

Segregated Accounts Companies

Chubb Capabilities:
An Overview

CHUBB®

Simplicity Out of Complexity

Managing your own risks just got simpler.

In recent years, increasing regulation has led to a level of complexity and cost that has made it difficult for insurance buyers to participate in their own insurance programs. As a result, buyers are looking for alternative risk solutions that will achieve their aims without committing unnecessary resources.

Chubb has the answer

To assist our clients, Chubb has two segregated account or protected cell insurance companies:

- Paget Reinsurance Ltd. (Paget Re) - a Bermuda registered Class 3 segregated account company
- Pembroke Reinsurance Inc. (Pembroke Re) - a Delaware licensed protected cell company

Both Paget Re and Pembroke Re are wholly owned Chubb subsidiaries. These facilities provide the benefits of an owned captive insurance company without the Insured bearing the administrative, capital and governance costs and responsibilities.

What could be simpler?

To simplify the process we have structured Paget Re and Pembroke Re so that:

- Minimal capital is required
- Formation of new subsidiary or legal entity is not required
- Start up costs are eliminated (legal, advisory, incorporation)
- Annual costs are generally lower than wholly owned captives
- Shareholding is optional
- No legal entity to run-off in the event strategies or risk appetite changes
- Minimal governance within an established regulatory environment
- Compliance requirements are handled by the management team
- Statutory filings are not required for each cell owner
- Assets are invested in conservative instruments
- Assets and liabilities of each client are legally segregated

The Advantages Of Managing Your Own Risks

Managing your own risks through Paget Re or Pembroke Re allows you greater control over your insurance programs. Benefits created are:

- Reduction in your overall risk costs
- Coverage for your uninsured risks
- Participation in your underwriting results
- Access to reinsurance markets
- Earned investment income

The Chubb Advantage - Selecting The Right Partner

These Chubb owned facilities provide clients with a number of additional advantages, including:

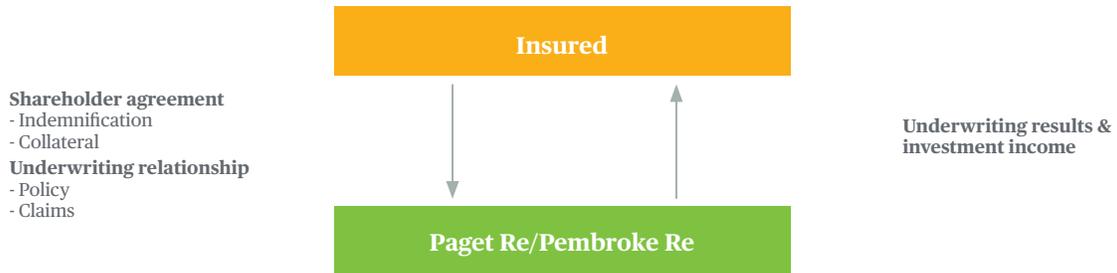
- Chubb's ability to efficiently manage global insurance programs
- Chubb's global presence with local operations in 54 countries
- Access to Chubb's global claims management services
- Chubb's service standards and breadth of expertise
- Partnership with a leading global insurance and reinsurance organization
- Chubb's ability to customize programs around individual client needs

How does it work?

The relationship between Paget Re or Pembroke Re and our client is governed by one agreement. This agreement sets out the services that will be provided and describes how all pertinent details such as funding, distribution of profits and investments will be handled. The agreement requires that the risk gap, defined as the difference between net ceded premium and the maximum projected loss, must be fully collateralized.

