CONVERIUM HOLDING AG
Form 6-K
February 12, 2003

OMB APPROVAL
OMB Number: 3235-0116
Expires: March 31, 2003
Estimated average burden hours per response: 8

Form 6-K

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934

For the month of February 2003

CONVERIUM HOLDING AG

(Translation of registrant s name into English)

Baarerstrasse 8
CH-6300 Zug
Switzerland

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F [X]   Form 40-F [   ]

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes [   ]   No [X]

If Yes is marked, indicate the file number assigned to the registrant in connection with Rule 12g3-2(b): 82- Not Applicable

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Converium Holding Ltd, Zug

Zug, Switzerland February 11, 2003 Converium Group, one of the world s leading reinsurers, today reports on its successful 2003 renewal and on its financial results for the fourth quarter 2002 as well as for the full year 2002. Converium has been listed on the SWX Swiss Exchange (SWX: CHRN) and New York Stock Exchange (NYSE: CHR) since December 2001.

Successful 2003 renewals in a hard reinsurance market Substantial improvement of underlying performance continues

Net premiums written 2002: US$3,322 million (plus 33.8%)
Non-life combined ratio 2002: 104.2% (2001: 129.0%)
Adjusted non-life combined ratio 2002[1]: 99.3% (2001: 108.8%)
Operating income 2002: US$67.7 million
Net income 2002: US$106.8 million
Cash flow from operating activities 2002: US$870.4 million (plus 179%)
Shareholders equity as per December 31, 2002: US$1,738 million (plus 10.6%)
Book value per share as per December 31, 2002: US$43.55 (plus 10.9%)
Proposed dividend for 2002: CHF 1.00 per share

Successful 2003 renewals in a hard reinsurance market

Converium continues to strengthen its position as a global leading professional reinsurer, particularly in specialty lines. At January 1, 2003, approximately two thirds of our non-life premium was up for renewal, the remaining third will be renewed later in the year. We renewed almost 70%[2] of our non-life premium volume that was renewable at January 1, 2003 and experienced combined increases in rates and shares of almost 30%[3] on the renewed business. We chose to non-renew about 30%[2] of the renewable premium volume because the underlying business did not meet our stringent performance standards or because the treaties were restructured from a proportional to a non-proportional basis. However, the non-renewed premium volume was more than offset by new business. The aggregate impact of improved rates, increased shares and new business, offset by cancellations, resulted in premium growth of more than 20%[2] on renewable premiums.

Converium emerging as a winner in the reshuffling of the reinsurance market

Market unrest in the reinsurance industry creates new opportunities for Converium. The exit or repositioning of several major reinsurance competitors have expanded the possibilities for Converium to successfully execute its strategy in 2003.

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1 Excluding prior years developments and September 11, 2001, but including Enron and European floods.

2 Based on 100% that reflects the total non-life premium that was up for renewal on January 1, 2003.

3 Based on 100% that reflects the total non-life premium we renewed on January 1, 2003.

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The withdrawal or reorganization of several reinsurers has led to a significant reduction in reinsurance supply. The addition of new capacity, mainly through new Bermuda formations brought some relief to some markets, most particularly in the international catastrophe arena and markets such as the US and the UK. This was due to the fact that many of the start-ups were still establishing their infrastructure, their distribution channels, and recruiting specialists required to properly manage a reinsurance company. As a consequence, their focus was on broker distribution and traditionally intermediated reinsurance such as the low frequency/high severity catastrophe covers.

Nevertheless, the influence of these new markets in traditionally direct markets (such as Continental Europe) and in the specialty lines of business has been very limited. Converium Group has emerged as one of the few players with the required local presence, intimate market and specialty knowledge to address the needs in these market segments.

Substantial improvement of underlying performance continues

For the year ended December 31, 2002, Converium Group reported pre-tax operating income[4] of US$67.7 million. This represents an increase of US$528.8 million compared to the pre-tax operating loss[4] of US$461.1 million for the year 2001. Net income (after tax) increased US$474.2 million to US$106.8 million for the year ended December 31, 2002, compared to a net loss of US$367.4 million for the year ended December 31, 2001.

For the three months ended December 31, 2002, Converium Group reported a pre-tax operating income[4] of US$35.1 million, compared to a pre-tax operating loss[4] of US$90.3 million for the same period in 2001. For the fourth quarter of 2002, the net income (after-tax) of US$80.8 million compares to a net loss of US$7.5 for the fourth quarter of 2001, an increase of US$88.3 million.

Converium s financial results for calendar year 2002 were driven by (1) the very strong performance in non-life underwriting, and by (2) the recognition of reserve developments of prior years.

(1) Very Strong Performance in Non-life Underwriting

The re-underwriting of the non-life book and the restructuring of the underwriting process resulted in a continued substantial improvement of the underlying performance. Net premiums written by our non-life operations grew 34.7% to US$3,154.2 million for the full year 2002. The non-life combined ratio excluding prior years developments and September 11, 2001, but including Enron-related losses and the European floods decreased 9.5 percentage points to 99.3% for the year ended December 31, 2002 compared to 108.8% for the year ended December 31, 2001.

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[4] The pre-tax operating income (loss) is defined as pre-tax income or loss excluding pre-tax net realized capital gains or losses, amortization of goodwill and restructuring costs.

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Table: Substantial improvement of underlying performance continues

Year ended December 31 (in US$ million, except ratios)	Converium Zurich		Converium North America		Converium Cologne		Converium Non-life	
	2002	2001	2002	2001	2002	2001	2002	2001
Net premiums written	1,670.5	1,185.0	1,193.9	898.4	289.8	257.8	3,154.2	2,341.2
Non-life loss ratio	69.9%	101.4%	84.0%	94.9%	96.2%	108.8%	77.8%	99.7%
Adjusted non-life loss ratio[5]	71.2%	88.4%	72.0%	67.4%	85.3%	90.5%	72.9%	80.0%
Non-life underwriting expense ratio	17.9%	20.0%	25.0%	28.5%	22.5%	17.8%	21.1%	23.2%
Non-life administration expense ratio	4.8%	4.6%	5.9%	8.0%	5.3%	5.9%	5.3%	6.1%
Non-life combined ratio	92.6%	126.0%	114.9%	131.4%	124.0%	132.5%	104.2%	129.0%
Adjusted non-life combined ratio[5]	93.9%	113.0%	102.9%	102.7%	113.1%	114.2%	99.3%	108.8%

The performance of our non-life book substantially improved throughout the year 2002 since an increasing portion of the net premiums earned related to business written in underwriting year 2002. In addition to that, the ratios were positively impacted by the technical result[6] of our aviation and space line of business recorded in the fourth quarter of 2002.

Table: Substantial improvement of our non-life book throughout 2002

(in US$ million, except ratios) three months ended	Converium Non-life: March 31, 2002	June 30, 2002	Sept. 30, 2002	Dec. 31, 2002
Net premiums earned	670.5	761.5	726.4	842.7
Non-life loss ratio	75.9%	69.7%	89.4%	76.8%
Adjusted non-life loss ratio[5]	75.9%	66.5%	81.2%	69.1%
Non-life underwriting expense ratio	21.6%	25.0%	16.7%	20.9%
Non-life administration expense ratio	4.9%	5.2%	6.6%	4.6%
Non-life combined ratio	102.4%	99.9%	112.7%	102.3%
Adjusted non-life combined ratio[5]	102.4%	96.7%	104.5%	94.6%
Ratio-impact of European floods			6.9%	0.5%
Adjusted non-life combined ratio[5] excluding European floods	102.4%	96.7%	97.6%	94.1%

Due to the favorable developments in the terms of trade of the aviation and space reinsurance markets, and the absence of major airline losses in accident year 2002, Converium Group reported net premiums written of

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5 Excluding prior years developments and September 11, 2001, but including Enron and European floods.

6 Technical result is defined as net premiums earned minus losses and loss adjustment expenses and minus underwriting acquisition costs.

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US$370.2 million for 2002 (2001: US$181.0 million) and a technical result[7] for its aviation and space line of business of US$64.3 million for 2002 (2001: negative US$167.9 million), respectively US$56.0 million for the fourth quarter 2002 (fourth quarter 2001: negative US$1.3 million).

A substantial portion of our property catastrophe business is written on an excess of loss basis. Related to this business, in 2002, 2001 and 2000 we respectively wrote gross premiums written of US$172.9 million (net premiums written 2002: US$137.9 million), US$148.1 million, and US$100.6 million, and a net technical result[7] of US $60.4 million, US$29.8 million, and US$ minus 46.6 million. Included in the net technical result[7] are the following large natural catastrophe losses, defined as those in excess of US$10.0 million or more of net incurred losses to us: the European floods in 2002 (US$51.1 million), the El Salvador earthquake in 2001 (US$14.2 million) and development from the 1999 European storms booked in 2000 (US$19.6 million).

(2) Recognition of reserve developments of prior years

After years of reporting significant net reserve releases, many primary US insurance companies are now confronted with reserve insufficiencies relating to the soft market period of 1997 to 2000. In recent quarters, the recognition of prior years reserve development on the side of primary insurance companies has put pressure on the reinsurance industry.

During the fourth quarter 2002, the recognition of net reserve developments of US$70.3 million has led to prior years reserve strengthening of total US$148.5 million net for our non-life business in 2002, of which US$137.2 million was recorded by Converium North America, US$31.1 million by Converium Cologne, partially offset by positive reserve development of US$19.8 million recorded by Converium Zurich.

Table: Reserve developments 2000-2002

Year ended December 31 (in US$ million)	2000	2001	2002	Total 2000-2002
Converium Zurich	-41.0	-81.7	-19.8	-142.5
Converium North America	81.0	164.0	137.2	382.2
Converium Cologne	25.4	41.3	31.1	97.8
Total Converium Non-life	65.4	123.6	148.5	337.5

Converium Group reported a reserve increase on a closed block of long-term variable annuity business. The variable annuity losses arise from guaranteed minimum death benefit contracts, whereby the minimum benefit is determined by the development of investment results from the capital markets. Following the ongoing downturn of the international equity markets, reserve strengthening of US$15.6 million, of which US$14.4 million was recorded in the fourth quarter, was required in order to align the reserves to the expected future benefits. In addition to that, claims in the amount of US$12.5 million (2001: US$3.3 million) were paid in the year 2002 against net premiums earned of US$8.1 million (2001: US$4.5 million) regarding this closed block of long-term variable annuity business.

[7] Technical result is defined as net premiums earned minus losses and loss adjustment expenses and minus underwriting acquisition costs.

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Substantial cash flow from operating activities drives 24%-growth of invested assets

Converium Group reported a cash flow from operating activities of US$870.4 million for the year ended December 31, 2002 compared to US$311.5 million for the year ended December 31, 2001 (plus 179.4%).

This substantial growth in the cash flow from operating activities contributed to a significant increase of our invested assets by 24.4% to US$6,117.3 million as of December 31, 2002, compared to year-end 2001.

Positive investment result despite turmoil in capital markets

Despite turmoil in capital markets Converium Group was able to achieve a favorable total investment result of US$241.5 million and an average annualized total investment yield (pre-tax) of 4.1% for the year ended December 31, 2002, respectively US$81.0 million and 5.4% for the fourth quarter 2002.

Early in the year Converium Group adopted a passive asset-management approach, leading to a restructuring of its investment portfolios. The restructuring of the fixed income portfolios resulted in net realized gains of US$62.9 million for the year ended December 31, 2002 (fourth quarter 2002: US$10.0 million), the restructuring of the equities portfolios resulted in net realized capital losses of US$48.2 million for the year ended December 31, 2002 (fourth quarter 2002: US$15.5 million).

Converium Group reported US$48.3 million of impairment charges for the year ended December 31, 2002 compared to US$82.5 million for the year ended December 31, 2001 and, US$17.6 million of impairment charges in the fourth quarter 2002 compared to US$11.2 million for the fourth quarter 2001. Our strict impairment policy requires us to record as realized capital losses, declines in value that exceed 20% over a period of six months, or in excess of 50.0% regardless of the period of the decline. At management s judgment, we impair additional securities based on prevailing market conditions. In total, Converium Group reported net realized capital losses for the year ended December 31, 2002 of US$10.3 million, and net realized capital gains of US$21.2 million for the fourth quarter 2002.

Converium Group s shareholders equity increased by 10.6% to US$1,738.0 million as per December 31, 2002 compared to year-end 2001; the book value per share increased by 10.9% to US$43.55 as per December 31, 2002 compared to US$39.27 as per year-end 2001.

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Converium Group: Financial Results as per December 31, 2002

	Three months ended December 31 (US$ million, except ratios)		Year ended December 31 (US$ million, except ratios)	
	2002	**2001**	**2002**	**2001**
Gross premiums written	1,017.1		3,535.8	
- growth (%)	56.2%	651.2	22.7%	2,881.2
Net premiums written	933.3		3,322.2	
- growth (%)	63.4%	571.1	33.8%	2,482.6
Net premiums earned	893.5		3,165.5	
- growth (%)	52.3%	586.5	37.9%	2,295.2
Operating income (loss)[8]	35.1	-90.3	67.7	-461.1
Net income (loss)	80.8	-7.5	106.8	-367.4
Income (loss) per share (US$)	2.03	-0.18	2.68	-9.18
Non-life loss ratio	76.8%	87.4%	77.8%	99.7%
Adjusted non-life loss ratio[9]	69.1%	85.4%	72.9%	80.0%
Non-life underwriting expense ratio	20.9%	28.5%	21.1%	23.2%
Non-life administration expense ratio	4.6%	7.3%	5.3%	6.1%
Non-life combined ratio	102.3%	123.2%	104.2%	129.0%
Adjusted non-life combined ratio[9]	94.6%	121.2%	99.3%	108.8%
Total assets	12,051.0	9,706.5	12,051.0	9,706.5
Shareholders equity	1,738.0	1,570.8	1,738.0	1,570.8
Book value per share (US$)	43.55	39.27	43.55	39.27

[8] The pre-tax operating income (loss) is defined as pre-tax income (loss) excluding pre-tax net realized capital gains or losses, amortization of goodwill and restructuring costs.

[9] Excluding prior years developments and September 11, 2001, but including Enron and European floods.

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Highlights of Converium Group s financial results 2002

Strong growth of the non-life business Today, Converium Group is established as an independent leading global reinsurer. Gross premiums written grew 22.7% to US$3,535.8 million, net premiums written grew 33.8% to US$3,322.2 million, net premiums earned grew 37.9% to US$3,165.5 million for the year ended December 31, 2002.

Significant performance in non-life underwriting The re-underwriting and the restructuring of the underwriting process pay off. The non-life combined ratio was 104.2%, the adjusted non-life combined ratio was 99.3% for the year ended December 31, 2002 (2001: 129.0%, respectively 108.8%).

Continued impressive performance of Converium Zurich Converium Zurich increased its net premiums written 41.0% to US$1,670.5 million for 2002 and reported a non-life combined ratio of 92.6% for the full year 2002, respectively 87.5% for the fourth quarter 2002. Aviation and Space (net premiums written 2002: plus 104.5% to US$370.2 million) contributed with a non-life combined ratio of 82.3% for the full year 2002, respectively 52.5% for the fourth quarter 2002.

Flood losses in Eastern Europe stable Property catastrophe book profitable Gross incurred loss from the European floods is estimated to be US$54.2 million. Compared to peers, Converium s European flood losses are relatively modest. Due to insufficient pricing, we decided during the 2001-renewals to curtail writings of property cat-business in Germany. The flood losses added 1.8 percentage points to the non-life combined ratio for the full year of 2002. For 2002, we reported gross premiums written of US$172.9 million, net premiums written of US$137.9 million and a technical result[10] of US$60.4 million for our excess of loss property catastrophe book (2001: gross premiums written US$148.1, net premiums written of US$132.9 million, respectively a technical result[10] of US$29.8 million).

