

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2020

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Transition Period from _____ to _____
Commission File No. 1-11778

CHUBB LIMITED

(Exact name of registrant as specified in its charter)

Switzerland

(State or other jurisdiction of incorporation or organization)

98-0091805

(I.R.S. Employer Identification No.)

Baengasse 32

Zurich, Switzerland CH-8001

(Address of principal executive offices) (Zip Code)

+41 (0)43 456 76 00

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares, par value CHF 24.15 per share	CB	New York Stock Exchange
Guarantee of Chubb INA Holdings Inc. 0.30% Senior Notes due 2024	CB/24A	New York Stock Exchange
Guarantee of Chubb INA Holdings Inc. 0.875% Senior Notes due 2027	CB/27	New York Stock Exchange
Guarantee of Chubb INA Holdings Inc. 1.55% Senior Notes due 2028	CB/28	New York Stock Exchange
Guarantee of Chubb INA Holdings Inc. 0.875% Senior Notes due 2029	CB/29A	New York Stock Exchange
Guarantee of Chubb INA Holdings Inc. 1.40% Senior Notes due 2031	CB/31	New York Stock Exchange
Guarantee of Chubb INA Holdings Inc. 2.50% Senior Notes due 2038	CB/38A	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of voting stock held by non-affiliates as of June 30, 2020 (the last business day of the registrant's most recently completed second fiscal quarter), was approximately \$57 billion. For the purposes of this computation, shares held by directors and officers of the registrant have been excluded. Such exclusion is not intended, nor shall it be deemed, to be an admission that such persons are affiliates of the registrant.

As of February 11, 2021, there were 450,224,906 Common Shares par value CHF 24.15 of the registrant outstanding.

Documents Incorporated by Reference

Certain portions of the registrant's definitive proxy statement relating to its 2021 Annual General Meeting of Shareholders are incorporated by reference into Part III of this report.

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PART I

ITEM 1. Business

General

Chubb Limited is the Swiss-incorporated holding company of the Chubb Group of Companies. Chubb Limited, which is headquartered in Zurich, Switzerland, and its direct and indirect subsidiaries (collectively, the Chubb Group of Companies, Chubb, we, us, or our) are a global insurance and reinsurance organization, serving the needs of a diverse group of clients worldwide. At December 31, 2020, we had total assets of \$191 billion and shareholders' equity of \$59 billion. Chubb was incorporated in 1985 at which time it opened its first business office in Bermuda and continues to maintain operations in Bermuda. We have grown our business through increased premium volume, expansion of product offerings and geographic reach, and the acquisition of other companies to become a global property and casualty (P&C) leader.

During 2020, we completed the purchase of an additional 16.2 percent ownership interest in Huatai Insurance Group Co., Ltd. (Huatai Group) bringing our aggregate ownership interest from 30.9 percent to 47.1 percent as of December 31, 2020. On December 30, 2019, we acquired Banchile Seguros de Vida, an insurance company providing both life and property and casualty coverages in Chile. The results of Huatai Group and Banchile Seguros de Vida are included in the Overseas General Insurance and Life Insurance segments as appropriate, determined by the type of policy written. Refer to Note 2 to the Consolidated Financial Statements for additional information.

With operations in 54 countries and territories, Chubb provides commercial and personal property and casualty insurance, personal accident and supplemental health insurance (A&H), reinsurance, and life insurance to a diverse group of clients. We provide commercial insurance products and service offerings such as risk management programs, loss control, and engineering and complex claims management. We provide specialized insurance products ranging from Directors & Officers (D&O) and professional liability to various specialty-casualty and umbrella and excess casualty lines to niche areas such as aviation and energy. We also offer personal lines insurance coverage including homeowners, automobile, valuables, umbrella liability, and recreational marine products. In addition, we supply personal accident, supplemental health, and life insurance to individuals in select countries.

We serve multinational corporations, mid-size and small businesses with property and casualty insurance and risk engineering services; affluent and high net worth individuals with substantial assets to protect; individuals purchasing life, personal accident, supplemental health, homeowners, automobile, and specialty personal insurance coverage; companies and affinity groups providing or offering accident and health insurance programs and life insurance to their employees or members; and insurers managing exposures with reinsurance coverage.

We make available free of charge through our website (investors.chubb.com, under Financials) our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports, if any, filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after they have been electronically filed with or furnished to the U.S. Securities and Exchange Commission (SEC). Also available through our website (under Investor Relations / Corporate Governance) are our Corporate Governance Guidelines, Code of Conduct, and Charters for the Committees of the Board of Directors (the Board). Printed documents are available by contacting our Investor Relations Department (Telephone: +1 (212) 827-4445, E-mail: investorrelations@chubb.com).

We also use our website as a means of disclosing material, non-public information and for complying with our disclosure obligations under SEC Regulation FD (Fair Disclosure). Accordingly, investors should monitor the Investor Relations portion of our website, in addition to following our press releases, SEC filings, and public conference calls and webcasts. The information contained on, or that may be accessed through, our website is not incorporated by reference into, and is not a part of, this report. The SEC maintains an Internet site (www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file with the SEC.

Customers

For most commercial and personal lines of business we offer, insureds typically use the services of an insurance broker or agent. An insurance broker acts as an agent for the insureds, offering advice on the types and amount of insurance to purchase, and assists in the negotiation of price and terms and conditions. We obtain business from the local and major international insurance brokers and typically pay a commission to brokers for any business accepted and bound. Loss of all or a substantial portion of the business provided by one or more of these brokers could have a material adverse effect on our business. In our

opinion, no material part of our business is dependent upon a single insured or group of insureds. We do not believe that the loss of any one insured would have a material adverse effect on our financial condition or results of operations, and no one insured or group of affiliated insureds account for as much as 10 percent of our total revenues.

Competition

Competition in the insurance and reinsurance marketplace is substantial. We compete on an international and regional basis with major U.S., Bermuda, European, and other international insurers and reinsurers and with underwriting syndicates, some of which have greater financial, technological, marketing, distribution and management resources than we do. In addition, capital market participants have created alternative products that are intended to compete with reinsurance products. We also compete with new companies and existing companies that move into the insurance and reinsurance markets. Competitors include other stock companies, mutual companies, alternative risk sharing groups (such as group captives and catastrophe pools), and other underwriting organizations. Competitors sell through various distribution channels and business models, across a broad array of product lines, and with a high level of variation regarding geographic, marketing, and customer segmentation. We compete for business not only on the basis of price but also on the basis of availability of coverage desired by customers and quality of service.

The insurance industry is changing rapidly. Our ability to compete is dependent on a number of factors, particularly our ability to maintain the appropriate financial strength ratings as assigned by independent rating agencies and effectively utilize new technology in our business. Our broad market capabilities in personal, commercial, specialty, and A&H lines made available by our underwriting expertise, business infrastructure, and global presence, help define our competitive advantage. Our strong balance sheet is attractive to businesses, and our strong capital position and global platform affords us opportunities for growth not available to smaller, less diversified insurance companies. Refer to “Segment Information” for competitive environment by segment.

Trademarks and Trade Names

Various trademarks and trade names we use protect names of certain products and services we offer and are important to the extent they provide goodwill and name recognition in the insurance industry. We use commercially reasonable efforts to protect these proprietary rights, including various trade secret and trademark laws. We intend to retain material trademark rights in perpetuity, so long as it satisfies the use and registration requirements of applicable countries. One or more of the trademarks and trade names could be material to our ability to sell our products and services. We have taken appropriate steps to protect our ownership of key names, and we believe it is unlikely that anyone would be able to prevent us from using names in places or circumstances material to our operations.

Human Capital Management

Our employees are critical to our mission to protect the present and build a better future, by providing our customers with the security from risk that allows people and businesses to grow and prosper. To accomplish this mission, we seek to attract and retain the very best insurance professionals and to provide an inclusive and supportive culture that allows all of our employees to reach their full potential as we deliver insurance solutions and claims service for individuals, families and businesses of all sizes. Our highly collaborative, inclusive approach helps us drive better business outcomes. We track and report internally on key talent metrics including employee demographics, critical role succession planning, diversity data, and employee retention and engagement. This information is regularly reported to senior management as well as the Chubb Board of Directors. At December 31, 2020, we employed approximately 31,000 people in 54 countries and territories around the world, including 53 percent in North America, 12 percent in Europe, Eurasia and Africa, 19 percent in Asia, and 16 percent in Latin America. We believe that employee relations are good.

Diversity and inclusion

Diversity and inclusion are integral to Chubb’s culture. We recognize our responsibility to provide opportunity within our own organization, where we aim to foster a diverse and inclusive meritocracy. Our extensive efforts in this area include mentorships, affinity groups, diversity awareness training, and education, open dialogue on race and racism, management development programs, and considering a diverse pool of candidates in recruiting and promotion.

Examples of initiatives include Business Roundtables (our employee affinity groups) and Regional Inclusion Councils, which promote dynamic networking across the business and engage hundreds of employees in constructive dialogue. These circles of support focus on employee onboarding, development and retention and help us build stronger relationships with, and gain deeper insights into, our varied customer and distribution partner communities. Other programs include Chubb Start, which supports the continuous professional development of women who are early in their careers, and Chubb Signatures, a global and regional lecture series for successful senior women, diverse men and inclusion champions to share their unique backgrounds,

experiences and hard-earned lessons in business. In addition, we remain attuned to demographic shifts within our workforce and society to evaluate and update employee policies, procedures and systems that reflect this commitment. We depend on our culture of leadership accountability to continue progress in diversity and inclusion at Chubb.

Attraction, Development, and Retention

The foundation to Chubb's long-term success is our disciplined approach to attracting, developing and retaining the next generation of insurance professional and leaders. We strive to be an inclusive meritocracy, where all employees regardless of race, gender or background can thrive. Learning and professional development are central to the Chubb culture, and we are committed to providing opportunities to evolve professionally. Our talent development efforts are for all employee levels and we expect our employees to own and drive their development by availing themselves of the structured and unstructured learning we offer, including on-the-job training, through personal interaction and involvement, or via online and classroom learning. Chubb has made substantial investments for a robust technical and leadership development environment and, where appropriate, fills open positions with internal sourcing of talent.

Compensation and Benefits

Chubb is committed to delivering competitive compensation and benefits to its employees worldwide as a means to attract and retain a highly qualified, experienced, talented and motivated workforce. We vary and adjust our offerings to support the human resources requirements of our business in markets around the world in which we operate. Additionally, we structure our compensation programs for leaders to include a mix of short- and long-term awards, with a focus on linking pay to Chubb's performance and the enhancement of shareholder value over the medium- and long-term.

Segment Information

Chubb operates through six business segments: North America Commercial P&C Insurance, North America Personal P&C Insurance, North America Agricultural Insurance, Overseas General Insurance, Global Reinsurance, and Life Insurance. In 2020, consolidated net premiums earned was \$33.1 billion. Additional financial information about our segments, including net premiums earned by geographic region, is included in Note 15 to the Consolidated Financial Statements.

North America Commercial P&C Insurance (42 percent of 2020 Consolidated NPE)

Overview

The North America Commercial P&C Insurance segment comprises operations that provide P&C insurance and services to large, middle market, and small commercial businesses in the U.S., Canada, and Bermuda. This segment includes:

- Major Accounts, the retail division focused on large institutional organizations and corporate companies
- Commercial Insurance, which includes the retail division focused on middle market customers and small businesses
- Westchester and Chubb Bermuda, our wholesale and specialty divisions

Products and Distribution

Major Accounts provides a broad array of commercial lines of products and services, including traditional and specialty P&C, and risk management, as well as consumer A&H products to large U.S. and Canadian-based institutional organizations and corporate companies. Major Accounts distributes its insurance products primarily through a limited number of retail brokers. In addition to using brokers, certain products are also distributed through general agents, independent agents, managing general agents (MGA), managing general underwriters, alliances, affinity groups, and direct marketing operations. Products and services offered include property, professional liability, cyber risk, excess casualty, workers' compensation, general liability, automobile liability, commercial marine, surety, environmental, construction, medical risk, inland marine, A&H coverages, as well as claims and risk management products and services.

The Major Accounts operations, which represented approximately 41 percent of North America Commercial P&C Insurance's net premiums earned in 2020, are organized into the following distinct business units, each offering specialized products and services targeted at specific markets:

- Chubb Global Casualty offers a range of customized risk management primary casualty products designed to help large insureds, including national accounts, and managing risk for workers' compensation, general liability and automobile liability coverages as well as offering casualty insurance solutions for commercial real estate. Chubb Global Casualty also provides products which insure specific global operating risks of U.S.-based multinational companies and include deductible programs, captive programs, and paid or incurred loss retrospective plans. Within Chubb Global Casualty, Chubb Alternative Risk Solutions Group underwrites contractual indemnification policies which provides prospective coverage for

loss events within the insured's policy retention levels and underwrites assumed loss portfolio transfer (LPT) contracts in which insured loss events have occurred prior to the inception of the contract.

- Property provides products and services including primary, quota share and excess all-risk insurance, risk management programs and services, commercial, inland marine, and aerospace products.
- Casualty Risk provides coverages including umbrella and excess liability, environmental risk, casualty programs for commercial construction related projects for companies and institutions, and medical risk specialty liability products for the healthcare industry.
- Surety offers a wide variety of surety products and specializes in underwriting both commercial and contract bonds and has the capacity for bond issuance on an international basis.
- Accident & Health (A&H) products include employee benefit plans, occupational accident, student accident, and worldwide travel accident and global medical programs. With respect to products that include supplemental medical and hospital indemnity coverages, we typically pay fixed amounts for claims and are therefore insulated from rising healthcare costs. A&H also provides specialty personal lines products, including credit card enhancement programs (identity theft, rental car collision damage waiver, trip travel, and purchase protection benefits) distributed through affinity groups.
- Financial Lines provides management liability and professional liability (D&O and E&O), transactional risk and cyber risk products to public companies as well as to private and not for profit organizations.
- ESIS Inc. (ESIS) is an in-house third-party claims administrator that performs claims management and risk control services for domestic and international organizations as well as for the North America Commercial P&C Insurance segment. ESIS services include comprehensive medical managed care; integrated disability services; pre-loss control and risk management; health, safety and environmental consulting; salvage and subrogation; and healthcare recovery services. The net results for ESIS are included in North America Commercial P&C Insurance's administrative expenses.

The Commercial Insurance operations, which include Small Commercial, represented approximately 40 percent of North America Commercial P&C Insurance's net premiums earned in 2020. Commercial Insurance provides a broad range of P&C, financial lines, and A&H products targeted to U.S. and Canadian-based middle market customers in a variety of industries, while the Small Commercial operations provide a broad range of property and casualty, workers' compensation, small commercial management and professional liability for small businesses based in the U.S.

- Commercial Insurance products and services offered include traditional property and casualty lines of business, including Package, which combines property and general liability, workers' compensation, automobile, umbrella; financial lines of business, including professional liability, management liability and cyber risk coverage; and other lines including environmental, A&H, and international coverages. Commercial Insurance distributes its insurance products through a North American network of independent retail agents, and regional, multinational and digital brokers. Generally, our customers purchase insurance through a single retail agent or broker, do not employ a risk management department, and do not retain significant risk through self-insured retentions. The majority of our customers purchase a Package product or a portfolio of products, which is a collection of insurance offerings designed to cover various needs.
- Small Commercial Insurance products and services offered include property and casualty lines of business, including a business owner policy which contains property and general liability; financial lines, including professional liability, management liability, cyber risk; and other lines including workers' compensation, automobile liability, and international coverages. Products are generally offered through a North American network of independent agents and brokers, as well as eTraditional, which are digital platforms where we electronically quote, bind, and issue for agents and brokers. An example of this is the Chubb Marketplace.

Wholesale and Specialty, which represented approximately 19 percent of North America Commercial P&C Insurance's net premiums earned in 2020, comprises Westchester and Chubb Bermuda.

- Westchester serves the market for business risks that tend to be hard to place or not easily covered by traditional policies due to unique or complex exposures and provides specialty products for property, casualty, environmental, professional liability, inland marine, product recall, small business, binding and program coverages in the U.S., Canada, and Bermuda. Products are offered through the wholesale distribution channel.
- Chubb Bermuda provides commercial insurance products on an excess basis including excess liability, D&O, professional liability, property, and political risk, the latter being written by Sovereign Risk Insurance Ltd., a wholly-owned managing agent. Chubb Bermuda focuses on Fortune 1000 companies and targets risks that are generally low in frequency and high

in severity. Products are offered primarily through the Bermuda offices of major, internationally recognized insurance brokers.

Competitive Environment

Major Accounts competes against a number of large, global carriers as well as regional competitors and other entities offering risk alternatives such as self-insured retentions and captive programs. The markets in which we compete are subject to significant cycles of fluctuating capacity and wide disparities in price adequacy. We pursue a specialist strategy and focus on market opportunities where we can compete effectively based on service levels and product design, while still achieving an adequate level of profitability. We also achieve a competitive advantage through Major Accounts' innovative product offerings and our ability to provide multiple products to a single client due to our nationwide local presence. In addition, all our domestic commercial units are able to deliver global products and coverage to customers in concert with our Overseas General Insurance segment.

The Commercial Insurance operations compete against numerous insurance companies ranging from large national carriers to small and mid-size insurers who provide specialty coverages and standard P&C products. Recent competitive developments include the growth of new digital-based distribution models.

Westchester competes against a number of large, national carriers as well as regional competitors and other entities offering risk alternatives such as self-insured retentions and captive programs. Chubb Bermuda competes against international commercial carriers writing business on an excess of loss basis.

North America Personal P&C Insurance (15 percent of 2020 Consolidated NPE)

Overview

The North America Personal P&C Insurance segment includes the business written by Chubb Personal Risk Services division, which includes high net worth personal lines business, with operations in the U.S. and Canada. This segment provides affluent and high net worth individuals and families with homeowners, automobile and collector cars, valuable articles (including fine arts), personal and excess liability, travel insurance, and recreational marine insurance and services. Our homeowners business, including valuable articles, represented 68 percent of North America Personal P&C Insurance's net premiums earned in 2020.

Products and Distribution

Chubb Personal Risk Services offers comprehensive personal insurance products and services to meet the evolving needs of high net worth families and individuals. Our seamless customer experience and superior coverage protect not only our clients' most valuable possessions, but also their standard of living. Our target customers consist of high net worth consumers with insurance needs that typically extend beyond what mass market carriers can offer. These coverages are offered solely through independent regional agents and brokers.

Competitive Environment

Chubb Personal Risk Services competes against insurance companies of varying sizes that sell personal lines products through various distribution channels, including retail agents as well as online distribution channels. We achieve a competitive advantage through our ability to address the specific needs of high net worth families and individuals, to provide superior service to our customers, and to develop and deploy digital production and processes.

North America Agricultural Insurance (6 percent of 2020 Consolidated NPE)

Overview

The North America Agricultural Insurance segment comprises our U.S. and Canadian-based businesses that provide a variety of coverages including crop insurance, primarily Multiple Peril Crop Insurance (MPCI) and crop-hail insurance through Rain and Hail Insurance Service, Inc. (Rain and Hail) as well as farm and ranch and specialty P&C commercial insurance products and services through our Chubb Agribusiness unit.

Products and Distribution

Rain and Hail provides comprehensive MPCl and crop-hail insurance coverages.

- MPCl is federally subsidized crop protection from numerous causes of loss, including drought, excessive moisture, freeze, disease and more. The MPCl program is offered in conjunction with the U.S. Department of Agriculture. MPCl products include revenue protection (defined as providing both commodity price and yield coverages), yield protection, margin protection, prevented planting coverage and replant coverage. For additional information on our MPCl program, refer to "Crop Insurance" under Item 7.
- Crop-Hail coverage provides crop protection from damage caused by hail and/or fire, with options in some markets for other perils such as wind or theft. Coverage is provided on an acre-by-acre basis and is available in the U.S. and in some parts of Canada. Crop-Hail can be used in conjunction with MPCl or other comprehensive coverages to offset the deductible and provide protection up to the actual cash value of the crop.

Chubb Agribusiness comprises Commercial Agribusiness and Farm and Ranch Agribusiness.

- Commercial Agribusiness offers specialty P&C coverages for commercial companies that manufacture, process and distribute agricultural products. Commercial products and services include property, general liability for premises/operations and product liability, commercial automobile, workers' compensation, employment practices liability coverage, built-in coverage for premises pollution, cyber and information security, and product withdrawal.
- Farm and Ranch Agribusiness offers an extensive line of coverages for farming operations from Hobby/Gentleman farms to complex corporate farms and equine services including personal use, boarding, and training. Coverages include farm and ranch structures, machinery and other equipment, automobile and other vehicle coverages, and livestock.

Competitive Environment

Rain and Hail primarily operates in a federally regulated program where all approved providers offer the same product forms and rates through independent and/or captive agents. We seek a competitive advantage through our ability to provide superior service to our customers, including the development of digital solutions. Chubb Agribusiness competes against both national and regional competitors offering specialty P&C insurance coverages to companies that manufacture, process, and distribute agricultural products.

Overseas General Insurance (28 percent of 2020 Consolidated NPE)

Overview

The Overseas General Insurance segment comprises Chubb International and Chubb Global Markets (CGM). CGM, our London-based international specialty and excess and surplus lines business, includes Lloyd's of London (Lloyd's) Syndicate 2488, a wholly-owned Chubb syndicate supported by funds at Lloyd's provided by Chubb Corporate Members. Syndicate 2488 has an underwriting capacity of £550 million for the Lloyd's 2021 account year. The syndicate is managed by Chubb's Lloyd's managing agency, Chubb Underwriting Agencies Limited.

Products and Distribution

Chubb International maintains a presence in every major insurance market in the world and is organized geographically along product lines as follows: Europe, Asia Pacific and Far East, Eurasia and Africa, and Latin America. Products offered include commercial P&C lines, including specialty coverages and services, and consumer lines, including A&H and personal lines insurance products. Chubb International's P&C business is generally written, on both a direct and assumed basis, through major international, regional, and local brokers and agents. Certain branded products are also offered via digital-commerce platforms, allowing agents and brokers to quote, bind, and issue policies at their convenience. Property insurance products include traditional commercial fire coverage, as well as energy industry-related, marine, construction, and other technical coverages. Principal casualty products are commercial primary and excess casualty, environmental, and general liability. A&H and other consumer lines products are distributed through brokers, agents, direct marketing programs, including thousands of telemarketers, and sponsor relationships. The A&H operations primarily offer personal accident and supplemental medical coverages including accidental death, business/holiday travel, specified disease, disability, medical and hospital indemnity, and income protection. We are not in the primary healthcare business. With respect to our supplemental medical and hospital indemnity products, we typically pay fixed amounts for claims and are therefore largely insulated from the direct impact of rising healthcare costs. Chubb International specialty coverages include D&O, professional indemnity, cyber, surety, aviation, political risk, and specialty personal lines products. Chubb International personal lines operations provide a wide range of consumer lines

products to meet the needs of specific target markets around the world. Products include high net worth homes, traditional homeowners, automobile, and specialty products that cover smart phones, spectacles and personal cyber risk.

Chubb International's presence in China also includes its 47.1 percent ownership interest in Huatai Group. Huatai Group wholly owns Huatai Property & Casualty Insurance Co., Ltd. (Huatai P&C). Therefore, Chubb owns an approximately 47.1 percent indirect ownership interest in Huatai P&C, which provides a range of commercial and personal P&C products in China, including property, professional liability, product liability, employer liability, business interruption, marine cargo, personal accident and specialty risk. These products are marketed through a variety of distribution channels including over 200 licensed sales locations in 28 Chinese provinces. Chubb is in the process of increasing its ownership interest in Huatai Group.

CGM offers products through its parallel distribution network via two legal entities, Chubb European Group SE (CEG) and Chubb Underwriting Agencies Limited, managing agent of Syndicate 2488. CGM uses the Syndicate to underwrite P&C business on a global basis through Lloyd's worldwide licenses. CGM uses CEG to underwrite similar classes of business through its network of U.K. and European licenses, and in the U.S. where it is eligible to write excess and surplus lines business. Factors influencing the decision to place business with the Syndicate or CEG include licensing eligibilities, capitalization requirements, and client/broker preference. All business underwritten by CGM is accessed through registered brokers. The main lines of business include aviation, property, energy, professional lines, marine, financial lines, and political risk.

Competitive Environment

Chubb International's primary competitors include U.S.-based companies with global operations, as well as non-U.S. global carriers and indigenous companies in regional and local markets. For the A&H lines of business, locally based competitors also include financial institutions and bank owned insurance subsidiaries. Our international operations have the distinct advantage of being part of one of the few international insurance groups with a global network of licensed companies able to write policies on a locally admitted basis. The principal competitive factors that affect the international operations are underwriting expertise and pricing, relative operating efficiency, product differentiation, producer relations, and the quality of policyholder services. A competitive strength of our international operations is our global network and breadth of insurance programs, which assist individuals and business organizations to meet their risk management objectives, while also having a significant presence in all of the countries in which we operate, giving us the advantage of accessing local technical expertise and regulatory environments, understanding local markets and culture, accomplishing a spread of risk, and offering a global network to service multinational accounts.

CGM is one of the preeminent international specialty insurers in London and is an established lead underwriter on a significant portion of the risks it underwrites for all lines of business. All lines of business face competition, depending on the business class, from Lloyd's syndicates, the London market, and other major international insurers and reinsurers. Competition for international risks is also seen from domestic insurers in the country of origin of the insured. CGM differentiates itself from competitors through long standing experience in its product lines, its multiple insurance entities (Syndicate 2488 and CEG), and the quality of its underwriting and claims service.

Global Reinsurance (2 percent of 2020 Consolidated NPE)

Overview

The Global Reinsurance segment represents Chubb's reinsurance operations comprising Chubb Tempest Re Bermuda, Chubb Tempest Re USA, Chubb Tempest Re International, and Chubb Tempest Re Canada. Global Reinsurance markets reinsurance products worldwide under the Chubb Tempest Re brand name and provides solutions for small to mid-sized clients and multinational ceding companies. Global Re offers a broad array of traditional and non-traditional (e.g., loss portfolio transfer) property and casualty products.

Products and Distribution

Global Reinsurance services clients globally through its major units. Major international brokers submit business to one or more of these units' underwriting teams who have built strong relationships with both key brokers and clients by providing a responsive, client-focused approach to risk assessment and pricing. Global Reinsurance's diversified portfolio is produced through reinsurance intermediaries.

Chubb Tempest Re Bermuda principally provides property catastrophe reinsurance to insurers of commercial and personal property. Property catastrophe reinsurance is on an occurrence or aggregate basis and protects a ceding company against an accumulation of losses covered by its issued insurance policies, arising from a common event or occurrence. Chubb Tempest Re Bermuda underwrites reinsurance principally on an excess of loss basis, meaning that its exposure only arises after the ceding

company's accumulated losses have exceeded the attachment point of the reinsurance policy. Chubb Tempest Re Bermuda also writes other types of reinsurance on a limited basis for selected clients.

Chubb Tempest Re USA writes all lines of traditional and specialty P&C reinsurance for the North American market, principally on a treaty basis, with a focus on writing property and casualty reinsurance. Chubb Tempest Re USA underwrites reinsurance on both a proportional and excess of loss basis.

Chubb Tempest Re International provides traditional and specialty P&C reinsurance to insurance companies worldwide, with emphasis on non-U.S. and non-Canadian risks. Chubb Tempest Re International writes all lines of traditional and specialty reinsurance including property, property catastrophe, casualty, marine, and specialty through our London- and Zurich-based offices. Chubb Tempest Re International underwrites reinsurance on both a proportional and excess of loss basis.

Chubb Tempest Re Canada offers a full array of traditional and specialty P&C, and reinsurance to the Canadian market, including casualty, property, property catastrophe, surety, and crop hail. Chubb Tempest Re Canada provides coverage through its Canadian company platform. Chubb Tempest Re Canada underwrites reinsurance on both a proportional and excess of loss basis.

Competitive Environment

The Global Reinsurance segment competes worldwide with major U.S. and non-U.S. reinsurers as well as reinsurance departments of numerous multi-line insurance organizations. In addition, capital markets participants have developed alternative capital sources intended to compete with traditional reinsurance. Additionally, government sponsored or backed catastrophe funds can affect demand for reinsurance. Global Reinsurance is typically involved in the negotiation and quotation of the terms and conditions of the majority of the contracts in which it participates. Global Reinsurance competes effectively in P&C markets worldwide because of Chubb's strong capital position, analytical capabilities, experienced underwriting team and quality customer service. The key competitors in our markets vary by geographic region and product line. An advantage of our international platform is that we can change our mix of business in response to changes in competitive conditions in the territories in which we operate. Our geographic reach is also sought by multinational ceding companies since our offices, except for Bermuda, provide local reinsurance license capabilities which benefit our clients in dealing with country regulators.

Life Insurance (7 percent of 2020 Consolidated NPE)

Overview

The Life Insurance segment comprises Chubb's international life operations (Chubb Life), Chubb Tempest Life Re (Chubb Life Re), and the North American supplemental A&H and life business of Combined Insurance.

Products and Distribution

Chubb Life provides individual life and group benefit insurance primarily in Asia, including Hong Kong, Indonesia, South Korea, Taiwan, Thailand, Vietnam, and Myanmar; throughout Latin America; selectively in Europe; Egypt; and in China through our direct and indirect investments in Huatai Group and Huatai Life Insurance Co., Ltd. (Huatai Life). Chubb Life offers a broad portfolio of protection and savings products including whole life, endowment plans, individual term life, group term life, medical and health, personal accident, credit life, universal life, Group Employee benefits, unit linked contracts, and credit protection insurance for automobile, motorcycle and home loans. The policies written by Chubb Life generally provide funds to beneficiaries of insureds after death and/or protection and/or savings benefits while the contract owner is living. Chubb Life sells to consumers through a variety of distribution channels including captive and independent agencies, bancassurance, worksite marketing, retailers, brokers, telemarketing, mobilassurance, and direct to consumer marketing. We continue to expand Chubb Life with a focus on opportunities in developing markets that we believe will result in strong and sustainable operating profits as well as a favorable return on capital commitments over time. Our dedicated captive agency distribution channel, whereby agents sell Chubb Life products exclusively, enables us to maintain direct contact with the individual consumer, promote quality sales practices, and exercise greater control over the future of the business. We have developed a substantial sales force of agents principally located in our Asia-Pacific countries. As of December 31, 2020, Chubb had a 57.5 percent direct and indirect ownership interest in Huatai Life, comprising a 20 percent direct ownership interest as well as a 37.5 percent indirect ownership interest through Huatai Group, the parent company of Huatai Life. Huatai Life commenced operations in 2005 and has since grown to become one of the larger life insurance foreign joint ventures in China. Huatai Life offers a broad portfolio of insurance products including whole life, universal life, medical and health, personal accident and disability. These products are marketed through a variety of distribution channels including approximately 454 licensed sales locations in 20 Chinese provinces. Chubb is in the process of increasing its ownership interest in Huatai Group. We also have an indirect investment in Huatai Asset Management, a third-party investment management firm, through our direct ownership in Huatai Group.

Chubb Life Re's core business is a Bermuda-based operation which provides reinsurance to primary life insurers, focusing on guarantees included in certain variable annuity products and also on more traditional mortality reinsurance protection. Chubb Life Re's U.S.-based traditional life reinsurance operation was discontinued for new business in January 2010. Since 2007, Chubb Life Re has not quoted on new opportunities in the variable annuity reinsurance marketplace and our focus has been on managing the current portfolio of risk, both in the aggregate and on a contract basis. This business is managed with a long-term perspective and short-term net income volatility is expected.

Combined Insurance distributes specialty supplemental A&H and life insurance products targeted to middle income consumers and businesses in the U.S. and Canada. Combined Insurance's substantial North American sales force distributes a wide range of supplemental accident and sickness insurance products, including personal accident, short-term disability, critical illness, Medicare supplement products, and hospital confinement/recovery. Most of these products are primarily fixed-indemnity benefit obligations and are not directly subject to escalating medical cost inflation.

Competitive Environment

Chubb Life's competition differs by location but generally includes multinational insurers, and in some locations, local insurers, joint ventures, or state-owned insurers. Chubb's financial strength and reputation as an entrepreneurial organization with a global presence gives Chubb Life a strong base from which to compete. While Chubb Life Re is not currently quoting on new opportunities in the variable annuity reinsurance marketplace, we continue to monitor developments in this market. Combined Insurance competes for A&H business in the U.S. against numerous A&H and life insurance companies across various industry segments.

Corporate

Corporate results primarily include results of all run-off asbestos and environmental (A&E) exposures, the results of our run-off Brandywine business, the results of Westchester specialty operations for 1996 and prior years, certain other run-off exposures, and income and expenses not attributable to reportable segments and the results of our non-insurance companies. The run-off operations do not actively sell insurance products, but are responsible for the management of existing policies and settlement of related claims.

Our exposure to A&E claims principally arises out of liabilities acquired when we purchased Westchester Specialty in 1998, CIGNA's P&C business in 1999, and The Chubb Corporation in 2016. The A&E liabilities principally relate to claims arising from bodily-injury claims related to asbestos products and remediation costs associated with hazardous waste sites.

Underwriting

Chubb is an underwriting company and we strive to emphasize quality of underwriting rather than volume of business or market share. Our underwriting strategy is to manage risk by employing consistent, disciplined pricing and risk selection. This, coupled with writing a number of less cyclical product lines, has helped us develop flexibility and stability of our business, and has allowed us to maintain a profitable book of business throughout market cycles. Clearly defined underwriting authorities, standards, and guidelines coupled with a strong underwriting audit function are in place in each of our local operations and global profit centers. Global product boards ensure consistency of approach and the establishment of best practices throughout the world. Our priority is to help ensure adherence to criteria for risk selection by maintaining high levels of experience and expertise in our underwriting staff. In addition, we employ a business review structure that helps ensure control of risk quality and appropriate use of policy limits and terms and conditions. Underwriting discipline is at the heart of our operating philosophy.

Actuaries in each region work closely with the underwriting teams to provide additional expertise in the underwriting process. We use internal and external data together with sophisticated analytical, catastrophe loss and risk modeling techniques to ensure an appropriate understanding of risk, including diversification and correlation effects, across different product lines and territories. We recognize that climate changes and weather patterns are integral to our underwriting process and we continually adjust our process to address these changes. This is intended to help ensure that exposures are priced appropriately and resulting losses are contained within our risk tolerance and appetite for individual product lines, businesses, and Chubb as a whole. Our use of such tools and data also reflects an understanding of their inherent limitations and uncertainties.

We also purchase protection from third parties, including, but not limited to, reinsurance as a tool to diversify risk and limit the net loss potential of catastrophes and large or unusually hazardous risks. For additional information refer to "Risk Factors" under Item 1A, "Reinsurance Protection", below, "Catastrophe Management" and "Natural Catastrophe Property Reinsurance Program", under Item 7, and Note 5 to the Consolidated Financial Statements, under Item 8.

Reinsurance Protection

As part of our risk management strategy, we purchase reinsurance protection to mitigate our exposure to losses, including certain catastrophes, to a level consistent with our risk appetite. Although reinsurance agreements contractually obligate our reinsurers to reimburse us for an agreed-upon portion of our gross paid losses, reinsurance does not discharge our primary liability to our insureds and, thus, we ultimately remain liable for the gross direct losses. In certain countries, reinsurer selection is limited by local laws or regulations. In most countries there is more freedom of choice, and the counterparty is selected based upon its financial strength, claims settlement record, management, line of business expertise, and its price for assuming the risk transferred. In support of this process, we maintain a Chubb authorized reinsurer list that stratifies these authorized reinsurers by classes of business and acceptable limits. This list is maintained by our Reinsurance Security Committee (RSC), a committee comprising senior management personnel and a dedicated reinsurer security team. Changes to the list are authorized by the RSC and recommended to the Chair of the Risk and Underwriting Committee. The reinsurers on the authorized list and potential new markets are regularly reviewed and the list may be modified following these reviews. In addition to the authorized list, there is a formal exception process that allows authorized reinsurance buyers to use reinsurers already on the authorized list for higher limits or different lines of business, for example, or other reinsurers not on the authorized list if their use is supported by compelling business reasons for a particular reinsurance program.

A separate policy and process exists for captive reinsurance companies. Generally, these reinsurance companies are established by our clients or our clients have an interest in them. It is generally our policy to obtain collateral equal to the expected losses that may be ceded to the captive. Where appropriate, exceptions to the collateral requirement are granted but only after senior management review. Specific collateral guidelines and an exception process are in place for the North America Commercial P&C Insurance, North America Personal P&C Insurance, and Overseas General Insurance segments, all of which have credit management units evaluating the captive's credit quality and that of their parent company. The credit management units, working with actuaries, determine reasonable exposure estimates (collateral calculations), ensure receipt of collateral in an acceptable form, and coordinate collateral adjustments as and when needed. Financial reviews and expected loss evaluations are performed annually for active captive accounts and as needed for run-off exposures. In addition to collateral, parental guarantees are often used to enhance the credit quality of the captive.

In general, we seek to place our reinsurance with highly rated companies with which we have a strong trading relationship. For additional information refer to "Catastrophe Management" and "Natural Catastrophe Property Reinsurance Program" under Item 7, and Note 5 to the Consolidated Financial Statements, under Item 8.

Unpaid Losses and Loss Expenses

We establish reserves for unpaid losses and loss expenses, which are estimates of future payments on reported and unreported claims for losses and related expenses, with respect to insured events that have occurred. These reserves are recorded in Unpaid losses and loss expenses in the Consolidated balance sheets. The process of establishing loss and loss expense reserves for P&C claims can be complex and is subject to considerable uncertainty as it requires the use of informed estimates and judgments based on circumstances known at the date of accrual. These estimates and judgments are based on numerous factors, and may be revised as additional experience and other data become available and are reviewed, as new or improved methodologies are developed, or as laws change. Internal actuaries regularly analyze the levels of loss and loss expense reserves, taking into consideration factors that may impact the ultimate settlement value of the unpaid losses and loss expenses. These analyses could result in future changes in the estimates of loss and loss expense reserves or reinsurance recoverables and any such changes would be reflected in our results of operations in the period in which the estimates are changed. Losses and loss expenses are charged to income as incurred. The reserve for unpaid losses and loss expenses represents the estimated ultimate losses and loss expenses less paid losses and loss expenses, and comprises case reserves and incurred but not reported (IBNR) reserves. With the exception of certain structured settlements, for which the timing and amount of future claim payments are reliably determinable, and certain reserves for unsettled claims, our loss reserves are not discounted for the time value of money. In connection with such structured settlements and certain reserves for unsettled claims, we carried net discounted reserves of \$68 million at December 31, 2020.

For each product line, management, after consultation with internal actuaries, develops a "best estimate" of the ultimate settlement value of the unpaid losses and loss expenses that it believes provides a reasonable estimate of the required reserve. We evaluate our estimates of reserves quarterly in light of developing information. While we are unable at this time to determine

whether additional reserves may be necessary in the future, we believe that our reserves for unpaid losses and loss expenses are adequate at December 31, 2020. Future additions to reserves, if needed, could have a material adverse effect on our financial condition, results of operations, and cash flows. For additional information refer to “Critical Accounting Estimates – Unpaid losses and loss expenses”, under Item 7, and Note 7 to the Consolidated Financial Statements, under Item 8.

Investments

Our objective is to maximize investment income and total return while ensuring an appropriate level of liquidity, investment quality, and diversification. As such, Chubb's investment portfolio is invested primarily in investment-grade fixed-income securities as measured by the major rating agencies. We do not allow leverage in our investment portfolio. The critical aspects of the investment process are controlled by Chubb Asset Management, an indirect wholly-owned subsidiary of Chubb. These aspects include asset allocation, portfolio and guideline design, risk management, and oversight of external asset managers. In this regard, Chubb Asset Management:

- conducts formal asset allocation modeling for each of the Chubb subsidiaries, providing formal recommendations for the portfolio's structure;
- establishes recommended investment guidelines that are appropriate to the prescribed asset allocation targets;
- provides the analysis, evaluation, and selection of our external investment advisors;
- establishes and develops investment-related analytics to enhance portfolio engineering and risk control;
- monitors and aggregates the correlated risk of the overall investment portfolio; and
- provides governance over the investment process for each of our operating companies to ensure consistency of approach and adherence to investment guidelines.

Under our guidance and direction, external asset managers conduct security and sector selection and transaction execution. Use of multiple managers benefits Chubb in several ways – it provides us with operational and cost efficiencies, diversity of styles and approaches, innovations in investment research and credit and risk management, all of which enhance the risk adjusted returns of our portfolios.

Chubb Asset Management determines the investment portfolio's allowable, targeted asset allocation and ranges for each of the segments. These asset allocation targets are derived from sophisticated asset and liability modeling that measures correlated histories of returns and volatility of returns. Allowable investment classes are further refined through analysis of our operating environment including expected volatility of cash flows, potential impact on our capital position, and regulatory and rating agency considerations.

The Board has established a Risk & Finance Committee which helps execute the Board's supervisory responsibilities pertaining to enterprise risk management including investment risk. Under the overall supervision of the Risk & Finance Committee, Chubb's governance over investment management is rigorous and ongoing. Among its responsibilities, the Risk & Finance Committee of the Board:

- reviews and approves asset allocation targets and investment policy to ensure that it is consistent with our overall goals, strategies, and objectives;
- reviews and approves investment guidelines to ensure that appropriate levels of portfolio liquidity, credit quality, diversification, and volatility are maintained; and
- systematically reviews the portfolio's exposures including any potential violations of investment guidelines.

We have long-standing global credit limits for our entire portfolio across the organization and for individual obligors. Exposures are aggregated, monitored, and actively managed by our Global Credit Committee, comprising senior executives, including our Chief Financial Officer, our Chief Risk Officer, our Chief Investment Officer, and our Treasurer.

Within the guidelines and asset allocation parameters established by the Risk & Finance Committee, individual investment committees of the segments determine tactical asset allocation. Additionally, these committees review all investment-related activity that affects their operating company, including the selection of outside investment advisors, proposed asset allocation changes, and the systematic review of investment guidelines.

For additional information regarding the investment portfolio, including breakdowns of the sector and maturity distributions, refer to Note 3 to the Consolidated Financial Statements under Item 8.

Regulation

Our insurance and reinsurance subsidiaries conduct business globally, including in all 50 states of the United States, the District of Columbia and all U.S. Territories. Our business is subject to varying degrees of regulation and supervision in each of the jurisdictions in which our insurance and reinsurance subsidiaries are domiciled and on a group basis. The laws and regulations of the jurisdictions in which our insurance and reinsurance subsidiaries are domiciled require among other things that these subsidiaries maintain minimum levels of statutory capital, surplus, and liquidity, meet solvency standards, and submit to periodic examinations of their financial condition. The complex regulatory environments in which Chubb operates are subject to change and are regularly monitored.

Group Supervision

In 2012, the Pennsylvania Insurance Department (Department), in consultation with other insurance regulatory bodies that oversee Chubb's insurance activities, convened the first Chubb Supervisory College (College). The Department, in cooperation with the other supervisory college regulators, published a notice of its determination that it is the appropriate group-wide supervisor for Chubb.

Since 2012, the College has convened bi-annually primarily in-person, with the most recent College convened in September 2020, albeit virtually. In July 2017, the College convened its first interim regulators-only College teleconference, with the most recent teleconference held in September 2019. During these meetings, the College reviewed extensive information about Chubb, without material adverse comment. Given the virtual nature of the September 2020 College, another in-person College is tentatively scheduled for September 2021 in Philadelphia, Pennsylvania.

The following is an overview of regulations for our operations in Switzerland, the U.S., Bermuda, and other international locations.

Swiss Operations

The Swiss Financial Market Supervisory Authority (FINMA) has the discretion to supervise Chubb on a group-wide basis. However, FINMA acknowledges the Department's assumption of group supervision over us.

In 2008, we formed Chubb Insurance (Switzerland) Limited which offers property and casualty insurance to Swiss companies, A&H insurance for individuals of Swiss Corporations as well as reinsurance predominantly in Continental Europe. We have also formed a reinsurance subsidiary named Chubb Reinsurance (Switzerland) Limited, which we operate as primarily a provider of reinsurance to Chubb entities. Both companies are licensed and governed by FINMA.

U.S. Operations

Our U.S. insurance subsidiaries are subject to extensive regulation and supervision by the states in which they do business. The laws of the various states establish departments of insurance with broad authority to regulate, among other things: the standards of solvency that must be met and maintained, the licensing of insurers and their producers, approval of policy forms and rates, the nature of and limitations on investments, restrictions on the size of the risks which may be insured under a single policy, deposits of securities for the benefit of policyholders, requirements for the acceptability of reinsurers, periodic examinations of the affairs of insurance companies, the form and content of reports of financial condition required to be filed, and the adequacy of reserves for unearned premiums, losses, and other exposures.

Our U.S. insurance subsidiaries are required to file detailed annual and quarterly reports with state insurance regulators. In addition, our U.S. insurance subsidiaries' operations and financial records are subject to examination at regular intervals by state regulators.

All states have enacted legislation that regulates insurance holding companies. This legislation provides that each U.S. insurance company in the insurance holding company system (system) is required to register with the insurance department of its state of domicile and furnish information concerning the operations of companies within the system that may materially affect the operations, management, or financial condition of our U.S. insurers. We are required to file an annual enterprise risk report with the Department, identifying the material risks within our system that could pose enterprise risk to our U.S. insurers. All transactions within a system must be fair and equitable. Notice to the insurance departments is required prior to the consummation of transactions affecting the ownership or control of an insurer and of certain material transactions between an insurer and an entity in its system. In addition, certain transactions may not be consummated without the department's prior approval.

We are also required to file annually with the Department a disclosure report that identifies our corporate governance practices and a report reflecting our internal assessment of material risks associated with our current business plan and the sufficiency of our capital resources to support those risks.

Statutory surplus is an important measure used by the regulators and rating agencies to assess our U.S. insurance subsidiaries' ability to support business operations and provide dividend capacity. Our U.S. insurance subsidiaries are subject to various state statutory and regulatory restrictions that limit the amount of dividends that may be paid without prior approval from regulatory authorities. These restrictions differ by state, but are generally based on calculations incorporating statutory surplus, statutory net income, and/or investment income.

The National Association of Insurance Commissioners (NAIC) has a risk-based capital requirement for P&C insurance companies. This risk-based capital formula is used by many state regulatory authorities to identify insurance companies that may be undercapitalized and which merit further regulatory attention. These requirements are designed to monitor capital adequacy using a formula that prescribes a series of risk measurements to determine a minimum capital amount for an insurance company, based on the profile of the individual company. The ratio of a company's actual policyholder surplus to its minimum capital requirement will determine whether any state regulatory action is required. There are progressive risk-based capital failure levels that trigger more stringent regulatory action. If an insurer's policyholders' surplus falls below the Mandatory Control Level (70 percent of the Authorized Control Level, as defined by the NAIC), the relevant insurance commissioner is required to place the insurer under regulatory control.

However, an insurance regulator may allow a P&C company operating below the Mandatory Control Level that is writing no business and is running off its existing business to continue its run-off. Brandywine is running off its liabilities consistent with the terms of an order issued by the Insurance Commissioner of Pennsylvania. This includes periodic reporting obligations to the Department.

Government intervention continued in the insurance and reinsurance markets in relation to terrorism coverage in the U.S. (and through industry initiatives in other countries). The U.S. Terrorism Risk Insurance Act (TRIA), which was enacted in 2002 to ensure the availability of insurance coverage for certain types of terrorist acts in the U.S., was extended in December 2019 through December 31, 2027, and applies to certain of our operations.

From time to time, Chubb and its subsidiaries and affiliates receive inquiries from state agencies and attorneys general, with which we generally comply, seeking information concerning business practices, such as underwriting and non-traditional or loss mitigation insurance products. Moreover, many recent factors, such as consequences of and reactions to industry and economic conditions and focus on domestic issues, have contributed to the potential for change in the legal and regulatory framework applicable to Chubb's U.S. operations and businesses. We cannot assure that changes in laws or investigative or enforcement activities in the various states in the U.S. will not have a material adverse impact on our financial condition, results of operations, or business practices.

We are subject to numerous U.S. federal and state laws governing the protection of personal and confidential information of our clients or employees. These laws and regulations are increasing in complexity, and the requirements are extensive and detailed. Numerous states require us to certify our compliance with their data protection laws.

We are subject to the New York Department of Financial Services' Cybersecurity Regulation (the NYDFS Cybersecurity Regulation) which mandates detailed cybersecurity standards for all institutions, including insurance entities, authorized by the NYDFS to operate in New York. Among the requirements are the maintenance of a cybersecurity program with governance controls, risk-based minimum data security standards for technology systems, cyber breach preparedness and response requirements, including reporting obligations, vendor oversight, training, and program record keeping and certification obligations. Because our North America systems are integrated, our companies domiciled in other states may also be impacted by this requirement.

Additionally, the NAIC adopted an Insurance Data Security Model Law, which requires licensed insurance entities to comply with detailed information security requirements. The NAIC model law is similar in many respects to the NYDFS Cybersecurity Regulation.

Bermuda Operations

The Insurance Act 1978 of Bermuda and related regulations, as amended (the Insurance Act), regulates the insurance business of our Bermuda domiciled (re)insurance subsidiaries (Bermuda domiciled subsidiaries) and provides that no person may carry on any insurance business in or from within Bermuda unless registered as an insurer by the Bermuda Monetary Authority (BMA). The Insurance Act imposes solvency and liquidity standards and auditing and reporting requirements on Bermuda insurance companies and grants the BMA powers to supervise, investigate, and intervene in the affairs of insurance companies.

Bermuda domiciled subsidiaries must prepare and file with the BMA, audited annual statutory financial statements and audited annual financial statements prepared in accordance with accounting principles generally accepted in the U.S. (GAAP), International Financial Reporting Standards (IFRS), or any such other generally accepted accounting principles as the BMA may recognize. The GAAP audited financial statements are made public by the BMA. The Insurance Act prescribes rules for the preparation and content of the statutory financial statements that require Bermuda domiciled subsidiaries to give detailed information and analyses regarding premiums, claims, reinsurance, and investments. In addition, each year, the Bermuda domiciled insurers are required to file with the BMA a capital and solvency return along with an annual statutory financial return. The prescribed form of capital and solvency return is comprised of the BMA's risk based capital model, termed the Bermuda Solvency Capital Requirement (BSCR) or an approved internal capital model in lieu thereof; a statutory economic balance sheet; the approved actuary's opinion; and several prescribed schedules. The BSCR is a tool to assist the BMA both in measuring risk and in determining appropriate levels of capitalization. The BSCR employs a standard mathematical model that correlates the risk underwritten by Bermuda insurers to their capital. The BSCR framework applies a standard measurement format to the risk associated with an insurer's assets, liabilities, and premiums, including a formula to take into account catastrophe risk exposure.

The BMA established risk-based regulatory capital adequacy and solvency margin requirements for Bermuda insurers that mandate that a Bermuda domiciled subsidiary's Enhanced Capital Requirement (ECR) be calculated by either (a) BSCR, or (b) an internal capital model which the BMA has approved for use for this purpose. The Bermuda domiciled subsidiaries use the BSCR in calculating their solvency requirements. Bermuda statutory reporting rules include an Economic Balance Sheet (EBS) framework. The EBS framework is embedded as part of the BSCR and forms the basis of our ECR.

In order to minimize the risk of a shortfall in capital arising from an unexpected adverse deviation and in moving towards the implementation of a risk based capital approach, the BMA has established a threshold capital level, (termed the Target Capital Level (TCL)), set at 120 percent of ECR, that serves as an early warning tool for the BMA. Failure to maintain statutory capital at least equal to the TCL would likely result in increased BMA regulatory oversight.

Under the BMA's powers to set standards on public disclosure under the Insurance Act, the Bermuda domiciled subsidiaries are required to prepare and publish a Financial Condition Report (FCR). The FCR provides details of measures governing the business operations, corporate governance framework, solvency and financial performance. The FCR must be filed with the BMA and requires Bermuda insurance companies to make the FCR publicly available.

Under the Insurance Act, Chubb's Bermuda domiciled subsidiaries are prohibited from declaring or paying any dividends of more than 25 percent of total statutory capital and surplus, as shown in its previous financial year statutory balance sheet, unless at least seven days before payment of the dividends, it files with the BMA an affidavit signed by at least two directors of the relevant Chubb Bermuda domiciled subsidiary (one of whom must be a director resident in Bermuda) and by the relevant Chubb Bermuda domiciled subsidiary's principal representative, that it will continue to meet its required solvency margins. Furthermore, Bermuda domiciled subsidiaries may only declare and pay a dividend from retained earnings and a dividend or distribution from contributed surplus if it has no reasonable grounds for believing that it is, or would after the payment be, unable to pay its liabilities as they become due, or if the realizable value of its assets would be less than the aggregate of its liabilities.

In addition, Chubb's Bermuda domiciled subsidiaries must obtain the BMA's prior approval before reducing total statutory capital, as shown in its previous financial year's financial statements, by 15 percent or more.

Other International Operations

The extent of insurance regulation varies significantly among the countries in which non-U.S. Chubb operations conduct business. While each country imposes licensing, solvency, auditing, and financial reporting requirements, the type and extent of the requirements differ substantially. For example:

- in some countries, insurers are required to prepare and file monthly and/or quarterly financial reports, and in others, only annual reports;
- some regulators require intermediaries to be involved in the sale of insurance products, whereas other regulators permit direct sales contact between the insurer and the customer;
- the extent of restrictions imposed upon an insurer's use of local and offshore reinsurance vary;
- policy form filing and rate regulation vary by country;
- the frequency of contact and periodic on-site examinations by insurance authorities differ by country; and
- regulatory requirements relating to insurer dividend policies vary by country.

Significant variations can also be found in the size, structure, and resources of the local regulatory departments that oversee insurance activities. Certain regulators prefer close relationships with all subject insurers and others operate a risk-based approach.

Chubb operates in some countries through subsidiaries and in some countries through branches of subsidiaries. Local capital requirements applicable to a subsidiary generally include its branches. Certain Chubb companies are jointly owned with local companies to comply with legal requirements for local ownership. Other legal requirements include discretionary licensing procedures, compulsory cessions of reinsurance, local retention of funds and records, data privacy and protection program requirements such as the General Data Protection Regulation (GDPR), and foreign exchange controls. Chubb's international companies are also subject to multinational application of certain U.S. laws.

There are various regulatory bodies and initiatives that impact Chubb in multiple international jurisdictions and the potential for significant impact on Chubb could be heightened as a result of recent industry and economic developments.

Enterprise Risk Management

As an insurer, Chubb is in the business of profitably managing risk for its customers. Since risk management must permeate an organization conducting a global insurance business, we have an established Enterprise Risk Management (ERM) framework that is integrated into management of our businesses and is led by Chubb's senior management. As a result, ERM is a part of the day-to-day management of Chubb and its operations.

Our global ERM framework is broadly multi-disciplinary and its strategic objectives include:

- **External Risks:** identify, analyze, quantify, and where possible, mitigate significant external risks that could materially hamper the financial condition of Chubb and/or the achievement of corporate business objectives over the next 36 months;
- **Exposure Accumulations:** identify and quantify the accumulation of exposure to individual counterparties, products or industry sectors, particularly those that materially extend across or correlate between business units or divisions and/or the balance sheet;
- **Risk Modeling:** develop and use various data-sets, analytical tools, metrics and processes (such as economic capital models and advanced analytics, including catastrophe models to quantify natural catastrophe risk for product pricing, risk management, capital allocation and to simulate and estimate hurricane losses) that help business and corporate leaders make informed underwriting, portfolio management and risk management decisions within a consistent risk/reward framework;
- **Governance:**
 - establish and coordinate risk guidelines that reflect the corporate appetite for risk;
 - monitor exposure accumulations relative to established guidelines; and
 - ensure effective internal risk management communication up to management and the Board, (including our Risk & Finance Committee and our Nominating & Governance Committee), down to the various business units and legal entities, and across the firm; and
- **Disclosure:** develop protocols and processes for risk-related disclosure internally as well as externally to rating agencies, regulators, shareholders and analysts.

Chubb Group's Risk and Underwriting Committee (RUC) reports to and assists the Chief Executive Officer in the oversight and review of the ERM framework which covers the processes and guidelines used to manage the entire landscape of insurance, financial, strategic, and operational risks. The RUC is chaired by Chubb Group's Chief Risk Officer. The RUC meets at least monthly, and is comprised of Chubb Group's most senior executives which, in addition to the Chair, includes the Chief Executive Officer, the President and Chief Operating Officer, Chief Financial Officer, Chief Investment Officer, Chief Actuary, Chief Claims Officer, General Counsel, President – North America Commercial and Personal Insurance, President – North America Major Accounts and Specialty Insurance, President – Overseas General Insurance, and Chief Underwriting Officer.

The RUC is assisted in its activities by Chubb's Enterprise Risk Unit (ERU) and Product Boards. The ERU is responsible for the collation and analysis of risk insight in two key areas. The first relates to external information that provides insight to the RUC on existing or emerging risks that might significantly impact Chubb's key objectives while the second involves internal risk aggregations arising from Chubb's business writings and other activities such as investments and operations. The ERU is independent of the operating units and reports to our Chief Risk Officer. The Product Boards exist to provide oversight for products that we offer globally. A Product Board currently exists for each of Chubb's major product areas. Each Product Board is responsible for ensuring consistency in underwriting and pricing standards, identification of emerging issues, and guidelines for relevant accumulations.

Chubb's Chief Risk Officer also reports to the Board's Risk & Finance Committee, which helps execute the Board's supervisory responsibilities pertaining to ERM. The role of the Risk & Finance Committee includes evaluation of the integrity and effectiveness of our ERM procedures, systems, and information; governance on major policy decisions pertaining to risk aggregation and minimization; and assessment of our major decisions and preparedness levels pertaining to perceived material risks. The Audit Committee meets with the Risk & Finance Committee at least annually in order to exercise its duties under New York Stock Exchange Rules.

Others within the overall ERM structure contribute toward accomplishing Chubb's ERM objectives, including regional management, Corporate Underwriting, Internal Audit, Compliance, external consultants, and managers of our internal control processes and procedures.

Tax Matters

Refer to "Risk Factors", under Item 1A and Note 1 o) and Note 8 to the Consolidated Financial Statements, under Item 8.

Information about our Executive Officers

Name	Age	Position
Evan G. Greenberg	66	Chairman, Chief Executive Officer, and Director
John W. Keogh	56	President and Chief Operating Officer
Philip V. Bancroft	61	Executive Vice President and Chief Financial Officer
John J. Lupica	55	Vice Chairman; President, North America Insurance
Joseph F. Wayland	63	Executive Vice President and General Counsel
Sean Ringsted	58	Executive Vice President, Chief Digital Officer, and Chief Risk Officer
Timothy A. Boroughs	71	Executive Vice President and Chief Investment Officer
Paul J. Krump	61	Vice Chairman, Global Underwriting and Claims
Juan Luis Ortega	46	Executive Vice President; President, Overseas General Insurance

Evan G. Greenberg has been a director of Chubb Limited since August 2002. Mr. Greenberg was elected Chairman of the Board of Directors in May 2007. Mr. Greenberg was appointed to the position of President and Chief Executive Officer of Chubb Limited in May 2004, and in June 2003, was appointed President and Chief Operating Officer of Chubb Limited. Mr. Greenberg was appointed to the position of Chief Executive Officer of Chubb Overseas General in April 2002. He joined Chubb as Vice Chairman, Chubb Limited, and Chief Executive Officer of Chubb Tempest Re in November 2001. Prior to joining Chubb, Mr. Greenberg was most recently President and Chief Operating Officer of American International Group (AIG), a position he held from 1997 until 2000. Mr. Greenberg was a director of The Coca-Cola Company from February 2011 until October 2016.

John W. Keogh was appointed President of Chubb in December 2020, and has served as Chief Operating Officer since July 2011. Mr. Keogh joined Chubb in 2006 as Chairman, Insurance – Overseas General. Mr. Keogh was appointed Vice Chairman in 2010 and Executive Vice Chairman in 2015. Before joining Chubb, Mr. Keogh held a range of positions with increasing responsibility during a 20-year career with American International Group (AIG), including Senior Vice President, Domestic General Insurance, and President and Chief Executive Officer of National Union Fire Insurance Company of Pittsburgh, an AIG member company. He began his insurance career as an underwriter with AIG in 1986.

Philip V. Bancroft was appointed Chief Financial Officer of Chubb Limited in January 2002. For nearly 20 years, Mr. Bancroft worked for PricewaterhouseCoopers LLP. Prior to joining Chubb, he served as partner-in-charge of the New York Regional Insurance Practice. Mr. Bancroft had been a partner with PricewaterhouseCoopers LLP for ten years. Mr. Bancroft plans to retire on July 1, 2021.

John J. Lupica was appointed President, North America Insurance in September 2020, and has served as Vice Chairman of Chubb Limited and Chubb Group Holdings since November 2013. Prior to his current role, Mr. Lupica served as President, North America Major Accounts and Specialty Insurance since January 2016. Mr. Lupica was appointed Chairman, Insurance - North America, in July 2011. Mr. Lupica had been Chief Operating Officer, Insurance - North America, since 2010 and President of ACE USA since 2006. He also previously served as Division President of U.S. Professional Risk business and U.S. Regional Operations. Mr. Lupica joined Chubb as Executive Vice President of Professional Risk in 2000. Prior to joining Chubb, he served as Senior Vice President for Munich-American Risk Partners, Inc. He also held various management positions at AIG.

Joseph F. Wayland was appointed Executive Vice President of Chubb Limited in January 2016, General Counsel and Secretary of Chubb Limited in July 2013. Mr. Wayland joined Chubb from the law firm of Simpson Thacher & Bartlett LLP, where he was a partner since 1994. From 2010 to 2012, he served in the United States Department of Justice, first as Deputy Assistant Attorney General of the Antitrust Division, and was later appointed as the Acting Assistant Attorney General in charge of that division.

Sean Ringsted was appointed Executive Vice President and Chief Digital Officer in February 2017 and Chief Risk Officer in November 2008. Mr. Ringsted previously served as Chief Actuary of Chubb Limited from November 2008 to January 2017. Mr. Ringsted's previous roles at Chubb also include Chief Actuary for Chubb Group from 2004 to 2008, Executive Vice President and Chief Risk Officer for Chubb Tempest Re from 2002 to 2004, and Senior Vice President and Chief Actuary for Chubb Tempest Re from 1998 to 2002. Prior to joining Chubb, Mr. Ringsted was a consultant at Tillinghast-Towers Perrin.

Timothy A. Boroughs was appointed Executive Vice President and Chief Investment Officer of Chubb Group in June 2000. Prior to joining Chubb, Mr. Boroughs was Director of Fixed Income at Tudor Investment Corporation from 1997 to 2000, and Managing Partner and Director of Global Leveraged Investment Activity at Fischer Francis Trees & Watts from 1976 to 1997.

Paul J. Krump was appointed Vice Chairman, Global Underwriting and Claims in September 2020. Prior to his current role, Mr. Krump served as Executive Vice President, Chubb Group and President North America Commercial and Personal Insurance since January 2016. Before Chubb Limited's January 2016 acquisition of The Chubb Corporation, Mr. Krump was Chief Operating Officer of The Chubb Corporation, responsible for the company's Commercial, Specialty, Personal and Accident & Health insurance lines; Claims; Global Field Operations; Information Technology; Human Resources; Communications; and External Affairs. Mr. Krump joined The Chubb Corporation in 1982 as a commercial underwriting trainee in the Minneapolis office. He held numerous headquarters and field positions in the United States and Europe, including President of Personal Lines and Claims and President of Commercial and Specialty Lines.

Juan Luis Ortega was appointed Executive Vice President, Chubb Group and President, Overseas General Insurance in August 2019. Mr. Ortega previously served as Senior Vice President, Chubb Group and Regional President of Latin America since 2016 and Regional President of Asia Pacific from 2013 to 2016. Mr. Ortega's previous roles at Chubb also include Senior Vice President, Accident & Health, for the Asia Pacific region from 2011 to 2013 and Senior Vice President and Regional Head of Accident & Health for the Latin America region from 2008 to 2010. Mr. Ortega joined Chubb in 1999 and advanced through a series of accident and health and credit insurance management positions in Miami, Puerto Rico and Mexico, before being named Country President of Chile in 2005.

ITEM 1A. Risk Factors

Factors that could have a material impact on our results of operations or financial condition are outlined below. Additional risks not presently known to us or that we currently deem insignificant may also impair our business or results of operations as they become known or as facts and circumstances change. Any of the risks described below could result in a material adverse effect on our results of operations or financial condition.

Insurance**Our results of operations or financial condition could be adversely affected by the occurrence of natural and man-made disasters.**

We have substantial exposure to losses resulting from natural disasters, man-made catastrophes such as terrorism or cyber-attack, and other catastrophic events, including pandemics. This could impact a variety of our businesses, including our commercial and personal lines, and life and accident and health (A&H) products. Catastrophes can be caused by various events, including hurricanes, typhoons, earthquakes, hailstorms, droughts, explosions, severe winter weather, fires, war, acts of terrorism, nuclear accidents, political instability, and other natural or man-made disasters, including a global or other wide-impact pandemic or a significant cyber-attack. The incidence and severity of catastrophes are inherently unpredictable and our losses from catastrophes could be substantial. In addition, climate change and resulting changes in global temperatures, weather patterns, and sea levels may both increase the frequency and severity of natural catastrophes and the resulting losses in the future and impact our risk modeling assumptions. We cannot predict the impact that changing climate conditions, if any, may have on our results of operations or our financial condition. Additionally, we cannot predict how legal, regulatory and/or social responses to concerns around global climate change may impact our business. The occurrence of claims from catastrophic events could result in substantial volatility in our results of operations or financial condition for any fiscal quarter or year. Although we attempt to manage our exposure to such events through the use of underwriting controls, risk models, and the purchase of third-party reinsurance, catastrophic events are inherently unpredictable and the actual nature of such events when they occur could be more frequent or severe than contemplated in our pricing and risk management expectations. As a result, the occurrence of one or more catastrophic events could have an adverse effect on our results of operations and financial condition.

COVID-19 pandemic, the effects of global actions taken to contain its spread, and its economic and societal impact could adversely impact our businesses, invested assets, financial condition, and results of operations.

COVID-19 pandemic (the "virus" or the "pandemic") is causing significant disruption to public health, the global economy, financial markets, and commercial, social and community activity generally. The pandemic has had a significant effect on our company's business operations and, depending on the course of the pandemic and government responses, may have a significant effect on current and future financial results. We may experience higher levels of loss and, claims activity in certain lines of business in excess of losses we have already recognized, and our premiums could also be adversely affected by any further suppression of global commercial activity that results in a reduction in insurable assets and other exposure. Financial conditions resulting from the pandemic may also have a negative effect on the value and quality of our portfolio of invested assets, thereby adversely affecting our investment returns and increasing our credit and related risk. Certain lines of our business, such as our variable annuity life reinsurance business, may require additional forms of collateral in the event of a decline in the securities and benchmarks to which those repayment mechanisms are linked.

To protect our employees and in response to the global and regional restrictions on interpersonal contact and travel because of the pandemic, much of our work force may be working remotely, either for extended periods or intermittently, in response to changing health and regulatory conditions, placing increased demands on our IT systems. While we have continued to conduct our business effectively throughout the pandemic, there is no assurance that our ability to continue to function in this environment will not be adversely affected by an extended disruption in the telecommunications and internet infrastructures that support our remote work capability.

If actual claims exceed our loss reserves, our financial results could be adversely affected.

Our results of operations and financial condition depend upon our ability to accurately assess the potential losses associated with the risks that we insure and reinsure. We establish reserves for unpaid losses and loss expenses, which are estimates of future payments of reported and unreported claims for losses and related expenses, with respect to insured events that have occurred at or prior to the balance sheet date. The process of establishing reserves can be highly complex and is subject to considerable variability as it requires the use of informed estimates and judgments.

Actuarial staff in each of our segments regularly evaluates the levels of loss reserves. Any such evaluation could result in future changes in estimates of losses or reinsurance recoverables and would be reflected in our results of operations in the period in which the estimates are changed. Losses and loss expenses are charged to income as incurred. During the loss settlement period, which can be many years in duration for some of our lines of business, additional facts regarding individual claims and trends often will become known which may result in a change in overall reserves. In addition, application of statistical and actuarial methods may require the adjustment of overall reserves upward or downward from time to time.

Included in our loss reserves are liabilities for latent claims such as asbestos and environmental (A&E), which are principally related to claims arising from remediation costs associated with hazardous waste sites and bodily-injury claims related to exposure to asbestos products and environmental hazards. At December 31, 2020, gross A&E liabilities represented approximately 2.8 percent of our gross loss reserves. The estimation of these liabilities is subject to many complex variables including: the current legal environment; specific settlements that may be used as precedents to settle future claims; assumptions regarding trends with respect to claim severity and the frequency of higher severity claims; assumptions regarding the ability to allocate liability among defendants (including bankruptcy trusts) and other insurers; the ability of a claimant to bring a claim in a state in which it has no residency or exposure; the ability of a policyholder to claim the right to non-products coverage; whether high-level excess policies have the potential to be accessed given the policyholder's claim trends and liability situation; payments to unimpaired claimants; and the potential liability of peripheral defendants. Accordingly, the ultimate settlement of losses, arising from either latent or non-latent causes, may be significantly greater or less than the loss and loss expense reserves held at the balance sheet date. In addition, the amount and timing of the settlement of our P&C liabilities are uncertain and our actual payments could be higher than contemplated in our loss reserves owing to the impact of insurance, judicial decisions, and/or social inflation. If our loss reserves are determined to be inadequate, we may be required to increase loss reserves at the time of the determination and our net income and capital may be reduced.

The effects of emerging claim and coverage issues on our business are uncertain.

As industry practices and legislative, regulatory, judicial, social, financial, technological and other environmental conditions change, unexpected and unintended issues related to claims and coverage may emerge. These issues may adversely affect our business by either extending coverage beyond our underwriting intent or by increasing the frequency and severity of claims. In some instances, these changes may not become apparent until after we have issued insurance or reinsurance contracts that are affected by the changes. For example, recently enacted "reviver" legislation in certain states does allow civil claims relating to molestation and abuse to be asserted against policyholders that would otherwise be barred by statutes of limitations. As a result, the full extent of liability under our insurance or reinsurance contracts may not be known for many years after issuance.

The failure of any of the loss limitation methods we use could have an adverse effect on our results of operations and financial condition.

We seek to manage our loss exposure by maintaining a disciplined underwriting process throughout our insurance operations. We also look to limit our loss exposure by writing a number of our insurance and reinsurance contracts on an excess of loss basis. Excess of loss insurance and reinsurance indemnifies the insured against losses in excess of a specified amount. In addition, we limit program size for each client and purchase third-party reinsurance for our own account. In the case of our assumed proportional reinsurance treaties, we seek per occurrence limitations or loss and loss expense ratio caps to limit the impact of losses ceded by the client. In proportional reinsurance, the reinsurer shares a proportional part of the premiums and losses of the reinsured. We also seek to limit our loss exposure by geographic diversification. Geographic zone limitations involve significant underwriting judgments, including the determination of the area of the zones and the inclusion of a particular policy within a particular zone's limits.

However, there are inherent limitations in all of these tactics and no assurance can be given against the possibility of an event or series of events that could result in loss levels that could have an adverse effect on our financial condition or results of operations. It is also possible that losses could manifest themselves in ways that we do not anticipate and that our risk mitigation strategies are not designed to address. Additionally, various provisions of our policies, such as limitations or exclusions from coverage or choice of forum negotiated to limit our risks, may not be enforceable in the manner we intend. As a result, one or more natural catastrophes and/or terrorism or other events could result in claims that substantially exceed our expectations, which could have an adverse effect on our results of operations and financial condition.

We may be unable to purchase reinsurance, and/or if we successfully purchase reinsurance, we are subject to the possibility of non-payment.

We purchase protection from third parties including, but not limited to, reinsurance to protect against catastrophes and other sources of volatility, to increase the amount of protection we can provide our clients, and as part of our overall risk management strategy. Our reinsurance business also purchases retrocessional protection which allows a reinsurer to cede to another company

all or part of the reinsurance originally assumed by the reinsurer. A reinsurer's or retrocessionaire's insolvency or inability or unwillingness to make timely payments under the terms of its reinsurance agreement with us could have an adverse effect on us because we remain liable to the insured. From time to time, market conditions have limited, and in some cases have prevented, insurers and reinsurers from obtaining the types and amounts of reinsurance or retrocessional reinsurance that they consider adequate for their business needs.

There is no guarantee our desired amounts of reinsurance or retrocessional reinsurance will be available in the marketplace in the future. In addition to capacity risk, the remaining capacity may not be on terms we deem appropriate or acceptable or with companies with whom we want to do business. Finally, we face some degree of counterparty risk whenever we purchase reinsurance or retrocessional reinsurance. Consequently, the insolvency of these counterparties, or the inability, or unwillingness of any of our present or future reinsurers to make timely payments to us under the terms of our reinsurance or retrocessional agreements could have an adverse effect on us. At December 31, 2020, we had \$15.8 billion of reinsurance recoverables, net of reserves for uncollectible recoverables.

Certain active Chubb companies are primarily liable for A&E and other exposures they have reinsured to our inactive run-off company Century Indemnity Company (Century). At December 31, 2020, the aggregate reinsurance balances ceded by our active subsidiaries to Century were approximately \$1.6 billion. Should Century's loss reserves experience adverse development in the future and should Century be placed into rehabilitation or liquidation, the reinsurance recoverables due from Century to its affiliates would be payable only after the payment in full of third-party expenses and liabilities, including administrative expenses and direct policy liabilities. Thus, the intercompany reinsurance recoverables would be at risk to the extent of the shortage of assets remaining to pay these recoverables. While we believe the intercompany reinsurance recoverables from Century are not impaired at this time, we cannot assure that adverse development with respect to Century's loss reserves, if manifested, will not result in Century's insolvency, which could result in our recognizing a loss to the extent of any uncollectible reinsurance from Century. This could have an adverse effect on our results of operations and financial condition.

Our net income may be volatile because certain products sold by our Life Insurance business expose us to reserve and fair value liability changes that are directly affected by market and other factors and assumptions.

Our pricing, establishment of reserves for future policy benefits and valuation of life insurance and annuity products, including reinsurance programs, are based upon various assumptions, including but not limited to equity market changes, interest rates, mortality rates, morbidity rates, and policyholder behavior. The process of establishing reserves for future policy benefits relies on our ability to accurately estimate insured events that have not yet occurred but that are expected to occur in future periods. Significant deviations in actual experience from assumptions used for pricing and for reserves for future policy benefits could have an adverse effect on the profitability of our products and our business.

Under reinsurance programs covering variable annuity guarantees, we assumed the risk of guaranteed minimum death benefits (GMDB) and guaranteed living benefits (GLB), principally guaranteed minimum income benefits (GMIB), associated with variable annuity contracts. We ceased writing this business in 2007. Our net income is directly impacted by the change in the reserve calculated in connection with the reinsurance of GMDB liability and by the change in the fair value of the GLB liability. Reported liabilities for both GMDB and GLB reinsurance are determined using internal valuation models which require considerable judgment and are subject to significant uncertainty. Additionally, the fair value of GLB liabilities is impacted by market conditions. Refer to the "Critical Accounting Estimates – Guaranteed living benefits (GLB) derivatives" under Item 7 and "Quantitative and Qualitative Disclosures about Market Risk – Reinsurance of GMDB and GLB guarantees" under Item 7A for additional information on the assumptions used in this program. We view our variable annuity reinsurance business as having a similar risk profile to that of catastrophe reinsurance, with the probability of long-term economic loss relatively small at the time of pricing. Adverse changes in market factors and policyholder behavior will have an impact on both Life Insurance underwriting income and consolidated net income.

Payment of obligations under surety bonds could have an adverse effect on our results of operations.

The surety business tends to be characterized by infrequent but potentially high severity losses. The majority of our surety obligations are intended to be performance-based guarantees. When losses occur, they may be mitigated, at times, by recovery rights to the customer's assets, contract payments, and collateral and bankruptcy recoveries. We have substantial commercial and construction surety exposure for current and prior customers. In that regard, we have exposures related to surety bonds issued on behalf of companies that have experienced or may experience deterioration in creditworthiness. If the financial condition of these companies were adversely affected by the economy or otherwise, we may experience an increase in filed claims and may incur high severity losses, which could have an adverse effect on our results of operations.

Our exposure to various commercial and contractual counterparties, our reliance on brokers, and certain of our policies may subject us to credit risk.

We have exposure to counterparties through a variety of commercial transactions and arrangements, including reinsurance transactions; agreements with banks, hedge funds and other investment vehicles; and derivative transactions, that expose us to credit risk in the event our counterparty fails to perform its obligations. This includes exposure to financial institutions in the form of secured and unsecured debt instruments and equity securities. Moreover, a deposit paid in connection with our agreement to acquire additional shares of Huatai Group exposes us to risk if the transaction is not completed.

In accordance with industry practice, we generally pay amounts owed on claims to brokers who, in turn, remit these amounts to the insured or ceding insurer. Although the law is unsettled and depends upon the facts and circumstances of the particular case, in some jurisdictions, if a broker fails to make such a payment, we might remain liable to the insured or ceding insurer for the deficiency. Conversely, in certain jurisdictions, if a broker does not remit premiums paid for these policies over to us, these premiums might be considered to have been paid and the insured or ceding insurer will no longer be liable to us for those amounts, whether or not we have actually received the premiums from the broker. Consequently, we assume a degree of credit risk associated with a broker with whom we transact business. However, due to the unsettled and fact-specific nature of the law, we are unable to quantify our exposure to this risk. To date, we have not experienced any material losses related to this credit risk.

Under the terms of certain high-deductible policies which we offer, such as workers' compensation and general liability, our customers are responsible to reimburse us for an agreed-upon dollar amount per claim. In nearly all cases we are required under such policies to pay covered claims first, and then seek reimbursement for amounts within the applicable deductible from our customers. This obligation subjects us to credit risk from these customers. While we generally seek to mitigate this risk through collateral agreements and maintain a provision for uncollectible accounts associated with this credit exposure, an increased inability of customers to reimburse us in this context could have an adverse effect on our financial condition and results of operations. In addition, a lack of credit available to our customers could impact our ability to collateralize this risk to our satisfaction, which in turn, could reduce the amount of high-deductible policies we could offer.

Since we depend on a few distribution and bancassurance partners for a large portion of our revenues, loss of business provided by any one of them could adversely affect us.

We market our insurance and reinsurance worldwide primarily through independent insurance agents, insurance and reinsurance brokers, and bancassurance relationships. Accordingly, our business is dependent on the willingness of these agents and brokers to recommend our products to their customers, who may also promote and distribute the products of our competitors. Deterioration in relationships with our agent and broker distribution network or their increased promotion and distribution of our competitors' products could adversely affect our ability to sell our products. Loss of all or a substantial portion of the business provided by one or more of these agents and brokers could have an adverse effect on our business.

Financial

Our investment performance may affect our financial results and our ability to conduct business.

Our investment assets are invested by professional investment management firms under the direction of our management team in accordance with investment guidelines approved by the Risk & Finance Committee of the Board of Directors. Although our investment guidelines stress diversification of risks and conservation of principal and liquidity, our investments are subject to market risks and risks inherent in individual securities. Our investment performance is highly sensitive to many factors, including interest rates, inflation, monetary and fiscal policies, and domestic and international political conditions. The volatility of our losses may force us to liquidate securities, which may cause us to incur capital losses. Realized and unrealized losses in our investment portfolio would reduce our book value, and if significant, can affect our ability to conduct business.

Volatility in interest rates could impact the performance of our investment portfolio which could have an adverse effect on our investment income and operating results. Although we take measures to manage the risks of investing in a changing interest rate environment, we may not be able to effectively mitigate interest rate sensitivity. Our mitigation efforts include maintaining a high-quality portfolio of primarily fixed income investments with a relatively short duration to reduce the effect of interest rate changes on book value. A significant increase in interest rates would generally have an adverse effect on our book value. Our life insurance investments typically focus on longer duration bonds to better match the obligations of this business. For the life insurance business, policyholder behavior may be influenced by changing interest rate conditions and require a re-balancing of duration to effectively manage our asset/liability position.

As stated, our fixed income portfolio is primarily invested in high quality, investment-grade securities. However, a smaller portion of the portfolio, approximately 18 percent at December 31, 2020, is invested in below investment-grade securities. These securities, which pay a higher rate of interest, also have a higher degree of credit or default risk and may also be less liquid in times of economic weakness or market disruptions. While we have put in place procedures to monitor the credit risk and liquidity of our invested assets, it is possible that, in periods of economic weakness (such as recession), we may experience credit or default losses in our portfolio, which could adversely affect our results of operations and financial condition.

As a part of our ongoing analysis of our investment portfolio, we are required to assess current expected credit losses for all held-to-maturity securities and evaluate expected credit losses for available-for-sale securities when fair value is below amortized cost, which considers reasonable and supportable forecasts of future economic conditions in addition to information about past events and current conditions. This analysis requires a high degree of judgment. Financial assets with similar risk characteristics and relevant historical loss information are included in the development of an estimate of expected lifetime losses. Declines in relevant stock and other financial markets and other factors impacting the value of our investments could result in an adverse effect on our net income and other financial results.

We may require additional capital or financing sources in the future, which may not be available or may be available only on unfavorable terms.

Our future capital and financing requirements depend on many factors, including our ability to write new business successfully and to establish premium rates and reserves at levels sufficient to cover losses, as well as our investment performance and capital expenditure obligations, including with respect to acquisitions. We may need to raise additional funds through financings or access funds through existing or new credit facilities or through short-term repurchase agreements. We also from time to time seek to refinance debt or credit as amounts become due or commitments expire. Any equity or debt financing or refinancing, if available at all, may be on terms that are not favorable to us. In the case of equity financings, dilution to our shareholders could result, and in any case, such securities may have rights, preferences, and privileges that are senior to those of our Common Shares. Our access to funds under existing credit facilities is dependent on the ability of the banks that are parties to the facilities to meet their funding commitments. Under Swiss law we would be prohibited from selling shares in an equity financing at a purchase price below our then-current par value. If we cannot obtain adequate capital or sources of credit on favorable terms, or at all, we could be forced to use assets otherwise available for our business operations, and our business, results of operations, and financial condition could be adversely affected.

We may be required to post additional collateral because of changes in our reinsurance liabilities to regulated insurance companies, or because of regulatory changes that affect our companies.

If our reinsurance liabilities increase, including in our property & casualty and variable annuity reinsurance businesses, we may be required to post additional collateral for insurance company clients. In addition, regulatory changes sometimes affect our obligations to post collateral. The need to post this additional collateral, if significant enough, may require us to sell investments at a loss in order to provide securities of suitable credit quality or otherwise secure adequate capital at an unattractive cost. This could adversely impact our net income and liquidity and capital resources.

U.S. and global economic and financial industry events and their consequences could harm our business, our liquidity and financial condition, and our stock price.

The consequences of adverse global or regional market and economic conditions may affect (among other aspects of our business) the demand for and claims made under our products, the ability of customers, counterparties, and others to establish or maintain their relationships with us, our ability to access and efficiently use internal and external capital resources, the availability of reinsurance protection, the risks we assume under reinsurance programs covering variable annuity guarantees, and our investment performance. The increasing impact of climate change could affect our cost of claims, loss ratios, and financial results. Volatility in the U.S. and other securities markets may adversely affect our stock price.

A decline in our financial strength ratings could affect our standing among distribution partners and customers and cause our premiums and earnings to decrease. A decline in our debt ratings could increase our borrowing costs and impact our ability to access capital markets.

Ratings are an important factor in establishing the competitive position of insurance and reinsurance companies. The objective of these rating systems is to provide an opinion of an insurer's financial strength and ability to meet ongoing obligations to its policyholders. A ratings downgrade could result in a substantial loss of business as insureds, ceding companies, and brokers move to other insurers and reinsurers with higher ratings. If one or more of our debt ratings were downgraded, we could also incur higher borrowing costs, and our ability to access the capital markets could be impacted. Additionally, we could be required to post collateral or be faced with the cancellation of policies and resulting premium in certain circumstances. We

cannot give any assurance regarding whether or to what extent any of the rating agencies might downgrade our ratings in the future.

Our ability to pay dividends and/or to make payments on indebtedness may be constrained by our holding company structure.

Chubb Limited is a holding company that owns shares of its operating insurance and reinsurance subsidiaries along with several loans receivable from affiliates. Beyond this it does not itself have any significant operations or liquid assets. Repayment of loans receivable, guarantee fees and dividends and other permitted distributions from our insurance subsidiaries are its primary sources of funds to meet ongoing cash requirements, including any future debt service payments, other expenses, repurchases of its shares, and to pay dividends to our shareholders. Some of our insurance subsidiaries are subject to significant regulatory restrictions limiting their ability to declare and pay dividends. The inability of our insurance subsidiaries to pay dividends (or other intercompany amounts due, such as intercompany debt obligations) in an amount sufficient to enable us to meet our cash requirements at the holding company level could have an adverse effect on our operations and our ability to repurchase shares and pay dividends to our shareholders.

Swiss law imposes certain restrictions on our ability to repurchase our shares.

Swiss law imposes certain withholding tax and other restrictions on a Swiss company's ability to return earnings or capital to its shareholders, including through the repurchase of its own shares. We may only repurchase shares to the extent that sufficient freely distributable reserves are available. In addition, Swiss law requires that the total par value of Chubb's acquisition of treasury shares must not be in excess of 10 percent of its total share capital. As a result, in order to maintain our share repurchase program, our shareholders must periodically authorize, through ballot item approval at our annual general meeting, a reduction in our share capital through the cancellation of designated blocks of repurchased shares held in treasury. If our shareholders do not approve the cancellation of previously repurchased shares, we may be unable to return capital to shareholders through share repurchases in the future. Furthermore, our current repurchase program relies on a Swiss tax ruling. Any future revocation or loss of our Swiss tax ruling or the inability to conduct repurchases in accordance with the ruling could also jeopardize our ability to continue repurchasing our shares.

Our operating results and shareholders' equity may be adversely affected by currency fluctuations.

Our reporting currency is the U.S. dollar. In general, we match assets and liabilities in local currencies. Where possible, capital levels in local currencies are limited to satisfy minimum regulatory requirements and to support local insurance operations. The principal currencies creating foreign exchange risk are the euro, British pound, Canadian dollar, Chinese yuan, Australian dollar, Mexican peso, Brazilian real, Korean won, Japanese yen, Thai baht, and Hong Kong dollar. At December 31, 2020, approximately 21.4 percent of our net assets were denominated in foreign currencies. We may experience losses resulting from fluctuations in the values of non-U.S. currencies, which could adversely impact our results of operations and financial condition.

Operational

The regulatory and political regimes under which we operate, and their volatility, could have an adverse effect on our business.

We may from time to time face challenges resulting from changes in applicable law and regulations in particular jurisdictions, or changes in approach to oversight of our business from insurance or other regulators.

Our insurance and reinsurance subsidiaries conduct business globally. Our businesses in each jurisdiction are subject to varying degrees of regulation and supervision. The laws and regulations of the jurisdictions in which our insurance and reinsurance subsidiaries are domiciled require, among other things, maintenance of minimum levels of statutory capital, surplus, and liquidity; various solvency standards; and periodic examinations of subsidiaries' financial condition. In some jurisdictions, laws and regulations also restrict payments of dividends and reductions of capital. Applicable statutes, regulations, and policies may also restrict the ability of these subsidiaries to write insurance and reinsurance policies, to make certain investments, and to distribute funds. The purpose of insurance laws and regulations generally is to protect policyholders and ceding insurance companies, not our shareholders. For example, some jurisdictions have enacted various consumer protection laws that make it more burdensome for insurance companies to sell policies and interact with customers in personal lines businesses. Failure to comply with such regulations can lead to significant penalties and reputational injury.

The foreign and U.S. federal and state laws and regulations that are applicable to our operations are complex and may increase the costs of regulatory compliance or subject our business to the possibility of regulatory actions or proceedings. Laws and regulations not specifically related to the insurance industry include trade sanctions that relate to certain countries, anti-money laundering laws, and anti-corruption laws. The insurance industry is also affected by political, judicial, and legal developments that may create new and expanded regulations and theories of liability. The current economic and financial climates present

additional uncertainties and risks relating to increased regulation and the potential for increased involvement of the U.S. and other governments in the financial services industry.

Regulators in countries where we have operations continue to work with the International Association of Insurance Supervisors (IAIS) to consider changes to insurance company supervision, including with respect to group supervision and solvency requirements. The IAIS has developed a Common Framework for the Supervision of Internationally Active Insurance Groups (ComFrame), which is focused on the effective group-wide supervision of international active insurance groups (IAIGs), such as Chubb. As part of ComFrame, the IAIS is developing an international capital standard for such IAIGs. The details of this global capital standard and its applicability to Chubb are evolving and uncertain at this time. In addition, Chubb businesses across the EU are subject to Solvency II, a capital and risk management regime, and our Bermuda businesses are subject to an equivalent of the EU's Solvency II regime. Also applicable to Chubb businesses are the requirements of the Swiss Financial Market Supervisory Authority (FINMA) whose regulations include Swiss Solvency Tests. There are also Risk Based Capital (RBC) requirements in the U.S. which are also subject to revision in response to global developments. The impact to Chubb of these developments remains uncertain, although currently we do not expect that our capital management strategies, results of operations and financial condition will be materially affected by these regulatory changes.

Evolving privacy and data security regulations could adversely affect our business.

We are subject to numerous U.S. federal and state laws and non-U.S. regulations governing the protection of personal and confidential information of our clients and employees, including in relation to medical records, credit card data and financial information. These laws and regulations are increasing in complexity and number, change frequently, sometimes conflict, and could expose Chubb to significant monetary damages, regulatory enforcement actions, fines and/or criminal prosecution in one or more jurisdictions.

We are subject to the New York Department of Financial Services' Cybersecurity Regulation (the NYDFS Cybersecurity Regulation) which mandates detailed cybersecurity standards for all institutions, including insurance entities, authorized by the NYDFS to operate in New York. The NYDFS Cybersecurity Regulation has increased our compliance costs and could increase the risk of noncompliance and subject us to regulatory enforcement actions and penalties, as well as reputation risk.

Additionally, the National Association of Insurance Commissioners (NAIC) adopted an Insurance Data Security Model Law, which requires licensed insurance entities to comply with detailed information security requirements. A number of states have enacted it into law, and it is not yet known whether or not, and to what extent, additional states will enact it. Such enactments, especially if inconsistent between states or with existing laws and regulations could raise compliance costs or increase the risk of noncompliance, with the attendant risk of being subject to regulatory enforcement actions and penalties, as well as reputational harm.

The EU General Data Protection Regulation (the "GDPR") is a comprehensive regulation applying across all EU member states. All our business units (regardless of whether they are located in the EU) may be subject to the GDPR when personal data is processed in relation to the offer of goods and services to individuals within the EU. Our failure to comply with GDPR and other countries' privacy or data security-related laws, rules or regulations could result in significant penalties imposed by regulators, which could have an adverse effect on our business, financial condition and results of operations.

Significant other comprehensive privacy laws have been enacted by other jurisdictions, most notably the California Consumer Privacy Act (CCPA), the California Privacy Rights Act (CPRA), and Brazil's Lei Geral de Protecao de Dados (LGPD), which may affect our use of data and could affect our operations and subject us to fines and actions for noncompliance. In the U.S., several other states are considering similar legislation, and there are ongoing discussions regarding a National Privacy Law. New laws similar to the GDPR and the CCPA are expected to be enacted in coming years in various countries and jurisdictions in which we operate.

Economic uncertainty in either or both of the United Kingdom ("U.K.") and the European Union ("EU"), and/or operational uncertainty between them, may have an adverse effect on our business, our liquidity and financial condition, and our stock price.

The U.K. ceased to be a member of the EU on January 31, 2020 ("Brexit"). Economic relations between the U.K. and the EU are now governed by a Trade and Cooperation Agreement which is limited in scope to primarily the trade of goods, transport, energy links and fishing. Uncertainties remain relating to certain aspects of the U.K.'s future economic, trading and legal relationships with the EU and with other countries, including with respect to financial services industries such as ours. Moreover, free movement of persons, services and capital between the U.K. and the EU ended on January 1, 2021, which has meant the loss to U.K./EU service sectors of the automatic right to offer such services across the EU and U.K. The overall

macroeconomic impact of Brexit - an impact which inevitably affects the volume of business we transact in Europe - is not yet clear. Throughout both the EU and U.K., we have significant investments in both financial and human resources, as well as a large portfolio of commercial and consumer insurance business. On an operational level, we have already redomiciled our primary European carriers from the U.K. to France although we will continue to have a substantial presence in London and elsewhere in the U.K.

Our worldwide operations, particularly in developing nations, expose us to global geopolitical developments that could have an adverse effect on our business, liquidity, results of operations, and financial condition.

With operations in 54 countries and territories, we provide insurance and reinsurance products and services to a diverse group of clients worldwide, including operations in various developing nations. Both current and future foreign operations could be adversely affected by unfavorable geopolitical developments including law changes; tax changes; changes in trade policies; changes to visa or immigration policies; regulatory restrictions; government leadership changes; political events and upheaval; sociopolitical instability; social, political or economic instability resulting from climate change; and nationalization of our operations without compensation. Adverse activity in any one country could negatively impact operations, increase our loss exposure under certain of our insurance products, and could, otherwise, have an adverse effect on our business, liquidity, results of operations, and financial condition depending on the magnitude of the events and our net financial exposure at that time in that country.

A failure in our operational systems or infrastructure or those of third parties, including due to security breaches or cyber-attacks, could disrupt business, damage our reputation, and cause losses.

Our operations rely on the secure processing, storage, and transmission of confidential and other information and assets, including in our computer systems and networks and those of third-party service providers. Our business depends on effective information security and systems and the integrity and timeliness of the data our information systems use to run our business. Our ability to adequately price products and services, to establish reserves, to provide effective, efficient and secure service to our customers, to value our investments and to timely and accurately report our financial results also depends significantly on the integrity and availability of the data we maintain, including that within our information systems, as well as data in and assets held through third-party service providers and systems. Although we have implemented administrative and technical controls and have taken protective actions to reduce the risk of cyber incidents and to protect our information technology and assets, and although we additionally endeavor to modify such procedures as circumstances warrant and negotiate agreements with third-party providers to protect our assets, such measures may be insufficient to prevent unauthorized access, computer viruses, malware or other malicious code or cyber-attack, business compromise attacks, catastrophic events, system failures and disruptions, employee errors or malfeasance, third party (including outsourced service providers) errors or malfeasance, loss of assets and other events that could have security consequences (each, a Security Event). As the breadth and complexity of our security infrastructure continues to grow, the potential risk of a Security Event increases. Such an event or events may jeopardize Chubb's or its clients' or counterparties' confidential and other information processed and stored within Chubb, and transmitted through its computer systems and networks, or otherwise cause interruptions, delays, or malfunctions in Chubb's, its clients', its counterparties', or third parties' operations, or result in data loss or loss of assets which could result in significant losses, reputational damage or an adverse effect on our operations and critical business functions. Chubb may be required to expend significant additional resources to modify our protective measures or to investigate and remediate vulnerabilities or other exposures and to pursue recovery of lost data or assets and we may be subject to litigation and financial losses that are either not insured against or not fully covered by insurance maintained.

