(69,785)	(186,711)	8,906,380

Reconciliation to Previous Release – Insurance Overseas General Casualty

in $US thousands

Cumulative Paid Loss + Paid ALAE at December 31, 2007

Accident Year	Previous Release	Miscellaneous	Currency	Current Release
1999	690,143	11,784	(28,952)	672,974
2000	1,034,229	40,099	(55,289)	1,019,039
2001	904,449	8,801	(54,119)	859,131
2002	728,203	(2,285)	(14,440)	711,478
2003	556,628	16,627	(12,022)	561,233
2004	529,234	(4,945)	(8,537)	515,751
2005	512,495	(476)	(7,458)	504,561
2006	408,121	12,784	(8,281)	412,625
2007	234,832	16,794	(7,026)	244,600
Total	5,598,335	99,183	(196,124)	5,501,393

Cumulative Reported Loss + Paid ALAE at December 31, 2007

Accident Year	Previous Release	Miscellaneous	Currency	Current Release
1999	744,209	15,266	(35,681)	723,794
2000	1,078,190	104,618	(69,912)	1,112,896
2001	1,091,424	(59,649)	(66,215)	965,560
2002	841,504	12,736	(29,555)	824,685
2003	711,268	17,603	(29,335)	699,535
2004	679,080	5,086	(27,577)	656,589
2005	738,158	6,937	(26,646)	718,449
2006	639,979	14,932	(24,373)	630,538
2007	509,073	39,847	(24,117)	524,803
Total	7,032,884	157,376	(333,411)	6,856,848

Net Earned Premium

Accident Year	Previous Release	Miscellaneous	Currency	Current Release
1999	1,075,858	852	(65,400)	1,011,310
2000	1,079,475	2,571	(64,727)	1,017,319
2001	1,335,426	(248)	(72,407)	1,262,771
2002	1,586,268	1,171	(104,928)	1,482,511
2003	1,786,741	(3,196)	(141,282)	1,642,263
2004	1,958,212	(7,282)	(172,056)	1,778,874
2005	2,030,888	3,484	(170,216)	1,864,156
2006	2,023,944	12,309	(152,934)	1,883,318
2007	1,860,405	36,764	(139,135)	1,758,034
Total	14,737,215	46,426	(1,083,086)	13,700,555

Reconciliation to Previous Release – Insurance Overseas General Non-Casualty

in $US thousands

Cumulative Paid Loss + Paid ALAE at December 31, 2007

Accident Year	Previous Release	Miscellaneous	Currency	Current Release
1999	581,650	12,540	(58,240)	535,769
2000	670,852	13,458	(75,313)	608,997
2001	543,973	(2,403)	(60,285)	481,285
2002	487,292	16,462	(44,617)	459,137
2003	518,468	21,051	(42,159)	497,360
2004	558,927	11,114	(33,183)	536,858
2005	629,375	28,013	(53,537)	603,851
2006	367,692	11,090	(32,717)	346,065
2007	186,668	15,628	(15,245)	187,051
Total	4,544,898	126,952	(415,477)	4,256,373

Cumulative Reported Loss + Paid ALAE at December 31, 2007

Accident Year	Previous Release	Miscellaneous	Currency	Current Release
1999	589,386	17,527	(61,103)	545,811
2000	674,600	29,691	(78,129)	626,163
2001	543,856	12,431	(63,803)	492,484
2002	489,590	25,905	(48,032)	467,463
2003	538,559	17,225	(42,057)	513,727
2004	594,933	12,466	(36,847)	570,552
2005	693,553	29,920	(60,095)	663,377
2006	494,879	15,072	(45,025)	464,927
2007	490,926	22,054	(46,377)	466,604
Total	5,110,284	182,292	(481,467)	4,811,108

Net Earned Premium

Accident Year	Previous Release	Miscellaneous	Currency	Current Release
1999	657,549	5,009	(66,747)	595,811
2000	608,828	2,296	(41,464)	569,661
2001	714,045	6,582	(64,176)	656,451
2002	906,913	7,416	(76,488)	837,842
2003	1,273,171	12,687	(93,241)	1,192,617
2004	1,362,585	29,379	(109,773)	1,282,190
2005	1,295,568	21,616	(98,604)	1,218,579
2006	1,241,498	16,503	(82,512)	1,175,489
2007	1,215,516	35,935	(79,793)	1,171,657
Total	9,275,673	137,422	(712,799)	8,700,296

Reconciliation to Previous Release – Insurance Overseas General Personal Accident

in $US thousands

Cumulative Paid Loss + Paid ALAE at December 31, 2007

Accident Year	Previous Release	Miscellaneous	Currency	Current Release
1999	284,093	61,431	(17,281)	328,243
2000	343,577	150,072	(30,172)	463,478
2001	335,433	142,991	(26,739)	451,685
2002	330,411	150,019	(27,143)	453,287
2003	340,324	157,455	(26,399)	471,379
2004	306,779	162,105	(19,447)	449,438
2005	325,932	162,726	(24,988)	463,670
2006	335,080	135,078	(30,350)	439,808
2007	220,067	90,156	(27,935)	282,288
Total	2,821,696	1,212,032	(230,453)	3,803,275

Cumulative Reported Loss + Paid ALAE at December 31, 2007

Accident Year	Previous Release	Miscellaneous	Currency	Current Release
1999	293,874	63,809	(18,092)	339,592
2000	349,599	162,436	(37,116)	474,920
2001	363,640	142,346	(32,394)	473,593
2002	344,230	150,002	(29,244)	464,988
2003	359,792	157,526	(29,502)	487,815
2004	320,940	164,950	(20,304)	465,586
2005	349,689	162,639	(26,250)	486,078
2006	390,744	133,788	(31,560)	492,973
2007	311,880	92,239	(33,118)	371,001
Total	3,084,388	1,229,736	(257,579)	4,056,546

Net Earned Premium

Accident Year	Previous Release	Miscellaneous	Currency	Current Release
1999	649,589	201,094	(30,752)	819,931
2000	632,197	272,162	(33,707)	870,652
2001	690,890	288,439	(44,229)	935,100
2002	811,925	308,280	(58,277)	1,061,927
2003	916,988	333,683	(62,268)	1,188,402
2004	1,027,004	335,180	(70,469)	1,291,716
2005	1,147,318	349,979	(86,633)	1,410,664
2006	1,329,406	374,106	(110,570)	1,592,942
2007	1,461,538	416,919	(143,321)	1,735,136
Total	8,666,854	2,879,841	(640,226)	10,906,469

Reconciliation to Previous Release – Global Re Property

in $US thousands

Cumulative Paid Loss + Paid ALAE at December 31, 2007

Treaty Year	Previous Release	Miscellaneous	Currency	Current Release
1999	54,733	0	(1,341)	53,392
2000	56,503	0	(3,327)	53,176
2001	69,568	0	(1,384)	68,184
2002	125,646	0	(3,030)	122,617
2003	116,499	0	(463)	116,036
2004	396,552	0	7,724	404,276
2005	517,427	0	(1,434)	515,992
2006	57,721	0	(164)	57,557
2007	13,361	0	(605)	12,756
Total	1,408,009	0	(4,024)	1,403,985

