

The  
Chubb  
Corporation

Modification of the Presentation of Losses  
Incurred in the Property and Casualty  
Underwriting Results

For the Years Ended  
December 31, 2007 and 2006

This report is for informational purposes only. It should be read in conjunction with documents filed by The Chubb Corporation with the Securities and Exchange Commission, including the most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q.



## **THE CHUBB CORPORATION**

Beginning in the third quarter of 2008, the “net losses paid” and “increase (decrease) in outstanding losses” amounts in the property and casualty underwriting results reflect the impact of foreign currency fluctuations differently than in the past.

The property and casualty underwriting results that follow this page reflect modification to previously reported net losses paid and increase (decrease) in outstanding losses. Since net losses paid and increase (decrease) in outstanding losses for each line of business and in total have been modified by offsetting amounts, incurred losses for each line of business and in total are unchanged.

### **Definitions of Key Terms**

#### **Underwriting Income (Loss)**

Management evaluates underwriting results separately from investment results. The underwriting operations consist of four separate business units: personal insurance, commercial insurance, specialty insurance and reinsurance assumed. Performance of the business units is measured based on statutory underwriting results. Statutory accounting principles applicable to property and casualty insurance companies differ in certain respects from generally accepted accounting principles (GAAP). Under statutory accounting principles, policy acquisition and other underwriting expenses are recognized immediately, not at the time premiums are earned. Statutory underwriting income (loss) is arrived at by reducing premiums earned by losses and loss expenses incurred and statutory underwriting expenses incurred.

Management uses underwriting results determined in accordance with GAAP, among other measures, to assess the overall performance of the underwriting operations. To convert statutory underwriting results to a GAAP basis, policy acquisition expenses are deferred and amortized over the period in which the related premiums are earned. Underwriting income (loss) determined in accordance with GAAP is defined as premiums earned less losses and loss expenses incurred and GAAP underwriting expenses incurred.

#### **Combined Loss and Expense Ratio or Combined Ratio**

The combined loss and expense ratio, expressed as a percentage, is the key measure of underwriting profitability. Management uses the combined loss and expense ratio calculated in accordance with statutory accounting principles applicable to property and casualty insurance companies to evaluate the performance of the underwriting operations. It is the sum of the ratio of losses and loss expenses to premiums earned (loss ratio) plus the ratio of statutory underwriting expenses to premiums written (expense ratio) after reducing both premium amounts by dividends to policyholders.

**THE CHUBB CORPORATION — WORLDWIDE  
PROPERTY AND CASUALTY UNDERWRITING RESULTS  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007 AND 2006  
(DOLLARS IN MILLIONS)**

	Personal Automobile		Homeowners		Other Personal		Total Personal	
	2007	2006	2007	2006	2007	2006	2007	2006
<b>Net Premiums Written</b>	\$ 621	\$ 670	\$ 2,423	\$ 2,268	\$ 665	\$ 580	\$ 3,709	\$ 3,518
<b>Increase (Decrease) in Unearned Premiums</b>	(30)	4	77	92	20	13	67	109
<b>Net Premiums Earned</b>	651	666	2,346	2,176	645	567	3,642	3,409
<b>Net Losses Paid</b>	418	409	1,101	974	330	316	1,849	1,699
<b>Increase (Decrease) in Outstanding Losses</b>	(20)	5	33	(37)	80	68	93	36
<b>Net Losses Incurred</b>	398	414	1,134	937	410	384	1,942	1,735
<b>Expenses Incurred</b>	178	189	772	716	218	179	1,168	1,084
<b>Dividends Incurred</b>	—	—	—	—	—	—	—	—
<b>Statutory Underwriting Income</b>	\$ 75	\$ 63	\$ 440	\$ 523	\$ 17	\$ 4	\$ 532	\$ 590
<b>Ratios After Dividends to Policyholders:</b>								
<b>Loss</b>	61.1%	62.2%	48.3%	43.0%	63.6%	67.7%	53.3%	50.9%
<b>Expense</b>	28.7	28.2	31.9	31.6	32.8	30.9	31.5	30.8
<b>Combined</b>	89.8%	90.4%	80.2%	74.6%	96.4%	98.6%	84.8%	81.7%
<b>Premiums Written as a % of Total</b>	5.3%	5.6%	20.4%	18.9%	5.6%	4.8%	31.3%	29.3%