Despite the contingency plans and facilities we have in place and our efforts to observe the regulatory requirements surrounding information security, our ability to conduct business may be adversely affected by a disruption of the infrastructure that supports our business in the communities in which we are located, or of outsourced services or functions. This may include a disruption involving electrical, communications, transportation, or other services used by Chubb. If a disruption occurs in one location and Chubb employees in that location are unable to occupy our offices and conduct business or communicate with or travel to other locations, our ability to service and interact with clients may suffer and we may not be able to successfully implement contingency plans that depend on communication or travel.

We use analytical models to assist our decision making in key areas such as underwriting, claims, reserving, and catastrophe risks but actual results could differ materially from the model outputs and related analyses.

We use various modeling techniques (e.g., scenarios, predictive, stochastic and/or forecasting) and data analytics to analyze and estimate exposures, loss trends and other risks associated with our assets and liabilities. We use the modeled outputs and related analyses to assist us in decision-making (e.g., underwriting, pricing, claims, reserving, reinsurance, and catastrophe risk) and to maintain competitive advantage. The modeled outputs and related analyses are subject to various assumptions, uncertainties, model errors and the inherent limitations of any statistical analysis, including the use of historical internal and industry data. In addition, the modeled outputs and related analyses may from time to time contain inaccuracies, perhaps in

material respects, including as a result of inaccurate inputs or applications thereof. Climate change may make modeled outcomes less certain or produce new, non-modeled risks. Consequently, actual results may differ materially from our modeled results. If, based upon these models or other factors, we misprice our products or underestimate the frequency and/or severity of loss events, or overestimate the risks we are exposed to, new business growth and retention of our existing business may be adversely affected which could have an adverse effect on our results of operations and financial condition.

We could be adversely affected by the loss of one or more key executives or by an inability to attract and retain qualified personnel.

Our success depends on our ability to retain the services of our existing key executives and to attract and retain additional qualified personnel in the future. The loss of the services of any of our key executives or the inability to hire and retain other highly qualified personnel in the future could adversely affect our ability to conduct or grow our business. This risk may be particularly acute for us relative to some of our competitors because some of our senior executives work in countries where they are not citizens and work permit and immigration issues could adversely affect the ability to retain or hire key persons. We do not maintain key person life insurance policies with respect to our employees.

Employee error and misconduct may be difficult to detect and prevent and could adversely affect our business, results of operations, and financial condition.

Losses may result from, among other things, fraud, errors, failure to document transactions properly, failure to obtain proper internal authorization, failure to comply with underwriting or other internal guidelines, or failure to comply with regulatory requirements. It is not always possible to deter or prevent employee misconduct and the precautions that we take to prevent and detect this activity may not be effective in all cases. Resultant losses could adversely affect our business, results of operations, and financial condition.

Strategic

The continually changing landscape, including competition, technology and products, and existing and new market entrants could reduce our margins and adversely impact our business and results of operations.

Insurance and reinsurance markets are highly competitive. We compete on an international and regional basis with major U.S., Bermuda, European, and other international insurers and reinsurers and with underwriting syndicates, some of which have greater financial, technological, marketing, distribution and/or management resources than we do. In addition, capital market participants have created alternative products that are intended to compete with reinsurance products. We also compete with new companies and existing companies that move into the insurance and reinsurance markets. If competition, or technological or other changes to the insurance markets in which we operate, limits our ability to retain existing business or write new business at adequate rates or on appropriate terms, our business and results of operations could be materially and adversely affected. Increased competition could also result in fewer submissions, lower premium rates, and less favorable policy terms and conditions, which could reduce our profit margins and adversely impact our net income and shareholders' equity.

Recent technological advancements in the insurance industry and information technology industry present new and fast-evolving competitive risks as participants seek to increase transaction speeds, lower costs and create new opportunities. Advancements in technology are occurring in underwriting, claims, distribution and operations at a pace that may quicken, including as companies increase use of data analytics and technology as part of their business strategy. We will be at a competitive disadvantage if, over time, our competitors are more effective than us in their utilization of technology and evolving data analytics. If we do not anticipate or keep pace with these technological and other changes impacting the insurance industry, it could also limit our ability to compete in desired markets.

Insurance and reinsurance markets are historically cyclical, and we expect to experience periods with excess underwriting capacity and unfavorable premium rates.

The insurance and reinsurance markets have historically been cyclical, characterized by periods of intense price competition due to excessive underwriting capacity as well as periods when shortages of capacity permitted favorable premium levels. An increase in premium levels is often offset by an increasing supply of insurance and reinsurance capacity, either by capital provided by new entrants or by the commitment of additional capital by existing insurers or reinsurers, which may cause prices to decrease. Any of these factors could lead to a significant reduction in premium rates, less favorable policy terms, and fewer submissions for our underwriting services. In addition to these considerations, changes in the frequency and severity of losses suffered by insureds and insurers may affect the cycles of the insurance and reinsurance markets significantly, as could periods of economic weakness (such as recession).

The integration of acquired companies may not be as successful as we anticipate.

Acquisitions involve numerous operational, strategic, financial, accounting, legal, tax, and other risks; potential liabilities associated with the acquired businesses; and uncertainties related to design, operation and integration of acquired businesses' internal controls over financial reporting. Difficulties in integrating an acquired company, along with its personnel, may result in the acquired company performing differently than we expected, in operational challenges or in our failure to realize anticipated expense-related efficiencies. This may also apply to companies in which we acquire majority ownership. Our existing businesses could also be negatively impacted by acquisitions. In addition, goodwill and intangible assets recorded in connection with insurance company acquisitions may be impaired if premium growth, underwriting profitability, agency retention and policy persistency, among other factors, differ from expectations.

There is also the potential that proposed acquisitions that have been publicly announced will not be consummated, even if a definitive agreement has been signed by the parties. If an agreement is terminated before closing, the result would be that our proposed acquisition would not occur, which could, among other things, expose us to damages or liability and adversely impact our stock price and future operations.

We may be subject to U.S. tax and Bermuda tax which may have an adverse effect on our results of operations and shareholder investment.

Chubb Limited and our non-U.S. subsidiaries operate in a manner so that none of these companies should be subject to U.S. tax (other than U.S. excise tax on insurance and reinsurance premium income attributable to insuring or reinsuring U.S. risks and U.S. withholding tax on some types of U.S. source investment income), because none of these companies should be treated as engaged in a trade or business within the U.S. However, because there is considerable uncertainty as to the activities that constitute being engaged in a trade or business within the U.S., we cannot be certain that the Internal Revenue Service (IRS) will not contend successfully that Chubb Limited or its non-U.S. subsidiaries are engaged in a trade or business in the U.S. If Chubb Limited or any of its non-U.S. subsidiaries were considered to be engaged in a trade or business in the U.S., such entity could be subject to U.S. corporate income and branch profits taxes on the portion of its earnings effectively connected to such U.S. business, in which case our results of operations and our shareholders' investments could be adversely affected.

The Bermuda Minister of Finance, under the Exempted Undertakings Tax Protection Act 1966 of Bermuda, as amended, has given Chubb Limited and its Bermuda insurance subsidiaries a written assurance that if any legislation is enacted in Bermuda that would impose tax computed on profits or income, or computed on any capital asset, gain, or appreciation, or any tax in the nature of estate duty or inheritance tax, then the imposition of any such tax would not be applicable to those companies or any of their respective operations, shares, debentures, or other obligations until March 31, 2035, except insofar as such tax would apply to persons ordinarily resident in Bermuda or is payable by us in respect of real property owned or leased by us in Bermuda. We cannot be certain that we will not be subject to any Bermuda tax after March 31, 2035.

We could be adversely affected by certain features of the 2017 U.S. tax reform legislation.

Tax legislation known as the Tax Cuts and Jobs Act (2017 Tax Act) was enacted in the U.S. on December 22, 2017. In addition to reducing the U.S. corporate income tax rate from 35 percent to 21 percent, it fundamentally changed many elements of the pre-2017 Tax Act U.S. tax law and introduced several new concepts to tax multinational corporations such as us. Among the most notable new rules are the Base Erosion and Anti-Abuse Tax (commonly called BEAT), which may apply as a result of payments by U.S. taxpayers to non-U.S. affiliates, and the Global Intangible Low Taxed Income (GILTI) addition to Subpart F income, which for insurance groups potentially expands U.S. taxation on the earnings of foreign subsidiaries. The 2017 Tax Act also included a one-time reduced-rate transition tax in 2017 on previously untaxed post-1986 earnings of foreign subsidiaries of U.S. corporations. The 2017 Tax Act, which was generally effective in 2018, is a complex law with many significant new provisions. Since enactment, the IRS and U.S. Treasury Department have continued to issue rulings, notices, and proposed and final regulations to assist taxpayers in understanding and implementing the new provisions. Some of this guidance remains subject to comment or in proposed form; thus, there are many uncertainties relating to its ultimate application and effects on our company.

The Biden Administration and several members of the U.S. Congress have suggested enacting legislation intended to modify aspects of the 2017 Tax Act. This legislation may include increases to the corporate income tax rate, as well as modifications to the GILTI provisions. It is possible that such legislation or other legislation could be enacted in the future and could have an adverse impact on us or our shareholders.

The Organization for Economic Cooperation and Development (OECD) and the European Union (EU) are considering measures that might change long standing tax principles that could increase our taxes.

The OECD has published a framework for taxation that in many respects is different than long standing international tax principles. This framework is a proposal that we expect to develop further in 2021 as it is designed by the OECD Secretariat. This framework is an alternative to digital services taxes that several countries have enacted or are considering. These changes could redefine what income is taxed in which country and institute a global minimum tax. These proposals may be completed sometime in 2021 or later which could be adopted by OECD countries in 2022 or later years. As countries unilaterally amend their tax laws to adopt certain parts of the OECD framework, this may increase the company's income taxes and cause uncertainties related to our income taxes.

The OECD also published an action plan several years ago to address base erosion and profit shifting (BEPS) impacting its member countries and other jurisdictions. It is possible that jurisdictions in which we do business could continue to react to the BEPS initiative or their own concerns by enacting tax legislation that could adversely affect us or our shareholders.

Several multilateral organizations, including the EU and the OECD have, in recent years, expressed concern about some countries not participating in adequate tax information exchange arrangements and have threatened those that do not agree to cooperate with punitive sanctions by member countries. It is still unclear what all these sanctions might be, which countries might adopt them, and when or if they might be imposed. We cannot assure, however, that the Tax Information Exchange Agreements (TIEAs) that have been entered into by Switzerland and Bermuda will be sufficient to preclude all of the sanctions described above, which, if ultimately adopted, could adversely affect us or our shareholders.

Shareholders

There are provisions in our charter documents that may reduce the voting rights and diminish the value of our Common Shares.

Our Articles of Association generally provide that shareholders have one vote for each Common Share held by them and are entitled to vote at all meetings of shareholders. However, the voting rights exercisable by a shareholder may be limited so that certain persons or groups are not deemed to hold 10 percent or more of the voting power conferred by our Common Shares. Moreover, these provisions could have the effect of reducing the voting power of some shareholders who would not otherwise be subject to the limitation by virtue of their direct share ownership. The Board of Directors may refuse to register holders of shares as shareholders with voting rights based on certain grounds, including if the holder would, directly or indirectly, formally, constructively or beneficially own (as described in Articles 8 and 14 of our Articles of Association) or otherwise control voting rights with respect to 10 percent or more of the registered share capital recorded in the commercial register. In addition, the Board of Directors shall reject entry of holders of registered shares as shareholders with voting rights in the share register or shall decide on their deregistration when the acquirer or shareholder upon request does not expressly state that she/he has acquired or holds the shares in her/his own name and for her/his account.

Applicable laws may make it difficult to effect a change of control of our company.

Before a person can acquire control of a U.S. insurance company, prior written approval must be obtained from the insurance commissioner of the state where the domestic insurer is domiciled. Prior to granting approval of an application to acquire control of a domestic insurer, the state insurance commissioner will consider such factors as the financial strength of the applicant, the integrity and management of the applicant's Board of Directors and executive officers, the acquirer's plans for the future operations of the domestic insurer, and any anti-competitive results that may arise from the consummation of the acquisition of control. Generally, state statutes provide that control over a domestic insurer is presumed to exist if any person, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies representing 10 percent or more of the voting securities of the domestic insurer. Because a person acquiring 10 percent or more of our Common Shares would indirectly control the same percentage of the stock of our U.S. insurance subsidiaries, the insurance change of control laws of various U.S. jurisdictions would likely apply to such a transaction. Laws of other jurisdictions in which one or more of our existing subsidiaries are, or a future subsidiary may be, organized or domiciled may contain similar restrictions on the acquisition of control of Chubb.

While our Articles of Association limit the voting power of any shareholder to less than 10 percent, we cannot assure that the applicable regulatory body would agree that a shareholder who owned 10 percent or more of our Common Shares did not, because of the limitation on the voting power of such shares, control the applicable insurance subsidiary.

These laws may discourage potential acquisition proposals and may delay, deter, or prevent a change of control of Chubb, including transactions that some or all of our shareholders might consider to be desirable.

Shareholder voting requirements under Swiss law may limit our flexibility with respect to certain aspects of capital management.

Swiss law allows our shareholders to authorize share capital which can be issued by the Board of Directors without shareholder approval, but this authorization must be renewed by the shareholders every two years. Swiss law also does not provide as much flexibility in the various terms that can attach to different classes of stock as permitted in other jurisdictions. Swiss law also reserves for approval by shareholders many corporate actions over which the Board of Directors had authority prior to our re-domestication to Switzerland. For example, dividends must be approved by shareholders. While we do not believe that Swiss law requirements relating to our capital management will have an adverse effect on Chubb, we cannot assure that situations will not arise where such flexibility would have provided substantial benefits to our shareholders.

Chubb Limited is a Swiss company; it may be difficult to enforce judgments against it or its directors and executive officers.

Chubb Limited is incorporated pursuant to the laws of Switzerland. In addition, certain of our directors and officers reside outside the U.S. and all or a substantial portion of our assets and the assets of such persons are located in jurisdictions outside the U.S. As such, it may be difficult or impossible to effect service of process within the U.S. upon those persons or to recover against us or them on judgments of U.S. courts, including judgments predicated upon civil liability provisions of the U.S. federal securities laws.

Chubb has been advised by its Swiss counsel that there is doubt as to whether the courts in Switzerland would enforce:

- judgments of U.S. courts based upon the civil liability provisions of the U.S. federal securities laws obtained in actions against it or its directors and officers, who reside outside the U.S.; or
- original actions brought in Switzerland against these persons or Chubb predicated solely upon U.S. federal securities laws.

Chubb has also been advised by its Swiss counsel that there is no treaty in effect between the U.S. and Switzerland providing for this enforcement and there are grounds upon which Swiss courts may not enforce judgments of U.S. courts. Some remedies available under the laws of U.S. jurisdictions, including some remedies available under the U.S. federal securities laws, would not be allowed in Swiss courts as contrary to that nation's public policy.

Shareholders may be subject to Swiss withholding taxes on the payment of dividends.

Our dividends are generally subject to a Swiss withholding tax at a rate of 35 percent; however, payment of a dividend in the form of a par value reduction or qualifying capital contribution reserve reduction is not subject to Swiss withholding tax. We have previously obtained shareholder approval for dividends to be paid in such form. It is our practice to recommend to shareholders that they annually approve the payment of dividends in such form but we cannot assure that our shareholders will continue to approve a reduction in such form each year or that we will be able to meet the other legal requirements for a reduction in par value, or that Swiss withholding tax rules will not be changed in the future. We estimate we would be able to pay dividends in such form, and thus exempt from Swiss withholding tax until 2028–2033. This range may vary depending upon changes in annual dividends, special dividends, certain share repurchases, fluctuations in U.S. dollar/Swiss franc exchange rate, changes in par value or qualifying capital contribution reserves or changes or new interpretations to Swiss corporate or tax law or regulations.

Under certain circumstances, U.S. shareholders may be subject to adverse U.S. federal income tax consequences.

Under certain circumstances, a U.S. person who owns or is deemed to own 10 percent or more of the voting power or value of a foreign corporation that is a "controlled foreign corporation" (CFC) (a foreign corporation in which 10 percent U.S. shareholders own or are deemed to own more than 50 percent of the voting power or value of the stock of a foreign corporation or more than 25 percent of certain foreign insurance corporations) for any period during a taxable year must include in gross income for U.S. federal income tax purposes a pro rata share of the CFC's "subpart F income". We believe that because of the dispersion of our share ownership it is unlikely that any U.S. person who acquires shares of Chubb Limited directly or indirectly through one or more foreign entities should be required to include any subpart F income in income under the CFC rules of U.S. tax law.

Separately, any U.S. persons who hold shares may be subject to U.S. federal income taxation at ordinary income tax rates on their proportionate share of our Related Person Insurance Income (RPII). If the RPII of any of our non-U.S. insurance subsidiaries (each a "Non-U.S. Insurance Subsidiary") were to equal or exceed 20 percent of that company's gross insurance income in any taxable year and direct or indirect insureds (and persons related to those insureds) own directly or indirectly through foreign entities 20 percent or more of the voting power or value of Chubb Limited, then a U.S. person who owns any shares of Chubb Limited (directly or indirectly through foreign entities) on the last day of the taxable year would be required to include in his or her income for U.S. federal income tax purposes such person's pro rata share of such company's RPII for the taxable year. In addition, any RPII that is includible in the income of a U.S. tax-exempt organization may be treated as unrelated

business taxable income. We believe that the gross RPII of each Non-U.S. Insurance Subsidiary did not in prior years of operation and is not expected in the foreseeable future to equal or exceed 20 percent of each such company's gross insurance income. Likewise, we do not expect the direct or indirect insureds of each Non-U.S. Insurance Subsidiary (and persons related to such insureds) to directly or indirectly own 20 percent or more of either the voting power or value of our shares. However, we cannot be certain that this will be the case because some of the factors which determine the extent of RPII may be beyond our control. If these thresholds are met or exceeded, any U.S. person's investment in Chubb Limited could be adversely affected.

A U.S. tax-exempt organization may recognize unrelated business taxable income if a portion of our insurance income is allocated to the organization. This generally would be the case if either (i) Chubb Limited is considered a CFC and the tax-exempt shareholder is a 10 percent U.S. shareholder or (ii) there is RPII, certain exceptions do not apply, and the tax-exempt organization, directly (or indirectly through foreign entities) owns any shares of Chubb Limited. Although we do not believe that any U.S. tax-exempt organization should be allocated such insurance income, we cannot be certain that this will be the case. Potential U.S. tax-exempt investors are advised to consult their tax advisors.

U.S. persons who hold shares will be subject to adverse tax consequences if we are considered to be a Passive Foreign Investment Company (PFIC) for U.S. federal income tax purposes.

If Chubb Limited is considered a PFIC for U.S. federal income tax purposes, a U.S. person who holds Chubb Limited shares will be subject to adverse U.S. federal income tax consequences in which case their investment could be adversely affected. In addition, if Chubb Limited were considered a PFIC, upon the death of any U.S. individual owning shares, such individual's heirs or estate would not be entitled to a "step-up" in the basis of the shares which might otherwise be available under U.S. federal income tax laws. We believe that we are not, have not been, and currently do not expect to become, a PFIC for U.S. federal income tax purposes. We cannot assure, however, that we will not be deemed a PFIC by the IRS. Recently enacted U.S. federal tax law and recent final and proposed regulations issued by the IRS and U.S. Treasury Department contain new rules that may affect the application of the PFIC provisions to an insurance company. The final regulations are effective for tax years beginning after January 15, 2021 and would not apply to us until 2022. Any shareholder electing to apply certain provisions of the newly finalized or proposed PFIC regulations prior to the effective date could be adversely affected by an investment in us. Shareholders are advised to consult their tax advisors.

ITEM 1B. Unresolved Staff Comments

There are currently no unresolved SEC staff comments regarding our periodic or current reports.

ITEM 2. Properties

We maintain office facilities around the world including in North America, Europe (including our principal executive offices in Switzerland), Bermuda, Latin America, Asia Pacific, and the Far East. Most of our office facilities are leased, although we own major facilities in Hamilton, Bermuda, and in the U.S., including in Philadelphia, Pennsylvania; Wilmington, Delaware; Whitehouse Station, New Jersey; and Simsbury, Connecticut. Management considers its office facilities suitable and adequate for the current level of operations.

ITEM 3. Legal Proceedings

The information required with respect to Item 3 is included in Note 10 h) to the Consolidated Financial Statements, which is hereby incorporated herein by reference.

ITEM 4. Mine Safety Disclosures

Item not applicable.

PART II**ITEM 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

Our Common Shares have been listed on the New York Stock Exchange since March 25, 1993, with a current par value of CHF 24.15 per share. The trading symbol for our Common Shares is "CB".

We have paid dividends each quarter since we became a public company in 1993. In 2020 and 2019, our annual dividends were paid by way of a distribution from capital contribution reserves (Additional paid-in capital) through the transfer of dividends from Additional paid-in capital to Retained earnings (free reserves) as approved by our shareholders.

Chubb Limited is a holding company whose principal sources of income are dividends and investment income from its operating subsidiaries. The ability of the operating subsidiaries to pay dividends to us and our ability to pay dividends to our shareholders are each subject to legal and regulatory restrictions. The recommendation and payment of future dividends will be based on the determination of the Board of Directors (Board) and will be dependent upon shareholder approval, profits and financial requirements of Chubb and other factors, including legal restrictions on the payment of dividends and other such factors as the Board deems relevant. Refer to Part I, Item 1A and Part II, Item 7 for additional information.

The number of record holders of Common Shares as of February 11, 2021 was 6,598. This is not the actual number of beneficial owners of Chubb's Common Shares since most of our shareholders hold their shares through a stockbroker, bank or other nominee rather than directly in their own names.

Refer to Part III, Item 12 for information relating to compensation plans under which equity securities are authorized for issuance.

Issuer's Repurchases of Equity Securities for the Three Months Ended December 31, 2020

Period	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan ⁽²⁾	Approximate Dollar Value of Shares that May Yet be Purchased Under Publicly Announced Plans ⁽³⁾
October 1 through October 31	144,550	\$ 131.11	140,000	\$ 1.11 billion
November 1 through November 30	886,702	\$ 143.52	883,000	\$ 2.48 billion
December 1 through December 31	296,858	\$ 152.73	295,000	\$ 1.50 billion
Total	1,328,110	\$ 144.23	1,318,000	

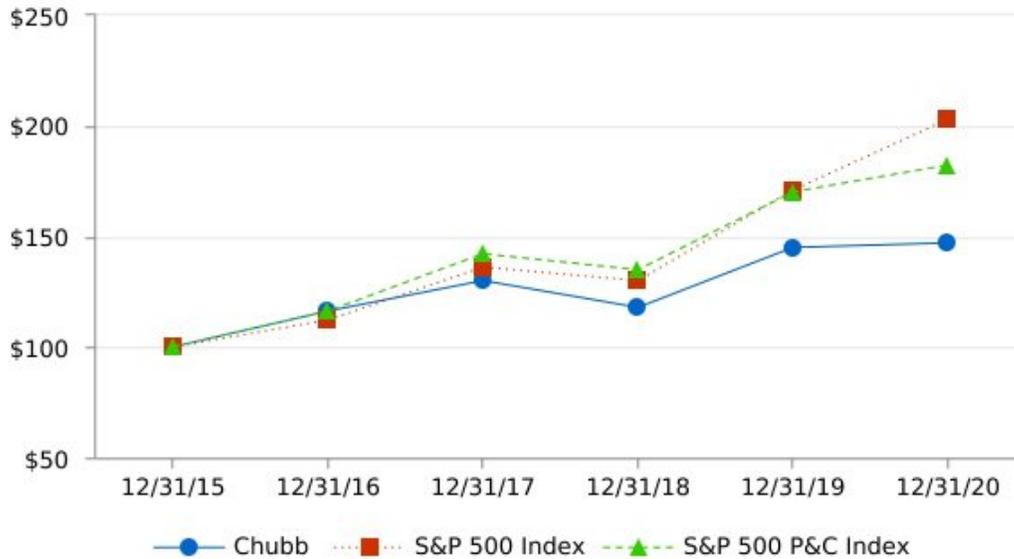
⁽¹⁾ This column represents open market share repurchases and the surrender to Chubb of Common Shares to satisfy tax withholding obligations in connection with the vesting of restricted stock issued to employees and to cover the cost of the exercise of options by employees through stock swaps.

⁽²⁾ The aggregate value of shares purchased in the three months ended December 31, 2020 as part of the publicly announced plan was \$190 million.

⁽³⁾ In November 2020, the Board authorized the repurchase of up to \$1.5 billion of Chubb's Common Shares from November 19, 2020 through December 31, 2021. Subsequently, in February 2021, the Board approved an increase to the November 2020 share repurchase program of \$1.0 billion to a total of \$2.5 billion, effective through December 31, 2021. The \$1.5 billion November 2019 Board authorization remained effective through December 31, 2020. Repurchases through December 31, 2020 were made under this authorization. For the period January 1, 2021 through February 24, 2021, we repurchased 1,971,000 Common Shares for a total of \$327 million in a series of open market transactions under the share repurchase program authorized in November 2020. As of February 24, 2021, \$2.17 billion in share repurchase authorization remained through December 31, 2021. Refer to Note 11 to the Consolidated Financial Statements for more information on the Chubb Limited securities repurchase authorizations.

Performance Graph

Set forth below is a line graph comparing the dollar change in the cumulative total shareholder return on Chubb's Common Shares from December 31, 2015, through December 31, 2020, as compared to the cumulative total return of the Standard & Poor's 500 Stock Index and the cumulative total return of the Standard & Poor's Property-Casualty Insurance Index. The cumulative total shareholder return is a concept used to compare the performance of a company's stock over time and is the ratio of the stock price change plus the cumulative amount of dividends over the specified time period (assuming dividend reinvestment), to the stock price at the beginning of the time period. The chart depicts the value on December 31, 2016, 2017, 2018, 2019, and 2020, of a \$100 investment made on December 31, 2015, with all dividends reinvested.



	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020
Chubb Limited	\$100	\$116	\$130	\$118	\$145	\$147
S&P 500 Index	\$100	\$112	\$136	\$130	\$171	\$203
S&P 500 P&C Index	\$100	\$116	\$142	\$135	\$170	\$182

ITEM 6. Selected Financial Data

Not required.

ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following is a discussion of our financial condition and results of operations for the years ended December 31, 2020 and 2019 and comparisons between 2020 and 2019. This discussion should be read in conjunction with the Consolidated Financial Statements and related Notes, under Item 8 of this Form 10-K. Comparisons between 2019 and 2018 have been omitted from this Form 10-K, but can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of our Form 10-K for the year ended December 31, 2019.

All comparisons in this discussion are to the corresponding prior year unless otherwise indicated. All dollar amounts are rounded. However, percent changes and ratios are calculated using whole dollars. Accordingly, calculations using rounded dollars may differ.

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Forward-Looking Statements

The Private Securities Litigation Reform Act of 1995 provides a “safe harbor” for forward-looking statements. Any written or oral statements made by us or on our behalf may include forward-looking statements that reflect our current views with respect to future events and financial performance. The words “believe,” “anticipate,” “estimate,” “project,” “should,” “plan,” “expect,” “intend,” “hope,” “feel,” “foresee,” “will likely result,” “will continue,” and variations thereof and similar expressions, identify forward-looking statements. These forward-looking statements are subject to certain risks, uncertainties, and other factors that could, should potential events occur, cause actual results to differ materially from such statements. These risks, uncertainties, and other factors, which are described in more detail under Part I, Item 1A, under Risk Factors, and elsewhere herein and in other documents we file with the U.S. Securities and Exchange Commission (SEC), include but are not limited to:

- actual amount of new and renewal business, premium rates, underwriting margins, market acceptance of our products, and risks associated with the introduction of new products and services and entering new markets; the competitive environment in which we operate, including trends in pricing or in policy terms and conditions, which may differ from our projections and changes in market conditions that could render our business strategies ineffective or obsolete;
- losses arising out of natural or man-made catastrophes; actual loss experience from insured or reinsured events and the timing of claim payments; the uncertainties of the loss-reserving and claims-settlement processes, including the difficulties associated with assessing environmental damage and asbestos-related latent injuries, the impact of aggregate-policy-coverage limits, the impact of bankruptcy protection sought by various asbestos producers and other related businesses, and the timing of loss payments;
- infection rates and severity of COVID-19 and related risks, and their effects on our business operations and claims activity, and any adverse impact to our insureds, brokers, agents, and employees; actual claims may exceed our best estimate of ultimate insurance losses incurred through December 31, 2020 which could change including as a result of, among other things, the impact of legislative or regulatory actions taken in response to COVID-19;
- changes in the distribution or placement of risks due to increased consolidation of insurance and reinsurance brokers; material differences between actual and expected assessments for guaranty funds and mandatory pooling arrangements; the ability to collect reinsurance recoverable, credit developments of reinsurers, and any delays with respect thereto and changes in the cost, quality, or availability of reinsurance;
- uncertainties relating to governmental, legislative and regulatory policies, developments, actions, investigations, and treaties; judicial decisions and rulings, new theories of liability, legal tactics, and settlement terms; the effects of data privacy or cyber laws or regulation; global political conditions and possible business disruption or economic contraction that may result from such events;
- developments in global financial markets, including changes in interest rates, stock markets, and other financial markets; increased government involvement or intervention in the financial services industry; the cost and availability of financing, and foreign currency exchange rate fluctuations; changing rates of inflation; and other general economic and business conditions, including the depth and duration of potential recession;
- the availability of borrowings and letters of credit under our credit facilities; the adequacy of collateral supporting funded high deductible programs; the amount of dividends received from subsidiaries;
- changes to our assessment as to whether it is more likely than not that we will be required to sell, or have the intent to sell, available for sale fixed maturity investments before their anticipated recovery;
- actions that rating agencies may take from time to time, such as financial strength or credit ratings downgrades or placing these ratings on credit watch negative or the equivalent;
- the effects of public company bankruptcies and accounting restatements, as well as disclosures by and investigations of public companies relating to possible accounting irregularities, and other corporate governance issues;
- acquisitions made performing differently than expected, our failure to realize anticipated expense-related efficiencies or growth from acquisitions, the impact of acquisitions on our pre-existing organization, or announced acquisitions not closing; risks and uncertainties relating to our planned purchases of additional interests in Huatai Insurance Group Co., Ltd. (Huatai Group), including our ability to receive Chinese insurance regulatory approval and complete the purchases;
- risks associated with being a Swiss corporation, including reduced flexibility with respect to certain aspects of capital management and the potential for additional regulatory burdens; share repurchase plans and share cancellations;
- loss of the services of any of our executive officers without suitable replacements being recruited in a reasonable time frame;

- the ability of our technology resources, including information systems and security, to perform as anticipated such as with respect to preventing material information technology failures or third-party infiltrations or hacking resulting in consequences adverse to Chubb or its customers or partners; the ability of our company to increase use of data analytics and technology as part of our business strategy and adapt to new technologies; and
- management's response to these factors and actual events (including, but not limited to, those described above).

You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates. We undertake no obligation to publicly update or review any forward-looking statements, whether as a result of new information, future events or otherwise.

Overview

We operate through six business segments: North America Commercial P&C Insurance, North America Personal P&C Insurance, North America Agricultural Insurance, Overseas General Insurance, Global Reinsurance, and Life Insurance. For more information on our segments refer to "Segment Information" under Item 1.

We have grown our business through increased premium volume, expansion of product offerings and geographic reach, and acquisitions of other companies. Refer to Note 2 to the Consolidated Financial Statements for our most recent acquisitions.

Our product and geographic diversification differentiate us from the vast majority of our competitors and has been a source of stability during periods of industry volatility. Our long-term business strategy focuses on sustained growth in book value achieved through a combination of underwriting and investment income. By doing so, we provide value to our clients and shareholders through use of our substantial capital base in the insurance and reinsurance markets.

We are organized along a profit center structure by line of business and territory that does not necessarily correspond to corporate legal entities. Profit centers can access various legal entities subject to licensing and other regulatory rules. Profit centers are expected to generate underwriting income and appropriate risk-adjusted returns. Our corporate structure has facilitated the development of management talent by giving each profit center's senior management team the necessary autonomy within underwriting authorities to make operating decisions and create products and coverages needed by its target customer base. We are focused on delivering underwriting profit by only writing policies which we believe adequately compensate us for the risk we accept.

Our insurance and reinsurance operations generate gross revenues from two principal sources: premiums and investment income. Cash flow is generated from premiums collected and investment income received less paid losses and loss expenses, policy acquisition costs, and administrative expenses. Invested assets are substantially held in liquid, investment grade fixed income securities of relatively short duration. Claims payments in any short-term period are highly unpredictable due to the random nature of loss events and the timing of claims awards or settlements. The value of investments held to pay future claims is subject to market forces such as the level of interest rates, stock market volatility, and credit events such as corporate defaults. The actual cost of claims is also volatile based on loss trends, inflation rates, court awards, and catastrophes. We believe that our cash balance, our highly liquid investments, credit facilities, and reinsurance protection provide sufficient liquidity to meet unforeseen claim demands that might occur in the year ahead. Refer to "Liquidity" and "Capital Resources" for additional information .

Financial Highlights for the Year Ended December 31, 2020

- Net income was \$3.5 billion compared with \$4.5 billion in 2019, including after-tax catastrophe losses of \$2.8 billion compared with \$966 million in 2019.
- The COVID-19 global pandemic and related economic conditions adversely impacted our results of operations and growth in 2020, including:
 - Net catastrophe losses included a COVID-19 charge of \$1,396 million pre-tax (\$1,193 million after-tax), generated primarily from entertainment and commercial property-related business interruption, liability insurance products, and workers' compensation. These COVID-19 losses added 4.5 percentage points to the P&C combined ratio.
 - Net premiums written in consumer lines globally declined by 1.9 percent, or 0.9 percent on a constant-dollar basis, principally reflecting the impact of COVID-19. A&H lines experienced negative growth globally and were down 10.6 percent for the year. Partially offsetting the decline was our U.S. high net worth personal lines business, which grew 2.8 percent in 2020.
- Net premiums written were \$33.8 billion, up 4.8 percent, or 5.5 percent on a constant-dollar basis with 9.3 percent growth in commercial lines and a decline of 0.9 percent in consumer lines. Refer to page 49 for more detail.
- Net premiums earned were \$33.1 billion, up 5.8 percent, or 6.5 percent on a constant-dollar basis with growth in commercial lines of 8.9 percent and consumer lines of 2.5 percent.
- P&C combined ratio was 96.1 percent compared with 90.6 percent in 2019. P&C current accident year combined ratio excluding catastrophe losses was 86.7 percent compared with 89.2 percent in 2019.
- Total pre-tax and after-tax catastrophe losses, including reinstatement premiums, were \$3.3 billion and \$2.8 billion, respectively, compared with \$1.2 billion and \$966 million, respectively, in 2019. Refer to the Consolidated Operating Results section for additional information on our catastrophe losses.
- Total pre-tax and after-tax favorable prior period development were \$395 million (1.2 percentage points of the combined ratio) and \$357 million, respectively, compared with \$792 million (2.7 percentage points of the combined ratio) and \$624 million, respectively, in 2019.
- Operating cash flow was \$9.8 billion compared with \$6.3 billion in 2019, an increase of \$3.4 billion primarily due to higher premiums collected and reduced payment activity due to the economic slowdown related to COVID-19 pandemic. Refer to the Liquidity section for additional information on our cash flows.
- Net investment income was \$3,375 million compared with \$3,426 million in 2019.
- Share repurchases totaled \$516 million, or approximately 3.6 million shares for the year, at an average purchase price of \$143.91 per share.
- Shareholders' equity increased 7.4 percent during the year, principally reflecting strong underlying growth and realized and unrealized gains in our investment portfolio.

Outlook

Our premium growth in 2020 reflected increases in commercial P&C lines globally from new business, positive rate increases and higher renewal retention. This growth was tempered by decreases in consumer lines, primarily from outside North America, reflecting the adverse impact of the economic contraction resulting from the COVID-19 pandemic.

Looking forward, we are off to a good start to the year in the first quarter with both growth and the level of commercial P&C rate increases resembling the underwriting conditions of the fourth quarter. We expect the current market condition to continue which will allow us to continue to grow revenue and expand underwriting margins in our commercial lines. For consumer lines, growth globally in the fourth quarter of 2020 continued to be impacted by the pandemic's effects on consumer-related activities. Our international personal lines business and our global A&H business together shrank eight percent. We expect growth to return in these businesses as the year progresses.

In 2019, Chubb entered into agreements to acquire an additional 22.4 percent ownership interest in Huatai Group through two separate purchases. The first purchase, which was for a 15.3 percent interest, was completed in July 2020. We expect that the second purchase, which was for a 7.1 percent interest, will be completed in the future, contingent upon important conditions. Separately, in November 2020, we completed the purchase of an incremental 0.9 percent ownership interest in Huatai Group, bringing Chubb's aggregate ownership interest to 47.1 percent as of December 31, 2020. We continue to apply equity method accounting until we complete the 7.1 percent purchase, which will result in majority ownership at which point we expect to apply consolidation accounting.

Critical Accounting Estimates

Our Consolidated Financial Statements include amounts that, either by their nature or due to requirements of generally accepted accounting principles in the U.S. (GAAP), are determined using best estimates and assumptions. While we believe that the amounts included in our Consolidated Financial Statements reflect our best judgment, actual amounts could ultimately materially differ from those currently presented. We believe the items that require the most subjective and complex estimates are:

- unpaid loss and loss expense reserves, including long-tail asbestos and environmental (A&E) reserves and non-A&E casualty exposures;
- future policy benefits reserves;
- the valuation of value of business acquired (VOBA) and amortization of deferred policy acquisition costs and VOBA;
- the assessment of risk transfer for certain structured insurance and reinsurance contracts;
- reinsurance recoverable, including a valuation allowance for uncollectible reinsurance;
- the valuation of our investment portfolio and assessment of valuation allowance for expected credit losses;
- the valuation of deferred income taxes;
- the valuation of derivative instruments related to guaranteed living benefits (GLB); and
- the assessment of goodwill for impairment.

We believe our accounting policies for these items are of critical importance to our Consolidated Financial Statements. The following discussion provides more information regarding the estimates and assumptions required to arrive at these amounts and should be read in conjunction with the sections entitled: Prior Period Development, Asbestos and Environmental (A&E), Reinsurance Recoverable on Ceded Reinsurance, Investments, and Net Realized and Unrealized Gains (Losses).

Unpaid losses and loss expenses

As an insurance and reinsurance company, we are required by applicable laws and regulations and GAAP to establish loss and loss expense reserves for the estimated unpaid portion of the ultimate liability for losses and loss expenses under the terms of our policies and agreements with our insured and reinsured customers. At December 31, 2020, our gross unpaid loss and loss expense reserves were \$67.8 billion and our net unpaid loss and loss expense reserves were \$53.2 billion. With the exception of certain structured settlements, for which the timing and amount of future claim payments are reliably determinable, and certain reserves for unsettled claims, our loss reserves are not discounted for the time value of money. In connection with such structured settlements and certain reserves for unsettled claims, we carried net discounted reserves of \$68 million and \$74 million at December 31, 2020 and 2019, respectively.

The following table presents a roll-forward of our unpaid losses and loss expenses:

(in millions of U.S. dollars)	December 31, 2020			December 31, 2019		
	Gross Losses	Reinsurance Recoverable ⁽¹⁾	Net Losses	Gross Losses	Reinsurance Recoverable ⁽¹⁾	Net Losses
Balance, beginning of year	\$ 62,690	\$ 14,181	\$ 48,509	\$ 62,960	\$ 14,689	\$ 48,271
Losses and loss expenses incurred	26,711	5,001	21,710	23,657	4,927	18,730
Losses and loss expenses paid	(22,053)	(4,619)	(17,434)	(23,911)	(5,438)	(18,473)
Other (including foreign exchange translation)	463	84	379	(16)	3	(19)
Balance, end of year	\$ 67,811	\$ 14,647	\$ 53,164	\$ 62,690	\$ 14,181	\$ 48,509

⁽¹⁾ Net of valuation allowance for uncollectible reinsurance.

The estimate of the liabilities includes provisions for claims that have been reported but are unpaid at the balance sheet date (case reserves) and for obligations on claims that have been incurred but not reported (IBNR) at the balance sheet date. IBNR may also include provisions to account for the possibility that reported claims may settle for amounts that differ from the established case reserves. Loss reserves also include an estimate of expenses associated with processing and settling unpaid

claims (loss expenses). Our loss reserves comprise approximately 78 percent casualty-related business, which typically encompasses long-tail risks, and other risks where a high degree of judgment is required.

The process of establishing loss reserves for property and casualty claims can be complex and is subject to considerable uncertainty as it requires the use of informed estimates and judgments based on circumstances underlying the insured losses known at the date of accrual. For example, the reserves established for high excess casualty claims, asbestos and environmental claims, claims from major catastrophic events, or for our various product lines each require different assumptions and judgments to be made. Necessary judgments are based on numerous factors and may be revised as additional experience and other data become available and are reviewed, as new or improved methods are developed, or as laws change. Hence, ultimate loss payments may differ from the estimate of the ultimate liabilities made at the balance sheet date. Changes to our previous estimates of prior period loss reserves impact the reported calendar year underwriting results adversely if our estimates increase or favorably if our estimates decrease. The potential for variation in loss reserve estimates is impacted by numerous factors. Reserve estimates for casualty lines are particularly uncertain given the lengthy reporting patterns and corresponding need for IBNR.

Case reserves for those claims reported by insureds or ceding companies to us prior to the balance sheet date and where we have sufficient information are determined by our claims personnel as appropriate based on the circumstances of the claim(s), standard claim handling practices, and professional judgment. Furthermore, for our Brandywine run-off operations and our assumed reinsurance operation, Global Reinsurance, we may adjust the case reserves as notified by the ceding company if the judgment of our respective claims department differs from that of the cedant.

With respect to IBNR reserves and those claims that have been incurred but not reported prior to the balance sheet date, there is, by definition, limited actual information to form the case reserve estimate and reliance is placed upon historical loss experience and actuarial methods to estimate the ultimate loss obligations and the corresponding amount of IBNR. IBNR reserve estimates are generally calculated by first projecting the ultimate amount of losses for a product line and subtracting paid losses and case reserves for reported claims. The judgments involved in projecting the ultimate losses may pertain to the use and interpretation of various standard actuarial reserving methods that place reliance on the extrapolation of actual historical data, loss development patterns, industry data, and other benchmarks as appropriate. The estimate of the required IBNR reserve also requires judgment by actuaries and management to reflect the impact of more contemporary and subjective factors, both qualitative and quantitative. Among some of these factors that might be considered are changes in business mix or volume, changes in ceded reinsurance structures, changes in claims handling practices, reported and projected loss trends, inflation, the legal environment, and the terms and conditions of the contracts sold to our insured parties.

Determining management's best estimate

Our recorded reserves represent management's best estimate of the provision for unpaid claims as of the balance sheet date, and establishing them involves a process that includes collaboration with various relevant parties in the company. For information on our reserving process, refer to Note 7 to the Consolidated Financial Statements.

Sensitivity to underlying assumptions

While we believe that our reserve for unpaid losses and loss expenses at December 31, 2020, is adequate, new information or emerging trends that differ from our assumptions may lead to future development of losses and loss expenses that is significantly greater or less than the recorded reserve, which could have a material effect on future operating results. As noted previously, our best estimate of required loss reserves for most portfolios is judgmentally selected for each origin year after considering the results from a number of reserving methods and is not a purely mechanical process. Therefore, it is difficult to convey, in a simple and quantitative manner, the impact that a change to a single assumption will have on our best estimate. In the examples below, we attempt to give an indication of the potential impact by isolating a single change for a specific reserving method that would be pertinent in establishing the best estimate for the product line described. We consider each of the following sensitivity analyses to represent a reasonably likely deviation in the underlying assumption.

North America Commercial P&C Insurance - Workers' Compensation

Given the long reporting and paid development patterns for workers' compensation business, the development factors used to project actual current losses to ultimate losses for our current exposure require considerable judgment that could be material to consolidated loss and loss expense reserves. Specifically, adjusting ground up ultimate losses by a one percentage point change in the tail factor (i.e., 1.04 changed to either 1.05 or 1.03) would cause a change of approximately \$910 million, either positive or negative, for the projected net loss and loss expense reserves. This represents an impact of about 9.5 percent relative to recorded net loss and loss expense reserves of approximately \$9.6 billion.

North America Commercial P&C Insurance – Liability

As is the case for Workers' Compensation above, given the long reporting and paid development patterns, the development factors used to project actual current losses to ultimate losses for our current exposure require considerable judgment that could be material to consolidated loss and loss expense reserves. Specifically, for our main U.S. Excess/Umbrella portfolios, a five percentage point change in the tail factor (e.g., 1.10 changed to either 1.15 or 1.05) would cause a change of approximately \$546 million, either positive or negative, for the projected net loss and loss expense reserves. This represents an impact of about 19.7 percent relative to recorded net loss and loss expense reserves of approximately \$2.8 billion for these portfolios.

The reserve portfolio for our Chubb Bermuda operations contains exposure to predominantly high excess liability coverage on an occurrence-first-reported basis (typically with attachment points in excess of \$325 million and gross limits of up to \$150 million) and D&O and other professional liability coverage on a claims-made basis (typically with attachment points in excess of \$125 million and gross limits of up to \$75 million). Due to the layer of exposure covered, the expected frequency for this book is very low. As a result of the low frequency/high severity nature of the book, a small difference in the actual vs. expected claim frequency, either positive or negative, could result in a material change to the projected ultimate loss if such change in claim frequency was related to a policy where close to maximum limits were deployed.

North America Personal P&C Insurance

Due to the relatively short-tailed nature of many of the coverages involved (e.g., homeowners property damage), most of the incurred losses in Personal Lines are resolved within a few years of occurrence. As shown in our loss triangle disclosure, the vast majority (approximately 95 percent) of Personal Lines net ultimate losses and allocated loss adjustment expenses are typically paid within five years of the accident date and over 80 percent within two years. Even though there are significant reserves associated with some liability exposures such as personal excess/umbrella liability, our incurred loss triangle also shows a roughly consistent pattern of only relatively minor movements in incurred estimates over time by accident year especially after twenty-four months of maturity. While the liability exposures are subject to additional uncertainties from more protracted resolution times, the main drivers of volatility in the Personal Lines business are relatively short-term in nature and relate to things like natural catastrophes, non-catastrophe weather events, man-made risks, and individual large loss volatility from other fortuitous claim events.

North America Agricultural Insurance

Approximately 59 percent of the reserves for this segment are from the crop related lines, which all have short payout patterns, with the majority of the liabilities expected to be resolved in the ensuing twelve months. Claim reserves for our Multiple Peril Crop Insurance (MPCI) product are set on a case-by-case basis and our aggregate exposure is subject to state level risk sharing formulae as well as third-party reinsurance. The majority of the development risk arises out of the accuracy of case reserve estimates and the time needed for final crop conditions to be assessed. We do not view our Agriculture reserves as substantially influenced by the general assumptions and risks underlying more typical P&C reserve estimates.

Overseas General Insurance

Certain long-tail lines, such as casualty and professional lines, are particularly susceptible to changes in loss trend and claim inflation. Heightened perceptions of tort and settlement awards around the world can increase the demand for these products as well as contributing to the uncertainty in the reserving estimates. Our reserving methods rely on loss development patterns estimated from historical data and while we attempt to adjust such factors for known changes in the current tort environment, it is possible that such factors may not entirely reflect all recent trends in tort environments. For example, when applying the reported loss development method, the lengthening of our selected loss development patterns by six months would increase reserve estimates on long-tail casualty and professional lines for accident years 2018 and prior by approximately \$590 million. This represents an impact of 15.4 percent relative to recorded net loss and loss expense reserves of approximately \$3.8 billion.

Global Reinsurance

At December 31, 2020, net unpaid losses and loss expenses for the Global Reinsurance segment aggregated to \$1.5 billion, consisting of \$772 million of case reserves and \$740 million of IBNR. In comparison, at December 31, 2019, net unpaid losses and loss expenses for the Global Reinsurance segment aggregated to \$1.4 billion, consisting of \$769 million of case reserves and \$664 million of IBNR.

For our catastrophe business, we principally estimate unpaid losses and loss expenses on an event basis by considering various sources of information, including specific loss estimates reported by our cedants, ceding company and overall industry loss estimates reported by our brokers, and our internal data regarding reinsured exposures related to the geographical location of the

event. Our internal data analysis enables us to establish catastrophe reserves for known events with more certainty at an earlier date than would be the case if we solely relied on reports from third parties to determine carried reserves.

For our casualty reinsurance business, we generally rely on ceding companies to report claims and then use that data as a key input to estimate unpaid losses and loss expenses. Due to the reliance on claims information reported by ceding companies, as well as other factors, the estimation of unpaid losses and loss expenses for assumed reinsurance includes certain risks and uncertainties that are unique relative to our direct insurance business. These include, but are not necessarily limited to, the following:

- The reported claims information could be inaccurate;
- Typically, a lag exists between the reporting of a loss event to a ceding company and its reporting to us as a reinsurance claim. The use of a broker to transmit financial information from a ceding company to us increases the reporting lag. Because most of our reinsurance business is produced by brokers, ceding companies generally first submit claim and other financial information to brokers, who then report the proportionate share of such information to each reinsurer of a particular treaty. The reporting lag generally results in a longer period of time between the date a claim is incurred and the date a claim is reported compared with direct insurance operations. Therefore, the risk of delayed recognition of loss reserve development is higher for assumed reinsurance than for direct insurance lines; and
- The historical claims data for a particular reinsurance contract can be limited relative to our insurance business in that there may be less historical information available. Further, for certain coverages or products, such as excess of loss contracts, there may be relatively few expected claims in a particular year so the actual number of claims may be susceptible to significant variability. In such cases, the actuary often relies on industry data from several recognized sources.

We mitigate the above risks in several ways. In addition to routine analytical reviews of ceding company reports to ensure reported claims information appears reasonable, we perform regular underwriting and claims audits of certain ceding companies to ensure reported claims information is accurate, complete, and timely. As appropriate, audit findings are used to adjust claims in the reserving process. We also use our knowledge of the historical development of losses from individual ceding companies to adjust the level of adequacy we believe exists in the reported ceded losses.

On occasion, there will be differences between our carried loss reserves and unearned premium reserves and the amount of loss reserves and unearned premium reserves reported by the ceding companies. This is due to the fact that we receive consistent and timely information from ceding companies only with respect to case reserves. For IBNR, we use historical experience and other statistical information, depending on the type of business, to estimate the ultimate loss. We estimate our unearned premium reserve by applying estimated earning patterns to net premiums written for each treaty based upon that treaty's coverage basis (i.e., risks attaching or losses occurring). At December 31, 2020, the case reserves, net of retrocessions, reported to us by our ceding companies were \$762 million, compared with the \$772 million we recorded. Our policy is to post additional case reserves in addition to the amounts reported by our cedants when our evaluation of the ultimate value of a reported claim is different than the evaluation of that claim by our cedant.

Typically, there is inherent uncertainty around the length of paid and reported development patterns, especially for certain casualty lines such as excess workers' compensation or general liability, which may take decades to fully develop. This uncertainty is accentuated by the need to supplement client development patterns with industry development patterns due to the sometimes low statistical credibility of the data. The underlying source and selection of the final development patterns can thus have a significant impact on the selected ultimate net losses and loss expenses. For example, a 20 percent shortening or lengthening of the development patterns used for U.S. long-tail lines would cause the loss reserve estimate derived by the reported Bornhuetter-Ferguson method for these lines to change by approximately \$245 million. This represents an impact of 37 percent relative to recorded net loss and loss expense reserves of approximately \$655 million.

Corporate

Within Corporate, we also have exposure to certain liability reinsurance lines that have been in run-off since 1994. Unpaid losses and loss expenses relating to this run-off reinsurance business resides within the Brandywine Division reported within Corporate. Most of the remaining unpaid loss and loss expense reserves for the run-off reinsurance business relate to A&E claims.

The A&E liabilities principally relate to claims arising from bodily-injury claims related to asbestos products and remediation costs associated with hazardous waste sites. The estimation of our A&E liabilities is particularly sensitive to future changes in the legal, social, and economic environment. We have not assumed any such future changes in setting the value of our A&E liabilities, which include provisions for both reported and IBNR claims.

There are many complex variables that we consider when estimating the reserves for our inventory of asbestos accounts and these variables may directly impact the predicted outcome. We believe the most significant variables relating to our A&E liabilities include the current legal environment; specific settlements that may be used as precedents to settle future claims; assumptions regarding trends with respect to claim severity and the frequency of higher severity claims; assumptions regarding the ability to allocate liability among defendants (including bankruptcy trusts) and other insurers; the ability of a claimant to bring a claim in a state in which they have no residency or exposure; the ability of a policyholder to claim the right to unaggregated coverage; whether high-level excess policies have the potential to be accessed given the policyholder's claim trends and liability situation; payments to unimpaired claimants; and, the potential liability of peripheral defendants. Based on the policies, the facts, the law, and a careful analysis of the impact that these factors will likely have on any given account, we estimate the potential liability for indemnity, policyholder defense costs, and coverage litigation expense.

The results in asbestos cases announced by other carriers or defendants may well have little or no relevance to us because coverage exposures are highly dependent upon the specific facts of individual coverage and resolution status of disputes among carriers, policyholders, and claimants.

For additional information refer to the "Asbestos and Environmental (A&E)" section and to Note 7 to the Consolidated Financial Statements.

Future policy benefits reserves

We issue contracts in our Overseas General Insurance and Life Insurance segments that are classified as long-duration. These contracts generally include accident and supplemental health products, term and whole life products, endowment products, and annuities. In accordance with GAAP, we establish reserves for contracts determined to be long-duration based on approved actuarial methods that include assumptions related to expenses, mortality, morbidity, persistency and investment yields. For traditional long-duration contracts, these assumptions also include a provision for adverse deviation (PAD), and are "locked in" at the inception of the contract, meaning we use our original assumptions throughout the life of the policy and do not subsequently modify them unless we deem the reserves to be inadequate; while for non-traditional long-duration contracts, the assumptions do not include a PAD and are unlocked at each reporting date. The future policy benefits reserves balance is regularly evaluated for a premium deficiency. If experience is less favorable than assumptions, additional liabilities may be required, resulting in a charge to policyholder benefits and claims.

Valuation of value of business acquired (VOBA), and amortization of deferred policy acquisition costs and VOBA

As part of the acquisition of businesses that sell long-duration contracts, such as life products, we established an intangible asset related to VOBA, which represented the fair value of the future profits of the in-force contracts. The valuation of VOBA at the time of acquisition is derived from similar assumptions to those used to establish the associated future policy benefits reserves. The most significant input in this calculation is the discount rate used to arrive at the present value of the net cash flows. We amortize deferred policy acquisition costs associated with long-duration contracts and VOBA (collectively policy acquisition costs) over the estimated life of the contracts, generally in proportion to premium revenue recognized based upon the same assumptions used in estimating the liability for future policy benefits. For non-traditional long-duration contracts, we amortize policy acquisition costs over the expected life of the contracts in proportion to estimates of expected gross profits. The estimated life is established at the inception of the contracts or upon acquisition and is based on current persistency assumptions. Policy acquisition costs, which consist of commissions, premium taxes, and certain underwriting costs related directly to the successful acquisition of a new or renewal insurance contract, are reviewed to determine if they are recoverable from future income, including investment income. Unrecoverable costs are expensed in the period identified.

Risk transfer

In the ordinary course of business, we both purchase (or cede) and sell (or assume) reinsurance protection. We discontinued the purchase of all finite risk reinsurance contracts, as a matter of policy, in 2002. For both ceded and assumed reinsurance, risk transfer requirements must be met in order to use reinsurance accounting, principally resulting in the recognition of cash flows under the contract as premiums and losses. If risk transfer requirements are not met, a contract is to be accounted for as a deposit, typically resulting in the recognition of cash flows under the contract through a deposit asset or liability and not as revenue or expense. To meet risk transfer requirements, a reinsurance contract must include both insurance risk, consisting of underwriting and timing risk, and a reasonable possibility of a significant loss for the assuming entity. We also apply similar risk transfer requirements to determine whether certain commercial insurance contracts should be accounted for as insurance or a deposit. Contracts that include fixed premium (i.e., premium not subject to adjustment based on loss experience under the contract) for fixed coverage generally transfer risk and do not require judgment.

Reinsurance and insurance contracts that include both significant risk sharing provisions, such as adjustments to premiums or loss coverage based on loss experience, and relatively low policy limits, as evidenced by a high proportion of maximum premium assessments to loss limits, can require considerable judgment to determine whether or not risk transfer requirements are met. For such contracts, often referred to as finite or structured products, we require that risk transfer be specifically assessed for each contract by developing expected cash flow analyses at contract inception. To support risk transfer, the cash flow analyses must demonstrate that a significant loss is reasonably possible, such as a scenario in which the ratio of the net present value of losses divided by the net present value of premiums equals or exceeds 110 percent. For purposes of cash flow analyses, we generally use a risk-free rate of return consistent with the expected average duration of loss payments. In addition, to support insurance risk, we must prove the reinsurer's risk of loss varies with that of the reinsured and/or support various scenarios under which the assuming entity can recognize a significant loss.

To ensure risk transfer requirements are routinely assessed, qualitative and quantitative risk transfer analyses and memoranda supporting risk transfer are developed by underwriters for all structured products. We have established protocols for structured products that include criteria triggering an accounting review of the contract prior to quoting. If any criterion is triggered, a contract must be reviewed by a committee established by each of our segments with reporting oversight, including peer review, from our global Structured Transaction Review Committee.

With respect to ceded reinsurance, we entered into a few multi-year excess of loss retrospectively-rated contracts, principally in 2002. These contracts primarily provided severity protection for specific product divisions. Because traditional one-year reinsurance coverage had become relatively costly, these contracts were generally entered into in order to secure a more cost-effective reinsurance program. All of these contracts transferred risk and were accounted for as reinsurance. In addition, we maintain a few aggregate excess of loss reinsurance contracts that were principally entered into prior to 2003, such as the National Indemnity Company (NICO) contracts referred to in the section entitled, "Asbestos and Environmental (A&E)". We have not purchased any other retroactive ceded reinsurance contracts since 1999.

With respect to assumed reinsurance and insurance contracts, products giving rise to judgments regarding risk transfer were primarily sold by our financial solutions business. Although we have significantly curtailed writing financial solutions business, several contracts remain in-force and principally include multi-year retrospectively-rated contracts and loss portfolio transfers. Because transfer of insurance risk is generally a primary client motivation for purchasing these products, relatively few insurance and reinsurance contracts have historically been written for which we concluded that risk transfer criteria had not been met. For certain insurance contracts that have been reported as deposits, the insured desired to self-insure a risk but was required, legally or otherwise, to purchase insurance so that claimants would be protected by a licensed insurance company in the event of non-payment from the insured.

Reinsurance recoverable

Reinsurance recoverable includes balances due to us from reinsurance companies for paid and unpaid losses and loss expenses and is presented net of a valuation allowance for uncollectible reinsurance. The valuation allowance for uncollectible reinsurance is determined based upon a review of the financial condition of the reinsurers and other factors. Ceded reinsurance contracts do not relieve our primary obligation to our policyholders. Consequently, an exposure exists with respect to reinsurance recoverable to the extent that any reinsurer is unable or unwilling to meet its obligations or disputes the liabilities assumed under the reinsurance contracts. We determine the reinsurance recoverable on unpaid losses and loss expenses using actuarial estimates as well as a determination of our ability to cede unpaid losses and loss expenses under existing reinsurance contracts.

The recognition of a reinsurance recoverable asset requires two key judgments. The first judgment involves our estimation based on the amount of gross reserves and the percentage of that amount which may be ceded to reinsurers. Ceded IBNR, which is a major component of the reinsurance recoverable on unpaid losses and loss expenses, is generally developed as part of our loss reserving process and, consequently, its estimation is subject to similar risks and uncertainties as the estimation of gross IBNR (refer to "Critical Accounting Estimates – Unpaid losses and loss expenses"). The second judgment involves our estimate of the amount of the reinsurance recoverable balance that we may ultimately be unable to recover from reinsurers due to insolvency, contractual dispute, or for other reasons. Estimated uncollectible amounts are reflected in a valuation allowance that reduces the reinsurance recoverable asset and, in turn, shareholders' equity. Changes in the valuation allowance for uncollectible reinsurance are reflected in net income.

Although the obligation of individual reinsurers to pay their reinsurance obligations is based on specific contract provisions, the collectability of such amounts requires estimation by management. The majority of the recoverable balance will not be due for collection until sometime in the future, and the duration of our recoverables may be longer than the duration of our direct exposures. Over this period of time, economic conditions and operational performance of a particular reinsurer may impact their ability to meet these obligations and while they may continue to acknowledge their contractual obligation to do so, they may not have the financial resources or willingness to fully meet their obligation to us.

To estimate the valuation allowance for uncollectible reinsurance, the reinsurance recoverable must first be determined for each reinsurer. This determination is based on a process rather than an estimate, although an element of judgment must be applied. As part of the process, ceded IBNR is allocated to reinsurance contracts because ceded IBNR is not generally calculated on a contract by contract basis. The allocations are generally based on premiums ceded under reinsurance contracts, adjusted for actual loss experience and historical relationships between gross and ceded losses. If actual premium and loss experience vary materially from historical experience, the allocation of reinsurance recoverable by reinsurer will be reviewed and may change. While such change is unlikely to result in a large percentage change in the valuation allowance for uncollectible reinsurance, it could, nevertheless, have a material effect on our net income in the period recorded.

Generally, we use a default analysis to estimate uncollectible reinsurance. The primary components of the default analysis are reinsurance recoverable balances by reinsurer, net of collateral, and forward looking default factors used to estimate the probability that the reinsurer may be unable to meet its future obligations in full. In 2020, we adopted new guidance on the accounting for expected credit losses of reinsurance recoverable. For additional information, refer to Note 1 s) to the Consolidated Financial Statements under Item 8. The definition of collateral for this purpose requires some judgment and is generally limited to assets held in a Chubb-only beneficiary trust, letters of credit, and liabilities held by us with the same legal entity for which we believe there is a right of offset. We do not currently include multi-beneficiary trusts. However, we have several reinsurers that have established multi-beneficiary trusts for which certain of our companies are beneficiaries. The determination of the default factor is principally based on the financial strength rating of the reinsurer and a corresponding default factor applicable to the financial strength rating. Default factors require considerable judgment and are determined using the current financial strength rating, or rating equivalent, of each reinsurer as well as other key considerations and assumptions. Significant considerations and assumptions include, but are not necessarily limited to, the following:

- For reinsurers that maintain a financial strength rating from a major rating agency, and for which recoverable balances are considered representative of the larger population (i.e., default probabilities are consistent with similarly rated reinsurers and payment durations conform to averages), the judgment exercised by management to determine the valuation allowance for uncollectible reinsurance of each reinsurer is typically limited because the financial rating is based on a published source and the default factor we apply is based on a historical default factor of a major rating agency applicable to the particular rating class. Default factors applied for financial ratings of AAA, AA, A, BBB, BB, B, and CCC, are 0.8 percent, 1.2 percent, 1.7 percent, 4.9 percent, 19.6 percent, 34.0 percent, and 62.2 percent, respectively. Because our model is predicated on the historical default factors of a major rating agency, we do not generally consider alternative factors. However, when a recoverable is expected to be paid in a brief period of time by a highly-rated reinsurer, such as certain property catastrophe claims, a default factor may not be applied;
- For balances recoverable from reinsurers that are both unrated by a major rating agency and for which management is unable to determine a credible rating equivalent based on a parent or affiliated company, we may determine a rating equivalent based on our analysis of the reinsurer that considers an assessment of the creditworthiness of the particular entity, industry benchmarks, or other factors as considered appropriate. We then apply the applicable default factor for that rating class. For balances recoverable from unrated reinsurers for which our ceded reserve is below a certain threshold, we generally apply a default factor of 34.0 percent;
- For balances recoverable from reinsurers that are either insolvent or under regulatory supervision, we establish a default factor and resulting valuation allowance for uncollectible reinsurance based on specific facts and circumstances surrounding each company. Upon initial notification of an insolvency, we generally recognize expense for a substantial portion of all balances outstanding, net of collateral, through a combination of write-offs of recoverable balances and increases to the valuation allowance for uncollectible reinsurance. When regulatory action is taken on a reinsurer, we generally recognize a default factor by estimating an expected recovery on all balances outstanding, net of collateral. When sufficient credible information becomes available, we adjust the valuation allowance for uncollectible reinsurance by establishing a default factor pursuant to information received; and
- For captives and other recoverables, management determines the valuation allowance for uncollectible reinsurance based on the specific facts and circumstances.

The following table summarizes reinsurance recoverables and the valuation allowance for uncollectible reinsurance for each type of recoverable balance at December 31, 2020:

(in millions of U.S. dollars)	Gross Reinsurance Recoverables on Losses and Loss Expenses	Recoverables (net of Usable Collateral)	Valuation Allowance for Uncollectible Reinsurance ⁽¹⁾
Type			
Reinsurers with credit ratings	\$ 12,479	\$ 10,814	\$ 179
Reinsurers not rated	290	154	57
Reinsurers under supervision and insolvent reinsurers	64	60	35
Captives	2,107	372	11
Other - structured settlements and pools	966	965	32
Total	\$ 15,906	\$ 12,365	\$ 314

⁽¹⁾ The valuation allowance for uncollectible reinsurance is based on a default analysis applied to gross reinsurance recoverables, net of approximately \$3.5 billion of collateral at December 31, 2020.

At December 31, 2020, the use of different assumptions within our approach could have a material effect on the valuation allowance for uncollectible reinsurance. To the extent the creditworthiness of our reinsurers was to deteriorate due to an adverse event affecting the reinsurance industry, such as a large number of major catastrophes, actual uncollectible amounts could be significantly greater than our valuation allowance for uncollectible reinsurance. Such an event could have a material adverse effect on our financial condition, results of operations, and our liquidity. Given the various considerations used to estimate our uncollectible valuation allowance, we cannot precisely quantify the effect a specific industry event may have on the valuation allowance for uncollectible reinsurance. However, based on the composition (particularly the average credit quality) of the reinsurance recoverable balance at December 31, 2020, we estimate that a ratings downgrade of one notch for all rated reinsurers (e.g., from A to A- or A- to BBB+) could increase our valuation allowance for uncollectible reinsurance by approximately \$81 million or approximately 0.5 percent of the gross reinsurance recoverable balance, assuming no other changes relevant to the calculation. While a ratings downgrade would result in an increase in our valuation allowance for uncollectible reinsurance and a charge to earnings in that period, a downgrade in and of itself does not imply that we will be unable to collect all of the ceded reinsurance recoverable from the reinsurers in question. Refer to Note 5 to the Consolidated Financial Statements for additional information.

Fair value measurements

Accounting guidance defines fair value as the price to sell an asset or transfer a liability (an exit price) in an orderly transaction between market participants and establishes a three-level valuation hierarchy based on the reliability of the inputs. The fair value hierarchy gives the highest priority to quoted prices in active markets (Level 1 inputs) and the lowest priority to unobservable data (Level 3 inputs). Level 2 includes inputs, other than quoted prices within Level 1, that are observable for assets or liabilities either directly or indirectly. Refer to Note 4 and Note 13 to the Consolidated Financial Statements for information on our fair value measurements.

Assessment of investment portfolio credit losses

Each quarter, we evaluate current expected credit losses (CECL) for fixed maturity securities classified as held to maturity and expected credit losses (ECL) for fixed maturity securities classified as available for sale. Because our investment portfolio is the largest component of consolidated assets, CECL and ECL could be material to our financial condition and results of operations. Refer to Notes 1 e) and 3 to the Consolidated Financial Statements for more information.

Deferred income taxes

At December 31, 2020, our net deferred tax liability was \$892 million. Our deferred tax assets and liabilities primarily result from temporary differences between the amounts recorded in our Consolidated Financial Statements and the tax basis of our assets and liabilities. We determine deferred tax assets and liabilities separately for each tax-paying component (an individual entity or group of entities that is consolidated for tax purposes) in each tax jurisdiction. The realization of deferred tax assets depends upon the existence of sufficient taxable income within the carryback or carryforward periods under the tax law in the applicable tax jurisdiction. There may be changes in tax laws in a number of countries where we transact business that impact our deferred tax assets and liabilities.

At each balance sheet date, management assesses the need to establish a valuation allowance that reduces deferred tax assets when it is more likely than not that all, or some portion, of the deferred tax assets will not be realized. The determination of the need for a valuation allowance is based on all available information including projections of future taxable income, principally derived from business plans and where appropriate available tax planning strategies. Projections of future taxable income incorporate assumptions of future business and operations that are apt to differ from actual experience. If our assumptions and estimates that resulted in our forecast of future taxable income prove to be incorrect, an additional valuation allowance could become necessary, which could have a material adverse effect on our financial condition, results of operations, and liquidity. At December 31, 2020, the valuation allowance of \$83 million reflects management's assessment that it is more likely than not that a portion of the deferred tax assets will not be realized due to the inability of certain subsidiaries to generate sufficient taxable income.

Assumed reinsurance programs involving minimum benefit guarantees under variable annuity contracts

Chubb reinsures various death and living benefit guarantees associated with variable annuities issued primarily in the United States. We ceased writing this business in 2007. Guarantees which are payable on death are referred to as guaranteed minimum death benefits (GMDB). Guarantees on living benefits (GLB) consist mainly of guaranteed minimum income benefits (GMIB). For further description of this product and related accounting treatment, refer to Note 1 j) to the Consolidated Financial Statements.

Guaranteed living benefits (GLB) derivatives

Our GLB reinsurance is classified as a derivative for accounting purposes and therefore carried at fair value. Changes in fair value are reflected in Net realized gains (losses) in the Consolidated statements of operations.

Determination of GLB fair value

The fair value of GLB reinsurance is estimated using an internal valuation model, which includes current market information and estimates of policyholder behavior from the perspective of a theoretical market participant that would assume these liabilities. All of our treaties contain claim limits, which are factored into the valuation model. The fair value depends on a number of factors, including interest rates, equity markets, credit risk, current account value, market volatility, expected annuitization rates and other policyholder behavior, and changes in policyholder mortality. The model and related assumptions are regularly re-evaluated by management and enhanced, as appropriate, based upon additional experience obtained related to policyholder behavior and availability of more timely market information. Due to the inherent uncertainties of the assumptions used in the valuation models to determine the fair value of these derivative products, actual experience may differ materially from the estimates reflected in our Consolidated Financial Statements.

We intend to hold these derivative contracts to maturity (i.e., the expiration of the underlying liabilities through lapse, annuitization, death, or expiration of the reinsurance contract). To partially offset the risk of changes in the fair value of GLB reinsurance contracts, we invest in derivative hedge instruments.

For further information on the estimates and assumptions used in determining the fair value of GLB reinsurance, refer to Note 4 to the Consolidated Financial Statements. For a sensitivity discussion of the effect of changes in interest rates, equity indices, and other assumptions on the fair value of GLBs, and the estimated resulting impact on our net income, refer to Item 7A.

Determination of GMDB benefit reserves

Management established benefit reserves based on a long-term benefit ratio (or loss ratio) calculated using assumptions reflecting management's best estimate of the future performance of the GMDB variable annuity line of business. Despite the long-term nature of the risk, the benefit ratio calculation is impacted by short-term market movements that may be judged by management to be transient. Management regularly examines both qualitative and quantitative analysis, including a review of the differential between the benefit ratio used at the most recent valuation date and the benefit ratio calculated on subsequent dates. Management regularly evaluates its estimates and uses judgment to determine the extent to which assumptions underlying the benefit ratio calculation should be adjusted. For the year ended December 31, 2020, management determined that no change to the benefit ratio was warranted.

Risk Management

We employ a strategy to manage the financial market and policyholder behavior risks embedded in the reinsurance of variable annuity (VA) guarantees. Risk management begins with underwriting a prospective client and guarantee design, with particular focus on protecting our position from policyholder options that, because of anti-selective behavior, could adversely impact our obligation.

A second layer of risk management is the structure of the reinsurance contracts. All VA guarantee reinsurance contracts include some form of annual or aggregate claim limit(s) primarily designed to reduce our exposure to severe equity market and interest rate declines (which would cause an increase in expected claims).

A third layer of risk management is the hedging strategy which looks to mitigate both long-term economic loss over time as well as dampen income statement volatility. We owned financial market instruments as part of the hedging strategy with a fair value liability of \$17 million and \$13 million at December 31, 2020 and 2019, respectively. The instruments are substantially collateralized on a daily basis.

We also limit the aggregate amount of variable annuity reinsurance guarantee risk we are willing to assume. The last substantive transactions were quoted in late 2007. The aggregate number of policyholders is currently decreasing through policyholder withdrawals, annuitizations, and deaths at a rate of 5 percent to 15 percent per annum.

Note that GLB claims cannot occur for any reinsured policy until it has reached the end of its "waiting period". As of December 31, 2020, 93 percent of the policies we reinsure reached the end of their "waiting periods".

Collateral

Chubb maintains collateral, including letters of credit (LOC), on behalf of most of its clients in the form of qualified assets in trust or letters of credit, typically in an amount sufficient for the client to obtain statutory reserve credit for the reinsurance. The timing of the calculation and amount of the collateral varies by client according to the particulars of the reinsurance treaty and the statutory reserve guidelines of the client's domicile. Refer to "Credit Facilities" for a discussion of the LOC related to our variable annuity program.

Goodwill impairment assessment

Goodwill, which represents the excess of acquisition cost over the estimated fair value of net assets acquired, was \$15.4 billion and \$15.3 billion at December 31, 2020 and 2019, respectively. Goodwill is assigned to applicable reporting units of acquired entities at the time of acquisition. Our reporting units are the same as our reportable segments. For goodwill balances by reporting units, refer to Note 6 to the Consolidated Financial Statements.

Goodwill is not amortized but is subject to a periodic evaluation for impairment at least annually, or earlier if there are any indications of possible impairment. Impairment is tested at the reporting unit level. The impairment evaluation first uses a qualitative assessment to determine whether it is more likely than not (i.e., more than a 50 percent probability) that the fair value of a reporting unit is greater than its carrying amount. If a reporting unit fails this qualitative assessment, a single quantitative analysis is used to measure and record the amount of the impairment.

In assessing the fair value of a reporting unit, we make assumptions and estimates about the profitability attributable to our reporting units, including:

- short-term and long-term growth rates; and
- estimated cost of equity and changes in long-term risk-free interest rates.

If our assumptions and estimates made in assessing the fair value of acquired entities change, we could be required to write-down the carrying value of goodwill which could be material to our results of operations in the period the charge is taken. Based on our impairment testing for 2020, we determined no impairment was required and none of our reporting units was at risk for impairment.

Consolidated Operating Results – Years Ended December 31, 2020, 2019, and 2018

(in millions of U.S. dollars, except for percentages)				% Change	
	2020	2019	2018	2020 vs. 2019	2019 vs. 2018
Net premiums written	\$ 33,820	\$ 32,275	\$ 30,579	4.8 %	5.5 %
Net premiums written - constant dollars ⁽¹⁾				5.5 %	7.0 %
Net premiums earned	33,117	31,290	30,064	5.8 %	4.1 %
Net investment income	3,375	3,426	3,305	(1.5)%	3.6 %
Net realized gains (losses)	(498)	(530)	(652)	(6.1)%	(18.8)%
Total revenues	35,994	34,186	32,717	5.3 %	4.5 %
Losses and loss expenses	21,710	18,730	18,067	15.9 %	3.7 %
Policy benefits	784	740	590	5.9 %	25.5 %
Policy acquisition costs	6,547	6,153	5,912	6.4 %	4.1 %
Administrative expenses	2,979	3,030	2,886	(1.7)%	5.0 %
Interest expense	516	552	641	(6.4)%	(13.9)%
Other (income) expense	(994)	(596)	(434)	66.8 %	37.2 %
Amortization of purchased intangibles	290	305	339	(4.9)%	(10.2)%
Chubb integration expenses	—	23	59	NM	(61.7)%
Total expenses	31,832	28,937	28,060	10.0 %	3.1 %
Income before income tax	4,162	5,249	4,657	(20.7)%	12.7 %
Income tax expense	629	795	695	(20.8)%	14.3 %
Net income	\$ 3,533	\$ 4,454	\$ 3,962	(20.7)%	12.4 %

NM – not meaningful

⁽¹⁾ On a constant-dollar basis. Amounts are calculated by translating prior period results using the same local currency exchange rates as the comparable current period.

Net Premiums Written

(in millions of U.S. dollars, except for percentages)						% Change
	2020	2019	2018	2020 vs. 2019	2019 vs. 2018	C\$ 2020 vs. 2019
Commercial casualty	\$ 6,177	\$ 5,654	\$ 5,204	9.2 %	8.7 %	9.3 %
Workers' compensation	2,015	2,098	2,094	(4.0)%	0.1 %	(4.0)%
Professional liability	4,201	3,697	3,527	13.6 %	4.8 %	14.0 %
Surety	531	639	635	(16.9)%	0.6 %	(14.5)%
Commercial multiple peril ⁽¹⁾	1,047	983	910	6.6 %	8.0 %	6.6 %
Property and other short-tail lines	5,231	4,468	4,016	17.1 %	11.3 %	18.3 %
Total Commercial P&C	19,202	17,539	16,386	9.5 %	7.0 %	10.0 %
Agriculture	1,846	1,810	1,577	2.0 %	14.8 %	2.0 %
Personal automobile	1,550	1,786	1,695	(13.2)%	5.4 %	(10.0)%
Personal homeowners	3,627	3,513	3,391	3.2 %	3.6 %	3.5 %
Personal other	1,656	1,514	1,508	9.4 %	0.3 %	9.8 %
Total Personal lines	6,833	6,813	6,594	0.3 %	3.3 %	1.5 %
Total Property and Casualty lines	27,881	26,162	24,557	6.6 %	6.5 %	7.2 %
Global A&H lines ⁽²⁾	3,859	4,315	4,277	(10.6)%	0.9 %	(9.7)%
Reinsurance lines	731	649	671	12.6 %	(3.2)%	12.1 %
Life	1,349	1,149	1,074	17.4 %	7.0 %	18.4 %
Total consolidated	\$ 33,820	\$ 32,275	\$ 30,579	4.8 %	5.5 %	5.5 %

⁽¹⁾ Commercial multiple peril represents retail package business (property and general liability).

⁽²⁾ For purposes of this schedule only, A&H results from our Combined North America and International businesses, normally included in the Life Insurance and Overseas General Insurance segments, respectively, as well as the A&H results of our North America Commercial P&C segment, are included in Global A&H lines above.

The increase in net premiums written in 2020 principally reflects positive growth in commercial P&C lines globally, partially offset by negative growth in consumer P&C lines primarily from outside North America. The increase in net premiums written principally reflected new business, positive rate increases and higher renewal retention. This growth was tempered by the adverse impact of the economic contraction resulting from the COVID-19 pandemic, principally in consumer P&C lines.

- The growth in commercial casualty was due to new business, positive rate increases and growth in North America, Asia and Europe, partially offset by the adverse impact of the COVID-19 pandemic, including \$58 million of exposure adjustments on in-force policies which depressed growth by 1.1 percentage points.
- Workers' compensation was adversely impacted by market conditions and by the adverse impact of the economic contraction resulting from the COVID-19 pandemic. The decrease included \$121 million of exposure adjustments on in-force policies which depressed growth by 5.8 percentage points.
- The increase in professional liability was due to new business and positive rate increases primarily in North America, Asia and Europe.
- Surety decreased in North America and Latin America due to market conditions and the adverse impact of the economic contraction resulting from the COVID-19 pandemic.
- Commercial multiple peril increased due to strong renewal retention and positive rate increases in North America. The increase was partially offset by the adverse impact of the economic contraction resulting from the COVID-19 pandemic.
- Property and other short-tail lines increased due to new business and positive rate increases primarily in North America and Europe.
- Personal lines increased primarily due to positive rate increases and strong renewal retention in homeowners business in North America, as well as growth in Europe. In addition, North America benefited from the favorable year-over-year impact of reinstatement premiums. The increase was partially offset by the impact of the COVID-19 pandemic, which caused declines in automobile business in Latin America and North America.
- Global A&H lines decreased in all regions, principally from less travel volume due to the COVID-19 pandemic.
- The increase in Life was primarily driven by growth in Latin America, principally driven by our expanded presence in Chile, and in the Asian international life operations.

For additional information on net premiums written, refer to the segment results discussions.

Net Premiums Earned

Net premiums earned for short-duration contracts, typically P&C contracts, generally reflect the portion of net premiums written that were recorded as revenues for the period as the exposure periods expire. Net premiums earned for long-duration contracts, typically traditional life contracts, generally are recognized as earned when due from policyholders. Net premiums earned increased \$1.8 billion, or \$2.0 billion on a constant-dollar basis in 2020, comprising 8.9 percent positive growth in commercial P&C lines and 2.5 percent positive growth in consumer lines on a constant-dollar basis.

Catastrophe Losses and Prior Period Development

Catastrophe losses exclude reinstatement premiums which are additional premiums paid on certain reinsurance agreements in order to reinstate coverage that had been exhausted by loss occurrences. The reinstatement premium amount is typically a pro rata portion of the original ceded premium paid based on how much of the reinsurance limit had been exhausted. Prior period development is net of related adjustments which typically relate to either profit commission reserves or policyholder dividend reserves based on actual claim experience that develops after the policy period ends. The expense adjustments correlate to the prior period loss development on these same policies. Refer to the Non-GAAP Reconciliation section for further information on reinstatement premiums on catastrophe losses and adjustments to prior period development.

We generally define catastrophe loss events consistent with the definition of the Property Claims Service (PCS) for events in the U.S. and Canada. PCS defines a catastrophe as an event that causes damage of \$25 million or more in insured losses and affects a significant number of insureds. For events outside of the U.S. and Canada, we generally use a similar definition. We also define losses from certain pandemics, such as COVID-19, as a catastrophe loss. The tables below represent catastrophe loss estimates for events that occurred in the related calendar year only. Changes in catastrophe loss estimates in the current calendar year that relate to loss events that occurred in previous calendar years are considered prior period development and are excluded from the tables below.

Catastrophe Loss Charge by Event For Full Year 2020

(in millions of U.S. dollars)	North America Commercial P&C Insurance	North America Personal P&C Insurance	North America Agricultural Insurance	Overseas General Insurance	Global Reinsurance	Life Insurance	Total excluding RIPs	RIPs collected (expensed)	Total including RIPs
Net losses									
COVID-19	\$ 925	\$ —	\$ —	\$ 421	\$ 10	\$ 24	\$ 1,380	\$ (16)	\$ 1,396
U.S. hurricanes/tropical storms	429	132	1	79	86	—	727	7	720
U.S. flooding, hail, tornadoes, and wind events	295	191	25	9	11	—	531	(3)	534
U.S. wildfires	61	162	1	5	1	—	230	—	230
Civil unrest	111	2	—	17	—	—	130	—	130
International weather-related events	3	6	—	67	15	—	91	2	89
Midwest derecho	37	38	8	—	1	—	84	—	84
Australia storms	—	—	—	66	—	—	66	—	66
Other	7	2	—	26	(1)	—	34	—	34
Total	\$ 1,868	\$ 533	\$ 35	\$ 690	\$ 123	\$ 24	\$ 3,273		
RIPs collected (expensed)	(3)	(1)	(1)	(15)	10	—		(10)	
Total before income tax	\$ 1,871	\$ 534	\$ 36	\$ 705	\$ 113	\$ 24			\$ 3,283
Income tax benefit									506
Total after income tax									\$ 2,777

Catastrophe Loss Charge by Event For Full Year 2019

(in millions of U.S. dollars)	North America Commercial P&C Insurance	North America Personal P&C Insurance	North America Agricultural Insurance	Overseas General Insurance	Global Reinsurance	Total excluding RIPs	RIPs collected (expensed)	Total including RIPs
Net losses								
U.S. flooding, hail, tornadoes, and wind events	\$ 220	\$ 202	\$ 7	\$ —	\$ 9	\$ 438	\$ —	\$ 438
Tornado in Dallas, Texas	55	145	—	—	2	202	(11)	213
Winter-related storms	74	110	1	6	2	193	—	193
Hurricane Dorian	26	30	—	10	8	74	1	73
California wildfires	11	45	—	—	—	56	—	56
Typhoon Hagibis	—	—	—	20	17	37	1	36
Civil unrest in Hong Kong and Chile	—	—	—	33	—	33	(4)	37
International weather-related events	1	2	—	30	—	33	—	33
Other	34	9	—	53	13	109	1	108
Total	\$ 421	\$ 543	\$ 8	\$ 152	\$ 51	\$ 1,175		
RIPs collected (expensed)	—	(11)	—	(4)	3		(12)	
Total before income tax	\$ 421	\$ 554	\$ 8	\$ 156	\$ 48			\$ 1,187
Income tax benefit								221
Total after income tax								\$ 966

Catastrophe Loss Charge by Event For Full Year 2018

(in millions of U.S. dollars)	North America Commercial P&C Insurance	North America Personal P&C Insurance	North America Agricultural Insurance	Overseas General Insurance	Global Reinsurance	Total excluding RIPs	RIPs collected (expensed)	Total including RIPs
Net losses								
Hurricane Michael	\$ 187	\$ 16	\$ 6	\$ 6	\$ 85	\$ 300	\$ 15	\$ 285
U.S. flooding, hail, tornadoes, and wind events ⁽¹⁾	162	157	7	—	6	332	—	332
Northeast winter storms	43	117	—	—	5	165	—	165
California wildfires	51	61	1	1	58	172	(23)	195
Hurricane Florence	109	29	7	15	14	174	1	173
California mudslides	4	120	—	1	—	125	—	125
Colorado rain and hail storm	7	65	—	1	—	73	—	73
International weather-related events	—	—	—	182	31	213	2	211
Other	16	46	—	—	6	68	1	67
Total	\$ 579	\$ 611	\$ 21	\$ 206	\$ 205	\$ 1,622		
RIPs collected (expensed)	—	(26)	—	—	22		(4)	
Total before income tax	\$ 579	\$ 637	\$ 21	\$ 206	\$ 183			\$ 1,626
Income tax benefit								272
Total after income tax								\$ 1,354

⁽¹⁾ This grouping comprised of 34 separate events, principally impacting the southern and northeastern regions of the U.S.

Prior Period Development

(in millions of U.S. dollars)	2020	2019	2018
Favorable prior period development	\$ 395	\$ 792	\$ 896

Prior period development (PPD) arises from changes to loss estimates recognized in the current year that relate to loss events that occurred in previous calendar years and excludes the effect of losses from the development of earned premium from previous accident years.

Pre-tax net favorable prior period development for the year ended 2020 was \$395 million, which included adverse development of \$259 million for U.S. child molestation claims, predominately reviver statute-related, and \$106 million adverse development related to legacy asbestos and environmental liabilities. The remaining favorable development of \$760 million principally comprises 89 percent long-tail lines, principally from accident years 2016 and prior, and 11 percent short-tail lines.

Pre-tax net favorable prior period development for the year ended 2019 was \$792 million, which included favorable development of \$80 million in our crop insurance business and adverse development of \$116 million related to legacy run-off exposures, principally asbestos and environmental liabilities. The remaining favorable development of \$828 million comprised 92 percent long-tail lines, principally from accident years 2015 and prior, and 8 percent short-tail lines.

Refer to the Prior Period Development section in Note 7 to the Consolidated Financial Statements for additional information.

P&C Combined Ratio

In evaluating our segments excluding Life Insurance financial performance, we use the P&C combined ratio, the loss and loss expense ratio, the policy acquisition cost ratio, and the administrative expense ratio. We calculate these ratios by dividing the respective expense amounts by net premiums earned. We do not calculate these ratios for the Life Insurance segment as we do not use these measures to monitor or manage that segment. The P&C combined ratio is determined by adding the loss and loss expense ratio, the policy acquisition cost ratio, and the administrative expense ratio. A P&C combined ratio under 100 percent indicates underwriting income, and a combined ratio exceeding 100 percent indicates underwriting loss.

	2020	2019	2018
Loss and loss expense ratio			
CAY loss ratio excluding catastrophe losses	59.2 %	60.8 %	59.6 %
Catastrophe losses	10.6 %	4.1 %	5.8 %
Favorable prior period development	(1.3)%	(2.8)%	(3.3)%
Loss and loss expense ratio	68.5 %	62.1 %	62.1 %
Policy acquisition cost ratio	18.9 %	19.1 %	19.2 %
Administrative expense ratio	8.7 %	9.4 %	9.3 %
P&C Combined ratio	96.1 %	90.6 %	90.6 %

The loss and loss expense ratio increased 6.4 percentage points in 2020 principally due to higher catastrophe losses and lower favorable prior period development.

The CAY loss ratio excluding catastrophe losses decreased 1.6 percentage points in 2020 principally due to a decrease in the underlying loss ratio reflecting earned rate increases exceeding loss cost trends, better underlying claims experience, and a more average crop loss year in 2020.

Policy acquisition costs consist of commissions, premium taxes, and certain underwriting costs directly related to the successful acquisition of a new or renewal insurance contract. The policy acquisition cost ratio decreased 0.2 percentage points in 2020 due to a change in the mix of business, including less premiums earned from A&H lines that have a lower acquisition cost ratio, reflecting the impact of the COVID-19 pandemic.

The administrative expense ratio decreased 0.7 percentage points in 2020 primarily due to lower business expenses from continued expense management control, including during the COVID-19 pandemic, lower employee benefit-related expenses and the favorable impact of higher net premiums earned.

Policy benefits

Policy benefits represent losses on contracts classified as long-duration and generally include accident and supplemental health products, term and whole life products, endowment products, and annuities. Refer to the Life Insurance segment operating results section for further discussion.

Policy benefits were \$784 million, \$740 million and \$590 million in 2020, 2019 and 2018, respectively, which included separate account liabilities (gains) losses of \$58 million, \$44 million and \$(38) million, respectively. The offsetting movements of these liabilities are recorded in Other (income) expense on the Consolidated statements of operations. Excluding the separate account gains and losses, Policy benefits were \$726 million in 2020 compared with \$696 million, principally from new business from our expanded presence in Chile and growth in Asia.

Refer to the respective sections that follow for a discussion of Net investment income, Other (income) expense, Net realized gains (losses), Amortization of purchased intangibles, and Income tax expense.

Segment Operating Results – Years Ended December 31, 2020, 2019, and 2018

We operate through six business segments: North America Commercial P&C Insurance, North America Personal P&C Insurance, North America Agricultural Insurance, Overseas General Insurance, Global Reinsurance, and Life Insurance. In addition, the results of our run-off Brandywine business, including all run-off asbestos and environmental (A&E) exposures, and the results of Westchester specialty operations for 1996 and prior years are presented within Corporate.

North America Commercial P&C Insurance

The North America Commercial P&C Insurance segment comprises operations that provide property and casualty (P&C) and accident & health (A&H) insurance and services to large, middle market, and small commercial businesses in the U.S., Canada, and Bermuda. This segment includes our North America Major Accounts and Specialty Insurance division (large corporate accounts and wholesale business), and the North America Commercial Insurance division (principally middle market and small commercial accounts).

(in millions of U.S. dollars, except for percentages)	2020	2019	2018	% Change	
				2020 vs. 2019	2019 vs. 2018
Net premiums written	\$ 14,474	\$ 13,375	\$ 12,485	8.2 %	7.1 %
Net premiums earned	13,964	12,922	12,402	8.1 %	4.2 %
Losses and loss expenses	10,129	8,206	8,000	23.4 %	2.6 %
Policy acquisition costs	1,942	1,831	1,829	6.1 %	0.2 %
Administrative expenses	1,006	1,028	966	(2.2) %	6.4 %
Underwriting income	887	1,857	1,607	(52.2) %	15.5 %
Net investment income	2,061	2,109	2,061	(2.3) %	2.3 %
Other (income) expense	23	24	3	(4.2) %	NM
Segment income	\$ 2,925	\$ 3,942	\$ 3,665	(25.8) %	7.5 %
Loss and loss expense ratio:					
CAY loss ratio excluding catastrophe losses	64.2 %	65.3 %	64.9 %	(1.1) pts	0.4 pts
Catastrophe losses	13.4 %	3.3 %	4.7 %	10.1 pts	(1.4) pts
Prior period development	(5.1) %	(5.1) %	(5.1) %	— pts	— pts
Loss and loss expense ratio	72.5 %	63.5 %	64.5 %	9.0 pts	(1.0) pt
Policy acquisition cost ratio	14.0 %	14.2 %	14.7 %	(0.2) pts	(0.5) pts
Administrative expense ratio	7.2 %	7.9 %	7.8 %	(0.7) pts	0.1 pts
Combined ratio	93.7 %	85.6 %	87.0 %	8.1 pts	(1.4) pts

NM – not meaningful

Catastrophe Losses and Prior Period Development

(in millions of U.S. dollars)

	2020	2019	2018
Catastrophe losses (excludes reinstatement premiums)	\$ 1,868	\$ 421	\$ 579
Favorable prior period development	\$ 702	\$ 649	\$ 610

Refer to the tables on pages 50 - 51 for detail of catastrophe losses and Note 7 to the Consolidated Financial Statements for detail on prior period development.

Premiums

Net premiums written increased \$1,099 million, or 8.2 percent in 2020, comprising positive growth of 9.6 percent in commercial P&C lines and negative growth of 13.8 percent in consumer lines. The growth in commercial P&C lines reflects positive rate increases, strong renewal retention and new business written across a number of retail and wholesale lines, including property, financial lines, excess casualty, large risk casualty, and commercial multiple peril. Net premiums written in 2020 was depressed by economic contraction resulting from the COVID-19 pandemic including \$160 million of exposure adjustments on in-force policies, and lower renewal exposures and new business market limitations that impacted several lines of business, including A&H, surety, entertainment, hospitality, retail, and construction.

Net premiums earned increased \$1,042 million, or 8.1 percent in 2020, due to the growth in net premiums written described above. The increase in net premiums earned was adversely impacted by the COVID-19 pandemic, including \$154 million of exposure adjustments on in-force policies in 2020.

Combined Ratio

The loss and loss expense ratio increased 9.0 percentage points in 2020 due principally to higher catastrophe losses, including losses related to COVID-19 pandemic claims. The CAY loss ratio excluding catastrophe losses decreased 1.1 percentage points in 2020 primarily due to margin improvements coming from earned rate exceeding loss cost trends.