Cumulative Reported Loss + Paid ALAE at December 31, 2007

Treaty Year	Previous Release	Miscellaneous	Currency	Current Release
1999	54,777	0	(1,342)	53,435
2000	58,044	0	(3,340)	54,705
2001	70,141	0	(1,391)	68,750
2002	131,403	0	(3,449)	127,954
2003	123,458	0	(455)	123,003
2004	418,915	0	7,265	426,180
2005	570,403	0	(2,038)	568,365
2006	87,720	0	(1,130)	86,591
2007	37,318	0	(2,272)	35,046
Total	1,552,181	0	(8,152)	1,544,029

Reconciliation to Previous Release – Global Re Non-Property

in $US thousands

Cumulative Paid Loss + Paid ALAE at December 31, 2007

Treaty Year	Previous Release	Miscellaneous	Currency	Current Release
1999	0	0	0	0
2000	33,502	0	(2,723)	30,779
2001	66,475	0	(1,120)	65,355
2002	149,708	0	(2,613)	147,095
2003	199,563	0	(1,795)	197,767
2004	166,502	0	195	166,697
2005	174,454	0	(310)	174,144
2006	66,894	0	(290)	66,604
2007	8,542	0	(75)	8,467
Total	865,641	0	(8,732)	856,909

Cumulative Reported Loss + Paid ALAE at December 31, 2007

Treaty Year	Previous Release	Miscellaneous	Currency	Current Release
1999	0	0	0	0
2000	40,955	0	(3,398)	37,557
2001	78,222	0	(1,250)	76,971
2002	205,549	0	(5,394)	200,155
2003	310,841	0	(6,573)	304,267
2004	320,772	0	(5,837)	314,935
2005	309,112	0	(3,775)	305,337
2006	154,099	0	(2,145)	151,954
2007	29,361	0	(479)	28,882
Total	1,448,910	0	(28,851)	1,420,059

Reserve Evaluation Considerations

We have actuarial staff in each of our operating segments who track insurance reserves and regularly evaluate the levels of loss reserves, taking into consideration factors that may impact the ultimate loss reserves. This is accomplished not only by employing a variety of actuarial methods, but also by applying judgment to help quantify the impact of these variables.

Considerable caution should be used when attempting to analyze reserve adequacy based on aggregated triangles. It is rare that the data is so consistent, homogeneous, and static that a valid analysis is possible without exercising substantial judgment. Results can be distorted by both industry-wide and company-specific factors. Below is a non-exhaustive list of possible pitfalls:

- Paid and reported chain ladder loss development methods can be particularly volatile at early evaluation points for more recent accident years, especially for longer-tailed lines. In those situations, the expected percentage of paid (reported) claims is low, and so small differences between actual and expected claims can produce large differences in projected ultimate losses. In such cases, we would recommend relying on an expected loss technique. One expected loss technique not addressed in Feldblum's paper (see below) is the Bornhuetter-Ferguson method (1), which can be modified to incorporate information on changing premium rates in an analysis of reserve adequacy.
- Certain methods for judging reserve adequacy assume that expected loss ratios (ELRs) do not change over time. In fact, ELRs can change substantially from year to year due to many reasons (e.g., change in rates, change in mix of business, etc.). In recent years, a soft market has produced lower rates and some loosening of terms and conditions for some lines, which should result in higher ELRs. If these rate changes are not taken into consideration, indicated reserves will most likely be understated, or explained another way, any resulting indicated reserve redundancies/deficiencies may be misleading. While we consider ACE's actual rate change information to be proprietary, there are a number of public sources that can be used as a proxy to adjust loss ratios to a more appropriate level. These sources include, but are not limited to, the Council of Insurance Agents & Brokers (CIAB) Commercial Insurance Lines survey, Lloyd's of London Premium Rating Index, and Tillinghast-Towers Perrin Directors & Officers Liability Survey.
- Changes in inflation rates distort any reserve analysis based on loss triangles. If expected future inflation is lower (higher) than historical inflation rates, needed reserves may be overstated (understated) as a result, and appropriate adjustments should be made. If inflation rates are stable over time, no adjustment may be required.
- Many other changes and distortions (e.g., change in reinsurance structure, large losses, change in settlement rates, change in mix of business (e.g., primary vs excess; or by state/country), change in volume, etc.) can skew the results of a reserve analysis based on aggregated triangles. These distortions are not always easily corrected for and the reasonableness of the final projection should consider the possible influence of these factors.

There are a number of valid prospective tests of reserve adequacy that can be performed based on consolidated triangles. One excellent source of information on the various methods is Completing and Using Schedule P by Sholom Feldblum (2). It is strongly recommended that anyone attempting to analyze reserves presented in loss triangles be familiar with the methods detailed in the section entitled "Loss Reserve Adequacy Testing – Prospective Valuation."

(1) Publicly available on the Casualty Actuarial Society's web site at the following address
http://www.casact.org/pubs/proceed/proceed72/72181.pdf

(2) Publicly available on the Casualty Actuarial Society's web site at the following address
http://www.casact.org/pubs/forum/02fforum/02ff353.pdf

Highlights

Insurance North American Segment

The Insurance North American segment is comprised of business written by ACE USA, ACE Westchester, ACE Bermuda and our new operation ACE Private Risk Services. ACE USA is our U.S. based retail operations writing primarily specialty commercial lines through national and regional brokers. Included in this unit are ACE Canada - a writer of commercial lines and accident & health (A&H) business throughout Canada, and ACE Financial Solutions (AFS) – a writer of large risk management transactions including loss portfolio transfers (LPTs). ACE Westchester is our U.S. based wholesale operation writing specialty commercial lines produced by wholesale and excess & surplus (E&S) distribution channels and program business, including crop hail. ACE Bermuda writes high excess property and liability coverage including products liability and directors and officers (D&O), principally with U.S. exposures, and political risk. ACE Private Risk Services is a writer of personal lines coverages with a target market of affluent and high net worth insureds. All of these operations have been included in the loss triangles with the exception of AFS, where we have excluded this business since the accounting treatment of LPTs would distort the paid and incurred loss development patterns.

There are three important points with regards to the “Prior” line. First, the “Prior” line shown here is gross of retroactive reinsurance (NICO treaties). Second, it would be incorrect to apply a single loss development factor to the “Prior” line, as it does not represent a single accident year but the total activity in accident years 1998 and prior. Third, virtually all of ACE’s Asbestos and Environmental exposure is contained in the “Prior” line of the General Liability and Other Casualty triangles. Development factors derived from loss triangles are inappropriate for analysis of this exposure.

Insurance North American – Workers’ Compensation

The U.S. Statutory Schedule P filings for workers’ compensation are net of two separate internal reinsurance transactions between the ACE American Pool and other ACE entities. These transactions have been unwound in the loss triangles included in this supplement in order to provide a more complete representation of the WC business written by ACE’s U.S. based direct operations.

The WC line has experienced shifts in mix by business type during the ten year experience period included in the loss triangles. In the earliest year, 1999, more than 50% of the net premium volume was associated with first dollar exposure (either guaranteed cost or loss sensitive). In mid-1999, the middle market guaranteed cost business was placed into runoff and by 2001 our exposure had shifted to largely high deductible business (approximately 75% of total net earned premium (NEP)). As the hard market took hold in 2002, premium volume increased significantly in our risk management operation largely due to significant rate increases. In 2004, we launched a small workers’ compensation product, offering only first dollar cost coverage in select states including California. This product grew rapidly from 2004 to 2006, but then decreased in volume in 2007 and 2008. The mix of premium with first dollar exposure, both guaranteed cost and loss sensitive, increased to in excess of 35% of the total in 2006 and contributed in excess of 30% of the premium in 2008.