Reserve development of prior years In the fourth quarter 2002 Converium recorded reserve developments of US$70.3 million net related to Converium North America, respectively US$148.5 million net for Converium non-life for the full year 2002.

Life business We realigned our life operations to more properly implement the Group strategy culminating with the appointment of a new Chief Underwriter Life on September 1, 2002. Guaranteed minimum death benefit contracts required an increase in Converium Life s reserves of US$15.6 million.

Investment result: US$241.5 million (plus 14.8%) Net investment result was impacted by the ongoing turmoil in the capital markets and the restructuring of our investment portfolio. Total investment results including impairments of US$48.3 million were US$241.5 million for the year ended December 31, 2002. The average annualized total investment yield (pre-tax) was 4.1% for 2002. Converium s impairment policy is fully compliant with emerging standards.

Cost of options fully charged Converium continued to fully charge the costs of options to operating expense (SFAS 123) and recorded US$5.8 million in the full year 2002.

Pre-tax operating income: US$67.7 million Converium reported a pre-tax operating income[11] of US$67.7 million for the full year of 2002 (2001: net loss of US$461.1 million), and a pre-tax operating income of US$35.1 million for the fourth quarter 2001 (fourth quarter 2001: net loss of US$90.3 million).

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10 Technical result is defined as net premiums earned minus losses and loss adjustment expenses minus underwriting acquisition costs.

11 The pre-tax operating income (loss) is defined as pre-tax income (loss) excluding pre-tax net realized capital gains or losses, amortization of goodwill and restructuring costs.

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Net income: US$106.8 million Converium reported a net income of US$106.8 million for 2002 (2001: net loss of 367.4 million), and a net income of US$80.8 million for the fourth quarter of 2002 (fourth quarter 2001: net loss of US$7.5 million).

Cash flow: US$870.4 million (plus 179.4%) Driven by the substantially improved operating performance, Converium increased the cash flow from operating activities by 179.4% to US$870.4 million for the full year of 2002 (2001: US$311.5 million), respectively by 402.9% to US$258.1 million for the fourth quarter of 2002 (fourth quarter 2001: negative US$85.2 million).

Shareholders equity increased by 10.6% Since year-end 2001, the shareholders equity increased by 10.6% to US$1,738.0 million as per December 31, 2002.

Book value per share: plus 10.9% Book value per share increased by 10.9% to US$43.55 as per December 31, 2002 compared to US$39.27 as per year-end 2001.

Proposed dividend for 2002: CHF 1.00 per share Based on the positive result achieved by Converium Group, the Board of Directors proposed a dividend of CHF 1.00 per share.

Dirk Lohmann, CEO Converium said:

Our industry has seen considerable turmoil during 2002 with several involuntary exits and restructurings of major players in our industry having been announced. Our expectation is that this trend will continue on into 2003. Converium, with its strong balance sheet and clear positioning as a leading independent reinsurer, is emerging as a winner from this industry shakeout.

In an industry where people matter, Converium s focus on enhancing its skill base with underwriting specialists and strong analytical capabilities paid dividends in 2002. This can be witnessed in our strong growth and the improved core profitability of our underlying business. It can also be seen in our successful penetration of several Continental European markets in 2003 where relationships and own distribution capabilities matter.

January s renewals continued to benefit from a robust pricing environment for reinsurers. Terms and conditions, particularly commissions for pro rata business, continued to improve in reinsurers favor. The strong growth experienced by Converium on January 1 should, in the absence of major catastrophes, bode well for a continuation of the profitability trend observed in late 2002.

Martin Kauer, CFO Converium said:

Our NYSE-listing enabled us to issue US$200 million Guaranteed Subordinated Notes in the domestic US fixed income market in mid-December 2002. We entered the 2003-renewals with claims supporting capital that exceeds US$2.1 billion.

It is our clear strategy to focus on business where our underwriting skills matter and where our expertise is a competitive advantage in the reinsurance market. This strategy continues to pay off: specialty lines, such as aviation and space, professional liability, accident and health and engineering, drove the profitable growth we experienced in 2002. The substantial enhancement of the core profitability of our non-life book as a result of our re-underwriting effort is fully reflected in the strong improvement of the adjusted non-life combined ratio down to 99.3%, less than 100%, for 2002.

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Our balance sheet is set up to weather the adverse investment climate. We substantially reduced our exposure to the global equity markets, we enhanced the quality of our fixed maturity portfolio currently more than 80% of our bond are AAA-rated and reduced its duration.

The strong improvement of the underlying profitability and the positive investment result led to a return on equity of 6.8% despite the turmoil in the capital market and the reserve developments of US$148.5 million net.

We are driven by best practice and best of breed; therefore we substantially enhanced the information disclosed in our annual report 2002. Among many other items, we improved the investment section and provide currency splits of our income statement and our balance sheet.

The company has made it a policy not to provide any quarterly or annual earnings guidance and it will not update any past outlook for full year earnings. It will however provide investors with perspective on its value drivers, its strategic initiatives and those factors critical to understanding its business and operating environment.

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Overview Business Segments

Business Development

Converium s financial results reflect the continued improvement of non-life underwriting as well as the reserve development of prior years. The hardening of the markets, a consistent implementation of our business strategy and new opportunities from independence all led to a profitable growth of our non-life operations and an adjusted non-life combined ratio of 99.3%. Converium re-evaluated its existing life activities and instituted changes in order to ensure a closer alignment with the long-term strategic objective of building a leading life reinsurance business.

Converium Zurich

(US$ millions)

Year ended December 31	2002	2001	2000
Gross premiums written	1,802.2	1,440.3	1,020.0
Net premiums written	1,670.5	1,185.0	818.3
Net premiums earned	1,571.3	1,012.4	715.9
Segment income (loss)	225.9	-178.7	10.8
Non-life loss ratio	69.9%	101.4%	79.5%
Adjusted non-life loss ratio[12]	71.2%	88.4%	85.2%
Non-life underwriting expense ratio	17.9%	20.0%	21.0%
Non-life administration expense ratio	4.8%	4.6%	5.5%
Non-life combined ratio	92.6%	126.0%	106.0%
Adjusted non-life combined ratio[12]	93.9%	113.0%	111.7%
Retention rate[13]	92.7%	82.3%	80.2%

Converium Zurich reported a segment income of US$225.9 million in 2002 compared to a segment loss of US$178.7 million in 2001, and segment income of US$10.8 million in 2000. The improvement of US$404.6 million in 2002 was primarily attributable to a large increase in net premiums earned, and a reduction of the loss ratio from 101.4% in 2001 to 69.9% in 2002. Losses in 2001 were primarily attributable to the September 11, 2001, terrorist attacks that contributed US$210.0 million of losses as well as US$27.7 million related to the Enron reorganization, offset by positive reserve development of US$81.7 million.

In 2002, gross premiums written increased US$361.9 million, or 25.1%, net premiums written increased US$485.5 million, or 41.0%, and net premiums earned increased US$558.9 million, or 55.2%. The growth was spread across most lines of business and regions and primarily resulted from increased rates and increasing our share of clients business upon renewing existing business or writing new business.

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[12] Excluding prior years developments and September 11, 2001, but including Enron and European floods.

[13] Retention rate is defined as net premiums written divided by gross premiums written.

During 2002, Converium Zurich s largest growth regions included:

- the United Kingdom (net premiums written in 2002 increased 50.7% to US$901.2 million),
- North America (net premiums written in 2002 increased 61.9% to US$197.4 million),
- Latin America (net premiums written in 2002 increased 29.2% to US$156.6 million),
- the Far East/Pacific Rim (net premiums written in 2002 increased 26.3% to US$147.8 million), and
- France (net premiums written in 2002 increased 87.2% to US$78.4 million).

The largest growth lines included such specialty lines as:

- liability (net premiums written in 2002 increased 68.3% to US$381.4 million),
- aviation and space (net premiums written in 2002 increased 104.5% to US$370.2 million), and
- credit and surety (net premiums written in 2002 increased 27.8% to US$145.8 million).

Converium Zurich s combined ratio was 92.6% in 2002, 126.0% in 2001, and 106.0% in 2000. The 2001 combined ratio reflected significant loss events described above. The adjusted combined ratio was 93.9% in 2002, 113.0% in 2001, and 111.7% in 2000. The decrease in the combined ratio is due to increased premiums in the aviation and space and property catastrophe lines, which were written at more favorable terms during the 2002 renewal cycle, and where no major loss events were experienced, and to the substantial improvement of the profitability of Converium Zurich s in-force book as a result of the re-underwriting efforts and the restructuring of the underwriting process.

Converium North America
(US$ millions)

Year ended December 31	2002	2001	2000
Gross premiums written	1,243.5	1,150.9	1,295.5
Net premiums written	1,193.9	898.4	844.7
Net premiums earned	1,145.0	882.4	815.4
Segment loss	-57.0	-197.9	-28.7
Non-life loss ratio	84.0%	94.9%	88.7%
Adjusted non-life loss ratio[14]	72.0%	67.4%	78.8%
Non-life underwriting expense ratio	25.0%	28.5%	25.5%
Non-life administration expense ratio	5.9%	8.0%	7.7%
Non-life combined ratio	114.9%	131.4%	121.9%
Adjusted non-life combined ratio[14]	102.9%	102.7%	111.9%
Retention rate[15]	96.0%	78.1%	65.2%

Converium North America reported a segment loss of US$57.0 million in 2002, compared to a segment loss of US$197.9 million in 2001, an improvement of US$140.9 million.

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[14] Excluding prior years developments and September 11, 2001, but including Enron and European floods.

[15] Retention rate is defined as net premiums written divided by gross premiums written.

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This improvement was due to several factors including:

Prior period loss reserve development was US$137.2 million in 2002 as compared to US$164.0 million in 2001.

In 2001 net losses were incurred related to the September 11, 2001 event and the Enron reorganization of US$58.2 million and US$39.3 million, respectively.

Imputed premiums of US$24.3 million for the Zurich Stop Loss treaty were expensed in 2001.

Investment income and realized gains were higher by US$16.6 million in 2002 as compared to 2001. This improvement was the result of net realized gains, less equity impairments, being higher in 2002 than 2001 by US$34.7 million. This increase was offset by reduced investment income reflecting the lower interest rate environment.

Other income was higher by US$19.9 million in 2002 as compared to 2001. This was primarily driven by US$12.2 million in reduced losses from certain private equity investments and US$7.2 million in interest income received as a result of a dispute settlement.

During 2002, Converium North America engaged in an in-depth actuarial reserve analysis, which resulted in the recording of additional provisions for losses in the amount of US$137.2 million. These provisions primarily relate to underwriting years 1997 to 2000 on its commercial umbrella, miscellaneous casualty, medical errors and omissions liability, motor liability, and workers compensation lines of business. This compares to US$164.0 million of additional reserves recorded in 2001 relating to underwriting years 2000 and prior.

In 2002, gross premiums written increased US$92.6 million, or 8.0%, net premiums written increased US$295.5 million, or 32.9%, and net premiums earned increased US$262.6 million, or 29.8%. In 2002, Converium North America s net written premium growth was driven by specialty lines, including:

structured/finite (net premiums written in 2002 increased 20.1% to US$373.9 million),

professional liability (net premiums written in 2002 increased 71.7% to US$214.7 million), and

accident & health business (net premiums written in 2002 increased 121.1% to US$84.6 million).

This premium growth was partially offset by the non-renewal of a workers compensation program, which reduced premiums by US$39.6 million compared to 2001. Net premiums written grew more substantially than gross premiums written due to retrocessional premium charges of US$123.0 million in 2001 for an aggregate excess treaty and Zurich Stop Loss coverages that were not incurred in 2002.

Converium North America s combined ratio was 114.9% in 2002, 131.4% in 2001 and 121.9% in 2000. The combined ratio in 2002 included US$137.2 million in adverse loss development. The combined ratio in 2001 was primarily driven by reserve development related to prior accident years, the September 11, 2001 terrorist attacks and the Enron reorganization. The substantial improvement of the adjusted combined ratio[16] since 2000 is due to the re-underwriting and the restructuring of the underwriting process.

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[16] Excluding prior years developments and September 11, 2001, but including Enron and European floods.

Converium Cologne

(US$ millions)

Year ended December 31	2002	2001	2000
Gross premiums written	303.4	299.9	241.3
Net premiums written	289.8	257.8	218.6
Net premiums earned	284.8	275.3	224.2
Segment loss	-64.4	-71.6	-16.8
Non-life loss ratio	96.2%	108.8%	101.4%
Adjusted non-life loss ratio[17]	85.3%	90.5%	90.1%
- impact of European floods	17.4%		
Non-life underwriting expense ratio	22.5%	17.8%	27.8%
Non-life administration expense ratio	5.3%	5.9%	5.1%
Non-life combined ratio	124.0%	132.5%	134.3%
Adjusted non-life combined ratio[17]	113.1%	114.2%	122.9%
- impact of European floods	17.4%		
Retention rate[18]	95.5%	86.0%	90.6%

Converium Cologne reported a segment loss of US$64.4 million in 2002 compared to a segment loss of US$71.6 million in 2001 and a segment loss of US$16.8 million in 2000. In 2002, Converium Cologne had losses of US$49.5 million related to the European floods and approximately US$31.1 million in net adverse loss reserve development. In addition, investment results declined US$9.8 million. In 2001, Converium Cologne recognized US$9.0 million in net losses arising from the September 11, 2001 terrorist attacks, US$32.6 million from other large losses and US$41.3 million in net adverse loss reserve development. In addition, Converium Cologne had a significant decrease in 2001 of US$42.4 million in investment results, primarily due to lower realized capital gains and impairment losses on its equity portfolio.

In 2002, gross premiums written increased US$3.5 million, or 1.2%, net premiums written increased US$32.0 million, or 12.4%, and net premiums earned increased US$9.5 million, or 3.5%. During 2002, Converium Cologne s largest growth regions in terms of premium volume were:

Germany (net premiums written in 2002 increased 9.5% to US$101.2 million),

Europe, excluding Germany (net premiums written in 2002 increased 9.5% to US$118.4 million), and

the Middle East and North Africa (net premiums written in 2002 increased 15.8% to US$70.5 million).

Net premiums earned in 2002 increased at a lower rate than net premiums written due to a high amount of earned premium in 2001 from 2000 contracts which were not renewed.

Converium Cologne s combined ratio was 124.0% in 2002, 132.5% in 2001 and 134.3% in 2000. In 2002, Converium Cologne booked US$49.5 million in losses for the European floods and US$31.1 million in loss development on prior years business. In 2001, the increase in the loss ratio was due to the recognition of US$9.0 million in net losses arising from the September 11, 2001 terrorist attacks, US$32.6 million from other large losses and US$41.3 million in net adverse loss reserve development. The decrease in the underwriting expense ratio in 2001 was due to both, the non-renewal of proportional contracts with high ceding commissions as well as generally lower commission rates due to the hardening reinsurance market conditions. The adjusted combined ratio[17] was 113.1% in 2002, 114.2% in 2001, and 122.9% in 2000. The significant enhancement of the

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[17] Excluding prior years developments and September 11, 2001, but including Enron and European floods.

[18] Retention rate is defined as net premiums written divided by gross premiums written.

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underlying profitability was disturbed by the impact of the European floods, that added 17.4 percentage points to both, the combined ratio and the adjusted combined ratio[19].