The administrative expense ratio decreased 0.7 percentage points in 2020 primarily due to lower business expenses from continued expense management control, including during the COVID-19 pandemic, lower employee benefit-related expenses, and the favorable impact of higher net premiums earned.

North America Personal P&C Insurance

The North America Personal P&C Insurance segment comprises operations that provide high net worth personal lines products, including homeowners and complementary products such as valuable articles, excess liability, automobile, and recreational marine insurance and services in the U.S. and Canada.

(in millions of U.S. dollars, except for percentages)				% Change	
	2020	2019	2018	2020 vs. 2019	2019 vs. 2018
Net premiums written	\$ 4,920	\$ 4,787	\$ 4,674	2.8 %	2.4 %
Net premiums earned	4,866	4,694	4,593	3.7 %	2.2 %
Losses and loss expenses	3,187	3,043	3,229	4.7 %	(5.8) %
Policy acquisition costs	974	948	939	2.7 %	1.0 %
Administrative expenses	270	286	269	(5.4) %	6.0 %
Underwriting income	435	417	156	4.6 %	167.2 %
Net investment income	260	258	236	0.5 %	9.2 %
Other (income) expense	5	3	1	75.8 %	117.1 %
Amortization of purchased intangibles	11	12	13	(5.0) %	(11.1) %
Segment income	\$ 679	\$ 660	\$ 378	2.8 %	74.7 %
Loss and loss expense ratio:					
CAY loss ratio excluding catastrophe losses	53.1 %	55.1 %	55.8 %	(2.0) pts	(0.7) pts
Catastrophe losses	11.0 %	11.6 %	13.6 %	(0.6) pts	(2.0) pts
Prior period development	1.4 %	(1.9) %	0.9 %	3.3 pts	(2.8) pts
Loss and loss expense ratio	65.5 %	64.8 %	70.3 %	0.7 pts	(5.5) pts
Policy acquisition cost ratio	20.0 %	20.2 %	20.4 %	(0.2) pts	(0.2) pts
Administrative expense ratio	5.6 %	6.1 %	5.9 %	(0.5) pts	0.2 pts
Combined ratio	91.1 %	91.1 %	96.6 %	— pts	(5.5) pts

Catastrophe Losses and Prior Period Development

(in millions of U.S. dollars)	2020	2019	2018
Catastrophe losses (excludes reinstatement premiums)	\$ 533	\$ 543	\$ 611
Favorable (unfavorable) prior period development	\$ (63)	\$ 95	\$ (41)

Refer to the tables on pages 50 - 51 for detail of catastrophe losses and Note 7 to the Consolidated Financial Statements for detail on prior period development.

Premiums

Net premiums written increased \$133 million, or 2.8 percent for 2020, primarily due to rate increases and strong account retention across most lines. In addition, net premiums written also increased due to the favorable year-over-year impact of reinstatement premiums of \$24 million. Growth was partially offset by \$29 million in lower automobile premiums as a result of reduced exposures related to the conditions caused by the COVID-19 pandemic.

Net premiums earned increased \$172 million, or 3.7 percent for 2020, reflecting the growth in net premiums written described above.

Combined Ratio

The loss and loss expense ratio increased 0.7 percentage points in 2020, primarily due to unfavorable prior period development in the current year compared to favorable prior period development in the prior year. The CAY loss ratio excluding catastrophe losses decreased 2.0 percentage points in 2020 due to better underlying claims experience reflecting indirect COVID-19 benefits and lower than expected claims frequency of weather and water losses in our homeowners line.

The administrative expense ratio decreased 0.5 percentage points in 2020 primarily due to lower employee benefit-related expenses and lower business expenses from continued expense management control, including during the COVID-19 pandemic, partially offset by normal inflationary increases.

North America Agricultural Insurance

The North America Agricultural Insurance segment comprises our North American based businesses that provide a variety of coverages in the U.S. and Canada including crop insurance, primarily Multiple Peril Crop Insurance (MPCI) and crop-hail through Rain and Hail Insurance Service, Inc. (Rain and Hail) as well as farm and ranch and specialty P&C commercial insurance products and services through our Chubb Agribusiness unit.

(in millions of U.S. dollars, except for percentages)	2020	2019	2018	% Change	
				2020 vs. 2019	2019 vs. 2018
Net premiums written	\$ 1,846	\$ 1,810	\$ 1,577	2.0 %	14.8 %
Net premiums earned	1,822	1,795	1,569	1.5 %	14.4 %
Losses and loss expenses	1,544	1,616	1,114	(4.5) %	45.1 %
Policy acquisition costs	123	84	79	45.7 %	6.8 %
Administrative expenses	9	6	(9)	67.2 %	NM
Underwriting income	146	89	385	65.3 %	(77.0) %
Net investment income	30	30	28	—	5.0 %
Other (income) expense	1	1	2	—	(33.6) %
Amortization of purchased intangibles	27	28	28	(2.1) %	(2.0) %
Segment income	\$ 148	\$ 90	\$ 383	65.1 %	(76.6) %
Loss and loss expense ratio:					
CAY loss ratio excluding catastrophe losses	83.7 %	93.5 %	76.7 %	(9.8) pts	16.8 pts
Catastrophe losses	2.0 %	0.5 %	1.3 %	1.5 pts	(0.8) pts
Prior period development	(1.0)%	(3.9)%	(7.0)%	2.9 pts	3.1 pts
Loss and loss expense ratio	84.7 %	90.1 %	71.0 %	(5.4) pts	19.1 pts
Policy acquisition cost ratio	6.8 %	4.7 %	5.0 %	2.1 pts	(0.3) pts
Administrative expense ratio	0.5 %	0.3 %	(0.5)%	0.2 pts	0.8 pts
Combined ratio	92.0 %	95.1 %	75.5 %	(3.1) pts	19.6 pts

NM – not meaningful

Catastrophe Losses and Prior Period Development

(in millions of U.S. dollars)	2020	2019	2018
Catastrophe losses (excludes reinstatement premiums)	\$ 35	\$ 8	\$ 21
Favorable prior period development	\$ 10	\$ 80	\$ 110

Refer to the tables on pages 50 - 51 for detail of catastrophe losses and Note 7 to the Consolidated Financial Statements for detail on prior period development.

For 2020, prior period development included \$19 million of favorable incurred losses, partially offset by \$6 million of higher acquisition costs due to lower than expected MPCl losses for the 2019 crop year and a \$3 million decrease in net premiums earned related to the MPCl profit and loss calculation formula. For 2019, prior period development included \$103 million of favorable incurred losses and \$13 million of lower acquisition costs due to lower than expected MPCl losses for the 2018 crop year, partially offset by a \$36 million decrease in net premiums earned related to the MPCl profit and loss calculation formula.

Premiums

Net premiums written increased \$36 million, or 2.0 percent in 2020, primarily due to growth in our Chubb Agribusiness unit, principally farm and specialty P&C, partly offset by a decrease in MPCl premiums. Net premiums earned increased \$27 million, or 1.5 percent in 2020 reflecting the growth in net premiums written described above.

Combined Ratio

The loss and loss expense ratio decreased 5.4 percentage points in 2020, reflecting a more average crop loss year in 2020. In addition, the current year had lower underlying losses in our Chubb Agribusiness unit, partially offset by lower favorable prior period development. The CAY loss ratio excluding catastrophe losses decreased 9.8 percentage points in 2020 reflecting the factors described above.

The policy acquisition cost ratio increased 2.1 percentage points in 2020, primarily due to higher agent profit sharing commission in the current year as a result of higher underwriting margin.

Overseas General Insurance

Overseas General Insurance segment comprises Chubb International and Chubb Global Markets (CGM). Chubb International comprises our international commercial P&C traditional and specialty lines serving large corporations, middle market and small customers; A&H and traditional and specialty personal lines business serving local territories outside the U.S., Bermuda, and Canada. CGM, our London-based international commercial P&C excess and surplus lines business, includes Lloyd's of London (Lloyd's) Syndicate 2488. Chubb provides funds at Lloyd's to support underwriting by Syndicate 2488 which is managed by Chubb Underwriting Agencies Limited.

(in millions of U.S. dollars, except for percentages)	2020	2019	2018	% Change	
				2020 vs. 2019	2019 vs. 2018
Net premiums written	\$ 9,335	\$ 9,262	\$ 8,902	0.8 %	4.0 %
Net premiums written - constant dollars				2.9 %	8.4 %
Net premiums earned	9,285	8,882	8,612	4.5 %	3.1 %
Losses and loss expenses	5,255	4,606	4,429	14.1 %	4.0 %
Policy acquisition costs	2,568	2,501	2,346	2.7 %	6.6 %
Administrative expenses	1,034	1,033	1,014	0.1 %	1.9 %
Underwriting income	428	742	823	(42.4) %	(9.8) %
Net investment income	534	588	622	(9.2) %	(5.3) %
Other (income) expense	13	12	3	4.5 %	NM
Amortization of purchased intangibles	45	45	41	—	8.3 %
Segment income	\$ 904	\$ 1,273	\$ 1,401	(29.0) %	(9.2) %
Loss and loss expense ratio:					
CAY loss ratio excluding catastrophe losses	50.7 %	51.2 %	51.5 %	(0.5) pts	(0.3) pts
Catastrophe losses	7.5 %	1.8 %	2.4 %	5.7 pts	(0.6) pts
Prior period development	(1.6) %	(1.1) %	(2.5) %	(0.5) pts	1.4 pts
Loss and loss expense ratio	56.6 %	51.9 %	51.4 %	4.7 pts	0.5 pts
Policy acquisition cost ratio	27.7 %	28.1 %	27.2 %	(0.4) pts	0.9 pts
Administrative expense ratio	11.1 %	11.6 %	11.8 %	(0.5) pts	(0.2) pts
Combined ratio	95.4 %	91.6 %	90.4 %	3.8 pts	1.2 pts

NM – not meaningful

Catastrophe Losses and Prior Period Development

(in millions of U.S. dollars)	2020	2019	2018
Catastrophe losses (excludes reinstatement premiums)	\$ 690	\$ 152	\$ 206
Favorable prior period development	\$ 150	\$ 92	\$ 212

Refer to the tables on pages 50 - 51 for detail of catastrophe losses and Note 7 to the Consolidated Financial Statements for detail on prior period development.

Net Premiums Written by Region

(in millions of U.S. dollars, except for percentages)	2020	2019	2018	C\$ 2019	% Change 2020 vs. 2019	C\$ 2020 vs. 2019	% Change 2019 vs. 2018
<i>Region</i>							
Europe	\$ 4,099	\$ 3,631	\$ 3,508	\$ 3,655	12.9 %	12.1 %	3.5 %
Latin America	1,928	2,277	2,181	2,066	(15.3)%	(6.7)%	4.4 %
Asia	2,965	3,021	2,884	3,022	(1.9)%	(1.9)%	4.7 %
Other ⁽¹⁾	343	333	329	329	3.2 %	4.2 %	1.1 %
Net premiums written	\$ 9,335	\$ 9,262	\$ 8,902	\$ 9,072	0.8 %	2.9 %	4.0 %

	2020 % of Total	2019 % of Total	2018 % of Total
<i>Region</i>			
Europe	43 %	38 %	39 %
Latin America	21 %	25 %	25 %
Asia	32 %	33 %	32 %
Other ⁽¹⁾	4 %	4 %	4 %
Net premiums written	100 %	100 %	100 %

⁽¹⁾ Comprises Combined International, Eurasia and Africa region, and other international.

Premiums

Net premiums written increased \$73 million in 2020, or \$263 million on a constant-dollar basis, reflecting growth in commercial P&C lines of 10.8 percent across all regions resulting from new business, retention, and positive rate increases, partially offset by a decline in consumer lines of 6.4 percent. Net premiums written in 2020 were depressed by economic contraction resulting from the COVID-19 pandemic including \$24 million of exposure adjustments on in-force policies, and lower premiums in several lines, mainly in consumer lines in Latin America, primarily automobile, and A&H in Asia, resulting from less travel volume and lower exposures.

Net premiums earned increased \$403 million in 2020, or \$575 million on a constant-dollar basis, reflecting the increase in net premiums written as described above and in 2019.

Combined Ratio

The loss and loss expense ratio increased 4.7 percentage points in 2020 due to higher catastrophe losses, primarily related to the COVID-19 pandemic. The CAY loss ratio excluding catastrophe losses decreased 0.5 percentage points in 2020 primarily due to a decrease in the underlying loss ratio from earned rate changes modestly above loss cost trends and a benefit from lower current accident year losses resulting from a decrease in exposures due to the COVID-19 pandemic, partially offset by lower premiums earned from A&H lines in Latin America and Asia, which have a lower loss ratio.

The policy acquisition cost ratio decreased 0.4 percentage points in 2020 primarily due to a change in the mix of business, including less premiums earned from A&H lines that have a lower acquisition cost ratio, reflecting the impact of the COVID-19 pandemic.

The administrative expense ratio decreased 0.5 percentage points in 2020 primarily due to lower business expenses from continued expense management control, including during the COVID-19 pandemic, and the favorable impact of higher net premiums earned in the current year.

Global Reinsurance

The Global Reinsurance segment represents our reinsurance operations comprising Chubb Tempest Re Bermuda, Chubb Tempest Re USA, Chubb Tempest Re International, and Chubb Tempest Re Canada. Global Reinsurance markets its reinsurance products worldwide primarily through reinsurance brokers under the Chubb Tempest Re brand name and provides a broad range of traditional and non-traditional reinsurance coverage to a diverse array of primary P&C companies.

(in millions of U.S. dollars, except for percentages)	2020	2019	2018	% Change	
				2020 vs. 2019	2019 vs. 2018
Net premiums written	\$ 731	\$ 649	\$ 671	12.6 %	(3.2) %
Net premiums written - constant dollars				12.1 %	(1.7) %
Net premiums earned	698	654	670	6.7 %	(2.3) %
Losses and loss expenses	435	352	479	23.5 %	(26.5) %
Policy acquisition costs	174	169	162	3.0 %	4.2 %
Administrative expenses	37	35	41	5.2 %	(12.7) %
Underwriting income (loss)	52	98	(12)	(46.8) %	NM
Net investment income	307	279	289	10.1 %	(3.7) %
Other (income) expense	2	1	—	NM	NM
Segment income	\$ 357	\$ 376	\$ 277	(5.0) %	35.7 %
Loss and loss expense ratio:					
CAY loss ratio excluding catastrophe losses	49.1 %	50.6 %	50.5 %	(1.5) pts	0.1 pts
Catastrophe losses	17.0 %	7.6 %	29.2 %	9.4 pts	(21.6) pts
Prior period development	(3.8) %	(4.3) %	(8.1) %	0.5 pts	3.8 pts
Loss and loss expense ratio	62.3 %	53.9 %	71.6 %	8.4 pts	(17.7) pts
Policy acquisition cost ratio	24.9 %	25.7 %	24.2 %	(0.8) pts	1.5 pts
Administrative expense ratio	5.3 %	5.4 %	6.0 %	(0.1) pts	(0.6) pts
Combined ratio	92.5 %	85.0 %	101.8 %	7.5 pts	(16.8) pts

NM – not meaningful

Catastrophe Losses and Prior Period Development

(in millions of U.S. dollars)	2020	2019	2018
Catastrophe losses (excludes reinstatement premiums)	\$ 123	\$ 51	\$ 205
Favorable prior period development	\$ 29	\$ 29	\$ 50

Refer to the tables on pages 50 - 51 for detail of catastrophe losses and Note 7 to the Consolidated Financial Statements for detail on prior period development.

Premiums

Net premiums written increased \$82 million in 2020 primarily from new business in casualty lines, rate increases in property catastrophe lines and favorable premium adjustments. Net premiums earned increased \$44 million in 2020 reflecting the increase in net premiums written described above.

Combined Ratio

The loss and loss expense ratio increased 8.4 percentage points in 2020 primarily due to higher catastrophe losses.

The CAY loss ratio excluding catastrophe losses decreased 1.5 percentage points in 2020 primarily from a shift in mix of business towards catastrophe lines which have a lower loss ratio.

The policy acquisition cost ratio decreased 0.8 percentage points in 2020 primarily due to a shift in mix of business towards lines which have lower acquisition costs and favorable expense adjustments on prior period development.

Life Insurance

The Life Insurance segment comprises Chubb's international life operations, Chubb Tempest Life Re (Chubb Life Re), and the North American supplemental A&H and life business of Combined Insurance. We assess the performance of our life business based on Life Insurance underwriting income, which includes Net investment income and (Gains) losses from fair value changes in separate account assets that do not qualify for separate account reporting under GAAP.

(in millions of U.S. dollars, except for percentages)	2020	2019	2018	% Change	
				2020 vs. 2019	2019 vs. 2018
Net premiums written	\$ 2,514	\$ 2,392	\$ 2,270	5.1 %	5.3 %
Net premiums written - constant dollars				5.6 %	6.4 %
Net premiums earned	2,482	2,343	2,218	5.9 %	5.6 %
Losses and loss expenses	724	757	766	(4.4)%	(1.1)%
Policy benefits	726	696	628	4.3 %	10.8 %
Policy acquisition costs	766	620	557	23.6 %	11.2 %
Administrative expenses	320	323	310	(1.0)%	4.5 %
Net investment income	385	373	341	3.3 %	9.2 %
Life Insurance underwriting income	331	320	298	3.6 %	6.9 %
Other (income) expense	(74)	(48)	(12)	53.1 %	NM
Amortization of purchased intangibles	4	2	2	100.0 %	—
Segment income	\$ 401	\$ 366	\$ 308	9.8 %	18.6 %

NM – not meaningful

Premiums

Net premiums written increased \$122 million in 2020, or \$134 million on a constant-dollar basis, primarily reflecting growth in our international life operations of 23.4 percent, principally driven by our expanded presence in Chile and growth in Asia, partially offset by a decline in our North America Combined Insurance business of 6.1 percent.

Deposits

The following table presents deposits collected on universal life and investment contracts:

(in millions of U.S. dollars, except for percentages)	2020	2019	2018	% Change		
				2020 vs. 2019	C\$ 2020 vs. 2019	2019 vs. 2018
Deposits collected on universal life and investment contracts	\$ 1,559	\$ 1,463	\$ 1,538	6.5 %	3.7 %	(4.9)%

Deposits collected on universal life and investment contracts (life deposits) are not reflected as revenues in our Consolidated statements of operations in accordance with GAAP. New life deposits are an important component of production, and although they do not significantly affect current period income from operations, they are key to our efforts to grow our business. Life deposits collected increased \$96 million, or \$56 million on a constant-dollar basis, in 2020, due to growth in Taiwan that more than offset the declines in other Asian markets, principally Hong Kong and Korea, as a result of competitive market conditions and the impact of the COVID-19 pandemic.

Life Insurance underwriting income and Segment income

Life Insurance underwriting income increased \$11 million in 2020, primarily due to a favorable reserve development in the current year which more than offset COVID-19 related losses of \$24 million. Segment income increased \$35 million primarily due to higher life insurance underwriting income and \$26 million of higher other income, principally due to our share of net income from our investment in Huatai Life, our partially-owned life insurance entity in China.

Corporate

Corporate results primarily include the results of our non-insurance companies, income and expenses not attributable to reportable segments and loss and loss expenses of asbestos and environmental (A&E) liabilities and certain other non-A&E run-off exposures.

(in millions of U.S. dollars, except for percentages)				% Change	
	2020	2019	2018	2020 vs. 2019	2019 vs. 2018
Losses and loss expenses	\$ 435	\$ 158	\$ 53	176.4 %	203.0 %
Administrative expenses	303	319	295	(5.0)%	8.1 %
Underwriting loss	738	477	348	54.8 %	36.6 %
Net investment income (loss)	(87)	(125)	(209)	(30.8)%	(40.5)%
Interest expense	516	552	641	(6.4)%	(13.9)%
Net realized gains (losses)	(499)	(522)	(649)	(4.6)%	(19.7)%
Other (income) expense	(791)	(459)	(406)	72.7 %	12.6 %
Amortization of purchased intangibles	203	218	255	(6.9)%	(14.3)%
Chubb integration expenses	—	23	59	NM	(61.7)%
Income tax expense	629	795	695	(20.8)%	14.4 %
Net loss	\$ (1,881)	\$ (2,253)	\$ (2,450)	(16.5)%	(8.1)%

NM – not meaningful

Losses and loss expenses were primarily from adverse development relating to our Brandywine asbestos and environmental exposures, non-A&E run-off casualty exposure, including workers' compensation, and unallocated loss adjustment expenses of the A&E claims operations. Losses and loss expenses in 2020 included unfavorable prior period development of \$254 million for U.S. child molestation claims, predominantly reviver statute-related. Refer to Note 7 of the Consolidated Financial Statements for further information.

Administrative expenses decreased \$16 million in 2020, primarily due to lower employee benefit-related expenses, and lower travel-related costs relating to the COVID-19 pandemic.

Refer to the respective sections that follow for a discussion of Net realized gains (losses), Net investment income, Other (income) expense, Amortization of purchased intangibles, and Income tax expense.

Net Realized and Unrealized Gains (Losses)

We take a long-term view with our investment strategy, and our investment managers manage our investment portfolio to maximize total return within certain specific guidelines designed to minimize risk. The majority of our investment portfolio is available for sale and reported at fair value. Our held to maturity investment portfolio is reported at amortized cost, net of valuation allowance.

The effect of market movements on our fixed maturities portfolio impacts Net income (through Net realized gains (losses)) when securities are sold, when we write down an asset, or when we record a change to the valuation allowance for expected credit losses. For a further discussion related to how we assess the valuation allowance for expected credit losses and the related impact on Net income, refer to Note 1 e) to the Consolidated Financial Statements. Additionally, Net income is impacted through the reporting of changes in the fair value of equity securities, private equity funds where we own less than three percent, and derivatives, including financial futures, options, swaps, and GLB reinsurance. Changes in unrealized appreciation and depreciation on available for sale securities, resulting from the revaluation of securities held, changes in cumulative foreign currency translation adjustment, and unrealized postretirement benefit obligations liability adjustment, are reported as separate components of Accumulated other comprehensive income in Shareholders' equity in the Consolidated balance sheets.

The following table presents our net realized and unrealized gains (losses):

	Year Ended December 31						
	2020			2019		2018	
(in millions of U.S. dollars)	Net Realized Gains (Losses)	Net Unrealized Gains (Losses)	Net Impact	Net Realized Gains (Losses)	Net Unrealized Gains (Losses)	Net Impact	Net Realized Gains (Losses)
Fixed maturities	\$ (281)	\$ 2,604	\$ 2,323	\$ (31)	\$ 3,738	\$ 3,707	\$ (302)
Fixed income and equity derivatives	81	—	81	(435)	—	(435)	(75)
Public equity							
Sales	455	—	455	58	—	58	70
Mark-to-market	131	—	131	46	—	46	(129)
Private equity (less than 3 percent ownership)							
Sales	—	—	—	(5)	—	(5)	121
Mark-to-market	(32)	—	(32)	(15)	—	(15)	(126)
Total investment portfolio	354	2,604	2,958	(382)	3,738	3,356	(441)
Variable annuity reinsurance derivative transactions, net of applicable hedges	(310)	—	(310)	(142)	—	(142)	(252)
Other derivatives	1	—	1	(8)	—	(8)	(3)
Foreign exchange	(483)	306	(177)	7	13	20	131
Other ⁽¹⁾	(60)	(244)	(304)	(5)	(79)	(84)	(87)
Net gains (losses), pre-tax	\$ (498)	\$ 2,666	\$ 2,168	\$ (530)	\$ 3,672	\$ 3,142	\$ (652)

⁽¹⁾ Net unrealized gains (losses) includes our postretirement programs of \$(232) million, \$(76) million, and \$(321) million for the years ended December 31, 2020, 2019, and 2018, respectively.

The \$2,958 million gain in our investment portfolio was principally a result of narrowing of credit spreads in our corporate bond portfolio and a decline in interest rates, partially offset by \$170 million of impairments for securities we intended to sell, and securities written to market entering default.

The realized losses relating to the variable annuity reinsurance derivative transactions in 2020 and 2019 reflected an increase in the fair value of GLB liabilities due to lower interest rates and changes made to our valuation model relating to policyholder behavior, partially offset by higher global equity markets. Included in the realized loss are derivative instruments that decrease in fair value when the S&P 500 index increases. During the years ended December 31, 2020 and 2019, we experienced realized losses of \$108 million and \$138 million respectively, related to these derivative instruments.

Effective income tax rate

Our effective income tax rate was 15.1 percent in both 2020 and 2019 and 14.9 percent in 2018. Our effective income tax rate reflects a mix of income or losses in jurisdictions with a wide range of tax rates, permanent differences between U.S. GAAP and local tax laws, and the impact of discrete items. A change in the geographic mix of earnings could impact our effective tax rate. The effective income tax rate in 2020 was impacted by the higher level of catastrophe losses, principally COVID-19, and lower realized losses compared to the prior year.

The 2017 Tax Cuts and Jobs Act (2017 Tax Act) included provisions for Global Intangible Low-Taxed Income (GILTI) under which taxes may be imposed on income of U.S.-owned foreign subsidiaries and for a Base Erosion and Anti-Abuse Tax (BEAT) under which our U.S. companies could be subject to additional tax as a result, among other things, of certain payments to affiliated non-U.S. companies. There remain substantial uncertainties in the interpretation of GILTI and BEAT and portions of the formal guidance issued to date are still in part in proposed form. Finalization of the proposed guidance, and changes to the interpretations and assumptions related to these provisions may impact amounts recorded with respect to the international provisions of the 2017 Tax Act, which may be material in the period the adjustment is recorded. Refer to Note 8 to the Consolidated Financial Statements for additional information.

Non-GAAP Reconciliation

In presenting our results, we included and discussed certain non-GAAP measures. These non-GAAP measures, which may be defined differently by other companies, are important for an understanding of our overall results of operations and financial condition. However, they should not be viewed as a substitute for measures determined in accordance with generally accepted accounting principles (GAAP).

Book value per common share, is shareholders' equity divided by the shares outstanding. Tangible book value per common share, is shareholders' equity less goodwill and other intangible assets, net of tax, divided by the shares outstanding. We believe that goodwill and other intangible assets are not indicative of our underlying insurance results or trends and make book value comparisons to less acquisitive peer companies less meaningful. The calculation of tangible book value per share does not consider the embedded goodwill attributable to our investments in partially-owned insurance companies until we attain majority ownership and consolidate.

We provide financial measures, including net premiums written, net premiums earned, and underwriting income on a constant-dollar basis. We believe it is useful to evaluate the trends in our results exclusive of the effect of fluctuations in exchange rates between the U.S. dollar and the currencies in which our international business is transacted, as these exchange rates could fluctuate significantly between periods and distort the analysis of trends. The impact is determined by assuming constant foreign exchange rates between periods by translating prior period results using the same local currency exchange rates as the comparable current period.

P&C performance metrics comprise consolidated operating results (including Corporate) and exclude the operating results of the Life Insurance segment. We believe that these measures are useful and meaningful to investors as they are used by management to assess the company's P&C operations which are the most economically similar. We exclude the Life Insurance segment because the results of this business do not always correlate with the results of our P&C operations.

P&C combined ratio is the sum of the loss and loss expense ratio, policy acquisition cost ratio and the administrative expense ratio excluding the life business and including the realized gains and losses on the crop derivatives. These derivatives were purchased to provide economic benefit, in a manner similar to reinsurance protection, in the event that a significant decline in commodity pricing impacts underwriting results. We view gains and losses on these derivatives as part of the results of our underwriting operations.

CAY P&C combined ratio excluding catastrophe losses (CATs) excludes CATs and prior period development (PPD) from the P&C combined ratio. We exclude CATs as they are not predictable as to timing and amount and PPD as these unexpected loss developments on historical reserves are not indicative of our current underwriting performance. The combined ratio numerator is adjusted to exclude CATs, net premiums earned adjustments on PPD, prior period expense adjustments and reinstatement premiums on PPD, and the denominator is adjusted to exclude net premiums earned adjustments on PPD and reinstatement premiums on CATs and PPD. In periods where there are adjustments on loss sensitive policies, these adjustments are excluded from PPD and net premiums earned when calculating the ratios. We believe this measure provides a better evaluation of our underwriting performance and enhances the understanding of the trends in our P&C business that may be obscured by these items. This measure is commonly reported among our peer companies and allows for a better comparison.

Reinstatement premiums are additional premiums paid on certain reinsurance agreements in order to reinstate coverage that had been exhausted by loss occurrences. The reinstatement premium amount is typically a pro rata portion of the original ceded premium paid based on how much of the reinsurance limit had been exhausted.

Net premiums earned adjustments within PPD are adjustments to the initial premium earned on retrospectively rated policies based on actual claim experience that develops after the policy period ends. The premium adjustments correlate to the prior period loss development on these same policies and are fully earned in the period the adjustments are recorded.

Prior period expense adjustments typically relate to adjustable commission reserves or policyholder dividend reserves based on actual claim experience that develops after the policy period ends. The expense adjustments correlate to the prior period loss development on these same policies.

The following tables present the calculation of combined ratio, as reported for each segment to P&C combined ratio, adjusted for catastrophe losses (CATs) and PPD:

For the Year Ended

December 31, 2020

(in millions of U.S. dollars except for ratios)

		North America Commercial P&C Insurance	North America Personal P&C Insurance	North America Agricultural Insurance	Overseas General Insurance	Global Reinsurance	Corporate	Total P&C
Numerator								
Losses and loss expenses	A \$	10,129	\$ 3,187	\$ 1,544	\$ 5,255	\$ 435	\$ 435	\$ 20,985
Catastrophe losses and related adjustments								
Catastrophe losses, net of related adjustments		(1,871)	(534)	(36)	(705)	(113)	—	(3,259)
Reinstatement premiums collected (expensed) on catastrophe losses		(3)	(1)	(1)	(15)	10	—	(10)
Catastrophe losses, gross of related adjustments		(1,868)	(533)	(35)	(690)	(123)	—	(3,249)
PPD and related adjustments								
PPD, net of related adjustments - favorable (unfavorable)		702	(63)	10	150	29	(433)	395
Net premiums earned adjustments on PPD - unfavorable (favorable)		32	—	3	—	—	—	35
Expense adjustments - unfavorable (favorable)		(1)	—	6	—	(2)	—	3
PPD reinstatement premiums - unfavorable (favorable)		—	(18)	—	—	(1)	—	(19)
PPD, gross of related adjustments - favorable (unfavorable)		733	(81)	19	150	26	(433)	414
CAY loss and loss expense ex CATs	B \$	8,994	\$ 2,573	\$ 1,528	\$ 4,715	\$ 338	\$ 2	\$ 18,150
Policy acquisition costs and administrative expenses								
Policy acquisition costs and administrative expenses	C \$	2,948	\$ 1,244	\$ 132	\$ 3,602	\$ 211	\$ 303	\$ 8,440
Expense adjustments - favorable (unfavorable)		1	—	(6)	—	2	—	(3)
Policy acquisition costs and administrative expenses, adjusted	D \$	2,949	\$ 1,244	\$ 126	\$ 3,602	\$ 213	\$ 303	\$ 8,437
Denominator								
Net premiums earned	E \$	13,964	\$ 4,866	\$ 1,822	\$ 9,285	\$ 698		\$ 30,635
Reinstatement premiums (collected) expensed on catastrophe losses		3	1	1	15	(10)		10
Net premiums earned adjustments on PPD - unfavorable (favorable)		32	—	3	—	—		35
PPD reinstatement premiums - unfavorable (favorable)		—	(18)	—	—	(1)		(19)
Net premiums earned excluding adjustments	F \$	13,999	\$ 4,849	\$ 1,826	\$ 9,300	\$ 687		\$ 30,661
P&C Combined ratio								
Loss and loss expense ratio	A/E	72.5 %	65.5 %	84.7 %	56.6 %	62.3 %		68.5 %
Policy acquisition cost and administrative expense ratio	C/E	21.2 %	25.6 %	7.3 %	38.8 %	30.2 %		27.6 %
P&C Combined ratio		93.7 %	91.1 %	92.0 %	95.4 %	92.5 %		96.1 %
CAY P&C Combined ratio ex CATs								
Loss and loss expense ratio, adjusted	B/F	64.2 %	53.1 %	83.7 %	50.7 %	49.1 %		59.2 %
Policy acquisition cost and administrative expense ratio, adjusted	D/F	21.1 %	25.6 %	6.8 %	38.7 %	31.0 %		27.5 %
CAY P&C Combined ratio ex CATs		85.3 %	78.7 %	90.5 %	89.4 %	80.1 %		86.7 %
Combined ratio								
Combined ratio								96.1 %
Add: impact of gains and losses on crop derivatives								—
P&C Combined ratio								96.1 %

Note: The ratios above are calculated using whole U.S. dollars. Accordingly, calculations using rounded amounts may differ. Letters A, B, C, D, E and F included in the table are references for calculating the ratios above.

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For the Year Ended								
December 31, 2019								
(in millions of U.S. dollars except for ratios)								
		North America Commercial P&C Insurance	North America Personal P&C Insurance	North America Agricultural Insurance	Overseas General Insurance	Global Reinsurance	Corporate	Total P&C
Numerator								
Losses and loss expenses	A \$	8,206	\$ 3,043	\$ 1,616	\$ 4,606	\$ 352	\$ 158	\$ 17,981
Catastrophe losses and related adjustments								
Catastrophe losses, net of related adjustments		(421)	(554)	(8)	(156)	(48)	—	(1,187)
Reinstatement premiums collected (expensed) on catastrophe losses		—	(11)	—	(4)	3	—	(12)
Catastrophe losses, gross of related adjustments		(421)	(543)	(8)	(152)	(51)	—	(1,175)
PPD and related adjustments								
PPD, net of related adjustments - favorable (unfavorable)		649	95	80	92	29	(153)	792
Net premiums earned adjustments on PPD - unfavorable (favorable)		38	—	36	—	1	—	75
Expense adjustments - unfavorable (favorable)		(3)	—	(13)	—	(1)	—	(17)
PPD reinstatement premiums - unfavorable (favorable)		(1)	(4)	—	1	(1)	—	(5)
PPD, gross of related adjustments - favorable (unfavorable)		683	91	103	93	28	(153)	845
CAY loss and loss expense ex CATs	B \$	8,468	\$ 2,591	\$ 1,711	\$ 4,547	\$ 329	\$ 5	\$ 17,651
Policy acquisition costs and administrative expenses								
Policy acquisition costs and administrative expenses	C \$	2,859	\$ 1,234	\$ 90	\$ 3,534	\$ 204	\$ 319	\$ 8,240
Expense adjustments - favorable (unfavorable)		3	—	13	—	1	—	17
Policy acquisition costs and administrative expenses, adjusted	D \$	2,862	\$ 1,234	\$ 103	\$ 3,534	\$ 205	\$ 319	\$ 8,257
Denominator								
Net premiums earned	E \$	12,922	\$ 4,694	\$ 1,795	\$ 8,882	\$ 654		\$ 28,947
Reinstatement premiums (collected) expensed on catastrophe losses		—	11	—	4	(3)		12
Net premiums earned adjustments on PPD - unfavorable (favorable)		38	—	36	—	1		75
PPD reinstatement premiums - unfavorable (favorable)		(1)	(4)	—	1	(1)		(5)
Net premiums earned excluding adjustments	F \$	12,959	\$ 4,701	\$ 1,831	\$ 8,887	\$ 651		\$ 29,029
P&C Combined ratio								
Loss and loss expense ratio	A/E	63.5 %	64.8 %	90.1 %	51.9 %	53.9 %		62.1 %
Policy acquisition cost and administrative expense ratio	C/E	22.1 %	26.3 %	5.0 %	39.7 %	31.1 %		28.5 %
P&C Combined ratio		85.6 %	91.1 %	95.1 %	91.6 %	85.0 %		90.6 %
CAY P&C Combined ratio ex CATs								
Loss and loss expense ratio, adjusted	B/F	65.3 %	55.1 %	93.5 %	51.2 %	50.6 %		60.8 %
Policy acquisition cost and administrative expense ratio, adjusted	D/F	22.1 %	26.3 %	5.6 %	39.7 %	31.5 %		28.4 %
CAY P&C Combined ratio ex CATs		87.4 %	81.4 %	99.1 %	90.9 %	82.1 %		89.2 %
Combined ratio								
Combined ratio								90.6 %
Add: impact of gains and losses on crop derivatives								—
P&C Combined ratio								90.6 %

Note: The ratios above are calculated using whole U.S. dollars. Accordingly, calculations using rounded amounts may differ. Letters A, B, C, D, E and F included in the table are references for calculating the ratios above.

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For the Year Ended

December 31, 2018

(in millions of U.S. dollars except for ratios)

		North America Commercial P&C Insurance	North America Personal P&C Insurance	North America Agricultural Insurance	Overseas General Insurance	Global Reinsurance	Corporate	Total P&C
Numerator								
Losses and loss expenses	A \$	8,000	\$ 3,229	\$ 1,114	\$ 4,429	\$ 479	\$ 53	\$ 17,304
Catastrophe losses and related adjustments								
Catastrophe losses, net of related adjustments		(579)	(637)	(21)	(206)	(183)	—	(1,626)
Reinstatement premiums collected (expensed) on catastrophe losses		—	(26)	—	—	22	—	(4)
Catastrophe losses, gross of related adjustments		(579)	(611)	(21)	(206)	(205)	—	(1,622)
PPD and related adjustments								
PPD, net of related adjustments - favorable (unfavorable)		610	(41)	110	212	50	(45)	896
Net premiums earned adjustments on PPD - unfavorable (favorable)		29	—	40	—	8	—	77
Expense adjustments - unfavorable (favorable)		7	—	(10)	—	(1)	—	(4)
PPD reinstatement premiums - unfavorable (favorable)		7	1	—	4	—	—	12
PPD, gross of related adjustments - favorable (unfavorable)		653	(40)	140	216	57	(45)	981
CAY loss and loss expense ex CATs	B \$	8,074	\$ 2,578	\$ 1,233	\$ 4,439	\$ 331	\$ 8	\$ 16,663
Policy acquisition costs and administrative expenses								
Policy acquisition costs and administrative expenses	C \$	2,795	\$ 1,208	\$ 70	\$ 3,360	\$ 203	\$ 295	\$ 7,931
Expense adjustments - favorable (unfavorable)		(7)	—	10	—	1	—	4
Policy acquisition costs and administrative expenses, adjusted	D \$	2,788	\$ 1,208	\$ 80	\$ 3,360	\$ 204	\$ 295	\$ 7,935
Denominator								
Net premiums earned	E \$	12,402	\$ 4,593	\$ 1,569	\$ 8,612	\$ 670		\$ 27,846
Reinstatement premiums (collected) expensed on catastrophe losses		—	26	—	—	(22)		4
Net premiums earned adjustments on PPD - unfavorable (favorable)		29	—	40	—	8		77
PPD reinstatement premiums - unfavorable (favorable)		7	1	—	4	—		12
Net premiums earned excluding adjustments	F \$	12,438	\$ 4,620	\$ 1,609	\$ 8,616	\$ 656		\$ 27,939
P&C Combined ratio								
Loss and loss expense ratio	A/E	64.5 %	70.3 %	71.0 %	51.4 %	71.6 %		62.1 %
Policy acquisition cost and administrative expense ratio	C/E	22.5 %	26.3 %	4.5 %	39.0 %	30.2 %		28.5 %
P&C Combined ratio		87.0 %	96.6 %	75.5 %	90.4 %	101.8 %		90.6 %
CAY P&C Combined ratio ex CATs								
Loss and loss expense ratio, adjusted	B/F	64.9 %	55.8 %	76.7 %	51.5 %	50.5 %		59.6 %
Policy acquisition cost and administrative expense ratio, adjusted	D/F	22.4 %	26.1 %	4.9 %	39.0 %	31.1 %		28.4 %
CAY P&C Combined ratio ex CATs		87.3 %	81.9 %	81.6 %	90.5 %	81.6 %		88.0 %
Combined ratio								
Combined ratio								90.6 %
Add: impact of gains and losses on crop derivatives								—
P&C Combined ratio								90.6 %

Note: The ratios above are calculated using whole U.S. dollars. Accordingly, calculations using rounded amounts may differ. Letters A, B, C, D, E and F included in the table are references for calculating the ratios above.

Net Investment Income

(in millions of U.S. dollars, except for percentages)	2020	2019	2018
Average invested assets	\$ 109,766	\$ 104,074	\$ 101,453
Net investment income ⁽¹⁾	\$ 3,375	\$ 3,426	\$ 3,305
Yield on average invested assets	3.1 %	3.3 %	3.3 %
Market yield on fixed maturities	1.7 %	2.7 %	3.7 %

⁽¹⁾ Includes \$116 million, \$161 million and \$248 million of amortization expense related to the fair value adjustment of acquired invested assets related to the Chubb Corp acquisition in 2020, 2019 and 2018, respectively.

Net investment income is influenced by a number of factors including the amounts and timing of inward and outward cash flows, the level of interest rates, and changes in overall asset allocation. Net investment income decreased 1.5 percent in 2020 compared with 2019, primarily due to lower reinvestment rates on new and reinvested assets, partially offset by higher average invested assets, higher dividends on public equities, and an increase in income from corporate bonds called before maturity. Refer to Note 1 e) to the Consolidated Financial Statements for additional information.

For private equities where we own less than three percent, investment income is included within Net investment income in the table above. For private equities where we own more than three percent, investment income is included within Other income (expense) in the Consolidated statements of operations. Excluded from Net investment income is the mark-to-market movement for private equities, which is recorded within either Other income (expense) or Net realized gains (losses) based on our percentage of ownership. The total mark-to-market movement for private equities excluded from Net investment income was as follows:

(in millions of U.S. dollars)	2020	2019	2018
Total mark-to-market gain on private equity, pre-tax	\$ 714	\$ 449	\$ 298

Amortization of Purchased Intangibles and Other Amortization

Amortization expense related to purchased intangibles was \$290 million, \$305 million, and \$339 million for the years ended December 31, 2020, 2019, and 2018, respectively, and principally relates to the Chubb Corp acquisition. The amortization of purchased intangibles expense in 2021 is expected to be \$286 million, or approximately \$72 million each quarter. Refer to Note 6 to the Consolidated Financial Statements under Item 8 for more information.

Reduction of deferred tax liability associated with intangible assets related to Other intangible assets (excluding the fair value adjustment on Unpaid losses and loss expense)

At December 31, 2020, the deferred tax liability associated with the Other intangible assets (excluding the fair value adjustment on Unpaid losses and loss expenses) was \$1,295 million.

The following table presents at December 31, 2020, the expected reduction to the deferred tax liability associated with Other intangible assets (which reduces as agency distribution relationships and renewal rights, and other intangible assets amortize), at current foreign currency exchange rates for the next five years:

For the Years Ending December 31 (in millions of U.S. dollars)	Reduction to deferred tax liability associated with intangible assets
2021	\$ 68
2022	67
2023	61
2024	56
2025	52
Total	\$ 304

Amortization of the fair value adjustment on acquired invested assets and assumed long-term debt

The following table presents at December 31, 2020, the expected amortization expense of the fair value adjustment on acquired invested assets, at current foreign currency exchange rates, and the expected amortization benefit from the fair value adjustment on assumed long-term debt for the next five years:

For the Years Ending December 31 (in millions of U.S. dollars)	Amortization (expense) benefit of the fair value adjustment on	
	Acquired invested assets ⁽¹⁾	Assumed long-term debt ⁽²⁾
2021	\$ (110)	\$ 21
2022	(103)	21
2023	—	21
2024	—	21
2025	—	21
Total	\$ (213)	\$ 105

⁽¹⁾ Recorded as a reduction to Net investment income in the Consolidated statements of operations.

⁽²⁾ Recorded as a reduction to Interest expense in the Consolidated statements of operations.

The estimate of amortization expense of the fair value adjustment on acquired invested assets could vary materially based on current market conditions, bond calls, overall duration of the acquired investment portfolio, and foreign exchange.

Investments

Our investment portfolio is invested primarily in publicly traded, investment grade, fixed income securities with an average credit quality of A/Aa as rated by the independent investment rating services Standard and Poor's (S&P)/ Moody's Investors Service (Moody's). The portfolio is externally managed by independent, professional investment managers and is broadly diversified across geographies, sectors, and issuers. Other investments principally comprise direct investments, investment funds, and limited partnerships. We hold no collateralized debt obligations in our investment portfolio, and we provide no credit default protection. We have long-standing global credit limits for our entire portfolio across the organization. Exposures are aggregated, monitored, and actively managed by our Global Credit Committee, comprising senior executives, including our Chief Financial Officer, our Chief Risk Officer, our Chief Investment Officer, and our Treasurer. We also have well-established, strict contractual investment rules requiring managers to maintain highly diversified exposures to individual issuers and closely monitor investment manager compliance with portfolio guidelines.

The average duration of our fixed income securities, including the effect of options and swaps, was 4.0 years and 3.8 years at December 31, 2020 and 2019, respectively. We estimate that a 100 basis point (bps) increase in interest rates would reduce the valuation of our fixed income portfolio by approximately \$4.3 billion at December 31, 2020.

We established credit loss valuation allowances as a result of our adoption of guidance on Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments (CECL) on January 1, 2020. The COVID-19 global pandemic and related economic conditions adversely impacted our investment portfolio in the first half of the year. This adverse impact was mitigated by the overall high credit quality of the portfolio and the stabilization of the valuation of securities due to measures announced by the U.S. Federal Reserve, including programs to support corporate and asset backed securities. Overall, the valuation allowance decreased in 2020. Refer to Notes 1 and 3 to the Consolidated Financial Statements for additional information on expected credit losses.

The following table shows the fair value and cost/amortized cost, net of valuation allowance, of our invested assets:

(in millions of U.S. dollars)	December 31, 2020		December 31, 2019	
	Fair Value	Cost/ Amortized Cost, Net	Fair Value	Cost/ Amortized Cost
Fixed maturities available for sale	\$ 90,699	\$ 85,168	\$ 85,488	\$ 82,580
Fixed maturities held to maturity	12,510	11,653	13,005	12,581
Short-term investments	4,345	4,349	4,291	4,291
	107,554	101,170	102,784	99,452
Equity securities	4,027	4,027	812	812
Other investments	7,945	7,945	6,062	6,062
Total investments	\$ 119,526	\$ 113,142	\$ 109,658	\$ 106,326

The fair value of our total investments increased \$9.9 billion during the year ended December 31, 2020, primarily due to the investing of operating cash flow and unrealized appreciation. This increase was partially offset by the payment of \$1.6 billion, including collateralized deposits, to acquire additional ownership interest in Huatai Group, the payments of dividends on our Common Shares, and share repurchases.

The following tables present the fair value of our fixed maturities and short-term investments at December 31, 2020 and 2019. The first table lists investments according to type and the second according to S&P credit rating:

(in millions of U.S. dollars, except for percentages)	December 31, 2020		December 31, 2019	
	Fair Value	% of Total	Fair Value	% of Total
U.S. Treasury / Agency	\$ 4,122	4 %	\$ 4,630	5 %
Corporate and asset-backed securities	38,769	36 %	34,259	33 %
Mortgage-backed securities	20,616	19 %	21,588	21 %
Municipal	11,943	11 %	12,824	12 %
Non-U.S.	27,759	26 %	25,192	25 %
Short-term investments	4,345	4 %	4,291	4 %
Total	\$ 107,554	100 %	\$ 102,784	100 %
AAA	\$ 15,622	15 %	\$ 15,714	15 %
AA	36,125	33 %	37,504	37 %
A	19,712	18 %	19,236	19 %
BBB	17,542	16 %	13,650	13 %
BB	9,699	9 %	9,474	9 %
B	8,267	8 %	6,897	7 %
Other	587	1 %	309	—
Total	\$ 107,554	100 %	\$ 102,784	100 %

Corporate and asset-backed securities

The following table presents our 10 largest global exposures to corporate bonds by fair value at December 31, 2020:

(in millions of U.S. dollars)	Fair Value
Wells Fargo & Co	\$ 764
Bank of America Corp	689
JP Morgan Chase & Co	646
Comcast Corp	528
Morgan Stanley	466
Citigroup Inc	443
Verizon Communications Inc	418
AT&T Inc	415
Goldman Sachs Group Inc	405
HSBC Holdings Plc	387

Mortgage-backed securities

The following table shows the fair value and amortized cost, net of valuation allowance, of our mortgage-backed securities:

December 31, 2020 (in millions of U.S. dollars)	S&P Credit Rating					Fair Value	Amortized Cost, Net
	AAA	AA	A	BBB	BB and below	Total	Total
Agency residential mortgage-backed (RMBS)	\$ 126	\$ 16,886	\$ —	\$ —	\$ —	\$ 17,012	\$ 16,032
Non-agency RMBS	123	39	84	20	10	276	272
Commercial mortgage-backed securities	2,878	284	151	12	3	3,328	3,151
Total mortgage-backed securities	\$ 3,127	\$ 17,209	\$ 235	\$ 32	\$ 13	\$ 20,616	\$ 19,455

Municipal

As part of our overall investment strategy, we may invest in states, municipalities, and other political subdivisions fixed maturity securities (Municipal). We apply the same investment selection process described previously to our Municipal investments. The portfolio is highly diversified primarily in state general obligation bonds and essential service revenue bonds including education and utilities (water, power, and sewers).

Non-U.S.

Our exposure to the Euro results primarily from Chubb European Group SE which is headquartered in France and offers a broad range of coverages throughout the European Union, Central, and Eastern Europe. Chubb primarily invests in Euro denominated investments to support its local currency insurance obligations and required capital levels. Chubb's local currency investment portfolios have strict contractual investment guidelines requiring managers to maintain a high quality and diversified portfolio to both sector and individual issuers. Investment portfolios are monitored daily to ensure investment manager compliance with portfolio guidelines.

Our non-U.S. investment grade fixed income portfolios are currency-matched with the insurance liabilities of our non-U.S. operations. The average credit quality of our non-U.S. fixed income securities is A and 48 percent of our holdings are rated AAA or guaranteed by governments or quasi-government agencies. Within the context of these investment portfolios, our government and corporate bond holdings are highly diversified across industries and geographies. Issuer limits are based on credit rating (AA—two percent, A—one percent, BBB—0.5 percent of the total portfolio) and are monitored daily via an internal compliance system. We manage our indirect exposure using the same credit rating based investment approach. Accordingly, we do not believe our indirect exposure is material.

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The following table summarizes the fair value and amortized cost, net of valuation allowance, of our non-U.S. fixed income portfolio by country/sovereign for non-U.S. government securities at December 31, 2020:

(in millions of U.S. dollars)		Fair Value		Amortized Cost, Net
Republic of Korea	\$	1,085	\$	976
Canada		992		950
United Kingdom		907		870
Province of Ontario		728		686
Kingdom of Thailand		637		544
United Mexican States		558		534
Province of Quebec		530		493
Federative Republic of Brazil		509		496
Commonwealth of Australia		471		423
Socialist Republic of Vietnam		394		267
Other Non-U.S. Government Securities		5,744		5,335
Total	\$	12,555	\$	11,574

The following table summarizes the fair value and amortized cost, net of valuation allowance, of our non-U.S. fixed income portfolio by country/sovereign for non-U.S. corporate securities at December 31, 2020:

(in millions of U.S. dollars)		Fair Value		Amortized Cost, Net
United Kingdom	\$	2,422	\$	2,274
Canada		1,834		1,723
United States ⁽¹⁾		1,240		1,172
France		1,183		1,109
Australia		916		857
Netherlands		634		593
Germany		625		589
Japan		602		576
Switzerland		560		514
China		459		435
Other Non-U.S. Corporate Securities		4,729		4,460
Total	\$	15,204	\$	14,302

⁽¹⁾ The countries that are listed in the non-U.S. corporate fixed income portfolio above represent the ultimate parent company's country of risk. Non-U.S. corporate securities could be issued by foreign subsidiaries of U.S. corporations.

Below-investment grade corporate fixed income portfolio

Below-investment grade securities have different characteristics than investment grade corporate debt securities. Risk of loss from default by the borrower is greater with below-investment grade securities. Below-investment grade securities are generally unsecured and are often subordinated to other creditors of the issuer. Also, issuers of below-investment grade securities usually have higher levels of debt and are more sensitive to adverse economic conditions, such as recession or increasing interest rates, than investment grade issuers. At December 31, 2020, our corporate fixed income investment portfolio included below-investment grade and non-rated securities which, in total, comprised approximately 15 percent of our fixed income portfolio. Our below-investment grade and non-rated portfolio includes over 1,400 issuers, with the greatest single exposure being \$176 million.

We manage high-yield bonds as a distinct and separate asset class from investment grade bonds. The allocation to high-yield bonds is explicitly set by internal management and is targeted to securities in the upper tier of credit quality (BB/B). Our minimum rating for initial purchase is BB/B. Fourteen external investment managers are responsible for high-yield security selection and portfolio construction. Our high-yield managers have a conservative approach to credit selection and very low historical default experience. Holdings are highly diversified across industries and generally subject to a 1.5 percent issuer limit as a percentage of high-yield allocation. We monitor position limits daily through an internal compliance system. Derivative and structured securities (e.g., credit default swaps and collateralized loan obligations) are not permitted in the high-yield portfolio.

Asbestos and Environmental (A&E)**Asbestos and environmental (A&E) reserving considerations**

For asbestos, Chubb faces claims relating to policies issued to manufacturers, distributors, installers, and other parties in the chain of commerce for asbestos and products containing asbestos. Claimants will generally allege damages across an extended time period which may coincide with multiple policies covering a wide range of time periods for a single insured.

Environmental claims present exposure for remediation and defense costs associated with the contamination of property as a result of pollution.

The following table presents count information for asbestos claims by causative agent and environmental claims by account, for direct policies only:

	Asbestos (by causative agent)		Environmental (by account)	
	2020	2019	2020	2019
Open at beginning of year	1,724	1,838	1,217	1,361
Newly reported/reopened	192	173	130	140
Closed or otherwise disposed	193	287	113	284
Open at end of year	1,723	1,724	1,234	1,217

Survival ratios are calculated by dividing the asbestos or environmental loss and allocated loss adjustment expense (ALAE) reserves by the average asbestos or environmental loss and ALAE payments for the three most recent calendar years (3-year survival ratio). The 3-year survival ratios for gross and net Asbestos loss and ALAE reserves were 5.9 years and 6.3 years, respectively. The 3-year survival ratios for gross and net Environmental loss and ALAE reserves were 4.9 years and 25.5 years, respectively. The net 3-year survival ratios were impacted by favorable reinsurance settlements in 2018. Excluding the settlements, the 3-year survival ratio for net Asbestos loss and ALAE reserves and net Environmental loss and ALAE reserves were 6.0 years and 5.2 years, respectively. The survival ratios provide only a very rough depiction of reserves and are significantly impacted by a number of factors such as aggressive settlement practices, variations in gross to ceded relationships within the asbestos or environmental claims, and levels of coverage provided. Therefore, we urge caution in using these very simplistic ratios to gauge reserve adequacy.

Catastrophe Management

We actively monitor and manage our catastrophe risk accumulation around the world, including setting risk limits based on probable maximum loss (PML) and purchasing catastrophe reinsurance. The table below presents our modeled pre-tax estimates of natural catastrophe PML, net of reinsurance, at December 31, 2020, for Worldwide, U.S. hurricane and California earthquake events, based on our in-force portfolio at October 1, 2020 and reflecting the April 1, 2020 reinsurance program (see Natural Catastrophe Property Reinsurance Program section) as well as inuring reinsurance protection coverages. According to the model, for the 1-in-100 return period scenario, there is a one percent chance that our pre-tax annual aggregate losses incurred in any year from U.S. hurricane events could be in excess of \$2,725 million (or 4.6 percent of our total shareholders' equity at December 31, 2020). These estimates assume that reinsurance recoverable is fully collectible.

(in millions of U.S. dollars, except for percentages)	Modeled Net Probable Maximum Loss (PML) Pre-tax					
	Worldwide ⁽¹⁾ Annual Aggregate		U.S. Hurricane ⁽²⁾ Annual Aggregate		California Earthquake ⁽³⁾ Single Occurrence	
	Chubb	% of Total Shareholders' Equity	Chubb	% of Total Shareholders' Equity	Chubb	% of Total Shareholders' Equity
1-in-10	\$ 1,880	3.2 %	\$ 1,099	1.8 %	\$ 142	0.2 %
1-in-100	\$ 3,982	6.7 %	\$ 2,725	4.6 %	\$ 1,302	2.2 %
1-in-250	\$ 6,604	11.1 %	\$ 4,918	8.3 %	\$ 1,475	2.5 %

⁽¹⁾ Worldwide losses are comprised of losses arising only from hurricanes, typhoons, convective storms and earthquakes and do not include "non-modeled" perils such as wildfire and flood.

⁽²⁾ U.S. Hurricane losses include losses from wind and storm-surge and exclude rainfall.

⁽³⁾ California earthquakes include fire-following perils.

The above estimates of Chubb's loss profile are inherently uncertain for many reasons, including the following:

- While the use of third-party catastrophe modeling packages to simulate potential hurricane and earthquake losses is prevalent within the insurance industry, the models are reliant upon significant meteorology, seismology, and engineering assumptions to estimate catastrophe losses. In particular, modeled catastrophe events are not always a representation of actual events and ensuing additional loss potential;
- There is no universal standard in the preparation of insured data for use in the models, the running of the modeling software and interpretation of loss output. These loss estimates do not represent our potential maximum exposures and it is highly likely that our actual incurred losses would vary materially from the modeled estimates;
- The potential effects of climate change add to modeling complexity; and
- Changing climate conditions could impact our exposure to natural catastrophe risks, including U.S. hurricane. Published studies by leading government, academic and professional organizations predict an increase in the expected annual frequency of Atlantic-basin hurricanes and sea level rise through the end of the century over observed historical averages. These studies contemplate expected multi-decadal impacts of climate change on sea surface temperatures, sea levels and other factors contributing to the frequency and intensity of hurricanes. Based on preliminary stress tests conducted against the Chubb portfolio, the impacts of climate change are not expected to materially impact our reported U.S. hurricane PML over the next 12 months. These tests reflect current exposures only and excludes potential mitigating factors, such as changes to building codes, public or private risk mitigation, regulation and public policy.

Natural Catastrophe Property Reinsurance Program

Chubb's core property catastrophe reinsurance program provides protection against natural catastrophes impacting its primary property operations (i.e., excluding our Global Reinsurance and Life Insurance segments).

We regularly review our reinsurance protection and corresponding property catastrophe exposures. This may or may not lead to the purchase of additional reinsurance prior to a program's renewal date. In addition, prior to each renewal date, we consider how much, if any, coverage we intend to buy and we may make material changes to the current structure in light of various factors, including modeled PML assessment at various return periods, reinsurance pricing, our risk tolerance and exposures, and various other structuring considerations.

Chubb renewed its Global Property Catastrophe Reinsurance Program for our North American and International operations effective April 1, 2020 through March 31, 2021, with no material changes in coverage from the expiring program. The program consists of three layers in excess of losses retained by Chubb on a per occurrence basis. In addition, Chubb also renewed its terrorism coverage (excluding nuclear, biological, chemical and radiation coverage, with an inclusion of coverage for biological and chemical coverage for personal lines) for the United States from April 1, 2020 through March 31, 2021 with the same limits and retention and percentage placed except that the majority of terrorism coverage is on an aggregate basis above our retentions without a reinstatement.

Loss Location	Layer of Loss	Comments	Notes
United States (excluding Alaska and Hawaii)	\$0 million – \$1.0 billion	Losses retained by Chubb	(a)
United States (excluding Alaska and Hawaii)	\$1.0 billion – \$1.15 billion	All natural perils and terrorism	(b)
United States (excluding Alaska and Hawaii)	\$1.15 billion – \$2.15 billion	All natural perils and terrorism	(c)
United States (excluding Alaska and Hawaii)	\$2.15 billion – \$3.5 billion	All natural perils and terrorism	(d)
International (including Alaska and Hawaii)	\$0 million – \$175 million	Losses retained by Chubb	(a)
International (including Alaska and Hawaii)	\$175 million – \$1.175 billion	All natural perils and terrorism	(c)
Alaska, Hawaii, and Canada	\$1.175 billion – \$2.525 billion	All natural perils and terrorism	(d)

(a) Ultimate retention will depend upon the nature of the loss and the interplay between the underlying per risk programs and certain other catastrophe programs purchased by individual business units. These other catastrophe programs have the potential to reduce our effective retention below the stated levels.

(b) These coverages are partially placed with Reinsurers.

(c) These coverages are both part of the same Second layer within the Global Catastrophe Program and are fully placed with Reinsurers.

(d) These coverages are both part of the same Third layer within the Global Catastrophe Program and are fully placed with Reinsurers.

Political Risk and Credit Insurance

Political risk insurance is a specialized coverage that provides clients with protection against unexpected, catastrophic political or macroeconomic events, primarily in emerging markets. We participate in this market through our Bermuda based wholly-owned subsidiary Sovereign Risk Insurance Ltd. (Sovereign), and through a unit of our London-based CGM operation. Chubb is one of the world's leading underwriters of political risk and credit insurance, has a global portfolio spread across more than 150 countries and is also a member of The Berne Union. Our clients include financial institutions, national export credit agencies, leading multilateral agencies, private equity firms and multinational corporations. CGM writes political risk and credit insurance business out of underwriting offices in London, United Kingdom; Hamburg, Germany; Sao Paulo, Brazil; Singapore; Tokyo, Japan; and in the U.S. in the following locations: Chicago, New York, Los Angeles and Washington, D.C.

Our political risk insurance products provide protection to commercial lenders against defaults on cross border loans, covers investors against equity losses, and protects exporters against defaults on contracts. Commercial lenders, our largest client segment, are covered for missed scheduled loan repayments due to acts of confiscation, expropriation or nationalization by the host government, currency inconvertibility or exchange transfer restrictions, or war or other acts of political violence. In addition, in the case of loans to government-owned entities or loans that have a government guarantee, political risk policies cover scheduled payments against risks of non-payment or non-honoring of government guarantees. Private equity investors and corporations cover their equity investments against financial losses, such as expropriatory events, inability to repatriate dividends, and physical damage to their operations caused by covered political risk events. Our export contracts product provides coverage for both exporters and their financing banks against the risk of contract frustration due to government actions, including non-payment by governmental entities.

CGM's credit insurance businesses cover losses due to insolvency, protracted default, and political risk perils including export and license cancellation. Our credit insurance product provides coverage to larger companies that have sophisticated credit risk management systems, with exposure to multiple customers and that have the ability to self-insure losses up to a certain level through excess of loss coverage. It also provides coverage to trade finance banks, exporters, and trading companies, with exposure to trade-related financing instruments. CGM also has limited capacity for Specialist Credit insurance products which provide coverage for project finance and working capital loans for large corporations and banks.

We have implemented structural features in our policies in order to control potential losses within the political risk and credit insurance businesses. These include basic loss sharing features such as co-insurance and deductibles, and in the case of trade credit, the use of non-qualifying losses that drop smaller exposures deemed too difficult to assess. Ultimate loss severity is also limited by using waiting periods to enable the insurer and insured to mitigate losses and to agree on recovery strategies if a claim does materialize. We have the option to pay claims over the original loan repayment schedule, rather than in a lump sum, in order to provide insureds and the insurer additional time to remedy problems and work towards full recoveries. It is important to note that political risk and credit policies are named peril conditional insurance contracts, not financial guarantees, and claims are only paid after conditions and warranties are fulfilled. Political risk and credit insurance policies do not cover currency devaluations, bond defaults, movements in overseas equity markets, transactions deemed illegal, situations where corruption or misrepresentation has occurred, or debt that is not legally enforceable. In addition to assessing and mitigating potential exposure on a policy-by-policy basis, we also have specific risk management measures in place to manage overall exposure and risk. These measures include placing country, credit, and individual transaction limits based on country risk and credit ratings, combined single loss limits on multi-country policies, the use of quota share and excess of loss reinsurance protection as well as quarterly modeling and stress-testing of the portfolio. We have a dedicated Country and Credit Risk management team that are responsible for the portfolio.

Crop Insurance

We are, and have been since the 1980s, one of the leading writers of crop insurance in the U.S. and have conducted that business through a managing general agent subsidiary of Rain and Hail. We provide protection throughout the U.S. on a variety of crops and are therefore geographically diversified, which reduces the risk of exposure to a single event or a heavy accumulation of losses in any one region. Our crop insurance business comprises two components - Multiple Peril Crop Insurance (MPCI) and crop-hail insurance.

The MPCI program, offered in conjunction with the U.S. Department of Agriculture's Risk Management Agency (RMA), is a federal subsidized insurance program that covers revenue shortfalls or production losses due to natural causes such as drought, excessive moisture, hail, wind, freeze, insects, and disease. These revenue products are defined as providing both commodity price and yield coverages. Policies are available for various crops in different areas of the U.S. and generally have deductibles generally ranging from 10 percent to 50 percent of the insured's risk. The USDA's Risk Management Agency (RMA) sets the policy terms and conditions, rates and forms, and is also responsible for setting compliance standards. As a participant in the MPCI program, we report all details of policies to the RMA and are party to a Standard Reinsurance Agreement (SRA). The SRA sets out the relationship between private insurance companies and the Federal Crop Insurance Corporation (FCIC) concerning the terms and conditions regarding the risks each will bear including the pro-rata and state stop-loss provisions, which allows companies to limit the exposure of any one state or group of states on their underwriting results. In addition to the pro-rata and excess of loss reinsurance protections inherent in the SRA, we also purchase third-party proportional and stop-loss reinsurance

for our MPCl business to reduce our exposure. We may also enter into crop derivative contracts to further manage our risk exposure.

Each year the RMA issues a final SRA for the subsequent reinsurance year (i.e., the 2021 SRA covers the 2021 reinsurance year from July 1, 2020 through June 30, 2021). There were no significant changes in the terms and conditions from the 2020 SRA and therefore, the new SRA does not impact Chubb's outlook on the crop program relative to 2021.

We recognize net premiums written as soon as estimable on our MPCl business, which is generally when we receive acreage reports from the policyholders on the various crops throughout the U.S. This allows us to best determine the premium associated with the liability that is being planted. The MPCl program has specific timeframes as to when producers must report acreage to us and in certain cases, the reporting occurs after the close of the respective reinsurance year. Once the net premium written has been recorded, the premium is then earned over the growing season for the crops. A majority of the crops that are covered in the program are typically subject to the SRA in effect at the beginning of the year. Given the major crops covered in the program, we typically see a substantial written and earned premium impact in the second and third quarters.

The pricing of MPCl premium is determined using a number of factors including commodity prices and related volatility (i.e., both impact the amount of premium we can charge to the policyholder). For example, in most states, the pricing for the MPCl revenue product for corn (i.e., insurance coverage for lower than expected crop revenue in a given season) includes a factor based on the average commodity price in February. If corn commodity prices are higher in February, compared to the February price in the prior year, and all other factors are the same, the increase in price will increase the corn premium year-over-year. Pricing is also impacted by volatility factors, which measure the likelihood commodity prices will fluctuate over the crop year. For example, if volatility is set at a higher rate compared to the prior year, and all other factors are the same, the premium charged to the policyholder will be higher year-over-year for the same level of coverage.

Losses incurred on the MPCl business are determined using both commodity price and crop yield. With respect to commodity price, there are two important periods on a large portion of the business: The month of February when the initial premium base is set, and the month of October when the final harvest price is set. If the price declines from February to October, with yield remaining at normal levels, the policyholder may be eligible to recover on the policy. However, in most cases there are deductibles on these policies, therefore, the impact of a decline in price would have to exceed the deductible before a policyholder would be eligible to recover.

We evaluate our MPCl business at an aggregate level and the combination of all of our insured crops (both winter and summer) go into our underwriting gain or loss estimate in any given year. Typically, we do not have enough information on the harvest prices or crop yield outputs to quantify the preliminary estimated impact to our underwriting results until the fourth quarter.

Our crop-hail program is a private offering. Premium is earned on the crop-hail program over the coverage period of the policy. Given the very short nature of the growing season, most crop-hail business is typically written in the second and third quarters and the recognition of earned premium is also more heavily concentrated during this timeframe. We use industry data to develop our own rates and forms for the coverage offered. The policy primarily protects farmers against yield reduction caused by hail and/or fire, and related costs such as transit to storage. We offer various deductibles to allow the grower to partially self-insure for a reduced premium cost. We limit our crop-hail exposures through the use of township liability limits and third-party reinsurance on our net retained hail business.

Liquidity

Liquidity is a measure of a company's ability to generate cash flows sufficient to meet short-term and long-term cash requirements. As a holding company, Chubb Limited possesses assets that consist primarily of the stock of its subsidiaries and other investments. In addition to net investment income, Chubb Limited's cash flows depend primarily on dividends and other statutorily permissible payments. Historically, dividends and other statutorily permitted payments have come primarily from Chubb's Bermuda-based operating subsidiaries, which we refer to as our Bermuda subsidiaries. Our consolidated sources of funds consist primarily of net premiums written, fees, net investment income, and proceeds from sales and maturities of investments. Funds are used at our various companies primarily to pay claims, operating expenses, and dividends; to service debt; to purchase investments; and to fund acquisitions.

We anticipate that positive cash flows from operations (underwriting activities and investment income) should be sufficient to cover cash outflows under most loss scenarios for the near term. Should the need arise, we generally have access to capital

markets and available credit facilities. Refer to “Credit Facilities” below for additional information. Our access to funds under the existing credit facility is dependent on the ability of the bank that is a party to the facility to meet its funding commitments. Should our existing credit provider experience financial difficulty, we may be required to replace credit sources, possibly in a difficult market. If we cannot obtain adequate capital or sources of credit on favorable terms, on a timely basis, or at all, our business, operating results, and financial condition could be adversely affected. To date, we have not experienced difficulty accessing our credit facility.

To further ensure the sufficiency of funds to settle unforeseen claims, we hold certain invested assets in cash and short-term investments. In addition, for certain insurance, reinsurance, or deposit contracts that tend to have relatively large and reasonably predictable cash outflows, we attempt to establish dedicated portfolios of assets that are duration-matched with the related liabilities. With respect to the duration of our overall investment portfolio, we manage asset durations to both maximize return given current market conditions and provide sufficient liquidity to cover future loss payments. At December 31, 2020, the average duration of our fixed maturities (4.0 years) is less than the average expected duration of our insurance liabilities (4.7 years).

Despite our safeguards, if paid losses accelerate beyond our ability to fund such paid losses from current operating cash flows, we might need to either liquidate a portion of our investment portfolio or arrange for financing. Potential events causing such a liquidity strain could include several significant catastrophes occurring in a relatively short period of time, large uncollectible reinsurance recoverables on paid losses (as a result of coverage disputes, reinsurers' credit problems, or decreases in the value of collateral supporting reinsurance recoverables) or increases in collateral postings under our variable annuity reinsurance business. Because each subsidiary focuses on a more limited number of specific product lines than is collectively available from the Chubb Group of Companies, the mix of business tends to be less diverse at the subsidiary level. As a result, the probability of a liquidity strain, as described above, may be greater for individual subsidiaries than when liquidity is assessed on a consolidated basis. If such a liquidity strain were to occur in a subsidiary, we could be required to liquidate a portion of our investments, potentially at distressed prices, as well as be required to contribute capital to the particular subsidiary and/or curtail dividends from the subsidiary to support holding company operations.

The payment of dividends or other statutorily permissible distributions from our operating companies are subject to the laws and regulations applicable to each jurisdiction, as well as the need to maintain capital levels adequate to support the insurance and reinsurance operations, including financial strength ratings issued by independent rating agencies. During 2020, we were able to meet all our obligations, including the payments of dividends on our Common Shares, with our net cash flows.

We assess which subsidiaries to draw dividends from based on a number of factors. Considerations such as regulatory and legal restrictions as well as the subsidiary's financial condition are paramount to the dividend decision. Chubb Limited received dividends of \$1.9 billion and \$200 million from its Bermuda subsidiaries in 2020 and 2019, respectively. Chubb Limited also received cash dividends of \$110 million and non-cash dividends of \$734 million from a Swiss subsidiary in 2020. There were no dividends received in 2019.

The payment of any dividends from CGM or its subsidiaries is subject to applicable U.K. insurance laws and regulations. In addition, the release of funds by Syndicate 2488 to subsidiaries of CGM is subject to regulations promulgated by the Society of Lloyd's. Chubb Limited received no dividends from CGM in 2020 and 2019.

The U.S. insurance subsidiaries of Chubb INA Holdings Inc. (Chubb INA) may pay dividends, without prior regulatory approval, subject to restrictions set out in state law of the subsidiary's domicile (or, if applicable, commercial domicile). Chubb INA's international subsidiaries are also subject to insurance laws and regulations particular to the countries in which the subsidiaries operate. These laws and regulations sometimes include restrictions that limit the amount of dividends payable without prior approval of regulatory insurance authorities. Chubb Limited received no dividends from Chubb INA in 2020 and 2019. Debt issued by Chubb INA is serviced by statutorily permissible distributions by Chubb INA's insurance subsidiaries to Chubb INA as well as other group resources. Chubb INA received dividends of \$1.2 billion and \$3.7 billion from its subsidiaries in 2020 and 2019, respectively. At December 31, 2020, the amount of dividends available to be paid to Chubb INA in 2021 from its subsidiaries without prior approval of insurance regulatory authorities totals \$2.7 billion.

Cash Flows

Our insurance and reinsurance operations provide liquidity in that premiums are received in advance, sometimes substantially in advance, of the time claims are paid. Generally, cash flows are affected by claim payments that, due to the nature of our operations, may comprise large loss payments on a limited number of claims and which can fluctuate significantly from period to period. The irregular timing of these loss payments can create significant variations in cash flows from operations between periods. Refer to “Contractual Obligations and Commitments” for our estimate of future claim payments by period. Sources of liquidity include cash from operations, routine sales of investments, and financing arrangements. The following is a discussion of our cash flows for 2020, 2019, and 2018.

Operating cash flows reflect Net income for each period, adjusted for non-cash items and changes in working capital.

Operating cash flows were \$9.8 billion in 2020, compared to \$6.3 billion and \$5.5 billion in 2019 and 2018, respectively. Operating cash flow increased \$3.5 billion in 2020 compared to 2019, principally reflecting higher premiums collected and reduced payment activity due to the economic slowdown related to COVID-19 pandemic.

Cash used for investing was \$7.5 billion in 2020, compared to \$5.9 billion and \$2.9 billion in 2019 and 2018, respectively. The current year included payment, including a deposit, of \$1.6 billion for the purchase of an additional 16.2 percent ownership in Huatai Group. This compares to the prior year purchase of an additional 10.9 percent ownership interest in Huatai Group for \$580 million. Refer to Note 2 to the Consolidated Financial Statements for additional information. In addition, the current year included higher private equity contributions, net of distributions received, of \$1.1 billion.

Cash used for financing was \$2.1 billion in 2020, compared to \$151 million and \$2.0 billion in 2019 and 2018, respectively. Cash used for financing was higher by \$1.9 billion in 2020 compared to 2019 primarily due to lower net proceeds from the issuance of long-term debt (net of repayments) of \$2.6 billion, partially offset by fewer shares repurchased in the current year. Refer to Note 11 to the Consolidated Financial Statements for additional information on share repurchases.

Both internal and external forces influence our financial condition, results of operations, and cash flows. Claim settlements, premium levels, and investment returns may be impacted by changing rates of inflation and other economic conditions. In many cases, significant periods of time, ranging up to several years or more, may lapse between the occurrence of an insured loss, the reporting of the loss to us, and the settlement of the liability for that loss.

We use repurchase agreements as a low-cost funding alternative. At December 31, 2020, there were \$1.4 billion in repurchase agreements outstanding with various maturities over the next eight months.

In addition to cash from operations, routine sales of investments, and financing arrangements, we have agreements with a third-party bank provider which implemented two international multi-currency notional cash pooling programs to enhance cash management efficiency during periods of short-term timing mismatches between expected inflows and outflows of cash by currency. The programs allow us to optimize investment income by avoiding portfolio disruption. In each program, participating Chubb entities establish deposit accounts in different currencies with the bank provider. Each day the credit or debit balances in every account are notionally translated into a single currency (U.S. dollars) and then notionally pooled. The bank extends overdraft credit to all participating Chubb entities as needed, provided that the overall notionally pooled balance of all accounts in each pool at the end of each day is at least zero. Actual cash balances are not physically converted and are not commingled between legal entities. Chubb entities may incur overdraft balances as a means to address short-term liquidity needs. Any overdraft balances incurred under this program by a Chubb entity would be guaranteed by Chubb Limited (up to \$300 million in the aggregate). Our syndicated letter of credit facility allows for same day drawings to fund a net pool overdraft should participating Chubb entities withdraw contributed funds from the pool.

Capital Resources

Capital resources consist of funds deployed or available to be deployed to support our business operations.

(in millions of U.S. dollars, except for percentages)	December 31 2020	December 31 2019
Short-term debt	\$ —	\$ 1,299
Long-term debt	14,948	13,559
Total financial debt	14,948	14,858
Trust preferred securities	308	308
Total shareholders' equity	59,441	55,331
Total capitalization	\$ 74,697	\$ 70,497
Ratio of financial debt to total capitalization	20.0 %	21.1 %
Ratio of financial debt plus trust preferred securities to total capitalization	20.4 %	21.5 %

Repurchase agreements are excluded from the table above and are disclosed separately from short-term debt in the Consolidated balance sheets. The repurchase agreements are collateralized borrowings where we maintain the right and ability to redeem the collateral on short notice, unlike short-term debt which comprises the current maturities of our long-term debt instruments.

On September 17, 2020, Chubb INA issued \$1.0 billion of 1.375 percent senior notes due September 2030. Chubb INA's \$1.3 billion of 2.3 percent senior notes due November 2020 was paid upon maturity. Refer to Note 9 to the Consolidated Financial Statements for details about the debt issued and debt redeemed.

We believe our financial strength provides us with the flexibility and capacity to obtain available funds externally through debt or equity financing on both a short-term and long-term basis. Our ability to access the capital markets is dependent on, among other things, market conditions and our perceived financial strength. We have accessed both the debt and equity markets from time to time. We generally maintain the ability to issue certain classes of debt and equity securities via an unlimited Securities and Exchange Commission (SEC) shelf registration which is renewed every three years. This allows us capital market access for refinancing as well as for unforeseen or opportunistic capital needs. In October 2018, we filed an unlimited shelf registration which allows us to issue certain classes of debt and equity. This shelf registration expires in October 2021.

Securities Repurchases

From time to time, we repurchase shares as part of our capital management program. The Board of Directors (Board) has authorized share repurchase programs as follows:

- \$1.0 billion of Chubb Common Shares from January 1, 2018 through December 31, 2018
- \$1.5 billion of Chubb Common Shares from December 1, 2018 through December 31, 2019
- \$1.5 billion of Chubb Common Shares from November 21, 2019 through December 31, 2020
- \$1.5 billion of Chubb Common Shares from November 19, 2020 through December 31, 2021

Subsequently, in February 2021, the Board approved an increase to the November 2020 share repurchase program of \$1.0 billion to a total of \$2.5 billion, effective through December 31, 2021.

Share repurchases may be made in the open market, in privately negotiated transactions, block trades, accelerated repurchases and/or through option or other forward transactions. In 2020, 2019, and 2018 we repurchased \$516 million, \$1.53 billion, and \$1.02 billion, respectively, of Common Shares in a series of open market transactions under the Board share repurchase authorizations. On April 22, 2020, we suspended share repurchases, given the economic environment and to preserve capital for both risk and opportunity. Subsequently we announced and then resumed share repurchases on October 29, 2020. The \$1.5 billion November 2019 authorization remained effective through December 31, 2020. Repurchases through December 31, 2020 were made under this authorization. For the period January 1 through February 24, 2021, we repurchased 1,971,000 Common Shares for a total of \$327 million in a series of open market transactions under the share repurchase program authorized in November 2020. At February 24, 2021, \$2.17 billion in share repurchase authorization remained through December 31, 2021.

Common Shares

Our Common Shares had a par value of CHF 24.15 each at December 31, 2020.

As of December 31, 2020, there were 26,872,639 Common Shares in treasury with a weighted average cost of \$135.58 per share.

Under Swiss law, dividends must be stated in Swiss francs though dividend payments are made by Chubb in U.S. dollars.

At our May 2019 annual general meeting, our shareholders approved an annual dividend for the following year of up to \$3.00 per share, which was paid in four quarterly installments of \$0.75 per share at dates determined by the Board after the annual general meeting by way of distribution from capital contribution reserves, transferred to free reserves for payment.

At our May 2020 annual general meeting, our shareholders approved an annual dividend for the following year of up to \$3.12 per share, expected to be paid in four quarterly installments of \$0.78 per share after the annual general meeting by way of distribution from capital contribution reserves, transferred to free reserves for payment. The Board will determine the record and payment dates at which the annual dividend may be paid until the date of the 2021 annual general meeting, and is authorized to abstain from distributing a dividend at its discretion. The first three quarterly installments each of \$0.78 per share, have been distributed by the Board as expected.

Dividend distributions on Common Shares amounted to CHF 2.89 (\$3.09) per share for the year ended December 31, 2020. Refer to Note 11 to the Consolidated Financial Statements for additional information on our dividends.

Contractual Obligations and Commitments

The following table presents our future payments due by period under contractual obligations at December 31, 2020:

(in millions of U.S. dollars)	Payments Due By Period				
	Total	2021	2022 and 2023	2024 and 2025	Thereafter
<i>Payment amounts determinable from the respective contracts</i>					
Deposit liabilities ⁽¹⁾	\$ 2,323	\$ 34	\$ 104	\$ 148	\$ 2,037
Purchase obligations ⁽²⁾	470	240	230	—	—
Investments, including Limited Partnerships ⁽³⁾	3,805	1,429	1,713	459	204
Operating leases	550	150	219	106	75
Repurchase agreements	1,405	1,405	—	—	—
Long-term debt ⁽⁴⁾	14,705	—	1,475	2,346	10,884
Trust preferred securities	309	—	—	—	309
Interest on debt obligations ⁽⁴⁾	5,925	468	902	804	3,751
Total obligations in which payment amounts are determinable from the respective contracts	29,492	3,726	4,643	3,863	17,260
<i>Payment amounts not determinable from the respective contracts</i>					
Estimated gross loss payments under insurance and reinsurance contracts	67,851	19,587	18,599	9,439	20,226
Estimated payments for future policy benefits and GLB	22,006	1,034	2,183	1,653	17,136
Total contractual obligations and commitments	\$ 119,349	\$ 24,347	\$ 25,425	\$ 14,955	\$ 54,622

⁽¹⁾ Refer to Note 1 k) to the Consolidated Financial Statements.

⁽²⁾ Primarily comprises agreements with vendors to purchase system software administration and maintenance services, and audit fees.

⁽³⁾ Funding commitment primarily related to limited partnerships. The timing of the payments of these commitments is uncertain and may differ from the estimated timing in the table.

⁽⁴⁾ Subject to foreign exchange fluctuations on interest expense and principal.

The contractual obligations and commitments table excludes the following items:

- Pension obligations: Minimum funding requirements for our pension obligations are immaterial. Subsequent funding commitments are apt to vary due to many factors and are difficult to estimate at this time. Refer to Note 13 to the Consolidated Financial Statements for additional information.
- Liabilities for unrecognized tax benefits: The liability for unrecognized tax benefits, excluding interest and offsetting tax credits, was \$76 million at December 31, 2020. At December 31, 2020, we had accrued \$16 million in liabilities for income tax-related interest and penalties in our Consolidated balance sheet. Other than settlement of a liability in January 2021 for \$23 million, including interest, we are unable to make a reliable estimate for the timing of cash settlement of these liabilities. Refer to Note 8 to the Consolidated Financial Statements for additional information.

We have no other significant contractual obligations or commitments not reflected in the table above. We do not have any off-balance sheet arrangements that are reasonably likely to have a material effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources.

Estimated gross loss payments under insurance and reinsurance contracts

We are obligated to pay claims under insurance and reinsurance contracts for specified loss events covered under those contracts. Such loss payments represent our most significant future payment obligation as a P&C insurance and reinsurance company. In contrast to other contractual obligations, cash payments are not determinable from the terms specified within the contract. For example, we do not ultimately make a payment to our counterparty for many insurance and reinsurance contracts (i.e., when a loss event has not occurred) and if a payment is to be made, the amount and timing cannot be determined from the contract. In the table above, we estimate payments by period relating to our gross liability for unpaid losses and loss expenses included in the Consolidated balance sheet at December 31, 2020, and do not take into account reinsurance recoverable. These estimated loss payments are inherently uncertain and the amount and timing of actual loss payments are likely to differ from these estimates and the differences could be material. Given the numerous factors and assumptions involved in both estimates of loss and loss expense reserves and related estimates as to the timing of future loss and loss expense payments in the table above, differences between actual and estimated loss payments will not necessarily indicate a commensurate change in ultimate loss estimates. The liability for Unpaid losses and loss expenses presented in our balance sheet is discounted for certain structured settlements, for which the timing and amount of future claim payments are reliably determinable, and certain reserves for unsettled claims. Our loss reserves are not discounted for the time value of money. Accordingly, the estimated amounts in the table exceed the liability for Unpaid losses and loss expenses presented in our balance sheet. Refer to Note 1 h) to the Consolidated Financial Statements for additional information.

Estimated payments for future policy benefits

We establish reserves for future policy benefits for life, long-term health, and annuity contracts. The amounts in the table are gross of fees or premiums due from the underlying contracts. The liability for Future policy benefits for life, long-term health, and annuity contracts presented in our balance sheet is discounted and reflected net of fees or premiums due from the underlying contracts. Accordingly, the estimated amounts in the table exceed the liability for Future policy benefits presented in our balance sheet. Payment amounts related to these reserves must be estimated and are not determinable from the contract. Due to the uncertainty with respect to the timing and amount of these payments, actual results could materially differ from the estimates in the table.

Credit Facilities

As our Bermuda subsidiaries are non-admitted insurers and reinsurers in the U.S., the terms of certain U.S. insurance and reinsurance contracts require them to provide collateral, which can be in the form of letters of credit (LOCs). LOCs may also be used for general corporate purposes.

Should the need arise, we generally have access to capital markets and to credit facilities with letter of credit capacity of \$4.0 billion with a sub-limit of \$1.9 billion for revolving credit. At December 31, 2020, our usage under these facilities was \$1.7 billion in LOCs, of which \$1.1 billion related to our variable annuity reinsurance program. Our access to credit under these facilities is dependent on the ability of the banks that are a party to the facilities to meet their funding commitments. Should the existing credit providers on these facilities experience financial difficulty, we may be required to replace credit sources, possibly in a difficult market. If we cannot obtain adequate capital or sources of credit on favorable terms, on a timely basis, or at all, our business, operating results, and financial condition could be adversely affected. To date, we have not experienced difficulty accessing our credit facilities or establishing additional facilities when needed.

In the event we are required to provide alternative security to clients, the security could take the form of additional insurance trusts supported by our investment portfolio or funds withheld using our cash resources. The value of LOCs required is driven by, among other things, statutory liabilities reported by variable annuity guarantee reinsurance clients, loss development of existing reserves, the payment pattern of such reserves, the expansion of business, and loss experience of such business.

The facilities noted above require that we maintain certain financial covenants, all of which have been met at December 31, 2020. These covenants include:

- (i) a minimum consolidated net worth of not less than \$34.985 billion; and
- (ii) a ratio of consolidated debt to total capitalization of not greater than 0.35 to 1.

At December 31, 2020, (a) the minimum consolidated net worth requirement under the covenant described in (i) above was \$34.985 billion and our actual consolidated net worth as calculated under that covenant was \$56.6 billion and (b) our ratio of debt to total capitalization, as calculated under the covenant which excludes the fair value adjustment of debt acquired through the Chubb Corp acquisition, was 0.20 to 1, which is below the maximum debt to total capitalization ratio of 0.35 to 1 as described in (ii) above.

Our failure to comply with the covenants under any credit facility would, subject to grace periods in the case of certain covenants, result in an event of default. This could require us to repay any outstanding borrowings or to cash collateralize LOCs under such facility. Our failure to repay material financial obligations, as well as our failure with respect to certain other events expressly identified, would result in an event of default under the facility.

Ratings

Chubb Limited and its subsidiaries are assigned credit and financial strength (insurance) ratings from internationally recognized rating agencies, including S&P, A.M. Best, Moody's, and Fitch. The ratings issued on our companies by these agencies are announced publicly and are available directly from the agencies. Our Internet site (investors.chubb.com, under Shareholder Resources/Rating Agency Ratings) also contains some information about our ratings, but such information on our website is not incorporated by reference into this report.

Financial strength ratings reflect the rating agencies' opinions of a company's claims paying ability. Independent ratings are one of the important factors that establish our competitive position in the insurance markets. The rating agencies consider many factors in determining the financial strength rating of an insurance company, including the relative level of statutory surplus necessary to support the business operations of the company. These ratings are based upon factors relevant to policyholders, agents, and intermediaries and are not directed toward the protection of investors. Such ratings are not recommendations to buy, sell, or hold securities.

Credit ratings assess a company's ability to make timely payments of principal and interest on its debt. It is possible that, in the future, one or more of the rating agencies may reduce our existing ratings. If one or more of our ratings were downgraded, we could incur higher borrowing costs, and our ability to access the capital markets could be impacted. In addition, our insurance and reinsurance operations could be adversely impacted by a downgrade in our financial strength ratings, including a possible reduction in demand for our products in certain markets. Also, we have insurance and reinsurance contracts which contain rating triggers. In the event the S&P or A.M. Best financial strength ratings of Chubb fall, we may be faced with the cancellation of premium or be required to post collateral on our underlying obligation associated with this premium. We estimate that at December 31, 2020, a one-notch downgrade of our S&P or A.M. Best financial strength ratings would result in an immaterial loss of premium or requirement for collateral to be posted.

ITEM 7A. Quantitative and Qualitative Disclosures about Market Risk**Market Sensitive Instruments and Risk Management**

Market risk represents the potential for loss due to adverse changes in the fair value of financial instruments. We are exposed to potential losses from various market risks including changes in interest rates, equity prices, and foreign currency exchange rates. Further, through writing the GLB and GMDB products, we are exposed to volatility in the equity and credit markets, as well as interest rates. Our investment portfolio consists primarily of fixed income securities, denominated in both U.S. dollars and foreign currencies, which are sensitive to changes in interest rates and foreign currency exchange rates. The majority of our fixed income portfolio is classified as available for sale. The effect of market movements on our fixed maturities portfolio impacts Net income (through Net realized gains (losses)) when securities are sold, when we write down an asset, or when we record a change to the allowance for expected credit losses. Changes in interest rates and foreign currency exchange rates will have an immediate effect on Shareholders' equity and Comprehensive income and in certain instances, Net income. From time to time, we also use derivative instruments such as futures, options, swaps, and foreign currency forward contracts to manage the duration of our investment portfolio and foreign currency exposures and also to obtain exposure to a particular financial market. At December 31, 2020 and 2019, our notional exposure to derivative instruments was \$5.3 billion and \$4.9 billion, respectively. These instruments are recognized as assets or liabilities in our Consolidated Financial Statements and are sensitive to changes in interest rates, foreign currency exchange rates, and equity security prices. As part of our investing activities, from time to time we purchase to be announced mortgage backed securities (TBAs). Changes in the fair value of TBAs are included in Net realized gains (losses) and therefore, have an immediate effect on both our Net income and Shareholders' equity.

We seek to mitigate market risk using a number of techniques, including maintaining and managing the assets and liabilities of our international operations consistent with the foreign currencies of the underlying insurance and reinsurance businesses, thereby limiting exchange rate risk to net assets denominated in foreign currencies.

The following is a discussion of our primary market risk exposures at December 31, 2020. Our policies to address these risks in 2020 were not materially different from 2019. We do not currently anticipate significant changes in our primary market risk exposures or in how those exposures are managed in future reporting periods based upon what is known or expected to be in effect in future reporting periods.

Interest rate risk – fixed income portfolio and debt obligations

Our fixed income portfolio and debt obligations have exposure to interest rate risk. Changes in investment values attributable to interest rate changes are mitigated by corresponding and partially offsetting changes in the economic value of our insurance reserves and debt obligations. We monitor this exposure through periodic reviews of our asset and liability positions.

The following table presents the impact at December 31, 2020 and 2019, on the fair value of our fixed income portfolio of a hypothetical increase in interest rates of 100 bps applied instantly across the U.S. yield curve (an immediate time horizon was used as this presents the worst case scenario):

(in billions of U.S. dollars, except for percentages)	2020	2019
Fair value of fixed income portfolio	\$ 107.6	\$ 102.8
Pre-tax impact of 100 bps increase in interest rates:		
Decrease in dollars	\$ 4.3	\$ 3.9
As a percentage of total fixed income portfolio at fair value	4.0 %	3.8 %

Changes in interest rates will have an immediate effect on Comprehensive income and Shareholders' equity but will not ordinarily have an immediate effect on Net income. Variations in market interest rates could produce significant changes in the timing of prepayments due to available prepayment options. For these reasons, actual results could differ from those reflected in the tables.

Although our debt and trust preferred securities (collectively referred to as debt obligations) are reported at amortized cost and not adjusted for fair value changes, changes in interest rates could have a material impact on their fair value, albeit there would be no impact on our Consolidated Financial Statements.

The following table presents the impact at December 31, 2020 and 2019, on the fair value of our debt obligations of a hypothetical decrease in interest rates of 100 bps applied instantly across the U.S. yield curve (an immediate time horizon was used as this presents the worst case scenario):

(in millions of U.S. dollars, except for percentages)	2020	2019
Fair value of debt obligations, including repurchase agreements	\$ 19,365	\$ 18,238
Pre-tax impact of 100 bps decrease in interest rates:		
Increase in dollars	\$ 1,673	\$ 1,570
As a percentage of total debt obligations at fair value	8.6 %	8.6 %

Foreign currency management

As a global company, Chubb entities transact business in multiple currencies. Our policy is to generally match assets, liabilities and required capital for each individual jurisdiction in local currency, which would include the use of derivatives. We do not hedge our net asset non-U.S. dollar capital positions; however, we do consider hedging for planned cross border transactions.