Throughout the experience period shown in the loss triangles, our WC exposure has been heavily concentrated in risk management business which would include high deductible policies, loss sensitive business (i.e. retro policies) and business fronted for captives. Net premiums for these risk management accounts have significant administrative expenses and unallocated loss expenses components. As a result, the loss component of the net premium is much lower than primary or guaranteed cost policies making loss projection methods that rely on expected loss ratios based on industry experience (or prior year loss ratios) inappropriate.

Highlights

Insurance North American – General Liability

The triangles consist of primary general liability, excess liability, D&O, and professional liability exposures. The primary general liability and excess liability exposures represent the largest part of the exposures and are typically written in the U.S. on an occurrence form, while the D&O and professional liability are written on a claims made form. ACE Bermuda writes excess liability on a “claims first reported” form, which means that coverage is triggered when news of a potential claim is received, potentially well in advance of a claim being filed. Bermuda typically writes at high attachment points, particularly on its excess liability book.

The U.S. exposure during the period 1999-2001 was mostly primary standard lines coverage. Premium volume in specialty lines including D&O, professional liability (including hospital professional) and excess casualty started to become material from 2002 and 2003 as the volume of these products grew during a period of strong rate levels in the hard market. As rate adequacy began to decline in 2006 and 2007, the rate of growth had slowed and then declined. Claims made business in total has averaged a little more than 40% of our total General Liability NEP over the last ten years.

Finally, in ACE’s U.S. Statutory Schedule P, warranty business appears in Other Liability – Occurrence. The characteristics of warranty contracts are different from standard general liability exposures (i.e. claims are settled quickly, and case reserves are generally not established and rather than earning premium and recording IBNR reserves for future claims, premium earnings are deferred over the life of the contract consistent with industry practices). Therefore, we have removed data associated with warranty business from the triangles.

Insurance North American – Other Casualty

The triangles consist of the non-WC and non-GL casualty lines of business such as automobile liability, commercial multi-peril ((CMP), property and liability), political risk, marine, and aviation. The paid and reported data are impacted by some catastrophe loss activity primarily on CMP exposures and to a lesser extent, marine exposures. The ultimate loss ratio for 2005 year will be impacted by losses associated with the 2005 hurricanes, including Hurricanes Katrina, Rita, and Wilma. The same is true for the 2008 year where losses will be impacted by catastrophes, primarily Hurricane Ike. Beginning with the 2008 accident year, this product line includes the majority of the business written by our Private Risk Services operation.

Insurance North American – Non-Casualty

This business represents first party product lines which are short-tailed in nature. The early years are predominantly lines such as property, inland marine, fidelity and surety. By 2008, our crop hail business and our U.S. produced accident and health business make up in excess of 40% of the net earned premium, up from 20% or less as recently as 2001.

Workers' Compensation

as of 12/31/08 in $US thousands

Paid Loss + Paid ALAE Triangle

	Age in months									
Accident Year	12	24	36	48	60	72	84	96	108	120
Prior	0	267,662	457,845	624,886	762,458	883,991	986,688	1,084,103	1,197,219	1,312,889
1999	37,501	82,390	123,796	155,243	178,092	191,979	209,649	220,103	229,735	238,112
2000	28,313	48,413	104,805	111,800	120,162	128,137	135,714	140,415	143,364	
2001	15,641	41,381	58,834	75,823	102,390	103,810	106,592	117,954		
2002	27,774	76,693	89,577	83,116	86,905	90,247	101,179			
2003	39,086	59,362	81,346	98,155	117,918	131,158				
2004	70,094	97,133	127,744	157,344	171,866					
2005	60,316	149,405	213,941	251,473						
2006	73,412	169,819	232,015							
2007	66,118	144,169								
2008	62,518									

Reported Loss + Paid ALAE Triangle

	Age in months									
Accident Year	12	24	36	48	60	72	84	96	108	120
Prior	1,358,638	1,467,214	1,563,207	1,798,290	1,898,538	2,037,235	2,113,054	2,081,266	2,165,198	2,252,759
1999	92,413	139,006	165,404	205,512	225,562	230,771	250,604	256,807	269,941	280,945
2000	38,602	80,273	131,439	134,868	135,921	142,968	148,159	153,843	160,272	
2001	28,959	60,819	69,499	87,889	112,610	117,352	121,594	129,979		
2002	55,482	123,281	132,515	126,795	122,180	128,784	139,551			
2003	100,033	118,549	122,792	146,120	172,217	180,623				
2004	159,861	170,496	196,305	223,133	235,405					
2005	135,958	259,639	317,372	361,745						
2006	167,673	299,015	360,724							
2007	154,911	267,860								
2008	148,085									

Net Earned Premium

Accident Year	NEP
1999	347,151
2000	210,037
2001	271,049
2002	374,434
2003	613,845
2004	907,444
2005	1,263,102
2006	1,318,990
2007	1,249,075
2008	1,052,720

General Liability

as of 12/31/08 in $US thousands

Paid Loss + Paid ALAE Triangle

	Age in months									
Accident Year	12	24	36	48	60	72	84	96	108	120
Prior	0	643,344	1,051,094	1,372,732	1,766,569	2,031,838	2,475,898	2,685,602	2,870,497	3,008,486
1999	29,671	128,122	195,120	227,338	277,361	278,756	339,899	365,892	370,396	377,616
2000	54,786	110,893	136,186	235,668	305,677	312,445	325,374	314,711	311,957	
2001	26,344	120,196	135,525	138,709	248,413	271,541	326,164	337,854		
2002	31,864	111,207	148,623	279,099	369,776	457,164	502,302			
2003	41,955	203,505	292,722	323,644	369,557	469,631				
2004	67,320	171,730	267,495	360,215	427,563					
2005	61,695	198,916	326,688	486,219						
2006	44,948	148,942	288,905							
2007	45,949	162,768								
2008	40,514									

Reported Loss + Paid ALAE Triangle

	Age in months									
Accident Year	12	24	36	48	60	72	84	96	108	120
Prior	802,449	1,374,646	1,774,518	1,904,728	2,204,274	2,468,118	2,921,051	3,025,495	3,161,275	3,192,303
1999	64,013	177,129	250,251	293,814	316,032	345,699	391,259	407,671	407,476	409,904
2000	88,219	197,585	300,931	350,751	394,931	323,847	376,851	325,566	322,644	
2001	67,582	203,552	252,847	320,458	408,855	400,262	432,065	437,647		
2002	84,547	142,949	321,198	410,988	449,224	549,754	554,779			
2003	76,187	288,966	465,078	481,151	504,192	562,061				
2004	170,899	226,742	315,207	437,788	518,000					
2005	141,154	336,470	441,031	591,536						
2006	136,312	278,272	418,786							
2007	132,601	317,163								
2008	136,047									

Net Earned Premium

Accident Year	NEP
1999	466,561
2000	388,887
2001	305,972
2002	690,194
2003	1,269,608
2004	1,564,730
2005	2,029,613
2006	2,216,175
2007	2,192,031
2008	2,067,913

