



## News from *The Chubb Corporation*

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### **FOR IMMEDIATE RELEASE**

**Chubb Reports Third Quarter Net Income per Share of \$0.73;  
Operating Income per Share Is \$0.93;  
Combined Ratio Is 98.1%**

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**2008 Operating Income per Share Guidance  
Is Revised to Range of \$5.45 to \$5.55**

WARREN, New Jersey, October 23, 2008 - The Chubb Corporation [NYSE: CB] today reported that net income in the third quarter of 2008 was \$264 million or \$0.73 per share, compared to \$738 million or \$1.87 per share in the third quarter of 2007. Net income for the third quarter of 2008 reflects net realized investment losses, including impairments, of \$113 million before tax (\$0.20 per share after-tax). Net income for the third quarter of 2007 includes net realized investment gains of \$117 million before tax (\$0.19 per share after-tax).

Operating income, which the company defines as net income excluding after-tax realized investment gains and losses, declined to \$338 million from \$662 million in the third quarter of 2007. Operating income per share declined 45% to \$0.93 from \$1.68.

Total net written premiums for the third quarter decreased 1% to \$2.9 billion. Premiums were down 4% in the U.S. and up 8% outside the U.S. (4% in local currencies).

The third quarter combined loss and expense ratio was 98.1% in 2008, compared to 81.6% in 2007. The impact of catastrophes in the third quarter of 2008 accounted for 13.6 percentage points of the combined ratio and was principally related to Hurricane Ike, including Chubb's estimated share of the assessment from the Texas Windstorm Insurance Association. In the third quarter of 2007, the impact of catastrophes accounted for 2.0 points. Excluding catastrophe losses, the third quarter combined ratio was 84.5% in 2008 and 79.6% in 2007. The expense ratio for the third quarter was 30.2% in 2008 and 29.8% in 2007.

Property and casualty investment income after taxes for the third quarter increased 1% to \$327 million in 2008 from \$324 million in 2007.

During the third quarter, Chubb repurchased 5,914,324 shares of its common stock at a total cost of \$284 million. As of September 30, 2008, there were 3,400,882 shares of common stock remaining under the current repurchase authorization.

“Obviously, losses from Hurricane Ike had a major adverse effect on our third quarter results,” said John D. Finnegan, Chairman, President and Chief Executive Officer. “However, despite these substantial catastrophe losses, we were still able to generate over \$300 million in operating income, reflecting the continuing underlying strength of all our business units in a challenging environment. In addition, we were especially pleased with the performance of our high-quality investment portfolio in a period of unprecedented financial market turmoil.”

### **Nine-Month Results**

For the first nine months of 2008, net income was \$1.4 billion or \$3.78 per share, compared with \$2.2 billion or \$5.33 per share for the first nine months of 2007. Net income for the first nine months of 2008 reflects net realized investment losses, including impairments, of \$121 million before tax (\$0.21 per share after-tax). Net income for the first nine months of 2007 includes net realized investment gains of \$328 million before tax (\$0.52 per share after-tax).

Operating income for the first nine months of 2008 totaled \$1.5 billion or \$3.99 per share, compared with \$1.9 billion or \$4.81 per share for the first nine months of 2007.

Total net written premiums for the first nine months remained flat at \$8.9 billion. Premiums declined 3% in the U.S. and increased 11% outside the U.S. (4% in local currencies).

The combined loss and expense ratio for the first nine months was 90.2% in 2008, compared to 82.6% in 2007. The impact of catastrophes in the first nine months of 2008 accounted for 6.9 percentage points of the combined ratio, compared to 2.8 points in the first nine months of 2007. The expense ratio for the first nine months was 30.2% in 2008 and 29.9% in 2007.

Property and casualty investment income after taxes for the first nine months increased 4% to \$981 million in 2008 from \$942 million in 2007.

During the first nine months, Chubb repurchased 22,711,788 shares of its common stock at a total cost of \$1.1 billion.

## **Revised Guidance**

“We are revising our 2008 calendar year operating income per share guidance to a range of \$5.45 to \$5.55 from the \$5.70 to \$6.10 range we provided in July,” said Mr. Finnegan. “This revised guidance is based on operating income per share of \$3.99 in the first nine months and our forecast range of \$1.46 to \$1.56 for the fourth quarter.

“The fourth quarter forecast assumes 2 percentage points of catastrophe losses in the quarter,” said Mr. Finnegan. “This brings our catastrophe loss assumption for the year to 5.7 points, versus the assumption of 4 points in our July guidance. This higher catastrophe assumption, driven by the adverse effect of Hurricane Ike losses in the third quarter, accounts for virtually all of the downward revision in our 2008 full-year earnings guidance.”

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

## **Third Quarter Operations Review**

**Chubb Personal Insurance (CPI)** net written premiums grew 2% in the third quarter to \$1.0 billion. CPI’s combined ratio for the quarter was 100.7%, compared to 83.3% in the third quarter of 2007. Catastrophe losses for the quarter accounted for 16.3 percentage points in 2008 and 5.2 points in 2007.

Net written premiums for Homeowners declined 2%, and the combined ratio was 102.9%. Personal Automobile net written premiums declined 4%, and the combined ratio was 85.7%. Other Personal lines grew 23% and had a combined ratio of 105.8%.

**Chubb Commercial Insurance (CCI)** net written premiums declined 2% in the third quarter to \$1.2 billion. The combined ratio for the quarter was 106.0% in 2008 and 84.4% in 2007. Catastrophe losses accounted for 19.9 percentage points in the third quarter of 2008 and 0.8 percentage points in the third quarter of 2007.

Average third quarter renewal rates in the U.S. were down 4% 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 1.1 to 1.

**Chubb Specialty Insurance (CSI)** net written premiums declined 2% in the third quarter to \$709 million. The combined ratio was 82.3%, compared to 76.3% in the third quarter of 2007.