Converium Life

(US$ millions)

Year ended December 31	2002	2001	2000
Gross premiums written	199.0	164.8	120.5
Net premiums written	168.0	141.4	114.4
Net premiums earned	164.4	125.1	106.0
Segment loss	-19.4	-7.1	10.3
Underwriting expense ratio life	21.0%	4.5%	32.5%
Administration expense ratio life	4.2%	3.7%	3.5%
Retention rate[20]	84.4%	85.8%	94.9%

Converium Life reported a segment loss of US$19.4 million in 2002, compared to a segment loss of US$7.1 million in 2001 and segment income of US$10.3 million in 2000. The segment losses in 2002 and 2001 are primarily driven by net incurred losses of US$20.1 million in 2002 and US$12.4 million in 2001 on a closed block of long-term variable annuity business. The variable annuity losses arise from guaranteed minimum death benefit contracts, whereby the minimum benefit is determined by the development of investment results from the capital markets. Following the ongoing downturn of the international equity markets, reserve strengthening of US$15.6 million for the year ended December 31, 2002 (2001: US$13.4 million) was required in order to align the reserves to the expected future benefits. In addition to that, claims in the amount of US$12.5 million (2001: US$3.3 million) were paid in the year 2002 against net premiums earned of US$8.1 million (2001: US$4.5 million) regarding this closed block of long-term variable annuity business.

In 2002, gross premiums written increased US$34.2 million, or 20.8%, net premiums written increased US$26.6 million, or 18.8%, and net premiums earned increased US$39.3 million, or 31.4%. The increase in premiums written in 2002 is mainly driven by growth in:

Far East/Pacific Rim and North America (net premiums written in 2002 increased 25.1% to US$67.3 million),

Europe (net premiums written in 2002 increased more than 50.0% up to US$45.6 million),

Milan branch office (net premiums written in 2002 increased 33.5% to US$24.7 million), and

Paris branch office (net premiums written in 2002 more than doubled to US$16.9 million).

This was offset by the strong decline of business written in Latin America (net premiums written in 2002 declined 64.5% to US$5.9 million), due to the weak economic situation in South America and to a change in governmental regulation concerning the pension system in Argentina.

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19 Excluding prior years development and September 11, 2001, but including Enron and European floods.

20 Retention rate is defined as net premiums written divided by gross premiums written.

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The increase in net premiums earned in 2002 relative to net premiums written was the result of the strong premium growth experienced in late 2001, now being earned in 2002.

The underwriting expense ratio was 21.0% in 2002, 4.5% in 2001 and 32.5% in 2000. In 2001, US$10.6 million in commission benefits were recorded from the commutation of a large contract and a refunding of commissions from our strategic retrocessions, reducing the underwriting expense ratio by 8.5%. The administration expense ratio was 4.2% in 2002, 3.7% in 2001 and 3.5% in 2000.

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IPO, Ranking and Organization

Converium is an independent top ten-reinsurance group. The company was listed on the SWX Swiss Exchange and the New York Stock Exchange on December 11, 2001. Converium s 100% flotation was earmarked as the largest reinsurance IPO ever worldwide and the largest corporate IPO in Switzerland since 1998.

Today the company ranks among the top ten professional reinsurers and employs close to 800 people in 24 offices around the globe. Converium has a strong balance sheet with an A (strong) rating from Standard & Poor s and an A (excellent) rating by AM Best Company. Converium s September 11, 2001 net losses are capped at US$289.2 million by its former parent, Zurich Financial Services. Converium has minimal A&E exposures.

Converium is organized around four business segments consisting of our three non-life operations, Converium Zurich, Converium North America and Converium Cologne, as well as Converium Life.

Important Disclaimer

This document contains forward-looking statements as defined in the U.S. Private Securities Litigation Reform Act of 1995. It contains forward-looking statements and information relating to the Company s financial condition, results of operations, business, strategy and plans, based on currently available information. These statements are often, but not always, made through the use of words or phrases such as expects , should continue , believes , anticipates , estimates and intends . The specific forward-looking statements cover, among other matters, the impro reinsurance market, the expected losses related to the September 11, 2001 attack on the United States, the outcome of insurance regulatory reviews, the Company s operating results, the rating environment and the prospect for improving results. Such statements are inherently subject to certain risks and uncertainties. Actual future results and trends could differ materially from those set forth in such statements due to various factors. Such factors include general economic conditions, including in particular economic conditions; the frequency, severity and development of insured loss events arising out of catastrophes, as well as man- made disasters such as the September 11, 2001 attack on the United States; the ability to exclude and to reinsure the risk of loss from terrorism; fluctuations in interest rates; returns on and fluctuations in the value of fixed income investments, equity investments and properties; fluctuations in foreign currency exchange rates; rating agency actions; changes in laws and regulations and general competitive factors, and other risks and uncertainties, including those detailed in the Company s filings with the U.S. Securities and Exchange Commission and the SWX Swiss Exchange. The Company does not assume any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

www.converium.com

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Investor information

Transfer Agent & Registrar

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Phone: +1 646 885 3300

Auditors

PricewaterhouseCoopers Ltd
Stampfenbachstrasse 73
PO Box 634
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Phone:+41 1 630 1111
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Major shareholders

In accordance with the notification requirements as set by the SWX Swiss Exchange the following interests were notified in Converium Holding Ltd:

Fidelity International Limited (Fidelity), Hamilton/Bermuda 10.06% (date of notification November 7, 2002).

Wellington Management Company (Wellington), LLP, Boston/Massachusetts, U.S.A. 7.68% (date of notification January 11, 2002) Wellington is an investment advisor and portfolio manager having voting authority for 47 investment advisory clients, none of which individually has an individual shareholding in excess of 5%. Fidelity is an investment advisor, which provides investment advisory and management services to a number of non-U.S. investment companies or instrument trusts and certain institutional investors.

Only one shareholder, a fund managed by Fidelity (Fidelity Fund SICAV, Luxembourg 6.61%) is registered in our share register with an individual shareholding which exceeds the 5% threshold as specified in article 663c of the Swiss Code of Obligations.

Shareholders Meeting

The Annual General Meeting will be held at 10:00 a.m. local time on Tuesday, May 27, 2003 at the Casino in Zug, Switzerland.

Shareholders rights

Converium shareholders are granted rights including the right to exercise votes at Annual and Extraordinary General Meetings. The procedure for convocation of Annual and Extraordinary General Meetings is set out in the Articles of Incorporation, and all shareholders noted in Converium s shareholder register at May 19, 2003 are eligible to vote at the AGM.

Invitations to the AGM are sent out twenty days prior to the AGM. Agenda items are set by the Board of Directors and at the request of any shareholder representing a nominal amount of at least CHF 1 million.

Converium publishes quarterly, half-year and annual reports. Shareholders and others can gain access to reporting and other information about Converium at www.converium.com, or by contacting:

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Investor information

The Converium Share

Insurance and reinsurance shares were very much in favor during late 2001 and early 2002 as investors anticipated strong improvements in the terms of trade for insurers following the events of September 11th. However, continuing deterioration of investment markets pressured the (re)insurance sector during the second half of the year. Despite strong increases in terms and conditions for reinsurance, enthusiasm for reinsurers equities diminished, due to the emergence of a number of industry-wide issues. Among these were:

- concerns over reserve adequacy for asbestos and environmental (A&E) exposures following two large settlements in the US;
- significant reserve adjustments for the underwriting years 1997 to 2000, particularly for US liability;
- the substantial difference between announced incurred losses arising from the event of September 11th and the estimated total insured loss to be borne by the industry;
- the impairment of the invested assets of (re)insurers due to a continued fall in capital markets and the increasing frequency of corporate defaults;
- the reporting by several (re)insurers of results from the second and third quarter that failed to meet analysts expectations;
- concerns relating to (re)insurer solvency, and resulting downgrades in (re)insurer financial strength ratings;
- rating agency pressure may require further capital raisings; and
- the reshuffling of the reinsurance league table.

Key Share Data for 2002

Shares registered as at December 31, 2002	40,006,217
Average shares registered in 2002	40,004,516
Swiss Stock Exchange Share Price as at December 31, 2002 in CHF	67
Year High in CHF	89.75
Year Low in CHF	54.85
Average price in 2002 in CHF	74.92
Average daily trading volume	164,757
Market capitalization as at December 31, 2002 in CHF	2,680,416,539
Earnings per share 2002 in CHF	4.15
Book value per share as at December 31, 2002 in CHF	60.43
New York Stock Exchange ADS Price as at December 31, 2002 in USD	23.95
Year High in USD	28.52
Year Low in USD	18.30

First listed December 11, 2001 on the SWX Swiss Exchange and on the New York Stock Exchange.

The performance of the Converium share reflects the Group s position as an independent leading global reinsurer with a solid balance sheet, strong underwriting capabilities, a strict underwriting and investment discipline, and limited exposure to many of the threats inherent to the insurance industry. In particular:

- Converium s A&E exposure is less than 1% of gross reserves;
- reserve adjustments have been transparent;
- Converium s September 11th exposure is capped;
- asset impairment and realized investment losses during the year were limited to 1.2% of Converium s average total investments, despite its conservative impairment policy and generally declining markets;

profitability has been strong, as Converium reported an annual profit for 2002 of US$ 106.8 million; and

Converium continues to maintain solvency levels equivalent to those of an AA rated reinsurer.

Substantial Outperformance of Benchmarks in 2002

Converium Ordinary Shares	-16.1%
Bloomberg European Insurance Index	-50.8%
SMI	-27.3%
Converium ADSs	-0.3%
Bloomberg US Insurance Index	-20.0%
DJ Industrial Index	-17.2%

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Selected financial and other data

We have prepared our financial statements included in this annual report in accordance with accounting principles generally accepted in the United States of America, or US GAAP. The following selected financial data highlights selected information that is derived from our financial statements found later in this annual report, which have been audited by PricewaterhouseCoopers Ltd, independent auditors.

Income statement data

(US$ million, except per share information) Year ended December 31	2002	2001	2000	1999	1998
Revenues					
Gross premiums written	3,535.8	2,881.2	2,565.8	1,928.7	1,458.8
Less ceded premiums written	-213.6	-398.6	-569.8	-358.5	-213.7
Net premiums written	3,322.2	2,482.6	1,996.0	1,570.2	1,245.1
Net change in unearned premiums	-156.7	-187.4	-134.5	-168.7	-17.7
Net premiums earned	3,165.5	2,295.2	1,861.5	1,401.5	1,227.4
Net investment income	251.8	228.7	176.0	214.0	255.4
Net realized capital (losses) gains	-10.3	-18.4	83.7	76.3	78.9
Other (loss) income	-1.2	-5.8	29.3	22.1	24.8
Total revenues	3,405.8	2,499.7	2,150.5	1,713.9	1,586.5
Benefits, losses and expenses					
Total losses, loss adjustment expenses and life benefits	-2,492.0	-2,300.5	-1,604.5	-1,138.7	-917.3
Total costs and expenses	-856.4	-678.7	-587.5	-470.6	-484.7
Amortization of goodwill	-	-7.8	-7.3	-6.2	-6.2
Restructuring costs		-50.0			
Total benefits, losses and expenses	-3,348.4	-3,037.0	-2,199.3	-1,615.5	-1,408.2
Income (loss) before taxes	57.4	-537.3	-48.8	98.4	178.3
Income tax benefit (expense)	49.4	169.9	19.5	-40.6	-62.0
Net income (loss)	106.8	-367.4	-29.3	57.8	116.3
Earnings (loss) per share					
Number of shares (millions) 1)	39.9	40.0	40.0	40.0	40.0
Basic earnings (loss) per share	2.68	-9.18	-0.73	1.45	2.91
Diluted earnings (loss) per share	2.64	-9.18	-0.73	1.45	2.91

Balance sheet data

(US$ million) Year ended December 31	2002	2001	2000	1999	1998
Total invested assets	6,117.3	4,915.9	4,349.7	4,232.8	3,898.1
Total assets	12,051.0	9,706.5	8,321.3	6,916.0	6,290.9
Insurance liabilities	9,454.8	7,677.9	6,486.6	5,048.9	4,409.9
Debt	390.4	197.0	196.9	196.8	196.7
Total liabilities	10,313.0	8,135.7	7,232.9	5,694.6	5,060.6
Total equity	1,738.0	1,570.8	1,088.4	1,221.4	1,230.3
Book value per share					
Book value per share 1)	43.55	39.27	27.21	30.54	30.76

Other data

(US$ million) Year ended December 31	2002	2001	2000	1999	1998

Net premiums written by segment:					
Converium Zurich	1,670.5	1,185.0	818.3	569.5	439.9
Converium North America	1,193.9	898.4	844.7	677.3	533.3
Converium Cologne	289.8	257.8	218.6	238.6	209.3
Converium Life	168.0	141.4	114.4	84.8	62.6
Total net premiums written	3,322.2	2,482.6	1,996.0	1,570.2	1,245.1
Non-life combined ratio	104.2%	128.9%	116.9%	112.5%	111.8%
Adjusted non-life combined ratio 2)	99.3%	108.8%	112.8%	122.3%	132.3%

1) The 40,000,000 registered shares sold in the global offering in December 2001 are considered outstanding for all periods presented prior to December 11, 2001.

2) The adjusted non-life combined ratio excludes prior years reserve development and September 11th terrorist attacks.

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Management s discussion and analysis
of financial condition and results of operations

The following discussion and analysis should be read in conjunction with our financial statements, including the related notes to those financial statements. This discussion contains forward-looking statements that involve risks and uncertainties and actual results may differ materially from the results described or implied by these forward-looking statements. See Cautionary note regarding forward-looking statements .

Overview

Converium Holding Ltd and subsidiaries (Converium Group) is a leading global professional reinsurer, which offers a full range of traditional non-life and life reinsurance products as well as innovative non-traditional solutions to help clients manage capital and risk. Our principal lines of non-life reinsurance include liability, property, motor, credit and surety, workers compensation, aviation and space, accident and health, marine, engineering and other specialized lines. The principal life reinsurance product is ordinary life reinsurance, including quota share, surplus coverage and financing contracts.

Converium Group was formed through the restructuring and integration of substantially all of the third party assumed reinsurance business of Zurich Financial Services through a series of transactions (Transactions). On December 1, 2001, Converium Group entered into a Master Agreement with Zurich Financial Services (the Master Agreement), which set forth the terms of the separation from Zurich Financial Services. In December 2001, Zurich Financial Services sold 87.5% of its interest in Converium Group through an initial public offering (IPO), which date represented the legal separation from Zurich Financial Services. Zurich Financial Services remaining 12.5% interest in Converium Group was sold in January 2002.

Based on calendar year 2001 third-party net premiums written, Converium Group ranks among the ten largest global reinsurers. Converium Group is rated A (Strong) by Standard & Poor s Corporation and A (Excellent) by A.M. Best Company, Inc.

Results of operations

(US$ million) **Year ended December 31**	**2002**	**2001**	**2000**
Pre-tax operating income (loss)	67.7	-461.1	-125.2
Pre-tax income (loss)	57.4	-537.3	-48.8
Net income (loss)	106.8	-367.4	-29.3

We reported pre-tax operating income (defined as pre-tax income or loss excluding pre-tax net realized capital gains or losses, amortization of goodwill and restructuring costs) of US$ 67.7 million for the year ended December 31, 2002, an improvement of US$ 528.8 million as compared to the pre-tax operating loss of US$ 461.1 million for 2001. The improvement in operating results was due to significant premium growth and an overall lower non-life combined ratio. Net income improved by US$ 474.2 million to US$ 106.8 million for the year ended December 31, 2002.

Our 2002 results were impacted by the recognition of a US$ 148.5 million provision for net reserve development on prior years business, representing a movement of 3.6% of the net non-life reserves at December 31, 2001. Converium North America recorded reserve development of US$ 137.2 million, and Converium Cologne recorded an additional US$ 31.1 million in reserves related to prior years business. This was partially offset by positive reserve development of US$ 19.8 million in Converium Zurich. In addition, our results were also impacted by losses from the August 2002 European floods of US$ 51.1 million (net of reinstatement premiums of US$ 3.1 million), primarily from reinsurance contracts written in Germany, the Czech Republic, Austria and Italy.

