DELAWARE INVESTMENTS MINNESOTA MUNICIPAL INCOME FUND II, INC
Form N-Q
August 28, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number:	811-07420
Exact name of registrant as specified in charter:	Delaware Investments® Minnesota Municipal Income Fund II, Inc.
Address of principal executive offices:	2005 Market Street Philadelphia, PA 19103
Name and address of agent for service:	David F. Connor, Esq. 2005 Market Street Philadelphia, PA 19103
Registrant's telephone number, including area code:	(800) 523-1918
Date of fiscal year end:	March 31
Date of reporting period:	June 30, 2018

Item 1. Schedule of Investments

Schedule of investments

Delaware Investments® Minnesota Municipal Income Fund II, Inc.
June 30, 2018 (Unaudited)

	Principal Amount°		Value (US $)
Municipal Bonds – 143.34%			
Corporate Revenue Bonds – 2.63%			
Laurentian Energy Authority I Cogeneration Revenue Series A 5.00% 12/1/21	2,725,000	$	2,690,393
St. Paul Port Authority Solid Waste Disposal Revenue (Gerdau St. Paul Steel Mill Project) Series 7 144A 4.50% 10/1/37 (AMT) #	1,715,000		1,630,039
			4,320,432
Education Revenue Bonds – 19.38%			
Bethel Charter School Lease Revenue (Spectrum High School Project) Series A 4.375% 7/1/52	1,100,000		1,102,024
Brooklyn Park Charter School Lease Revenue (Prairie Seeds Academy Project)			
Series A 5.00% 3/1/34	990,000		1,017,581
Series A 5.00% 3/1/39	170,000		172,491
Cologne Charter School Lease Revenue (Cologne Academy Project)			
Series A 5.00% 7/1/29	270,000		285,771
Series A 5.00% 7/1/45	445,000		447,514
Deephaven Charter School (Eagle Ridge Academy Project)			
Series A 5.25% 7/1/37	590,000		624,279
Series A 5.25% 7/1/40	500,000		527,505
Forest Lake Minnesota Charter School Revenue (Lake International Language Academy) 5.75% 8/1/44	705,000		750,860
Hugo Charter School Lease Revenue (Noble Academy Project)			
Series A 5.00% 7/1/34	255,000		266,261
Series A 5.00% 7/1/44	775,000		798,033
Minneapolis Charter School Lease Revenue (Hiawatha Academies Project)			
Series A 5.00% 7/1/36	750,000		758,377
Series A 5.00% 7/1/47	900,000		897,264
Minneapolis Student Housing Revenue			

(Riverton Community Housing Project)		
5.25% 8/1/39	205,000	213,643
5.50% 8/1/49	990,000	1,039,411
Minnesota Higher Education Facilities Authority Revenue		
(Bethel University) 5.00% 5/1/47	1,250,000	1,360,563
(Carleton College)		
4.00% 3/1/36	485,000	510,380
5.00% 3/1/44	905,000	1,040,632
(College of St. Benedict)		
4.00% 3/1/36	410,000	418,561
(Gustavus Adolphus College) 5.00% 10/1/47	2,100,000	2,360,967
(Macalester College)		
4.00% 3/1/42	900,000	940,878
4.00% 3/1/48	600,000	623,136
(St. Catherine University) Series 7-Q 5.00% 10/1/32	700,000	762,951
(St. Johns University)		
Series 8-I 5.00% 10/1/31	235,000	265,552
Series 8-I 5.00% 10/1/34	35,000	39,187
(St. Olaf College) Series 8-N 4.00% 10/1/35	590,000	624,822
(St. Scholastic College) Series H 5.25% 12/1/35	1,000,000	1,034,340
(Trustees Of The Hamline University Of Minnesota) Series B 5.00% 10/1/47	1,055,000	1,140,719
(University of St. Thomas)		
Series 7-U 5.00% 4/1/22	750,000	828,473
Series A 4.00% 10/1/37	500,000	522,800
Otsego Charter School (Kaleidoscope Charter School)		
Series A 5.00% 9/1/34	230,000	234,377
Series A 5.00% 9/1/44	400,000	402,924
Rice County Educational Facilities Revenue (Shattuck-St. Mary's School) Series A 144A 5.00% 8/1/22 #	1,250,000	1,321,387

(continues)

Schedule of investments

Delaware Investments® Minnesota Municipal Income Fund II, Inc. (Unaudited)

	Principal Amount°	Value (US $)
Municipal Bonds (continued)		
Education Revenue Bonds (continued)		
St. Cloud Charter School Lease Revenue (Stride Academy Project) Series A 5.00% 4/1/46	375,000	$ 226,129
St. Paul Housing & Redevelopment Authority Charter School Lease Revenue (Academia Cesar Chavez School Project) Series A 5.25% 7/1/50	825,000	764,957
(Great River School Project) Series A 144A 4.75% 7/1/29 #	100,000	101,463
Series A 144A 5.50% 7/1/38 #	240,000	249,842
(Nova Classical Academy Project) Series A 4.125% 9/1/47	750,000	736,837
Series A 6.375% 9/1/31	750,000	824,805
(Twin Cities Academy Project) Series A 5.30% 7/1/45	630,000	648,528
University of Minnesota Series A 5.00% 9/1/40	1,240,000	1,443,794
Series A 5.00% 9/1/42	2,000,000	2,323,460
State Supported Stadium Debt Series A 5.00%		

8/1/26	1,000,000	1,173,980
		31,827,458
Electric Revenue Bonds – 15.18%		
Central Minnesota Municipal Power Agency Revenue (Brookings Southeast Twin Cities Transportation) 5.00% 1/1/32	1,130,000	1,216,897
(Brookings Twin Cities Transmission Project) 5.00% 1/1/42	1,000,000	1,070,340
Chaska Electric Revenue Series A 5.00% 10/1/28	445,000	507,518
Minnesota Municipal Power Agency Electric Revenue		
5.00% 10/1/25	500,000	575,265
5.00% 10/1/26	500,000	573,080
5.00% 10/1/27	320,000	365,776
5.00% 10/1/47	1,755,000	1,975,481
Northern Municipal Power Agency Series A 5.00% 1/1/26	100,000	110,431
Series A 5.00% 1/1/30	340,000	370,784
Rochester Electric Utility Revenue Series A 5.00% 12/1/42	605,000	693,378
Series A 5.00% 12/1/47	985,000	1,124,959
Series B 5.00% 12/1/30	1,300,000	1,466,309
Series B 5.00% 12/1/43	1,000,000	1,110,790
Southern Minnesota Municipal Power Agency Supply Revenue		

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As a foreign private issuer we are not currently subject to Section 404 of the Sarbanes-Ox
implementation project two material weaknesses were identified within Converium s
significant deficiency, or combination of significant deficiencies, that results in more thar
prevented or detected.
The first weakness identified as of December 31, 2004 was the need to train or recruit sui
key finance employees. The second weakness identified was the failure in the operation c

Converium s Audit Committee subsequently identified two additional material weakness
analyses reflect all relevant elements of contractual relationships entered into by Converi
completeness and reporting of certain components of the income tax payables and deferr
Converium is in the process of addressing these weaknesses. However, if our remedial m
may be adversely affected.

The SEC, as directed by SOX 404, adopted rules requiring public companies to include a
Form 20-F that contains an assessment by management of the effectiveness of the compa
and report on management s assessment of the effectiveness of the company s internal c
actions or the impact of the same on our operations. Under the current rules, as a foreign
year ending December 31, 2006. If we are unable to remedy the material weaknesses we
at that time, management will not be permitted to conclude that our internal controls over
over financial reporting are effective, if our independent group auditors are not satisfied v
designed, operated or reviewed, or if the independent group auditors interpret the require
assessment or may issue a report that is qualified. Any of these possible outcomes could r
reliability of our financial statements, which ultimately could negatively impact the mark

Consolidation in the insurance industry could lead to lower margins for us and less de

The insurance industry overall is undergoing a process of consolidation as industry partic
market power through merger and acquisition activities. These larger entities may seek to
services they purchase. If competitive pressures compel us to reduce our prices, our opera
As the insurance industry consolidates, competition for customers may become more inte
incur greater expenses relating to customer acquisition and retention, which could reduce
negotiating position when buying reinsurance and may be able to spread their risks across

Regulatory or legal changes could adversely affect our business

Insurance laws, regulations and policies currently governing our clients and us may chan
timing or form of any future regulatory initiatives. We are subject to applicable governm
United States, the United Kingdom and Germany. Regulatory agencies have broad admin
concerned primarily with the protection of policyholders rather than shareholders or cred
Recently, the insurance and reinsurance regulatory framework has been subject to increa
governmental involvement in the insurance industry, initiatives aimed at premium contro
which could adversely affect the reinsurance business and economic environment. Such c
products and services, or result in delays or cancellations of sales of our products and ser

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The reinsurance industry is also affected by political, judicial, regulatory and other legal
cannot predict the future impact of changing law or regulation on our business.

In addition the reinsurance industry may also be impacted by the New York Attorney Ge

We purchase retrocessional reinsurance, which may become unavailable on acceptabl

In order to limit the effect on our financial condition of large and multiple losses, we buy
prevented, insurers and reinsurers from obtaining the types and amounts of reinsurance w
obtain our desired amounts of retrocessional reinsurance. There is also no assurance that,
us as in prior years.

A retrocessionaire s insolvency or its inability or unwillingness to make payments under
condition, results of operations or cash flows. Therefore, our retrocessions subject us to c
companies. See Item 4. B. Business Overview Retrocessional reinsurance and No

Because we depend on a small number of reinsurance brokers for a large portion of ou of operations or cash flows

We market our reinsurance products worldwide in substantial part through reinsurance b
intermediaries produced approximately 11.0% and 9.0% of our gross premiums written,
material adverse effect on our financial condition, results of operations or cash flows.

Our reliance on reinsurance brokers exposes us to their credit risk

In 2004, approximately 52% of our gross premiums written were written through brokers
reinsurance brokers, and these brokers, in turn, pay these amounts over to the insurers th
some jurisdictions, or pursuant to some contractual arrangements, if a broker fails to mak
jurisdictions, when the ceding insurer pays premiums for these policies to reinsurance br
no longer be liable to us for those amounts, whether or not we have actually received the
of credit risk associated with reinsurance brokers around the world.

We may be adversely affected if Zurich Financial Services or its subsidiaries fail to ho

As part of the Formation Transactions described under Formation transactions and rela
Financial Services and its affiliates including the Master Agreement, the Quota Share Re
lease agreements and certain indemnity agreements. Among other things, under the Quot
substantial amount of our investment returns. Additionally, Zurich Financial Services, th
recoveries, for losses and loss expenses arising out of the September 11th terrorist attack
addition, subsidiaries of Zurich Financial Services have provided us with retrocessional
specified taxes and other matters and agreed to lease or sublease office space to us. Ther
In addition, Zurich Financial Services subsidiaries remain the legal counterparty for man
these contracts, if these Zurich Financial Services subsidiaries do not honor their commit
Information on the Company A. History and Development of the Company .

We may be restricted from consummating a change of control transaction, disposing o

Certain tax considerations and contractual arrangements with Zurich Financial Services
new lines of business. See Formation transactions and relationship with Zurich Financi

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We are also restricted from disposing of assets under the terms of our indenture relating t
Our inability to dispose of assets or enter new lines of business may render us less able to
our financial condition, results of operations or cash flows.

European Reinsurance Directive may disadvantage companies like us which are not es

In June 2005, the European Parliament adopted a proposal for a directive (the Directive
applicable to the operation of reinsurance business in a Member State and rules regarding
is based largely on solvency related concepts stipulated in the prior directive adopted by t
discrimination of non-EU based reinsurance companies. However, if the final implement
Converium AG in its doing business in the EU, as Converium AG derives a substantial p
adverse effect on our financial condition, results of operations or cash flows.

ITEM 4. INFORMATION ON THE COMPANY

Converium Holding AG was incorporated in Switzerland on June 19, 2001 as a joint s
June 21, 2001 in the Commercial Register of the Canton of Zug with registered number C

A. HISTORY AND DE

On March 22, 2001, Zurich Financial Services announced its intention to divest substanti
business had been managed and operated as a global operation since 1998. We refer to ou
Transactions . As part of the Formation Transactions, ownership of this business was co
The Formation Transactions consisted of the following principal steps:

The transfer to us of the Zurich Re reinsurance business now conducted by Conver

- o Our reinsurance of this business through quota share retrocession agreements with tw
- o The establishment of funds withheld balances in our favor by the applicable units
  Zurich Financial Services units;
- o The transfer of assets including cash, marketable securities and participations by Zuri

The acquisition of the Cologne reinsurance business through the transfer by a subsidi
Converium Rückversicherung (Deutschland) AG. Converium s interest in Converiu

The acquisition of the North American reinsurance business through the transfer by a
America) Inc. to CHNA Inc., a wholly owned subsidiary of Converium AG. In conju
Financial Services, and Zurich Reinsurance (North America), Inc. was renamed CRN

The sale of 35,000,000 of our registered shares to the public by Zurich Financial Serv
registered shares to the public by Zurich Financial Services on January 9, 2002 as a r
100% of our shares; and

After our initial public offering, Converium AG used cash transferred to us by Zurich
of residential and commercial rental properties located in Switzerland.

As part of the Formation Transactions, Zurich Financial Services and its subsidiaries tran

The shareholders equity of the legal entities comprising our operating businesses;

The operating assets of the Zurich reinsurance business; and

The balance of the assets transferred to us consisted of investments and cash, of whic

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Converium AG to acquire residential and commercial rental properties located in Switzer
For a description of the agreements and transactions involved in the Formation Transacti
arrangements with Zurich Financial Services, see Item 10. Additional Information C
For description of our capital raising activities that occurred in October 2004, see Item 1
Converium Finance S.A. is a company incorporated for unlimited duration under the laws
with a par value of 10 per share, 3,099 of which are owned by Converium AG and one c
fully paid. Converium Finance S.A. s registered office is 54, boulevard Napoleon Ier, L-
the acquisition, the management, the enhancement and the disposal of participations in w
Converium Insurance (UK) Ltd is an insurance company that incorporated for unlimited c
Kingdom Financial Services Authority dated May 27, 2003. Converium Insurance (UK) l
business relating to GAUM, MDU and SATEC. It has authorized share capital of GBP 60
Converium Holdings (UK) Ltd.
Converium PCC Ltd, Guernsey, is a company incorporated for an unlimited time in Guer
Transactions of the IPO. The company holds a reinsurance license from the Guernsey Fin
reinsurance between certain branch offices of Converium AG and the parent.
In 2004, we formed Converium Finance (Bermuda) Ltd, as well as Converium IP Manage
process, Converium Holding AG has contributed the rights to commercially exploit the C
agreement with Converium IP Management Ltd allowing the latter to commercially explo
and subsidiaries. We implemented this corporate change mainly to comply with relevant
current tax status of Converium Holding AG as a holding company.

B. BU

Overview

We are an international reinsurer whose business operations are recognized for innovatio
of non-life and life reinsurance mainly in Europe, Asia-Pacific and Latin America. We ac
business plans and needs. We focus on core underwriting skills and on developing close c
We offer a broad range of mostly traditional non-life and life reinsurance solutions to hel
are General Third Party Liability, Motor, Personal Accident (assumed from non-life insur
Professional Liability and other Special Liability and Workers Compensation. In Life &
surplus coverage and financing contracts, and Accident and Health.
We underwrite reinsurance both directly with ceding companies and through intermediari
reinsurance purchasing method. In 2004, 52% of our gross premiums written were writter
During 2004, our business was organized around three operating segments: Standard Pro
principally on lines of business. The business segments are supported by global business
global services such as Human Resources, Finance and IT. We believe that this structure
stated, the information presented in this Annual Report on Form 20-F/A is presented on t

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In the first quarter of 2005, Converium formally adopted a change to the reporting line of
of CRNA into orderly run-off and management s desire to monitor this business on a sta
segments: Standard Property & Casualty Reinsurance, Specialty Lines and Life & Health
The Run-Off segment includes all business, both life and non-life, originating from CRN
included in this Annual Report on Form 20-F/A is presented on the basis of the three busi
as appropriate. In addition to the four segments financial results, the Corporate Center c
Committee, and other corporate functions.
There are types of business which we historically participated in that we will no longer be
run-off. We have discontinued the writing of reinsurance from offices located in North A
select accounts. This business will be underwritten and managed through Converium AG

Restatement of Previously Issued Financial Statements

Ongoing investigations of the insurance and reinsurance industry and non-traditional insu
governmental authorities, including the U.S. Securities and Exchange Commission and th
On March 8, 2005, MBIA issued a press release stating that MBIA s audit committee un
would replace Axa Re Finance as a reinsurer to CRNA by no later than October 2005. Th
Axa Re Finance in 1998. Thereafter, on April 19, 2005, CRNA received subpoenas from
documents related to certain transactions between CRNA and MBIA. Converium has also
authorities in Europe regarding non-traditional insurance and reinsurance products and/or
with the governmental authorities.
In view of the industry investigations and the events relating to MBIA described above, C
reinsurance transactions, including the MBIA transaction. The internal review, which was
and Converium s own decision to review certain additional items. The internal review in
other reinsurance transactions and encompassed all business units of Converium, a review
current members of the Global Executive Committee and the Board of Directors, as well
Committee believes that the scope and process of the internal review has been sufficient t
reinsurance, rather than as deposits. After discussing the findings of Converium s extens
corrections below were appropriate and authorized the Restatement of Converium s fina
included in these financial statements for the years ended December 31, 2004, 2003 and 2
its independent group auditors, PricewaterhouseCoopers Ltd. Financial information for ea
financial statements for any of the above periods should no longer be relied upon. All am

Restatement overview

As a result of the internal review, Converium has concluded that the accounting for a num
financial and other data should be restated. The Restatement of reinsurance contracts rela
reinsurance agreements transfer significant risk, as required by SFAS 113. Cash flows un
Reinsurance contracts that do not transfer significant risk are not reported as premiums ar
assets or liabilities with associated other income or expense. Converium also restated its a

Our Strategy

Early in 2004 Converium adopted a comprehensive corporate strategy intended to build c
Committee adjusted the business model in response to developments which led to

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the decision to cease underwriting in North America, and in response to the subsequent d
rating to BBB+ and B++ , respectively.
Certain key elements of Converium s post-IPO strategy have remained both profitable an
financial targets based on current estimates. Converium continued to attract business in ta
appetite for a mid-sized, independent reinsurer, and justifies shareholders decision at the
delivering consistency and continuity under its existing business model. Current strengths
direct client relationships in Continental Europe and elsewhere. In general, such relations
case of Converium s contract renewals for January 1, 2005, the greatest business continu
levels, with or without the involvement of intermediaries. In addition, the strategic divers
business at its source. These steps include the development of strategic partnerships such
formation of Converium s corporate name at Lloyd s to support clients operating in that
Asia-Pacific region, and refocusing and expanding of Converium s Life & Health Reinsu
underwriting in certain specialty lines markets and to maintain a thoroughly technical and
Company s resilience.

Looking ahead

Despite the strength of Converium s strategic business model, changes lie ahead. The Co
reinsurance buyers within client segments dependent on reinsurance. This move is suppor
support and financial and natural-hazard modeling. Geographically, Converium now focu
The Company will continue to serve North American customers selectively from Zurich,
commutation strategy. A restructuring process is now underway to ensure that Converium
that will benefit from its strong capitalization following the 2004 rights offering. Converi
lines underwriting. Although 2004 was a challenging year for Converium, the validity of
model will be further enhanced in 2005, with a clear line-of-business and geographical fo

Our vision

We aim to be a core competitor in the international reinsurance industry, contributing to t
efficiently manage their risk. We aspire to be recognized as an agile, credible and interact

Our mission

We are an international multi-line reinsurer that satisfies our clients business needs by e
provide:

- sustainable value growth for our shareholders;
- excellent service for our customers and intermediaries;
- a fulfilling work environment for our employees; and
- a spirit of shared responsibility within our community.

Our core business

Our core business is to analyze, assume and manage portfolios of insurance risks, and to r
segments is as follows:

Standard Property & Casualty Reinsurance

The Standard Property & Casualty Reinsurance segment is comprised of the General Thir
business. The Standard Property & Casualty Reinsurance segment s strategy is to contin
redefined following the

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latest rating agencies downgrading in the second half of 2004 and now focuses on partn
Our long-term client relationships are based on our capabilities, e.g. natural hazard expert
to earnings and cash flows. We remain committed to underwriting discipline to achieve t

Specialty Lines

The Specialty Lines segment includes the Agribusiness, Aviation & Space, Credit & Sure
Compensation lines of business. The Specialty Lines segment s strategy is to develop sp
intellectual assets in risk analysis, structuring, product design and risk modelling. We foc
structuring capabilities in certain areas, which is both a key driver of profitability as well
Wherever possible, Converium seeks to develop preferred access to specialty lines throug
such as strong control over the origination of their business, which prevent them from ha
to develop preferred access to these businesses are our strategic partnership with MDU in
share in its pool, as well as many strong relationships with specialized mono-line insurers
Also, Converium Underwriting Ltd, a Lloyd s Corporate Member, has successfully prov
Some specialty lines are subject to cyclical pricing fluctuations. Converium remains com
through cycle management.

Life & Health Reinsurance

The Life & Health Reinsurance segment comprises the Life and Disability and Accident
of Converium s income. Traditional life reinsurance has a low correlation to property an
segment will continue to grow its activities in its existing key markets, which are German
Austria, Denmark, Poland and the Czech Republic.

The business segments are supported by global business support functions such as Actua
Resources, Finance and IT.

Guiding principles for our business

We have established the following guiding principles for the development of our busines

Our lead objective is to maximize economic value. The metrics we use to measure thi
to implement economic value-based management at Converium and is the key metric
economic value added attached to all reinsurance contracts in our portfolio and takes
expected premiums, expected losses and all other internal and external costs includin
net present value created for shareholders, in excess of the cost of capital;

To optimize our overall risk profile, we balance and diversify our portfolio by line of

All contracts we underwrite should be profitable in expectation; that is, a performan
must be greater than or equal to zero in expectation, at every renewal;

We seek to grow our relationships with our target clients, but sustainable profitability

Assumed retrocession, financial guarantees, underwriting authorities for assumed rei

In addition, we have established the following guiding principles to manage our business

Cycle management. We have a systematic approach to the allocation of capital and resou
businesses that do not meet our performance thresholds. Historically, the reinsurance cyc
franchise and our distribution and servicing platform provide broad access to an internati

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resources to those lines of business or markets in which profitability prospects are most f
as our transparent pricing approach, allow us to manage the cycle by moving in and out o

Risk management. We continue to maintain, develop and implement an enterprise risk ma
operational risk management, by balancing upside potential and downside risk, based on

Operational efficiency. We manage our expense base effectively through continuous anal
achieving synergies and efficiencies.

Retention management. We manage our gross and net risk positions on a legal entity basi

Investment policy. We allocate capital primarily to support underwriting risks with the ai
focuses on core portfolios of high-quality bonds and equities, generally managed passivel
real estate, credit portfolios and non-traditional or alternative investments; these portfoli
companies remains outside of our strategic scope.

Capital management. We are committed to strengthening our capitalization in order to en
and long-tail business. At the same time, we remain committed to returning capital to sha
and it does not jeopardize the perception of our financial strength.

Our business

We are an international professional reinsurer, which offers a broad range of non-life and
include General Third Party Liability, Motor, Personal Accident (assumed from non-life
Professional Liability and other Special Liability and Workers Compensation. The prin
and financing contracts, and Accident and Health.

In addition to our offices in Cologne, New York, Zug and Zurich, we have branch offices
Buenos Aires, Kuala Lumpur, London, Mexico City (to be closed in 2005), Sao Paulo an
company in London and finance subsidiaries in Luxembourg and Bermuda, an IP compa
Guernsey, facilitating intra-group reinsurance within Converium.

During 2004 our business was organized around three operating segments: Standard Pro
principally on lines of business. The business segments are supported by global business
global services such as Human Resources, Finance and IT. We believe that this structure
Information on the Company B. Business Overview for discussion regarding the reor

The table below presents, by segment, the distribution of our premiums written and (loss
operating segments, see Item 5 Operating and Financial Review and Prospects A. O
ratings downgrades and the run-off of our North American business, we expect a signific
distributions of premiums that we write going forward as compared to our historical perf

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$

Business Segment:
Standard Property & Casualty Reinsurance $
Specialty Lines
Life & Health Reinsurance
Corporate Center
Total $
Other loss
Interest expense
Impairment of goodwill
Amortization of intangible assets
Restructuring costs
Income tax expense
Net loss

Reported premium figures reflect the overall growth of the Company during the periods 2
time as the underlying exposure becomes increasingly certain. The impact is positive, i.e.
at policy inception. It is typically negative if estimated premiums for the assumed exposu
varies greatly because cedents in many countries around the world apply local practices f
(such as their reinsurers) and the timing of recording final premiums. In addition, accrual
premium accruals. The adjustment of acquisition costs tends to vary for the same reasons
actual loss experience (i.e., reinstatement premiums, sliding scale commissions, etc.), alth
The table below presents the composition of our gross premiums written and acquisition
December 31, 2004, 2003 and 2002:

	Reported	2004 Accrued (Restated) ($ millions)	Total
Standard Property & Casualty Reinsurance			
General Third Party Liability	391.4	44.9	436.3
Motor	596.2	-65.6	530.6
Personal Accident (assumed from non-life insurers)	51.6	-17.9	33.7
Property	656.3	42.6	698.9
Total Standard Property & Casualty Reinsurance	1,695.5	4.0	1,699.5
Specialty Lines			
Agribusiness	89.7	30.2	119.9
Aviation & Space	486.6	-10.2	476.4
Credit & Surety	126.4	48.0	174.4
Engineering	126.1	-7.6	118.5

Marine & Energy	95.5	-6.0	89.5
Professional Liability and other Special Liability	842.1	-210.9	631.2
Workers Compensation	246.1	-22.9	223.2
Total Specialty Lines	2,012.5	-179.3	1,833.2
Life & Health Reinsurance			
Life and Disability	342.5	-94.6	247.9
Accident and Health	206.9	-8.8	198.1

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	Reported	2004 Accrued (Restated) ($ millions)	Total
Total Life & Health Reinsurance	549.4	-103.4	446.0
Total	4,257.3	-278.7	3,978.7

Standard Property & Casualty Reinsurance			
General Third Party Liability	81.8	29.0	110.8
Motor	99.3	4.2	103.5
Personal Accident (assumed from non-life insurers)	17.6	-0.9	16.7
Property	149.4	31.4	180.8
Total Standard Property & Casualty Reinsurance	348.1	63.7	411.8
Specialty Lines			
Agribusiness	8.7	3.6	12.3
Aviation & Space	78.9	1.3	80.2
Credit & Surety	49.7	11.2	60.9
Engineering	32.2	-2.3	29.9
Marine & Energy	21.2	-1.5	19.7
Professional Liability and other Special Liability	171.2	-30.9	140.3
Workers Compensation	36.1	21.8	57.9
Total Specialty Lines	398.0	3.2	401.2
Life & Health Reinsurance			
Life and Disability	92.0	-38.3	53.7
Accident and Health	49.0	-3.3	45.7
Total Life & Health Reinsurance	141.0	-41.6	99.4
Total	886.2	25.3	912.4

The table below presents the geographic distribution of our gross premiums written for th

	2004 (Restated)	
	($ millions)	% c tota
United Kingdom*	1,160.8	29.
Germany	389.6	9.
France	158.2	4.
Italy	162.2	4.
Rest of Europe	379.8	9.
Far East	238.5	6.

Near and Middle East	124.3	3.
North America	1,253.3	31.
Latin America	130.0	3.
Total	$3,978.7	100.

* Premiums from the United Kingdom include business assumed through GAUM a
Aviation & Space as well as marine, where the exposures are worldwide in nature
company may not necessarily be indicative of the location of risk.

The table below presents the distribution of our net premiums written by line of business

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	2004 (Restated)	
	$ millions	% o tota
Standard Property & Casualty Reinsurance		
General Third Party Liability	$ 429.7	11
Motor	493.5	13
Personal Accident (assumed from non-life insurers)	34.5	0
Property	600.2	16
Total Standard Property & Casualty Reinsurance	1,557.9	41
Specialty Lines		
Agribusiness	126.9	3
Aviation & Space	404.5	10
Credit & Surety	169.6	4
Engineering	112.2	3
Marine & Energy	86.2	2
Professional Liability and other Special Liability	611.0	16
Workers Compensation	226.5	6
Total Specialty Lines	1,736.9	46
Total non-life reinsurance	3,294.8	88
Life & Health Reinsurance		
Life and Disability	234.8	6
Accident and Health	196.5	5
Total Life & Health Reinsurance	431.3	11
Total	$3,726.1	100

Types of Reinsurance

Both non-life reinsurance and life reinsurance can be written on either a proportional basi reinsurance and surplus reinsurance are types of proportional reinsurance. Some non-prop only triggered after covered losses exceed a specified attachment point. In the case of pro the covered insurance contract or contracts. In the case of non-proportional reinsurance, t amount, known as the ceding company s retention or the reinsurer s attachment point, s Premiums that the ceding company pays to a reinsurer for proportional reinsurance are a with the proportional sharing of risk. In addition, in proportional reinsurance, the reinsure the ceding company s cost of generating the business being reinsured, which includes co participation for originating the business, the amount of which is based on the claims exp company pays to a reinsurer for non-proportional reinsurance are not directly proportiona proportion of the ceding company s risk. The frequency of claims under a proportional r experience with proportional reinsurance contracts is generally more predictable.

Non-proportional non-life reinsurance is often written in layers. One or a group of reinsur another reinsurer or a group of reinsurers accepts the excess liability up to an additional s above the ceding company s retention is typically said to write lower layer excess reinsu lower layer reinsurer, but not for the reinsurers of any higher layers. Claims activity in lo availability of historical data, and therefore, like proportional reinsurance, better enables reinsurance is also written on an aggregate stop-loss basis to protect the ceding company

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Both non-life reinsurance and life reinsurance can be written either through treaty or facu
assumes, a specified portion of a type or category of risks insured by the ceding company
assumed under their treaties and are largely dependent on the original risk underwriting d
possibility that the ceding company has not adequately evaluated the risks to be reinsured
the risk assumed. Accordingly, the reinsurer s evaluation of the ceding company s risk r
impact the pricing of the treaty.

In facultative reinsurance, the ceding company cedes, and the reinsurer assumes, all or pa
not covered by their reinsurance treaties, for amounts in excess of the monetary limits of
coverages for relatively severe exposures, which results in greater volatility. The ability t
underwriter can price the contract to reflect more accurately the risks involved.

Non-traditional reinsurance involves structured reinsurance solutions tailored to meet ind
written on a structured/finite basis. Often these reinsurance solutions provide reinsurance
regulatory framework, as well as the changing market demands facing insurance compan
so.

We underwrite our product lines on a non-proportional and proportional basis, as well as
with treaty expertise, organizing them as focused teams around client relationship manag
between proportional and non-proportional underwriting and lines of business.

In 2004, $3.0 billion or approximately 76.5% of our gross premiums written were written
written on a non-proportional basis, and $0.3 billion or approximately 8.6% of our gross
The table below presents the distribution of our gross premiums written by type of reinsu

	2004 (Restated)	
	$ millions	% tot
Proportional	$3,043.8	76
Non-proportional	592.4	14
Structured/finite	342.5	8
Total	$3,978.7	100

Proportional and Non-proportional

We offer traditional reinsurance products on both a proportional and non-proportional ba
Space and Professional Liability and other Special Liability lines, to complement our esta
mainly due to an increase in proportional Property, Aviation & Space and Motor as well a
proportional business, especially in General Third Party Liability and Professional Liabil
We believe that clients and brokers actively seek our input in the evaluation and structuri
approach, organizational resources and financial condition. We have developed integrate
the professionals we have in our branch network. We offer facultative products to a limit
deploy our international specialty lines experts and local specialists to design solutions to

Structured/finite

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Structured/finite reinsurance solutions are marketed by our Standard Property & Casualty
focus on providing clients with innovative financial solutions for their risk management a
client or through a broker, we seek to develop client-specific solutions after spending tim
loss portfolio transfers and adverse loss development covers. Loss portfolio transfers invo
company for a fee. Coverage under adverse development covers is provided on an excess
Structured/finite products have several features that differ from traditional reinsurance pr
provisions; (iii) additional premiums based on actual loss experience, (iv) sliding scale co
maximum aggregate exposure.

We believe that to succeed in providing our clients with the solutions they need, we must
include underwriting, tax, accounting, actuarial and banking experts who can effectively
multi-disciplinary approach provides an efficient way to address the respective issues.

Some structured/finite reinsurance markets are rating-sensitive and due to our recent dow

Non-Life Operations

Overview

We operate our non-life reinsurance business through our two non-life segments: Standar
written of $3,532.7 million for the year ended December 31, 2004, representing 88.8% of
The following table sets forth our non-life reinsurance gross premiums written by type an

	2004 (Restated)	
	$ millions	% tot
Proportional		
General Third Party Liability	$ 410.5	15
Motor	400.7	15
Personal Accident (assumed from non-life insurers)	28.0	1
Property	473.4	18
Agribusiness	113.1	4
Aviation & Space	446.4	17
Credit & Surety	203.8	7
Engineering	114.2	4
Marine & Energy	72.6	2
Professional Liability and other Special Liability	338.8	12
Workers Compensation	22.6	0
Total Proportional	$2,624.1	100
Non-Proportional		
General Third Party Liability	$ 0.9	0
Motor	129.8	22
Personal Accident (assumed from non-life insurers)	5.7	1
Property	214.6	37
Agribusiness	6.8	1
Aviation & Space	30.0	5
Credit & Surety	17.1	3

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	2004 (Restated)	
	$ millions	% tot
Engineering	4.3	0
Marine & Energy	16.9	3
Professional Liability and other Special Liability	128.3	22
Workers Compensation	11.6	2
Total Non-Proportional	$ 566.0	100
Structured/Finite		
General Third Party Liability	$ 24.8	7
Motor		
Personal Accident (assumed from non-life insurers)		
Property	11.1	3
Agribusiness		
Aviation & Space		
Credit & Surety	-46.4	-13
Engineering		
Marine & Energy		
Professional Liability and other Special Liability	164.1	47
Workers Compensation	189.0	55
Total Structured/Finite	$ 342.6	100
Total		
General Third Party Liability	$ 436.2	12
Motor	530.5	15
Personal Accident (assumed from non-life insurers)	33.7	1
Property	699.1	19
Agribusiness	119.9	3
Aviation & Space	476.4	13
Credit & Surety	174.5	4
Engineering	118.5	3
Marine & Energy	89.5	2
Professional Liability and other Special Liability	631.2	17
Workers Compensation	223.2	6
Total	$3,532.7	100

The table below presents the loss, underwriting expense and combined ratios of our non-l
31, 2004, 2003 and 2002. This table represents an aggregation of line of business ratios fo
business and type of reinsurance. Any prior underwriting year development (positive or n

Loss, Expe
Year

2004

	Loss Ratio %	**(Restated) U/W Expense Ratio %**	**Combined Ratio(1) %**
General Third Party Liability	88.0%	27.6%	115.6%
Motor	97.8	19.1	116.9
Personal Accident (assumed from non-life insurers)	53.8	38.2	92.0
Property	54.2	27.2	81.4
Agribusiness	79.6	9.4	89.0
Aviation & Space	53.7	24.5	78.2

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	2004 (Restated)		
	Loss Ratio %	U/W Expense Ratio %	Combined Ratio(1) %
Credit & Surety	64.7	27.9	92.6
Engineering	76.7	25.5	102.2
Marine & Energy	87.5	21.4	108.9
Professional Liability and other Special Liability	138.2	21.1	159.3
Workers Compensation	96.2	23.9	120.1
Proportional	75.4	27.4	102.8
Non-Proportional	133.7	13.0	146.7
Structured/Finite	97.8	15.0	112.8
Total	87.4	23.6	111.0

(1) The combined ratios presented in this table exclude administration expenses.

For an explanation of ratio calculations, please refer to the Schedule of Segment Data on see Item 5 Operating and Financial Review and Prospects A. Operating Results .

Standard Property & Casualty Reinsurance

The Standard Property & Casualty Reinsurance segment s strategy is to continue as a sta following the latest rating agencies downgrading in the second half of 2004 and now fo and Australia. Our long-term client relationships are based on our capabilities, e.g. natura audits, contributing to earnings and cash flows. We remain committed to underwriting di management.

The lines of business of the Standard Property & Casualty Reinsurance segment are as fo

General Third Party Liability

We provide a broad range of coverage for reinsurance of industrial, manufacturer, operat proportional and non-proportional basis.

Motor

Motor insurance can include coverage in three major areas liability, physical damage a coverage payment for injuries and for property damage to third parties. Physical damage from other risks such as fire or theft. Accident benefits provide coverage for loss of inco accident, regardless of fault.

Personal Accident (assumed from non-life insurers)

We provide accident coverages for various business lines, including personal accident an

Property

We reinsure liability for physical damage caused by fire and allied perils such as explosi interruption and loss of rent as a result of an insured loss. Other sub-lines of Property rei The following table presents the distribution of net premiums written by our Standard Pr

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	2004 (Restated)	
	$ millions	% of t
Standard Property & Casualty Reinsurance:		
General Third Party Liability	$ 429.7	27
Motor	493.5	31
Personal Accident (assumed from non-life insurers)	34.5	2
Property	600.2	38
Total Standard Property & Casualty Reinsurance	$1,557.9	100

The following table presents the loss, underwriting expense and combined ratios of our S
years ended December 31, 2004, 2003 and 2002.

Loss, Expe
Year

	2004 (Restated)		
	Loss Ratio %	U/W Expense Ratio %	Combined Ratio(1) %
General Third Party Liability	88.0%	27.6%	115.6%
Motor	97.8	19.1	116.9
Personal Accident (assumed from non-life insurers)	53.8	38.2	92.0
Property	54.2	27.2	81.4
Proportional	70.7	28.1	98.8
Non-Proportional	93.0	11.3	104.3
Structured/Finite	156.8	30.1	186.9
Total Standard Property & Casualty Reinsurance	76.8	24.9	101.7

(1) The combined ratios presented in this table exclude administration expenses.

For an explanation of ratio calculations, please refer to the Schedule of Segment Data on
see Item 5 Operating and Financial Review and Prospects A. Operating Results .

Specialty Lines

The Specialty Lines segment s strategy is to develop specialty businesses in which Conv
structuring, product design and risk modelling. We focus on specialty businesses because
which is both a key driver of profitability as well as an effective barrier to entry in certain
through strong relationships, strategic partnerships or participations in entities that enjoy
having to compete in annual insurance or reinsurance auctions.

Wherever possible, Converium seeks to develop preferred access to specialty lines throug
such as strong control over the origination of their business, which prevent them from hav
to develop preferred access to these businesses are our strategic partnership with MDU in

share in its pool, as well as many strong relationships with specialized mono-line insurers
Also, Converium Underwriting Ltd, a Lloyd s Corporate Member, has successfully prov
Some specialty lines are subject to cyclical pricing fluctuations. Converium remains com
through cycle management.

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Due to the long-tail nature of many of the specialty lines of business, the emergence of ac
necessary for the specialty lines of business underwritten by the segment can be capital c
amount of growth and the business mix of the segment.

The lines of business of the Specialty Lines segment are as follows:

Agribusiness

We provide covers for specific named perils, traditional crop hail and bundled risks. Thes
and animal crops.

Aviation & Space

We provide reinsurance of personal accident and liability risks and hull damage in conne

Credit & Surety

Our credit coverages provide reinsurance for financial losses sustained through the failur
surety business relates to the reinsurance of risks associated with performance bonds and

Engineering

We write all lines of engineering risks including project risks (construction all risk and e
consequential loss resulting from both project and annual risk.

Marine & Energy

We provide reinsurance relating to the property and liability coverage of goods in transit

Professional Liability and other Special Liability

We offer specialized underwriting, actuarial and claims expertise for professional liabilit
liability. We also provide errors and omissions reinsurance coverage for specialized and

Workers Compensation

Our products include reinsurance for statutory workers compensation programs, as well
The following table presents the distribution of net premiums written by our Specialty Li

	2004 (Restated)	
	$ millions	% of t
Specialty Lines:		
Agribusiness	$ 126.9	7
Aviation & Space	404.5	23
Credit & Surety	169.6	9
Engineering	112.2	6
Marine & Energy	86.2	4
Professional Liability and other Special Liability	611.0	35
Workers Compensation	226.5	13
Total Specialty Lines	$1,736.9	100

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The following table presents the loss, underwriting expense and combined ratios of our S
2004, 2003 and 2002.

	Loss, Expe Year		
		2004 (Restated)	
	Loss Ratio %	U/W Expense Ratio %	Combined Ratio(1) %
Agribusiness	79.6%	9.4%	89.0%
Aviation & Space	53.7	24.5	78.2
Credit & Surety	64.7	27.9	92.6
Engineering	76.7	25.5	102.2
Marine & Energy	87.5	21.4	108.9
Professional Liability and other Special Liability	138.2	21.1	159.3
Workers Compensation	96.2	23.9	120.1
Proportional	80.6	26.6	107.2
Non-Proportional	185.4	14.8	200.2
Structured/Finite	92.5	13.7	106.2
Total Specialty Lines	97.2	22.4	119.6

(1) The combined ratios presented in this table exclude administration expenses.

For an explanation of ratio calculations, please refer to the Schedule of Segment Data on
see Item 5 Operating and Financial Review and Prospects A. Operating Results .

Life & Health Reinsurance

The Life & Health Reinsurance segment contains the following lines of business:

Life and Disability; and

Accident and Health.

We offer these lines of business on an international scale. We primarily conduct our Life
substantially grow our life reinsurance business. In addition, we have established branch
direct contacts with our Life & Health Reinsurance clients.

As a result of these initiatives, our Life and Disability and Accident and Health lines of b
premiums written increasing from $196.0 million in 2001 to $313.2 million at the end of

Our primary goal is to write Life & Health Reinsurance business that generates an attract

maintaining underwriting discipline and pursuing business that is attractive on a risk-

pursuing growth in markets we believe offer attractive opportunities, such as German

maintaining a low expense ratio;

selectively providing services in certain target markets to build loyalty and attract pre

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providing structured/finite solutions; and

leveraging our capital markets expertise which, among other things, provides us with

We are seeking to grow our Life & Health business operations significantly while not co
increasing percentage of our business in the near future.

We are focusing on the life reinsurance business because, among other reasons, we belie
cyclical than non-life reinsurance due to more predictable claims experience.

We expect that the demand from life insurers for financial support and reinsurance servic
non-traditional expertise will help us bring additional innovative solutions to our clients a

In addition to the growth in our life insurance markets described above, we believe that t

demutualizations of life insurance companies;

the increasing importance of non-traditional and more sophisticated life products;

aging of the population;

privatization of benefits that used to be provided by governments;

deregulation and increased competition among primary insurance companies from ne

the increasing need for products that reduce the volatility of earnings following the in

We also believe that our health business will positively contribute to the overall profitabi
market development in this area to be able to recognize early indications of turning mark

Competition

The reinsurance business is competitive and, except for regulatory considerations, there a

financial strength;

expertise, reputation, experience and qualifications of employees;

local presence;

client relationships;

products and services offered;

premium levels; and

contract terms and conditions.

As a direct writer of reinsurance, we compete with a number of major direct marketers of
reinsurers who write business through reinsurance brokers, and with Lloyd s of London.

Munich Reinsurance Company;

Swiss Reinsurance Company;

General Reinsurance Company, a subsidiary of Berkshire Hathaway, Inc.;

Employers Reinsurance Corporation, a subsidiary of General Electric Company;

Hannover Re Group, which is majority-owned by the mutual insurance group HDI H

- Lloyd s syndicates active in the London market;
- companies active in the Bermuda Market, including the PartnerRe Group, XL Capital
- Everest Reinsurance Company;
- Transatlantic Reinsurance Company; and
- SCOR.

Non-life underwriting, pricing/structuring and accumulation control

We regard underwriting and pricing as core skills. Underwriting is the process by which v manage our exposure, claims settlement and reserving risk for any particular

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exposure. In our view, underwriting requires a deep understanding of the client, their bus
a collaborative underwriting process that emphasizes communication and information sha
all of those disciplines to properly understand, assess, price and execute policies in a man
Our underwriters coordinate the access to our expertise and balance sheet capabilities to c
worldwide organization, covering a wide range of disciplines that help us assess our risk
in client management teams. Specifically, we have access to significant internal actuarial
approaches and risk models. Additionally, our underwriting process draws upon our mult
geologists, seismologists and mathematicians. These specialists and actuaries are based a
consideration of the most recent scientific developments. Moreover, we actively utilize a
In developing underwriting guidelines, we assess market conditions, quality of risks, past
a per claim, per event and per year basis, and employ aggregate annual limits and index c
to achieve an appropriate expected return on equity while safeguarding our solvency and
financial capitalization under normal circumstances and an adequate capitalization after a
During the underwriting process, we carefully seek to ensure that we employ coherent an
with our underwriting guidelines. Compliance with these rules is regularly reviewed by o
transactions, our legal staff is involved both in transaction structuring and contract wordi
Additionally, during the underwriting process, we assess and seek to control the amount a
region, peril or line of business, such as property catastrophe, aviation, marine, Agribusi
our accumulations and relate them to our overall risk appetite. Aggregates are revised reg
transformed into rules and parameters for underwriting decisions.

We are committed to underwriting for profit. In pricing, we are committed to price to an a
requires a constant management of the underwriting cycle including the avoidance of und
We allocate capital to transactions based on how they contribute to our portfolio s 1-in-1
well within our existing portfolio) are allocated a disproportionately larger amount of cap
amount of capital than smaller treaties. This capital approach helps the portfolio become
In pricing business, we analyze various aspects of a prospective non-life reinsured s busi
costs, historical and projected premium rate changes, financial stability and history, class
underwriting and claims guidelines, aggregation of loss potential (between contracts), the
existing reinsurance programs (including potential uncollectible reinsurance) and the qua
Our core pricing approach is to estimate the underlying frequency and severity of distribu
order to understand the cash flows, we estimate premium collection and loss payout patte
the profit function of the contract that reflects risk-free investment income generated by t
analyzing the treaty s dependency on the current and future planned portfolio. Key facto
liabilities and the correlation of the risk factors with the remainder of our book of busine
the deal less the cost of capital.

We also consider other items in our pricing analysis such as client and line of business de
tools to assess non-traditional or unusual structures. For specialized lines, such as Aviati
on risk factors specific to those lines of business. Our comprehensive approach to risk mo

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teams, allows us to quantify the potential financial impact of these measurable risks.

Our models give us the capability to easily and quickly analyze a contract under numerou
create a structure that satisfies our profit goals and risk appetite while simultaneously sati
algorithms and simulations enable us to price different structures promptly. We are able t

In order to fully realize the value of this ability, we seek to gain a deep and thorough und
complex contracts, actuaries and other technical experts are part of the transaction team.
transaction. For the remainder of our business, internal actuaries or other experts includin
mathematicians provide the analytic tools for the underwriters use.

In order to provide maximum feedback to our underwriting teams, we have developed ma
the last dollar is paid. We compare ultimate loss ratios with our original expectations and
between historic profitability and such variables as size of contract, production source, st

Non-life claims management

We have relationships with a large number of cedents. These cedents are domiciled in ma
This leads to a wide variety of approaches, in among other things, setting individual clai
reporting and applicable accounting rules can vary greatly by country and can potentially
format and level of detail. All of these factors need to be considered appropriately when

Individual claims reported to our non-life operating units are monitored and managed by
administration includes reviewing initial loss reports, monitoring claims handling activiti
approving payment of individual claims. Authority for payment and establishing reserves

In addition to managing reported claims and conferring with ceding companies on claims
procedures of our clients at the offices of ceding companies. We rely on our ability to eff
establish the proper reinsurance premium for reinsurance agreements and to establish pro
by underwriters to conduct pre-underwriting claims audits of prospective ceding compani

We attempt to evaluate the ceding company s claims-handling practices, including the o
notifications, the adequacy of their reserves, their negotiation and settlement practices an
feedback to the ceding company, including an assessment of the claims operation and, if

Our non-life operating units work together to coordinate issues in a cooperative effort inv
Services personnel help coordinate the reserving and risk assessment functions across ou

The claims departments are available to provide value-added services to customers, e.g.,
of interest, as well as maintaining a claims-related website.

Life operations underwriting and claims

We have developed underwriting guidelines, policies and procedures with the objective o
underwriting process emphasizes close collaboration among our underwriting, actuarial,
considering many factors, including the type of risks to be covered, ceding company rete
standards, financial strength and distribution systems.