The following table summarizes the net assets (liabilities) in non-U.S. currencies at December 31, 2020 and 2019:

(in millions of U.S. dollars, except for percentages)	2020		2019		2020 vs. 2019 % change in exchange rate per USD
	Value of net assets (liabilities)	Exchange rate per USD	Value of net assets (liabilities)	Exchange rate per USD	
Chinese yuan renminbi (CNY)	\$ 2,853	0.1532	\$ 1,539	0.1436	6.7 %
Canadian dollar (CAD)	2,613	0.7858	2,220	0.7698	2.1 %
British pound sterling (GBP)	2,492	1.3670	2,024	1.3257	3.1 %
Australian dollar (AUD)	1,347	0.7694	1,100	0.7021	9.6 %
Mexican peso (MXN)	877	0.0502	942	0.0528	(5.0) %
Korean won (KRW) (x100)	781	0.0920	788	0.0865	6.4 %
Brazilian real (BRL)	747	0.1926	990	0.2485	(22.5) %
Japanese yen (JPY)	617	0.0097	432	0.0092	5.2 %
Thai baht (THB)	565	0.0334	606	0.0337	(0.8) %
Euro (EUR) ⁽¹⁾	(3,162)	1.2216	(3,129)	1.1213	8.9 %
Other foreign currencies	3,016	various	2,845	various	NM
Value of net assets denominated in foreign currencies	\$ 12,746		\$ 10,357		
As a percentage of total net assets	21.4 %		18.7 %		
Pre-tax decrease to Shareholders' equity of a hypothetical 10 percent strengthening of the USD	\$ 1,159		\$ 942		

NM – not meaningful

⁽¹⁾ Comprised Euro denominated debt of \$5.2 billion, partially offset by net assets of \$2.1 billion at December 31, 2020 and Euro denominated debt of \$4.8 billion, partially offset by net assets of \$1.7 billion at December 31, 2019.

⁽²⁾ At December 31, 2020, net assets denominated in foreign currencies comprised approximately 46 percent goodwill and other intangible assets.

Reinsurance of GMDB and GLB guarantees

Chubb views its variable annuity reinsurance business as having a similar risk profile to that of catastrophe reinsurance with the probability of long-term economic loss relatively small, at the time of pricing. Adverse changes in market factors and policyholder behavior will have an impact on both realized gains (losses) and net income for GLB and both Life Insurance underwriting income and net income for GMDB. When evaluating these risks, we expect to be compensated for taking both the risk of a cumulative long-term economic net loss, as well as the short-term accounting variations caused by these market movements. Therefore, we evaluate this business in terms of its long-term economic risk and reward.

For the GMDB reinsurance business, net income is directly impacted by changes in future policy benefit reserves. For the GLB reinsurance business, net income is directly impacted by changes in the fair value of the GLB liability (FVL), which is classified as a derivative for accounting purposes. The FVL calculation is directly affected by market factors, including equity levels, interest rate levels, credit risk, and implied volatilities, as well as policyholder behaviors, such as annuitization and lapse rates, and policyholder mortality.

The tables below are estimates of the sensitivities to instantaneous changes in economic inputs (e.g., equity shock, interest rate shock, etc.) or actuarial assumptions at December 31, 2020 of the FVL and of the fair value of specific derivative instruments held (hedge value) to partially offset the risk in the variable annuity guarantee reinsurance portfolio. The following assumptions should be considered when using the below tables:

- Equity shocks impact all global equity markets equally
 - Our liabilities are sensitive to global equity markets in the following proportions: 75 percent—85 percent U.S. equity, and 15 percent—25 percent international equity.
 - Our current hedge portfolio is sensitive only to U.S. equity markets.
 - We would suggest using the S&P 500 index as a proxy for U.S. equity, and the MSCI EAFE index as a proxy for international equity.
- Interest rate shocks assume a parallel shift in the U.S. yield curve
 - Our liabilities are also sensitive to global interest rates at various points on the yield curve, mainly the U.S. Treasury curve in the following proportions: 5 percent—15 percent short-term rates (maturing in less than 5 years), 15 percent—25 percent medium-term rates (maturing between 5 years and 10 years, inclusive), and 65 percent—75 percent long-term rates (maturing beyond 10 years).
 - A change in AA-rated credit spreads impacts the rate used to discount cash flows in the fair value model. AA-rated credit spreads are a proxy for both our own credit spreads and the credit spreads of the ceding insurers.
- The hedge sensitivity is from December 31, 2020 market levels and only applicable to the equity and interest rate sensitivities table below.
- The sensitivities are not directly additive because changes in one factor will affect the sensitivity to changes in other factors. The sensitivities do not scale linearly and may be proportionally greater for larger movements in the market factors. The sensitivities may also vary due to foreign exchange rate fluctuations. The calculation of the FVL is based on internal models that include assumptions regarding future policyholder behavior, including lapse, annuitization, and asset allocation. These assumptions impact both the absolute level of the FVL as well as the sensitivities to changes in market factors shown below. Actual sensitivity of our net income may differ from those disclosed in the tables below due to fluctuations in short-term market movements.
- In addition, the tables below do not reflect the expected quarterly run rate of net income generated by the variable annuity guarantee reinsurance portfolio if markets remain unchanged during the period. All else equal, if markets remain unchanged during the period, the FVL will increase, resulting in a realized loss. This realized loss occurs primarily because the guarantees provided in the underlying contracts continue to become more valuable even when markets remain unchanged. We refer to this increase in FVL as “timing effect”. The unfavorable impact of timing effect on our FVL in a quarter is not reflected in the sensitivity tables below. For this reason, when using the tables below to estimate the sensitivity of FVL in the first quarter 2021 to various changes, it is necessary to assume an additional \$5 million to \$45 million increase in FVL and realized losses. Note that both the timing effect and the quarterly run rate impact to net income change over time as the book ages.

Sensitivities to equity and interest rate movements

(in millions of U.S. dollars)

Interest Rate Shock	Worldwide Equity Shock					
	+10 %	Flat	-10 %	-20 %	-30 %	-40 %
+100 bps						
(Increase)/decrease in FVL	\$ 416	\$ 277	\$ 113	\$ (81)	\$ (315)	\$ (603)
Increase/(decrease) in hedge value	(73)	—	73	145	218	290
Increase/(decrease) in net income	\$ 343	\$ 277	\$ 186	\$ 64	\$ (97)	\$ (313)
Flat						
(Increase)/decrease in FVL	\$ 160	\$ —	\$ (188)	\$ (408)	\$ (672)	\$ (995)
Increase/(decrease) in hedge value	(73)	—	73	145	218	290
Increase/(decrease) in net income	\$ 87	\$ —	\$ (115)	\$ (263)	\$ (454)	\$ (705)
-100 bps						
(Increase)/decrease in FVL	\$ (111)	\$ (291)	\$ (501)	\$ (749)	\$ (1,050)	\$ (1,412)
Increase/(decrease) in hedge value	(73)	—	73	145	218	290
Increase/(decrease) in net income	\$ (184)	\$ (291)	\$ (428)	\$ (604)	\$ (832)	\$ (1,122)

Sensitivities to Other Economic Variables

(in millions of U.S. dollars)

	AA-rated Credit Spreads		Interest Rate Volatility		Equity Volatility	
	+100 bps	-100 bps	+2 %	-2 %	+2 %	-2 %
(Increase)/decrease in FVL	\$ 86	\$ (97)	\$ —	\$ —	\$ (13)	\$ 13
Increase/(decrease) in net income	\$ 86	\$ (97)	\$ —	\$ —	\$ (13)	\$ 13

Sensitivities to Actuarial Assumptions

(in millions of U.S. dollars)

	Mortality			
	+20 %	+10 %	-10 %	-20 %
(Increase)/decrease in FVL	\$ 24	\$ 12	\$ (12)	\$ (25)
Increase/(decrease) in net income	\$ 24	\$ 12	\$ (12)	\$ (25)

(in millions of U.S. dollars)

	Lapses			
	+50 %	+25 %	-25 %	-50 %
(Increase)/decrease in FVL	\$ 139	\$ 73	\$ (81)	\$ (170)
Increase/(decrease) in net income	\$ 139	\$ 73	\$ (81)	\$ (170)

(in millions of U.S. dollars)

	Annuitization			
	+50 %	+25 %	-25 %	-50 %
(Increase)/decrease in FVL	\$ (492)	\$ (263)	\$ 302	\$ 636
Increase/(decrease) in net income	\$ (492)	\$ (263)	\$ 302	\$ 636

Variable Annuity Net Amount at Risk

All our VA reinsurance treaties include annual or aggregate claim limits and many include an aggregate deductible which limit the net amount at risk under these programs. The tables below present the net amount at risk at December 31, 2020 following an immediate change in equity market levels, assuming all global equity markets are impacted equally.

a) Reinsurance covering the GMDB risk only

(in millions of U.S. dollars)	Equity Shock					
	+20 %	Flat	-20 %	-40 %	-60 %	-80 %
GMDB net amount at risk	\$ 272	\$ 257	\$ 328	\$ 699	\$ 815	\$ 703
Claims at 100% immediate mortality	157	166	179	166	147	128

The treaty claim limits function as a ceiling as equity markets fall. As the shocks in the table above become incrementally more negative, the impact on the NAR and claims at 100 percent mortality begin to drop due to the specific nature of these claim limits, many of which are annual claim limits calculated as a percentage of the reinsured account value. There is also some impact due to a small portion of the GMDB reinsurance under which claims are positively correlated to equity markets (claims decrease as equity markets fall).

b) Reinsurance covering the GLB risk only

(in millions of U.S. dollars)	Equity Shock					
	+20 %	Flat	-20 %	-40 %	-60 %	-80 %
GLB net amount at risk	\$ 871	\$ 1,249	\$ 1,811	\$ 2,415	\$ 2,906	\$ 3,266

The treaty claim limits cause the net amount at risk to increase at a declining rate as equity markets fall.

c) Reinsurance covering both the GMDB and GLB risks on the same underlying policyholders

(in millions of U.S. dollars)	Equity Shock					
	+20 %	Flat	-20 %	-40 %	-60 %	-80 %
GMDB net amount at risk	\$ 37	\$ 45	\$ 55	\$ 67	\$ 79	\$ 89
GLB net amount at risk	309	409	542	704	873	982
Claims at 100% immediate mortality	36	35	35	35	35	35

The treaty limits control the increase in the GMDB net amount at risk as equity markets fall. The GMDB net amount at risk continues to increase as equity markets fall because most of these reinsurance treaties do not have annual claim limits calculated as a percentage of the underlying account value. The treaty limits cause the GLB net amount at risk to increase at a declining rate as equity markets fall.

ITEM 8. Financial Statements and Supplementary Data

The financial statements and supplementary data are included in this Form 10-K commencing on page F-1.

ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

ITEM 9A. Controls and Procedures

Chubb's management, with the participation of Chubb's Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of Chubb's disclosure controls and procedures as defined in Rule 13a-15(e) and Rule 15d-15(e) under the Securities Exchange Act of 1934 as of December 31, 2020. Based upon that evaluation, Chubb's Chief Executive Officer and Chief Financial Officer concluded that Chubb's disclosure controls and procedures are effective in allowing information required to be disclosed in reports filed under the Securities Exchange Act of 1934 to be recorded, processed, summarized, and reported within time periods specified in the rules and forms of the SEC, and that such information is accumulated and communicated to Chubb's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

There have been no changes in Chubb's internal controls over financial reporting during the three months ended December 31, 2020 that have materially affected, or are reasonably likely to materially affect, Chubb's internal controls over financial reporting. Chubb's management report on internal control over financial reporting is included on page F-3 and PricewaterhouseCoopers LLP's audit report is included on pages F-4, F-5, and F-6.

ITEM 9B. Other Information

Item not applicable.

PART III

ITEM 10. Directors, Executive Officers and Corporate Governance

Information pertaining to this item is incorporated by reference to the sections entitled “Agenda Item 5 - Election of the Board of Directors”, “Corporate Governance - The Board of Directors - Director Nomination Process”, and “Corporate Governance - The Committees of the Board - Audit Committee” of the definitive proxy statement for the 2021 Annual General Meeting of Shareholders which will be filed with the SEC not later than 120 days after the close of the fiscal year pursuant to Regulation 14A. Also incorporated herein by reference is the text under the caption “Information about our Executive Officers” appearing at the end of Part I Item 1 of the Annual Report on Form 10-K.

Code of Ethics

Chubb has adopted a Code of Conduct, which sets forth standards by which all Chubb employees, officers, and directors must abide as they work for Chubb. Chubb has posted this Code of Conduct on its Internet site (investors.chubb.com, under Corporate Governance/Highlights and Governance Documents/The Chubb Code of Conduct). Chubb intends to disclose on its Internet site any amendments to, or waivers from, its Code of Conduct that are required to be publicly disclosed pursuant to the rules of the SEC or the New York Stock Exchange.

ITEM 11. Executive Compensation

This item is incorporated by reference to the sections entitled “Executive Compensation”, “Compensation Committee Report” and “Director Compensation” of the definitive proxy statement for the 2021 Annual General Meeting of Shareholders which will be filed with the SEC not later than 120 days after the close of the fiscal year pursuant to Regulation 14A.

ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

This item is incorporated by reference to the sections entitled “Information About Our Share Ownership” and “Agenda Item 9 - Approval of the Chubb Limited 2016 Long-Term Incentive Plan, as Amended and Restated - Explanation - Authorized Securities under Equity Compensation Plans” of the definitive proxy statement for the 2021 Annual General Meeting of Shareholders, which will be filed with the SEC not later than 120 days after the close of the fiscal year pursuant to Regulation 14A.

ITEM 13. Certain Relationships and Related Transactions and Director Independence

This item is incorporated by reference to the sections entitled “Corporate Governance - What Is Our Related Party Transactions Approval Policy And What Procedures Do We Use To Implement It?”, “Corporate Governance - What Related Party Transactions Do We Have?”, and “Corporate Governance - The Board of Directors - Director Independence” of the definitive proxy statement for the 2021 Annual General Meeting of Shareholders which will be filed with the SEC not later than 120 days after the close of the fiscal year pursuant to Regulation 14A.

ITEM 14. Principal Accounting Fees and Services

This item is incorporated by reference to the section entitled “Agenda Item 4 – Election of Auditors – 4.2 – Ratification of appointment of PricewaterhouseCoopers LLP (United States) as independent registered public accounting firm for purposes of U.S. securities law reporting” of the definitive proxy statement for the 2021 Annual General Meeting of Shareholders which will be filed with the SEC not later than 120 days after the close of the fiscal year pursuant to Regulation 14A.

PART IV

ITEM 15. Exhibits, Financial Statement Schedules

(a) Financial Statements, Schedules, and Exhibits

		Page
1.	Consolidated Financial Statements	
–	Management's Responsibility for Financial Statements and Internal Control over Financial Reporting	F-3
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–	Consolidated Balance Sheets at December 31, 2020 and 2019	F-7
–	Consolidated Statements of Operations and Comprehensive Income for the years ended December 31, 2020, 2019, and 2018	F-8
–	Consolidated Statements of Shareholders' Equity for the years ended December 31, 2020, 2019, and 2018	F-9
–	Consolidated Statements of Cash Flows for the years ended December 31, 2020, 2019, and 2018	F-10
–	Notes to Consolidated Financial Statements	F-11
2.	Financial Statement Schedules	
–	Schedule I - Summary of Investments - Other Than Investments in Related Parties at December 31, 2020	F-104
–	Schedule II - Condensed Financial Information of Registrant (Parent Company Only) at December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019, and 2018	F-105
–	Schedule IV - Supplemental Information Concerning Reinsurance for the years ended December 31, 2020, 2019, and 2018	F-107
–	Schedule VI - Supplementary Information Concerning Property and Casualty Operations as of and for the years ended December 31, 2020, 2019, and 2018	F-108

Other schedules have been omitted as they are not applicable to Chubb, or the required information has been included in the Consolidated Financial Statements and related notes.

3. Exhibits

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Original Number	Date Filed	
3.1	Articles of Association of the Company, as amended and restated	8-K	3.1	August 4, 2020	
3.2	Organizational Regulations of the Company as amended	8-K	3.1	November 21, 2016	
4.1	Articles of Association of the Company, as amended and restated	8-K	4.1	August 4, 2020	
4.2	Organizational Regulations of the Company as amended	8-K	3.1	November 21, 2016	
4.3	Specimen share certificate representing Common Shares	8-K	4.3	July 18, 2008	
4.4	Indenture, dated March 15, 2002, between ACE Limited and Bank One Trust Company, N.A.	8-K	4.1	March 22, 2002	
4.5	Senior Indenture, dated August 1, 1999, among ACE INA Holdings, Inc., ACE Limited and Bank of New York Mellon Trust Company, N.A. (as successor), as trustee	S-3 ASR	4.4	December 10, 2014	
4.6	Indenture, dated November 30, 1999, among ACE INA Holdings, Inc. and Bank One Trust Company, N.A., as trustee	10-K	10.38	March 29, 2000	

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Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	Original Number	Date Filed	Filed Herewith
4.7	Indenture, dated December 1, 1999, among ACE INA Holdings, Inc., ACE Limited and Bank One Trust Company, National Association, as trustee	10-K	10.41	March 29, 2000	
4.8	Amended and Restated Trust Agreement, dated March 31, 2000, among ACE INA Holdings, Inc., Bank One Trust Company, National Association, as property trustee, Bank One Delaware Inc., as Delaware trustee and the administrative trustees named therein	10-K	4.17	March 16, 2006	
4.9	Common Securities Guarantee Agreement, dated March 31, 2000	10-K	4.18	March 16, 2006	
4.10	Capital Securities Guarantee Agreement, dated March 31, 2000	10-K	4.19	March 16, 2006	
4.11	Form of 2.70 percent Senior Notes due 2023	8-K	4.1	March 13, 2013	
4.12	Form of 4.15 percent Senior Notes due 2043	8-K	4.2	March 13, 2013	
4.13	First Supplemental Indenture dated as of March 13, 2013 to the Indenture dated as of August 1, 1999 among ACE INA Holdings, Inc., as Issuer, ACE Limited, as Guarantor, and The Bank of New York Mellon Trust Company, N.A., as Successor Trustee	8-K	4.3	March 13, 2013	
4.14	Form of 3.35 percent Senior Notes due 2024	8-K	4.1	May 27, 2014	
4.15	Form of 3.150 percent Senior Notes due 2025	8-K	4.1	March 16, 2015	
4.16	Form of 2.875 percent Senior Notes due 2022	8-K	4.2	November 3, 2015	
4.17	Form of 3.35 percent Senior Notes due 2026	8-K	4.3	November 3, 2015	
4.18	Form of 4.35 percent Senior Notes due 2045	8-K	4.4	November 3, 2015	
4.19	First Supplemental Indenture to the Chubb Corp Senior Indenture dated as of January 15, 2016 to the Indenture dated as of October 25, 1989 among ACE INA Holdings, Inc., as Successor Issuer, ACE Limited, as Guarantor, and The Bank of New York Mellon Trust Company, N.A., as Trustee	8-K	4.1	January 15, 2016	
4.20	Second Supplemental Indenture to the Chubb Corp Junior Subordinated Indenture dated as of January 15, 2016 to the Indenture dated as of March 29, 2007 among ACE INA Holdings, Inc., as Successor Issuer, ACE Limited, as Guarantor, and The Bank of New York Mellon Trust Company, N.A., as Trustee	8-K	4.2	January 15, 2016	
4.21	Chubb Corp Senior Indenture (incorporated by reference to Exhibit 4(a) to Chubb Corp's Registration Statement on Form S-3 filed on October 27, 1989) (File No. 33-31796)	S-3	4(a)	October 27, 1989	
4.22	Chubb Corp Junior Subordinated Indenture (incorporated by reference to Exhibit 4.1 to Chubb Corp's Current Report on Form 8-K filed on March 30, 2007) (File No. 001-08661)	8-K	4.1	March 30, 2007	
4.23	First Supplemental Indenture to the Chubb Corp Junior Subordinated Indenture dated as of March 29, 2007 between the Chubb Corporation and The Bank of New York Trust Company, N.A., as Trustee (incorporated by reference to Exhibit 4.2 to Chubb Corp's Current Report on Form 8-K filed on March 30, 2007) (File No. 001-08661)	8-K	4.2	March 30, 2007	

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Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Original Number	Date Filed	
4.24	Form of 6.80 percent Chubb Corp Debentures due 2031 (incorporated by reference to Exhibit 4(a) to Chubb Corp's Registration Statement on Form S-3 filed on October 27, 1989) (File No. 33-31796)	S-3	4(a)	October 27, 1989	
4.25	Form of 6.00 percent Chubb Corp Senior Notes due 2037 (incorporated by reference to Exhibit 4.1 to Chubb Corp's Current Report on Form 8-K filed on May 11, 2007) (File No. 001-08661)	8-K	4.1	May 11, 2007	
4.26	Form of 6.50 percent Chubb Corp Senior Notes due 2038 (incorporated by reference to Exhibit 4.2 to Chubb Corp's Current Report on Form 8-K filed on May 6, 2008) (File No. 001-08661)	8-K	4.2	May 6, 2008	
4.27	Form of debenture for the 6.375 percent Chubb Corp DISCs (incorporated by reference to Exhibit 4.3 to Chubb Corp's Current Report on Form 8-K filed on March 30, 2007) (File No. 001-08661)	8-K	4.3	March 30, 2007	
4.28	Procedures regarding the registration of shareholders in the share register of Chubb Limited	10-K	4.32	February 28, 2017	
4.29	Form of Officer's Certificate related to the 1.550% Senior Notes due 2028 and 2.500% Senior Notes due 2038	8-K	4.1	March 6, 2018	
4.30	Form of Global Note for the 1.550% Senior Notes due 2028	8-K	4.2	March 6, 2018	
4.31	Form of Global Note for the 2.500% Senior Notes due 2038	8-K	4.3	March 6, 2018	
4.32	Form of Officer's Certificate related to the 0.875% Senior Notes due 2027 and 1.400% Senior Notes due 2031	8-K	4.1	June 17, 2019	
4.33	Form of Global Note for the 0.875% Senior Notes due 2027	8-K	4.2	June 17, 2019	
4.34	Form of Global Note for the 1.400% Senior Notes due 2031	8-K	4.3	June 17, 2019	
4.35	Form of Officer's Certificate related to the 0.300% Senior Notes due 2024 and 0.875% Senior Notes due 2029	8-K	4.1	December 5, 2019	
4.36	Form of Global Note for the 0.300% Senior Notes due 2024	8-K	4.2	December 5, 2019	
4.37	Form of Global Note for the 0.875% Senior Notes due 2029	8-K	4.3	December 5, 2019	
4.38	Form of Officer's Certificate related to the 1.375% Senior Notes due 2030	8-K	4.1	September 17, 2020	
4.39	Form of Global Note for the 1.375% Senior Notes due 2030	8-K	4.2	September 17, 2020	
4.40	Description of the Registrant's Securities				X
10.1*	Form of Indemnification Agreement between the Company and the directors of the Company, dated August 13, 2015	10-K	10.1	February 26, 2016	

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Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Original Number	Date Filed	
10.2	Credit Agreement for \$1,000,000,000 Senior Unsecured Letter of Credit Facility, dated as of November 6, 2012, among ACE Limited and certain subsidiaries and Wells Fargo Bank, National Association as Administrative Agent, the Swingline Bank and an Issuing Bank	10-K	10.13	February 28, 2013	
10.3*	Employment Terms dated October 29, 2001, between ACE Limited and Evan Greenberg	10-K	10.64	March 27, 2003	
10.4*	Employment Terms dated November 2, 2001, between ACE Limited and Philip V. Bancroft	10-K	10.65	March 27, 2003	
10.5*	Executive Severance Agreement between ACE Limited and Philip Bancroft, effective January 2, 2002	10-Q	10.1	May 10, 2004	
10.6*	Letter Regarding Executive Severance between ACE Limited and Philip V. Bancroft	10-K	10.17	February 25, 2011	
10.7*	Employment Terms dated April 10, 2006, between ACE and John Keogh	10-K	10.29	February 29, 2008	
10.8*	Executive Severance Agreement between ACE and John Keogh	10-K	10.30	February 29, 2008	
10.9*	ACE Limited Executive Severance Plan as amended effective May 18, 2011	10-K	10.21	February 24, 2012	
10.10*	Form of employment agreement between the Company (or subsidiaries of the Company) and executive officers of the Company to allocate a percentage of aggregate salary to the Company (or subsidiaries of the Company)	8-K	10.1	July 16, 2008	
10.11*	Outside Directors Compensation Parameters	10-K	10.11	February 27, 2020	
10.12*	ACE Limited Elective Deferred Compensation Plan (as amended and restated effective January 1, 2005)	10-K	10.24	March 16, 2006	
10.13*	ACE USA Officer Deferred Compensation Plan (as amended through January 1, 2001)	10-K	10.25	March 16, 2006	
10.14*	ACE USA Officer Deferred Compensation Plan (as amended and restated effective January 1, 2011)	10-Q	10.7	October 30, 2013	
10.15*	ACE USA Officer Deferred Compensation Plan (as amended and restated effective January 1, 2009)	10-K	10.36	February 27, 2009	
10.16*	First Amendment to the Amended and Restated ACE USA Officers Deferred Compensation Plan	10-K	10.28	February 25, 2010	
10.17*	Form of Swiss Mandatory Retirement Benefit Agreement (for Swiss-employed named executive officers)	10-Q	10.2	May 7, 2010	
10.18*	ACE Limited Supplemental Retirement Plan (as amended and restated effective July 1, 2001)	10-Q	10.1	November 14, 2001	
10.19*	ACE Limited Supplemental Retirement Plan (as amended and restated effective January 1, 2011)	10-Q	10.6	October 30, 2013	
10.20*	Amendments to the ACE Limited Supplemental Retirement Plan and the ACE Limited Elective Deferred Compensation Plan	10-K	10.38	February 29, 2008	
10.21*	ACE Limited Elective Deferred Compensation Plan (as amended and restated effective January 1, 2009)	10-K	10.39	February 27, 2009	

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Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Original Number	Date Filed	
10.22*	ACE Limited Elective Deferred Compensation Plan (as amended and restated effective January 1, 2011)	10-Q	10.5	October 30, 2013	
10.23*	Deferred Compensation Plan amendments, effective January 1, 2009	10-K	10.40	February 27, 2009	
10.24*	Amendment to the ACE Limited Supplemental Retirement Plan	10-K	10.39	February 29, 2008	
10.25*	Amendment and restated ACE Limited Supplemental Retirement Plan, effective January 1, 2009	10-K	10.42	February 27, 2009	
10.26*	ACE USA Supplemental Employee Retirement Savings Plan (see exhibit 10.6 to Form 10-Q filed with the SEC on May 15, 2000)	10-Q	10.6	May 15, 2000	
10.27*	ACE USA Supplemental Employee Retirement Savings Plan (as amended through the Second Amendment)	10-K	10.30	March 1, 2007	
10.28*	ACE USA Supplemental Employee Retirement Savings Plan (as amended through the Third Amendment)	10-K	10.31	March 1, 2007	
10.29*	ACE USA Supplemental Employee Retirement Savings Plan (as amended and restated)	10-K	10.46	February 27, 2009	
10.30*	First Amendment to the Amended and Restated ACE USA Supplemental Employee Retirement Savings Plan	10-K	10.39	February 25, 2010	
10.31*	The ACE Limited 1995 Outside Directors Plan (as amended through the Seventh Amendment)	10-Q	10.1	August 14, 2003	
10.32*	ACE Limited 2004 Long-Term Incentive Plan (as amended through the Fifth Amendment)	8-K	10	May 21, 2010	
10.33*	ACE Limited 2004 Long-Term Incentive Plan (as amended through the Sixth Amendment)	8-K	10.1	May 20, 2013	
10.34*	ACE Limited Rules of the Approved U.K. Stock Option Program (see exhibit 10.2 to Form 10-Q filed with the SEC on February 13, 1998)	10-Q	10.2	February 13, 1998	
10.35*	Director Restricted Stock Award Terms under the ACE Limited 2004 Long-Term Incentive Plan	10-Q	10.1	November 9, 2009	
10.36*	Form of Incentive Stock Option Terms under the ACE Limited 2004 Long-Term Incentive Plan	8-K	10.4	September 13, 2004	
10.37*	Form of Incentive Stock Option Terms under the ACE Limited 2004 Long-Term Incentive Plan	10-Q	10.4	May 8, 2008	
10.38*	Form of Incentive Stock Option Terms under the ACE Limited 2004 Long-Term Incentive Plan	10-K	10.63	February 27, 2009	
10.39*	Form of Incentive Stock Option Terms under the ACE Limited 2004 Long-Term Incentive Plan	10-Q	10.3	October 30, 2013	
10.40*	Form of Non-Qualified Stock Option Terms under the ACE Limited 2004 Long-Term Incentive Plan	8-K	10.5	September 13, 2004	
10.41*	Form of Non-Qualified Stock Option Terms under the ACE Limited 2004 Long-Term Incentive Plan	10-Q	10.3	May 8, 2008	

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Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Original Number	Date Filed	
10.42*	Form of Non-Qualified Stock Option Terms under the ACE Limited 2004 Long-Term Incentive Plan	10-Q	10.4	October 30, 2013	
10.43*	Form of Restricted Stock Unit Award Terms (for outside directors) under the ACE Limited 2004 Long-Term Incentive Plan	10-Q	10.2	November 7, 2007	
10.44*	Form of Restricted Stock Unit Award Terms (for outside directors) under the ACE Limited 2004 Long-Term Incentive Plan	10-Q	10.2	August 7, 2009	
10.45*	Form of Incentive Stock Option Terms under the ACE Limited 2004 Long-Term Incentive Plan for Messrs. Greenberg and Cusumano	10-Q	10.1	August 4, 2011	
10.46*	Form of Non-Qualified Stock Option Terms under the ACE Limited 2004 Long-Term Incentive Plan for Messrs. Greenberg and Cusumano	10-Q	10.2	August 4, 2011	
10.47*	ACE Limited Employee Stock Purchase Plan, as amended	8-K	10.1	May 22, 2012	
10.48*	Form of Incentive Stock Option Terms under the ACE Limited 2004 Long-Term Incentive Plan for Swiss Executive Management	10-K	10.71	February 27, 2015	
10.49*	Form of Non-Qualified Stock Option Terms under the ACE Limited 2004 Long-Term Incentive Plan for Swiss Executive Management	10-K	10.72	February 27, 2015	
10.50*	Form of Executive Management Non-Competition Agreement	8-K	10.1	May 22, 2015	
10.51	Commitment Increase Agreement to increase the credit capacity under the Credit Agreement originally entered into on November 6, 2012 to \$1,500,000,000 under the Senior Unsecured Letter of Credit Facility, dated as of December 11, 2015, among ACE Limited, and certain subsidiaries, and Wells Fargo Bank, National Association as Administrative Agent, the Swingline Bank and an Issuing Bank	10-K	10.72	February 26, 2016	
10.52*	Chubb Limited 2016 Long-Term Incentive Plan	S-8	4.4	May 26, 2016	
10.53*	Form of Incentive Stock Option Terms under the Chubb Limited 2016 Long-Term Incentive Plan	10-Q	10.2	August 5, 2016	
10.54*	Form of Restricted Stock Award Terms under the Chubb Limited 2016 Long-Term Incentive Plan	10-Q	10.3	August 5, 2016	
10.55*	Form of Restricted Stock Unit Award Terms under the Chubb Limited 2016 Long-Term Incentive Plan	10-Q	10.4	August 5, 2016	
10.56*	Form of Non-Qualified Stock Option Terms under the Chubb Limited 2016 Long-Term Incentive Plan	10-Q	10.5	August 5, 2016	
10.57*	Form of Incentive Stock Option Terms under the Chubb Limited 2016 Long-Term Incentive Plan for Swiss Executive Management	10-Q	10.6	August 5, 2016	
10.58*	Form of Restricted Stock Award Terms under the Chubb Limited 2016 Long-Term Incentive Plan for Swiss Executive Management	10-Q	10.7	August 5, 2016	
10.59*	Form of Restricted Stock Unit Award Terms under the Chubb Limited 2016 Long-Term Incentive Plan for Swiss Executive Management	10-Q	10.8	August 5, 2016	

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Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Original Number	Date Filed	
10.60*	Form of Non-Qualified Stock Option Terms under the Chubb Limited 2016 Long-Term Incentive Plan for Swiss Executive Management	10-Q	10.9	August 5, 2016	
10.61*	Chubb Limited Employee Stock Purchase Plan, as amended and restated	S-8	4.4	May 25, 2017	
10.62*	Director Restricted Stock Award Terms under the Chubb Limited 2016 Long-Term Incentive Plan	10-Q	10.1	August 3, 2017	
10.63	Amended and Restated Credit Agreement for \$1,000,000 Senior Unsecured Letter of Credit Facility, dated as of October 25, 2017, among Chubb Limited, and certain subsidiaries and Wells Fargo Bank, National Association as Administrative Agent, the Swingline Bank and an Issuing Bank	10-K	10.88	February 23, 2018	
10.64*	Form of Incentive Stock Option Terms under the Chubb Limited 2016 Long-Term Incentive Plan for Executive Officers	10-K	10.89	February 23, 2018	
10.65*	Form of Restricted Stock Award Terms under the Chubb Limited 2016 Long-Term Incentive Plan for Executive Officers	10-K	10.90	February 23, 2018	
10.66*	Form of Non-Qualified Stock Option Terms under the Chubb Limited 2016 Long-Term Incentive Plan for Executive Officers	10-K	10.92	February 23, 2018	
10.67*	Form of Restricted Stock Unit Award Terms under the Chubb Limited 2016 Long-Term Plan for Executive Officers	10-K	10.93	February 23, 2018	
10.68*	Form of Incentive Stock Option Terms under the Chubb Limited 2016 Long-Term Incentive Plan for Swiss Executive Management	10-K	10.94	February 23, 2018	
10.69*	Form of Non-Qualified Stock Option Terms under the Chubb Limited 2016 Long-Term Incentive Plan for Swiss Executive Management	10-K	10.95	February 23, 2018	
10.70*	Form of Restricted Stock Award Terms under the Chubb Limited 2016 Long-Term Incentive Plan for Swiss Executive Management	10-K	10.96	February 23, 2018	
10.71*	Form of Restricted Stock Unit Award Terms under the Chubb Limited 2016 Long-Term Incentive Plan for Swiss Executive Management	10-K	10.97	February 23, 2018	
10.72*	Chubb Limited Clawback Policy	10-K	10.99	February 23, 2018	
10.73*	The Chubb Corporation Key Employee Deferred Compensation Plan (2005)	8-K	10.9	March 9, 2005	
10.74*	Amendment One to The Chubb Corporation Key Employee Deferred Compensation Plan (2005)	8-K	10.1	September 12, 2005	
10.75*	Amendment No. 2 to The Chubb Corporation Key Employee Deferred Compensation Plan (2005)	10-K	10.20	March 2, 2009	
10.76*	Amendment No. 3 to The Chubb Corporation Key Employee Deferred Compensation Plan (2005)	10-K	10.32	February 28, 2013	
10.77*	Pension Excess Benefit Plan of The Chubb Corporation				X
10.78*	Amendment No. 2 to the Pension Excess Benefit Plan of The Chubb Corporation				X
10.79*	Amendment No. 3 to the Pension Excess Benefit Plan of The Chubb Corporation				X

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Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	Original Number	Date Filed	Filed Herewith
10.80*	Amendment No. 4 to the Pension Excess Benefit Plan of The Chubb Corporation				X
10.81*	Amendments to the Chubb U.S. Supplemental Employee Retirement Plan, the Chubb U.S. Deferred Compensation Plan, and Pension Excess Benefit Plan of The Chubb Corporation				X
10.82*	Form of Performance Based Restricted Stock Award Terms under the Chubb Limited 2016 Long-Term Incentive Plan for Swiss Executive Management				X
10.83*	Form of Performance Based Restricted Stock Award Terms under the Chubb Limited 2016 Long-Term Incentive Plan for Executive Officers				X
21.1	Subsidiaries of the Company				X
22.1	Guaranteed Securities				X
23.1	Consent of Independent Registered Public Accounting Firm				X
31.1	Certification Pursuant to Section 302 of The Sarbanes-Oxley Act of 2002				X
31.2	Certification Pursuant to Section 302 of The Sarbanes-Oxley Act of 2002				X
32.1	Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of The Sarbanes-Oxley Act of 2002				X
32.2	Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of The Sarbanes-Oxley Act of 2002				X
101	The following financial information from Chubb Limited's Annual Report on Form 10-K for the year ended December 31, 2020, formatted in Inline XBRL: (i) Consolidated Balance Sheets at December 31, 2020 and 2019; (ii) Consolidated Statements of Operations and Comprehensive Income for the years ended December 31, 2020, 2019, and 2018; (iii) Consolidated Statements of Shareholders' Equity for the years ended December 31, 2020, 2019, and 2018; (iv) Consolidated Statements of Cash Flows for the years ended December 31, 2020, 2019, and 2018; and (v) Notes to the Consolidated Financial Statements				X
104	The Cover Page Interactive Data File formatted in Inline XBRL (The cover page XBRL tags are embedded in the Inline XBRL document and included in Exhibit 101)				X

* Management contract, compensatory plan or arrangement

ITEM 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CHUBB LIMITED

By: /s/ Philip V. Bancroft

Philip V. Bancroft
Executive Vice President and Chief Financial Officer

February 25, 2021

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Evan G. Greenberg</u> Evan G. Greenberg	Chairman, Chief Executive Officer, and Director	February 25, 2021
<u>/s/ Philip V. Bancroft</u> Philip V. Bancroft	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	February 25, 2021
<u>/s/ Annmarie T. Hagan</u> Annmarie T. Hagan	Chief Accounting Officer (Principal Accounting Officer)	February 25, 2021
<u>/s/ Michael G. Atieh</u> Michael G. Atieh	Director	February 25, 2021
<u>/s/ Sheila P. Burke</u> Sheila P. Burke	Director	February 25, 2021
<u>/s/ James I. Cash</u> James I. Cash	Director	February 25, 2021
<u>/s/ Mary A. Cirillo</u> Mary A. Cirillo	Director	February 25, 2021
<u>/s/ Michael P. Connors</u> Michael P. Connors	Director	February 25, 2021

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ John A. Edwardson</u> John A. Edwardson	Director	February 25, 2021
<u>/s/ Robert J. Hugin</u> Robert J. Hugin	Director	February 25, 2021
<u>/s/ Robert W. Scully</u> Robert W. Scully	Director	February 25, 2021
<u>/s/ Eugene B. Shanks, Jr.</u> Eugene B. Shanks, Jr.	Director	February 25, 2021
<u>/s/ Theodore E. Shasta</u> Theodore E. Shasta	Director	February 25, 2021
<u>/s/ David H. Sidwell</u> David H. Sidwell	Director	February 25, 2021
<u>/s/ Olivier Steimer</u> Olivier Steimer	Director	February 25, 2021
<u>/s/ Frances F. Townsend</u> Frances F. Townsend	Director	February 25, 2021

**CHUBB LIMITED AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2020

Chubb Limited
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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS AND INTERNAL CONTROL OVER FINANCIAL REPORTING

Financial Statements

The consolidated financial statements of Chubb Limited (Chubb) were prepared by management, which is responsible for their reliability and objectivity. The statements have been prepared in conformity with accounting principles generally accepted in the United States of America and, as such, include amounts based on informed estimates and judgments of management. Financial information elsewhere in this annual report is consistent with that in the consolidated financial statements.

The Board of Directors (Board), operating through its Audit Committee, which is composed entirely of directors who are not officers or employees of Chubb, provides oversight of the financial reporting process and safeguarding of assets against unauthorized acquisition, use or disposition. The Audit Committee annually recommends the appointment of an independent registered public accounting firm and submits its recommendation to the Board for approval.

The Audit Committee meets with management, the independent registered public accountants and the internal auditor; approves the overall scope of audit work and related fee arrangements; and reviews audit reports and findings. In addition, the independent registered public accountants and the internal auditor meet separately with the Audit Committee, without management representatives present, to discuss the results of their audits; the adequacy of Chubb's internal control; the quality of its financial reporting; and the safeguarding of assets against unauthorized acquisition, use or disposition.

The consolidated financial statements have been audited by an independent registered public accounting firm, PricewaterhouseCoopers LLP, which has been given access to all financial records and related data, including minutes of all meetings of the Board and committees of the Board. Chubb believes that all representations made to our independent registered public accountants during their audits were valid and appropriate.

Management's Report on Internal Control over Financial Reporting

The management of Chubb is responsible for establishing and maintaining adequate internal control over financial reporting. Pursuant to the rules and regulations of the Securities and Exchange Commission, internal control over financial reporting is a process designed by, or under the supervision of our Chief Executive Officer and Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our consolidated financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

As of December 31, 2020, management has evaluated the effectiveness of Chubb's internal control over financial reporting based on the criteria for effective internal control over financial reporting established in "Internal Control - Integrated Framework," issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013. Based on this evaluation, we have concluded that Chubb's internal control over financial reporting was effective as of December 31, 2020.

PricewaterhouseCoopers LLP, the independent registered public accounting firm that audited the consolidated financial statements of Chubb included in this Annual Report, has issued a report on the effectiveness of Chubb's internal controls over financial reporting as of December 31, 2020. The report, which expresses an unqualified opinion on the effectiveness of Chubb's internal control over financial reporting as of December 31, 2020, is included in this Item under "Report of Independent Registered Public Accounting Firm" and follows this statement.

/s/ Evan G. Greenberg

Evan G. Greenberg

Chairman and Chief Executive Officer

/s/ Philip V. Bancroft

Philip V. Bancroft

Executive Vice President and Chief Financial Officer

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Chubb Limited

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Chubb Limited and its subsidiaries (the "Company") as of December 31, 2020 and 2019, and the related consolidated statements of operations and comprehensive income, of shareholders' equity and of cash flows for each of the three years in the period ended December 31, 2020, including the related notes and financial statement schedules listed in the index appearing under Item 15(a)(2) (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Valuation of Unpaid Losses and Loss Expenses, Net of Reinsurance

As described in Note 7 to the consolidated financial statements, as of December 31, 2020, the Company's liability for unpaid losses and loss expenses, net of reinsurance, was approximately \$53 billion. The majority of the Company's net unpaid losses and loss expenses arise from the Company's long-tail casualty business (such as general liability and professional liability), U.S. sourced workers' compensation, asbestos-related, environmental pollution and other exposures with high estimation uncertainty. The process of establishing loss reserves requires the use of estimates and judgments based on circumstances underlying the insured loss at the date of accrual. The judgments involved in projecting the ultimate losses include the use and interpretation of various standard actuarial reserving methods that place reliance on the extrapolation of actual historical data, loss development patterns, industry data, and other benchmarks as appropriate. The reserves for the various product lines each require different qualitative and quantitative assumptions and judgments, including changes in business mix or volume, changes in ceded reinsurance structures, changes in claims handling practices, reported and projected loss trends, inflation, the legal environment, and the terms and conditions of the contracts sold to the Company's insured parties.

The principal considerations for our determination that performing procedures relating to the valuation of unpaid losses and loss expenses, net of reinsurance, from the long-tail and other exposures as described above, is a critical audit matter are (i) the significant judgment by management in determining the reserve liability, which in turn led to a high degree of auditor subjectivity and judgment in performing procedures relating to the valuation; (ii) the significant audit effort and judgment in evaluating the audit evidence relating to the actuarial reserving methods and assumptions related to extrapolation of actual historical data, loss development patterns, industry data, other benchmarks, and the impact of qualitative and quantitative subjective factors; and (iii) the audit effort included the involvement of professionals with specialized skill and knowledge to assist in performing these procedures and evaluating the audit evidence obtained.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the Company's valuation of unpaid losses and loss expenses, net of reinsurance, including controls over the selection of actuarial methodologies and development of significant assumptions. These procedures also included, among others, the involvement of professionals with specialized skill and knowledge to assist in performing one or a combination of procedures, including (i) independently estimating reserves on a sample basis using actual historical data and loss development patterns, as well as industry data and other benchmarks, to develop an independent estimate and comparing the independent estimate to management's actuarially determined reserves; and (ii) evaluating management's actuarial reserving methodologies and aforementioned assumptions, as well as assessing qualitative adjustments to carried reserves and the consistency of management's approach period-over-period. Performing these procedures involved testing the completeness and accuracy of data provided by management.

Valuation of Level 3 Investments in the Valuation Hierarchy

As described in Note 4 to the consolidated financial statements, as of December 31, 2020, the Company had total assets measured at fair value of approximately \$106 billion, of which approximately \$2 billion were categorized as level 3 in the valuation hierarchy. The level 3 investments are measured at fair value using inputs that are unobservable and reflect management's judgments about assumptions that market participants would use in pricing or, for certain of the investments, management obtains and evaluates a single broker quote, which is typically from a market maker. As described by management, the valuation is more subjective when markets are less liquid due to the lack of market based inputs (i.e., stale pricing), which may increase the potential that an investment's estimated fair value is not reflective of the price at which an

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

actual transaction would occur.

The principal considerations for our determination that performing procedures relating to the valuation of level 3 investments in the valuation hierarchy is a critical audit matter are (i) the significant judgment by management in determining the fair value of these investments as they are measured using inputs that are unobservable and are likely to be priced using models or inputs other than quoted prices, which in turn led to a high degree of auditor subjectivity and judgment in performing procedures relating to the estimate; and (ii) the audit effort included the involvement of professionals with specialized skill and knowledge to assist in performing these procedures and evaluating the audit evidence obtained.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of the controls relating to the valuation of level 3 investments. These procedures also included, among others, obtaining pricing from sources other than those used by management for a sample of securities and comparing management's estimate to the prices independently obtained, and the involvement of professionals with specialized skill and knowledge to assist in developing an independent range of prices for a sample of securities and comparing management's estimate to the independently developed ranges.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Philadelphia, PA

February 25, 2021

We have served as the Company's auditor since 1985, which includes periods before the Company became subject to SEC reporting requirements.

CONSOLIDATED BALANCE SHEETS

Chubb Limited and Subsidiaries

	December 31 2020	December 31 2019
(in millions of U.S. dollars, except share and per share data)		
Assets		
Investments		
Fixed maturities available for sale, at fair value, net of valuation allowance - \$20 at December 31, 2020 (amortized cost – \$85,188 and \$82,580)	\$ 90,699	\$ 85,488
Fixed maturities held to maturity, at amortized cost, net of valuation allowance - \$44 at December 31, 2020 (fair value – \$12,510 and \$13,005)	11,653	12,581
Equity securities, at fair value	4,027	812
Short-term investments, at fair value (amortized cost - \$4,349 and \$4,291)	4,345	4,291
Other investments, at fair value	7,945	6,062
Total investments	118,669	109,234
Cash	1,747	1,537
Restricted cash	89	109
Securities lending collateral	1,844	994
Accrued investment income	867	867
Insurance and reinsurance balances receivable, net of valuation allowance - \$44 and \$44	10,480	10,357
Reinsurance recoverable on losses and loss expenses, net of valuation allowance - \$314 and \$316	15,592	15,181
Reinsurance recoverable on policy benefits	206	197
Deferred policy acquisition costs	5,402	5,242
Value of business acquired	263	306
Goodwill	15,400	15,296
Other intangible assets	5,811	6,063
Prepaid reinsurance premiums	2,769	2,647
Investments in partially-owned insurance companies	2,813	1,332
Other assets	8,822	7,581
Total assets	\$ 190,774	\$ 176,943
Liabilities		
Unpaid losses and loss expenses	\$ 67,811	\$ 62,690
Unearned premiums	17,652	16,771
Future policy benefits	5,713	5,373
Insurance and reinsurance balances payable	6,708	6,184
Securities lending payable	1,844	994
Accounts payable, accrued expenses, and other liabilities	14,052	12,214
Deferred tax liabilities	892	804
Repurchase agreements	1,405	1,416
Short-term debt	—	1,299
Long-term debt	14,948	13,559
Trust preferred securities	308	308
Total liabilities	131,333	121,612
Commitments and contingencies (refer to Note 10)		
Shareholders' equity		
Common Shares (CHF 24.15 par value; 477,605,264 and 479,783,864 shares issued; 450,732,625 and 451,971,567 shares outstanding)	11,064	11,121
Common Shares in treasury (26,872,639 and 27,812,297 shares)	(3,644)	(3,754)
Additional paid-in capital	9,815	11,203
Retained earnings	39,337	36,142
Accumulated other comprehensive income (AOCI)	2,869	619
Total shareholders' equity	59,441	55,331
Total liabilities and shareholders' equity	\$ 190,774	\$ 176,943

See accompanying notes to the Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

Chubb Limited and Subsidiaries

For the years ended December 31, 2020, 2019, and 2018

(in millions of U.S. dollars, except per share data)

	2020	2019	2018
Revenues			
Net premiums written	\$ 33,820	\$ 32,275	\$ 30,579
Increase in unearned premiums	(703)	(985)	(515)
Net premiums earned	33,117	31,290	30,064
Net investment income	3,375	3,426	3,305
Net realized gains (losses):			
Other-than-temporary impairment (OTTI) losses gross	—	(90)	(52)
Portion of OTTI losses recognized in other comprehensive income (OCI)	—	32	3
Net OTTI losses recognized in income	—	(58)	(49)
Net realized gains (losses) excluding OTTI losses	(498)	(472)	(603)
Total net realized gains (losses) (includes \$(281), \$(31), and \$(302) reclassified from AOCI)	(498)	(530)	(652)
Total revenues	35,994	34,186	32,717
Expenses			
Losses and loss expenses	21,710	18,730	18,067
Policy benefits	784	740	590
Policy acquisition costs	6,547	6,153	5,912
Administrative expenses	2,979	3,030	2,886
Interest expense	516	552	641
Other (income) expense	(994)	(596)	(434)
Amortization of purchased intangibles	290	305	339
Chubb integration expenses	—	23	59
Total expenses	31,832	28,937	28,060
Income before income tax	4,162	5,249	4,657
Income tax expense (includes benefit of \$(36), nil, and \$(41) on unrealized gains and losses reclassified from AOCI)	629	795	695
Net income	\$ 3,533	\$ 4,454	\$ 3,962
Other comprehensive income (loss)			
Unrealized appreciation (depreciation)	\$ 2,311	\$ 3,704	\$ (2,298)
Reclassification adjustment for net realized (gains) losses included in net income	281	31	302
	2,592	3,735	(1,996)
Change in:			
Cumulative foreign currency translation adjustment	306	13	(802)
Postretirement benefit liability adjustment	(232)	(76)	(321)
Other comprehensive income (loss), before income tax	2,666	3,672	(3,119)
Income tax (expense) benefit related to OCI items	(416)	(605)	399
Other comprehensive income (loss)	2,250	3,067	(2,720)
Comprehensive income	\$ 5,783	\$ 7,521	\$ 1,242
Earnings per share			
Basic earnings per share	\$ 7.82	\$ 9.77	\$ 8.55
Diluted earnings per share	\$ 7.79	\$ 9.71	\$ 8.49

See accompanying notes to the Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Chubb Limited and Subsidiaries

For the years ended December 31, 2020, 2019, and 2018

(in millions of U.S. dollars)

	2020	2019	2018
Common Shares			
Balance – beginning of year	\$ 11,121	\$ 11,121	\$ 11,121
Cancellation of treasury shares	(57)	—	—
Balance – end of year	11,064	11,121	11,121
Common Shares in treasury			
Balance – beginning of year	(3,754)	(2,618)	(1,944)
Common Shares repurchased	(516)	(1,531)	(1,021)
Cancellation of treasury shares	323	—	—
Net shares issued under employee share-based compensation plans	303	395	347
Balance – end of year	(3,644)	(3,754)	(2,618)
Additional paid-in capital			
Balance – beginning of year	11,203	12,557	13,978
Net shares issued under employee share-based compensation plans	(195)	(178)	(313)
Exercise of stock options	(50)	(82)	(49)
Share-based compensation expense	255	266	285
Funding of dividends declared to Retained earnings	(1,398)	(1,360)	(1,344)
Balance – end of year	9,815	11,203	12,557
Retained earnings			
Balance – beginning of year	36,142	31,700	27,474
Cumulative effect of adoption of accounting standards (refer to Note 1)	(72)	(12)	264
Balance – beginning of year, as adjusted	36,070	31,688	27,738
Net income	3,533	4,454	3,962
Cancellation of treasury shares	(266)	—	—
Funding of dividends declared from Additional paid-in capital	1,398	1,360	1,344
Dividends declared on Common Shares	(1,398)	(1,360)	(1,344)
Balance – end of year	39,337	36,142	31,700
Accumulated other comprehensive income (loss)			
Net unrealized appreciation (depreciation) on investments			
Balance – beginning of year	2,543	(545)	1,450
Cumulative effect of adoption of accounting standards	—	—	(296)
Balance – beginning of year, as adjusted	2,543	(545)	1,154
Change in year, before reclassification from AOCI, net of income tax (expense) benefit of \$(426), \$(647), and \$338	1,885	3,057	(1,960)
Amounts reclassified from AOCI, net of income tax (expense) of \$(36), nil, and \$(41)	245	31	261
Change in year, net of income tax (expense) benefit of \$(462), \$(647), and \$297	2,130	3,088	(1,699)
Balance – end of year	4,673	2,543	(545)
Cumulative foreign currency translation adjustment			
Balance – beginning of year	(1,939)	(1,976)	(1,187)
Cumulative effect of adoption of accounting standards	—	—	(22)
Balance – beginning of year, as adjusted	(1,939)	(1,976)	(1,209)
Change in year, net of income tax (expense) benefit of \$(4), \$24, and \$35	302	37	(767)
Balance – end of year	(1,637)	(1,939)	(1,976)
Postretirement benefit liability adjustment			
Balance – beginning of year	15	73	280
Cumulative effect of adoption of accounting standards	—	—	47
Balance – beginning of year, as adjusted	15	73	327
Change in year, net of income tax benefit of \$50, \$18, and \$67	(182)	(58)	(254)
Balance – end of year	(167)	15	73
Accumulated other comprehensive income (loss)	2,869	619	(2,448)
Total shareholders' equity	\$ 59,441	\$ 55,331	\$ 50,312

See accompanying notes to the Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

Chubb Limited and Subsidiaries

For the years ended December 31, 2020, 2019, and 2018

(in millions of U.S. dollars)

	2020	2019	2018
Cash flows from operating activities			
Net income	\$ 3,533	\$ 4,454	\$ 3,962
Adjustments to reconcile net income to net cash flows from operating activities			
Net realized (gains) losses	498	530	652
Amortization of premiums/discounts on fixed maturities	367	395	592
Amortization of purchased intangibles	290	305	339
Deferred income taxes	(333)	(97)	16
Unpaid losses and loss expenses	4,664	(257)	570
Unearned premiums	846	1,051	654
Future policy benefits	236	215	235
Insurance and reinsurance balances payable	535	(302)	722
Accounts payable, accrued expenses, and other liabilities	(98)	(207)	375
Income taxes payable	46	(7)	161
Insurance and reinsurance balances receivable	(114)	(270)	(981)
Reinsurance recoverable	(336)	838	(1,165)
Deferred policy acquisition costs	(89)	(344)	(301)
Other	(260)	38	(351)
Net cash flows from operating activities	9,785	6,342	5,480
Cash flows from investing activities			
Purchases of fixed maturities available for sale	(26,298)	(25,846)	(24,700)
Purchases of to be announced mortgage-backed securities	—	—	(35)
Purchases of fixed maturities held to maturity	(202)	(229)	(456)
Purchases of equity securities	(6,419)	(531)	(207)
Sales of fixed maturities available for sale	11,377	13,110	14,001
Sales of to be announced mortgage-backed securities	—	6	29
Sales of equity securities	3,880	611	315
Maturities and redemptions of fixed maturities available for sale	12,450	9,039	7,352
Maturities and redemptions of fixed maturities held to maturity	995	946	1,124
Net change in short-term investments	(81)	(1,117)	516
Net derivative instruments settlements	(113)	(703)	16
Private equity contributions	(1,924)	(1,315)	(1,337)
Private equity distributions	907	1,390	980
Acquisition of subsidiaries (net of cash acquired of nil, \$45, nil)	—	(29)	—
Payment, including deposit, for Huatai Group interest	(1,623)	(580)	—
Other	(470)	(657)	(533)
Net cash flows used for investing activities	(7,521)	(5,905)	(2,935)
Cash flows from financing activities			
Dividends paid on Common Shares	(1,388)	(1,354)	(1,337)
Common Shares repurchased	(523)	(1,530)	(1,044)
Proceeds from issuance of long-term debt	988	2,828	2,171
Proceeds from issuance of repurchase agreements	2,354	2,817	2,029
Repayment of long-term debt	(1,301)	(510)	(2,001)
Repayment of repurchase agreements	(2,354)	(2,817)	(2,019)
Proceeds from share-based compensation plans	145	204	115
Policyholder contract deposits and other	470	514	453
Policyholder contract withdrawals and other	(386)	(303)	(358)
Other	(87)	—	—
Net cash flows used for financing activities	(2,082)	(151)	(1,991)
Effect of foreign currency rate changes on cash and restricted cash	8	20	(65)
Net increase in cash and restricted cash	190	306	489
Cash and restricted cash – beginning of year	1,646	1,340	851
Cash and restricted cash – end of year	\$ 1,836	\$ 1,646	\$ 1,340
Supplemental cash flow information			
Taxes paid	\$ 902	\$ 912	\$ 503
Interest paid	\$ 524	\$ 512	\$ 621

See accompanying notes to the Consolidated Financial Statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Chubb Limited and Subsidiaries

1. Summary of significant accounting policies

a) Basis of presentation

Chubb Limited is a holding company incorporated in Zurich, Switzerland. Chubb Limited, through its subsidiaries, provides a broad range of insurance and reinsurance products to insureds worldwide. Our results are reported through the following business segments: North America Commercial P&C Insurance, North America Personal P&C Insurance, North America Agricultural Insurance, Overseas General Insurance, Global Reinsurance, and Life Insurance. Refer to Note 15 for additional information.

The accompanying Consolidated Financial Statements, which include the accounts of Chubb Limited and its subsidiaries (collectively, Chubb, we, us, or our), have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and, in the opinion of management, reflect all adjustments necessary for a fair statement of the results and financial position for such periods. All significant intercompany accounts and transactions, including internal reinsurance transactions, have been eliminated.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Amounts included in the Consolidated Financial Statements reflect our best estimates and assumptions; actual amounts could differ materially from these estimates. Chubb's principal estimates include:

- unpaid loss and loss expense reserves, including long-tail asbestos and environmental (A&E) reserves and non-A&E casualty exposures;
- future policy benefits reserves;
- amortization of deferred policy acquisition costs and value of business acquired (VOBA);
- reinsurance recoverable, including a valuation allowance for uncollectible reinsurance;
- the assessment of risk transfer for certain structured insurance and reinsurance contracts;
- the valuation of the investment portfolio and assessment of valuation allowance for expected credit losses;
- the valuation of deferred income taxes;
- the valuation of derivative instruments related to guaranteed living benefits (GLB);
- the valuation and amortization of purchased intangibles; and
- the assessment of goodwill for impairment.

b) Premiums

Premiums are generally recorded as written upon inception of the policy. For multi-year policies for which premiums written are payable in annual installments, only the current annual premium is included as written at policy inception due to the ability of the insured/reinsured to commute or cancel coverage within the policy term. The remaining annual premiums are recorded as written at each successive anniversary date within the multi-year term.

For property and casualty (P&C) insurance and reinsurance products, premiums written are primarily earned on a pro-rata basis over the policy terms to which they relate. Unearned premiums represent the portion of premiums written applicable to the unexpired portion of the policies in force. For retrospectively-rated policies, written premiums are adjusted to reflect expected ultimate premiums consistent with changes to incurred losses, or other measures of exposure as stated in the policy, and earned over the policy coverage period.

Mandatory reinstatement premiums assessed on reinsurance policies are earned in the period of the loss event that gave rise to the reinstatement premiums. All remaining unearned premiums are recognized over the remaining coverage period.

Premiums from long-duration contracts such as certain traditional term life, whole life, endowment, and long-duration personal accident and health (A&H) policies are generally recognized as revenue when due from policyholders. Traditional life policies

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

include those contracts with fixed and guaranteed premiums and benefits. Benefits and expenses are matched with income to result in the recognition of profit over the life of the contracts.

Retroactive loss portfolio transfer (LPT) contracts in which the insured loss events occurred prior to contract inception are evaluated to determine whether they meet criteria for reinsurance accounting. If reinsurance accounting is appropriate, written premiums are fully earned and corresponding losses and loss expenses recognized at contract inception. These contracts can cause significant variances in gross premiums written, net premiums written, net premiums earned, and net incurred losses in the years in which they are written. Reinsurance contracts sold not meeting the criteria for reinsurance accounting are recorded using the deposit method as described below in Note 1 k).

Reinsurance premiums assumed are based on information provided by ceding companies supplemented by our own estimates of premium when we have not received ceding company reports. Estimates are reviewed and adjustments are recorded in the period in which they are determined. Premiums are earned over the coverage terms of the related reinsurance contracts and range from one to three years.

c) Deferred policy acquisition costs and value of business acquired

Policy acquisition costs consist of commissions (direct and ceded), premium taxes, and certain underwriting costs related directly to the successful acquisition of new or renewal insurance contracts. A VOBA intangible asset is established upon the acquisition of blocks of long-duration contracts in a business combination and represents the present value of estimated net cash flows for the contracts in force at the acquisition date. Acquisition costs and VOBA, collectively policy acquisition costs, are deferred and amortized. Amortization is recorded in Policy acquisition costs in the Consolidated statements of operations. Policy acquisition costs on P&C contracts are generally amortized ratably over the period in which premiums are earned. Policy acquisition costs on traditional long-duration contracts are amortized over the estimated life of the contracts, generally in proportion to premium revenue recognized based upon the same assumptions used in estimating the liability for future policy benefits. For non-traditional long-duration contracts, we amortize policy acquisition costs over the expected life of the contracts in proportion to expected gross profits. The effect of changes in estimates of expected gross profits is reflected in the period the estimates are revised. Policy acquisition costs are reviewed to determine if they are recoverable from future income, including investment income. Unrecoverable policy acquisition costs are expensed in the period identified.

Advertising costs are expensed as incurred except for direct-response campaigns that qualify for cost deferral, principally related to long-duration A&H business produced by the Overseas General Insurance segment, which are deferred and recognized as a component of Policy acquisition costs. For individual direct-response marketing campaigns that we can demonstrate have specifically resulted in incremental sales to customers and such sales have probable future economic benefits, incremental costs directly related to the marketing campaigns are capitalized as Deferred policy acquisition costs. Deferred policy acquisition costs, including deferred marketing costs, are reviewed regularly for recoverability from future income, including investment income, and amortized in proportion to premium revenue recognized, primarily over a ten-year period, the expected economic future benefit period based upon the same assumptions used in estimating the liability for future policy benefits. The expected future benefit period is evaluated periodically based on historical results and adjusted prospectively. The amount of deferred marketing costs reported in Deferred policy acquisition costs in the Consolidated balance sheets was \$226 million and \$246 million at December 31, 2020 and 2019, respectively. Amortization expense for deferred marketing costs was \$99 million, \$109 million, and \$114 million for the years ended December 31, 2020, 2019, and 2018, respectively.

d) Reinsurance

Chubb assumes and cedes reinsurance with other insurance companies to provide greater diversification of business and minimize the net loss potential arising from large risks. Ceded reinsurance contracts do not relieve Chubb of its primary obligation to policyholders.

For both ceded and assumed reinsurance, risk transfer requirements must be met in order to account for a contract as reinsurance, principally resulting in the recognition of cash flows under the contract as premiums and losses. To meet risk transfer requirements, a reinsurance contract must include insurance risk, consisting of both underwriting and timing risk, and a reasonable possibility of a significant loss for the assuming entity. To assess risk transfer for certain contracts, Chubb generally develops expected discounted cash flow analyses at contract inception. Deposit accounting is used for contracts that do not meet risk transfer requirements. Deposit accounting requires that consideration received or paid be recorded in the balance sheet as opposed to recording premiums written or losses incurred in the statement of operations. Non-refundable fees on deposit contracts are earned based on the terms of the contract described below in Note 1 k).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Reinsurance recoverable includes balances due from reinsurance companies for paid and unpaid losses and loss expenses and future policy benefits that will be recovered from reinsurers, based on contracts in force. The method for determining the reinsurance recoverable on unpaid losses and loss expenses incurred but not reported (IBNR) involves actuarial estimates consistent with those used to establish the associated liability for unpaid losses and loss expenses as well as a determination of Chubb's ability to cede unpaid losses and loss expenses under the terms of the reinsurance agreement.

Reinsurance recoverable is presented net of a valuation allowance for uncollectible reinsurance determined based upon a review of the financial condition of reinsurers and other factors. The valuation allowance for uncollectible reinsurance is based on an estimate of the reinsurance recoverable balance that will ultimately be unrecoverable due to reinsurer insolvency, a contractual dispute, or any other reason. The valuation of this allowance includes several judgments including certain aspects of the allocation of reinsurance recoverable on IBNR claims by reinsurer and a default analysis to estimate uncollectible reinsurance. The primary components of the default analysis are reinsurance recoverable balances by reinsurer, net of collateral, and default factors used to determine the portion of a reinsurer's balance deemed uncollectible. The definition of collateral for this purpose requires some judgment and is generally limited to assets held in a Chubb-only beneficiary trust, letters of credit, and liabilities held with the same legal entity for which Chubb believes there is a contractual right of offset. The determination of the default factor is principally based on the financial strength rating of the reinsurer. Default factors require considerable judgment and are determined using the current financial strength rating, or rating equivalent, of each reinsurer as well as other key considerations and assumptions. Changes in the valuation allowance for uncollectible reinsurance recoverables are recorded in Losses and loss expenses in the Consolidated statements of operations. Our methodology to calculate the valuation allowance was consistent with the new expected credit loss guidance adopted on January 1, 2020. Therefore, there was no change to the valuation allowance upon adoption. The more significant considerations include, but are not necessarily limited to, the following:

- For reinsurers that maintain a financial strength rating from a major rating agency, and for which recoverable balances are considered representative of the larger population (i.e., default probabilities are consistent with similarly rated reinsurers and payment durations conform to averages), the financial rating is based on a published source and the default factor is based on published default statistics of a major rating agency applicable to the reinsurer's particular rating class. When a recoverable is expected to be paid in a brief period of time by a highly rated reinsurer, such as certain property catastrophe claims, a default factor may not be applied;
- For balances recoverable from reinsurers that are both unrated by a major rating agency and for which management is unable to determine a credible rating equivalent based on a parent, affiliate, or peer company, we determine a rating equivalent based on an analysis of the reinsurer that considers an assessment of the creditworthiness of the particular entity, industry benchmarks, or other factors as considered appropriate. We then apply the applicable default factor for that rating class. For balances recoverable from unrated reinsurers for which the ceded reserve is below a certain threshold, we generally apply a default factor of 34 percent, consistent with published statistics of a major rating agency;
- For balances recoverable from reinsurers that are either insolvent or under regulatory supervision, we establish a default factor and resulting valuation allowance for uncollectible reinsurance based on reinsurer-specific facts and circumstances. Upon initial notification of an insolvency, we generally recognize an expense for a substantial portion of all balances outstanding, net of collateral, through a combination of write-offs of recoverable balances and increases to the valuation allowance for uncollectible reinsurance. When regulatory action is taken on a reinsurer, we generally recognize a default factor by estimating an expected recovery on all balances outstanding, net of collateral. When sufficient credible information becomes available, we adjust the valuation allowance for uncollectible reinsurance by establishing a default factor pursuant to information received; and
- For other recoverables, management determines the valuation allowance for uncollectible reinsurance based on the specific facts and circumstances.

The methods used to determine the reinsurance recoverable balance and related valuation allowance for uncollectible reinsurance are regularly reviewed and updated, and any resulting adjustments are reflected in earnings in the period identified.

The methods used to determine the valuation allowance for uncollectible high deductible recoverable amounts and valuation allowance for insurance and reinsurance balances receivable are similar to the processes used to determine the valuation allowance for uncollectible reinsurance recoverable. For information on high deductible policies, refer to section h) Unpaid losses and loss expenses, below.

Prepaid reinsurance premiums represent the portion of premiums ceded to reinsurers applicable to the unexpired coverage terms of the reinsurance contracts in-force.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

The value of reinsurance business assumed is the deferred gain or loss related to loss portfolio transfers assumed and is calculated as the difference between the estimated ultimate value of the liabilities assumed under retroactive reinsurance contracts over consideration received. The gain or loss is amortized and recorded to Losses and loss expenses based on the payment pattern of the losses assumed. The unamortized value is reviewed regularly to determine if it is recoverable based upon the terms of the contract, estimated losses and loss expenses, and anticipated investment income. Unrecoverable amounts are expensed in the period identified. The value of reinsurance business assumed at December 31, 2020 and 2019 were immaterial.

e) Investments

Fixed maturities, equity securities, and short-term investments

Fixed maturities are classified as either available for sale or held to maturity.

- Available for sale (AFS) portfolio is reported at fair value, net of a valuation allowance for credit losses, with changes in fair value recorded as a separate component of AOCI in Shareholders' equity.
- Held to maturity (HTM) portfolio includes securities for which we have the ability and intent to hold to maturity or redemption and is reported at amortized cost, net of a valuation allowance for credit losses.

Equity securities are reported at fair value with changes in fair value recorded in net realized gains (losses) on the Consolidated statement of operations.

Short-term investments comprise securities due to mature within one year of the date of purchase and are recorded at fair value which typically approximates cost.

Interest, dividend income, and amortization of fixed maturity market premiums and discounts, related to these securities are recorded in Net investment income, net of investment management and custody fees, in the Consolidated statement of operations.

In addition, net investment income includes the amortization of the fair value adjustment related to the acquired invested assets of The Chubb Corporation (Chubb Corp). An adjustment of \$1,652 million related to the fair value of Chubb Corp's fixed maturities securities was recorded (fair value adjustment) at the date of acquisition. At December 31, 2020, the remaining balance of this fair value adjustment was \$213 million which is expected to amortize over the next two years; however, the estimate could vary materially based on current market conditions, bond calls, and the duration of the acquired investment portfolio. In addition, sales of these acquired fixed maturities would also reduce the fair value adjustment balance. For mortgage-backed securities and any other holdings for which there is a prepayment risk, prepayment assumptions are evaluated and revised as necessary. Any adjustments required due to the resultant change in effective yields and maturities are recognized prospectively. Prepayment fees or call premiums that are only payable when a security is called prior to its maturity are earned when received and reflected in Net investment income.

Valuation allowance for fixed income securities

Management evaluates current expected credit losses (CECL) for all HTM securities each quarter. U.S. treasury and agency securities and U.S. government agency mortgage-backed securities are assumed to have no risk of non-payment and therefore are excluded from the CECL evaluation. The remaining HTM securities are evaluated for potential credit loss on a collective pool basis. We elected to pool HTM securities by 1) external credit rating and 2) time to maturity (duration). These characteristics are the most representative of similar risk characteristics within our portfolio. Chubb pools HTM securities and calculates an expected credit loss for each pool using Moody's corporate bond default average, corporate bond recovery rate, and an economic cycle multiplier. The multiplier is based on the leading economic index and will adjust the average default frequency for a forward-looking economic outlook. Management monitors the credit quality of HTM securities through the review of external credit ratings on a quarterly basis.

Management evaluates expected credit losses (ECL) for AFS securities when fair value is below amortized cost. AFS securities are evaluated for potential credit loss on an individual security level but the evaluation may use assumptions consistent with expectations of credit losses for a group of similar securities. If management has the intent to sell or will be required to sell the security before recovery, the entire impairment loss will be recorded through income to net realized gains and losses. If management does not have the intent to sell or will not be required to sell the security before recovery, an allowance for credit losses is established and is recorded through income to net realized gains and losses, and the non-credit loss portion is recorded through other comprehensive income.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Examples of criteria that are collectively evaluated to determine if a credit loss has occurred include the following:

- The extent to which the fair value is less than amortized cost;
- Adverse conditions related to the security, industry, or geographic area;
- Downgrades in the security's credit rating by a rating agency; and
- Failure of the issuer to make scheduled principal or interest payments

AFS securities that meet any one of the criteria included above will be subject to a discounted cash flow analysis by comparing the present value of expected future cash flows with the amortized cost basis. Projected cash flows are driven primarily by assumptions regarding probability of default and the timing and amount of recoveries associated with defaults. Chubb developed the projected cash flows using market data, issuer-specific information, and credit ratings. In combination with contractual cash flows and the use of historical default and recovery data by Moody's Investors Service (Moody's) rating category we generate expected cash flows using the average cumulative issuer-weighted global default rates by letter rating.

If the present value of expected future cash flows is less than the amortized cost, a credit loss exists and an allowance for credit losses will be recognized. If the present value of expected future cash flows is equal to or greater than the amortized cost basis, management will conclude an expected credit loss does not exist.

Management reviews credit losses and the valuation allowance for expected credit losses each quarter. When all or a portion of a fixed maturity security is identified to be uncollectible and written off, the valuation allowance for expected credit losses is reduced by the same amount. In general, a security is considered uncollectible no later than when all efforts to collect contractual cash flows have been exhausted. Below are considerations for when a security may be deemed uncollectible:

- We have sufficient information to determine that the issuer of the security is insolvent;
- We receive notice that the issuer of the security has filed for bankruptcy, and the collectability is expected to be adversely impacted by the bankruptcy;
- The issuer of a security has violated multiple debt covenants;
- Amounts have been past due for a specified period of time with no response from the issuer;
- A significant deterioration in the value of the collateral has occurred;
- We have received correspondence from the issuer of the security indicating that it doesn't intend to pay the contractual principal and interest.

We elected to not measure an allowance for accrued investment income as uncollectible balances are written off in a timely manner, typically 30 to 45 days after uncollected balances are due.

Prior to January 1, 2020, fixed income securities were evaluated individually for other-than-temporary impairment (OTTI) and a realized loss was recognized once certain criteria were met.

Other investments

Other investments principally comprise investment funds, limited partnerships, partially-owned investment companies, life insurance policies, policy loans, and non-qualified separate account assets.

Investment funds and limited partnerships

Investment funds, limited partnerships, and all other investments over which Chubb cannot exercise significant influence are accounted for as follows. Generally, we own less than three percent of the investee's shares.

- Income and expenses from these funds are reported within Net investment income.
- These funds are carried at net asset value, which approximates fair value with changes in fair value recorded in net realized gains (losses) on the Consolidated statement of operations. Refer to Note 4 for a further discussion on net asset value.
- As a result of the timing of the receipt of valuation data from the investment managers, these investments are generally reported on a three-month lag.
- Sales of these investments are reported within Net realized gains (losses).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Partially-owned investment companies

Partially-owned investment companies where our ownership interest is in excess of three percent are accounted for under the equity method because Chubb exerts significant influence. These investments apply investment company accounting to determine operating results, and Chubb retains the investment company accounting in applying the equity method.

- This means that investment income, realized gains or losses, and unrealized gains or losses are included in the portion of equity earnings reflected in Other (income) expense.
- As a result of the timing of the receipt of valuation data from the investment managers, these investments are generally reported on a three-month lag.

Other

- Policy loans are carried at outstanding balance and interest income is reflected in Net investment income.
- Life insurance policies are carried at policy cash surrender value and income is reflected in Other (income) expense.
- Non-qualified separate account assets are supported by assets that do not qualify for separate accounting reporting under GAAP. The underlying securities are recorded on a trade date basis and carried at fair value. Unrealized gains and losses on non-qualified separate account assets are reflected in Other (income) expense.

Investments in partially-owned insurance companies

Investments in partially-owned insurance companies primarily represent direct investments in which Chubb has significant influence and as such, meet the requirements for equity accounting. Generally, we own twenty percent or more of the investee's shares. We report our share of the net income or loss of the partially-owned insurance companies in Other (income) expense.

Derivative instruments

Chubb recognizes all derivatives at fair value in the Consolidated balance sheets in either Accounts payable, accrued expenses, and other liabilities or Other assets. Changes in fair value are included in Net realized gains (losses) in the Consolidated statements of operations. We did not designate any derivatives as accounting hedges. We participate in derivative instruments in two principal ways:

- (i) To sell protection to customers as an insurance or reinsurance contract that meets the definition of a derivative for accounting purposes. This category principally comprised our GLB contracts; and
- (ii) To mitigate financial risks and manage certain investment portfolio risks and exposures, including assets and liabilities held in foreign currencies. We use derivative instruments including futures, options, swaps, and foreign currency forward contracts. Refer to Note 10 for additional information.

Securities lending program

Chubb participates in a securities lending program operated by a third-party banking institution whereby certain assets are loaned to qualified borrowers and from which we earn an incremental return which is recorded within Net investment income in the Consolidated statement of operations.

Borrowers provide collateral, in the form of either cash or approved securities, at a minimum of 102 percent of the fair value of the loaned securities. Each security loan is deemed to be an overnight transaction. Cash collateral is invested in a collateral pool which is managed by the banking institution. The collateral pool is subject to written investment guidelines with key objectives which include the safeguard of principal and adequate liquidity to meet anticipated redemptions. The fair value of the loaned securities is monitored on a daily basis, with additional collateral obtained or refunded as the fair value of the loaned securities changes. The collateral is held by the third-party banking institution, and the collateral can only be accessed in the event that the institution borrowing the securities is in default under the lending agreement. As a result of these restrictions, we consider our securities lending activities to be non-cash investing and financing activities. An indemnification agreement with the lending agent protects us in the event a borrower becomes insolvent or fails to return any of the securities on loan.

The fair value of the securities on loan is included in fixed maturities and equity securities in the Consolidated balance sheets. The securities lending collateral is reported as a separate line in the Consolidated balance sheets with a related liability reflecting our obligation to return the collateral plus interest.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

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Repurchase agreements

Similar to securities lending arrangements, securities sold under repurchase agreements, whereby Chubb sells securities and repurchases them at a future date for a predetermined price, are accounted for as collateralized investments and borrowings and are recorded at the contractual repurchase amounts plus accrued interest. Assets to be repurchased are the same or substantially the same as the assets transferred, and the transferor, through right of substitution, maintains the right and ability to redeem the collateral on short notice. The fair value of the underlying securities is included in fixed maturities and equity securities. In contrast to securities lending programs, the use of cash received is not restricted. We report the obligation to return the cash as Repurchase agreements in the Consolidated balance sheets and record the fees under these repurchase agreements within Interest expense on the Consolidated statement of operations.

Refer to Note 4 for a discussion on the determination of fair value for Chubb's various investment securities.

f) Cash

We have agreements with a third-party bank provider which implemented two international multi-currency notional cash pooling programs. In each program, participating Chubb entities establish deposit accounts in different currencies with the bank provider and each day the credit or debit balances in every account are notionally translated into a single currency (U.S. dollars) and then notionally pooled. The bank extends overdraft credit to any participating Chubb entity as needed, provided that the overall notionally-pooled balance of all accounts in each pool at the end of each day is at least zero. Actual cash balances are not physically converted and are not commingled between legal entities. Any overdraft balances incurred under this program by a Chubb entity would be guaranteed by Chubb Limited (up to \$300 million in the aggregate). Our syndicated letter of credit facility allows for same day drawings to fund a net pool overdraft should participating Chubb entities overdraw contributed funds from the pool.

Restricted cash

Restricted cash in the Consolidated balance sheets represents amounts held for the benefit of third parties and is legally or contractually restricted as to withdrawal or usage. Amounts include deposits with U.S. and non-U.S. regulatory authorities, trust funds set up for the benefit of ceding companies, and amounts pledged as collateral to meet financing arrangements.

The following table provides a reconciliation of cash and restricted cash reported within the Consolidated balance sheets that total to the amounts shown in the Consolidated statements of cash flows:

(in millions of U.S. dollars)	December 31		
	2020	2019	2018
Cash	\$ 1,747	\$ 1,537	\$ 1,247
Restricted cash	89	109	93
Total cash and restricted cash shown in the Consolidated statements of cash flows	\$ 1,836	\$ 1,646	\$ 1,340

g) Goodwill and Other intangible assets

Goodwill represents the excess of the cost of acquisitions over the fair value of net assets acquired and is not amortized. Goodwill is assigned at acquisition to the applicable reporting unit of the acquired entities giving rise to the goodwill. Goodwill impairment tests are performed annually or more frequently if circumstances indicate a possible impairment. For goodwill impairment testing, we use a qualitative assessment to determine whether it is more likely than not (i.e., more than a 50 percent probability) that the fair value of a reporting unit is greater than its carrying amount. If our assessment indicates less than a 50 percent probability that fair value exceeds carrying value, we quantitatively estimate a reporting unit's fair value. Goodwill recorded in connection with investments in partially-owned insurance companies is recorded in Investments in partially-owned insurance companies and is also measured for impairment annually.

Indefinite lived intangible assets are not subject to amortization. Finite lived intangible assets are amortized over their useful lives, generally with an average original useful life of 25 years. Intangible assets are regularly reviewed for indicators of impairment. Impairment is recognized if the carrying amount is not recoverable from its undiscounted cash flows and is measured as the difference between the carrying amount and fair value.

h) Unpaid losses and loss expenses

A liability is established for the estimated unpaid losses and loss expenses under the terms of, and with respect to, Chubb's policies and agreements. Similar to premiums that are recognized as revenues over the coverage period of the policy, a liability for unpaid losses and loss expenses is recognized as expense when insured events occur over the coverage period of the policy.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

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This liability includes a provision for both reported claims (case reserves) and incurred but not reported claims (IBNR reserves). IBNR reserve estimates are generally calculated by first projecting the ultimate cost of all losses that have occurred (expected losses), and then subtracting paid losses, case reserves, and loss expenses. The methods of determining such estimates and establishing the resulting liability are reviewed regularly and any adjustments are reflected in income in the period in which they become known. Future developments may result in losses and loss expenses materially greater or less than recorded amounts.

Except for net unpaid loss and loss expense reserves of \$26 million, net of discount, held at December 31, 2020, representing certain structured settlements for which the timing and amount of future claim payments are reliably determinable and \$42 million, net of discount, of certain reserves for unsettled claims, Chubb does not discount its P&C loss reserves. This compares with reserves of \$31 million for certain structured settlements and \$43 million of certain reserves for unsettled claims at December 31, 2019. Structured settlements represent contracts purchased from life insurance companies primarily to settle workers' compensation claims, where payments to the claimant by the life insurance company are expected to be made in the form of an annuity. Chubb retains the liability to the claimant in the event that the life insurance company fails to pay. At December 31, 2020, the liability due to claimants was \$548 million, net of discount, and reinsurance recoverables due from the life insurance companies was \$522 million, net of discount. For structured settlement contracts where payments are guaranteed regardless of claimant life expectancy, the amounts recoverable from the life insurance companies at December 31, 2020 are included in Other assets in the Consolidated balance sheets, as they do not meet the requirements for reinsurance accounting.

Included in Unpaid losses and loss expenses are liabilities for asbestos and environmental (A&E) claims and expenses. These unpaid losses and loss expenses are principally related to claims arising from remediation costs associated with hazardous waste sites and bodily-injury claims related to asbestos products and environmental hazards. The estimation of these liabilities is particularly sensitive to changes in the legal environment including specific settlements that may be used as precedents to settle future claims. However, Chubb does not anticipate future changes in laws and regulations in setting its A&E reserve levels.

Also included in Unpaid losses and loss expenses is the fair value adjustment of \$110 million and \$145 million at December 31, 2020 and 2019, respectively, related to Chubb Corp's historical unpaid losses and loss expenses. The estimated fair value consists of the present value of the expected net unpaid loss and loss adjustment expense payments adjusted for an estimated risk margin. The estimated cash flows are discounted at a risk free rate. The estimated risk margin varies based on the inherent risks associated with each type of reserve. The fair value is amortized through Amortization of purchased intangibles on the consolidated statements of operations through the year 2032, based on the estimated payout patterns of unpaid loss and loss expenses at the acquisition date.

Our loss reserves are presented net of contractual deductible recoverable amounts due from policyholders. Under the terms of certain high deductible policies which we offer, such as workers' compensation and general liability, our customers are responsible to reimburse us for an agreed-upon dollar amount per claim. In nearly all cases we are required under such policies to pay covered claims first, and then seek reimbursement for amounts within the applicable deductible from our customers. We generally seek to mitigate this risk through collateral agreements.

Prior period development arises from changes to loss estimates recognized in the current year that relate to loss reserves first reported in previous calendar years and excludes the effect of losses from the development of earned premiums from previous accident years.

For purposes of analysis and disclosure, management views prior period development to be changes in the nominal value of loss estimates from period to period, net of premium and profit commission adjustments on loss sensitive contracts. Prior period development generally excludes changes in loss estimates that do not arise from the emergence of claims, such as those related to uncollectible reinsurance, interest, unallocated loss adjustment expenses, or foreign currency. Accordingly, specific items excluded from prior period development include the following: gains/losses related to foreign currency remeasurement; losses recognized from the early termination or commutation of reinsurance agreements that principally relate to the time value of money; changes in the value of reinsurance business assumed reflected in losses incurred but principally related to the time value of money; and losses that arise from changes in estimates of earned premiums from prior accident years. Except for foreign currency remeasurement, which is included in Net realized gains (losses), these items are included in current year losses.

i) Future policy benefits

The valuation of long-duration contract reserves requires management to make estimates and assumptions regarding expenses, mortality, persistency, and investment yields. Estimates are primarily based on historical experience and include a margin for

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

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adverse deviation. Interest rates used in calculating reserves range from less than 1.0 percent to 9.0 percent at December 31, 2020 compared to less than 1.0 percent to 11.0 percent at December 31, 2019. Actual results could differ materially from these estimates. Management monitors actual experience and where circumstances warrant, will revise assumptions and the related reserve estimates. Revisions are recorded in the period they are determined.

Certain of our long-duration contracts are supported by assets that do not qualify for separate account reporting under GAAP. These assets are classified as non-qualified separate account assets and reported in Other investments and the offsetting liabilities are reported in Future policy benefits in the Consolidated balance sheets. Changes in the fair value of separate account assets that do not qualify for separate account reporting under GAAP are reported in Other income (expense) and the offsetting movements in the liabilities are included in Policy benefits in the Consolidated statements of operations.

j) Assumed reinsurance programs involving minimum benefit guarantees under variable annuity contracts

Chubb reinsures various death and living benefit guarantees associated with variable annuities issued primarily in the United States. We generally receive a monthly premium during the accumulation phase of the covered annuities (in-force) based on a percentage of either the underlying accumulated account values or the underlying accumulated guaranteed values. Depending on an annuitant's age, the accumulation phase can last many years. To limit our exposure under these programs, all reinsurance treaties include annual or aggregate claim limits and many include an aggregate deductible.

The guarantees which are payable on death, referred to as guaranteed minimum death benefits (GMDB), principally cover shortfalls between accumulated account value at the time of an annuitant's death and either i) an annuitant's total deposits; ii) an annuitant's total deposits plus a minimum annual return; or iii) the highest accumulated account value attained at any policy anniversary date. In addition, a death benefit may be based on a formula specified in the variable annuity contract that uses a percentage of the growth of the underlying contract value. Liabilities for GMDBs are based on cumulative assessments or premiums to date multiplied by a benefit ratio that is determined by estimating the present value of benefit payments and related adjustment expenses divided by the present value of cumulative assessment or expected premiums during the contract period.

Under reinsurance programs covering GLBs, we assume the risk of guaranteed minimum income benefits (GMIB) associated with variable annuity contracts. The GMIB risk is triggered if, at the time the contract holder elects to convert the accumulated account value to a periodic payment stream (annuitize), the accumulated account value is not sufficient to provide a guaranteed minimum level of monthly income. Our GLB reinsurance products meet the definition of a derivative for accounting purposes and are carried at fair value with changes in fair value recognized in Realized gains (losses) in the Consolidated statement of operations. Refer to Note 10 a) for additional information.

k) Deposit assets and liabilities

Deposit assets arise from ceded reinsurance contracts purchased that do not transfer significant underwriting or timing risk. Deposit liabilities include reinsurance deposit liabilities and contract holder deposit funds. The reinsurance deposit liabilities arise from contracts sold for which there is not a significant transfer of risk. Contract holder deposit funds represent a liability for investment contracts sold that do not meet the definition of an insurance contract, and certain of these contracts are sold with a guaranteed rate of return. Under deposit accounting, consideration received or paid is recorded as a deposit asset or liability in the balance sheet as opposed to recording premiums and losses in the statement of operations.

Interest income on deposit assets, representing the consideration received or to be received in excess of cash payments related to the deposit contract, is earned based on an effective yield calculation. The calculation of the effective yield is based on the amount and timing of actual cash flows at the balance sheet date and the estimated amount and timing of future cash flows. The effective yield is recalculated periodically to reflect revised estimates of cash flows. When a change in the actual or estimated cash flows occurs, the resulting change to the carrying amount of the deposit asset is reported as income or expense. Deposit assets of \$107 million and \$93 million at December 31, 2020 and 2019, respectively, are reflected in Other assets in the Consolidated balance sheets and the accretion of deposit assets related to interest pursuant to the effective yield calculation is reflected in Net investment income in the Consolidated statements of operations.

Deposit liabilities include reinsurance deposit liabilities of \$86 million and \$88 million and contract holder deposit funds of \$2.2 billion and \$2.0 billion at December 31, 2020 and 2019, respectively. Deposit liabilities are reflected in Accounts payable, accrued expenses, and other liabilities in the Consolidated balance sheets. At contract inception, the deposit liability equals net cash received. An accretion rate is established based on actuarial estimates whereby the deposit liability is increased to the estimated amount payable over the contract term. The deposit accretion rate is the rate of return required to fund expected future payment obligations. We periodically reassess the estimated ultimate liability and related expected rate of

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

return. Changes to the deposit liability are generally reflected through Interest expense to reflect the cumulative effect of the period the contract has been in force, and by an adjustment to the future accretion rate of the liability over the remaining estimated contract term.

The liability for contract holder deposit funds equals accumulated policy account values, which consist of the deposit payments plus credited interest less withdrawals and amounts assessed through the end of the period.

l) Property and Equipment

Property and equipment used in operations are capitalized and carried at cost less accumulated depreciation and are reported within Other assets in the Consolidated balance sheets. At December 31, 2020, property and equipment totaled \$2.0 billion, consisting principally of capitalized software costs of \$1.3 billion incurred to develop or obtain computer software for internal use and company-owned facilities of \$260 million. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. For capitalized software, the estimated useful life is generally three to five years, but can be as long as 15 years and for company-owned facilities the estimated useful life is 40 years. At December 31, 2019, property and equipment totaled \$1.9 billion.

m) Foreign currency remeasurement and translation

The functional currency for each of our foreign operations is generally the currency of the local operating environment. Transactions in currencies other than a foreign operation's functional currency are remeasured into the functional currency, and the resulting foreign exchange gains and losses are reflected in Net realized gains (losses) in the Consolidated statements of operations. Functional currency assets and liabilities are translated into the reporting currency, U.S. dollars, using period end exchange rates and the related translation adjustments are recorded as a separate component of AOCI in Shareholders' equity. Functional statement of operations amounts expressed in functional currencies are translated using average exchange rates.

n) Administrative expenses

Administrative expenses generally include all operating costs other than policy acquisition costs. The North America Commercial P&C Insurance segment manages and uses an in-house third-party claims administrator, ESIS Inc. (ESIS). ESIS performs claims management and risk control services for domestic and international organizations that self-insure P&C exposures as well as internal P&C exposures. The net operating income of ESIS is included within Administrative expenses in the Consolidated statements of operations and were \$18 million, \$47 million, and \$49 million for the years ended December 31, 2020, 2019, and 2018, respectively.

o) Income taxes

Income taxes have been recorded related to those operations subject to income tax. Deferred tax assets and liabilities result from temporary differences between the amounts recorded in the Consolidated Financial Statements and the tax basis of our assets and liabilities. The effect on deferred tax assets and liabilities of a change in tax law or rates is recognized in the period that includes the enactment date. A valuation allowance against deferred tax assets is recorded if it is more likely than not that all, or some portion, of the benefits related to these deferred tax assets will not be realized. The valuation allowance assessment considers tax planning strategies, where appropriate.

We recognize uncertain tax positions that are determined to be more likely than not of being sustained upon examination. Recognized income tax positions are measured at the largest amount that has a greater than 50 percent likelihood of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

p) Earnings per share

Basic earnings per share is calculated using the weighted-average shares outstanding, including participating securities with non-forfeitable rights to dividends such as unvested restricted stock. All potentially dilutive securities, including stock options are excluded from the basic earnings per share calculation. In calculating diluted earnings per share, the weighted-average shares outstanding is increased to include all potentially dilutive securities. Basic and diluted earnings per share are calculated by dividing net income by the applicable weighted-average number of shares outstanding during the year.

q) Share-based compensation

Chubb measures and records compensation cost for all share-based payment awards at grant-date fair value. Compensation costs are recognized for vesting of share-based payment awards with only service conditions on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award were, in substance, multiple awards. For retirement-eligible participants, compensation costs for certain share-based payment awards are recognized immediately at the date of grant. Refer to Note 12 for additional information.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

r) Chubb integration expenses

Direct costs related to the Chubb Corp acquisition were expensed as incurred. Chubb integration expenses were nil, \$23 million, and \$59 million for the years ended December 31, 2020, 2019 and 2018, respectively, and include all internal and external costs directly related to the integration activities of the Chubb Corp acquisition. These expenses principally consisted of personnel-related expenses, consulting fees, and rebranding.

s) New accounting pronouncements

Adopted in 2020

Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments

Effective January 1, 2020, we adopted, on a modified retrospective basis, new guidance on the accounting for credit losses of financial instruments that are measured at amortized cost, including held to maturity securities, and reinsurance recoverables, by applying an approach based on the current expected credit losses (CECL). The estimate of expected credit losses considers historical information, current information, as well as reasonable and supportable forecasts, including estimates of prepayments. In addition, the guidance also replaced the current available for sale (AFS) security other-than-temporary impairment model by requiring an estimate of the expected credit loss (ECL) only when the fair value is below the amortized cost of the asset. The length of time the fair value of an AFS security has been below its amortized cost no longer impacts the determination of whether a potential credit loss exists. The AFS security model also requires the use of a valuation allowance as compared to the previous practice of writing down the asset.

In 2020, we recognized a cumulative effect adjustment and decreased beginning retained earnings by \$79 million pre-tax, or \$72 million after-tax, principally related to the valuation allowance for credit losses. We also adopted the required disclosures within Note 3 Investments and Note 5 Reinsurance. Results for reporting periods prior to January 1, 2020 are presented in accordance with the previous guidance.

Adopted in 2021

Income Taxes - Simplifying the Accounting for Income Taxes

Effective January 1, 2021, we adopted guidance which is intended to simplify the accounting for income taxes by removing several exceptions contained in existing guidance and amending other guidance. The adoption of the new guidance did not have a material effect on our results of operations or financial condition.

Accounting guidance not yet adopted

Effects of Reference Rate Reform on Financial Reporting

In March 2020, the FASB issued guidance which provides optional expedients and exceptions for applying GAAP to investments, derivatives, or other transactions that reference the London Interbank Offered Rate (LIBOR) or another reference rate expected to be discontinued because of reference rate reform. Along with the optional expedients, the amendments include a general principle that permits an entity to consider contract modifications due to reference reform to be an event that does not require contract re-measurement at the modification date or reassessment of a previous accounting determination. Additionally, a company may make a one-time election to sell, transfer, or both sell and transfer debt securities classified as held to maturity that reference a rate affected by reference rate reform and that were classified as held to maturity before January 1, 2020. This standard may be elected over time through December 31, 2022 as reference rate reform activities occur. Our exposure to LIBOR is limited and, accordingly, we do not expect reference rate reform to have a material impact on our Consolidated Financial Statements.

