



## News from *The Chubb Corporation*

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FOR IMMEDIATE RELEASE

**Chubb Reports Second Quarter Net Income per Share of \$1.59;  
Operating Income per Share Is \$1.41;  
Combined Ratio Is 90.4%**

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**2010 Operating Income per Share Guidance  
Of \$5.15 to \$5.55 Is Affirmed**

WARREN, New Jersey, July 22, 2010 - The Chubb Corporation [NYSE: CB] today reported that net income in the second quarter of 2010 was \$518 million compared to \$551 million in the second quarter of 2009. Net income per share increased 3% to \$1.59 from \$1.54.

Average diluted shares outstanding for the second quarter were 326.7 million in 2010 and 357.4 million in 2009.

Operating income, which the company defines as net income excluding after-tax realized investment gains and losses, was \$460 million in the second quarter of 2010 compared to \$533 million in the second quarter of 2009. Operating income per share declined 5% to \$1.41 from \$1.49.

The impact of catastrophes in the second quarter of 2010 was \$193 million pre-tax, compared with \$43 million pre-tax in the second quarter of 2009. The \$193 million reflects the impact of numerous storms throughout the United States, the most significant of which was the May hailstorm in Oklahoma.

The impact of catastrophes on second quarter net income and operating income per share was \$0.38 in 2010 and \$0.08 in 2009.

Net written premiums for the second quarter of 2010 were \$2.9 billion, an increase of 1% from \$2.8 billion in the second quarter of 2009. Excluding the effect of foreign currency translation, premiums were flat. Premiums declined 1% in the U.S. and increased 11% outside the U.S. (increased 3% in local currencies).

The second quarter combined loss and expense ratio was 90.4% in 2010, compared to 85.9% in 2009. The impact of catastrophes in the second quarter of 2010 accounted for 6.9 percentage points of the combined ratio, compared to 1.5 points in the second quarter of 2009. Excluding catastrophes, the combined ratio for the second quarter was 83.5% in 2010 and 84.4% in 2009.

The expense ratio for the second quarter was 30.9% in 2010 and 30.2% in 2009.

Property and casualty investment income after taxes for the second quarter was \$311 million in 2010 and \$312 million in 2009.

Net income for the second quarter of 2010 reflected net realized investment gains of \$90 million pre-tax (\$0.18 per share after-tax), compared to \$27 million pre-tax (\$0.05 per share after-tax) in the second quarter of 2009.

During the second quarter, Chubb repurchased 12.4 million shares of its common stock at a total cost of \$636 million (an average of \$51.14 per share). As of June 30, 2010, there were 16.8 million shares of common stock remaining under the current repurchase authorization, including the 14 million share increase in the authorization announced in June.

“Chubb’s second quarter operating income per share of \$1.41 is an outstanding result given the competitive pressures in the insurance marketplace and the \$0.38 per share negative impact of catastrophe losses,” said John D. Finnegan, Chairman, President and Chief Executive Officer. “Results were again driven by solid underwriting performance in each of our business units, producing an overall combined ratio excluding catastrophes of 83.5%. This is consistent with our first quarter performance, resulting in a combined ratio excluding catastrophes of 82.4% for the first six months of 2010, a 3.4 point improvement over the first half of 2009.

“Because of the unusually high level of catastrophe losses in the first six months of 2010,” said Mr. Finnegan, “we have increased our catastrophe assumption for our full-year guidance from 3 points to 7 points. Nevertheless, in light of the better than expected underlying performance of our businesses in the first half of the year and our outlook for the second half, we are affirming the guidance we provided last January for full-year 2010 operating income per share of \$5.15 to \$5.55.”

## **Six-Month Results**

For the first six months of 2010, net income was \$982 million or \$2.97 per share, compared with \$892 million or \$2.49 per share for the first half of 2009. Operating income for the first half of 2010 totaled \$841 million or \$2.54 per share, compared with \$1.0 billion or \$2.92 per share for the first half of 2009.

The impact of catastrophes in the first six months of 2010 was \$537 million pre-tax, compared with \$69 million pre-tax in the first half of 2009. The impact of catastrophes on net income and operating income per share for the first six months was \$1.06 in 2010 and \$0.13 in 2009. The impact of catastrophes includes losses and loss expenses net of reinsurance recoverable and also includes reinsurance reinstatement premiums.

