

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2021

OR
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Transition Period from _____ to _____
Commission File No. 1-11778

CHUBB LIMITED

(Exact name of registrant as specified in its charter)

Switzerland

(State or other jurisdiction of incorporation or organization)

98-0091805

(I.R.S. Employer Identification No.)

Baengasse 32

Zurich, Switzerland CH-8001

(Address of principal executive offices) (Zip Code)

+41 (0)43 456 76 00

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares, par value CHF 24.15 per share	CB	New York Stock Exchange
Guarantee of Chubb INA Holdings Inc. 0.30% Senior Notes due 2024	CB/24A	New York Stock Exchange
Guarantee of Chubb INA Holdings Inc. 0.875% Senior Notes due 2027	CB/27	New York Stock Exchange
Guarantee of Chubb INA Holdings Inc. 1.55% Senior Notes due 2028	CB/28	New York Stock Exchange
Guarantee of Chubb INA Holdings Inc. 0.875% Senior Notes due 2029	CB/29A	New York Stock Exchange
Guarantee of Chubb INA Holdings Inc. 1.40% Senior Notes due 2031	CB/31	New York Stock Exchange
Guarantee of Chubb INA Holdings Inc. 2.50% Senior Notes due 2038	CB/38A	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Non-accelerated filer

Accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of voting stock held by non-affiliates as of June 30, 2021 (the last business day of the registrant's most recently completed second fiscal quarter), was approximately \$69 billion. For the purposes of this computation, shares held by directors and officers of the registrant have been excluded. Such exclusion is not intended, nor shall it be deemed, to be an admission that such persons are affiliates of the registrant.

As of February 10, 2022, there were 426,229,254 Common Shares par value CHF 24.15 of the registrant outstanding.

Documents Incorporated by Reference

Certain portions of the registrant's definitive proxy statement relating to its 2022 Annual General Meeting of Shareholders are incorporated by reference into Part III of this report.

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PART I

ITEM 1. Business

General

Chubb Limited is the Swiss-incorporated holding company of the Chubb Group of Companies. Chubb Limited, which is headquartered in Zurich, Switzerland, and its direct and indirect subsidiaries (collectively, the Chubb Group of Companies, Chubb, we, us, or our) are a global insurance and reinsurance organization, serving the needs of a diverse group of clients worldwide. At December 31, 2021, we had total assets of \$200 billion and shareholders' equity of \$60 billion. Chubb was incorporated in 1985 at which time it opened its first business office in Bermuda and continues to maintain operations in Bermuda. We have grown our business through increased premium volume, expansion of product offerings and geographic reach, and the acquisition of other companies to become a global property and casualty (P&C) leader.

With operations in 54 countries and territories, Chubb provides commercial and consumer P&C insurance, personal accident and supplemental health insurance (A&H), reinsurance, and life insurance to a diverse group of clients. We provide commercial insurance products and service offerings such as risk management programs, loss control, and engineering and complex claims management. We provide specialized insurance products ranging from Directors & Officers (D&O) and financial lines to various specialty-casualty and umbrella and excess casualty lines to niche areas such as aviation and energy. We also offer consumer lines insurance coverage including homeowners, automobile, valuables, umbrella liability, and recreational marine products. In addition, we supply A&H and life insurance to individuals in select countries.

We serve multinational corporations, mid-size and small businesses with property and casualty insurance and risk engineering services; affluent and high net worth individuals with substantial assets to protect; individuals purchasing life, personal accident, supplemental health, homeowners, automobile in certain international markets and for high net worth individuals in the U.S., and specialty personal insurance coverage; companies and affinity groups providing or offering accident and health insurance programs and life insurance to their employees or members; and insurers managing exposures with reinsurance coverage.

We make available free of charge through our website (investors.chubb.com, under Financials) our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports, if any, filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after they have been electronically filed with or furnished to the U.S. Securities and Exchange Commission (SEC). Also available through our website (under Investor Relations / Corporate Governance) are our Corporate Governance Guidelines, Code of Conduct, and Charters for the Committees of the Board of Directors (the Board). Printed documents are available by contacting our Investor Relations Department (Telephone: +1 (212) 827-4445, E-mail: investorrelations@chubb.com).

We also use our website as a means of disclosing material, non-public information and for complying with our disclosure obligations under SEC Regulation FD (Fair Disclosure). Accordingly, investors should monitor the Investor Relations portion of our website, in addition to following our press releases, SEC filings, and public conference calls and webcasts. The information contained on, or that may be accessed through, our website is not incorporated by reference into, and is not a part of, this report. The SEC maintains an Internet site (www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file with the SEC.

Customers

For most commercial and personal lines of business we offer, insureds typically use the services of an insurance broker or agent. An insurance broker acts as an agent for the insureds, offering advice on the types and amount of insurance to purchase, and assists in the negotiation of price and terms and conditions. We obtain business from the local and major international insurance brokers and typically pay a commission to brokers for any business accepted and bound. Loss of all or a substantial portion of the business provided by one or more of these brokers could have a material adverse effect on our business. In our opinion, no material part of our business is dependent upon a single insured or group of insureds. We do not believe that the loss of any one insured would have a material adverse effect on our financial condition or results of operations.