Targeted Improvements to the Accounting for Long-Duration Contracts

In August 2018, the FASB issued guidance to improve the existing recognition, measurement, presentation, and disclosure requirements for long-duration contracts issued by an insurance entity. The amendments in this update require more frequent updating of assumptions and a standardized discount rate for the future policy benefit liability, a requirement to use the fair value measurement model for policies with market risk benefits, simplified amortization of deferred acquisition costs, and enhanced disclosures. This standard will be effective in the first quarter of 2023 with early adoption permitted. We are currently assessing the effect of adopting this guidance on our financial condition and results of operations. We will be better able to quantify the effect of adopting this standard as we progress in our implementation process and draw nearer to the date of adoption.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

2. Acquisitions

Huatai Group

Chubb maintains a direct investment in Huatai Insurance Group Co., Ltd. (Huatai Group). Huatai Group is the parent company of, and owns 100 percent of, Huatai Property & Casualty Insurance Co., Ltd. (Huatai P&C), approximately 80 percent of Huatai Life Insurance Co., Ltd. (Huatai Life), and approximately 82 percent of Huatai Asset Management Co., Ltd. (collectively, Huatai). Huatai Group's insurance operations have more than 600 branches and 11 million customers in China.

In 2019, Chubb entered into agreements to acquire an additional 22.4 percent ownership in Huatai Group through two separate purchases, a 15.3 percent ownership interest for approximately \$1.1 billion and a 7.1 percent ownership interest for approximately \$493 million. On July 13, 2020, we completed the 15.3 percent purchase. The purchase of the additional 7.1 percent ownership interest is contingent upon important conditions.

In connection with these purchase agreements, we paid \$1.6 billion, including a collateralized deposit for the 7.1 percent tranche, in 2020. These transactions are recorded within investing activities on the Consolidated statement of cash flows.

Separately, in November 2020, we completed the purchase of an incremental 0.9 percent ownership interest in Huatai Group for approximately \$65 million.

As of December 31, 2020, Chubb's aggregate ownership interest in Huatai Group was approximately 47.1 percent. Chubb applies the equity method of accounting to its investment in Huatai Group by recording its share of net income or loss in Other (income) expense in the Consolidated statements of operations. Refer to Note 14 for additional information. The Consolidated statements of operations include the equity income from the additional ownership interests as of each respective closing date.

Upon completion of the 7.1 percent purchase, which will result in majority ownership of Huatai Group, Chubb is expected to obtain control of Huatai. At that time, Chubb is expected to apply consolidation accounting and discontinue the application of the equity method of accounting.

Prior year acquisition

Banchile Seguros de Vida

On December 30, 2019, we acquired Banchile Seguros de Vida, an insurance company providing both life and property and casualty coverages in Chile, for \$74 million in cash. The results of this acquisition are included in the Overseas General Insurance and Life Insurance segments as appropriate, determined by the type of policy written.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

3. Investments
a) Fixed maturities

Effective January 1, 2020, we adopted new accounting guidance that requires a valuation allowance for credit losses to be established for fixed maturity securities classified as held to maturity (HTM) or available for sale (AFS).

December 31, 2020

(in millions of U.S. dollars)

	Amortized Cost	Valuation Allowance	Gross Unrealized Appreciation	Gross Unrealized Depreciation	Fair Value	
<i>Available for sale</i>						
U.S. Treasury / Agency	\$ 2,471	\$ —	\$ 199	\$ —	\$ 2,670	
Non-U.S.	24,594	(6)	1,808	(42)	26,354	
Corporate and asset-backed securities	34,095	(14)	2,322	(72)	36,331	
Mortgage-backed securities	17,456	—	1,022	(8)	18,470	
Municipal	6,572	—	304	(2)	6,874	
	\$ 85,188	\$ (20)	\$ 5,655	\$ (124)	\$ 90,699	
	Amortized Cost	Valuation Allowance	Net Carrying Value	Gross Unrealized Appreciation	Gross Unrealized Depreciation	Fair Value
<i>Held to maturity</i>						
U.S. Treasury / Agency	\$ 1,392	\$ —	\$ 1,392	\$ 60	\$ —	\$ 1,452
Non-U.S.	1,295	(7)	1,288	118	(1)	1,405
Corporate and asset-backed securities	2,185	(35)	2,150	288	—	2,438
Mortgage-backed securities	2,000	(1)	1,999	148	(1)	2,146
Municipal	4,825	(1)	4,824	245	—	5,069
	\$ 11,697	\$ (44)	\$ 11,653	\$ 859	\$ (2)	\$ 12,510

December 31, 2019

(in millions of U.S. dollars)

	Amortized Cost	Gross Unrealized Appreciation	Gross Unrealized Depreciation	Fair Value	OTTI Recognized in AOCI
<i>Available for sale</i>					
U.S. Treasury / Agency	\$ 3,188	\$ 96	\$ (1)	\$ 3,283	\$ —
Non-U.S.	22,670	1,099	(62)	23,707	(25)
Corporate and asset-backed securities	30,689	1,180	(78)	31,791	(5)
Mortgage-backed securities	18,712	494	(14)	19,192	—
Municipal	7,321	205	(11)	7,515	—
	\$ 82,580	\$ 3,074	\$ (166)	\$ 85,488	\$ (30)
<i>Held to maturity</i>					
U.S. Treasury / Agency	\$ 1,318	\$ 29	\$ —	\$ 1,347	\$ —
Non-U.S.	1,423	62	—	1,485	—
Corporate and asset-backed securities	2,349	121	(2)	2,468	—
Mortgage-backed securities	2,331	65	—	2,396	—
Municipal	5,160	150	(1)	5,309	—
	\$ 12,581	\$ 427	\$ (3)	\$ 13,005	\$ —

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

The following table presents the amortized cost of our HTM securities according to S&P rating:

December 31, 2020 (in millions of U.S. dollars)	Amortized cost	% of Total
AAA	\$ 2,511	22 %
AA	6,193	53 %
A	2,138	18 %
BBB	826	7 %
BB	28	— %
Other	1	— %
Total	\$ 11,697	100 %

The following table presents fixed maturities by contractual maturity:

(in millions of U.S. dollars)	December 31 2020			December 31 2019	
	Net Carrying Value	Fair Value	Amortized Cost	Fair Value	
<i>Available for sale</i>					
Due in 1 year or less	\$ 4,760	\$ 4,760	\$ 3,951	\$ 3,973	
Due after 1 year through 5 years	26,227	26,227	27,142	27,720	
Due after 5 years through 10 years	27,232	27,232	23,901	24,874	
Due after 10 years	14,010	14,010	8,874	9,729	
	72,229	72,229	63,868	66,296	
Mortgage-backed securities	18,470	18,470	18,712	19,192	
	\$ 90,699	\$ 90,699	\$ 82,580	\$ 85,488	
<i>Held to maturity</i>					
Due in 1 year or less	\$ 1,231	\$ 1,240	\$ 478	\$ 479	
Due after 1 year through 5 years	3,592	3,760	3,869	3,940	
Due after 5 years through 10 years	3,029	3,228	3,756	3,883	
Due after 10 years	1,802	2,136	2,147	2,307	
	9,654	10,364	10,250	10,609	
Mortgage-backed securities	1,999	2,146	2,331	2,396	
	\$ 11,653	\$ 12,510	\$ 12,581	\$ 13,005	

Expected maturities could differ from contractual maturities because borrowers may have the right to call or prepay obligations, with or without call or prepayment penalties.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

b) Gross unrealized loss

Fixed maturities in an unrealized loss position at December 31, 2020, comprised both investment grade and below investment grade securities for which fair value declined primarily due to widening credit spreads since the date of purchase.

The following table presents, for AFS fixed maturities in an unrealized loss position (including securities on loan) that are not deemed to have credit losses, the aggregate fair value and gross unrealized loss by length of time the security has continuously been in an unrealized loss position:

December 31, 2020 (in millions of U.S. dollars)	0 – 12 Months		Over 12 Months		Total	
	Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss
Non-U.S.	\$ 1,628	\$ (35)	\$ 114	\$ (5)	\$ 1,742	\$ (40)
Corporate and asset-backed securities	2,212	(33)	593	(14)	2,805	(47)
Mortgage-backed securities	875	(6)	35	(2)	910	(8)
Municipal	40	(1)	16	(1)	56	(2)
Total AFS fixed maturities	\$ 4,755	\$ (75)	\$ 758	\$ (22)	\$ 5,513	\$ (97)

The following table presents, for all securities in an unrealized loss position (including securities on loan), the aggregate fair value and gross unrealized loss by length of time the security has continuously been in an unrealized loss position:

December 31, 2019 (in millions of U.S. dollars)	0 – 12 Months		Over 12 Months		Total	
	Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss
U.S. Treasury / Agency	\$ 234	\$ (1)	\$ 339	\$ —	\$ 573	\$ (1)
Non-U.S.	1,846	(34)	802	(28)	2,648	(62)
Corporate and asset-backed securities	2,121	(40)	988	(40)	3,109	(80)
Mortgage-backed securities	1,174	(6)	932	(8)	2,106	(14)
Municipal	188	—	276	(12)	464	(12)
Total fixed maturities	\$ 5,563	\$ (81)	\$ 3,337	\$ (88)	\$ 8,900	\$ (169)

c) Net realized gains (losses)

The following table presents a roll-forward of pre-tax credit losses related to fixed maturities for which a portion of OTTI was recognized in OCI:

(in millions of U.S. dollars)	Year Ended December 31	
	2019	2018
Balance of credit losses related to securities still held – beginning of year	\$ 34	\$ 22
Additions where no OTTI was previously recorded	33	20
Additions where an OTTI was previously recorded	4	5
Reductions for securities sold during the period	(41)	(13)
Balance of credit losses related to securities still held – end of year	\$ 30	\$ 34

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

The following table presents the components of Net realized gains (losses) and the change in net unrealized appreciation (depreciation) of investments:

(in millions of U.S. dollars)	Year Ended December 31		
	2020	2019	2018
Fixed maturities:			
OTTI on fixed maturities, gross	\$ —	\$ (90)	\$ (52)
OTTI on fixed maturities recognized in OCI (pre-tax)	—	32	3
OTTI on fixed maturities, net	—	(58)	(49)
Gross realized gains excluding OTTI	244	203	334
Gross realized losses excluding OTTI	(366)	(176)	(587)
Recovery of expected credit losses	11	—	—
Impairment ⁽¹⁾	(170)	—	—
Total fixed maturities	(281)	(31)	(302)
Equity securities	586	104	(59)
Other investments	(32)	(20)	(5)
Foreign exchange gains (losses)	(483)	7	131
Investment and embedded derivative instruments	81	(435)	(75)
Fair value adjustments on insurance derivative	(202)	(4)	(248)
S&P futures	(108)	(138)	(4)
Other derivative instruments	1	(8)	(3)
Other	(60)	(5)	(87)
Net realized gains (losses) (pre-tax)	\$ (498)	\$ (530)	\$ (652)
Change in net unrealized appreciation (depreciation) on investments (pre-tax):			
Fixed maturities available for sale	\$ 2,628	\$ 3,769	\$ (1,958)
Fixed maturities held to maturity	(24)	(31)	(38)
Other	(12)	(3)	—
Income tax (expense) benefit	(462)	(647)	297
Change in net unrealized appreciation (depreciation) on investments (after-tax)	\$ 2,130	\$ 3,088	\$ (1,699)

⁽¹⁾ Relates to certain securities we intended to sell and securities written to market entering default.

Realized gains and losses from Equity securities and Other investments from the table above include sales of securities and unrealized gains and losses from fair value changes as follows:

(in millions of U.S. dollars)	Year Ended December 31, 2020			Year Ended December 31, 2019			Year Ended December 31, 2018		
	Equity Securities	Other Investments	Total	Equity Securities	Other Investments	Total	Equity Securities	Other Investments	Total
Net gains (losses) recognized during the period	\$ 586	\$ (32)	\$ 554	\$ 104	\$ (20)	\$ 84	\$ (59)	\$ (5)	\$ (64)
Less: Net gains (losses) recognized from sales of securities	455	—	455	58	(5)	53	70	121	191
Unrealized gains (losses) recognized for securities still held at reporting date	\$ 131	\$ (32)	\$ 99	\$ 46	\$ (15)	\$ 31	\$ (129)	\$ (126)	\$ (255)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

The following table presents a roll-forward of valuation allowance for expected credit losses on fixed maturities:

(in millions of U.S. dollars)	Year Ended December 31	
	2020	
Available for sale		
Valuation allowance for expected credit losses - beginning of period	\$	—
Impact of adoption of new accounting guidance		25
Provision for expected credit loss		188
Initial allowance for purchased securities with credit deterioration		5
Write-offs charged against the expected credit loss		(5)
Recovery of expected credit loss		(193)
Valuation allowance for expected credit losses - end of period	\$	20
Held to maturity		
Valuation allowance for expected credit losses - beginning of period	\$	—
Impact of adoption of new accounting guidance		44
Provision for expected credit loss		9
Recovery of expected credit loss		(9)
Valuation allowance for expected credit losses - end of period	\$	44

Purchased Credit Deterioration (PCD) Securities

During the year ended December 31, 2020, we purchased \$108 million of securities with credit deterioration, categorized as available for sale, and assessed an allowance for expected credit losses of \$5 million at acquisition. These PCD securities had a par value at acquisition of \$144 million.

d) Other investments

(in millions of U.S. dollars)	December 31	
	2020	2019
Alternative investments:		
Partially-owned investment companies	\$ 5,969	\$ 4,142
Limited partnerships	547	508
Investment funds	254	271
Alternative investments	6,770	4,921
Life insurance policies	438	377
Policy loans	233	247
Non-qualified separate account assets ⁽¹⁾	316	283
Other	188	234
Total	\$ 7,945	\$ 6,062

⁽¹⁾ Non-qualified separate account assets are comprised of mutual funds, supported by assets that do not qualify for separate account reporting under GAAP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Alternative investments

Alternative investments include partially-owned investment companies, investment funds, and limited partnerships measured at fair value using net asset value (NAV) as a practical expedient. The following table presents, by investment category, the expected liquidation period, fair value, and maximum future funding commitments of alternative investments:

(in millions of U.S. dollars)	Expected Liquidation Period of Underlying Assets	December 31 2020		December 31 2019	
		Fair Value	Maximum Future Funding Commitments	Fair Value	Maximum Future Funding Commitments
Financial	2 to 10 Years	\$ 673	\$ 237	\$ 611	\$ 329
Real Assets	2 to 11 Years	805	598	712	422
Distressed	2 to 8 Years	358	970	263	80
Private Credit	3 to 8 Years	88	270	104	272
Traditional	2 to 14 Years	4,519	1,125	2,844	2,160
Vintage	1 to 2 Years	73	—	116	—
Investment funds	Not Applicable	254	—	271	—
		\$ 6,770	\$ 3,200	\$ 4,921	\$ 3,263

Included in all categories in the above table, except for Investment funds, are investments for which Chubb will never have the contractual option to redeem but receives distributions based on the liquidation of the underlying assets. Further, for all categories except for Investment funds, Chubb does not have the ability to sell or transfer the investments without the consent from the general partner of individual funds.

Investment Category	Consists of investments in private equity funds:
Financial	targeting financial services companies, such as financial institutions and insurance services worldwide
Real Assets	targeting investments related to hard physical assets, such as real estate, infrastructure and natural resources
Distressed	targeting distressed corporate debt/credit and equity opportunities in the U.S.
Private Credit	targeting privately originated corporate debt investments, including senior secured loans and subordinated bonds
Traditional	employing traditional private equity investment strategies such as buyout and growth equity globally
Vintage	funds where the initial fund term has expired

Included in partially-owned investment companies and limited partnerships are 130 individual limited partnerships covering a broad range of investment strategies including large cap buyouts, specialist buyouts, growth capital, distressed, mezzanine, real estate, and co-investments. The underlying portfolio consists of various public and private debt and equity securities of publicly traded and privately held companies and real estate assets. The underlying investments across various partnerships, geographies, industries, asset types, and investment strategies provide risk diversification within the limited partnership portfolio and the overall investment portfolio.

Investment funds employ various investment strategies such as long/short equity and arbitrage/distressed. Included in this category are investments for which Chubb has the option to redeem at agreed upon value as described in each investment fund's subscription agreement. Depending on the terms of the various subscription agreements, investment fund investments may be redeemed monthly, quarterly, semi-annually, or annually. If Chubb wishes to redeem an investment fund investment, it must first determine if the investment fund is still in a lock-up period (a time when Chubb cannot redeem its investment so that the investment fund manager has time to build the portfolio). If the investment fund is no longer in its lock-up period, Chubb must then notify the investment fund manager of its intention to redeem by the notification date prescribed by the subscription agreement. Subsequent to notification, the investment fund can redeem Chubb's investment within several months of the notification. Notice periods for redemption of the investment funds are up to 270 days. Chubb can redeem its investment funds without consent from the investment fund managers.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

e) Investments in partially-owned insurance companies

The following table presents Investments in partially-owned insurance companies:

(in millions of U.S. dollars, except for percentages)	December 31, 2020			December 31, 2019			Domicile
	Carrying Value	Goodwill	Direct Ownership Percentage	Carrying Value	Goodwill	Direct Ownership Percentage	
Huatai Group	\$ 2,461	\$ 1,313	47 %	\$ 1,053	\$ 460	31 %	China
Huatai Life Insurance Company	201	69	20 %	147	64	20 %	China
Freisenbruch-Meyer	10	3	40 %	10	3	40 %	Bermuda
Chubb Arabia Cooperative Insurance Company	23	—	30 %	20	—	30 %	Saudi Arabia
Russian Reinsurance Company	4	—	23 %	2	—	23 %	Russia
ABR Reinsurance Ltd.	114	—	16 %	100	—	12 %	Bermuda
Total	\$ 2,813	\$ 1,385		\$ 1,332	\$ 527		

Chubb's aggregate direct and indirect ownership in Huatai Life is approximately 57.5 percent, comprising 20 percent direct and 37.5 percent indirect ownership interest.

The table above excludes the 7.1 percent of additional ownership commitment in Huatai Group that is contingent upon important conditions. Refer to Note 2 for additional information.

f) Net investment income

(in millions of U.S. dollars)	Year Ended December 31		
	2020	2019	2018
Fixed maturities ⁽¹⁾	\$ 3,321	\$ 3,385	\$ 3,128
Short-term investments	48	84	90
Other interest income	19	25	118
Equity securities	81	26	33
Other investments	82	78	104
Gross investment income ⁽¹⁾	3,551	3,598	3,473
Investment expenses	(176)	(172)	(168)
Net investment income ⁽¹⁾	\$ 3,375	\$ 3,426	\$ 3,305
⁽¹⁾ Includes amortization expense related to fair value adjustment of acquired invested assets related to the Chubb Corp acquisition	\$ (116)	\$ (161)	\$ (248)

g) Restricted assets

Chubb is required to maintain assets on deposit with various regulatory authorities to support its insurance and reinsurance operations. These requirements are generally promulgated in the statutory regulations of the individual jurisdictions. The assets on deposit are available to settle insurance and reinsurance liabilities. Chubb is also required to restrict assets pledged under repurchase agreements, which represent Chubb's agreement to sell securities and repurchase them at a future date for a predetermined price. We use trust funds in certain large reinsurance transactions where the trust funds are set up for the benefit of the ceding companies and generally take the place of letter of credit (LOC) requirements. We have investments in segregated portfolios primarily to provide collateral or guarantees for LOC and derivative transactions. Included in restricted assets are investments, primarily fixed maturities, totaling \$19.6 billion and \$21.0 billion, and cash of \$89 million and \$109 million, at December 31, 2020 and 2019, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

The following table presents the components of restricted assets:

(in millions of U.S. dollars)	December 31 2020	December 31 2019
Trust funds	\$ 12,305	\$ 14,004
Deposits with U.S. regulatory authorities	2,438	2,466
Deposits with non-U.S. regulatory authorities	2,905	2,709
Assets pledged under repurchase agreements	1,462	1,464
Other pledged assets	584	490
Total	\$ 19,694	\$ 21,133

4. Fair value measurements**a) Fair value hierarchy**

Fair value of financial assets and financial liabilities is estimated based on the framework established in the fair value accounting guidance. The guidance defines fair value as the price to sell an asset or transfer a liability (an exit price) in an orderly transaction between market participants and establishes a three-level valuation hierarchy based on the reliability of the inputs. The fair value hierarchy gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data.

The three levels of the hierarchy are as follows:

- Level 1 – Unadjusted quoted prices for identical assets or liabilities in active markets;
- Level 2 – Includes, among other items, inputs other than quoted prices that are observable for the asset or liability such as interest rates and yield curves, quoted prices for similar assets and liabilities in active markets, and quoted prices for identical or similar assets and liabilities in markets that are not active; and
- Level 3 – Inputs that are unobservable and reflect management's judgments about assumptions that market participants would use in pricing an asset or liability.

We categorize financial instruments within the valuation hierarchy at the balance sheet date based upon the lowest level of inputs that are significant to the fair value measurement.

We use pricing services to obtain fair value measurements for the majority of our investment securities. Based on management's understanding of the methodologies used, these pricing services only produce an estimate of fair value if there is observable market information that would allow them to make a fair value estimate. Based on our understanding of the market inputs used by the pricing services, all applicable investments have been valued in accordance with GAAP. We do not adjust prices obtained from pricing services. The following is a description of the valuation techniques and inputs used to determine fair values for financial instruments carried at fair value, as well as the general classification of such financial instruments pursuant to the valuation hierarchy.

Fixed maturities

We use pricing services to estimate fair value measurements for the majority of our fixed maturities. The pricing services use market quotations for fixed maturities that have quoted prices in active markets; such securities are classified within Level 1. For fixed maturities other than U.S. Treasury securities that generally do not trade on a daily basis, the pricing services prepare estimates of fair value measurements using their pricing applications or pricing models, which include available relevant market information, benchmark curves, benchmarking of like securities, sector groupings, and matrix pricing. Additional valuation factors that can be taken into account are nominal spreads, dollar basis, and liquidity adjustments. The pricing services evaluate each asset class based on relevant market and credit information, perceived market movements, and sector news. The market inputs used in the pricing evaluation, listed in the approximate order of priority include: benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, reference data, and industry and economic events. The extent of the use of each input is dependent on the asset class and the market conditions. Given the asset class, the priority of the use of inputs may change, or some market inputs may not be relevant. Additionally, fixed maturities valuation is more subjective when markets are less liquid due to the lack of market based inputs (i.e., stale pricing) and may require the use of models to be priced. The lack of market based inputs may increase the potential that an investment's estimated fair value is not reflective of the price at which an actual transaction would occur. The overwhelming majority of fixed maturities are classified within Level 2 because the most significant inputs used in the pricing techniques are observable. For a

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

small number of fixed maturities, we obtain a single broker quote (typically from a market maker). Due to the disclaimers on the quotes that indicate that the price is indicative only, we include these fair value estimates in Level 3.

Equity securities

Equity securities with active markets are classified within Level 1 as fair values are based on quoted market prices. For equity securities in markets which are less active, fair values are based on market valuations and are classified within Level 2. Equity securities for which pricing is unobservable are classified within Level 3.

Short-term investments

Short-term investments, which comprise securities due to mature within one year of the date of purchase that are traded in active markets, are classified within Level 1 as fair values are based on quoted market prices. Securities such as commercial paper and discount notes are classified within Level 2 because these securities are typically not actively traded due to their approaching maturity, and as such, their cost approximates fair value. Short-term investments for which pricing is unobservable are classified within Level 3.

Other investments

Fair values for the majority of Other investments including investments in partially-owned investment companies, investment funds, and limited partnerships are based on their respective net asset values or equivalent (NAV) and are excluded from the fair value hierarchy table below. Certain of our long-duration contracts are supported by assets that do not qualify for separate account reporting under GAAP. These assets comprise mutual funds, classified within Level 1 in the valuation hierarchy on the same basis as other equity securities traded in active markets. Other investments also include equity securities, classified within Level 1 and fixed maturities, classified within Level 2, held in rabbi trusts maintained by Chubb for deferred compensation plans and supplemental retirement plans and are classified within the valuation hierarchy on the same basis as other equity securities and fixed maturities. Other investments for which pricing is unobservable are classified within Level 3.

Securities lending collateral

The underlying assets included in Securities lending collateral in the Consolidated balance sheets are fixed maturities which are classified in the valuation hierarchy on the same basis as other fixed maturities. Excluded from the valuation hierarchy is the corresponding liability related to Chubb's obligation to return the collateral plus interest as it is reported at contract value and not fair value in the Consolidated balance sheets.

Investment derivative instruments

Actively traded investment derivative instruments, including futures, options, and forward contracts are classified within Level 1 as fair values are based on quoted market prices. The fair value of cross-currency swaps and interest rate swaps is based on market valuations and is classified within Level 2. Investment derivative instruments are recorded in either Other assets or Accounts payable, accrued expenses, and other liabilities in the Consolidated balance sheets.

Other derivative instruments

We maintain positions in exchange-traded equity futures contracts designed to limit exposure to a severe equity market decline, which would cause an increase in expected claims and, therefore, an increase in future policy benefit reserves for our guaranteed minimum death benefits (GMDB) and an increase in the fair value liability for our guaranteed living benefits (GLB) reinsurance business. Our positions in exchange-traded equity futures contracts are classified within Level 1. The fair value of the majority of the remaining positions in other derivative instruments is based on significant observable inputs including equity security and interest rate indices. Accordingly, these are classified within Level 2. Other derivative instruments based on unobservable inputs are classified within Level 3. Other derivative instruments are recorded in either Other assets or Accounts payable, accrued expenses, and other liabilities in the Consolidated balance sheets.

Separate account assets

Separate account assets represent segregated funds where investment risks are borne by the customers, except to the extent of certain guarantees made by Chubb. Separate account assets comprise mutual funds classified within Level 1 in the valuation hierarchy on the same basis as other equity securities traded in active markets. Separate account assets also include fixed maturities classified within Level 2 because the most significant inputs used in the pricing techniques are observable. Excluded from the valuation hierarchy are the corresponding liabilities as they are reported at contract value and not fair value in the Consolidated balance sheets. Separate account assets are recorded in Other assets in the Consolidated balance sheets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Guaranteed living benefits

The GLB arises from life reinsurance programs covering living benefit guarantees whereby we assume the risk of guaranteed minimum income benefits (GMIB) associated with variable annuity contracts. GLB's are recorded in Accounts payable, accrued expenses, and other liabilities in the Consolidated balance sheets. Prior to 2020, a portion of the GLB liability that represented expected losses allocated to premiums received was recorded as incurred losses within Future policy benefits, with changes in these estimates recorded in Future policy benefits. We reclassified \$441 million, \$409 million, and \$346 million of GLB liability as of December 31, 2019, 2018, and 2017, respectively, to Accounts payable, accrued expenses, and other liabilities in the Consolidated balance sheets to conform with the new presentation. For GLB reinsurance, Chubb estimates fair value using an internal valuation model which includes current market information and estimates of policyholder behavior. All of the treaties contain claim limits, which are factored into the valuation model. The fair value depends on a number of factors, including interest rates, equity markets, credit risk, current account value, market volatility, expected annuitization rates and other policyholder behavior, and changes in policyholder mortality. Because of the significant use of unobservable inputs including policyholder behavior, GLB reinsurance is classified within Level 3.

Financial instruments measured at fair value on a recurring basis, by valuation hierarchy

December 31, 2020

(in millions of U.S. dollars)

	Level 1	Level 2	Level 3	Total
Assets:				
<i>Fixed maturities available for sale</i>				
U.S. Treasury / Agency	\$ 2,148	\$ 522	\$ —	\$ 2,670
Non-U.S.	—	25,808	546	26,354
Corporate and asset-backed securities	—	34,758	1,573	36,331
Mortgage-backed securities	—	18,410	60	18,470
Municipal	—	6,874	—	6,874
	2,148	86,372	2,179	90,699
Equity securities	3,954	—	73	4,027
Short-term investments	2,866	1,474	5	4,345
Other investments ⁽¹⁾	434	438	10	882
Securities lending collateral	—	1,844	—	1,844
Investment derivative instruments	35	—	—	35
Separate account assets	4,264	124	—	4,388
Total assets measured at fair value ⁽¹⁾	\$ 13,701	\$ 90,252	\$ 2,267	\$ 106,220
Liabilities:				
Investment derivative instruments	\$ 52	\$ —	\$ —	\$ 52
Other derivative instruments	17	—	—	17
GLB ⁽²⁾	—	—	1,089	1,089
Total liabilities measured at fair value	\$ 69	\$ —	\$ 1,089	\$ 1,158

⁽¹⁾ Excluded from the table above are partially-owned investments, investment funds, and limited partnerships of \$6,770 million, policy loans of \$233 million and other investments of \$60 million at December 31, 2020 measured using NAV as a practical expedient.

⁽²⁾ Our GLB reinsurance product meets the definition of a derivative instrument for accounting purposes and is accordingly carried at fair value.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

December 31, 2019

(in millions of U.S. dollars)

	Level 1	Level 2	Level 3	Total
Assets:				
<i>Fixed maturities available for sale</i>				
U.S. Treasury / Agency	\$ 2,664	\$ 619	\$ —	\$ 3,283
Non-U.S.	—	23,258	449	23,707
Corporate and asset-backed securities	—	30,340	1,451	31,791
Mortgage-backed securities	—	19,132	60	19,192
Municipal	—	7,515	—	7,515
	2,664	80,864	1,960	85,488
Equity securities	728	15	69	812
Short-term investments	2,803	1,482	6	4,291
Other investments ⁽¹⁾	412	377	10	799
Securities lending collateral	—	994	—	994
Investment derivative instruments	24	—	—	24
Other derivative instruments	2	—	—	2
Separate account assets	3,437	136	—	3,573
Total assets measured at fair value ⁽¹⁾	\$ 10,070	\$ 83,868	\$ 2,045	\$ 95,983
Liabilities:				
Investment derivative instruments	\$ 93	\$ —	\$ —	\$ 93
Other derivative instruments	13	—	—	13
GLB ⁽²⁾	—	—	897	897
Total liabilities measured at fair value	\$ 106	\$ —	\$ 897	\$ 1,003

⁽¹⁾ Excluded from the table above are partially-owned investments, investment funds, and limited partnerships of \$4,921 million and other investments of \$95 million at December 31, 2019 measured using NAV as a practical expedient.

⁽²⁾ Our GLB reinsurance product meets the definition of a derivative instrument for accounting purposes and is accordingly carried at fair value.

Level 3 financial instruments

The following table presents the significant unobservable inputs used in the Level 3 liability valuations. Excluded from the table below are inputs used to determine the fair value of Level 3 assets which are based on single broker quotes and contain no quantitative unobservable inputs developed by management. The majority of our fixed maturities classified as Level 3 used external pricing when markets are less liquid due to the lack of market inputs (i.e., stale pricing, broker quotes).

(in millions of U.S. dollars, except for percentages)	Fair Value at December 31 2020	Valuation Technique	Significant Unobservable Inputs	Ranges	Weighted Average
GLB ⁽¹⁾	\$ 1,089	Actuarial model	Lapse rate	3% - 34%	4.7 %
			Annuitization rate	0% - 100%	3.6 %

⁽¹⁾ The weighted average lapse and annuitization rates are determined by weighting each treaty's rates by the GLB contracts fair value.

The most significant policyholder behavior assumptions include lapse rates and the GMIB annuitization rates. Assumptions regarding lapse rates and GMIB annuitization rates differ by treaty, but the underlying methodologies to determine rates applied to each treaty are comparable.

A lapse rate is the percentage of in-force policies surrendered in a given calendar year. All else equal, as lapse rates increase, ultimate claim payments will decrease. In general, the base lapse function assumes low lapse rates during the surrender charge period of the GMIB contract, followed by a "spike" lapse rate in the year immediately following the surrender charge period, and then reverting to an ultimate lapse rate, typically over a 2-year period. This base rate is adjusted downward for policies with more valuable guarantees (policies with guaranteed values far in excess of their account values). Partial withdrawals and the impact of older policyholders with tax-qualified contracts (due to required minimum distributions) are also reflected in our modeling.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

The GMIB annuitization rate is the percentage of policies for which the policyholder will elect to annuitize using the guaranteed benefit provided under the GMIB. All else equal, as GMIB annuitization rates increase, ultimate claim payments will increase, subject to treaty claim limits. All GMIB reinsurance treaties include claim limits to protect Chubb in the event that actual annuitization behavior is significantly higher than expected. In general, Chubb assumes that GMIB annuitization rates will be higher for policies with more valuable guarantees (policies with guaranteed values far in excess of their account values). Chubb also assumes that GMIB annuitization rates increase as policyholders get older. In addition, we also assume that GMIB annuitization rates are higher in the first year immediately following the waiting period (the first year the policies are eligible to annuitize using the GMIB) in comparison to all subsequent years. We do not yet have fully credible annuitization experience for all clients.

The effect of changes in key market factors on assumed lapse and annuitization rates reflect emerging trends using data available from cedants. For treaties with limited experience, rates are established in line with data received from other ceding companies adjusted, as appropriate, with industry estimates. The model and related assumptions are regularly re-evaluated by management and enhanced, as appropriate, based upon additional experience obtained related to policyholder behavior and availability of updated information such as market conditions, market participant assumptions, and demographics of in-force annuities. In the fourth quarter of 2020, we completed a review of policyholder behavior related to annuitizations, partial withdrawals, lapses, and mortality for our variable annuity reinsurance business. As a result, we refined our policyholder behavior assumptions (mainly those relating to annuitizations and partial withdrawals), which had an insignificant impact on net income. During the year ended December 31, 2020, we also made routine model refinements to the internal valuation model which had an insignificant impact on net income.

The following tables present a reconciliation of the beginning and ending balances of financial instruments measured at fair value using significant unobservable inputs (Level 3):

	Assets						Liabilities	
	Available-for-Sale Debt Securities							
Year Ended December 31, 2020	Non-U.S.	Corporate and asset-backed securities	MBS	Equity securities	Short-term investments	Other investments	GLB ⁽¹⁾	
(in millions of U.S. dollars)								
Balance, beginning of year	\$ 449	\$ 1,451	\$ 60	\$ 69	\$ 6	\$ 10	\$ 897	
Transfers into Level 3	—	134	—	—	—	—	—	
Transfers out of Level 3	(16)	(73)	(1)	(3)	—	—	—	
Change in Net Unrealized Gains/Losses in OCI	19	(8)	—	—	—	—	—	
Net Realized Gains/Losses	(1)	(30)	—	1	(1)	—	202	
Purchases	274	708	2	23	14	—	—	
Sales	(122)	(186)	—	(17)	(2)	—	—	
Settlements	(57)	(423)	(1)	—	(12)	—	—	
Other	—	—	—	—	—	—	(10)	
Balance, end of year	\$ 546	\$ 1,573	\$ 60	\$ 73	\$ 5	\$ 10	\$ 1,089	
Net Realized Gains/Losses Attributable to Changes in Fair Value at the Balance Sheet Date	\$ —	\$ (5)	\$ —	\$ 4	\$ —	\$ —	\$ 202	
Change in Net Unrealized Gains/Losses included in OCI at the Balance Sheet Date	\$ 16	\$ (6)	\$ —	\$ —	\$ —	\$ —	\$ —	

⁽¹⁾ Our GLB reinsurance product meets the definition of a derivative instrument for accounting purposes and is accordingly carried at fair value.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

	Assets							Liabilities
	Available-for-Sale Debt Securities							
Year Ended December 31, 2019	Non-U.S.	Corporate and asset-backed securities	MBS	Equity securities	Short-term investments	Other investments	GLB ⁽¹⁾	
(in millions of U.S. dollars)								
Balance, beginning of year	\$ 345	\$ 1,299	\$ 61	\$ 57	\$ 1	\$ 11	\$ 861	
Transfers into Level 3	11	23	—	—	—	—	—	
Transfers out of Level 3	(24)	(38)	(16)	—	—	—	—	
Change in Net Unrealized Gains/Losses in OCI	13	(2)	—	1	—	—	—	
Net Realized Gains/Losses	(1)	(4)	—	(2)	—	—	4	
Purchases	228	577	19	34	6	—	—	
Sales	(70)	(125)	(1)	(21)	—	—	—	
Settlements	(53)	(279)	(3)	—	(1)	(1)	—	
Other	—	—	—	—	—	—	32	
Balance, end of year	\$ 449	\$ 1,451	\$ 60	\$ 69	\$ 6	\$ 10	\$ 897	
Net Realized Gains/Losses Attributable to Changes in Fair Value at the Balance Sheet Date	\$ —	\$ (2)	\$ —	\$ (3)	\$ —	\$ —	\$ 4	
Change in Net Unrealized Gains/Losses included in OCI at the Balance Sheet Date	\$ 7	\$ (8)	\$ —	\$ —	\$ —	\$ —	\$ —	

(1) Our GLB reinsurance product meets the definition of a derivative instrument for accounting purposes and is accordingly carried at fair value.

	Assets							Liabilities
	Available-for-Sale Debt Securities							
Year Ended December 31, 2018	Non-U.S.	Corporate and asset-backed securities	MBS	Equity securities	Short-term investments	Other investments	Other derivative instruments	GLB ⁽¹⁾
(in millions of U.S. dollars)								
Balance, beginning of year	\$ 93	\$ 1,037	\$ 78	\$ 44	\$ —	\$ 263	\$ 2	\$ 550
Transfers into Level 3	13	24	1	—	5	—	—	—
Transfers out of Level 3	(2)	(31)	(3)	—	—	(252)	—	—
Change in Net Unrealized Gains/Losses in OCI	(12)	(4)	—	(2)	—	(2)	—	—
Net Realized Gains/Losses	(3)	(5)	—	6	—	1	(2)	248
Purchases	334	672	5	37	9	50	—	—
Sales	(69)	(164)	—	(28)	—	—	—	—
Settlements	(9)	(230)	(20)	—	(13)	(49)	—	—
Other	—	—	—	—	—	—	—	63
Balance, end of year	\$ 345	\$ 1,299	\$ 61	\$ 57	\$ 1	\$ 11	\$ —	\$ 861
Net Realized Gains/Losses Attributable to Changes in Fair Value at the Balance Sheet Date	\$ (1)	\$ (7)	\$ —	\$ (1)	\$ —	\$ 1	\$ —	\$ 248

(1) Our GLB reinsurance product meets the definition of a derivative instrument for accounting purposes and is accordingly carried at fair value.

b) Financial instruments disclosed, but not measured, at fair value

Chubb uses various financial instruments in the normal course of its business. Our insurance contracts are excluded from fair value of financial instruments accounting guidance, and therefore, are not included in the amounts discussed below.

The carrying values of cash, other assets, other liabilities, and other financial instruments not included below approximated their fair values.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Investments in partially-owned insurance companies

Fair values for investments in partially-owned insurance companies are based on Chubb's share of the net assets based on the financial statements provided by those companies and are excluded from the valuation hierarchy tables below.

Short- and long-term debt, repurchase agreements, and trust preferred securities

Where practical, fair values for short-term debt, long-term debt, repurchase agreements, and trust preferred securities are estimated using discounted cash flow calculations based principally on observable inputs including incremental borrowing rates, which reflect Chubb's credit rating, for similar types of borrowings with maturities consistent with those remaining for the debt being valued.

The following tables present fair value, by valuation hierarchy, and carrying value of the financial instruments not measured at fair value:

December 31, 2020 (in millions of U.S. dollars)	Fair Value			Total	Net Carrying Value
	Level 1	Level 2	Level 3		
Assets:					
<i>Fixed maturities held to maturity</i>					
U.S. Treasury / Agency	\$ 1,395	\$ 57	\$ —	\$ 1,452	\$ 1,392
Non-U.S.	—	1,405	—	1,405	1,288
Corporate and asset-backed securities	—	2,438	—	2,438	2,150
Mortgage-backed securities	—	2,146	—	2,146	1,999
Municipal	—	5,069	—	5,069	4,824
Total assets	\$ 1,395	\$ 11,115	\$ —	\$ 12,510	\$ 11,653
Liabilities:					
Repurchase agreements	\$ —	\$ 1,405	\$ —	\$ 1,405	\$ 1,405
Short-term debt	—	—	—	—	—
Long-term debt	—	17,487	—	17,487	14,948
Trust preferred securities	—	473	—	473	308
Total liabilities	\$ —	\$ 19,365	\$ —	\$ 19,365	\$ 16,661

December 31, 2019 (in millions of U.S. dollars)	Fair Value			Total	Carrying Value
	Level 1	Level 2	Level 3		
Assets:					
<i>Fixed maturities held to maturity</i>					
U.S. Treasury / Agency	\$ 1,292	\$ 55	\$ —	\$ 1,347	\$ 1,318
Non-U.S.	—	1,485	—	1,485	1,423
Corporate and asset-backed securities	—	2,436	32	2,468	2,349
Mortgage-backed securities	—	2,396	—	2,396	2,331
Municipal	—	5,309	—	5,309	5,160
Total assets	\$ 1,292	\$ 11,681	\$ 32	\$ 13,005	\$ 12,581
Liabilities:					
Repurchase agreements	\$ —	\$ 1,416	\$ —	\$ 1,416	\$ 1,416
Short-term debt	—	1,307	—	1,307	1,299
Long-term debt	—	15,048	—	15,048	13,559
Trust preferred securities	—	467	—	467	308
Total liabilities	\$ —	\$ 18,238	\$ —	\$ 18,238	\$ 16,582

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

5. Reinsurance

a) Consolidated reinsurance

Chubb purchases reinsurance to manage various exposures including catastrophe risks. Although reinsurance agreements contractually obligate Chubb's reinsurers to reimburse it for the agreed-upon portion of its gross paid losses, they do not discharge Chubb's primary liability. The amounts for net premiums written and net premiums earned in the Consolidated statements of operations are net of reinsurance. The following table presents direct, assumed, and ceded premiums:

(in millions of U.S. dollars)	Year Ended December 31		
	2020	2019	2018
Premiums written			
Direct	\$ 37,749	\$ 36,848	\$ 34,782
Assumed	3,512	3,276	3,186
Ceded	(7,441)	(7,849)	(7,389)
Net	\$ 33,820	\$ 32,275	\$ 30,579
Premiums earned			
Direct	\$ 37,037	\$ 35,876	\$ 34,108
Assumed	3,323	3,107	3,175
Ceded	(7,243)	(7,693)	(7,219)
Net	\$ 33,117	\$ 31,290	\$ 30,064

Ceded losses and loss expenses incurred were \$5.0 billion, \$4.9 billion, and \$5.6 billion for the years ended December 31, 2020, 2019, and 2018, respectively.

b) Reinsurance recoverable on ceded reinsurance

(in millions of U.S. dollars)	December 31, 2020		December 31, 2019	
	Net Reinsurance Recoverable ⁽¹⁾	Valuation allowance	Net Reinsurance Recoverable ⁽¹⁾	Valuation allowance
Reinsurance recoverable on unpaid losses and loss expenses	\$ 14,647	\$ 257	\$ 14,181	\$ 240
Reinsurance recoverable on paid losses and loss expenses	945	57	1,000	76
Reinsurance recoverable on losses and loss expenses	\$ 15,592	\$ 314	\$ 15,181	\$ 316
Reinsurance recoverable on policy benefits	\$ 206	\$ 5	\$ 197	\$ 4

⁽¹⁾ Net of valuation allowance for uncollectible reinsurance.

The increase in reinsurance recoverable on losses and loss expenses in 2020 was primarily due to catastrophe losses, partially offset by crop activity and prior period development.

We evaluate the financial condition of our reinsurers and potential reinsurers on a regular basis and also monitor concentrations of credit risk with reinsurers. The valuation allowance for uncollectible reinsurance is required principally due to the potential failure of reinsurers to indemnify Chubb, primarily because of disputes under reinsurance contracts and insolvencies. We have established a valuation allowance for amounts estimated to be uncollectible on both unpaid and paid losses as well as future policy benefits. Refer to Note 1 d) for a discussion of the valuation allowance methodology.

The following table presents a roll-forward of valuation allowance for uncollectible reinsurance related to Reinsurance recoverable on loss and loss expenses:

(in millions of U.S. dollars)	Year Ended December 31, 2020
Valuation allowance for uncollectible reinsurance - beginning of period	\$ 316
Provision for uncollectible reinsurance	21
Write-offs charged against the valuation allowance	(25)
Foreign exchange revaluation	2
Valuation allowance for uncollectible reinsurance - end of period	\$ 314

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

The following tables present a listing, at December 31, 2020, of the categories of Chubb's reinsurers:

December 31, 2020 (in millions of U.S. dollars, except for percentages)	Gross Reinsurance Recoverable on Loss and Loss Expenses	Valuation allowance for Uncollectible Reinsurance	% of Gross Reinsurance Recoverable
Categories			
Largest reinsurers	\$ 7,267	\$ 88	1.2 %
Other reinsurers rated A- or better	4,901	58	1.2 %
Other reinsurers rated lower than A- or not rated	466	64	13.7 %
Pools	366	14	3.8 %
Structured settlements	521	11	2.1 %
Captives	2,107	11	0.5 %
Other	278	68	24.5 %
Total	\$ 15,906	\$ 314	2.0 %

Largest Reinsurers

ABR Reinsurance Capital Holdings	HDI Group (Hannover Re)	Munich Re Group	Swiss Re Group
Berkshire Hathaway Insurance Group	Lloyd's of London	Partner Re Group	

Categories of Chubb's reinsurers

Comprises:

Largest reinsurers	<ul style="list-style-type: none"> All groups of reinsurers or captives where the gross recoverable exceeds one percent of Chubb's total shareholders' equity.
Other reinsurers rated A- or better	<ul style="list-style-type: none"> All reinsurers rated A- or better that were not included in the largest reinsurer category.
Other reinsurers rated lower than A- or not rated	<ul style="list-style-type: none"> All reinsurers rated lower than A- or not rated that were not included in the largest reinsurer category.
Pools	<ul style="list-style-type: none"> Related to Chubb's voluntary pool participation and Chubb's mandatory pool participation required by law in certain states.
Structured settlements	<ul style="list-style-type: none"> Annuities purchased from life insurance companies to settle claims. Since we retain ultimate liability in the event that the life company fails to pay, we reflect the amounts as both a liability and a recoverable/receivable for GAAP purposes.
Captives	<ul style="list-style-type: none"> Companies established and owned by our insurance clients to assume a significant portion of their direct insurance risk from Chubb; structured to allow clients to self-insure a portion of their reinsurance risk. It generally is our policy to obtain collateral equal to expected losses. Where appropriate, exceptions are granted but only with review and approval at a senior officer level. Excludes captives included in the largest reinsurer category.
Other	<ul style="list-style-type: none"> Amounts recoverable that are in dispute or are from companies that are in supervision, rehabilitation, or liquidation.

The valuation allowance for uncollectible reinsurance is principally based on an analysis of the credit quality of the reinsurer and collateral balances. We establish the valuation allowance for uncollectible reinsurance for the Other category based on a case-by-case analysis of individual situations including the merits of the underlying matter, credit and collateral analysis, and consideration.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

6. Goodwill and Other intangible assets
Goodwill

The following table presents a roll-forward of Goodwill by segment:

(in millions of U.S. dollars)	North America Commercial P&C Insurance	North America Personal P&C Insurance	North America Agricultural Insurance	Overseas General Insurance	Global Reinsurance	Life Insurance	Chubb Consolidated
Balance at December 31, 2018	\$ 6,946	\$ 2,230	\$ 134	\$ 4,770	\$ 371	\$ 820	\$ 15,271
Foreign exchange revaluation and other	9	4	—	15	—	(3)	25
Balance at December 31, 2019	\$ 6,955	\$ 2,234	\$ 134	\$ 4,785	\$ 371	\$ 817	\$ 15,296
Acquisition of Banchile Seguros de Vida	—	—	—	16	—	28	44
Foreign exchange revaluation and other	17	6	—	35	—	2	60
Balance at December 31, 2020	\$ 6,972	\$ 2,240	\$ 134	\$ 4,836	\$ 371	\$ 847	\$ 15,400

Other intangible assets

Other intangible assets at December 31, 2020 and 2019 were \$5,811 million and \$6,063 million, respectively, principally acquired from the Chubb Corp acquisition. Other intangible assets in 2020 and 2019 comprised \$2,846 million and \$3,114 million, respectively, that are subject to amortization, principally agency distribution relationships and renewal rights, and \$2,965 million and \$2,949 million, respectively, that are not subject to amortization, principally trademarks. Amortization expense related to purchased intangibles was \$290 million, \$305 million, and \$339 million for the years ended December 31, 2020, 2019, and 2018, principally related to agency distribution relationships and renewal rights.

The following table presents, as of December 31, 2020, the expected estimated pre-tax amortization expense (benefit) of purchased intangibles, at current foreign currency exchange rates, for the next five years:

For the Years Ending December 31 (in millions of U.S. dollars)	Associated with the Chubb Corp Acquisition			Total	Other intangible assets	Total Amortization of purchased intangibles
	Agency distribution relationships and renewal rights	Fair value adjustment on Unpaid losses and loss expense ⁽¹⁾				
2021	\$ 217	\$ (20)	\$ 197	\$ 89	\$ 286	
2022	197	(14)	183	101	284	
2023	178	(7)	171	96	267	
2024	160	(6)	154	90	244	
2025	145	(6)	139	89	228	
Total	\$ 897	\$ (53)	\$ 844	\$ 465	\$ 1,309	

⁽¹⁾ In connection with the Chubb Corp acquisition, we recorded an increase to Unpaid losses and loss expenses acquired to adjust the carrying value of Chubb Corp's historical Unpaid losses and loss expenses to fair value as of the acquisition date. This fair value adjustment amortizes through Amortization of purchased intangibles on the Consolidated statements of operations through the year 2032. The balance of the fair value adjustment on Unpaid losses and loss expense was \$110 million and \$145 million at December 31, 2020 and 2019, respectively. Refer to Note 1(h) for additional information.

VOBA

The following table presents a roll-forward of VOBA:

(in millions of U.S. dollars)	2020	2019	2018
Balance, beginning of year	\$ 306	\$ 295	\$ 326
Amortization of VOBA ⁽¹⁾	(27)	(24)	(25)
Foreign exchange revaluation and other	(16)	35	(6)
Balance, end of year	\$ 263	\$ 306	\$ 295

⁽¹⁾ Recognized in Policy acquisition costs in the Consolidated statements of operations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

The following table presents, as of December 31, 2020, the expected estimated pre-tax amortization expense related to VOBA for the next five years at current foreign exchange rates:

For the Years Ending December 31

(in millions of U.S. dollars)

	VOBA
2021	\$ 22
2022	21
2023	19
2024	17
2025	16
Total	\$ 95

7. Unpaid losses and loss expenses

Chubb establishes reserves for the estimated unpaid ultimate liability for losses and loss expenses under the terms of its policies and agreements. Reserves include estimates for both claims that have been reported and for IBNR claims, and include estimates of expenses associated with processing and settling these claims. Reserves are recorded in Unpaid losses and loss expenses in the consolidated balance sheets. While we believe that our reserves for unpaid losses and loss expenses at December 31, 2020 are adequate, new information or trends may lead to future developments in incurred loss and loss expenses significantly greater or less than the reserves provided. Any such revisions could result in future changes in estimates of losses or reinsurance recoverable and would be reflected in our results of operations in the period in which the estimates are changed.

The following table presents a reconciliation of beginning and ending Unpaid losses and loss expenses:

(in millions of U.S. dollars)	Year Ended December 31		
	2020	2019	2018
Gross unpaid losses and loss expenses, beginning of year	\$ 62,690	\$ 62,960	\$ 63,179
Reinsurance recoverable on unpaid losses ⁽¹⁾	(14,181)	(14,689)	(14,014)
Net unpaid losses and loss expenses, beginning of year	48,509	48,271	49,165
Net losses and loss expenses incurred in respect of losses occurring in:			
Current year	22,124	19,575	19,048
Prior years ⁽²⁾	(414)	(845)	(981)
Total	21,710	18,730	18,067
Net losses and loss expenses paid in respect of losses occurring in:			
Current year	7,782	7,894	7,544
Prior years	9,652	10,579	10,796
Total	17,434	18,473	18,340
Foreign currency revaluation and other	379	(19)	(621)
Net unpaid losses and loss expenses, end of year	53,164	48,509	48,271
Reinsurance recoverable on unpaid losses ⁽¹⁾	14,647	14,181	14,689
Gross unpaid losses and loss expenses, end of year	\$ 67,811	\$ 62,690	\$ 62,960

⁽¹⁾ Net of valuation allowance for uncollectible reinsurance.

⁽²⁾ Relates to prior period loss reserve development only and excludes prior period development related to reinstatement premiums, expense adjustments and earned premiums totaling \$19 million, \$53 million, and \$85 million for 2020, 2019, and 2018, respectively.

The increase in gross and net unpaid losses and loss expense in 2020 was driven by catastrophe losses incurred, principally from the COVID-19 pandemic. The increase in net unpaid losses and loss expense in 2019 reflected an increase in underlying reserves, offset by favorable prior period development and payments related to catastrophic events.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

The loss development tables under section c) below, present Chubb's historical incurred and paid claims development by broad product line through December 31, 2020, net of reinsurance, as well as the cumulative number of reported claims, IBNR balances, and other supplementary information.

The following table presents a reconciliation of the loss development tables to the liability for unpaid losses and loss expenses in the consolidated balance sheet:

Reconciliation of Reserve Balances to Liability for Unpaid Loss and Loss Expenses

(in millions of U.S. dollars)

December 31, 2020

	December 31, 2020
<i>Presented in the loss development tables:</i>	
North America Commercial P&C Insurance — Workers' Compensation	\$ 9,600
North America Commercial P&C Insurance — Liability	17,441
North America Commercial P&C Insurance — Other Casualty	2,124
North America Commercial P&C Insurance — Non-Casualty	2,491
North America Personal P&C Insurance	3,025
Overseas General Insurance — Casualty	6,832
Overseas General Insurance — Non-Casualty	2,725
Global Reinsurance — Casualty	1,200
Global Reinsurance — Non-Casualty	312
<i>Excluded from the loss development tables:</i>	
Other	4,742
Net unpaid loss and allocated loss adjustment expense	50,492
<i>Ceded unpaid loss and allocated loss adjustment expense:</i>	
North America Commercial P&C Insurance — Workers' Compensation	\$ 1,461
North America Commercial P&C Insurance — Liability	5,743
North America Commercial P&C Insurance — Other Casualty	564
North America Commercial P&C Insurance — Non-Casualty	1,380
North America Personal P&C Insurance	141
Overseas General Insurance — Casualty	2,426
Overseas General Insurance — Non-Casualty	1,686
Global Reinsurance — Casualty	29
Global Reinsurance — Non-Casualty	104
Other	1,153
Ceded unpaid loss and allocated loss adjustment expense	14,687
Unpaid loss and loss expense on other than short-duration contracts ⁽¹⁾	1,109
Unpaid unallocated loss adjustment expenses	1,523
Unpaid losses and loss expenses	\$ 67,811

⁽¹⁾ Primarily includes the claims reserve of our International A&H business and Life Insurance segment reserves.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Business excluded from the loss development tables

“Other” shown in the reconciliation table comprises businesses excluded from the loss development tables:

- North America Agricultural Insurance segment business, which is short-tailed with the majority of the liabilities expected to be resolved in the ensuing twelve months;
- Corporate, which includes run-off liabilities such as asbestos and environmental and other mass tort exposures and which impact accident years older than those shown in the loss development tables below;
- Life Insurance segment business, which is generally written using long-duration contracts; and
- Certain subsets of our business due to data limitations or unsuitability to the loss development table presentation, including:
 - We underwrite loss portfolio transfers at various times; by convention, all premium and losses associated with these transactions are recorded to the policy period of the transaction, even though the accident dates of the claims covered may be a decade or more in the past. We also underwrite certain high attachment, high limit, multiple-line and excess of aggregate coverages for large commercial clients. Changes in incurred loss and cash flow patterns are volatile and sufficiently different from those of typical insureds. This category includes the loss portfolio transfer of Fireman’s Fund personal lines run-off liabilities and Alternative Risk Solutions business within the North America Commercial P&C Insurance segment;
 - 2015 and prior paid history on a subset of previously acquired international businesses, within the Overseas General Insurance segment, due to limitations on the data prior to the acquisition;
 - Reinsurance recoverable bad debt; and
 - Purchase accounting adjustments related to unpaid losses and loss expenses for Chubb Corp.

a) Description of Reserving Methodologies

Our recorded reserves represent management's best estimate of the provision for unpaid claims as of the balance sheet date. The process of establishing loss and loss expense reserves can be complex and is subject to considerable uncertainty as it requires the use of estimates and judgments based on circumstances underlying the insured loss at the date of accrual. The reserves for our various product lines each require different qualitative and quantitative assumptions and judgments to be made. Management's best estimate is developed after collaboration with actuarial, underwriting, claims, legal, and finance departments and culminates with the input of reserve committees. Each business unit reserve committee includes the participation of the relevant parties from actuarial, finance, claims, and unit senior management and has the responsibility for finalizing, recommending and approving the estimate to be used as management's best estimate. Reserves are further reviewed by Chubb's Chief Actuary and senior management. The objective of such a process is to determine a single estimate that we believe represents a better estimate than any other and which is viewed by management to be the best estimate of ultimate loss settlements.

This estimate is based on a combination of exposure and experience-based actuarial methods (described below) and other considerations such as claims reviews, reinsurance recovery assumptions and/or input from other knowledgeable parties such as underwriting. Exposure-based methods are most commonly used on relatively immature origin years (i.e., the year in which the losses were incurred — “accident year” or “report year”), while experience-based methods provide a view based on the projection of loss experience that has emerged as of the valuation date. Greater reliance is placed upon experience-based methods as the pool of emerging loss experience grows and where it is deemed sufficiently credible and reliable as the basis for the estimate. In comparing the held reserve for any given origin year to the actuarial projections, judgment is required as to the credibility, uncertainty and inherent limitations of applying actuarial techniques to historical data to project future loss experience. Examples of factors that impact such judgments include, but are not limited to, the following:

- nature and complexity of underlying coverage provided and net limits of exposure provided;
- segmentation of data to provide sufficient homogeneity and credibility for loss projection methods;
- extent of credible internal historical loss data and reliance upon industry information as required;
- historical variability of actual loss emergence compared with expected loss emergence;
- reported and projected loss trends;
- extent of emerged loss experience relative to the remaining expected period of loss emergence;
- rate monitor information for new and renewal business;
- changes in claims handling practice;
- inflation;
- the legal environment;
- facts and circumstances of large claims;
- terms and conditions of the contracts sold to our insured parties;
- impact of applicable reinsurance recoveries; and
- nature and extent of underlying assumptions.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

We have actuarial staff within each of our business units who analyze loss reserves (including loss expenses) and regularly project estimates of ultimate losses and the corresponding indications of the required IBNR reserve. Our reserving approach is a comprehensive ground-up process using data at a detailed level that reflects the specific types and coverages of the diverse products written by our various operations. The data presented in this disclosure was prepared on a more aggregated basis and with a focus on changes in incurred loss estimates over time as well as associated cash flows. We note that data prepared on this basis may not demonstrate the full spectrum of characteristics that are evident in the more detailed level studied internally.

We perform an actuarial reserve review for each product line at least once a year. For most product lines, one or more standard actuarial reserving methods may be used to determine estimates of ultimate losses and loss expenses, and from these estimates, a single actuarial central estimate is selected. The actuarial central estimate is an input to the reserve committee process described above. For the few product lines that do not lend themselves to standard actuarial reserving methods, appropriate techniques are applied to produce the actuarial central estimates. For example, run-off asbestos and environmental liability estimates are better suited to the application of account-specific exposure-based analyses to best evaluate their associated aggregate reserve levels.

b) Standard actuarial reserving methods

The judgments involved in projecting the ultimate losses include the use and interpretation of various standard actuarial reserving methods that place reliance on the extrapolation of actual historical data, loss development patterns, industry data, and other benchmarks as appropriate.

Standard actuarial reserving methods include, but are not limited to, expected loss ratio, paid and reported loss development, and Bornhuetter-Ferguson methods. A general description of these methods is provided below. In addition to these standard methods, depending upon the product line characteristics and available data, we may use other recognized actuarial methods and approaches. Implicit in the standard actuarial methods that we generally utilize is the need for two fundamental assumptions: first, the pattern by which losses are expected to emerge over time for each origin year, and second the expected loss ratio for each origin year.

The expected loss ratio for any particular origin year is selected after consideration of a number of factors, including historical loss ratios adjusted for rate changes, premium and loss trends, industry benchmarks, the results of policy level loss modeling at the time of underwriting, and/or other more subjective considerations for the product line (e.g., terms and conditions) and external environment as noted above. The expected loss ratio for a given origin year is initially established at the start of the origin year as part of the planning process. This analysis is performed in conjunction with underwriters and management. The expected loss ratio method arrives at an ultimate loss estimate by multiplying the expected ultimate loss ratio by the corresponding premium base. This method is most commonly used as the basis for the actuarial central estimate for immature origin periods on product lines where the actual paid or reported loss experience is not yet deemed sufficiently credible to serve as the principal basis for the selection of ultimate losses. The expected loss ratio for a given origin year may be modified over time if the underlying assumptions differ from the original assumptions (e.g., the assessment of prior year loss ratios, loss trend, rate changes, actual claims, or other information).

Our selected paid and reported development patterns provide a benchmark against which the actual emerging loss experience can be monitored. Where possible, development patterns are selected based on historical loss emergence by origin year. For product lines where the historical data is viewed to have low statistical credibility, the selected development patterns also reflect relevant industry benchmarks and/or experience from similar product lines written elsewhere within Chubb. This most commonly occurs for relatively new product lines that have limited historical data or for high severity/low frequency portfolios where our historical experience exhibits considerable volatility and/or lacks credibility. The paid and reported loss development methods convert the selected loss emergence pattern to a set of multiplicative factors which are then applied to actual paid or reported losses to arrive at an estimate of ultimate losses for each period. Due to their multiplicative nature, the paid and reported loss development methods will leverage differences between actual and expected loss emergence. These methods tend to be utilized for more mature origin periods and for those portfolios where the loss emergence has been relatively consistent over time.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Short-tail business

Short-tail business generally describes product lines for which losses are typically known and paid shortly after the loss occurs. This would include, for example, most property, personal accident, and automobile physical damage policies that we write. Due to the short reporting and development pattern for these product lines, the uncertainty associated with our estimate of ultimate losses for any particular accident period diminishes relatively quickly as actual loss experience emerges. We typically assign credibility to methods that incorporate actual loss emergence, such as the paid and reported loss development and Bornhuetter-Ferguson methods, sooner than would be the case for long-tail lines at a similar stage of development for a given origin year. The reserving process for short-tail losses arising from catastrophic events typically involves an assessment by the claims department, in conjunction with underwriters and actuaries, of our exposure and estimated losses immediately following an event and then subsequent revisions of the estimated losses as our insureds provide updated actual loss information.

Long-tail business

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

- The nature and complexity of underlying coverage provided and net limits of exposure provided;
- Our historical loss data and experience is sometimes too immature and lacking in credibility to rely upon for reserving purposes. Where this is the case, in our reserve analysis we may utilize industry loss ratios or industry benchmark development patterns that we believe reflect the nature and coverage of the underwritten business and its future development, where available. For such product lines, actual loss experience may differ from industry loss statistics as well as loss experience for previous underwriting years;
- The difficulty in estimating loss trends, claims inflation (e.g., medical and judicial) and underlying economic conditions;
- The need for professional judgment to estimate loss development patterns beyond that represented by historical data using supplemental internal or industry data, extrapolation, or a blend of both;
- The need to address shifts in business mix or volume over time when applying historical paid and reported loss development patterns from older origin years to more recent origin years. For example, changes over time in the processes and procedures for establishing case reserves can distort reported loss development patterns or changes in ceded reinsurance structures by origin year can alter the development of paid and reported losses;
- Loss reserve analyses typically require loss or other data be grouped by common characteristics in some manner. If data from two combined lines of business exhibit different characteristics, such as loss payment patterns, the credibility of the reserve estimate could be affected. Additionally, since casualty lines of business can have significant intricacies in the terms and conditions afforded to the insured, there is an inherent risk as to the homogeneity of the underlying data used in performing reserve analyses; and
- The applicability of the price change data used to estimate ultimate loss ratios for most recent origin years.

As described above, various factors are considered when determining appropriate data, assumptions, and methods used to establish the loss reserve estimates for long-tail product lines. These factors may also vary by origin year for given product lines. The derivation of loss development patterns from data and the selection of a tail factor to project ultimate losses from actual loss emergence require considerable judgment, particularly with respect to the extent to which historical loss experience is relied upon to support changes in key reserving assumptions.

c) Loss Development Tables

The tables were designed to present business with similar risk characteristics which exhibit like development patterns and generally similar trends, in order to provide insight into the nature, amount, timing and uncertainty of cash flows related to our claims liabilities.

Each table follows a similar format and reflects the following:

- The incurred loss triangle includes both reported case reserves and IBNR liabilities.
- Both the incurred and paid loss triangles include allocated loss adjustment expense (i.e., defense and investigative costs particular to individual claims) but exclude unallocated loss adjustment expense (i.e., the costs associated with internal claims staff and third-party administrators).
- The amounts in both triangles for the years ended December 31, 2011 to December 31, 2019 and average historical claim duration as of December 31, 2020, are presented as supplementary information.
- All data presented in the triangles is net of reinsurance recoverables.
- The IBNR reserves shown to the right of each incurred loss development exhibit reflect the net IBNR recorded as of December 31, 2020.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

- The tables are presented retrospectively with respect to acquisitions where these are material and doing so is practicable. Most notably, the Chubb Corp acquisition is presented retrospectively. The unaudited consolidated data is presented solely for informational purposes and is not necessarily indicative of the consolidated data that might have been observed had the transactions been completed prior to the date indicated.

Historical dollar amounts are presented in this footnote on a constant-dollar basis, which is achieved by assuming constant foreign exchange rates for all periods in the loss triangles, translating prior period amounts using the same local currency exchange rates as the current year end. The impact of this conversion is to show the change between periods exclusive of the effect of fluctuations in exchange rates, which would otherwise distort the change in incurred loss and cash flow patterns shown. The change in incurred loss shown will differ from other GAAP disclosures of incurred prior period reserve development amounts, which include the effect of fluctuations in exchange rates.

We provided guidance above on key assumptions that should be considered when reviewing this disclosure and information relating to how loss reserve estimates are developed. We believe the information provided in the "Loss Development Tables" section of the disclosure is of limited use for independent analysis or application of standard actuarial estimations.

Cumulative Number of Reported Claims

Reported claim counts, on a cumulative basis, are provided to the far right of each incurred loss development table. In our North America segments, we generally consider a reported claim to be one claim per coverage per claimant. For our North America segments, we refined our claim count methodology in 2020 for our U.S. operations. For workers' compensation, we moved from including losses below the deductible in our reported claims to excluding them. This reduction in reported claims aligns claim counts to the portion of the claims to which Chubb has incurred losses, which we view as a more meaningful presentation. For non-casualty, personal and liability, we aligned our claim count methodology to reflect a reported claim per claimant, per coverage basis, and including all reported claims with either an indemnity or expense transaction. These changes resulted in fewer reported claims in non-casualty and additional reported claims in personal and liability. In our Overseas General Insurance segment, we generally consider a reported claim to be on a per occurrence basis. Global Reinsurance segment's portfolio comprises a mix of proportional and non-proportional treaties. The proportional treaties are reported on a bulk basis and do not lend themselves to meaningful claim count data. As such, we do not provide claim count information for our Global Reinsurance segment.

We exclude claims closed without payment. Claims are counted on a direct basis without consideration of ceded reinsurance. Use of the presented claim counts in analysis of company experience has significant limitations, including:

- Claims for certain events and/or product lines, such as portions of our A&H business, are not reported on an individual basis, but rather in bulk and thus not available for inclusion in this disclosure.
- Each segment typically has a mixture of primary and excess experience which has shifted over time.
- Captive business, especially in Workers' Compensation and Liability, largely represents fronted business where our net exposure to loss is minimal; however, since the claim count is based on direct claims, there is a mismatch between direct claims and net loss dollars, the extent of which varies by accident year.

Reported claim counts include open claims which have case reserves but exclude claims that have been incurred but not reported. As such the reported claims are not consistent with the incurred losses in the triangle, which include incurred but not reported losses. One can calculate reported losses by subtracting incurred but not reported losses from incurred losses in the triangle. Reported claim counts are also inconsistent with losses in the paid loss triangle, since reported counts would include claims with case reserves but no payments to date.

North America Commercial P&C Insurance — Workers' Compensation — Long-tail

This product line has a substantial geographic spread and a broad mix across industries. Types of coverage include risk management business predominantly with high deductible policies, loss sensitive business (i.e., retrospectively-rated policies), business fronted for captives, as well as excess and primary guaranteed cost coverages.

The triangle below shows all loss and allocated expense development for the workers' compensation product line. In our prior period development disclosure, we exclude any loss development where there is a directly related premium adjustment. For workers' compensation, changes in the exposure base due to payroll audits will drive changes in ultimate losses. In addition, we record involuntary pool assumptions (premiums and losses) on a lagged basis. Both of these items will influence the development in the triangle, particularly the first prior accident year, and are included in the reconciliation table presented on page F-58.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

North America Commercial P&C Insurance — Workers' Compensation — Long-tail (continued)

Net Incurred Loss and Allocated Loss Adjustment Expenses

(in millions of U.S. dollars)	Years Ended December 31										As of December 31 2020	
	Unaudited										Net IBNR Reserves	Reported Claims (in thousands)
Accident Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020		
2011	\$ 1,037	\$ 1,030	\$ 1,046	\$ 1,049	\$ 1,053	\$ 1,022	\$ 1,012	\$ 1,009	\$ 988	\$ 973	\$ 208	45
2012		1,050	1,011	1,030	1,040	1,011	989	986	977	953	234	44
2013			1,109	1,108	1,122	1,127	1,086	1,073	1,037	1,014	280	43
2014				1,207	1,201	1,217	1,215	1,163	1,100	1,073	347	45
2015					1,282	1,259	1,276	1,279	1,217	1,154	419	50
2016						1,367	1,361	1,383	1,378	1,269	530	51
2017							1,413	1,380	1,399	1,393	723	50
2018								1,359	1,361	1,379	709	51
2019									1,391	1,384	767	47
2020										1,367	1,086	24
Total										\$ 11,959		

Net Cumulative Paid Loss and Allocated Loss Adjustment Expenses

(in millions of U.S. dollars)	Years Ended December 31									
	Unaudited									
Accident Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
2011	\$ 119	\$ 294	\$ 411	\$ 484	\$ 533	\$ 567	\$ 595	\$ 616	\$ 640	\$ 654
2012		111	271	365	436	486	532	574	592	612
2013			107	286	422	506	553	587	616	633
2014				113	295	410	484	532	566	599
2015					116	301	418	501	564	606
2016						122	326	452	529	584
2017							120	313	437	516
2018								130	329	451
2019									143	341
2020										111
Total										\$ 5,107

Net Liabilities for Loss and Allocated Loss Adjustment Expenses

(in millions of U.S. dollars)	December 31, 2020
Accident years prior to 2011	\$ 2,748
Accident years 2011 - 2020 from tables above	6,852
All Accident years	\$ 9,600

Supplementary Information: (Favorable)/ Adverse Prior Period Development

(in millions of U.S. dollars)	December 31, 2020
Accident years prior to 2011	\$ (94)
Accident years 2011 - 2020 from tables above	(256)
All Accident years	\$ (350)

Supplementary Information: Average Annual Percentage Payout of Net Incurred Claims by Age, as of December 31, 2020 (Unaudited)

Age in Years	1	2	3	4	5	6	7	8	9	10
Percentage	10 %	16 %	10 %	7 %	5 %	4 %	3 %	2 %	2 %	1 %

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

North America Commercial P&C Insurance — Liability — Long-tail

This line consists of primary and excess liability exposures, including medical liability and professional lines, including directors and officers (D&O) liability, errors and omissions (E&O) liability, employment practices liability (EPL), fidelity bonds, and fiduciary liability.

The primary and excess liability business represents the largest part of these exposures. The former includes both monoline and commercial package liability. The latter includes a substantial proportion of commercial umbrella, excess and high excess business, where loss activity can produce significant volatility in the loss triangles at later ages within an accident year (and sometimes across years) due to the size of the limits afforded and the complex nature of the underlying losses.

This line includes management and professional liability products provided to a wide variety of clients, from national accounts to small firms along with private and not-for-profit organizations, distributed through brokers, agents, wholesalers and MGAs. Many of these coverages, particularly D&O and E&O, are typically written on a claims-made form. While most of the coverages are underwritten on a primary basis, there are significant amounts of excess exposure with large policy limits.

Net Incurred Loss and Allocated Loss Adjustment Expenses

Accident Year	Years Ended December 31										As of December 31 2020	
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Net IBNR Reserves	Reported Claims (in thousands)
(in millions of U.S. dollars)												
Unaudited												
2011	\$ 3,500	\$ 3,586	\$ 3,630	\$ 3,665	\$ 3,593	\$ 3,498	\$ 3,384	\$ 3,316	\$ 3,193	\$ 3,143	\$ 226	25
2012		3,552	3,628	3,613	3,565	3,524	3,426	3,331	3,235	3,235	353	25
2013			3,547	3,542	3,543	3,533	3,430	3,216	3,122	2,964	317	25
2014				3,535	3,586	3,674	3,717	3,656	3,470	3,346	572	25
2015					3,560	3,709	3,819	3,976	3,943	3,736	855	27
2016						3,534	3,595	3,692	3,805	3,799	962	27
2017							3,322	3,499	3,581	3,631	1,475	27
2018								3,375	3,494	3,696	1,737	28
2019									3,452	3,628	2,381	28
2020										4,098	3,695	24
Total										\$ 35,276		

Net Cumulative Paid Loss and Allocated Loss Adjustment Expenses

Accident Year	Years Ended December 31									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
(in millions of U.S. dollars)										
Unaudited										
2011	\$ 160	\$ 652	\$ 1,209	\$ 1,805	\$ 2,214	\$ 2,477	\$ 2,659	\$ 2,741	\$ 2,827	\$ 2,863
2012		166	656	1,172	1,680	2,092	2,326	2,502	2,619	2,688
2013			130	548	1,192	1,597	2,007	2,232	2,374	2,465
2014				164	679	1,250	1,804	2,202	2,442	2,584
2015					138	605	1,206	1,856	2,291	2,533
2016						171	663	1,336	1,975	2,334
2017							161	617	1,162	1,701
2018								190	754	1,303
2019									176	671
2020										152
Total										\$ 19,294

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

North America Commercial P&C Insurance — Liability — Long-tail (continued)

Net Liabilities for Loss and Allocated Loss Adjustment Expenses

(in millions of U.S. dollars)	December 31, 2020	
Accident years prior to 2011	\$	1,459
Accident years 2011 - 2020 from tables above		15,982
All Accident years	\$	17,441

Supplementary Information: (Favorable)/ Adverse Prior Period Development

(in millions of U.S. dollars)	December 31, 2020	
Accident years prior to 2011	\$	(176)
Accident years 2011 - 2020 from tables above		(117)
All Accident years	\$	(293)

Supplementary Information: Average Annual Percentage Payout of Net Incurred Claims by Age, as of December 31, 2020 (Unaudited)

Age in Years	1	2	3	4	5	6	7	8	9	10
Percentage	5 %	14 %	17 %	16 %	12 %	7 %	5 %	3 %	2 %	1 %

North America Commercial P&C Insurance — Other Casualty — Long-tail

This product line consists of the remaining commercial casualty coverages such as automobile liability and aviation. There is also a small portion of commercial multi-peril (CMP) business in accident years 2014 and prior. The paid and reported data are impacted by some catastrophe loss activity primarily on the CMP exposures just noted.

Net Incurred Loss and Allocated Loss Adjustment Expenses

(in millions of U.S. dollars)	Years Ended December 31											As of December 31 2020	
	Unaudited											Net IBNR Reserves	Reported Claims (in thousands)
Accident Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2020		
2011	\$ 581	\$ 590	\$ 581	\$ 549	\$ 533	\$ 525	\$ 517	\$ 511	\$ 513	\$ 503	\$	13	16
2012		634	606	577	561	520	519	509	507	505	\$	2	16
2013			527	531	523	516	469	462	462	458	\$	21	18
2014				595	583	581	597	555	539	539	\$	25	17
2015					487	470	502	515	458	455	\$	35	15
2016						504	502	527	524	481	\$	61	16
2017							532	566	577	616	\$	118	17
2018								536	564	575	\$	198	17
2019									606	637	\$	284	16
2020										646	\$	517	9
Total										\$ 5,415			

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

North America Commercial P&C Insurance — Other-Casualty — Long-tail (continued)
Net Cumulative Paid Loss and Allocated Loss Adjustment Expenses

(in millions of U.S. dollars)	Years Ended December 31									
	Unaudited									2020
Accident Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
2011	\$ 86	\$ 235	\$ 341	\$ 400	\$ 437	\$ 461	\$ 466	\$ 480	\$ 486	\$ 486
2012		69	223	320	387	435	470	487	493	502
2013			69	197	271	348	385	411	419	426
2014				80	220	318	391	455	474	501
2015					47	137	215	305	371	395
2016						52	146	246	323	374
2017							66	175	313	381
2018								74	169	270
2019									70	190
2020										53
Total										\$ 3,578

Net Liabilities for Loss and Allocated Loss Adjustment Expenses

(in millions of U.S. dollars)	December 31, 2020
Accident years prior to 2011	\$ 287
Accident years 2011 - 2020 from tables above	1,837
All Accident years	\$ 2,124

Supplementary Information: (Favorable)/ Adverse Prior Period Development

(in millions of U.S. dollars)	December 31, 2020
Accident years prior to 2011	\$ 23
Accident years 2011 - 2020 from tables above	19
All Accident years	\$ 42

Supplementary Information: Average Annual Percentage Payout of Net Incurred Claims by Age, as of December 31, 2020 (Unaudited)

Age in Years	1	2	3	4	5	6	7	8	9	10
Percentage	12 %	23 %	19 %	14 %	10 %	5 %	3 %	2 %	1 %	— %

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

North America Commercial P&C Insurance — Non-Casualty — Short-tail

This product line represents first party commercial product lines that are short-tailed in nature, such as property, inland marine, ocean marine, surety and A&H. There is a wide diversity of products, primary and excess coverages, and policy sizes. During this ten-year period, this product line was also impacted by natural catastrophes mainly in the 2012, 2017, and 2018 accident years.

Net Incurred Loss and Allocated Loss Adjustment Expenses

Accident Year	Years Ended December 31										As of December 31 2020	
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Net IBNR Reserves	Reported Claims (in thousands)
(in millions of U.S. dollars)												
Unaudited												
2011	\$ 1,960	\$ 1,934	\$ 1,877	\$ 1,856	\$ 1,835	\$ 1,840	\$ 1,835	\$ 1,835	\$ 1,835	\$ 1,833	\$ 4	416
2012		2,033	1,916	1,883	1,864	1,859	1,847	1,844	1,850	1,844	(8)	426
2013			1,434	1,424	1,337	1,360	1,340	1,340	1,338	1,344	7	455
2014				1,643	1,661	1,579	1,559	1,549	1,550	1,558	10	483
2015					1,736	1,745	1,650	1,638	1,605	1,589	(1)	545
2016						1,911	1,890	1,799	1,782	1,818	32	650
2017							2,704	2,608	2,505	2,522	51	763
2018								2,053	2,240	2,175	71	901
2019									2,052	2,037	166	1,036
2020										3,150	1,061	927
Total										\$ 19,870		

Net Cumulative Paid Loss and Allocated Loss Adjustment Expenses

Accident Year	Years Ended December 31									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
(in millions of U.S. dollars)										
Unaudited										
2011	\$ 939	\$ 1,574	\$ 1,718	\$ 1,777	\$ 1,787	\$ 1,811	\$ 1,816	\$ 1,821	\$ 1,825	\$ 1,830
2012		715	1,577	1,698	1,767	1,795	1,822	1,816	1,842	1,844
2013			651	1,138	1,238	1,285	1,311	1,324	1,333	1,335
2014				820	1,374	1,484	1,506	1,532	1,546	1,554
2015					727	1,343	1,488	1,556	1,572	1,574
2016						846	1,504	1,656	1,733	1,761
2017							979	2,087	2,303	2,394
2018								1,027	1,825	2,018
2019									1,030	1,677
2020										1,396
Total										\$ 17,383

Net Liabilities for Loss and Allocated Loss Adjustment Expenses

(in millions of U.S. dollars)	December 31, 2020
Accident years prior to 2011	\$ 4
Accident years 2011 - 2020 from tables above	2,487
All Accident years	\$ 2,491

Supplementary Information: (Favorable)/ Adverse Prior Period Development

(in millions of U.S. dollars)	December 31, 2020
Accident years prior to 2011	\$ 2
Accident years 2011 - 2020 from tables above	(37)
All Accident years	\$ (35)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

North America Commercial P&C Insurance — Non-Casualty — Short-tail (continued)
Supplementary Information: Average Annual Percentage Payout of Net Incurred Claims by Age, as of December 31, 2020 (Unaudited)

Age in Years	1	2	3	4	5	6	7	8	9	10
Percentage	46 %	38 %	8 %	3 %	1 %	1 %	— %	1 %	— %	— %

North America Personal P&C Insurance — Short-tail

Chubb provides personal lines coverages for high-net-worth individuals and families in North America including homeowners, automobile, valuable articles (including fine art), umbrella liability, and recreational marine insurance offered through independent regional agents and brokers. A portfolio acquired from Fireman's Fund is presented on a prospective basis beginning in May of accident year 2015. Reserves associated with prior accident periods were acquired through a loss portfolio transfer, which does not allow for a retrospective presentation. During this ten-year period, this segment was also impacted by natural catastrophes, mainly in 2012, 2017 and 2018 accident years.

Net Incurred Loss and Allocated Loss Adjustment Expenses

Accident Year	Years Ended December 31										As of December 31 2020	
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Net IBNR Reserves	Reported Claims (in thousands)
(in millions of U.S. dollars)												
Unaudited												
2011	\$ 2,208	\$ 2,210	\$ 2,185	\$ 2,173	\$ 2,164	\$ 2,161	\$ 2,160	\$ 2,158	\$ 2,159	\$ 2,157	\$ 7	179
2012		2,185	2,183	2,183	2,191	2,186	2,186	2,189	2,194	2,190	18	188
2013			1,860	1,888	1,897	1,900	1,924	1,937	1,945	1,948	26	132
2014				2,205	2,206	2,192	2,146	2,160	2,147	2,141	14	144
2015					2,494	2,550	2,561	2,544	2,563	2,570	21	148
2016						2,440	2,535	2,545	2,482	2,471	45	154
2017							3,035	3,069	3,002	2,998	96	163
2018								3,010	3,037	3,103	244	169
2019									2,957	2,993	329	155
2020										2,931	1,119	100
Total										\$ 25,502		

Net Cumulative Paid Loss and Allocated Loss Adjustment Expenses

Accident Year	Years Ended December 31									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
(in millions of U.S. dollars)										
Unaudited										
2011	\$ 1,360	\$ 1,835	\$ 1,972	\$ 2,052	\$ 2,105	\$ 2,129	\$ 2,139	\$ 2,146	\$ 2,148	\$ 2,149
2012		1,177	1,806	1,957	2,063	2,117	2,149	2,164	2,163	2,165
2013			1,043	1,504	1,688	1,787	1,843	1,885	1,895	1,917
2014				1,310	1,765	1,926	2,035	2,080	2,106	2,116
2015					1,499	2,084	2,271	2,392	2,478	2,508
2016						1,453	2,052	2,211	2,314	2,370
2017							1,698	2,520	2,668	2,799
2018								1,926	2,549	2,706
2019									1,668	2,437
2020										1,334
Total										\$ 22,501

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

North America Personal P&C Insurance — Short-tail (continued)

Net Liabilities for Loss and Allocated Loss Adjustment Expenses

(in millions of U.S. dollars)	December 31, 2020
Accident years prior to 2011	\$ 24
Accident years 2011 - 2020 from tables above	3,001
All Accident years	\$ 3,025

Supplementary Information: (Favorable)/ Adverse Prior Period Development

(in millions of U.S. dollars)	December 31, 2020
Accident years prior to 2011	\$ (1)
Accident years 2011 - 2020 from tables above	85
All Accident years	\$ 84

Supplementary Information: Average Annual Percentage Payout of Net Incurred Claims by Age, as of December 31, 2020 (Unaudited)

Age in Years	1	2	3	4	5	6	7	8	9	10
Percentage	57 %	24 %	7 %	5 %	3 %	1 %	1 %	— %	— %	— %

Overseas General Insurance — Casualty — Long-tail

This product line is comprised of D&O liability, E&O liability, financial institutions (including crime/fidelity coverages), and non-U.S. general liability as well as aviation and political risk. Exposures are located around the world, including Europe, Latin America, and Asia. Approximately 45 percent of Chubb Overseas General business is generated by European accounts, exclusive of Lloyd's market. There is some U.S. exposure in Casualty from multinational accounts and in financial lines for Lloyd's market. The financial lines coverages are typically written on a claims-made form, while general liability coverages are typically on an occurrence basis and comprised of a mix of primary and excess businesses.

Net Incurred Loss and Allocated Loss Adjustment Expenses

(in millions of U.S. dollars)	Years Ended December 31										As of December 31 2020	
	Unaudited										Net IBNR Reserves	Reported Claims (in thousands)
Accident Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020		
2011	\$ 1,255	\$ 1,262	\$ 1,254	\$ 1,244	\$ 1,158	\$ 1,090	\$ 1,079	\$ 1,027	\$ 1,023	\$ 1,025	\$ 31	37
2012		1,290	1,261	1,326	1,346	1,343	1,337	1,315	1,304	1,272	87	38
2013			1,281	1,279	1,276	1,322	1,276	1,242	1,182	1,148	86	39
2014				1,279	1,352	1,362	1,378	1,293	1,206	1,165	151	39
2015					1,196	1,296	1,328	1,351	1,326	1,265	199	41
2016						1,232	1,337	1,407	1,437	1,425	341	43
2017							1,227	1,332	1,381	1,433	384	43
2018								1,330	1,383	1,447	671	43
2019									1,409	1,480	809	40
2020										1,810	1,493	28
Total										\$ 13,470		

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Overseas General Insurance — Casualty — Long-tail (continued)
Net Cumulative Paid Loss and Allocated Loss Adjustment Expenses

(in millions of U.S. dollars)	Years Ended December 31									
	Unaudited									2020
Accident Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
2011	\$ 86	\$ 243	\$ 393	\$ 528	\$ 631	\$ 713	\$ 789	\$ 842	\$ 876	\$ 901
2012		75	252	441	597	713	857	929	973	1,040
2013			85	267	428	579	725	829	899	952
2014				111	293	473	608	725	811	876
2015					86	287	497	679	802	884
2016						127	324	534	687	815
2017							98	323	535	702
2018								112	334	503
2019									126	341
2020										110
Total										\$ 7,124

Net Liabilities for Loss and Allocated Loss Adjustment Expenses

(in millions of U.S. dollars)	December 31, 2020
Accident years prior to 2011	\$ 486
Accident years 2011 - 2020 from tables above	6,346
All Accident years	\$ 6,832

Supplementary Information: (Favorable)/ Adverse Prior Period Development

(in millions of U.S. dollars)	December 31, 2020
Accident years prior to 2011	\$ (59)
Accident years 2011 - 2020 from tables above	9
All Accident years	\$ (50)

Supplementary Information: Average Annual Percentage Payout of Net Incurred Claims by Age, as of December 31, 2020 (Unaudited)

Age in Years	1	2	3	4	5	6	7	8	9	10
Percentage	8 %	15 %	15 %	12 %	10 %	8 %	6 %	4 %	4 %	3 %

Overseas General Insurance — Non-Casualty — Short-tail

This product line is comprised of commercial fire, marine (predominantly cargo), surety, personal automobile (in Latin America, Asia Pacific and Japan), personal cell phones, personal residential (including high net worth), energy and construction. In general, these lines have relatively stable payment and reporting patterns although they are impacted by natural catastrophes mainly in the 2011, 2017, and 2018 accident years. Latin America and Europe each make up about 30 percent of the Chubb Overseas General non-casualty book.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Overseas General Insurance — Non-Casualty — Short-tail (continued)

Net Incurred Loss and Allocated Loss Adjustment Expenses

Accident Year	Years Ended December 31										As of December 31 2020		
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Unaudited	Net IBNR Reserves	Reported Claims (in thousands)
(in millions of U.S. dollars)													
2011	\$ 1,908	\$ 1,995	\$ 1,938	\$ 1,898	\$ 1,879	\$ 1,867	\$ 1,859	\$ 1,849	\$ 1,844	\$ 1,843	\$ 6	543	
2012		1,712	1,702	1,661	1,605	1,599	1,590	1,575	1,570	1,562	13	555	
2013			1,787	1,780	1,714	1,665	1,660	1,633	1,620	1,610	19	573	
2014				1,863	1,932	1,875	1,864	1,828	1,817	1,810	7	548	
2015					1,963	2,083	2,062	2,030	2,011	2,003	24	571	
2016						2,070	2,071	2,058	2,036	2,040	22	581	
2017							2,222	2,264	2,245	2,225	18	589	
2018								2,186	2,276	2,237	48	624	
2019									2,208	2,228	94	640	
2020										2,571	804	518	
Total										\$ 20,129			

Net Cumulative Paid Loss and Allocated Loss Adjustment Expenses

Accident Year	Years Ended December 31									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
(in millions of U.S. dollars)										
										Unaudited
2011	\$ 765	\$ 1,486	\$ 1,694	\$ 1,750	\$ 1,780	\$ 1,795	\$ 1,804	\$ 1,808	\$ 1,807	\$ 1,806
2012		679	1,237	1,425	1,485	1,508	1,518	1,530	1,532	1,532
2013			696	1,284	1,480	1,512	1,549	1,567	1,575	1,578
2014				758	1,438	1,651	1,715	1,746	1,759	1,774
2015					857	1,560	1,793	1,875	1,897	1,927
2016						1,013	1,679	1,881	1,954	1,981
2017							1,051	1,848	2,029	2,106
2018								1,006	1,753	1,962
2019									1,050	1,747
2020										1,085
Total										\$ 17,498

(in millions of U.S. dollars)		December 31, 2020
Accident years prior to 2011		\$ 94
Accident years 2011 - 2020 from tables above		2,631
All Accident years		\$ 2,725

Supplementary Information: (Favorable)/ Adverse Prior Period Development

(in millions of U.S. dollars)		December 31, 2020
Accident years prior to 2011		\$ (8)
Accident years 2011 - 2020 from tables above		(69)
All Accident years		\$ (77)

Supplementary Information: Average Annual Percentage Payout of Net Incurred Claims by Age, as of December 31, 2020 (Unaudited)

Age in Years	1	2	3	4	5	6	7	8	9	10
Percentage	45 %	35 %	11 %	3 %	2 %	1 %	1 %	— %	— %	— %

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Global Reinsurance

Chubb analyzes its Global Reinsurance business on a treaty year basis rather than on an accident year basis. Treaty year data was converted to an accident year basis for the purposes of this disclosure. Mix shifts are an important consideration in these product line groupings. As proportional business and excess of loss business have different earning and loss reporting and payment patterns, this change in mix will affect the cash flow patterns across the accident years. In addition, the shift from excess to proportional business over time will make the cash flow patterns of older and more recent years difficult to compare. In general, the proportional business will pay out more quickly than the excess of loss business, as such, using older years development patterns may overstate the ultimate loss estimates in more recent years.

Global Reinsurance — Casualty — Long-tail

This product line includes proportional and excess coverages in general, automobile liability, professional liability, medical malpractice and workers' compensation, with exposures located around the world. In general, reinsurance exhibits less stable development patterns than primary business. In particular, general casualty reinsurance and excess coverages are long-tailed and can be very volatile.

Net Incurred Loss and Allocated Loss Adjustment Expenses

(in millions of U.S. dollars)	Years Ended December 31										As of December 31
	Unaudited										2020
Accident Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Net IBNR Reserves
2011	\$ 408	\$ 415	\$ 430	\$ 433	\$ 428	\$ 418	\$ 415	\$ 409	\$ 402	\$ 389	\$ 15
2012		387	384	392	395	379	373	372	374	379	11
2013			321	327	330	331	332	324	317	311	13
2014				334	335	340	343	345	348	331	16
2015					285	290	300	301	309	306	22
2016						224	228	236	236	245	27
2017							215	217	221	218	28
2018								246	249	256	48
2019									239	248	90
2020										247	153
Total										\$ 2,930	

Net Cumulative Paid Loss and Allocated Loss Adjustment Expenses

(in millions of U.S. dollars)	Years Ended December 31									
	Unaudited									
Accident Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
2011	\$ 70	\$ 146	\$ 195	\$ 236	\$ 267	\$ 292	\$ 312	\$ 325	\$ 332	\$ 338
2012		78	168	223	262	293	309	324	336	342
2013			65	143	186	222	242	260	269	272
2014				92	185	218	249	265	277	287
2015					90	159	192	217	233	250
2016						58	113	143	159	175
2017							47	100	122	140
2018								42	96	126
2019									40	90
2020										41
Total										\$ 2,061

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Global Reinsurance — Casualty — Long-tail (continued)

Net Liabilities for Loss and Allocated Loss Adjustment Expenses

(in millions of U.S. dollars)	December 31, 2020
Accident years prior to 2011	\$ 331
Accident years 2011 - 2020 from tables above	869
All Accident years	\$ 1,200

Supplementary Information: (Favorable)/ Adverse Prior Period Development

(in millions of U.S. dollars)	December 31, 2020
Accident years prior to 2011	\$ (10)
Accident years 2011 - 2020 from tables above	(12)
All Accident years	\$ (22)

Supplementary Information: Average Annual Percentage Payout of Net Incurred Claims by Age, as of December 31, 2020 (Unaudited)

Age in Years	1	2	3	4	5	6	7	8	9	10
Percentage	21 %	23 %	12 %	10 %	7 %	5 %	4 %	3 %	2 %	2 %

Global Reinsurance — Non-Casualty — Short-tail

This product line includes property, property catastrophe, marine, credit/surety, A&H and energy. This product line is impacted by natural catastrophes, particularly in the 2011, 2017 and 2018 accident years. Of the non-catastrophe book, the mixture of business varies by year with approximately 77 percent of loss on proportional treaties in treaty year 2011 and after. This percentage has increased over time with the proportion being approximately 59 percent for treaty years 2011 to 2012 growing to an average of 82 percent for treaty years 2013 to 2020, with the remainder being written on an excess of loss basis.