Our net investment income increased 10.1% to US$ 251.8 million for the year ended December 31, 2002 as compared to the same period for 2001. Our net realized capital losses were less than 2001. We recorded US$ 10.3 million of pre-tax net realized capital losses on our investment portfolio, which included US$ 48.3 million of impairment charges on our equity portfolio, as compared to US$ 18.4 million of pre-tax net realized capital losses, including US$ 82.5 million of impairment charges in 2001.

We reported pre-tax operating loss of US$ 461.1 million for the year ended December 31, 2001, a change of US$ 335.9 million as compared to the pre-tax operating loss of US$ 125.2 million for the same period of 2000. The increase in operating loss was due to pre-tax losses of US$ 289.2 million that were recognized for the September 11th terrorist attacks, net adverse loss development of US$ 123.6 million, US$ 67.0 million in losses relating to the Enron Chapter 11 reorganization and US$ 28.5 million in ceded premiums for September 11th terrorist attacks and other coverages from Zurich Financial Services.

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Management s discussion and analysis
of financial condition and results of operations (continued)

The above results were affected by a tax benefit of US$ 49.4 million in 2002 compared to a benefit of US$ 169.9 million in 2001 and US$ 19.5 million in 2000. The tax benefit in 2002 is largely due to a one-time benefit regarding a tax loss carryforward and pre-tax losses in the United States and Germany. The tax benefits in 2001 and 2000 are due to pre-tax losses.

The components of net income (loss) are described below.

Premiums

(US$ million) Year ended December 31	2002	2001	2000
Gross premiums written	3,535.8	2,881.2	2,565.8
Net premiums written	3,322.2	2,482.6	1,996.0
Net premiums earned	3,165.5	2,295.2	1,861.5

Gross premiums written for the year ended December 31, 2002 increased US$ 654.6 million, or 22.7% compared to the same period for 2001. Net premiums written for 2002 increased US$ 839.6 million, or 33.8% compared to 2001. The growth in net premiums written exceeded the growth in gross premiums written due to an increased retention rate in 2002 compared to 2001, and a ceded premiums charge in 2001 of US$ 28.5 million related to coverage from Zurich Financial Services for the September 11th terrorist attacks. For the year ended December 31, 2002, we retained 94.0% of our gross premiums written, compared to 86.2% in 2001.

The increases in non-life net premiums written predominately reflect the hardening market conditions in 2002. As described in the following discussion of results by business segment, Converium Zurich experienced the largest premium growth, with net premiums written increasing US$ 485.5 million, or 41.0% over 2001. Converium North America grew by US$ 295.5 million, or 32.9%, and Converium Cologne grew US$ 32.0 million, or 12.4% in 2002 compared to 2001.

The increase in net premiums written in 2001 of US$ 486.6 million, or 24.4% was driven predominately by increasing our share of clients business upon renewal and new business written by Converium Zurich, which had an increase in net premiums written of US$ 366.7 million.

Net premiums earned for the year ended December 31, 2002 increased US$ 870.3 million, or 37.9% compared to 2001. Net premiums earned increased at a higher rate than net premiums written due to the growth and seasonality of certain business of Converium Zurich. Net premiums earned increased US$ 433.7 million, or 23.3% for the year ended December 31, 2001 as compared to the same period in 2000.

Losses and loss adjustment expenses and life benefits

(US$ million) Year ended December 31	2002	2001	2000
Losses and loss adjustment expenses and life benefits	-2,492.0	-2,300.5	-1,604.5
Impact of:			
Reserve development	148.5	123.6	65.4
September 11th terrorist attacks		289.2	
Non-life loss ratio (to premiums earned)	77.8%	99.7%	86.6%
Adjusted non-life loss ratio excluding prior years reserve development and September 11th, but including Enron and European floods	72.9%	80.0%	82.9%

Our losses and loss adjustment expenses and life benefits incurred increased US$ 191.5 million, or 8.3% in 2002 as compared to 2001. The non-life loss and loss adjustment expense ratio was 77.8% in 2002, compared to 99.7% in 2001. Our reported losses and loss adjustment expenses and life benefits have been impacted by the following loss events: net reserve development, European floods, September 11th terrorist attacks, Enron Chapter 11 reorganization and variable annuity life losses.

Reserve development: In 2002, Converium Group strengthened reserves by US$ 148.5 million. Throughout the year, increased loss experience related to prior years continued to emerge. During 2002, Converium North America engaged in an in-depth actuarial reserve analysis, which resulted in an increase of US$ 137.2 million in provisions for losses, primarily related to underwriting years 1997 2000, including US$ 70.3 million of additional provisions in the fourth quarter on its commercial umbrella, miscellaneous casualty, medical errors and omissions liability, motor liability, and workers compensation lines of business. Converium Cologne recorded US$ 31.1 million of additional loss provisions related to prior years business. Partially offsetting this reserve strengthening, Converium Zurich recorded US$ 19.8 million of positive reserve development in 2002. This resulted primarily from favorable development on prior year liability business and property excess of loss business from underwriting year 2001.

Management s discussion and analysis
of financial condition and results of operations (continued)

In 2001, Converium Group strengthened reserves by US$ 123.6 million. Converium Group retained an actuarial consulting firm to perform an independent review of non-life net reserves as of December 31, 2000. This review reflected certain information that became available after the issuance of the December 31, 2000 financial statements, including most fourth quarter 2000 and some first quarter 2001 reports from ceding companies, who typically report on a one-quarter lag. Based on the independent review and Converium Group s own evaluations of these new developments, additional provisions of US$ 112.0 million, net of reinsurance, were recorded in the first half of 2001, principally related to accident years 2000 and prior at Converium North America. Converium Group recorded an additional US$ 11.6 million of net adverse loss reserve development in the second half of 2001. For 2001, Converium North America recorded adverse development of US$ 164.0 million, mainly related to general liability, auto liability and umbrella business written in 1996 through 1999. Converium Cologne strengthened its asbestos and environmental reserves by US$ 11.5 million and performed an in-depth analysis of its European and Middle East non-proportional motor book, which added an additional US$ 20.0 million in reserves. Converium Cologne also recorded an additional US$ 9.8 million of reserves for energy and property business in the Middle East. Partially offsetting the above, loss reserves at Converium Zurich developed positively by US$ 81.7 million in 2001, reflecting positive development of US$ 30.0 million in aviation and space, primarily on non-proportional treaty business for years 1998 through 2000. Additional positive development was experienced in casualty lines of business.

In 2000, Converium Group strengthened reserves by US$ 65.4 million. This result was heavily driven by adverse development from the December 1999 European winter storms *Anatol, Lothar* and *Martin*. These events occurred in the last week of December 1999, which made loss estimation for these events difficult at December 31, 1999. In addition, Converium North America experienced adverse loss development mainly related to casualty treaty business from prior underwriting years.

European floods: In August 2002, Germany, the Czech Republic, Austria and Italy experienced severe floods. Based on the information received from clients and from other market sources, we recorded gross losses of US$ 54.2 million, nearly all of which came from our Converium Cologne segment. We have external reinsurance protection in excess of this amount. The loss estimate contains substantial IBNR estimates for contracts where no specific information has been received from clients.

Impact of Property Catastrophe Business: A substantial portion of our property catastrophe business is written on an excess of loss basis. Related to this business, we had gross premiums written of US$ 172.9 million, US$ 148.1 million, and US$ 100.6 million and a net technical result (defined as net premiums earned minus losses and loss adjustment expenses and underwriting acquisition costs) of US$ 60.4 million, US$ 29.8 million, and US$ (46.6) million in 2002, 2001, and 2000, respectively. Included in the net technical results are the following large natural catastrophe losses, defined as those in excess of US$ 10.0 million or more of net incurred losses to us: the European floods in 2002 (US$ 51.1 million), the El Salvador earthquake in 2001 (US$ 14.2 million) and development from the 1999 European storms booked in 2000 (US$ 19.6 million).

September 11th terrorist attacks: The September 11th terrorist attacks in the United States represented the largest loss event in the insurance industry s history. In 2001, we recorded gross losses and loss adjustment expenses of US$ 692.9 million arising out of the terrorist attacks. Net of retrocessional recoveries and the cap from Zurich Financial Services, our recorded losses and loss adjustment expenses were US$ 289.2 million, coming primarily from our aviation and property lines of business. The remainder of the losses were from our workers compensation, life and third-party liability lines of business. Zurich Financial Services, through its subsidiaries, agreed to arrangements that cap our net exposure for losses and loss adjustment expenses arising out of the September 11th terrorist attacks at US$ 289.2 million. As part of these arrangements, these subsidiaries of Zurich Financial Services have agreed to take responsibility for non-payment by the retrocessionaires of Converium Zurich and Converium Germany with regard to losses arising out of the September 11th terrorist attacks in excess of the US$ 289.2 million cap. While the cap does not cover non-payment by the retrocessionaires of Converium North America, our only retrocessionaire for this business is a unit of Zurich Financial Services. Therefore, we are not exposed to potential non-payments by retrocessionaires for these events in excess of the US$ 289.2 million cap, although we will be exposed to the risk of non-payment of Zurich Financial Services units and we are exposed to credit risk from these subsidiaries of Zurich Financial Services.

During 2002, there was no additional development in net reserves for the September 11th terrorist attacks (as losses are capped at US$ 289.2 million by Zurich Financial Services).

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Enron Chapter 11 reorganization: In December 2001, Enron Corporation announced that it and certain of its subsidiaries had filed voluntary petitions for Chapter 11 reorganization. We recorded US$ 67.0 million in losses in 2001, representing our aggregate limits under existing reinsurance contracts in connection with Enron. These exposures result principally from credit and surety and, to a lesser extent, from liability lines of business in the Converium Zurich and Converium North America operating segments.

Asbestos and environmental exposures: As of December 31, 2002 and 2001, we had reserves for environmental impairment liability and asbestos-related claims of US$ 44.6 million for both years. Our survival ratio (calculated as the average ratio of reserves held, including IBNR, over claims paid over the last three years) for asbestos and environmental reserves was 13.5 years at December 31, 2002, compared to 13.8 years at December 31, 2001.

Variable Annuity Life: In 2002, following the ongoing downturn of the international equity markets, Converium Life reported losses of US$ 28.1 million, including paid claims of US$ 12.5 million and reserve strengthening of US$ 15.6 million for a closed block of long-term business (variable annuity business) in order to align the reserves to the expected future benefits payable. In 2001, Converium Life reported losses of US$ 16.7 million for its variable annuity life book, including reserve strengthening of US$ 13.4 million.

Our losses and loss adjustment expenses and life benefits incurred increased US$ 696.0, or 43.4% in 2001 compared to 2000. Included in 2001 were losses of US$ 123.6 million relating to reserve development, US$ 289.2 million relating to the September 11th terrorist attacks, and US$ 67.0 million relating to the Enron Chapter 11 reorganization. In addition, in the fourth quarter of 2001, Converium Cologne recorded a loss of US$ 26.8 million for liability and recall costs related to the withdrawal of a German cholesterol-reducing drug (Bayer Lipobay®, or Baycol®).

Expenses

(US$ million) Year ended December 31	2002	2001	2000
Underwriting acquisition costs	-666.7	-508.1	-454.4
Operating and administration expenses	-173.3	-146.4	-116.0
Non-life underwriting expense ratio (to premiums earned)	21.1%	23.2%	23.9%
Non-life administration expense ratio (to premiums written)	5.3%	6.1%	6.0%

Underwriting acquisition costs primarily relate to commissions on treaty and individual risk business. Our underwriting acquisition costs increased 31.2% in 2002 and 11.8% in 2001. This increase is mainly related to the increase in net premiums earned. The non-life underwriting expense ratio for the years ended December 31, 2002, 2001, and 2000 was 21.1%, 23.2%, and 23.9%, respectively. The reduction in 2002 comes from the Converium Zurich and Converium North America segments.

Operating and administration expenses increased 18.4% in 2002 and 26.2% in 2001. These increases primarily arose from increases in Converium Zurich due to additional headcount and related overhead costs, including information technology, needed to support business growth, as well as an increased cost level required for new functions and departments required as an independent company. Operating and administration expenses were also impacted in 2002 by the decrease of the US dollar against the hardening European currencies. Various costs related to the initial public offering increased operating and administration expenses in 2001. Despite the increase in operating and administration expenses, the non-life administration expense ratio declined to 5.3% in 2002, compared to 6.1% in 2001 and 6.0% in 2000. This decline was due to strong premium growth.

We fully charge the cost of options to operating expense under the fair value approach of SFAS No. 123, Accounting for Stock-Based Compensation , and recorded compensation expense of US$ 5.8 million and US$ 3.5 million in 2002 and 2001, respectively, in connection with Converium Group s stock option plans.

Investment results

(US$ million) Year ended December 31	2002	2001	2000

Net investment income	251.8	228.7	176.0
Average net investment income yield (pre-tax)	4.3%	4.7%	4.0%
Net realized capital (losses) gains	-10.3	-18.4	83.7
Total investment results	241.5	210.3	259.7
Average total investment yield (pre-tax)	4.1%	4.3%	5.9%

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Investment results are an important part of our overall profitability. Our net investment income was US$ 251.8 million for the year ended December 31, 2002, representing an increase of US$ 23.1 million, or 10.1% as compared to the same period for 2001.

The increase is primarily from an increase in invested assets due to our additional capitalization in late 2001 and the investment of cash flows from operating activities during 2002. Our net investment income yield was 4.3% for the year ended December 31, 2002, as compared to 4.7% and 4.0% for the same periods in 2001 and 2000, respectively. The decline in 2002 reflects lower interest rates worldwide relative to 2001. The lower yield in 2000 reflects returns on the Funds Withheld Asset/Zurich Financing Agreement described below. Yields are calculated based on the average of beginning and ending investment balances (including cash and cash equivalents). We paid fees in the amount of US$ 6.1 million, US$ 4.7 million and US$ 6.7 million to our asset managers and custodians in 2002, 2001 and 2000, respectively.

We had net realized capital losses for the year ended December 31, 2002 of US$ 10.3 million, compared to net realized capital losses of US$ 18.4 million in 2001 and gains of US$ 83.7 million in 2000. Included in the 2002 realized amounts were gains on the restructuring of Converium North America s fixed income portfolio of US$ 52.9 million, offset by losses on the restructuring of Converium North America s equity portfolio of US$ 32.7 million, and losses realized on the sale of WorldCom fixed income investments of US$ 15.8 million. Converium Cologne recognized gains on the restructuring of its fixed income portfolio of US$ 10.0 million, offset by losses on the restructuring of its equity portfolio of US$ 15.5 million. The decrease of US$ 102.1 million in 2001 reflected US$ 82.5 million of impairment losses on our equity portfolio.

We recorded US$ 48.3 million of impairment charges on our equity portfolio for the year ended December 31, 2002, compared to US$ 82.5 for 2001 and US$ 1.0 million for 2000. The decline in 2002 reflects the restructuring of our Converium North America and Converium Cologne portfolios, whereby certain unrealized losses were realized. Our impairment policy requires us to record, as realized capital losses, declines in value that exceed 20% over a period of six months, or in excess of 50% regardless of the period of decline. At management s judgment, we impair additional securities based on prevailing market conditions.