Competition

Competition in the insurance and reinsurance marketplace is substantial. We compete on an international and regional basis with major U.S., Bermuda, European, and other international insurers and reinsurers and with underwriting syndicates, some of which have greater financial, technological, marketing, distribution and management resources than we do. In addition, capital market participants have created alternative products that are intended to compete with reinsurance products. We also compete with new companies and existing companies that move into the insurance and reinsurance markets. Competitors include other stock companies, mutual companies, alternative risk sharing groups (such as group captives and catastrophe pools), and other underwriting organizations. Competitors sell through various distribution channels and business models, across a broad array of product lines, and with a high level of variation regarding geographic, marketing, and customer segmentation. We compete for business not only on the basis of price but also on the basis of availability of coverage desired by customers and quality of service.

The insurance industry is changing rapidly. Our ability to compete is dependent on a number of factors, particularly our ability to maintain the appropriate financial strength ratings as assigned by independent rating agencies and effectively using digital capabilities in an everchanging competitive landscape and incorporating, among other things, climate and environmental changes into our insurance processes, products, and services. Our broad market capabilities in personal, commercial, specialty, and A&H lines made available by our underwriting expertise, business infrastructure, and global presence, help define our competitive advantage. Our superior claims service is a significant asset to our business, our business partners and customers, and is unique in the industry. Our strong balance sheet is attractive to businesses, and our strong capital position and global platform affords us opportunities for growth not available to smaller, less diversified insurance companies. Refer to “Segment Information” for competitive environment by segment.

Trademarks and Trade Names

Various trademarks and trade names we use protect names of certain products and services we offer and are important to the extent they provide goodwill and name recognition in the insurance industry. We use commercially reasonable efforts to protect these proprietary rights, including various trade secret and trademark laws. We intend to retain material trademark rights in perpetuity, so long as it satisfies the use and registration requirements of applicable countries. One or more of the trademarks and trade names could be material to our ability to sell our products and services. We have taken appropriate steps to protect our ownership of key names, and we believe it is unlikely that anyone would be able to prevent us from using names in places or circumstances material to our operations.

Human Capital Management

Our employees are critical to our mission to protect the present and build a better future, by providing our customers with the security from risk that allows people and businesses to grow and prosper. To accomplish this mission, we seek to attract and retain the very best insurance professionals and to provide an inclusive and supportive culture that allows all of our employees to reach their full potential as we deliver insurance solutions and claims service for individuals, families and businesses of all sizes. Our highly collaborative, inclusive approach helps us drive better business outcomes. We track and report internally on key talent metrics including employee demographics, critical role succession planning, diversity data, and employee retention and engagement. This information is regularly reported to senior management as well as the Chubb Board of Directors. On December 31, 2021, we employed approximately 31,000 people in 54 countries and territories around the world, including 51.4 percent in North America, 12.3 percent in Europe, Eurasia and Africa, 20.0 percent in Asia, and 16.3 percent in Latin America. While we have not been immune from voluntary turnover generally reflecting the highly competitive environment for talent, we believe we have effectively managed it through talent acquisition and retention actions. We believe that employee relations are good. The average age of our workforce is 41.4 years and the average tenure is 8.2 years.

Diversity, Equity and Inclusion

Diversity, equity and inclusion are integral to Chubb’s culture. We recognize our responsibility to provide opportunity within our own organization, where we aim to foster a diverse and inclusive meritocracy. Our extensive efforts in this area include mentorships, affinity groups, diversity awareness training, and education, open dialogue on race and racism, management development programs, and inclusive hiring practices.

We set goals and track progress on improving gender and racial diversity, particularly at the leadership levels and with early career program hires. We also look at the diversity rates in our hires and promotions and the diversity of our candidate interview slates for leadership roles. In 2021, there was year over year progress on gender and racial diversity at the leadership level, most notably on gender and racial diversity at our senior vice president and above levels, and we also improved the diversity of hiring into our development programs.

In 2021 we continued to support our Business Roundtables (our employee affinity groups) and Regional Inclusion Councils, which promote dynamic networking across the business and engage hundreds of employees in constructive dialogue. These circles of support focus on employee onboarding, development and retention and help us build stronger relationships with, and gain deeper insights into, our varied customer and distribution partner communities. Other programs include Chubb Start, which supports the continuous professional development of women who are early in their careers, and Chubb Signatures, a global and regional lecture series for successful senior women, diverse men and inclusion champions to share their unique backgrounds, experiences and hard-earned lessons in business. We also added programs in 2021 that support inclusive leadership, including a focus on inclusive hiring practices and intentional inclusion training to create greater awareness and proficiency in attracting and hiring diverse talent and building diverse teams. We played a key role in establishing an industry group – the Black Insurance Industry Collective (BIIC) – whose mission is to accelerate the advancement of Black professionals within the insurance industry and to increase representation of Black leaders at the executive level through leadership development, mentoring, sponsorships and networking within the industry. In addition, we remain attuned to demographic shifts within our workforce and society to evaluate and update employee policies, procedures and systems that reflect this commitment. We depend on our culture of leadership accountability to continue progress in diversity, equity and inclusion at Chubb.

