



## News from *The Chubb Corporation*

---

**The Chubb Corporation**  
15 Mountain View Road • P.O. Box 1615  
Warren, New Jersey 07061-1615  
Telephone: 908-903-2000

### FOR IMMEDIATE RELEASE

**Chubb Reports Second Quarter Net Income per Share of \$1.54;  
Operating Income per Share Increases 6% to \$1.49;  
Combined Ratio Is 85.9%**

-----  
**2009 Operating Income per Share Guidance  
Is Increased to Range of \$5.20 to \$5.50**

WARREN, New Jersey, July 23, 2009 - The Chubb Corporation [NYSE: CB] today reported that net income in the second quarter of 2009 was \$551 million or \$1.54 per share, compared to \$469 million or \$1.27 per share in the second quarter of 2008.

Operating income, which the company defines as net income excluding after-tax realized investment gains and losses, increased to \$533 million from \$518 million in the second quarter of 2008. Operating income per share increased 6% to \$1.49 from \$1.40.

Total net written premiums for the second quarter of 2009 were \$2.8 billion, a decline of 7% from premiums of \$3.0 billion in the second quarter of 2008. Excluding the effect of foreign currency translation, premiums were down approximately 3% in the second quarter of 2009. Premiums were down 5% in the U.S. and down 12% outside the U.S. (up 3% in local currencies).

The second quarter combined loss and expense ratio was 85.9% in 2009, compared to 88.5% in 2008. Catastrophe losses for the second quarter of 2009 accounted for 1.5 percentage points of the combined ratio. In the second quarter of 2008, catastrophe losses accounted for 5.4 points of the combined ratio. The expense ratio for the second quarter was 30.2% in 2009 and 29.8% in 2008.

Property and casualty investment income after taxes for the second quarter declined 5% to \$312 million in 2009 from \$327 million in 2008.

During the second quarter, Chubb repurchased 2,310,029 shares of its common stock at a total cost of \$90 million. As of June 30, 2009, there were 15,669,371 shares of common stock remaining under the current repurchase authorization.

“Chubb’s excellent results in the second quarter demonstrate our ability to deliver superior performance to our customers and shareholders in a very challenging economic environment,” said John D. Finnegan, Chairman, President and Chief Executive Officer. “Chubb performed very well across the board in underwriting, investments and earnings, and this is reflected in our strong return on equity and in the significant increase in our book value per share. These results were achieved through our focus on underwriting discipline, our conservative investment philosophy and our strong capital position, all of which continue to differentiate Chubb in the marketplace. We also saw a continuation of the positive momentum in commercial and specialty premium rate increases that we have seen in recent quarters.

“In light of Chubb’s earnings in the first half and our outlook for the rest of the year,” said Mr. Finnegan, “we are increasing our 2009 guidance for operating income per share to a range of \$5.20 to \$5.50. Given our strong capital position and the improved capital market environment, we also intend to accelerate the timing of our share repurchases. We now expect to repurchase by the end of this year all of the 15.7 million shares remaining as of June 30, 2009 under our current share repurchase authorization.”

Mr. Finnegan also said that John J. Degnan, Vice Chairman and Chief Operating Officer, will defer his expected retirement until December 31, 2010 and that the company would announce a decision about filling his responsibilities later next year.

### **Six-Month Results**

For the first six months of 2009, net income was \$892 million or \$2.49 per share, compared with \$1.1 billion or \$3.04 per share for the first half of 2008. Operating income for the first half of 2009 totaled \$1.0 billion or \$2.92 per share, compared with \$1.1 billion or \$3.05 per share for the first half of 2008.

Total net written premiums for the first six months declined 7% to \$5.6 billion. Excluding the effect of foreign currency translation, premiums were down approximately 3% in the first half of 2009. Premiums declined 5% in the U.S. and declined 12% outside the U.S. (increased 4% in local currencies).

The combined loss and expense ratio for the first six months was 87.0% in 2009, compared to 86.2% in 2008. Catastrophe losses in the first half accounted for 1.2 percentage points of the combined ratio in 2009 and 3.6 points in 2008. The expense ratio for the first six months was 30.5% in 2009 and 30.1% in 2008.

Property and casualty investment income after taxes for the first six months declined 6% to \$618 million in 2009 from \$654 million in 2008.