Our net investment income increased US$ 52.7 million, or 29.9% for 2001 as compared to 2000. The increase mostly resulted from Converium Zurich, primarily due to the Funds Withheld Asset/Zurich Financing Agreement. Prior to the Transactions, Converium Zurich did not have a separate investment portfolio, and its investments and cash flows were managed by Zurich Financial Services. In 2000, interest income was based on a formula designed to reflect a total return on a diverse investment portfolio weighted approximately 75% to bond indices and 25% to equity indices. Accordingly, during most of 2000, Converium Zurich s investment income reflected the overall poor performance of the stock markets for its equity component and generally declining interest rates for its fixed income component. Beginning in 2001, Converium Zurich received a fixed interest return on the Funds Withheld Asset based on fixed interest rates tied to each of our major functional currencies and reflecting the estimated duration of the underlying reinsurance liabilities. For 2002 and 2001, the weighted average interest rate earned based on the currency mix of the Funds Withheld Asset was 5.3% and 5.4%, respectively. If we had obtained the 5.4% weighted average interest rate in 2000, our investment income in 2000 on a pre-tax basis would have been approximately US$ 30 million higher.

Other

(US$ million) **Year ended December 31**	**2002**	**2001**	**2000**
Other (loss) income	-1.2	-5.8	29.3
Interest expense	-16.4	-24.2	-17.1
Amortization of goodwill		-7.8	-7.3
Restructuring costs		-50.0	
Income tax benefit	49.4	169.9	19.5

Other loss for the years ended December 31, 2002 and 2001 was US$ 1.2 million and US$ 5.8 million, respectively, compared to other income of US$ 29.3 million for 2000. The other loss in 2002 represents write-offs of certain uncollectible reinsurance recoverables, offset by interest income on reinsurance deposits and interest relating to a dispute settlement. The other loss in 2001 is primarily due to interest expense on funds held under reinsurance contracts and losses from investments in private equity funds. The other income in 2000 primarily represents interest income on reinsurance deposits, including US$ 8.7 million as part of a final settlement of a major contract.

Our interest expense for the year ended December 31, 2002 was US$ 16.4 million compared to US$ 24.2 million in 2001 and US$ 17.1 in 2000. Interest expense on our Senior Notes was US$ 14.2 million in each year. The increase in 2001 versus 2002 and 2000 is principally due to an increase in short-term borrowings from Zurich Financial Services, which had a higher average amount outstanding during 2001.

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At January 1, 2002 we adopted SFAS 142, Goodwill and Other Intangible Assets , which prohibits the amortization of goodwill. Amortization of goodwill in 2001 was US$ 7.8 million compared to US$ 7.3 million in 2000. Restructuring costs were US$ 50.0 million in 2001 and were incurred relating to our initial public offering and related transactions. No restructuring costs were incurred during 2002 or 2000.

Our income tax benefit was US$ 49.4 million, US$ 169.9 million and US$ 19.5 million for the years ended December 31, 2002, 2001 and 2000, respectively. Our effective tax rate for 2002 was a benefit of 86.1%, compared to an expected weighted average tax benefit rate of 24.9%. This rate was derived by calculating the weighted average of the expected statutory income tax in relation to the income (loss) generated in the various territories in which we operate. Our 2002 taxes reflect a one-time benefit of US$ 21.3 million as the result of a ruling received by Converium Ltd from the Swiss tax authorities regarding a tax loss carryforward. Other differences include the impact from currency translation adjustments and changes in tax rates. Our effective tax rate was 31.6% and 40.0% in 2001 and 2000, respectively.

Results by Business Segment

Converium Group s business is organized around four operating segments: three non-life segments, Converium Zurich, Converium North America and Converium Cologne, which are based principally on geographic regions and global centers of expertise, and a Converium Life segment. To measure the financial performance of our operating segments, we define segment income as income (loss) before interest expense, amortization of goodwill, restructuring costs and income taxes. The accounting policies of the segments are the same as those for Converium Group. The following discusses the results of each operating segment for the years ended December 31, 2002, 2001 and 2000.

Converium Zurich

(US$ million) **Year ended December 31**	**2002**	**2001**	**2000**
Gross premiums written	1,802.2	1,440.3	1,020.0
Net premiums written	1,670.5	1,185.0	818.3
Net premiums earned	1,571.3	1,012.4	715.9
Segment income (loss)	225.9	-178.7	10.8
Loss ratio non-life	69.9%	101.4%	79.5%
Adjusted non-life loss ratio excluding prior years reserve development and September 11th, but including Enron and European floods	71.2%	88.4%	85.2%
Underwriting expense ratio non-life	17.9%	20.0%	21.0%
Administration expense ratio non-life	4.8%	4.6%	5.5%
Combined ratio non-life	92.6%	126.0%	106.0%
Adjusted non-life combined ratio excluding prior years reserve development and September 11th, but including Enron and European floods	93.9%	113.0%	111.7%
Retention rate (net premiums written divided by gross premiums written)	92.7%	82.3%	80.2%

Converium Zurich reported a segment income of US$ 225.9 million in 2002 compared to a segment loss of US$ 178.7 million in 2001, and segment income of US$ 10.8 million in 2000. The improvement of US$ 404.6 million in 2002 was primarily attributable to a large increase in net premiums earned, and a reduction of the loss ratio from 101.4% in 2001 to 69.9% in 2002. Losses in 2001 were primarily attributable to the September 11th terrorist attacks that contributed US$ 210.0 million of losses as well as US$ 27.7 million related to the Enron reorganization, offset by positive reserve development of US$ 81.7 million.

In 2002, gross premiums written increased US$ 361.9 million, or 25.1%, net premiums written increased US$ 485.5 million, or 41.0%, and net premiums earned increased US$ 558.9 million, or 55.2%. The growth was spread across most lines of business and regions and primarily resulted from increased rates and increasing our share of clients business upon renewing existing business or writing new business. During 2002, Converium Zurich s largest growth regions included:

the United Kingdom (net premiums written in 2002 increased 50.7% to US$ 901.2 million),

North America (net premiums written in 2002 increased 61.9% to US$ 197.4 million), Latin America (net premiums written in 2002 increased 29.2% to US$ 156.6 million),

the Far East/Pacific Rim (net premiums written in 2002 increased 26.3% to US$ 147.8 million), and

France (net premiums written in 2002 increased 87.2% to US$ 78.4 million).

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The largest growth lines included such specialty lines as:

- liability (net premiums written in 2002 increased 68.3% to US$ 381.4 million),
- aviation and space (net premiums written in 2002 increased 104.5% to US$ 370.2 million), and
- credit and surety (net premiums written in 2002 increased 27.8% to US$ 145.8 million).

In 2001, gross premiums written increased US$ 420.3 million, or 41.2%, net premiums written increased US$ 366.7 million, or 44.8%, and net premiums earned increased US$ 296.5 million, or 41.4%. Converium Zurich s premium growth for 2001 resulted from the traditional treaty and the finite/structured business and was in most lines of business and regions.

Converium Zurich s combined ratio was 92.6% in 2002, 126.0% in 2001, and 106.0% in 2000. The 2001 ratio reflected significant loss events described above. The adjusted ratio was 93.9% in 2002, 113.0% in 2001, and 111.7% in 2000. The decrease in the combined ratio is due to the re-underwriting and restructuring of the underwriting process that resulted in a substantial improvement of the underlying performance and increased premiums in the aviation and space and property catastrophe lines, which were written at more favorable terms during the 2002 renewal cycle, and where no major loss events were experienced.

Converium North America

(US$ million) Year ended December 31	2002	2001	2000
Gross premiums written	1,243.5	1,150.9	1,295.5
Net premiums written	1,193.9	898.4	844.7
Net premiums earned	1,145.0	882.4	815.4
Segment loss	-57.0	-197.9	-28.7
Loss ratio non-life	84.0%	94.9%	88.7%
Adjusted non-life loss ratio excluding prior years reserve development and September 11th, but including Enron	72.0%	67.4%	78.8%
Underwriting expense ratio non-life	25.0%	28.5%	25.5%
Administration expense ratio non-life	5.9%	8.0%	7.7%
Combined ratio non-life	114.9%	131.4%	121.9%
Adjusted non-life combined ratio excluding prior years reserve development and September 11th, but including Enron	102.9%	102.7%	111.9%
Retention rate (net premiums written divided by gross premiums written)	96.0%	78.1%	65.2%

Converium North America reported a segment loss of US$ 57.0 million in 2002, compared to a segment loss of US$ 197.9 million in 2001, an improvement of US$ 140.9 million. This improvement was due to several factors including:

- prior period loss reserve development of US$ 137.2 million in 2002 as compared to US$ 164.0 million in 2001;
- in 2001, net losses were incurred related to the September 11th terrorist attacks and the Enron reorganization of US$ 58.2 million and US$ 39.3 million, respectively;
- premiums of US$ 24.3 million for September 11th and other coverages from Zurich Financial Services were incurred in 2001;
- investment income and realized gains were higher by US$ 16.6 million in 2002 as compared to 2001. This improvement was the result of net realized gains, less equity impairments, being higher in 2002 than 2001 by US$ 34.7 million. This increase was offset by reduced net investment income reflecting the lower interest rate environment; and
- other income was higher by US$ 19.9 million in 2002 as compared to 2001. This was primarily driven by US$ 12.2 million in reduced losses from certain private equity investments and US$ 7.2 million in interest income received as a result of a dispute settlement.

During 2002, Converium North America engaged in an in-depth actuarial reserve analysis of certain lines of business, which resulted in the recording of additional provisions for losses in the amount of US$ 137.2 million. These provisions primarily relate to underwriting years 1997 to

2000 on its commercial umbrella, miscellaneous casualty, medical errors and omissions liability, motor liability, and workers compensation lines of business. This compares to US$ 164.0 million of additional reserves recorded in 2001 relating to underwriting years 2000 and prior.

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Converium North America reported a segment loss of US$ 197.9 million in 2001 compared to a segment loss of US$ 28.7 million in 2000. This increase was primarily attributable to an increase in the estimate of net loss and loss adjustment expense reserves related to prior accident years. Converium North America also incurred net losses of US$ 58.2 million related to the September 11th terrorist attacks and US$ 39.3 million related to the Enron reorganization. Additionally, in 2001, Converium North America experienced a reduction of US$ 54.7 million in investment results, which included impairment charges of US$ 59.3 million.

In 2002, gross premiums written increased US$ 92.6 million, or 8.0%, net premiums written increased US$ 295.5 million, or 32.9%, and net premiums earned increased US$ 262.6 million, or 29.8%. In 2002, Converium North America s net written premium growth was driven by specialty lines, including:

structured/finite (net premiums written in 2002 increased 20.1% to US$ 373.9 million),

professional liability (net premiums written in 2002 increased 71.7% to US$ 214.7 million), and

accident & health business (net premiums written in 2002 increased 121.1% to US$ 84.6 million).

This premium growth was partially offset by the non-renewal of a workers compensation program, which reduced premiums by US$ 39.6 million compared to 2001. Net premiums written grew more substantially than gross premiums written due to retrocessional premium charges of US$ 123.0 million in 2001 for an aggregate excess treaty and September 11th coverages that were not incurred in 2002.

In 2001, gross premiums written decreased US$ 144.6 million, or 11.2%, net premiums written increased US$ 53.7 million, or 6.4%, and net premiums earned increased US$ 67.0 million, or 8.2%. The decrease in gross premiums written in 2001 reflected the non-renewal of certain contracts whereby Converium North America assumed the risk and then retroceded material amounts to other reinsurers. The non-renewals of these contracts resulted in a decline of US$ 281.1 million in gross premiums written. This decline was partially offset by growth in the core portfolio of business, predominately in the specialty lines areas.

Converium North America s combined ratio was 114.9% in 2002, 131.4% in 2001 and 121.9% in 2000. The combined ratio in 2002 included US$ 137.2 million in adverse loss development. The combined ratio in 2001 was primarily driven by reserve development related to prior accident years, the September 11th terrorist attacks and the Enron reorganization. The substantial improvement of the adjusted combined ratio since 2000 is due to the re-underwriting and the restructuring of the underwriting process.

Converium Cologne

(US$ million) Year ended December 31	2002	2001	2000
Gross premiums written	303.4	299.9	241.3
Net premiums written	289.8	257.8	218.6
Net premiums earned	284.8	275.3	224.2
Segment loss	-64.4	-71.6	-16.8
Loss ratio non-life	96.2%	108.8%	101.4%
Adjusted non-life loss ratio excluding prior years reserve development and September 11th, but including European floods	85.3%	90.5%	90.1%
Underwriting expense ratio non-life	22.5%	17.8%	27.8%
Administration expense ratio non-life	5.3%	5.9%	5.1%
Combined ratio non-life	124.0%	132.5%	134.3%
Adjusted non-life combined ratio excluding prior years reserve development and September 11th, but including European floods	113.1%	114.2%	122.9%
Retention rate (net premiums written divided by gross premiums written)	95.5%	86.0%	90.6%

Converium Cologne reported a segment loss of US$ 64.4 million in 2002 compared to a segment loss of US$ 71.6 million in 2001 and a segment loss of US$ 16.8 million in 2000. In 2002, Converium Cologne had net losses of US$ 49.5 million related to the European floods and approximately US$ 31.1 million in net adverse loss reserve development. In addition, investment results declined US$ 9.8 million. In 2001, Converium Cologne recognized US$ 9.0 million in net losses arising from the September 11th terrorist attacks, US$ 32.6 million from other large losses and US$ 41.3 million in net adverse loss reserve development. In addition, Converium Cologne had a significant decrease in 2001 of

US$ 42.4 million in investment results, primarily due to lower realized capital gains and impairment losses on its equity portfolio.

In 2002, gross premiums written increased US$ 3.5 million, or 1.2%, net premiums written increased US$ 32.0 million, or 12.4%, and net premiums earned increased US$ 9.5 million, or 3.6%. During 2002, Converium Cologne s largest growth regions in terms of premium volume were:

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Europe, excluding Germany (net premiums written in 2002 increased 9.5% to US$ 118.4 million),

Germany (net premiums written in 2002 increased 9.5% to US$ 101.2 million), and

the Middle East and North Africa (net premiums written in 2002 increased 15.8% to US$ 70.5 million).

Net premiums earned in 2002 increased at a lower rate than net premiums written due to a high amount of earned premium in 2001 from underwriting year 2000 contracts which were not renewed.

In 2001, gross premiums written increased US$ 58.6 million, or 24.3%, net premiums written increased US$ 39.2 million, or 17.9%, and net premiums earned increased US$ 51.1 million, or 22.8%. During 2001, the Middle East, North Africa, and the European markets, primarily Germany, were Converium Cologne s largest growth regions in terms of premium volume. This was offset by the non-renewal of certain U.S. accident and health contracts.

Converium Cologne s combined ratio was 124.0% in 2002, 132.5% in 2001 and 134.3% in 2000. In 2002, Converium Cologne booked US$ 49.5 million in net losses for the European floods and US$ 31.1 million in loss development on prior years business. In 2001, the increase in the loss ratio was due to the recognition of US$ 9.0 million in net losses arising from the September 11th terrorist attacks, US$ 32.6 million from other large losses and US$ 41.3 million in net adverse loss reserve development. The decrease in the underwriting expense ratio in 2001 was due to both the non-renewal of proportional contracts with high ceding commissions as well as generally lower commission rates due to the hardening reinsurance market conditions. The adjusted combined ratio was 113.1%, 114.2% and 122.9% in 2002, 2001 and 2000, respectively. The significant enhancement of the underlying profitability was disturbed by the impact of the European floods, that added 17.4 percentage points to both the combined ratio and the adjusted combined ratio.