Other Casualty

as of 12/31/08 in $US thousands

Paid Loss + Paid ALAE Triangle

	Age in months									
Accident Year	12	24	36	48	60	72	84	96	108	120
Prior	0	293,547	529,118	681,646	780,691	794,467	879,821	1,020,551	1,118,143	1,186,938
1999	169,680	280,821	351,670	396,469	423,658	447,643	467,667	476,513	490,438	501,009
2000	206,877	345,710	386,277	423,782	466,452	479,454	492,308	499,928	511,731	
2001	100,864	196,262	249,260	276,916	296,997	380,854	377,115	384,404		
2002	107,693	178,572	219,457	262,865	255,090	265,812	267,481			
2003	122,101	181,352	218,954	258,614	322,281	331,298				
2004	136,792	223,144	265,065	299,906	322,499					
2005	135,270	237,435	298,543	351,760						
2006	112,524	229,938	292,472							
2007	106,294	230,392								
2008	217,617									

Reported Loss + Paid ALAE Triangle

	Age in months									
Accident Year	12	24	36	48	60	72	84	96	108	120
Prior	595,518	761,478	906,743	1,056,023	1,083,950	910,632	973,832	1,171,070	1,271,705	1,341,832
1999	309,139	370,103	408,590	445,172	456,019	486,399	495,110	496,504	513,812	514,821
2000	322,540	405,007	417,207	454,622	471,718	492,775	513,839	513,487	524,742	
2001	151,792	239,778	287,119	315,294	307,946	437,124	398,083	402,937		
2002	186,225	242,887	258,803	292,303	273,822	289,504	285,200			
2003	189,967	222,596	247,048	282,157	326,787	343,160				
2004	226,475	269,534	320,621	336,149	347,101					
2005	324,296	340,712	369,889	388,480						
2006	240,250	320,005	353,441							
2007	231,578	326,599								
2008	393,864									

Net Earned Premium

Accident Year	NEP
1999	573,194
2000	477,169
2001	408,931
2002	549,556
2003	665,548
2004	572,722
2005	736,011
2006	804,500
2007	893,710
2008	949,212

Non-Casualty

as of 12/31/08 in $US thousands

Paid Loss + Paid ALAE Triangle

	Age in months									
Accident Year	12	24	36	48	60	72	84	96	108	120
Prior	0	26,904	45,796	57,994	72,908	75,476	75,947	78,773	80,215	79,652
1999	181,237	260,416	276,562	284,756	288,042	291,656	291,549	292,302	292,141	291,180
2000	263,332	377,573	385,491	393,017	392,652	385,226	381,332	378,562	382,070	
2001	203,259	273,554	266,832	291,549	316,170	324,817	353,658	403,309		
2002	299,865	398,361	470,435	438,440	454,258	470,535	470,705			
2003	380,925	501,879	587,095	597,177	555,180	565,534				
2004	427,090	607,100	623,074	621,287	627,193					
2005	464,686	683,372	815,890	856,912						
2006	341,390	516,456	560,426							
2007	378,822	492,467								
2008	500,664									

Reported Loss + Paid ALAE Triangle

	Age in months									
Accident Year	12	24	36	48	60	72	84	96	108	120
Prior	134,815	121,704	117,387	84,074	95,196	97,805	99,172	109,507	111,385	104,351
1999	237,898	307,458	291,999	299,083	292,187	302,497	300,741	292,644	292,289	291,417
2000	396,066	435,174	434,933	423,476	408,066	396,104	385,448	380,811	382,794	
2001	211,269	305,781	294,576	322,077	331,653	377,342	435,016	411,832		
2002	328,481	407,146	475,831	442,659	456,879	471,874	472,326			
2003	466,671	579,522	615,457	609,223	561,291	571,955				
2004	599,375	648,179	631,753	626,391	631,134					
2005	691,134	810,195	855,817	877,946						
2006	503,917	550,800	580,156							
2007	548,697	527,584								
2008	839,562									

Net Earned Premium

Accident Year	NEP
1999	515,554
2000	667,250
2001	614,140
2002	803,589
2003	1,075,190
2004	1,585,313
2005	1,191,009
2006	1,175,448
2007	1,278,888
2008	1,384,702

Highlights

Insurance Overseas General Segment

The Insurance Overseas General segment is comprised of business written by ACE International, ACE Global Markets (AGM), and Combined Insurance. For the first time, the historical data for Overseas General includes the international Personal Accident business of Combined Insurance, which was acquired on April 1, 2008. Combined Insurance data is included for all accident years, except accident years 1999 and prior are excluded for the Pacific region of Combined Insurance.

ACE International operates in over 40 countries across Europe, Asia, Latin America, Africa, and the Middle East. Roughly 50% of ACE International's net earned premium (excluding Combined Insurance) is generated by European accounts. Almost 80% of Combined Insurance's net earned premium is generated by European accounts. AGM operates within the London market and writes both U.S. and internationally exposed business, predominately short-tailed. In accordance with standard Lloyd's market practice, ACE analyzes its AGM business on a year-of-account basis rather than on an accident year basis. In order to provide data on an accident year basis, it was necessary to make a number of assumptions.

Premiums are split approximately 60% non-casualty/personal accident and 40% casualty.

As stated previously, reliance on any purely mechanical reserving methods may produce artificially high or low estimates, and some degree of judgment should be used in the selection of reserving methods and assumptions. We have compiled the triangles in original currency and then converted to US$ at December 2008 exchange rates for all historical data. This approach removes the impact of currency fluctuations from historical development trends.

Insurance Overseas General – Casualty

The Casualty class is comprised of non-U.S. general liability, employers liability, and professional liability exposures as well as shorter-tailed casualty exposures such as automobile liability, marine, aviation, and political risk. Exposures are predominately located in Europe with secondary exposures in Latin America and Asia. Also, there is some U.S. exposure in the Casualty book from multinational accounts. A little less than 60% of the casualty premiums are general and professional liability exposures (split 55% general/45% professional) that are predominately primary and tend to be quicker developing than comparable exposures in the U.S. Excess casualty exposures represent approximately 25% of total general liability. D&O represents approximately 35% of the total professional liability exposures. Rates for general liability and professional liability were particularly strong between 2002 and 2004 followed by a gradual weakening between 2005 and 2007. Overall, casualty rates weakened slightly in 2008. The changes varied somewhat by class with professional liability showing the largest increases and general liability showing the most stability.

A little more than 40% of the casualty premium is shorter-tailed automobile, marine, aviation, and political risk exposures. Marine is mostly short-tailed cargo (both inland and ocean) and hull risks with some exposure to marine liability business. The aviation line includes a broad range of aviation risks from longer-tailed aviation products and airline/airport liability to shorter-tailed airline hull. Automobile liability included in this category is substantially personal lines business, with a large concentration in Japan as well as smaller portions in Brazil, France, and the UK. With the exception of aviation, these lines tend to have had less volatile rate changes and are shorter-tailed than general and professional liability lines.

Highlights (cont.)

Insurance Overseas General – Non-Casualty

The Non-Casualty class is comprised of fire, construction, and energy exposures. Generally, rates for these classes have declined since 2003 with the exception of North American exposures within the AGM book which experienced significant rate increases following the 2005 hurricanes. Rates on these lines stabilized in the latter part of 2008. A little less than 70% of the ACE International non-casualty book originates from Europe. In general, the property lines have relatively stable paid and reporting patterns although losses from Hurricanes Katrina, Rita, and Wilma in 2005 on the AGM portfolio of U.S. exposures will have some impact on the ultimate loss ratio. The same is true for the 2008 year where losses will be impacted by catastrophes, primarily Hurricane Ike.

