



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 Third Quarter Net Income per Share of \$1.69;
Operating Income per Share Is Up 68% to \$1.56;
Combined Ratio Improves to 85.4%**

**2009 Operating Income per Share Guidance
Is Increased to Range of \$5.90 to \$6.00**

WARREN, New Jersey, October 22, 2009 - The Chubb Corporation [NYSE: CB] today reported that net income in the third quarter of 2009 was \$596 million or \$1.69 per share, compared to \$264 million or \$0.73 per share in the third quarter of 2008.

Operating income, which the company defines as net income excluding after-tax realized investment gains and losses, increased 63% to \$552 million from \$338 million in the third quarter of 2008. Operating income per share increased 68% to \$1.56 from \$0.93.

Total net written premiums for the third quarter declined 7% to \$2.7 billion from \$2.9 billion; they declined 5% excluding the effect of foreign currency translation. Premiums were down 7% in the U.S. and down 7% outside the U.S. (up 1% in local currencies).

The third quarter combined loss and expense ratio was 85.4% in 2009, compared to 98.1% in 2008. Catastrophe losses in the third quarter of 2009 accounted for 0.8 percentage points of the combined ratio, compared to 13.6 points in the third quarter of 2008 which included Hurricane Ike. Excluding catastrophe losses, the third quarter combined ratio was 84.6% in 2009 and 84.5% in 2008. The expense ratio for the third quarter was 31.2% in 2009 and 30.2% in 2008.

Property and casualty investment income after taxes for the third quarter declined 3% to \$317 million in 2009 from \$327 million in 2008.

During the third quarter, Chubb repurchased 8,666,502 shares of its common stock at a total cost of \$412 million. As of September 30, 2009, there were 7,002,869 shares of common stock remaining under the current repurchase authorization.

“Following a very strong second quarter, Chubb delivered even better financial results in the third quarter,” said John D. Finnegan, Chairman, President and Chief Executive Officer. “While the difficult economic environment continued to adversely affect premium growth, we remained focused on bottom-line earnings and increasing shareholder value through disciplined underwriting, our conservative investment strategy and active capital management. Successful execution has enabled us to deliver consistent profits, excellent returns on equity and robust growth in book value. Results for the third quarter also benefited from a benign hurricane season,” he said.

“We were pleased by continued renewal rate increases for commercial and specialty insurance in the third quarter in what is a very competitive marketplace,” said Mr. Finnegan. “Finally, our strong capital position allowed us to repurchase 8.7 million shares in the third quarter, and we expect to complete the repurchase of all remaining 7 million shares under our current authorization by the end of 2009,” he said.

“In light of these results, we are increasing our 2009 full-year operating income per share guidance to a range of \$5.90 to \$6.00 from the \$5.20 to \$5.50 range we provided in July. This revised guidance is based on operating income per share of \$4.49 in the first nine months and our forecasted range of \$1.41 to \$1.51 for the fourth quarter,” said Mr. Finnegan.

The revised guidance for 2009 operating income per share assumes 2 percentage points of catastrophe losses in the fourth quarter, bringing the catastrophe loss assumption for the year to 1.3 points, compared to the assumption of 3 points in the July guidance.

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

Nine-Month Results

For the first nine months of 2009, net income was \$1.5 billion or \$4.18 per share, compared with \$1.4 billion or \$3.78 per share for the first nine months of 2008.

Operating income for the first nine months increased 8% to \$1.6 billion in 2009 from \$1.5 billion in 2008. Operating income per share for the first nine months increased 13% to \$4.49 from \$3.99.

Total net written premiums for the first nine months declined 7% to \$8.3 billion from \$8.9 billion; they were down 4% excluding the effect of foreign currency translation. Premiums declined 5% in the U.S. and declined 11% outside the U.S. (increased 3% in local currencies).

The combined loss and expense ratio for the first nine months was 86.5% in 2009, compared to 90.2% in 2008. Catastrophe losses in the first nine months accounted for 1.1 percentage points of the combined ratio in 2009, compared to 6.9 points in 2008. Excluding catastrophe losses, the combined ratio for the first nine months was 85.4% in 2009 and 83.3% in 2008. The expense ratio for the first nine months was 30.7% in 2009 and 30.2% in 2008.

Property and casualty investment income after taxes for the first nine months declined 5% to \$935 million in 2009 from \$981 million in 2008.

During the first nine months of 2009, Chubb repurchased 12,781,031 shares of its common stock at a total cost of \$576 million.

Third Quarter Operations Review

Chubb Personal Insurance (CPI) net written premiums declined 5% in the third quarter of 2009 to \$946 million. CPI's combined ratio for the quarter was 81.6%, compared to 100.7% in the third quarter of 2008. The impact of catastrophes for the third quarter of 2009 improved the combined ratio by 1 percentage point, largely due to subrogation recoveries. In the third quarter of 2008, catastrophe losses were 16.3 percentage points.

Net written premiums for Homeowners declined 4%, and the combined ratio was 77.3%. Personal Automobile net written premiums declined 3%, and the combined ratio was 87.2%. Other Personal lines premiums were down 10%, and the combined ratio was 90.9%.

Chubb Commercial Insurance (CCI) net written premiums declined 8% in the third quarter to \$1.1 billion. CCI's combined ratio for the quarter was 90.5% in 2009 and 106.0% in 2008. Catastrophe losses accounted for 2.6 percentage points of the combined ratio in the third quarter of 2009 and 19.9 points in the third quarter of 2008.

Average third quarter renewal rates in the U.S. were up 3% for CCI, which retained 82% of the U.S. premiums that came up for renewal. In the U.S., the ratio of new to lost business was 0.8 to 1.

Chubb Specialty Insurance (CSI) net written premiums declined 6% in the third quarter to \$669 million. CSI's combined ratio for the quarter was 83.6%, compared to 82.3% in the third quarter of 2008.