Converium Life

(US$ million) **Year ended December 31**	**2002**	**2001**	**2000**
Gross premiums written	199.0	164.8	120.5
Net premiums written	168.0	141.4	114.4
Net premiums earned	164.4	125.1	106.0
Segment loss	-19.4	-7.1	10.3
Underwriting expense ratio	21.0%	4.5%	32.5%
Administration expense ratio	4.2%	3.7%	3.5%
Retention rate (net premiums written divided by gross premiums written)	84.4%	85.8%	94.9%

Converium Life reported a segment loss of US$ 19.4 million in 2002, compared to a segment loss of US$ 7.1 million in 2001 and segment income of US$ 10.3 million in 2000. The segment losses in 2002 and 2001 are primarily driven by net incurred losses of US$ 20.1 million in 2002 and US$ 12.4 million in 2001 on a closed block of long-term variable annuity business. The variable annuity losses arise from guaranteed minimum death benefit contracts, whereby the minimum benefit is determined by the development of investment results from the capital markets. Following the ongoing downturn of the international equity markets, reserve strengthening of US$ 15.6 million was required in 2002 in order to align the reserves to the expected future benefits. In addition to that, claims in the amount of US$ 12.5 million were paid in 2002 against net premiums earned of US$ 8.1 million regarding this closed block of long-term variable annuity business.

In 2002, gross premiums written increased US$ 34.2 million, or 20.8%, net premiums written increased US$ 26.6 million, or 18.8%, and net premiums earned increased US$ 39.3 million, or 31.4%. The increase in premiums written in 2002 is mainly driven by growth in:

Far East/Pacific Rim and North America (net premiums written in 2002 increased 25.1% to US$ 67.3 million),

Europe, excluding Italy and France (net premiums written in 2002 increased more than 50.0% to US$ 45.6 million),

Italy (net premiums written in 2002 increased 33.5% to US$ 24.7 million), and

France (net premiums written in 2002 more than doubled to US$ 16.9 million).

This was offset by the decline of business written in Latin America (net premiums written in 2002 declined 64.5% to US$ 5.9 million), due to the weak economic situation in South America and to a change in governmental regulation concerning the pension system in Argentina.

The increase in net premiums earned in 2002 relative to net premiums written was the result of the strong premium growth experienced in late 2001, now being earned in 2002.

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In 2001, gross premiums written increased US$ 44.3 million, or 36.8%, net premiums written increased US$ 27.0 million, or 23.6%, and net premiums earned increased US$ 19.1 million, or 18.0%. The premium growth in 2001 was consistent with the strategy to expand the Converium Life operations, and principally related to broadened markets and extended customer relationships. In addition, the opening of branches and representative offices in Paris, Milan and Buenos Aires supported this growth.

The underwriting expense ratio was 21.0% in 2002, 4.5% in 2001 and 32.5% in 2000. In 2001, US$ 10.6 million in commission benefits were recorded from the commutation of a large contract and a refunding of commissions from our strategic retrocessions, reducing the underwriting expense ratio by 8.5%. The administration expense ratio was 4.2% in 2002, 3.7% in 2001 and 3.5% in 2000.

Financial Condition and Liquidity

Invested Assets

Our assets are invested with the objective of achieving investment returns consistent with those of the markets in which we invest, using appropriate risk management, diversification, tax and regulatory considerations, and to provide sufficient liquidity to enable us to meet our obligations on a timely basis. We principally focus on high quality, liquid securities, and seek to invest in securities whose durations correspond to the estimated duration of the reinsurance liabilities they support.

Our approach to fixed income investments is to limit credit risk by focusing on investments rated A or better and to reduce concentration risk by limiting the amount that may be invested in securities of any single issue or group of issuers. With respect to equity investments, we seek to diversify our equity portfolio so as to provide a broad exposure across major sectors of individual stock markets. To reduce the effects of currency exchange rate fluctuations, we seek to match the currencies of our investments with the currencies of our underlying reinsurance liabilities.

As of December 31, 2002, total invested assets were US$ 6.1 billion compared to US$ 4.9 billion as of December 31, 2001, an increase of US$ 1.2 billion, or 24.4%. This increase is mainly due to strong operating cash flow and proceeds from our guaranteed subordinated notes, offset by net realized and unrealized losses on the investment portfolio during 2002. At December 31, 2002, our asset mix consists of 88% fixed income securities (including the Funds Withheld Asset) and short-term investments, 9% equity securities, and 3% real estate and other. At December 31, 2001, invested assets were comprised of 82% fixed income securities (including the Funds Withheld Asset) and short-term investments, 14% equity securities and 4% real estate and other.

During the second half of 2002, Converium Group changed its investment strategy to a more passive approach to better reflect our investment philosophy, whereby we seek to achieve, with limited tracking error, returns consistent with the market. The table below presents our investments in the major currencies of U.S. dollars, Euro and U.K. pounds, as well as the applicable benchmark and 2002 benchmark return (including changes in market value) by asset class for 2002. Because we restructured our portfolios throughout 2002, our actual returns achieved are not comparable to the benchmark, and thus have not been presented. The balances at December 31, 2002 are shown in U.S. dollars, converted at the applicable year-end exchange rate.

	U.S. Dollars			Euro			U.K. pounds		
(US$ million)	Balance at December 31, 2002	Bench-mark*	2002 Return	Balance at December 31, 2002	Bench-mark*	2002 Return	Balance at December 31, 2002	Bench-mark*	2002 Return
Fixed maturities	1,993.2	(a)	11.8%	310.4	(d)	9.4%	174.1	(f)	9.3%
Mortgage backed securities	827.0	(b)	8.7%						
Equity securities	339.4	(c)	-22.8%	90.2	(e)	-33.8%	26.4	(g)	-23.4%
Funds Withheld Asset	871.5			315.5			385.6		
Other, net	420.7			10.8			15.2		

Total	4,451.8	726.9	601.3
% of total invested assets	73%	12%	10%

*(a) SSB USD World BIG ex BBB ex MBS

(b) Lehman Mortgage Index

(c) MSCI USA Provisional Index

(d) SSB Euro World BIG ex BBB ex MBS

(e) MSCI Euro ex UK

(f) FTSE Government Index

(g) MSCI UK Index

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Fixed Maturities

As of December 31, 2002, our fixed maturities portfolio, excluding the Funds Withheld Asset (described more fully below), had a carrying value of US$ 3.4 billion and represented 56.3% of our total investment portfolio, excluding the Funds Withheld Asset, or 83.2% including the Funds Withheld Asset. This represents an increase in carrying value of US$ 1.1 billion, or 47.7%, from December 31, 2001, excluding the Funds Withheld Asset. This increase was mainly due to the reinvestment of 2002 cash flows from operations and currency translation adjustments.

Our fixed income investments are managed by external investment managers, and their performance is measured against benchmarks. We invest in government, agency and corporate fixed income securities of issuers from around the world that meet our liquidity and credit standards. We place an emphasis on investing in listed fixed income securities that we believe to be liquid.

The table below presents the composition of our fixed income securities portfolio, excluding short-term investments, based on carrying value by scheduled maturity.

(US$ million) As of December 31, 2002	Estimated fair value Available-for-sale	% of total Fixed maturities
Less than one year	15.7	0.5
One year through five years	1,409.4	40.9
Five years through ten years	803.5	23.3
Over ten years	387.5	11.3
Subtotal	2,616.1	76.0
Mortgage and asset-backed securities	827.0	24.0
Total as of December 31, 2002	3,443.1	100.0

Most of our fixed income securities are rated by Standard & Poor s, Moody s or similar rating agencies. As of December 31, 2002, approximately 97% of our fixed income securities portfolio was invested in securities rated A or better by these agencies and approximately 82% was invested in AAA/Aaa-rated securities.

The table below presents the composition of our fixed income securities portfolio by rating as assigned by Standard & Poor s or Moody s, using the higher of these ratings for any security where there is a split rating.

(US$ million) As of December 31, 2002	Estimated fair value Available-for-sale	% of total Fixed maturities
AAA/Aaa	2,835.2	82.3
AA/Aa2	346.9	10.1
A/A2	156.9	4.6
BBB/Baa2		
BB	10.0	0.3
Not rated	94.1*	2.7
Total	3,443.1	100.0

* primarily investments in unrated funds whose underlying securities are rated A or better

Our guidelines also restrict our maximum investment in bonds issued by any group or industry sector by reference to local benchmarks and applicable insurance regulations. As of December 31, 2002, no aggregated amount of bonds issued by a single group (excluding governments and funds) represented more than 5% of our fixed maturities securities portfolio. Our ten biggest direct investments in corporate obligations (excluding commercial mortgage and asset-backed securities) were:

(US$ million) As of December 31, 2002	Estimated fair value Available-for-sale	% of total Fixed maturities
General Electric Capital Corp.	12.6	0.4
KFW International Finance Inc.	10.2	0.3
Concentric Ltd	10.0	0.3
Walmart Stores Inc.	7.6	0.2
Countrywide Home Loans	5.8	0.2
Bank Netherlands NV	5.3	0.2
Household Finance Corporation	4.8	0.1
Exportfinans ASA	4.4	0.1
Kraft Foods Inc.	3.9	0.1
Bank of America Corp.	3.5	0.1

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Our five largest investments in funds investing in fixed maturities as of December 31, 2002, were:

(US$ million) As of December 31, 2002	Estimated fair value Available-for-sale	% of total Fixed maturities
Gilt Trak Accumulating Shares	120.8	3.5
Barclay s Global Investors (BGI) Sterling	54.1	1.6
BGI European Government Bond Index Fund	45.4	1.3
Government/Corporate Bond Fund	34.1	1.0
BGI Euro Corporate Bond Fund	22.3	0.6

As of December 31, 2002, our investments in mortgage and asset-backed securities were US$ 827.0 million. These investments are summarized as follows:

(US$ million) As of December 31, 2002	Estimated fair value Available-for-sale	% of total mortgage and asset-backed securities
Federal National Mortgage Association	331.0	40.0
Governmental National Mortgage Association	260.8	31.5
Federal Home Loan Mortgage Corporation	152.1	18.4
Other mortgage and asset-backed securities	83.1	10.1
Total	827.0	100.0

Equity Securities

As of December 31, 2002, our equity securities portfolio had a carrying value of US$ 530.8 million. This represents a decrease in carrying value of US$ 170.6 million, or 24.3%, from December 31, 2001. The decrease was primarily due to realized losses and market value declines in 2002. As of December 31, 2002, equity securities comprised 8.7% of our investment portfolio.

Substantially all of our equity portfolio consists of listed securities, held directly or through funds. The majority of our equity portfolio is in developed markets with limited exposure to emerging markets. As experienced in recent years, the equity markets around the world can produce highly volatile and significantly varied results due to local and worldwide economic and political conditions.

Our ten largest direct equity investments as of December 31, 2002, were:

(US$ million) As of December 31, 2002	Estimated fair value Available-for-sale	% of total Equity securities
International Financial Group, Inc. (preferred stock)	6.0	1.1
General Electric Company	3.9	0.7
Microsoft Corp.	3.8	0.7
ExxonMobile Corp.	3.8	0.7

Novartis AG	3.1	0.6
Pfizer Inc.	3.0	0.6
Royal Dutch Petroleum Company	2.9	0.5
Citigroup Inc.	2.9	0.5
Total Fina Elf S.A.	2.8	0.5
Johnson & Johnson	2.6	0.5

Our five largest investments in funds investing in equities as of December 31, 2002, were:

(US$ million) As of December 31, 2002	Estimated fair value Available-for-sale	% of total Equity securities
BT Institutional Funds Equity 500 Index	143.5	27.0
JPMorgan Fund	28.5	5.4
Zurich Invest Aktien Euroland	11.2	2.1
Vanguard Institutional Index Fund	8.5	1.6
Barclay s Global Investors Index Selection Fund	7.5	1.4

Our exposure to private equity fund investments as of December 31, 2002 was approximately US$ 70.5 million. This figure represents the sum of the fair value of invested capital (as determined by the fund managers) and

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remaining unpaid commitments. Of this total, the value of remaining unpaid commitments was approximately US$ 10.6 million.

Our five largest investments in private equity funds as of December 31, 2002, were:

(US$ million) As of December 31, 2002	Estimated fair value Available-for-sale	% of total Equity securities
Capital Z Financial Services Fund II	20.6	3.9
Oak Hill Securities Fund LP	14.6	2.8
Oak Hill Securities Fund II LP	14.3	2.7
Insurance Partners LP	5.6	1.1
Clayton, Dublier & Rice Fund IV	4.8	0.9

At December 31, 2002 and 2001, gross unrealized gains on our equity portfolio were US$ 2.6 million and US$ 47.2 million and gross unrealized losses were US$ 56.2 million and US$ 25.1 million, respectively. With the recent realignment in our investment portfolio, the unrealized losses at December 31, 2002 predominantly arise from securities acquired during 2002. We have reviewed the securities that have declined in value and have recorded impairments accordingly.

Our impairment policy requires us to record, as realized capital losses, declines in value that exceed 20% over a period of six months, or in excess of 50% regardless of the period of decline. At management s judgment, we impair additional securities based on prevailing market conditions.

The table below shows the impact, based on December 31, 2002 market value, of potential future impairments of securities where the decline in value has not yet exceeded 50%, as well as the additional potential exposure of our portfolio to 5% and 10% declines in the stock market.

(US$ million) Decline in value (%)	Loss in 0 - 3 Months	Loss in 4 - 6 Months	Total loss	Additional loss if Market declines 5%	Additional loss if Market declines 10%
20 - 30%	-6.1	-2.2	-8.3	-2.0	-5.5
30 - 40%	-4.0	-2.3	-6.3	1.3	0.2
40 - 50%	-1.6	-0.9	-2.5	-3.2	-4.5
Total	-11.7	-5.4	-17.1	-3.9	-9.8

Our guidelines also restrict our maximum investment in any one equity security or industry sector by reference to local benchmarks and applicable insurance regulations. As of December 31, 2002, excluding our investments in funds and our shares in PSP Swiss Property AG, an indirect real estate investment with a market value of US$ 75.0 million as of December 31, 2002, no single equity security represented more than 10% of our equity securities portfolio.

Funds Withheld Asset

The transfer of Converium Zurich s business to Converium was effective as of July 1, 2001 by means of the Quota Share Retrocession Agreement. In addition, on that date, the Funds Withheld Asset was established. Its initial balance was set to match the net balance of the liabilities, less the premium receivables (including outstanding collectible balances and reinsurance deposits), on the business to which the Quota Share Retrocession Agreement applies. As of December 31, 2002, the Funds Withheld Asset was US$ 1,648.1 million compared to US$ 1,598.5 million at December 31, 2001. The increase of US$ 49.6 million over 2001 was due to additional premium received in the first half of 2002 and changes in foreign exchange rates, offset by paid claims.

The table below shows the distribution of the Funds Withheld asset by currency as of December 31, 2002 and 2001.

Funds Withheld Asset

Year ended December 31	**2002**	**2001**
US$	53%	50%
Euro	19%	28%
U.K. pounds	23%	15%
Australian dollars	2%	1%
Japanese yen	2%	2%
Swiss franc	1%	4%
Total	100%	100%
Weighted average interest rate	5.3%	5.4%

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The Funds Withheld Asset is increased by premiums (less premium refunds), salvage and subrogation, recoveries under retrocession agreements, profit commissions and other amounts received for the business subject to the Quota Share Retrocession Agreement, and is reduced by paid claims, profit commissions, amounts paid to maintain the retrocession agreements and other amounts paid on the business subject to the Quota Share Retrocession Agreement. The balance of the Funds Withheld Asset will decrease over time. However, business historically written on the Zurich Insurance Company (ZIC) and Zurich Insurance Bermuda (ZIB) balance sheets is being renewed and written on the Converium balance sheet. As a result, we will generate invested assets from the new and renewal business written on the Converium balance sheet which we expect to at least partially offset reductions of the balance of the Funds Withheld Asset.

Short-Term Investments

Our short-term investment portfolio includes investments in fixed-term deposits and fiduciary investments. These investments generally have maturities of between three months and one year. As of December 31, 2002, we had short-term investments with a carrying value of US$ 318.0, representing 5.2% of our total investment portfolio. Short-term investments at December 31, 2002 include US$ 193.7 million in proceeds received on December 23, 2002 from the issuance of our guaranteed subordinated notes. These proceeds were substantially invested in January 2003. As of December 31, 2002, none of our short-term investments portfolio is restricted as to its use.