We believe that one of our strengths is our expertise in medical underwriting. We seek to

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value-added service, share this expertise in order to build client loyalty and better underst
medical underwriting-related topics which may be accessed and utilized by our ceding co
We generally do not assume 100% of a life reinsurance risk and require the ceding comp
procedures and standards to take into account changing industry conditions, market devel
and procedures of our ceding client entities are compatible with ours. To this end, we con
Life, accident and disability claims generally are reported on an individual basis by the ce
documents. We also investigate claims generally for evidence of misrepresentation in the
specific claims and overall claims handling procedures of ceding companies.
We monitor the loss development of our life reinsurance treaties and compare them to ou
alternative contract provisions, including increased premiums or higher retentions.
For our life reinsurance business, the interaction between our actuaries and underwriters i
proprietary tools to assess the profitability of the business. Our life underwriting seeks to
analysis also includes sensitivity measures to control the risk exposure of our life portfoli

Catastrophe risk management and protection

Natural peril and man-made catastrophe risk management is an essential part of our overa
events, we have established a Global Catastrophe Group comprised of senior managemen
meets on a quarterly basis to review relevant aspects of our catastrophe underwriting and
An integral part of our Global Catastrophe Group is our Natural Hazards Team, located i
support to underwriters and pricing actuaries in our offices around the world. Natural Ha
centralizing key catastrophe risk functions in our Natural Hazards Team helps produce a
risk specialists design, maintain and support state-of-the-art risk modeling software to wh
In addition, we have adopted a central monitoring system (the Global Cat Data Platform)
analyses we focus on key zones where we face a geographic concentration or peak expos
such as Converium, since we may write business for the same peril or region from more t
than property catastrophe as well as between certain perils and regions.
A major component of our natural catastrophe risk management approach is to employ gl
modeling of portfolio additions, we seek to diversify our exposures while optimizing ava
on the natural catastrophe reinsurance premiums our balance sheet supports, while reduci
write additional business during periods of improving market conditions.
The principal goals of our natural hazard risk management procedures include:

- **Measuring, monitoring and managing natural hazard exposures:** For measuring
third-party models developed by specialized consultants to assist with catastrophe un
models indicate higher variability. In addition, we have developed fully proprietary p

  Our central monitoring system models loss potentials for storm and earthquake scena
perform accumulation analyses during renewal season. We believe that this centraliz
if there is a risk that our accumulations will reach levels that are not acceptable under
reinsurance protection.

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Assisting with optimal capacity utilization: We use return on risk based capital con
its performance. We do this by dynamically adjusting capacity allocation during rene
diversification potential. We also review pricing levels in several markets prior to ren

Supporting clients in all elements of natural hazards risk management: The expe
us to assist our clients in assessing their own loss potential and in designing efficient
reporting in the industry. For example, we made a significant contribution to the enha
companies, thereby assisting market participants to adopt common reporting and bett
data quality, enable more accurate risk assessment and reduce costs.

Following post-disaster loss developments: Our catastrophe risk specialists produce
our liquidity needs and determine whether we need to take any remedial action.

Historically, a majority of the natural catastrophe reinsurance we have written relates to e
catastrophic events which affect these regions, such as US hurricane, US earthquake, Eur
maximum loss basis, before giving effect to our retrocessional protection, are currently m
We use retrocessional reinsurance protection to assist our efforts to ensure that our risk to
reinsurance protection with capital market solutions, in order to diversify our sources of r
provide additional capacity to our clients and to improve our own results and risk profile.
are as follows:

the lack of availability of high credit quality reinsurance protection at competitive pri

to achieve protection at stable prices for a multi-year period;

to obtain better post-event liquidity relief compared to traditional retrocessionaires p

to diversify sources of risk bearing capacity from more traditional reinsurance produc

In 2004, we had the benefit of reinsurance protections on a worldwide basis in excess of
protections included both traditional reinsurance as well as the catastrophe protection des
property portfolio in excess of $25 million, once an annual aggregate deductible of $50 m
companies with AAA financial strength ratings.

In addition, in June 2004, we entered into a transaction with Helix 04 Ltd (Helix 04), a
catastrophe protection. Helix 04 s business consists solely of issuing five-year catastroph
to us from its funds to cover defined catastrophic losses. The owners of the securities are
payments made to us. The Helix 04 transaction replaced the Trinom transaction that we h
information on Helix.

The coverage we have obtained from the Helix 04 transaction is expected to reduce our n
on a notional portfolio. Perils covered by the Helix 04 transaction and the Catastrophe ag
losses that occur before June 23, 2009. Helix 04 provides a second event protection. The
notional portfolio exceeds $150 million. After this first event, we are covered for any eve
$175 million. The amount of coverage is $100 million.

We estimate our gross loss for each of the 2004 hurricanes to be less than the Helix 04 ac
request in respect of these losses.

Unlike traditional reinsurance, the Helix 04 transaction is fully collateralized to eliminate
horizon, securing a fixed-price capacity, which cannot be impaired by a

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severe first industry event. Due to the nature of the transaction, we are exposed to modeli
the notional portfolio (basis risk).
The following table illustrates our catastrophe protections in place in 2004:

Catastrophic Event(1)
1st Catastrophic Event

2nd Catastrophic Event

(1) A catastrophic event in a defined peril region.

(2) On a worldwide basis in excess of $100 million.

(3) Subject to a total recovery of $225 million over the term of the policy.

(4) Recovery is based on modeled losses on a notional portfolio, not on actual losses.

Lastly, with respect to man-made catastrophes such as acts of terrorism, we have introduc
contract the level of exclusion (absolute or partial, sub limit or other) and its level of expo
contract exposure and taking into account its level of exclusion. While our methodology i

Retrocessional reinsurance

We purchase retrocessional reinsurance to better manage risk exposures, protect against c
or indemnification of reinsurance is called a retrocession, and a reinsurer of a reinsurer is
and pricing for our retrocessional coverage and to help us better assess our overall portfol
underwriting process.

The major types of retrocessional coverage we purchase include the following:

- specific coverage for certain property, engineering, marine, aviation, satellite, motor a

- catastrophe coverage for property business;

- casualty clash coverage for potential accumulation of liability from treaties and facult

- aggregate stop-loss protections.

We have established a control procedure whereby our Chief Executive Officer and Chief
for all reinsurance purchases. One or more members of our senior executive team, genera
Prior to entering into a retrocessional agreement, we analyze the financial strength and ra
retrocessionaires is thereafter monitored. In addition, as part of our evaluation before purc
Retrocessional reinsurance arrangements generally do not relieve Converium from its dir
extent that any retrocessionaire is unable or unwilling to meet the obligations assumed un
$163.2 million, respectively, in collateral as security under related retrocessional agreeme
In the event our retrocessionaires are not able or willing to fulfill their obligations under c
recoverable balance. We record a reserve to the extent that reinsurance recoverables are b
balances and an estimation of their uncollectible balances.

Allowances of $30.6 million and $26.4 million have been recorded for estimated uncollec
The following table sets forth Converium s ten largest retrocessionaires as of December

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written, and their respective Standard & Poor s or A.M. Best financial strength rating.

Retrocessionaire	
Lloyd s	Ll
National Indemnity Company (1)	Be
QBE Insurance & Reinsurance (Europe)	Ql
Augsburger Ruck (2)	Au
Helvetia Patria Versicherungen	He
Zurich Financial Services	Zu
PartnerRe U.S. Group	Pa
ICM Re S.A.	IC
GE Frankona Reinsurance Ltd.	Gl
Interpolis Reinsurance Services Ltd.	Ra
Total provided by top ten retrocessionaires, and percentage of total retrocessional reinsurance	
Total retrocessional reinsurance	

(1) *National Indemnity Cover:* In order to provide additional comfort as regards to ou stop-loss retrocession cover from National Indemnity Company, a Standard & Po group of insurance companies. The stop-loss provides an additional $150.0 millio development on the underwriting years 1987 through 2003 for Converium AG, C attaches at $100.0 million in excess of the ultimate third-party net non-life reserv allocated loss expense reserves as of June 30, 2004 plus the expected losses and a premium reserves as of June 30, 2004 of the portfolio subject to cover, carried by June 30, 2004 and therefore excludes inter-group reinsurance arrangements. The $20.0 million and has been recorded in the income statement under the caption features associated with this layer of coverage, which may result in additional co event that the cover is fully utilized. No losses have been ceded as of December 3

In addition, this contract has another layer of coverage of $235.0 million for whic This layer attaches at $235.0 million below the ultimate third-party net non-life re economics of this layer of coverage are such that the reinsurance risk transfer req this protection is accounted for under deposit accounting rules. As a result, there i respect of this layer of coverage.

We have retained the right to commute the whole transaction on July 1, 2009, or t

(2) Augsburger Ruck: 50% of the retrocession cover is written by Brit, Lloyd s Sync which are rated A by A.M. Best and Brit, Lloyd s Syndicate is rated A by S

As a consequence of the Formation Transactions, Converium AG has assumed both the b Retrocession Agreement. We manage all third-party retrocessions related to the business under the Quota Share Retrocession Agreement, during its term, to maintain in force, ren Agreement at our sole discretion.

In addition, Zurich Financial Services, through its subsidiaries, provided us with a degree Financial Services, through its subsidiaries, has agreed to arrangements that cap our net e

the amount of loss and loss expenses we recorded as of September 30, 2001. As part of th
non-payment by the retrocessionaires of Converium AG and Converium Rückversicherun
not cover non-payment by the retrocessionaires of CRNA, our only retrocessionaire for th
non-payments by retrocessionaires for this event in excess of the $289.2 million cap, alth
exposed to credit risk from these subsidiaries of Zurich Financial Services.

In order to provide additional comfort as regards our reserve position, in August 2004 we

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cover from National Indemnity Company, a Standard & Poor s AAA-rated member of th
statements.

See Note 12 to our 2004 consolidated financial statements for further information on retro

Loss and loss expense reserves

Establishment of loss and loss expense reserves

We are required by applicable insurance laws and regulations and US GAAP to establish
sheet liabilities representing estimates of future amounts required to pay losses and loss e
known to us or not yet reported. Significant periods of time can elapse between the occur
subsequently by the insurance company to its reinsurance company. Loss reserves fall int
expenses.

Upon receipt of a notice of claim from a ceding company, we establish a case reserve for
reserves reported by the primary insurance company and may subsequently be increased
that have been incurred but not yet reported, including expected development of reported
These IBNR reserves include estimated legal and other loss expenses. We calculate IBNR
historical data and pricing information and statistical models as well as our pricing analys

Our estimates of reserves from reported and unreported losses and related reinsurance rec
reflected in current income. Our analysis relies upon the basic assumption that past exper
our current loss and loss adjustment expense liabilities. Because estimation of loss reserv
professional and managerial judgment. In addition, trends that have affected developmen
future.

The uncertainty inherent in loss estimation is particularly pronounced for long-tail lines s
required medical treatment and costs for bodily injury claims, will only emerge over time
legal environment are considered. The uncertainty inherent in the reserving process for pr
time lag inherent in reporting information from the insurer to the reinsurer and differing r
perhaps materially, from expected ultimate costs reflected in our current reserves.

In setting reserves, we utilize the same integrated, multi-disciplinary approach we use to
preliminary results are shared with appropriate underwriters, pricing actuaries, claims and
from these professionals.

During 2004, we updated FRAME, our reserving tool, with a new proprietary global loss
reserving methods on a contract-by-contract basis. This allows us to calculate estimates o
each transaction to arrive at the total reserve requirement (bottom-up approach).

In addition to these bottom-up approaches we utilize standard top-down analyses. For the
apply standard actuarial reserving techniques. These top-down analyses provide an altern
The comparison of these different approaches, namely bottom-up and top-down, provide
top-down approaches or both.

In accordance with US GAAP, we do not establish contingency reserves for future catast
volatility in our incurred losses and a material impact on our reported income, subject to
programs, see Catastrophe risk management and protection and Retrocessional r

Core Reserving Methodology

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Expected Loss/Expected Loss Ratio
Reinsurance contracts are typically priced using proprietary pricing models. The expectec
reinsurance contract and may be subject to adjustments based on re-pricing of the reinsur
All reserve indications are conducted at the reinsurance contract level typically on a gross
by netting gross and retro loss and allocated loss adjustment expense reserve indications.
Our reserving tool applies a number of standard actuarial reserving methods on a contract
characteristics. We aggregate the reserves indicated for each transaction to arrive at the to
Every reinsurance contract is assigned to a reserving group referred to as a Reserve Equit
in respect to:

- underlying risk (e.g. line of business), geographic region or treaty type (i.e. proportio
- the time period at which losses are expected to be paid and reported (i.e. expected pai

For each REC, expected paid loss development factors and expected reported loss develo

- statistics developed by pricing actuaries, or
- actual paid loss and reported loss (of the reinsurance contracts assigned to a given RE

It is our policy to review regularly expected paid loss development factors and expected r
For each REC and underwriting year, ultimate losses are projected using the following fiv

- Expected Loss Method (normally derived from pricing as described above)
- Paid Loss Bornhuetter Ferguson Method
- Incurred Loss Bornhuetter Ferguson Method
- Paid Loss Development Method
- Incurred Loss Development Method

For each reinsurance contract within a given REC and underwriting year, one reserving m
loss method for a relatively immature underwriting year (i.e. underwriting year and REC
50% of the ultimate loss that will eventually be reported) when the actual loss experience
and in cases where the actual versus expected are materially different, the reserving actua

- select a different actuarial method (i.e. to be more responsive to actual loss experienc
- revise the expected loss (see expected loss / expected loss ratio above)
- revise the expected paid loss and / or expected reporting loss patterns

The indicated ultimate loss is intended to represent the expected ultimate loss for the full
can be added for known losses (notified) that have not been recorded yet in our system.
Typically the indicated ultimate loss for each contract is then adjusted by the ratio of base
exposed / expired portion of the reinsurance contract as of the reserving date. A base prem
In essence, for each REC and underwriting year we select best estimate of ultimate losses

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are done at the REC level and are not aggregated to the business segment or consolidated

Adequacy of reserves

Given the inherent uncertainty of the loss estimation process described above, we employ
our liability for gross losses and loss expenses, referred to as gross reserves, and our gros
the end of all periods presented in our financial statements were determined in accordanc
our estimates were made. These analyses were based on, among other things, original pri
reserving patterns, exposure growth, loss payments, pending levels of unpaid claims and
loss reserves is an inherently uncertain process, the ultimate cost of settling claims may e
result from changes in reserve estimates are reflected in our results of operations.

Unforeseen losses, the type or magnitude of which we cannot predict, may emerge in the
environment, extraordinary events affecting our clients such as reorganizations and liquid
studies for many casualty lines of business, including those in which preliminary loss tren

Development of prior years reserves: Converium reported that it has experienced signif
It stated that, since 2000, Converium has recorded $868.2 million of additional net provis
2003: $(31.3) million; and 2004: $562.0 million).

Although the Restatement did not result in changes to the reserve amounts determined as
to the accounting for certain assumed and ceded transactions and the reserve amounts rela
requirements for reinsurance accounting. See Note 3 to our 2004 consolidated financial st
Information, and Item 5. Operating and Financial Review and Prospects A. Opera
transactions, have increased/(decreased) the previously reported additional net provisions
2003: ($32.2) million; and 2004: $3.7 million). The net strengthening of prior years loss
by the Restatement.

Therefore, after consideration of the restated transactions and as reflected in this Form 20
prior years non-life business (2000: $165.0 million; 2001: $167.8 million, 2002: $201.1

During early 2004, Converium announced that reported losses from prior year US casualt
persist for some time. This adverse loss-reporting trend continued and accelerated into m
underwriting, claims and actuarial perspective in order to examine the adequacy of prior y
commissioned the actuarial consulting firm Tillinghast-Towers Perrin to perform an inde
June 30, 2004 in respect of the Zurich and New York originated businesses. The outcome
non-life loss reserves by $565.7 million for the year ended December 31, 2004. This actio
activity from clients relating to US casualty business written from 1997 to 2001 as well a
claims reporting was attributable to both frequency and severity. While we believe that w
time.

In the Standard Property & Casualty Reinsurance segment, the development of prior year
($109.3 million), motor liability outside the United States ($91.7 million) and Personal A
($82.1 million) and miscellaneous liability ($31.2 million) that also included the impact o
$469.9 million primarily related to adverse developments of the Professional Liability an
Compensation ($55.4 million), and Engineering ($12.9 million). These adverse developm
($24.5 million), Agribusiness ($0.7 million), and Credit & Surety ($3.8 million).

Commutations: Based on the developments of 2004, we placed our US reinsurance opera
accelerate the realization of profit inherent in long-tail reserves by crystallizing

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outstanding claims reserves into payments, which are discounted to reflect the time value
cash flows, future investment income earned is expected to decline as the assets backing
commutations with primarily North American cedents regarding gross loss reserves of $5
The reserve strengthenings as described herein in Loss Reserve Development have b
Expense Reserves Establishment of Loss and Loss Adjustment Expense Reserves , and
consolidated financial statements. Under these policies, we review and update our reserve
reasonable level within a range of reserve estimates by recording an adjustment in the per

Effects of currency fluctuations

A significant factor affecting movements in our net reserve balances has been currency ex
dollars. As of December 31, 2004, approximately 43% of our non-life reinsurance reserve
original currency, and then, during our consolidation process, translate them to US dollar
from this translation process is recorded directly to shareholders equity and has no impa
made, these amounts are reflected in the current year net income at the average exchange

Loss reserve development

The first table below presents changes in the historical non-life loss and loss adjustment e
estimated loss and loss adjustment reserves, gross and net of reinsurance, for unpaid losse
payments for all losses occurring prior to that date. The upper, or paid, portion of the first
through each subsequent year in respect of the reserves established at each initial year-en
the average foreign exchange rates for periods in which they are paid. The lower, or reser
initially recorded loss and loss adjustment expense reserve as of each succeeding period-e
period-end. The reserve estimates change as more information becomes known about the
lines at the bottom of the table are equal to the initial reserves less the liability re-estimate
Conditions and trends that have affected the development of our reserves for losses and lo
results may or may not be similar to the information presented in the tables below.

Zurich Financial Services and its subsidiaries, including the entities then operating under
January 1, 1995. As a consequence, consolidated loss development data for Converium e
presented in this offering memorandum. The inconsistencies prior to December 31, 1994
country-by-country basis as was allowed under generally accepted accounting principles
conservative, and therefore not consistent with IAS and US GAAP best estimate pract
with December 31, 1994. As of December 31, 2004, net reserves for losses and loss expe
prior, or 2.3% of net reserves as of December 31, 2004.

The table below presents our loss and loss adjustment expense reserve development as of

	1994	1995	1996	1997	
Gross reserves for losses and loss expenses	$ 1,468.9	$ 1,891.4	$ 2,245.3	$ 2,636.4	$
Reinsurance recoverable	59.6	102.9	106.9	290.1	
Initial net reserves for losses and loss expenses	$ 1,409.3	$ 1,788.5	$ 2,138.4	$ 2,346.3	$

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	1994	1995	1996	1997
Cumulative paid as of:				
One year later	405.9	443.9	466.0	514.5
Two years later	611.1	669.4	721.2	843.0
Three years later	736.2	803.1	921.7	1,064.4
Four years later	815.4	927.0	1,062.2	1,261.7
Five years later	896.9	1,007.7	1,178.3	1,336.5
Six years later	949.9	1,093.8	1,197.5	1,436.7
Seven years later	1,006.5	1,087.1	1,249.3	1,545.8
Eight years later	986.5	1,115.7	1,319.4	
Nine years later	1,004.1	1,157.8		
Ten years later	1,025.8			
Net reserves re-estimated as of:				
One year later	1,457.6	1,763.3	1,901.5	2,145.6
Two years later	1,499.0	1,642.6	1,853.5	2,051.3
Three years later	1,364.6	1,617.7	1,736.4	1,970.4
Four years later	1,396.2	1,541.1	1,677.3	1,989.1
Five years later	1,339.0	1,468.9	1,661.2	1,990.7
Six years later	1,284.5	1,452.9	1,645.9	2,013.0
Seven years later	1,260.1	1,446.1	1,649.3	2,069.5
Eight years later	1,263.3	1,448.7	1,684.6	
Nine years later	1,272.4	1,476.8		
Ten years later	1,293.6			
Reinsurance recoverable re-estimated as of December 31, 2004	130.6	246.3	336.3	422.8
Gross reserves re-estimated as of December 31, 2004	1,424.2	1,723.1	2,020.9	2,492.3
Cumulative net redundancy/(deficiency)	115.8	311.7	453.8	276.8
Cumulative redundancy/(deficiency) as a percentage of initial net reserves	8.2%	17.4%	21.2%	11.8%
Cumulative gross redundancy/(deficiency)	44.8	168.2	224.4	144.2
Cumulative redundancy/(deficiency) as a percentage of initial gross reserves	3.0%	8.9%	10.0%	5.5%

As a significant portion of our reserves relate to liabilities payable in currencies other tha
redundancy/(deficiency). As shown on the table above, the net reserve position for 1998
December 31, 2004, reflecting a redundancy of $26.2 million. However, shown on the ta
December 31, 2004 would result in re-estimated reserves of $2,588.8 million, or a defici

movements, which may or may not persist to the date claims are actually paid. As a resul
higher/(lower) as of December 31, 2004 than if the reserves were shown on a constant ex
change in the future. Accordingly, we expect that future changes in foreign exchange rate
believe that the potential volatility of our liabilities is offset to a large extent by our effort

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The table above also shows that our net loss reserves have developed larger redundancies
our reported results. Accordingly, our estimates of reinsurance recoveries on incurred los
results. See Retrocessional reinsurance above for a discussion of the types of retroce
At December 31, 2004, we recorded $914.5 million of reinsurance recoverables on loss a
Compensation business and 40.9% relates to recoverables in connection with the Septemb
The following table shows the development of our initial reserves net of reinsurance usin
subsequent years. 1998 and subsequent years have been restated.

	1994	**1995**	**1996**	**1997**
Initial net reserves for losses and loss expenses	$ 1,409.3	$ 1,788.5	$ 2,138.4	$ 2,346.3
Net reserves re-estimated as of:				
One year later	1,410.1	1,805.6	2,004.9	2,108.6
Two years later	1,479.5	1,758.2	1,925.4	2,078.8
Three years later	1,387.9	1,707.3	1,865.4	2,016.6
Four years later	1,405.6	1,674.5	1,819.3	2,035.0
Five years later	1,382.7	1,612.4	1,799.4	2,023.7
Six years later	1,338.7	1,589.9	1,775.9	2,017.9
Seven years later	1,306.6	1,588.4	1,755.5	2,065.5
Eight years later	1,316.7	1,574.4	1,782.5	
Nine years later	1,313.6	1,595.9		
Ten years later	1,329.7			
Cumulative redundancy/(deficiency)	79.6	192.6	355.9	280.8
Cumulative redundancy/(deficiency) as a percentage of initial net reserves	5.7%	10.8%	16.6%	12.0%

The payment pattern of our loss and loss expense reserves varies from year to year. Basec
an undiscounted basis, of our loss and loss expense provisions, including future life benef
mix of business changes, as well as due to changes of payment patterns and fluctuations i

Reconciliation of Beginning and Ending Loss and Loss Expense Reserves

The table below is a summary reconciliation of the beginning and ending reserves for los

($ millions)

As of January 1,

Gross reserves for losses and loss expenses

Less reinsurance recoverable

Net reserves for losses and loss expenses

Losses and loss expenses incurred (1)

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($ millions)

Current year
Prior years
Total
Losses and loss expenses paid
Current year
Prior years
Total
Foreign currency translation effects
As of December 31,
Net reserves for losses and loss expenses
Reinsurance recoverable
Gross reserves for losses and loss expenses

(1) The loss and loss expenses incurred includes $219.5 million, $267.1 million and $
related to business included in the Life & Health Reinsurance segment for the yea
respectively.

In 2004, Converium recorded $(336.8) million at the 2004 average exchange rate and $63
Prior years loss and loss expenses incurred in 2004 of $(336.8) million net were primari
losses and loss expenses incurred of (i) adjustments of ultimate premium estimates ($186
effect of commutations. As a result of the restatement the previously reported prior years
commutation of the stop-loss protection regarding underwriting year 2001 of the professi
of this change.

In 2003, the positive development of $63.5 million consisted of positive development on
on Workers Compensation and Professional Liability and other Special Liability lines ($
in 2003 were primarily from the 2002 underwriting year, while the US business written in

In 2002, Converium strengthened reserves for prior years by $201.1 million. Throughout
in-depth actuarial reserve analysis of certain lines of business. This resulted in an addition
Standard Property & Casualty Reinsurance segment, there were additional provisions of $
additional provisions of $86.3 million, primarily related to the Professional Liability and

Reserves for Asbestos and Environmental Losses

We have exposure to liabilities for asbestos and environmental impairment from our assu
(Deutschland) AG, historically known as Agrippina Rückversicherung AG and subsequen
primarily originates from US business written through the London Market and from treat
reinsurance contracts in 1966 and 1967. At the time, we reduced our participation in asbe
(Deutschland) AG ceased property and liability underwriting in the United States in 1990
asbestos and environmental exposures cannot be reached. We believe that CRNA s expo
business written prior to 1987 and the protection provided by the continuing reinsurance p
Services . In addition, Converium AG s exposure is also minimal because, under the ter
inception or renewal date on or after January 1, 1987. In 1986, our contract wording was
generally excluded.

As of December 31, 2004 and 2003, our total loss and adjustment expense reserves, inclu
approximately $49.2 million or 0.6% and $45.8 million or 0.7% of our total net reserves f
our cedents, together with additional reserves we established.

We estimate that the survival ratio of our asbestos and environmental risk portfolio, calcu
years, is approximately 13.6 years as of December 31, 2004 and 2003. Survival

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ratio is an industry measure of the number of years it would take a company to exhaust it
payments.

Reserving for asbestos and environmental claims is subject to a range of uncertainties tha
are a lack of historical data, long reporting delays and uncertainty as to the number and id
regarding policy coverage and the extent and timing of contractual liability.

These uncertainties and issues are not likely to be resolved in the near future. Consequent
respect to the ultimate cost of these types of claims is greater than the uncertainty relating
court decisions could materially impact our reserves, results of operations, cash flows and

Investments

Our overall financial results are in large part dependent upon the quality and performance
8.5%, 6.3% and 7.2% of our revenues for the years ended December 31, 2004, 2003 and

Our assets are invested with the objective of achieving investment returns consistent with
regulatory considerations, and to provide sufficient liquidity to enable us to meet our obli
securities whose durations correspond to the estimated duration of the reinsurance liabilit

Our approach to fixed income investments is to limit credit risk by focusing on investmen
securities of any single issuer or group of issuers. With respect to equity investments, we
stock markets. To reduce the effects of currency exchange rate fluctuations, we seek to m

Our investments are managed mostly by external investment managers, and their perform
and approved by our Board of Directors. Although these guidelines stress diversification
fluctuations, as well as risks inherent in particular securities.

As of December 31, 2004, total invested assets (excluding cash and cash equivalents) we
This increase is mainly due to the investment of the net proceeds from the 2004 rights off
increase was offset by commutations of certain of our North American treaties as well as
The table below presents the carrying value of our consolidated investment portfolios as

	2004 (Restated)	
	$ millions	**% o Tot**
Fixed maturities securities	$5,685.2	73.
Equity securities	399.4	5.
Funds Withheld Asset	1,305.1	16.
Short-term investments	117.3	1.
Other investments	279.2	3.
Total investments	$7,786.2	100.

Fixed Maturities

As of December 31, 2004, our fixed maturities portfolio, excluding the Funds Withheld A
total investment portfolio including cash and cash equivalents (82.6% including the Fund
December 31, 2003. This increase is mainly due to the sale of approximately $500.0 mill
exposure to equity securities, as well as the continued weakening of the US dollar against

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European currencies. In addition, the increase was due to the deployment of operating cas
offering and related capital increase were mainly invested in treasury securities or remain
We invest in government, agency and corporate fixed income securities of issuers from a
fixed income securities that we believe to be liquid.
The table below presents the composition of our fixed income securities portfolio, exclud

($ millions, except percentages)

As of December 31, 2004
Less than one year
One year through five years
Five years through ten years
Over ten years
Subtotal
Mortgage and asset-backed securities
Unit trust bonds
Total as of December 31, 2004

Most of our fixed income securities are rated by Standard & Poor s, Moody s or similar
was invested in securities rated A or better by these agencies and approximately 83.2% w
The table below presents the composition of our fixed income securities portfolio by ratin
there is a split rating.

($ millions, except percentages)

As of December 31, 2004
AAA/Aaa
AA/Aa2
A/A2
BBB/Baa2
BB
Not rated [1]
Total as of December 31, 2004

[1] Includes $89.3 million private collateralized loans issued by German banks with a credi
2004.

Our guidelines also restrict our maximum investment in bonds issued by any group or inc
2004 no aggregated amount of bonds issued by a single group (excluding governments an

Equity Securities

As of December 31, 2004, our equity securities portfolio had a carrying value of $399.4 r
value of $435.5 million, or 52.1%, from December 31, 2003. The decrease was primarily
exposure and related capital charges. Equity securities were approximately 3.5% and 9.7
cash equivalents and excluding our participation in PSP Swiss Property AG.
Substantially all of our entire equity portfolio consists of listed securities held directly or
equity markets around the world can produce highly volatile and significantly varied resu
Our exposure to private equity fund investments as of December 31, 2004 was approxima
fund managers) and remaining unpaid commitments. Of this total, the value of remaining
At December 31, 2004 and 2003, gross unrealized gains on our equity portfolio were $73

unrealized losses were $2.5 million and $1.7 million, respectively. We have reviewed the
Our impairment policy requires us to record, as realized capital losses, declines in value t
declines in value of equity securities over a period of more than twelve months. The same
credit-worthiness of the issuer. At management s judgment, we impair additional securit
the issuer, the market value and the expected future cash flows of the security.

Our guidelines also restrict our maximum investment in any one equity security or indust
2004, excluding our investments in funds and our participation in PSP Swiss Property AG

Funds Withheld Asset

The transfer of certain historical reinsurance business to Converium was affected as of Ju
addition, on that date, the Funds Withheld Asset was established. Its initial balance was s
collectible balances and reinsurance deposits) on the business to which the Quota Share R
million. The decrease of $225.5 million over December 31, 2003 was primarily due to pa
In general, the Funds Withheld Asset is reduced by paid claims, profit commissions, amo
Quota Share Retrocession Agreement, and is increased by premiums (less premium refun
amounts received for the business subject to the Quota Share Retrocession Agreement. T
on the Zurich Insurance Company (ZIC) and Zurich International (Bermuda) Ltd (ZI
invested assets from the new and renewal business written on the Converium balance she

Short-Term Investments

Our short-term investment portfolio includes investments in fixed-term deposits and fidu
of December 31, 2004, we had short-term investments with a carrying value of $117.3 m
Short-term investments at December 31, 2003 were $55.7 million or 0.7% of our total inv

Real Estate

At December 31, 2004, we had real estate held for investment of $138.8 million, consisti
direct real estate portfolio represented 1.6% of our total investment portfolio, including ca
In addition to these properties, Converium owns a 4.9% participation in PSP Swiss Prope
million as of December 31, 2004. The ownership in PSP Swiss Property AG decreased fr
Group, another Swiss real estate company, during 2004.

During 2004, we invested approximately $100.0 million in funds of hedge funds. At Dec
caption Other investments in the balance sheet.

Premiums Receivable

We had premiums receivable of $1.8 billion at December 31, 2004 compared to $1.7 bill
written in 2004 and the weakening of the US dollar against European currencies. Premiu
primarily of accruals on premium balances which have not yet been reported and which a
additional information regarding adjustments of ultimate premium estimates. Current pre
2003, respectively, and accrued premiums receivable represented 79.9% and 77.6%, resp

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Reinsurance Assets

Retrocessional reinsurance arrangements generally do not relieve Converium from its dir
extent that any retrocessionaire is unable or unwilling to meet the obligations assumed un
security under related retrocessional agreements in the form of deposits, securities and/or
As of December 31, 2004, we had reinsurance recoverables from retrocessionaires of app
future life benefits balances. Allowances of $30.6 million have been recorded for estimat
$20.4 million at December 31, 2003 .

Capital Expenditures

For the three years ended December 31, 2004, we invested a total of $63.7 million in fixe
financed from our free cash flow. We currently intend to continue to make capital investm
technology platforms.

Ratings

Based on the developments of the latter part of 2004, both Standard & Poor s Ratings Se
of the ratings were subsequently raised. Such ratings are as follows.

Currently, Standard & Poor s long-term counterparty credit and insurer financial strengt
(Deutschland) AG and Converium Insurance (UK) Ltd., the insurer financial strength rati
run-off, the long-term counterparty credit and insurer financial strength ratings were dow
counterparty credit and senior unsecured debt ratings of BB+ for Converium Holdings
Converium Finance S.A. is BBB- (downgraded from a rating of BBB+). All ratings

Currently, A.M. Best s financial strength rating of Converium AG, Converium Rückvers
and its issuer credit rating for all three entities is bbb+ (downgraded from a rating of
credit rating of bb (downgraded from a rating of a). For Converium Finance S.A. t
is bbb- (downgraded from a rating of bbb+). All ratings have been assigned a stable
strength rating was downgraded to B- from A and the issuer credit rating to bb-
ratings were lowered to b- from bbb- .

Regulation

General

The business of reinsurance is regulated in most countries, although the degree and type o
direct regulation than primary insurers in most countries. In Switzerland and Germany, w
regulations have materially restricted our business. However, in the United States, license
insurers. Accordingly, our US subsidiaries are subject to extensive regulation under state
commissioners.

This regulation, which is described in more detail below, generally is designed to protect
and transactions with affiliates; solvency standards which must be met and maintained; th
includes periodic market conduct examinations by the regulatory authorities; annual and o
unearned premiums and losses; and requirements regarding numerous other matters. US r
believe, in a manner disproportionate to or unusual in our industry. We allocate considera
authority believed we had failed to comply with applicable law or regulation.

We believe that Converium and all of its subsidiaries are in material compliance with all

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their business and operations. Set forth below is a summary of the material regulations ap

Switzerland

Converium AG has received an operating license from the Federal Office of Private Insur
Finance (Eidgenössisches Finanzdepartment) and is subject to the continued supervision
(Versicherungsaufsichtsgesetz). The FOPI has supervisory authority as well as the author
Unlike insurance business, which is strictly regulated in Switzerland, regulation of reinsu
reinsurance business. The supervision exercised by the FOPI is mainly indirect through th
established. Reinsurance companies from other countries which conduct only reinsurance
upon a decree of the Federal Council of November 30, 2001, a commission has been cons
The first part of the report was released in July 2003 by the commission. The proposal in
authority for banks (currently supervised by the Federal Banking Commission) and insur
Under current regulations, Swiss insurance and reinsurance companies cannot operate in
the FOPI. Generally, these exceptions are granted if the nature and volume of the propose
in an entity operating outside the reinsurance or insurance field are subject to supervisory
business) of the share or cooperative capital of the non-insurance entity or if the investme
The FOPI requires each reinsurance company to submit a business plan which provides d
about the reinsurer s solvency. The FOPI initially examines documents relating to the co
granted by the Swiss Ministry of Finance. Thereafter, companies must submit an annual
activities, such as premium income, paid out benefits, reserves and profits.

The Swiss Insurance Supervisory Act (Versicherungsaufsichtsgesetz) is currently subject
subject of the discussions in the Swiss parliament. The final revised Act is expected to be
to the amended definition of solvency (Art. 9 of the proposal), which will include conside
the Swiss insurance supervisory authority and an increased transparency and consumer p
system, which pre-empts the forthcoming changes in the EU, based upon the EU Solvenc
By letter dated September 27, 2004, the FOPI has requested that Converium AG provide
guarantees, cost sharing agreements, capital injections, and investments in subsidiaries. F
Converium s business strategy, planning, reserves, solvency and collateral issues. Conve
In December 2004, per the FOPI s request, Converium AG agreed to submit for approva
$100.0 million; guarantees exceeding $10.0 million; transfer of portfolios or novations in
intra-group reinsurance transactions that are not at arm s length. Absent consent of the F
impact on the funding in conjunction with intra-group transactions.

United States

Agreement with Connecticut Department of Insurance

As a result of the reserve strengthening Converium recorded in 2004 and the subsequent
Department) has implemented additional financial monitoring of CRNA. CRNA has e
from taking a number of actions without first obtaining the Department s approval, inclu

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making any material change in its management or operations;

making any withdrawal of monies from its bank accounts, disbursements or payments

incurring any debt, obligation or liability for borrowed money not related directly to t

writing, assuming or issuing any new insurance policies;

making any dividend payment or other payment or distribution to or engaging in any
affiliated company;

entering into any new material reinsurance agreement; and

entering into any sales, purchases, exchanges, loans, extensions of credit or investme

In addition, CRNA is required to provide to the Department written reports on a monthly including specific impact on CRNA s statutory financial statements, as well as any addit of the Company. The voluntary letter of understanding does not preclude the Department CRNA s policyholders, reinsureds and the public.

The foregoing requirements will continue until March 15, 2006, at which time the Depart The recent ratings downgrades as well as our decision to place CRNA into run-off have t clauses require CRNA and CINA to provide collateral for their payment obligations unde deposits in their states or provide collateral for contracts issued to residents of their states required. If the Department withholds its approval, state insurance regulators that request licenses or initiate proceedings to take possession of the property, business and affairs of

General US state supervision

Insurance and reinsurance regulation is enforced by the various state insurance departme reinsurer which is licensed, accredited or approved in all 50 states, is an accredited reinsu to transact certain lines of business in Canada. Pursuant to its voluntary letter of understa assume or issue any new policies in the United States. In addition, CRNA is amending its insurer licensed in 49 states (excluding only New Hampshire) and the District of Columb states if the insurer writes insurance premiums that exceed certain specified thresholds. A applicable only to insurers domiciled in those states, including, in particular, certain requ state. CINA is currently commercially domiciled in California and Florida.

Insurance holding company regulation

We and our US insurance and reinsurance subsidiaries are subject to regulation under the vary from state to state, but generally require insurers and reinsurers that are subsidiaries including information concerning their capital structure, ownership, financial condition a system and their affiliates must be fair and, if material, require prior notice and approval typically place limitations on the amounts of dividends or other distributions payable by i domiciled, each provide that, unless the prior approval of the state insurance commission limited to the greater of 10% of policyholder surplus at the end of the prior year or 100% insurer). In addition, CRNA may not, for a period of two years from the date of any chan Commissioner. Further, pursuant to its voluntary letter of understanding with the Depart State insurance holding company laws also require prior notice or state insurance departm of Connecticut and New Jersey provide that no corporation or other person may acquire c obtained prior written approval of the state insurance commissioner. Any purchaser of 10

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reinsurance company or its holding company is presumed to have acquired control, unles
outstanding voting securities may need to comply with these laws and would be required
acquisition.

In addition, many state insurance laws require prior notification to the state insurance dep
that state. While these pre-notification statutes do not authorize the state insurance depart
particular conditions exist such as undue market concentration. Any future transactions th
prior notification in the states that have adopted pre-acquisition notification laws.

Insurance regulation

As a licensed primary insurer, CINA is subject to broad state insurance department admi
business, licensing agents, admittance of assets to statutory surplus, regulating premium r
establishing reserve requirements and solvency standards, and regulating the type, amoun
State insurance laws and regulations require our US insurance and reinsurance subsidiari
operations of our US insurance and reinsurance subsidiaries and accounts are subject to t
statutory financial statements in accordance with accounting practices and procedures pre
State insurance departments conduct periodic examinations of the books and records, fin
generally once every three to five years. Examinations are generally carried out in cooper
Association of Insurance Commissioners (the NAIC). The Connecticut Insurance Dep
2002. The New Jersey Department of Banking and Insurance last completed a financial e

Reinsurance regulation

CRNA is subject to regulation and supervision that is similar to the regulation of licensed
periodically conduct examinations regarding, state mandated standards of solvency, licen
deposits of securities for the benefit of reinsureds, methods of accounting, and reserves f
which are regulated as to rate, form and content, the terms and conditions of reinsurance
CRNA is accredited or approved to write reinsurance in certain states. The ability of any
component of reinsurance regulation. Typically, a primary insurer will only enter into a r
to the reinsurer. Credit is usually granted when the reinsurer is licensed or accredited in t
ceded to a reinsurer that is licensed in another state and which meets certain financial req

US reinsurance regulation of our non-US reinsurance subsidiaries

Converium AG and Converium Rückversicherung (Deutschland) AG, our non-US reinsu
to obtain financial statement credit for the reinsurance obligations of our non-US reinsur
in a state generally may become accredited by filing certain financial information with th
claims in an amount equal to the reinsurer s US reinsurance liabilities covered by the tru
primary insurer with funds equal to its reinsurance obligations in the form of cash, securi

NAIC ratios

The NAIC has developed a set of financial relationships or tests known as the NAIC Insu
insurance companies and identifying companies that require special attention or action b
which in turn analyzes the data using prescribed financial data ratios, each with defined
make further inquiries. Regulators have the authority to impose remedies ranging from in

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monitoring to certain business limitations to various degrees of supervision. For example
December 31, 2001 and December 31, 2002, CRNA was required by the State of New Yo
as to the adequacy of its loss and loss expense reserves at December 31, 2002 and Decem
only one IRIS loss reserve ratio was out of the specified range as of December 31, 2003.

Risk-based capital

The Risk-Based Capital for Insurers Model Act (the Model Act) as it applies to non-lif
provide a tool for insurance regulators to evaluate the capital of insurers relative to the ris
and reinsurers are required to report the results of their risk-based capital calculations as p
provides for four different levels of regulatory actions based on annual statements, each c
corresponding level of risk-based capital (RBC).

The Company Action Level is triggered if an insurer s Total Adjusted Capital is less than
the insurer must submit a RBC plan to the regulatory authority that discusses proposed co
Total Adjusted Capital is less than 150% of its Authorized Control Level RBC. At the Re
issue an order specifying corrective actions that must be followed. The Authorized Contro
Level RBC, and at that level the regulatory authority is authorized (although not mandate
Adjusted Capital is less than 70% of its Authorized Control Level RBC, and at that level
rehabilitation or liquidation of an insurer. As of December 31, 2004, the Total Adjusted C
filed an RBC plan with the state of domicile, Connecticut, on March 28, 2005. The Conn
insurance subsidiary, CINA, exceeded amounts requiring company or regulatory action a

The Gramm-Leach-Bliley Act

In November 1999, the Gramm-Leach-Bliley Act of 1999 (the GLBA) was enacted, in
The GLBA permits the transformation of the already converging banking, insurance and
under one holding company, a financial holding company . Bank holding companies an
and acquire companies engaged in activities that are financial in nature or incidental
broker in the underwriting and sale of life, property, casualty and other forms of insuranc
subsidiary in most circumstances, a financial holding company can own any kind of insur
insurance products in some circumstances.

Under state law, the financial holding company must apply to the insurance commissione
state may prevent or restrict affiliations between banks and insurers, insurance agents or b
activities. Finally, both bank and bank affiliates can obtain licenses as producers.

Until the passage of the GLBA, the Glass-Steagall Act of 1933, as amended, had limited
1956, as amended, had restricted banks from being affiliated with insurers. With the pass
holding companies may acquire banks.

Insurance Guaranty Association assessments

Each state has insurance guaranty association laws under which property and casualty ins
obligations of insolvent insurance companies to policyholders and claimants. These laws
member insurer s proportionate share of the business written by all member insurers in th
the insolvency of certain US insurance companies, increasing the possibility that our US i
the amount and timing of any future assessments on our insurance companies under these
companies that are currently subject to insolvency proceedings.

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Terrorism legislation

On November 26, 2002, President George W. Bush signed into law the Terrorism Risk In
will share the risk of loss arising from future terrorist attacks with the insurance industry.
emanating from future terrorist attacks with the reinsurance industry. Each reinsurer is fre
Regarding our ceding companies, TRIA offers a three-year program, imposes a deductibl
deductible is based on a percentage of direct earned premiums for commercial insurance
of enactment to December 31, 2002, to 7% during year one of the program (2003), 10% c
applicable deductible, while the insurance company retains the remaining 10%. The prog
providing commercial property and casualty insurance is mandatory. While in effect, the
of potential terrorist events, any company s results of operations or shareholders equity
severity or frequency of such potential events. In June of 2004, the US Treasury Departm
originally scheduled to expire on December 31, 2004, require insurers to offer terrorism i
considering legislation to extend TRIA beyond its scheduled expiration on December 31,

Proposed US legislation regarding US asbestos liability

Both the US Senate and the US House of Representatives are considering a bill called the
financed trust fund to provide payments to individuals with asbestos-related illnesses and
reinsurers and industrial enterprises and the insurance industry would be responsible for f
Compensation within the Department of Labor will manage the trust fund and oversee th
ensure that only people who showed signs of asbestos-related illnesses would be entitled
obligations of insurers. Judicial review will be possible, under expedited consideration, fo
Columbia and for award decisions in the US Court of Appeals for the circuit in which the
We are unable to predict whether the proposed bill will be enacted, and if so, what propor
unable to predict how the insurance industry s obligations to provide the trust fund moni

Germany

Converium Rückversicherung (Deutschland) AG is regulated in Germany and is engaged
German Insurance Supervision Act and as such is subject to governmental supervision. T
Germany.

Until the end of 2004, and in contrast to insurance enterprises, companies that had been e
supervision. The supervisory authority s monitoring of reinsurers was limited to ensuring
purpose, reinsurance enterprises were required to submit quarterly and annual financial st
In addition, reinsurers were obligated to submit detailed reports on the nature and volume
Insurance Enterprises to the Federal Insurance Supervisory Office.

The supervisory authority may, at its discretion, perform inspections at the reinsurer s pr
Under the old regime, German reinsurers used to only be supervised indirectly, principall
Supervisory Office requires German insurance companies to monitor their reinsurance ag
companies.

The German legislative has passed an enhanced supervisory act that now fully integrates

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scheme applicable to the insurance industry under the EU Directive on reinsurance. See
impact on various aspects of reinsurers, including legal form of the company, location of
investment principles, solvency requirements and special intervention rights for the super
In late 2004, in order to meet newly established solvency requirements for reinsurance co
statutory basis by 100.0 million ($135.9 million). This was accomplished by means of a
Converium AG granted Converium Rückversicherung (Deutschland) AG a subordinated
In December 2004, Converium AG established a branch office in Cologne, Germany. Th
regarding establishment of branch offices were slated to change as of January 1, 2005 . W

United Kingdom

Converium Insurance (UK) Ltd (CIL) is subject to U.K. insurance regulation and the s
environment will be subject to considerable change between 2004 and 2006. This will inc
The latter will trigger increased capital requirements for certain liability business. Prior to
requirements for general insurers, which will include capital charges based upon assets,
in particular the initial capitalization of the company has been set at a level that is expecte

European Union directives

Our businesses in the United Kingdom and Germany, as well as in the other member state
directives are implemented through legislation in each member state. Switzerland, which
insurers, other than life insurers, the free establishment of branches and subsidiaries withi
conforms its financial services regulations with EU directives.

In April 2004, the EC presented a proposal for the EU Directive on reinsurance, which w
and Council. The proposed EU Directive, if and when adopted, will essentially establish t
technical provisions and the solvency requirements applicable to reinsurance companies.
by the EU for insurance companies. The proposed EU Directive does not currently provid
Directive should include such discriminatory regulations, this could be a disadvantage for
revenues within the EU and any competitive disadvantage we face there could have an ad

Asia

Restrictions imposed by the Monetary Authority of Singapore

Citing recent developments affecting the Converium Group, the Monetary Authority of S
branch. Our Singapore branch must, among other things:

- cease issuing any new loans out of insurance funds;
- cease acting as a guarantor/surety;
- cease investing in the equities of related companies; and
- refrain from appointing foreign custodians for any of the assets of the branch.

Canada

Amended approval by the Office of Superintendent of Financial Institutions

Effective September 14, 2004, the Office of the Superintendent of Financial Institutions a
to the business of reinsurance and to the servicing of existing policies.

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C. ORGANI

Converium Holding AG has substantially no net assets other than its ownership of 100%
our net assets itself, and an additional 48% through its direct and indirect ownership of ea
We are a multinational group of companies with insurance and reinsurance subsidiaries a
AG, Converium Finance S.A., Converium Rückversicherung (Deutschland) AG and CHN
all of our operating companies. Additionally, Converium Holding AG holds 100% of the
The following chart summarizes our corporate structure.
(1) Currently in the process of transferring to Zug, Switzerland.

D. PROPERTY

Our operational head office is located at General Guisan Quai 26, 8002 Zurich, Switzer

our US headquarters in New York, New York, at One Chase Manhattan Plaza, New Y

our German headquarters in Cologne, Germany, at Clever Strasse 36, 50668 Köln, Ge

In addition to our headquarter offices, we lease space for our branch and marketing office
investment purposes.

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As a result of the transition to a run-off entity in North America, a decision was made in J
Stamford, Connecticut office space. Converium expects the effective date of the transfer t

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

A. OP

The following discussion and analysis should be read in conjunction with our financial st forward-looking statements that involve risks and uncertainties and actual results may di Cautionary note regarding forward-looking statements .

To the extent that the description of our business presents historical financial data, such f and the run-off of our North American business, we expect a significant decline in the am premiums that we write going forward as compared to our historical performance.

Restatement of Previously Issued Financial Statements

Background to the Restatement: internal review

Ongoing investigations of the insurance and reinsurance industry and non-traditional insu governmental authorities, including the U.S. Securities and Exchange Commission and th On March 8, 2005, MBIA issued a press release stating that MBIA s audit committee un would replace Axa Re Finance as a reinsurer to CRNA by no later than October 2005. Th Axa Re Finance in 1998. Thereafter, on April 19, 2005, CRNA received subpoenas from documents related to certain transactions between CRNA and MBIA. Converium has also authorities in Europe regarding non-traditional insurance and reinsurance products and/or with the governmental authorities.