Insurance Overseas General – Personal Accident

The Personal Accident class is comprised of low limit travel, credit, disability and accident accounts sold through various marketing channels. The book has experienced significant growth since 2002 through increased solicitation and additional marketing efforts. As noted above, the Overseas General Personal Accident line includes the Combined Insurance Personal Accident data. Average rate levels for this business have been relatively stable since 2004 and should have little impact on expected loss ratios.

Casualty

as of 12/31/08 in $US thousands

Paid Loss + Paid ALAE Triangle

	Age in months									
Accident Year	12	24	36	48	60	72	84	96	108	120
Prior	0	233,114	415,663	551,457	631,741	678,855	722,801	786,628	802,240	818,420
1999	266,984	435,768	512,412	559,301	601,718	623,398	648,892	667,557	672,974	680,902
2000	310,996	572,674	710,248	798,202	862,195	929,557	955,126	1,019,039	1,031,850	
2001	238,230	467,935	581,993	681,299	738,311	790,765	859,131	878,779		
2002	196,965	398,730	501,079	603,317	663,869	711,478	741,614			
2003	185,491	343,427	429,848	493,239	561,233	611,019				
2004	171,079	356,013	447,443	515,751	564,176					
2005	203,852	383,971	504,561	595,266						
2006	216,342	412,625	540,573							
2007	244,600	506,441								
2008	233,205									

Reported Loss + Paid ALAE Triangle

	Age in months									
Accident Year	12	24	36	48	60	72	84	96	108	120
Prior	599,856	728,427	851,826	858,311	910,469	906,925	901,929	942,780	944,723	957,377
1999	433,180	596,286	651,896	678,742	697,656	702,929	717,321	722,528	723,794	723,597
2000	480,832	785,378	908,542	986,883	1,075,283	1,097,378	1,103,583	1,112,896	1,133,445	
2001	442,392	688,915	822,047	930,054	950,807	960,695	965,560	968,917		
2002	393,257	620,209	746,066	811,373	837,017	824,685	822,894			
2003	361,188	520,234	597,204	645,322	699,535	716,661				
2004	373,183	574,284	636,401	656,589	672,230					
2005	419,839	618,599	718,449	762,234						
2006	444,802	630,538	744,355							
2007	524,803	795,731								
2008	510,897									

Net Earned Premium

Accident Year	NEP
1999	1,011,310
2000	1,017,319
2001	1,262,771
2002	1,482,511
2003	1,642,263
2004	1,778,874
2005	1,864,156
2006	1,883,318
2007	1,758,034
2008	1,811,677

Non-Casualty

as of 12/31/08 in $US thousands

Paid Loss + Paid ALAE Triangle

	Age in months									
Accident Year	12	24	36	48	60	72	84	96	108	120
Prior	0	84,855	138,536	169,495	176,573	183,216	180,483	197,428	195,480	197,507
1999	195,095	412,280	493,177	534,090	541,819	544,662	535,157	536,723	535,769	534,909
2000	200,338	442,871	548,631	577,488	574,376	594,043	608,895	608,997	608,126	
2001	154,565	381,748	451,418	460,135	472,704	480,759	481,285	486,746		
2002	171,398	363,597	433,567	451,966	456,341	459,137	462,432			
2003	144,119	370,414	454,544	484,209	497,360	500,282				
2004	209,238	443,267	513,801	536,858	552,518					
2005	218,597	495,292	603,851	635,725						
2006	155,085	346,065	415,694							
2007	187,051	414,646								
2008	215,015									

Reported Loss + Paid ALAE Triangle

	Age in months									
Accident Year	12	24	36	48	60	72	84	96	108	120
Prior	248,999	256,805	265,423	255,073	253,358	248,876	239,551	243,048	239,480	241,235
1999	421,963	563,370	563,400	561,255	557,842	563,416	550,076	549,192	545,811	544,345
2000	488,496	611,953	615,441	618,616	617,975	620,609	627,089	626,163	625,676	
2001	438,587	507,254	496,384	495,480	499,291	495,471	492,484	497,925		
2002	378,422	483,025	486,554	484,313	479,368	467,463	468,026			
2003	398,143	504,370	522,469	523,679	513,727	513,335				
2004	472,087	563,107	574,621	570,552	575,296					
2005	550,263	678,692	663,377	667,448						
2006	372,920	464,927	476,465							
2007	466,604	586,046								
2008	546,643									

Net Earned Premium

Accident Year	NEP
1999	595,811
2000	569,661
2001	656,451
2002	837,842
2003	1,192,617
2004	1,282,190
2005	1,218,579
2006	1,175,489
2007	1,171,657
2008	1,195,452

Personal Accident

as of 12/31/08 in $US thousands

Paid Loss + Paid ALAE Triangle

	Age in months									
Accident Year	12	24	36	48	60	72	84	96	108	120
Prior	0	47,785	80,210	91,035	98,269	102,892	109,163	114,786	118,336	123,077
1999	143,437	257,668	290,091	301,934	309,828	315,431	324,137	327,896	328,243	329,521
2000	188,637	350,904	411,265	429,458	435,070	455,553	463,704	463,478	463,398	
2001	171,765	338,100	403,440	424,197	437,270	444,363	451,685	463,862		
2002	183,446	343,993	415,822	436,528	445,399	453,287	457,130			
2003	196,517	371,766	440,291	459,064	471,379	476,640				
2004	204,715	374,171	429,516	449,438	458,340					
2005	219,435	399,738	463,670	477,789						
2006	252,258	439,808	505,453							
2007	282,288	503,717								
2008	314,508									

Reported Loss + Paid ALAE Triangle

	Age in months									
Accident Year	12	24	36	48	60	72	84	96	108	120
Prior	86,634	107,434	119,720	121,492	125,774	127,377	130,345	133,659	135,034	136,668
1999	198,371	295,135	314,570	321,522	324,660	328,234	335,001	337,343	339,592	339,984
2000	239,691	399,192	438,759	453,387	460,835	475,619	478,181	474,920	473,722	
2001	245,222	383,955	438,808	456,706	465,895	469,972	473,593	472,481		
2002	254,096	415,189	456,795	461,591	464,964	464,988	466,136			
2003	284,627	431,927	478,010	483,853	487,815	487,847				
2004	280,738	422,183	456,156	465,586	468,950					
2005	299,059	447,416	486,078	487,865						
2006	333,639	492,973	528,488							
2007	371,001	561,433								
2008	416,701									

Net Earned Premium

Accident Year	NEP
1999	819,931
2000	870,652
2001	935,100
2002	1,061,927
2003	1,188,402
2004	1,291,716
2005	1,410,664
2006	1,592,942
2007	1,735,136
2008	1,808,866

Highlights

Global Re Segment

The Global Re segment contains the business written by Tempest USA, Tempest Bermuda, Tempest Europe, and Tempest Canada, all of which is sourced through reinsurance brokers. Tempest USA writes a US treaty reinsurance book covering nearly all lines. Tempest Bermuda was founded in 1993 and writes catastrophe reinsurance, primarily Property coverages. Tempest Europe writes a worldwide portfolio of marine, aviation, International Property and Casualty business. Newly formed in 2007, Tempest Canada writes predominately Canadian Property and Casualty business.

Unlike the rest of the triangles, the data for Global Re is presented on a treaty year basis, not on an accident year basis. A feature of treaty year data is that individual treaties can incept at any time during a given treaty year. Therefore a full treaty year can typically take up to 36 months to fully earn, and possibly longer if the year contains multi-year contracts. Since reserves should only be established for the earned portion of each treaty year, care should be taken not to fully develop the more recent treaty years without excluding the unearned portion of that treaty year.