Global Reinsurance — Non-Casualty — Short-tail (continued)

Net Incurred Loss and Allocated Loss Adjustment Expenses

(in millions of U.S. dollars)	Years Ended December 31										As of December 31
	Unaudited										2020
	Accident Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
2011	\$ 277	\$ 279	\$ 276	\$ 266	\$ 267	\$ 268	\$ 267	\$ 268	\$ 267	\$ 269	\$ 1
2012		233	211	202	192	191	188	186	186	184	1
2013			162	160	148	143	144	141	141	140	—
2014				167	182	183	186	184	183	182	3
2015					147	155	162	162	155	161	4
2016						184	189	192	194	190	5
2017							397	424	454	451	10
2018								288	300	303	(8)
2019									143	141	29
2020										212	110
Total										\$ 2,233	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Global Reinsurance — Non-Casualty — Short-tail (continued)
Net Cumulative Paid Loss and Allocated Loss Adjustment Expenses

(in millions of U.S. dollars)	Years Ended December 31									
	Unaudited									
Accident Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
2011	\$ 87	\$ 179	\$ 210	\$ 236	\$ 254	\$ 259	\$ 262	\$ 263	\$ 264	\$ 265
2012		45	130	157	167	173	178	180	181	180
2013			46	103	121	131	134	137	137	139
2014				66	131	154	165	171	173	175
2015					56	104	133	143	147	153
2016						57	133	161	172	178
2017							191	322	402	415
2018								94	258	277
2019									35	86
2020										63
Total										\$ 1,931

Net Liabilities for Loss and Allocated Loss Adjustment Expenses

(in millions of U.S. dollars)	December 31, 2020
Accident years prior to 2011	\$ 10
Accident years 2011 - 2020 from tables above	302
All Accident years	\$ 312

Supplementary Information: (Favorable)/ Adverse Prior Period Development

(in millions of U.S. dollars)	December 31, 2020
Accident years prior to 2011	\$ —
Accident years 2011 - 2020 from tables above	(2)
All Accident years	\$ (2)

Supplementary Information: Average Annual Percentage Payout of Net Incurred Claims by Age, as of December 31, 2020 (Unaudited)

Age in Years	1	2	3	4	5	6	7	8	9	10
Percentage	33 %	38 %	14 %	6 %	4 %	2 %	1 %	1 %	— %	— %

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Prior Period Development — Supplementary Information

The following table presents a reconciliation of the loss development triangles above to prior period development:

Year Ended December 31, 2020 (in millions of U.S. dollars) (favorable)/unfavorable	Components of PPD						
	2011 - 2019 accident years (implied PPD per loss triangles)	Accident years prior to 2011	Other ⁽¹⁾	PPD on loss reserves	RIPs, Expense adjustments, and earned premiums	Total	
North America Commercial P&C Insurance							
Long-tail	\$ (354)	\$ (247)	\$ (102)	\$ (703)	\$ 31	\$ (672)	
Short-tail	(37)	2	5	(30)	—	(30)	
	(391)	(245)	(97) ⁽²⁾	(733)	31 ⁽³⁾	(702)	
North America Personal P&C Insurance (Short-tail)	85	(1)	(3)	81	(18)	63	
Overseas General Insurance							
Long-tail	9	(59)	1	(49)	—	(49)	
Short-tail	(69)	(8)	(24)	(101)	—	(101)	
	(60)	(67)	(23) ⁽⁴⁾	(150)	—	(150)	
Global Reinsurance							
Long-tail	(12)	(10)	(1)	(23)	(2)	(25)	
Short-tail	(2)	—	(1)	(3)	(1)	(4)	
	(14)	(10)	(2)	(26)	(3)	(29)	
Subtotal	\$ (380)	\$ (323)	\$ (125)	\$ (828)	\$ 10	\$ (818)	
North America Agricultural Insurance (Short-tail)				\$ (19)	\$ 9	\$ (10)	
Corporate (Long-tail)				433	—	433	
Consolidated PPD				\$ (414)	\$ 19	\$ (395)	

⁽¹⁾ Other includes the impact of foreign exchange.

⁽²⁾ Includes favorable development of \$80 million related to our Alternative Risk Solutions business (U.S. and Bermuda) and an adjustment to exclude \$15 million in unfavorable development in the workers' compensation line, associated with an increase in exposure for which additional premiums were collected; the remaining difference relates to a number of other items, none of which are individually material.

⁽³⁾ Includes premium returns associated with our Alternative Risk Solutions business, which is excluded from the triangles.

⁽⁴⁾ Includes favorable development of \$22 million related to International A&H business; the remaining difference relates to a number of other items, none of which are individually material.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Prior Period Development

Prior period development (PPD) arises from changes to loss estimates recognized in the current year that relate to loss events that occurred in previous calendar years and excludes the effect of losses from the development of earned premium from previous accident years. Long-tail lines include lines such as workers' compensation, general liability, and professional liability; while short-tail lines include lines such as most property lines, energy, personal accident, and agriculture. The following table summarizes (favorable) and adverse PPD by segment:

Years Ended December 31 (in millions of U.S. dollars, except for percentages)	Long-tail	Short-tail	Total	% of beginning net unpaid reserves ⁽¹⁾
2020				
North America Commercial P&C Insurance	\$ (672)	\$ (30)	\$ (702)	1.4 %
North America Personal P&C Insurance	—	63	63	0.1 %
North America Agricultural Insurance	—	(10)	(10)	— %
Overseas General Insurance	(49)	(101)	(150)	0.3 %
Global Reinsurance	(25)	(4)	(29)	0.1 %
Corporate	433	—	433	0.9 %
Total	\$ (313)	\$ (82)	\$ (395)	0.8 %
2019				
North America Commercial P&C Insurance	\$ (668)	\$ 19	\$ (649)	1.3 %
North America Personal P&C Insurance	—	(95)	(95)	0.2 %
North America Agricultural Insurance	—	(80)	(80)	0.2 %
Overseas General Insurance	(68)	(24)	(92)	0.2 %
Global Reinsurance	(59)	30	(29)	0.1 %
Corporate	153	—	153	0.3 %
Total	\$ (642)	\$ (150)	\$ (792)	1.6 %
2018				
North America Commercial P&C Insurance	\$ (395)	\$ (215)	\$ (610)	1.2 %
North America Personal P&C Insurance	—	41	41	0.1 %
North America Agricultural Insurance	—	(110)	(110)	0.2 %
Overseas General Insurance	(67)	(145)	(212)	0.4 %
Global Reinsurance	(69)	19	(50)	0.1 %
Corporate	45	—	45	0.1 %
Total	\$ (486)	\$ (410)	\$ (896)	1.8 %

⁽¹⁾ Calculated based on the beginning of period consolidated net unpaid losses and loss expenses.

Significant prior period movements by segment, principally driven by reserve reviews completed during each respective period, are discussed in more detail below. The remaining net development for long-tail lines and short-tail business for each segment and Corporate comprises numerous favorable and adverse movements across a number of lines and accident years, none of which is significant individually or in the aggregate.

North America Commercial P&C Insurance
2020

North America Commercial P&C Insurance experienced net favorable PPD of \$702 million, which was the net result of several underlying favorable and adverse movements, and was driven by the following principal changes:

- Net favorable development of \$672 million in long-tail business, primarily from:
 - Net favorable development of \$363 million in workers' compensation lines. The majority of the favorable development related to accident years 2016 and prior, driven by lower than expected loss emergence and related updates to loss development factors. In addition, we experienced favorable development of \$62 million related to our annual assessment of multi-claimant events, including industrial accidents, in the 2019 accident year. Consistent with prior

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

years, we reviewed these potential exposures after the close of the accident year to allow for late reporting or identification of significant losses. This favorable development in accident year 2019 was partially offset by some higher than expected activity from other claims;

- Net favorable development of \$231 million in management liability portfolios, favorably impacting accident years 2015 and prior where paid and reported loss activity was lower than expected, partially offset by adverse development in the 2016 through 2019 accident years, mainly due to higher than expected claim severity in our Directors and Officers (D&O) portfolios;
- Net favorable development of \$83 million in commercial excess and umbrella portfolios, mainly in accident years 2014 and prior, driven by lower paid and reported loss activity relative to prior expectations as well as an increase in weighting towards experience-based methods, partially offset by adverse development in more recent accident years, due to higher than expected loss activity;
- Net favorable development of \$67 million in professional liability (errors & omissions and cyber risk), driven by accident years 2016 and prior, which experienced lower than expected loss emergence;
- Net favorable development of \$43 million in voluntary environmental lines, in accident years 2016 and prior, due to lower than expected loss emergence and a related update to loss development factors;
- Net favorable development of \$41 million on large multi-line prospective deals in the 2016 and prior accident years, due to lower than expected reported loss activity. These structured deals typically cover large clients for multiple product lines and with varying loss limitations; this development is net of premium returns of \$26 million tied to the loss performance of the particular deals;
- Net favorable development of \$40 million in foreign casualty businesses, mainly in accident year 2016, due to lower than expected reported loss activity, partially offset by adverse development on a large loss in accident year 2017;
- Net adverse development of \$48 million in general liability coverages, driven by higher than expected reported loss activity in accident years 2017 through 2019, partially offset by favorable development in older accident years;
- Net adverse development of \$64 million in medical liability businesses, mainly impacting accident years 2016 through 2019, primarily due to higher than expected reported loss emergence and associated changes to loss development factors and loss expectations; and
- Net adverse development of \$77 million in commercial automobile liability, mainly in high deductible and excess portfolios, driven by adverse paid and reported loss emergence and related updates to loss development factors, mainly in accident years 2015 through 2019.
- Net favorable development of \$30 million in short-tail business primarily from:
 - Net favorable development of \$37 million, in accident & health, mainly in accident years 2018 and 2019, driven by lower than expected paid loss emergence;
 - Net favorable development of \$31 million in surety businesses, driven by accident year 2018, where loss emergence was lower than expected; and
 - Net adverse development of \$21 million in our marine portfolios, mainly impacting the 2019 accident year, driven by higher than expected non-catastrophe loss development.

2019

North America Commercial P&C Insurance experienced net favorable PPD of \$649 million, which was the net result of several underlying favorable and adverse movements, and was driven by the following principal changes:

- Net favorable development of \$668 million in long-tail business, primarily from:
 - Net favorable development of \$303 million in workers' compensation lines. This included favorable development of \$61 million related to our annual assessment of multi-claimant events including industrial accidents, in the 2018 accident year. Consistent with prior years, we reviewed these potential exposures after the close of the accident year to allow for late reporting or identification of significant losses. This development in accident year 2018 was partially

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

offset by some higher than expected activity from other claims and from involuntary pools. The remaining overall favorable development was mainly in accident years 2015 and prior, generally driven by lower than expected loss experience and related updates to loss development factors;

- Net favorable development of \$217 million in management liability portfolios, favorably impacting accident years 2015 and prior where paid and reported loss activity was lower than expected, partially offset by adverse development in the 2016 through 2018 accident years, mostly as a result of higher severity claim costs compared to prior expectations in certain lines or coverages, particularly in our Directors and Officers (D&O) portfolios;
- Net favorable development of \$60 million in professional liability (errors & omissions and cyber), mainly in the 2015 and prior accident years where case activity was less than expected, partially offset by adverse development in the 2016 accident year, which was driven by several large adverse claim developments;
- Net favorable development of \$41 million in commercial excess and umbrella portfolios, mainly in accident years 2013 and prior driven by lower paid and reported loss activity relative to prior expectations as well as an increase in weighting towards experience-based methods, partly offset by modestly adverse development in more recent accident years, mainly in 2017 and 2018, due to higher than expected large loss activity;
- Net favorable development of \$39 million in foreign casualty business, impacting accident years 2015 and prior, driven by reported loss activity that was generally lower than expected;
- Net favorable development of \$36 million on large multi-line prospective deals in the 2015 and prior accident years, due to lower than expected reported loss activity. These structured deals typically cover large clients for multiple product lines and with varying loss limitations; this development is net of premium returns of \$34 million tied to the loss performance of the particular deals;
- Net favorable development of \$24 million in medical and life sciences businesses, mainly impacting accident years 2015 and prior, primarily due to favorable reported experience and an increase in weighting towards experience-based methods;
- Favorable development of \$23 million in political risk and trade credit portfolios, mainly impacting the 2015 accident year, primarily due to favorable reported experience and an increase in weighting towards experience-based methods;
- Net adverse development of \$26 million mainly in products and general liability portfolios, including adverse movements within construction, partly offset by commercial-multi peril (CMP) liability, with older accident years generally experiencing favorable run-off, while more recent accident years developing adversely; and
- Net adverse development of \$38 million in automobile liability, driven by adverse paid and reported loss experience mainly in accident years 2014 through 2018.
- Net adverse development of \$19 million in short-tail business, primarily from:
 - Net adverse development, excluding catastrophes, of \$108 million in property and marine portfolios with adverse development of \$152 million across our retail, wholesale, and program distribution channels in accident year 2018, primarily due to a higher than expected severity of non-catastrophe claims, partly offset by favorable development of \$44 million in 2017 and prior accident years on non-catastrophe claims;
 - Net favorable catastrophe development in property and marine portfolios of \$36 million. There was \$41 million of favorable development on the 2017 and 2018 natural catastrophes, mostly in 2017, partly offset by some adverse development on older catastrophe events; and
 - Favorable development of \$49 million in surety businesses, mainly in accident year 2017, driven by lower than expected reported loss activity.

2018

North America Commercial P&C Insurance experienced net favorable PPD of \$610 million, representing 1.2 percent of the beginning consolidated net unpaid losses and loss expense reserves.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

North America Personal P&C Insurance

2020

North America Personal P&C Insurance incurred net adverse PPD of \$63 million, which was the net result of several underlying favorable and adverse movements, and was driven by the following principal changes:

- Net adverse development of \$84 million in the homeowners product line, including valuables, mainly in accident years 2017 through 2019 due to higher than expected non-catastrophe loss emergence and adverse development arising from natural catastrophes in accident years 2017 and 2018; and
- Net favorable development of \$22 million in the personal excess line, driven by favorable development mainly in the 2017 accident year, partially offset by adverse development in accident year 2019.

2019

North America Personal P&C Insurance incurred net favorable PPD of \$95 million, which was the net result of several underlying favorable and adverse movements, and was driven by the following principal changes:

- Net favorable claim development of \$132 million on the 2017 and 2018 natural catastrophes for all lines;
- Net favorable development of \$26 million in our personal excess lines primarily impacting the 2016 accident year, due to lower than expected loss emergence and an increase in weighting towards experience-based methods, partly offset by adverse emergence in accident year 2015; and
- Net adverse development of \$82 million in our homeowners lines, including valuables, arising from non-catastrophe loss emergence, mainly in the 2018 accident year.

2018

North America Personal P&C Insurance incurred net adverse PPD of \$41 million, representing 0.1 percent of the beginning consolidated net unpaid losses and loss expense reserves.

North America Agricultural Insurance

North America Agricultural Insurance experienced net favorable PPD of \$10 million, \$80 million, and \$110 million in 2020, 2019, and 2018, respectively. Actual claim development mainly relates to our Multiple Peril Crop Insurance business and was favorable due to better than expected crop yield results in certain states at the prior year-end period (i.e., 2020 results based on crop yield results at year-end 2019).

Overseas General Insurance

2020

Overseas General Insurance experienced net favorable PPD of \$150 million which was the net result of several underlying favorable and adverse movements, and was driven by the following principal changes:

- Net favorable development of \$49 million in long-tail business, primarily from:
 - Net favorable development of \$94 million in casualty lines, including favorable development of \$143 million in accident years 2016 and prior, due to lower than expected loss emergence across primary and excess lines in Continental Europe, U.K., and Asia Pacific, partially offset by adverse development of \$49 million in accident years 2017 through 2019, primarily due to adverse large loss experience in U.K. and Asia Pacific;
 - Net favorable development of \$22 million in political risk, driven by lower than expected loss emergence in accident years 2018 and 2019; and
 - Net adverse development of \$80 million in financial lines, with favorable development of \$61 million in accident years 2015 and prior, primarily from favorable case-specific settlements within Continental Europe and Asia Pacific financial institutions, which was more than offset by adverse development of \$141 million in accident years 2016 through 2019, primarily due to adverse large loss experience in D&O portfolios in the U.K. and Asia Pacific.
- Net favorable development of \$101 million in short-tail business, primarily from:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

- Net favorable development of \$69 million in marine, driven by favorable loss emergence and claim-specific loss settlements across all regions in accident years 2012 through 2019; and
- Net favorable development of \$21 million in A&H, driven by favorable development across Continental Europe, U.K. and Latin America primarily in accident years 2018 and 2019.

2019

Overseas General Insurance experienced net favorable PPD of \$92 million, which was the net result of several underlying favorable and adverse movements, and was driven by the following principal changes:

- Net favorable development of \$68 million in long-tail business, primarily from:
 - Net favorable development of \$101 million in casualty lines, including favorable development of \$123 million in accident years 2015 and prior, due to lower than expected loss emergence mainly across primary lines in Continental Europe, U.K., and Asia Pacific, partially offset by adverse development of \$22 million in accident years 2016 through 2018, primarily due to adverse attritional and large loss experience in Continental Europe; and
 - Net adverse development of \$52 million in financial lines, including adverse development of \$127 million in accident years 2016 through 2018, primarily due to adverse large loss experience in D&O in the U.K. and Asia Pacific, offset by favorable development of \$75 million in accident years 2015 and prior, due to lower than expected loss emergence across most regions in D&O and Professional Indemnity.
- Net favorable of \$24 million in short-tail business, primarily from:
 - Net favorable development of \$45 million in A&H, driven by favorable development across Continental Europe, Latin America and Asia Pacific primarily in accident years 2017 and 2018;
 - Net favorable development of \$36 million in marine, driven by favorable loss emergence and claim-specific loss settlements across most regions and several accident years, including favorable liability emergence and litigation settlements in accident years 2016 and prior;
 - Net adverse development of \$23 million in construction, driven by adverse large loss experience in accident year 2018 for U.K. and Asia Pacific; and
 - Net adverse development of \$27 million in Surety, driven by adverse large loss experience across Continental Europe and Latin America in accident years 2017 and 2018.

2018

Overseas General Insurance experienced net favorable PPD of \$212 million, representing 0.4 percent of the beginning consolidated net unpaid losses and loss expense reserves.

Global Reinsurance

2020

Global Reinsurance experienced net favorable PPD of \$29 million, which was the net result of several underlying favorable and adverse movements, none of which is significant individually or in the aggregate.

2019

Global Reinsurance experienced net favorable PPD of \$29 million, which was the net result of several underlying favorable and adverse movements, and was driven by the following principal changes:

- Net favorable development of \$59 million in long-tail business, primarily in our auto, casualty, professional liability, medical malpractice, and workers' compensation lines primarily from treaty years 2013 and prior principally due to lower than expected loss emergence; and
- Net adverse development of \$30 million in short-tail business, which included \$44 million of adverse development on 2017 and 2018 natural catastrophe events.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

2018

Global Reinsurance experienced net favorable PPD of \$50 million, representing 0.1 percent of the beginning consolidated net unpaid losses and loss expense reserves.

Corporate

2020

Corporate incurred adverse development of \$433 million in long-tail lines, driven by the following principal changes:

- Adverse development of \$254 million for U.S. child molestation claims, predominantly reviver statute-related;
- Adverse development of \$106 million associated with asbestos and environmental liabilities, generally attributable to certain case specific incurred activity and higher than expected indemnity, expenses and defense costs on a limited number of accounts;
- Adverse development of \$38 million on unallocated loss adjustment expenses due to run-off operating expenses paid and incurred in 2020 and \$27 million from an increase in the provision for uncollectible reinsurance.

2019

Corporate incurred adverse development of \$153 million in long-tail lines, driven by the following principal changes:

- Adverse development of \$116 million driven principally by adverse development in asbestos and environmental liabilities due to the emergence of a limited number of excess accounts and somewhat greater than expected defense and indemnity costs (generally impacting larger modeled accounts); and
- Adverse development of \$37 million on unallocated loss adjustment expenses due to run-off operating expenses paid and incurred in 2019.

2018

Corporate incurred adverse PPD of \$45 million, representing 0.1 percent of the beginning consolidated net unpaid losses and loss expense reserves.

Asbestos and environmental (A&E)

Chubb's exposure to A&E claims principally arises out of liabilities acquired when it purchased Westchester Specialty in 1998, CIGNA's P&C business in 1999, and Chubb Corp in 2016. The following table presents a roll-forward of consolidated A&E loss reserves including allocated loss expense reserves for A&E exposures, and the valuation allowance for uncollectible paid and unpaid reinsurance recoverables:

(in millions of U.S. dollars)	Asbestos		Environmental		Total	
	Gross	Net	Gross	Net	Gross	Net
Balance at December 31, 2017	\$ 1,621	\$ 1,051	\$ 607	\$ 476	\$ 2,228	\$ 1,527
Incurred activity	136	75	101	(97)	237	(22) ⁽¹⁾
Paid activity	(265)	(162)	(83)	104	(348)	(58)
Balance at December 31, 2018	1,492	964	625	483	2,117	1,447
Incurred activity	129	70	46	28	175	98 ⁽¹⁾
Paid activity	(162)	(118)	(142)	(101)	(304)	(219)
Balance at December 31, 2019	1,459	916	529	410	1,988	1,326
Incurred activity	150	90	79	41	229	131 ⁽¹⁾
Paid activity	(258)	(133)	(91)	(72)	(349)	(205)
Balance at December 31, 2020	\$ 1,351	\$ 873	\$ 517	\$ 379	\$ 1,868	\$ 1,252

⁽¹⁾ Excludes unallocated loss expenses and the net activity reflects third-party reinsurance other than the aggregate excess of loss reinsurance provided by National Indemnity Company (NICO) to Westchester Specialty (see Westchester Specialty section below).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

The A&E net loss reserves including allocated loss expense reserves and valuation allowance for uncollectible reinsurance at December 31, 2020 and 2019 shown in the table above is comprised of:

(in millions of U.S. dollars)	December 31	
	2020	2019
Brandywine operations	\$ 736	\$ 754
Westchester Specialty	103	117
Chubb Corp	333	381
Other, mainly Overseas General Insurance	80	74
Total	\$ 1,252	\$ 1,326

Brandywine Run-off entities – The Restructuring Plan and uncertainties relating to Chubb's ultimate Brandywine exposure

In 1996, the Pennsylvania Insurance Commissioner approved a plan to restructure INA Financial Corporation and its subsidiaries (the Restructuring) which included the division of Insurance Company of North America (INA) into two separate corporations:

- (1) An active insurance company that retained the INA name and continued to write P&C business; and
- (2) An inactive run-off company, now called Century Indemnity Company (Century).

As a result of the division, predominantly all A&E and certain other liabilities of INA were ascribed to Century and extinguished, as a matter of Pennsylvania law, as liabilities of INA.

As part of the Restructuring, most A&E liabilities of various U.S. affiliates of INA were reinsured to Century. Century and certain other run-off companies having A&E and other liabilities were contributed to Brandywine Holdings.

The U.S.-based Chubb INA companies assumed two contractual obligations in respect of the Brandywine operations in connection with the Restructuring: a surplus maintenance obligation in the form of the excess of loss (XOL) agreement and a dividend retention fund obligation.

XOL Agreement

In 1996, in connection with the Restructuring, a Chubb INA insurance subsidiary provided reinsurance coverage to Century in the amount of \$800 million under an Aggregate Excess of Loss Reinsurance Agreement (XOL Agreement), triggerable if the statutory capital and surplus of Century falls below \$25 million or if Century lacks liquid assets with which to pay claims as they become due.

Dividend Retention Fund

INA Financial Corporation established and funded a dividend retention fund (the Dividend Retention Fund) consisting of \$50 million plus investment earnings. The full balance of the Dividend Retention Fund was contributed to Century as of December 31, 2002. Under the Restructuring Order, while any obligation to maintain the Dividend Retention Fund is in effect, to the extent dividends are paid by INA Holdings Corporation to its parent, INA Financial Corporation, and to the extent INA Financial Corporation then pays such dividends to INA Corporation, a portion of those dividends must be withheld to replenish the principal of the Dividend Retention Fund to \$50 million. During 2020, 2019, 2018, 2011 and 2010, \$250 million, \$90 million, \$50 million, \$35 million and \$15 million, respectively, were withheld from such dividends and deposited into the Dividend Retention Fund as a result of dividends paid up to the INA Corporation. Pursuant to a 2011 amendment to the Restructuring Order, capital contributions from the Dividend Retention Fund to Century are not required until the XOL Agreement has less than \$200 million of capacity remaining on an incurred basis for statutory reporting purposes. The amount of the required capital contribution shall be the lesser of the amount necessary to restore the XOL Agreement remaining capacity to \$200 million or the Dividend Retention Fund balance. In 2020 and 2019, capital contributions of \$302 million and \$64 million were made, respectively, from the Dividend Retention Fund to Century. The Dividend Retention Fund may not be terminated without prior written approval from the Pennsylvania Insurance Commissioner.

Effective December 31, 2004, Chubb INA contributed \$100 million to Century in exchange for a surplus note. After giving effect to the contribution and issuance of the surplus note, the statutory surplus of Century at December 31, 2020 was \$25 million and \$573 million in statutory-basis losses have been ceded to the XOL Agreement on an inception-to-date basis. Century reports the amount ceded under the XOL Agreement in accordance with statutory accounting principles, which differ from GAAP

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by, among other things, allowing Century to discount its liabilities, including certain asbestos related and environmental pollution liabilities and Century's reinsurance payable to active companies. For GAAP reporting purposes, intercompany reinsurance recoverables related to the XOL are eliminated upon consolidation.

While Chubb believes it has no legal obligation to fund Century losses above the XOL limit of coverage, Chubb's consolidated results would nevertheless continue to include any losses above the limit of coverage for so long as the Brandywine companies remain consolidated subsidiaries of Chubb.

Certain active Chubb companies are primarily liable for asbestos, environmental, and other exposures that they have reinsured to Century. Accordingly, if Century were to become insolvent and placed into rehabilitation or liquidation, some or all of the recoverables due to these active Chubb companies from Century could become uncollectible. At December 31, 2020 and 2019, the aggregate reinsurance recoverables owed by Century to certain active Chubb companies were approximately \$1.6 billion and \$1.5 billion, respectively, on an undiscounted basis. Chubb believes the active company intercompany reinsurance recoverables, which relate to direct liabilities payable over many years, are not impaired. At December 31, 2020 and 2019, Century's carried gross reserves (including reserves assumed from the active Chubb companies) were \$2.1 billion and \$1.8 billion, respectively. Should Century's loss reserves experience adverse development in the future and should Century be placed into rehabilitation or liquidation, the reinsurance recoverables due from Century to certain active Chubb companies would be payable only after the payment in full of certain expenses and liabilities, including administrative expenses and direct policy liabilities. Thus, the intercompany reinsurance recoverables would be at risk to the extent of the shortage of assets remaining to pay these recoverables.

Westchester Specialty – impact of NICO contracts on Chubb's run-off entities

As part of the Westchester Specialty acquisition in 1998, NICO provided a 75 percent pro-rata share of \$1.0 billion of reinsurance protection on losses and loss adjustment expenses incurred on or before December 31, 1996, in excess of a retention of \$721 million. At December 31, 2020, the remaining unused incurred limit under the Westchester NICO agreement was \$372 million.

8. Taxation

Under Swiss law through December 31, 2020, a resident company is subject to income tax at the federal, cantonal, and communal levels that is levied on net worldwide income. Income attributable to permanent establishments or real estate located abroad is excluded from the Swiss tax base. Furthermore, participation relief (i.e., tax relief) is granted to Chubb Limited at the federal, cantonal, and communal level for qualifying dividend income and capital gains related to the sale of qualifying participations (i.e., subsidiaries). Chubb Limited is subject to an annual cantonal and communal capital tax on the taxable equity of Chubb Limited in Switzerland.

Chubb has two Swiss operating subsidiaries, an insurance company, Chubb Insurance (Switzerland) Limited and a reinsurance company, Chubb Reinsurance (Switzerland) Limited. Both are subject to federal, cantonal, and communal income tax and to annual cantonal and communal capital tax.

Under current Bermuda law, Chubb Limited and its Bermuda subsidiaries are not required to pay any taxes on income or capital gains. If a Bermuda law were enacted that would impose taxes on income or capital gains, Chubb Limited and the Bermuda subsidiaries have received an undertaking from the Minister of Finance in Bermuda that would exempt such companies from Bermudian taxation until March 2035.

Income from Chubb's operations at Lloyd's is subject to United Kingdom (U.K.) corporation income taxes. Lloyd's is required to pay U.S. income tax on U.S. connected income written by Lloyd's syndicates. Lloyd's has a closing agreement with the Internal Revenue Service (IRS) whereby the amount of tax due on this business is calculated by Lloyd's and remitted directly to the IRS. These amounts are then charged to the accounts of Chubb's Corporate Members in proportion to their participation in the relevant syndicates. Chubb's Corporate Members are subject to this arrangement but, as U.K. domiciled companies, will receive U.K. corporation tax credits for any U.S. income tax incurred up to the value of the equivalent U.K. corporation income tax charge on this income.

Chubb Group Holdings and its respective subsidiaries are subject to income taxes imposed by U.S. authorities and file a consolidated U.S. Federal income tax return. Should Chubb Group Holdings pay a dividend to Chubb Limited, withholding taxes

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would apply. Currently, however, no withholding taxes are accrued with respect to such un-remitted earnings as management has no intention of remitting these earnings. Similarly, no taxes have been provided on the un-remitted earnings of certain foreign subsidiaries (Hong Kong and Korea life insurance companies) as management has no intention of remitting these earnings. The cumulative amount that would be subject to withholding tax, if distributed, as well as the determination of the associated tax liability are not practicable to compute; however, such amount would be material.

Certain international operations of Chubb are also subject to income taxes imposed by the jurisdictions in which they operate.

Chubb's domestic operations are in Switzerland, the jurisdiction where we are legally organized, incorporated, and registered. As a result of Swiss tax reform legislation effective in 2020, the Swiss tax rate increased from 7.83 percent in years 2018 and 2019 to 21.2 percent in 2020.

The following table presents pre-tax income and the related provision for income taxes:

(in millions of U.S. dollars)	Year Ended December 31		
	2020	2019	2018
Pre-tax income:			
Switzerland	\$ 350	\$ 440	\$ 950
Outside Switzerland	3,812	4,809	3,707
Total pre-tax income	\$ 4,162	\$ 5,249	\$ 4,657
Provision for income taxes			
Current tax expense:			
Switzerland	\$ 52	\$ 29	\$ 89
Outside Switzerland	876	879	563
Total current tax expense	928	908	652
Deferred tax expense (benefit):			
Switzerland	2	11	3
Outside Switzerland	(301)	(124)	40
Total deferred tax expense (benefit)	(299)	(113)	43
Provision for income taxes	\$ 629	\$ 795	\$ 695

The most significant jurisdictions contributing to the overall taxation of Chubb are calculated using the following rates in 2020: Switzerland 21.2 percent, U.S. 21.0 percent, U.K. 19.0 percent, and Bermuda 0.0 percent.

The following table presents a reconciliation of the difference between the provision for income taxes and the expected tax provision at the Swiss statutory income tax rate:

(in millions of U.S. dollars)	Year Ended December 31		
	2020	2019	2018
Expected tax provision at Swiss statutory tax rate	\$ 880	\$ 411	\$ 365
Permanent differences:			
Taxes on earnings subject to rate other than Swiss statutory rate	(337)	376	372
Tax-exempt interest and dividends received deduction, net of proration	(41)	(49)	(75)
Net withholding taxes	67	40	33
Share-based compensation	(10)	(12)	(19)
Impact of 2017 Tax Act	—	—	(25)
Other	70	29	44
Provision for income taxes	\$ 629	\$ 795	\$ 695

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

The following table presents the components of net deferred tax assets and liabilities:

(in millions of U.S. dollars)	December 31 2020	December 31 2019
Deferred tax assets:		
Loss reserve discount	\$ 884	\$ 826
Unearned premiums reserve	496	519
Foreign tax credits	222	247
Provision for uncollectible balances	46	37
Loss carry-forwards	123	143
Debt related amounts	69	74
Compensation related amounts	281	261
Cumulative translation adjustments	120	33
Investments	75	—
Lease liability	121	140
Total deferred tax assets	2,437	2,280
Deferred tax liabilities:		
Deferred policy acquisition costs	522	588
Other intangible assets, including VOBA	1,425	1,468
Un-remitted foreign earnings	77	73
Investments	—	40
Unrealized appreciation on investments	957	470
Depreciation	123	157
Lease right-of-use asset	111	129
Other, net	31	45
Total deferred tax liabilities	3,246	2,970
Valuation allowance	83	114
Net deferred tax liabilities	\$ (892)	\$ (804)

The valuation allowance of \$83 million and \$114 million at December 31, 2020 and 2019, respectively, reflects management's assessment, based on available information, that it is more likely than not that a portion of the deferred tax assets will not be realized due to the inability of certain non-U.S. subsidiaries to generate sufficient taxable income. Adjustments to the valuation allowance are made when there is a change in management's assessment of the amount of deferred tax assets that are realizable.

At December 31, 2020, Chubb has net operating loss carry-forwards of \$407 million which, if unused, will expire starting in 2021, and a foreign tax credit carry-forward in the amount of \$222 million which, if unused, will expire starting in 2026.

The following table presents a reconciliation of the beginning and ending amount of gross unrecognized tax benefits:

(in millions of U.S. dollars)	December 31 2020	December 31 2019
Balance, beginning of year	\$ 47	\$ 14
Additions based on tax positions related to the current year	5	12
Additions based on tax positions related to prior years	24	23
Reductions for the lapse of the applicable statutes of limitations	—	(2)
Balance, end of year	\$ 76	\$ 47

At December 31, 2020 and 2019, the gross unrecognized tax benefits of \$76 million and \$47 million, respectively, can be reduced by \$31 million and \$19 million, respectively, associated with foreign tax credits. The net amounts of \$45 million and \$28 million at December 31, 2020 and 2019, respectively, if recognized, would favorably affect the effective tax rate. We

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

made a settlement of a liability in January 2021 for \$23 million, including interest. It is reasonably possible that over the next twelve months, that the amount of unrecognized tax benefits may change further resulting from the re-evaluation of unrecognized tax benefits arising from examinations by taxing authorities and the lapses of statutes of limitations.

Chubb recognizes accruals for interest and penalties, if any, related to unrecognized tax benefits in income tax expense in the Consolidated statements of operations. Tax-related interest expense and penalties reported in the Consolidated statements of operations were \$8 million at December 31, 2020, \$5 million at December 31, 2019, and were immaterial for 2018. Liabilities for tax-related interest and penalties in our Consolidated balance sheets were \$16 million and \$8 million at December 31, 2020 and 2019, respectively.

In March 2017, the IRS commenced its field examination of Chubb Group Holdings' U.S. Federal income tax returns for 2014 and 2015. The Chubb Group Holdings examination for 2014 and 2015 tax years is still ongoing with no material adjustments proposed to date. In July 2020, the IRS commenced its field examination of Chubb Group Holdings' U.S. Federal income tax returns for 2016, 2017 and 2018. As a multinational company, we also have examinations under way in several foreign jurisdictions. With few exceptions, Chubb is no longer subject to income tax examinations for years prior to 2010.

The following table summarizes tax years open for examination by major income tax jurisdiction:

At December 31, 2020

Australia	2014	-	2020
Canada	2012	-	2020
France	2018	-	2020
Germany	2015	-	2020
Italy	2010	-	2020
Mexico	2014	-	2020
Spain	2012	-	2020
Switzerland	2016	-	2020
United Kingdom	2015	-	2020
United States	2014	-	2020

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

9. Debt

(in millions of U.S. dollars)	December 31 2020	December 31 2019	Early Redemption Option
Repurchase agreements (weighted average interest rate of 0.3% in 2020 and 2.2% in 2019)	\$ 1,405	\$ 1,416	None
Short-term debt			
Chubb INA:			
\$1,300 million 2.3% due November 2020	\$ —	\$ 1,298	Make-whole premium plus 15 bps
Other short-term debt 2.75% due September 2020	—	1	None
Total short-term debt	\$ —	\$ 1,299	
Long-term debt			
Chubb INA:			
\$1,000 million 2.875% senior notes due November 2022	\$ 998	\$ 997	Make-whole premium plus 20 bps
\$475 million 2.7% senior notes due March 2023	474	473	Make-whole premium plus 10 bps
\$700 million 3.35% senior notes due May 2024	698	697	Make-whole premium plus 15 bps
€700 million 0.3% senior notes due December 2024	841	776	Make-whole premium plus 15 bps
\$800 million 3.15% senior notes due March 2025	797	796	Make-whole premium plus 15 bps
\$1,500 million 3.35% senior notes due May 2026	1,493	1,492	Make-whole premium plus 20 bps
€575 million 0.875% senior notes due June 2027	691	635	Make-whole premium plus 20 bps
€900 million 1.55% senior notes due March 2028	1,079	993	Make-whole premium plus 15 bps
\$100 million 8.875% debentures due August 2029	100	100	None
€700 million 0.875% senior notes due December 2029	840	775	Make-whole premium plus 20 bps
\$1,000 million 1.375% senior notes due September 2030	991	—	Make-whole premium plus 15 bps
€575 million 1.4% senior notes due June 2031	687	633	Make-whole premium plus 25 bps
\$200 million 6.8% debentures due November 2031	242	246	Make-whole premium plus 25 bps
\$300 million 6.7% senior notes due May 2036	298	297	Make-whole premium plus 20 bps
\$800 million 6.0% senior notes due May 2037	945	953	Make-whole premium plus 20 bps
€900 million 2.5% senior notes due March 2038	1,077	992	Make-whole premium plus 25 bps
\$600 million 6.5% senior notes due May 2038	743	751	Make-whole premium plus 30 bps
\$475 million 4.15% senior notes due March 2043	470	470	Make-whole premium plus 15 bps
\$1,500 million 4.35% senior notes due November 2045	1,484	1,483	Make-whole premium plus 25 bps
Total long-term debt	\$ 14,948	\$ 13,559	
Trust preferred securities			
Chubb INA capital securities due April 2030	\$ 308	\$ 308	Redemption prices ⁽¹⁾

⁽¹⁾ Redemption prices are equal to accrued and unpaid interest to the redemption date plus the greater of (i) 100 percent of the principal amount thereof, or (ii) sum of present value of scheduled payments of principal and interest on the capital securities from the redemption date to April 1, 2030.

a) Repurchase agreements

Chubb has executed repurchase agreements with certain counterparties under which Chubb agreed to sell securities and repurchase them at a future date for a predetermined price.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

b) Short-term debt

Short-term debt comprises the current maturities of our long-term debt instruments described below. These short-term debt instruments were reclassified from long-term debt and are reflected in the table above. Chubb INA Holdings Inc.'s (Chubb INA) \$1,300 million of 2.3 percent senior notes due November 2020 was paid upon maturity.

c) Long-term debt

The \$100 million of 8.875 percent debentures due August 2029 do not have an early redemption option. The remaining Chubb INA senior notes and debentures, including the \$1,000 million of 1.375 percent senior notes issued September 2020, and capital securities are redeemable at any time at Chubb INA's option subject to the provisions described in the table above. A "make-whole" premium is the present value of the remaining principal and interest discounted at the applicable U.S. Treasury rate. These debt securities are also redeemable at par plus accrued and unpaid interest in the event of certain changes in tax law.

The senior notes and debentures do not have the benefit of any sinking fund and are guaranteed on a senior basis by Chubb Limited and they rank equally with all of Chubb's other senior obligations. They also contain customary limitations on lien provisions as well as customary events of default provisions which, if breached, could result in the accelerated maturity of such senior debt.

d) Trust preferred securities

In March 2000, ACE Capital Trust II, a Delaware statutory business trust, publicly issued \$300 million of 9.7 percent Capital Securities (the Capital Securities) due to mature in April 2030. At the same time, Chubb INA purchased \$9.2 million of common securities of ACE Capital Trust II. The sole assets of ACE Capital Trust II consist of \$309 million principal amount of 9.7 percent Junior Subordinated Deferrable Interest Debentures (the Subordinated Debentures) issued by Chubb INA due to mature in April 2030.

Distributions on the Capital Securities are payable semi-annually and may be deferred for up to ten consecutive semi-annual periods (but no later than April 1, 2030). Any deferred payments would accrue interest compounded semi-annually if Chubb INA defers interest on the Subordinated Debentures. Interest on the Subordinated Debentures is payable semi-annually. Chubb INA may defer such interest payments (but no later than April 1, 2030), with such deferred payments accruing interest compounded semi-annually. The Capital Securities and the ACE Capital Trust II Common Securities will be redeemed upon repayment of the Subordinated Debentures.

Chubb Limited has guaranteed, on a subordinated basis, Chubb INA's obligations under the Subordinated Debentures, and distributions and other payments due on the Capital Securities. These guarantees, when taken together with Chubb's obligations under expense agreements entered into with ACE Capital Trust II, provide a full and unconditional guarantee of amounts due on the Capital Securities.

10. Commitments, contingencies, and guarantees

a) Derivative instruments

Foreign currency management

As a global company, Chubb entities transact business in multiple currencies. Our policy is to generally match assets, liabilities, and required capital for each individual jurisdiction in local currency, which would include the use of derivatives discussed below. We do not hedge our net asset non-U.S. dollar capital positions; however, we do consider economic hedging for planned cross border transactions.

Derivative instruments employed

Chubb maintains positions in derivative instruments such as futures, options, swaps, and foreign currency forward contracts for which the primary purposes are to manage duration and foreign currency exposure, yield enhancement, or to obtain an exposure to a particular financial market. Chubb also maintains positions in convertible securities that contain embedded derivatives. Investment derivative instruments are recorded in either Other assets (OA) or Accounts payable, accrued expenses, and other liabilities (AP), convertible bonds are recorded in Fixed maturities available for sale (FM AFS), and convertible equity securities are recorded in Equity securities (ES) in the Consolidated balance sheets. These are the most numerous and frequent derivative transactions. In addition, Chubb purchases to be announced mortgage-backed securities (TBAs) as part of its investing activities.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Under reinsurance programs covering GLBs, Chubb assumes the risk of GLBs, principally GMIB, associated with variable annuity contracts. The GMIB risk is triggered if, at the time the contract holder elects to convert the accumulated account value to a periodic payment stream (annuitize), the accumulated account value is not sufficient to provide a guaranteed minimum level of monthly income. The GLB reinsurance product meets the definition of a derivative instrument and is classified within AP. Chubb also generally maintains positions in exchange-traded equity futures contracts on equity market indices to limit equity exposure in the GMDB and GLB book of business. All derivative instruments are carried at fair value with changes in fair value recorded in Net realized gains (losses) in the Consolidated statements of operations. None of the derivative instruments are designated as hedges for accounting purposes. The following table presents the balance sheet locations, fair values of derivative instruments in an asset or (liability) position, and notional values/payment provisions of our derivative instruments:

(in millions of U.S. dollars)	Consolidated Balance Sheet Location	December 31, 2020			December 31, 2019		
		Fair Value		Notional Value/ Payment Provision	Fair Value		Notional Value/ Payment Provision
		Derivative Asset	Derivative (Liability)		Derivative Asset	Derivative (Liability)	
<i>Investment and embedded derivative instruments:</i>							
Foreign currency forward contracts	OA / (AP)	\$ 22	\$ (49)	\$ 2,807	\$ 11	\$ (78)	\$ 2,579
Options/Futures contracts on notes, bonds, and equities	OA / (AP)	13	(3)	1,749	13	(15)	1,615
Convertible securities ⁽¹⁾	FM AFS / ES	9	—	11	4	—	5
		\$ 44	\$ (52)	\$ 4,567	\$ 28	\$ (93)	\$ 4,199
<i>Other derivative instruments:</i>							
Futures contracts on equities ⁽²⁾	OA / (AP)	\$ —	\$ (17)	\$ 709	\$ —	\$ (13)	\$ 613
Other	OA / (AP)	—	—	16	2	—	63
		\$ —	\$ (17)	\$ 725	\$ 2	\$ (13)	\$ 676
GLB ⁽³⁾	(AP)	\$ —	\$ (1,089)	\$ 1,658	\$ —	\$ (897)	\$ 1,510

⁽¹⁾ Includes fair value of embedded derivatives.

⁽²⁾ Related to GMDB and GLB book of business.

⁽³⁾ Note that the payment provision related to GLB is the net amount at risk. The concept of a notional value does not apply to the GLB reinsurance contracts.

At December 31, 2020 and 2019, net derivative liabilities of \$30 million and \$75 million, respectively, included in the table above were subject to a master netting agreement. The remaining derivatives included in the table above were not subject to a master netting agreement.

b) Derivative instrument objectives

(i) Foreign currency exposure management

A foreign currency forward contract (forward) is an agreement between participants to exchange specific currencies at a future date. Chubb uses forwards to minimize the effect of fluctuating foreign currencies as discussed above.

(ii) Duration management and market exposure

Futures

Futures contracts give the holder the right and obligation to participate in market movements, determined by the index or underlying security on which the futures contract is based. Settlement is made daily in cash by an amount equal to the change in value of the futures contract times a multiplier that scales the size of the contract. Exchange-traded futures contracts on money market instruments, notes and bonds are used in fixed maturity portfolios to more efficiently manage duration, as substitutes for ownership of the money market instruments, bonds and notes without significantly increasing the risk in the portfolio. Investments in futures contracts may be made only to the extent that there are assets under management not otherwise committed.

Exchange-traded equity futures contracts are used to limit exposure to a severe equity market decline, which would cause an increase in expected claims and therefore, an increase in future policy benefit reserves for GMDB and an increase in the fair value liability for GLB reinsurance business.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Options

An option contract conveys to the holder the right, but not the obligation, to purchase or sell a specified amount or value of an underlying security at a fixed price. Option contracts are used in our investment portfolio as protection against unexpected shifts in interest rates, which would affect the duration of the fixed maturity portfolio. By using options in the portfolio, the overall interest rate sensitivity of the portfolio can be reduced. Option contracts may also be used as an alternative to futures contracts in the synthetic strategy as described above.

The price of an option is influenced by the underlying security, expected volatility, time to expiration, and supply and demand.

The credit risk associated with the above derivative financial instruments relates to the potential for non-performance by counterparties. Although non-performance is not anticipated, in order to minimize the risk of loss, management monitors the creditworthiness of its counterparties and obtains collateral. The performance of exchange-traded instruments is guaranteed by the exchange on which they trade. For non-exchange-traded instruments, the counterparties are principally banks which must meet certain criteria according to our investment guidelines.

Interest rate swaps

An interest rate swap is a contract between two counterparties in which interest payments are made based on a notional principal amount, which itself is never paid or received. Under the terms of an interest rate swap, one counterparty makes interest payments based on a fixed interest rate and the other counterparty's payments are based on a floating rate. Interest rate swap contracts are used occasionally in our investment portfolio as protection against unexpected shifts in interest rates, which would affect the fair value of the fixed maturity portfolio. By using interest rate swaps in the portfolio, the overall duration or interest rate sensitivity of the portfolio can be impacted.

Cross-currency swaps

Cross-currency swaps are agreements under which two counterparties exchange interest payments and principal denominated in different currencies at a future date. We use cross-currency swaps to reduce the foreign currency and interest rate risk by converting cash flows back into local currency. We invest in foreign currency denominated investments to improve credit diversification and also to obtain better duration matching to our liabilities that is limited in the local currency market.

Other

Included within Other are derivatives intended to reduce potential losses which may arise from certain exposures in our insurance business. The economic benefit provided by these derivatives is similar to purchased reinsurance. For example, Chubb may enter into crop derivative contracts to protect underwriting results in the event of a significant decline in commodity prices.

(iii) Convertible security investments

A convertible security is a debt instrument or preferred stock that can be converted into a predetermined amount of the issuer's equity. The convertible option is an embedded derivative within the host instruments which are classified in the investment portfolio as either available for sale or as an equity security. Chubb purchases convertible securities for their total return and not specifically for the conversion feature.

(iv) TBA

By acquiring TBAs, we make a commitment to purchase a future issuance of mortgage-backed securities. For the period between purchase of the TBAs and issuance of the underlying security, we account for our position as a derivative in the Consolidated Financial Statements. Chubb purchases TBAs both for their total return and for the flexibility they provide related to our mortgage-backed security strategy.

(v) GLB

Under the GLB program, as the assuming entity, Chubb is obligated to provide coverage until the expiration or maturity of the underlying deferred annuity contracts or the expiry of the reinsurance treaty. The GLB is accounted for as a derivative and is recorded at fair value. Fair value represents management's estimate of an exit price and thus, includes a risk margin. We may recognize a realized loss for other changes in fair value due to adverse changes in the capital markets (e.g., declining interest rates and/or declining U.S. and/or international equity markets) and changes in actual or estimated future policyholder behavior (e.g., increased annuitization or decreased lapse rates) although we expect the business to be profitable.

To mitigate adverse changes in the capital markets, we maintain positions in exchange-traded equity futures contracts, as noted under section "(ii) Futures" above. These futures increase in fair value when the S&P 500 index decreases (and decrease in fair

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

value when the S&P 500 index increases). The net impact of gains or losses related to changes in fair value of the GLB liability and the exchange-traded equity futures are included in Net realized gains (losses).

c) Securities lending and secured borrowings

Chubb participates in a securities lending program operated by a third-party banking institution whereby certain assets are loaned to qualified borrowers and from which we earn an incremental return. The securities lending collateral can only be drawn down by Chubb in the event that the institution borrowing the securities is in default under the lending agreement. An indemnification agreement with the lending agent protects us in the event a borrower becomes insolvent or fails to return any of the securities on loan. The collateral is recorded in Securities lending collateral and the liability is recorded in Securities lending payable in the Consolidated balance sheets. The following table presents the carrying value of collateral held under securities lending agreements by investment category and remaining contractual maturity of the underlying agreements:

(in millions of U.S. dollars)	December 31, 2020		December 31, 2019	
			Overnight and Continuous	
<i>Collateral held under securities lending agreements:</i>				
Cash	\$	551	\$	346
U.S. Treasury / Agency		148		6
Non-U.S.		1,032		595
Corporate and asset-backed securities		30		5
Mortgage-backed securities		4		18
Equity securities		79		24
	\$	1,844	\$	994
Gross amount of recognized liability for securities lending payable	\$	1,844	\$	994

At December 31, 2020 and 2019, our repurchase agreement obligations of \$1,405 million and \$1,416 million, respectively, were fully collateralized. In contrast to securities lending programs, the use of cash received is not restricted for the repurchase obligations. The fair value of the underlying securities sold remains in Fixed maturities available for sale, and the repurchase agreement obligation is recorded in Repurchase agreements in the Consolidated balance sheets.

The following table presents the carrying value of collateral pledged under repurchase agreements by investment category and remaining contractual maturity of the underlying agreements:

(in millions of U.S. dollars)	December 31, 2020			December 31, 2019			
	30-90 Days	Greater than 90 Days	Total	Up to 30 Days	30-90 Days	Greater than 90 Days	Total
<i>Collateral pledged under repurchase agreements:</i>							
Cash	\$ —	\$ 4	\$ 4	\$ 2	\$ —	\$ —	\$ 2
U.S. Treasury / Agency	—	106	106	107	—	—	107
Mortgage-backed securities	481	871	1,352	399	476	480	1,355
	\$ 481	\$ 981	\$ 1,462	\$ 508	\$ 476	\$ 480	\$ 1,464
Gross amount of recognized liabilities for repurchase agreements			\$ 1,405				\$ 1,416
Difference ⁽¹⁾			\$ 57				\$ 48

⁽¹⁾ Per the repurchase agreements, the amount of collateral posted is required to exceed the amount of gross liability.

Potential risks exist in our secured borrowing transactions due to market conditions and counterparty exposure. With collateral that we pledge, there is a risk that the collateral may not be returned at the expiration of the agreement. If the counterparty fails to return the collateral, Chubb will have free use of the borrowed funds until our collateral is returned. In addition, we may encounter the risk that Chubb may not be able to renew outstanding borrowings with a new term or with an existing counterparty due to market conditions including a decrease in demand as well as more restrictive terms from banks due to

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

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increased regulatory and capital constraints. Should this condition occur, Chubb may seek alternative borrowing sources or reduce borrowings. Additionally, increased margins and collateral requirements due to market conditions would increase our restricted assets as we are required to provide additional collateral to support the transaction.

The following table presents net realized gains (losses) related to derivative instrument activity in the Consolidated statements of operations:

(in millions of U.S. dollars)	Year Ended December 31		
	2020	2019	2018
<i>Investment and embedded derivative instruments:</i>			
Foreign currency forward contracts	\$ 65	\$ (79)	\$ 3
Interest rate swaps	—	(270)	(115)
All other futures contracts, options, and equities	16	(88)	39
Convertible securities ⁽¹⁾	—	2	(2)
Total investment and embedded derivative instruments	\$ 81	\$ (435)	\$ (75)
<i>GLB and other derivative instruments:</i>			
GLB	\$ (202)	\$ (4)	\$ (248)
Futures contracts on equities ⁽²⁾	(108)	(138)	(4)
Other	1	(8)	(3)
Total GLB and other derivative instruments	\$ (309)	\$ (150)	\$ (255)
	\$ (228)	\$ (585)	\$ (330)

⁽¹⁾ Includes embedded derivatives.

⁽²⁾ Related to GMD and GLB book of business.

d) Concentrations of credit risk

Our investment portfolio is managed following prudent standards of diversification. Specific provisions limit the allowable holdings of a single issue and issuer. We believe that there are no significant concentrations of credit risk associated with our investments. Our three largest corporate exposures by issuer at December 31, 2020, were Wells Fargo & Co., Bank of America Corp, and JP Morgan Chase & Co. Our largest exposure by industry at December 31, 2020 was financial services.

We market our insurance and reinsurance worldwide primarily through insurance and reinsurance brokers. We assume a degree of credit risk associated with brokers with whom we transact business. For the years ended December 31, 2020, 2019 and 2018, approximately 12 percent, 12 percent, and 10 percent, respectively, of our gross premiums written was generated from or placed by Marsh & McLennan Companies, Inc. This entity is a large, well-established company, and there are no indications that it is financially troubled at December 31, 2020. No other broker or one insured accounted for more than 10 percent of our gross premiums written for these years.

e) Fixed maturities

At December 31, 2020, we have commitments to purchase fixed income securities of \$605 million over the next several years.

f) Other investments

At December 31, 2020, included in Other investments in the Consolidated balance sheet are investments in limited partnerships and partially-owned investment companies with a carrying value of \$6.5 billion. In connection with these investments, we have commitments that may require funding of up to \$3.2 billion over the next several years. At December 31, 2019, these investments had a carrying value of \$4.7 billion with a commitment that may require funding of up to \$3.3 billion.

g) Letters of credit

We have access to capital markets and to credit facilities with letter of credit capacity of \$4.0 billion with a sub-limit of \$1.9 billion for revolving credit. Our existing credit facilities have remaining terms expiring through October 2022. At December 31, 2020, our LOC usage was \$1.7 billion.

h) Legal proceedings

Our insurance subsidiaries are subject to claims litigation involving disputed interpretations of policy coverages and, in some jurisdictions, direct actions by allegedly-injured persons seeking damages from policyholders. These lawsuits, involving claims on policies issued by our subsidiaries which are typical to the insurance industry in general and in the normal course of

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

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business, are considered in our loss and loss expense reserves. In addition to claims litigation, we are subject to lawsuits and regulatory actions in the normal course of business that do not arise from or directly relate to claims on insurance policies. This category of business litigation typically involves, among other things, allegations of underwriting errors or misconduct, employment claims, regulatory activity, or disputes arising from our business ventures. In the opinion of management, our ultimate liability for these matters could be, but we believe is not likely to be, material to our consolidated financial condition and results of operations.

i) Lease commitments

At December 31, 2020 and 2019, the right-of-use asset was \$473 million and \$551 million, respectively, recorded within Other assets on the Consolidated balance sheets, and the lease liability was \$517 million and \$603 million, respectively, which was recorded within Accounts payable, accrued expenses, and other liabilities on the Consolidated balance sheets. These leases consist principally of real estate operating leases that are amortized on a straight-line basis over the term of the lease, which expire at various dates. As of December 31, 2020, the weighted average remaining lease term and weighted average discount rate for the operating leases was 4.9 years and 2.6 percent, respectively. Rent expense was \$152 million, \$171 million, and \$169 million for the years ended December 31, 2020, 2019, and 2018, respectively.

Future minimum lease payments under the operating leases are expected to be as follows:

For the years ending December 31

(in millions of U.S. dollars)

Undiscounted cash flows:	
2021	\$ 150
2022	123
2023	96
2024	68
2025	38
Thereafter	75
Total undiscounted lease payments	\$ 550
Less: Present value adjustment	33
Net lease liabilities reported as of December 31, 2020	\$ 517

11. Shareholders' equity**a) Common Shares**

All of Chubb's Common Shares are authorized under Swiss corporate law. Though the par value of Common Shares is stated in Swiss francs, Chubb continues to use U.S. dollars as its reporting currency for preparing the Consolidated Financial Statements. Under Swiss corporate law, we are generally prohibited from issuing Common Shares below their par value. If there were a need to raise common equity at a time when the trading price of Chubb's Common Shares is below par value, we would need in advance to obtain shareholder approval to decrease the par value of the Common Shares.

Dividend approval

At our May 2019 and 2018 annual general meetings, our shareholders approved annual dividends for the following year of up to \$3.00 per share and \$2.92 per share, respectively, which were paid in four quarterly installments of \$0.75 per share and \$0.73 per share, respectively, at dates determined by the Board of Directors (Board) after the annual general meeting by way of a distribution from capital contribution reserves, transferred to free reserves for payment.

At our May 2020 annual general meeting, our shareholders approved an annual dividend for the following year of up to \$3.12 per share, expected to be paid in four quarterly installments of \$0.78 per share after the annual general meeting by way of distribution from capital contribution reserves, transferred to free reserves for payment. The Board will determine the record and payment dates at which the annual dividend may be paid until the date of the 2021 annual general meeting, and is authorized to abstain from distributing a dividend at its discretion. The first three quarterly installments each of \$0.78 per share, have been distributed by the Board as expected.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Dividend distributions

Under Swiss corporate law, dividends must be stated in Swiss francs though dividend payments are made by Chubb in U.S. dollars. We issue dividends without subjecting them to withholding tax by way of distributions from capital contribution reserves and payment out of free reserves.

The following table presents dividend distributions per Common Share in Swiss francs (CHF) and U.S. dollars (USD):

	Year Ended December 31					
	2020		2019		2018	
	CHF	USD	CHF	USD	CHF	USD
Total dividend distributions per common share	2.89	\$ 3.09	2.94	\$ 2.98	2.84	\$ 2.90

b) Shares issued, outstanding, authorized, and conditional

	Year Ended December 31		
	2020	2019	2018
Common Shares authorized and issued, beginning of year	479,783,864	479,783,864	479,783,864
Cancellation of treasury shares	(2,178,600)	—	—
Common Shares authorized and issued, end of year	477,605,264	479,783,864	479,783,864
Common Shares in treasury, beginning of year (at cost)	(27,812,297)	(20,580,486)	(15,950,685)
Net shares issued under employee share-based compensation plans	2,345,208	3,210,427	3,089,234
Shares repurchased	(3,584,150)	(10,442,238)	(7,719,035)
Cancellation of treasury shares	2,178,600	—	—
Common Shares in treasury, end of year (at cost)	(26,872,639)	(27,812,297)	(20,580,486)
Common Shares outstanding, end of year	450,732,625	451,971,567	459,203,378

Increases in Common Shares in treasury are due to open market repurchases of Common Shares and the surrender of Common Shares to satisfy tax withholding obligations in connection with the vesting of restricted stock and the forfeiture of unvested restricted stock. Decreases in Common Shares in treasury are principally due to grants of restricted stock, exercises of stock options, purchases under the Employee Stock Purchase Plan (ESPP), and share cancellations. At our May 2020 annual general meeting, our shareholders approved the cancellation of 2,178,600 shares purchased under our share repurchase program during the period beginning September 23, 2019 and ending December 31, 2019. The capital reduction by cancellation of shares was subject to publication requirements and a two-month waiting period in accordance with Swiss law and became effective August 3, 2020.

Authorized share capital for general purposes under Swiss law

In accordance with Swiss law, the Board has shareholder-approved authority as set forth in the Articles of Association to increase Chubb's share capital from time to time until May 20, 2022, by the issuance for general purposes of up to 200,000,000 fully paid up Common Shares, with a par value equal to the par value of Chubb's Common Shares as set forth in the Articles of Association at the time of any such issuance. Any such increases would be subject to Swiss rules and procedure.

Conditional share capital for bonds and similar debt instruments

Chubb's share capital may be increased through the issuance of a maximum of 33,000,000 fully paid up Common Shares (with a par value of CHF 24.15 as of December 31, 2020) through the exercise of conversion and/or option or warrant rights granted in connection with bonds, notes, or similar instruments, issued or to be issued by Chubb, including convertible debt instruments.

Conditional share capital for employee benefit plans

Chubb's share capital may be increased through the issuance of a maximum of 25,410,929 fully paid up Common Shares (with a par value of CHF 24.15 as of December 31, 2020) in connection with the exercise of option rights granted to any employee of Chubb, director or other person providing services to Chubb.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

c) Chubb Limited securities repurchases

From time to time, we repurchase shares as part of our capital management program and to partially offset potential dilution from the exercise of stock options and the granting of restricted stock under share-based compensation plans. The Board has authorized share repurchase programs as follows:

- \$1.0 billion of Chubb Common Shares from January 1, 2018 through December 31, 2018
- \$1.5 billion of Chubb Common Shares from December 1, 2018 through December 31, 2019
- \$1.5 billion of Chubb Common Shares from November 21, 2019 through December 31, 2020
- \$1.5 billion of Chubb Common Shares from November 19, 2020 through December 31, 2021

Subsequently, in February 2021, the Board approved an increase to the November 2020 share repurchase program of \$1.0 billion to a total of \$2.5 billion, effective through December 31, 2021.

Share repurchases may be in the open market, in privately negotiated transactions, block trades, accelerated repurchases and through option or other forward transactions.

The following table presents repurchases of Chubb's Common Shares conducted in a series of open market transactions under the Board authorizations:

(in millions of U.S. dollars, except share data)	Year Ended December 31			January 1, 2021 through February 24, 2021
	2020	2019	2018	
Number of shares repurchased	3,584,150	10,442,238	7,719,035	1,971,000
Cost of shares repurchased ⁽¹⁾	\$ 516	\$ 1,531	\$ 1,021	\$ 327

⁽¹⁾ On April 22, 2020, we suspended share repurchases, given the economic environment and to preserve capital for both risk and opportunity. Subsequently, we announced and then resumed share repurchases on October 29, 2020.

d) General restrictions

The holders of the Common Shares are entitled to receive dividends as approved by the shareholders. Holders of Common Shares are allowed one vote per share provided that, if the controlled shares of any shareholder constitute ten percent or more of the outstanding Common Shares of Chubb, only a fraction of the vote will be allowed so as not to exceed ten percent in aggregate. Entry of acquirers of Common Shares as shareholders with voting rights in the share register may be refused if it would confer voting rights with respect to ten percent or more of the registered share capital recorded in the commercial register.

12. Share-based compensation

Chubb has share-based compensation plans which currently provide the Board the ability to grant awards of stock options, restricted stock, and restricted stock units to its employees and members of the Board.

In May 2016, our shareholders approved the Chubb Limited 2016 Long-Term Incentive Plan (the 2016 LTIP), which replaced both the ACE Limited 2004 LTIP (the 2004 LTIP) and The Chubb Corporation Long-Term Incentive Plan (2014). The 2016 LTIP is substantially similar to the 2004 LTIP in its operation and the types of awards that may be granted. Under the 2016 LTIP, Common Shares of Chubb were authorized to be issued pursuant to awards made as stock options, stock appreciation rights, performance shares, performance units, restricted stock, and restricted stock units.

Chubb principally issues restricted stock grants and stock options on a graded vesting schedule, with equal percentages of the award subject to vesting over a number of years (typically three or four). Chubb recognizes compensation cost for vesting of restricted stock and stock option grants with only service conditions on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award were, in-substance, multiple awards. We incorporate an estimate of future forfeitures in determining compensation cost for both grants of restricted stock and stock options.

In addition, Chubb grants performance-based restricted stock to certain executives that vest based on certain performance criteria as compared to a defined group of peer companies. Performance-based stock awards comprise target awards and premium awards that cliff vest at the end of a 3-year performance period based on both our tangible book value (shareholders' equity less goodwill and intangible assets, net of tax) per share growth and P&C combined ratio compared to our peer group. Premium awards are subject to an additional vesting provision based on total shareholder return (TSR) compared to our peer

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

group. Shares representing target awards and premium awards are issued when the awards are approved and are subject to forfeiture if applicable performance criteria are not met at the end of the 3-year performance period. Prior to January 2017, performance-based restricted stock awards had a 4-year vesting period with the potential to vest as to a portion each year, and excluded the P&C combined ratio and TSR additional vesting criteria.

Under the 2016 LTIP, 19,500,000 Common Shares are authorized to be issued. This is in addition to any shares that have not been delivered pursuant to the 2004 LTIP and remain available for grant pursuant to the 2004 LTIP and includes any shares covered by awards granted under the 2004 LTIP that have forfeited, expired or canceled after the effective date of the 2016 LTIP. At December 31, 2020, a total of 7,576,239 shares remain available for future issuance under the 2016 LTIP, which includes shares canceled or forfeited from the 2004 LTIP, in addition to common shares that were previously registered and authorized to be issued.

Under the Employee Stock Purchase Plan (ESPP), 6,500,000 shares are authorized to be issued. At December 31, 2020, a total of 1,402,017 shares remain available for issuance under the ESPP.

Chubb generally issues Common Shares for the exercise of stock options, restricted stock, and purchases under the ESPP from Common Shares in treasury.

The following table presents pre-tax and after-tax share-based compensation expense:

(in millions of U.S. dollars)	Year Ended December 31		
	2020	2019	2018
Stock options and shares issued under ESPP:			
Pre-tax	\$ 45	\$ 42	\$ 50
After-tax ⁽¹⁾	\$ 38	\$ 39	\$ 40
Restricted stock:			
Pre-tax	\$ 210	\$ 224	\$ 235
After-tax ⁽¹⁾	\$ 164	\$ 180	\$ 178

⁽¹⁾ The windfall tax benefit recorded to Income tax expense in the Consolidated statement of operations was \$10 million, \$12 million, and \$19 million for the years ended December 31, 2020, 2019, and 2018, respectively.

Unrecognized compensation expense related to the unvested portion of Chubb's employee share-based awards of restricted stock, restricted stock units, and stock options was \$199 million at December 31, 2020 and is expected to be recognized over a weighted-average period of approximately 1 year.

Stock options

Both incentive and non-qualified stock options are principally granted at an option price per share equal to the grant date fair value of Chubb's Common Shares. Stock options are generally granted with a 3-year vesting period and a 10-year term. Stock options vest in equal annual installments over the respective vesting period, which is also the requisite service period.

Chubb's 2020 share-based compensation expense includes a portion of the cost related to the 2017 through 2020 stock option grants. Stock option fair value was estimated on the grant date using the Black-Scholes option-pricing model that uses the weighted-average assumptions noted below:

	Year Ended December 31		
	2020	2019	2018
Dividend yield	2.1 %	2.2 %	2.0 %
Expected volatility	18.0 %	16.0 %	23.2 %
Risk-free interest rate	1.2 %	2.6 %	2.7 %
Expected life	5.7 years	5.7 years	5.7 years

The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant. The expected life (estimated period of time from grant to exercise date) is estimated using the historical exercise behavior of employees. For years 2020 and 2019, expected volatility is calculated as a blend of (a) historical volatility based on daily closing prices over a period equal to

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

the expected life assumption and (b) implied volatility derived from Chubb's publicly traded options. For year 2018, expected volatility was calculated as a blend of (a) historical volatility based on daily closing prices over a period equal to the expected life assumption, (b) long-term historical volatility based on daily closing prices over the period from Chubb's initial public trading date through the most recent quarter, and (c) implied volatility derived from Chubb's publicly traded options.

The following table presents a roll-forward of Chubb's stock options:

(Intrinsic Value in millions of U.S. dollars)	Number of Options	Weighted-Average Exercise Price	Weighted-Average Fair Value	Total Intrinsic Value
Options outstanding, December 31, 2017	10,433,316	\$ 99.20		
Granted	1,842,690	\$ 143.07	\$ 29.71	
Exercised	(1,065,384)	\$ 73.57		\$ 71
Forfeited and expired	(202,900)	\$ 133.92		
Options outstanding, December 31, 2018	11,007,722	\$ 108.25		
Granted	2,073,940	\$ 133.90	\$ 18.76	
Exercised	(1,944,604)	\$ 84.13		\$ 122
Forfeited and expired	(251,801)	\$ 136.87		
Options outstanding, December 31, 2019	10,885,257	\$ 116.79		
Granted	1,958,279	\$ 150.10	\$ 19.89	
Exercised	(1,158,633)	\$ 86.90		\$ 76
Forfeited and expired	(206,720)	\$ 138.77		
Options outstanding, December 31, 2020	11,478,183	\$ 125.09		\$ 331
Options exercisable, December 31, 2020	7,792,343	\$ 116.35		\$ 293

The weighted-average remaining contractual term was 6.0 years for stock options outstanding and 4.8 years for stock options exercisable at December 31, 2020. Cash received from the exercise of stock options for the year ended December 31, 2020 was \$100 million.

Restricted stock and restricted stock units

Grants of restricted stock and restricted stock units awarded under both the 2004 LTIP and 2016 LTIP typically have a 4-year vesting period, subject to vesting as to one-quarter of the award each anniversary of grant. Restricted stock and restricted stock units are granted at market close price on the day of grant. Each restricted stock unit represents our obligation to deliver to the holder one Common Share upon vesting.

Chubb also grants restricted stock awards to non-management directors which vest at the following year's annual general meeting.

Chubb's 2020 share-based compensation expense includes a portion of the cost related to the restricted stock granted in the years 2016 through 2020.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

The following table presents a roll-forward of our restricted stock awards. Included in the roll-forward below are 27,679 restricted stock awards, 19,019 restricted stock awards, and 20,784 restricted stock awards that were granted to non-management directors during the years ended December 31, 2020, 2019, and 2018, respectively:

	Service-based Restricted Stock Awards and Restricted Stock Units		Performance-based Restricted Stock Awards and Restricted Stock Units	
	Number of Shares	Weighted-Average Grant-Date Fair Value	Number of Shares	Weighted-Average Grant-Date Fair Value
Unvested restricted stock, December 31, 2017	4,709,442	\$ 121.16	975,497	\$ 118.28
Granted	1,326,979	\$ 142.76	180,065	\$ 143.07
Vested	(2,545,090)	\$ 114.83	(244,332)	\$ 103.03
Forfeited	(196,482)	\$ 131.06	—	\$ —
Unvested restricted stock, December 31, 2018	3,294,849	\$ 134.17	911,230	\$ 127.27
Granted	1,492,900	\$ 134.38	212,059	\$ 133.90
Vested	(1,292,864)	\$ 129.18	(196,640)	\$ 115.62
Forfeited	(200,875)	\$ 135.98	(50,437)	\$ 132.36
Unvested restricted stock, December 31, 2019	3,294,010	\$ 136.20	876,212	\$ 131.16
Granted	1,425,667	\$ 148.56	186,291	\$ 151.14
Vested	(1,304,308)	\$ 134.02	(490,185)	\$ 125.66
Forfeited	(152,074)	\$ 140.72	—	\$ —
Unvested restricted stock, December 31, 2020	3,263,295	\$ 142.32	572,318	\$ 142.38

Prior to 2009, legacy ACE granted restricted stock units with a 1-year vesting period to non-management directors. Delivery of Common Shares on account of these restricted stock units to non-management directors is deferred until after the date of the non-management directors' termination from the Board. Legacy Chubb Corp historically allowed directors and certain key employees of Chubb Corp and its subsidiaries to defer a portion of their compensation earned with respect to services performed in the form of deferred stock units. In addition, legacy Chubb Corp provided supplemental retirement benefits for certain employees through its Defined Contribution Excess Benefit Plan in the form of deferred shares of stock. The minimum vesting period under these legacy Chubb Corp deferred plans was 1-year and the maximum was 3-years. Employees and directors had the option to elect to receive their awards at a future specified date or upon their termination of service with Chubb. At December 31, 2020, there were 166,624 deferred restricted stock units.

ESPP

The ESPP gives participating employees the right to purchase Common Shares through payroll deductions during consecutive subscription periods at a purchase price of 85 percent of the fair value of a Common Share on the exercise date (Purchase Price). Annual purchases by participants are limited to the number of whole shares that can be purchased by an amount equal to ten percent of the participant's compensation or \$25,000, whichever is less. The ESPP has two six-month subscription periods each year, the first of which runs between January 1 and June 30 and the second of which runs between July 1 and December 31. The amounts collected from participants during a subscription period are used on the exercise date to purchase full shares of Common Shares. An exercise date is generally the last trading day of a subscription period. The number of shares purchased is equal to the total amount, at the exercise date, collected from the participants through payroll deductions for that subscription period, divided by the Purchase Price, rounded down to the next full share. Participants may withdraw from an offering before the exercise date and obtain a refund of amounts withheld through payroll deductions. Pursuant to the provisions of the ESPP, during the years ended December 31, 2020, 2019, and 2018, employees paid \$45 million, \$41 million, and \$37 million to purchase 383,751 shares, 321,800 shares, and 347,116 shares, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

13. Postretirement benefits

Chubb provides postretirement benefits to eligible employees and their dependents through various defined contribution plans sponsored by Chubb. In addition, for certain employees, Chubb sponsors other postretirement benefit plans, and prior to 2020, Chubb sponsored defined benefit pension plans.

Defined contribution plans (including 401(k))

Under these plans, employees' contributions may be supplemented by Chubb matching contributions based on the level of employee contribution. These contributions are invested at the election of each employee in one or more of several investment portfolios offered by a third-party investment advisor. Expenses for these plans totaled \$211 million, \$171 million, and \$171 million for the years ended December 31, 2020, 2019, and 2018, respectively.

Defined benefit pension plans

We maintain non-contributory defined benefit pension plans that cover certain employees located in the U.S., U.K., Canada, and various other statutorily required countries. We account for pension benefits using the accrual method. Benefits under these plans are based on employees' years of service and compensation during final years of service. All underlying plans are subject to periodic actuarial valuations by qualified actuarial firms using actuarial models to calculate the expense and liability for each plan. We use December 31 as the measurement date for our defined benefit pension plans.

Under the Chubb Corp plans, prior to 2001, benefits were generally based on an employee's years of service and average compensation during the last five years of employment. Effective January 1, 2001, the formula for providing pension benefits was changed from the final average pay formula to a cash balance formula. Under the cash balance formula, a notional account is established for each employee, which is credited semi-annually with an amount equal to a percentage of eligible compensation based on age and years of service plus interest based on the account balance. Chubb Corp employees hired prior to 2001 will generally be eligible to receive vested benefits based on the higher of the final average pay or cash balance formulas.

Other postretirement benefit plans

Our assumption of Chubb Corp's other postretirement benefit plans, principally healthcare and life insurance, covers retired employees, their beneficiaries, and covered dependents. Healthcare coverage is contributory. Retiree contributions vary based upon the retiree's age, type of coverage, and years of service requirements. Life insurance coverage is non-contributory. Chubb funds a portion of the healthcare benefits obligation where such funding can be accomplished on a tax-effective basis. Benefits are paid as covered expenses are incurred.

Amendments to U.S. qualified and excess pension plans and U.S. retiree healthcare plan

On October 31, 2016, we harmonized and amended several of our U.S. retirement programs to create a unified retirement savings program. In 2020, we transitioned from a traditional defined benefit pension program that had been in effect for certain employees to a defined contribution program. Additionally, after 2025, we plan to eliminate a subsidized U.S. retiree healthcare and life insurance plan that had been in place for certain employees. Both amendments required a remeasurement of the plan assets and benefit obligations with updated assumptions, including discount rates and the expected return on assets. The amendment of the retiree healthcare plan resulted in a reduction in the obligation of \$383 million, of which \$410 million will be amortized as a reduction to expense through 2021 as it relates to benefits already accrued. For the years ended December 31, 2020, 2019, and 2018, \$79 million, \$79 million, and \$80 million, respectively, were amortized as a reduction to expense. At December 31, 2020, the remaining curtailment benefit balance was \$26 million which will be amortized as a reduction to expense through June 2021.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Obligations and funded status

The funded status of the pension and other postretirement benefit plans as well as the amounts recognized in Accumulated other comprehensive income at December 31, 2020 and 2019 was as follows:

(in millions of U.S. dollars)	Pension Benefit Plans				Other Postretirement Benefit Plans	
	2020		2019		2020	2019
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans		
Benefit obligation, beginning of year	\$ 3,569	\$ 1,042	\$ 3,092	\$ 942	\$ 103	\$ 113
Service cost	—	4	49	11	1	—
Interest cost	99	22	118	27	2	4
Actuarial loss (gain)	441	135	443	124	1	3
Benefits paid	(127)	(31)	(121)	(39)	(20)	(17)
Curtailments	—	(2)	—	(4)	—	—
Settlements	(15)	—	(12)	(61)	—	—
Foreign currency revaluation and other	—	29	—	42	(1)	—
Benefit obligation, end of year	\$ 3,967	\$ 1,199	\$ 3,569	\$ 1,042	\$ 86	\$ 103
Plan assets at fair value, beginning of year	\$ 3,301	\$ 1,141	\$ 2,784	\$ 1,008	\$ 152	\$ 143
Actual return on plan assets	563	126	636	169	6	9
Employer contributions	17	19	14	16	1	—
Benefits paid	(127)	(31)	(121)	(39)	(39)	—
Settlements	(15)	—	(12)	(61)	—	—
Foreign currency revaluation and other	—	29	—	48	—	—
Plan assets at fair value, end of year	\$ 3,739	\$ 1,284	\$ 3,301	\$ 1,141	\$ 120	\$ 152
Funded status at end of year	\$ (228)	\$ 85	\$ (268)	\$ 99	\$ 34	\$ 49
<i>Amounts recognized in Accumulated other comprehensive income, not yet recognized in net periodic cost (benefit):</i>						
Net actuarial loss (gain)	\$ 78	\$ 163	\$ (21)	\$ 110	\$ (5)	\$ (3)
Prior service cost (benefit)	—	9	—	10	(31)	(114)
Total	\$ 78	\$ 172	\$ (21)	\$ 120	\$ (36)	\$ (117)

For the U.S. pension plans, the \$441 million and \$443 million actuarial loss experienced in 2020 and 2019, respectively, was principally driven by the decrease in the discount rate from the respective prior year.

The accumulated benefit obligation for the pension benefit plans was \$5.1 billion and \$4.6 billion at December 31, 2020 and 2019, respectively. The accumulated benefit obligation is the present value of pension benefits earned as of the measurement date based on employee service and compensation prior to that date. It differs from the pension (projected) benefit obligation in the table above in that the accumulated benefit obligation includes no assumptions regarding future compensation levels.

The net components of the funded status of the pension and other postretirement benefit plans are included in Accounts payable, accrued expenses, and other liabilities in the Consolidated balance sheets.

Chubb's funding policy is to contribute amounts that meet regulatory requirements plus additional amounts determined based on actuarial valuations, market conditions and other factors. All benefit plans satisfy minimum funding requirements of the Employee Retirement Income Security Act of 1974 (ERISA).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

The following table provides information on pension plans where the benefit obligation is in excess of plan assets at December 31, 2020 and 2019:

(in millions of U.S. dollars)	2020		2019	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
Plans with projected benefit obligation in excess of plan assets:				
Projected benefit obligation	\$ 3,967	\$ 629	\$ 3,569	\$ 236
Fair value of plan assets	3,739	568	3,301	175
Net funded status	\$ (228)	\$ (61)	\$ (268)	\$ (61)
Plans with accumulated benefit obligation in excess of plan assets:				
Accumulated benefit obligation	\$ 3,967	\$ 593	\$ 3,569	\$ 173
Fair value of plan assets	\$ 3,739	\$ 565	\$ 3,301	\$ 140

For other postretirement benefit plans with an accumulated benefit obligation in excess of plan assets, the accumulated benefit obligation was \$23 million and \$25 million at December 31, 2020 and 2019, respectively. These plans have no plan assets.

At December 31, 2020, we estimate that we will contribute \$20 million to the pension plans and \$1 million to the other postretirement benefits plan in 2021. The estimate is subject to change due to contribution decisions that are affected by various factors including our liquidity, market performance and management discretion.

At December 31, 2020, our estimated expected future benefit payments are as follows:

For the years ending December 31 (in millions of U.S. dollars)	Pension Benefit Plans		Other Postretirement Benefit Plans
	U.S. Plans	Non-U.S. Plans	
2021	\$ 159	\$ 30	\$ 19
2022	166	28	20
2023	171	30	16
2024	175	32	12
2025	180	32	7
2026-2030	947	185	5

The weighted-average assumptions used to determine the projected benefit obligation were as follows:

	Pension Benefit Plans		Other Postretirement Benefit Plans
	U.S. Plans	Non-U.S. Plans	
December 31, 2020			
Discount rate	2.32 %	1.80 %	1.36 %
Rate of compensation increase ⁽¹⁾	N/A	3.24 %	N/A
Interest crediting rate	4.10 %		
December 31, 2019			
Discount rate	3.20 %	2.39 %	2.70 %
Rate of compensation increase ⁽¹⁾	N/A	3.26 %	N/A
Interest crediting rate	4.10 %		

⁽¹⁾ For the U.S. Pension Plans, benefit accruals were frozen as of December 31, 2019.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

The projected benefit cash flows were discounted using the corresponding spot rates derived from a yield curve, which resulted in a single discount rate that would produce the same liability at the respective measurement dates. The same process was applied to service cost cash flows to determine the discount rate associated with the service cost. In general, the discount rates for the non-U.S. plans were developed using a similar methodology by using country-specific yield curves.

The components of net pension and other postretirement benefit costs reflected in Net income and other changes in plan assets and benefit obligations recognized in other comprehensive income were as follows:

Year Ended December 31 (in millions of U.S. dollars)	Pension Benefit Plans						Other Postretirement Benefit Plans		
	U.S. Plans			Non-U.S. Plans			2020	2019	2018
	2020	2019	2018	2020	2019	2018	2020	2019	2018
Costs reflected in Net income:									
Service cost	\$ —	\$ 49	\$ 57	\$ 4	\$ 11	\$ 12	\$ 1	\$ —	\$ 1
Non-service cost:									
Interest cost	99	118	105	22	27	27	2	4	3
Expected return on plan assets	(224)	(189)	(212)	(41)	(45)	(50)	(5)	(4)	(5)
Amortization of net actuarial loss	—	—	—	2	3	1	—	—	—
Amortization of prior service cost	—	—	—	—	—	—	(83)	(84)	(85)
Curtailments	—	—	—	(1)	(1)	—	—	—	(2)
Settlements	3	2	2	—	1	3	—	—	—
Total non-service benefit	(122)	(69)	(105)	(18)	(15)	(19)	(86)	(84)	(89)
Net periodic benefit	\$ (122)	\$ (20)	\$ (48)	\$ (14)	\$ (4)	\$ (7)	\$ (85)	\$ (84)	\$ (88)
Changes in plan assets and benefit obligations recognized in other comprehensive income									
Net actuarial loss (gain)	\$ 102	\$ (4)	\$ 214	\$ 56	\$ 6	\$ 34	\$ (2)	\$ (2)	\$ (11)
Prior service cost (benefit)	—	—	—	—	1	3	—	—	—
Amortization of net actuarial loss	—	—	—	(2)	(3)	(1)	—	—	(1)
Amortization of prior service cost	—	—	—	(1)	—	—	83	84	85
Curtailments	—	—	—	(1)	(3)	—	—	—	3
Settlements	(3)	(2)	(2)	—	(1)	(3)	—	—	—
Total decrease (increase) in other comprehensive income	\$ 99	\$ (6)	\$ 212	\$ 52	\$ —	\$ 33	\$ 81	\$ 82	\$ 76

The line items in which the service and non-service cost components of net periodic (benefit) cost are included in the Consolidated statements of operations were as follows:

Year Ended December 31 (in millions of U.S. dollars)	Pension Benefit Plans			Other Postretirement Benefit Plans		
	2020	2019	2018	2020	2019	2018
Service cost:						
Losses and loss expenses	\$ —	\$ 6	\$ 7	\$ —	\$ —	\$ —
Administrative expenses	4	54	62	1	—	1
Total service cost	4	60	69	1	—	1
Non-service cost:						
Losses and loss expenses	(12)	(7)	(10)	(9)	(8)	(9)
Administrative expenses	(128)	(77)	(114)	(77)	(76)	(80)
Total non-service benefit	(140)	(84)	(124)	(86)	(84)	(89)
Net periodic benefit	\$ (136)	\$ (24)	\$ (55)	\$ (85)	\$ (84)	\$ (88)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

The weighted-average assumptions used to determine the net periodic pension and other postretirement benefit costs were as follows:

Year Ended December 31	Pension Benefit Plans		Other Postretirement Benefit Plans
	U.S. Plans	Non-U.S. Plans	
2020			
Discount rate in effect for determining service cost	N/A	6.04 %	3.00 %
Discount rate in effect for determining interest cost	2.85 %	2.24 %	2.64 %
Rate of compensation increase	N/A	3.26 %	N/A
Expected long-term rate of return on plan assets	7.00 %	3.83 %	3.00 %
Interest crediting rate	4.10 %	N/A	N/A
2019			
Discount rate in effect for determining service cost	4.23 %	4.48 %	4.04 %
Discount rate in effect for determining interest cost	3.94 %	2.88 %	3.69 %
Rate of compensation increase	4.00 %	3.37 %	N/A
Expected long-term rate of return on plan assets	7.00 %	4.40 %	3.00 %
Interest crediting rate	4.10 %	N/A	N/A
2018			
Discount rate in effect for determining service cost	3.62 %	3.97 %	2.84 %
Discount rate in effect for determining interest cost	3.27 %	2.55 %	2.62 %
Rate of compensation increase	4.00 %	3.46 %	N/A
Expected long-term rate of return on plan assets	7.00 %	4.32 %	2.59 %
Interest crediting rate	4.10 %	N/A	N/A

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

The weighted-average healthcare cost trend rate assumptions used to measure the expected cost of healthcare benefits were as follows:

	U.S. Plans			Non-U.S. Plans		
	2020	2019	2018	2020	2019	2018
Healthcare cost trend rate	5.96 %	6.32 %	6.68 %	5.04 %	5.24 %	6.29 %
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	4.50 %	4.50 %	4.50 %	4.00 %	4.00 %	4.50 %
Year that the rate reaches the ultimate trend rate	2038	2038	2038	2040	2040	2029

Plan Assets

The long term objective of the pension plan is to provide sufficient funding to cover expected benefit obligations, while assuming a prudent level of portfolio risk. The assets of the pension plan are invested, either directly or through pooled funds, in a diversified portfolio of predominately equity securities and fixed maturities. We seek to obtain a rate of return that over time equals or exceeds the returns of the broad markets in which the plan assets are invested. The target allocation of U.S. plan assets is 55 percent to 65 percent invested in equity securities (including certain other investments measured using NAV), with the remainder primarily invested in fixed maturities. The target allocation of non-U.S. plans varies by country, but the plan assets are principally invested in fixed maturities. We rebalance our pension assets to the target allocation as market conditions permit. We determined the expected long term rate of return assumption for each asset class based on an analysis of the historical returns and the expectations for future returns. The expected long term rate of return for the portfolio is a weighted aggregation of the expected returns for each asset class.

In order to minimize risk, the Plan maintains a listing of permissible and prohibited investments. In addition, the Plan has certain concentration limits and investment quality requirements imposed on permissible investments options. Investment risk is measured and monitored on an ongoing basis.

The following tables present the fair values of the pension plan assets, by valuation hierarchy. For additional information on how we classify these assets within the valuation hierarchy, refer to Note 4 to the Consolidated Financial Statements.

December 31, 2020 (in millions of U.S. dollars)	Pension Benefit Plans			
	Level 1	Level 2	Level 3	Total
U.S. Plans:				
Short-term investments	\$ 59	\$ —	\$ —	\$ 59
U.S. Treasury / Agency	250	186	—	436
Non-U.S. and corporate bonds	—	793	—	793
Municipal	—	2	—	2
Equity securities	1,818	—	—	1,818
Total U.S. Plan assets ⁽¹⁾	\$ 2,127	\$ 981	\$ —	\$ 3,108
Non-U.S. Plans:				
Short-term investments	\$ 5	\$ —	\$ —	\$ 5
Non-U.S. and corporate bonds	—	609	—	609
Equity securities	127	388	—	515
Total Non-U.S. Plan assets ⁽¹⁾	\$ 132	\$ 997	\$ —	\$ 1,129

⁽¹⁾ Excluded from the table above are \$543 million and \$147 million of other investments related to the U.S. Plans and Non-U.S. Plans, respectively, limited partnerships of \$74 million and \$8 million in U.S. Plans and Non-U.S. Plans, respectively, measured using NAV as a practical expedient, and \$14 million in cash related to the U.S. Plans.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

December 31, 2019 (in millions of U.S. dollars)	Pension Benefit Plans			
	Level 1	Level 2	Level 3	Total
U.S. Plans:				
Short-term investments	\$ 18	\$ 37	\$ —	\$ 55
U.S. Treasury / Agency	466	134	—	600
Non-U.S. and corporate bonds	—	749	—	749
Municipal	—	2	—	2
Equity securities	1,467	—	—	1,467
Total U.S. Plan assets ⁽¹⁾	\$ 1,951	\$ 922	\$ —	\$ 2,873
Non-U.S. Plans:				
Short-term investments	\$ 2	\$ —	\$ —	\$ 2
Non-U.S. and corporate bonds	—	598	—	598
Equity securities	112	318	—	430
Total Non-U.S. Plan assets ⁽¹⁾	\$ 114	\$ 916	\$ —	\$ 1,030

⁽¹⁾ Excluded from the table above are \$428 million and \$107 million of other investments related to the U.S. Plans and Non-U.S. Plans, respectively, and limited partnerships of \$4 million in Non-U.S. Plans, measured using NAV as a practical expedient.

The other postretirement benefit plan had \$120 million and \$152 million of other investments measured using NAV as a practical expedient at December 31, 2020 and 2019, respectively.

14. Other income and expense

(in millions of U.S. dollars)	Year Ended December 31		
	2020	2019	2018
Equity in net income of partially-owned entities ⁽¹⁾	\$ 1,019	\$ 617	\$ 514
Gains (losses) from fair value changes in separate account assets ⁽²⁾	58	44	(38)
Federal excise and capital taxes	(22)	(23)	(12)
Other	(61)	(42)	(30)
Total	\$ 994	\$ 596	\$ 434

⁽¹⁾ Equity in net income of partially-owned entities includes \$167 million, \$74 million, and \$43 million attributable to our investments in Huatai (Huatai Group, Huatai P&C, and Huatai Life) for the years ended December 31, 2020, 2019, and 2018, respectively.

⁽²⁾ Related to gains (losses) from fair value changes in separate account assets that do not qualify for separate account reporting under GAAP.

Other income and expense includes equity in net income of partially-owned entities, which includes our share of net income or loss, both underlying operating income and mark-to-market movement, related to partially-owned investment companies (private equity) and partially-owned insurance companies. Also included in Other income and expense are gains (losses) from fair value changes in separate account assets that do not qualify for separate account reporting under GAAP. The offsetting movement in the separate account liabilities is included in Policy benefits in the Consolidated statements of operations. Certain federal excise and capital taxes incurred as a result of capital management initiatives are included in Other income and expense as these are considered capital transactions and are excluded from underwriting results.

15. Segment information

Chubb operates through six business segments: North America Commercial P&C Insurance, North America Personal P&C Insurance, North America Agricultural Insurance, Overseas General Insurance, Global Reinsurance, and Life Insurance. These segments distribute their products through various forms of brokers, agencies, and direct marketing programs. All business segments have established relationships with reinsurance intermediaries.

- The North America Commercial P&C Insurance segment provides both commercial and consumer P&C products and services. This segment includes the business written by Chubb divisions that provide property and casualty (P&C) insurance and services to large, middle market and small commercial businesses in the U.S., Canada, and Bermuda. This segment includes our retail divisions: Major Accounts, Commercial Insurance, including Small Commercial Insurance; and our

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

wholesale and specialty divisions: Westchester and Chubb Bermuda. These divisions write a variety of coverages, including property, casualty, workers' compensation, package policies, risk management, financial lines, marine, construction, environmental, medical risk, cyber risk, surety, and excess casualty; as well as group accident and health (A&H) insurance.

- The North America Personal P&C Insurance segment includes the business written by Chubb Personal Risk Services division, which includes high net worth personal lines business, with operations in the U.S. and Canada. This segment provides affluent and high net worth individuals and families with homeowners, automobile and collector cars, valuable articles (including fine arts), personal and excess liability, travel insurance, and recreational marine insurance and services.
- The North America Agricultural Insurance segment includes the business written by Rain and Hail Insurance Service, Inc. in the U.S. and Canada, which provides comprehensive multiple peril crop insurance (MPCI) and crop-hail insurance, and Chubb Agribusiness, which offers farm and ranch property as well as specialty P&C coverages, including commercial agriculture products.
- The Overseas General Insurance segment includes the business written by two Chubb divisions that provides both commercial and consumer P&C insurance and services in the 51 countries and territories outside of North America where the company operates. Chubb International provides commercial P&C, A&H and traditional and specialty personal lines for large corporations, middle markets and small customers through retail brokers, agents and other channels locally around the world. Chubb Global Markets (CGM) provides commercial P&C excess and surplus lines and A&H through wholesale brokers in the London market and through Lloyd's. These divisions write a variety of coverages, including traditional commercial P&C, specialty categories such as financial lines, marine, energy, aviation, political risk and construction, as well as group A&H and traditional and specialty personal lines.
- The Global Reinsurance segment includes the reinsurance business written by Chubb Tempest Re, comprising Chubb Tempest Re Bermuda, Chubb Tempest Re USA, Chubb Tempest Re International, and Chubb Tempest Re Canada. Chubb Tempest Re provides a broad range of traditional and specialty reinsurance coverages to a diverse array of primary P&C companies, including small, mid-sized, and multinational ceding companies.
- The Life Insurance segment includes international life operations written by Chubb Life and Chubb Tempest Life Re, and the North American supplemental A&H and life business of Combined Insurance.