In view of the industry investigations and the events relating to MBIA described above, C reinsurance transactions, including the MBIA transaction. The internal review, which was and Converium s own decision to review certain additional items. The internal review in other reinsurance transactions and encompassed all business units of Converium, a review current members of the Global Executive Committee and the Board of Directors, as well Committee believes that the scope and process of the internal review has been sufficient t reinsurance, rather than as deposits. After discussing the findings of Converium s extens corrections below were appropriate and authorized the Restatement of Converium s fina the Audit Committee has involved its independent group auditors, PricewaterhouseCoope consolidated financial statements included in Item 8. Financial Information A. Cons Prospects A. Operating Results . Financial information for each of the quarters ended I adjusted to reflect the Restatement. Previously published financial statements regarding a As noted above, Converium is fully cooperating with the governmental authorities, and is internal review was extensive, the ongoing governmental inquiries, or other development material adverse effect on Converium.

Restatement overview

As a result of the internal review, Converium concluded that the accounting for a number and other data should be restated. The Restatement of reinsurance

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contracts relates primarily to the US GAAP requirement that in order to qualify for reinsu
Cash flows under reinsurance contracts that transfer significant risk are recognized as pre
premiums and losses, but are instead accounted for using deposit accounting, with cash fl
restated its accounting for income taxes and certain other items.

The tables below show the reconciliation of the previously reported income statements ar
years ended December 31, 2004, 2003, 2002, 2001, 2000, 1999 and 1998.

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Consolidated statement of loss

(US$ million)
Year ended December 31

	As previously reported	Reinsurance transactions
Revenues		
Gross premiums written	3,840.9	-17.2
Less ceded premiums written	-287.9	70.6
Net premiums written	3,553.0	53.4
Net change in unearned premiums	132.1	24.0
Net premiums earned	3,685.1	77.4
Net investment income	311.6	
Net realized capital gains (losses)	46.5	
Other (loss) income	-2.6	3.5
Total revenues	4,040.6	80.9
Benefits, losses and expenses		
Losses, loss expenses and life benefits	-3,263.1	-44.7
Acquisition costs	-842.5	9.9
Other operating and administration expenses	-217.9	
Interest expense	-33.1	
Impairment of goodwill	-94.0	
Amortization of intangible assets	-9.9	
Restructuring costs	-2.7	
Total benefits, losses and expenses	-4,463.2	-34.8
(Loss) income before taxes	-422.6	46.1
Income tax (expense) benefit	-338.2	-17.1
Net (loss) income	-760.8	29.0

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Consolidated statement of income

(US$ million)
Year ended December 31

	As previously reported	Reinsurance transactions
Revenues		
Gross premiums written	4,223.9	-28.4
Less ceded premiums written	-396.9	96.9
Net premiums written	3,827.0	68.5
Net change in unearned premiums	-150.5	-4.4
Net premiums earned	3,676.5	64.1
Net investment income	233.0	
Net realized capital gains (losses)	18.4	
Other income (loss)	2.7	17.5
Total revenues	3,930.6	81.6
Benefits, losses and expenses		
Losses, loss expenses and life benefits	-2,674.2	-85.9
Acquisition costs	-803.2	-16.6
Other operating and administration expenses	-197.8	
Interest expense	-31.0	
Impairment of goodwill		
Amortization of intangible assets		
Restructuring costs		
Total benefits, losses and expenses	-3,706.2	-102.5
Income (loss) before taxes	224.4	-20.9
Income tax (expense) benefit	-39.3	-10.2
Net income (loss)	185.1	-31.1

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Consolidated statement of income

(US$ million)
Year ended December 31

	As previously reported	Reinsurance transactions
Revenues		
Gross premiums written	3,535.8	-163.3
Less ceded premiums written	-213.6	76.4
Net premiums written	3,322.2	-86.9
Net change in unearned premiums	-156.7	-1.0
Net premiums earned	3,165.5	-87.9
Net investment income	251.8	
Net realized capital gains (losses)	-10.3	
Other (loss) income	-1.2	32.8
Total revenues	3,405.8	-55.1
Benefits, losses and expenses		
Losses, loss expenses and life benefits	-2,492.0	1.0
Acquisition costs	-666.7	23.9
Other operating and administration expenses	-173.3	
Interest expense	-16.4	
Total benefits, losses and expenses	-3,348.4	24.9
Income (loss) before taxes	57.4	-30.2
Income tax benefit (expense)	49.4	2.5
Net income (loss)	106.8	-27.7

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Historical combined statement of loss

(US$ million)
Year ended December 31

	As previously reported	Reinsurance transactions
Revenues		
Gross premiums written	2,881.2	-34.4
Less ceded premiums written	-398.6	204.5
Net premiums written	2,482.6	170.1
Net change in unearned premiums	-187.4	-16.8
Net premiums earned	2,295.2	153.3
Net investment income	228.7	
Net realized capital gains (losses)	-18.4	
Other (loss) income	-5.8	14.9
Total revenues	2,499.7	168.2
Benefits, losses and expenses		
Losses, loss expenses and life benefits	-2,300.5	-160.1
Acquisition costs	-508.1	-8.8
Other operating and administration expenses	-146.4	
Interest expense	-24.2	
Total benefits, losses and expenses	-3,037.0	-168.9
Loss before taxes	-537.3	-0.7
Income tax benefit (expense)	169.9	-0.3
Net (loss) income	-367.4	-1.0

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Historical combined statement of loss

(US$ million)

Year ended December 31			2
	As previously reported	Reinsurance transactions	
Revenues			
Gross premiums written	2,565.8	-18.7	
Less ceded premiums written	-569.8	203.4	
Net premiums written	1,996.0	184.7	
Net change in unearned premiums	-134.5	8.3	
Net premiums earned	1,861.5	193.0	
Net investment income	176.0		
Net realized capital gains (losses)	83.7		
Other income	29.3	13.9	
Total revenues	2,150.5	206.9	
Benefits, losses and expenses			
Losses, loss expenses and life benefits	-1,604.5	-281.1	
Acquisition costs	-454.4	-27.2	
Other operating and administration expenses	-116.0		
Interest expense	-17.1		
Amortization of goodwill	-7.3		
Total benefits, losses and expenses	-2,199.3	-308.3	
Loss before taxes	-48.8	-101.4	
Income tax benefit (expense)	19.5	28.2	
Net loss	-29.3	-73.2	

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Historical combined statement of income

(US$ million)

Year ended December 31	As previously reported	Reinsurance transactions	1 T
Revenues			
Gross premiums written	1,928.7	-18.6	
Less ceded premiums written	-358.5	17.5	
Net premiums written	1,570.2	-1.1	
Net change in unearned premiums	-168.7	1.0	
Net premiums earned	1,401.5	-0.1	
Net investment income	214.0		
Net realized capital gains (losses)	76.3		
Other income	22.1	2.1	
Total revenues	1,713.9	2.0	
Benefits, losses and expenses			
Losses, loss expenses and life benefits	-1,138.7	-0.6	
Acquisition costs	-340.3	-0.7	
Other operating and administration expenses	-112.8		
Interest expense	-17.5		
Amortization of goodwill	-6.2		
Total benefits, losses and expenses	-1,615.5	-1.3	
Income (loss) before taxes	98.4	0.7	
Income tax expense	-40.6	-0.3	
Net income (loss)	57.8	0.4	

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Historical combined statement of income

(US$ million)
Year ended December 31

	As pre rep
Revenues	
Gross premiums written	1,4
Less ceded premiums written	-2
Net premiums written	1,2
Net change in unearned premiums	
Net premiums earned	1,2
Net investment income	2
Net realized capital gains (losses)	
Other income	
Total revenues	1,5
Benefits, losses and expenses	
Losses, loss expenses and life benefits	-9
Acquisition costs	-3
Other operating and administration expenses	-1
Interest expense	
Amortization of goodwill	
Total benefits, losses and expenses	-1,4
Income before taxes	1
Income tax expense	
Net income	1

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Consolidated balance sheet

(US$ million)

Assets
Invested assets
Held-to-maturity securities:
Fixed maturities
Available-for-sale securities:
Fixed maturities
Equity securities
Other investments
Short-term investments
Total investments
Funds Withheld Asset
Total invested assets

Other assets
Cash and cash equivalents
Premiums receivable
Reserves for unearned premiums, retro
Reinsurance assets:
Underwriting reserves
Insurance and reinsurance balances receivable
Funds held by reinsureds
Deposit assets
Deferred policy acquisition costs
Deferred income taxes
Other assets
Total assets

Liabilities and shareholders equity
Liabilities
Reinsurance liabilities
Unpaid losses and loss expenses
Reserves for life benefits, gross
Insurance and reinsurance balances payable
Reserves for unearned premiums, gross
Other reinsurance liabilities
Funds held under reinsurance contracts
Deposit liabilities
Deferred income taxes
Accrued expenses and other liabilities
Debt
Total liabilities

Shareholders equity
Common stock
Additional paid-in capital
Treasury stock
Unearned stock compensation
Total accumulated other comprehensive income:
Accumulated other comprehensive income
Net unrealized gains on investments, net of taxes
Cumulative translation adjustments
Total accumulated other comprehensive income
Retained (deficit) earnings
Total shareholders equity

Total liabilities and shareholders equity
Note: The As previously reported figures at December 31, 2004 in the table above, ref

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Consolidated balance sheet

(US$ million)

Assets
Invested assets
Held-to-maturity securities:
Fixed maturities
Available-for-sale securities:
Fixed maturities
Equity securities
Other investments
Short-term investments
Total investments
Funds Withheld Asset
Total invested assets

Other assets
Cash and cash equivalents
Premiums receivable
Reserves for unearned premiums, retro
Reinsurance assets:
Underwriting reserves
Insurance and reinsurance balances receivable
Funds held by reinsureds
Deposit assets
Deferred policy acquisition costs
Deferred income taxes
Other assets
Total assets

Liabilities and shareholders equity
Liabilities
Reinsurance liabilities
Unpaid losses and loss expenses
Reserves for life benefits, gross
Insurance and reinsurance balances payable
Reserves for unearned premiums, gross
Other reinsurance liabilities
Funds held under reinsurance contracts
Deposit liabilities
Deferred income taxes
Accrued expenses and other liabilities
Debt
Total liabilities

Shareholders equity
Common stock
Additional paid-in capital
Treasury stock
Unearned stock compensation
Total accumulated other comprehensive income:
Accumulated other comprehensive income
Net unrealized gains on investments, net of taxes
Cumulative translation adjustments
Total accumulated other comprehensive income
Retained (deficit) earnings
Total shareholders equity

Total liabilities and shareholders equity

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Consolidated balance sheet

(US$ million)

Assets
Invested assets
Held-to-maturity securities:
Fixed maturities
Available-for-sale securities:
Fixed maturities
Equity securities
Other investments
Short-term investments
Total investments
Funds Withheld Asset
Total invested assets

Other assets
Cash and cash equivalents
Premiums receivable
Reserves for unearned premiums, retro
Reinsurance assets:
Underwriting reserves
Insurance and reinsurance balances receivable
Funds held by reinsureds
Deposit assets
Deferred policy acquisition costs
Deferred income taxes
Other assets
Total assets

Liabilities and shareholders equity
Liabilities
Reinsurance liabilities
Unpaid losses and loss expenses
Reserves for life benefits, gross
Insurance and reinsurance balances payable
Reserves for unearned premiums, gross
Other reinsurance liabilities
Funds held under reinsurance contracts
Deposit liabilities
Deferred income taxes
Accrued expenses and other liabilities
Debt
Total liabilities

Shareholders equity
Common stock
Additional paid-in capital
Treasury stock
Unearned stock compensation
Total accumulated other comprehensive income:
Accumulated other comprehensive income
Net unrealized gains on investments, net of taxes
Cumulative translation adjustments
Total accumulated other comprehensive income
Retained earnings (deficit)
Total shareholders equity

Total liabilities and shareholders equity

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Consolidated balance sheet

(US$ million)

Assets
Invested assets
Held-to-maturity securities:
Fixed maturities
Available-for-sale securities:
Fixed maturities
Equity securities
Other investments
Short-term investments
Total investments
Funds Withheld Asset
Total invested assets

Other assets
Cash and cash equivalents
Premiums receivable
Reserves for unearned premiums, retro
Reinsurance assets:
Underwriting reserves
Insurance and reinsurance balances receivable
Funds held by reinsureds
Deposit assets
Deferred policy acquisition costs
Deferred income taxes
Other assets
Total assets

Liabilities and shareholders equity
Liabilities
Reinsurance liabilities
Unpaid losses and loss expenses
Reserves for life benefits, gross
Insurance and reinsurance balances payable
Reserves for unearned premiums, gross
Other reinsurance liabilities
Funds held under reinsurance contracts
Deposit liabilities
Deferred income taxes
Accrued expenses and other liabilities
Debt
Total liabilities

Shareholders equity
Common stock
Additional paid-in capital
Treasury stock
Unearned stock compensation
Total accumulated other comprehensive income:
Accumulated other comprehensive income
Net unrealized gains on investments, net of taxes
Cumulative translation adjustments
Total accumulated other comprehensive income
Retained earnings (deficit)
Total shareholders equity
Total liabilities and shareholders equity

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Historical combined balance sheet

(US$ million)

Assets
Invested assets
Held-to-maturity securities:
Fixed maturities
Available-for-sale securities:
Fixed maturities
Equity securities
Other investments
Short-term investments
Total investments
Funds Withheld Asset
Total invested assets

Other assets
Cash and cash equivalents
Premiums receivable
Reserves for unearned premiums, retro
Reinsurance assets:
Underwriting reserves
Insurance and reinsurance balances receivable
Funds held by reinsureds
Deposit assets
Deferred policy acquisition costs
Deferred income taxes
Other assets
Total assets

Liabilities and shareholders equity
Liabilities
Reinsurance liabilities
Unpaid losses and loss expenses
Reserves for life benefits, gross
Insurance and reinsurance balances payable
Reserves for unearned premiums, gross
Other reinsurance liabilities
Funds held under reinsurance contracts
Deposit liabilities
Deferred income taxes
Accrued expenses and other liabilities
Debt
Total liabilities

Shareholders equity
Common stock
Additional paid-in capital
Treasury stock
Unearned stock compensation
Total accumulated other comprehensive income:
Accumulated other comprehensive income
Net unrealized gains on investments,
net of taxes
Cumulative translation adjustments
Total accumulated other comprehensive income
Retained earnings (deficit)
Total shareholders equity

Total liabilities and shareholders equity

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Historical combined balance sheet

(US$ million)

Assets
Invested assets
Held-to-maturity securities:
Fixed maturities
Available-for-sale securities:
Fixed maturities
Equity securities
Other investments
Short-term investments
Total investments
Funds Withheld Asset
Total invested assets

Other assets
Cash and cash equivalents
Premiums receivable
Reserves for unearned premiums, retro
Reinsurance assets:
Underwriting reserves
Insurance and reinsurance balances receivable
Funds held by reinsureds
Deposit assets
Deferred policy acquisition costs
Deferred income taxes
Other assets
Total assets

Liabilities and shareholders equity
Liabilities
Reinsurance liabilities
Unpaid losses and loss expenses
Reserves for life benefits, gross
Insurance and reinsurance balances payable
Reserves for unearned premiums, gross
Other reinsurance liabilities
Funds held under reinsurance contracts
Deposit liabilities
Deferred income taxes
Accrued expenses and other liabilities
Debt
Total liabilities

Shareholders equity
Common stock
Additional paid-in capital
Treasury stock
Unearned stock compensation
Total accumulated other comprehensive income:
Accumulated other comprehensive income
Net unrealized gains on investments,
net of taxes
Cumulative translation adjustments
Total accumulated other comprehensive income
Retained earnings (deficit)
Total shareholders equity

Total liabilities and shareholders equity

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Historical combined balance sheet

(US$ million)

	As pr rep
Assets	
Invested assets	
Held-to-maturity securities:	
Fixed maturities	
Available-for-sale securities:	
Fixed maturities	1,
Equity securities	
Other investments	
Short-term investments	
Total investments	2,
Funds Withheld Asset	1,
Total invested assets	3,
Other assets	
Cash and cash equivalents	
Premiums receivable	
Reserves for unearned premiums, retro	
Reinsurance assets:	
Underwriting reserves	
Insurance and reinsurance balances receivable	
Funds held by reinsureds	
Deposit assets	
Deferred policy acquisition costs	
Deferred income taxes	
Other assets	
Total assets	6,
Liabilities and shareholders equity	
Liabilities	
Reinsurance liabilities	
Unpaid losses and loss expenses	2,
Reserves for life benefits, gross	
Insurance and reinsurance balances payable	
Reserves for unearned premiums, gross	
Other reinsurance liabilities	
Funds held under reinsurance contracts	
Deposit liabilities	
Deferred income taxes	
Accrued expenses and other liabilities	
Debt	
Total liabilities	5,

Shareholders equity	
Common stock	
Additional paid-in capital	
Treasury stock	
Unearned stock compensation	
Total accumulated other comprehensive income:	
Accumulated other comprehensive income	
Net unrealized gains on investments, net of taxes	
Cumulative translation adjustments	
Total accumulated other comprehensive income	
Retained earnings	1,
Total shareholders equity	1,
Total liabilities and shareholders equity	6,

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The table below shows the impact of the above adjustments on basic (loss) earnings per s

US$	2004	2003
Basic (loss) earnings per share as previously reported	(12.00)	2.33
Adjustments to basic (loss) earnings per share	2.81	(0.09)
Basic (loss) earnings per share as restated	(9.19)	2.24

See Note 25 to our 2004 consolidated financial statements for additional information on (

(c) Details of the Restatement

The Restatement corrects errors in the Company s accounting for assumed and ceded rei
relate to both the timing and recognition of revenues and expenses and affect the compari
income or consolidated shareholders equity, they do affect both the consolidated and bu
Schedule of Segment Data and Note 7 to our 2004 consolidated financial statements inclu
below, a summary of the impact of the Restatement on certain of Converium s consolida

Overall impact of correction to the accounting treatment of certain assumed and ceded

The effect of the correction to the accounting treatment of certain assumed and ceded tra
follows:

Increase (decrease) for the years ended December 31, (US$ million, except per share amounts)	**2004**	**2003**
Selected consolidated statement of income accounts:		
Gross premiums written	-17.2	-28.4
Net premiums written	53.3	68.5
Net premiums earned	77.4	64.1
Losses, loss expenses and life benefits	-44.7	-85.9
Acquisition costs	9.9	-16.6
Income (loss) before taxes	46.1	-20.9
Net income (loss)	29.0	-31.1
Basic earnings (loss) per share (US$)	0.46	-0.39
Increase (decrease) as of December 31, (US$ million)		
Selected consolidated balance sheet accounts:		
Reinsurance assets (including reserves for unearned premium)	-523.4	-744.5
Funds held by reinsureds	-78.9	-121.2
Other assets	-35.1	-39.8
Reinsurance liabilities (including reserves for unearned premiums)	-195.6	-310.1

Funds held under reinsurance contracts	-237.8	-399.0
Shareholders equity	-111.1	-137.4

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Detailed discussion of the primary transactions or categories of assumed and ceded transa
1. In 1998, Zurich Reinsurance (North America) Inc., now CRNA, entered into a series o
Contract) and a quota share contract (the Quota Share Contract) and a retrocession
Based upon its consideration of the overall transaction economics and in light of informa
did not transfer sufficient risk to qualify for reinsurance accounting.
Accordingly, the Company has corrected the accounting treatment of both the Excess Co
accounting.
The pre-tax effect of the Restatement of the MBIA transaction on certain of Converium

	2004	2003
Increase (decrease) for the years ended December 31, (US$ million)		
Selected consolidated statement of income accounts:		
Gross premiums written	-12.7	-16.9
Net premiums written	-1.5	-2.1
Net premiums earned	-0.8	-0.7
Losses, loss expenses and life benefits	0.3	0.4
Acquisition costs	0.1	0.1
(Loss) income before taxes	-0.8	0.3
Increase (decrease) as of December 31, (US$ million)		
Selected consolidated balance sheet accounts:		
Reinsurance assets (including reserves for unearned premium)	-69.8	-64.1
Reinsurance liabilities (including reserves for unearned premiums)	-81.3	-74.6

2. In late 2003, the Company entered into a Guaranteed Minimum Death Benefit (GMD
$75,000,000 in excess of reserves for losses arising out of GMDB reinsurance contracts b
had transferred sufficient risk to qualify for reinsurance accounting treatment. However, a
sharing agreement with the same party linking both of the foregoing contracts, and certa
include evaluation of the entire arrangement between the parties and that there are transac
that, at inception, there was insufficient risk transfer such that the conditions for reinsuran
accounting treatment of the GMDB Contract and the property catastrophe agreement from
that was transferred to a separate third party.
The Company entered into a Combined Excess of Loss Reinsurance Agreement (the CE
subsequently renewed the CEL Agreement for calendar years 2002, 2003 and 2004, respe
from the internal review, the Company determined that the initial risk transfer analysis di
side agreement was consummated. The Company has now determined that, at inception, t
had not been met. Accordingly, the Company has corrected the accounting treatment for t

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Because all of these transactions were cancelled or commuted effective no later than Dec
effect of the Restatement of these transactions on certain of Converium s consolidated st

	2004	2003
Increase (decrease) for the years ended December 31, (US$ million)		
Selected consolidated statement of income accounts:		
Net premiums written	12.4	25.0
Net premiums earned	22.0	15.3
Losses, loss expenses and life benefits	-1.4	-35.0
Acquisition costs	-9.1	
Income (loss) before taxes	11.6	-21.7
Increase (decrease) as of December 31, (US$ million)		
Selected consolidated balance sheet accounts:		
Reinsurance assets (including reserves for unearned premium)		-44.7
Other reinsurance liabilities		-36.5

3. From at least 1998 on, subsidiaries of ZFS have provided and continue to provide cove
with the Unicover Pool, 100% quota share coverage of certain structured/finite risk contr
subsidiaries of ZFS have ceded a substantial portion of these liabilities to third parties. O
as reinsurance accounting. However, as part of the Formation Transactions, Converium A
would not be recovered from those third parties) relating to these ZFS transactions. There
the cessions by the subsidiaries of ZFS to third parties as if the cessions were made direct
Converium treated these retroceded contracts as if they transferred sufficient risk to quali
parties, documentation concerning the overall relationship between the parties and the co
analysis did not include evaluation of the entire arrangement between the parties, includi
the internal review, the Company determined that the initial risk transfer analysis did not
of side agreements. The Company has now determined that at inception there was insuffi
Accordingly, the Company has corrected the accounting treatment for these ceded transa
sufficient risk to qualify for reinsurance accounting have not been restated. Irrespective o
accordance with their terms.

The pre-tax effect of these transactions on certain of Converium s consolidated statemen

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	2004	2003
Increase (decrease) for the years ended December 31, (US$ million)		
Selected consolidated statement of income accounts:		
Gross premiums written		
Net premiums written	36.9	30.3
Net premiums earned	34.9	30.3
Losses, loss expenses and life benefits	-31.2	-32.1
Acquisition costs	19.9	-17.9
Income (loss) before taxes	38.1	7.3
Increase (decrease) as of December 31, (US$ million)		
Selected consolidated balance sheet accounts:		
Reinsurance assets (including reserves for unearned premium)	-291.3	-451.9
Funds held by reinsureds	-1.1	-54.6
Reinsurance liabilities (including reserves for unearned premiums)	-0.5	-126.3
Funds held under reinsurance contracts	-152.3	-275.9

4. Six transactions have been corrected because the Company has determined that, at ince accounted for using deposit accounting. Some are transactions in which the Company ult third parties. This subset of transactions involved cessions to a Bermuda reinsurer, 9.0% to account for estimated ultimate losses on a discounted to present value basis.) The resta applicable) the inherent discount related to the ceded loss reserves.

All but one of these transactions expired or were commuted effective no later than March those expired or commuted contracts. In particular, certain of the contracts with the Berm in those years, which are being reversed as a result of the Restatement. The impact of the million in 2004.

The pre-tax effect of the Restatement of these transactions on certain of Converium s co

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	2004	2003
Increase (decrease) for the years ended December 31, (US$ million)		
Selected consolidated statement of income accounts:		
Gross premiums written	-4.5	-11.4
Net premiums written	-1.2	8.8
Net premiums earned	14.4	12.7
Losses, loss expenses and life benefits	-12.5	-16.2
Acquisition costs		1.3
(Loss) income before taxes	-0.1	-6.7
Increase (decrease) as of December 31, (US$ million)		
Selected consolidated balance sheet accounts:		
Reinsurance assets (including reserves for unearned premium)	-159.4	-180.7
Funds held by reinsureds	-77.8	-66.6
Other assets	-35.1	-39.8
Reinsurance liabilities (including reserves for unearned premiums)	-113.8	-109.3
Funds held under reinsurance contracts	-85.5	-123.1

5. Of the other transactions that the Company has restated, (a) two ceded and two assume accounting treatment, but a different accounting treatment was mistakenly entered into th previously recognized that its original decision to use reinsurance accounting instead of d adjust the prior year where the quantitative impact of the errors was immaterial. Of the fo in error instead of deposit accounting, one was a ceded transaction where prospective rei assumed transactions where prospective reinsurance accounting was used in error instead All but one of these transactions expired or were commuted effective no later than March those expired or commuted transactions.

The pre-tax effect of the Restatement of these six transactions on certain of Converium s

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	2004	2003
Increase (decrease) for the years ended December 31, (US$ million)		
Selected consolidated statement of income accounts:		
Gross premiums written		-0.1
Net premiums written	6.8	6.5
Net premiums earned	6.9	6.5
Losses, loss expenses and life benefits	0.1	-3.0
Acquisition costs	-1.0	
(Loss) income before taxes	-2.7	-0.2
Increase (decrease) as of December 31, (US$ million)		
Selected consolidated balance sheet accounts:		
Reinsurance assets (including reserves for unearned premium)	-2.9	-3.1
Funds held by reinsureds		
Other assets		
Reinsurance liabilities (including reserves for unearned premiums)		0.1

Income tax accounting restatements

For the years ended December 31, 2004 through 2000, the Company incorrectly calculate valuation allowances have been recomputed and adjustments of $95.0 million and $9.9 m years ended December 31, 2004 and 2003, respectively. There was no impact in 2002.

In addition, for the year ended December 31, 2004, the Company incorrectly recorded a f allowance related to Converium s U.S. operations arose from IRC Section 847, *Special I* assets. IRC Section 847 provides a mechanism that assures recoverability for the tax asse provision allows a reinsurer to take a special income tax deduction in the United States e tax payments equal to the amount of the tax benefit derived from the special deductio decreases in the special deduction and are treated as regular estimated tax payments o

In 2003, Converium filed a refund request for prior years special estimated tax paymen million from deferred tax assets into other assets. In 2004, however, the Internal Revenue income tax receivable. Subsequently, for the year ended December 31, 2004, the Compar $58.2 million referred to above. The Restatement reverses the valuation allowance provi payments or future refund requests. The deferred tax asset has been reclassified to other a

In addition, for its Australian operations, Converium did not provide deferred taxes for it The restatement corrects its accounts and results in an expense for the years ended Decen

The effect of the Restatement related to income tax accounting on certain of Converium

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	2
Increase (decrease) for the years ended December 31, (US$ million, except per share amounts)	
Selected consolidated statement of income accounts:	
Income taxes	-
Net income (loss)	
Basic earnings (loss) per share (US$)	
Increase (decrease) as of December 31, (US$ million)	
Selected consolidated balance sheet accounts:	
Other assets	
Deferred income tax assets	
Deferred income tax liabilities	
Shareholders equity	

Correction of other items

In the Restatement, Converium corrected its financial statements for certain other items. A

	I **200**
Increase (decrease) for the years ended December 31, (US$ million, except per share amounts)	
Selected consolidated statement of income accounts:	
Gross premiums written	155
Income (loss) before taxes	3
Net (loss) income	2
Basic earnings (loss) per share (US$)	0.0
Increase (decrease) as of December 31, (US$ million)	
Shareholders equity	2

These corrections are comprised of the following items:

Participations at Lloyd s

Gross presentation of syndicate transactions: Converium participates as a m Converium has in prior financial statements reported its participations in ce developments in the Lloyd s market have led to the reporting of more detai

Reinsurance to close: Syndicates at Lloyd s are formed for a duration of on any remaining liabilities to a successor syndicate by way of payment of a po statements, Converium did not record the RITC in the correct reporting peri the proper period.

Miscellaneous corrections: Corrections, which were originally concluded t
reported in the financial statements in the period they were identified. Thro
proper period.

The pre-tax effect of the restated accounting for the participations at Lloyd s on certain c

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Increase (decrease) for the years ended December 31,
(US$ million)
Selected consolidated statement of income accounts:
Gross premiums written
Net premiums written
Net premiums earned
Losses, loss expenses and life benefits
Acquisition costs
Income before taxes

Increase (decrease) as of December 31,
(US$ million)

Other corrections

Other corrections were also recorded in connection with the Restatement that include mis
were identified. Through the Restatement, Converium is recording these items in their pr
In the second quarter of 2005, Converium refined its chart of accounts to enhance the pre
Restatement, Converium applied the refined chart of accounts on its financial statements
statements of income and balance sheets. The most significant financial statement adjust
reinsurance liabilities in the consolidated balance sheets and the losses, loss expenses and
income or shareholders equity.

Additional paid-in capital

Included in the caption Other items is a decrease to additional paid-in capital of $70.1
for the periods prior to December 31, 2001as these adjustments reduced the net assets of

Overview

Converium Holding AG and subsidiaries (Converium) is an international reinsurer wh
accepted as a professional reinsurer for all major lines of non-life and life reinsurance in
solutions to complement our target clients business plans and needs. We focus on core
relationships with intermediaries.

We offer a broad range of traditional non-life and life reinsurance products as well as n
reinsurance, our lines of business are General Third Party Liability, Motor, Personal Acc
Engineering, Marine & Energy, Professional Liability and other Special Liability and W
reinsurance, including quota share, surplus coverage and financing contracts, and Accide
Converium was formed through the restructuring and integration of substantially all of th
(the Transactions). On December 1, 2001, Converium entered into a Master Agreeme
In December 2001, Zurich Financial Services sold 87.5% of its interest in Converium thr
Services. Zurich Financial Services remaining 12.5% interest in Converium was sold in
Due to the reserving actions and subsequent lowering of Converium s ratings during 200
from offices located in North America. See Item 4. Information on the Company B.
limited number of select accounts. This business will be underwritten and managed throu

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orderly run-off and we are seeking to commute CRNA s liabilities wherever appropriate
As a result of ratings downgrades, it was necessary to re-evaluate our global strategy to o
Strategy . The decision to place CRNA into run-off and to transfer the underwriting of N
American originated business of approximately $1.0 billion for underwriting year 2005, p
additional reductions in other parts of our business. Based on the January 1 renewal perio
37% as compared to 2004. Based on this development, Converium s gross premiums wr
During 2004 our business was organized around three operating segments: Standard Prop
principally on lines of business. The business segments are supported by global business
global services such as Human Resources, Finance and IT. We believe that this structure
Information on the Company B. Business Overview for discussion regarding the reorg
We prepare segregated financial information for each of our operating segments. In the fu
performance based on these segments.

We derive our revenues principally from:

- premiums from our non-life and life reinsurance and insurance businesses;
- investment income and investment gains from our portfolio of invested assets, net of
- interest on premium and loss deposits withheld by our clients.

Our costs and expenses principally consist of:

- losses and loss expenses, which include:
- non-life reinsurance and insurance losses and loss expenses;
- death and other life reinsurance benefits;
- operating and administration costs, which include:
  - treaty and individual risk acquisition costs, commonly referred to as commiss
  - overhead costs, predominantly consisting of salaries and related costs;
  - interest expenses; and
  - income taxes.

Our profitability depends to a large extent on:

- the quality of our underwriting and pricing;
- the level of incurred losses and commissions;
- the timing of loss and benefit payments;
- our ability to earn appropriate yields on our investment portfolio;
- our ability to manage operating and administration costs; and
- our ability to efficiently and effectively manage risk, including retrocessions.

When reviewing our financial statements, there are certain business characteristics that af

Critical Accounting Policies

Our discussion and analysis of the financial condition and results of operations are based
principles generally accepted in the United States of America (US GAAP). The prepar

judgments that affect the reported amounts and related disclosures. Changes in our financ
statements. The following presents those accounting policies that management believes a
management. The assumptions and judgments used by management are the ones they bel
materially if different information or assumptions were used. The descriptions below are
significant accounting policies used by us in preparing our financial statements is

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included in the Notes to the Consolidated Financial Statements.

Non-life loss and loss expense reserves

We are required by applicable insurance laws and regulations, as well as US GAAP, to es
insurance businesses. Loss and loss expense reserves are based on estimates of future pay
expenses for property and casualty business includes amounts determined from loss repor
including expected development of reported claims. Upon receipt of a notice of claim fro
Case reserves are usually based upon the amount of reserves reported by the primary insu
deemed necessary by our claims departments. Our cedents are domiciled in many countri
to a wide variety of approaches, in among other things, setting individual claims reserves
applicable accounting rules can vary greatly by country and can potentially lead to incons
of detail. These factors are considered when managing and assessing claims and establish
The following table shows gross non-life loss reserves separated between case reserves a

Standard Property & Casualty
Specialty Lines
Life & Health Reinsurance
Total

The Life & Health Reinsurance segment contains loss reserves related to Accident and H
If a contract is commuted, we reduce loss and loss expenses carried on our balance sheet
and the commutation payment.

We estimate our loss and loss expense reserves on the basis of facts reported to us by ced
have not received reports from ceding companies. Our estimates of losses and loss expen
legislation, court rulings, case law and prevailing concepts of liability, which can change
potentially impact the accuracy of our estimates. The risks associated with making the est
assumptions for long-tailed lines of business, the time lag in information reporting by ced
The amount of time that elapses before a claim is reported to the cedent and then subsequ
business for which claims are reported quickly are commonly referred to as short-tailed
reinsurer are commonly referred to as long-tailed lines. The uncertainty inherent in los
and motor liability, where information, such as required medical treatment and costs for b
economic inflation and changes in the social and legal environment are considered. The u
reinsurer. This is because of, among other things, the time lag inherent in reporting inforn
As a consequence, the estimation of loss and loss expense reserves is dependent on many
particularly for lines with long-tail characteristics, is the selection of the reporting tail. Th
subsequently reported to the reinsurer. A change of this factor can lead to a substantially
tail factor could be triggered by any of the drivers mentioned above, or a combination the
Umbrella (in North America), which is included in the Professional Liability and Other S
by $14.2 million.

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As a result of these uncertainties and other factors, actual losses and loss expenses may d
is evident in our actual experience of prior years calendar year adverse/(favorable) loss

2000
2001
2002
2003
2004

The current year development reflects the composite effect of the factors described above
between such factors.

Prior years loss and loss expenses incurred in 2004 of $(336.8) million net were primari
losses and loss expenses incurred of (i) adjustments of ultimate premium estimates ($186
effect of commutations. As a result of the restatement the previously reported prior years
commutation of the stop-loss protection regarding underwriting year 2001 of the professi
of this change.

We, like other reinsurers, do not separately evaluate each of the individual risks assumed
made by ceding companies. We are subject to the risk that our ceding companies may not
adequately compensate us for the risks we assume. To mitigate this risk our claims depar
offices of ceding companies. We rely on our ability to effectively monitor the claims han
Moreover, prior to accepting certain risks, our claims departments are often requested by
evaluate the ceding company s claims-handling practices, including the organization of t
adequacy of their reserves, their negotiation and settlement practices and their adherence
ceding company, including an assessment of the claims operation and, if appropriate, rec

We use historical loss information in our assessment/analysis of existing loss reserves an
estimated loss reserves are based on, among other things, original pricing analyses as wel
exposure growth, loss payments, pending levels of unpaid claims and product mix, as wel
losses and related reinsurance recoverable assets are reviewed and updated periodically.
assumption that past experience, adjusted for the effect of current developments and likel
estimation of loss reserves is an inherently uncertain process, quantitative techniques freq
affected development of reserves in the past may not necessarily occur or affect reserve d

The impact of changes in loss estimates can be mitigated by risk diversification. Risk div
reinsurer there are always likely to be reserve adjustments at the line of business level. O
expected duration of its claims obligations.

Our Standard Property and Casualty Reinsurance segment is primarily comprised of shor
loss expense reserves at December 31, 2004 and 2003, respectively. Our Specialty Lines
55.8% of our gross non-life loss and loss expense reserves at December 31, 2004 and 200
impact on the volatility of reserves and the uncertainties that exist in the reserve estimatio

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Premiums

When we underwrite business, we receive premiums for assuming the risk. Premiums wr
on contracts underwritten. Reported premiums written and earned are based upon reports
company reports have not been received.

In a typical reporting period, we generally earn a portion of the premiums written during
premiums written will not be earned until future periods. We allocate premiums written b
time passes, the unearned premium reserve is gradually reduced and the corresponding ar
pro rata basis over the period that the coverage is in effect. Our premium earned and writ
are able to refine our estimates and assumptions. Differences between such estimates and
determined.

A key assumption used by Management to arrive at its best estimate of assumed premium
estimated written premium, (ii) change in mix of business, and (iii) ceding company seas
Management uses information provided by ceding companies as the initial basis for deter
industry and the book of business.

We write a wide range of different types of insurance and reinsurance policies, some of w
substantially longer periods. This mix of business can change significantly from one peri
differ, perhaps significantly, on a year-to-year basis. Typically, differences in the percent
business from year to year. Our underwriters and client relationship managers, in their an
Similarly, the seasonality of premium writings, are also analyzed on a regular basis by ou
market environments and emerging trends.

Our estimation procedures are also affected by the timeliness and comprehensiveness of t
ceding company to us can be significant and depends on the reporting frequency of the ur
written premium estimates. The new process mechanically derives the accrued written an
the underlying direct policy. Following this, the cedent s actual reported premiums are u
Our processes require underwriters and others to assess the realization of premium estima
techniques, primarily for European non-life business, which compared estimates with act
resulted in a decrease in net premiums written and earned in the Standard Property & Cas
impact on accrued acquisition costs of $16.5 million and losses of $186.4 million, the im

Reinsurance recoverables

We cede reinsurance to retrocessionaires in the normal course of business. Under US GA
balances due from retrocessionaires for paid and unpaid losses and loss expenses, ceded u
estimated in a manner consistent with the liabilities associated with the reinsured contrac
Retrocessional reinsurance arrangements generally do not relieve us from our direct oblig
that any retrocessionaire is unable or unwilling to meet the obligations assumed under the
could result in uncollectible amounts and losses to us. We establish an allowance for pote
believes will not be collected. In addition, we immediately charge operations for any reco
determining the allowance or expense. See Note 28 to our 2004 consolidated financial sta

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Risk transfer

In the ordinary course of business, we both purchase, or cede, and sell, or assume, Proper as per SFAS 113 must be met in order to obtain reinsurance accounting, principally resul requirements are not met, a contract is to be accounted for as a deposit, typically resulting or expense. To meet risk transfer requirements, a reinsurance contract must include both loss for the assuming entity.

Reinsurance and insurance contracts that include both significant risk sharing provisions, limits as evidenced by a high proportion of maximum premium assessments to loss limits such contracts, often referred to as finite or structured products, we require that risk trans inception. To support risk transfer, the cash flow analyses must support the fact that a sig divided by the net present value of premiums equals or exceeds 110 percent. For purpose duration of loss payments. In addition, to support insurance risk, we must prove the reins which the assuming entity can recognize a significant loss.

In the event that a transaction does not meet the risk transfer requirements promulgated b 98-7, *Deposit Accounting: Accounting for Insurance and Reinsurance Contracts That D* reinsurance transactions that fail risk transfer because there is (1) underwriting risk and ti not significant, or (3) underwriting risk and timing risk but not significant underwriting a risk transfer test because there is underwriting risk and timing risk but the underwriting ri on the net cash flows of the transaction. These amounts accrete interest income/expense u settlement of the asset/liability. Most of the finite transactions also include a non-refunda contract. This fee is recognized as other income/(expense) over the coverage period of th

In the event that the circumstances change and a loss will be ceded to the contract which be recognized into income/expense over the coverage period of the contract and a loss lia free rate in accordance with SOP 98-7.

Foreign currency translation

In view of our global scale and the fact that more of our business is transacted in US doll portion of our revenues and expenses are denominated in other currencies including the E business units, translation differences are recorded directly in shareholders equity. Exch in non-functional currencies are recorded as income or expense, as the case may be, in ou

Invested assets

The majority of our fixed maturities and equity securities are classified as available-for-s to hold to maturity are classified as held-to-maturity. Held-to-maturity securities are carri the held-to-maturity category. The difference between the fair value and amortized cost a value of transferred securities is the fair value at the date of transfer less unamortized net near term, are classified as trading and are carried at fair value. Unrealized gains or losses comprehensive income, net of deferred income taxes.

When declines in values of securities below cost or amortized cost are considered to be o income for the difference between cost or amortized cost and estimated fair value. Othe that exceed 50% regardless of the period of decline or any declines in value of equity sec

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policy applies to fixed maturities securities when the decline in value is attributable to the
based on prevailing market conditions by considering various factors such as the financia

Income taxes

Deferred income taxes are provided for all temporary differences, which are based on the
liabilities using enacted local income tax rates and laws. In addition, a deferred tax asset i
that we can use to offset future taxable income. Realization of the deferred tax asset relate
periods. We establish a valuation allowance against our deferred tax asset based upon our
in the applicable jurisdiction. In establishing the appropriate valuation allowance against
over time, including our ability to utilize the net operating loss carry forwards. To the ext
deferred tax asset, net income would be adversely affected to the extent a valuation allow

Goodwill and Other Intangible Assets

SFAS 142 prohibits the amortization of goodwill and intangible assets that have indefinit
indicate an impairment of goodwill. Except for the reduction of amortization of goodwill
SFAS 142 requires that goodwill and other intangible assets be tested annually for impair
goodwill and other intangible assets impairment test measures the amount of the impairm
indefinite life are tested for impairment using a one-step process, which compares the fai
Upon application of SFAS 142, Converium ceased amortizing goodwill on January 1, 20

Investment Results

Investment results are an important part of our overall profitability. Our net investment in
period in 2003. The increase largely resulted from growth; in invested assets during 2004
income bond fund to a direct fixed income investment portfolio. The decline in income fr
Company B. Business Overview Investments Funds Withheld Asset . Our net inve
investment income yields offset by an increase in invested assets from operating cash flo
December 31, 2004 as compared to 3.3% and 4.2% for the same periods in 2003 and 200

We recorded net realized capital gains of $46.5 million and $18.4 million for the years en
gains associated with the sale of equity securities to adjust our asset allocation. Impairme
$27.4 million in 2003. Included in the impairment charges for 2004 were $2.5 million rel
related to other investments. In 2002, we recorded pre-tax net realized capital losses of $1
$62.9 million, offset by losses on the restructuring of the equity portfolio of $48.2 million
charges of $48.3 million.

We recorded $6.2 million, $27.4 million and $48.3million of impairment charges during
Critical accounting policies for details on our fixed maturities and equity securities imp

The following table shows the average pre-tax yields and investment results on our inves

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	Net Investme		
		2004 (Restated)	
	Net Investment Income	Pre-tax Yield	Realized gains (losses)
Fixed maturity securities	$ 198.3	2.4%	$ 5.7
Equity securities	14.8	0.2	48.0
Funds Withheld Asset /Zurich Financing Agreement	75.1	0.9	
Short-term and other	37.7	0.5	(7.2)
Less investment expenses	(13.2)		
Total	312.7	3.8	
Net realized capital gains (losses)	46.5		
Net investment income and net realized capital gains (losses)	359.2	4.4	
Change in net unrealized gains (losses)	(25.1)		
Total investment return	$ 334.1	4.1%	

Our average net investment income yield was 3.8% for the year ended December 31, 200
Our average annualized total investment income yield (pre-tax) was 4.4% for the year en
respectively. Yields are calculated based on the average of beginning and ending total inv
positively impacted by the increase in realized gains in 2004 resulting from the sale of eq
decline in impairment charges compared to 2003. We paid fees in the amount of $11.6 m
respectively, including other investment-related costs.

Our average annualized total investment return (pre-tax) was 4.1% for the year ended De
The total investment return includes the effect of pre-tax net unrealized gains and losses.
triggered by the sale of equity securities, partially offset by the continued positive develo
$94.5 million as a result of the strong recovery of the stock markets. The average total inv
gains and losses of $(50.3) million, lowering the return by 0.8%. As of 2003 and forward
cumulative currency translation adjustments, and therefore no longer affects the investme

Restructuring Costs

The placement of CRNA into orderly run-off and the ratings downgrades resulted in a re
result, Converium notified certain of its employees that their employment would be termi
primarily due to the costs associated with these severance plans. As a result of the transiti
office space in New York, New York and consolidate in our Stamford, Connecticut offic
under review. Associated costs will be recorded as restructuring costs.

Income Tax

We are subject to local income tax requirements in the jurisdictions in which we operate.
the related assets and liabilities. The income tax expense reflected in our financial statem
the next depending on both the amount and the geographic contribution of our taxable in

income or loss and expenses may differ from that reported in our financial statements.
As a result of changes in our geographic contribution of taxable income or loss as well as
the relationship between our reported income before tax and our income tax expense may

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As a result of the developments of 2004, we established a full valuation allowance agains
net operating losses carried forward at Converium AG. For further information about our
consolidated financial statements for information regarding the correction of our accounti
Under U.S. tax law, the utilization of the deferred tax asset related to the net operating los
if there is a more than 50 percentage point change in shareholder ownership. As a result o
may have potentially triggered this limitation. Management is currently reviewing the im
limitation has actually been triggered. The finalization of this assessment could result in a
liabilities; however, there will be no income statement impact as we have established a fu

Regulatory and Legislative Environment

Our business is subject to regulation in all of the jurisdictions in which we operate. Regul
monitoring of solvency and reserves and asset valuation. Changes in government policy o
developments could broaden the intent and scope of coverage of existing policies written
Company B. Business Overview Regulation .

Results of Operations

The information in the following section reflects the effects of the Restatement of our fin
effects for the years ended December 31, 2004, 2003 and 2002 and as at December 31, 20
of this section as well as Note 3 to our 2004 consolidated financial statements included in
report.

The table below presents summary income statement data for the years ended December

Revenues:
Gross premiums written
Net premiums written
Net premiums earned
Net investment income
Net realized capital gains (losses)
Other (loss) income
Total revenues
Benefits, losses and expenses:
Losses, loss expenses and life benefits
Acquisition costs
Other operating and administration expenses
Interest expense
Impairment of goodwill
Amortization of intangible assets
Restructuring costs
Total benefits, losses and expenses
(Loss) income before taxes
Income tax (expense) benefit
Net (loss) income

During 2004, there were several items that resulted in measurable effects on our financial
accruals and associated loss and acquisition costs, (iii) adjustment of retrocessional recov
impact on the

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technical result of $561.5 million. In addition, we established a full valuation allowance a
valuation allowance against the net deferred tax assets at Converium AG of $126.1 millio
The table below shows the reconciliation between pre-tax results and pre-tax operating re
underlying fundamentals of our operations without the influence of realized gains and los

Pre-Tax Operating (Loss) Income
(Loss) income before taxes
Net realized capital gains (losses)
Impairment of goodwill
Amortization of intangible assets
Restructuring costs
Pre-tax operating (loss) income
Net (loss) income

Year Ended December 31, 2004 Compared to Year Ended December 31, 2003

Converium Consolidated Net (Loss) Income

For the year ended December 31, 2004 we reported a net loss of $582.5 million versus ne
those items as described above, in addition to losses related to the natural catastrophes tha
We reported a pre-tax operating loss (defined as pre-tax income or loss excluding pre-tax
restructuring costs) of $321.1 million for the year ended December 31, 2004, a decrease o
performance, as this measure focuses on the underlying fundamentals of our operations w
items such as goodwill impairment and restructuring costs.

For the year ended December 31, 2004, gross premiums written decreased 7.5%, net prem
premiums written primarily resulted from clients exercising their rights of special termina
below. Despite the decrease in premiums, there still remained some growth across lines o
resulting from overall market conditions and new client relationships.

Adjustments of ultimate premium estimates: During the course of 2004 Converium imple
underwriters and others to assess the realization of premium estimates on a quarterly basi
European non-life business, which compare estimates with actuarially derived amounts u
premiums written and earned in the Standard Property & Casualty Reinsurance and Speci
costs of $16.5 million and losses of $186.4 million, the impact of these adjustments on th

Our non-life combined ratio was 116.0% for the year ended December 31, 2004 as compa
combined ratio by 16.4 points and 4.5 points, respectively for the year ended December 3

We recorded net realized capital gains of $46.5 million and $18.4 million for the years en
gains associated with the sale of equity securities to adjust our asset allocation. Impairme
$27.4 million in 2003. Included in the impairment charges for 2004 were $2.5 million rel
related to other investments.

Our effective tax rate was (52.8%) for the year ended December 31, 2004 as compared to
expense of $473.7 million related to the establishment of a full valuation allowance again
allowance against the net deferred tax assets at Converium AG ($126.1 million).

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Converium Consolidated Premiums

Net premiums written decreased for the year ended December 31, 2004 over the same pe termination under various reinsurance contracts, as described below, adjustments of ultim December 31, 2004, Standard Property & Casualty Reinsurance decreased by $123.7 mil written in the Life & Health Reinsurance segment grew by $51.0 million or 13.4%. We re respectively.

Special terminations: Many reinsurance contracts include a ratings or statutory surplus le cedent that allows the cedent to terminate the contract on a prospective basis from the dat strengthening, contracts with an estimated ultimate premium income of $508.8 million w of $(114.5) million for the second half of 2004.

As of December 31, 2004, Converium s reserves for unearned premiums, gross were $1, earn out in 2005. The earn out of these reserves for unearned premiums and the reduced r reserves for unearned premiums in future periods.