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	Commercial Multiple Peril		Commercial Casualty		Commercial Workers' Compensation		Commercial Property and Marine		Total Commercial	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
<b>Net Premiums Written</b>	<b>\$1,252</b>	<b>\$1,290</b>	<b>\$1,726</b>	<b>\$1,731</b>	<b>\$ 890</b>	<b>\$ 901</b>	<b>\$1,215</b>	<b>\$1,203</b>	<b>\$5,083</b>	<b>\$5,125</b>
<b>Increase (Decrease) in Unearned Premiums</b>	<b>(16)</b>	<b>(2)</b>	<b>(9)</b>	<b>—</b>	<b>(18)</b>	<b>(7)</b>	<b>6</b>	<b>55</b>	<b>(37)</b>	<b>46</b>
<b>Net Premiums Earned</b>	<b>1,268</b>	<b>1,292</b>	<b>1,735</b>	<b>1,731</b>	<b>908</b>	<b>908</b>	<b>1,209</b>	<b>1,148</b>	<b>5,120</b>	<b>5,079</b>
<b>Net Losses Paid</b>	<b>577</b>	<b>567</b>	<b>889</b>	<b>865</b>	<b>325</b>	<b>335</b>	<b>610</b>	<b>558</b>	<b>2,401</b>	<b>2,325</b>
<b>Increase (Decrease) in Outstanding Losses</b>	<b>12</b>	<b>(14)</b>	<b>262</b>	<b>331</b>	<b>163</b>	<b>175</b>	<b>(16)</b>	<b>(91)</b>	<b>421</b>	<b>401</b>
<b>Net Losses Incurred</b>	<b>589</b>	<b>553</b>	<b>1,151</b>	<b>1,196</b>	<b>488</b>	<b>510</b>	<b>594</b>	<b>467</b>	<b>2,822</b>	<b>2,726</b>
<b>Expenses Incurred</b>	<b>429</b>	<b>426</b>	<b>487</b>	<b>480</b>	<b>201</b>	<b>197</b>	<b>427</b>	<b>383</b>	<b>1,544</b>	<b>1,486</b>
<b>Dividends Incurred</b>	<b>1</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>15</b>	<b>27</b>	<b>—</b>	<b>—</b>	<b>16</b>	<b>27</b>
<b>Statutory Underwriting Income</b>	<b>\$ 249</b>	<b>\$ 313</b>	<b>\$ 97</b>	<b>\$ 55</b>	<b>\$ 204</b>	<b>\$ 174</b>	<b>\$ 188</b>	<b>\$ 298</b>	<b>\$ 738</b>	<b>\$ 840</b>
<b>Ratios After Dividends to Policyholders:</b>										
<b>Loss</b>	<b>46.5%</b>	<b>42.8%</b>	<b>66.4%</b>	<b>69.1%</b>	<b>54.6%</b>	<b>57.9%</b>	<b>49.1%</b>	<b>40.7%</b>	<b>55.3%</b>	<b>53.9%</b>
<b>Expense</b>	<b>34.3</b>	<b>33.0</b>	<b>28.2</b>	<b>27.7</b>	<b>23.0</b>	<b>22.5</b>	<b>35.2</b>	<b>31.8</b>	<b>30.5</b>	<b>29.2</b>
<b>Combined</b>	<b>80.8%</b>	<b>75.8%</b>	<b>94.6%</b>	<b>96.8%</b>	<b>77.6%</b>	<b>80.4%</b>	<b>84.3%</b>	<b>72.5%</b>	<b>85.8%</b>	<b>83.1%</b>
<b>Premiums Written as a % of Total</b>	<b>10.6%</b>	<b>10.8%</b>	<b>14.5%</b>	<b>14.5%</b>	<b>7.5%</b>	<b>7.5%</b>	<b>10.2%</b>	<b>10.0%</b>	<b>42.8%</b>	<b>42.8%</b>