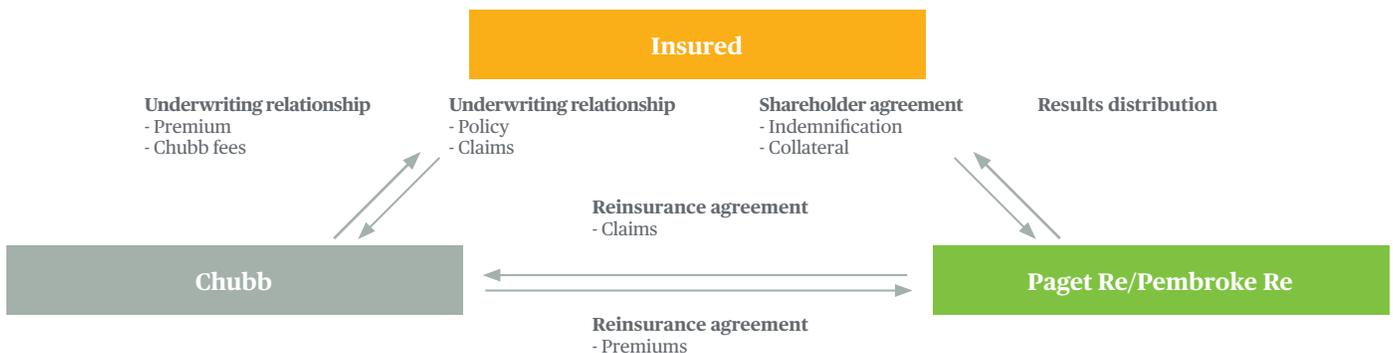
Direct Program

When it is legally possible for a segregated account to issue a direct insurance contract, this structure may prove to be the most efficient.



Chubb Fronted & Reinsured Program

This is a very common structure where Chubb fronts the program and reinsures the chosen share to Paget Re or Pembroke Re.



Non Chubb Fronted & Reinsured Program

Paget Re and Pembroke Re benefit from being a member of Chubb, however Chubb is not always the best fit for all insureds' risks. This structure illustrates how Paget Re and Pembroke Re work with insurers and reinsurers outside Chubb to maximize a program's flexibility.



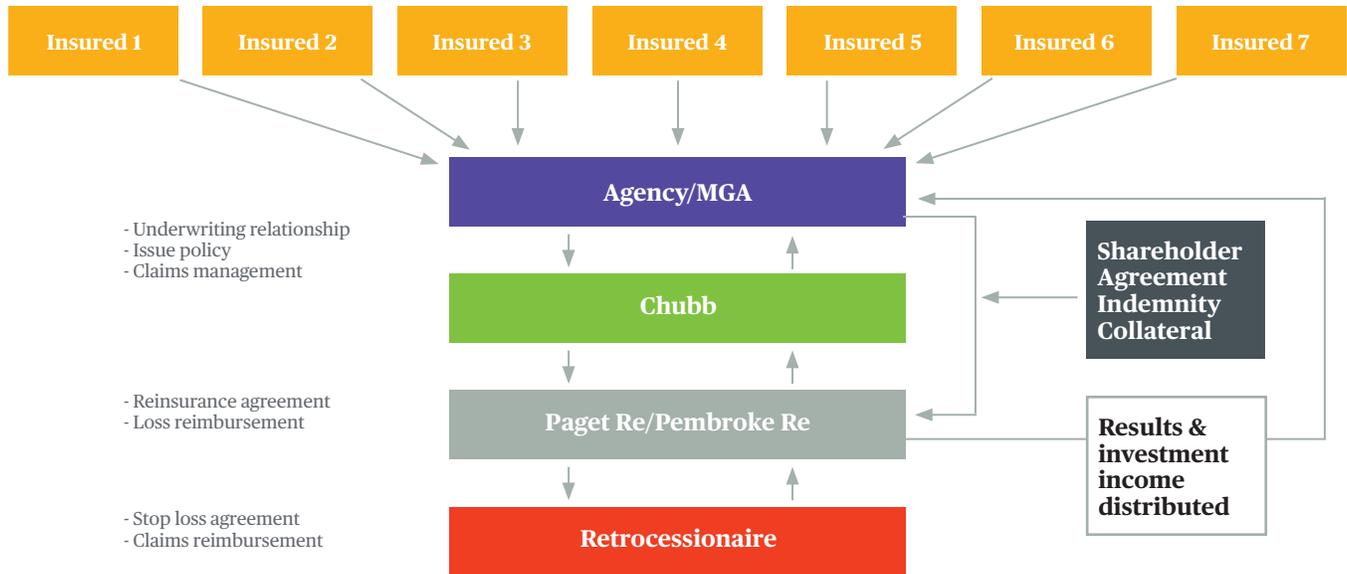
Is Paget Re or Pembroke Re right for you?