For the year ended December 31, 2004, based on stable exchange rates, gross premiums by 3.0%.

Converium Consolidated Net Investment Income and Net Realized Capital Gains (Losses

Investment results are an important part of our overall profitability. Our net investment in period in 2003. The increase largely resulted from growth in invested assets during 2004, income bond fund to a direct fixed income investment portfolio. The decline in income fr Our average net investment income yield was 3.8% for the year ended December 31, 200 Our average annualized total investment income yield (pre-tax) was 4.4% for the year en respectfully. Yields are calculated based on the average of beginning and ending total inv positively impacted by the increase in realized gains in 2004 resulting from the sale of eq decline in impairment charges compared to 2003. We paid fees in the amount of $11.6 m other investment-related costs.

Our average annualized total investment return (pre-tax) was 4.1% for the year ended De The total investment return includes the effect of pre-tax net unrealized gains and losses. triggered by the sale of equity securities, partially offset by the continued positive develo $94.5 million as a result of the strong recovery of the stock markets. The average total inv gains and losses of $(50.3) million, lowering the return by 0.8%. As of 2003 and forward cumulative currency translation adjustments, and therefore no longer affects the investme We recorded $6.2 million and $27.4 million of impairment charges during 2004 and, 200

Converium Consolidated Other (Loss) Income

Other loss for the year ended December 31, 2004 was $8.2 million as compared to other i retroactive stop-loss retrocession cover from National Indemnity Company, offset by a re (see Notes 22 and 27 to our 2004 consolidated financial statements). Other (loss) income reinsurance contracts, fee income, write-off of uncollectible balances and results from pri

Converium Consolidated Losses, Loss Expenses and Life Benefits

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Our losses, loss expenses and life benefits incurred and non-life loss ratio increased for th
development of prior years loss reserves, as described below. In addition, the impact of
the 2004 loss ratio.
Development of prior years reserves: Converium reported that it has experienced signif
It stated that, since 2000, Converium has recorded $868.2 million of additional net provis
2003: $(31.3) million; and 2004: $562.0 million).
Although the Restatement did not result in changes to the reserve amounts determined as
to the accounting for certain assumed and ceded transactions and the reserve amounts rel
requirements for reinsurance accounting. See Note 3 to our 2004 consolidated financial s
Information, and Item 5. Operating and Financial Review and Prospects A. Opera
transactions, have increased/(decreased) the previously reported additional net provisions
2003: ($32.2) million; and 2004: $3.7 million). The net strengthening of prior years loss
by the Restatement.
Therefore, after consideration of the restated transactions and as reflected in this Form 20
prior years non-life business (2000: $165.0 million; 2001: $167.8 million, 2002: $201.1
During early 2004, Converium announced that reported losses from prior year US casualt
persist for some time. This adverse loss-reporting trend continued and accelerated into m
underwriting, claims and actuarial perspective in order to examine the adequacy of prior y
commissioned the actuarial consulting firm Tillinghast-Towers Perrin to perform an inde
respect of the Zurich and New York originated businesses. The outcome of these in-depth
by $565.7 million for the year ended December 31, 2004. This action was taken in respon
casualty business written from 1997 to 2001 as well as deterioration from European non-
both frequency and severity. While we believe that we have fully addressed this issue thr
In the Standard Property & Casualty Reinsurance segment, the development of prior year
($109.3 million), motor liability outside the United States ($91.7 million) and Personal A
($82.1 million) and miscellaneous liability ($31.2 million) that also included the impact o
$469.9 million primarily related to adverse developments of the Professional Liability an
Compensation ($55.4 million), and Engineering ($12.9 million). These adverse developm
($24.5 million), Agribusiness ($0.7 million), and Credit & Surety ($3.8 million).
In 2003, the positive development of $63.5 million consisted of positive development on
on Workers Compensation and Professional Liability and other Special Liability lines (
in 2003 were primarily from the 2002 underwriting year, while the US business written in
Commutations: Based on the developments of 2004, we placed our US reinsurance opera
accelerate the realization of profit inherent in long-tail reserves by crystallizing outstandi
commutation payments essentially reflect a discounted present value of estimated future
are liquidated to make payments. As of December 31, 2004, we agreed upon commutatio
a cash outflow of $526.8 million.
Guaranteed Minimum Death Benefit (GMDB) business: For the year ended December 31
2002, the Life & Health Reinsurance segment strengthened reserves for this closed block
performance of the US stock markets, GMDB s net amount at risk further decreased to $
regarding this accounting adjustments, see Note 3 to our 2004 consolidated financial

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statements included in Item 8. Financial Information A. Consolidated Statements ar
Results.

Impact of aviation and space business: Our aviation and space business contributes subst
written of $404.5 million and $341.6 million and a net non-life technical result (defined a
million in 2004 and 2003, respectively.

Impact of property catastrophe losses: We reported the following large natural catastroph
proportional and non-proportional property catastrophe business: hurricanes in the US an
Typhoon Maemi ($15.4 million) and the Algerian earthquake ($10.6 million) in 2003.

September 11th terrorist attacks: The September 11th terrorist attacks in the United State
and loss expenses of $692.9 million arising out of the terrorist attacks. Net of retrocession
$289.2 million, coming primarily from our aviation and Property lines of business. The re
business. Zurich Financial Services, through its subsidiaries, agreed to arrangements that
$289.2 million. As part of these arrangements, these subsidiaries of Zurich Financial Serv
Converium Rückversicherung (Deutschland) AG with regard to losses arising out of the S
non-payment by the retrocessionaires of CRNA, our only retrocessionaire for this busines
credit. Therefore, we are not exposed to potential non-payments by retrocessionaires for t
of Zurich Financial Services units and we are exposed to credit risk from these subsidia
In December 2004, a federal jury in New York concluded that the two planes that crashed
two separate attacks. This ruling increased our gross losses and loss expenses by $8.7 mil
ruling did not have an effect on our net loss position. In 2004 and 2003 there was no addi

Asbestos and environmental exposures: As of December 31, 2004 and 2003, we had rese
$45.8 million, respectively. Our survival ratio (calculated as the ratio of reserves held, inc
reserves was 13.6 years at December 31, 2004 and 2003.

Converium Consolidated Acquisition Costs

Acquisition costs primarily relate to commissions on treaty and individual risk business. C
2003. The underwriting expense ratio was relatively stable in 2004 as compared to 2003.

Converium Consolidated Operating and Administration Expenses

Operating and administration expenses increased for the year ended December 31, 2004 c
costs of $15.7 million related to the retention plans that were rolled out in late 2004 (see I
addition approximately $7.0 million of advisory fees were recorded in conjunction with v
relatively stable for the year ended December 31, 2004 as compared to the same period in
We fully charge the cost of options to operating expense under the fair value approach of
expense of $10.7 million and $6.1 in 2004 and 2003, respectively.

Converium Consolidated Interest Expense, Goodwill and Other Intangible Assets and Re

Interest expense: Interest expense remained relatively stable for the year ended Decembe

Goodwill and other intangible assets: Impairment of goodwill was $94.0 million for the y

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of intangible assets was $9.9 million for the year ended December 31, 2004.
SFAS 142, requires impairment testing of goodwill annually or more regularly if any eve
may be impaired. An impairment charge of $94.0 million was recorded due to the reservi
business written in North America, and the subsequent decision to take a full valuation al
goodwill relating to CRNA.
SFAS 142 also requires that useful lives for intangible assets other than goodwill be reass
life of our intangible asset relating to GAUM was reduced to less than one year resulting
additional information regarding the reassessment of the useful life related to GAUM.
Restructuring costs: The placement of CRNA into orderly run-off and the ratings downgr
going forward. As a result, Converium notified certain of its employees that their employ
been expensed primarily due to the costs associated with these severance plans. In additio
office space in New York, New York and consolidate in our Stamford, Connecticut offic
under review. Associated costs will be recorded as restructuring costs.

Converium Consolidated Income Tax Expense

Converium s consolidated income tax expense for the year ended December 31, 2004 re
against the net deferred tax balances previously carried at CRNA and a valuation allowan
reflects an increase in the tax loss carryforward due to the retrocession of certain contract
As required under SFAS 109, Converium is required to assess if it is more likely than not
made to, among other things, historical losses. Therefore, a full valuation allowance was
position of the companies. The companies may offset future taxable income against the e
expense on such income until such time as the net operating losses are utilized or expire.
against net operating losses carried forward and will not cause any income taxes except c
As of December 31, 2004, Converium s valuation allowance on deferred tax assets was
($106.9 million) and other temporary differences, net ($13.2 million). As of December 31
forward.
As of December 31, 2004, Converium has total net operating losses carried forward of $2
Substantially all of these net operating losses carried forward relate to CRNA and Conver
Converium will continue to monitor its tax position and reassess the need for a full valuat
related to net operating losses carried forward is dependent upon generating sufficient tax
ability to generate taxable income to fully utilize its net operating loss carryforwards.
Under U.S. tax law, the utilization of the deferred tax asset related to the net operating los
if there is a more than 50 percentage point change in shareholder ownership. As a result o
may have potentially triggered this limitation. Management is currently reviewing the im
limitation has actually been triggered. The finalization of this assessment could result in a
liabilities; however, there will be no income statement impact as we have established a fu

Converium Consolidated Combined Ratios

Our combined ratio was 117.0% in 2004 and 97.5% in 2003. The decrease in the combin

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Year Ended December 31, 2003 Compared to Year Ended December 31, 2002

Converium Consolidated Net Income

Converium reported net income of $177.9 million for the year ended December 31, 2003
was due to continued improvements in the non-life underwriting results, as well as pre-ta
our GMDB book were offset by an overall improved non-life combined ratio.

Converium reported pre-tax operating income (defined as pre-tax income or loss excludi
million for the year ended December 31, 2003, an improvement of $165.9 million as com
income was due to significant premium growth and an overall improved non-life combin

For the year ended December 31, 2003, gross premiums written increase 27.5%, net prem
most lines of business and resulted from increased rates and increasing the share of client

In 2003, we recorded $63.5 million of net positive development on prior years loss rese
reinstatement premiums of $3.1 million) and the recognition of a $201.1 million provisio
year ended December 31, 2003 as compared to 106.3% in the same period of 2002.

Converium recorded pre-tax net realized capital gains of $18.4 million for the year ended
period of 2002. The pre-tax net realized capital gains in 2003 included $27.4 million of i

Converium s effective tax rate was 15.6% for the year ended December 31, 2003, compa
million as the result of a ruling received from the Swiss tax authorities regarding a tax lo

Converium Consolidated Premiums

Gross premiums written for the year ended December 31, 2003 increased $928.0 million,
$687.5 million, or 21.2% compared to 2002. For the year ended December 31, 2003, we
decreased principally due to the purchase of increased retrocessions to reduce peak expos
(GAUM) pool.

The increases in non-life net premiums written predominately reflected the continued im
business with existing clients. During 2003, we took advantage of growth opportunities i
million, or 25.9% for the year. This was due to increased penetration in all lines of busin
Lines segment grew by $275.9 million or 17.4% compared with 2002, driven by strong g
Special Liability lines. The Life & Health Reinsurance segment grew by $65.6 million o

Net premiums earned for the year ended December 31, 2003 increased $690.3 million, o
to the seasonality of certain business within our portfolio.

Converium Consolidated Net Investment Income and Net Realized Capital Gains (Losses

Investment results are an important part of our overall profitability. Our net investment i
$17.4 million, or 6.9% as compared to the same period of 2002. The decrease reflects lo

Our average annualized total investment income yield was 3.5% for the year ended Dece
average of beginning and ending investment balances (including cash and cash equivale
positioned our fixed income portfolios to a shorter duration in anticipation of a potential i

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$6.1 million to our asset managers and custodians in 2003 and 2002, respectively, includi
We had net realized capital gains for the year ended December 31, 2003 of $18.4 million
in the 2002 realized amounts were gains on the restructuring of the fixed maturities portf
losses realized on the sale of WorldCom fixed income investments of $15.8 million.
We recorded $27.4 million and $48.3 million of impairment charges during 2003 and 200
standards, beginning in the second quarter of 2003, we revised our impairment policy to a
twelve months. The same policy applies to fixed maturities securities when the decline in
impairment charges of $3.4 million in 2003.

Converium Consolidated Other Income (Loss)

Other income for the year ended December 31, 2003 was $17.5 million as compared to o
income on reinsurance deposits, interest expense on funds held under reinsurance contrac

Converium Consolidated Losses, Loss Expenses and Life Benefits

Our losses, loss expenses and life benefits incurred increased $269.0 million, or 10.8%, i
as compared to 80.6% in 2002. Our reported losses, loss expenses and life benefits were i
Net reserve development: In 2003, there was $63.5 million net positive development on p
Casualty Reinsurance segment, offset by $9.6 million of adverse development in the Spe
reinsurance industry; as a multi-line reinsurer there are always likely to be reserve adjust
well as balanced by region and by the expected duration of its claims obligations.
In 2002, Converium strengthened reserves for prior years by $201.1 million. Throughout
in-depth actuarial reserve analysis of certain lines of business. This resulted in an additio
Standard Property & Casualty Reinsurance segment, there were additional provisions of
additional provisions of $86.3 million, primarily related to the commercial umbrella and
Guaranteed Minimum Death Benefit (GMDB) Business: In addition to the non-life reserv
closed block of variable annuity business by $55.5 million and $15.6 million in 2003 and
amount at risk further decreased to $809.7 million and $1,243.0 million at December 31,
In late 2003, the Company entered into a Guaranteed Minimum Death Benefit (GMDB
$75,000,000 in excess of reserves for losses arising out of GMDB reinsurance contracts b
had transferred sufficient risk to qualify for reinsurance accounting treatment. However,
sharing agreement with the same party linking both of the foregoing contracts, and cert
include evaluation of the entire arrangement between the parties and that there are transa
that at inception there was insufficient risk transfer such that the conditions for reinsuran
accounting treatment of the GMDB Contract and the property catastrophe agreement fro
that was transferred to a separate third party.

The Company entered into a Combined Excess of Loss Reinsurance Agreement (the CE
subsequently renewed the CEL Agreement for calendar years 2002, 2003 and 2004, resp
from the internal review, the Company determined that the initial risk transfer analysis di
side agreement was consummated. The Company has now determined that at inception th
not been met. Accordingly, the Company has corrected the accounting treatment for thes
resulted in a charge to income (loss) before taxes of approximately $35.0 million.

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We believe that the current carried reserves for our GMDB exposure are adequate, but w
associated with this business. For further information regarding this accounting adjustme
A. Consolidated Statements and Other Financial Information, and Item 5. Operating
Impact of aviation and space business: Our aviation and space business contributes subst
written of $341.6 million and $365.3 million and a net non-life technical result (defined a
million in 2003 and 2002, respectively. There were no large losses, defined as those in ex
Impact of property catastrophe losses: We reported the following large natural catastrop
proportional and non-proportional property catastrophe business: Typhoon Maemi ($15.
($51.1 million).
Asbestos and environmental exposures: As of December 31, 2003 and 2002, we had rese
$44.6 million, respectively. Our survival ratio (calculated as the ratio of reserves held, in
reserves was 13.6 years at December 31, 2003, compared to 13.5 years at December 31,
During 2003 and 2002, there was no additional development in net reserves for the Septe
(ZFS). In 2003 and 2002, the ultimate losses related to Enron declined $17.2 million a

Converium Consolidated Acquisition Costs

Acquisition costs primarily relate to commissions on treaty and individual risk business.
25.1%, in 2002. This increase is mainly related to the increase in net premiums earned. T
21.1%, respectively.

Converium Consolidated Operating and Administration Expenses

Operating and administration expenses increased 13.5% in 2003 and 21.9% in 2002. The
administration expenses were also impacted in 2003 and 2002 by the decrease of the US
expenses, the non-life administration expense ratio decreased slightly to 4.2% in 2003 as
expenses.
We fully charge the cost of options to operating expense under the fair value approach of
respectively, in connection with our stock option plans.

Converium Consolidated Interest Expense

Interest expense for the year ended December 31, 2003 was $31.0 million compared to $
in 2003 was mainly due to $16.5 million in interest expense on our $200.0 million 8.25%

Converium Consolidated Income Tax (Expense) Benefit

Our income tax (expense) benefit was $(32.8) million and $17.9 million for the years end
benefit of 100.0% in 2002. The 2002 consolidated tax benefit reflected a one-time benefi
carried forward.

Converium Consolidated Combined Ratios

Our combined ratio was 97.5% in 2003 and 106.3% in 2002. The improvement in the co
absent of any major catastrophe activity.

Results of Operations by Operating Segment

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The information in the following section reflects the effects of the Restatement of our fin
effects for the years ended December 31, 2004, 2003 and 2002 and as at December 31, 20
Restatement see the information provided at the beginning of this section as well as Note
Consolidated Statements and Other Financial Information, of this report.

In 2004, Converium s business was organized around three operating segments: Standard
principally on global lines of business. In addition to the three segments financial result
Global Executive Committee, and other global functions. See Item 4. Information on
the first quarter of 2005.

During 2004, there were several items that resulted in measurable effects on Converium
premium accruals and associated loss and acquisition costs, (iii) adjustment of retrocessio
net impact on the technical result of $561.5 million. In addition, we established a full valu
$347.6 million and a valuation allowance against the net deferred tax assets at Converium
compares Converium s segment results for the years ended December 31, 2004, 2003, an

Segment (loss) income:
Standard Property & Casualty Reinsurance
Specialty Lines
Life & Health Reinsurance
Corporate Center
Total segment (loss) income
Other (loss) income
Interest expense
Impairment of goodwill
Amortization of intangible assets
Restructuring costs
(Loss) income before taxes
Income tax (expense) benefit
Net (loss) income

Non-Life

The table below presents information regarding results of operations of our non-life busin
segment basis below.

Revenues:
Gross premiums written
Net premiums written
Net premiums earned
Net investment income and net realized capital gains (losses)
Total revenues
Losses and expenses:
Losses and loss expenses

Acquisition costs
Other operating and administration expenses
Total losses and expenses
Segment (loss) income
Ratios:

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Loss ratio
Underwriting expense ratio
Administration expense ratio
Combined ratio

Standard Property & Casualty Reinsurance

The table below presents information regarding the results of operations of our Standard

Revenues:

Gross premiums written
Net premiums written
Net premiums earned
Net investment income and net realized capital gains (losses)
Total revenues

Losses and expenses:

Losses and loss expenses
Acquisition costs
Other operating and administration expenses
Total losses and expenses
Segment income

Ratios:

Loss ratio
Underwriting expense ratio
Administration expense ratio
Combined ratio

Year Ended December 31, 2004 Compared to Year Ended December 31, 2003

Standard Property & Casualty Reinsurance Segment Income

Standard Property & Casualty Reinsurance reported segment income of $40.1 million in primarily attributable to the following:

Premium volume was impacted by clients exercising their rights of special terminatio $57.6 million in the second half of 2004. In addition to the reductions triggered by sp premium written was further affected by adjustments of ultimate premium estimates i enhanced procedures for establishing written premium estimates throughout 2004, as

Hurricanes in the US and the Caribbean, the Japanese typhoons and the tsunami in th

The development of prior years reserves of $95.8 million primarily related to advers ($91.7 million) and Personal Accident (assumed from non-life insurers) ($8.1 million miscellaneous liability ($31.2 million) which also included the impact of whole accou

Slightly offsetting the results for 2004 was the increase in investment results due to th
equity securities to adjust our asset allocation to reduce investment portfolio risk duri

Standard Property & Casualty Reinsurance Premiums

For the year ended December 31, 2004, gross premiums written decreased 6.6% to $1,69
0.8 % to $1,652.8 million. Adjustments of ultimate premium estimates resulted in a decre
acquisition costs ($18.1 million) and losses ($101.1 million), the impact of these adjustm

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$0.9 million. Partially offsetting the reduction in gross premiums written resulting from c
$71.9 million for the year ended December 31, 2004.

For the year ended December 31, 2004, the reduction in net premiums written in the Stan

- Property, which decreased by 24.4% or $193.3 million to $600.2 million, due to cede and

- Personal accident (non-life), which decreased by 2.3% or $0.8 million to $34.5 millio

These decreases were partially offset by:

- Motor, which increased by 1.0% or $4.7 million to $493.5 million, due to growth in V decrease in net premiums written in North America due to the ratings agencies actio

- General Third Party Liability, which increased by 18.0% or $65.7 million to $429.7 n

Standard Property & Casualty Reinsurance Net Investment Income and Net Realized Cap

Standard Property & Casualty Reinsurance reported net investment income and net realiz
41.0%, compared to net investment income and net realized capital gains of $102.1 millio
recovery of the global capital markets as well as capital gains realized from the sale of eq

Standard Property & Casualty Reinsurance Losses and Loss Expenses

Standard Property & Casualty Reinsurance had losses and loss expenses incurred of $1,2
expense ratio was 76.8% in 2004 as compared to 67.8% in 2003.

The development of prior years reserves of $95.8 million primarily related to adverse de
($91.7 million) and Personal Accident (assumed from non-life insurers) ($8.1 million), an
liability ($31.2 million) which also included the impact of whole account retrocessions.

In the latter half of 2004, the Standard Property & Casualty Reinsurance segment agreed
$125.9 million.

Standard Property & Casualty Reinsurance Acquisition costs

Acquisition costs primarily relate to commissions on treaty and individual risk business. S
million. The non-life underwriting expense ratios 24.9% in 2004 compared to 22.7% in 2

Standard Property & Casualty Reinsurance Operating and Administration Expenses

Operating and administration expenses increased $3.0 million or 4.1% to $76.2 million in
2004 and the continued weakening of the US dollar. The non-life administration ratio wa

Standard Property & Casualty Reinsurance Combined Ratios

Standard Property & Casualty Reinsurance s combined ratio was 106.7% in 2004 and 94
years loss reserves as well as losses due to the hurricanes in the US and Caribbean, the J

Year Ended December 31, 2003 Compared to Year Ended December 31, 2002

Standard Property & Casualty Reinsurance Segment Income

Standard Property & Casualty Reinsurance reported a segment income of $187.8 million
primarily attributable to:

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The non-life loss ratio improved by 7.8 percentage points for the year ended Decemb
Property line of business, as 2003 was absent any major catastrophe activity.

The investment results and return for 2003 were positively impacted by the recovery

Standard Property & Casualty Reinsurance Premiums

For the year ended December 31, 2003, gross premiums written increased 30.4% to $1,82
increased 29.9% to $1,665.9 million. The increase in gross premiums written resulted fro
ended December 31, 2003.

For the year ended December 31, 2003, net premium written growth in Standard Property

Property, increased by 22.8% or $147.5 million to $793.5million;

Motor, increased by 38.3% or $135.3 million to $488.8 million; and

General Third Party Liability, increased by 20.8% or $62.7 million to $364.0 million.

Standard Property & Casualty Reinsurance Net Investment Income and Net Realized Ca

Standard Property & Casualty Reinsurance reported net investment income and net realiz
$4.0 million, or 4.1%, compared to net investment income and net realized capital losses
impacted by the recovery of the global capital markets.

Standard Property & Casualty Reinsurance Losses and Loss Expenses

Standard Property & Casualty Reinsurance had losses and loss expenses incurred of $1,1
expense ratio was 67.8% in 2003 as compared to 75.6% in 2002. This improvement resul
activity.

In 2003, segment income was increased by $73.1 million from positive developments of
million (primarily from the 2002 year) was partially offset by net adverse development o
years). The Standard Property & Casualty Reinsurance segment s book of business is br
claims obligations.

In 2002, Standard Property & Casualty Reinsurance experienced $51.1 million (net of rei
adverse loss development on prior years business, primarily from the Motor, General T

Standard Property & Casualty Reinsurance Acquisition costs

Acquisition costs increased $97.2 million or 34.7% in 2003. This increase is mainly relat
compared to 21.9% in 2002.

Standard Property & Casualty Reinsurance Operating and Administration Expenses

Operating and administration expenses increased 19.8% in 2003. The increase primarily
also impacted in 2003 and 2002 by the decrease of the US dollar against the strengthenin
administration expense ratio was 4.4% in 2003, compared to 4.6% in 2002. This was due

Standard Property & Casualty Reinsurance Combined Ratios

Standard Property & Casualty Reinsurance s combined ratio was 94.9% in 2003 and 10
Property line of business, as 2003 was absent of any major catastrophe activity.

Specialty Lines

The table below presents information regarding results of operations of our Specialty Lin

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2004, 2003 and 2002.

Revenues:

Gross premiums written
Net premiums written
Net premiums earned
Net investment income and net realized capital gains (losses)
Total revenues

Losses and expenses:

Losses and loss expenses
Acquisition costs
Other operating and administration expenses
Total losses and expenses
Segment (loss) income

Ratios:

Loss ratio
Underwriting expense ratio
Administration expense ratio
Combined ratio

Year Ended December 31, 2004 Compared to Year Ended December 31, 2003

Specialty Lines Segment (Loss) Income

Specialty Lines reported a segment loss of $252.1 million in 2004 compared to segment i

Premium volume was impacted by clients exercising their rights of special terminatio $50.5 million in the second half of 2004. In addition to the reductions triggered by sp affected by adjustments of ultimate premium estimates, net of expenses, in the amour procedures for establishing written premium estimates throughout 2004.

The development of prior years reserves of $469.9 million primarily related to adve particularly excess & surplus lines and umbrella, Workers Compensation ($55.4 mil offset by positive developments related to Aviation & Space ($24.5 million), Agribus

Slightly offsetting the results for 2004 was the increase in investment results due to th equity securities to adjust our asset allocation to reduce investment portfolio risks dur

Specialty Lines Premiums

For the year ended December 31, 2004, gross premiums written decreased 11.6% to $1,8 increased 4.5% to $1,794.4 million. Adjustments of ultimate premium estimates resulted accrued acquisition costs ($(1.7) million) and losses ($105.3 million), the impact of these adjustments were premium estimate adjustments of the business relationship with a Lloy the amount of $35.1 million. After reflecting for accrued acquisition costs ($-0.3 million) was $(-11.1) million.

For the year ended December 31, 2004, the reduction in net premiums written in the Spec Workers Compensation, which decreased by 27.1% or $84.4 million to $226.5 milli

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2004 related to the 2003 underwriting year based on revised estimated premiums rece
underwriting years. In addition, there was a reduction of participation on premiums w

Credit & Surety, which decreased by 29.2% or $69.8 million to $169.6 million, due t
written due to the ratings agencies actions; and

Professional Liability and other Special Liability, which decreased by 5.1% or $32.7
as a decrease in net premiums written due to the ratings agencies actions.

These decreases were offset by an increase in net premiums written in the Agribusiness li
of new business written, as well as return premium received on a specific contract due to
$62.9 million to $404.5 million, which grew as a result of an increased retention in the bu

Specialty Lines Net Investment Income and Net Realized Capital Gains (Losses)

Specialty Lines reported a net investment income and net realized capital gains of $185.2
investment income and net realized capital gains of $133.2 million. The investment result
as well as capital gains realized from the sale of equity securities to adjust our asset alloc

Specialty Lines Losses and Loss Expenses

Specialty Lines losses and loss expenses increased $468.8 million, or 36.7%, in 2004. Th
percentage points.

The development of prior years reserves of $469.9 million primarily related to adverse d
excess & surplus lines and umbrella, Workers Compensation ($55.4 million) and Engin
developments related to Aviation & Space ($24.5 million), Agribusiness ($0.7 million) an
In the latter half of 2004, the Specialty Lines segment agreed upon commutations with pr

Specialty Lines Acquisition costs

Acquisition costs increased $26.7 million, or 7.1%, in 2004. This increase is mainly relat
22.4% in 2004 as compared to 21.8% in 2003.

Specialty Lines Operating and Administration Expenses

Operating and administration expenses increased $8.9 million, or 11.6%, in 2004. The inc
continued weakening of the US dollar. The non-life administration ratio was 4.9% in 200

Specialty Lines Combined Ratios

Specialty Lines combined ratio was 124.5% in 2004 and 100.2% in 2003. The increase in

Year Ended December 31, 2003 Compared to Year Ended December 31, 2002

Specialty Lines Segment Income

Specialty Lines reported segment income of $123.7 million in 2003 compared to a segme
the continuing growth in longer tail lines increased total invested assets. Therefore, a sub
The increase in segment income was primarily attributable to:

The non-life loss ratio improved by 10.7 percentage points for the year ended Decem
for the Aviation & Space line of business of 28.4 percentage points, which was due to

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The investment results and return for 2003 were positively impacted by the recovery
These improvements were somewhat offset by an increase of 1.4 percentage points in the

Specialty Lines Premiums

For the year ended December 31, 2003, gross premiums written increased 26.9% to $2,07
increased 15.7% to $1,717.8 million. Part of the increase in gross premiums written resul
Specialty Lines growth was spread across most lines and primarily resulted from increa

For the year ended December 31, 2003, net premium written growth in Specialty Lines by

Professional Liability and other Special Liability, which increased by 13.4% or $76.3
and new business written in North America and sourced through the London broker m

Workers Compensation, which increased by 40.9% or $90.3 million to $310.9 milli

Credit & Surety, which increased by 20.2% or $40.2 million to $239.4 million; and

Agribusiness, which increased by 309.1% or $68.0 million to $90.0 million, reflecting

The above increases were offset by a decrease in net premiums written in the Aviation &
principally associated with Converium s increased participation in the GAUM pool, and

Specialty Lines Net Investment Income and Net Realized Capital Gains (Losses)

Specialty Lines reported net investment income and net realized capital gains of $133.2 m
investment income and net realized capital losses of $125.3 million for the same period o
capital markets.

Specialty Lines Losses and Loss Expenses

Specialty Lines losses and loss expenses incurred increased $14.0 million, or 1.1% in 20
of 10.7 percentage points. This decrease was mostly due to lower reserve development in

In 2003, segment income was decreased by $9.6 million from net adverse developments o
and other Special Liability lines of $120.3 million (primarily from 2000 and prior years) w
$110.7 million (primarily from the 2002 year). As a multi-line reinsurer, there are always
business is broadly diversified by line of business as well as balanced by region and by th

In 2002, Specialty Lines experienced $86.3 million in net adverse loss development on pr
lines of business.

Specialty Lines Acquisition costs

Acquisition costs increased $72.0 million or 23.8% in 2003. This increase is mainly relate
compared to 20.4% in 2002.

Specialty Lines Operating and Administration Expenses

Operating and administration expenses increased $4.8 million or 6.7% in 2003. The incre
expenses were also impacted in 2003 and 2002 by the decrease of the US dollar against th
non-life administration expense ratio was 4.1% in 2003, compared to 4.5% in 2002. This

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the growth in expenses.

Specialty Lines Combined Ratios

Specialty Lines combined ratio was 100.2% in 2003 and 109.9% in 2002. The non-life l
in 2002. This improvement was somewhat offset by an increase of 1.4 percentage points

Life & Health Reinsurance

The table below presents information regarding results of operations of our Life & Health

Revenues:

Gross premiums written
Net premiums written
Net premiums earned
Net investment income and net realized capital gains (losses)
Total revenues

Losses and expenses:

Losses, loss expenses and life benefits
Acquisition costs
Other operating and administration expenses
Total benefits, losses and expenses
Segment income (loss)

Ratios:

Underwriting expense ratio

Administration expense ratio

Year Ended December 31, 2004 Compared to Year Ended December 31, 2003

Life & Health Reinsurance Segment Income (Loss)

The Life & Health Reinsurance reported a segment income of $16.9 million for the year e
The technical result for the year ended December 31, 2004 was $14.1 million as compare
minus losses, loss expenses and life benefits minus acquisition costs plus technical intere

Strong growth in premium volume driven by the expansion of existing reinsurance tr
decline in premiums due to commutations in the Accident and Health line of business
financing contracts, resulting in a repayment of the non-amortized financing of $36.9

The termination of the Life & Health Reinsurance segment s Master Retrocession A
$36.9 million. The provisions for this termination led to a realization of a profit of $3

The development of our GMDB book during 2004 as compared to 2003. In 2003 net
strong performance of the US stock markets, the GMDB s net amount at risk further

In late 2003, the Company entered into a Guaranteed Minimum Death Benefit (GM
of $75,000,000 in excess of reserves for losses arising out of GMDB reinsurance con
as if it had transferred sufficient risk to qualify for reinsurance accounting treatment.
profit sharing agreement with the same party linking both of the foregoing contracts
analysis did not include evaluation of the entire arrangement between the parties and
now determined that at inception there was insufficient risk transfer such that the con

corrected the accounting treatment of the GMDB Contract and the property catastrop
portion of the risk that was transferred to a separate third party.

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The Company entered into a Combined Excess of Loss Reinsurance Agreement (the
subsequently renewed the CEL Agreement for calendar years 2002, 2003 and 2004, r
evidence from the internal review, the Company determined that the initial risk transf
likelihood that a side agreement was consummated. The Company has now determine
under SFAS 113 had not been met. Accordingly, the Company has corrected the acco
December 31, 2003, this resulted in a charge to income (loss) before taxes of approxi

The increase was offset by a reduction in premium volume due to clients exercising t
estimated ultimate premium of $6.4 million in the second half of 2004.

Life & Health Reinsurance Premiums

For the year ended December 31, 2004, gross premiums written increased 9.7% to $446.0
13.3% to $435.0 million.

For the year ended December 31, 2004, net premiums written growth in the Life & Healt
Life and Disability reinsurance, which increased by 35.8% or $61.9 million to $234.8
Europe and increased shares of current business.

This increase was offset by a decrease of 5.3% or $10.9 million in net premiums written t

Life & Health Reinsurance Net Investment Income and Net Realized Capital Gains (Loss

Life & Health Reinsurance reported net investment income and net realized capital gains
compared to net investment income and net realized capital losses of $17.5 million for th
markets as well as capital gains realized from the sale of equity securities to adjust our as

Life & Health Reinsurance Losses, Loss Expenses and Life Benefits

Life & Health Reinsurance had losses, loss expenses and life benefits incurred of $328.8
For the year ended December 31, 2004 there were no additional reserving actions require
reserves for this closed block of variable annuity business by $55.5 million (to net $91.0
further decreased to $635.5 million at December 31, 2004 from $809.7 million at Decemb
In the latter half of 2004, the Life & Health Reinsurance segment agreed upon commutati

Life & Health Reinsurance Acquisition costs

Acquisition costs increased $19.4 million or 24.3% to $99.4 million in 2004. This increas
Continental Europe. The underwriting expense ratio was 22.9% in 2004 as compared to 2

Life & Health Reinsurance Operating and Administration Expenses

Operating and administration expenses increased $1.5 million or 8.2% to $19.9 million in

Year Ended December 31, 2003 Compared to Year Ended December 31, 2002

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Life & Health Reinsurance Segment Loss

Life & Health Reinsurance reported segment loss of $51.2 million in 2003 compared to a
the development on a closed block of GMDB business.

The Life & Health Reinsurance segment strengthened reserves on a closed block of varia
result of the strong performance of the US stock markets, the GMDB s net amount at ris

Life & Health Reinsurance Premiums

For the year ended December 31, 2003, gross premiums written increased 18.4% to $406
23.6% to $384.1million.

For the year ended December 31, 2003, net premium written growth in the Life & Health
Accident and Health, which increased by 29.6% or $47.4 million to $207.4 million. T
began to underwrite in North America in 2001, as well as growth of business written

Life & Health Reinsurance Net Investment Income and Net Realized Capital Gains (Loss

Life & Health Reinsurance reported net investment income and net realized capital gains
compared to net investment income and net realized capital losses of $18.1 million for th

Life & Health Reinsurance Losses, Loss Expenses and Life Benefits

Life & Health Reinsurance had losses, loss expenses and life benefits incurred of $354.4
underlying business and the strengthening of reserves on a closed block of variable annui

Life & Health Reinsurance Acquisition costs

Acquisition costs increased $16.0 million, or 25.0%, in 2003. This increase is mainly rela
compared to 20.6% in 2002.

Life & Health Reinsurance Operating and Administration Expenses

Operating and administration expenses increased $3.2 million, or 21.1%, in 2003. The in
administration expenses were also impacted in 2003 and 2002 by the decrease of the US
expenses, the life administration expense ratio was 4.8% in 2003 and in 2002. This was d

Corporate Center

The table below presents information regarding results of operations of our Corporate Ce
administration expenses, such as costs of the Board of Directors, the Global Executive Co

Other operating and administration expenses
Segment loss

Year Ended December 31, 2004 Compared to Year Ended December 31, 2003

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Corporate Center Operating and Administration Expenses

The Corporate Center reported operating and administration expenses of $38.2 million in
the 2004 rights offering, expenditures to support the growth in operations and the continu

Year Ended December 31, 2003 Compared to Year Ended December 31, 2002

Corporate Center Operating and Administration Expenses

The Corporate Center reported operating and administration expenses of $34.3 million in
growth in operations, and the weakening of the US dollar.

B. LIQUIDITY

We operate a treasury function responsible for managing our banking relationships, capit
positions and the payment of internal and external dividends. Individual subsidiaries are r
In the event of local short-term cash requirements, internal loans are available, subject to

Liquidity requirements

Our principal cash requirements are for paying reinsurance and insurance claims, which c
investment in businesses, capital expenditures, servicing retrocessional arrangements and
As of December 31, 2004, we reported total investments including cash and cash equival
pledged as collateral relating to outstanding letters of credit of $955.7 million of the $1.6
other irrevocable letters of credit, (iii) $109.3 million were pledged primarily as deposits
transactions.

Interest on debt and short-term borrowings was $33.1 million for 2004, $31.0 million in 2
carrying value of our outstanding debt was $391.1 million at December 31, 2004, $393.1

Liquidity sources

Our principal liquidity sources consist of premiums, fees, investment income, proceeds fr
and insurance claims and benefits and operating expenses predominantly from their own
generated combined net cash inflows from operating activities over the last three years. A
Withheld Asset to have a material impact on our liquidity, as we will not be required to a
Quota Share Retrocession Agreement, Zurich Insurance Company (ZIC) and Zurich In
Withheld Asset. For more detail on cash flows see Capital requirements .

Asset/Liability Management

The use of asset/liability management, or ALM, is a key tool in managing the liquidity of
understand and manage the dynamic interactions between our assets and liabilities. We u
risks and the correlation between financial risks and underwriting risks. The primary goal
cedents with investment income and repayments generated by our investment assets and t
fixed income securities generally provide more stable investment income than equity secu
techniques are based on theoretical and empirical models and can lead to incorrect assum
risks inherent in our assets and liabilities and is therefore an important element of our risk
scenario testing and stochastic modeling. See Item 4. Information on the Company

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Dividends from Subsidiaries

As a holding company, Converium Holding AG relies in large part on cash dividends and
other outstanding obligations and to pay dividends to shareholders. Converium is subject
laws of countries in which our entities operate may restrict the amount of dividends payal
be restricted or influenced by minimum capital and solvency requirements that are impos
to Converium Holding AG may be subject to regulatory review, but for 2005 this is not c
CHNA requires approval of the regulator of the state of Connecticut (see Note 23 to our 2

Debt Outstanding

As of December 31, 2004, we had total debt outstanding with a principal amount of $400
or 2002.

In December 2002, Converium Finance S.A. issued $200.0 million principal amount of n
guaranteed on a subordinated basis by each of Converium Holding AG and Converium A
connection with the Transactions, for more information see Item 4. Information on the C
$200.0 million principal amount of non-convertible, unsecured, unsubordinated senior no
interest at the rate of 7.125%. In 2004, the interest payments regarding the 7.125% non-c
of CRNA with regards to the coupon payment of April 15, 2004; and (ii) by Converium A
(see Note 23 to our 2004 consolidated financial statements).

In November 2004, Converium AG signed a $1.6 billion, three-year syndicated letter of c
$1.5 billion capacity for issuing letters of credit and a $100.0 million liquidity reserve. It
December 31, 2004, Converium had outstanding letters of credit of $955.7 million under
Credit Facility. Converium must maintain the following financial covenants in order to av
consolidated tangible net worth, which is defined as total shareholders equity less goodw
Converium pays commission fees on outstanding letters of credit, which are distributed to
amount of this fee is .50%.

In addition to the syndicated letter of credit facility, other irrevocable letters of credit of $
Investments of $704.7 million were pledged as collateral related to certain of these letters

Capital Requirements

As of December 31, 2004, we had total shareholders equity of $1,734.8 million ($11.86
mainly comprised of the 2004 net loss of $582.5 million, a reduction in net unrealized ga
2004. This decrease was offset by the 2004 rights offering whereby an additional 106,683
$399.1 million, net of underwriting issuance costs of $29.7 million.

Cash Flows

Cash flow data:

Cash provided by operating activities
Net cash used in investing activities
Net cash provided by financing activities
Effect of exchange rate changes on cash and cash equivalents
Change in cash and cash equivalents
Cash and cash equivalents, beginning of period
Cash and cash equivalents, end of period

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Cash and cash equivalents increased by $400.1 million to $680.9 million as of December
equity securities and was offset by commutations executed in 2004 that resulted in a cash
connection with commutations.

Our cash flows from operating activities result principally from premiums, collections on
operating activities was $358.7 million for the year ended December 31, 2004 compared
represented a decrease of $558.5 million, or 60.9% in 2004 versus an increase of $48.6 m
to the cash outflows for commutations that have taken place during the latter part of 2004
Company. In addition there was a reduction of new business growth as a result of active c
strong premium growth. The 2002 cash flow reflects a $136.7 million reimbursement of r

Cash provided by financing activities in 2004 was primarily due to the proceeds, net of re
used in financing activities was primarily driven by the payment of dividends to sharehol
subordinated notes.

The charges in 2004 for reserve strengthening, deferred income taxes, and impairment of
may be affected by higher claim payments on those reserves and the run-off of the North

As a reinsurer, our future cash flows are inherently difficult to predict. This uncertainty is
information emerges over a relatively long period of time, and property catastrophe cover
to predict our future cash flows from operating activities with precision. As a consequenc
and from year to year. For example, our cash flows were adversely affected by the events
occur over a period of several years, mainly because of the time involved to determine wi
Accordingly, our cash flow and investment income will be impacted gradually over the n

We believe that our capital, liquidity and borrowing ability are sufficient to support our b

New Accounting Standards

We have or will be required to adopt the following new standards in the future:

SFAS 123 (revised 2004), Share-Based Payment

In December 2004, the FASB issued SFAS No. 123 (revised 2004), Share-Based Payme
supersedes APB Opinion No. 25, Accounting for Stock Issued to Employees . This Sta
instruments for goods or services. It also addresses transactions in which an entity incurs
instruments or that may be settled by the issuance of those equity instruments. This Stater
share-based payment transactions. For public entities, this Statement is effective as of the
has already adopted the standards of SFAS No.123, this statement is not expected to have

SFAS 132 (revised 2003), Employers Disclosures about Pensions and Other Postretir

In December 2003, the FASB issued SFAS No. 132 (revised 2003), Employers Disclo
106 . This Statement retains the disclosures required by SFAS No. 132, Employers D
and 106 , which standardized the disclosure requirements for pensions and other post-ret
obligations and fair values of plan assets.

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Additional disclosures have been added in response to concerns expressed by users of fin
strategy, measurement date(s), plan obligations, cash flows, and components of net perio
with fiscal years ending after December 15, 2003, with interim-period disclosures effecti
Converium s plans. See Note 15 to our 2004 consolidated financial statements for additi
In December 2003, *the Medicare Prescription Drug, Improvements and Modernization A*
prescription drug coverage under Medicare. As CRNA s retiree medical coverage is very
operations.

FASB Interpretation 46, Consolidation of Variable Interest Entities an interpretation

In January 2003, the FASB issued Interpretation No. 46, Consolidation of Variable Inte
consolidation of an entity is appropriate based upon its interests in a variable interest enti
controlling financial interest, or do not have sufficient equity at risk for the entity to finan
effective immediately for new VIEs established or purchased subsequent to January 31, 2
condition or results of operations, as there were no VIEs identified which required consol
In December 2003, the FASB issued a revised version of FIN 46 (FIN 46(R)), which i
previously issued FIN 46 and, subject to certain special provisions, became effective no l
be special-purpose entities and no later than the end of the first reporting period that ends
December 31, 2003. The adoption of FIN 46(R) did not result in the consolidation of any
We have performed an evaluation of the catastrophic protection counter-party agreement
which issued the securities. Management has concluded that we are not the primary bene

EITF Issue 03-1, The Meaning of Other-than-temporary Impairment and Its Applicatio

On September 30, 2004, the FASB delayed the effective date for the measurement and re
did not have a material impact on the financial condition or results of operations.

C. RESEARCH AND DEVELOPMENT, PATENTS, LICENSES

Not Applicable

D. TREND INFORMATION

See A. Operating Results

E. OFF-BALANCE SHEET ARRANGEMENTS

Not Applicable

F. TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

Contractual Obligations

($ thousands)	
Long-Term Debt Obligations - Principal	$
Long-Term Debt Obligations - Interest	
Operating Lease Obligations	
Losses and loss expenses, gross (1)	
Total	$1

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(1) The Company s unpaid losses and loss expenses represent management s best e
on information available as of December 31, 2004 and are not fixed amounts pay
timing and amounts of actual claims payments related to these reserves might var
individual losses as well as general market conditions.

For further detail on our long-term debt principal and interest payments, see Note 13 to o
to our 2004 consolidated financial statements.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

Converium s global strategy is set by its Board of Directors, the body with ultimate resp
policies. The Board of Directors consists of no less than four and no more than nine mem
represents an appropriate mix of skills for the effective governance of a major internation
directives to the Global Executive Committee. All Board members are non-executive, ind
Converium or any of its subsidiaries. No interlocking directorships exist between the Boa
The composition of the Board of Directors includes a cross section by geography and pro
elected for a term of office of not more than three years, after which they become eligible
office of the predecessor. The Board of Directors is headed by the Chairman or, followin
2004 the Board of Directors met six times physically and held 17 further meetings by wa
meetings. Board agendas are set by the Chairman. At each of its meetings the Board of D
of the Global Executive Committee, about the course of the business and the activity of t
Board of Directors must be informed without delay. Furthermore, each Board member re
financial reporting purposes, this includes an appropriate quarterly reporting package con
and its business segments.

The CEO, the Chief Financial Officer (CFO) and the General Legal Counsel attend Bo
meetings at the Chairman s invitation. In addition, Board members meet at regularly sch
and members of the Global Executive Committee are held to resolve formal matters or to
based upon this evaluation. Annually it reviews the performance of the CEO and approve
meets regularly with Converium s independent group auditors and as may be necessary
management in meeting requirements and expectations.

The members of our Board of Directors, their dates of birth, nationality, terms of office a

Name
Peter C. Colombo (Chairman)(1)(2)(4)
Georg Mehl (Vice-Chairman)(1)(2)(4)
Terry G. Clarke (1)(2)(3)(5)
Derrell J. Hendrix (3)
George G. C. Parker (3)(4)
Anton K. Schnyder (1)(2)
Markus Dennler (6)
Rudolf Kellenberger (6)

(1) Member of the Nomination Committee

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(2) Member of the Remuneration Committee

(3) Member of the Finance Committee

(4) Member of the Audit Committee

(5) In connection with his appointment as Chief Executive Officer in February 2005, Board.

(6) Member elected to the Board of Directors at the Company s Annual General Me three-year term of office.

Jürgen Förterer resigned from the Board of Directors on September 21, 2004.

Curricula Vitae of the Board members

Peter C. Colombo started his professional career with Gerling Group in Cologne in 1959 1965 through 1998 he worked for Union Reinsurance Company in Zurich with various re with appointments as Managing Director in 1996 and as Deputy Chairman of the Board c Holding AG, Zurich, Switzerland, and as a member of the Advisory Board of the Barmer and politics) from the University of Birmingham, England.

Georg Mehl served as a consultant for the Wüstenrot & Württembergische Group, Stuttg Hanse-Marine-Versicherung-AG, Hamburg, Germany, until the end of 2003. Previously, & Württembergische AG. Georg Mehl had worked for almost 30 years for the Allianz Gr Wachenheim AG, Trier, Germany. Mr Mehl also serves as a member of the supervisory c the German Insurance Academy in Cologne, Germany, in 1961.

Terry G. Clarke was a consulting actuary with the Tillinghast Business of Towers Perrin Tillinghast s North America practice prior to retiring at the end of 2001. From 1978 unti he held various positions in the Norwich Union Group. Mr Clarke qualified as a Fellow o well as a tutor and examiner. He has been a member of a number of professional committ Director on September 10, 2004 and since February 23, 2005 has served as Chief Executi served as Chief Executive Officer from February 23, 2005 through January 31, 2006.

Derrell J. Hendrix is the Manager and Chief Executive Officer of The RISConsulting G Hannover Rückversicherungs AG (through its US subsidiary, Insurance Corporation of H Bank of Boston. He began his career at Citibank in 1977, and from 1980 through 1995 he Toronto, Hong Kong and London. Mr Hendrix holds a Master of Arts from the Fletcher S Amherst, Massachusetts.