Attraction, Development and Retention

The foundation to Chubb's long-term success is our disciplined approach to attracting, developing and retaining the next generation of insurance professionals and leaders. We strive to be an inclusive meritocracy, where all employees regardless of race, gender or background can thrive. Learning and professional development are central to the Chubb culture, and we are committed to providing opportunities to evolve professionally. Our talent development efforts are for all employee levels and we expect our employees to own and drive their development by availing themselves of the structured and unstructured learning we offer, including on-the-job training, personal interaction and involvement, and online and classroom learning. Chubb has made substantial investments for a robust technical and leadership development environment and, where appropriate, fills open positions with internal sourcing of talent.

In addition, in response to the increasingly competitive labor market, we have taken steps to retain key talent, with competitive compensation actions including long-term incentives and more development opportunities, and to deepen our talent acquisition efforts by adding more recruiters and enhancing our employee referral program. Globally, we promoted more than 4,700 employees and successfully recruited more than 4,500 new employees (including more than 360 into early career programs) to fill openings and to support our growth plans.

Compensation and Benefits

Chubb is committed to delivering competitive compensation and benefits to its employees worldwide as a means to attract and retain a highly qualified, experienced, talented and motivated workforce. We vary and adjust our offerings to support the human resources requirements of our business in markets around the world in which we operate. Additionally, we structure our compensation programs for leaders to include a mix of short- and long-term awards, with a focus on linking pay to Chubb's performance and the enhancement of shareholder value over the medium- and long-term.

Segment Information

Chubb operates through six business segments: North America Commercial P&C Insurance, North America Personal P&C Insurance, North America Agricultural Insurance, Overseas General Insurance, Global Reinsurance, and Life Insurance. In 2021, consolidated net premiums earned (NPE) was \$36.4 billion. Additional financial information about our segments is included in Note 15 to the Consolidated Financial Statements.

North America Commercial P&C Insurance (42 percent of 2021 Consolidated NPE)

Overview

The North America Commercial P&C Insurance segment comprises operations that provide commercial and consumer P&C insurance and services to large, middle market, and small commercial businesses in the U.S., Canada, and Bermuda. This segment includes:

- Major Accounts (39 percent of this segment's 2021 NPE), the retail division focused on large institutional organizations and corporate companies
- Commercial Insurance (40 percent of this segment's 2021 NPE), which includes the retail division focused on middle market customers and small businesses
- Westchester and Chubb Bermuda (21 percent of this segment's 2021 NPE), our wholesale and specialty divisions

Products and Distribution

Major Accounts provides a broad array of commercial lines of products and services, including traditional and specialty P&C, and risk management, as well as consumer A&H products to large U.S. and Canadian-based institutional organizations and corporate companies. Major Accounts distributes its insurance products primarily through a limited number of retail brokers. In addition to using brokers, certain products are also distributed through general agents, independent agents, managing general agents (MGA), managing general underwriters, alliances, affinity groups, and direct marketing operations. Products and services offered include property, professional liability, cyber risk, excess casualty, workers' compensation, general liability, automobile liability, commercial marine, surety, environmental, construction, medical risk, inland marine, A&H coverages, as well as claims and risk management products and services.

The Major Accounts operations are organized into the following distinct business units, each offering specialized products and services targeted at specific markets:

- Chubb Global Casualty offers a range of customized risk management primary casualty products designed to help large insureds, including national accounts, and managing risk for workers' compensation, general liability and automobile liability coverages as well as offering casualty insurance solutions for commercial real estate. Chubb Global Casualty also provides products which insure specific global operating risks of U.S.-based multinational companies and include deductible programs, captive programs, and paid or incurred loss retrospective plans. Within Chubb Global Casualty, Chubb Alternative Risk Solutions Group underwrites contractual indemnification policies which provides prospective coverage for loss events within the insured's policy retention levels and underwrites assumed loss portfolio transfer (LPT) contracts in which insured loss events have occurred prior to the inception of the contract.
- Property provides products and services including primary, quota share and excess all-risk insurance, risk management programs and services, commercial, inland marine, and aerospace products.
- Casualty Risk provides coverages including umbrella and excess liability, environmental risk, casualty programs for commercial construction related projects for companies and institutions, and medical risk specialty liability products for the healthcare industry.
- Surety offers a wide variety of surety products and specializes in underwriting both commercial and contract bonds and has the capacity for bond issuance on an international basis.
- Accident & Health (A&H) products include employee benefit plans, occupational accident, student accident, and worldwide travel accident and global medical programs. With respect to products that include supplemental medical and hospital indemnity coverages, we typically pay fixed amounts for claims and are therefore insulated from rising healthcare costs. A&H also provides specialty personal lines products, including credit card enhancement programs (identity theft, rental car collision damage waiver, trip travel, and purchase protection benefits) distributed through affinity groups.
- Financial Lines provides management liability and professional liability (D&O and E&O), transactional risk and cyber risk products to public companies as well as to private and not for profit organizations.
- ESIS Inc. (ESIS) is an in-house third-party claims administrator that performs claims management and risk control services for domestic and international organizations as well as for the North America Commercial P&C Insurance segment. ESIS services include comprehensive medical managed care; integrated disability services; pre-loss control and risk management; health, safety and environmental consulting; salvage and subrogation; and healthcare recovery services. The net results for ESIS are included in North America Commercial P&C Insurance's administrative expenses.