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	Professional Liability		Surety		Total Specialty	
	2007	2006	2007	2006	2007	2006
<b>Net Premiums Written</b>	<b>\$ 2,605</b>	<b>\$ 2,641</b>	<b>\$ 339</b>	<b>\$ 300</b>	<b>\$ 2,944</b>	<b>\$ 2,941</b>
<b>Increase (Decrease) in Unearned Premiums</b>	<b>(46)</b>	<b>(41)</b>	<b>19</b>	<b>29</b>	<b>(27)</b>	<b>(12)</b>
<b>Net Premiums Earned</b>	<b>2,651</b>	<b>2,682</b>	<b>320</b>	<b>271</b>	<b>2,971</b>	<b>2,953</b>
<b>Net Losses Paid</b>	<b>1,438</b>	<b>1,453</b>	<b>5</b>	<b>21</b>	<b>1,443</b>	<b>1,474</b>
<b>Increase (Decrease) in Outstanding Losses</b>	<b>96</b>	<b>378</b>	<b>12</b>	<b>13</b>	<b>108</b>	<b>391</b>
<b>Net Losses Incurred</b>	<b>1,534</b>	<b>1,831</b>	<b>17</b>	<b>34</b>	<b>1,551</b>	<b>1,865</b>
<b>Expenses Incurred</b>	<b>638</b>	<b>620</b>	<b>101</b>	<b>93</b>	<b>739</b>	<b>713</b>
<b>Dividends Incurred</b>	<b>—</b>	<b>—</b>	<b>3</b>	<b>4</b>	<b>3</b>	<b>4</b>
<b>Statutory Underwriting Income</b>	<b>\$ 479</b>	<b>\$ 231</b>	<b>\$ 199</b>	<b>\$ 140</b>	<b>\$ 678</b>	<b>\$ 371</b>
<b>Ratios After Dividends to Policyholders:</b>						
<b>Loss</b>	<b>57.9%</b>	<b>68.3%</b>	<b>5.3%</b>	<b>12.8%</b>	<b>52.3%</b>	<b>63.2%</b>
<b>Expense</b>	<b>24.5</b>	<b>23.5</b>	<b>30.1</b>	<b>31.4</b>	<b>25.1</b>	<b>24.3</b>
<b>Combined</b>	<b>82.4%</b>	<b>91.8%</b>	<b>35.4%</b>	<b>44.2%</b>	<b>77.4%</b>	<b>87.5%</b>
<b>Premiums Written as a % of Total</b>	<b>21.9%</b>	<b>22.1%</b>	<b>2.9%</b>	<b>2.5%</b>	<b>24.8%</b>	<b>24.6%</b>