For the Global Re Property segment, we generally expect the earned premium at the end of the first development year to represent approximately 70-75% of the ultimate premium for the treaty year, and anticipate minimal development in earned premium after the second development year. For the Global Re Non-Property segment, we generally expect the earned premium at the end of the first and second development years to respectively represent 30-40% and 80-90% of ultimate premium. By the end of the third development year, ultimate premiums should be fully earned although the actual premium figures may move slightly after this point due to updated reporting from the cedants.

Contained in the triangles is an instance of negative case reserves (calculated by taking the difference between the net reported and net paid at a given development age for a particular year). This is typically due to timing differences of recoveries on ceded reinsurance.

Global Re Property

Prior to treaty year 2000, all of the loss experience relates to Tempest Bermuda and is therefore all property catastrophe related. In the treaty years subsequent to 2000, the property proportional and property per risk books have grown substantially. Although the mixture of business varies by year, Tempest Bermuda property catastrophe represents approximately 77% of written premium in the more recent year. U.S. exposure risks represent approximately 70% of the total Property premium. Of the non-catastrophe premium, approximately 50% of the premium is on proportional treaties.

Global Re Non-Property

This portfolio consists of a wide range of business which more recently includes general casualty (30%), automobile (20%), professional liability (20%), medical malpractice (10%), workers' compensation, marine and aviation. The mix of business has changed over time as the rate of growth and reduction varied by market conditions and line of business. For example, from 2001 to 2005, general casualty business comprised approximately 40% of the portfolio but in more recent years this line of business has reduced to approximately 30% of the portfolio. Approximately 75% of the Non-Property business is written on US exposed risks. This ratio has historically varied between 65% and 85%. Approximately 60% of the premium volume is on non-proportional business and a small portion of the premium is coming from Facultative treaties (less than 5%).

Given the long-tail nature of the Global Re Non-Property lines of business, care must be taken when trying to produce meaningful analysis from nine years of historical losses. Compounding this limitation is the fact that this portfolio grew rapidly in its first few years and has been shrinking in the more recent years. As a result, loss development experience emerging from earlier treaty years may not be an unbiased predictor of loss development in later years.

Property

as of 12/31/08 in $US thousands

Paid Loss + Paid ALAE Triangle

	Age in months									
Treaty Year	12	24	36	48	60	72	84	96	108	120
Prior	0	24,742	26,769	27,192	26,721	27,056	26,878	27,281	27,155	26,832
1999	22,028	56,568	50,794	52,711	52,894	53,345	53,388	53,391	53,392	53,394
2000	9,055	32,751	45,878	49,784	49,102	50,999	51,317	53,176	52,978	
2001	31,578	47,442	63,869	66,582	67,036	67,523	68,184	68,817		
2002	28,074	72,793	106,966	118,330	121,357	122,617	123,445			
2003	30,981	67,719	102,525	112,469	116,036	118,304				
2004	167,020	318,505	379,783	404,276	414,948					
2005	89,599	404,871	515,992	554,851						
2006	12,939	57,557	86,426							
2007	12,756	57,129								
2008	53,241									

Reported Loss + Paid ALAE Triangle

	Age in months									
Treaty Year	12	24	36	48	60	72	84	96	108	120
Prior	22,841	31,249	31,697	27,980	28,932	28,556	28,306	30,262	30,488	30,507
1999	25,302	53,740	55,068	53,285	53,033	53,472	53,450	53,436	53,435	53,444
2000	15,473	49,186	52,103	54,068	52,553	53,315	54,026	54,705	54,544	
2001	51,475	59,576	68,848	68,438	68,395	69,252	68,750	69,209		
2002	75,483	120,637	128,461	129,276	129,162	127,954	128,297			
2003	57,958	101,881	122,967	121,478	123,003	122,624				
2004	248,077	385,402	421,859	426,180	427,769					
2005	393,751	541,869	568,365	583,410						
2006	33,588	86,591	100,670							
2007	35,046	91,324								
2008	154,995									

Net Earned Premium

Treaty Year	NEP
1999	152,689
2000	225,212
2001	350,117
2002	545,712
2003	607,359
2004	498,643
2005	566,719
2006	567,653
2007	464,449
2008	290,040

Non-Property

as of 12/31/08 in $US thousands

Paid Loss + Paid ALAE Triangle

	Age in months									
Treaty Year	12	24	36	48	60	72	84	96	108	120
Prior	0	0	0	0	0	0	0	0	0	0
1999	0	0	0	0	0	0	0	0	0	0
2000	894	5,372	12,296	15,984	19,703	24,224	30,199	30,779	31,553	
2001	1,492	10,753	24,351	33,667	45,694	58,123	65,355	70,188		
2002	1,941	23,389	48,805	83,700	115,548	147,095	173,618			
2003	4,244	38,346	84,423	135,334	197,767	239,224				
2004	10,255	56,436	103,678	166,697	237,437					
2005	13,830	92,897	174,144	243,601						
2006	10,534	66,604	140,792							
2007	8,467	52,736								
2008	12,310									

Reported Loss + Paid ALAE Triangle

	Age in months									
Treaty Year	12	24	36	48	60	72	84	96	108	120
Prior	0	0	0	0	0	0	0	0	0	0
1999	0	0	0	0	0	0	0	0	0	0
2000	2,543	12,600	20,930	24,458	29,037	36,356	39,823	37,557	37,096	
2001	7,364	23,511	40,866	57,679	67,936	75,157	76,971	80,117		
2002	13,380	49,754	111,633	148,362	180,747	200,155	218,458			
2003	20,939	109,041	193,484	261,646	304,267	319,782				
2004	35,710	138,151	253,715	314,935	363,517					
2005	68,805	203,011	305,337	365,626						
2006	40,214	151,954	259,132							
2007	28,882	138,705								
2008	40,527									

Net Earned Premium

Treaty Year	NEP
1999	0
2000	30,183
2001	147,127
2002	439,852
2003	757,636
2004	913,064
2005	900,630
2006	818,183
2007	595,508
2008	237,761

Selected Excerpts based upon ACE's 2008 10-K Disclosure

As an insurance and reinsurance company, we are required, by applicable laws and regulations and GAAP, to establish loss and loss expense reserves for the estimated unpaid portion of the ultimate liability for losses and loss expenses under the terms of our policies and agreements with our insured and reinsured customers. The estimate of the liabilities includes provision for claims that have been reported but unpaid at the balance sheet date (case reserves) and for future obligations from claims that have been incurred but not reported (IBNR) at the balance sheet date (IBNR may also include a provision for additional development on reported claims in instances where the case reserve is viewed to be potentially insufficient). The reserves provide for liabilities that exist for the Company as of the balance sheet date. The loss reserve also includes an estimate of expenses associated with processing and settling these unpaid claims (loss expenses).

At December 31, 2008, our gross unpaid loss and loss expense reserves were $37.2 billion and our net unpaid loss and loss expense reserves were $24.2 billion. With the exception of certain structured settlements, for which the timing and amount of future claim payments are reliably determinable, our loss reserves are not discounted for the time value of money. In connection with such structured settlements, we carry reserves of $106 million (net of discount).