The Commercial Insurance operations, which include Small Commercial, provides a broad range of P&C, financial lines, and A&H products targeted to U.S and Canadian-based middle market customers in a variety of industries, while the Small Commercial operations provide a broad range of property and casualty, workers' compensation, small commercial management and professional liability for small businesses based in the U.S.

- Commercial Insurance products and services offered include traditional property and casualty lines of business, including Package, which combines property and general liability, workers' compensation, automobile, umbrella; financial lines of business, including professional liability, management liability and cyber risk coverage; and other lines including environmental, A&H, and international coverages. Commercial Insurance distributes its insurance products through a North American network of independent retail agents, and regional, multinational and digital brokers. Generally, our customers purchase insurance through a single retail agent or broker, do not employ a risk management department, and do not retain significant risk through self-insured retentions. The majority of our customers purchase a Package product or a portfolio of products, which is a collection of insurance offerings designed to cover various needs.

- Small Commercial Insurance products and services offered include property and casualty lines of business, including a business owner policy which contains property and general liability; financial lines, including professional liability, management liability, cyber risk; and other lines including workers' compensation, automobile liability, and international coverages. Products are generally offered through a North American network of independent agents and brokers, as well as eTraditional, which are digital platforms where we electronically quote, bind, and issue for agents and brokers. An example of this is the Chubb Marketplace.

Wholesale and Specialty comprises Westchester and Chubb Bermuda.

- Westchester serves the market for business risks that tend to be hard to place or not easily covered by traditional policies due to unique or complex exposures and provides specialty products for property, casualty, environmental, professional liability, inland marine, product recall, small business, binding and program coverages in the U.S., Canada, and Bermuda. Products are offered through the wholesale distribution channel.
- Chubb Bermuda provides commercial insurance products on an excess basis including excess liability, D&O, professional liability, property, and political risk, the latter being written by Sovereign Risk Insurance Ltd., a wholly-owned managing agent. Chubb Bermuda focuses on Fortune 1000 companies and targets risks that are generally low in frequency and high in severity. Products are offered primarily through the Bermuda offices of major, internationally recognized insurance brokers.

Competitive Environment

Major Accounts competes against a number of large, global carriers as well as regional competitors and other entities offering risk alternatives such as self-insured retentions and captive programs. The markets in which we compete are subject to significant cycles of fluctuating capacity and wide disparities in price adequacy. We pursue a specialist strategy and focus on market opportunities where we can compete effectively based on service levels and product design, while still achieving an adequate level of profitability. We also achieve a competitive advantage through Major Accounts' innovative product offerings and our ability to provide multiple products to a single client due to our nationwide local presence. In addition, all our domestic commercial units are able to deliver global products and coverage to customers in concert with our Overseas General Insurance segment.

The Commercial Insurance operations compete against numerous insurance companies ranging from large national carriers to small and mid-size insurers who provide specialty coverages and standard P&C products. Recent competitive developments include the growth of new digital-based distribution models. Westchester competes against a number of large, national carriers as well as regional competitors and other entities offering risk alternatives such as self-insured retentions and captive programs. Chubb Bermuda competes against international commercial carriers writing business on an excess of loss basis.

North America Personal P&C Insurance (14 percent of 2021 Consolidated NPE)

Overview

The North America Personal P&C Insurance segment includes the business written by Chubb Personal Risk Services division, which includes high net worth personal lines business, with operations in the U.S. and Canada. This segment provides affluent and high net worth individuals and families with homeowners, high value automobile and collector cars, valuable articles (including fine arts), personal and excess liability, travel insurance, cyber, and recreational marine insurance and services. Our homeowners business, including valuable articles, represented 69 percent of North America Personal P&C Insurance's net premiums earned in 2021.

Products and Distribution

Chubb Personal Risk Services offers comprehensive personal insurance products and services to meet the evolving needs of high net worth families and individuals. Our seamless customer experience and superior coverage protect not only our clients' most valuable possessions, but also their standard of living. Our target customers consist of high net worth consumers with insurance needs that typically extend beyond what mass market carriers can offer. These coverages are offered solely through independent regional agents and brokers.

Competitive Environment

Chubb Personal Risk Services competes against insurance companies of varying sizes that sell personal lines products through various distribution channels, including retail agents as well as online distribution channels. We achieve a competitive advantage through our ability to address the specific needs of high net worth families and individuals, to provide superior service to our customers, and to develop and deploy digital production and processes.