Corporate primarily includes the results of all run-off asbestos and environmental (A&E) exposures, run-off Brandywine business, Westchester specialty operations for 1996 and prior years, and certain other non-A&E run-off exposures. In addition, Corporate includes the results of our non-insurance companies including Chubb Limited, Chubb Group Management and Holdings Ltd., and Chubb INA Holdings Inc. Our exposure to A&E claims principally arises out of liabilities acquired when we purchased Westchester Specialty in 1998, CIGNA's P&C business in 1999, and The Chubb Corporation (Chubb Corp) in 2016.

In addition, revenue and expenses managed at the corporate level, including realized gains and losses, interest expense, the non-operating income of our partially-owned entities, Chubb integration expenses and income taxes are reported within Corporate. In addition, the amortization expense of purchased intangibles, amortization of the fair value adjustment on acquired invested assets and assumed long-term debt as part of the Chubb Corp acquisition are considered Corporate costs as these are incurred by the overall company. The Chief Executive Officer does not manage segment results or allocate resources to segments when considering these costs and they are therefore excluded from our definition of segment income (loss).

Management uses underwriting income (loss) as the basis for segment performance. Chubb calculates underwriting income (loss) by subtracting Losses and loss expenses, Policy benefits, Policy acquisition costs, and Administrative expenses from Net premiums earned. Segment income (loss) includes underwriting income (loss), net investment income (loss), and other operating income and expense items such as each segment's share of the operating income (loss) related to partially-owned insurance companies and miscellaneous income and expense items for which the segments are held accountable. Our main measure of segment performance is Segment income (loss), which also includes amortization of purchased intangibles acquired by the segment. We determined that this definition of segment income (loss) is appropriate and aligns with how the business is managed. We continue to evaluate our segments as our business continues to evolve and may further refine our segments and segment income (loss) measures. To calculate Segment income (loss), include Net investment income (loss), Other (income) expense, and Amortization expense of purchased intangibles. Certain items are presented in a different manner for segment reporting purposes than in the Consolidated Financial Statements. These items are reconciled to the consolidated presentation in the Segment measure reclass column below and include:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

- Losses and loss expenses include realized gains and losses on crop derivatives. These derivatives were purchased to provide economic benefit, in a manner similar to reinsurance protection, in the event that a significant decline in commodity pricing impacts underwriting results. We view gains and losses on these derivatives as part of the results of our underwriting operations, and therefore, realized gains (losses) from these derivatives are reclassified to losses and loss expenses.
- Policy benefits include gains and losses from fair value changes in separate account assets, as well as the offsetting movement in separate account liabilities. The gains and losses from fair value changes in separate account assets that do not qualify for separate account reporting under GAAP have been reclassified from Other (income) expense. We view gains and losses from fair value changes in both separate account assets and liabilities as part of the results of our underwriting operations, and therefore these gains and losses are reclassified to policy benefits.
- Net investment income includes investment income reclassified from Other (income) expense related to partially-owned investment companies (private equity partnerships) where our ownership interest is in excess of three percent. We view investment income from these equity-method private equity partnerships as net investment income.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

The following tables present the Statement of Operations by segment:

For the Year Ended December 31, 2020 (in millions of U.S. dollars)	North America Commercial P&C Insurance	North America Personal P&C Insurance	North America Agricultural Insurance	Overseas General Insurance	Global Reinsurance	Life Insurance	Corporate	Segment Measure Reclass	Chubb Consolidated
Net premiums written	\$ 14,474	\$ 4,920	\$ 1,846	\$ 9,335	\$ 731	\$ 2,514	\$ —	\$ —	\$ 33,820
Net premiums earned	13,964	4,866	1,822	9,285	698	2,482	—	—	33,117
Losses and loss expenses	10,129	3,187	1,544	5,255	435	724	435	1	21,710
Policy benefits	—	—	—	—	—	726	—	58	784
Policy acquisition costs	1,942	974	123	2,568	174	766	—	—	6,547
Administrative expenses	1,006	270	9	1,034	37	320	303	—	2,979
Underwriting income (loss)	887	435	146	428	52	(54)	(738)	(59)	1,097
Net investment income (loss)	2,061	260	30	534	307	385	(87)	(115)	3,375
Other (income) expense	23	5	1	13	2	(74)	(791)	(173)	(994)
Amortization expense of purchased intangibles	—	11	27	45	—	4	203	—	290
Segment income (loss)	\$ 2,925	\$ 679	\$ 148	\$ 904	\$ 357	\$ 401	\$ (237)	\$ (1)	\$ 5,176
Net realized gains (losses)							(499)	1	(498)
Interest expense							516	—	516
Income tax expense							629	—	629
Net income (loss)							\$ (1,881)	\$ —	\$ 3,533

For the Year Ended December 31, 2019 (in millions of U.S. dollars)	North America Commercial P&C Insurance	North America Personal P&C Insurance	North America Agricultural Insurance	Overseas General Insurance	Global Reinsurance	Life Insurance	Corporate	Segment Measure Reclass	Chubb Consolidated
Net premiums written	\$ 13,375	\$ 4,787	\$ 1,810	\$ 9,262	\$ 649	\$ 2,392	\$ —	\$ —	\$ 32,275
Net premiums earned	12,922	4,694	1,795	8,882	654	2,343	—	—	31,290
Losses and loss expenses	8,206	3,043	1,616	4,606	352	757	158	(8)	18,730
Policy benefits	—	—	—	—	—	696	—	44	740
Policy acquisition costs	1,831	948	84	2,501	169	620	—	—	6,153
Administrative expenses	1,028	286	6	1,033	35	323	319	—	3,030
Underwriting income (loss)	1,857	417	89	742	98	(53)	(477)	(36)	2,637
Net investment income (loss)	2,109	258	30	588	279	373	(125)	(86)	3,426
Other (income) expense	24	3	1	12	1	(48)	(459)	(130)	(596)
Amortization expense of purchased intangibles	—	12	28	45	—	2	218	—	305
Segment income (loss)	\$ 3,942	\$ 660	\$ 90	\$ 1,273	\$ 376	\$ 366	\$ (361)	\$ 8	\$ 6,354
Net realized gains (losses) including OTTI							(522)	(8)	(530)
Interest expense							552	—	552
Chubb integration expenses							23	—	23
Income tax expense							795	—	795
Net income (loss)							\$ (2,253)	\$ —	\$ 4,454

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

For the Year Ended December 31, 2018 (in millions of U.S. dollars)	North America Commercial P&C Insurance	North America Personal P&C Insurance	North America Agricultural Insurance	Overseas General Insurance	Global Reinsurance	Life Insurance	Corporate	Segment Measure Reclass	Chubb Consolidated
Net premiums written	\$ 12,485	\$ 4,674	\$ 1,577	\$ 8,902	\$ 671	\$ 2,270	\$ —	\$ —	\$ 30,579
Net premiums earned	12,402	4,593	1,569	8,612	670	2,218	—	—	30,064
Losses and loss expenses	8,000	3,229	1,114	4,429	479	766	53	(3)	18,067
Policy benefits	—	—	—	—	—	628	—	(38)	590
Policy acquisition costs	1,829	939	79	2,346	162	557	—	—	5,912
Administrative expenses	966	269	(9)	1,014	41	310	295	—	2,886
Underwriting income (loss)	1,607	156	385	823	(12)	(43)	(348)	41	2,609
Net investment income (loss)	2,061	236	28	622	289	341	(209)	(63)	3,305
Other (income) expense	3	1	2	3	—	(12)	(406)	(25)	(434)
Amortization expense of purchased intangibles	—	13	28	41	—	2	255	—	339
Segment income (loss)	\$ 3,665	\$ 378	\$ 383	\$ 1,401	\$ 277	\$ 308	\$ (406)	\$ 3	\$ 6,009
Net realized gains (losses) including OTTI							(649)	(3)	(652)
Interest expense							641	—	641
Chubb integration expenses							59	—	59
Income tax expense							695	—	695
Net income (loss)							\$ (2,450)	\$ —	\$ 3,962

Underwriting assets are reviewed in total by management for purposes of decision-making. Other than Unpaid losses and loss expenses, Future policy benefits, Reinsurance recoverables, Goodwill and Other intangible assets, Chubb does not allocate assets to its segments.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

The following table presents net premiums earned for each segment by line of business:

(in millions of U.S. dollars)	For the Year Ended December 31		
	2020	2019	2018
North America Commercial P&C Insurance			
Property & other short-tail lines	\$ 2,423	\$ 1,987	\$ 1,861
Casualty & all other	10,812	10,136	9,773
A&H	729	799	768
Total North America Commercial P&C Insurance	13,964	12,922	12,402
North America Personal P&C Insurance			
Personal automobile	822	829	803
Personal homeowners	3,327	3,183	3,127
Personal other	717	682	663
Total North America Personal P&C Insurance	4,866	4,694	4,593
North America Agricultural Insurance	1,822	1,795	1,569
Overseas General Insurance			
Property & other short-tail lines	2,468	2,244	2,134
Casualty & all other	2,738	2,494	2,429
Personal lines	1,981	1,896	1,784
A&H	2,098	2,248	2,265
Total Overseas General Insurance	9,285	8,882	8,612
Global Reinsurance			
Property	104	131	123
Property catastrophe	173	142	170
Casualty & all other	421	381	377
Total Global Reinsurance	698	654	670
Life Insurance			
Life	1,317	1,101	1,022
A&H	1,165	1,242	1,196
Total Life Insurance	2,482	2,343	2,218
Total net premiums earned	\$ 33,117	\$ 31,290	\$ 30,064

The following table presents net premiums earned by geographic region. Allocations have been made on the basis of location of risk:

	North America	Europe ⁽¹⁾	Asia Pacific / Far East	Latin America
2020	70 %	11 %	12 %	7 %
2019	70 %	11 %	12 %	7 %
2018	70 %	11 %	12 %	7 %

⁽¹⁾ Europe includes Eurasia and Africa regions.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

16. Earnings per share

(in millions of U.S. dollars, except share and per share data)	Year Ended December 31		
	2020	2019	2018
Numerator:			
Net income	\$ 3,533	\$ 4,454	\$ 3,962
Denominator:			
Denominator for basic earnings per share:			
Weighted-average shares outstanding	451,602,820	455,910,463	463,629,203
Denominator for diluted earnings per share:			
Share-based compensation plans	1,838,692	3,004,200	3,173,145
Weighted-average shares outstanding and assumed conversions	453,441,512	458,914,663	466,802,348
Basic earnings per share	\$ 7.82	\$ 9.77	\$ 8.55
Diluted earnings per share	\$ 7.79	\$ 9.71	\$ 8.49
Potential anti-dilutive share conversions	6,811,966	2,410,337	3,543,188

Excluded from weighted-average shares outstanding and assumed conversions is the impact of securities that would have been anti-dilutive during the respective years.

17. Related party transactions
Starr Indemnity & Liability Company and its affiliates (collectively, Starr)

We have a number of agency and reinsurance agreements with Starr, the Chairman of which is related to a member of our senior management team. The Board has reviewed and approved our arrangements with Starr. We have agency, claims services and underwriting services agreements with various Starr subsidiaries. Under the agency agreement, we secure the ability to sell our insurance policies through Starr as one of our non-exclusive agents for writing policies, contracts, binders, or agreements of insurance or reinsurance. Under the claims services agreements, Starr adjusts the claims under policies and arranges for third party treaty and facultative agreements covering such policies. Under the underwriting services agreements, Starr underwrites insurance policies on our behalf and we agree to reinsure such policies to Starr under quota share reinsurance agreements.

The agency agreement also contains a profit-sharing arrangement based on loss ratios, triggered if Starr underwrites a minimum of \$20 million of annual program business net premiums written on our behalf. No profit share commission has been payable yet under this arrangement. Transactions generated under Starr agreements were as follows:

(in millions of U.S. dollars)	Year Ended December 31		
	2020	2019	2018
Consolidated statement of operations			
Gross premiums written	\$ 507	\$ 394	\$ 411
Ceded premiums written	\$ 253	\$ 207	\$ 188
Commissions paid	\$ 97	\$ 77	\$ 84
Commissions received	\$ 59	\$ 46	\$ 42
Losses and loss expenses	\$ 170	\$ 185	\$ 188
Consolidated balance sheets			
Reinsurance recoverable on losses and loss expenses	\$ 432	\$ 440	
Ceded reinsurance premium payable	\$ 80	\$ 56	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

ABR Re

We own 15.6 percent of the common equity of ABR Reinsurance Capital Holdings Ltd. and warrants to acquire 0.5 percent of additional equity. ABR Reinsurance Capital Holdings Ltd., is the parent company of ABR Reinsurance Ltd. (ABR Re), an independent reinsurance company. Through long-term arrangements, Chubb will be the sole source of reinsurance risks ceded to ABR Re, and BlackRock, Inc. will be ABR Re's exclusive investment management service provider. As an investor, Chubb is expected to benefit from underwriting profit generated by ABR Re's reinsuring a wide range of Chubb's primary insurance business and the income and capital appreciation BlackRock, Inc. seeks to deliver through its investment management services. In addition, Chubb has entered into an arrangement with BlackRock, Inc. under which both Chubb and BlackRock, Inc. will be entitled to an equal share of the aggregate amount of certain fees, including underwriting and investment management performance related fees, in connection with their respective reinsurance and investment management arrangements with ABR Re.

ABR Re is a variable interest entity; however, Chubb is not the primary beneficiary and does not consolidate ABR Re because Chubb does not have the power to control and direct ABR Re's most significant activities, including investing and underwriting. Our minority ownership interest is accounted for under the equity method of accounting. Chubb cedes premiums to ABR Re and recognizes the associated commissions.

Transactions generated under ABR Re agreements were as follows:

(in millions of U.S. dollars)	Year Ended December 31		
	2020	2019	2018
Consolidated statement of operations			
Ceded premiums written	\$ 350	\$ 321	\$ 329
Commissions received	\$ 100	\$ 92	\$ 96
Consolidated balance sheets			
Reinsurance recoverable on losses and loss expenses	\$ 806	\$ 674	
Ceded reinsurance premium payable	\$ 67	\$ 62	

18. Statutory financial information

Our subsidiaries file financial statements prepared in accordance with statutory accounting practices prescribed or permitted by insurance regulators. Statutory accounting differs from GAAP in the reporting of certain reinsurance contracts, investments, subsidiaries, acquisition expenses, fixed assets, deferred income taxes, and certain other items. Some jurisdictions impose complex regulatory requirements on insurance companies while other jurisdictions impose fewer requirements. In some jurisdictions, we must obtain licenses issued by governmental authorities to conduct local insurance business. These licenses may be subject to reserves and minimum capital and solvency tests. Jurisdictions may impose fines, censure, and/or criminal sanctions for violation of regulatory requirements. The 2020 amounts below are based on estimates.

Chubb's insurance and reinsurance subsidiaries are subject to insurance laws and regulations in the jurisdictions in which they operate. These regulations include restrictions that limit the amount of dividends or other distributions, such as loans or cash advances, available to shareholders without prior approval of the local insurance regulatory authorities. The amount of dividends available to be paid in 2021 without prior approval totals \$6.4 billion.

The statutory capital and surplus of our insurance subsidiaries met regulatory requirements for 2020, 2019, and 2018. The minimum amounts of statutory capital and surplus necessary to satisfy regulatory requirements was \$29.4 billion and \$26.7 billion for December 31, 2020 and 2019, respectively. These minimum regulatory capital requirements were significantly lower than the corresponding amounts required by the rating agencies which review Chubb's insurance and reinsurance subsidiaries.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

The following tables present the combined statutory capital and surplus and statutory net income (loss) of our Property and casualty and Life subsidiaries:

(in millions of U.S. dollars)	December 31	
	2020	2019
Statutory capital and surplus		
Property and casualty	\$ 45,964	\$ 43,077
Life	\$ 1,641	\$ 1,573

(in millions of U.S. dollars)	Year Ended December 31		
	2020	2019	2018
Statutory net income (loss)			
Property and casualty	\$ 4,294	\$ 6,046	\$ 7,521
Life	\$ (247)	\$ (210)	\$ (102)

Several insurance subsidiaries follow accounting practices prescribed or permitted by the jurisdiction of domicile that differ from the applicable local statutory practice. The application of prescribed or permitted accounting practices does not have a material impact on Chubb's statutory surplus and income. As prescribed by the Restructuring discussed previously in Note 7, certain of our U.S. subsidiaries discount certain A&E liabilities, which increased statutory capital and surplus by approximately \$140 million and \$147 million at December 31, 2020 and 2019, respectively.

Federal Insurance Company (Federal), a direct subsidiary of Chubb INA Holdings Inc., has a permitted practice granted by the Indiana Department of Insurance that relates to its investments in foreign subsidiaries and affiliates. Under Statement of Statutory Accounting Principles No. 97, Investments in Subsidiary, Controlled and Affiliated Entities, in order for a reporting entity to admit its investments in foreign subsidiaries and affiliates, audited financial statements of the subsidiary or affiliate must be obtained to support the carrying value. Such financial statements must be prepared in accordance with U.S. GAAP, or alternatively, in accordance with the local statutory requirements in the subsidiary's or affiliate's country of domicile, with an audited footnote reconciliation of net income and shareholder's equity as reported to a U.S. GAAP basis. With the explicit permission of the Indiana Department of Insurance, Federal obtains audited financial statements for its admitted foreign subsidiaries and affiliates, which had an aggregate carrying value of approximately \$55 million and \$54 million at December 31, 2020 and 2019, respectively, prepared in accordance with their respective local statutory requirements and supplemented with a separate unaudited reconciliation of shareholder's equity as reported to a U.S. GAAP basis.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

19. Information provided in connection with outstanding debt of subsidiaries

The following tables present condensed consolidating financial information at December 31, 2020 and 2019, and for the years ended December 31, 2020, 2019, and 2018 for Chubb Limited (Parent Guarantor) and Chubb INA Holdings Inc. (Subsidiary Issuer). The Subsidiary Issuer is an indirect 100 percent-owned subsidiary of the Parent Guarantor. The Parent Guarantor fully and unconditionally guarantees certain of the debt of the Subsidiary Issuer. Condensed consolidating financial information of the Parent Guarantor and Subsidiary Issuer are presented on the equity method of accounting. The revenues and expenses and cash flows of the subsidiaries of the Subsidiary Issuer are presented in the Other Chubb Limited Subsidiaries column on a combined basis.

Condensed Consolidating Balance Sheet at December 31, 2020

(in millions of U.S. dollars)	Chubb Limited (Parent Guarantor)	Chubb INA Holdings Inc. (Subsidiary Issuer)	Other Chubb Limited Subsidiaries	Consolidating Adjustments and Eliminations	Chubb Limited Consolidated
Assets					
Investments	\$ —	\$ 197	\$ 118,472	\$ —	\$ 118,669
Cash ⁽¹⁾	84	1	1,934	(272)	1,747
Restricted Cash	—	—	89	—	89
Insurance and reinsurance balances receivable	—	—	13,926	(3,446)	10,480
Reinsurance recoverable on losses and loss expenses	—	—	25,217	(9,625)	15,592
Reinsurance recoverable on policy benefits	—	—	299	(93)	206
Value of business acquired	—	—	263	—	263
Goodwill and other intangible assets	—	—	21,211	—	21,211
Investments in subsidiaries	56,148	55,231	—	(111,379)	—
Due from subsidiaries and affiliates, net	3,522	—	171	(3,693)	—
Other assets	10	463	23,921	(1,877)	22,517
Total assets	\$ 59,764	\$ 55,892	\$ 205,503	\$ (130,385)	\$ 190,774
Liabilities					
Unpaid losses and loss expenses	\$ —	\$ —	\$ 77,180	\$ (9,369)	\$ 67,811
Unearned premiums	—	—	18,853	(1,201)	17,652
Future policy benefits	—	—	5,806	(93)	5,713
Due to subsidiaries and affiliates, net	—	3,008	685	(3,693)	—
Affiliated notional cash pooling programs ⁽¹⁾	—	272	—	(272)	—
Repurchase agreements	—	—	1,405	—	1,405
Long-term debt	—	14,948	—	—	14,948
Trust preferred securities	—	308	—	—	308
Other liabilities	323	1,418	26,133	(4,378)	23,496
Total liabilities	323	19,954	130,062	(19,006)	131,333
Total shareholders' equity	59,441	35,938	75,441	(111,379)	59,441
Total liabilities and shareholders' equity	\$ 59,764	\$ 55,892	\$ 205,503	\$ (130,385)	\$ 190,774

⁽¹⁾ Chubb maintains two notional multicurrency cash pools (Pools) with a third-party bank. Refer to Note 1 f) for additional information. At December 31, 2020, the cash balance of one or more entities was negative; however, the overall Pool balances were positive.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Condensed Consolidating Balance Sheet at December 31, 2019

(in millions of U.S. dollars)	Chubb Limited (Parent Guarantor)	Chubb INA Holdings Inc. (Subsidiary Issuer)	Other Chubb Limited Subsidiaries	Consolidating Adjustments and Eliminations	Chubb Limited Consolidated
Assets					
Investments	\$ —	\$ 1,013	\$ 108,221	\$ —	\$ 109,234
Cash ⁽¹⁾	2	442	1,093	—	1,537
Restricted Cash	—	—	109	—	109
Insurance and reinsurance balances receivable	—	—	12,920	(2,563)	10,357
Reinsurance recoverable on losses and loss expenses	—	—	24,780	(9,599)	15,181
Reinsurance recoverable on policy benefits	—	—	292	(95)	197
Value of business acquired	—	—	306	—	306
Goodwill and other intangible assets	—	—	21,359	—	21,359
Investments in subsidiaries	50,853	52,076	—	(102,929)	—
Due from subsidiaries and affiliates, net	4,776	—	—	(4,776)	—
Other assets	12	408	20,072	(1,829)	18,663
Total assets	\$ 55,643	\$ 53,939	\$ 189,152	\$ (121,791)	\$ 176,943
Liabilities					
Unpaid losses and loss expenses	\$ —	\$ —	\$ 71,916	\$ (9,226)	\$ 62,690
Unearned premiums	—	—	17,978	(1,207)	16,771
Future policy benefits	—	—	5,468	(95)	5,373
Due to subsidiaries and affiliates, net	—	4,446	330	(4,776)	—
Repurchase agreements	—	—	1,416	—	1,416
Short-term debt	—	1,298	1	—	1,299
Long-term debt	—	13,559	—	—	13,559
Trust preferred securities	—	308	—	—	308
Other liabilities	312	1,649	21,793	(3,558)	20,196
Total liabilities	312	21,260	118,902	(18,862)	121,612
Total shareholders' equity	55,331	32,679	70,250	(102,929)	55,331
Total liabilities and shareholders' equity	\$ 55,643	\$ 53,939	\$ 189,152	\$ (121,791)	\$ 176,943

⁽¹⁾ Chubb maintains two notional multicurrency cash pools (Pools) with a third-party bank. Refer to Note 1 f) for additional information.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Condensed Consolidating Statements of Operations and Comprehensive Income

For the Year Ended December 31, 2020 (in millions of U.S. dollars)	Chubb Limited (Parent Guarantor)	Chubb INA Holdings Inc. (Subsidiary Issuer)	Other Chubb Limited Subsidiaries	Consolidating Adjustments and Eliminations	Chubb Limited Consolidated
Net premiums written	\$ —	\$ —	\$ 33,820	\$ —	\$ 33,820
Net premiums earned	—	—	33,117	—	33,117
Net investment income	(1)	6	3,370	—	3,375
Equity in earnings of subsidiaries	3,457	2,052	—	(5,509)	—
Net realized gains (losses)	20	(397)	(121)	—	(498)
Losses and loss expenses	—	—	21,710	—	21,710
Policy benefits	—	—	784	—	784
Policy acquisition costs and administrative expenses	94	(130)	9,562	—	9,526
Interest (income) expense	(136)	596	56	—	516
Other (income) expense	(39)	(24)	(931)	—	(994)
Amortization of purchased intangibles	—	—	290	—	290
Income tax expense (benefit)	24	(181)	786	—	629
Net income	\$ 3,533	\$ 1,400	\$ 4,109	\$ (5,509)	\$ 3,533
Comprehensive income	\$ 5,783	\$ 3,236	\$ 6,512	\$ (9,748)	\$ 5,783

Condensed Consolidating Statements of Operations and Comprehensive Income

For the Year Ended December 31, 2019 (in millions of U.S. dollars)	Chubb Limited (Parent Guarantor)	Chubb INA Holdings Inc. (Subsidiary Issuer)	Other Chubb Limited Subsidiaries	Consolidating Adjustments and Eliminations	Chubb Limited Consolidated
Net premiums written	\$ —	\$ —	\$ 32,275	\$ —	\$ 32,275
Net premiums earned	—	—	31,290	—	31,290
Net investment income	1	(15)	3,440	—	3,426
Equity in earnings of subsidiaries	4,307	3,022	—	(7,329)	—
Net realized gains (losses) including OTTI	(17)	(31)	(482)	—	(530)
Losses and loss expenses	—	—	18,730	—	18,730
Policy benefits	—	—	740	—	740
Policy acquisition costs and administrative expenses	92	(26)	9,117	—	9,183
Interest (income) expense	(243)	705	90	—	552
Other (income) expense	(27)	6	(575)	—	(596)
Amortization of purchased intangibles	—	—	305	—	305
Chubb integration expenses	1	2	20	—	23
Income tax expense (benefit)	14	(175)	956	—	795
Net income	\$ 4,454	\$ 2,464	\$ 4,865	\$ (7,329)	\$ 4,454
Comprehensive income	\$ 7,521	\$ 4,988	\$ 7,922	\$ (12,910)	\$ 7,521

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Condensed Consolidating Statements of Operations and Comprehensive Income (Loss)

For the Year Ended December 31, 2018 (in millions of U.S. dollars)	Chubb Limited (Parent Guarantor)	Chubb INA Holdings Inc. (Subsidiary Issuer)	Other Chubb Limited Subsidiaries	Consolidating Adjustments and Eliminations	Chubb Limited Consolidated
Net premiums written	\$ —	\$ —	\$ 30,579	\$ —	\$ 30,579
Net premiums earned	—	—	30,064	—	30,064
Net investment income	6	13	3,286	—	3,305
Equity in earnings of subsidiaries	3,753	2,578	—	(6,331)	—
Net realized gains (losses) including OTTI	—	117	(769)	—	(652)
Losses and loss expenses	—	—	18,067	—	18,067
Policy benefits	—	—	590	—	590
Policy acquisition costs and administrative expenses	87	(58)	8,769	—	8,798
Interest (income) expense	(299)	806	134	—	641
Other (income) expense	(24)	26	(436)	—	(434)
Amortization of purchased intangibles	—	—	339	—	339
Chubb integration expenses	14	1	44	—	59
Income tax expense (benefit)	19	(148)	824	—	695
Net income	\$ 3,962	\$ 2,081	\$ 4,250	\$ (6,331)	\$ 3,962
Comprehensive income (loss)	\$ 1,242	\$ (27)	\$ 1,808	\$ (1,781)	\$ 1,242

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Condensed Consolidating Statement of Cash Flows

For the Year Ended December 31, 2020 (in millions of U.S. dollars)	Chubb Limited (Parent Guarantor)	Chubb INA Holdings Inc. (Subsidiary Issuer)	Other Chubb Limited Subsidiaries	Consolidating Adjustments and Eliminations	Chubb Limited Consolidated
Net cash flows from operating activities	\$ 1,933	\$ 274	\$ 10,788	\$ (3,210)	\$ 9,785
Cash flows from investing activities					
Purchases of fixed maturities available for sale	—	(49)	(26,249)	—	(26,298)
Purchases of fixed maturities held to maturity	—	—	(202)	—	(202)
Purchases of equity securities	—	—	(6,419)	—	(6,419)
Sales of fixed maturities available for sale	—	9	11,368	—	11,377
Sales of equity securities	—	—	3,880	—	3,880
Maturities and redemptions of fixed maturities available for sale	—	50	12,400	—	12,450
Maturities and redemptions of fixed maturities held to maturity	—	—	995	—	995
Net change in short-term investments	—	772	(853)	—	(81)
Net derivative instruments settlements	—	55	(168)	—	(113)
Private equity contributions	—	—	(1,924)	—	(1,924)
Private equity distributions	—	—	907	—	907
Payment, including deposit, for Huatai Group interest	—	—	(1,623)	—	(1,623)
Capital contribution	(1,200)	(72)	—	1,272	—
Other	(2)	4	(472)	—	(470)
Net cash flows from (used for) investing activities	(1,202)	769	(8,360)	1,272	(7,521)
Cash flows from financing activities					
Dividends paid on Common Shares	(1,388)	—	—	—	(1,388)
Common Shares repurchased	(523)	—	—	—	(523)
Proceeds from issuance of long-term debt	—	988	—	—	988
Proceeds from issuance of repurchase agreements	—	—	2,354	—	2,354
Repayment of long-term debt	—	(1,301)	—	—	(1,301)
Repayment of repurchase agreements	—	—	(2,354)	—	(2,354)
Proceeds from share-based compensation plans	—	—	145	—	145
Advances (to) from affiliates	1,265	(1,438)	173	—	—
Dividends to parent company	—	—	(3,210)	3,210	—
Capital contribution	—	—	1,272	(1,272)	—
Net proceeds from affiliated notional cash pooling programs ⁽¹⁾	—	272	—	(272)	—
Policyholder contract deposits and other	—	—	470	—	470
Policyholder contract withdrawals and other	—	—	(386)	—	(386)
Other	—	—	(87)	—	(87)
Net cash flows used for financing activities	(646)	(1,479)	(1,623)	1,666	(2,082)
Effect of foreign currency rate changes on cash and restricted cash	(3)	(5)	16	—	8
Net increase (decrease) in cash and restricted cash	82	(441)	821	(272)	190
Cash and restricted cash – beginning of year ⁽¹⁾	2	442	1,202	—	1,646
Cash and restricted cash – end of year ⁽¹⁾	\$ 84	\$ 1	\$ 2,023	\$ (272)	\$ 1,836

⁽¹⁾ Chubb maintains two notional multi-currency cash pools (Pools) with a third-party bank. Refer to Note 1 f) for additional information. At December 31, 2020, the cash balance of one or more entities was negative; however, the overall Pool balances were positive.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Condensed Consolidating Statement of Cash Flows

For the Year Ended December 31, 2019 (in millions of U.S. dollars)	Chubb Limited (Parent Guarantor)	Chubb INA Holdings Inc. (Subsidiary Issuer)	Other Chubb Limited Subsidiaries	Consolidating Adjustments and Eliminations	Chubb Limited Consolidated
Net cash flows from operating activities	\$ 412	\$ 2,926	\$ 6,878	\$ (3,874)	\$ 6,342
Cash flows from investing activities					
Purchases of fixed maturities available for sale	—	(21)	(25,825)	—	(25,846)
Purchases of fixed maturities held to maturity	—	—	(229)	—	(229)
Purchases of equity securities	—	—	(531)	—	(531)
Sales of fixed maturities available for sale	—	1	13,115	—	13,116
Sales of equity securities	—	—	611	—	611
Maturities and redemptions of fixed maturities available for sale	—	41	8,998	—	9,039
Maturities and redemptions of fixed maturities held to maturity	—	—	946	—	946
Net change in short-term investments	—	(808)	(309)	—	(1,117)
Net derivative instruments settlements	—	(74)	(629)	—	(703)
Private equity contributions	—	—	(1,315)	—	(1,315)
Private equity distributions	—	—	1,390	—	1,390
Capital contribution	(1,000)	(110)	—	1,110	—
Acquisition of subsidiaries (net of cash acquired of \$45)	—	—	(29)	—	(29)
Payment, including deposit, for Huatai Group interest	—	—	(580)	—	(580)
Other	—	(4)	(653)	—	(657)
Net cash flows used for investing activities	(1,000)	(975)	(5,040)	1,110	(5,905)
Cash flows from financing activities					
Dividends paid on Common Shares	(1,354)	—	—	—	(1,354)
Common Shares repurchased	(327)	—	(1,203)	—	(1,530)
Proceeds from issuance of long-term debt	—	2,828	—	—	2,828
Proceeds from issuance of repurchase agreements	—	—	2,817	—	2,817
Repayment of long-term debt	—	(500)	(10)	—	(510)
Repayment of repurchase agreements	—	—	(2,817)	—	(2,817)
Proceeds from share-based compensation plans	—	—	204	—	204
Advances (to) from affiliates	2,301	(3,223)	922	—	—
Dividends to parent company	—	—	(3,874)	3,874	—
Capital contribution	—	—	1,110	(1,110)	—
Net proceeds payments to affiliated notional cash pooling programs ⁽¹⁾	(35)	(617)	—	652	—
Policyholder contract deposits	—	—	514	—	514
Policyholder contract withdrawals	—	—	(303)	—	(303)
Net cash flows from (used for) financing activities	585	(1,512)	(2,640)	3,416	(151)
Effect of foreign currency rate changes on cash and restricted cash	4	1	15	—	20
Net increase (decrease) in cash and restricted cash	1	440	(787)	652	306
Cash and restricted cash – beginning of year ⁽¹⁾	1	2	1,989	(652)	1,340
Cash and restricted cash – end of year ⁽¹⁾	\$ 2	\$ 442	\$ 1,202	\$ —	\$ 1,646

(1) Chubb maintains two notional multi-currency cash pools (Pools) with a third-party bank. Refer to Note 1 f) for additional information. At December 31, 2018, the cash balance of one or more entities was negative; however, the overall Pool balances were positive.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Condensed Consolidating Statement of Cash Flows

For the Year Ended December 31, 2018 (in millions of U.S. dollars)	Chubb Limited (Parent Guarantor)	Chubb INA Holdings Inc. (Subsidiary Issuer)	Other Chubb Limited Subsidiaries	Consolidating Adjustments and Eliminations	Chubb Limited Consolidated
Net cash flows from operating activities	\$ 256	\$ 4,654	\$ 5,878	\$ (5,308)	\$ 5,480
Cash flows from investing activities					
Purchases of fixed maturities available for sale	—	(38)	(24,697)	—	(24,735)
Purchases of fixed maturities held to maturity	—	—	(456)	—	(456)
Purchases of equity securities	—	—	(207)	—	(207)
Sales of fixed maturities available for sale	—	11	14,019	—	14,030
Sales of equity securities	—	—	315	—	315
Maturities and redemptions of fixed maturities available for sale	—	17	7,335	—	7,352
Maturities and redemptions of fixed maturities held to maturity	—	—	1,124	—	1,124
Net change in short-term investments	—	3	513	—	516
Net derivative instruments settlements	—	(7)	23	—	16
Private equity contributions	—	—	(1,337)	—	(1,337)
Private equity distributions	—	—	980	—	980
Capital contribution	(1,475)	(3,550)	—	5,025	—
Other	—	(18)	(515)	—	(533)
Net cash flows used for investing activities	(1,475)	(3,582)	(2,903)	5,025	(2,935)
Cash flows from financing activities					
Dividends paid on Common Shares	(1,337)	—	—	—	(1,337)
Common Shares repurchased	—	—	(1,044)	—	(1,044)
Proceeds from issuance of long-term debt	—	2,171	—	—	2,171
Proceeds from issuance of repurchase agreements	—	—	2,029	—	2,029
Repayment of long-term debt	—	(2,000)	(1)	—	(2,001)
Repayment of repurchase agreements	—	—	(2,019)	—	(2,019)
Proceeds from share-based compensation plans	—	—	115	—	115
Advances (to) from affiliates	2,519	(1,744)	(775)	—	—
Dividends to parent company	—	—	(5,308)	5,308	—
Capital contribution	—	—	5,025	(5,025)	—
Net payments to affiliated notional cash pooling programs ⁽¹⁾	35	502	—	(537)	—
Policyholder contract deposits	—	—	453	—	453
Policyholder contract withdrawals	—	—	(358)	—	(358)
Net cash flows from (used for) financing activities	1,217	(1,071)	(1,883)	(254)	(1,991)
Effect of foreign currency rate changes on cash and restricted cash	—	—	(65)	—	(65)
Net increase (decrease) in cash and restricted cash	(2)	1	1,027	(537)	489
Cash and restricted cash – beginning of year ⁽¹⁾	3	1	962	(115)	851
Cash and restricted cash – end of year ⁽¹⁾	\$ 1	\$ 2	\$ 1,989	\$ (652)	\$ 1,340

(1) Chubb maintains two notional multi-currency cash pools (Pools) with a third-party bank. Refer to Note 1 f) for additional information. At December 31, 2018 and 2017, the cash balance of one or more entities was negative; however, the overall Pool balances were positive.

SCHEDULE I

Chubb Limited and Subsidiaries

SUMMARY OF INVESTMENTS – OTHER THAN INVESTMENTS IN RELATED PARTIES

December 31, 2020 (in millions of U.S. dollars)	Cost or Amortized Cost, Net ⁽¹⁾	Fair Value	Amount at Which Shown in the Balance Sheet
Fixed maturities available for sale			
U.S. Treasury / Agency	\$ 2,471	\$ 2,670	\$ 2,670
Non-U.S.	24,588	26,354	26,354
Corporate and asset-backed securities	34,081	36,331	36,331
Mortgage-backed securities	17,456	18,470	18,470
Municipal	6,572	6,874	6,874
Total fixed maturities available for sale	85,168	90,699	90,699
Fixed maturities held to maturity			
U.S. Treasury / Agency	1,392	1,452	1,392
Non-U.S.	1,288	1,405	1,288
Corporate and asset-backed securities	2,150	2,438	2,150
Mortgage-backed securities	1,999	2,146	1,999
Municipal	4,824	5,069	4,824
Total fixed maturities held to maturity	11,653	12,510	11,653
Equity securities			
Industrial, miscellaneous, and all other	4,027	4,027	4,027
Short-term investments			
	4,349	4,345	4,345
Other investments ⁽²⁾			
	7,826	7,826	7,826
Total investments - other than investments in related parties	\$ 113,023	\$ 119,407	\$ 118,550

⁽¹⁾ Net of valuation allowance for expected credit losses.

⁽²⁾ Excludes \$119 million of related party investments.

SCHEDULE II

Chubb Limited and Subsidiaries

CONDENSED FINANCIAL INFORMATION OF REGISTRANT**BALANCE SHEETS (Parent Company Only)**

(in millions of U.S. dollars)	December 31 2020	December 31 2019
Assets		
Investments in subsidiaries and affiliates on equity basis	\$ 56,148	\$ 50,853
Total investments	56,148	50,853
Cash	84	2
Due from subsidiaries and affiliates, net	3,522	4,776
Other assets	10	12
Total assets	\$ 59,764	\$ 55,643
Liabilities		
Accounts payable, accrued expenses, and other liabilities	\$ 323	\$ 312
Total liabilities	323	312
Shareholders' equity		
Common Shares	11,064	11,121
Common Shares in treasury	(3,644)	(3,754)
Additional paid-in capital	9,815	11,203
Retained earnings	39,337	36,142
Accumulated other comprehensive income	2,869	619
Total shareholders' equity	59,441	55,331
Total liabilities and shareholders' equity	\$ 59,764	\$ 55,643

The condensed financial information should be read in conjunction with the Consolidated Financial Statements and notes thereto.

SCHEDULE II (continued)

Chubb Limited and Subsidiaries

CONDENSED FINANCIAL INFORMATION OF REGISTRANT

STATEMENTS OF OPERATIONS (Parent Company Only)

(in millions of U.S. dollars)	Year Ended December 31		
	2020	2019	2018
Revenues			
Investment income ⁽¹⁾	\$ 155	\$ 227	\$ 305
Equity in net income of subsidiaries and affiliates	3,457	4,307	3,753
	3,612	4,534	4,058
Expenses			
Administrative and other (income) expense	55	65	63
Chubb integration expenses	—	1	14
Income tax expense	24	14	19
	79	80	96
Net income	\$ 3,533	\$ 4,454	\$ 3,962
Comprehensive income	\$ 5,783	\$ 7,521	\$ 1,242

⁽¹⁾ Includes net investment income, interest income, and net realized gains (losses).

The condensed financial information should be read in conjunction with the Consolidated Financial Statements and notes thereto.

STATEMENTS OF CASH FLOWS (Parent Company Only)

(in millions of U.S. dollars)	Year Ended December 31		
	2020	2019	2018
Net cash flows from operating activities ⁽¹⁾	\$ 1,933	\$ 412	\$ 256
Cash flows from investing activities			
Capital contribution	(1,200)	(1,000)	(1,475)
Other	(2)	—	—
Net cash flows used for investing activities	(1,202)	(1,000)	(1,475)
Cash flows from financing activities			
Dividends paid on Common Shares	(1,388)	(1,354)	(1,337)
Common Shares repurchased	(523)	(327)	—
Advances from affiliates	1,265	2,301	2,519
Net proceeds from (payments to) affiliated notional cash pooling programs ⁽²⁾	—	(35)	35
Net cash flows from (used for) financing activities	(646)	585	1,217
Effect of foreign currency rate changes on cash and restricted cash	(3)	4	—
Net increase (decrease) in cash and restricted cash	82	1	(2)
Cash and restricted cash – beginning of year	2	1	3
Cash and restricted cash – end of year	\$ 84	\$ 2	\$ 1

⁽¹⁾ Includes cash dividends received from subsidiaries of \$2.0 billion, \$200 million, and \$75 million in 2020, 2019, and 2018, respectively.

⁽²⁾ Chubb maintains two notional multicurrency cash pools (Pools) with a third-party bank. Refer to Note 1 f) for additional information.

The condensed financial information should be read in conjunction with the Consolidated Financial Statements and notes thereto.

SCHEDULE IV

Chubb Limited and Subsidiaries

SUPPLEMENTAL INFORMATION CONCERNING REINSURANCE**Premiums Earned**

For the years ended December 31, 2020, 2019, and 2018 (in millions of U.S. dollars, except for percentages)	Direct Amount	Ceded To Other Companies	Assumed From Other Companies	Net Amount	Percentage of Amount Assumed to Net
2020					
Property and Casualty	\$ 31,546	\$ 6,782	\$ 3,044	\$ 27,808	11 %
Accident and Health	4,249	368	111	3,992	3 %
Life	1,242	93	168	1,317	13 %
Total	\$ 37,037	\$ 7,243	\$ 3,323	\$ 33,117	10 %
2019					
Property and Casualty	\$ 30,339	\$ 7,236	\$ 2,797	\$ 25,900	11 %
Accident and Health	4,546	376	119	4,289	3 %
Life	991	81	191	1,101	17 %
Total	\$ 35,876	\$ 7,693	\$ 3,107	\$ 31,290	10 %
2018					
Property and Casualty	\$ 28,793	\$ 6,792	\$ 2,812	\$ 24,813	11 %
Accident and Health	4,409	342	162	4,229	4 %
Life	906	85	201	1,022	20 %
Total	\$ 34,108	\$ 7,219	\$ 3,175	\$ 30,064	11 %

SCHEDULE VI

Chubb Limited and Subsidiaries

SUPPLEMENTARY INFORMATION CONCERNING PROPERTY AND CASUALTY OPERATIONS

As of and for the years ended December 31, 2020, 2019, and 2018 (in millions of U.S. dollars)

	Deferred Policy Acquisition Costs	Net Reserves for Unpaid Losses and Loss Expenses	Unearned Premiums	Net Premiums Earned	Net Investment Income	Net Losses and Loss Expenses Incurred Related to		Amortization of Deferred Policy Acquisition Costs	Net Paid Losses and Loss Expenses	Net Premiums Written
						Current Year	Prior Year			
2020	\$ 4,244	\$ 53,164	\$ 17,652	\$ 31,800	\$ 3,074	\$ 22,124	\$ (414)	\$ 6,076	\$ 17,434	\$ 32,471
2019	\$ 4,161	\$ 48,509	\$ 16,771	\$ 30,189	\$ 3,141	\$ 19,575	\$ (845)	\$ 5,831	\$ 18,473	\$ 31,126
2018	\$ 3,926	\$ 48,271	\$ 15,532	\$ 29,042	\$ 3,047	\$ 19,048	\$ (981)	\$ 5,630	\$ 18,340	\$ 29,505

**DESCRIPTION OF THE REGISTRANT'S SECURITIES
REGISTERED PURSUANT TO SECTION 12 OF THE
SECURITIES EXCHANGE ACT OF 1934**

Chubb Limited ("Chubb") has 7 classes of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"): (1) our Common Shares; and (2) our guarantee of the following Senior Notes issued by Chubb INA Holdings Inc. ("Chubb INA"), a wholly owned subsidiary of Chubb: (i) 0.30 percent Notes due 2024; (ii) 0.875 percent Notes due 2027; (iii) 1.55 percent Notes due 2028; (iv) 0.875 percent Notes due 2029; (v) 1.40 percent Notes due 2031; and (vi) 2.50 percent Notes due 2038. Each of Chubb's securities registered under Section 12 of the Exchange Act are listed on The New York Stock Exchange.

DESCRIPTION OF COMMON SHARES

The following description is a summary of the material terms of our common shares. Because it is only a summary, it may not contain all of the information that may be important to you, and should be read in conjunction with our Articles of Association, as amended and restated, our Organizational Regulations, as amended and applicable Swiss law.

Chubb's Capital Structure

Chubb's common shares are registered shares with a par value of CHF 24.15 per share. The common shares rank *pari passu* in entitlement to dividends, liquidation proceeds in case of a liquidation of Chubb and pre-emptive rights. Chubb does not have any shares carrying preferential rights.

The amount of authorized share capital that Chubb has authority to issue for general purposes is approved by Chubb's shareholders and is set forth in Chubb's Articles of Association. Under Swiss law, shareholder authorization for share capital only lasts for two years. In addition, Chubb's Articles of Association provides for conditional share capital for issuance upon the exercise of conversion and/or option or warrant rights granted in connection with bonds, notes or similar instruments, issued or to be issued by Chubb or by subsidiaries of Chubb, including convertible debt instruments or in connection with the exercise of option rights granted to any employee of Chubb or a subsidiary, and any consultant, director, or other person providing services to Chubb or a subsidiary.

Chubb's common shares are listed on the New York Stock Exchange under the symbol "CB." Its common shares currently issued and outstanding are fully paid and non-assessable, which means that its common shares are paid for in full at the time they are issued, and, once its common shares are paid for in full, there is no further liability for further assessment or taxation.

Voting Rights

Each share is entitled to one vote subject to certain limitations. Shareholders of record have the right to grant their voting proxy directly to the independent proxy or to grant a written proxy to any person, who does not need to be a shareholder, or to vote in person at the shareholders' meeting (Chubb's supreme body). The independent proxy is obliged to exercise the voting rights granted by shareholders in accordance with shareholder instructions.

Under Chubb's Articles of Association, resolutions generally require the approval of a simple majority of the votes cast at the shareholders' meeting (not counting abstentions, broker non-votes, blank or invalid ballots), each share granting the right to one vote. Shareholders resolutions requiring a vote by simple majority include certain amendments to Chubb's Articles of Association, elections of directors and statutory auditors, approval of the annual report and the consolidated financial statements, setting the annual dividend, decisions to discharge directors and management from liability for matters disclosed to the shareholders' meeting and the

ordering of an independent investigation into the specific matters proposed to the shareholders' meeting (*Sonderprüfung*).

The approval of at least two-thirds of the votes represented at a shareholders' meeting will be, however, required for resolutions with respect to:

- a modification of the purpose of Chubb;
- creation of privileged voting shares;
- restrictions on the transfer of registered shares and the removal of such restrictions;
- restrictions on the exercise of the right to vote and the removal of such restrictions;
- an authorized or conditional increase in share capital;
- an increase in share capital through the conversions of capital surplus, through a contribution in kind or in exchange for an acquisition of assets, or a grant of special benefits upon a capital increase;
- restriction or denial of pre-emptive rights;
- a change of the place of incorporation of Chubb;
- conversion of registered shares into bearer shares and *vice versa*;
- dissolution of Chubb followed liquidation;
- the dismissal of the members of the Board of Directors according to art. 705 para. 1 of the Swiss Code of Obligations;
- the amendment or elimination of the provisions of article 8 (shareholder's register, transfer restrictions), article 14 (voting rights and shareholder proxies) and article 15 (resolutions of general meeting) of the Articles of Association; and
- any changes to the two-thirds voting requirement to the extent permitted by mandatory law.

Pursuant to the Swiss Federal Merger Act, special quorum rules apply by law to a merger (*Fusion*) (including a possible squeeze-out merger), de-merger (*Spaltung*) or conversion (*Umwandlung*) of a company.

Except as noted below, Chubb's Articles of Association confer on the holders of shares equal rights, including equal voting and equal financial rights, with each share carrying one vote at Chubb's shareholders' meetings.

To be able to exercise voting rights, holders of the shares must apply to Chubb for enrollment in its share register (*Aktienregister*) as shareholders with voting rights. Registered holders of shares may obtain the form of declaration from Chubb's transfer agent. Cede & Co., as nominee of The Depository Trust Company, or DTC, will make such declaration with respect to shares held in "street name." Purchasers of shares will be required to disclose their name and address and that they have acquired their shares in their name and for their account in order to be recorded in Chubb's share register as shareholders with voting rights. As discussed under "Transfer of Shares," registration with voting rights has some restrictions.

Persons not expressly declaring themselves to be holding shares for their own account in the application for entry in the share register will not be registered as shareholders with voting rights. Certain exceptions exist with regard to nominees.

Legal entities or partnerships or other associations or joint ownership arrangements which are linked through capital ownership or voting rights, through common management or in like manner, as well as individuals, legal entities or partnerships (especially syndicates) which act in concert with intent to evade the entry restrictions are considered as one shareholder or nominee.

Failing registration as shareholders with voting rights, registered shareholders may not participate in or vote at Chubb's shareholders' meetings, but will be entitled to dividends, preemptive rights and liquidation proceeds. Only shareholders that are registered as shareholders with voting rights on the relevant record date are permitted to participate in and vote at a general shareholders' meeting. However, Chubb's common shares that are beneficially held *do not* need to be re-registered into the name of the beneficial owners in order to vote.

Notwithstanding the above, if and so long as the Controlled Shares (as defined below) of any individual or legal entity constitute ten percent or more of the registered share capital recorded in the commercial register, such individual or legal entity shall be entitled to cast votes at any ordinary or extraordinary shareholders' meeting in the aggregate equal to the number (rounded down to the nearest whole number) obtained from following formula: $(T \div 10) - 1$, where "T" is the aggregate number of votes conferred by all the registered share capital recorded in the commercial register. "Controlled Shares" are all shares of Chubb directly, indirectly or constructively owned or beneficially by such individual or entity.

Chubb's common shares have noncumulative voting rights, which means that the holders of a majority of its common shares cast may elect all of its directors, and, in this event, the holders of the remaining shares will not be able to elect any directors. Chubb's directors are elected for one-year terms. Directors may be removed without cause at any time and with immediate effect by resolution of the shareholders at an ordinary or extraordinary shareholders' meeting.

Dividend Rights

Under Swiss law, shareholders must approve in advance dividend distributions, though the determination of the record and payment dates may be delegated to the Board of Directors. In order to maintain the practice of quarterly dividends that Chubb established many years ago prior to becoming a Swiss company, Chubb asks its shareholders annually to approve an annual dividend distribution to be paid in four quarterly installments on dates determined by its Board of Directors.

Although dividend distributions are approved by shareholders as denominated in Swiss francs, payments of such dividend distributions to shareholders are made in U.S. dollars. To limit shareholder exposure to fluctuations in the U.S. dollar/Swiss franc exchange rate, the per share amount of each quarterly installment is either defined in U.S. dollars or paid pursuant to a formula which ensures that the U.S. dollar amount of such installment remains constant through appropriate adjustment of the Swiss francs amount, in each case subject to a cap expressed in Swiss francs that is approved by shareholders.

Under Swiss law, dividends (other than through reductions in par value) may be paid out only if the corporation has sufficient distributable profits from previous business years, or if the reserves of the corporation are sufficient to allow distribution of a dividend. The board of directors of a Swiss corporation may propose that a dividend be paid, but cannot itself authorize the dividend independently from a shareholders' authorization of a maximum amount. The company auditors must confirm that the dividend proposal of the Board of Directors conforms with statutory law and the articles of association. Prior to the distribution of dividends, five percent of the annual profits must be allocated to the general reserve until the amount of general reserves has reached twenty percent of the paid-in nominal share capital. Chubb's Articles of Association can provide for a higher general reserve or for the creation of further reserves setting forth their purpose and use. Once this level has been reached and maintained, the shareholders meeting may approve a distribution of each year's profit within the framework of applicable legal requirements. Unless otherwise resolved, dividends are usually due and payable immediately after the shareholders' resolution relating to the allocation of profits has been passed. Under Swiss law, the statute of limitations in respect of claims for dividend payments is five years. Distributions in the form of a par value reduction must also be approved by shareholders, require confirmation by an audit expert that the creditors' claims are fully covered and are subject to a special procedure in which creditors may ask to be satisfied or secured before payment of the distribution. To the extent Chubb pays distributions in the form of par value reductions or dividends from its qualifying capital contribution reserves, they will not be subject to Swiss withholding tax under current law.

Dividends are generally subject to a Swiss withholding tax at a rate of 35 percent; however, payment of a dividend in the form of a par value reduction or qualifying capital contribution reserve reduction is not subject to Swiss withholding tax. The United States and Switzerland concluded a double taxation agreement that should entitle United States security holders who are tax residents in the United States to claim a refund of Swiss withholding tax levied on dividends. For any dividends that are subject to Swiss withholding tax, the double taxation treaty provides for a refund of 20 percent of total 35 percent (non-refundable withholding tax: 15 percent) if the shareholder has less than 10 percent of the nominal share capital. If the shareholder is a United States tax resident corporation owning at least 10 percent of the share capital, the non-refundable portion is 5 percent.

Duration, Liquidation and Merger

Chubb's Articles of Association do not limit its duration as a legal entity.

Chubb may be dissolved by way of liquidation at any time by a shareholders' resolution passed by at least two-thirds of the votes represented at a shareholders meeting. By a shareholders' resolution passed by the same majority, Chubb may also be dissolved without liquidation in certain cases (for example in a merger where Chubb is not the surviving entity). Dissolution by court order is possible if Chubb becomes bankrupt, or for cause if shareholders holding at least 10 percent of the share capital so request.

Under Swiss law, any surplus arising out of a liquidation (after the settlement of all claims of all creditors) is distributed to shareholders in proportion to the paid-up nominal value of shares held. The amount of this surplus, to the extent it is not a repayment of the nominal value of the shares, is subject to Swiss Federal Withholding Tax. According to an applicable double tax treaty between Switzerland and the tax resident country of the shareholder or if the shareholder is domiciled in Switzerland, a partial or full refund of the Swiss withholding tax may be possible under certain conditions.

Preemptive Rights

Under Swiss law, any increase of Chubb's share capital, whether for cash or non-cash consideration, requires prior shareholder approval. Shareholders of a Swiss corporation have preemptive rights to subscribe for new issues of shares, warrants, convertible bonds, or similar debt instruments with option rights in proportion to the nominal amount of shares held. A resolution adopted at a shareholders' meeting by a two-thirds majority vote may, however, limit or withdraw such preemptive rights, but only for important and valid reasons (such as a merger, an acquisition, or participation of employees).

Shareholders' advance subscription rights with regard to the new bonds, notes or similar instruments may be restricted or excluded by decision of the Board of Directors in order to finance or refinance the acquisition of companies, parts of companies or holdings, or new investments planned by Chubb, or in order to issue convertible bonds and warrants on the international capital markets.

If advance subscription rights are excluded, then:

- the instruments are to be placed at market conditions,
- the exercise period is not to exceed ten years from the date of issue for warrants and twenty years for conversion rights, and
- the conversion or exercise price for the new shares is to be set at least in line with the market conditions prevailing at the date on which the instruments are issued.

Where such increase of share capital is used for *employee benefit plans*, shareholders' pre-emptive rights shall be excluded with regard to these shares. These new registered shares may be issued at a price below the current market price. The Board of Directors shall specify the precise conditions of issue.

Transfer of Shares

The registered shares are evidenced by way of share certificates or in book-entry form only. Subject to the requirements of any stock exchange on which Chubb's shares are listed, Chubb may renounce on the printing and delivery of share certificates. However, any shareholder may demand the issuance of a share certificate evidencing ownership of his shares free of charge. Registered shares evidenced in a share certificate are transferred by delivery to the acquirer combined with an endorsement or a written assignment attached to it. Registered shares not represented by a share certificate may only be transferred by way of written assignment. To be valid, Chubb must be notified of the assignment. The right to vote and other rights associated with the common shares (other than financial rights) may only be exercised by a shareholder who is registered in the share register as shareholder with voting rights.

Entry of acquirers of registered shares as shareholders with voting rights in the share register may be refused based on the following grounds:

- No individual or legal entity may, directly or indirectly, formally, constructively or beneficially own (as defined in Article 14 of Chubb's Articles of Association) or otherwise control voting rights with respect to 10 percent or more of the registered share capital recorded in the commercial register. Those associated through capital, voting power, joint management or in any other way, or joining for the acquisition of shares, shall be regarded as one person. Persons holding registered shares exceeding the limit of 10 percent shall be entered in the share register, with respect to such excess shares only, as shareholders without voting rights;
- The limit of 10 percent of the registered share capital also applies to the subscription for, or acquisition of, registered shares by exercising option or convertible rights arising from registered or bearer securities or any other securities issued by Chubb or third parties, as well as by means of exercising purchased pre-emptive rights arising from either registered or bearer shares. Persons holding registered shares exceeding the limit of 10 percent shall be entered in the share register with respect to such excess shares only as shareholders without voting rights;
- The Board of Directors shall reject entry of holders of registered shares as shareholders with voting rights in the share register or shall decide on their deregistration as shareholders with voting rights when the acquirer or shareholder upon request does not expressly state that she/he has acquired or holds the shares in her/his own name and for her/his own account.

The Board of Directors may record nominees in Chubb's share register as shareholders with the right to vote without limitation when the nominee undertakes the obligation to disclose at any time to Chubb at its written request the names, addresses and share holdings of each person for whom such nominee is holding shares. Beneficial owners of shares who hold their shares through nominees exercise their rights through the intermediation of such nominees.

Change of Control

Registration and Voting Rights Restrictions. Chubb's Articles of Association limit the right of an acquirer to be registered as shareholder with voting rights and the right of its shareholders to exercise their voting rights. See "Transfer of Shares" and "Voting Rights."

Disclosure of Shareholders' Identity. Swiss company law requires that Chubb disclose the identity of all of its shareholders who hold more than 5 percent of Chubb's voting rights to the extent that such shareholders are known or should be known to Chubb. Such disclosure must be made once a year in the notes to the financial statements published in Chubb's annual report.

DESCRIPTION OF CHUBB INA SENIOR NOTES GUARANTEED BY CHUBB

The senior notes described below (the “Notes”) were issued by Chubb INA and are each fully and unconditionally guaranteed by Chubb. The following description is a summary of the material terms of the Notes. Because it is only a summary, it may not contain all of the information that may be important to you, and should be read in conjunction with the indenture dated as of August 1, 1999 among Chubb INA, as issuer, Chubb, as guarantor, and The Bank of New York Mellon Trust Company, N.A. (formerly known as The Bank of New York Trust Company, N.A., successor to J.P. Morgan Trust Company, National Association and The First National Bank of Chicago), as trustee, as amended by the first supplemental indenture dated as of March 13, 2013 between Chubb, Chubb INA and the trustee and the respective form of global note and form of officer’s certificate for each such series of notes.

Notes Issued

The Notes consist of the following series:

- 0.300 percent Senior Notes due 2024 initially issued in the aggregate principal amount of €700,000,000 (the “2024 Notes”),
- 0.875 percent Senior Notes due 2027 initially issued in the aggregate principal amount of €575,000,000 (the “2027 Notes”),
- 1.550 percent Senior Notes due 2028 initially issued in the aggregate principal amount of €900,000,000 (the “2028 Notes”),
- 0.875 percent Senior Notes due 2029 initially issued in the aggregate principal amount of €700,000,000 (the “2029 Notes”),
- 1.400 percent Senior Notes due 2031 initially issued in the aggregate principal amount of €575,000,000 (the “2031 Notes”),
- 2.500 percent Senior Notes due 2038 initially issued in the aggregate principal amount of €900,000,000 (the “2038 Notes”)

Maturity

Unless redeemed or purchased and cancelled prior thereto, the 2024 Notes will mature on December 15, 2024, the 2027 Notes will mature on June 15, 2027, the 2028 Notes will mature on March 15, 2028, the 2029 Notes will mature on December 15, 2029, the 2031 Notes will mature on June 15, 2031, and the 2038 Notes will mature on March 15, 2038.

Interest and Interest Payment Date

The 2024 Notes and 2029 Notes bear interest at the rate of 0.30 percent and 0.875 percent per year, respectively, payable annually in arrears. Interest payment date is December 15 of each year.

The 2027 Notes and 2031 Notes bear interest at the rate of 0.875 percent and 1.4 percent per year, respectively, payable annually in arrears. Interest payment date is June 15 of each year.

The 2028 Notes and 2038 Notes bear interest at the rate of 1.55 percent and 2.5 percent per year, respectively, payable annually in arrears. Interest payment date is March 15 of each year.

Currency of Payment

All payments of interest, principal, premium, if any, and additional amounts, if any, in respect of the Notes, will be made in euro. If the euro is unavailable to Chubb INA, or in the case of the guarantee, Chubb, due to the imposition of exchange controls or other circumstances beyond Chubb INA's or, in the case of the guarantee, Chubb's control or if the euro is no longer being used by the then member states of the European Monetary Union that have adopted the euro as their currency or for the settlement of transactions by public institutions of or within the international banking community, then all payments in respect of the Notes will be made in dollars until the euro is again available to Chubb INA or, in the case of the guarantee, Chubb, or so used.

Guarantee

All payments of interest, principal, premium, if any, and additional amounts, if any, in respect of the Notes are fully and unconditionally guaranteed by Chubb.

Ranking

The Notes of each series are:

- Chubb INA's senior unsecured obligations;
- Equal in right of payment with all of Chubb INA's other unsecured and unsubordinated indebtedness from time to time outstanding; and
- Structurally subordinated to all obligations of Chubb INA's subsidiaries, including claims with respect to trade payables.

The guarantee is:

- Chubb's senior unsecured obligation;
- Equal in right of payment with all of Chubb's other unsecured and unsubordinated indebtedness from time to time outstanding; and
- Structurally subordinated to all obligations of Chubb's subsidiaries, including claims with respect to trade payables.

Additional Amounts

Chubb INA or Chubb, as applicable, will, subject to certain exceptions and limitations, pay additional amounts on the Notes as are necessary in order that the net payment by Chubb INA or Chubb, as applicable, of the principal of, and premium, if any, and interest on the Notes, after withholding or deduction for any future tax, assessment or other governmental charge imposed by the applicable Taxing Jurisdiction will not be less than the amount provided in the Notes to be then due and payable.

Optional Redemption

Chubb INA may redeem at the following Par Call Dates:

- (1) the 2024 Notes in whole at any time or in part from time to time prior to November 15, 2024 (one month prior to the maturity date of the 2024 Notes);
- (2) the 2027 Notes in whole at any time or in part from time to time prior to March 15, 2027 (three months prior to the maturity date of the 2027 Notes);
- (3) the 2028 Notes in whole at any time or in part from time to time prior to December 15, 2027 (three months prior to the maturity date of the 2028 Notes);

(4) the 2029 Notes in whole at any time or in part from time to time prior to September 15, 2029 (three months prior to the maturity date of the 2029 Notes);

(5) the 2031 Notes in whole at any time or in part from time to time prior to March 15, 2031 (three months prior to the maturity date of the 2031 Notes); and

(6) the 2038 Notes in whole at any time or in part from time to time prior to September 15, 2037 (six months prior to the maturity date of the 2038 Notes).

In each case at its option, at a redemption price equal to the greater of:

- 100 percent of the principal amount of the Notes being redeemed; and
- The sum of the present value of the remaining scheduled payments of principal and interest on the Notes being redeemed that would be due if the Notes to be redeemed matured on the applicable Par Call Date (not including any portion of such payments of interest accrued as of the redemption date) discounted to the redemption date on an annual basis (ACTUAL/ACTUAL (ICMA)) at the applicable Comparable Government Bond Rate, plus
 - o 15 basis points, in the case of the 2024 Notes and 2028 Notes
 - o 20 basis points, in the case of the 2027 Notes and 2029 Notes
 - o 25 basis points, in the case of the 2031 Notes and 2038 Notes
 - o Plus, in each case, accrued and unpaid interest on the Notes to be redeemed to, but excluding, the redemption date.

In addition, at any time on and after the applicable Par Call Date, Chubb INA may redeem some or all of the Notes of the applicable series, at its option, at a redemption price equal to 100 percent of the principal amount of the Notes to be redeemed plus accrued and unpaid interest on the Notes being redeemed to, but excluding, the redemption date.

Redemption for Tax Reasons

Chubb INA may redeem the Notes of any or all series at its option in whole but not in part if the tax laws of the applicable Taxing Jurisdiction change and Chubb INA or Chubb becomes obligated to pay additional amounts on the Notes of the series to be redeemed. This redemption would be at 100 percent of the principal amount, together with accrued and unpaid interest on the Notes to, but excluding, the redemption date.

Sinking Fund

None

Covenants

The indenture under which Chubb INA issued the Notes contains covenants that, among other things, limit the ability of Chubb and Chubb INA to (1) dispose of, or incur indebtedness secured by, the capital stock of designated subsidiaries and (2) engage in mergers, consolidations, amalgamations and sales of all or substantially all of their assets.

Additional Issuances

Chubb INA may from time to time, without giving notice to or seeking the consent of the holders of the Notes of either series, issue debt securities having the same terms (except for the issue date and, in some cases, the public offering price and the amount and date of the first interest payment) as, and ranking equally and ratably with, the Notes. Any additional debt securities having such similar terms, together with Notes of the applicable series, will constitute a single series of securities under the indenture governing the Notes; provided

that such additional debt securities are fungible with Notes of the applicable series for U.S. federal income tax purposes.

Original Interest Discount

Certain Notes are treated as having been issued with original issue discount ("OID"):

(1) The 2024 Notes, the 2028 Notes, the 2029 Notes and the 2038 Notes (the "OID Notes") are treated as having been issued with OID. Because the first payment of interest on the each series of OID Notes was or will be greater than one year after the issue date of the OID Notes, none of the stated interest payable on the OID Notes will be treated as qualified stated interest. Rather, all stated interest on the OID Notes will be treated as part of the OID Notes' "stated redemption price at maturity" for calculating the amount of OID on such OID Notes.

(2) The 2027 Notes and the 2031 Notes were not issued with OID.

Each "United States person" (within the meaning of Section 7701(a)(30) of the Internal Revenue Code) that holds a Note (a "U.S. Holder"), whether such U.S. Holder uses the cash or the accrual method of accounting for tax purposes, will be required to include in ordinary gross income the sum of the "daily portions" of OID on that Note for all days during the taxable year that the U.S. Holder owns the Note.

A U.S. Holder may also elect to include in gross income all interest that accrues on a debt instrument (including qualified stated interest, OID, de minimis OID, market discount, de minimis market discount and unstated interest, as adjusted by any amortizable bond premium or acquisition premium) under a constant yield method.

Listings

We registered the Notes of each series on the New York Stock Exchange. We have no obligation to maintain such listing, and we may delist the Notes of any series at any time.

Limitation on Liens on Stock of Designated Subsidiaries

Under the Chubb INA senior indenture, each of Chubb INA and Chubb have covenanted that, so long as any Chubb INA senior debt securities are outstanding, it will not, nor will it permit any subsidiary to create, incur, assume, guarantee or otherwise permit to exist any indebtedness secured by any security interest on any shares of capital stock of any designated subsidiary, unless Chubb INA and Chubb concurrently provide that the Chubb INA senior debt securities and, if Chubb INA and Chubb elect, any other indebtedness of Chubb INA that is not subordinate to the Chubb INA senior debt securities and with respect to which the governing instruments require, or pursuant to which the Chubb INA is otherwise obligated, to provide such security, will be secured equally with the indebtedness for at least the time period the other indebtedness is so secured.

The term "designated subsidiary" means any present or future consolidated subsidiary of Chubb, the consolidated net worth of which constitutes at least 5 percent of Chubb's consolidated net worth.

Events of Default

Each of the following events will constitute an event of default under each Chubb INA indenture, whether it be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body:

- default in the payment of any interest on, or any additional amounts payable with respect to, any Chubb INA debt security when the interest or additional amounts become due and payable, and continuance of this default for a period of 30 days;

- default in the payment of the principal of or any premium on, or any additional amounts payable with respect to, any Chubb INA debt security when the principal, premium or additional amounts become due and payable either at maturity, upon any redemption, by declaration of acceleration or otherwise;
- default in the deposit of any sinking fund payment, when due;
- default in the performance, or breach, of any covenant or warranty of Chubb INA or Chubb for the benefit of the holders of the Chubb INA debt securities, and the continuance of this default or breach for a period of 60 days after Chubb INA has received written notice from the holders;
- if any event of default under a mortgage, indenture or instrument under which Chubb or Chubb INA may issue, or by which Chubb or Chubb INA may secure or evidence, any indebtedness, including an event of default under any other series of Chubb INA debt securities, whether the indebtedness now exists or is later created or incurred, happens and consists of default in the payment of more than \$50,000,000 in principal amount of indebtedness at the maturity of the indebtedness, after giving effect to any applicable grace period, or results in the indebtedness in principal amount in excess of \$50,000,000 becoming or being declared due and payable prior to the date on which it would otherwise become due and payable, and this default is not cured or the acceleration is not rescinded or annulled within a period of 30 days after Chubb INA has received written notice;
- Chubb INA or Chubb shall fail within 60 days to pay, bond or otherwise discharge any uninsured judgment or court order for the payment of money in excess of \$50,000,000, which is not stayed on appeal or is not otherwise being appropriately contested in good faith;
- events in bankruptcy, insolvency or reorganization of Chubb INA or Chubb; and
- any other event of default, as described in the applicable prospectus supplement. (Section 5.1)

Modification and Waiver

Chubb INA, Chubb and the trustee may modify or amend either Chubb INA indenture with the consent of the holders of not less than a majority in principal amount of the outstanding Chubb INA debt securities of each series affected by the modification or amendment, so long as the modification or amendment does not, without the consent of each affected holder change or modify certain conditions.

Conversion and Exchange

The Notes are not convertible into or exchangeable for, common shares of Chubb or other securities.

Payments of Additional Amounts

Chubb will make all payments on Chubb INA debt securities without withholding of any present or future taxes or governmental charges of Switzerland, the Cayman Islands or Bermuda, each referred to as a taxing jurisdiction, unless Chubb is required to do so by applicable law or regulation.

PENSION EXCESS BENEFIT PLAN OF THE CHUBB CORPORATION

(Effective January 1, 2008)

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PURPOSE

The Pension Excess Benefit Plan of The Chubb Corporation Chubb & Son Inc. and Participating Affiliates is hereby amended and restated in its entirety, effective January 1, 2008, and renamed the Pension Excess Benefit Plan of The Chubb Corporation (the "Plan").

The purpose of the Plan is to provide a means of equalizing the benefits of those employees who participate in the Pension Plan of The Chubb Corporation, Chubb & Son Inc., and Participating Affiliates, as amended, and whose funded benefits under such pension plan are or will be limited by application of Sections 401(a)(17) and/or 415 of the Internal Revenue Code of 1986, as amended (the "Code"), and such regulations as may be promulgated thereunder from time to time.

It is intended that the Plan (1) comply with Code Section 409A and official guidance issued thereunder (except for Pre-2005 Excess Benefits), and (2) is "a plan which is unfunded and is maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees" within the meaning of Sections 201(2), 301(a)(3), and 401(a)(1) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). Notwithstanding any other provision of the Plan, the Plan shall be interpreted, operated, and administered in a manner consistent with these intentions.

Any provision that would cause the Plan or any benefits accrued hereunder (except for Pre-2005 Excess Benefits) to fail to satisfy Code Section 409A shall have no force or effect until amended to comply with Code Section 409A, which amendment may be retroactive to the extent permitted by Code Section 409A.

ARTICLE 1
DEFINITIONS

Unless a different meaning is clearly required by the context:

1.1 Actuarial Equivalent

"Actuarial Equivalent" means, with respect to annuity forms of payment, the equivalent of the Excess Benefit otherwise payable to a Participant in the Normal Form, determined in accordance with the actuarial equivalent factors set forth in the Qualified Plan. "Actuarial Equivalent" means, with respect to a lump sum or installment form of payment, the equivalent of the Excess Benefit otherwise payable to the Participant in the Normal Form, determined in accordance with the following actuarial assumptions: an annual rate of interest of 5% and the mortality table set forth in Rev. Ruling 2001-62.

1.2 Affiliated Employer

"Affiliated Employer" means a corporation that is a member of a controlled group of corporations (as defined in Code Section 414(b)) that includes the Company; any trade or business (whether or not incorporated) that is under common control (as defined in Code Section 414(c)) with the Company; any organization (whether or not incorporated) that is a member of an affiliated service group (as defined in Code Section 414(m)) that includes the Company; and any other entity required to be aggregated with the Company pursuant to regulations under Code Section 414(o) but only for the period during which such other entity is affiliated with the Company under Code Section 414(b), (c), (m), or (o). The term, however, does not include the Company.

1.3 Average Compensation

"Average Compensation" means the same as such term is defined in the Qualified Plan.

1.4 Cash Balance Account

"Cash Balance Account" means the same as such term is defined in the Qualified Plan.

1.5 Code

"Code" means the Internal Revenue Code of 1986, as amended.

1.6 Committee

"Committee" means the Pension Committee named under the Qualified Plan.

1.7 Company

"Company" means The Chubb Corporation.

1.8 Compensation

"Compensation" means the Participant's compensation as defined under the Qualified Plan.

1.9 Early Retirement Date

"Early Retirement Date" has the meaning such term has in the Qualified Plan.

1.10 Employee

"Employee" means a person who is an employee of the Company or a Participating Employer.

1.11 Enhanced Average Compensation

"Enhanced Average Compensation" means the Participant's Average Compensation recomputed using the Participant's Enhanced Compensation for a Plan Year in lieu of the Participant's Compensation for such Plan Year.

1.12 Enhanced Compensation

"Enhanced Compensation" means the Participant's Compensation plus any amount deferred under The Chubb Corporation Annual Incentive Compensation Plan, The Chubb Corporation Executive Deferred Compensation Plan, The Chubb Corporation Key Employee Deferred Compensation Plan (2005), or their successors. Amounts deferred under any of such plans shall be considered part of the Participant's Enhanced Compensation for the Plan Year in which it would have been paid if not for the deferral.

1.13 ERISA

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

1.14 Excess Benefit

"Excess Benefit" means the supplemental retirement benefits provided to Participants and their contingent annuitants or beneficiaries in accordance with the terms of the Plan.

1.15 Grandfathered Participant

"Grandfathered Participant" means a Participant who is Grandfathered under the Qualified Plan since his or her employment with the Company or an Affiliated Employer commenced prior to January 1, 2001.

1.16 Normal Form

"Normal Form" means an annuity payable monthly over the Participant's lifetime with no payments to a beneficiary after the Participant's death.

1.17 Normal Retirement Date

"Normal Retirement Date" has the meaning such term has in the Qualified Plan.

1.18 Participant

"Participant" means an Employee who has entered the Plan, and whose participation therein has not ceased, pursuant to any provision of the Plan.

1.19 Participating Employer

"Participating Employer" means an Affiliated Employer that has adopted the Plan for the benefit of its employees with the permission of the Company.

1.20 Plan

"Plan" means the Pension Excess Benefit Plan of The Chubb Corporation as herein set forth and as it may hereafter be amended from time to time.

1.21 Plan Year

"Plan Year" means the calendar year.

1.22 Post-2004 Excess Benefit

"Post-2004 Excess Benefit" means the Participant's Excess Benefit in excess of his or her Pre-2005 Excess Benefit.

1.23 Postponed Retirement Date

"Postponed Retirement Date" has the meaning such term has in the Qualified Plan.

1.24 Pre-2005 Excess Benefit

"Pre-2005 Excess Benefit" means the present value as of December 31, 2004 of the Excess Benefit to which the Participant would be entitled under the Plan if the Participant voluntarily terminated services without cause on December 31, 2004 and received a lump sum distribution equal to the Actuarial Equivalent value of his or her vested accrued benefit on that date.

1.25 Qualified Plan

"Qualified Plan" means the Pension Plan of The Chubb Corporation, Chubb & Son Inc. and Participating Affiliates, as may be amended from time to time.

1.26 Separation from Service

"Separation from Service" means a "separation from service" within the meaning of Section 409A.

1.27 Specified Employee

"Specified Employee" means an Employee who is a Key Employee as defined in Code Section 416(i) without regard to Code Section 416(i)(5) thereof as of the Specified Employee Determination Date. The Specified Employee Determination Date shall be December 31 of each calendar year. The determination that an employee is a Key Employee as of the Specified Employee Determination Date shall make such employee a Specified Employee for the 12-month period commencing as of the April 1 next following the Specified Employee Determination Date.

For purposes of identifying a Specified Employee by applying the requirements of Code Section 416(i)(1)(A)(i), (ii), and (iii), the definition of compensation under Treasury Regulation § 1.415(c)-2(a) shall be used, applied without using any safe harbor provided in Treasury Regulation § 1.415(c)-2(d), without using any of the special timing rules provided in Treasury Regulation § 1.415(c)-2(e), and without using any of the special rules provided in Treasury Regulation § 1.415(c)-2(g) other than the rule set forth in Treasury Regulation § 1.415(c)-2(g)(2).

ARTICLE 2 PARTICIPATION

2.1 Participation

An Employee who is a participant in the Qualified Plan shall be eligible to participate in the Plan whenever his or her benefits under the Qualified Plan, computed without taking into consideration (i) the limitations on benefits required by Code Section 415 and (ii) the limitation on Compensation under the Qualified Plan required by Code Section 401(a)(17), but computed reflecting his or her Enhanced Compensation and, where applicable, Enhanced Average Compensation, exceed the benefits to which he or she actually is entitled under the Qualified Plan by reason of such limitations.

2.2 Duration of Participation

An Employee who becomes a Participant shall remain a Participant as long as he or she is entitled to any Excess Benefit under the Plan.

2.3 Transfer to an Affiliated Employer and Termination of Employment

A Participant who transfers employment (without a break) from the Company to an Affiliated Employer (or from one Affiliated Employer to another thereafter) shall not be treated as having terminated employment or retired for purposes of the Plan. Only upon ceasing employment with the Company and all Affiliated Employers shall such a Participant be deemed to have terminated employment or retired for purposes of the Plan.

ARTICLE 3

AMOUNT OF EXCESS BENEFIT

3.1 Excess Benefit at Normal Retirement - Grandfathered Participants

Subject to Section 3.4, the Excess Benefit under the Plan for a Grandfathered Participant, expressed as a monthly benefit payable in the Normal Form commencing as of a Participant's Normal Retirement Date or Postponed Retirement Date, as applicable, is an amount equal to the difference between (A) and (B) below, if any:

- (A) The monthly benefit that would be payable to the Participant under the Qualified Plan in the Normal Form commencing as of the Participant's Normal Retirement Date or Postponed Retirement Date, as applicable, if benefits under such Plan were calculated (i) using the Participant's Enhanced Average Compensation and (ii) without giving effect to any limits under Code Sections 401(a)(7) and 415; less
- (B) The monthly benefit actually payable to the Participant under the Qualified Plan in the Normal Form commencing as of the Participant's Normal Retirement Date or Postponed Retirement Date, as applicable.

3.2 Excess Benefit at Early Retirement Date- Grandfathered Participants

Subject to Section 3.4, the Excess Benefit under the Plan for a Grandfathered Participant, expressed as a monthly benefit payable in the Normal Form commencing as of a Participant's Early Retirement Date, is an amount equal to the difference between (A) and (B) below, if any:

- (A) The monthly benefit that would be payable to the Participant under the Qualified Plan in the Normal Form commencing as of the Participant's Early Retirement Date if benefits under such Plan were calculated (i) using the Participant's Enhanced Average Compensation and (ii) without giving effect to any limits under Code Sections 401(a)(17) and 415; less
- (B) The monthly benefit actually payable to the Participant under the Qualified Plan in the Normal Form commencing as of the Participant's Early Retirement Date.

3.3 Excess Benefit at Termination before Early Retirement Date - Grandfathered Participants

Subject to Section 3.4, the Excess Benefit under the Plan for a Grandfathered Participant who has a Separation from Service prior to his or her Early Retirement Date is a lump sum amount equal to the difference between (A) and (B) below, if any:

- (A) The present value, as of the last day of the calendar month coincident with or next following the Participant's Separation from Service, of the monthly benefit that
-

would be payable to the Participant under the Qualified Plan in the Normal Form commencing as of the first day of the calendar month coincident with or next following the Participant's Early Retirement Date if benefits under such Plan were calculated (i) using the Participant's Enhanced Average Compensation and (ii) without giving effect to any limits under Code Sections 401(a)(17) and 415; less

- (B) The present value, as of the last day of the calendar month coincident with or next following the Participant's Separation from Service, of the monthly benefit actually payable to the Participant under the Qualified Plan in the Normal Form commencing as of the first day of the calendar month coincident with or next following the Participant's Early Retirement Date.

The early retirement reduction factors used in the Qualified Plan for a Participant who has a Separation from Service before his or her earliest Early Retirement Date shall be used for purposes of computing amounts payable under the Qualified Plan pursuant to

- (A) and (B) above as of the first day of the calendar month coincident with or next following the Participant's Early Retirement Date. Present values shall be calculated using the lump sum factors specified in Section 1.1.

3.4 Adjustment to Excess Benefits for Certain Grandfathered Participants

The Actuarially Equivalent present value of the Excess Benefits of the Grandfathered Participants named on Attachment 1 shall be reduced by the Offset Amount described therein plus interest at the Applicable Interest Rate from the Offset Effective Date to the first day of the calendar month coinciding with or immediately following such Participant's Separation from Service. After application of the offset as described in the preceding sentence, the resulting net amount, when converted to the Actuarial Equivalent payment option elected by the Participant, shall be the Excess Benefit payable to or on behalf of the Participant.

3.5 Excess Benefit - Non-Grandfathered Participants

The Excess Benefit under the Plan for a Participant who is not a Grandfathered Participant is a lump sum amount equal to the difference between (A) and (B), below, if any:

- (A) The Cash Balance Account such Participant would have under the Qualified Plan as of the first day of the calendar month coincident with or next following the date of the Participant's Separation from Service if such Cash Balance Account were calculated (i) using the Participant's Enhanced Compensation and (ii) without giving effect to any limits under Code Sections 401(a)(17) and 415; less
- (B) The Participant's actual Cash Balance Account under the Qualified Plan as of the first day of the calendar month coincident with or next following the date of the Participant's Separation from Service.
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3.6 Mode of Payment

The mode of payment of Excess Benefits payable pursuant to this Article 3 shall be determined pursuant to the applicable provisions of Article 5.

ARTICLE 4

VESTING

4.1 Vesting

A Participant shall have a nonforfeitable right to receive his or her Excess Benefit under the Plan only if he or she has a nonforfeitable right to a benefit under the Qualified Plan.

4.2 Separation from Service of Employment prior to Vesting

A Participant who has a Separation from Service or dies prior to having a nonforfeitable right to his or her Excess Benefit under the provisions of the Plan shall cease to be a Participant and his or her Excess Benefit shall be permanently forfeited and cancelled.

ARTICLE 5

MODES OF BENEFIT PAYMENT

5.1 Normal Form of Payment

Unless an optional mode of payment is elected in accordance with Section 5.3, each Participant shall receive his or her vested Pre-2005 Excess Benefit, if any, in the form of a single lump sum. Notwithstanding, Section 5.2 or any election made under Section 5.3, if a Participant has a Separation from Service before age fifty-five (55) or if the Actuarial Equivalent lump sum value of a Participant's Pre-2005 Excess Benefit is \$50,000 or less at the time of the Participant's Separation from Service, such Participant's Pre-2005 Excess Benefit shall be paid in the form of a single lump sum amount as soon as administratively practicable after such Participant's Separation from Service.

Each Participant shall receive his or her vested Post-2004 Excess Benefit in the form of a single lump sum that is the Actuarial Equivalent of the Participant's vested Post-2004 Excess Benefit.

5.2 Date of Payment

Payment of Pre-2005 Excess Benefits in the form of an annuity shall commence as soon as administratively practicable after the Participant's Separation from Service. Payment of Pre-2005 Excess Benefits in the form of a lump sum or installments shall be made as soon as administratively practicable after the Participant's Separation from Service or, if elected by the Participant, as of the January 1 following his or her Separation from Service.

Payment of Post-2004 Excess Benefits under the Plan shall be paid as follows:

- (A) If a Post-2004 Excess Benefit is to be paid to a Participant who is a Specified Employee, payment shall be made on the first day of the calendar month that is at least six (6) months after the Participant's Separation from Service.
- (B) If a Post-2004 Excess Benefit is to be paid to a Participant who is not a Specified Employee, such payment shall be made within ninety (90) days after the Participant's Separation from Service.

5.3 Alternative Distribution Options for Pre-2005 Excess Benefits

In accordance with the procedures hereinafter described, a Participant may elect that payment of his or her Pre-2005 Excess Benefit be made in another form of benefit that is the Actuarial Equivalent of the normal form of benefit provided for in Section 5.1 under one of the following options. To elect an optional payment form hereunder, a Participant must complete and return a Payment Election Form to the Benefits Department at least one year before the date a Participant has a Separation from Service. A Participant also

may change a payment election at any time. Such election shall take effect 12 months from the date it is received in the Benefits Department provided a Participant remains employed through the 12-month period. This 12-month rule was waived for any elections made before the initial special enrollment period ended or during the 30-day period that began on the date a Participant was first notified that he or she was eligible for the Plan.

Contingent Annuity Option (For Married Participants Only)

A Participant shall have the option to convert such Participant's Pre-2005 Excess Benefit into an adjusted Excess Benefit payable monthly for the life of the Participant, with the provision that one-hundred percent (100%), sixty-six and two-thirds percent (66 2/3%), or fifty percent (50%) of such adjusted Excess Benefit, according to the election, shall be continued to and during the life of the Participant's spouse, if such spouse is living at the time of death of the retired Participant.

Period Certain Option

A Participant shall have the option to convert such Participant's Pre-2005 Excess Benefit into a reduced monthly benefit payable as long as the Participant lives, but guaranteed for a period of 120 months (10 years), beginning on the date monthly benefit payments commence.

If a Participant dies before expiration of the guaranteed period certain, payment shall be continued to the extent provided in the preceding paragraph to a designated beneficiary, or, in the absence of a surviving designated beneficiary, the Actuarial Equivalent commuted value of such payments shall be paid to the Participant's estate in a single lump sum. If the designated beneficiary should die while further payments are due, and after having received at least one (1) payment, such further payments shall be made to any person designated by the Participant as an alternate surviving beneficiary, or, in the absence of an alternate surviving beneficiary, the Actuarial Equivalent commuted value of such payments shall be paid to the estate of the last surviving beneficiary, in a single lump sum.

Lump Sum Option

A Participant shall have the option to convert such Participant's Pre-2005 Excess Benefit into an Actuarially Equivalent single lump sum amount. The lump sum shall be payable

(i) as soon as administratively practicable after the Participant's Separation from Service or (ii) as of the January 1 following the Participant's Separation from Service, as elected by the Participant.

Installment Option

A Participant shall have the option to convert such Participant's Pre-2005 Excess Benefit into annual installments payable for a term certain selected by the Participant which is not less than two (2) or more than fifteen (15) annual installments. A Participant shall have the right to elect that installments begin (i) as soon as practicable following the Participant's termination of employment or (ii) as of the January 1 following the Participant's termination of employment.

If a Participant dies before expiration of the term certain, payment shall be continued to the extent provided in the preceding paragraph to a designated beneficiary, or, in the absence of a surviving designated beneficiary, the value of any remaining payments shall be paid to the Participant's estate in a single lump sum. If the designated beneficiary should die while further payments are due, and after having received at least one (1) payment, such further payments shall be made to any person designated by the Participant as an alternate surviving beneficiary, or, in the absence of an alternate surviving beneficiary, the value of such remaining payments shall be paid to the estate of the last surviving beneficiary, in a single lump sum.

5.4 Adjustment for Delay in Payment

If a Participant will receive a Pre-2005 Excess Benefit as a deferred lump sum or in installments, the unpaid benefit shall be credited with investment gains (or losses). The Participant shall have the opportunity to choose the investment(s) for the unpaid balance from among the three different investment funds described below. Amounts may not be actually invested in the funds on the Participant's behalf; rather, the return on the Participant's account may be determined as if the amounts were invested in such funds. Participants can allocate deferred amounts among the three choices in 1% increments and may change the investment elections for the unpaid balance at such intervals as established by the Committee.

- (A) The Equity Index Account provides a return equivalent to return provided by the Fidelity Spartan US Equity Index Fund, an S&P 500 Index Fund that is one of the funds available in the Chubb Capital Accumulation Plan (CCAP).
- (B) The Stable Value Account provides a return equivalent to the return provided by the Stable Value Portfolio in the CCAP.
- (C) The Bond Index Account provides a return based upon the return of the Vanguard Bond Index Fund - Total Market Portfolio.

If payment of a Participant's Post-2004 Excess Benefit will be deferred because the Participant is a Specified Employee, such lump sum shall be increased by 2.5% to reflect such delay in payment.

5.5 Effect of Domestic Relations Order

Notwithstanding any other provision of the Plan to the contrary, to the extent permitted by Code Section 409A, the time of payment or schedule of payment of a benefit may be accelerated to the extent required by a domestic relations order approved by the Committee under Section 9.4; provided that such payment is required to be made to an individual other than the Participant.

5.6 Effect of Early Taxation

If a Participant's Post-2004 Excess Benefit under the Plan is includible in income pursuant to Code Section 409A, such benefit shall be distributed immediately to the Participant.

5.7 Permitted Delays

Notwithstanding the foregoing, any payment of Post-2004 Excess Benefits to a Participant under the Plan shall be delayed upon the Committee's reasonable anticipation of one or more of the following events:

- (A) The Company's deduction with respect to such payment would be eliminated by application of Code Section 162(m); or
- (B) The making of the payment would violate federal securities laws or other applicable law;

provided, that any payment delayed pursuant to this Section 5.7 shall be paid in accordance with Code Section 409A.

ARTICLE 6 DEATH BENEFIT

6.1 Death after Termination of Employment

If a Participant dies after termination of employment, his or her vested Excess Benefit shall be paid in accordance with the form of benefit payable in effect at the time of such death.

6.2 Death prior to Termination of Employment

Upon the death prior to termination of employment of a Participant who has a vested Excess Benefit pursuant to Section 4.1, the excess of all death benefits payable by the Qualified Plan determined without giving effect to the limitations imposed by Code Section 401(a)(17) and Code Section 415 but reflecting the Participant's Enhanced Compensation over the actual death benefits payable under the Qualified Plan ("Excess Death Benefit") shall be payable to the person(s) entitled to receive such benefits under the Qualified Plan. Such payment shall be made in the form of a lump sum within ninety (90) days after the Participant's death in an amount equal to the lump sum value of the Excess Death Benefit determined by using the lump sum actuarial assumptions specified in Section 1.1.

Notwithstanding the foregoing, if a Participant who has a vested Excess Benefit pursuant to Section 4.1 and who is at least 55 years of age dies prior to his or her Separation from Service, the Excess Death Benefit in respect of such Participant shall be no less than the lump sum amount that would have been payable to the Participant had the Participant's Separation from Service occurred on the day before death, reduced only by the applicable part of such amount that is in fact permitted to be paid under the Qualified Plan. Upon the death of a Grandfathered Participant described in Section 3.4, any Excess Death Benefit payable hereunder shall be computed after reflecting the offset described in Section 3.4.

6.3 No Other Death Benefit

Except as provided in Sections 6.1 and 6.2, there shall be no death benefit payable under the Plan.

ARTICLE 7
ADMINISTRATION OF THE PLAN

7.1 General Administration

The Committee shall be responsible for the operation and administration of the Plan and for carrying out the provisions hereof. The Committee shall have the full authority and discretion to make, amend, interpret, and enforce all appropriate rules and regulations for the administration of the Plan and decide or resolve any and all questions, including interpretations of the Plan, as may arise in connection with the Plan. Any such action taken by the Committee shall be final and conclusive on any party. To the extent the Committee has been granted discretionary authority under the Plan, the Committee's prior exercise of such authority shall not obligate it to exercise its authority in a like fashion thereafter. The Committee shall be entitled to rely conclusively upon all tables, valuations, certificates, opinions, and reports furnished by any actuary, accountant, controller, counsel, or other person employed or engaged by the Company or a Participating Employer with respect to the Plan. The Committee may, from time to time, employ agents and delegate to such agents, including employees of the Company, such administrative or other duties as it sees fit.

7.2 Claims for Benefits

- (A) Filing a Claim. A Participant or his or her authorized representative may file a claim for benefits under the Plan. Any claim must be in writing and submitted to the Committee at such address as may be specified from time to time. Claimants will be notified in writing of approved claims, which shall be processed as claimed. A claim is considered approved only if its approval is communicated in writing to a claimant.
 - (B) Denial of Claim. In the case of the denial of a claim respecting benefits paid or payable with respect to a Participant, a notice shall be furnished to the claimant within 90 days of the date on which the claim is received by the Committee. If special circumstances (such as for a hearing) require a longer period, the claimant will be notified in writing, prior to the expiration of the 90-day period, of the reasons for an extension of time; provided, however, that no extensions shall be permitted beyond 90 days after the expiration of the initial 90-day period.
 - (C) Reasons for Denial. A denial or partial denial of a claim shall be dated and signed by the Committee and shall clearly set forth:
 - (i) the specific reason or reasons for the denial;
 - (ii) specific reference to pertinent Plan provisions upon which the denial is based;
-

- (iii) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; and
 - (iv) an explanation of the procedure for review of the denied or partially denied claim set forth below, including the claimant's right to bring a civil action under ERISA Section 502(a) following an adverse benefit determination on review.
- (D) Review of Denial. Upon denial of a claim, in whole or in part, a claimant or his or her duly authorized representative shall have the right to submit a written request to the Committee for a full and fair review of the denied claim by filing a written notice of appeal with the Committee within 60 days of the receipt by the claimant of notice of the denial of the claim. A claimant or the claimant's authorized representative shall have, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claimant's claim for benefits and may submit issues and comments in writing. The review shall take into account all comments, documents, records, and other information submitted by the claimant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination.

If the claimant fails to file a request for review within 60 days of the denial notification, the claim shall be deemed abandoned and the claimant precluded from reasserting it. If the claimant does file a request for review, his or her request must include a description of the issues and evidence he or she deems relevant. Failure to raise issues or present evidence on review shall preclude those issues or evidence from being presented in any subsequent proceeding or judicial review of the claim.