Paget Re and Pembroke Re are licensed to write all lines of insurance. Clients who participate in segregated account structures tend to have common characteristics such as:

- Programs with good loss experience
- Financially secure owners
- Programs with predictable losses
- Long-term commitment to risk management

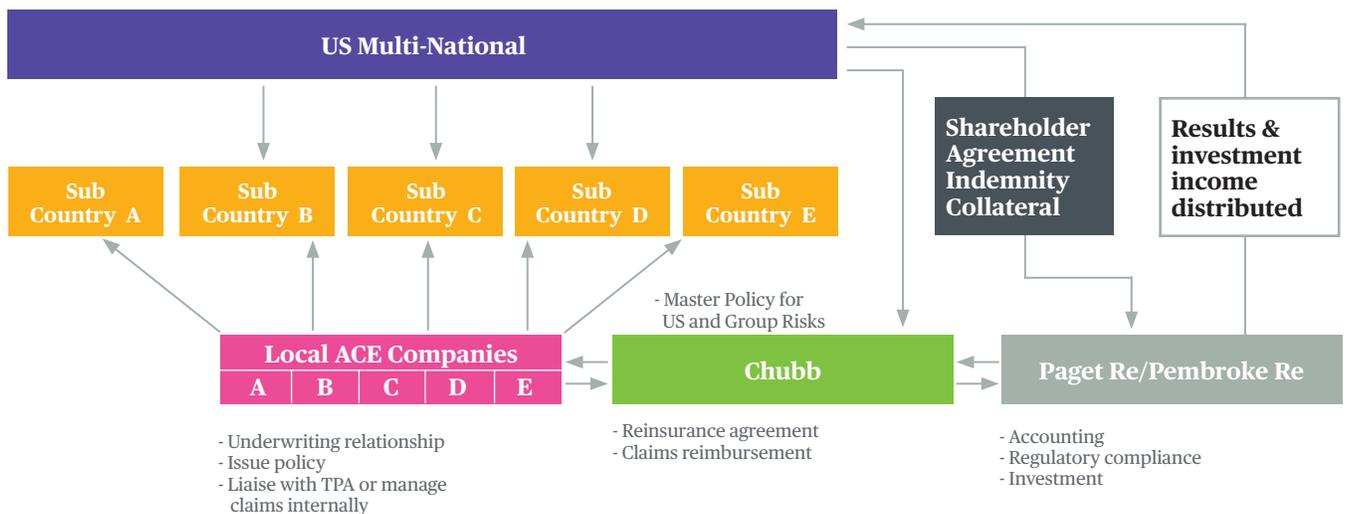
Agency/MGA Program

This structure illustrates how a Managing General Agent can assume risk in a program it manages.



Multi-National Program

In this structure, Chubb local Companies can issue policies in the five countries that the multi-national operates. Chubb, Paget Re and Pembroke Re are also acceptable reinsurers.



The diagrams set forth above are for illustrative purposes only. The actual structure of a segregated account program will depend on the details of each transaction and, as such, may vary from the diagrams set forth above.

About Chubb

Paget Reinsurance Ltd. and Pembroke Reinsurance Inc. are Chubb companies. Chubb is the world's largest publicly traded property and casualty insurer. With operations in 54 countries, Chubb provides commercial and personal property and casualty insurance, personal accident and supplemental health insurance, reinsurance and life insurance to a diverse group of clients. As an underwriting company, we assess, assume and manage risk with insight and discipline. We service and pay our claims fairly and promptly. We combine the precision of craftsmanship with decades of experience to conceive, craft and deliver the very best insurance coverage and service to individuals and families, and businesses of all sizes.

Chubb's core operating insurance companies maintain financial strength ratings of AA from Standard & Poor's and A++ from A.M. Best.

Chubb Limited, the parent company of Chubb, is listed on the New York Stock Exchange (NYSE: CB) and is a component of the S&P 500 index.

Contact Us

Paget Reinsurance Ltd. & Pembroke Reinsurance Inc.

Chubb Building
17 Woodbourne Avenue
Hamilton HM08
Bermuda

www.chubb.com

Richard M. Keane

Vice President, Chubb Alternative Risk Ltd.

Tel: +1.441.299.9364

Email: richard.keane@chubb.com

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