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A.M. Best Affirms Ratings of The Chubb Corporation and Its Subsidiaries

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OLDWICK, N.J. December 23 (BestWire) — A.M. Best Co. has affirmed the financial strength rating (FSR) of A++ (Superior) and issuer credit ratings (ICR) of “aa+” of the Chubb Group of Insurance Companies (Chubb Group) and its property/casualty members. Concurrently, A.M. Best has affirmed the ICR and senior debt ratings of “aa-” of the Chubb Group’s holding company, The Chubb Corporation (Chubb) [NYSE: CB]. A.M. Best also has affirmed the debt rating of “a” on junior subordinated debt, AMB-1+ on the commercial paper and the indicative ratings on securities of Chubb. In addition, A.M. Best has affirmed the FSR of A++ (Superior) and ICR of “aa+” of Chubb Atlantic Indemnity Ltd. (Chubb Atlantic) (Pembroke, Bermuda). The outlook for all ratings is stable. All companies are domiciled in Warren, NJ, except where specified. (See link below for a detailed list of companies and ratings.)

The affirmation of the ratings for Chubb Group reflects its superior risk-adjusted capitalization, excellent underwriting and overall operating performance and favorable holding company liquidity. The ratings also are reflective of the group’s well respected franchise, risk management expertise, disciplined underwriting culture and sustainable competitive advantages in its specialty insurance and upscale personal lines businesses.

The essence of Chubb Group’s excellent underwriting and overall operating performance rests with its persistent focus on strategic market segments and excellent business plan execution. Its superior capital position also may be ascribed to Chubb’s strong management and leadership, broad financial flexibility and comprehensive and integrated enterprise risk management (ERM).

Chubb has maintained its longstanding and disciplined approach to capital and liquidity management while simultaneously repurchasing approximately \$4.7 billion of its common shares over the past three years. The company’s pre-tax \$1.3 billion of unrealized depreciation on its fixed income and equity securities in the first nine months of 2008 has not impacted its above-average financial flexibility, which is enhanced by substantial liquid funds held at the holding company level—\$2.4 billion at September 30, 2008. Nevertheless, as is the case with other property/casualty companies, Chubb’s GAAP equity and comprehensive income remain susceptible to the current volatility in the financial markets.

Chubb Group’s positive rating factors are partially offset by its significant market share in the professional liability lines. A.M. Best believes that the group’s exposure to recent systemic events affecting this business—including the subprime mortgage/credit crisis, weakened global economy and substantial declines in the stock market—will likely result in significantly higher frequency and severity of claims, particularly in the financial sector, which may cause earnings volatility. Additionally, the group is susceptible to high-severity surety losses in the current weakened economy and natural and man-made catastrophes, although A.M. Best believes that these exposures are generally well controlled through the ERM process and financially manageable. While asbestos and environmental liabilities have become less of a concern over the past several years, the potential for continued claims emergence remains. Despite these factors, A.M. Best considers Chubb Group favorably positioned and sufficiently well capitalized to absorb these challenges and those posed by increasingly competitive property/casualty markets.

Chubb Atlantic’s ratings recognize its secure capitalization, strategic importance and the implicit and explicit financial and operating support provided by Chubb. However, Chubb Atlantic has reported substantial adverse prior year loss reserve development in recent years—largely on discontinued business—which has resulted in significant underwriting losses and weak operating performance. A.M. Best expects Chubb Atlantic’s net income to improve in 2008, in part due to continued lower reserve

development, but more importantly due to improved net income from its 99% owned subsidiary, Chubb do Brasil Companhia de Seguros, a personal auto and accident writer in Brazil, which is accounted for under the equity method.

Chubb's debt-to-total capital ratio at September 30, 2008 was 22.6%, up from 19.3% at year-end 2007 and 15.1% at year-end 2006, in large measure due to its significant debt issuance in 2007 and 2008, and in part, the effect on equity from the combination of unrealized depreciation on its investments in 2008 and share repurchases. Taking into consideration Chubb's capital management in 2008, A.M. Best expects the company's financial leverage to approximate 24% at year end. Despite the ongoing share repurchase program, liquid assets at the holding company are expected to be at a substantial level at year-end and more than sufficient to cover annual holding company expenses. A.M. Best views Chubb's conservative holding company cash management favorably, which has been considered in the company's ratings.

For a complete listing of The Chubb Corporation's FSRs ICRs and debt ratings, please visit <http://www.ambest.com/press/122303chubb.pdf>. BN-NJ-12-23-2008 1145 ET #

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