The process of establishing loss reserves for property and casualty claims can be complex and is subject to considerable uncertainty as it requires the use of informed estimates and judgments based on circumstances known at the date of accrual. The judgments used to estimate unpaid loss and loss expense reserves require different considerations depending upon the individual circumstances underlying the insured loss. For example, the reserves established for high excess casualty claims, A&E claims, claims from major catastrophic events, or the IBNR for our various product lines each require different assumptions and judgments to be made. Necessary judgments are based on numerous factors and may be revised as additional experience and other data become available and are reviewed, as new or improved methodologies are developed, or as laws change.

Hence, ultimate loss payments may differ from the estimate of the ultimate liabilities made at the balance sheet date. Changes to our previous estimates of prior period loss reserves impact the reported calendar year underwriting results by worsening our reported results if the prior year reserves prove to be deficient or improving our reported results if the prior year reserves prove to be redundant.

The potential for variation in loss reserves is impacted by numerous factors, which we discuss below.

We establish loss and loss expense reserves to reflect our liabilities from claims for all of the insurance and reinsurance business that we write. For those claims reported by insureds or ceding companies to us prior to the balance sheet date, and where we have sufficient information, our claims personnel establish case reserves as appropriate based on the circumstances of the claim(s), standard claim handling practices, and professional judgment. In respect of those claims that have been incurred but not reported prior to the balance sheet date, there is by definition limited actual information to form the case reserve estimate and reliance is placed upon historical loss experience and actuarial methods to project the ultimate loss obligations and the corresponding amount of IBNR. Furthermore, for our assumed reinsurance operation, Global Reinsurance, an additional case reserve may be established above the amount notified by the ceding company if the notified case reserve is judged to be insufficient by Global Reinsurance's claims department (refer to "Assumed reinsurance" below) [in Item 7 of the 2008 10-K].

We have actuarial staff within each of our operating segments who analyze loss reserves and regularly project estimates of ultimate losses and the required IBNR reserve. IBNR reserve estimates are generally calculated by first projecting the ultimate amount of expected claims for a product line and subtracting paid losses and case reserves for reported claims. The judgments involved in projecting the ultimate losses may involve the use and interpretation of various actuarial projection methods that place reliance on the extrapolation of actual loss data, loss development patterns and industry data as needed.

The estimate of the IBNR reserve also requires judgment by actuaries and management to reflect the impact of more contemporary, qualitative, and subjective factors. Among some of the factors that might be considered are changes in business mix or volume, changes in ceded reinsurance structures, reported and projected loss trends, inflation, legal environment, and the terms and conditions of the contracts sold to our insured parties.

Typically, for each product line, one or more standard actuarial reserving methods may be used to estimate ultimate losses and loss expenses, and from these estimates a single actuarial central estimate is selected. Exceptions to the use of standard actuarial projection methods occur for individual claims of significance that require complex legal, claims, and actuarial analysis and judgment (for example, A&E account projections or high excess casualty accounts in litigation) or product lines where the nature of the claims experience and / or availability of the data prevent application of such methods. In addition, claims arising from catastrophic events require evaluation based upon our exposure at the time of the event and the circumstances of the catastrophe and its post-event impact that do not utilize standard actuarial loss projection methods.

The standard actuarial reserving methods may include, but are not necessarily limited to, paid and reported loss development, expected loss ratio, and Bornhuetter-Ferguson methods. A general description of these methods is provided below. In the subsequent discussion on short and long-tail business, reference is also made where appropriate to how consideration in method selection impacted 2008 results. In addition to these standard methods, we may use other recognized actuarial methods and approaches depending upon the product line characteristics and available data. To ensure that the projections of future loss emergence based on historical loss development patterns are representative of the underlying business, the historical loss and premium data is required to be of sufficient homogeneity and credibility. For example, to improve data homogeneity, we may group product line data further by similar risk attribute (e.g., geography, coverage such as property versus liability exposure, or origin year), project losses for these homogenous groups and then combine these results to provide the overall product line estimate.

The premium and loss data is aggregated by origin year (e.g., the year in which the losses were incurred or "accident year") and annual or quarterly periods subsequent to the origin year. Implicit in the standard accepted actuarial methods that we generally utilize is the need for two fundamental assumptions: first, the expected loss ratio for each origin year (i.e., accident, report, or underwriting) and second, the pattern in which losses are expected to emerge over time for each origin year.

The expected loss ratio for any particular origin year is selected giving consideration to a number of potential factors, including historical loss ratios adjusted for intervening premium and loss trends, industry benchmarks, the results of policy level loss modeling at the time of underwriting, and other more subjective considerations of the product line and external environment as noted above. For the more recent origin years, the expected loss ratio for a given origin year is established at the start of the origin year as part of the planning process. This analysis is performed in conjunction with underwriters and management. The expected loss ratio method arrives at an ultimate loss estimate by multiplying the expected ultimate loss ratio and by the corresponding premium base.

This method is most commonly used for immature origin periods on product lines where the actual paid or reported loss experience is not yet deemed sufficiently credible to warrant consideration in the selection of ultimate losses. The expected loss ratio for a given origin year may be modified over time if the underlying assumptions such as loss trend or premium rate changes differ from the original assumptions.

Our assumed paid and reported development patterns provide a benchmark against which the actual emerging loss experience can be monitored. Where possible, development patterns are selected based on historical loss emergence by origin year with appropriate allowance for changes in business mix, claims handling process, or ceded reinsurance that are likely to lead to a discernible difference between the rate of historical and future loss emergence. For product lines where the historical data is viewed to have low statistical credibility, the selected development patterns also reflect relevant industry benchmarks and/or experience from similar product lines written elsewhere within ACE.

This typically arises for product lines that are relatively immature or for high severity/low frequency portfolios where our historical experience exhibits considerable volatility and/or lacks credibility. The paid and reported loss development methods convert the assumed loss emergence pattern to a set of multiplicative factors which are then applied to actual paid or reported losses to arrive at an estimate of ultimate losses for each period. Due to their multiplicative nature, the paid and reported loss development methods magnify differences between actual and expected loss emergence. These methods tend to be utilized for more mature origin periods and for those portfolios where the loss emergence has been relatively consistent over time.

The Bornhuetter-Ferguson method is essentially a combination of the expected loss ratio method and the loss development method, under which the loss development method is given more weight as the origin year matures. This approach allows a logical transition between the expected loss ratio method which is generally utilized at earlier maturities and the loss development methods which are typically utilized at latter maturities. We usually apply this method using reported loss data although paid data may be used.

The applicability of actuarial methods will also be impacted by the attachment point of the policy or contract with the insured or ceding company. In the case of low attachment points typical of primary or working layer reinsurance, the experience tends to be more frequency driven. These product types allow for the standard actuarial methods to be used in determining loss reserve levels, as they often have a sufficient history and volume of claims experience to be credible. In the case of high attachment points typical of excess insurance or excess of loss reinsurance, the experience will tend to be severity driven, as only a loss of significant size will enter the layer. For structured or unique contracts, most common to the financial solutions business (which we have considerably curtailed) and, to a lesser extent, our reinsurance business, we typically supplement the standard actuarial methods with an analysis of each contract's terms, original pricing information, subsequent internal and external analyses of the ongoing contracts, market exposures and history, and qualitative input from claims managers.

Our recorded reserves represent management's best estimate of the provision for unpaid claims as of the balance sheet date. We perform an actuarial reserve review for each product line and establish an actuarial central estimate at the review's conclusion. The process to select the actuarial central estimate, when more than one estimate is available, may differ across product lines. For example, an actuary may base the central estimate on loss projections developed using an incurred loss development approach instead of a paid loss development approach when reported losses are viewed to be a more credible indication of the ultimate loss compared with paid losses. The availability of estimates by different projection techniques will depend upon the product line, the underwriting circumstances, and the maturity of the loss emergence.