North America Agricultural Insurance (6 percent of 2021 Consolidated NPE)

Overview

The North America Agricultural Insurance segment comprises our U.S. and Canadian-based businesses that provide a variety of coverages including crop insurance, primarily Multiple Peril Crop Insurance (MPCI) and crop-hail insurance through Rain and Hail Insurance Service, Inc. (Rain and Hail) as well as farm and ranch and specialty P&C commercial insurance products and services through our Chubb Agribusiness unit.

Products and Distribution

Rain and Hail provides comprehensive MPCI and crop-hail insurance coverages.

- MPCI is federally subsidized crop protection from numerous causes of loss, including drought, excessive moisture, freeze, disease and more. The MPCI program is offered in conjunction with the U.S. Department of Agriculture. MPCI products include revenue protection (defined as providing both commodity price and yield coverages), yield protection, margin protection, prevented planting coverage and replant coverage. For additional information on our MPCI program, refer to “Crop Insurance” under Item 7.
- Crop-Hail coverage provides crop protection from damage caused by hail and/or fire, with options in some markets for other perils such as wind or theft. Coverage is provided on an acre-by-acre basis and is available in the U.S. and in some parts of Canada. Crop-Hail can be used in conjunction with MPCI or other comprehensive coverages to offset the deductible and provide protection up to the actual cash value of the crop.

Chubb Agribusiness comprises Commercial Agribusiness and Farm and Ranch Agribusiness.

- Commercial Agribusiness offers specialty P&C coverages for commercial companies that manufacture, process and distribute agricultural products. Commercial products and services include property, general liability for premises/operations and product liability, commercial automobile, workers' compensation, employment practices liability coverage, built-in coverage for premises pollution, cyber and information security, and product withdrawal.
- Farm and Ranch Agribusiness offers an extensive line of coverages for farming operations from Hobby/Gentleman farms to complex corporate farms and equine services including personal use, boarding, and training. Coverages include farm and ranch structures, machinery and other equipment, automobile and other vehicle coverages, and livestock.

Competitive Environment

Rain and Hail primarily operates in a federally regulated program where all approved providers offer the same product forms and rates through independent and/or captive agents. We seek a competitive advantage through our ability to provide superior service to our customers, including the development of digital solutions. Chubb Agribusiness competes against both national and regional competitors offering specialty P&C insurance coverages to companies that manufacture, process, and distribute agricultural products.

Overseas General Insurance (29 percent of 2021 Consolidated NPE)

Overview

The Overseas General Insurance segment comprises Chubb International, our retail division, and Chubb Global Markets (CGM), our wholesale division. Chubb International comprises our international retail commercial P&C and corporate A&H traditional and specialty lines serving large corporations, middle market and small customers; consumer A&H and traditional and specialty personal lines business serving local territories outside the U.S., Bermuda, and Canada. CGM, our London-based international specialty and excess and surplus lines wholesale business, includes Lloyd's of London (Lloyd's) Syndicate 2488, a wholly-owned Chubb syndicate supported by funds at Lloyd's provided by Chubb Corporate Members. Syndicate 2488 has an underwriting capacity of £550 million for the Lloyd's 2022 account year. The syndicate is managed by Chubb's Lloyd's managing agency, Chubb Underwriting Agencies Limited.

Products and Distribution

Chubb International maintains a presence in every major insurance market in the world and is organized geographically along product lines as follows: Europe, Middle East and Africa; Asia Pacific and Japan; and Latin America. Products offered include commercial P&C and corporate A&H lines, including specialty coverages and services, and consumer lines, including A&H and personal lines insurance products. Chubb International's P&C business is generally written, on both a direct and assumed basis,

through major international, regional, and local brokers and agents. Certain branded products are also offered via digital-commerce platforms, allowing agents and brokers to quote, bind, and issue policies at their convenience. Property insurance products include traditional commercial fire coverage, as well as energy industry-related, marine, construction, and other technical coverages. Principal casualty products are commercial primary and excess casualty, environmental, and general liability. A&H and other consumer lines products are distributed through brokers, agents, direct marketing programs, including thousands of telemarketers, and sponsor relationships. The A&H operations primarily offer personal accident and supplemental medical coverages including accidental death, business/holiday travel, specified disease, disability, medical and hospital indemnity, and income protection. We are not in the primary healthcare business. With respect to our supplemental medical and hospital indemnity products, we typically pay fixed amounts for claims and are therefore largely insulated from the direct impact of rising healthcare costs. Chubb International specialty coverages include D&O, professional indemnity, cyber, surety, aviation, political risk, and specialty personal lines products. Chubb International personal lines operations provide a wide range of consumer lines products to meet the needs of specific target markets around the world. Products include high net worth homes, traditional homeowners, automobile, and specialty products that cover smart phones, spectacles, and personal cyber risk.