**THE CHUBB CORPORATION — WORLDWIDE  
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	Total Insurance		Reinsurance Assumed		Worldwide Total	
	2007	2006	2007	2006	2007	2006
<b>Net Premiums Written</b>	<b>\$11,736</b>	<b>\$11,584</b>	<b>\$ 136</b>	<b>\$ 390</b>	<b>\$11,872</b>	<b>\$11,974</b>
<b>Increase (Decrease) in Unearned Premiums</b>	<b>3</b>	<b>143</b>	<b>(77)</b>	<b>(127)</b>	<b>(74)</b>	<b>16</b>
<b>Net Premiums Earned</b>	<b>11,733</b>	<b>11,441</b>	<b>213</b>	<b>517</b>	<b>11,946</b>	<b>11,958</b>
<b>Net Losses Paid</b>	<b>5,693</b>	<b>5,498</b>	<b>256</b>	<b>323</b>	<b>5,949</b>	<b>5,821</b>
<b>Increase (Decrease) in Outstanding Losses</b>	<b>622</b>	<b>828</b>	<b>(272)</b>	<b>(75)</b>	<b>350</b>	<b>753</b>
<b>Net Losses Incurred</b>	<b>6,315</b>	<b>6,326</b>	<b>(16)</b>	<b>248</b>	<b>6,299</b>	<b>6,574</b>
<b>Expenses Incurred</b>	<b>3,451</b>	<b>3,283</b>	<b>113</b>	<b>184</b>	<b>3,564</b>	<b>3,467</b>
<b>Dividends Incurred</b>	<b>19</b>	<b>31</b>	<b>—</b>	<b>—</b>	<b>19</b>	<b>31</b>
<b>Statutory Underwriting Income</b>	<b>\$ 1,948</b>	<b>\$ 1,801</b>	<b>\$ 116</b>	<b>\$ 85</b>	<b>2,064</b>	<b>1,886</b>
<b>Increase in Deferred Acquisition Costs</b>					<b>52</b>	<b>19</b>
<b>GAAP Underwriting Income</b>					<b>\$ 2,116</b>	<b>\$ 1,905</b>
<b>Ratios After Dividends to Policyholders:</b>						
<b>Loss</b>	<b>53.9%</b>	<b>55.5%</b>	<b>* %</b>	<b>* %</b>	<b>52.8%</b>	<b>55.2%</b>
<b>Expense</b>	<b>29.5</b>	<b>28.4</b>	<b>*</b>	<b>*</b>	<b>30.1</b>	<b>29.0</b>
<b>Combined</b>	<b>83.4%</b>	<b>83.9%</b>	<b>* %</b>	<b>* %</b>	<b>82.9%</b>	<b>84.2%</b>
<b>Premiums Written as a % of Total</b>	<b>98.9%</b>	<b>96.7%</b>	<b>1.1%</b>	<b>3.3%</b>	<b>100.0%</b>	<b>100.0%</b>

\* Combined, loss and expense ratios are no longer presented for Reinsurance Assumed since this business is in run-off.

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	United States		Outside the United States		Worldwide Total	
	2007	2006	2007	2006	2007	2006
<b>Net Premiums Written</b>	<b>\$ 9,168</b>	<b>\$ 9,520</b>	<b>\$ 2,704</b>	<b>\$ 2,454</b>	<b>\$11,872</b>	<b>\$11,974</b>
<b>Increase (Decrease) in Unearned Premiums</b>	<u>(117)</u>	<u>(44)</u>	<u>43</u>	<u>60</u>	<u>(74)</u>	<u>16</u>
<b>Net Premiums Earned</b>	<u>9,285</u>	<u>9,564</u>	<u>2,661</u>	<u>2,394</u>	<u>11,946</u>	<u>11,958</u>
<b>Net Losses Paid</b>	4,893	4,828	1,056	993	5,949	5,821
<b>Increase (Decrease) in Outstanding Losses</b>	<u>75</u>	<u>494</u>	<u>275</u>	<u>259</u>	<u>350</u>	<u>753</u>
<b>Net Losses Incurred</b>	<u>4,968</u>	<u>5,322</u>	<u>1,331</u>	<u>1,252</u>	<u>6,299</u>	<u>6,574</u>
<b>Expenses Incurred</b>	2,617	2,652	947	815	3,564	3,467
<b>Dividends Incurred</b>	<u>19</u>	<u>31</u>	<u>—</u>	<u>—</u>	<u>19</u>	<u>31</u>
<b>Statutory Underwriting Income</b>	<u>\$ 1,681</u>	<u>\$ 1,559</u>	<u>\$ 383</u>	<u>\$ 327</u>	2,064	1,886
<b>Increase in Deferred Acquisition Costs</b>					<u>52</u>	<u>19</u>
<b>GAAP Underwriting Income</b>					<u>\$ 2,116</u>	<u>\$ 1,905</u>
<b>Ratios After Dividends to Policyholders:</b>						
<b>Loss</b>	53.6%	55.8%	50.0%	52.3%	52.8%	55.2%
<b>Expense</b>	<u>28.6</u>	<u>27.9</u>	<u>35.0</u>	<u>33.2</u>	<u>30.1</u>	<u>29.0</u>
<b>Combined</b>	<u>82.2%</u>	<u>83.7%</u>	<u>85.0%</u>	<u>85.5%</u>	<u>82.9%</u>	<u>84.2%</u>
<b>Premiums Written as a % of Total</b>	77.2%	79.5%	22.8%	20.5%	100.0%	100.0%