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ACE Insurance Limited

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CORPORATE NEWS RELEASE

FOR IMMEDIATE RELEASE

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ACE INSURANCE ARRIVES IN SOUTH AFRICA

International insurance and reinsurance group ACE, with offices in more than 50 countries and a global workforce exceeding 9 000, has added South Africa to its global network.

Scott Pickering, who has previously headed the group's New Zealand and several South East Asian operations, has been appointed as CEO of ACE Insurance South Africa. A New Zealander by birth, Pickering has spent much of his professional life in Australia, Japan and South East Asia. He has watched the country's economic progress over the last decade with interest: "South Africa's economic progress over the last 10 years has been impressive, and we see an opportunity to leverage our global footprint by offering risk solutions to the corporate sector, particularly those with pan-African and global ambitions.

Pickering says as South African companies expand abroad, their local insurers are often unable to expand with them. "As South African companies expand abroad, we can offer them our global expertise in underwriting risks, as well as risk management advice. Our South African office will serve as a regional hub for our entry into the broader African market."

ACE will focus initially on the South African corporate sector, specialising in property coverage, large general liability, export products liability, professional indemnity and directors and officers liability coverage.

ACE also has plans to expand into the personal insurance market in partnership with cell phone companies, banks, card issuers and the like. "We have been particularly successful in penetrating the personal insurance market elsewhere in the world through affinity-type partnerships, and we see excellent opportunities to do the same here," adds Pickering.

ACE primarily sells its products through intermediaries (brokers) to the risk managers, chief financial officers and treasurers of multinational corporations and domestic companies. It also targets individual consumers on a niche basis through specialised products and employee and

Executive Directors: S.J. Pickering (*NZ) (CEO), B.M. Johnson, C. Silverman
Non-Executive Directors: B.H. Seach (Chairman), R.L. Cigelnik (*USA), R.V. Pryce (*UK)
Company Secretary: C. Silverman

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affinity groups. In South Africa, ACE plans to sell its products through intermediaries, such as Alexander Forbes, Glenrand M.I.B, Willis, AON and Marsh among others.

An area of market differentiation for ACE is its risk management service. This complements its risk underwriting by offering clients global knowledge of risk, aimed at assisting them to minimise the potential for loss which can result in significant disruption to their businesses. "We have a vast amount of international experience in risk management that we can bring to the local market," says Pickering.

He adds that ACE differentiates itself by the four attributes that brokers and risk managers seek most in an insurer: responsive follow-up, easy to work with, underwriting expertise and quality claims handling.

In 1999 ACE acquired the international property & casualty operations of insurance company CIGNA, which had had a presence in South Africa since 1973. The CIGNA acquisition expanded ACE's global footprint from just three countries - Bermuda, Ireland and the US - to more than 50. Though the CIGNA operation in South Africa was closed down, Hollard continued to run the business under a management agreement.

Pickering emphasises that this is a first time arrival in South Africa for ACE Insurance rather than a re-entry. "When we enter a country, we put down deep roots and we're in this for the long haul," he says.

The company has taken sizable office space in Wierda Valley, Sandton, with a view to increasing its staff complement to around 30 over the next 18 months. The group offers clients the comfort of a strong balance sheet and global presence, and the South African business is already capitalised through its existing license. "As the company grows, we will increase our capital levels accordingly," adds Pickering.

Commenting on the current state of the domestic insurance market, Pickering notes that the underwriting cycle has softened considerably over the last two years. "This is a cyclical business and one has to be prepared to ride out the market downturns. The timing of our entry to the South African market has not been influenced by the underwriting cycle. Obviously, we have conducted our own analysis of local conditions in the insurance market, and it is not our intention to undercut the market, as this is not sustainable. The business that we write must be commercially viable."

In his spare time, Pickering likes settling down to a good game of rugby, and looks forward to the next Tri-Nations clash between the All Blacks and the Boks. "It's good to be in a country which is as rugby-mad as New Zealand, and I'm really looking forward to the experience."

ACE GROUP OF COMPANIES

The ACE Group of Companies is one of the world's largest providers of commercial property and casualty insurance and reinsurance. Today the ACE Group of Companies, with a workforce totaling more than 9 000, operates in more than 50 countries around the world.

The ACE Group serves a diverse group of clients including multinational corporations with complex property and casualty exposures, local businesses in countries throughout the world, insurance companies looking to reinsure their portfolios, and individuals purchasing life insurance and accident and supplemental health coverage.

Additional information can be found at : www.aceinsurance.co.za