Real Estate and Other Investments

In late 2001, Converium acquired certain residential and commercial rental properties from subsidiaries of Zurich Financial Services. As of December 31, 2002, we had US$ 167.9 million of investments in real estate, most of which were located in Switzerland, and our direct real estate portfolio represented 2.7% of our total investment portfolio.

Our five largest real estate investments as of December 31, 2002, were:

Real Estate

(US$ million) As of December 31, 2002	Carrying value	% of total Other investments
Dietikon Residential/commercial building	21.6	12.2
Effretikon Residential building	14.1	8.0
Zurich Residential/commercial building	13.9	7.8
Basel Residential/commercial building	12.0	6.8
Bern Residential/commercial building	9.3	5.2

In addition to these properties, Converium owns a 9.1% participation in PSP Swiss Property AG (an indirect real estate investment, included in equity securities) with a market value of US$ 75.0 million as of December 31, 2002.

Reinsurance Assets

Retrocessional reinsurance arrangements generally do not relieve Converium Group from its direct obligations to its reinsureds. Thus, a credit exposure exists with respect to reinsurance ceded to the extent that any retrocessionaire is unable or unwilling to meet the obligations assumed under the retrocessional agreements. At December 31, 2002, Converium Group holds US$ 687.8 million in collateral as security under related retrocessional agreements in the form of funds held, securities and/or letters of credit. Converium Group is able to access outside capacity for both traditional and non-traditional coverage and therefore is not dependent upon any single retrocessional market.

As of December 31, 2002, we had reinsurance recoverables from retrocessionaires of approximately US$ 1.6 billion on paid and unpaid losses and loss adjustment expenses and unearned premium reserve balances. Recoverables from subsidiaries of Zurich Financial Services total 24.1% of equity at December 31, 2002. Recoverables from one other third-party retrocessionaire were 12.9% of equity at December 31, 2002.

Recoverables from retrocessionaires relating to contracts in arbitration were 9.5% of equity at December 31, 2002. There were no recoverables from any other retrocessionaire that exceeded 10% of equity at December 31, 2002. Allowances of US$ 17.4 million and US$ 9.6 million have been recorded for estimated uncollectible receivables and reinsurance recoverables at December 31, 2002 and 2001, respectively.

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Liabilities

Loss and Loss Adjustment Expense Reserves

We had gross loss and loss adjustment expense reserves of US$ 6.8 billion at December 31, 2002, compared to US$ 5.7 billion at December 31, 2001, an increase of US$ 1.1 billion, or 19.4%. Loss and loss adjustment expense reserves, net of reinsurance recoverables for paid and unpaid losses, were US$ 5.4 billion at December 31, 2002, compared to US$ 4.2 billion at December 31, 2001, an increase of US$ 1.2 billion, or 28.7%. The increase in our reserve position is due to reserves on current year business, including reserves for the European floods, as well as the recognition of an additional provision for net adverse loss development on prior years business. Gross reserves for future life benefits were US$ 371.7 million at December 31, 2002 compared to US$ 252.0 million at December 31, 2001.

Loss and loss adjustment reserves are based on estimates of future payments to settle claims, including legal and other expenses. We estimate our loss and loss adjustment reserves on the basis of the facts available at the time the loss and loss adjustment expense reserves are established and use actuarial methodologies that are commonly used in our industry. Our estimates of losses and loss adjustment expenses are subject to assumptions reflecting economic and other factors such as inflation rates, changes in legislation, court rulings, case law and prevailing concepts of liability, which can change over time. We review and update our estimates and record changes to our loss and loss adjustment reserves in current income.

Debt Outstanding

As of December 31, 2002, we had total debt outstanding with a principal amount of US$ 400.0 million and a carrying amount of US$ 390.4 million. We had no scheduled debt repayments in 2002, 2001 or 2000.

In December 2002, Converium Finance S.A. issued US$ 200.0 million principal amount of non-convertible, unsecured, guaranteed subordinated notes, which are irrevocably and unconditionally guaranteed on a subordinated basis by each of Converium Holding Ltd and Converium Ltd. These notes mature in full on December 23, 2032 and bear interest at the rate of 8.25%.

Converium North America assumed US$ 200.0 million principal amount of non-convertible, unsecured, unsubordinated senior notes originally issued during October 1993. These notes mature on October 15, 2023 and bear interest at the rate of 7.125%.

In addition, irrevocable letters of credit in the face amount of US$ 372.4 million were outstanding as of December 31, 2002. We employ these letters of credit principally to secure certain assumed reinsurance contracts. Invested assets of US$ 266.4 million, or 6.0% of our invested assets, excluding the Funds Withheld Asset, secure these letters of credit. We have provided guarantees or commitments of US$ 50.0 million to external parties, which require us to, under certain circumstances, make capital contributions or provide equity financing. We know of no event that would require us to satisfy these guarantees.

Shareholders Equity

As of December 31, 2002, we had total shareholders equity of US$ 1,738.0 million (US$ 43.55 per share) compared to US$ 1,570.8 million (US$ 39.27 per share) as of December 31, 2001, an increase of US$ 167.2 million (US$ 4.28 per share). This increase is mainly comprised of a gain of US$ 135.8 million in our currency translation account, due to the weakening of the U.S. dollar against the European currencies, and net income of US$ 106.8 million. This was offset by net unrealized losses on investments of US$ 83.6 million, which reflects unrealized losses on equity securities due to weaker capital market conditions in 2002, offset by unrealized gains on fixed income securities due to lower interest rates in 2002.

We believe that our capital, liquidity, and borrowing ability are sufficient to support our business and meet our present liquidity requirements.

Liquidity and Capital Resources

Our principal cash requirements are for the payment of dividends to shareholders, servicing debt, investment in businesses, capital expenditures, servicing retrocessional arrangements and for paying reinsurance and insurance claims, which could periodically include significant cash requirements related to catastrophic events.

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Dividends from Subsidiaries

As a holding company, Converium relies in large part on cash dividends and other permitted payments from its subsidiaries to make principal and interest payments on debt, to pay other outstanding obligations and to pay dividends to shareholders. Converium is subject to legal restrictions on the amount of dividends it may pay to its shareholders. Similarly, the company laws of countries in which our entities operate may restrict the amount of dividends payable by such entities to their parent companies. In addition, the ability of our entities to pay dividends may be restricted or influenced by minimum capital and solvency requirements imposed by regulators in the countries in which the entities operate.

The maximum dividend payable by Converium Ltd to Converium Holding Ltd without regulatory approval amounted to approximately US$ 192.1 million, net of withholding tax, as of December 31, 2002. The maximum dividend that Converium Holding Ltd is able to pay in 2003, before withholding tax, is approximately US$ 192.9 million as of December 31, 2002. We do not consider current legal and regulatory dividend constraints to be a material limitation on the ability of Converium Ltd to pay dividends to Converium Holding Ltd.

Cash Flows and Liquidity Sources

(US$ million) Year ended December 31	2002	2001	2000
Cash provided by (used in) operating activities	870.4	311.5	-33.2

We held cash and cash equivalents of US$ 361.5 million at December 31, 2002 compared to US$ 420.5 million as of December 31, 2001, representing a decrease of US$ 59.0 million. In 2002, our investment managers were holding a higher level of cash for duration matching purposes. In 2001, a large amount of cash and cash equivalents was held at Converium Zurich, resulting from the Transactions. This cash was subsequently deployed in 2002.

Our cash flows from operating activities result principally from premiums, collections on losses recoverable and investment income, net of paid losses, acquisition costs and underwriting expenses. Our cash provided by operating activities was US$ 870.4 million for the year ended December 31, 2002 compared to US$ 311.5 million for the year ended December 31, 2001, an increase of US$ 558.9 million, or 179.4%. This increase was driven by improved operating performance over 2001. In 2000, cash used in operating activities was driven by lower recovery of ceded losses. Cash provided by financing activities in 2002 was due to the issuance of our guaranteed subordinated notes. Cash provided by financing activities in 2001 was primarily driven by the capital contribution we received from Zurich Financial Services. Cash provided by financing activities in 2000 mainly resulted from an increase in the amount payable to Zurich Financial Services.

As a reinsurer, our future cash flows are inherently difficult to predict. This uncertainty is particularly pronounced with respect to some coverage we provide, such as long-tail lines, where claims information emerges over a relatively long period of time, and property catastrophe coverage, which generally produces losses of low frequency but high severity. Accordingly, it is not possible to predict our future cash flows from operating activities with precision. As a consequence, our cash flows from operating activities may fluctuate, perhaps significantly, from quarter to quarter and from year to year. For example, our cash flows were adversely affected by the events of September 11th. We expect that a significant portion of the cash outflows relating to these events will occur over a period of two to five years, mainly because of the time involved to determine with accuracy the losses of the primary insurance companies and reporting these losses to reinsurers. Accordingly, our cash flow and investment income will be impacted gradually over the next five years.

We do not expect the Funds Withheld Asset to have a material impact on our liquidity, as we will not be required to access our own liquidity sources for claims under the Quota Share Retrocession Agreement. We are, however, entitled to receive cash advances with respect to the Funds Withheld Asset under certain circumstances, which we expect will help meet significant cash requirements, such as those after a catastrophic event.

Converium Ltd is entitled to borrow cash from ZIC if eligible losses from a single event or series of related events not relating to the business covered by the Quota Share Retrocession Agreement exceed US$ 25.0 million. The amount that may be borrowed as a result of any one event or series of related events is limited to the lesser of US$ 90.0 million, or actual losses from the event. Converium Ltd is entitled to request multiple advances. However, it may never borrow more than the Funds Withheld Asset balance, and the aggregate amount that may be borrowed at any one time ranges from US$ 105.0 million to US$ 135.0 million for the period January 1, 2003 to September 30, 2003. Converium Ltd may not request advances beyond September 30, 2003, unless agreed otherwise with ZIC. No advances were outstanding at December 31, 2002 or 2001.

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Critical Accounting Policies

Our discussion and analysis of the financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP). The preparation of these financial statements in accordance with US GAAP requires the use of estimates and judgments that affect the reported amounts and related disclosures. Changes in Converium s financial and operating environment could influence the accounting estimates that support our financials statements. The following presents those accounting policies that management believes are the most critical to its operations and those policies that require significant judgment on the part of management. The assumptions and judgments used by management are the ones they believe to be the most appropriate at this time. However, as described below, these estimates could change materially if different information or assumptions were used. The descriptions below are summarized and have been simplified for clarity. A more detailed description of these and other significant accounting policies used by us in preparing our financial statements is included in the Notes to the Consolidated Financial Statements.

Non-life loss and loss adjustment reserves

We are required by applicable insurance laws and regulations, as well as US GAAP, to establish reserves for payment of losses and loss adjustment expenses that arise from our non-life reinsurance and insurance businesses. Loss and loss adjustment reserves are based on estimates of future payments to settle claims, including legal and other expenses. The liability for unpaid losses and loss adjustment expenses for property and casualty business includes amounts determined from loss reports on individual cases and amounts for losses incurred but not reported. We estimate our loss and loss adjustment reserves on the basis of facts reported to us by ceding companies, in conjunction with actuarial estimates and methodologies, which are commonly used in our industry, for instances where we have not received reports from ceding companies. Our estimates of losses and loss adjustment expenses are subject to assumptions reflecting economic and other factors such as inflation rates, changes in legislation, court rulings, case law and prevailing concepts of liability, which can change over time. In addition, if ceding company data is not provided to us on a timely basis, this could potentially impact the accuracy of our estimates. We review and update our estimates and record changes to our loss and loss adjustment reserves in current income.

Premiums

When we underwrite business, we receive premiums for assuming the risk. When our client is an insurance company, we classify this as assumed premiums written, and when our client is not an insurance company, we classify it as direct premiums written. When combined, assumed premiums and direct premiums are referred to as gross premiums. Should we choose to purchase reinsurance protection for the business that we underwrite, then the premiums paid to the retrocessionaire for the protection are recorded as ceded premiums written. The amount represented by gross premiums written less ceded premiums written is referred to as net premiums written. Net premiums written include premiums reported to us by our clients and those we estimate and accrue on contracts underwritten.

In a typical reporting period we generally earn a portion of the premiums written during that period together with premiums that were written during earlier periods. Likewise, some part of our premiums written will not be earned until future periods. We allocate premiums written but not yet earned to an unearned premium reserve, which represents a liability on our balance sheet. As time passes, the unearned premium reserve is gradually reduced and the corresponding amount is released through the income statement as premiums earned. Premiums are typically earned on a pro rata basis over the period that the coverage is in effect. Our premium earned and written estimates are regularly reviewed and enhanced as information is reported to us by our clients and we are able to refine our estimates and assumptions. Our estimation procedures are also affected by the timeliness and comprehensiveness of the information our clients provide to us.

We write a wide range of different types of insurance and reinsurance policies, some of which are earned during periods shorter than one reporting period, while some are earned during substantially longer periods. This mix of business can change significantly from one period to the next and these changes can cause the relationship between written and earned premiums to differ, perhaps significantly, on a year-to-year basis. In our analysis of trends, we relate the change in premiums earned to the change in premiums written. Typically, differences in the percentage growth or decline between premiums written and earned mainly reflect differences in our mix of business from year to year.

Reinsurance recoverables

We cede reinsurance to retrocessionaires in the normal course of business. Under US GAAP, reinsurance is recorded gross in the balance sheet. Reinsurance assets (recoverables) include the balances due from retrocessionaires for paid and unpaid losses and loss adjustment expenses, ceded unearned premiums, and ceded future life benefits. Amounts recoverable from retrocessionaires are estimated in a manner consistent with the liabilities associated with the reinsured contracts.

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We establish an allowance for potentially uncollectible recoverables from retrocessionaires for amounts owed to us under reinsurance contracts that management believes will not be collected. Failure of retrocessionaires to indemnify us due to insolvencies or disputes could result in uncollectible amounts and losses to Converium. In addition, we immediately charge operations for any recoverable balances that are deemed to be uncollectible. Collateral and other offsets are considered in determining the allowance or expense.

Foreign currency translation

In view of our global scale and the fact that more of our business is transacted in United States dollars than in any other currency, we report our financial information in United States dollars. However, a large portion of our revenues and expenses are denominated in other currencies including the Euro, British pound, Swiss franc, and Japanese yen. Since these currencies are functional currencies for our business units, translation differences are recorded directly in shareholders equity. Exchange rate differences arising from holding assets, other than investment assets, and liabilities denominated in non-functional currencies are recorded as income or expense, as the case may be, in our income statement.

Invested assets

Converium s fixed maturities and equity securities are classified as available-for-sale and are carried at fair value. Fair values are generally based upon quoted market prices, however when not available, they are estimated using either values obtained from independent pricing services or quoted market prices of comparable investments. Unrealized gains or losses on investments carried at fair value are recorded in other comprehensive income, net of deferred income taxes.

When declines in values of securities below cost or amortized cost are considered to be other than temporary, an impairment charge is recorded as a realized loss in the statement of income for the difference between cost or amortized cost and estimated fair value. Other than temporary declines are decreases in the cost or amortized cost of the security that exceed 20% over a period of six months, or in excess of 50% regardless of the period of decline. At management s judgment, we impair additional securities based on prevailing market conditions by considering various factors such as the financial condition of the issuer, the market value and the expected future cash flows of the security.

New Accounting Standards

The Financial Accounting Standards Board (FASB) has issued the following new standards, which we will be required to adopt in the future:

SFAS 146, Accounting for Costs Associated with Exit or Disposal Activities

In June 2002, the FASB issued SFAS No. 146, Accounting for Costs Associated with Exit or Disposal Activities , which addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force Issue No. 94-3, Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring) . This standard is effective for exit or disposal activities that are initiated after December 31, 2002 and will not have a material impact on the financial condition or results of operations of Converium Group.