George G. C. Parker is the Dean Witter Distinguished Professor of Finance and Manage Professor Parker was Senior Associate Dean for Academic Affairs and Director of the M School, between 1979 and 1988, and from 1973 to 1979 he was Director of the Stanford S Companies, San Mateo, California; Continental Airlines Inc., Houston, Texas, and variou economics in 1960, and received an MBA in finance in 1962 and a doctorate in finance in

Anton K. Schnyder served as a full professor for private law at the University of Basel, a full professor for private and international as well as comparative law. In 1994 he was a insurance. From 1987 to 1993, Professor Schnyder served as a corporate legal adviser to Zurich University, Switzerland, in 1978 and received his doctorate degree in 1981, being Laws from the University of California, Berkeley. For many years he has been a special a Schnyder is Chairman of the working party for a revision of the Swiss Insurance Contrac

Markus Dennler served in a series of positions within the Credit Suisse Group, most rec

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Credit Suisse Financial Services and as Chief Executive Officer responsible for the globa
Winterthur Insurance (subsidiary of Credit Suisse Group). Mr Dennler studied law at the
to the Bar of Zurich in 1986. Further he attended the International Bankers School in Nev
Directors of Swissquote Group and a councilor of the British-Swiss Chamber of Commer
Rudolf Kellenberger served as Deputy Chief Executive Officer of Swiss Re from April
Center, in particular in the field of Management Development and E-Business Developm
responsibilities for the Northern European reinsurance sector and Special Lines and, as of
studied civil engineering at the Federal Institute of Technology (ETH), Zurich, graduating
The business address for each member of our Board of Directors is Converium Holding A

Global Executive Committee

The Board of Directors has delegated the management of Converium to the Global Execu
with seven members. It is responsible for implementing Converium s global strategy, en
against financial and operating plans as approved by the Board of Directors.

At December 31, 2004 the members of our Global Executive Committee, their dates of bi

Name	**Date of Birth**	**Nat**
Inga K. Beale (1)	May 15,1963	Bri
Terry G. Clarke (2)	October 31, 1941	Bri
Dirk Lohmann (2)	November 8, 1958	Ger
Frank Schaar	April 16, 1960	Ger
Benjamin Gentsch	April 21, 1960	Sw
Christoph Ludemann	January 12, 1956	Ger
Hans Peter Boller	October 25, 1962	Ger
Andreas Zdrenyk (3)	June 5, 1959	Sw
Martin Kauer	January 20, 1959	Sw
Christian Felderer	January 5, 1954	Sw

(1) Appointed Chief Executive Officer of the Company as of February 1, 2006.

(2) On February 23, 2005, the Board of Directors appointed Terry G. Clarke as Chief
immediate effect.

(3) Appointed interim Chief Financial Officer of the Company as of February 28, 20

Gary Prestia resigned as Chief Technical Officer effective September 10, 2004. Dirk Loh
Martin Kauer announced his resignation as Chief Financial Officer. The Board appointed
departure on February 28, 2005. Andreas Zdrenyk serves as Converium s Global Chief I
February 23, 2005 the Board of Directors appointed Terry G. Clarke as Chief Executive C
the position of Chief Executive Officer. Mr Clarke continues to be a member of the Boar
Dirk Lohmann was the Chief Executive Officer of Converium until leaving the Compan
Officer of its reinsurance operations in Zurich and of its German operating subsidiary, Zü
Executive Board of Zurich Financial Services, serving as the Chief Executive Officer of i
positions at Hannover Re between 1980 and 1997, most recently as a member of the Exec
MDU, both located in London, United Kingdom. Mr Lohmann received a Bachelor of Ar
Frank Schaar is the Executive Vice President for Standard Property & Casualty Reinsur
was employed by Hannover Re for 17 years through 1999, most recently

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serving as a Managing Director and a member of the extended board in charge of Asia, A
Senior Vice President with responsibility for Germany. Mr Schaar holds a degree in insur
the Insurance Association in Hannover for ten years.
Benjamin Gentsch is the Executive Vice President for Specialty Lines. In 1998, he joine
the company s position in the Asian, Australian, African and Latin American markets. In
and Global Marine reinsurance departments. In September 2002, Mr Gentsch was appoin
Union Reinsurance Company, Zurich, where from 1990 he was responsible for treaty rei
in business administration of the University of St. Gallen, with a focus on risk manageme
Christoph Ludemann is the Executive Vice President for Life & Health Reinsurance. H
market. From 1990 until 2002 Mr Ludemann was responsible for General Cologne Re s
the Executive Board of Management of General Cologne Re of Vienna. Between 1983 an
Austria. Mr Ludemann has a degree in mathematics and insurance economics from the U
Hans Peter Boller is the Chief Risk Officer and an Executive Vice President of Converiu
Management (ALM) and natural hazard modeling. In the first quarter of 2005, he additio
1999 as the Chief Actuary for Zurich Re, Zurich. Prior to 1999, he was a consultant with
Actuarial Society (SAV) as well as a member of the International Actuarial Association (
Risk-Based Capital Solvency Structure Working Party of the IAA, advising the supranati
Swiss Federal Office of Private Insurance. Mr Boller holds a Master s degree in econom
Martin Kauer was the Chief Financial Officer and an Executive Vice President of Conv
Financial Services global reinsurance operations from July 1998. From 1996 to 1998 M
Strategic Planning and Controlling. Previously, he worked for Union Bank of Switzerland
Christian Felderer is the General Legal Counsel and an Executive Vice President of Co
industry, most recently as Senior Legal Counsel for Zurich Re and General Counsel for C
Zurich Group s International Division, including the establishment and management of t
the International Division. From 1986 to 1990 he was Corporate Legal Counsel in the Ge
the Casualty department of the International Division. Mr Felderer has a law degree from
Andreas Zdrenyk is Chief Information Officer of Converium and has been appointed in
has gained in-depth insight into the Company s operations in various functions such as C
Audit & Consulting. Prior to joining Zurich Re Mr Zdrenyk spent a total of 16 years with
America based in the United States. Mr Zdrenyk, a Swiss citizen, holds a Master s of Bu
Systems/Information Technology degree from the Swiss Association of Commerce (Zuri
Inga K. Beale assumed the position of Chief Executive Office of Converium as of Febru
specializing in reinsurance. In 1992 she joined GE Insurance Solutions where she headed
Kansas City. She became Global Underwriting CoE Leader in 2002 and in 2003 assumed
In 2004 she was appointed President and Chairman of the Board of Management of GE F
attended Newbury College UK, where in 1981 she qualified in business studies, majoring
The standard notice period for termination of members of the Global Executive Committe
months, reflecting the traditional practice of Swiss-based companies. However,

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there are certain exceptions to this standard, reflecting prevailing local practices in the ju
The business address for each current member of our Global Executive Committee is Da

B. COMPENSATION

Compensation of Directors

Directors fees have been determined to ensure that we can attract and retain high cal
compensation to our directors.

Board remuneration

In 2003 the Board of Directors reviewed its overall compensation structure in considerati
governance rules. Since then the level of compensation remained unchanged. For the offi
compensation for membership of one Committee. Board members are entitled to receive
Converium shares equal to a value of $20,148 with a restriction period of three years, and
Converium s share price at the beginning of the period. The Chairman is entitled to an in
package. The following compensation was agreed for membership of a second and third

$3,224 for membership of a second Committee

$2,418 for membership of a third and any subsequent Committee and additionally,

$4,030 if the member holds one or more chairmanships in the Committees.

The remuneration of the Board of Directors is not performance-related.

The table below illustrates the compensation paid to each Board member in 2004. Cash c
due for the ending annual period and 50% for the commencing annual period.

Board Member	Co
Peter C. Colombo	$
Georg Mehl	
Terry G. Clarke(4)	
Jürgen Förterer(5)	
Derrell J. Hendrix	
George G.C. Parker	
Anton K. Schnyder	

(1) Includes shares personally bought.

(2) Options vest immediately, have a term of 10.5 years and an exercise price to equa
which they were granted.

(3) An adjustment to the exercise price of all options outstanding prior to the 2004 ri
account for the dilution of the value of the options as a result of the 2004 rights o
same Black-Scholes value of the option before and after the 2004 rights offering
price.

(4) Includes $38,683 for additional professional services as a Board member and doe
Director of £50,000 per month plus reimbursement of customary expenses.

(5) Resigned as Board member as of September 21, 2004 and includes pro rata equit
Options held by Mr Förterer expired on December 29, 2004 due to this resignatio

(6) 427 shares and 600 ADSs.

Until the end of 2004 Converium had retained The RISConsulting Group LLC, of which
paid total fees of $250,000 to RISConsulting Group LLC. Mr Hendrix is also a manager a
Delaware-based limited liability company created to manage and operate companies enga
LLC and its affiliates. In April 2004, Converium AG invested $2.0 million in RISC Vent

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In 2004 neither Converium nor any of its subsidiaries granted loans, advance payments o
December 2004 no such loans, advance payments or credit lines are outstanding. No shar

Compensation of Senior Management

Managing Director remuneration

Terry G. Clarke received for his services as Managing Director a remuneration of £50,00
GBP 190,909 ($349,822) related to this role. In February 2005, Terry G. Clarke assumed
Director was cancelled.

Global Executive Committee remuneration

The Remuneration Committee sets compensation levels for members of the Global Execu
Compensation for each member of the Global Executive Committee consists of a base sa
component may vary highly from year to year depending on the achievement of the incen
The Remuneration Committee determines the awards paid out to the Global Executive Co
The performance-based incentive component consists of the annual incentive plan (AIP)
paid under the AIP is paid in the Form of Converium shares. The LTIP is part of Converi
those of shareholders as well as to encourage stock ownership. 50% of the award paid ou
non-qualified options.

Total aggregate compensation of all officers of the Global Executive Committee in 2004
incentive plans paid during 2004, and the estimated value of other compensation-related i
severance payment other than the contractual salary and bonus entitlements were made to
Richard E. Smith, a former member of the Global Executive Committee, was available as
$1.5 million paid in early 2004. As of December 31, 2004, Converium has no other forme
Global Executive Committee members held shares and options at the end of December 20
options from employee participation plans of Converium s former parent, Zurich Financ
held by closely linked parties. Global Executive Committee members participate in local
contained in Notes 14 and 15 to our 2004 consolidated financial statements.

Employee Incentive and Benefit Plans

An important component of our compensation program is the provision of additional emp
These incentive plans are designed to attract, retain and motivate executives and staff to a
shareholders.

Accordingly, we have established incentive programs where benefits are linked to both co
incentive plans include equity participation and stock option plans or their equivalent. Th

Share Plan

Converium has adopted a standard stock option plan for our non-US employees, a standa
These arrangements, which we refer to collectively as the Share Plan, establish the fra
subsidiaries. In addition, our subsidiaries are able to establish so-called sub-plans unde
the terms of these sub-plans will be substantially the same as the Share Plan.

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The shares required under the plans are purchased in the open market.
Awards are granted at the discretion of our Remuneration Committee. Generally, the size
extent of the executive or employee s prior participation in the Converium plans describ
New options granted have an exercise price equal to the market value of the shares or AD
a 10.5 year term. For 2001 and 2002, most restricted shares granted vest in their entirety
objectives. Beginning in 2003, most restricted shares granted vest ratably over three year
In connection with these plans, we incurred approximately $9.6 million of incentive com
An adjustment to the exercise price of all options outstanding prior to the 2004 rights off
of the 2004 rights offering. The reduction in exercise price maintains the same Black-Sch
in the share price. The re-pricing of options will not have a material impact on the financ

Grants to Global Executive Committee

Global Executive Committee members held shares and options at the end of December 2
options from employee participation plans of Converium s former parent, Zurich Financ
held by closely linked parties.

Global Executive Committee member	Share grante in 2004
Dirk Lohmann	96,5
Frank Schaar	27,1
Benjamin Gentsch	28,6
Martin Kauer	25,1
Gary Prestia(4)	3,9
Hans Peter Boller	21,3
Christian Felderer	16,0
Christoph Ludemann	19,0

As a result of the 2004 rights offering this table is not comparable to the similar table issu
Committee members.

(1) Shares granted in 2004 include shares awarded under the AIP and LTIP, which ar purchased through the employee stock purchase plan.

(2) Includes only vested shares (includes shares held by closely linked parties). A ma three years. Thus certain shares granted in 2004 or prior are not indicated to be he December 31, 2004.

(3) Options have an exercise price equal to the market value of the shares or ADSs o date and 25% each year thereafter, and have a 10.5-year term.

(4) Resigned on September 16, 2004.

As of the date of the original 20-F filing, none of the members of Global Executive Com

Annual Incentive Plan

We have also established annual incentive plans, whose primary purpose is to provide di
our annual operating plan. Our subsidiaries are able to establish separate

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plans to address local law and competitive practice concerns, but we intend that the terms
Employees are eligible for target awards under the Annual Incentive Plan ranging from 5
competitive data for similar positions at peer companies. We set performance goals for pa
decrease or increase substantially if our actual corporate performance fails to meet or exc
goals include both financial and non-financial measures.

Participants in our Annual Incentive Plan are permitted to defer a portion of their bonus i
Converium, employees who determine to do so will receive a 25% premium, paid in restr
entirety in three years. We have reserved 400,000 shares for issuance of restricted shares

Employee Stock Purchase Plan

Converium adopted an Employee Stock Purchase Plan (the ESPP) on January 1, 2002.
employees meeting specified service requirements are eligible to participate in the ESPP.
Holding AG shares, up to certain limits. Employees who enroll in the ESPP purchase Co
the offering period.

Employee retention plan

In September 2004, Converium adopted a retention plan for certain of its key employees
Rückversicherung (Deutschland) AG and the orderly run-off of its North American opera
amounts up to the equivalent of such employees base salary. The last installment becom
be expensed over the period October 1, 2004 through January 31, 2006. For the year ende
severance amounts of $6.0 million will be required to be paid to certain CRNA employee

Long Term Incentive Plan (LTIP)

The LTIP is designed to align the interests of management closely with those of sharehol
combination of 50% Converium shares and 50% options to purchase Converium shares. S
the shares or ADSs on the grant date. 25% of the options vest immediately on the grant d
grant.

Effective in 2005, CRNA has established a long-term incentive plan for its senior employ
statutory surplus levels over a 5-year period, 2005 through 2009. Awards are payable to p

Executive IPO Option Plan

In connection with the Transactions, Converium granted certain executives options to pu
Option Plan, 420,000 options to purchase shares in Converium Holding AG were awarde
IPO Options are now fully vested and expire 10.5 years after the date of grant.

For further information on our share-based incentive plans, see Note 16 to our 2004 cons

C. BOARD PRACTICES

Board Committees

The Board of Directors has four Committees, which meet in conjunction with or prior to
Committee has a Chairman who directs the meetings according to a set agenda, and a sec

The Nomination Committee

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The Nomination Committee comprises at least three Board members and currently compr
companies, unless such appointment or dismissal is required by regulatory law or order, i
proposes to the Board of Directors the appointment of Board members and the members
the members of the Global Executive Committee. It defines and implements procedures f
statement of independence of the Board of Directors and disclosure of any conflict of inte
program for new Board members. Standing invitees are the CEO and the Chief Human R

The Remuneration Committee

The Remuneration Committee comprises at least three Board members and currently com
the Head of Internal Audit, and proposes to the Board of Directors the overall remunerati
the principles of compensation, of incentive schemes, and bonus payments to employees.
Committee held five meetings.

The Finance Committee

The Finance Committee comprises at least three Board members and currently comprises
between $5 million and $20 million. It submits to the Board for its approval the accountin
policy, solvency and liquidity planning, strategic asset allocation, tax planning, the alloca
authorized capital, year-end results and dividend policy, as well as exchange listings and
Finance Committee held four meetings.

The Audit Committee

The Audit Committee comprises the Chairman of the Board of Directors and the Chairme
position of Managing Director, Terry G. Clarke resigned from the Audit Committee and
comprises three members because the Chairman of the Remuneration and Nomination Co
Audit Committee. In order to qualify as independent, a member may not accept any consu
not be a person affiliated with the Company or any of its subsidiaries. The Audit Commit
supervises the implementation of Converium s Audit Charter, including the review of in
significant accounting and reporting issues; oversees external and internal auditors and th
determines that appropriate accounting principles have been applied; and liaises with Co
management s role in mitigating the risks. Standing invitees are the CEO, the Managing
meetings.

The Audit Committee is supported in its supervisory task by Internal Audit, which report
Internal Audit is committed to the Standards for Professional Practice of Internal Auditin
formally approved by the Audit Committee, are as follows:

- to evaluate the reliability and controls of the financial and risk reporting systems proc timely basis;
- to evaluate the integrity of financial information;
- to evaluate compliance with policies, plans, procedures, regulations, laws and contrac
- to safeguard Converium s assets;
- to evaluate and promote efficient use of resources; and
- to coordinate and manage, on behalf of the Audit Committee, the relationships with th

The Internal Audit department currently consists of nine persons and covers all operation
documents.

The areas of responsibility between the Board of Directors, the Managing Director and th

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the Organizational By-laws of Converium Holding AG, which are available on the intern
The Board of Directors has determined that a member of our Audit Committee, George C
Stock Exchange.

Indemnification of Officers and Directors

We maintain customary directors and officers insurance for our directors and officers.
In addition, we have entered into agreements with each of our directors pursuant to which
her professional liability to shareholders, bondholders, creditors or others caused by actio
liability was caused by the intent or negligence of such director and provided that (i) such
expenses are not covered by our existing Directors and Officers Liability Insurance or are

D. EMPLOYEES

As of December 31, 2004, Converium employed 771 people globally, including 369 at ou
other European countries, 33 in the Asia-Pacific region and 41 in other regions.

A relatively small number of our employees are represented by unions. We have not expe
employees are excellent.

The following is the distribution of the persons employed.

Number of employees
Breakdown by geographic location
Switzerland
United States
Germany
Asia-Pacific region
Other regions
Breakdown by main category of activity
Underwriting
Finance
Actuarial
Other

* As a result of ratings downgrades and the placement of CRNA into orderly run-of
our organization to adjust our cost base to the reduced volume of business. The re

E. SHARE OWNERSHIP

As of the date of this annual report, none of the members of our Board of Directors or Gl
members of our Board of Directors or Global Executive Committee have an ownership in
options, see Item 6. Directors, Senior Management and Employees B. Compensatio

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. MAJOR SHAREHOLDERS

As of May 31, 2005, 75,642,207 shares were registered in our share register. These share
outstanding shares, 207 were foundations and pension funds holding 5.52% of total outsta
As of May 31, 2005, 26 holders with registered addresses in the United States, including

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United States, held 15,153,604 of our registered shares and 3,907 holders with registered
10,856,842 ADSs. These holdings represented 13.70% of the total number of shares outst
In addition, some holders of our registered shares have not or may not register their holdi
number of registered shares or ADSs beneficially held by persons in the United States.

As of the date of this annual report, and in accordance with the notification requirements
our outstanding shares:

Odey Asset Management LLP, London, United Kingdom: 11.2% (date of notification

Dodge & Cox, San Francisco, California, United States: 5.04% (date of notification J
separately managed portfolios and mutual funds.

Our major shareholders hold the same voting rights as all other shareholders.

B. RELATED PARTY TRANSACTIONS

There were no unpaid loans, including guarantee commitments, granted to the Converium

GAUM

In 2003, Converium finalized an agreement to acquire a 25% stake in GAUM, a leading i
its long-term position in the Aviation & Space line of business. At that same time, Conve
addition, Converium entered into a pool members agreement under which it became a m
Underwriters Inc.

In February 2004, Converium AG finalized a Sale and Purchase Agreement with Royal a
30.1%. Included within the Sale and Purchase Agreement is a requirement for Converium
underwriting year, Converium has committed 27.25% of the overall pool s capacity of th
assumed through the pools managed by GAUM were $289.0 million, $266.4 million and
See Item 3. Key information D. Risk factors Ratings changes and Notes 8 and 1

MDU

Converium entered into a strategic alliance with the MDU that resulted in a 49.9% partici
insurance policies to the members of the MDU. As a result of the initial FSA approval in
were issued to members of MDU beginning July 1, 2003. These insurance policies replac
which were reinsured by Converium. Gross premiums written from MDU were $170.9 m

The MDU Shareholders Agreement provides that if Converium s credit rating is lowere
serve it with a Termination Notice. Within sixty days after service of such termination no
be mutually agreed upon by the parties, or to be determined by a valuation expert. The re
Agreement. See Notes 9 and 19 to our 2004 consolidated financial statements for additio

SATEC

Converium has a 48% participation in SATEC, a leading global space-underwriting agen
of the two other owners of SATEC regarding some of their participation rights. Gross pre
for 2004, 2003 and 2002, respectively. Profit distributions paid from SATEC to Converiu
2003 and 2002, respectively. In 2004, we have recorded an impairment charge with regar

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RISC Ventures

Until the end of 2004 Converium has retained The RISConsulting Group LLC for certain Manager and Chief Executive Officer. In addition, Derrell J. Hendrix is a manager and ov limited liability company created to manage and operate companies engaged in commerc affiliates. In April 2004, Converium AG invested $2.0 million in RISC Ventures LLC for to The RISConsulting Group LLC.

Managing Director

In order to enhance the effectiveness of strategic and operational decision-making and gr established the position of Managing Director. On September 10, 2004, Terry G. Clarke has oversight over the day-to-day management of Converium s business. The Managing by the Global Executive Committee. In addition to the Managing Director s regular com ($91,620) per month plus reimbursement for customary expenses. For 2004, Converium assumed the role of Chief Executive Officer of Converium and at the same time the role

C. INTERESTS OF EXPERTS AND COUNSEL

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. CONSOLIDATED STATEMENTS AND OTHER FINANCIAL INFORMAT

Financial Statements

See our 2004 consolidated financial statements beginning on page F-1.

Legal Proceedings

Converium Holding AG and its subsidiaries are continuously involved in legal proceedin reinsurer. The outcome of such current legal proceedings, claims and litigation could hav opinion of management, these matters are not material to Converium s financial position

Superior National Matters

On January 6 and January 7, 2005, CRNA and CINA, respectively, entered into a Settlem Commissioner (the Commissioner) relating to the January 16, 2002 complaint that the CRNA and CINA (see Note 27 to our 2004 consolidated financial statements). The Comm behalf of the Superior National Insurance Companies in Liquidation (SNICL).

The complaint alleged several counts, including voidable preferences and fraudulent tran $59.8 million, additional damages in an amount to be proved at trial, and punitive damag or CINA transactions. As part of the transactions which effectively spun-off CRNA and assets not assumed by or transferred to CRNA and CINA in the separation from ZFS. Th reinsurance obligations. In that connection, however, while the complaint did in fact refe CRNA. As best as could be discerned, the liquidator was apparently claiming that the am commutation constituted a fraudulent transfer. All the claims, though, were never well de Neither CRNA nor CINA shall pay any amounts whatsoever in exchange for the full and to both companies. Instead, CIC shall be making the full payment that will provide the co February 17, 2005, the

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Settlement Agreement was approved by the court presiding over the liquidation of the est
payments required of parties under the Settlement Agreement (which did not include CR

U.S. Life Insurance Company arbitration

The arbitration initiated on November 29, 1999 by U.S. Life Insurance Company (U.S.
previously reported, has been settled as between U.S. Life and CINA. The settlement in J
rescission and to instead reform the reinsurance treaty provided by U.S. Life to a 90% qu
final commutation of the treaty in exchange for a commutation payment by U.S. Life (see

All American Life Insurance Company arbitration

The arbitration initiated on December 23, 2002 by CRNA and CINA against All America
May 2004, the parties to the dispute, which concerned a reinsurance treaty provided by A
commutation payment by All American. Incurred losses of $9.2 million were recorded in

Continental Casualty Company arbitration

In December 2002, Continental Casualty Company (Continental) and CRNA each den
which Continental reinsured CRNA for 50% of certain accident and health exposures CR
that the third-party insurer had violated the reinsurance agreement with CRNA in such a
Effective June 2004, Continental and CRNA entered into an Assignment of Rights, Limit
agreed to withdraw their respective demands for arbitration with prejudice. The Assignm
the insurer and indemnifies CRNA for monetary liability or expenses it incurs resulting f
Assignment Agreement, Continental, CRNA and the third-party insurer have entered into
April 2005 following the approval of the liquidation court governing the insurer.

Great American Insurance Company arbitration

The arbitration initiated on July 30, 2004 by Great American Insurance Company (GAI
certain Automobile Residual Value Proportional Reinsurance Agreements (the Reinsura
Agreements, which was previously reported, has been settled. In December 2004, the par
Agreements in exchange for a commutation payment by CRNA.

Canada Life

On December 21, 2001, The Canada Life Assurance Company (Canada Life), brought
States District Court of the Southern District of New York. Canada Life alleged that Con
indemnify its full percentage of Canada Life s September 11th losses and by failing to p
agreements. Converium Germany is disputing this claim on the grounds that its liability u
federal courts concerning jurisdictional issues, which Canada Life lost, Canada Life agre
pursuant to an order by the arbitration panel, Converium Germany has obtained a letter o
arbitrators issue an award in favor of Canada Life. A two-week hearing was conducted in
Due to the uncertainties inherent in any proceeding of this nature, we are unable to evalu
resulting from this lawsuit.

Converium Germany has fully reserved this claim. However, arrangements entered into w
September 11th related losses provided to us by Zurich Financial Services in conjunction

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Review of Certain of our Reinsurance Transactions

Ongoing investigations of the insurance and reinsurance industry and non-traditional insu governmental authorities, including the U.S. Securities and Exchange Commission and th On March 8, 2005, MBIA issued a press release stating that MBIA s audit committee un would replace Axa Re Finance as a reinsurer to CRNA by no later than October 2005. Th Axa Re Finance in 1998. Thereafter, on April 19, 2005, CRNA received subpoenas from documents related to certain transactions between CRNA and MBIA. Converium has also authorities in Europe regarding non-traditional insurance and reinsurance products and/or with the governmental authorities.

In view of the industry investigations and the events relating to MBIA described above, C reinsurance transactions, including the MBIA transactions. The internal review, which wa and Converium s own decision to review certain additional items. The internal review in other reinsurance transactions and encompassed all business units of Converium, a review current members of the Global Executive Committee and the Board of Directors, as well Committee believes that the scope and process of the internal review has been sufficient t reinsurance, rather than as deposits. After discussing the findings of Converium s extens accounting corrections were appropriate and authorized the Restatement of Converium s process, the Audit Committee has involved its independent group auditors, Pricewaterhou consolidated financial statements included in Item 8. Financial Information A. Cons Prospects A. Operating Results . Financial information for each of the quarters ended adjusted to reflect the Restatement. Previously published financial statements regarding a As noted above, Converium is fully cooperating with the governmental authorities, and is internal review was extensive, the ongoing governmental inquiries, or other development material adverse effect on Converium.

Class action lawsuits

Following the Company s announcement on July 20, 2004 that second quarter 2004 resu related to the underwriting years 1997 to 2001, six securities law class action lawsuits, or and several of its officers and directors in the United States District Court for the Souther Actions).

On December 9, 2004, another securities law class action lawsuit, *Rubin v. Converium H* directors in the Supreme Court of the State of New York for the County of New York. Th Plaintiff Rubin s request that the Court allow him to renew his motion to remand the acti On July 14, 2005, the Court signed an order in the Federal Actions appointing Public Em 2005, the lead plaintiffs filed a consolidated amended class action complaint (the Comp as an additional named plaintiff. Lead plaintiffs have asked the Court to consolidate the *R* The Complaint names as defendants the Company; directors Terry G. Clarke, Peter C. Co Dirk Lohmann, Martin Kauer and Richard Smith; former director Jürgen Förterer; Zurich violations of Section 10(b) and Section 20(a) of the Securities Exchange Act of 1934, and misrepresented and omitted material information in various public disclosures during the

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from December 11, 2000 through September 2, 2004 because we did not establish adequa
2004 were insufficient; and that, as a result of the foregoing, our earnings and assets were
consists of all buyers of the Company s stock from December 11, 2001 through and inclu
fees, and expert fees.

On December 23, 2005, the defendants moved to dismiss the Complaint and the plaintiffs
thus, the timing and outcome of these matters are not currently predictable. An unfavorab

US Securities and Exchange Commission Trading Investigation

In August 2004, CRNA received a request for voluntary production of documents and inf
As a result of that request, CRNA understands that the Commission is conducting an info
connection with transactions in Converium s securities by certain persons prior to Conve
expectations due to higher than modeled US casualty loss emergence primarily related to
CRNA voluntarily responded to the Commission s request, and will continue to coopera
responded to the SEC s requests and was advised in December 2005 that the SEC s inve

Investigation by the Swiss Federal Banking Commission

In November 2004, the Federal Banking Commission requested certain information in co
that its second quarter 2004 earnings would fall short of expectations due to higher than m
is fully complying with the respective requests by providing all relevant information to th

Dividends and Dividend Policy

The Ordinary General Meeting of shareholders held in Zug on April 12, 2005 approved th
CHF 1,518,291,374 to the free reserves and not to pay out a dividend.

Our dividend policy in future periods will depend on a number of factors including our re
conditions, legal, contractual and regulatory restrictions regarding the payment of dividen
to receive payment in full of any dividends declared.

As a holding company, we are dependent on dividends, and interests from our subsidiarie
restricted by applicable laws and regulations. To the extent our subsidiaries are restricted
shareholders. For further information on the restrictions on our ability to pay dividends, s
Note 16 to our 2004 consolidated financial statements, CRNA is required to obtain appro
Under Swiss law, we may only pay dividends if we have either sufficient profits availabl
balance sheet and the provisions of Swiss law to allow for distributions from that reserve.
As long as the general reserves amount to less than 20% of our nominal share capital, Sw
remaining after this retention are eligible to be distributed as dividends, subject to approv
dividend proposal by our Board of Directors complies with our Articles of Incorporation

B. SIGNIFICANT CHANGES

Except as otherwise disclosed in this annual report, there has been no significant change i

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ITEM 9. THE OFFER AND LISTING

A. OFFER AND LISTING DETAILS

Market Price Information

Trading on the SWX Swiss Exchange

The table below presents the highest and lowest reported sale price for our registered sha
the latest practicable day before the printing of this annual report, the last reported sale pr

Calendar Year 2001 (from December 11, 2001)
Calendar Year 2002
Calendar Year 2003
First Quarter
Second Quarter
Third Quarter
Fourth Quarter
Calendar Year 2004 (1)
First Quarter
Second Quarter
Third Quarter
Fourth Quarter (1)
Calendar Year 2005 (until May 31, 2005)
First Quarter
Last 6 Months
December 2004
January 2005
February 2005
March 2005
April 2005
May 2005

(1) Includes the effect of the 2004 rights offering.

Trading on the New York Stock Exchange

The table below presents the highest and lowest reported sale price for our ADSs on the N
report, the last reported sale price of our ADSs on the New York Stock Exchange was $4

Calendar Year 2001 (from December 11, 2001)
Calendar Year 2002
First Quarter
Second Quarter
Third Quarter
Fourth Quarter
Calendar Year 2003
First Quarter
Second Quarter
Third Quarter
Fourth Quarter

Calendar Year 2004
First Quarter

Second Quarter
Third Quarter
Fourth Quarter
Calendar Year 2005 (until May 31, 2005)
First Quarter
Last 6 Months
December 2004
January 2005
February 2005
March 2005
April 2005
May 2005

B. PLAN OF DISTRIBUTION

Not applicable.

C. MARKETS

Converium registered shares have a listing on the SWX Swiss Exchange under the symbo
under the symbol CHR . The NYSE is the only trading market for our ADSs in the Uni
Swiss Exchange will remain the principal trading market for our registered shares.

The 8.25% Guaranteed Subordinated Notes due 2032 are securities of Converium Financ
of Converium AG, and have a listing under the symbol CHF on the New York Stock E

D. SELLING SHAREHOLDERS

Not applicable.

E. DILUTION

Not applicable.

F. EXPENSES OF THE ISSUE

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. SHARE CAPITAL

Not applicable.

B. MEMORANDUM AND ARTICLES OF INCORPORATION

See Description of Shares and Share Capital in the Registration Statement on Form F-
Articles of Incorporation were amended in 2004 to reflect the following changes to our is

Issued Share Capital

At the Extraordinary General Meeting on September 28, 2004 the shareholders resolved t
by reducing the nominal value of CHF 10 per share by CHF 5 to CHF 5 per share and to
shares with a nominal value of CHF 5 each at an issue price of CHF 5 per share

Authorized Share Capital

At the Annual General Meeting on April 27, 2004, the shareholders resolved to create aut

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of Incorporation, which provides that the Board of Directors is authorized, on or before A
paid-up registered shares each of CHF 10 nominal value amounting to a maximum of CH
Subsequent to the reduction of the nominal value of each of Converium s shares from Cl
Converium s authorized capital is now CHF 20,000,000 with the Board being authorized

Conditional Share Capital

At the Annual General Meeting on April 27, 2004, Converium Holding AG amended its
conjunction with the employee participation plans has been replaced by a conditional sha
share capital.

Subsequent to the reduction of the nominal value of each of Converium s shares as a resu
four million shares of CHF 5 nominal value each, amounting to a maximum of CHF 20,0
rights allotted in connection with bonds and other financial market instruments.

Information Policy

In conjunction with the invitation for the Annual General Meeting, all registered shareho
current financial year. Upon request, a full annual report with the financial statements ca
including financial statements, through their brokers. Furthermore, all financial and other
well as through the SEC.

Statutory Quorums

According to Article 13 of Converium s Articles of Incorporation, resolutions at the Ge
In accordance with the provisions of Swiss law (Article 704 Swiss Code of Obligations)
majority of the nominal values of the shares represented is required for resolution on the

- an alteration of the purpose of Converium
- the creation of super-voting shares
- restrictions on the transfer of registered shares and the removal of such restrictions as
- an authorized or contingent increase of share capital
- an increase of share capital by conversion of capital surplus, by contribution in kind c
- a restriction or exclusion of the subscription right or advance subscription right
- a change of Converium s registered office
- the dissolution of Converium without liquidation

Convocation of the General Meeting of the Shareholders

According to Article 9 of Converium s Articles of Incorporation, the General Meetings a
company law (Article 700 Code of Obligations).

Article 10 of the Articles of Incorporation provides for shareholders whose combined sha
item to be included on the agenda of a General Meeting. Such demand must be made at le
(Article 699 paragraph 2 Code of Obligations).

Registration in the Share Register

The date by which holders of registered shares can be registered in Converium s share re
its preparatory Board Meeting prior to the General Meeting.

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For 2004, the date by which a shareholder had to be registered in the share register was A

Shareholder Votes on Equity-Based Compensation plans

The NYSE rules require that shareholders must vote on all equity based compensation pla
requirement, as under Swiss Company Law, the approval of compensation plans is not an
approval of equity based compensation plans is the fact that the capital of a Swiss compa
submitted for shareholders approval. If equity based compensation plans result in a need
purchased in the open market, shareholders do not have the authority to vote.

C. MATERIAL CONTRACTS

The Master Agreement

The Master Agreement set out the overall principles and the rights and obligations of the
Financial Services and Converium following the Formation Transactions. In particular, th

the separation of substantially all of the third party reinsurance business from the busi

the consolidation of this business under Converium Holding AG.

The third party reinsurance business that has been retained by Zurich Financial Services i
ZIC with inception or renewal dates prior to January 1, 1987.

In the Master Agreement, Zurich Financial Services and Converium made certain represe
In addition, each of Zurich Financial Services and Converium made certain covenants, pr
Further, each of Zurich Financial Services and Converium agreed, following the complet

to execute the agreements, and to cooperate and act in accordance with the arrangeme

not to, except for certain specified exceptions, disclose confidential information of th
the parties due to the fact that the parties were previously part of the same group of co

In addition, the Master Agreement provided that we bear up to a maximum of $50 million
advisors fees, retention costs and stamp duty taxes. Zurich Financial Services reimburse

September 11th Coverage

Zurich Financial Services, through its subsidiaries, agreed to arrangements that cap our ne
million, the amount of net loss and loss expenses we recorded as of September 30, 2001.
responsibility for non-payment by the retrocessionaires of Converium AG and Converium
excess of the $289.2 million cap. While the cap does not cover non-payment by the retroc
Therefore, we are not exposed to potential non-payments by retrocessionaires for these ev
Financial Services units and we are exposed to credit risk from these subsidiaries of Zuric
on the Company B. Business Overview Retrocessional Reinsurance .

Acquisition of the Converium AG Business

Historically, Converium AG was not a separate legal entity and underwrote substantially
Financial Services, and was operated as the Zurich Re Zurich business unit of Zurich Fin
incorporated Converium AG, based in Zurich, which is a wholly owned subsidiary of Co
on the balance sheet of the new legal entity.

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Certain Converium AG reinsurance business was acquired from ZIC and ZIB via the Quo
Assumption of Liability Agreement between ZIC and Converium AG, dated September 2
and liabilities relating to the business written by the Zurich operations.

Quota Share Retrocession Agreement

In connection with the Formation Transactions, the transfer of certain business to Conver
July 1, 2001. The covered business consists of the business historically managed by Conv
substantially all of the third party reinsurance assumed business written by ZIC and ZIB u
losses and loss expenses and experience account balances relating to this business.

The Quota Share Retrocession Agreement provides for the payment of premiums to us by
provides that these premiums are on a funds withheld basis, whereby the premium is n
interest on the Funds Withheld Asset based on fixed interest rates.

Because the business subject to the Quota Share Retrocession Agreement consists of busi
statements. Any reinsurance business written by ZIC or ZIB that is not part of the historic
Quota Share Retrocession Agreement, and all related legal rights and obligations of this b
statements. Therefore, execution of this Quota Share Retrocession Agreement has no imp

We will receive the surplus remaining with respect to the Funds Withheld Asset, if any, a
period when it occurs. Additionally, Zurich Financial Services has the right to prepay to u

We will continue to administer the transferred business on behalf of ZIC and ZIB, which
retrocessions related to the business transferred. Converium AG has financial risks relatin
of the business reinsured under the Quota Share Retrocession Agreement. We will bear th
terrorist attacks. We will have a broad right of offset under the Quota Share Retrocession
Asset account directly. The Quota Share Retrocession Agreement provides that ZIC and Z
reinsurance policies covered under the agreement without our consent.

The Quota Share Retrocession Agreement provides for commutation and termination for
control of Converium. Each of the parties agrees to indemnify the other against liability o
Share Retrocession Agreement contains other provisions that are customary for an agreem

Acquisition of the Converium Reinsurance (North America) Inc. Business

The CRNA reinsurance business was acquired through the transfer by a subsidiary of Zur
Agreement between ZRCH and us, dated November 20, 2001.

Assumption of $200 Million Public Notes

On October 20, 1993, ZRCH issued $200 million principal amount of 7.125% Senior Not
Indenture. As partial consideration for the transfer to CHNA of CRNA, CHNA has execu
of ZRCH under the Indenture. The Bank of New York acts as Trustee under the Supplem
presented. The Notes are general unsecured obligations of CHNA and rank on a parity wi

CENY Arrangements

Prior to the Formation Transactions, the CRNA balance sheet reflected business originall
Zurich Centre Group of companies, a business unit of Zurich Financial Services.

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Zurich Financial Services historically operated and managed CENY separately from Con
of CRNA. As a result of this merger, certain liabilities of CENY, referred to below as C
management and were not part of the independently managed and operated third party rei
we had primary legal responsibility for the CENY Business.
In connection with the Formation Transactions, we extinguished our legal responsibility f
Agreement with certain insurance subsidiaries of Zurich Financial Services including Co
insurance subsidiaries of Zurich Financial Services, and these insurance subsidiaries have
Business. Accordingly, the novated contracts are excluded from our financial statements.
obtained from the reinsureds by the effective date of the agreement. This portion of the C
Limited on an indemnity reinsurance basis and is reflected in our financial statements as
CRNA historically obtained stop-loss reinsurance coverage on the CENY Business from
commuted these policies pursuant to various commutation agreements dated October 1, 2
excluded from our financial statements for all periods presented.

Supplementary Agreements and Arrangements

CRNA and its wholly owned subsidiary, CINA, terminated certain existing affiliated tax
for the transfer of CRNA to Converium pursuant to an agreement dated October 1, 2001.
CRNA entered into a sublease with ZC Resource LLC, a subsidiary of Zurich Financial S
All of the above supplementary transactions were recorded in our financial statements on

Acquisition of the Converium Rückversicherung (Deutschland) AG Business

Converium Rückversicherung (Deutschland) AG was historically known as Agrippina Rü
reinsurance business through policies issued by ZRK. As part of the Formation Transacti
retroceded to affiliates of Zürich Financial Services or third parties. Our financial stateme
(Deutschland) AG and exclude novated and commuted business from all periods presente
The Converium Rückversicherung (Deutschland) AG reinsurance businesses were acquir
pursuant to the Agreement for the Sale and Transfer of Shares in Zürich Rückversicherun
Rückversicherung (Deutschland) AG increased to 100% in January 2003.

GRI Retained Business

GRI is an internal operating unit of Zurich Financial Services whose principal role is to a
to access the third party reinsurance market. GRI s internal operations were wholly auto
to access external reinsurance markets.
Prior to the Formation Transactions, the GRI operation was partially conducted through p
management team. Additionally, Zurich Financial Services did not alter the capital ascrib
consequence of the Formation Transactions, all GRI business previously written on our b
parties. Any related rights and obligations of ours have been extinguished. Accordingly, a

Other Indemnity Matters

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Pursuant to the Master Agreement, we and Zurich Financial Services have indemnified ea
of our respective representations and warranties and other customary matters.

In particular, we agreed to indemnify Zurich Financial Services and its affiliates for:

- liabilities assumed by or transferred to us in the separation;
- liabilities incurred by Zurich Financial Services or its affiliates (other than us) while c
the Formation Transactions before and after the dates of the separation of US and nor
- liabilities incurred by us on our own behalf at any time, which are deemed to be or be
- losses suffered by Zurich Financial Services or any of its affiliates (other than us) tha
against by us.

Zurich Financial Services correspondingly agreed to indemnify us for:

- liabilities retained by Zurich Financial Services and its affiliates and not assumed by
- liabilities arising out of or relating to the assets not assumed by or transferred to us in
- liabilities arising out of specified contracts we have not assumed pursuant to the term
- losses suffered by us or any of our affiliates that relate to any reasonable action to avo

Moreover, we agreed with Zurich Financial Services to allocate amongst ourselves liabili
in the various annual report documentation to be distributed to our shareholders or as a re
In addition, pursuant to the tax sharing and indemnity agreements described below, we ar
Formation Transactions and certain other potential liabilities that arose while we were aff
Also, we agreed to indemnify Zurich Financial Services and its subsidiaries for losses ari
indemnifiable losses had been caused by the misconduct or negligence of our employees
As described above, subsidiaries of Converium and Zurich Financial Services have inden
office. See Acquisition of the Converium Reinsurance (North America) Inc. Business

Tax Sharing Agreements

We entered into Tax Sharing and Indemnification Agreements with:

- ZRCH, in respect of the US Converium entities, which we refer to as the US Tax Sh
- Zurich Financial Services in respect of the non-US Converium entities, which we refe

The tax allocation agreement in effect involving CRNA and CINA was terminated as to t
date of sale of CRNA to CHNA. Under the US Tax Sharing Agreement, payments previo
Tax Sharing Agreement provides we will generally be liable for taxes imposed on our US
specified taxes, which will include any taxes arising out of the transfer of the US entities
certain other matters.

The Non-US Tax Sharing Agreement provides, in general, that we will be liable for all ta
AG, whether arising prior to or subsequent to the transfer to Converium. We are also liab
and representative offices in Buenos Aires, London, Mexico City, Sao Paolo and Tokyo.
consummation of the Formation Transactions together with all other costs and expenses c
Formation Transactions but incurred after the Formation Transactions will be borne by C
The tax sharing agreements also set forth the responsibilities for filing tax returns affectin
under the US Tax Sharing Agreement are guaranteed by ZIC.

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Swiss Tax Consequences to Converium of the Formation Transactions

Under the terms of the Swiss tax rulings obtained by Zurich Financial Services and grant
the public in our initial public offering triggered retroactively Swiss stamp duty at the rat
As part of the Master Agreement, Zurich Financial Services has agreed to reimburse us f
described above. See The Master Agreement .

Continuing Relationships with Zurich Financial Services

In addition to the agreements described above, we have certain continuing relationships

Continuing Aggregate Excess of Loss Agreements

1993 Aggregate excess of loss agreement

In 1993, ZIC and ZRC entered into an Excess of Loss Reinsurance Agreement under wh
described above under CENY Arrangements , ZRC was a predecessor of CRNA, and
Agreement as of March 5, 1993 for losses occurring between January 1, 1993 and May 3
loss expenses in excess of 75% of earned premiums for losses occurring after May 31, 19
refer to collectively as the 1993 Aggregate Excess of Loss Agreement, are on an incurred
under the 1993 Aggregate Excess of Loss Agreement.

1997 Aggregate excess of loss agreement

CRNA has had an intra-Converium aggregate excess of loss reinsurance agreement in pl
to CRNA for losses that exceeded a net retention after amounts recoverable from its outs
Transactions, ZIC was the formal counterparty to CRNA. In October 2001, the 1997 Ag

CRNA s coverage for net losses of $320.4 million with respect to all Amerisafe bus

CRNA s coverage for net losses of $307.5 million from the September 11th terrorist

the remainder of the coverage under the agreement is commuted.

As part of the Formation Transactions, ZIC also provided CRNA with coverage for all it
Reinsurance Pool and the September 11th terrorist attacks that exceed the coverage limit
addition, under the Master Agreement, Converium agreed to indemnify ZIC for up to $5
non-performance of the retrocessionaire.

Other Agreements and Arrangements

As described in more detail above, the separation of our business from that of Zurich Fin
Agreement and the Master Novation and Indemnity Agreement, has entailed us and Zuri
services in connection with the administration of the run-off of the business we transferr

Lease Arrangements

Converium AG leases office space from Zurich Financial Services. The lease term is fix
annual rent escalations based on a cost of living index.

Converium Rückversicherung (Deutschland) AG leases office space from Zurich Financ
ten-year terms. Lease payments have bi-annual rent escalations based on changes in loca

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CRNA entered into a sublease with ZC Resource LLC (ZC Resource), a subsidiary of
2012. As part of the Transactions, CRNA entered into an agreement to indemnify Global
lease, for losses under the prime lease or the guaranty caused by CRNA s default under t
losses under the guaranty caused by a default by ZC Resource under the prime lease. Cen
all amounts due by GAHL under the guaranty and all expenses incurred by CRNA enforc
guarantees. As a result of the transition to a run-off entity in North America, a decision w
our Stamford, Connecticut office space. We expect the effective date of the transfer to be

D. EXCHANGE CONTROLS AND OTHER LIMITATIONS

Other than in connection with government sanctions imposed on Yugoslavia, Myanmar, Z
Osama bin Laden, the al Qaeda group or the Taliban, there are currently no laws, decre
Swiss foreign exchange controls on payment of dividends, interest or liquidation proceed
law or the Company s Articles of Incorporation on the rights of non-Swiss residents or n
There are currently no laws, decrees or regulations in Luxembourg that restrict the export
payment of principal, interest or liquidation proceeds, if any, to non-resident holders of n

E. TAXATION

The following is a summary of the principal US Federal income tax and Swiss tax conseq
the acquisition, ownership and disposition of shares or ADSs and does not take into accou
companies, broker-dealers, traders in securities that elect to mark to market, holders liable
shares of Converium, holders that hold shares or ADSs as part of a straddle or a hedging c
may be subject to special rules. This summary is based on the tax laws of Switzerland and
history, existing and proposed regulations thereunder, published rulings and court decisio
the Swiss Confederation, which we call the US/Switzerland Treaty, all of which are subje
request a ruling from the US Internal Revenue Service concerning the tax consequences o
aspects of Swiss taxation other than income and capital taxation and Swiss stamp duties n
regarding the Swiss and other tax consequences of owning and disposing of shares or AD
shares or ADSs.

Swiss Taxation

Generally, holders of ADSs will be treated as owners of the registered shares underlying
below apply equally to holders of the registered shares and ADSs.

This discussion does not, as already mentioned above, generally address any aspects of S
their tax advisors regarding the Swiss and other tax consequences of owning and disposin

Withholding Tax on Dividends and Distributions

Dividends paid and similar in-kind distributions (including dividends of liquidation proce
withholding tax at a rate of 35%. The withholding tax must be withheld by Converium fr
refundable in full to a Swiss resident who receives a distribution if such resident is the be

Obtaining a Refund of Swiss Withholding Tax for US Residents

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Article 10 of the US/Switzerland Treaty provides for a reduced 15% withholding tax rate
further reduced to 5% in the case of a corporate shareholder owning at least 10% of the v
program in effect through The Bank of New York, a US holder of ADSs that qualifies for
full refund of the Swiss withholding tax. On the payment date of the dividend, Converium
of New York will file a Form 82 accompanied by a shareholder list and a DTC participan
by the Swiss Federal Tax Administration to The Bank of New York on behalf of the eligi
holders of ADSs, depending on the applicable US/Switzerland Treaty rate. Such holders s
Converium. Relief under the US/Switzerland Treaty is granted for holders of shares by w
withholding tax by filing a Swiss Federal Tax Administration Form 82 with the Swiss Fe

Income Tax on Dividends

A Swiss resident or a foreign resident subject to Swiss taxation who receives a dividend o
us is required to include such amounts in his personal income tax return. A Swiss shareho
exemption of the dividend from income taxation (participation exemption/Beteiligungsab
For purposes of the above paragraph and the discussion under Capital Gains Tax upon D
maintains in Switzerland a permanent establishment or fixed place of business to which t

Capital Gains Tax upon Disposal of Shares

A Swiss resident who holds shares as part of such resident s private, non-business assets
sale or other disposal of shares. However, under certain conditions, shares can be deemed
trader in securities, with the consequence of taxation of any capital gains as business inco
taxable dividend income if some conditions are met. In the case of such re-characterizatio
repurchase price and the underlying nominal value of the shares. Capital gains realized on
taxation are included in the taxable income of such persons.