Chubb International's presence in China also includes its 47.3 percent ownership interest in Huatai Group. Huatai Group wholly owns Huatai Property & Casualty Insurance Co., Ltd. (Huatai P&C). Therefore, Chubb owns an approximately 47.3 percent indirect ownership interest in Huatai P&C, which provides a range of commercial and personal P&C products in China, including property, professional liability, product liability, employer liability, business interruption, marine cargo, personal accident, and specialty risk. These products are marketed through a variety of distribution channels including over 200 licensed sales locations in 28 Chinese provinces. Chubb is in the process of increasing its ownership interest in Huatai Group.

CGM offers products through its parallel distribution network via two legal entities, Chubb European Group SE (CEG) and Chubb Underwriting Agencies Limited, managing agent of Syndicate 2488. CGM uses the Syndicate to underwrite P&C business on a global basis through Lloyd's worldwide licenses. CGM uses CEG to underwrite similar classes of business through its network of U.K. and European licenses, and in the U.S. where it is eligible to write excess and surplus lines business. Factors influencing the decision to place business with the Syndicate or CEG include licensing eligibilities and client/broker preference. All business underwritten by CGM is accessed through registered brokers. The main lines of business include aviation, property, energy, professional lines, marine, financial lines, political risk, and credit.

Competitive Environment

Chubb International's primary competitors include U.S.-based companies with global operations, as well as non-U.S. global carriers and indigenous companies in regional and local markets. For the A&H lines of business, locally based competitors also include financial institutions and bank owned insurance subsidiaries. Our international operations have the distinct advantage of being part of one of the few international insurance groups with a global network of licensed companies able to write policies on a locally admitted basis. Our international operations also have the advantage of selling products through a variety of distribution channels including partnerships with major international, regional, and local brokers and agents. Additionally, as noted above, certain branded products are also offered via digital-commerce platforms. The principal competitive factors that affect the international operations are underwriting expertise and pricing, relative operating efficiency, product differentiation, producer relations, and the quality of policyholder services. A competitive strength of our international operations is our global network and breadth of insurance programs, which assist individuals and business organizations to meet their risk management objectives, while also having a significant presence in all of the countries in which we operate, giving us the advantage of accessing local technical expertise and regulatory environments, understanding local markets and culture, accomplishing a spread of risk, and offering a global network to service multinational accounts.

CGM is one of the preeminent international specialty insurers in London and is an established lead underwriter on a significant portion of the risks it underwrites for all lines of business. All lines of business face competition, depending on the business class, from Lloyd's syndicates, other carriers operating in the London market, and other major international insurers and reinsurers. Competition for international risks is also seen from domestic insurers in the country of origin of the insured. CGM differentiates itself from competitors through long standing experience in its product lines, its multiple insurance entities (Syndicate 2488 and CEG), and the quality of its underwriting and claims service.

Global Reinsurance (2 percent of 2021 Consolidated NPE)

Overview

The Global Reinsurance segment represents Chubb's reinsurance operations comprising Chubb Tempest Re Bermuda, Chubb Tempest Re USA, Chubb Tempest Re International, and Chubb Tempest Re Canada. Global Reinsurance markets its reinsurance products worldwide primarily through reinsurance brokers under the Chubb Tempest Re brand name and provides a broad range of traditional and non-traditional reinsurance coverage to a diverse array of primary P&C companies.

Products and Distribution

Global Reinsurance services clients globally through its major units. Major international brokers submit business to one or more of these units' underwriting teams who have built strong relationships with both key brokers and clients by providing a responsive, client-focused approach to risk assessment and pricing. Global Reinsurance's diversified portfolio is produced through reinsurance intermediaries.

Chubb Tempest Re Bermuda principally provides property catastrophe reinsurance to insurers of commercial and personal property. Property catastrophe reinsurance is on an occurrence or aggregate basis and protects a ceding company against an accumulation of losses covered by its issued insurance policies, arising from a common event or occurrence. Chubb Tempest Re Bermuda underwrites reinsurance principally on an excess of loss basis, meaning that its exposure only arises after the ceding company's accumulated losses have exceeded the attachment point of the reinsurance policy. Chubb Tempest Re Bermuda also writes other types of reinsurance on a limited basis for some select clients.

Chubb Tempest Re USA offers an array of traditional and specialty P&C reinsurance for the North American market, principally on a treaty basis, with a focus on writing property and casualty reinsurance. Chubb Tempest Re USA underwrites reinsurance on both a proportional and excess of loss basis.

Chubb Tempest Re International offers an array of traditional and specialty P&C reinsurance to insurance companies worldwide, with emphasis on non-U.S. and non-Canadian risks, including but not limited to property, property catastrophe, casualty, marine, and specialty through its London- and Zurich-based offices. Chubb Tempest Re International underwrites reinsurance on both a proportional and excess of loss basis.

Chubb Tempest Re Canada offers an array of traditional and specialty P&C, and reinsurance for the Canadian market, including but not limited to casualty, property, property catastrophe, surety, and crop hail. Chubb Tempest Re Canada underwrites reinsurance on both a proportional and excess of loss basis.