SFAS 148, Accounting for Stock-Based Compensation Transition and Disclosure an amendment of FASB Statement No. 123

In December 2002, the FASB issued SFAS No. 148, Accounting for Stock-Based Compensation Transition and Disclosure an amendment of FASB Statement No. 123 . This Statement amends SFAS No. 123, Accounting for Stock-Based Compensation , to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, this Statement amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. This standard will not have a material impact on Converium Group, as it has already adopted the provisions of SFAS No. 123.

Qualitative and Quantitative Disclosures About Market Risks

As a provider of reinsurance solutions, effective risk management is fundamental to our ability to protect both the interests of our clients and shareholders. We have consequently established risk and investment management processes and procedures to actively manage our exposure to qualitative and quantitative market risks. Our risk and investment management procedures focus on ensuring that all of our operating units consistently follow suitable, structured and controlled processes and procedures, with specific guidelines and limits tailored to the characteristics of each business.

Management s discussion and analysis of financial condition and results of operations (continued)

We consider our market risk to consist primarily of our exposure to adverse market value changes in our assets, across both short and long-term periods. Our market risk includes multiple sources of market price fluctuations, including credit risks, prepayment risks, liquidity risks, sector risks and other risks. Short-term market risks relate primarily to our exposure to adverse market value changes in our assets and the potential inability to realize asset values on a timely basis.

We principally manage our long-term market risks through a procedure we refer to as asset/liability management, or ALM, through which we seek to understand and manage the dynamic interactions between our assets and liabilities. We utilize and continually develop firm-wide ALM processes and models to manage our aggregate financial risks. The primary goal of our ALM procedures is to match, in terms of timing and currency, anticipated claims payments to our cedents with investment income generated by our investment assets. Because fixed income securities generally provide more stable investment income than equity securities, the preponderance of our investments are in fixed income instruments. Although our ALM techniques are based on theoretical and empirical models and can lead to incorrect assumptions, we believe that the careful use of these ALM techniques leads to a better understanding of the risks inherent in our assets and liabilities and is therefore an important element of our risk and investment management process. Our principal ALM techniques include cash flow analysis, scenario testing and stochastic modeling.

To help manage our aggregate exposure to concentration and credit risks, we analyze the concentration of our risk by entity, rating category and industry. These concentrations and credit risks are reviewed on a quarterly basis by our Finance Committee.

Sensitivity Analyses for Invested Assets

Approximately 96% of our investment securities are classified for accounting purposes as available-for-sale. These securities are carried at their fair market value as of the balance sheet date with movements in fair value recorded in other comprehensive income in shareholders equity. In contrast to these assets, certain liability reserves, particularly non-life reinsurance reserves, are not shown at fair market values as of the balance sheet date. Therefore, US GAAP accounting practices typically result in more volatile assets than liabilities. This, in turn, may lead us to report more volatile shareholders equity on our balance sheet than we believe may economically be the case.

The following risk analyses do not take into account that there are strategies in place to minimize the exposures to market fluctuations. These strategies include, among others, changes in asset allocation and the sale of investments. These analyses assume that the change in value of assets is temporary and that the liability reserves would not change.

We have based our computations of prospective effects of hypothetical interest rate changes on numerous assumptions. Because these computations are based on assumptions, they should not be relied on as indicative of future results.

Certain shortcomings are inherent in the method of analysis presented in the computation of the fair value of fixed rate instruments. Actual values may differ from those projections presented should market conditions vary from assumptions used in the calculation of the fair value of individual securities, including non-parallel shifts in the term structure of interest rates and changing individual issuer credit spreads.

Interest Rate Risk

Our investment assets are subject to interest rate risks. Our interest rate risk is concentrated in the United States and Europe and is highly sensitive to many factors, including governmental monetary policies, and domestic and international economic and political conditions. The estimated potential exposure of our consolidated net assets to a one percentage point increase of the yield curve would be an after-tax reduction in net assets of US$ 102.8 million, which represents approximately 5.9 % of our total shareholders equity as of December 31, 2002.

As of December 31, 2002, all of our debt outstanding was at fixed interest rates. Thus, an increase in interest rates would currently have no effect on our annual interest expense or reported shareholders equity, as we account for debt at amortized cost, not fair value.

Equity Market Risk

We hold approximately 9% of our invested assets in equity securities, which are subject to equity market risk. Our equity market risk is concentrated in the United States and Europe and is highly sensitive to general economic and stock market conditions. The estimated potential exposure of our consolidated net assets to a 10% decline in all stock markets as of December 31, 2002, without taking into account any portfolio diversification effects, would be an after-tax reduction in net assets of US$ 39.8 million, which represents approximately 2.3% of our total shareholders equity as of December 31, 2002. An additional US$ 6.0 million of after-tax losses would be incurred related to our variable annuity business.

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Management s discussion and analysis of financial condition and results of operations (continued)

Our strategic asset allocation combines a large percentage of investments in high-quality bonds with investments in equity securities. This allocation seeks to generate strong positive returns with acceptable risks over the long term, while protecting against excessive risks in periods of severe market distress. During a severe stock market correction associated with a weak economy, recession or depression, losses in the fair market value of equity securities tend to be partially offset by gains on high-quality bonds arising from falling interest rates. We seek to match our investments with our underlying liabilities in the countries and territories in which we operate. Consequently, we strive to keep our equity portfolio diversified so as to provide a broad exposure across major sectors of individual stock markets. We restrict our maximum investment in any one equity security or equity sector by reference to local benchmarks and insurance regulations.

Foreign Exchange Risk

Our general practice is to invest in assets that match the currency in which we expect related liabilities to be paid. Shareholders equity held in local insurance units is primarily kept in local currencies to the extent that shareholders equity is required to satisfy regulatory and self-imposed capital requirements. This facilitates our efforts to ensure that capital held in local insurance units will be able to support the local insurance business irrespective of currency movements. However, this may result in adverse effects on our reported shareholders equity when expressed in U.S. dollars.

The table below shows the approximate effect on shareholders equity of instantaneous adverse movements in currency exchange rates of 10% on our major currency exposures at December 31, 2002 against the U.S. dollar.

	Adverse exchange rate movement against the U.S. dollar	Approximate decline in shareholders' equity
Euro	10%	$12 million
Swiss franc	10%	$80 million

As of December 31, 2002, we had an unrealized cumulative translation gain of US$ 113.9 million, compared to a loss of US$ 21.9 million at December 31, 2001. This change was mostly due to the weakening of the U.S. dollar against the European currencies and the translation of our share capital and additional paid-in capital from Swiss francs to U.S. dollars using historical exchange rates, as required under SFAS 52, Foreign Currency Translation .

Our reported premiums, losses and expenses are also affected by exchange rate fluctuations. Business written in currencies other than the US dollar is translated at average exchange rates for the period, and therefore exchange rate movements from period to period can have a significant effect on our U.S. dollar reported premiums, losses and expenses.

The table below shows the percentage of key income statement and balance sheet items, denominated by our main currencies as of and for the year ended December 31, 2002:

	U.S. dollar	Euro	U.K. pound	Swiss franc	Japanese yen	Other	Total
Income statement							
Net premiums written	60%	13%	15%	1%	2%	9%	100%
Net investment income	74%	13%	8%	3%		2%	100%
Losses and loss adjustment expenses	64 %	11 %	15 %		1 %	9 %	100%
Life benefits and policyholder dividends	62%	33%		1%		4%	100%
Underwriting acquisition costs	63%	17%	9%	1%	2%	8%	100%
Other operating and administration expenses	43%	10%	3%	41%		3%	100%
Interest expense	100%						100%
Balance sheet							

Total invested assets	73%	12%	10%	4%		1%	100%
Reinsurance assets	80%	11%	6%	3%			100%
Losses and loss adjustment expenses, gross	66%	14%	14%	1%	1%	4%	100%
Unearned premiums, gross	60%	11%	22%	1%	1%	5%	100%
Future life benefits, gross	48%	48%		1%		3%	100%
Debt	100%						100%

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Management s discussion and analysis of financial condition and results of operations (continued)

Cautionary note regarding forward-looking statements

This Management s discussion and analysis of financial condition and results of operations contains certain forward-looking statements. Forward-looking statements are necessarily based on estimates and assumptions that are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which, with respect to future business decisions, are subject to change. These uncertainties and contingencies can affect actual results and could cause actual results to differ materially from those expressed in any forward-looking statements.

In particular, statements using words such as expect, anticipate, intend, believe or words of similar import generally involve forward-looking statements. In light of the risks and uncertainties inherent in all future projections, the inclusion of forward-looking statements should not be considered a representation by us that our objectives or plans will be achieved. Numerous factors could cause our actual results to differ materially from those in the forward-looking statements, including the following:

cyclicality of the reinsurance industry

uncertainties in our reserving process

the occurrence of natural and man-made catastrophic events with a frequency or severity exceeding our estimates

acts of terrorism and acts of war

changes in economic conditions, including interest and currency rate conditions that could affect our investment portfolio

actions of competitors, including industry consolidation and development of competing financial products

a decrease in the level of demand for our reinsurance or increased competition in our industries or markets

the lowering or loss of one of the financial or claims-paying ratings of one or more of our subsidiaries

political risks in the countries in which we operate or in which we reinsure risks

the passage of additional legislation or the promulgation of new regulation in a jurisdiction in which we operate or where our subsidiaries are organized

changes in our investment results as a result of the changed composition of our invested assets or changes in our investment policy

failure of our retrocessional reinsurers to honor their obligations

failure to prevail in any current or future arbitration or litigation

risks associated with implementing our business strategies

extraordinary events affecting our clients, such as bankruptcies and liquidations

The factors listed above should not be construed as exhaustive. We cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those described in any forward-looking statements. Except as otherwise required by law, we undertake no obligation to publicly release any future revisions we may make to forward-looking statements to reflect subsequent events or circumstances or to reflect the occurrence of unanticipated events.

The Company has made it a policy not to provide any quarterly or annual earning guidance and it will not update any past outlook for full year earnings. It will, however, provide investors with perspective on its value drivers, its strategic initiatives and those factors critical to understanding its business and operating environment.

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Converium Group
Report of the Group auditors

To the General Meeting of Shareholders of Converium Holding Ltd, Zug

We have audited the accompanying consolidated and historical combined balance sheets of Converium Holding Ltd as of December 31, 2002 and 2001 and the related consolidated and historical combined statements of income, cash flows and changes in equity for each of the three years in the period ended December 31, 2002, included on pages 28 through 66, all expressed in United States dollars.

The consolidated and historical combined financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these consolidated and historical combined financial statements based on our audits. We confirm that we meet the Swiss legal requirements concerning professional qualifications and independence.

Our audits were conducted in accordance with auditing standards promulgated by the Swiss profession and with auditing standards generally accepted in the United States of America. Those standards require that an audit be planned and performed to obtain reasonable assurance about whether the consolidated and historical combined financial statements are free from material misstatement. We have examined on a test basis, evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall consolidated and historical combined financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated and historical combined financial statements referred to above present fairly, in all material respects, the financial position of Converium Holding Ltd at December 31, 2002 and 2001, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2002, in conformity with accounting principles generally accepted in the United States of America and comply with Swiss law.

We recommend that the consolidated and historical combined financial statements submitted to you be approved.

PricewaterhouseCoopers Ltd

L. Marbacher A. Hill

Zurich, February 5, 2003

Converium Group
Consolidated and historical combined statements of income

(US$ million, except per share information) Year ended December 31	Notes	2002	2001	2000
Revenues				
Gross premiums written		3,535.8	2,881.2	2,565.8
Less ceded premiums written		-213.6	-398.6	-569.8
Net premiums written	9	3,322.2	2,482.6	1,996.0
Net change in unearned premiums		-156.7	-187.4	-134.5
Net premiums earned	9	3,165.5	2,295.2	1,861.5
Net investment income	6	251.8	228.7	176.0
Net realized capital (losses) gains	6	-10.3	-18.4	83.7
Other (loss) income		-1.2	-5.8	29.3
Total revenues		3,405.8	2,499.7	2,150.5
Benefits, losses and expenses				
Losses and loss adjustment expenses	8	-2,335.3	-2,163.1	-1,520.0
Life benefits and policyholder dividends	9	-156.7	-137.4	-84.5
Underwriting acquisition costs	9	-666.7	-508.1	-454.4
Other operating and administration expenses		-173.3	-146.4	-116.0
Interest expense	10	-16.4	-24.2	-17.1
Amortization of goodwill	7		-7.8	-7.3
Restructuring costs	3		-50.0	
Total benefits, losses and expenses		-3,348.4	-3,037.0	-2,199.3
Income (loss) before taxes		57.4	-537.3	-48.8
Income tax benefit	11	49.4	169.9	19.5
Net income (loss)		106.8	-367.4	-29.3
Basic earnings (loss) per share	21	2.68	-9.18	-0.73
Diluted earnings (loss) per share	21	2.64	-9.18	-0.73

The notes to the consolidated and historical combined financial statements are an integral part of these financial statements.

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Converium Group
Consolidated balance sheets

(US$ million, except share information) Year ended December 31	Notes	2002	2001
Assets			
Invested assets			
Available-for-sale securities:			
Fixed maturities	6	3,443.1	2,331.4
Equity securities	6	530.8	701.4
Other investments	6	177.3	195.1
Short-term investments		318.0	89.5
Total investments		4,469.2	3,317.4
Funds Withheld Asset	6	1,648.1	1,598.5
Total invested assets		6,117.3	4,915.9
Other assets			
Cash and cash equivalents		361.5	420.5
Premiums receivable		1,721.3	1,015.1
Reinsurance assets:			
Underwriting reserves	9	1,627.7	1,668.1
Insurance balances receivable, net		239.9	400.2
Funds held by reinsureds		935.9	523.4
Deferred policy acquisition costs		264.9	217.9
Deferred income taxes	11	391.8	300.4
Other assets	7	390.7	245.0
Total assets		12,051.0	9,706.5
Liabilities and equity			
Liabilities			
Losses and loss adjustment expenses, gross	8	6,821.3	5,710.5
Unearned premiums, gross	9	1,170.7	968.7
Future life benefits, gross	9	371.7	252.0
Other reinsurance liabilities		661.6	315.9
Funds held under reinsurance contracts		429.5	430.8
Deferred income taxes	11	133.9	106.5
Accrued expenses and other liabilities		333.9	154.3
Debt	10	390.4	197.0
Total liabilities		10,313.0	8,135.7
Equity			
Common stock CHF 10 nominal value, 40,006,217 and 40,000,000 shares issued, respectively (39,904,647 and 40,000,000 shares outstanding, respectively)	14	253.0	253.0
Additional paid-in capital		1,330.9	1,336.5
Treasury stock, 101,570 and nil shares, respectively		-3.3	
Unearned stock compensation	13	-10.0	-27.1
Accumulated other comprehensive income (loss):			
Net unrealized gains on investments, net of taxes	6	-53.3	30.3

Cumulative translation adjustments	113.9	-21.9
Total accumulated other comprehensive income	60.6	8.4
Retained earnings	106.8	
Total equity	1,738.0	1,570.8
Total liabilities and equity	12,051.0	9,706.5

The notes to the consolidated and historical combined financial statements are an integral part of these financial statements.

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Converium Group
Consolidated and historical combined statements of cash flows

(US$ million) Year ended December 31	2002	2001	2000
Cash flows from operating activities			
Net income (loss)	106.8	-367.4	-29.3
Adjustments for			
Net realized capital losses (gains) on investments	10.3	18.4	-83.7
Amortization of premium discount	20.6	6.2	1.9
Depreciation and amortization	38.2	37.0	21.1
Premium for September 11th coverage			