Persons who are not resident in Switzerland for tax purposes are not subject to any Swiss
attributable to a permanent establishment or fixed place of business maintained by such n
become due if shares are repurchased by Converium.

A Swiss resident or a foreign resident subject to Swiss taxation which is a shareholder an
taxation with respect to capital gains (participation exemption/Beteiligungsabzug). Howe
at least 20% held over an uninterrupted period of at least one year.

Stamp Duties upon Transfer of Shares

The sale or purchase of shares or ADSs, whether by Swiss resident or non-resident holde
through or with a Swiss bank or other Swiss securities dealer as defined in the Swiss Fede

United States Federal Income Taxation

This discussion applies only to beneficial owners of shares or ADSs that hold the shares o
income tax purposes is either (1) a citizen or resident of the United States, (2) a corporatio
subdivision thereof, (3) an estate the income of which is subject to US federal income tax
supervision over the administration of the trust and one or more US persons have the auth
This discussion does not, as already mentioned above, generally address any aspects of U

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Holders are urged to consult their tax advisors regarding the US federal, state and local ar
US holders of ADSs will be treated as owners of the shares underlying the ADSs for US f
discussed below apply equally to US holders of ADSs and shares. This discussion is base
in, or otherwise contemplated by, the deposit agreement and any related agreement will b

Taxation of Dividends

Subject to the passive foreign investment company, or PFIC, rules described below, US h
distributions of common shares, paid (before reduction for Swiss withholding taxes) by C
purposes) as foreign source ordinary income when the dividend is actually or constructive
Dividends paid to a non-corporate US holder before January 1, 2009 will be taxable to th
during the 121 day period beginning 60 days before the ex-dividend date and the holder m
dollar value of the Swiss francs received, including the amount of any Swiss tax withheld
holders of ADSs would be the date such dividend is received by The Bank of New York,
resulting from currency exchange fluctuations will be treated as ordinary income or loss.
limitation purposes. Distributions in excess of current and accumulated earnings and prof
of the US holder s basis in the shares or ADSs and thereafter as capital gain.

Subject to certain limitations, the Swiss tax withheld in accordance with the US/Switzerla
liability. One such limitation is that a foreign tax credit is only allowed for withholding ta
than 15 days during the 31 day period beginning on the date which is 15 days before the e
tax withheld is available to a US holder under the US/Switzerland Treaty, the amount of t
liability. See Swiss Taxation Obtaining a Refund of Swiss Withholding Tax for US

The ability of a US holder to utilize foreign taxes as a credit to offset US taxes is affected
separately with respect to specific classes of income. For this purpose, dividends paid by
A US holder may elect to claim all foreign taxes paid as an itemized deduction in lieu of c
credit, but the availability of the deduction is not affected by the conditions and limitation
to what extent a foreign tax credit would be available to them.

The US Treasury Department has expressed concern that parties to whom ADSs are pre-r
tax credits for US federal income tax purposes. Such actions would also be inconsistent w
holders, described above. Accordingly, the discussion of the creditability of foreign taxes
be affected by future actions that may be taken by the US Treasury Department.

Sale or Exchange

Subject to the PFIC rules described below, gain or loss recognized by a US holder on the
capital gain or loss in an amount equal to the difference between the US holder s adjuste
long-term capital gain or loss where the shares or ADSs have been held for more than one
urged to consult their own tax advisors about the treatment of capital gains, which may be
deductibility of which may be limited.

The surrender of ADSs in exchange for shares, or vice versa, will not result in the realizat

PFIC Rules

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Converium believes that it was not a PFIC for US federal income tax purposes for 2004 a
depends upon the composition of a company s income and assets and the market value o
there can be no assurance that Converium will not be considered a PFIC for any taxable y
ADS, certain adverse consequences could apply to the US holder.

If Converium were treated as a PFIC for any taxable year, gain recognized by such US ho
holding period for the share or ADS. The amounts allocated to the taxable year of the sal
income. The amount allocated to each other taxable year would be subject to tax at the hi
imposed on the amount allocated to such taxable year. Further, any distribution in respect
received by the US holder during the preceding three years or the US holder s holding p
available (including a mark to market election) to US persons that may mitigate the adve

In addition, if Converium were to be treated as a PFIC in a taxable year in which Converi
dividends paid to non-corporate US holders would not apply.

Backup Withholding

A US holder may, under certain circumstances, be subject to backup withholding with
shares or ADSs unless such holder (1) is a corporation or comes within certain other exe
number, certifies that it is not subject to backup withholding and otherwise complies with
creditable against the US holder s federal income tax liability, provided appropriate info
number may be subject to penalties imposed by the IRS.

F. DIVIDENDS AND PAYING AGENTS

Not applicable.

G. STATEMENT BY EXPERTS

Not applicable.

H. DOCUMENTS ON DISPLAY

You may read and copy documents referred to in this annual report that have been filed w
451 Fifth Street, NW
Washington DC 20549, USA

Please call the SEC at 1-800-SEC-0330 for further information on the public reference ro

In addition, documents referred to above are available from Converium at it headquarters
Dammstrasse 19 CH-6301 Zug, Switzerland

I. SUBSIDIARY INFORMATION

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MAR

As a provider of reinsurance solutions, effective risk management is fundamental to our a
and investment management processes and procedures to actively manage our exposure t
ensuring that all of our operating units consistently follow suitable, structured and contro
business. See Item 15. Controls and Procedures .

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We consider our market risk to consist primarily of our exposure to adverse market value
sources of market price fluctuations, including interest rate risks, credit risks, prepayment
exposure to adverse market value changes in our assets and the potential inability to reali
We principally manage our long-term market risks through a procedure we refer to as ass
interactions between our assets and liabilities. We utilize and continually develop firm-wi
financial risks and underwriting risks. The primary goal of our ALM procedures is to mat
and repayments generated by our investment assets and to improve our understanding of
provide more stable investment income than equity securities, the preponderance of our in
empirical models and can lead to incorrect assumptions, we believe that the careful use of
and is therefore an important element of our risk and investment management process. Ou
To help manage our aggregate exposure to concentration and credit risks, we analyze and
and credit rating on a periodic basis.

Sensitivity Analyses for Invested Assets

Approximately 85.3% of our investment securities are classified for accounting purposes
with movements in fair value recorded in shareholders equity. In contrast to these assets
of the balance sheet date. Therefore, US GAAP accounting practices typically result in m
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 m
allocation and the sale of investments. These analyses assume that the change in value of
We have based our computations of prospective effects of hypothetical interest rate chang
relied on as indicative of future results.

Certain shortcomings are inherent in the method of analysis presented in the computation
should market conditions vary from assumptions used in the calculation of the fair value
individual issuer credit spreads.

Equity Market Risk

We hold approximately 5.1% (including our participation in PSP Swiss Property AG) of
concentrated in the United States and Europe and is highly sensitive to general economic
decline in all stock markets as of December 31, 2004 would be an after-tax reduction in n
December 31, 2004.

Our strategic asset allocation combines a large percentage of investments in high-quality
acceptable risks over the long term, while protecting against excessive risks in periods of
During a severe stock market correction associated with a weak economy, recession or de
high-quality bonds arising from falling interest rates. We seek to match our investments w
strive to keep our equity portfolio diversified so as to provide a broad exposure across ma
or equity sector by reference to local benchmarks and insurance regulations.

Interest Rate Risk

Our investments are subject to interest rate risks. Our interest rate risk is concentrated in t
policies, and domestic and international economic and political conditions.

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The estimated potential exposure of our consolidated net assets to a one percentage point
represents approximately 7.0% of our total shareholders equity as of December 31, 200
To protect our balance sheet from a possible rise of the yield curves, we stabilized the mo
expanded our portfolio of held-to-maturity government bonds totaling $850.4 million (15
held-to-maturity portfolio is 4.3.

As of December 31, 2004, all of our debt outstanding was at fixed interest rates. Thus, an
shareholders equity, as we account for debt at amortized cost, not fair value.

Foreign Exchange Risk

Our general practice is to invest in assets that match the currency in which we expect rela
technical liabilities. This results in the same currency split for the assets backing our shar
translation risk of currency rate changes against the US dollar that may result in adverse e
Shareholders equity held in local insurance units is primarily kept in local currencies to
This facilitates our efforts to ensure that capital held in local insurance units will be able t
currency concept, the differences resulting from the currency rate changes are recorded in

The table below shows the approximate effect on shareholders equity of instantaneous a
2004 against the US dollar.

Euro
Swiss franc
UK pound

(1) A weakening of the respective currency against the US dollar .

As of December 31, 2004 and 2003, we had unrealized cumulative translation gains of $1
Our reported premiums, losses and expenses are also affected by exchange rate fluctuatio
period, and therefore exchange rate movements from period to period can have a signific

The table below shows the percentage of key income statement and balance sheet items, c

	US Dollar	Euro
Income statement		
Net premiums written	43%	24%
Net investment income	57%	14%
Losses, loss expenses and life benefits	57%	20%
Acquisition costs	43%	24%
Other operating and administration expenses	30%	17%
Interest expense	93%	5%
Balance sheet		
Total invested assets	58%	17%
Reinsurance assets	80%	9%
Losses and loss expenses, gross	56%	18%
Unearned premiums, gross	49%	16%
Future life benefits, gross	39%	60%
Debt	100%	

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ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITI

Not applicable.

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

Not applicable.

ITEM 14. MATERIAL MODIFICATION TO THE RIGHTS OF SECURITY HOL

Not applicable.

ITEM 15. CONTROLS AND PROCEDURES

Converium Holding AG s Chief Executive Officer and Chief Financial Officer, after eva
Rule 13a-15(e)) as of the end of the period covered by this Form 20-F/A, have concluded
procedures were ineffective to ensure that material information relating to Converium Ho
which this Form 20-F/A was being prepared.

There have been no changes in or disagreements with our independent group auditors on
There were no changes to our internal controls over financial reporting that occurred duri
to materially affect, our internal controls over financial reporting. Converium s Board of
internal controls over financial reporting with the goal to reach compliance with SOX 40
will be made throughout 2006.

Material Weaknesses Identified Weaknesses

For purposes of SOX 404, a material weakness is a significant deficiency, or combina
the annual or interim financial statements will not be prevented or detected.

The first weakness identified as of December 31, 2004 was the need to train or recruit su
key finance employees. The second weakness identified was the failure in the operation o
Converium s Audit Committee subsequently identified two additional material weakness
analyses reflect all relevant elements of contractual relationships entered into by Converi
completeness and reporting of certain components of the income tax payables and deferr

Material Weaknesses Remediation

Converium is in the process of addressing these weaknesses. Converium is actively unde
training to existing staff in order to address the current knowledge and experience gaps w
US GAAP training sessions for staff and managers working in the finance area. In additi
Converium is actively addressing the key internal control weakness identified over the in
consulting resources to address this issue and to further enhance our overall control

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environment. To date, Converium has implemented controls to ensure the correct accoun
and profit commissions.
Converium is developing steps intended to provide reasonable assurance that risk transfe
Converium intends to build up and further train its accounting staff in order to strengthen
filing and accounting for income taxes will undergo a thorough review, with the goal of r
Notwithstanding the existence of the material weaknesses described above, Converium b
respects, Converium s financial condition as of December 31, 2004 and 2003, and result
with US GAAP.
We cannot be certain as to the timing of completion of any remediation actions or the im
comply with the rules implementing SOX 404 in respect of our fiscal year ending Decem
new material weaknesses come to our attention and remain unremedied at that time, man
Moreover, even if management does conclude that our internal controls over financial re
financial reporting or the level at which controls are documented, designed, operated or r
from us, then they may decline to attest to management s assessment or may issue a rep
marketplace due to a loss of investor confidence in the reliability of our financial stateme

Other enhancements of internal controls

As of July 1, 2005, Converium appointed a compliance officer who is progressing in dev
programs at the major business areas.

Whistleblower Procedure

An anonymous whistleblower procedure has been established, allowing confidential r
well as other risk-related operational hazards such as inadequate controls or organization
Committee of the Board of Directors.

ITEM 16. [RESERVED]

Item 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our Board of Directors has determined that a member of our Audit Committee, George C
Stock Exchange.

Item 16B. CODE OF ETHICS

The Board of Directors of Converium Holding AG approved the Code of Business Cond
The details of the Code is accessible on our Internet website at:
http://www.converium.com/3152.asp

Item 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Duration of the Mandate and Terms of Office of the Independent Auditors

PricewaterhouseCoopers Ltd, our principal independent group auditor, began serving as c
Andrew Hill and Martin Frei, began serving in their roles in 2002 and 2003, respectively.

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Policy on Pre-Approval and Non-Audit Services of Independent Auditors

Our Audit Committee comprises the Chairman of the Board of Directors and the Chairme
Directors are eligible to serve on the Audit Committee. In order to qualify as independent
Committee member may not be a person affiliated with the Company or any of its subsid
including the review of internal control systems and Converium s risk management and
internal auditors and the external and internal audit process; assesses the accuracy of the
liaises with Converium s Risk Management functions to identify Converium s areas of
of Internal Audit and the external auditor. In 2004 the Audit Committee held six meeting
The Audit Committee has the responsibility to pre-approve all audit fees, fees for audit re
non-audit related fees. Converium implemented protocols and guidelines to ensure that o

Independent Auditor Fees

We paid the following fees for professional services to PricewaterhouseCoopers Ltd, for

($ thousands)
Audit Fees
Audit-Related Fees
Tax Fees
All Other Fees
Total fees

(1) Represents percentage of fees approved by the Audit Committee.

Audit Fees are defined as the standard audit work that needs to be performed each year in
on the local statutory financial statements. It also includes services that can only be provi
accounting policies, audits of significant and newly implemented system controls, pre-iss
required for US Securities and Exchange Commission or other regulatory filings.

Audit-Related Fees include those other assurance services provided by auditors but not re
for services such as consultation on the Sarbanes-Oxley project, systems reviews, US GA

Tax Fees represent tax compliance and fees related to transfer pricing analysis.

All Other Fees consist of fees related to a PricewaterhouseCoopers Ltd accounting and re

Item 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT CO

Not applicable.

Item 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFI

Not applicable

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ITEM 17. FINANCIAL STATEMENTS

Not applicable.

ITEM 18. FINANCIAL STATEMENTS

See the consolidated financial statements beginning on page F-1.

ITEM 19. EXHIBITS

Exhibit Number	
1.1	Articles of Incorporation of Converium Holding AG, adopted
1.2	Bylaws of Converium Holding AG, adopted November 16, 2(
1.3	Articles of Incorporation of Converium Holding AG, revised
1.4	Bylaws of Converium Holding AG, revised April 11, 2005.\
2.1	Form of Deposit Agreement among Converium Holding AG, owners from time to time of ADSs issued thereunder (includi Statement on Form F-6 of Converium Holding AG (File No.
2.2	Indenture, dated as of October 20, 1993 between Zurich Rein relating to $200,000,000 principal amount of 7 1/8% Senior N Inc. pursuant to the Supplement Indenture included as Exhibi
2.3	First Supplemental Indenture among Zurich Reinsurance Cen as Guarantor, and The Bank of New York, as Trustee, dated a
2.4	Form of Indenture between Converium Finance, S.A., as Issu JPMorgan Chase Bank as Trustee, Calculation Agent and Pay
2.5	Form of the $200,000,000 principal amount of 8.25% Guaran
2.6	Subordinated Guarantee by Converium Holding AG and Con Guaranteed Subordinated Notes Due 2032. ^
2.7	Indenture, dated December 23, 2002 between Converium Fin Chase Bank, as trustee, relating to $200,000,000 principal am
4.1	Master Agreement by and among Zurich Financial Services a
4.2	Stock Purchase Agreement between Zurich Reinsurance Cent Holdings, Inc. and Converium Holdings (North America) Inc
4.3	Agreement for the Sale and Transfer of Shares in Zürich Rücl
4.4	Quota Share Retrocession Agreement between Zurich Insurar and Converium AG, dated October 1, 2001.*
4.5	Quota Share Retrocession Agreement between Zurich Interna effective as of July 1, 2001).*
4.6	Asset purchase and Assumption of Liability Agreement betw 2001.*
4.7	Indemnity Agreement (Unicover) between Zurich Reinsuranc October 1, 2001.*
4.8	Indemnity Agreement (September 11th Cessions) between Zu dated as of October 1, 2001.*
4.9	Indemnity Agreement (September 11th Losses) between Züri Company, dated as of October 1, 2001.*
4.10	Partial Commutation Agreement between Zurich Reinsurance October 1, 2001.*

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Exhibit Number	
4.11	Master Novation and Indemnity Reinsurance Agreement amo Company, Centre Solutions (U.S.) Limited and Zurich Insura
4.12	Group Reinsurance Business Master Novation and Indemnity America), Inc., Zurich Insurance Company and Zurich Intern
4.13	Commutation Agreement (covering the Aggregate Excess of December 31, 1993) between Zurich Reinsurance (North Am 2001.*
4.14	Commutation Agreement (covering the Aggregate Excess of December 31, 1994) between Zurich Reinsurance (North Am October 1, 2001.*
4.15	Commutation Agreement (covering the Aggregate Excess of Reinsurance (North America), Inc. and Centre Reinsurance L
4.16	Commutation Agreement (covering the Obligatory Surplus Sl Reinsurance (North America), Inc. and Centre Reinsurance L
4.17	Commutation Agreement (covering the Obligatory Surplus Sl Zurich Reinsurance (North America), Inc. and Centre Reinsu
4.18	Agreement Amending and Terminating Centre Reinsurance D Delaware Holdings Limited, Orange Stone Reinsurance, Cent Limited, Zurich Reinsurance Centre Holdings, Inc., Zurich R Insurance Company, Centre Risk Advisors, Inc., Constellatio LLC, formerly known as BDA/US Services Limited, ZC Ma Inc. and Claims Solutions Group, dated October 1, 2001.*
4.19	Catastrophe Cover Retrocession Agreement by and between 2001.*
4.20	Stock Purchase Agreement between Zurich Reinsurance (No dated August 23, 2001.*
4.21	Run-off Services and Management Agreement between Zuric
4.22	Tax Sharing and Indemnification Agreement among Zurich R Limited, Converium Holdings (North America) Inc., Zurich R as of October 1, 2001. *
4.23	Tax Sharing and Indemnification Agreement between Zurich and Converium AG dated December 3, 2001. *
4.24	Form of Converium Standard Stock Option Plan for Non-US
4.25	Form of Converium Standard Stock Purchase Plan for Non-U
4.26	Omnibus Share Plan for US Employees. *
4.27	Converium Employee Stock Purchase Plan for US Subsidiari
4.28	Form of Converium Annual Incentive Deferral Plan.*
4.29	Lease, between Zurich Insurance Company and Converium A
4.30	Sublease Support Agreement among Zurich Reinsurance (No Company, dated as of October 1, 2001.*
4.31	Sublease between ZC Resource LLC and Zurich Reinsurance
4.32	Form of Letter Agreement between Converium Holding AG a incorporated by reference from the Registration Statement on filed with the Commission on November 19, 2001.*
4.33	Agreement dated September 2, 2002, between Converium AG shares at £1 each. ^
4.34	

	Share Purchase Agreement dated November 27, 2002, betwee and Royal and Sun Alliance regarding Global Aerospace Und
4.35	Shareholder s Agreement dated March 12, 2003, between Co Royal and Sun Alliance regarding Global Aerospace Underw

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Exhibit Number	
4.36	Sale and Purchase Agreement and Assignment between Conv $150 million loan granted to Converium Holding AG. ^
4.37	Amendment to Share Purchase Agreement dated November 2 Munich Re, Aviva and Royal Sun Alliance regarding Global
4.38	Agreement dated December 30, 2003, for the sale and purcha Global Aerospace Underwriting Managers Limited (GAUM).
4.39	Agreement dated July 24, 2003 $900,000,000 Credit Facility Capital and Commerzbank Aktiengesellschaft. #
4.40	Agreement dated November 29, 2004, USD 1,600,000,000 C Barclay s Capital, BNP Paribas, Commerzbank Aktiengesell
4.41	Deed of Pledge, dated December 15, 2004, Converium Rück Global Securities Services as the Account Bank and ABN An
4.42	Deed of Pledge, dated December 15, 2004, Converium AG, Z ABN Amro Mello Global Securities Services as the Account
4.43	Guarantee, dated October 21, 2004 between Converium AG,
4.44	Guarantee, dated October 21, 2004 between Converium AG, (Deutschland) AG.\
4.45	Fronting and Administration Agreement relating to the Globa Aerospace Underwriting Managers Limited, Global Aerospac in München, National Indemnity Company and Converium A
7.1	Computation of ratio of earnings to fixed charges.
8.1	Subsidiaries of the Registrant.\
12.1	302 Certification of Chief Executive Officer.
12.2	302 Certification of Chief Financial Officer.
13.1	906 Certification of Chief Executive Officer.
13.2	906 Certification of Chief Financial Officer.
14.1	Consent of PricewaterhouseCoopers Ltd, independent group a

* Incorporated by reference to the Company s Registration Statement filed on For

\+ Incorporated by reference to the Company s Registration Statement filed on For

^ Incorporated by reference to the Company s Annual Report on Form 20-F for the 2003.

\# Incorporated by reference to the Company s Annual Report on Form 20-F for the 2004.

\ Incorporated by reference to the Company s Annual Report on Form 20-F for the 2005.

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Schedules other than those listed above are omitted for the reason that they are not applic

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Converium Holding AG and Subsidiaries
Report of the Independent Group Auditors

To the Board of Directors of Converium Holding AG, Zug

We have audited, as requested by you, the accompanying consolidated balance sheets of
income, cash flows and changes in equity for each of the three years in the period ended
The consolidated financial statements are the responsibility of the Board of Directors. Ou
We confirm that we meet the Swiss legal requirements concerning professional qualificat
Our audits were conducted in accordance with auditing standards promulgated by the Sw
States). Those standards require that an audit be planned and performed to obtain reasona
An audit includes examining, on a test basis, evidence supporting the amounts and disclo
significant estimates made and the overall consolidated financial statement presentation.
As discussed in Note 3 to the consolidated financial statements, the consolidated financia
In our opinion, the consolidated financial statements referred to above present fairly, in a
and the results of its operations and its cash flows for each of the three years in the period
States of America and comply with Swiss law.
PricewaterhouseCoopers Ltd

A. Hill M. Frei
Zurich,
March 4, 2005 except as to Notes 3 and 14b to the consolidated financial statements as to

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Converium Holding AG and Subsidiaries
Consolidated statements of (loss) income

(US$ million, except per share information)
Year ended December 31
Revenues
Gross premiums written
Less ceded premiums written
Net premiums written
Net change in unearned premiums
Net premiums earned
Net investment income
Net realized capital gains (losses)
Other (loss) income
Total revenues
Benefits, losses and expenses
Losses, loss expenses and life benefits
Acquisition costs
Other operating and administration expenses
Interest expense
Impairment of goodwill
Amortization of intangible assets
Restructuring costs
Total benefits, losses and expenses
(Loss) income before taxes
Income tax (expense) benefit
Net (loss) income
Basic (loss) earnings per share

Diluted (loss) earnings per share
The notes to the consolidated financial statements are an integral part of these financial st

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Converium Holding AG and Subsidiaries
Consolidated balance sheets

(US$ million, except share information)
Year ended December 31
Assets
Invested assets
Held-to-maturity securities:
Fixed maturities
Available-for-sale securities:
Fixed maturities
Equity securities
Other investments
Short-term investments
Total investments
Funds Withheld Asset
Total invested assets
Other assets
Cash and cash equivalents
Premiums receivable
Reserves for unearned premiums, retro
Reinsurance assets:
Underwriting reserves
Insurance and reinsurance balances receivable, net
Funds held by reinsureds
Deposit assets
Deferred policy acquisition costs
Deferred income taxes
Other assets
Total assets
Liabilities and equity
Liabilities
Reinsurance liabilities:
Unpaid losses and loss expenses
Future life benefits, gross
Insurance and reinsurance balances payable
Reserves for unearned premiums, gross
Other reinsurance liabilities
Funds held under reinsurance contracts
Deposit liabilities
Deferred income taxes
Accrued expenses and other liabilities
Debt
Total liabilities
Shareholders equity
Common stock CHF 5 nominal value, 146,689,462 shares issued, (146,272,886 shares ou
CHF 10 nominal value, 40,006,217 shares issued, (39,775,620 shares outstanding)
Additional paid-in capital
Treasury stock, (416,576 and 230,597 shares, respectively)

Unearned stock compensation
Total accumulated other comprehensive income:
Accumulated other comprehensive income
Net unrealized gains on investments, net of taxes
Cumulative translation adjustments
Total accumulated other comprehensive income
Retained (deficit) earnings
Total shareholders equity
Total liabilities and shareholders equity
The notes to the consolidated financial statements are an integral part of these financial st

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Converium Holding AG and Subsidiaries
Consolidated statements of cash flows

(US$ million)
Year ended December 31
Cash flows from operating activities
Net (loss) income
Adjustments for
Net realized capital (gains) losses on investments
Amortization of premium/discount
Depreciation and amortization
Impairment of goodwill and deferred tax asset
Total adjustments
Changes in operational assets and liabilities
Deferred policy acquisition costs
Reinsurance assets
Funds held by reinsureds
Funds Withheld Asset
Premiums receivable
Unearned premiums, gross
Losses and loss expenses, gross
Future life benefits, gross
Reinsurance balances payable
Funds held under reinsurance contracts
Other reinsurance liabilities
Income taxes, net
Net changes in all other operational assets and liabilities
Total changes in operational assets and liabilities
Cash provided by operating activities
Cash flows from investing activities
Purchases of fixed maturities held-to-maturity
Proceeds from sales and maturities of fixed maturities available-for-sale
Purchases of fixed maturities available-for-sale
Cash flows from investing activities (fixed maturities)
Proceeds from sales of equity securities
Purchases of equity securities
Cash flows from investing activities (equity securities)
Net (increase) decrease in short-term investments
Proceeds from sales of other assets
Purchases of other assets
Net (increase) decrease in deposit assets
Cash flows from investing activities (other)
Net cash used in investing activities
Cash flows from financing activities
Net purchases of common shares
Dividends to shareholders
Proceeds from Rights Offering
Rights Offering issuance costs
Issuance of guaranteed subordinated notes

Net (decrease) increase in deposit liabilities
Net cash provided by financing activities
Effect of exchange rate changes on cash and cash equivalents
Change in cash and cash equivalents
Cash and cash equivalents as of January 1
Cash and cash equivalents as of December 31
The notes to the consolidated financial statements are an integral part of these financial st

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Converium Holding AG and Subsidiaries

Consolidated statements of changes in shareholders equity

(US$ million)	Common stock	Additional paid-in capital
Balance, December 31, 2001 (As previously reported)	253.0	1,336.5
Restatement adjustments		-70.1
Balance, December 31, 2001	253.0	1,266.4
Net income (loss)		
Change in net unrealized gains (losses) on investments, net of taxes		
Translation adjustments		
Total comprehensive income		
Purchases of common shares		
Releases of common shares from treasury		-12.9
Net amortization of stock compensation		7.3
Balance, December 31, 2002	253.0	1,260.8
Net (loss) income		
Change in net unrealized gains (losses) on investments, net of taxes		
Translation adjustments		
Total comprehensive income		
Dividends to shareholders		
Transfer to general legal reserve		3.7
Purchases of common shares		
Releases of common shares from treasury		-14.0
Net amortization of stock compensation		6.1
Balance, December 31, 2003	253.0	1,256.6
Net loss (income)		
Change in net unrealized gains (losses) on investments, net of taxes		
Translation adjustments		
Total comprehensive loss		
Dividends to shareholders		
Transfer to general legal reserve		3.9
Purchases of common shares		
Releases of common shares from treasury		-8.2
Net amortization of stock compensation		11.0
Increase in capital due to rights offering	428.4	

Decrease of nominal value	-126.5	126.5
Rights offering issuance costs		-29.3
Balance, December 31, 2004	554.9	1,360.5

The notes to the consolidated financial statements are an intefral part of these financial st

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Converium Holding AG and Subsidiaries
Notes to the consolidated financial statements
Schedule of segment data

(US$ million)	Standard Property & Casualty Reinsurance (Restated)			Specialty Lines (Restated)			
Year ended December 31	2004	2003	2002	2004	2003	2002	
Gross premiums written	1,699.5	1,820.4	1,395.8	1,833.2	2,073.5	1,633.4	3,
Less ceded premiums written	-141.6	-138.8	-60.2	-96.3	-212.7	-48.5	-
Net premiums written	1,557.9	1,681.6	1,335.6	1,736.9	1,860.8	1,584.9	3,
Net change in unearned premiums	94.9	-15.7	-53.3	57.5	-143.0	-100.5	
Net premiums earned	1,652.8	1,665.9	1,282.3	1,794.4	1,717.8	1,484.4	3,
Total investment results	144.0	102.1	98.1	185.2	133.2	125.3	
Revenues	1,796.8	1,768.0	1,380.4	1,979.6	1,851.0	1,609.7	3,
Losses, loss expenses and life benefits	-1,268.7	-1,129.5	-968.9	-1,745.0	-1,276.2	-1,262.2	-3,
Acquisition costs	-411.8	-377.5	-280.3	-401.2	-374.5	-302.5	-
Other operating and administration expenses	-76.2	-73.2	-61.1	-85.5	-76.6	-71.8	-
Benefits, losses and expenses	-1,756.7	-1,580.2	-1,310.3	-2,231.7	-1,727.3	-1,636.5	-3,
Segment income (loss)	40.1	187.8	70.1	-252.1	123.7	-26.8	-
Other (loss) income							
Interest expense							
Impairment of goodwill							
Amortization of intangible assets							
Restructuring costs							
Loss (income) before taxes							
Income tax (expense) benefit							
Net (loss) income							
Reinsurance assets underwriting reserves	192.3	280.1	421.9	706.2	726.3	613.2	
Losses and loss expenses, gross	3,509.9	3,152.0	2,663.1	5,036.1	4,404.7	3,880.5	8,
Future life benefits, gross							

Ratios

Loss ratio (Losses divided by net premiums earned)	76.8%	67.8%	75.6%	97.2%	74.3%	85.0%
Underwriting expense ratio (Underwriting acquisition costs divided by net premiums earned)	24.9%	22.7%	21.9%	22.4%	21.8%	20.4%
Administration expense ratio (Other operating and administration expenses divided by net premiums written)	4.9%	4.4%	4.6%	4.9%	4.1%	4.5%
Combined ratio (Sum of the loss, underwriting expense and administration expense ratios)	106.6%	94.9%	102.1%	124.5%	100.2%	109.9%

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Converium Holding AG and Subsidiaries
Notes to the consolidated financial statements (continued)
1. Organization and nature of operations
Converium Holding AG and subsidiaries (Converium) is an international reinsurer wh
accepted as a professional reinsurer for all major lines of non-life and life reinsurance in
solutions to complement our target clients business plans and needs. We focus on core
relationships with intermediaries.
Converium offers a broad range of traditional non-life and life reinsurance products as w
reinsurance, its lines of business are General Third Party Liability, Motor, Personal Acci
Engineering, Marine & Energy, Professional Liability and other Special Liability and W
reinsurance, including quota share, surplus coverage and financing contracts, and Accide
Converium was formed through the restructuring and integration of substantially all of th
(the Transactions). On December 1, 2001, Converium entered into a Master Agreeme
Zurich Financial Services. In December 2001, Zurich Financial Services sold 87.5% of it
separation (the Separation Date) from Zurich Financial Services. Zurich Financial Ser
Subsequent to the Initial Public Offering, Converium has operated as an independent com
with Zurich Financial Services. These include the Quota Share Retrocession Agreement,
Pool and September 11th terrorist attacks, as well as certain operating relationships (see
Due to the reserving actions and subsequent lowering of Converium s ratings during 200
reinsurance from offices located in North America. Converium, however, offers reinsura
underwritten and managed through Converium AG, Zurich. Converium Reinsurance (No
CRNA s liabilities wherever appropriate.
2. Summary of significant accounting policies
Converium s financial statements have been prepared on the basis of accounting princip

(a) Basis of preparation

Converium s financial statements present the financial condition as of December 31, 200
of the three years in the period ended December 31, 2004.
The financial statements include all companies which Converium, directly or indirectly c
consolidated in instances where Converium has the power to govern the financial and op
companies (investments of between 20% and 50% in a company s voting rights) and joi
associated company s net income and shareholders equity.

(b) Foreign currency translation and transactions

Foreign currency translation: In view of the international nature of Converium s busine
statements are reported in US dollars. Other functional currencies include the Swiss fran
subsidiaries expressed in currencies other than US dollars are translated at the end of per
for the period. Translation differences on functional currencies are recorded directly in sh
Foreign currency transactions: Outstanding balances in foreign currencies arising from f

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Converium Holding AG and Subsidiaries
Notes to the consolidated financial statements (continued)

functional currencies are translated at end of period exchange rates. Revenues and expens
resulting exchange differences are recorded in the statements of income.

(c) Non-life reinsurance

Premiums: Premiums from short-duration insurance and reinsurance contracts are record
reinsurance coverage. However, for those contracts for which the period of risk differs si
amount of insurance or reinsurance protection provided. The unearned premium reserve r
are computed by pro rata methods based on statistical data or reports received from cedin
In a typical reporting period, we generally earn a portion of the premiums written during
premiums written will not be earned until future periods. We allocate premiums written b
time passes, the unearned premium reserve is gradually reduced and the corresponding am
pro rata basis over the period that the coverage is in effect. Our premium earned and writ
are able to refine our estimates and assumptions. Our estimation procedures are also affec
course of 2004 Converium implemented enhanced procedures for establishing written pre
premium estimates for a period of two years after the expiration of the underlying direct p
Converium recognizes a liability or an asset to the extent that there is an obligation to pay
contract.

Deferred policy acquisition costs: Acquisition costs, principally representing commission
retrocessionaires, which vary with and are directly related to the production of new busin
Deferred policy acquisition costs are periodically reviewed to determine that they do not

Losses: Losses and loss expenses are charged to expenses as incurred. Unpaid losses and
case estimates received from ceding companies. An amount is included for losses and los
ceding companies. Converium does not discount its loss reserves, other than for settled cl
The methods of determining such loss and loss expense estimates and establishing the res
becomes known, the reserves are adjusted as necessary. Resulting adjustments are reflect
estimates, the ultimate settlement may vary from the amount provided.

(d) Life reinsurance

Recognition of reinsurance revenue and related expenses: Premiums from short-duration
the amount of reinsurance protection provided. Premiums from long-duration life reinsura
Benefits and commissions are provided against such revenue to recognize profits over the

Deferred policy acquisition costs: Acquisition and commission costs incurred in acquirin
contracts as a constant percentage of expected premiums. Expected premiums are estimat
unless a premium deficiency occurs. Deferred policy acquisition costs are subject to reco

Future life benefits reserves and contract deposits: Liabilities for future life benefit reserv
and with the terms of the reinsurance contracts.

(e) Retrocessions

Converium cedes reinsurance to retrocessionaires in the normal course of business. The c
proportion to the amount of reinsurance protection provided consistent with the underlyi
remaining life of the underlying assumed contracts. The difference, if any, between the ar

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Converium Holding AG and Subsidiaries
Notes to the consolidated financial statements (continued)
liability for contract benefits relating to the underlying reinsured contracts is part of the e
include the balances due from retrocessionaires for paid and unpaid losses and loss expen
retrocessionaires are estimated in a manner consistent with the liabilities associated with
Converium establishes an allowance for potentially uncollectible recoverables from retro
are deemed to be uncollectible. Collateral and other offsets are considered in determining

(f) Deposit accounting transactions

Reinsurance contracts are assessed to determine if underwriting risk, defined as the reaso
the reinsurer will realize a significant loss, and timing risk, defined as the reasonable poss
event that a transaction does not meet the risk transfer requirements promulgated by SFA
Deposit Accounting: Accounting for Insurance and Reinsurance Contracts That Do Not
transactions that fail risk transfer. SOP 98-7 applies to proposed assumed and ceded reins
underwriting risk is not significant or (2) significant underwriting risk but timing risk is n
deposit asset or liability is recognized based on the consideration paid or received less an
contracts that transfer only significant underwriting risk are subsequently measured based
future cash flows under the contract is also accrued. Changes in the deposit amount are re
timing risk, or deposits for contracts that transfer neither significant timing nor underwrit
effective yield, and revenue and expense are recorded as interest income or expense. The
sufficient information becomes available to reasonably estimate the impact. Most of the f
irrespective of the experience on the contract. This fee is recognized as other income/(exp

(g) Invested assets

The majority of Converium s fixed maturities and equity securities are classified as avai
intent and ability to hold to maturity are classified as held-to-maturity. Held-to-maturity s
available-for-sale category to the held-to-maturity category. The difference between the f
respective securities. The carrying value of transferred securities is the fair value at the d
Converium buys with the intention to resell in the near term, are classified as trading and
Unrealized gains or losses on investments carried at fair value, except those designated as
losses on investments designated as trading are recognized in current period income.

When declines in values of securities below cost or amortized cost are considered to be o
income for the difference between cost or amortized cost and estimated fair value. Othe
months, that (ii) exceed 50% regardless of the period of decline or (iii) any declines in va
maturities securities when the decline in value is attributable to the deteriorating credit-w
prevailing market conditions by considering various factors such as the financial conditio
Realized gain or loss on disposals is based on the difference between the proceeds receiv
amortization of premium and accretion of discount on investments in fixed maturities is c
equity securities are recorded as revenue on the ex-dividend date, the date that the divide
Real estate held for investment, which is included in the balance sheet under the caption,
years. The gain or loss on disposal is based on the difference between the proceeds recei

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Converium Holding AG and Subsidiaries
Notes to the consolidated financial statements (continued)

Certain partnerships in which Converium has an interest are engaged exclusively in maki
investments are carried at fair value as determined by the fund manager, with changes in
with changes in net asset value flowing through other comprehensive income as a separat
Short-term and other investments are recorded at cost, which approximates fair value. Sh
date of purchase.

The Funds Withheld Asset is carried at the principal balance plus accrued interest. See N

(h) Derivative instruments

Derivative financial instruments include swaps, futures, forwards and option contracts, w
prices. Derivatives are subject to various risks similar to those related to the underlying fi
Derivative instruments are recognized on the balance sheet at fair value. The recognition
instruments are used to hedge exposures or modify exposures to interest rate and foreign
nature of the hedge, either recognized in earnings together with the change in fair value o
until the hedged item affects earnings. For all hedging activities, the ineffective portion o
hedging activities are adjusted to fair value through earnings.

Embedded derivatives in insurance contracts and investment contracts are separated from
Derivative Instruments and Hedging Activities.

Converium utilizes foreign exchange swaps as part of its overall currency risk manageme
were no foreign exchange swaps outstanding at December 31, 2004 or 2003.

(i) Obligation to repurchase securities

Sales of securities under agreements to repurchase are accounted for as collateralized tra
minimizes the credit risk that counterparties to transactions might be unable to fulfill thei
requiring additional collateral to be deposited with Converium when deemed necessary.

(j) Cash and cash equivalents

Cash amounts represent cash on hand and demand deposits. Cash equivalents are short-te

(k) Fixed assets

Fixed assets, which are included in the balance sheet under the caption Other assets , a
fixed assets are depreciated principally on a straight-line basis over the following estimat
to five years. Maintenance and repair costs are charged to income as incurred; costs incu
are based upon their carrying amount.

(l) Goodwill and intangible assets

SFAS No. 142, Goodwill and Other Intangible Assets, prohibits the amortization of g
annually or if any event occurs which would indicate an impairment of goodwill.

SFAS No. 142 requires that goodwill be tested for impairment using a two-step process.
measures the amount of the impairment loss, if any, and must be completed by the end of
one-step process, which compares the fair value to the carrying amount of the asset as of
Upon application of SFAS No. 142, Converium ceased amortizing goodwill on January 1

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Converium Holding AG and Subsidiaries
Notes to the consolidated financial statements (continued)

(m) Recognition and measurement of long-lived assets

Converium periodically reviews its long-lived assets to determine potential impairment. I
The recoverable amount is measured using the sum of the asset s undiscounted estimated
life. The impairment loss is measured as the difference between the carrying amount of th
price is not available, fair value is estimated based on the present value of future cash flov

(n) Income taxes

Taxes on income are accrued in the same periods as the revenues and expenses to which t
difference between financial statement carrying amounts and income tax bases of assets a
allowance is recorded to reduce a deferred tax asset to that amount that is expected to be r

(o) Employee benefits

Converium provides employee retirement benefits under principally two types of arrange
these plans are principally held separately from Converium s general assets in trustee-ad
Defined benefit plan obligations and contributions are determined periodically by qualifie
is accrued over the employees service periods based upon the actuarially determined co
employees. Contributions to defined contribution pension plans are charged to income as
Converium recognizes the expense related to incentive plans over the relevant performan
accounting. Expense recorded for share-based compensation takes into account the exerci

(p) Restructuring costs

Restructuring costs relating to employee service termination are measured initially at the
recognizes the liability ratably over the future service period of employees. Restructuring
value in the period in which the liability occurs.

(q) New accounting pronouncements

The following new standards have been or will be required to be adopted by Converium i

SFAS 123 (revised 2004), Share-Based Payment

In December 2004, the FASB issued SFAS No. 123 (revised 2004), Share-Based Payme
supersedes APB Opinion No. 25, Accounting for Stock Issued to Employees . This Sta
instruments for goods or services. It also addresses transactions in which an entity incurs
instruments or that may be settled by the issuance of those equity instruments. This Stater
share-based payment transactions. For public entities, this Statement is effective as of the
has already adopted the standards of SFAS No.123, this statement is not expected to have

SFAS 132 (revised 2003), Employers Disclosures about Pensions and Other Postretire

In December 2003, the FASB issued SFAS No. 132 (revised 2003), Employers Disclo
106 . This Statement retains the disclosures required by SFAS No. 132, Employers D
and 106 , which standardized the disclosure requirements for pensions and other postreti

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Converium Holding AG and Subsidiaries
Notes to the consolidated financial statements (continued)
additional information on changes in the benefit obligations and fair values of plan assets
statements; those disclosures include information describing the types of plan assets, inve
benefit cost recognized during interim periods. This statement is effective for financial st
interim periods beginning after December 15, 2003. This statement has been adopted for
In December 2003, *the Medicare Prescription Drug, Improvements and Modernization A*
prescription drug coverage under Medicare. As CRNA s retiree medical coverage is very
operations.
FASB Interpretation 46, Consolidation of Variable Interest Entities an interpretation
In January 2003, the FASB issued Interpretation No. 46, Consolidation of Variable Inte
consolidation of an entity is appropriate based upon its interests in a variable interest enti
controlling financial interest, or do not have sufficient equity at risk for the entity to finan
determination of whether an entity is a VIE shall be made on the date at which an enterpr
that will absorb a majority of the VIE s expected losses if they occur, receive a majority
VIEs established or purchased subsequent to January 31, 2003. The adoption of FIN 46 d
there were no VIEs identified which required consolidation.
In December 2003, the FASB issued a revised version of FIN 46 (FIN 46(R)), which i
previously issued FIN 46 and, subject to certain special provisions, is effective no later th
special-purpose entities and no later than the end of the first reporting period that ends aft
December 31, 2003. The adoption of FIN 46(R) did not result in the consolidation of any
Converium has performed an evaluation of the catastrophic protection counter-party agre
primary beneficiary of the VIE which issued the securities. Management has concluded t
EITF Issue 03-1, The Meaning of Other-than-temporary Impairment and Its Applicatio
On September 30, 2004, the FASB delayed the effective date for the measurement and re
03-1 did not have a material impact on the financial condition or results of operations.

(r) Use of estimates

The preparation of financial statements in conformity with US GAAP requires managem
the financial statements, and reported amounts of revenue and expenses during the report
3. Restatement of previously issued financial statements

(a) Background to the Restatement: internal review

Ongoing investigations of the insurance and reinsurance industry and non-traditional insu
governmental authorities, including the U.S. Securities and Exchange Commission and th
On March 8, 2005, MBIA Inc. (MBIA) issued a press release stating that MBIA s au
which MBIA would replace Axa Re Finance as a reinsurer to CRNA by no later than Oct
understanding with Axa Re Finance in 1998. Thereafter, on April 19, 2005, CRNA recei
Attorney General seeking documents related to certain transactions between CRNA and
and other governmental authorities in Europe regarding non-traditional insurance and rei
Converium is fully cooperating with the governmental authorities.

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Converium Holding AG and Subsidiaries
Notes to the consolidated financial statements (continued)

In view of the industry investigations and the events relating to MBIA described above, C reinsurance transactions, including the MBIA transaction. The internal review, which wa and Converium s own decision to review certain additional items. The internal review in other reinsurance transactions and encompassed all business units of Converium, a reviev current members of the Global Executive Committee and the Board of Directors, as well Committee believes that the scope and process of the internal review has been sufficient t reinsurance, rather than as deposits. After discussing the findings of Converium s extens corrections below were appropriate and authorized the Restatement of Converium s fina included in these financial statements for the years ended December 31, 2004, 2003 and 2 its independent group auditors, PricewaterhouseCoopers Ltd. Financial information for ea financial statements for any of the above periods should no longer be relied upon. All am

(b) Restatement overview

As a result of the internal review, Converium has concluded that the accounting for a nun financial and other data should be restated. The Restatement of reinsurance contracts rela reinsurance agreements transfer significant risk, as required by SFAS 113, *Accounting c* reinsurance contracts that transfer significant risk are recognized as premiums and losses. are instead accounted for using deposit accounting, with cash flows recognized as deposit income taxes and certain other items.

The effect of the Restatement on certain lines of the income statement and shareholders

Increase (decrease) for the years ended December 31, (US$ million)
Gross premiums written
Net premiums written
Net premiums earned
(Loss) income before taxes
Income taxes
Net income (loss)

Increase (decrease) as of December 31, (US$ million)
Shareholders equity

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Converium Holding AG and Subsidiaries
Notes to the consolidated financial statements (continued)
The table below shows the impact of the above adjustments on basic (loss) earnings per s

US$

Basic (loss) earnings per share as previously reported
Adjustments to basic earnings (loss) per share
Basic (loss) earnings per share as restated

(c) Details of the Restatement

The Restatement corrects errors in the Company s accounting for assumed and ceded rei
relate to both the timing and recognition of revenues and expenses and affect the compari
income or consolidated shareholders equity, they do affect both the consolidated and bu
Schedule of Segment Data and Note 7 for additional information on Converium s busine
of Converium s consolidated statement of income and balance sheet accounts affected by

Overall impact of correction to the accounting treatment of certain assumed and ceded

The effect of the correction to the accounting treatment of certain assumed and ceded tran
follows:

Increase (decrease) for the years ended December 31,
(US$ million, except per share amounts)

Selected consolidated statement of income accounts:
Gross premiums written
Net premiums written
Net premiums earned
Losses, loss expenses and life benefits
Acquisition costs
Income (loss) before taxes
Net income (loss)

Basic earnings (loss) per share (US$)

Increase (decrease) as of December 31,
(US$ million)

Selected consolidated balance sheet accounts:
Reinsurance assets (including reserves for unearned premiums)
Funds held by reinsureds
Other assets
Reinsurance liabilities (including reserves for unearned premiums)
Funds held under reinsurance contracts
Shareholders equity
Detailed discussion of the primary transactions or categories of assumed and ceded transa
1. In 1998, Zurich Reinsurance (North America) Inc., now CRNA, entered into a series o
Contract) and a quota share contract (the Quota Share Contract) and a retrocession

Based upon its consideration of the overall transaction economics and in light of informa
did not transfer sufficient risk to qualify for reinsurance accounting.

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Converium Holding AG and Subsidiaries
Notes to the consolidated financial statements (continued)
Accordingly, the Company has corrected the accounting treatment of both the Excess Co
accounting.
The pre-tax effect of the Restatement of the MBIA transaction on certain of Converium

Increase (decrease) for the years ended December 31,
(US$ million)

Selected consolidated statement of income accounts:
Gross premiums written
Net premiums written
Net premiums earned
Losses, loss expenses and life benefits
Acquisition costs
(Loss) income before taxes

Increase (decrease) as of December 31,
(US$ million)

Selected consolidated balance sheet accounts:
Reinsurance assets (including reserves for unearned premiums)
Reinsurance liabilities (including reserves for unearned premiums)
2. In late 2003, the Company entered into a Guaranteed Minimum Death Benefit (GMD
$75,000,000 in excess of reserves for losses arising out of GMDB reinsurance contracts b
had transferred sufficient risk to qualify for reinsurance accounting treatment. However, a
sharing agreement with the same party linking both of the foregoing contracts, and certa
include evaluation of the entire arrangement between the parties and that there are transac
that, at inception, there was insufficient risk transfer such that the conditions for reinsura
accounting treatment of the GMDB Contract and the property catastrophe agreement fro
that was transferred to a separate third party.
The Company entered into a Combined Excess of Loss Reinsurance Agreement (the CE
subsequently renewed the CEL Agreement for calendar years 2002, 2003 and 2004, respe
from the internal review, the Company determined that the initial risk transfer analysis di
side agreement was consummated. The Company has now determined that, at inception,
had not been met. Accordingly, the Company has corrected the accounting treatment for
Because all of these transactions were cancelled or commuted effective no later than Dec
effect of the Restatement of these transactions on certain of Converium s consolidated st

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Converium Holding AG and Subsidiaries
Notes to the consolidated financial statements (continued)

Increase (decrease) for the years ended December 31, (US$ million)

Selected consolidated statement of income accounts:
Gross premiums written
Net premiums written
Net premiums earned
Losses, loss expenses and life benefits
Acquisition costs
Income (loss) before taxes

Increase (decrease) as of December 31, (US$ million)

Selected consolidated balance sheet accounts:
Reinsurance assets (including reserves for unearned premiums)
Other reinsurance liabilities

3. From at least 1998 on, subsidiaries of ZFS have provided and continue to provide cove with the Unicover Pool, 100% quota share coverage of certain structured/finite risk contr subsidiaries of ZFS have ceded a substantial portion of these liabilities to third parties. O subsidiaries as reinsurance accounting. However, as part of the Formation Transactions (portion of the reinsurance would not be recovered from those third parties) relating to the continues to account for the cessions by the subsidiaries of ZFS to third parties as if the c Converium treated these retroceded contracts as if they transferred sufficient risk to quali parties, documentation concerning the overall relationship between the parties and the co analysis did not include evaluation of the entire arrangement between the parties, includi the internal review, the Company determined that the initial risk transfer analysis did not of side agreements. The Company has now determined that, at inception, there was insuf met. Accordingly, the Company has corrected the accounting treatment for these ceded t sufficient risk to qualify for reinsurance accounting have not been restated.

