



News from The Chubb Corporation

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FOR IMMEDIATE RELEASE

**Chubb Reports 4th Quarter Net Income per Share of \$1.13 and
Operating Income per Share of \$1.58;
Combined Ratio Is 84.3%**

**Net Income per Share for 2008 Is \$4.92;
Operating Income per Share Is \$5.58;
Combined Ratio Is 88.7%**

**Company Expects 2009 Operating Income per Share
In Range of \$4.80 to \$5.20**

WARREN, New Jersey, January 29, 2009 -- The Chubb Corporation [NYSE: CB] today reported that net income in the fourth quarter of 2008 was \$407 million or \$1.13 per share, compared to \$650 million or \$1.68 per share in the fourth quarter of 2007.

Operating income, which the company defines as net income excluding after-tax realized investment gains and losses, declined to \$569 million from \$620 million in the fourth quarter of 2007. Operating income per share declined 1% to \$1.58 from \$1.60.

Net written premiums for the fourth quarter were \$2.9 billion, a decline of 4%; about half the decline was attributable to currency fluctuation. Premiums were down 2% in the U.S. and down 8% outside the U.S. (up 1% in local currencies).

The fourth quarter combined loss and expense ratio was 84.3% in 2008 and 83.8% in 2007. Catastrophe losses in the fourth quarter of 2008 were negligible. The impact of catastrophes in the fourth quarter of 2007 accounted for 3.8 percentage points of the combined ratio. Excluding the impact of catastrophes, the fourth quarter combined ratio was 84.6% in 2008 and 80.0% in 2007. The expense ratio for the fourth quarter was 30.4% in 2008 and 30.5% in 2007.

Property and casualty investment income after taxes for the fourth quarter was down 5% to \$316 million in 2008 from \$331 million in 2007, largely due to currency fluctuation and lower yields on short term investments.

Net income for the fourth quarter of 2008 reflects net realized investment losses, including impairments, of \$250 million before tax (\$0.45 per share after-tax), stemming primarily from the company's equity and alternative investments. The losses reflect the significant global decline in asset values during 2008. Net income for the fourth quarter of 2007 included net realized investment gains of \$46 million before tax (\$0.08 per share after-tax).

During the fourth quarter of 2008, Chubb repurchased 3.6 million shares of its common stock at a total cost of \$164 million.

Full Year Results

For the year ended December 31, 2008, net income was \$1.8 billion or \$4.92 per share, compared to \$2.8 billion or \$7.01 per share for the year ended December 31, 2007. Operating income for 2008 totaled \$2.0 billion, compared to \$2.6 billion in 2007. Operating income per share declined 13% to \$5.58 in 2008 from \$6.41 in 2007.

Total net written premiums in 2008 decreased 1% to \$11.8 billion. Currency fluctuation had an insignificant effect on total premium growth in 2008. Premiums were down 3% in the U.S. and up 6% outside the U.S. (up 3% in local currencies).

The combined ratio in 2008 was 88.7%, compared to 82.9% in 2007. The impact of catastrophes accounted for 5.1 percentage points of the combined ratio in 2008 and 3.0 points in 2007. Excluding the impact of catastrophes, the combined ratio was 83.6% in 2008 and 79.9% in 2007. The expense ratio for the year was 30.2% in 2008 and 30.1% in 2007.

Property and casualty investment income after taxes increased 2% to \$1.3 billion in 2008.

Net income for 2008 reflected net realized investment losses, including impairments, of \$371 million before tax (\$0.66 per share after-tax). Net income for 2007 included net realized investment gains of \$374 million before tax (\$0.60 per share after-tax).

During 2008, Chubb repurchased 26.3 million shares of its common stock at a total cost of \$1.3 billion.

“Chubb’s operating income for all of 2008 was \$2.0 billion, the third-highest achieved in any year in the corporation’s history, thanks to significant contributions from all three business units,” said John D. Finnegan, Chairman, President and Chief Executive Officer. “This result was achieved in the face of high catastrophe losses for the year, deepening distress in many sectors of the global economy as well as declining insurance rates for the past four years. It is testimony to the unique strengths of Chubb’s franchise and our ability to earn a strong underwriting profit in a variety of economic circumstances,” he said.

“While net income was adversely affected by continued turmoil in capital markets,” said Mr. Finnegan, “the relatively modest size of our investment losses reflects the successful execution of our conservative philosophy in managing our \$39 billion portfolio.”