Competitive Environment

The Global Reinsurance segment competes worldwide with major U.S. and non-U.S. reinsurers as well as reinsurance departments of numerous multi-line insurance organizations. In addition, capital markets participants have developed alternative capital sources intended to compete with traditional reinsurance. Additionally, government sponsored or backed catastrophe funds can affect demand for reinsurance. Global Reinsurance is typically involved in the negotiation and quotation of the terms and conditions of the majority of the contracts in which it participates. Global Reinsurance competes effectively in P&C markets worldwide because of Chubb's strong capital position, analytical capabilities, experienced underwriting team and quality customer service. The key competitors in our markets vary by geographic region and product line. An advantage of our international platform is that we can change our mix of business in response to changes in competitive conditions in the territories in which we operate. Our geographic reach is also sought by multinational ceding companies since our offices, except for Bermuda, provide local reinsurance license capabilities which benefit our clients in dealing with country regulators.

Life Insurance (7 percent of 2021 Consolidated NPE)

Overview

The Life Insurance segment comprises our international life operations (Chubb Life), Chubb Tempest Life Re (Chubb Life Re), and the North American supplemental A&H and life business of Combined Insurance.

Products and Distribution

Chubb Life provides individual life and group benefit insurance primarily in Asia, including Hong Kong, Indonesia, South Korea, Taiwan, Thailand, Vietnam, and Myanmar; throughout Latin America; selectively in Europe; Egypt; and in China through our direct and indirect investments in Huatai Group and Huatai Life Insurance Co., Ltd. (Huatai Life). Chubb Life offers a broad portfolio of protection and savings products including whole life, endowment plans, individual term life, group term life, medical

and health, personal accident, credit life, universal life, Group Employee benefits, unit linked contracts, and credit protection insurance for automobile, motorcycle, and home loans. The policies written by Chubb Life generally provide funds to beneficiaries of insureds after death and/or protection and/or savings benefits while the contract owner is living. We earn income from both insurance contracts subject to mortality and morbidity risks and investment contracts not subject to insurance risks. Funds received from policyholders for investment contracts are not recorded as premium revenue, but rather as a policyholder deposits with an offsetting policy holder account balance liability on the balance sheet. We earn income on investment contracts from both net investment spreads on policy holder account balances and fees for management and administrative services. The size of policyholder account balances will primarily determine the amount of income generated from investment contracts. These investment contracts are an important component of production and are key to our efforts to grow our business. Chubb Life sells to consumers through a variety of distribution channels including captive and independent agencies, bancassurance, worksite marketing, retailers, brokers, telemarketing, mobilassurance, and direct to consumer marketing. We continue to expand Chubb Life with a focus on opportunities in developing markets that we believe will result in strong and sustainable operating profits as well as a favorable return on capital commitments over time. Our dedicated captive agency distribution channel, whereby agents sell Chubb Life products exclusively, enables us to maintain direct contact with the individual consumer, promote quality sales practices, and exercise greater control over the future of the business. We have developed a substantial sales force of agents principally located in our Asia-Pacific countries. As of December 31, 2021, Chubb had a 57.7 percent direct and indirect ownership interest in Huatai Life, comprising a 20 percent direct ownership interest as well as a 37.7 percent indirect ownership interest through Huatai Group, the parent company of Huatai Life. Huatai Life commenced operations in 2005 and has since grown to become one of the larger life insurance foreign joint ventures in China. Huatai Life offers a broad portfolio of insurance products including whole life, universal life, medical and health, personal accident, and disability. These products are marketed through a variety of distribution channels including over 400 licensed sales locations in 20 Chinese provinces. Chubb is in the process of increasing its ownership interest in Huatai Group. We also have an indirect investment in Huatai Asset Management, a third-party investment management firm, through our direct ownership in Huatai Group.

Chubb Life Re's core business is a Bermuda-based operation which provides reinsurance to primary life insurers, focusing on guarantees included in certain variable annuity products and also on more traditional mortality reinsurance protection. Chubb Life Re's U.S.-based traditional life reinsurance operation was discontinued for new business in January 2010. Since 2007, Chubb Life Re has not quoted on new opportunities in the variable annuity reinsurance marketplace and our focus has been on managing the current portfolio of risk, both in the aggregate and on a contract basis. This business is managed with a long-term perspective and short-term net income volatility is expected.

Combined Insurance distributes specialty supplemental A&H and life insurance products targeted to middle income consumers and businesses in the U.S. and Canada through both direct marketing and worksite sales, through our Chubb Workplace Benefits platform. Combined Insurance's substantial North American sales force distributes a wide range of supplemental accident and sickness insurance products, including personal accident, short-term disability, critical illness, Medicare supplement products, and hospital confinement/recovery. Most of these products are primarily fixed-indemnity benefit obligations and are not directly subject to escalating medical cost inflation.