The pre-tax effect of these transactions on certain of Converium s consolidated statemen

Increase (decrease) for the years ended December 31, (US$ million)

Selected consolidated statement of income accounts:
Gross premiums written
Net premiums written
Net premiums earned
Losses, loss expenses and life benefits
Acquisition costs
Income (loss) before taxes

Increase (decrease) as of December 31,
(US$ million)

Selected consolidated balance sheet accounts:
Reinsurance assets (including reserves for unearned premiums)
Funds held by reinsureds
Other assets
Reinsurance liabilities (including reserves for unearned premiums)
Funds held under reinsurance contracts

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Converium Holding AG and Subsidiaries
Notes to the consolidated financial statements (continued)

4. Six transactions have been corrected because the Company has determined that, at ince been accounted for using deposit accounting. Some are transactions in which the Compar to third parties. This subset of transactions involved cessions to a Bermuda reinsurer, 9.0 able to account for estimated ultimate losses on a discounted to present value basis.) The (where applicable) the inherent discount related to the ceded loss reserves.

All but one of these transactions expired or were commuted effective no later than March those expired or commuted contracts. In particular, certain of the contracts with the Berm in those years, which are being reversed as a result of the Restatement. The impact of the 15.7 million in 2004.

The pre-tax effect of the Restatement of these transactions, including the foregoing rever

Increase (decrease) for the years ended December 31,
(US$ million)

Selected consolidated statement of income accounts:
Gross premiums written
Net premiums written
Net premiums earned
Losses, loss expenses and life benefits
Acquisition costs
(Loss) income before taxes

Increase (decrease) as of December 31,
(US$ million)

Selected consolidated balance sheet accounts:
Reinsurance assets (including reserves for unearned premiums)
Funds held by reinsureds
Other assets
Reinsurance liabilities (including reserves for unearned premiums)
Funds held under reinsurance contracts

5. Of the other transactions that the Company has restated, (a) two ceded and two assume accounting treatment, but a different accounting treatment was mistakenly entered into th previously recognized that its original decision to use reinsurance accounting instead of d adjust the prior year where the quantitative impact of the errors was immaterial. Of the fo in error instead of deposit accounting, one was a ceded transaction where prospective rei assumed transactions where prospective reinsurance accounting was used in error instead

All but one of these transactions expired or were commuted effective no later than March those expired or commuted transactions.

The pre-tax effect of the Restatement of these six transactions on certain of Converium s

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Converium Holding AG and Subsidiaries
Notes to the consolidated financial statements (continued)

Increase (decrease) for the years ended December 31,
(US$ million)

Selected consolidated statement of income accounts:
Gross premiums written
Net premiums written
Net premiums earned
Losses, loss expenses and life benefits
Acquisition costs
(Loss) income before taxes

Increase (decrease) as of December 31,
(US$ million)

Selected consolidated balance sheet accounts:
Reinsurance assets (including reserves for unearned premiums)
Reinsurance liabilities (including reserves for unearned premiums)

Income tax accounting restatements

For the years ended December 31, 2004, 2003, and 2002, the Company incorrectly calcul
valuation allowances have been recomputed and adjustments of US$ 95.0 million and US
the years ended December 31, 2004 and 2003, respectively. There was no impact in 2002
In addition, for the year ended December 31, 2004, the Company incorrectly recorded a f
allowance related to Converium s U.S. operations arose from IRC Section 847, *Special I*
assets. IRC Section 847 provides a mechanism that assures recoverability for the tax asse
provision allows a reinsurer to take a special income tax deduction in the United States ec
tax payments equal to the amount of the tax benefit derived from the special deductior
decreases in the special deduction and are treated as regular estimated tax payments or
In 2003, Converium filed a refund request for prior years special estimated tax payment
58.2 million from deferred tax assets into current income tax receivable. In 2004, howeve
reclassification to current income tax receivable. Subsequently, for the year ended Decem
asset, which included the $58.2 million referred to above. The Restatement reverses the v
future deductions in tax payments or future refund requests. The deferred tax asset has be
In addition, for its Australian operations, Converium did not provide deferred taxes for its
results in an expense for the years ended December 31, 2004, 2003 and 2002 of US$ 4.4
The effect of the Restatement related to income tax accounting on certain of Converium

Increase (decrease) for the years ended December 31,
(US$ million, except per share amounts)

Selected consolidated statement of income accounts:
Income taxes
Net (loss) income

Basic earnings (loss) per share (US$)

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Converium Holding AG and Subsidiaries
Notes to the consolidated financial statements (continued)

Increase (decrease) as of December 31,
(US$ million)

Selected consolidated balance sheet accounts:
Other assets
Deferred income tax assets
Deferred income tax liabilities
Shareholders equity

Correction of certain other items

In the Restatement, Converium corrected its financial statements for certain other items.

Increase (decrease) for the years
ended December 31,
(US$ million)

Selected consolidated statement of income accounts:
Gross premiums written
Income (loss) before taxes
Net income (loss)

Basic earnings (loss) per share (US$)

Shareholders equity

These corrections are comprised of the following items:

Participations at Lloyd s

Gross presentation of syndicate transactions: Converium participates as a me
prior financial statements reported its participations in certain Lloyd s syndic
have led to the reporting of more detailed information to participants. Conver

Reinsurance to close: Syndicates at Lloyd s are formed for a duration of one
remaining liabilities to a successor syndicate by way of payment of a portfoli
Converium did not record the RITC in the correct reporting period; therefore,

Miscellaneous corrections: Corrections, which were originally concluded to b
financial statements in the period they were identified. Through the Restatem

The pre-tax effect of the restated accounting for the participations at Lloyd s on certain c

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Converium Holding AG and Subsidiaries
Notes to the consolidated financial statements (continued)

Increase (decrease) for the years ended December 31,
(US$ million)

Selected consolidated statement of income accounts:
Gross premiums written
Net premiums written
Net premiums earned
Losses, loss expenses and life benefits
Acquisition costs
Income before taxes

Increase (decrease) as of December 31,
(US$ million)
Selected consolidated balance sheet accounts:
Reinsurance assets, (including reserves for unearned premiums)
Funds held by reinsureds
Reinsurance liabilities, (including reserves for unearned premiums)
Funds held under reinsurance contracts

Other corrections

Other corrections were also recorded in connection with the Restatement that include mis
were identified. Through the Restatement, Converium is recording these items in their pr
In the second quarter of 2005, Converium refined its chart of accounts to enhance the pre
Restatement, Converium applied the refined chart of accounts on its financial statements
statements of income and balance sheets. The most significant financial statement adjustr
reinsurance liabilities in the consolidated balance sheets and the losses, loss expenses and
income or shareholders equity.

Additional paid-in capital

Included in the caption Other items is a decrease to additional paid-in capital of US$ 7
income for the periods prior to December 31, 2001 as these adjustments reduced the net a

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Converium Holding AG and Subsidiaries
Notes to the consolidated financial statements (continued)
The tables below show the reconciliation of the previously reported income statements ar
years ended December 31, 2004, 2003 and 2002.
Converium Holding AG and Subsidiaries
Consolidated statement of loss

(US$ million)
Year ended December 31

	As previously reported	Reinsurance transactions
Revenues		
Gross premiums written	3,840.9	-17.2
Less ceded premiums written	-287.9	70.6
Net premiums written	3,553.0	53.4
Net change in unearned premiums	132.1	24.0
Net premiums earned	3,685.1	77.4
Net investment income	311.6	
Net realized capital gains (losses)	46.5	
Other (loss) income	-2.6	3.5
Total revenues	4,040.6	80.9
Benefits, losses and expenses		
Losses, loss expenses and life benefits	-3,263.1	-44.7
Acquisition costs	-842.5	9.9
Other operating and administration expenses	-217.9	
Interest expense	-33.1	
Impairment of goodwill	-94.0	
Amortization of intangible assets	-9.9	
Restructuring costs	-2.7	
Total benefits, losses and expenses	-4,463.2	-34.8
(Loss) income before taxes	-422.6	46.1
Income tax (expense) benefit	-338.2	-17.1
Net (loss) income	-760.8	29.0

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Converium Holding AG and Subsidiaries
Notes to the consolidated financial statements (continued)
Converium Holding AG and Subsidiaries
Consolidated statement of income

(US$ million)
Year ended December 31

	As previously reported	Reinsurance transactions
Revenues		
Gross premiums written	4,223.9	-28.4
Less ceded premiums written	-396.9	96.9
Net premiums written	3,827.0	68.5
Net change in unearned premiums	-150.5	-4.4
Net premiums earned	3,676.5	64.1
Net investment income	233.0	
Net realized capital gains (losses)	18.4	
Other income (loss)	2.7	17.5
Total revenues	3,930.6	81.6
Benefits, losses and expenses		
Losses, loss expenses and life benefits	-2,674.2	-85.9
Acquisition costs	-803.2	-16.6
Other operating and administration expenses	-197.8	
Interest expense	-31.0	
Impairment of goodwill		
Amortization of intangible assets		
Restructuring costs		
Total benefits, losses and expenses	-3,706.2	-102.5
Income (loss) before taxes	224.4	-20.9
Income tax (expense) benefit	-39.3	-10.2
Net income (loss)	185.1	-31.1

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Converium Holding AG and Subsidiaries
Notes to the consolidated financial statements (continued)
Converium Holding AG and Subsidiaries
Consolidated statement of income

(US$ million)
Year ended December 31

	As previously reported	Reinsurance transactions
Revenues		
Gross premiums written	3,535.8	-163.3
Less ceded premiums written	-213.6	76.4
Net premiums written	3,322.2	-86.9
Net change in unearned premiums	-156.7	-1.0
Net premiums earned	3,165.5	-87.9
Net investment income	251.8	
Net realized capital gains (losses)	-10.3	
Other (loss) income	-1.2	32.8
Total revenues	3,405.8	-55.1
Benefits, losses and expenses		
Losses, loss expenses and life benefits	-2,492.0	1.0
Acquisition costs	-666.7	23.9
Other operating and administration expenses	-173.3	
Interest expense	-16.4	
Total benefits, losses and expenses	-3,348.4	24.9
Income (loss) before taxes	57.4	-30.2
Income tax benefit (expense)	49.4	2.5
Net income (loss)	106.8	-27.7

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Converium Holding AG and Subsidiaries
Notes to the consolidated financial statements (continued)
Converium Holding AG and Subsidiaries
Consolidated balance sheet

(US$ million)

Assets
Invested assets
Held-to-maturity securities:
Fixed maturities
Available-for-sale securities:
Fixed maturities
Equity securities
Other investments
Short-term investments
Total investments
Funds Withheld Asset
Total invested assets

Other assets
Cash and cash equivalents
Premiums receivable
Reserves for unearned premiums, retro
Reinsurance assets:
Underwriting reserves
Insurance and reinsurance balances receivable
Funds held by reinsureds
Deposit assets
Deferred policy acquisition costs
Deferred income taxes
Other assets
Total assets

Liabilities and shareholders equity
Liabilities
Reinsurance liabilities
Unpaid losses and loss expenses
Reserves for life benefits, gross
Insurance and reinsurance balances payable
Reserves for unearned premiums, gross
Other reinsurance liabilities
Funds held under reinsurance contracts
Deposit liabilities
Deferred income taxes
Accrued expenses and other liabilities

Debt
Total liabilities

Shareholders equity
Common stock
Additional paid-in capital
Treasury stock
Unearned stock compensation
Total accumulated other comprehensive income:
Accumulated other comprehensive income
Net unrealized gains on investments, net of taxes
Cumulative translation adjustments
Total accumulated other comprehensive income
Retained (deficit) earnings
Total shareholders equity

Total liabilities and shareholders equity
Note: The As previously reported figures at December 31, 2004 in the table above, ref

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Converium Holding AG and Subsidiaries
Notes to the consolidated financial statements (continued)
Converium Holding AG and Subsidiaries
Consolidated balance sheet

(US$ million)

Assets
Invested assets
Held-to-maturity securities:
Fixed maturities
Available-for-sale securities:
Fixed maturities
Equity securities
Other investments
Short-term investments
Total investments
Funds Withheld Asset
Total invested assets

Other assets
Cash and cash equivalents
Premiums receivable
Reserves for unearned premiums, retro
Reinsurance assets:
Underwriting reserves
Insurance and reinsurance balances receivable
Funds held by reinsureds
Deposit assets
Deferred policy acquisition costs
Deferred income taxes
Other assets
Total assets

Liabilities and shareholders equity
Liabilities
Reinsurance liabilities
Unpaid losses and loss expenses
Reserves for life benefits, gross
Insurance and reinsurance balances payable
Reserves for unearned premiums, gross
Other reinsurance liabilities
Funds held under reinsurance contracts
Deposit liabilities
Deferred income taxes
Accrued expenses and other liabilities

Debt
Total liabilities

Shareholders equity
Common stock
Additional paid-in capital
Treasury stock
Unearned stock compensation
Total accumulated other comprehensive income:
Accumulated other comprehensive income
Net unrealized gains on investments, net of taxes
Cumulative translation adjustments
Total accumulated other comprehensive income
Retained (deficit) earnings
Total shareholders equity

Total liabilities and shareholders equity

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Converium Holding AG and Subsidiaries
Notes to the consolidated financial statements (continued)
Converium Holding AG and Subsidiaries
Condensed consolidated statements of cash flows

	2004	
Year ended December 31, (US$ million)	(As previously reported)	(.
Cash provided by operating activities	224.5	
Net cash used in investing activities	-195.3	
Net cash provided by (used in) financing activities	349.5	
Effect of exchange rate changes on cash and cash equivalents	5.4	
Change in cash and cash equivalents	384.1	
Cash and cash equivalents as of January 1	280.8	
Cash and cash equivalents as of December 31	664.9	

4. Run-off of North American operations

Converium has ceased the writing of substantially all business generated by CRNA in No business:

CRNA has been placed into run-off and will seek to commute its liabilities wherever CEO and has restructured its senior level staffing to function as an entity in run-off;
Converium implemented a fronting arrangement to enable it to continue to participate
Converium Insurance (North America) Inc. (CINA) is now a limited writer, offerin plan is for CINA to maintain this status until such time as it becomes a wider accepte
Converium will offer reinsurance for US-origin business to select US-based clients. T

The recent ratings downgrades, as well as Converium s decision to place CRNA into run These clauses require CRNA and CINA to provide collateral for their payment obligation special deposits in their states or provide collateral for contracts issued to residents of the The following table shows the results for CRNA for the years ended December 31, 2004,

(US$ million)	
Gross premiums written	
Net loss before income taxes	
Net loss	

5. Restructuring costs

In September 2004, as a result of the announced run-off of CRNA operations, Converium after such notification. For the year ended December 31, 2004, US$ 2.7 million has been certain of its office leases, and a plan for reduced office space is expected to be approved evaluating the cost base of its non-US operations, and a plan for cost reductions is expect restructuring costs during 2003 or 2002.

6. Foreign currency translation and transactions

Table 6.1 summarizes the principal exchange rates, which have been used for translation transactions were US$ (5.8) million, US$ (1.8) million and US$ 1.4 million for the years

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Converium Holding AG and Subsidiaries
Notes to the consolidated financial statements (continued)
Table 6.1

Exchange rates against US$	I 2004
UK pound	1.9199
Euro	1.3593
100 Japanese yen	0.9759
Swiss franc	0.8794

7. Segment information

The primary measure of segment information, as reflected in the Schedule of Segment Da
impairment of goodwill, amortization of intangible assets, restructuring costs and income
Converium s segment structure centers on global lines of business. The three global busi
Reinsurance, Specialty Lines, and Life & Health Reinsurance. The lines of business by se

Standard Property & Casualty Reinsurance: General Third Party Liability, Motor, Per

Specialty Lines: Agribusiness, Aviation & Space, Credit & Surety, Engineering, Marine

Life & Health Reinsurance: Life and Disability, and Accident and Health.

In addition to the three segments financial results, the Corporate Center carries certain a
global functions.

The accounting policies of the segments are the same as those described in the summary
transactions were with third parties at current market prices.

Table 7.1 below shows net premiums written by line of business.

Table 7.1
Net premiums written by line of business

(US$ million) Year ended December 31
Standard Property & Casualty Reinsurance:
General Third Party Liability
Motor
Personal Accident (assumed from non-life insurers)
Property
Total Standard Property & Casualty Reinsurance
Specialty Lines:
Agribusiness
Aviation & Space
Credit & Surety
Engineering
Marine & Energy
Professional Liability and other Special Liability
Workers Compensation
Total Specialty Lines
Total non-life reinsurance
Life & Health Reinsurance:
Life and Disability
Accident and Health
Total Life & Health Reinsurance

Total

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Converium Holding AG and Subsidiaries
Notes to the consolidated financial statements (continued)
Table 7.2 below shows gross premiums written by geographic area of ceding company. C

Table 7.2
Gross premiums written by geographic area of ceding company

(US$ million)
Year ended December 31
United Kingdom*
Germany
France
Italy
Rest of Europe
Far East
Near and Middle East
North America
Latin America
Total

* Premiums from the United Kingdom include business assumed through GAUM a
Aviation & Space as well as marine, where the exposures are worldwide in nature
company may not necessarily be indicative of the location of risk.

In 2004, two reinsurance intermediaries produced approximately 11% and 9% of Converi
all of the segments. The same two reinsurance intermediaries produced approximately 11
ceding company accounted for more than 10% of Converium s revenues for any of the th

8. Invested assets and investment income

Table 8.1
Investment income

(US$ million)
Year ended December 31
Investment income:
Fixed maturities
Equity securities
Short-term investments and cash and cash equivalents
Real estate
Other
Funds Withheld Asset
Total investment income
Investment expenses
Real estate expenses
Net investment income

The Funds Withheld Asset (see Note 18) was US$ 1,305.1 million and US$ 1,530.6 milli
is based on a weighted average interest rate similar to that of a bond portfolio.

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Converium Holding AG and Subsidiaries
Notes to the consolidated financial statements (continued)

Table 8.2
Net realized capital gains and losses

(US$ million)
Year ended December 31
Fixed maturities:
Realized capital gains
Realized capital losses
Equity securities:
Realized capital gains
Realized capital losses
Write-down of impaired investments
Other
Net realized capital gains (losses)

In 2004, Converium s realized capital gains increased by US$ 28.1 million to US$ 46.5 portfolio risks.

In 2003, realized capital gains on sales of fixed income investments in order to reduce th

In 2003, Converium created a portfolio of held-to-maturity government bonds totaling U US$ 308.0 million were transferred from available-for-sale to held-to-maturity and US$

Included in the 2002 realized amounts were gains on the restructuring of the fixed matur 48.2 million, and losses realized on the sale of WorldCom fixed income investments of U

Table 8.3
Unrealized investment gains and losses (Restated)
(included in other comprehensive income)

(US$ million)	200
Fixed maturities held-to-maturity	-4.
Fixed maturities available-for-sale	0.
Equity securities available-for-sale	-24.
Hedge funds	2.
Less amounts of net unrealized investment gains (losses) attributable to:	
Net deferred income taxes	-15.
Foreign currency effect	
Total	-40.

Table 8.4
Investments in fixed maturities
and equity securities

(US$ million)	Cost or amortized cost		
As of December 31	2004	2003	2
Held-to-maturity			
Fixed maturities:			
Transferred in:			

US government	414.2	294.0
Other governments	15.3	14.0
Newly invested:		
US government	170.1	169.8
Other governments	250.8	22.6
Total held-to-maturity	850.4	500.4
Available-for-sale		
Fixed maturities:		
US government	1,765.6	1,728.0
Other governments	1,769.3	1,163.4
Corporate and other debt securities	661.1	671.6

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Converium Holding AG and Subsidiaries
Notes to the consolidated financial statements (continued)

(US$ million)	Cost or amortized cost		ur
As of December 31	2004	2003	200
Mortgage and asset-backed securities	612.2	839.4	5
Total	4,808.2	4,402.4	43
Equity securities (Restated)	328.9	740.4	73
Total available-for-sale (Restated)	5,137.1	5,142.8	116

In 2003, a reclassification within accumulated other comprehensive income of US$ 18.7
adjustments; this reclassification had no impact on accumulated other comprehensive inc
The following table presents the continuous periods during which investment positions w

Table 8.5
Maturities of unrealized investment losses on fixed maturities and equity securities

(US$ million)
As of December 31, 2004
Held-to-maturity
Fixed maturities
Available-for-sale
Fixed maturities
Equity securities
Total available-for-sale

The estimated fair values and carrying values of fixed maturities are shown by contractua
have the right to call or prepay certain obligations with or without call or prepayment pen

Table 8.6
Fixed maturity schedule by maturity

(US$ million)

As of December 31, 2004
Less than one year
One year through five years
Five years through ten years
Over ten years
Subtotal
Mortgage and asset-backed securities
Unit trust bonds
Total

At December 31, 2004 and 2003, real estate held for investment of US$ 138.8 million an
5.8 million, respectively, consists primarily of investments in residential and commercial
Services. The fire insurance value of Converium s real estate held for investment and fix

There are no investments in any entity in excess of 10% of shareholders equity at Decer
or their agencies. Cash and investments with a carrying value of US$ 282.1 million and U
2003, respectively.

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Converium Holding AG and Subsidiaries
Notes to the consolidated financial statements (continued)
Converium utilizes foreign exchange swaps as part of its overall currency risk manageme
were no foreign exchange swaps outstanding at December 31, 2004 or 2003.
As of December 31, 2004, Converium reported total investments including cash and cash
to outstanding letters of credit of US$ 955.7 million of the US$ 1.6 billion Syndicated Le
letters of credit, (iii) US$ 109.3 million were pledged primarily as deposits with French c
9. Goodwill and other intangible assets
Goodwill was US$ 49.2 million and US$ 140.2 million, at December 31, 2004 and 2003,
December 31, 2004 and 2003, respectively. Goodwill and other intangible assets are inclu
During August 1997, Zurich Financial Services acquired all the remaining equity interest
CRNA was accounted for as a purchase. Accordingly, the excess of the consideration pai
interest of US$ 94.0 million was recorded as goodwill.
SFAS 142, Goodwill and Other Intangible Assets , requires impairment testing of go
indicate that the carrying value of goodwill may be impaired. SFAS 142 also requires tha
periods be adjusted accordingly.
Due to the reserving actions in 2004 in respect of prior year development in the Specialty
allowance against the net deferred tax asset at CRNA, a goodwill impairment test was con
of US$ 94.0 million was recorded as at June 30, 2004, representing all goodwill relating t
requirement to perform impairment testing on intangible assets at CRNA as of June 30, 2
In March 2003, upon receipt of all regulatory approvals, Converium finalized an agreeme
international commercial and general aviation-underwriting agency, as a part of its strate
sale and purchase agreement, Converium has paid an initial consideration of GBP 14.2 m
underlying performance of GAUM s in-force business. In view of a capped limit on defe
million (US$ 32.7 million). Converium as a shareholder also provided a loan to GAUM i
In February 2004, Converium AG finalized a Sale and Purchase Agreement with Royal a
GAUM to 30.1%. Included within the Sale and Purchase Agreement is a requirement for
4.5 million).
At December 31, 2004, the current value of the amortizable intangible asset associated w
established customer relationships of GAUM and was initially intended to be amortized o
25% stake in GAUM was GBP 13.9 million (US$ 24.7 million).
In the light of changing business circumstances associated with Converium s S & P ratin
order to support and sustain the aviation business from GAUM. The fronting agreements
this date. In view of this fact Converium management have reassessed the remaining usef
September 30, 2005, the date of cessation of the existing fronting agreement. As a result o
fourth quarter of 2004, resulting in a charge of US$9.9 million for the year.
At December 31, 2004, the current carried value of goodwill associated with the 30.1% st
of goodwill associated with the 25.0% stake in GAUM was GBP 11.4 million (US$ 18.4
30.1% investment in GAUM and it is considered that no impairment is warranted as of D
change in current business circumstances including a final decision as to whether the

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Converium Holding AG and Subsidiaries
Notes to the consolidated financial statements (continued)
fronting arrangements with Munich Re and National Indemnity will be extended beyond
The remaining balance of goodwill as of December 31, 2004 relates to Converium AG s
Upon application of SFAS No. 142, Converium ceased amortizing goodwill in respect of
MDUSL in the fourth quarter of 2004. This business continues to perform in line with ma
2004.
See Notes 4 and 19 for additional information on GAUM. See Note 19 for additional info
10. Losses and loss expenses
Significant delays occur in the notification of claims and a substantial measure of experie
known with certainty as of the balance sheet date. The reserve for losses and loss expense
business written that the ultimate liabilities may vary as a result of subsequent developme

Table 10.1
Reserves for losses and loss expenses

(US$ million)
As of January 1
Gross reserves for losses and loss expenses
Less reinsurance recoverable
Net reserves for losses and loss expenses
Loss and loss expenses incurred
Current year
Prior years
Total
Losses and loss expenses paid
Current year
Prior years
Total
Foreign currency translation effects
As of December 31
Net reserves for losses and loss expenses
Reinsurance recoverable
Gross reserves for losses and loss expenses

Prior years loss and loss expenses incurred in 2004 of $(336.8) million net were primari
losses and loss expenses incurred of (i) adjustments of ultimate premium estimates ($186
effect of commutations. As a result of the restatement the previously reported prior years
commutation of the stop-loss protection regarding underwriting year 2001 of the professi
of this change.
Converium has experienced significant adverse development predominantly in its US cas
of US$ 1,036.1 million of additional net provisions on prior years non-life business (200
2004: US$ 565.7 million).
During early 2004, Converium announced that reported losses from prior years US casu
persist for some time. This adverse loss-reporting trend continued and accelerated into m
underwriting, claims and actuarial perspective in order to examine the adequacy of prior y
Converium commissioned the actuarial consulting firm Tillinghast-Towers Perrin to perfo
30, 2004 in respect of the Zurich and New York originated businesses. The outcome of th
loss reserves by US$ 565.7 million for the year ended December 31, 2004. This action wa

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Converium Holding AG and Subsidiaries
Notes to the consolidated financial statements (continued)
continued adverse loss emergence due to increased claims reporting activity from clients
non-proportional motor business written in recent years. The increased claims reporting v
issue through our reserving actions, volatility is expected to persist for some time.
In the Standard Property & Casualty Reinsurance segment, the development of prior year
Liability (US$ 109.3 million), motor liability outside the United States (US$ 91.7 million
developments related to property (US$ 82.1 million) and miscellaneous liability (US$ 31
the development of prior years reserves of US$ 469.9 million primarily related to adver
particularly excess & surplus lines and umbrella, Workers Compensation (US$ 55.4 mil
partially offset by positive developments related to Aviation & Space (US$ 24.5 million)
In 2003, the positive development of US$ 63.5 million consisted of positive development
by adverse development on workers compensation and professional liability and other s
40.4 million). The reserve releases in 2003 were primarily from the 2002 underwriting ye
In 2002, Converium strengthened reserves for prior years by US$ 201.1 million. Through
in-depth actuarial reserve analysis of certain lines of business. This resulted in an additio
the Standard Property & Casualty Reinsurance segment, there were additional provisions
were additional provisions of US$ 86.3 million, primarily related to the commercial umb
The reserves for certain losses and loss expenses, such as those for settled claims with fix
paid through December 31 of each year. Where applicable, gross reserves of US$ 618.6 r
2003, respectively. This has reduced reserves by US$ 69.6 million and US$ 65.3 million
reinsurance and structured settlements totaling US$ 75.9 million and US$ 64.3 million as
Converium believes that its exposure to environmental impairment liability and asbestos-
Converium AG and CRNA. Additionally, CRNA is protected by a stop loss agreement w
business effected prior to June 1, 1993. As of December 31, 2004 and 2003, Converium I
asbestos-related claims of US$ 49.2 million and US$ 45.8 million, respectively, represen
average of the last three years) of 13.6 years for each year.
Impact of recent hurricanes, typhoons, and the tsunami: In 2004, Converium recorded lo
typhoons in Japan, and the tsunami in the Indian Ocean of US$ 154.5 million.

September 11th terrorist attacks

As of December 31, 2004, Converium recorded gross and net incurred losses and loss ex

Segment
(US$ million)
Standard Property & Casualty Reinsurance
Specialty Lines
Life & Health Reinsurance
Total

Included in the reinsurance recoveries above are US$ 56.7 million due from Zurich Finan
Certain arrangements with Zurich Financial Services described below provide protection

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Converium Holding AG and Subsidiaries
Notes to the consolidated financial statements (continued)
the September 11th terrorist attacks for Converium AG, Converium Rückversicherung (D
retrocessional reinsurance recoveries.
In December 2004, a federal jury in New York concluded that the two planes that crashed
two separate attacks. This ruling increased Converium s gross losses and loss expenses b
Services, this ruling did not have an effect on Converium s net loss position. In 2004, 20
Converium AG s exposure under the Quota Share Retrocession Agreement (see Note 18
Extraordinary Event to US$ 220.0 million and the parties have agreed that the Septem
arising out of the September 11th terrorist attacks. Because ZIC and Zurich International
the limit, Zurich Financial Services will be responsible for non-payment, if any, by the re
US$ 220.0 million limit.
ZIC will indemnify Converium Rückversicherung (Deutschland) AG for losses arising ou
recoveries.
CRNA is covered under the ZIC 1997 Aggregate Excess of Loss Agreement for losses in
of the available limits under the ZIC 1997 Aggregate Excess of Loss Agreement. See No
11. Guaranteed Minimum Death Benefit (GMDB)
Converium assumed certain retrocession liability with regard to GMDB features attached
total 1.5 million policies that were issued mainly in the late 1990 s and that incorporate v
policy is in-the-money, which means that the GMDB exceeds the account balance. Under
cash surrender value becomes due, depending on the definition of the underlying reinsura
The following types of Guaranteed Minimum Death Benefits are covered:

Return of premium: The GMDB is the amount of total deposits adjusted for partial w

Ratchet: After a given number of years, the GMDB is adjusted to the current account
the policy s anniversary date.

Rollup: The GMDB increases each year from the initial premium adjusted for later de
agreements grant an annual accumulation percentage between 3% and 7%. In many p
holder premium adjusted for later deposits and partial withdrawals).

Reset: After a given number of years, the GMDB is adjusted to the current account ba
later deposits and partial withdrawals).

Combinations of the above.

Guarantees that increase over the time are, for a majority of the assumed business, only a
and, as a consequence, Converium will be off the risk afterwards.
Converium does not hold any contract holder funds. These assets remain with the origina
The GMDB liability is determined each period based on the information provided by Con
covered benefit types are taken into consideration for the evaluation of the net amount at
of the reporting period.
For the evaluation of the liabilities, Converium uses an actuarial model that considers 1,0
equities is 9.6% and the mean performance for other investment types such as bonds and
1.5% to 2.2%, respectively. The discount rate used in the model is stochastically generate
assumed to be an average of 5.7% over the long run. The mortality assumption is 100% o
either applied pro rata or on a dollar-for-dollar basis according to the policy conditions, a

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Converium Holding AG and Subsidiaries
Notes to the consolidated financial statements (continued)
the on average withdrawn amount of the account value, varies by duration and is assumed
As of December 31, 2004, the following values were estimated as described above:
Table 11.1

(US$ million)	Average age
Guarantee type	
Ratchet	65.4
Rollup	70.1
Rollup & ratchet	66.7
Return of premium	63.3
Reset	58.3
Reset & return of premium	59.8
Total	66.5

The table below shows the cash flow and claim reserves balances for the periods shown:
Table 11.2

(US$ million)
Year ended December 31
Received reinsurance premium, net of commission and brokerage
Paid losses
As of December 31
Claim reserves (including case reserves and IBNR)

For the year ended December 31, 2004 there were no exceptional reserving actions requi
strengthened reserves for this closed block of variable annuity business by US$ 55.5 mill
US stock markets, the GMDB s net amount at risk further decreased to US$ 635.5 millio
Although Converium feels that its current carried reserves for its GMDB exposure are ad
solutions to address the risks associated with this business.

12. Retrocessional reinsurance and catastrophe protection

Retrocessional reinsurance

Retrocessional reinsurance arrangements generally do not relieve Converium from its dir
extent that any retrocessionaire is unable or unwilling to meet the obligations assumed un
and US$ 163.2 million, respectively, in collateral as security under related retrocessional
capacity for both traditional and non-traditional coverage and therefore is not dependent
As of December 31, 2004, recoverables from subsidiaries of Zurich Financial Services to
exceeded 10% of shareholders equity at December 31, 2004. Allowances of US$ 30.6 n
recoverables at December 31, 2004 and 2003, respectively.

National Indemnity Cover

In order to provide additional comfort as regards to Converium s reserve position, Conve
Standard & Poor s AAA-rated member of the Berkshire Hathaway group of insurance co
reserve development on the underwriting years 1987 through 2003 for Converium AG, C
third-party net non-life reserves; which are defined as non-life carried losses and allocated
emanating out of the unearned premium reserves as of June 30, 2004 of the portfolio subj

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Converium Holding AG and Subsidiaries
Notes to the consolidated financial statements (continued)
2004 and therefore excludes inter-group reinsurance arrangements. The reinsurance charg
caption Other (loss) income . There are additional consideration features associated wi
in the event that the cover is fully utilized. No losses have been ceded as of December 31
In addition, this contract has another layer of coverage of US$ 235.0 million for which a
ultimate third-party net non-life reserves on the same underwriting years. The economics
met. Accordingly, this protection is accounted for under deposit accounting rules. As a re
Converium has retained the right to commute the whole transaction on July 1, 2009, or th

Master Retrocession Agreement

The Life & Health Reinsurance segment s Master Retrocession Agreement for its financ
The provisions for this termination led to a realization of a profit of US$ 3.4 million in 20

Table 12.1

	Gross
(US$ million)	**2004**
Year ended December 31	**(Restated)**
Reserves for losses and loss expenses	8,908.3
Reserves for unearned premiums	1,247.7
Future life benefits	407.1
Total underwriting reserves	10,563.1

Table 12.2
Premiums written and earned

	Pre
(US$ million)	**2004**
For the years ended December 31	**(Restated)**
Direct premiums	490.9
Assumed premiums	3,493.4
Ceded premiums	-252.6
Catastrophe Agreement	-5.6
Total	3,726.1

Adjustments of ultimate premium estimates: During the course of 2004 Converium imple
underwriters and others to assess the realization of premium estimates on a quarterly basi
European non-life business, which compare estimates with actuarially derived amounts u
premiums written and earned in the Standard Property & Casualty Reinsurance and Speci
acquisition costs of US$ 16.5 million and losses of US$ 186.4 million, the impact of thes

Table 12.3
Benefits, losses and expenses

(US$ million)
For the years ended December 31
Losses, loss expenses and life benefits
Direct
Assumed
Ceded
Total

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Converium Holding AG and Subsidiaries
Notes to the consolidated financial statements (continued)

(US$ million)
For the years ended December 31
Acquisition costs
Direct
Assumed
Ceded
Total
Catastrophe protection
On June 15, 2004, Converium AG announced the successful private placement of US$ 10
exempted company. By means of a counter-party contract with the issuer, the transaction
hurricane, US earthquake, Japanese earthquake and European windstorm property catastr
regions during the five-year term of the transaction.
Payments from Helix 04 to Converium AG are based on modeled reinsurance losses on a
geographical region and type of catastrophe, by line of business, is compared to industry-
using commercially available natural catastrophe loss simulation modeling software. The
distributions, in order to calculate industry-wide losses and the corresponding losses for t
modeled loss contracts to determine the amount of the covered party s recovery in respec
The Helix 04 contract is first triggered when notional losses reach US$ 150.0 million. Th
sliding scale of notional losses up to US$ 275.0 million. The amount of losses that must b
windstorm.
Converium estimates its gross loss for each of the recent hurricanes and typhoons to be le
Converium will not file a trigger event request in respect of these losses.
The expected annual cost of Helix 04 to Converium AG is approximately US$ 5.6 millio
Helix 04, unlike the prior contract in respect of Trinom, where Converium was required t
not treated as reinsurance and accordingly the charge is reflected through other (loss) inc
similar to reinsurance.
13. Debt
Converium Holdings (North America) Inc. (CHNA) assumed US$ 200.0 million princ
issued during October 1993. The Senior Notes mature in full on October 15, 2023 and be
interest payments regarding the 7.125% non-convertible, unsecured, unsubordinated Seni
payment of April 15, 2004; and (ii) by Converium AG with regards to the coupon payme
In December 2002, Converium Finance S.A. issued US$ 200.0 million principal amount
Guaranteed Subordinated Notes are irrevocably and unconditionally guaranteed on a subo
Notes mature in full on December 23, 2032 and bear interest at the rate of 8.25% paid qu
Debt issuance costs and discounts were US$ 9.1 million and US$ 9.4 million at Decembe
14. Income taxes
14a.) Income taxes
Table 14.1 below illustrates the current and deferred income tax expense (benefit) for Co

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Converium Holding AG and Subsidiaries
Notes to the consolidated financial statements (continued)

Table 14.1
Income tax expense (benefit)

(US$ million)
For the years ended December 31
Current
Switzerland
Non-Switzerland
Total current
Deferred
Switzerland
Non-Switzerland
Total deferred
Total income tax expense (benefit)

Table 14.2 below provides a summary of items accounting for the difference between the
taxes reported in the consolidated financial statements. The statutory tax rate reflects the
published rate reconciliation tables were based on a blended tax rate comprising the pre-t

Table 14.2
Expected and actual income tax expense (benefit)

(US$ million)
Year ended December 31
(Loss) income before tax
Statutory average tax rate Converium AG
Expected income tax expense (benefit)
Increase (reduction) in taxes resulting from:
Change in valuation allowance
Foreign tax-rate differential
Accrued income taxes
Tax exempt investment income
Tax exempt realized gains (losses) from equity securities
Change in applicable tax rate
Change in net operating loss
Impairment of goodwill
Stop loss
Other
Actual income tax expense (benefit)
Effective tax rate

Converium s consolidated income tax expense for the year ended December 31, 2004 re
against the net deferred income tax balances previously carried at CRNA. Additionally, C
to the establishment of a valuation allowance against the net deferred tax assets at Conve
deferred tax liabilities.

Deferred income taxes are provided for all temporary differences, which are based on the
liabilities. The income tax basis of an asset or liability is calculated in accordance with th
or liability, this may result in a deferred tax asset in one country but a deferred tax liabilit
deferred tax asset is reduced by a valuation allowance if it is more likely than not that sor

As required under SFAS No. 109,,Converium is required to assess if it is more likely thar
reference is made to, among other things, historical losses. As a result of significant nega
AG and CRNA s net deferred tax assets to reflect the continued net loss position of the c
carried forward, resulting in no tax expense on such income until such time as the net ope
carryforwards be realized due to positive future taxable income, the possibility exists that
case, for U.S. tax purposes, any resulting alternative minimum tax liability can be carried
subject to limitation under Sec. 382, as discussed below,

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Converium Holding AG and Subsidiaries
Notes to the consolidated financial statements (continued)

then the likelihood of such alternative minimum tax liability would also be affected.

As of December 31, 2004, Converium had total net operating losses carried forward of U
Substantially all of these net operating losses carried forward relate to CRNA and Conve
these carryforwards are dependent on the generation of taxable income in those jurisdicti
has determined that it is more likely than not that the carryforwards will not be utilized.
Converium will continue to monitor its tax position and reassess the need for a full valua
related to net operating losses carried forward is dependent upon generating sufficient ta
ability to generate taxable income to fully utilize its net operating loss carryforwards.

Converium s deferred income tax assets and liabilities are reflected in table 14.3 below.

Table 14.3
Deferred income taxes
(US$ million)

Deferred income tax assets
Loss reserve discount
Other technical adjustments
Accruals not currently deductible
Partnership loss
Net operating loss carryforwards
Goodwill
Unrealized currency losses
Other
Total deferred income tax assets
Valuation allowance
Net deferred income tax assets

Deferred income tax liabilities
Loss and benefit reserves
Deferred policy acquisition costs
Unrealized appreciation of investments
Investments
Other technical adjustments
Other
Total deferred income tax liabilities
Net deferred income taxes as of December 31

The current net income tax payable as of December 31, 2004 was US$ 16.4 million as co
CRNA filed a refund request for special estimated tax payments, covered under U.S. Inte
approximately US$ 58.2 million from deferred tax assets into other assets.

Converium s net operating loss carryforwards by expiration date are as follows:

Table 14.4
Net operating loss carryforwards
(US$ million)

One year through five years
Over five years

Total as of December 31, 2004 (Restated)

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Converium Holding AG and Subsidiaries
Notes to the consolidated financial statements (continued)

14b.) Income taxes additional information

Under U.S. tax law, the utilization of the deferred tax asset related to the net operating los limitation if there is a more than 50 percentage point change in shareholder ownership. A Company may have potentially triggered this limitation. Management is currently review whether a limitation has actually been triggered. The finalization of this assessment could statement impact as we have established a full valuation allowance against the net deferre

Converium is subject to income taxes in Switzerland and various foreign jurisdictions. Si the related assets and liabilities. In the ordinary course of our business, there are many tra contingencies are provided, if necessary, in accordance with the requirements of FASB C

The Company does not affirmatively apply Accounting Principles Board Opinions No. 2 to provide for taxes on the undistributed earnings of its foreign subsidiaries and foreign c any foreign subsidiaries or joint ventures and the availability of the participation exempti

15. Employee benefits

Converium has established a number of benefit plans for its employees. Some employees benefits equal solely to contributions paid plus investment returns.

Personnel costs incurred for 2004, 2003 and 2002 were US$ 131.1 million, US$ 123.9 mi to the retention plans rolled out in September 2004 (see Note 16).

Employees of certain of Converium s entities are covered under various defined benefit of continuous service or date of hire. Benefits are generally based on the employees yea requirements are determined based on actuarial cost methods. The transition obligation (a a straight-line basis.

The Pension Fund of Converium AG (the Fund) is a foundation whose objective is to death as provided by the statutory provisions of the plan rules. The Fund is a pension fun Zurich. The Fund s pension plan is a defined contribution plan in accordance with Sw Employers Accounting for Pensions , because of certain defined benefit elements req

The participants contributions to the Fund typically amount to between 7% and 11.5% c the insured participant s age and 7% of the annual incentive-based salary. By law, the en typically amounts to between 9% and 16% of the coordinated annual salary and 9% of th and CHF 5.2 million in 2003.

Participants may purchase pension benefits at their own cost at any time within certain li

The principal actuarial weighted average assumptions used for calculating defined benefi

Table 15.1

Weighted average

Discount rate
Expected long-term rate of return on assets
Future salary increases
Future pension increases

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Converium Holding AG and Subsidiaries
Notes to the consolidated financial statements (continued)
Table 15.2

(US$ million)
Projected benefit obligation
Projected benefit obligation as of January 1
Service cost
Interest cost
Actuarial losses (gains)
Foreign currency translation effects
Benefits paid
Projected benefit obligation as of December 31
Fair value of plan assets
Fair value of plan assets as of January 1
Actual return on plan assets
Employee contributions
Employer contributions
Foreign currency translation effects
Benefits paid
Fair value of plan assets as of December 31
Funded status
Funded status
Unrecognized transition obligation
Unrecognized net actuarial losses (gains)
Unrecognized prior service cost
Additional plan liabilities
Accrued benefit liability
Amounts recognized in the balance sheet
Accrued benefit liability
The net periodic benefit expense in the income statement consists of the following compo
Table 15.3
Net periodic benefit expense

(US$ million)
For the years ended December 31
Service cost
Interest cost
Expected return on plan assets
Employee contributions
Amortization of transition obligation
Amortization of actuarial (gains) losses
Amortization of past service cost
Net periodic benefit expense
The movement in the accrued benefit liability was as follows:
Table 15.4
Accrued benefit liability

(US$ million)

Year ended December 31
Balance at January 1
Current year expense
Contributions paid
Foreign currency translation effects
Additional plan liabilities
Balance at December 31
The expected future cash flows to be paid by Converium in respect of pension plans at De

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Converium Holding AG and Subsidiaries
Notes to the consolidated financial statements (continued)

Table 15.5
Expected future cash flows

(US$ million)
Employer contributions
2005 (estimate)

Expected future benefit payments
2005
2006
2007
2008
2009
2010 2014

The weighted average assets allocation of funded defined benefit plans at December 31, 2

Table 15.6
Weighted average assets allocation of defined benefit plans

Year ended December 31
Debt securities
Equity securities
Real estate
Cash and other investments
Total

CRNA sponsors various qualified defined contribution plans. Substantially all employees
employees, which typically range from 1% to 25% of annual salaries, up to a calendar ye
addition, various supplemental, non-qualified deferred compensation plans allow membe
contributions under these plans amounted to US$ 2.5 million, US$ 2.5 million and US$ 2

16. Share compensation and incentive plans

Converium has various incentive- and share-based compensation plans to attract, retain a
performance and to encourage employee share ownership.

(a) Cash-based incentive plans

Converium operates a short-term incentive program (Annual Incentive Plan or AIP
both organizational and individual performance objectives. The compensation expense in
US$ 7.4 million, respectively.

Employee retention plan

In September 2004, Converium adopted a retention plan for certain of its key employees
Rückversicherung (Deutschland) AG and the orderly run-off of its North American opera
amounts up to the equivalent of such employees base salary. The last installment becom
will be expensed over the period October 1, 2004 through January 31, 2006. For the year
addition, severance amounts of US$ 6.0 million will be required to be paid to certain CR

(b) Share-based incentive plans

Share-based compensation plans include all plans under which shares or options to purch
at the discretion of the Remuneration Committee of the Board of Directors. The most sig

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Converium Holding AG and Subsidiaries
Notes to the consolidated financial statements (continued)

Employee Stock Purchase Plan

Converium adopted an Employee Stock Purchase Plan (the ESPP) on January 1, 2002.
employees meeting specified service requirements are eligible to participate in the ESPP.
Holding AG shares, up to certain limits. Employees who enroll in the ESPP purchase Co
the offering period.

Annual Incentive Share Plan

Certain executives receive a minimum of 25% of their Annual Incentive Plan in the form
these AIP shares are held for a three-year period, employees receive an additional share a
Table 16.1 summarizes the status of Converium s share plans for 2004, 2003 and 2002.

Table 16.1

Unvested shares at beginning of year
Shares granted
Shares vested
Shares forfeited
Unvested shares at end of year

Long-Term Incentive Plan (LTIP)

The LTIP is designed to align the interests of management closely with those of shareho
combination of 50% Converium shares and 50% options to purchase shares in Converiu
market value of the shares or ADSs on the grant date. 25% of the options vest immediate
after the date of grant.

Executive IPO option plan

In connection with the Transactions, Converium granted certain executives options to pu
Option Plan, 420,000 options to purchase shares in Converium Holding AG were awarde
IPO Options are now fully vested and expire 10.5 years after the date of grant.
Table 16.2 summarizes the status of Converium s outstanding stock options for 2004, 20

Table 16.2

	2004
	Options
Outstanding at beginning of year	1,728,744
Granted	1,238,640
Exercised	39,806
Forfeited	567,624
Outstanding at end of year	2,359,954
Options exercisable at end of year	1,311,491

The fair value of options granted was estimated on the date of grant using the Black-Sch

Table 16.3

Weighted average
Risk-free rate
Expected life

Expected volatility
Dividend yield
Fair value of options granted

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Converium Holding AG and Subsidiaries
Notes to the consolidated financial statements (continued)
Table 16.4 summarizes information about stock options outstanding at December 31, 200

Table 16.4

Range of exercise prices	Number outstanding
CHF 8.64 25.56	958,765
CHF 56.05 62.50	734,017
CHF 82.00 89.10	667,172
CHF 8.64 89.10	2,359,954

(c) Compensation expense

The compensation expense charged to income under the share-based incentive plans was

(d) Re-pricing of options

An adjustment to the exercise price of all options outstanding prior to the Rights Offering
the Rights Offering. The reduction in exercise price maintains the same Black-Scholes va
price. The re-pricing of options will not have a material impact on the financial condition

17. Shareholders equity

(a) Issued share capital

Upon incorporation on June 19, 2001, Converium Holding AG had share capital of CHF
which were entitled to receive dividends. On September 24, 2004, the Extraordinary Gen
divided into 40 million fully paid registered shares with a nominal value of CHF 10 each,

In addition Converium s shareholders resolved, at the Extraordinary General Meeting he

Reduce the share capital of the Company from CHF 400,062,170 by 200,031,085 to C

Increase the share capital by CHF 533,416,225 through the issuance of 106,683,245 f

Amend the Articles of Incorporation as a consequence of the reduction of the nomina

In October 2004, Converium s share capital was increased by CHF 533,416,225 by issui
capital increase (and reduction of the nominal value) were recorded, in the Commercial R
Commercial Register of the Canton of Zug, Converium s issued, outstanding share capit

(b) Authorized share capital

At the Annual General Meeting on April 27, 2004, the shareholders resolved to create aut
Directors is authorized, on or before April 27, 2006, to increase the share capital by the is
amounting to a maximum of CHF 40 million.