Fourth Quarter Operations Review

Chubb Personal Insurance (CPI) net written premiums grew 2% in the fourth quarter to \$939 million. CPI's combined ratio for the quarter improved to 80.9% from 91.2% in the fourth quarter of 2007. The impact of catastrophes in the fourth quarter of 2008 improved the combined ratio by 1.2 percentage points as a result of a downward revision of estimated losses from Hurricane Ike. The impact of catastrophes accounted for 10.4 percentage points of the combined ratio in the fourth quarter of 2007.

Homeowners net written premiums were flat, and the combined ratio was 77.1%. Personal Automobile net written premiums declined 3%, and the combined ratio was 84.8%. Other Personal lines grew 16% and had a combined ratio of 89.3%.

Chubb Commercial Insurance (CCI) net written premiums declined 7% to \$1.2 billion. The combined ratio for the quarter was 88.8% in 2008 and 85.3% in 2007. The fourth quarter impact of catastrophes was negligible in 2008 and 1.2 points in 2007.

Average fourth quarter renewal rates in the U.S. were down 3% for CCI, which retained 84% 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 were down 2% in the fourth quarter to \$776 million. The combined ratio was 83.8%, compared to 74.6% in the fourth quarter of 2007.

Professional Liability (PL) net written premiums declined 2%, and PL had a combined ratio of 88.4%. Average PL renewal rates in the U.S. were flat and renewal retention was 87%. The ratio of new to lost business in the U.S. was 1.3 to 1.

Surety net written premiums were down 6%, and the combined ratio was 52.0%.

2008 Operations Review

For the year ended December 31, 2008, **Chubb Personal Insurance** net written premiums grew 3% to \$3.8 billion. CPI's combined ratio was 87.1% in 2008 compared to 84.8% in 2007. The impact of catastrophes accounted for 5.4 percentage points of the combined ratio in 2008 and 6.3 points in 2007.

The Homeowners line grew 1% and had a combined ratio of 83.7%. Personal Automobile net written premiums declined 3%, and the combined ratio was 87.6%. Other Personal lines grew 17% and had a combined ratio of 97.5%.

Chubb Commercial Insurance net written premiums declined 2% in 2008 to \$5.0 billion. The combined ratio was 93.9% in 2008 and 85.8% in 2007. The impact of catastrophes accounted for 8.1 percentage points of the combined ratio in 2008 and 2.6 points in 2007.

Average 2008 renewal rates in the U.S. were down 5% for CCI, which retained 85% 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 net written premiums declined 2% in 2008 to \$2.9 billion. The combined ratio was 83.3% in 2008 and 77.4% in 2007.

Professional Liability had a 2% decrease in net written premiums and a combined ratio of 85.0%. In the U.S., average 2008 renewal rates for PL were down 2%, renewal premium retention was 88% and the ratio of new to lost business was 1.3 to 1.

Surety had a net written premium increase of 4% and a combined ratio of 69.9%.

2009 Operating Income Guidance

“We are encouraged by the improved rate environment in the fourth quarter,” said Mr. Finnegan, “and there are good reasons to believe that this trend will continue into 2009. However, until we begin to see significantly higher rates materialize and work their way into earnings, we are basing our earnings guidance on rates being flat in 2009 versus 2008. Our 2009 underwriting profitability will continue to be impacted by the economic downturn and the cumulative effect of rate decreases experienced over the last four years. Operating income will also be further adversely affected by the impact of currency and lower yields on investments. Based on our current outlook, we believe we can achieve 2009 operating income per share in the range of \$4.80 to \$5.20.”

Mr. Finnegan said this guidance assumes a 3-to-4 percentage point impact of catastrophe losses on the 2009 combined ratio. The impact of each percentage point of catastrophe losses on 2009 operating income per share is approximately \$0.21.

The operating income guidance for 2009 also assumes:

- Net written premiums for the insurance business that are down 1% to 4%. This assumes insurance rates at current levels and a 3-to-4 percentage point negative impact from currency based on current exchange rates.
- A combined ratio between 90% and 92% for the year, based on combined ratios of 89% to 92% for CPI, 92% to 95% for CCI and 86% to 89% for CSI.
- A 4% to 6% decline in property and casualty investment income after taxes, about half of which is attributable to currency fluctuation.
- Average diluted shares outstanding of 358 million for the year.

The guidance and related assumptions are subject to the risks outlined in the company's forward-looking information safe-harbor statements (see below).

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

Chubb's senior management will discuss the company's fourth quarter performance with investors and analysts today, January 29th, at 5 P.M. Eastern Standard Time. The conference call will be webcast live on the Internet at <http://www.chubb.com> and archived later in the day for replay.