For a well-established product line with sufficient volume and history, the actuarial central estimate may be drawn from a weighting of paid and reported loss development and/or Bornhuetter-Ferguson methods. However, for a new long-tail product line for which we have limited data and experience or a rapidly growing line, the emerging loss experience may not have sufficient credibility to allow selection of loss development or Bornhuetter-Ferguson methods and reliance may be placed upon the expected loss ratio method until the experience matures.

Management's best estimate is developed from the actuarial central estimate after collaboration with actuaries, underwriting, claims, legal, and finance departments and culminates with the input of reserve committees. Each business unit reserve committee includes the participation of the relevant parties from actuarial, finance, claims, and senior management and has the responsibility for finalizing and approving the estimate to be used as management's best estimate. Reserves are further reviewed by ACE Limited's Chief Actuary and senior management. The objective of such a process is to determine a single estimate that we believe represents a better estimate than any other. Such an estimate is viewed by management to be the best estimate of ultimate loss settlements and is determined based on several factors including, but not limited to:

- Segmentation of data to provide sufficient homogeneity and credibility for loss projection methods;
- Extent of internal historical loss data, and industry information where required;
- Historical variability of loss estimates compared with actual loss experience;
- Perceived credibility of emerged loss experience; and
- Nature and extent of underlying assumptions.

Management does not build in any specific provision for uncertainty.

We do not calculate a range of loss reserve estimates for our individual loss reserve studies. Ranges are not necessarily a true reflection of the potential difference between loss reserves estimated at the balance sheet date and the ultimate settlement value of losses. This is due to the fact that an actuarial range is developed based on known events as of the valuation date whereas actual prior period development reported in subsequent Consolidated Financial Statements relates in part to events and circumstances that were unknown as of the original valuation date. While we believe that our recorded reserves are reasonable and represent management's best estimate for each product line as of the current valuation date, future changes to our view of the ultimate liabilities are possible.

A five percent change in our net loss reserves equates to $1.2 billion and represents eight percent of shareholders' equity at December 31, 2008. Historically, including A&E reserve charges, our reserves, at times, have developed in excess of 10 percent of recorded amounts. Refer to "Analysis of Losses and Loss Expense Development" under Item 1 [of the 2008 10-K] for a summary of historical volatility between estimated loss reserves and ultimate loss settlements.

We perform internal loss reserve studies for all product lines at least once a year; the timing of such studies varies throughout the year. Additionally, each quarter for most product lines, we review the emergence of actual losses relative to expectations. If warranted from findings in loss emergence tests, we will accelerate the timing of our product line reserve studies. Finally, loss reserve studies are performed annually by external third-parties and the findings are used to test the reasonability of our internal findings.

The time period between the date of loss occurrence and the final payment date of the ensuing claim(s) is referred to as the "claim-tail". The following is a discussion of specific reserving considerations for both short-tail and long-tail product lines.

Short-tail business

Short-tail business generally describes product lines for which losses are usually known and paid shortly after the loss actually occurs. This would include, for example, most property, personal accident, aviation hull, and automobile physical damage policies that are written by ACE. There are some exceptions on certain product lines or events (e.g., major hurricanes) where the event has occurred, but the final settlement amount is highly variable and not known with certainty for a potentially lengthy period. Due to the short reporting development pattern for these product lines, our estimate of ultimate losses from any particular accident period responds quickly to the latest loss data. We typically assign credibility to methods that incorporate actual loss emergence, such as the paid and reported loss development and Bornhuetter-Ferguson methods, sooner than would be the case for long-tail lines at a similar stage of development for a given origin year.

The reserving process for short-tail losses arising from catastrophic events typically involves the determination by the claims department, in conjunction with underwriters and actuaries, of our exposure and estimated losses immediately following an event and the subsequent revisions of the estimated losses as our insureds provide updated actual loss information.

Long-tail business

Long-tail business describes lines of business for which specific losses may not be known for some period and claims can take significant time to emerge. This includes most casualty lines such as general liability, D&O, and workers' compensation. There are many factors contributing to the uncertainty and volatility of long-tail business. Among these are:

• Our historical loss data and experience is often too immature and lacking in credibility to rely upon for reserving purposes. Where this is the case, in our reserve analysis we rely on industry loss ratios or industry benchmark development patterns that we believe reflect the nature and coverage of the underwritten business and its future

Selected Excerpts based upon ACE's 2008 10-K Disclosure (cont.)

development, where available. For such product lines, actual loss experience may differ from industry loss statistics as well as loss experience for previous underwriting years;
- The inherent uncertainty around loss trends, claims inflation (e.g., medical and judicial) and underlying economic conditions;
- The inherent uncertainty of the estimated duration of the paid and reporting loss development patterns beyond the historical record requires that professional judgment be used in the determination of the length of the patterns based on the historical data and other information;
- The inherent uncertainty of assuming historical paid and reported loss development patterns for older origin years will be representative of subsequent loss emergence on recent origin years. For example, changes over time in the processes and procedures for establishing case reserves can distort reported loss development patterns or changes in ceded reinsurance structures by origin year can distort the development of paid and reported losses;
- Loss reserve analyses typically require loss or other data be grouped by common characteristics in some manner. If data from two combined lines of business exhibit different characteristics, such as loss payment patterns, the credibility of the reserve estimate could be affected. Additionally, since casualty lines of business can have significant intricacies in the terms and conditions afforded to the insured, there is an inherent risk as to the homogeneity of the underlying data used in performing reserve analyses; and
- The applicability of the price change data used to estimate ultimate loss ratios for most recent origin years.

The interested reader is referred to ACE's 2008 Form 10-K for additional information on the reserving process.

Glossary

Accident year (AY): Relates to all losses occurring within a given twelve-month period, regardless of when the loss was reported or booked.

Bornhuetter-Ferguson method: Estimates unpaid (unreported) losses for a given accident/treaty year based on an expected ultimate and the percentage of losses currently unpaid (unreported).

Chain Ladder method: Estimates unpaid (unreported) losses for a given accident/treaty year by a) estimating ultimate losses derived by multiplying the paid (or reported) losses for the given year by the reciprocal of the percentage of losses currently paid (or reported) for that year and, in the case of treaty year data, also by the percentage of earned premium to ultimate premium, and then b) subtracting the paid (or reported) losses for the given year from the ultimate losses calculated in (a).

Claims made basis: An insurance form where the date the loss is reported to the insurer is deemed to be the date of the loss event, regardless of when the loss occurred.

Expected Loss Ratio method: Estimates unpaid (unreported) loss for a given accident/treaty year by a) estimating ultimate losses derived by multiplying the earned premiums by a selected loss ratio, and then b) subtracting the paid (or reported) losses for the given year from the ultimate losses calculated in (a). The selected loss ratio may be based on the ACE's own data and/or Industry data or a combination of both.

Occurrence basis: An insurance form where the date the loss occurred is deemed to be the date of the loss event, regardless of when the claim is reported to the insurer.

Retroactive reinsurance: An arrangement whereby a reinsurer assumes liability incurred as a result of past events (i.e., a loss portfolio transfer).

Treaty year (TY): Relates to all losses associated with policies that incepted within a given twelve-month period.

Year-of-Account (YOA): Terminology specific to Lloyd's business; the year to which an individual risk is allocated based on the calendar year in which it was first signed.