Subsequent to the reduction of the nominal value of each of Converium s shares from Cl
Converium s authorized capital is now CHF 20,000,000 with the Board being authorized

(c) Conditional share capital

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Converium Holding AG and Subsidiaries
Notes to the consolidated financial statements (continued)

At the Annual General Meeting on April 27, 2004, Converium Holding AG amended its
conjunction with the employee participation plans has been replaced by a conditional sha
40,000,000 in nominal share capital.

Subsequent to the reduction of the nominal value of each of Converium s shares in Octo
amounting to a maximum of CHF 20,000,000 pursuant to which up to four million shares
financial market instruments.

At December 31, 2004, none of the conditional share capital or registered shares have be

(d) Dividend restrictions, reductions in the registered shares nominal value, and ca

Converium Holding AG is subject to legal restrictions on the amount of dividends it may
that 5% of the annual profit must be allocated to the general reserve until such reserve in
which Converium entities operate may restrict the amount of dividends payable by such e

As of December 31, 2004, Converium Holding AG had 146,689,462 registered shares wi
entitled to reduce the nominal value of its registered shares down to CHF 0.01 by a respe
the ability of Converium entities to pay dividends may be restricted or, while dividend pa
requirements that are imposed by insurance, bank and other regulators in the countries in
foreign exchange control restrictions).

In Switzerland, insurance supervisory regulations require entities to fund their statutory r
to 50% of the statutory share capital, including freely disposable reserves, if any. In the U
state of domicile. For CRNA, dividends are payable only from earned surplus and are lim
year s statutory net income. Dividends paid in excess of these limitations require prior a
statutory capital reserves required is 10% of the nominal value of the common stock. If th
is not met, dividends are limited to a maximum of 95% of current year s surplus less the
board has the authority to reclassify up to 100% of the current year surplus to retained ea

18. Transactions with Zurich Financial Services

Converium refers to the transactions that led to its divestiture from Zurich Financial Serv
Retrocession Agreement.

In connection with the Transactions, the transfer of certain historical reinsurance busines
effective July 1, 2001. The covered business consists of the business historically manage
substantially all of the third-party assumed reinsurance business written by ZIC and ZIB,
premiums, net losses and loss expenses and experience account balances relating to this b

The Quota Share Retrocession Agreement provides for the payment of premiums to Conv
Agreement provides that these premiums are on a funds withheld basis, whereby the p
which is referred to as the Funds Withheld Asset.

Because the business subject to the Quota Share Retrocession Agreement consists of busi
statements. Any reinsurance business written by ZIC or ZIB that is not part of the histori
Share Retrocession Agreement, and all related legal rights and obligations of this busines
statements. Therefore, execution of the Quota Share Retrocession Agreement has no imp
Converium AG will receive the surplus remaining with respect to the Funds Withheld As
recorded in the financial statements in the period when they occur. Additionally, Zurich F
Funds

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Converium Holding AG and Subsidiaries
Notes to the consolidated financial statements (continued)
Withheld Asset prior to termination of the agreement.
Converium AG continues to administer the transferred business on behalf of ZIC and ZIE
third-party retrocessions related to the business transferred. Converium bears the credit ri
Converium AG has a broad right of offset under the Quota Share Retrocession Agreemen
account directly.
The Quota Share Retrocession Agreement provides for commutation and termination for
control of Converium AG. Each of the parties agrees to indemnify the other against liabil
Share Retrocession Agreement contains other provisions that are customary for an agreer
Converium has entered into various other transactions with Zurich Financial Services and
CRNA had an intra-Converium aggregate excess of loss reinsurance agreement in place s
to CRNA for losses that exceeded a net retention after amounts recoverable from its outsi
ZIC was the formal counterparty to CRNA. In October 2001, the 1997 Aggregate Excess

- CRNA s coverage for net losses of US$ 320.4 million with respect to all Amerisafe l
- CRNA s coverage for net losses of US$ 307.5 million from the September 11th terro
- The remainder of the coverage under the agreement is commuted.

See Notes 8, 10, 12, 16, 19 and 22 for other transactions with Zurich Financial Services.
19. Related party transactions
GAUM
In 2003, Converium finalized an agreement to acquire a 25% stake in GAUM, a leading i
its long-term position in the Aviation & Space line of business. At that same time, Conve
In addition, Converium entered into a pool members agreement under which it became a
Underwriters Inc.
In February 2004, Converium AG finalized a Sale and Purchase Agreement with Royal a
30.1%. Included within the Sale and Purchase Agreement is a requirement for Converium
2004 underwriting year, Converium has committed 27.25% of the overall pool s capacity
premiums assumed through the pools managed by GAUM were US$ 289.0 million, US$
The pool members agreement with respect to GAUM provides that if a member of the p
be served with a notice terminating its membership in the pool upon approval by the com
membership committee to serve a notice terminating its membership of Converium. How
dispute the validity of any notice served on Converium. The continuation of Converium
acceptable to other pool members in a timely fashion and thereafter maintaining such arra
its membership in the pool. The fronting arrangements require Converium to post collater
to be reduced to less than a 5% share, it would not be permitted to participate in future po
written by the pool in its name prior to its termination. If Converium s membership were
See Notes 4 and 9 for additional information on GAUM.
MDU

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Converium Holding AG and Subsidiaries
Notes to the consolidated financial statements (continued)

Converium entered into a strategic alliance with the MDU that resulted in a 49.9% partici
MDU. As a result of the initial FSA approval in respect of general liability business, insu
beginning July 1, 2003. These insurance policies replaced policies formerly issued in the
Converium. Gross premiums written from MDU were US$ 170.9 million, US$ 137.3 mil
The MDU Shareholders Agreement provides that if Converium s credit rating is lowere
may serve it with a Termination Notice. Within sixty days after service of such terminatio
price to be mutually agreed upon by the parties, or to be determined by a valuation expert
Agreement. See Note 9 for additional information on MDU.

SATEC

Converium has a 48% participation in SATEC, a leading global space-underwriting agen
two other owners of SATEC regarding some of their participation rights. Gross premium
5.0 million for 2004, 2003 and 2002, respectively. Profit distributions paid from SATEC
and nil for 2004, 2003 and 2002, respectively. In 2004, we have recorded an impairment

RISC Ventures

Converium has retained The RISConsulting Group LLC for certain consulting services, o
Executive Officer. In addition, Derrell J. Hendrix is a manager and owner of approximate
company created to manage and operate companies engaged in commercializing technolo
April 2004, Converium AG invested US$ 2.0 million in RISC Ventures LLC for an appro
The RISConsulting Group LLC.

Managing Director

In order to enhance the effectiveness of strategic and operational decision-making and gr
Converium established the position of Managing Director. On September 10, 2004, Terry
Board and has oversight over the day-to-day management of Converium s business. The
In addition to the Managing Director s regular compensation as a member of the Board o
reimbursement for customary expenses. For 2004, Converium paid Terry G. Clarke GBP
Executive Officer of Converium (see Note 27).

20. Supplemental cash flow disclosures

Table 20.1
Supplemental cash flow disclosures

(US$ million)
Income taxes paid
Interest expense paid

21. Fair value of financial instruments

The methods and assumptions used by Converium in estimating the fair value of financia

Fixed maturities securities: fair values are generally based upon quoted market prices
from independent pricing services or quoted market prices of comparable investments

Equity securities: fair values are based on quoted market prices.

Funds Withheld Asset: carrying value of the Funds Withheld Asset approximates fair

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Converium Holding AG and Subsidiaries

Notes to the consolidated financial statements (continued)

Other investments: for which quoted market prices are not readily available are not fa

Cash and short-term investments: carrying amounts approximate fair value.

Debt: fair values are generally based upon quoted market prices.

Table 21.1 lists the estimated fair values and carrying values of Converium s financial in

Table 21.1

Fair value of financial instruments

(US$ million)

As of December 31

Fixed maturities

Equity securities

Other investments (excluding real estate)

Short-term investments

Funds Withheld Asset

Cash and cash equivalents

Debt

22. Commitments and contingencies

Letter of credit facility

In November 2004, Converium AG obtained a US$ 1.6 billion, three-year syndicated lett
Converium s non-US operating companies with a US$ 1.5 billion capacity for issuing let
credit facility that was signed in July 2003. As of December 31, 2004, Converium had ou
pledged as collateral related to the Syndicated Letter of Credit Facility. Converium must
total borrowings do not at any time exceed 35% of consolidated tangible net worth, whicl
remain greater than US$ 1,237.5 million at all times. Converium pays commission fees o
change in the Company s credit rating. The maximum amount of this fee is .50%.

In addition to the Syndicated Letter of Credit Facility, other irrevocable letters of credit o
contracts. Investments of US$ 704.7 million are pledged as collateral related to certain of

As of December 31, 2004, Converium Rückversicherung (Deutschland) AG, Germany ha
Morgan Stanley Real Estate Fund (the Eurozone Office Fund), a Fonds Commun de P
commitment period to fund working capital needs or the purchase of new investments. A

Converium has entered into various operating leases as lessee for office space and certain
15.9 million and US$ 14.8 million for the years ended December 31, 2004, 2003 and 200

Table 22.1 lists minimum future payments under operating leases with terms in excess of

Table 22.1

Minimum future payments under operating leases

(US$ million)

2005

2006

2007

2008

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Converium Holding AG and Subsidiaries
Notes to the consolidated financial statements (continued)

Minimum future payments under operating leases
(US$ million)
2009
2010 and thereafter
Total

Converium AG leases office space from Zurich Financial Services. The lease term is fixe
annual rent escalations based on a cost of living index.
Converium Rückversicherung (Deutschland) AG leases office space from Zurich Financi
ten-year terms. Lease payments have bi-annual rent escalations based on changes in local
CRNA entered into a sublease with ZC Resource LLC (ZC Resource), a subsidiary of
2012. As part of the Transactions, CRNA entered into an agreement to indemnify Global
lease, for losses under the prime lease or the guaranty caused by CRNA s default under t
losses under the guaranty caused by a default by ZC Resource under the prime lease. Cen
all amounts due by GAHL under the guaranty and all expenses incurred by CRNA enforc
run-off of CRNA, Converium is currently evaluating certain of its office leases in North A
Converium Holding AG and its subsidiaries are continuously involved in legal proceedin
reinsurer. The outcome of such current legal proceedings, claims and litigation could hav
opinion of management, these matters are not material to Converium s financial position

Superior National Matters

On January 6 and January 7, 2005, CRNA and CINA, respectively, entered into a Settlem
Commissioner (the Commissioner) relating to the January 16, 2002 complaint that the
CRNA and CINA (see Note 27). The Commissioner had initiated this action in Superior C
Companies in Liquidation (SNICL).
The complaint alleged several counts, including voidable preferences and fraudulent tran
of US$ 59.8 million, additional damages in an amount to be proved at trial, and punitive d
CRNA or CINA transactions. As part of the transactions which effectively spun-off CRN
to the assets not assumed by or transferred to CRNA and CINA in the separation from ZF
reinsurance obligations. In that connection, however, while the complaint did in fact refer
CRNA. As best as could be discerned, the liquidator was apparently claiming that the am
commutation constituted a fraudulent transfer. All the claims, though, were never well de
Neither CRNA nor CINA shall pay any amounts whatsoever in exchange for the full and
to both companies. Instead, CIC shall be making the full payment that will provide the co
February 17, 2005, the Settlement Agreement was approved by the court presiding over t
due 90 days from entry of the approval order. After that period has expired and CIC has p

U.S. Life Insurance Company arbitration

The arbitration initiated on November 29, 1999 by U.S. Life Insurance Company (U.S.
previously reported, has been settled as between U.S. Life and CINA. The settlement in J
rescission and to instead reform the reinsurance treaty provided by U.S. Life to a 90% qu
final commutation of the treaty in exchange for a commutation payment by U.S. Life (see

All American Life Insurance Company arbitration

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Converium Holding AG and Subsidiaries
Notes to the consolidated financial statements (continued)

The arbitration initiated on December 23, 2002 by CRNA and CINA against All America
May 2004, the parties to the dispute, which concerned a reinsurance treaty provided by A
commutation payment by All American. Incurred losses of US$ 9.2 million were recorde

Continental Casualty Company arbitration

In December 2002, Continental Casualty Company (Continental) and CRNA each der
which Continental reinsured CRNA for 50% of certain accident & health exposures CRN
the third-party insurer had violated the reinsurance agreement with CRNA in such a way
Effective June 2004, Continental and CRNA entered into an Assignment of Rights, Limit
agreed to withdraw their respective demands for arbitration with prejudice. The Assignm
the insurer and indemnifies CRNA for monetary liability or expenses it incurs resulting f
Assignment Agreement, Continental, CRNA and the third-party insurer have entered into
approval of the liquidation court governing the insurer, which is currently pending.

Great American Insurance Company arbitration

The arbitration initiated on July 30, 2004 by Great American Insurance Company (GAI
certain Automobile Residual Value Proportional Reinsurance Agreements (the Reinsura
Agreements, which was previously reported, has been settled. In December 2004, the par
Agreements in exchange for a commutation payment by CRNA.

Canada Life

On December 21, 2001, The Canada Life Assurance Company, Toronto (Canada Life)
US District Court of the Southern District of New York. Canada Life alleged that Conver
indemnify its full percentage of Canada Life s September 11th losses and by failing to p
Converium Germany is disputing this claim on the grounds that its liability under the per
the US District Court of the Southern District of New York dismissed Canada Life s acti
give the court jurisdiction over the subject matter, is not applicable. The court ruled that t
not apply to disputes among reinsurers. The Second Circuit Court of Appeal affirmed the
Converium Germany sent Canada Life a request to arbitrate. Following the organizationa
expected to take place in the second quarter of 2005. Meanwhile, the arbitration panel ord
$66.0 million, which Converium Germany has complied with.

Converium Germany has fully reserved this claim. However, arrangements entered into v
September 11th related losses provided to us by Zurich Financial Services in conjunction

Current industry issues

To date, Converium is neither a defendant in the lawsuit that New York State Attorney G
Converium been contacted with respect to the lawsuit or any related investigation. There
investigation on the insurance industry. It remains difficult to predict whether it will be e
Securities and Exchange Commission and the New York Attorney General s Office rega
Transactions.

Class action lawsuits

Commencing on October 4, 2004, seven securities class action lawsuits have been filed a
Converium Holding AG, et al., 04 CV 07897, which names Converium Holding AG,

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Converium Holding AG and Subsidiaries
Notes to the consolidated financial statements (continued)
Dirk Lohmann and Martin Kauer as defendants, and is purportedly brought as a class acti
Criden v. Converium Holding AG, et al., 04 CV 8060, which names Converium Holding
behalf of persons who purchased our securities between December 11, 2001 and July 20,
Zurich Financial Services Group, Peter C. Colombo, Georg Mehl, George G. C. Parker, I
Richard E. Smith and Frank Schaar as defendants, and is purportedly brought as a class a
2004; *Jakob v. Converium Holding AG, et al.,* which names Converium Holding AG, Zu
Jürgen Förterer, Terry G. Clarke, Anton K. Schnyder, Dirk Lohmann, Martin Kauer, Ric
persons who purchased our securities between December 11, 2001 and August 30, 2004;
C. Colombo, Martin Kauer and Dirk Lohmann, and is purportedly brought as a class actio
2004; *Bassin v. Converium Holding AG, et al.,* 04 CV 08295, which names Converium H
brought as a class action on behalf of purchasers of our securities between December 11,
04-117332, which names Converium Holding AG, Zurich Financial Services Group, Pete
Anton K. Schnyder, Dirk Lohmann, and Martin Kauer as defendants, and is purportedly b
and August 30, 2004.

The first five complaints, each of which was filed in the Southern District of New York, a
Securities Exchange Act of 1934, and allege, among other things, that, contrary to repres
announced reserve increases prior to July 20, 2004 were insufficient; and that, as a result
al., Index No. 04-117332, was filed in New York State Court, and makes similar allegatio
under sections 11, 12, and 15 of the Securities Act of 1933. Further, certain of the compla
accepted accounting principles. In each case, plaintiffs are seeking unspecified compensa
may be filed in the future.

We intend to defend the remaining lawsuits vigorously. The actions are in the preliminary
outcome could have a material effect on our financial condition, results of operations and

U.S. Securities and Exchange Commission trading investigation

In August 2004, CRNA received a request for voluntary production of documents and inf
As a result of that request, Converium understands that the Commission is conducting an
connection with transactions in Converium s securities by certain persons, including cert
earnings would fall short of expectations due to higher than modelled US casualty loss en
CRNA has voluntarily responded to the Commission s request, and intends to continue t

Investigation by the Swiss Federal Banking Commission

In November 2004, the Federal Banking Commission requested certain information in co
that its second quarter 2004 earnings would fall short of expectations due to higher than r
Converium fully complied with the respective request by providing all relevant informati

23. Regulation

As a result of the developments in the latter part of 2004, various regulatory actions have

United States

As a result of the reserve strengthening Converium recorded in 2004 and the subsequent
Department) has implemented additional financial monitoring of CRNA. CRNA

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Converium Holding AG and Subsidiaries
Notes to the consolidated financial statements (continued)
has entered into a letter of understanding with the Department pursuant to which CRNA
including:

Making any material change in its management or operations;
Making any withdrawal of monies from its bank accounts, disbursements or payment
Incurring any debt, obligation or liability for borrowed money not related directly to
Writing, assuming or issuing any new insurance policies;
Making any dividend payment or other payment or distribution to or engaging in any affiliated company;
Entering into any new material reinsurance agreement; and
Entering into any sales, purchases, exchanges, loans, extensions of credit or investme

In addition, CRNA will be required to provide to the Department written reports on a mo activities, including specific impact on CRNA s statutory financial statements, as well as condition of the Company. The letter of understanding does not preclude the Department CRNA s policyholders, reinsureds and the public.

The foregoing requirements will continue until March 15, 2006, at which time the Depart

The recent ratings downgrades as well as our decision to place CRNA into run-off have t clauses require CRNA and CINA to provide collateral for their payment obligations unde deposits in their states or provide collateral for contracts issued to residents of their states withholds its approval, we would be in default under contracts that have special funding regulators that requested special deposits or collateral could seek to revoke CRNA s or C CINA in their respective states.

Switzerland

By letter dated September 27, 2004 the Federal Office of Private Insurance (FOPI), th certain inter-group transactions between Converium AG and its subsidiaries including lo the FOPI requested by letter dated October 14, 2004 certain additional information inclu cooperating with the FOPI and is providing all required information and documentation.

In December 2004, per the FOPI s request, Converium AG agreed to submit for approva US$ 100.0 million; guarantees exceeding US$ 10.0 million; transfer of portfolios or nova and all inter-group reinsurance transactions that are not at arm s length. Absent consent turn have an impact on the funding in conjunction with inter-group transactions.

Accounting impact of reserve strengthening and related impairment of goodwill and

For accounting purposes, Converium Holding AG and Converium AG are both required statutory financial statement process. This annual impairment assessment is conducted in available to perform this test. In order to assess the fair value of each investment, manage value of the existing balance sheet, current projected business plans and credit rating and value in their local statutory accounts.

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Converium Holding AG and Subsidiaries
Notes to the consolidated financial statements (continued)

As a result of the reserve strengthening and related impairment of goodwill and deferred regards to its participation in CRNA. This impairment did not have a material impact on value of US$ 342.5 million for its investment in CRNA in its US GAAP accounts.

In respect of Converium AG s investment in CHNA, Converium AG recorded an impair statutory accounts in the fourth quarter of 2004. These impairment charges did not have a Converium AG reported a value of US$ 98.5 million for its investment in CHNA in its U

Similarly, Converium Holding AG performed an annual impairment test on its investmen financial statement process, adopting the valuation principles outlined above. In the fourt local statutory accounts with regards to its participation in Converium AG, respectively o

Germany

Solvency requirements

In late 2004, in order to meet newly established solvency requirements for reinsurance co statutory basis by Euro 100.0 million (US$ 135.9 million). This was accomplished by me 108.7 million). In addition, Converium AG granted Converium Rückversicherung (Deuts twenty years.

Establishment of branch office

In November 2004, Converium AG established a branch office in Cologne, Germany. Th regarding establishment of branch offices were slated to change as of January 1, 2005.

24. Consolidated entities

A list of operating entities and other important holdings, together with the country of inco

Converium Rückversicherung (Deutschland) AG
Converium Finance S.A.
Converium Holding AG
Converium AG
Converium Holdings (North America) Inc.
Converium Reinsurance (North America) Inc.
Converium Insurance (North America) Inc.
Converium Holding (UK) Ltd
Converium Insurance (UK) Ltd
Converium London Management Ltd
Converium Underwriting Ltd
Converium IP Management Ltd*
Converium Finance (Bermuda) Ltd*

* Converium has incorporated two new companies effective as of December 17, 20 manage Converium s brand.

25. (Loss) earnings per share

Converium Holding AG purchased 368,463 shares and 377,650 shares during 2004 and 2

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Converium Holding AG and Subsidiaries
Notes to the consolidated financial statements (continued)
The following table shows the average shares outstanding:

(in US$ million, except per share information)
For the years ended December 31
Net (loss) income
Average shares outstanding (millions)
Average diluted shares outstanding (millions)
Basic (loss) earnings per share
Diluted (loss) earnings per share
(Loss) earnings per share and average shares outstanding for 2004 reflect the addition of
The (loss) earnings per share calculation is based on an adjusted number of average share
Diluted (loss) earnings per share is computed similar to basic earnings per share except th
shares from non-vested stock grants and the assumed exercise of stock options, if dilutive
26. Subsidiary issuer information
Presented below are the consolidating balance sheets of Converium Holding AG (the pa
Converium Finance S.A. (the subsidiary issuer), for whom the Guaranteed Subordinat
statements of income and condensed consolidating statements of cash flows for each of th
severally guaranteed payments by the subsidiary issuer on these notes. The subsidiary iss
Investments in subsidiaries are accounted for by the guarantor companies under the equit
acquisition. Earnings of subsidiaries are reflected in the investment accounts of the guara
Information for the parent guarantor and the subsidiary issuer is only included from the d

Condensed consolidating statements of income

(US$ million) Year ended December 31, 2004 (Restated)	Converium Holding AG	Conv A
Revenues		
Net premiums written		2,6
Net premiums earned		2,5
Net investment income	13.4	1
Net realized capital gains (losses)		
Other income (loss)	23.7	-
Total revenues	37.1	2,7
Benefits, losses and expenses		
Losses, loss expenses and life benefits		-1,9
Acquisition costs		-6
Other operating and administration expenses	-11.7	-1
Interest expense	-10.6	
Impairment of goodwill		
Amortization of intangible assets		
Restructuring costs		
Total benefits, losses and expenses	-22.3	-2,7
Income (loss) before taxes	14.8	

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Converium Holding AG and Subsidiaries
Notes to the consolidated financial statements (continued)

(US$ million)

Year ended December 31, 2004 (Restated)	Converium Holding AG	Con
Income tax benefit (expense)	2.5	
Income (loss) before equity in (loss) income of subsidiaries	17.3	
Equity in (loss) income of subsidiaries	-599.8	-6
Net (loss) income	-582.5	-5

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Converium Holding AG and Subsidiaries
Notes to the consolidated financial statements (continued)

Condensed consolidating balance sheets

(US$ million) December 31, 2004 (Restated)	Converium Holding AG	Conv A
Assets		
Invested assets		
Fixed maturities		2,9
Equity securities		2
Investment in subsidiaries	1,675.7	6
Notes receivable	150.0	
Short-term and other investments	46.7	3
Total investments	1,872.4	4,1
Funds Withheld Asset		1,3
Total invested assets	1,872.4	5,4
Other assets		
Cash and cash equivalents	2.1	3
Premiums receivable		1,5
Reserves for unearned premiums, retro		
Reinsurance assets		5
Funds held by reinsureds		1,3
Deposit assets		1
Deferred policy acquisition costs		4
Deferred income taxes		
Other assets	38.7	2
Total assets	1,913.2	10,0
Liabilities and equity		
Liabilities		
Reinsurance liabilities		6,5
Reserves for unearned premiums, gross		1,0
Other reinsurance liabilities		
Funds held under reinsurance contracts		
Deposit liabilities		3
Deferred income taxes		
Accrued expenses and other liabilities	24.2	3
Notes payable	150.0	
Debt		
Total liabilities	174.2	8,3
Shareholders Equity		
Common stock and additional paid-in capital	1,919.6	1,8
Treasury stock	-7.7	
Unearned stock compensation	-7.5	
Total accumulated comprehensive income (loss)	288.7	2
Retained (deficit) earnings	-454.1	-4
Total shareholders equity	1,739.0	1,6

Total liabilities and shareholders equity	1,913.2	10,0

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Converium Holding AG and Subsidiaries
Notes to the consolidated financial statements (continued)

Condensed consolidating statements of cash flows

(US$ million) Year ended December 31, 2004 (Restated)	Converium Holding AG
Cash provided by (used in) operating activities	41.6
Cash flows from investing activities	
Purchases of fixed maturities held-to-maturity	
Proceeds from sales and maturities of fixed maturities	
Purchases of fixed maturities available-for-sale	
Proceeds from sales of equity securities	
Purchases of equity securities	
Net increase in short-term investments	
Proceeds from sales of other assets	
Purchase of other assets	
Net (increase) decrease in deposit assets	
Notes receivable	-46.7
Investment in subsidiaries	-355.1
Net cash (used in) provided by investing activities	-401.8
Cash flows from financing activities	
Capital contribution	
Issuance of notes payable	22.0
Net purchases of common shares	-6.0
Dividends to shareholders	-47.8
Proceeds from Rights Offering	428.4
Rights Offering issuance costs	-25.1
Net increase (decrease) in deposit liabilities	
Net cash provided by (used in) financing activities	371.5
Effect of exchange rate changes on cash and cash equivalents	-10.4
Change in cash and cash equivalents	0.9
Cash and cash equivalents as of January 1	1.2
Cash and cash equivalents as of December 31	2.1

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Converium Holding AG and Subsidiaries
Notes to the consolidated financial statements (continued)

Condensed consolidating statements of income

(US$ million) Year ended December 31, 2003 (Restated)	Converium Holding AG	Conve A
Revenues		
Net premiums written		2,54
Net premiums earned		2,45
Net investment income	13.3	12
Net realized capital (losses) gains		-5
Other income (loss)	33.1	1
Total revenues	46.4	2,54
Benefits, losses and expenses		
Losses, loss expenses and life benefits		-1,66
Acquisition costs		-56
Other operating and administration expenses	-8.9	-10
Interest expense	-10.5	
Amortization of intangible assets		
Total benefits, losses and expenses	-19.4	-2,34
Income (loss) before taxes	27.0	20
Income tax (expense) benefit	-3.5	-4
Income (loss) before equity in income (loss) of subsidiaries	23.5	16
Equity in income (loss) of subsidiaries	154.4	
Net income (loss)	177.9	15

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Converium Holding AG and Subsidiaries

Notes to the consolidated financial statements (continued)

Condensed consolidating balance sheets

(US$ million) December 31, 2003 (Restated)	Converium Holding AG	Conve A
Assets		
Invested assets		
Fixed maturities		1,92
Equity securities		43
Investment in subsidiaries	1,850.7	1,10
Notes receivable	150.0	
Short-term and other investments	44.7	16
Total investments	2,045.4	3,63
Funds Withheld Asset		1,53
Total invested assets	2,045.4	5,16
Other assets		
Cash and cash equivalents	1.2	12
Premiums receivable		1,16
Reserves for unearned premiums, retro		8
Reinsurance assets		43
Funds held by reinsureds		1,05
Deposit assets		4
Deferred policy acquisition costs		29
Deferred income taxes		6
Other assets	43.5	15
Total assets	2,090.1	8,60
Liabilities and equity		
Liabilities		
Reinsurance liabilities		5,18
Reserves for unearned premiums, gross		98
Other reinsurance liabilities		4
Funds held under reinsurance contracts		3
Deposit liabilities		30
Deferred income taxes		8
Accrued expenses and other liabilities	12.1	11
Notes payable	150.0	
Debt		
Total liabilities	162.1	6,75
Shareholders Equity		
Common stock and additional paid-in capital	1,509.6	1,47
Treasury stock	-10.0	
Unearned stock compensation	-6.1	
Total accumulated other comprehensive income	254.4	23
Retained earnings (deficit)	180.1	14
Total shareholders equity	1,928.0	1,85
Total liabilities and shareholders equity	2,090.1	8,60

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Converium Holding AG and Subsidiaries
Notes to the consolidated financial statements (continued)

Condensed consolidating statements of cash flows

(US$ million) Year ended December 31, 2003 (Restated)	Converium Holding AG	Conve AG
Cash provided by (used in) operating activities	3.3	87
Cash flows from investing activities		
Purchases of fixed maturities held-to-maturity		-19
Proceeds from sales and maturities of fixed maturities available-for-sale		90
Purchases of fixed maturities available-for-sale		-1,82
Proceeds from sales of equity securities		4
Purchases of equity securities		-17
Net decrease (increase) in short-term investments	3.6	25
Purchase of note receivable		
Investment in subsidiaries	29.9	-10
Net (increase) decrease in deposit assets		-2
All other investing activity		-1
Net cash provided by (used in) investing activities	33.5	-1,11
Cash flows from financing activities		
Capital contribution		
Issuance of notes payable		
Net purchases of common shares	-17.3	
Dividends to shareholders	-29.9	-2
Net increase (decrease) in deposit liabilities		30
Net cash (used in) provided by financing activities	-47.2	-27
Effect of exchange rate changes on cash and cash equivalents	10.8	1
Change in cash and cash equivalents	0.4	5
Cash and cash equivalents as of January 1	0.8	6
Cash and cash equivalents as of December 31	1.2	12

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Converium Holding AG and Subsidiaries
Notes to the consolidated financial statements (continued)

Condensed consolidating statements of income

(US$ million) Year ended December 31, 2002 (Restated)	Converium Holding AG	Conv A
Revenues		
Net premiums written		1,8
Net premiums earned		1,6
Net investment income	13.5	1
Net realized capital (losses) gains		-
Other (loss) income	23.6	2
Total revenues	37.1	1,7
Benefits, losses and expenses		
Losses and loss expenses and life benefits		-1,2
Acquisition costs		-3
Other operating and administration expenses	-3.5	-
Interest expense	-10.7	
Total benefits, losses and expenses	-14.2	-1,6
Income (loss) before taxes	22.9	1
Income tax (expense) benefit	-2.1	
Income (loss) before equity in income (loss) of subsidiaries	20.8	1
Equity in income (loss) of subsidiaries	15.0	-1
Net income (loss)	35.8	

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Converium Holding AG and Subsidiaries
Notes to the consolidated financial statements (continued)

Condensed consolidating statements of cash flows

(US$ million) Year ended December 31, 2002 (Restated)	Converium Holding AG	Conve AC
Cash (used in) provided by operating activities	-17.0	67
Cash flows from investing activities		
Purchases of fixed maturities available-for-sale		-1,05
Proceeds from sales and maturities of fixed maturities available-for-sale		47
Proceeds from sales of equity securities		14
Purchases of equity securities		-34
Net (increase) decrease in short-term investments	-3.6	-26
Purchase of note receivable		
Investment in subsidiaries		-10
Net (increase) decrease in deposit assets		-
All other investing activity		4
Net cash (used in) provided by investing activities	-3.6	-1,10
Cash flows from financing activities		
Issuance of guaranteed subordinated notes		
Issuance of note payable		15
Capital contribution		
Net purchases of common shares	-14.7	
Net (decrease) increase in deposit liabilities		-
Net cash (used in) provided by financing activities	-14.7	14
Effect of exchange rate changes on cash and cash equivalents		-
Change in cash and cash equivalents	-35.3	-28
Cash and cash equivalents as of January 1	36.1	34
Cash and cash equivalents as of December 31	0.8	6

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Converium Holding AG and Subsidiaries
Notes to the consolidated financial statements (continued)
27. Subsequent events
Restructuring costs
As a result of the transition to a run-off entity in North America, a decision was made in J
Stamford, Connecticut office space. We expect the effective date of the transfer to be July
Settlement of Superior National Matters
On January 6 and January 7, 2005, CRNA and CINA, respectively, entered into the Settle
Commissioner filed against a subsidiary of ZFS, CIC and affiliates, as well as CRNA and
County of Los Angeles, on behalf of the SNICL.
Neither CRNA nor CINA shall pay any amounts whatsoever in exchange for the full and
to both companies. Instead, CIC shall be making the full payment that will provide the co
February 17, 2005, the Settlement Agreement was approved by the court presiding over t
due 90 days from entry of the approval order. After that period has expired and CIC has p
Settlement of U.S. Life Insurance Company arbitration
The arbitration initiated on November 29, 1999 by U.S. Life against SNICIL, CINA and C
December 2004 decision of the arbitration panel to reject U.S. Life s claim for rescission
100% quota share. U.S. Life and CINA agreed to settle the matter with a full and final co
Appointment of Chief Executive Officer
On February 23, 2005, the Board of Directors appointed Terry G. Clarke to the position o
on February 1, 2006.Terry G. Clarke continues to be a member of the Board of Directors.

Converium Holding AG and Subsidiaries
Notes to the consolidated financial statements (continued)
28. Subsequent Events

Winter Storm Erwin

Winter storm Erwin, which swept across Northern Europe in January 2005, resulted in ne
reinstatement premium.

Long-Term Incentive Plan

Effective in 2005, CRNA has established a long-term incentive plan for its senior employ
statutory surplus levels over a 5-year period, 2005 through 2009. Awards are payable to p

U.S. Securities and Exchange Commission trading investigation

In August 2004, CRNA received a request for voluntary production of documents and inf
As a result of that request, Converium understands that the Commission is conducting an
connection with transactions in Converium s securities by certain persons, including cert
earnings would fall short of expectations due to higher than modelled US casualty loss en
CRNA voluntarily responded to the SEC s requests and was advised in December 2005 t
Commission.

Investigation by the Swiss Federal Banking Commission

In November 2004, the Federal Banking Commission requested certain information in co
that its second quarter 2004 earnings would fall short of expectations due to higher than m
Converium fully complied with the respective request by providing all relevant informati
investigation on November 5, 2005.

Canada Life

On December 21, 2001, The Canada Life Assurance Company (Canada Life), brought
States District Court of the Southern District of New York. Canada Life alleged that Con
indemnify its full percentage of Canada Life s September 11th losses and by failing to p
agreements. Converium Germany is disputing this claim on the grounds that its liability u
federal courts concerning jurisdictional issues, which Canada Life lost, Canada Life agre
pursuant to an order by the arbitration panel, Converium Germany has obtained a letter o
arbitrators issue an award in favor of Canada Life. A two-week hearing was conducted in
Due to the uncertainties inherent in any proceeding of this nature, we are unable to evalua
resulting from this lawsuit.

Converium Germany has fully reserved this claim. However, arrangements entered into w
September 11th related losses provided to us by Zurich Financial Services in conjunction

Class Action Lawsuits

On January 21, 2005, *Bassin v. Converium Holding AG, et al.,* 04 CV 08295, a class actio
prejudice, by the plaintiff in that action.

Converium, among other defendants, removed *Rubin* to the Southern District of New Yor
into a stipulation, pursuant to which the motion to remand was withdrawn.

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Converium Holding AG and Subsidiaries
Notes to the consolidated financial statements (continued)

On July 14, 2005, the United States District Court for the Southern District of New York
Inc. lead plaintiffs for the *Meyer*, *Criden*, *Taylor*, *Jakob* and *Maxfield* actions (the Feder
Actions for all purposes. Plaintiff Rubin subsequently requested that the Court allow him
On September 23, 2005, the lead plaintiffs filed a consolidated amended class action com
Retirement System as an additional named plaintiff. The Complaint names as defendants
J. Hendrix, and Anton K. Schnyder; former officers Dirk Lohmann, Martin Kauer and Ri
International. The Complaint asserts claims for violations of Section 10(b) and Section 20
and alleges, among other things, that the Company misrepresented and omitted material i
September 2, 2004 because we did not establish adequate loss reserves to cover claims by
a result of the foregoing, our earnings and assets were materially overstated. The putative
Company s stock from December 11, 2001 through and including September 2, 2004. Pl
On December 23, 2005, the defendants moved to dismiss the Complaint, and plaintiffs fil
the timing and outcome of these matters are not currently predictable. An unfavorable ou

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Con
Report of In
On the Fina

To the Board of Directors of Converium Holding AG, Zug

Our audits of the consolidated financial statements referred to in our report dated March 4
included an audit of the financial statement schedules listed in part III Item 18(b) of this F
As discussed in Note 3 to the consolidated financial statements, the consolidated financia
In our opinion, these financial statement schedules present fairly, in all material respects,
statements.

PricewaterhouseCoopers Ltd

Andrew Hill Martin

Zurich,

March 4, 2005 except as to Notes 3, 14b and 28 to the consolidated financial statements a

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Summary of investments other than investments in related parties as of December 31, 2004 (Restated)

Fixed maturities:
Bonds held-to-maturity:
US government
Other government
Total fixed maturities held-to-maturity
Bonds available-for-sale:
US government
Other government
Public utilities
Other corporate debt securities
Unit trust
Mortgage and asset-backed securities
Total fixed maturities available for sale
Total fixed maturities
Equity securities:
Common stocks:
Public utilities
Banks, trusts, and insurance companies
Industrial, miscellaneous and all other
Unit trust
Non-redeemable preferred stocks
Total equity securities
Real estate
Policyholder, collateral and other loans
Other investments
Short-term investments
Total investments
Funds Withheld Asset
Total invested assets

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Converium Holding AG
Statements of (loss) income

($ millions)
Income
Net investment income
Other income
Total revenues
Expenses
Other operating and administration expenses
Interest expense
Total expenses
Income before taxes
Income tax benefit (expense)
Income before equity in income (loss) of subsidiaries
Equity in (loss) income of subsidiaries
Net (loss) income
See note to our 2004 consolidated financial statements. Note 3 provides information relat

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Converium Holding AG
Balance sheets

Assets
Invested assets
Investment in subsidiaries
Notes receivable
Short-term and other investments
Total invested assets
Other assets
Cash and cash equivalents
Other assets
Total assets
Liabilities and shareholders equity
Liabilities
Accrued expenses and other liabilities
Notes payable
Total liabilities
Shareholders equity
Common stock
Additional paid-in capital
Treasury stock
Unearned stock compensation
Total accumulated other comprehensive income
Retained (deficit) earnings
Total shareholders equity
Total liabilities and shareholders equity
See note to our 2004 consolidated financial statements. Note 3 provides information relat

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Converium Holding AG
Statements of cash flows

($ millions)
Cash flows from operating activities

Net income (loss) before equity in income (loss) of subsidiaries
Changes in other assets and liabilities
Cash provided by operating activities
Cash flows from investing activities
Issuance of note receivable
Investment in Converium AG
Net decrease (increase) in short-term investments
Net cash (used in) provided by investing activities
Cash flows from financing activities
Issuance of note payable
Net purchases of common shares
Dividends to shareholders
Proceeds from 2004 rights offering
2004 rights offering issuance costs
Net cash provided by (used in) financing activities
Effect of exchange rate changes in cash and cash equivalents
Change in cash and cash equivalents
Cash and cash equivalents, beginning of period
Cash and cash equivalents, end of period
See note to our 2004 consolidated financial statements. Note 3 provides information relat

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($ millions) Reinsurance	Gross Amount
Insurance premiums and other considerations:	
2004 (Restated)	$490.9
2003 (Restated)	$561.4
2002 (Restated)	$ 88.1

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GLOSS
INSURANCE A

Annuity	A contract th years, or a co the date the p
Cede; ceding insurer; cession	When an insu insurer .
Co-insurance	Also referred portion of the contract will several years
Combined ratio	The sum of th combined rat unprofitable u investment re expenses (i.e administratio
Facultative reinsurance	The reinsuran
Finite risk	Insurance and Typically, su the client at t traditional ins
Gross premiums written	Total premiu with an insig ceded.
Incurred but not yet reported (IBNR)reserves	Reserves for including futu reinsurer but
Lapse	Termination in-force statu
Loss	An insured ev covered, limi

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Loss expenses (LAE)	The expenses c administering t
Loss ratio	The ratio of a n
Loss reserves	Reserves estab payments for cl the future in re and that has be reserves.
National Association of Insurance Commissioners (NAIC)	An association consistency of
Net premiums written	Gross premium
Non-proportional reinsurance	Reinsurance un reinsurance .
Premiums earned	That portion of
Proportional reinsurance	Arrangement w liabilities for ea
Reinsurance	The practice wh ceding insurer legal rights of t the insurance c
Reserves	Liabilities estab the related expe reinsurance it h
Retention	The amount or ceding insurer insurance, the r an amount of lo

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Retrocessional Reinsurance	An arrangement under w reinsured by the first rein liability to the original ce
Survival Ratio	An industry measure of t based on that company s expense reserves by the a losses and loss expenses
Surrender	Many life insurance prod are reduced accordingly.
Tail	The period of time that e one where ultimate losse sometimes not known an
Treaty reinsurance	A type of reinsurance wh portion or category of sp
Underwriting	The process whereby an whether it will provide a
Underwriting results	The pre-tax profit or loss and loss expenses and op and ceded but excludes i
Unit trust	Unit trusts can be investe units, which fluctuate in has a variable number of

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The registrant hereby certifies that it meets all of the requirements for the filing on Form

CONVERIUM HOLDING AG

By: /s/ Inga K. Beale

Name: Inga K. Beale

Title: Chief Executive Officer, Converium Holding AG

By: /s/ Andreas Zdrenyk

Name: Andreas Zdrenyk

Title: Chief Financial Officer, Converium Holding AG

Date: February 28, 2006

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IND

Exhibit Number	Descr
1.1	Articles of Incorporation of Converium Holding AG, adopted Nove
1.2	Bylaws of Converium Holding AG, adopted November 16, 2001.*
1.3	Articles of Incorporation of Converium Holding AG, revised Octob
1.4	Bylaws of Converium Holding AG, revised April 11, 2005.\
2.1	Form of Deposit Agreement among Converium Holding AG, The B owners from time to time of ADSs issued thereunder (including the Statement on Form F-6 of Converium Holding AG (File No. 333-14
2.2	Indenture, dated as of October 20, 1993 between Zurich Reinsuranc relating to $200,000,000 principal amount of 7 1/8% Senior Notes d Inc. pursuant to the Supplement Indenture included as Exhibit 2.3 h
2.3	First Supplemental Indenture among Zurich Reinsurance Centre Ho as Guarantor, and The Bank of New York, as Trustee, dated as of N
2.4	Form of Indenture between Converium Finance, S.A., as Issuer, Co JPMorgan Chase Bank as Trustee, Calculation Agent and Paying A
2.5	Form of the $200,000,000 principal amount of 8.25% Guaranteed S
2.6	Subordinated Guarantee by Converium Holding AG and Converium Guaranteed Subordinated Notes Due 2032. ^
2.7	Indenture, dated December 23, 2002 between Converium Finance S Chase Bank, as trustee, relating to $200,000,000 principal amount o
4.1	Master Agreement by and among Zurich Financial Services and Co
4.2	Stock Purchase Agreement between Zurich Reinsurance Centre Sto Holdings, Inc. and Converium Holdings (North America) Inc., date
4.3	Agreement for the Sale and Transfer of Shares in Zürich Rückversic
4.4	Quota Share Retrocession Agreement between Zurich Insurance Co and Converium AG, dated October 1, 2001.*
4.5	Quota Share Retrocession Agreement between Zurich International effective as of July 1, 2001).*
4.6	Asset purchase and Assumption of Liability Agreement between Zu 2001.*
4.7	Indemnity Agreement (Unicover) between Zurich Reinsurance (Nor October 1, 2001.*
4.8	Indemnity Agreement (September 11th Cessions) between Zurich R dated as of October 1, 2001.*
4.9	Indemnity Agreement (September 11th Losses) between Zürich Rüc Company, dated as of October 1, 2001.*
4.10	Partial Commutation Agreement between Zurich Reinsurance (Nort October 1, 2001.*
4.11	Master Novation and Indemnity Reinsurance Agreement among Zu Company, Centre Solutions (U.S.) Limited and Zurich Insurance Co
4.12	Group Reinsurance Business Master Novation and Indemnity Reins America), Inc., Zurich Insurance Company and Zurich International
4.13	Commutation Agreement (covering the Aggregate Excess of Loss R December 31, 1993) between Zurich Reinsurance (North America), 2001.*
4.14	

Commutation Agreement (covering the Aggregate Excess of Loss R
December 31, 1994) between Zurich Reinsurance (North America),

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Exhibit Number	Descr
	as of October 1, 2001.*
4.15	Commutation Agreement (covering the Aggregate Excess of Loss R Reinsurance (North America), Inc. and Centre Reinsurance Limited
4.16	Commutation Agreement (covering the Obligatory Surplus Share R Reinsurance (North America), Inc. and Centre Reinsurance Limited
4.17	Commutation Agreement (covering the Obligatory Surplus Share R Zurich Reinsurance (North America), Inc. and Centre Reinsurance I
4.18	Agreement Amending and Terminating Centre Reinsurance Dublin Delaware Holdings Limited, Orange Stone Reinsurance, Centre Rei Limited, Zurich Reinsurance Centre Holdings, Inc., Zurich Reinsura Insurance Company, Centre Risk Advisors, Inc., Constellation Rein LLC, formerly known as BDA/US Services Limited, ZC Managem Inc. and Claims Solutions Group, dated October 1, 2001.*
4.19	Catastrophe Cover Retrocession Agreement by and between Conver 2001.*
4.20	Stock Purchase Agreement between Zurich Reinsurance (North Am dated August 23, 2001.*
4.21	Run-off Services and Management Agreement between Zurich Insu
4.22	Tax Sharing and Indemnification Agreement among Zurich Reinsur Limited, Converium Holdings (North America) Inc., Zurich Reinsu as of October 1, 2001. *
4.23	Tax Sharing and Indemnification Agreement between Zurich Finan and Converium AG dated December 3, 2001. *
4.24	Form of Converium Standard Stock Option Plan for Non-US Emplo
4.25	Form of Converium Standard Stock Purchase Plan for Non-US Emp
4.26	Omnibus Share Plan for US Employees. *
4.27	Converium Employee Stock Purchase Plan for US Subsidiaries.*
4.28	Form of Converium Annual Incentive Deferral Plan.*
4.29	Lease, between Zurich Insurance Company and Converium AG, dat
4.30	Sublease Support Agreement among Zurich Reinsurance (North An Company, dated as of October 1, 2001.*
4.31	Sublease between ZC Resource LLC and Zurich Reinsurance (Nort
4.32	Form of Letter Agreement between Converium Holding AG and Th incorporated by reference from the Registration Statement on Form filed with the Commission on November 19, 2001.*
4.33	Agreement dated September 2, 2002, between Converium AG and N shares at £1 each. ^
4.34	Share Purchase Agreement dated November 27, 2002, between Con and Royal and Sun Alliance regarding Global Aerospace Underwrit
4.35	Shareholder s Agreement dated March 12, 2003, between Converiu Royal and Sun Alliance regarding Global Aerospace Underwriting I
4.36	Sale and Purchase Agreement and Assignment between Converium $150 million loan granted to Converium Holding AG. ^
4.37	Amendment to Share Purchase Agreement dated November 27, 200 Munich Re, Aviva and Royal Sun Alliance regarding Global Aeros
4.38	

	Agreement dated December 30, 2003, for the sale and purchase of 5 Global Aerospace Underwriting Managers Limited (GAUM). #
4.39	Agreement dated July 24, 2003 $900,000,000 Credit Facility for Co Capital and Commerzbank Aktiengesellschaft. #
4.40	Agreement dated November 29, 2004, USD 1,600,000,000 Credit F Barclay s Capital, BNP Paribas, Commerzbank Aktiengesellschaft,
4.41	Deed of Pledge, dated December 15, 2004, Converium Rückversich Global Securities Services as the Account Bank and ABN Amro Ba
4.42	Deed of Pledge, dated December 15, 2004, Converium AG, Zürich, ABN Amro Mello Global Securities Services as the Account Bank.
4.43	Guarantee, dated October 21, 2004 between Converium AG, Zürich

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Exhibit Number	
4.44	Guarantee, dated October 21, 2004 between Converium (Deutschland) AG.\
4.45	Fronting and Administration Agreement relating to the C Aerospace Underwriting Managers Limited, Global Aer in München, National Indemnity Company and Converi
7.1	Computation of ratio of earnings to fixed charges.
8.1	Subsidiaries of the Registrant.\
12.1	302 Certification of Chief Executive Officer.
12.2	302 Certification of Chief Financial Officer.
13.1	906 Certification of Chief Executive Officer.
13.2	906 Certification of Chief Financial Officer.
14.1	Consent of PricewaterhouseCoopers Ltd, independent g

*	Incorporated by reference to the Company s Registration Statement filed on Forn
+	Incorporated by reference to the Company s Registration Statement filed on Forn
^	Incorporated by reference to the Company s Annual Report on Form 20-F for the 2003.
#	Incorporated by reference to the Company s Annual Report on Form 20-F for the 2004.
\	Incorporated by reference to the Company s Annual Report on Form 20-F for the 2005.