During the first half of 2010, Chubb incurred a one-time tax charge of \$22 million (\$0.07 per share) related to the recently enacted federal health care legislation, which eliminated the tax benefit associated with Medicare Part D subsidies to be received by companies that provide qualifying prescription drug coverage to retirees.

Net written premiums for the first six months increased 1% to \$5.7 billion. Excluding the effect of foreign currency translation, premiums were down approximately 1% in the first half of 2010. Premiums declined 3% in the U.S. and increased 14% outside the U.S. (increased 2% in local currencies).

The combined ratio for the first six months was 92.0% in 2010 compared to 87.0% in 2009. The impact of catastrophes in the first half accounted for 9.6 percentage points of the combined ratio in 2010 and 1.2 points in 2009. Excluding the impact of catastrophes, the combined ratio in the first half was 82.4% in 2010 and 85.8% in 2009.

The expense ratio for the first six months was 31.1% in 2010 and 30.5% in 2009.

Property and casualty investment income after taxes for the first six months increased 1% to \$624 million in 2010 from \$618 million in 2009.

Net income for the first six months of 2010 reflects net realized investment gains of \$217 million pre-tax (\$0.43 per share after-tax). Net income for the first half of 2009 reflected net realized investment losses, including impairments, of \$239 million pre-tax (\$0.43 per share after-tax).

During the first six months of 2010, Chubb repurchased 19.4 million shares of common stock at a total cost of \$980 million (an average of \$50.54 per share).

## **Outlook for 2010**

Chubb affirmed 2010 operating income per share guidance of \$5.15 to \$5.55. This guidance assumes:

- Net written premiums that are approximately flat for the full year, including a benefit from foreign currency translation of about one percentage point. The January 2010 guidance assumed net written premiums that would be flat to down 2%, including a 2 point positive impact of currency.
- A combined ratio between 90% and 92% for the year, unchanged from the assumption in the January 2010 guidance. This is based on revised combined ratio assumptions of 94% to 96% for Chubb Personal Insurance, 93% to 95% for Chubb Commercial Insurance and 82% to 84% for Chubb Specialty Insurance.
- An impact of catastrophe losses for 2010 of 7 percentage points, compared to the assumption of 3 points in the January 2010 guidance. This implies 4 to 4½ points of catastrophe losses for the second half of 2010. The impact of each point of catastrophe losses on operating income per share for the year is approximately \$0.22.
- Property and casualty investment income after tax for the year that is down approximately 1%, compared to an assumption of flat in the January 2010 guidance.
- Average diluted shares outstanding of 321 million for the year, compared to the assumption of 328 million shares in the January 2010 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 increased 5% in the second quarter to \$1.0 billion. CPI's combined ratio for the quarter was 92.9%, compared to 84.2% in the second quarter of 2009. The impact of catastrophe losses for the second quarter accounted for 13.8 percentage points of the combined ratio in 2010 and 3.2 points in 2009. Excluding the impact of catastrophe losses, CPI's second quarter combined ratio was 79.1% in 2010 and 81.0% in 2009.

Net written premiums for Homeowners increased 2%, and the combined ratio was 94.5%. Personal Automobile net written premiums increased 14%, and the combined ratio was 90.2%. Other Personal lines premiums increased 9%, and the combined ratio was 90.5%.

**Chubb Commercial Insurance (CCI)** net written premiums were flat in the second quarter at \$1.2 billion. The combined ratio for the second quarter was 92.9% in 2010 and 89.2% in 2009. The impact of catastrophe losses for the second quarter accounted for 5.6 percentage points of the combined ratio in 2010 and 1.2 points in 2009. Excluding the impact of catastrophe losses, CCI's second quarter combined ratio was 87.3% in 2010 and 88.0% in 2009.

Average second quarter renewal rates in the U.S. were flat for CCI, which retained 86% of the U.S. premiums that came up for renewal. In the U.S., the ratio of new to lost business was 1.3 to 1.

**Chubb Specialty Insurance (CSI)** net written premiums were flat in the second quarter at \$666 million. The combined ratio was 82.5%, compared to 83.9% in the second quarter of 2009.

Professional Liability (PL) net written premiums were flat, and the business had a combined ratio of 87.2%. In the U.S., average second quarter PL renewal rates were down 3%, premium renewal retention was 86% and the ratio of new to lost business was 1.0 to 1.

Surety net written premiums were down 2%, and the combined ratio was 47.7%.

### **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 22nd, 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.

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