- (E) Decision upon Review. The Committee shall provide a prompt decision on review. If the claim is denied on review, the decision shall set forth:
- (i) the specific reason or reasons for the adverse determination;
 - (ii) specific reference to pertinent Plan provisions upon which the adverse determination is based;
 - (iii) a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claimant's claim for benefits; and
 - (iv) a statement describing any voluntary appeal procedures offered by the Plan and the claimant's right to obtain the information about such procedures, as well as a statement of the claimant's right to bring an action under ERISA Section 502(a).
-

A decision shall be rendered no more than 60 days after the Committee's receipt of the request for review, except that such period may be extended for an additional 60 days if the Committee determines that special circumstances (such as for a hearing) require such extension. If an extension of time is required, notice of the extension shall be furnished to the claimant before the end of the initial 60-day period.

- (F) Finality of Determinations: Exhaustion of Remedies. To the extent permitted by law, decisions reached under the claims procedures set forth in this Section shall be final and binding on all parties. No legal action for benefits under the Plan shall be brought unless and until the claimant has exhausted his or her remedies under this Section. In any such legal action, the claimant may only present evidence and theories that the claimant presented during the claims procedure. Any claims that the claimant does not in good faith pursue through the review stage of the procedure shall be treated as having been irrevocably waived. Judicial review of a claimant's denied claim shall be limited to a determination of whether the denial was an abuse of discretion based upon the evidence and theories the claimant presented during the claims procedure.

7.3 Limitations Period

Any suit or legal action initiated by a claimant under the Plan must be brought by the claimant no later than one year following a final decision on the claim for benefits by the Committee. The one-year limitation on suits for benefits shall apply in any forum where a claimant initiates such suit or legal action.

7.4 Indemnification

To the extent not covered by insurance, the Company shall indemnify the Committee, each employee, officer, director, and agent of the Company or a Participating Employer, and all persons formerly serving in such capacities, against any and all liabilities or expenses, including all legal fees relating thereto, arising in connection with the exercise of their duties and responsibilities with respect to the Plan, provided however that the Company shall not indemnify any person for liabilities or expenses due to that person's own gross negligence or willful misconduct.

ARTICLE 8

AMENDMENT OR TERMINATION OF THE PLAN

8.1 Amendment or Termination

The Company reserves the right to amend or terminate the Plan when, in the sole discretion of the Company, such amendment or termination is advisable, pursuant to a resolution or other action taken by the Company. The Plan also may be amended pursuant to a written instrument executed by the Committee to the extent such amendment is required under applicable law or is required to avoid having amounts deferred under the Plan included in the income of Participants or beneficiaries for federal income tax purposes prior to distribution.

Notwithstanding the foregoing, no amendment of the Plan shall apply to Pre-2005 Excess Benefits, unless the amendment specifically provides that it applies to such amounts. The purpose of this restriction is to prevent a Plan amendment from resulting in an inadvertent "material modification" to Pre-2005 Excess Benefits.

8.2 Effect of Amendment or Termination

Except as provided in the next sentence, no amendment or termination of the Plan shall adversely affect the rights of any Participant to his or her Excess Benefit under the Plan as of the effective date of such amendment or termination. Upon termination of the Plan, distribution of Plan benefits shall be made to Participants and beneficiaries in the manner and at the time described in Articles 5 and 6, unless the Company determines in its sole discretion that all such amounts shall be distributed upon termination in accordance with the requirements under Code Section 409A. Upon termination of the Plan, no further benefit accruals shall occur.

ARTICLE 9

GENERAL PROVISIONS

9.1 Rights Unsecured

The right of a Participant or his or her beneficiary to receive a distribution hereunder shall be an unsecured (but legally enforceable) claim against the general assets of the Company and Participating Employers, and neither the Participant nor his or her beneficiary shall have any rights in or against any specific assets of the Company or any Participating Employer. Thus, the Plan at all times shall be considered entirely unfunded for ERISA and tax purposes. Any funds set aside by the Company or a Participating Employer for the purpose of meeting its obligations under the Plan, including any amounts held by a trustee, shall continue for all purposes to be part of the general assets of the Company or, if applicable, the Participating Employer and shall be available to its general creditors in the event of its bankruptcy or insolvency. The obligations of the Company and Participating Employers under the Plan shall be that of unfunded and unsecured promises to pay money in the future.

9.2 No Guarantee of Benefits

Nothing contained in the Plan shall constitute a guarantee by the Company and Participating Employers or any other person or entity that the assets of the Company will be sufficient to pay any benefits hereunder.

9.3 No Enlargement of Rights

No Participant or beneficiary shall have any right to receive a distribution under the Plan except in accordance with the terms of the Plan. Establishment of the Plan shall not be deemed to constitute a contract between the Participant and the Company or his or her Participating Employer, nor shall anything contained herein be deemed to give the Participant any right to be retained in the employ of the Company, or to interfere with the right of the Company or a Participating Employer to terminate the employment of the Participant at any time and to treat him or her without any regard to the effect that such treatment might have upon him or her as a Participant of the Plan.

9.4 Spendthrift Provision

No interest of any person in, or right to receive a distribution under, the Plan shall be subject in any manner to sale, transfer, assignment, pledge, attachment, garnishment, or other alienation or encumbrance of any kind; nor may such interest or right to receive a distribution be taken, either voluntarily or involuntarily for the satisfaction of the debts of, or other obligations or claims against, such person.

Notwithstanding the foregoing, all or a portion of a Participant's Excess Benefit under the Plan may be paid to another person as specified in a domestic relations order that the

Committee determines meets the requirements of a domestic relations order under Code Section 414(p)(1)(B).

9.5 Applicable Law

To the extent not preempted by federal law, the Plan shall be governed by the laws of the State of New Jersey.

9.6 Incapacity of Recipient

If any person entitled to a distribution under the Plan is deemed by the Committee to be incapable of personally receiving and giving a valid receipt for such payment, then, unless and until a claim for such payment shall have been made by a duly appointed guardian or other legal representative of such person, the Committee may provide for such payment or any part thereof to be made to any other person or institution then contributing toward or providing for the care and maintenance of such person. Any such payment shall be a payment for the account of such person and a complete discharge of any liability of the Plan, the Company, and any applicable Participating Employer with respect to the payment.

9.7 Taxes

The Company or other payor may withhold from a benefit payment under the Plan or a Participant's wages, or the Company may reduce a Participant's Excess Benefit under the Plan, to meet any federal, state, or local tax withholding obligations with respect to Plan benefits. The Company or other payor shall report Plan payments and other Plan-related information to the appropriate governmental agencies as required under applicable laws.

9.8 Corporate Successors

The Plan and the obligations of the Company under the Plan shall become the responsibility of any successor to the Company or by reason of a transfer or sale of substantially all of the assets of the Company or by the merger or consolidation of the Company into or with any other corporation or other entity.

9.9 Unclaimed Benefits

Each Participant shall keep the Committee informed of his or her current address and the current address of his or her designated beneficiary. The Committee shall not be obligated to search for the whereabouts of any payee if the location of the payee is not made known to the Committee.

9.10 Severability

In the event any provision of the Plan shall be held invalid or illegal for any reason, any illegality or invalidity shall not affect the remaining parts of the Plan, but the Plan shall be construed and enforced as if the illegal or invalid provision had never been inserted.

9.11 Words and Headings

Words in the singular shall include the plural, and vice versa, unless qualified by the context. Any headings used herein are included for ease of reference only, and are not to be construed so as to alter the terms hereof.

Attachment 1
to the Pension Excess Benefit Plan of The Chubb Corporation

Adjustment to Excess Benefits
for Certain Grandfathered Participants

<u>Grandfathered Participant</u>	<u>Offset Amount</u>	<u>Applicable Interest Rate</u>	<u>Offset Effective Date</u>
Thomas Motamed	\$300,000	7.25%	12/31/1999
David Fowler	\$100,000	7.25%	12/31/1999
George Fay	\$462,500	7.25%	12/31/1999
Richard Sargent	\$500,000	7.50%	04/01/2001

AMENDMENT NO. 1
TO
PENSION EXCESS BENEFIT PLAN OF THE CHUBB CORPORATION
(EFFECTIVE AS OF JANUARY 1, 2008)

WHEREAS, The Chubb Corporation (the "Company") maintains the Pension Excess Benefit Plan of The Chubb Corporation (the "Plan");

WHEREAS, the Company reserved the right to amend the Plan under Section 8.1 thereof;

WHEREAS, pursuant to the charter of the Employee Benefits Committee (the "Committee") adopted by the Company on June 12, 2008, the Committee has the authority to approve an amendment to the Plan provided the Committee determines the amendment is necessary or desirable and that does not increase the costs of the Plan to the Company or a participating employer in the Plan by more than \$250,000 on an annual basis; and

WHEREAS, the Company desires to amend the Plan to clarify that the threshold of the average level of services under the definition of Separation from Service is 49% rather than 20%.

NOW, THEREFORE, the Plan is hereby amended as follows:

1. Section 1.26 of the Plan is hereby amended to read as follows:

"Separation from Service" means a means a separation from service within meaning of Code Section 409A whereby the Participant and the Company (or such other member of the Company's controlled group of entities, within the meaning of Code Section 414(c), for whom Participant provides services) reasonably anticipate that (1) no further services would be performed by the Participant for the Company or other members of its controlled group after a certain date, or (2) the level of bona fide services after such date would permanently decrease to no more than 49% of the average level of services performed in the prior 36-month period (or, if less, the full period of service with the Company or its other members of its controlled group).

2. Except as expressly amended hereby, the terms and provisions of the Plan are reaffirmed and shall remain in full force and effect.

3. This Amendment shall be effective as of the date of execution.

IN WITNESS WHEREOF, the Employee Benefits Committee has caused this amendment to be duly executed on this 16 day of December, 2008.

EMPLOYEE BENEFITS COMMITTEE

By: _____

AMENDMENT NO. 2
TO
PENSION EXCESS BENEFIT PLAN OF THE CHUBB CORPORATION
(EFFECTIVE AS OF JANUARY 1, 2008)

WHEREAS, The Chubb Corporation ("Chubb" or the "Company") maintains the Pension Excess Benefit Plan of The Chubb Corporation (the "Pension Excess Plan" or the "Plan"); and

WHEREAS, the Company reserved the right to amend the Plan under Section 8.1 thereof; and

WHEREAS, pursuant to the charter of the Employee Benefits Committee (the "Committee") adopted by the Company on June 12, 2008, the Committee has the authority to approve amendments to the Plan, provided the Committee determines the amendment is necessary or desirable and does not increase the costs of the plan to the Company or a Participating Employer in the Plan by more than **\$250,000** on an annual basis; and

WHEREAS, the Pension Excess Plan was amended and restated effective as of January 1, 2008, to be in compliance with Section 409A of the Internal Revenue Code (the "Code"); and

WHEREAS, the Pension Excess Plan was amended by execution of Amendment Number 1 effective as of December 16, 2008, to clarify the definition of a Separation from Service for purposes of Section 409A; and

WHEREAS, Chubb has reviewed the Pension Excess Plan and wishes to make several amendments to Plan to clarify several provisions of the plan; and

WHEREAS, Chubb understands that all the amendments are permitted in accordance with IRS Notice 2010-6, as modified by IRS Notice 2010-80, in order to clarify document issues concerning the Pension Excess Plan; and

WHEREAS, the Employee Benefits Committee has delegated to Robert Weinman the ability to execute various amendments to keep all employee benefit programs in compliance with all legal requirements; and

WHEREAS, all provisions of this Amendment that are necessary to keep the Plan in compliance with Section 409A of the Code shall be deemed to have been included in the Plan effective as of December 31, 2008, as permitted under IRS Notice 2010-6.

NOW, THEREFORE, effective as of January 1, 2010, unless indicated otherwise below or deemed to have been in the Plan effective as of December 31, 2008, the Pension Excess Plan is amended as follows:

1. **Normal Form of Benefit**, Section 1.16 of the Plan provides the "Normal Form" of benefit is defined as an annuity payable monthly over a participant's lifetime with no payments to any beneficiary after death of a Participant. The following new paragraph shall replace Section 1.16:

"1.16 **Normal Form** mean an annuity payable monthly over the Participant's lifetime with no payments to any beneficiary after the Participant's death if so provided for any Pre-2005 Excess Benefits, and as a single lump sum cash payment otherwise provided in the Plan."

2. **Separation from Service**. A "Separation from Service" is defined with reference to Section 409A, as amended by Amendment Number 1, to permit a Separation from Service to occur if there is a reduction in a Participant's work schedule to **49%** of his prior work schedule.

Section 1.26 shall be replaced with the following:

"Section 1.26, **Separation from Service**" means a Participant is no longer employed by Chubb or any Affiliated Employers as defined in Section 1.2 of the Plan. The term "Separation from Service" generally means a Participant is no longer employed by Chubb or Affiliated Employer on account of a termination of employment, Retirement, Disability or death. Consistent with the Final Treasury Regulation, or any subsequent guidance under Section 409A of the Code, no Separation from Service shall occur if a Participant continues to perform services as a consultant or employee in excess of any amount of time permitted under such guidance.

- (A) **Leave of Absence.** For purposes of Section 409A, the employment relationship is treated as continuing in effect while a Participant is on military leave, sick leave, or Other bona fide leave of absence, as long as the period of leave does not exceed 6 months, or if longer, as long as the Participant's right to reemployment with the Employer provided either by statute or contract. Otherwise, after a 6 month leave of absence, the employment relationship is deemed terminated.
 - (B) **Part-Time Status.** Whether or not a termination of employment occurs is determined based upon all facts and circumstances. If a Participant provides services to Chubb or any Related Entities at a rate that is less than 20% of the services rendered, on average, during the immediately preceding 3 full calendar years of employment (or such lesser period if the Participant has less than 3 full calendar years of employment), a Separation from Service shall be deemed to have occurred, since such services are considered to be insignificant under the Final Regulations under Section 409A. If a Participant is providing services to Chubb Or any Related Entities at a rate that is 49% or less of the services rendered, on average, during the immediately preceding 3 full calendar years of employment (or such lesser period), a Separation from Service shall also be deemed to have occurred for the Plan, but no presumptions exist that a Separation from Service occurred under Section 409A.
 - (C) **Consulting Services.** Where a Participant continues to provide services to Chubb or any Related Entities in a capacity other than as an employee, whether or not a Separation from Service has occurred shall be determined in the same manner as provided in Section 1.26(B) above.
 - (D) **Foreign Transfers.** A Separation from Service means a Participant is no longer employed by Chubb or any Affiliated Employer within or outside of the United States. Accordingly, to the extent that an Employee is transferred outside the U.S., no Separation from Service shall be deemed to have occurred for purposes of distributions, consistent with Section 2.3 of the Plan."
3. **Date of Payment.** Section 5.2 of the Plan provides that Post-2004 Excess Benefits are paid to a Specified Employee on the first day of the month that is "at least" 6 months after a Participant's Separation from Service.

The following new paragraph shall be added to Section 5.2:

"Notwithstanding any provisions in the Plan to the contrary, in no event shall any payments to a Specified Employee be made later than the last day of the Plan Year that includes the first day of the first calendar month that is at least 6 months after the date of a Participant's Separation from Service occurs."

4. **Death after Termination of Employment.** Section 6.1 of the Plan provides for payment in the form of a benefit payable in effect at the time of such death. The following language shall be added to Section 6.1:
- "In the event a Termination of Employment has occurred, and benefits have **not yet commenced**, benefits shall nevertheless be paid as if benefits had commenced to be paid consistent with existing administrative practices."
5. **Payments Upon Death to a Specified Employee.** Section 6.2 of the Plan provides, except as otherwise provided in Section 5.2 for Pre-2005 Excess Benefits, for payment in the form of a lump sum within 90 days after death. However, Specified Employees are subject to the 6 month delay in payment rule in Section 6.2 of
-

the Plan for Post-2004 Benefits. A death benefit exception to the 6 month delay in payment rule exists for Specified Employees. Accordingly, the 6 month delay in payment rule for Specified Employees shall not apply by adding the following new paragraph to the bottom of Section 6.2 of the Plan:

"Notwithstanding any provisions of the Plan to the contrary, as permitted under Section 409(A)(a)(2)(B)(i) of the Code and Treasury Regulation Section 1.409A-1-(c)(3)(v), the 6 month delay in payment rule shall not apply to Post-2004 Excess Benefits in the event of the earlier death of a Specified Employee."

6. **Compliance With the Code.** The following new Section 9.12 shall be added to the Plan to address "Compliance with the Code":

"Section 9.12 **Compliance With the Code.** The Plan is intended to comply with the provisions of Section 409A of the Code, and the Treasury Regulations and other guidance issued thereunder. If there is any discrepancy between the provisions of this Plan and the provisions of Section 409A, such discrepancy shall be resolved in a manner as to give full effect to the provisions of Section 409A of the Code. Furthermore, if any benefits are to be paid within 90 days or any other period after any payment event, and such payment period shall span more than one taxable year of a Participant or a Beneficiary, then neither the Participant nor any Beneficiary may determine in which tax year the payment shall be made."

IN WITNESS WHEREOF, the Employee Benefits Committee has caused this amendment to be duly executed on this 30th day of December, 2010.

EMPLOYEE BENEFITS COMMITTEE

By: _____

AMENDMENT NO. 3
TO
PENSION EXCESS BENEFIT PLAN OF THE CHUBB CORPORATION
(EFFECTIVE AS OF JANUARY 1, 2008)

WHEREAS, The Chubb Corporation or (“Chubb” or the “Company) maintains the Pension Excess Benefit plan of The Chubb Corporation (the "Pension Excess Plan" or the “Plan”); and

WHEREAS, the Company reserved the right to amend the Plan under Section 8.1 thereof; and

WHEREAS, pursuant to the charter of the Employee Benefits Committee (the "Committee") adopted by the Company on June 12, 2008, the Committee has the authority to approve amendments to the Plan, provided the Committee determines the amendment is necessary or desirable and does not increase the costs of the Plan to the Company or a Participating Employer in the Plan, by more than **\$250,000** on an annual basis.

NOW, THEREFORE, the Pension Excess Plan is amended as follows:

1. Effective January 1, 2012, Section 5.4 of the plan is amended to read in its entirety:

"If a Participant receives a Pre-2005 Excess Benefit as a deferred lump sum or in installments, the unpaid benefit shall be credited with interest based on the Applicable Interest Rate as defined in the Qualified Plan re-determined for each Plan Year in which there is an unpaid benefit, but in no event less than 4% in any Plan Year. If a payment of a Participant’s Post-2004 Excess Benefit is deferred because the Participant is a Specified Employee, such lump sum shall be increased by 2.5% to reflect such delay in payment."

2. Effective as of January 1, 2012, including with respect to elections made pursuant to Section 5.3 with respect to Pre-2005 Excess Benefits that have not yet commenced payment, Section 5.3 is amended so that the words “sixty-six and two-thirds percent (66 2/3%)” are replaced by the words “seventy-five percent (75%)” in the second paragraph thereof.

IN WITNESS WHEREOF, the Employee Benefits Committee has caused this amendment to be duly executed on this 26th day of July, 2011.

EMPLOYEE BENEFITS COMMITTEE

By: _____

December 31, 2017

CHUBB INA HOLDINGS INC.

UNANIMOUS CONSENT

**IN LIEU OF SPECIAL MEETING OF THE
EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS**

The undersigned, by virtue of authority conferred in the September 12, 2011 Unanimous Consent Resolution of the Board of Directors of Chubb INA Holdings Inc., hereby consents and agrees to the following:

FOURTH AMENDMENT TO THE PENSION EXCESS BENEFIT PLAN OF THE CHUBB CORPORATION

WHEREAS, Chubb INA Holdings Inc. (the “Corporation”) maintains the Pension Excess Benefit Plan of the The Chubb Corporation (the “Plan”); and

WHEREAS, the Corporation reserved the right to amend the Plan under Section 8.1 thereof; and

WHEREAS, the Corporation desires to amend the Plan to modify the manner in which the Specified Employee is determined under Section 1.27.

NOW THEREFORE, RESOLVED that by virtue and exercise of the amending power reserved to the Corporation under the Plan, the Plan shall be and hereby is, amended:

1. Effective December 31, 2016, the first paragraph of Section 1.27 is hereby amended to read:

1.27 Specified Employee

“Specified Employee” means an Employee who is a Key Employee as defined in Code Section 416(i) without regard to Code Section 416(i)(5) thereof as of the Specified Employee Determination Date. The Specified Employee Determination Date shall be December 31 of each year. The determination that an employee is a Key Employee as of Specified Determination Date shall make such employee a Specified Employee for the 12-month period commencing as of the January 15 next following the Specified Employee Determination Date.

IN WHITENESS WHEREOF, the undersigned have caused these presents to be executed on the day and year first written above.

CHUBB INA HOLDINGS, INC.

By: _____

December 16, 2020

CHUBB INA HOLDINGS, INC.

AMENDMENT TO THE CHUBB US SUPPLEMENTAL EMPLOYEE RETIREMENT PLAN

Section 4.11 of the SERP is amended and restated as follows:

4.11 Permitted Delays. Notwithstanding the foregoing, any payment to a Participant under the Plan (including payments made under the Defined Contribution Excess Benefit Plan of the Chubb Corporation) must be delayed upon the Committee’s reasonable anticipation of one or more of the following events (in the Committee’s sole discretion):

- (a) The making of the payment would violate Federal securities laws or other applicable law; but,
- (b) may be delayed, where the Company’s deduction with respect to such payment would be eliminated by application of Code section 162(m);

provided, that any payment delayed pursuant to this subsection 4.11 shall be paid in accordance with Code section 409A.

* * * * *

AMENDMENT TO THE CHUBB US DEFERRED COMPENSATION PLAN

Section 4.8 of the Deferred Compensation Plan is amended and restated as follows:

4.8 Permitted Delays. Notwithstanding the foregoing, any payment to a Participant under the Plan must be delayed upon the Committee’s reasonable anticipation of one or more of the following events (in the Committee’s sole discretion):

- (a) The making of the payment would violate Federal securities laws or other applicable law; but,
- (b) may be delayed, where the Company’s deduction with respect to such payment would be eliminated by application of Code section 162(m);

provided, that any payment subject to this Section 4.8 shall be paid in accordance with Code section 409A.

* * * * *

AMENDMENT TO THE PENSION EXCESS BENEFIT PLAN OF THE CHUBB CORPORATION

Section 5.7 of the Excess Pension Plan is, amended and restated as follows:

5.7 Permitted Delays. Notwithstanding the foregoing, any payment of Post-2004 Excess Benefits to a Participant under the Plan must be delayed upon the Committee's reasonable anticipation of one or more of the following events (in the Committee's sole discretion):

- (a) The making of the payment would violate Federal securities laws or other applicable law; but,
- (b) may be delayed, where the Company's deduction with respect to such payment would be eliminated by application of Code section 162(m);

provided, that any payment subject to this Section 5.7 shall be paid in accordance with Code section 409A.

For Swiss Executive Management**Performance Based Restricted Stock Award Terms**

under the

Chubb Limited 2016 Long-Term Incentive Plan

The Participant has been granted a Performance Based Restricted Stock Award (the “Award”) by Chubb Limited (the “Company”) under the Chubb Limited 2016 Long-Term Incentive Plan (the “Plan”). The shares of Stock granted as Covered Performance Shares and Premium Performance Shares pursuant to this Award shall be subject to the following Performance Based Restricted Stock Award Terms (the “Terms”):

1. Terms of Award. The following words and phrases used in these Terms shall have the meanings set forth in this paragraph 1:

- (a) The “Participant” is **[Insert Name]**.
- (b) The “Grant Date” is **[Insert Date]**.
- (c) The “Commencement Date” is **[Insert Date]**.
- (d) The number of “Covered Performance Shares” is **[Insert Number]**[], which is 60% **[75% for Chief Executive Officer][66% for Vice Chairman and COO]** of that portion of the Participant’s annual long-term incentive award which is granted in the form of restricted shares for the year in which the Grant Date occurs, as reflected in the corporate records.
- (e) The number of “Premium Performance Shares” is **[Insert number equal to 65% of the number of Covered Performance Shares]**.

Other words and phrases used in these Terms are defined pursuant to paragraph 13 or elsewhere in these Terms.

2. Restricted Period for Covered Performance Shares. Subject to the limitations of these Terms, the “Restricted Period” for the Covered Performance Shares shall begin on the Grant Date and end on the Vesting Date as described below (but only if the Date of Termination has not occurred before the Vesting Date):

- (a) If the Cumulative Performance of the Company during the Performance Period is equal to 50% or greater, the Restricted Period shall end for any Covered Performance Shares on the later of the date the Committee certifies that the requisite Cumulative Performance has been achieved during the Performance Period and the three-year anniversary of the Grant Date (such later date referred to as the “Vesting Date”). If the Cumulative Performance of the Company during the Performance Period is less than 50%, the Restricted Period shall end with respect to a number of the Covered Performance Shares determined by multiplying the total number of Covered Performance Shares by the Performance Percentage (as determined below) on the Vesting Date.

- (b) The “Performance Percentage” will be determined based on the achievement of the Cumulative Performance over the Performance Period in accordance with the following schedule:

If the Cumulative Performance during the applicable Performance Period:	The Performance Percentage will be:
Does not exceed 25%	0%
Exceeds 25%, but does not meet or exceed 50%	A percentage between 50% and 100%, based on a linear interpolation of the Cumulative Performance between the 25% and 50% levels

- (c) For the avoidance of doubt, the Restricted Period shall end only on or after the Committee’s certification that the Cumulative Performance for the Performance Period has been completed. Any Covered Performance Shares that have not vested as of the end of the Restricted Period shall be forfeited by the Participant as of the Vesting Date.

3. Retirement. If the Participant’s Date of Termination occurs because of Retirement, then for any Covered Performance Shares and any Premium Performance Shares as to which the Restricted Period has not otherwise ended prior to the Date of Termination, the Participant shall become vested and the Restricted Period shall end for any Covered Performance Shares if and when the terms of paragraph 2 are satisfied with respect to such Covered Performance Shares and for any Premium Performance Shares if and when the terms of paragraph 7 are satisfied with respect to such Premium Performance Shares, in each case, determined as though the Participant had remained employed and the Date of Termination had not occurred prior to the end of any applicable Restricted Period for purposes of these Terms. Notwithstanding the foregoing, if the Participant’s Date of Termination on account of Retirement occurs (a) prior to the six-month anniversary of the Grant Date without appropriate notice as determined by the Committee and (b) prior to the Vesting Date, the Committee may cause the Participant to forfeit any or all Premium Performance Shares as of the Date of Termination.

4. Death, Long-Term Disability and Change in Control. Notwithstanding the provisions of paragraph 2, the Restricted Period for Covered Performance Shares shall end prior to the date specified in paragraph 2 to the extent set forth below:

- (a) For Covered Performance Shares as to which the Restricted Period has not ended prior to the Date of Termination, the Restricted Period for such Covered Performance Shares shall end upon the Participant’s Date of Termination, and the Covered Performance Shares shall fully vest upon the Date of Termination, if the Date of Termination occurs by reason of the Participant’s death or Long-Term Disability.
- (b) If the Participant's Date of Termination is a Change in Control Date of Termination, then, for Covered Performance Shares, if any, as to which the Restricted Period has not ended prior to the Participant’s Date of Termination, the Restricted Period for such Covered Performance Shares will end on the Change in Control Date of Termination and the

Covered Performance Shares shall fully vest upon the Date of Termination; provided that if the Participant's Change in Control Date of Termination occurs within the 180-day period immediately preceding the date of a Change in Control, then the Restricted Period for all unvested Covered Performance Shares held by the Participant on the Date of Termination will end, and those Covered Performance Shares will vest on the date of a Change in Control.

5. Qualifying Termination. Notwithstanding the provisions of paragraph 2, for Covered Performance Shares as to which the Restricted Period has not ended prior to the Date of Termination and the Date of Termination occurs by reason of the Participant's Qualifying Termination, vesting shall continue pursuant to the schedule set forth in paragraph 2 following the Date of Termination as though the Participant continued to be employed through the two-year anniversary of the Participant's Date of Termination, subject to the Participant not engaging in any Competitive Activity during such two-year period and subject to the Participant signing and not revoking a general release and waiver of all claims against the Company and such release being effective no later than the sixty-day anniversary of the Date of Termination. If such release is not effective within such sixty-day period or in the event that the Participant engages in a Competitive Activity prior to the last day of the Restricted Period, the Participant shall immediately forfeit any unvested Covered Performance Shares.

6. Restricted Period for Premium Performance Shares. Subject to the limitations of these Terms, the Restricted Period for the Premium Performance Shares shall begin on the Grant Date and end on the Vesting Date (but only if the Date of Termination has not occurred before the Vesting Date) as follows:

- (a) The Restricted Period shall end on the Vesting Date for the number of the Premium Performance Shares determined by multiplying the number of Premium Performance Shares by the Premium Award Performance Percentage (as determined below).
- (b) The "Premium Award Performance Percentage" will be determined based on the achievement of the Cumulative Performance over the Performance Period in accordance with the following schedule:

If the Cumulative Performance during the Performance Period:	The Premium Award Performance Percentage will be:
Does not meet or exceed 50%	0%
Meets or exceeds 50%, but does not exceed 75%	A percentage between 0% and 77%, based on a linear interpolation of the Cumulative Performance between the 50% and 75% levels
Exceeds 75% and the Total Shareholder Return of the Company during the Performance Period does not meet or exceed the 55 th percentile of the Total Shareholder Return of the Peer Companies.	77%
Exceeds 75% and the Total Shareholder Return of the Company during the Performance Period meets or exceeds the 55 th percentile of the Total Shareholder Return of the Peer Companies.	100%

(c) Upon vesting at the end of such Restricted Period, those shares will be delivered to the Participant free of all restrictions. Except as provided in paragraph 3 for a Date of Termination that occurs because of Retirement, the Participant shall not be entitled to vesting of any Premium Performance Shares if the Date of Termination occurs before the Vesting Date for any reason.

7. Transfer and Forfeiture of Shares. The transfer and forfeiture of shares shall be subject to the following:

- (a) The Participant shall be vested in any Covered Performance Shares with respect to which the requirements of paragraph 2 have been satisfied (including that, other than as provided in paragraphs 3, 4 and 5 above, the Date of Termination has not occurred prior to the last day of the Restricted Period). Upon vesting at the end of such Restricted Period, those shares will be delivered to the Participant free of all restrictions.
- (b) The Participant shall be vested in any Premium Performance Shares with respect to which the requirements of paragraph 6 have been satisfied (including that, other than as provided in paragraph 3 above, the Date of Termination has not occurred prior to the last day of the Restricted Period). Upon vesting at the end of such Restricted Period, those shares will be delivered to the Participant free of all restrictions.
- (c) Except as otherwise determined by the Committee and as provided in paragraphs 3, 4 and 5 above, the Participant shall forfeit any Covered Performance Shares and Premium Performance Shares as of the Date of Termination, if such Date of Termination occurs prior to the Vesting Date.

- (d) Notwithstanding anything to the contrary in any agreement between the Participant and the Company or a Subsidiary, the Participant acknowledges and agrees that the Covered Performance Shares and Premium Performance Shares shall vest (and the Restricted Period shall end) only as provided by, and subject to the terms of, these Terms.

Withholding. All deliveries and distributions and the vesting of shares of stock under these Terms are subject to withholding of all applicable taxes. Unless otherwise agreed in writing between the Committee and the Participant, such withholding obligations will be satisfied by withholding shares of Stock that otherwise would be delivered to the Participant free of all restrictions under these Terms (and such shares will be valued in the sole discretion of the Committee, will be retained by the Company and will not be delivered to the Participant). Subject to such rules and limitations as may be established by the Committee from time to time, withholding obligations may be satisfied through other manners (such as the surrender of shares of Stock which the Participant already owns).

8. Transferability. Except as otherwise provided by the Committee, awards under these Terms may not be sold, assigned, transferred, pledged or otherwise encumbered prior to vesting and delivery.

9. Dividends. Dividends paid with respect to the Covered Performance Shares and the Premium Performance Shares with respect to record dates on or after the Grant Date for such shares but prior to the end of the Restricted Period for such shares shall be accumulated and distributed to the Participant on the date that the Restricted Period ends with respect to the shares pursuant to which such dividend was paid; provided, however that no dividends or distributions shall be payable to or for the benefit of the Participant with respect to any Covered Performance Shares or Premium Performance Shares which the Participant has forfeited. Notwithstanding the foregoing, if the right to the payment of dividends with respect to a Covered Performance Share or a Premium Performance Share would otherwise constitute nonqualified deferred compensation subject to Section 457A of the Internal Revenue Code (“Code Section 457A”), then, (i) any dividends accumulated in relation to Covered Performance Shares and Premium Performance Shares as of the date that the right to receive such payments is no longer treated as subject to a substantial risk of forfeiture for purposes of Code Section 457A (the “457A Vesting Date”) shall be used to purchase additional Covered Performance Shares and Premium Performance Shares subject to the same vesting provisions of the original Covered Performance Shares and Premium Performance Shares to which such accumulated dividends relate and any remaining unused cash amounts that are not sufficient to purchase an additional share shall be distributed to the Participant and (ii) any dividends that are paid on or after the 457A Vesting Date but prior to the vesting of the Covered Performance Shares and Premium Performance Shares shall be used to purchase additional Covered Performance Shares and Premium Performance Shares subject to the same vesting provisions of the original Covered Performance Shares and Premium Performance Shares to which such dividends relate and any remaining unused cash amounts that are not sufficient to purchase an additional share shall be distributed to the Participant.

10. Voting. The Participant shall not be prevented from voting the Covered Performance Shares merely because those shares are subject to the restrictions imposed by these

Terms and the Plan; provided, however, that the Participant shall not be entitled to vote Covered Performance Shares with respect to record dates for any Covered Performance Shares occurring on or after the date, if any, on which the Participant has forfeited those shares. The Participant acknowledges and agrees that he or she shall not be entitled to vote any Premium Performance Shares if the record date for entitlement to voting occurs prior to the date on which such shares become vested pursuant to paragraph 7.

11. Deposit of Award. Each certificate issued in respect of the Covered Performance Shares and Premium Performance Shares awarded under these Terms shall be registered in the name of the Participant and shall be deposited in a bank designated by the Committee.

12. Definitions. For purposes of these Terms, words and phrases shall be defined as follows:

- (a) Cause. The term “Cause” shall mean – unless otherwise defined in an employment agreement between the Participant and the Company or Subsidiary – the occurrence of any of the following:
- (i) a conviction of the Participant with respect to a (x) felony or (y) a misdemeanor involving moral turpitude; or
 - (ii) willful misconduct or gross negligence by the Participant resulting, in either case, in harm to the Company or any Subsidiary; or
 - (iii) failure by the Participant to carry out the lawful and reasonable directions of the Board or the Participant’s immediate supervisor, as the case may be; or
 - (iv) refusal to cooperate or non-cooperation by the Participant with any governmental regulatory authority; or
 - (v) fraud, embezzlement, theft or dishonesty by the Participant against the Company or any Subsidiary or a material violation by the Participant of a policy or procedure of the Company, resulting, in any case, in harm to the Company or any Subsidiary.
- (b) Change in Control. The term “Change in Control” shall be defined as set forth in the Plan.
- (c) Change in Control Date Termination. The term “Change in Control Date of Termination” means the Participant’s Date of Termination that occurs because the Company or any of the Subsidiaries terminates the Participant’s employment with the Company or the Subsidiaries without Cause (other than due to death, a Long-Term Disability or a Retirement) or because the Participant terminates his or her employment for Good Reason, provided that such termination in accordance with this paragraph 13(c) occurs during the period commencing on the 180th day immediately preceding a Change in Control date and ending on the two-year anniversary of such Change in Control date.

- (d) Combined Ratio. The “Combined Ratio” for a given period is determined as the sum of the loss and loss expense ratio, the policy acquisition cost ratio and the administrative expense ratio in relation to the P&C insurance business. For the Company, the Combined Ratio is determined as the P&C combined ratio disclosed in the Form 10-K for such period (or the average of the disclosed combined ratios for each year if the period is longer than one year). For the Peer Group for purposes of these Terms, the Combined Ratio is determined as the combined ratio publicly disclosed for such company, on a comparable basis, for such period (or the average of the disclosed combined ratios for each year if the period is longer than one year).
- (e) Competitive Activity – The term “Competitive Activity” means the Participant’s: (i) engagement in an activity – whether as an employee, consultant, principal, member, agent, officer, director, partner or shareholder (except as a less than 1% shareholder of a publicly traded company) – that is competitive with any business of the Company or any Subsidiary conducted by the Company or such Subsidiary during the Participant’s employment with the Company or the two-year period following the Date of Termination; (ii) solicitation of any client or customer of the Company or any affiliate with respect to an activity prohibited by subparagraph (e)(i); (iii) solicitation or employment of any employee of the Company or any affiliate for the purpose of causing such employee to terminate his or her employment with the Company or such affiliate; or (iv) failure to keep confidential all Company trade secrets, proprietary and confidential information.
- (f) Cumulative Performance. The term “Cumulative Performance” means, as to the Company, a percentage equal to the sum of (A) and (B) where (A) equals the First Performance Goal multiplied by seven-tenths (0.70) and where (B) equals the Second Performance Goal multiplied by three-tenths (0.30). For example, if the First Performance Goal equals 80% and the Second Performance goal equals 50%, then the Cumulative Performance would equal 71% determined as the sum of (80%*.7) and (50% *.3). The determination of the Cumulative Performance and its parameters is subject to rules established by the Committee from time-to-time.
- (g) Date of Termination. A Participant’s “Date of Termination” means, with respect to an employee, the date on which the Participant’s employment with the Company and the Subsidiaries terminates for any reason, and with respect to a Director, the date immediately following the last day on which the Participant serves as a Director; provided that a Date of Termination shall not be deemed to occur by reason of a Participant’s transfer of employment between the Company and a Subsidiary or between two Subsidiaries; further provided that a Date of Termination shall not be deemed to occur by reason of a Participant’s cessation of service as a Director if immediately following such cessation of service the Participant becomes or continues to be employed by the Company or a Subsidiary, nor by reason of a Participant’s termination of employment with the Company or a Subsidiary if immediately following such termination of employment the Participant becomes or continues to be a Director; and further provided that a Participant’s employment shall not be considered terminated while

the Participant is on a leave of absence from the Company or a Subsidiary approved by the Participant's employer.

- (h) Director. The term "Director" means a member of the Board, who may or may not be an employee of the Company or a Subsidiary.
- (i) First Performance Goal. The term "First Performance Goal" for the Performance Period means the achievement by the Company of growth in tangible book value per common shares outstanding as reported under GAAP during the Performance Period, as compared to the growth in tangible book value per common shares outstanding as reported under GAAP during the same Performance Period by the Peer Companies expressed as a percentile rank as compared to the Peer Group. The determination of the First Performance Goal and its parameters is subject to rules established by the Committee from time-to-time. The Committee, in its discretion, may adjust the reported tangible book value for the Company or the Peer Companies for the Performance Period.
- (j) Forfeiture Payment. The term "Forfeiture Payment" means the pre-tax proceeds from sales or other transfers, if any, of the number of shares of Stock that became vested during the Restrictive Covenant Period pursuant to these Terms and that the Participant has sold or otherwise transferred prior to the date of repayment required pursuant to subparagraph 23(b). For purposes of this definition, pre-tax proceeds for any shares of Stock that were transferred by the Participant in a transaction other than a sale on the New York Stock Exchange means the Fair Market Value of such shares on the New York Stock Exchange as of the date of such transaction.
- (k) Forfeiture Shares. The term "Forfeiture Shares" means the number of shares of Stock that became vested during the Restrictive Covenant Period pursuant to these Terms and that remain held by the Participant as of the date of repayment required pursuant to subparagraph 23(b). It is the Participant's responsibility to ensure that the shares of Stock delivered as Forfeiture Shares are the shares of Stock delivered previously pursuant to these Terms. In the absence of Company records or written documentation from Participant's broker demonstrating this fact, the Participant must deliver to the Company the Forfeiture Payment determined as of the date that such shares of Stock delivered pursuant to these Terms are transferred from Participant's stock account or otherwise become indistinguishable from other shares of Stock that the Participant may hold.
- (l) Good Reason. The term "Good Reason" shall mean – unless otherwise defined in an in-force employment agreement between the Participant and the Company or Subsidiary – the occurrence of any of the following within the sixty-day period preceding a Date of Termination without the Participant's prior written consent:
 - (i) a material adverse diminution of the Participant's titles, authority, duties or responsibilities, or the assignment to the Participant of titles, authority, duties or responsibilities that are materially inconsistent with his or her titles, authority, duties and/or responsibilities in a manner materially adverse to the Participant; or

- (ii) a reduction in the Participant's base salary or annual bonus opportunity (other than any reduction applicable to all similarly situated executives generally); or
- (iii) a failure of the Company to obtain the assumption in writing of its obligations under the Plan by any successor to all or substantially all of the assets of the Company within 45 days after a merger, consolidation, sale or similar transaction that qualifies as a Change in Control.
- (m) Long-Term Disability. A Participant shall be considered to have a "Long-Term Disability" if the Participant is determined to be eligible for long-term disability benefits under the long-term disability plan in which the Participant participates and which is sponsored by the Company or a Subsidiary; or if the Participant does not participate in a long-term disability plan sponsored by the Company or a Subsidiary, then the Participant shall be considered to have a "Long-Term Disability" if the Committee determines, under standards comparable to those of the Company's long-term disability plan, that the Participant would be eligible for long-term disability benefits if he or she participated in such plan.
- (n) Peer Companies. The term "Peer Companies" means the companies which are in the Chubb Financial Performance Peer Group (the "Peer Group") as determined by the Committee within 90 days of the beginning of the Performance Period and for which financial information is available for all year(s) in the Performance Period.
- (o) Performance Period. The term "Performance Period" shall mean the three-year period beginning on the Commencement Date and ending on the third anniversary of the Commencement Date.
- (p) Qualifying Termination. The term "Qualifying Termination" means the Participant's Date of Termination that occurs because the Company or any of the Subsidiaries terminates the Participant's employment with the Company or the Subsidiaries without Cause. For the avoidance of doubt, the termination of the Participant's employment due to death or Long-Term Disability, or a voluntary termination of the Participant's employment by the Participant for any reason (including Good Reason or Retirement) shall not constitute a Qualifying Termination for the purposes of these Terms.
- (q) Restrictive Covenant Period. The term "Restrictive Covenant Period" means the twenty-four-month period following a Date of Termination due to a Qualifying Termination or a Retirement.
- (r) Retirement. The term "Retirement" means the Participant's Date of Termination that occurs on or after the Participant has both completed at least ten years of service with the Company or a Subsidiary and attained at least age 62; provided, however, that a Date of Termination will not be treated as a Retirement unless the Participant (i) has terminated employment in good standing with the Company or a Subsidiary, and (ii) executes an agreement and release as required by the Company which will include, without limitation, a general release, and non-competition and non-solicitation provisions. A

Participant shall be deemed to have executed a release as described in clause (ii) above only if such release is returned by such time as is established by the Company; provided that to the extent benefits provided pursuant to the Plan would be considered to be provided under a nonqualified deferred compensation plan as that term is defined in Treas. Reg. §1.409A-1, such benefits shall be paid to the Participant only if the release is returned in time to permit the distribution of the benefits to satisfy the requirements of Section 409A of the Internal Revenue Code with respect to the time of payment.

- (s) Second Performance Goal. The term “Second Performance Goal” for the Performance Period means the achievement by the Company of its Combined Ratio during the Performance Period, as compared to the Combined Ratio reported publicly during the same Performance Period by the Peer Companies expressed as a percentile rank as compared to the Peer Group. The determination of the Second Performance Goal and its parameters is subject to rules established by the Committee from time-to-time. The Committee, in its discretion, may adjust the Combined Ratio for the Company or the combined ratio reported publicly for the Peer Companies for the Performance Period.
- (t) Total Shareholder Return. The term “Total Shareholder Return” means the total return per share of stock to the Company’s shareholders or the shareholders of the applicable Peer Company, inclusive of dividends paid (regardless of whether paid in cash or property, which dividends shall be deemed reinvested in the stock), during the Performance Period. The value of the applicable company’s stock at the beginning and end of the Performance Period shall be established based on the average of the averages of the high and low trading prices of the applicable stock on the principal exchange on which the stock trades for the 15 trading days occurring immediately prior to the beginning or end of the Performance Period, as the case may be. The Committee shall make or shall cause to be made such appropriate adjustments to the calculation of total shareholder return for such entity (including adjusting the average at the beginning of the Performance Period) as shall be necessary or appropriate to avoid an artificial increase or decrease in such return as a result of a stock split (including a reverse stock split), recapitalization, or other event affecting the capital structure of such entity.

13. Plan Definitions. Except where the context clearly implies or indicates the contrary, a word, term, or phrase used in the Plan is similarly used in these Terms.

14. Heirs and Successors. These Terms shall be binding upon, and inure to the benefit of, the Company and its successors and assigns, and upon any person acquiring, whether by merger, consolidation, purchase of assets or otherwise, all or substantially all of the Company’s assets and business. If any benefits deliverable to the Participant under these Terms have not been delivered at the time of the Participant’s death, such benefits shall be delivered to the Designated Beneficiary, in accordance with the provisions of these Terms and the Plan. The “Designated Beneficiary” shall be the beneficiary or beneficiaries designated by the Participant in a writing filed with the Committee in such form and at such time as the Committee shall require. If a deceased Participant fails to designate a beneficiary, or if the Designated Beneficiary does not survive the Participant, any rights that would have been exercisable by the

Participant and any benefits distributable to the Participant shall be distributed to the legal representative of the estate of the Participant. If a deceased Participant designates a beneficiary and the Designated Beneficiary survives the Participant but dies before the complete distribution of benefits to the Designated Beneficiary under these Terms, then any benefits distributable to the Designated Beneficiary shall be distributed to the legal representative of the estate of the Designated Beneficiary.

15. Administration. The authority to manage and control the operation and administration of these Terms shall be vested in the Committee, and the Committee shall have all powers with respect to these Terms as it has with respect to the Plan. Any interpretation of these Terms by the Committee and any decision made by it with respect to these Terms are final and binding on all persons.

16. Plan and Corporate Records Govern. Notwithstanding anything in these Terms to the contrary, these Terms shall be subject to the terms of the Plan, a copy of which may be obtained by the Participant from the office of the Secretary of the Company; and these Terms are subject to all interpretations, amendments, rules and regulations promulgated by the Committee from time to time pursuant to the Plan. Notwithstanding anything in these Terms to the contrary, in the event of any discrepancies between the corporate records regarding this award and the Record-Keeping System, the corporate records shall control.

17. Clawback Policy. Notwithstanding anything in these Terms to the contrary, in consideration for the receipt of this Award, the Participant agrees and acknowledges that the Participant's rights with respect to this Award and any other award granted to the Participant shall be subject to the terms of the Chubb Limited Clawback Policy as amended from time to time.

18. Solicitation Activity.

- (a) In light of Participant's obligations to the Company (references in this paragraph 19 to the "Company" include the Company's Subsidiaries) and exposure in the course of Participant's duties to confidential information and customers of the Company, during the term of Participant's employment and for one year following Participant's Date of Termination (the "Non-Solicit Period"), Participant will not directly or indirectly:
- (i) solicit, or accept insurance or reinsurance business from, any customer, agent or broker of the Company: (x) that, within one year preceding the Date of Termination, had business communications with Participant or with any person directly or indirectly managed by Participant; or (y) about which Participant had access to confidential information within one year preceding the Date of Termination;
 - (ii) solicit or hire any employee of the Company to work for any other individual or entity; or
 - (iii) breach the terms of any confidentiality, non-solicitation or non-competition agreement between the Participant and the Company.

- (b) Participant hereby acknowledges that this paragraph 19 contains provisions that: (i) do not impose a greater restraint than is necessary to protect the goodwill or other business interests of the Company; (ii) contain reasonable limitations as to time and scope of activity to be restrained; (iii) are not harmful to the general public; and (iv) are not unduly burdensome to Participant. In consideration of this Award and in light of Participant's education, skills and abilities, Participant agrees that he or she will not assert that, and it should not be considered that, any provisions of this paragraph 19 otherwise are void, voidable or unenforceable or should be voided or held unenforceable.
- (c) Participant acknowledges and agrees that any failure to comply with any of the terms of this paragraph 19 will irreparably harm the Company for which money damages will be an inadequate remedy. Participant agrees that the Company will have the right to enforce this paragraph 19 in any court of equity to obtain injunctive relief without the posting of a bond and without proof of actual damages. Participant agrees that the foregoing rights and remedies of Company shall be in addition to, and not in lieu of, any other remedies available to the Company at law or in equity.
- (d) The Non-Solicit Period will be tolled for any period during which Participant is in violation of any provision of this paragraph 19.

19. Not An Employment Contract. This Award and these Terms will not confer on the Participant any right with respect to continuance of employment or other service with the Company or any Subsidiary, nor will it interfere in any way with any right the Company or any Subsidiary would otherwise have to terminate or modify the terms of such Participant's employment or other service at any time. These Terms are not intended to and do not supersede the terms of any previous agreement between the Participant and the Company or a Subsidiary.

20. Notices. Any written notices provided for in these Terms or the Plan shall be in writing and shall be deemed sufficiently given if either hand delivered or if sent by fax or overnight courier, or by postage paid first class mail. Notices sent by mail shall be deemed received three business days after mailing but in no event later than the date of actual receipt. Notices shall be directed, if to the Participant, at the Participant's address indicated by the Company's records, or if to the Company, at the Company's principal executive office.

21. Fractional Shares. In lieu of issuing a fraction of a share, resulting from an adjustment of this Award pursuant to paragraph 5.2(f) of the Plan or otherwise, the Company will be entitled to pay to the Participant an amount equal to the fair market value of such fractional share.

22. Competitive Activity.

i. The Committee may cancel, rescind, suspend, withhold or otherwise limit or restrict this Award at any time if the Participant engages in any "Competitive Activity".

ii. Immediately prior to the vesting of the shares of Stock pursuant to these Terms, the Participant shall certify, to the extent required by the Committee, in a manner

acceptable to the Committee, that the Participant is not engaging and has not engaged in any Competitive Activity. In the event a Participant has engaged in any Competitive Activity during the Restrictive Covenant Period, then the Participant shall be required to transfer the Forfeiture Shares to the Company and, if applicable, pay the Forfeiture Payment to the Company, in such manner and on such terms and conditions as may be required by the Committee, and the Company shall be entitled to set-off such amounts against any amount owed to the Participant by the Company and/or Subsidiary.

23. Amendment. These Terms may be amended in accordance with the provisions of the Plan, and may otherwise be amended by written agreement of the Participant and the Company without the consent of any other person.

IN WITNESS WHEREOF, the Company has caused these presents to be executed in its name and on its behalf, all as of the Grant Date.

CHUBB LIMITED

By:
Its:

Performance Based Restricted Stock Award Terms**under the****Chubb Limited 2016 Long-Term Incentive Plan**

The Participant has been granted a Performance Based Restricted Stock Award (the “Award”) by Chubb Limited (the “Company”) under the Chubb Limited 2016 Long-Term Incentive Plan (the “Plan”). The shares of Stock granted as Covered Performance Shares and Premium Performance Shares pursuant to this Award shall be subject to the following Performance Based Restricted Stock Award Terms (the “Terms”):

1. **Terms of Award.** The following words and phrases used in these Terms shall have the meanings set forth in this paragraph 1:

- (a) The “Participant” is **[Insert Name]**.
- (b) The “Grant Date” is **[Insert Date]**.
- (c) The “Commencement Date” is **[Insert Date]**.
- (d) The number of “Covered Performance Shares” is **[Insert Number]**, which is 50% **[66% for Vice Chairman and COO]** of that portion of the Participant’s annual Long-Term Incentive Award which is granted in the form of restricted shares for the year in which the Grant Date occurs, as reflected in the corporate records.
- (e) The number of “Premium Performance Shares” is **[Insert number equal to 65% of the number of Covered Performance Shares]**.

Other words and phrases used in these Terms are defined pursuant to paragraph 13 or elsewhere in these Terms.

2. **Restricted Period for Covered Performance Shares.** Subject to the limitations of these Terms, the “Restricted Period” for the Covered Performance Shares shall begin on the Grant Date and end on the Vesting Date as described below (but only if the Date of Termination has not occurred before the Vesting Date):

- (a) If the Cumulative Performance of the Company during the Performance Period is equal to 50% or greater, the Restricted Period shall end for any Covered Performance Shares on the later of the date the Committee certifies that the requisite Cumulative Performance has been achieved during the Performance Period and the three-year anniversary of the Grant Date (such later date referred to as the “Vesting Date”). If the Cumulative Performance of the Company during the Performance Period is less than 50%, the Restricted Period shall end with respect to a number of the Covered Performance Shares determined by multiplying the total number of Covered Performance Shares by the Performance Percentage (as determined below) on the Vesting Date.

- (b) The “Performance Percentage” will be determined based on the achievement of the Cumulative Performance over the Performance Period in accordance with the following schedule:

If the Cumulative Performance during the applicable Performance Period:	The Performance Percentage will be:
Does not exceed 25%	0%
Exceeds 25%, but does not meet or exceed 50%	A percentage between 50% and 100%, based on a linear interpolation of the Cumulative Performance between the 25% and 50% levels

- (c) For the avoidance of doubt, the Restricted Period shall end only on or after the Committee’s certification that the Cumulative Performance for the Performance Period has been completed. Any Covered Performance Shares that have not vested as of the end of the Restricted Period shall be forfeited by the Participant as of the Vesting Date.

3. Retirement. If the Participant’s Date of Termination occurs because of Retirement, then for any Covered Performance Shares and any Premium Performance Shares as to which the Restricted Period has not otherwise ended prior to the Date of Termination, the Participant shall become vested and the Restricted Period shall end for any Covered Performance Shares if and when the terms of paragraph 2 are satisfied with respect to such Covered Performance Shares and for any Premium Performance Shares if and when the terms of paragraph 7 are satisfied with respect to such Premium Performance Shares, in each case, determined as though the Participant had remained employed and the Date of Termination had not occurred prior to the end of any applicable Restricted Period for purposes of these Terms. Notwithstanding the foregoing, if the Participant’s Date of Termination on account of Retirement occurs (a) prior to the six-month anniversary of the Grant Date without appropriate notice as determined by the Committee and (b) prior to the Vesting Date, the Committee may cause the Participant to forfeit any or all Premium Performance Shares as of the Date of Termination.

4. Death, Long-Term Disability and Change in Control. Notwithstanding the provisions of paragraph 2, the Restricted Period for Covered Performance Shares shall end prior to the date specified in paragraph 2 to the extent set forth below:

- (a) For Covered Performance Shares as to which the Restricted Period has not ended prior to the Date of Termination, the Restricted Period for such Covered Performance Shares shall end upon the Participant’s Date of Termination, and the Covered Performance Shares shall fully vest upon the Date of Termination, if the Date of Termination occurs by reason of the Participant’s death or Long-Term Disability.
- (b) For Covered Performance Shares as to which the Restricted Period has not ended prior to the date of a Change in Control, the Restricted Period for such Covered Performance Shares shall end upon a Change in Control, and the Covered Performance Shares shall

vest upon the Change in Control, provided that such Change in Control occurs on or before the Date of Termination.

5. Restricted Period for Premium Performance Shares. Subject to the limitations of these Terms, the Restricted Period for the Premium Performance Shares shall begin on the Grant Date and end on the Vesting Date (but only if the Date of Termination has not occurred before the Vesting Date) as follows:

- (a) The Restricted Period shall end on the Vesting Date for the number of the Premium Performance Shares determined by multiplying the number of Premium Performance Shares by the Premium Award Performance Percentage (as determined below).
- (b) The “Premium Award Performance Percentage” will be determined based on the achievement of the Cumulative Performance over the Performance Period in accordance with the following schedule:

If the Cumulative Performance during the Performance Period:	The Premium Award Performance Percentage will be:
Does not meet or exceed 50%	0%
Meets or exceeds 50%, but does not exceed 75%	A percentage between 0% and 77%, based on a linear interpolation of the Cumulative Performance between the 50% and 75% levels
Exceeds 75% and the Total Shareholder Return of the Company during the Performance Period does not meet or exceed the 55 th percentile of the Total Shareholder Return of the Peer Companies.	77%
Exceeds 75% and the Total Shareholder Return of the Company during the Performance Period meets or exceeds the 55 th percentile of the Total Shareholder Return of the Peer Companies.	100%

- (c) Upon vesting at the end of such Restricted Period, those shares will be delivered to the Participant free of all restrictions. Except as provided in paragraph 3 for a Date of Termination that occurs because of Retirement, the Participant shall not be entitled to vesting of any Premium Performance Shares if the Date of Termination occurs before the Vesting Date for any reason.

6. Transfer and Forfeiture of Shares. The transfer and forfeiture of shares shall be subject to the following:

- (a) The Participant shall be vested in any Covered Performance Shares with respect to which the requirements of paragraph 2 have been satisfied (including that, other than as

provided in paragraphs 3, 4 and 5 above, the Date of Termination has not occurred prior to the last day of the Restricted Period). Upon vesting at the end of such Restricted Period, those shares will be delivered to the Participant free of all restrictions.

- (b) The Participant shall be vested in any Premium Performance Shares with respect to which the requirements of paragraph 6 have been satisfied (including that, other than as provided in paragraph 3 above, the Date of Termination has not occurred prior to the last day of the Restricted Period). Upon vesting at the end of such Restricted Period, those shares will be delivered to the Participant free of all restrictions.
- (c) Except as otherwise determined by the Committee and as provided in paragraphs 3, 4 and 5 above, the Participant shall forfeit any Covered Performance Shares and Premium Performance Shares as of the Date of Termination, if such Date of Termination occurs prior to the Vesting Date.
- (d) Notwithstanding anything to the contrary in any Employment agreement between the Participant and the Company or a Subsidiary, or any severance plan maintained by the Company or a Subsidiary in which the Participant participates, the Participant acknowledges and agrees that the Covered Performance Shares and Premium Performance Shares shall vest (and the Restricted Period shall end) only as provided by, and subject to the terms of, these Terms.

Withholding. All deliveries and distributions and the vesting of shares of stock under these Terms are subject to withholding of all applicable taxes. Unless otherwise agreed in writing between the Committee and the Participant, such withholding obligations will be satisfied by withholding shares of Stock that otherwise would be delivered to the Participant free of all restrictions under these Terms (and such shares will be valued in the sole discretion of the Committee, will be retained by the Company and will not be delivered to the Participant). Subject to such rules and limitations as may be established by the Committee from time to time, withholding obligations may be satisfied through other manners (such as the surrender of shares of Stock which the Participant already owns).

7. Transferability. Except as otherwise provided by the Committee, awards under these Terms may not be sold, assigned, transferred, pledged or otherwise encumbered prior to vesting and delivery.

8. Dividends. Dividends paid with respect to the Covered Performance Shares and the Premium Performance Shares with respect to record dates on or after the Grant Date for such shares but prior to the end of the Restricted Period for such shares shall be accumulated and distributed to the Participant on the date that the Restricted Period ends with respect to the shares pursuant to which such dividend was paid; provided, however that no dividends or distributions shall be payable to or for the benefit of the Participant with respect to any Covered Performance Shares or Premium Performance Shares which the Participant has forfeited. Notwithstanding the foregoing, if the right to the payment of dividends with respect to a Covered Performance Share or a Premium Performance Share would otherwise constitute nonqualified deferred compensation subject to Section 457A of the Internal Revenue Code (“Code Section 457A”), then, (i) any

dividends accumulated in relation to Covered Performance Shares and Premium Performance Shares as of the date that the right to receive such payments is no longer treated as subject to a substantial risk of forfeiture for purposes of Code Section 457A (the “457A Vesting Date”) shall be used to purchase additional Covered Performance Shares and Premium Performance Shares subject to the same vesting provisions of the original Covered Performance Shares and Premium Performance Shares to which such accumulated dividends relate and any remaining unused cash amounts that are not sufficient to purchase an additional share shall be distributed to the Participant and (ii) any dividends that are paid on or after the 457A Vesting Date but prior to the vesting of the Covered Performance Shares and Premium Performance Shares shall be used to purchase additional Covered Performance Shares and Premium Performance Shares subject to the same vesting provisions of the original Covered Performance Shares and Premium Performance Shares to which such dividends relate and any remaining unused cash amounts that are not sufficient to purchase an additional share shall be distributed to the Participant.

9. Voting. The Participant shall not be prevented from voting the Covered Performance Shares merely because those shares are subject to the restrictions imposed by these Terms and the Plan; provided, however, that the Participant shall not be entitled to vote Covered Performance Shares with respect to record dates for any Covered Performance Shares occurring on or after the date, if any, on which the Participant has forfeited those shares. The Participant acknowledges and agrees that he or she shall not be entitled to vote any Premium Performance Shares if the record date for entitlement to voting occurs prior to the date on which such shares become vested pursuant to paragraph 7.

10. Deposit of Award. Each certificate issued in respect of the Covered Performance Shares and Premium Performance Shares awarded under these Terms shall be registered in the name of the Participant and shall be deposited in a bank designated by the Committee.

11. Definitions. For purposes of these Terms, words and phrases shall be defined as follows:

- (a) Change in Control. The term “Change in Control” shall be defined as set forth in the Plan.
- (b) Combined Ratio. The “Combined Ratio” for a given period is determined as the sum of the loss and loss expense ratio, the policy acquisition cost ratio and the administrative expense ratio in relation to the P&C insurance business. For the Company, the Combined Ratio is determined as the P&C combined ratio disclosed in the Form 10-K for such period (or the average of the disclosed combined ratios for each year if the period is longer than one year). For the Peer Group for purposes of these Terms, the Combined Ratio is determined as the combined ratio publicly disclosed for such company, on a comparable basis, for such period (or the average of the disclosed combined ratios for each year if the period is longer than one year).
- (c) Cumulative Performance. The term “Cumulative Performance” means, as to the Company, a percentage equal to the sum of (A) and (B) where (A) equals the First Performance Goal multiplied by seven-tenths (0.70) and where (B) equals the Second

Performance Goal multiplied by three-tenths (0.30). For example, if the First Performance Goal equals 80% and the Second Performance goal equals 50%, then the Cumulative Performance would equal 71% determined as the sum of (80%*.7) and (50% *.3). The determination of the Cumulative Performance and its parameters is subject to rules established by the Committee from time-to-time.

- (d) Date of Termination. A Participant's "Date of Termination" means, with respect to an employee, the date on which the Participant's employment with the Company and the Subsidiaries terminates for any reason, and with respect to a Director, the date immediately following the last day on which the Participant serves as a Director; provided that a Date of Termination shall not be deemed to occur by reason of a Participant's transfer of employment between the Company and a Subsidiary or between two Subsidiaries; further provided that a Date of Termination shall not be deemed to occur by reason of a Participant's cessation of service as a Director if immediately following such cessation of service the Participant becomes or continues to be employed by the Company or a Subsidiary, nor by reason of a Participant's termination of employment with the Company or a Subsidiary if immediately following such termination of employment the Participant becomes or continues to be a Director; and further provided that a Participant's employment shall not be considered terminated while the Participant is on a leave of absence from the Company or a Subsidiary approved by the Participant's employer.
- (e) Director. The term "Director" means a member of the Board, who may or may not be an employee of the Company or a Subsidiary.
- (f) First Performance Goal. The term "First Performance Goal" for the Performance Period means the achievement by the Company of growth in tangible book value per common shares outstanding as reported under GAAP during the Performance Period, as compared to the growth in tangible book value per common shares outstanding as reported under GAAP during the same Performance Period by the Peer Companies expressed as a percentile rank as compared to the Peer Group. The determination of the First Performance Goal and its parameters is subject to rules established by the Committee from time-to-time. The Committee, in its discretion, may adjust the reported tangible book value for the Company or the Peer Companies for the Performance Period.
- (g) Long-Term Disability. A Participant shall be considered to have a "Long-Term Disability" if the Participant is determined to be eligible for long-term disability benefits under the long-term disability plan in which the Participant participates and which is sponsored by the Company or a Subsidiary; or if the Participant does not participate in a long-term disability plan sponsored by the Company or a Subsidiary, then the Participant shall be considered to have a "Long-Term Disability" if the Committee determines, under standards comparable to those of the Company's long-term disability plan, that the Participant would be eligible for long-term disability benefits if he or she participated in such plan.

- (h) Peer Companies. The term “Peer Companies” means the companies which are in the Chubb Financial Performance Peer Group (the “Peer Group”) as determined by the Committee within 90 days of the beginning of the Performance Period and for which financial information is available for all year(s) in the Performance Period.
- (i) Performance Period. The term “Performance Period” shall mean the three-year period beginning on the Commencement Date and ending on the third anniversary of the Commencement Date.
- (j) Retirement. The term “Retirement” means the Participant’s Date of Termination that occurs on or after the Participant has both completed at least ten years of service with the Company or a Subsidiary and attained at least age 62; provided, however, that a Date of Termination will not be treated as a Retirement unless the Participant (i) has terminated employment in good standing with the Company or a Subsidiary, and (ii) executes an agreement and release as required by the Company which will include, without limitation, a general release, and non-competition and non-solicitation provisions. A Participant shall be deemed to have executed a release as described in clause (ii) above only if such release is returned by such time as is established by the Company; provided that to the extent benefits provided pursuant to the Plan would be considered to be provided under a nonqualified deferred compensation plan as that term is defined in Treas. Reg. §1.409A-1, such benefits shall be paid to the Participant only if the release is returned in time to permit the distribution of the benefits to satisfy the requirements of Section 409A of the Internal Revenue Code with respect to the time of payment.
- (k) Second Performance Goal. The term “Second Performance Goal” for the Performance Period means the achievement by the Company of its Combined Ratio during the Performance Period, as compared to the Combined Ratio reported publicly during the same Performance Period by the Peer Companies expressed as a percentile rank as compared to the Peer Group. The determination of the Second Performance Goal and its parameters is subject to rules established by the Committee from time-to-time. The Committee, in its discretion, may adjust the Combined Ratio for the Company or the combined ratio reported publicly for the Peer Companies for the Performance Period.
- (l) Total Shareholder Return. The term “Total Shareholder Return” means the total return per share of stock to the Company’s shareholders or the shareholders of the applicable Peer Company, inclusive of dividends paid (regardless of whether paid in cash or property, which dividends shall be deemed reinvested in the stock), during the Performance Period. The value of the applicable company’s stock at the beginning and end of the Performance Period shall be established based on the average of the averages of the high and low trading prices of the applicable stock on the principal exchange on which the stock trades for the 15 trading days occurring immediately prior to the beginning or end of the Performance Period, as the case may be. The Committee shall make or shall cause to be made such appropriate adjustments to the calculation of total shareholder return for such entity (including adjusting the average at the beginning of the Performance Period) as shall be necessary or appropriate to avoid an artificial increase or

decrease in such return as a result of a stock split (including a reverse stock split), recapitalization, or other event affecting the capital structure of such entity.

12. Plan Definitions. Except where the context clearly implies or indicates the contrary, a word, term, or phrase used in the Plan is similarly used in these Terms.

13. Heirs and Successors. These Terms shall be binding upon, and inure to the benefit of, the Company and its successors and assigns, and upon any person acquiring, whether by merger, consolidation, purchase of assets or otherwise, all or substantially all of the Company's assets and business. If any benefits deliverable to the Participant under these Terms have not been delivered at the time of the Participant's death, such benefits shall be delivered to the Designated Beneficiary, in accordance with the provisions of these Terms and the Plan. The "Designated Beneficiary" shall be the beneficiary or beneficiaries designated by the Participant in a writing filed with the Committee in such form and at such time as the Committee shall require. If a deceased Participant fails to designate a beneficiary, or if the Designated Beneficiary does not survive the Participant, any rights that would have been exercisable by the Participant and any benefits distributable to the Participant shall be distributed to the legal representative of the estate of the Participant. If a deceased Participant designates a beneficiary and the Designated Beneficiary survives the Participant but dies before the complete distribution of benefits to the Designated Beneficiary under these Terms, then any benefits distributable to the Designated Beneficiary shall be distributed to the legal representative of the estate of the Designated Beneficiary.

14. Administration. The authority to manage and control the operation and administration of these Terms shall be vested in the Committee, and the Committee shall have all powers with respect to these Terms as it has with respect to the Plan. Any interpretation of these Terms by the Committee and any decision made by it with respect to these Terms are final and binding on all persons.

15. Plan and Corporate Records Govern. Notwithstanding anything in these Terms to the contrary, these Terms shall be subject to the terms of the Plan, a copy of which may be obtained by the Participant from the office of the Secretary of the Company; and these Terms are subject to all interpretations, amendments, rules and regulations promulgated by the Committee from time to time pursuant to the Plan. Notwithstanding anything in these Terms to the contrary, in the event of any discrepancies between the corporate records regarding this award and the Record-Keeping System, the corporate records shall control.

16. Clawback Policy. Notwithstanding anything in these Terms to the contrary, in consideration for the receipt of this Award, the Participant agrees and acknowledges that the Participant's rights with respect to this Award and any other award granted to the Participant shall be subject to the terms of the Chubb Limited Clawback Policy as amended from time to time.

17. Solicitation Activity.

(a) In light of Participant's obligations to the Company (references in this paragraph 19 to the "Company" include the Company's Subsidiaries) and exposure in the course of

Participant's duties to confidential information and customers of the Company, during the term of Participant's employment and for one year following Participant's Date of Termination (the "Non-Solicit Period"), Participant will not directly or indirectly:

- (i) solicit, or accept insurance or reinsurance business from, any customer, agent or broker of the Company: (x) that, within one year preceding the Date of Termination, had business communications with Participant or with any person directly or indirectly managed by Participant; or (y) about which Participant had access to confidential information within one year preceding the Date of Termination;
 - (ii) solicit or hire any employee of the Company to work for any other individual or entity; or
 - (iii) breach the terms of any confidentiality, non-solicitation or non-competition agreement between the Participant and the Company.
- (b) Participant hereby acknowledges that this paragraph 19 contains provisions that: (i) do not impose a greater restraint than is necessary to protect the goodwill or other business interests of the Company; (ii) contain reasonable limitations as to time and scope of activity to be restrained; (iii) are not harmful to the general public; and (iv) are not unduly burdensome to Participant. In consideration of this Award and in light of Participant's education, skills and abilities, Participant agrees that he or she will not assert that, and it should not be considered that, any provisions of this paragraph 19 otherwise are void, voidable or unenforceable or should be voided or held unenforceable.
- (c) Participant acknowledges and agrees that any failure to comply with any of the terms of this paragraph 19 will irreparably harm the Company for which money damages will be an inadequate remedy. Participant agrees that the Company will have the right to enforce this paragraph 19 in any court of equity to obtain injunctive relief without the posting of a bond and without proof of actual damages. Participant agrees that the foregoing rights and remedies of Company shall be in addition to, and not in lieu of, any other remedies available to the Company at law or in equity.
- (d) The Non-Solicit Period will be tolled for any period during which Participant is in violation of any provision of this paragraph 19.

18. Not An Employment Contract. This Award and these Terms will not confer on the Participant any right with respect to continuance of employment or other service with the Company or any Subsidiary, nor will it interfere in any way with any right the Company or any Subsidiary would otherwise have to terminate or modify the terms of such Participant's employment or other service at any time. These Terms are not intended to and do not supersede the terms of any previous agreement between the Participant and the Company or a Subsidiary.

19. Notices. Any written notices provided for in these Terms or the Plan shall be in writing and shall be deemed sufficiently given if either hand delivered or if sent by fax or overnight courier, or by postage paid first class mail. Notices sent by mail shall be deemed

received three business days after mailing but in no event later than the date of actual receipt. Notices shall be directed, if to the Participant, at the Participant's address indicated by the Company's records, or if to the Company, at the Company's principal executive office.

20. Fractional Shares. In lieu of issuing a fraction of a share, resulting from an adjustment of this Award pursuant to paragraph 5.2(f) of the Plan or otherwise, the Company will be entitled to pay to the Participant an amount equal to the fair market value of such fractional share.

21. Amendment. These Terms may be amended in accordance with the provisions of the Plan, and may otherwise be amended by written agreement of the Participant and the Company without the consent of any other person.

IN WITNESS WHEREOF, the Company has caused these presents to be executed in its name and on its behalf, all as of the Grant Date.

CHUBB LIMITED

By:

Its:

Exhibit 21.1

Set forth below are subsidiaries of Chubb and their respective jurisdiction of ownership and percentage ownership, in each case as of December 31, 2020. Each of the named subsidiaries is not necessarily a significant subsidiary as defined in Rule 1-02(w) of Regulation S-X, and Chubb has several additional subsidiaries not named below. The unnamed subsidiaries, considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary at the end of the year covered by this report.

Name	Jurisdiction of Organization	Percentage Ownership
Chubb Limited	Switzerland	Publicly held
Chubb Insurance (Switzerland) Limited	Switzerland	100%
Chubb Reinsurance (Switzerland) Limited	Switzerland	100%
Chubb Group Management and Holdings Ltd.	Bermuda	100%
Chubb Bermuda Insurance Ltd.	Bermuda	100%
Paget Reinsurance Ltd.	Bermuda	100%
ACE Capital Title Reinsurance Company	USA (New York)	100%
Green & Grey Financial Solutions International, Ltd.	Bermuda	100%
Corporate Officers & Directors Assurance Ltd.	Bermuda	100%
Oasis Real Estate Company Ltd.	Bermuda	100%
Scarborough Property Holdings Ltd.	Bermuda	40%
Sovereign Risk Insurance Limited	Bermuda	100%
Chubb Realty Holdings Limited	Bermuda	100%
Freisenbruch Meyer Insurance Ltd.	Bermuda	40%
Freisenbruch-Meyer Insurance Services Ltd.	Bermuda	40%
Chubb Market Company Limited	England & Wales	100%
Chubb Group Holdings Limited	England & Wales	100%
Chubb Tarquin	England & Wales	100%
Chubb Capital V Limited	England & Wales	100%
Chubb Leadenhall Limited	England & Wales	100%
Chubb Underwriting Agencies Limited	England & Wales	100%
Chubb Capital I Limited	England & Wales	100%
Chubb Capital III Limited	England & Wales	100%
Chubb Capital IV Limited	England & Wales	100%
Chubb Capital VI Limited	England & Wales	100%
Chubb London Holdings Limited	England & Wales	100%
Chubb Capital II Limited	England & Wales	100%
Chubb London Investments Limited	England & Wales	100%
Chubb European Group Ltd.	England & Wales	100%
Chubb London Limited	England & Wales	100%
Chubb Company Services Limited	England & Wales	100%
Chubb London Services Limited	England & Wales	100%
Chubb London Group Limited	England & Wales	100%
Chubb Intermediaries Bermuda Ltd	Bermuda	100%
Chubb Services Limited	Cayman Islands	100%
Oasis Insurance Services Ltd.	Bermuda	100%
Chubb Tempest Life Reinsurance Ltd	Bermuda	100%
Chubb Tempest Reinsurance Ltd.	Bermuda	100%
ACE Europe Life SE	France	99.99% 0.01% (Chubb Group Management and Holdings Ltd.)

Chubb Tempest Reinsurance Ltd. Escritório de Representação No Brasil Ltda.	Brazil	99.999999% 0.000001% (Chubb Tempest Life Reinsurance Ltd.)
ABR Reinsurance Capital Holdings Ltd.	Bermuda	15.6%
Chubb Life Insurance Myanmar Limited	Myanmar	100%
Oasis Investments Ltd.	Bermuda	66.66% 33.33% (Chubb Bermuda Insurance Ltd.)
Oasis Investments 2 Ltd.	Bermuda	66.66% 33.33% (Chubb Bermuda Insurance Ltd.)
Chubb Group Holdings Inc.	USA (Delaware)	100%
Chubb (CR) Holdings	England & Wales	100%
Chubb Capital VII Limited	England & Wales	100%
Chubb (RGB) Holdings Limited	England & Wales	100%
Chubb (CIDR) Limited	England & Wales	100%
Ridge Underwriting Agencies Limited	England & Wales	100%
Chubb Asset Management Inc.	USA (Delaware)	100%
ACE Life Insurance Company	USA (Connecticut)	100%
Chubb INA Holdings Inc.	USA (Delaware)	80% 20% (Chubb Limited)
Chubb Business Services India LLP	India	99.9% 0.1% (Chubb India Holdings LLC)
DHC Corporation	USA (Delaware)	100%
Pacific Indemnity Company	USA (Wisconsin)	100%
Executive Risk Indemnity Inc.	USA (Delaware)	100%
Executive Risk Specialty Insurance Company	USA (Connecticut)	100%
Chubb Custom Insurance Company	USA (New Jersey)	100%
Chubb India Holdings LLC	USA (Delaware)	100%
Chubb Global Financial Services Corporation	USA (Delaware)	100%
Harbor Island Indemnity Ltd.	Bermuda	100%
Chubb Investment Services Limited	UK	100%
Chubb Custom Market Inc.	USA (New Jersey)	100%
Bellemead Development Corporation	USA (Delaware)	100%
Bellemead/Marina Del Rey Corp.	USA (Delaware)	100%
Halifax Plantation Golf Management, Inc.	USA (Florida)	100%
Halifax Plantation, Inc.	USA (Florida)	100%
Halifax Plantation Golf, Inc.	USA (Florida)	100%
Halifax Plantation Realty, Inc.	USA (Florida)	100%
1717 Naperville Corp.	USA (Illinois)	100%
1250 Diehl Corp.	USA (Illinois)	100%
Federal Insurance Company	USA (Indiana)	100%
Chubb Indemnity Insurance Company	USA (New York)	100%
Chubb National Insurance Company	USA (Indiana)	100%
Chubb Insurance Company of New Jersey	USA (New Jersey)	100%
Chubb Lloyds Insurance Company of Texas	USA (Texas)	100%

Great Northern Insurance Company	USA (Indiana)	100%
Vigilant Insurance Company	USA (New York)	100%
Chubb Financial Solutions (Bermuda) Ltd.	Bermuda	100%
Chubb Insurance Company Limited	China	100%
Federal Insurance Company Escritório de Representação no Brasil Ltda.	Brazil	99.99% 0.01% (Chubb & Son Inc.)
Chubb Direct Marketing Company Ltd.	Korea	100%
Chubb Life Insurance Korea Company Ltd.	Korea	100%
Combined Insurance Company of America	USA (Illinois)	100%
Combined Life Insurance Company of New York	USA (New York)	100%
Chiewchanwit Company Limited	Thailand	49%
Huatai Insurance Group Co., Ltd.	China	47.1131% (Chubb Group in aggregate) 25.9576% (Chubb Tempest Reinsurance Ltd.) 10.931% (Chubb Bermuda Insurance Ltd.) 5.8293% (Chubb INA Holdings Inc.) 4.3952% (ACE American Insurance Company)
Huatai Asset Management Co., Ltd.	China	81.82% 18.18% (owned by 2 non-Chubb shareholders)
Huatai Property & Casualty Insurance Co., Ltd	China	100%
Huatai Life Insurance Co., Ltd.	China	79.68% 20% (Chubb INA Holdings Inc.) 0.32% (non-Chubb shareholders)
INA Corporation	USA (Pennsylvania)	100%
INA Tax Benefits Reporting, Inc.	USA (Delaware)	100%
INA Financial Corporation	USA (Delaware)	100%
Brandywine Holdings Corporation	USA (Delaware)	100%
Cravens, Dargan & Company, Pacific Coast	USA (Delaware)	100%
Century Indemnity Company	USA (Pennsylvania)	100%
Century International Reinsurance Company Ltd.	Bermuda	100%
INA Holdings Corporation	USA (Delaware)	100%
INA International Holdings, LLC	USA (Delaware)	100%
Chubb INA Properties, Inc.	USA (Delaware)	100%
Conference Facilities, Inc.	USA (Pennsylvania)	100%

ESIS, Inc.	USA (Pennsylvania)	100%
Chubb Risk Consulting Group Limited	Ireland	100%
ESIS Canada Inc.	Canada (Ontario)	100%
ESIS Environmental Health and Safety Consulting (Shanghai) Company Limited	China (Shanghai)	100%
Chubb Global Risk Advisors Pte. Ltd.	Singapore	100%
ESIS Academy Pte. Ltd.	Singapore	100%
Proclaim America, Inc.	USA (Texas)	100%
Chubb INA Excess and Surplus Insurance Services, Inc.	USA (Pennsylvania)	100%
Chubb Excess and Surplus Insurance Services Inc.	USA (California)	100%
Chubb Alternative Risk Solutions Inc.	USA (Delaware)	100%
ACE American Insurance Company	USA (Pennsylvania)	100%
Bankers Standard Insurance Company	USA (Pennsylvania)	100%
Indemnity Insurance Company of North America	USA (Pennsylvania)	100%
Penn Millers Holding Corporation	USA (Pennsylvania)	100%
PMMHC Corp.	USA (Pennsylvania)	100%
Penn Millers Insurance Company	USA (Pennsylvania)	100%
Penn Millers Agency, Inc.	USA (Pennsylvania)	100%
Pacific Employers Insurance Company	USA (Pennsylvania)	100%
Illinois Union Insurance Company	USA (Illinois)	100%
Rain and Hail Insurance Service, Inc.	USA (Iowa)	100%
Agri General Insurance Company	USA (Iowa)	100%
Rain and Hail L.L.C.	USA (Iowa)	100%
Agri General Insurance Service, Inc.	USA (Iowa)	100%
Rain and Hail Insurance Service International, Inc.	USA (Iowa)	100%
Rain and Hail Insurance Service, Ltd.	Canada	100%
Rain and Hail Insurance Service de Mexico, S.A. de C.V.	Mexico	100%
Rain and Hail Financial, Inc.	USA (Iowa)	100%
Insurance Company of North America	USA (Pennsylvania)	100%
Chubb & Son Inc.	USA (New York)	100%
Chubb Insurance Solutions Agency Inc.	USA (Delaware)	100%
Chubb Services Corporation	USA (Illinois)	100%
ACE Property and Casualty Insurance Company	USA (Pennsylvania)	100%
ACE Fire Underwriters Insurance Company	USA (Pennsylvania)	100%
Atlantic Employers Insurance Company	USA (New Jersey)	100%
ACE Insurance Company of the Midwest	USA (Indiana)	100%
Chubb Tempest Re USA LLC	USA (Connecticut)	100%
Chubb Structured Products Inc.	USA (Delaware)	100%
Recovery Services International, Inc.	USA (Delaware)	100%
Chubb INA International Holdings Ltd.	USA (Delaware)	100%
Chubb Europe Services Ltd.	UK	100%
Chubb Managing Agent Ltd.	UK	100%
Chubb Insurance Service Company Ltd.	UK	100%

Chubb Capital Ltd.	UK	100%
Combined Life Insurance Company of Australia, Ltd.	Australia	100%
Chubb Arabia Cooperative Insurance Company	Saudi Arabia	30%
Chubb Servicios Panama S.A.	Panama	100%
Inversiones Vita S.A.	Chile	99% 1% (AFIA Finance Corporation, Agencia en Chile)
Banchile Seguros de Vida S.A.	Chile	99.7% 0.3% (AFIA Finance Corporation, Agencia en Chile)
SegChile Seguros Generales S.A.	Chile	99.99% 0.01% (AFIA Finance Corporation, Agencia en Chile)
Chubb Fianzas Holdings Inc.	USA (Delaware)	100%
FM Holdco LLC	USA (Delaware)	100%
Chubb Fianzas Monterrey, Aseguradora de Caución, S.A.	Mexico	99.90% 0.05% (AFIA Finance Corporation) 0.05% (Chubb Global Financial Services Corp.)
Operadora FMA, S.A. de C.V.	Mexico	99.99% 0.01% (AFIA Finance Corporation)
Chubb Seguros Mexico Holdings Inc.	USA (Delaware)	100%
Ally Insurance Holdings LLC	USA (Delaware)	100%
ABA Mexico Holdings LLC	USA (Delaware)	100%
ABA Garantías S.A. de C.V.	Mexico	99.99% 0.01% (AFIA Finance Corporation)
Chubb Seguros México S.A.	Mexico	99.9999996% 0.0000003% (AFIA Finance Corporation) 0.0000001% (Chubb Global Financial Services Corporation)
ABA Asistencias, S.A. de C.V.	Mexico	99.998% 0.002% (ABA Garantías S.A. de C.V.)
Chubb Life Insurance Company Ltd.	Bermuda	100%
Chubb Insurance Malaysia Berhad	Malaysia	100%
INACOMB S.A. de C.V.	Mexico	99.998% 0.002% (AFIA Finance Corporation)
Chubb Holdings Australia Pty Limited	Australia	100%

Chubb Insurance Australia Limited	Australia	100%
PT Chubb Life Insurance Indonesia	Indonesia	98.21%
Chubb Life Insurance Vietnam Company Limited	Vietnam	100%
Chubb Life Fund Management Company Limited	Vietnam	100%
Chubb Insurance Vietnam Company Limited	Vietnam	100%
Chubb Seguros Holdings Chile Inc.	USA (Delaware)	100%
Chubb Seguros Holdings Chile Inc. Agencia en Chile	Chile	100%
Chubb Seguros Chile S.A.	Chile	3.82437% (Chubb Seguros Holdings Chile Inc. Agencia en Chile) 94.48776% (Chubb INA International Holdings Ltd., Agencia en Chile) 1.01888% (AFIA Finance Corporation, Agencia en Chile) 0.64427% (AFIA Finance Corporation Chile Limitada) 0.00109% (Chubb INA Holdings Inc.) 0.02363% (Non-Chubb shareholders)
Chubb Seguros Brasil S.A.	Brazil	83.17% 16.82% (DHC Corporation) 0.01% (Chubb Brazil Holdings Ltd.)
Chubb Serviços Brasil Ltda	Brazil	99% 1% (AFIA Finance Corporation)
Chubb Servicios México, S.A. de C.V.	Mexico	99.9% 0.1% (AFIA Finance Corporation)
Chubb Seguros Argentina S.A.	Argentina	23.4741% 75.7651% (Federal Insurance Company) 0.7561% (AFIA Finance Corporation) 0.0047% (non-Chubb Owners)
Chubb INA International Holdings Ltd., Agencia en Chile	Chile	100%
Chubb Seguros de Vida Chile S.A.	Chile	99.86% 0.14% (AFIA Finance Corporation, Agencia en Chile)

Ventas Personales Limitada	Chile	99% 1% (AFIA Finance Corporation Agencia en Chile)
Chubb Servicios Chile Limitada	Chile	99% 1.00% (AFIA Finance Corporation, Agencia en Chile)
PT Chubb General Insurance Indonesia	Indonesia	80% 20% (PT Adi Citra Mandiri)
PT Asuransi Chubb Syariah Indonesia	Indonesia	75% 25% (PT Mitrajaya Amanah Cemerlang)
PT Jaya Prima Auto Center	Indonesia	75% 25% (non-Chubb affiliates)
Chubb INA Overseas Holdings Inc.	USA (Delaware)	100%
Chubb European Holdings Limited	UK	100%
Chubb Underwriting (DIFC) Limited	Dubai	100%
ACE European Holdings No 2 Limited	UK	100%
Chubb Insurance Investment Holdings Limited	UK	100%
Chubb European Group SE	France	99.99% 0.01% (Chubb EU Holdings Limited)
Chubb EU Holdings Limited	UK	100%
Chubb Pension Trustee Limited	UK	100%
Chubb Russia Investments Limited	UK	99.999999995% 0.000000005% (Chubb INA Intl. Holdings Ltd.)
JSC Russian Reinsurance Company	Russia	23.34%
LLC Chubb Life Insurance Company	Russia	100%
LLC Chubb Insurance Company	Russia	100%
Chubb Seguradora Macau S.A.	China (Macau)	99.94%
Chubb Holdings Limited	Cayman Islands	100%
Chubb Insurance Egypt S.A.E.	Egypt	98.014% 0.551% (Chubb Services UK Ltd) 0.551% (Chubb European Holdings Ltd)
Chubb Life Insurance - Egypt S.A.E.	Egypt	98.35% 0.98% (Chubb Holdings Limited) 0.67% (AFIA Finance Corporation)
ACE INA Berhad	Malaysia	100%
Chubb Seguros Colombia S.A.	Colombia	17.0140717%

Chubb Seguros Ecuador S.A.	Ecuador	99.99% 0.01% (AFIA Finance Corporation)
Chubb Seguros Panama S.A.	Panama	100%
Chubb Seguros Péru S.A.	Peru	99.99% 0.01% (AFIA Finance Corporation)
Nam Ek Company Limited	Thailand	49%
Eksupsiri Company Limited	Thailand	50.99% 49% (Chubb INA International Holdings Ltd)
Chubb Life Assurance Public Company Limited	Thailand	75.01% 24.99% (Oriental Equity Holdings)
Chubb Samaggi Insurance Public Company Limited	Thailand	99.2868% 0.7132% (non-affiliates)
Siam Marketing & Analytics Company Limited	Thailand	50.99% 49% (Chubb Asia Pacific Services Pte. Limited)
Siam Liberty Insurance Broker Co., Ltd.	Thailand	74.8% 24.99% (AFIA Finance Corporation)
Chubb Insurance South Africa Limited	South Africa	100%
Chubb Insurance New Zealand Limited	New Zealand	100%
Chubb Brazil Holdings Ltd.	USA (Delaware)	100%
Crafts Corretora de Seguros Ltda.	Brazil	99% 1% (Chubb INA International Holdings Ltd.)
Chubb Resseguradora Brasil S.A.	Brazil	99.99% 0.01% (Chubb INA International Holdings Ltd.)
Chubb International Management Corporation	USA (Pennsylvania)	100%
Cover Direct, Inc.	USA (Delaware)	100%
PT Adi Citra Mandiri	Indonesia	100%
Chubb INA G.B. Holdings Ltd	USA (Delaware)	100%
Chubb Services U.K. Limited	UK	100%
Polaris U.K Ltd	UK	0.451%
Century Inversiones, S.A.	Panama	100%
Chubb Insurance Pakistan Limited	Pakistan	100%
ACE INA Overseas Insurance Company Ltd.	Bermuda	100%
Chubb INA Overseas Insurance Company Ltd.	Bermuda	100%
Chubb Insurance Singapore Limited	Singapore	100%
Chubb Insurance Japan	Japan	100%
Chubb SSI Japan	Japan	100%
ACE Marketing Group, C.A.	Venezuela	100%

Chubb Canada Holdings Inc.	USA (Delaware)	68.47% 31.53% (ACE INA Overseas Insurance Company Ltd.)
Chubb Holdings Canada Ltd.	Canada (Ontario)	100%
Chubb Insurance Company of Canada	Canada	100%
Chubb Life Insurance Company of Canada	Canada	100%
Chubb Tempest Re Canada Inc.	Canada	100%
Chubb Insurance Company of Puerto Rico	Puerto Rico	100%
Chubb Insurance Agency Inc.	Puerto Rico	100%
Chubb Insurance Hong Kong Limited	China (Hong Kong)	99.99% 0.01% (ACE INA Overseas Insurance Company Ltd.)
Chubb Alternative Risk Ltd.	Bermuda	100%
DELPANAMA S.A.	Panama	100%
INAMEX S.A.	Mexico	100%
Oriental Equity Holdings Limited	British Virgin Islands	100%
AFIA Finance Corporation	USA (Delaware)	100%
AFIA Finance Corporation, Agencia en Chile	Chile	100%
Inversiones Continental S.A de C.V.	Honduras	1.29%
AFIA Venezolana C.A.	Venezuela	100%
Chubb Servicios S.A.	Argentina	95% 5% (Chubb INA Int'l Holdings Ltd.)
AFIA Finance Corp. Chile Limitada	Chile	98% 2% (Chubb INA Int'l Holdings Ltd., Agencia Chile)
RIYAD Insurance Co. Ltd.	Bermuda	80%
Chubb Asia Pacific Pte. Ltd.	Singapore	100%
Chubb IT Development Center Sdn. Bhd.	Malaysia	100%
AFIA (INA) Corporation, Limited	USA (Delaware)	100%
AFIA	Unincorporated Association	60% 40% AFIA (Chubb)
AFIA (Chubb) Corporation Limited	USA (Delaware)	100%
INAVEN, C.A.	Venezuela	100%
Chubb US Holdings Inc.	USA (Delaware)	100%
Westchester Fire Insurance Company (F/K/A ACE Indemnity Insurance Company)	USA (Pennsylvania)	100%
Westchester Surplus Lines Insurance Company	USA (Georgia)	100%
Westchester Specialty Insurance Services, Inc.	USA (Nevada)	100%

Exhibit 22.1**Guaranteed Securities**

The following table presents securities issued by Chubb INA Holdings Inc. (Chubb INA) (Subsidiary Issuer) and guaranteed by Chubb INA's parent, Chubb Limited (Subsidiary Guarantor):

Description of securities

2.875% senior notes due November 2022
2.7% senior notes due March 2023
3.35% senior notes due May 2024
0.3% euro-denominated senior notes due December 2024
3.15% senior notes due March 2025
3.35% senior notes due May 2026
0.875% euro-denominated senior notes due June 2027
1.55% euro-denominated senior notes due March 2028
8.875% debentures due August 2029
0.875% euro-denominated senior notes due December 2029
1.375% senior notes due September 2030
1.4% euro-denominated senior notes due June 2031
6.8% debentures due November 2031
6.7% senior notes due May 2036
6.0% senior notes due May 2037
2.5% euro-denominated senior notes due March 2038
6.5% senior notes due May 2038
4.15% senior notes due March 2043
4.35% senior notes due November 2045

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-227749) and Form S-8 (Nos. 333-218233, 333-211644, 333-208998, 333-188949, 333-182062, 333-153239, 333-116532, 333-46301, 333-93867, 333-72301, 333-61038, 333-134504, 333-168795, and 333-86102) of Chubb Limited of our report dated February 25, 2021 relating to the financial statements, and financial statement schedules, and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
Philadelphia, PA
February 25, 2021

CERTIFICATION PURSUANT TO
SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Evan G. Greenberg, certify that:

- 1) I have reviewed this annual report on Form 10-K of Chubb Limited;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 25, 2021

/s/ Evan G. Greenberg

Evan G. Greenberg
Chairman and Chief Executive Officer

CERTIFICATION PURSUANT TO
SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Philip V. Bancroft, certify that:

- 1) I have reviewed this annual report on Form 10-K of Chubb Limited;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 25, 2021

/s/ Philip V. Bancroft

Philip V. Bancroft

Executive Vice President and Chief Financial Officer

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned officer of Chubb Limited (the Corporation) hereby certifies that the Corporation's Annual Report on Form 10-K for the year ended December 31, 2020, fully complies with the applicable reporting requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a)) and that the information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Date: February 25, 2021

/s/ Evan G. Greenberg

Evan G. Greenberg
Chairman and Chief Executive Officer

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned officer of Chubb Limited (the Corporation) hereby certifies that the Corporation's Annual Report on Form 10-K for the year ended December 31, 2020, fully complies with the applicable reporting requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a)) and that the information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Date: February 25, 2021

/s/ Philip V. Bancroft

Philip V. Bancroft

Executive Vice President and Chief Financial Officer