During the first six months, Chubb repurchased 4,114,529 shares of its common stock at a total cost of \$164 million.

### **Outlook for 2009**

The new 2009 operating income per share guidance of \$5.20 to \$5.50 replaces the guidance of \$4.80 to \$5.20 that was provided last January. The updated operating income guidance assumes:

- Net written premiums that are down 5% to 6% for the full year (or down approximately 2% to 3% excluding the effect of foreign currency translation). Net written premiums for the first six months of 2009 were down 7% (or down approximately 3% excluding currency). Our revised guidance assumes a decrease in net written premiums in the second half of 2009 of approximately 4% to 5% (or a decrease of approximately 3% to 4% excluding currency). Our January 2009 guidance assumed a 1% to 4% decline in net written premiums, including a 3-to-4 percentage point negative impact of currency.
- A combined ratio between 88% and 90% for the year, compared to the assumption in the January 2009 guidance of a range of 90% to 92%. The revised guidance is based on combined ratio assumptions of 89% to 91% for Chubb Personal Insurance, 91% to 93% for Chubb Commercial Insurance and 85% to 87% for Chubb Specialty Insurance.
- Catastrophe losses for 2009 of 3 percentage points, compared to the assumption of 3-to-4 points in the January 2009 guidance. The impact of each point of catastrophe losses on operating income per share for the year is approximately \$0.21.
- A decline in property and casualty investment income after taxes of 4% to 6% for the year, unchanged from the assumption in the January 2009 guidance.
- Average diluted shares outstanding of 354 million for the year, compared to the assumption of 358 million shares in the January 2009 guidance.

Guidance and related assumptions are subject to the risks outlined in the company's forward-looking information safe-harbor statement below.

## **Second Quarter Operations Review**

**Chubb Personal Insurance (CPI)** net written premiums declined 5% in the second quarter to \$961 million. CPI's combined ratio for the quarter was 84.2%, compared to 81.9% in the second quarter of 2008. Catastrophe losses for the quarter accounted for 3.2 percentage points in 2009 and 4.5 points in 2008.

Net written premiums for Homeowners declined 5%, and the combined ratio was 80.7%. Personal Automobile net written premiums declined 9%, and the combined ratio was 90.5%. Other Personal lines premiums declined 2%, and the combined ratio was 90.7%.

**Chubb Commercial Insurance (CCI)** net written premiums declined 7% in the second quarter to \$1.2 billion. The combined ratio for the second quarter was 89.2% in 2009 and 93.7% in 2008. Catastrophe losses accounted for 1.2 percentage points in the second quarter of 2009 and 9.2 percentage points in the second quarter of 2008.

Average second quarter renewal rates in the U.S. were up 2% for CCI, which retained 83% of the U.S. premiums that came up for renewal. In the U.S., the ratio of new to lost business was 1.0 to 1.

**Chubb Specialty Insurance (CSI)** net written premiums declined 6% in the second quarter to \$669 million. The combined ratio was 83.9%, compared to 89.3% in the second quarter of 2008.

Professional Liability (PL) net written premiums declined 7%, and the business had a combined ratio of 90.1%. Average second quarter renewal rates in the U.S. were up 4% for PL, which retained 83% of the U.S. premiums that came up for renewal. In the U.S., the ratio of new to lost business was 0.9 to 1.

Surety net written premiums were flat, and the combined ratio was 38.5%.

## **Webcast Conference Call to be Held Today at 5 P.M.**

Chubb's senior management will discuss the company's second quarter performance with investors and analysts today, July 23rd, at 5 P.M. Eastern Daylight Time. The conference call will be webcast live on the Internet at <http://www.chubb.com> and archived later in the day for replay.

**About Chubb**

Founded in 1882, the Chubb Group of Insurance Companies provides property and casualty insurance for personal and commercial customers worldwide through 8,500 independent agents and brokers. Chubb's global network includes branches and affiliates throughout North America, Europe, Latin America, Asia and Australia.

Chubb's Supplementary Investor Information Report has been posted on its Internet site at <http://www.chubb.com>.

All financial results in this release and attachments are unaudited.

For further information contact:	Investors:	Glenn A. Montgomery (908) 903-2365
	Media:	Mark E. Greenberg (908) 903-2682