Competitive Environment

Chubb Life's competition differs by location but generally includes multinational insurers, and in some locations, local insurers, joint ventures, or state-owned insurers. Chubb's financial strength and reputation as an entrepreneurial organization with a global presence gives Chubb Life a strong base from which to compete. While Chubb Life Re is not currently quoting on new opportunities in the variable annuity reinsurance marketplace, we continue to monitor developments in this market. Combined Insurance competes for A&H business in the U.S. against numerous A&H and life insurance companies across various industry segments.

Corporate

Corporate results primarily include results of all run-off asbestos and environmental (A&E) exposures, the results of our run-off Brandywine business, the results of Westchester specialty operations for 1996 and prior years, certain other run-off exposures including molestation exposures, and income and expenses not attributable to reportable segments and the results of our non-insurance companies. The run-off operations do not actively sell insurance products, but are responsible for the management of existing policies and settlement of related claims.

Our exposure to A&E, abuse or molestation claims principally arises out of liabilities acquired when we purchased Westchester Specialty in 1998, CIGNA's P&C business in 1999, and The Chubb Corporation in 2016. The A&E liabilities principally relate to claims arising from bodily-injury claims related to asbestos products and remediation costs associated with hazardous waste sites.

Underwriting

Chubb is an underwriting company and we strive to emphasize quality of underwriting rather than volume of business or market share. Our underwriting strategy is to manage risk by employing consistent, disciplined pricing and risk selection. This, coupled with writing a number of less cyclical product lines, has helped us develop flexibility and stability of our business, and has allowed us to maintain a profitable book of business throughout market cycles. Clearly defined underwriting authorities, standards, and guidelines coupled with a strong underwriting audit function are in place in each of our local operations and global profit centers. Global product boards ensure consistency of approach and the establishment of best practices throughout the world. Our priority is to help ensure adherence to criteria for risk selection by maintaining high levels of experience and expertise in our underwriting staff. In addition, we employ a business review structure that helps ensure control of risk quality and appropriate use of policy limits and terms and conditions. Underwriting discipline is at the heart of our operating philosophy.

Actuaries in each region work closely with the underwriting teams to provide additional expertise in the underwriting process. We use internal and external data together with sophisticated analytical, catastrophe loss and risk modeling techniques to ensure an appropriate understanding of risk, including diversification and correlation effects, across different product lines and territories. We recognize that climate changes and weather patterns are integral to our underwriting process and we continually adjust our process to address these changes. This is intended to help ensure that exposures are priced appropriately and resulting losses are contained within our risk tolerance and appetite for individual product lines, businesses, and Chubb as a whole. Our use of such tools and data also reflects an understanding of their inherent limitations and uncertainties. We also purchase protection from third parties, including, but not limited to, reinsurance as a tool to diversify risk and limit the net loss potential of catastrophes and large or unusually hazardous risks. For additional information refer to "Risk Factors" under Item 1A, "Reinsurance Protection", below, "Catastrophe Management" and "Global Property Catastrophe Reinsurance Program", under Item 7, and Note 5 to the Consolidated Financial Statements, under Item 8.

Reinsurance Protection

As part of our risk management strategy, we purchase reinsurance protection to mitigate our exposure to losses, including certain catastrophes, to a level consistent with our risk appetite. Although reinsurance agreements contractually obligate our reinsurers to reimburse us for an agreed-upon portion of our gross paid losses, reinsurance does not discharge our primary liability to our insureds and, thus, we ultimately remain liable for the gross direct losses. In certain countries, reinsurer selection is limited by local laws or regulations. In most countries there is more freedom of choice, and the counterparty is selected based upon its financial strength, claims settlement record, management, line of business expertise, and its price for assuming the risk transferred. In support of this process, we maintain a Chubb authorized reinsurer list that stratifies these authorized reinsurers by classes of business and acceptable limits. This list is maintained by our Reinsurance Security Committee (RSC), a committee comprising senior management personnel and a dedicated reinsurer security team. Changes to the list are authorized by the RSC and recommended to the Chair of the Risk and Underwriting Committee. The reinsurers on the authorized list and potential new markets are regularly reviewed and the list may be modified following these reviews. In addition to the authorized list, there is a formal exception process that allows authorized reinsurance buyers to use reinsurers already on the authorized list for higher limits or different lines of business, for example, or other reinsurers not on the authorized list if their use is supported by compelling business reasons for a particular reinsurance program.

A separate policy and process exists for captive reinsurance companies. Generally, these reinsurance companies are established by our clients or our clients have an interest in them. It is generally our policy to obtain collateral equal to the expected losses that may be ceded to the captive. Where appropriate, exceptions to the collateral requirement are granted but only after senior management review. Specific collateral guidelines and an exception process are in place for the North America Commercial P&C Insurance, North America Personal P&C Insurance, and Overseas General Insurance segments, all of which have credit management units evaluating the captive's credit quality and that of their parent company. The credit management units, working with actuaries, determine reasonable exposure estimates (collateral calculations), ensure receipt of collateral in an acceptable form, and coordinate collateral adjustments as and when needed. Financial reviews and expected loss evaluations are performed annually for active captive accounts and as needed for run-off exposures. In addition to collateral, parental guarantees are often used to enhance the credit quality of the captive.

In general, we seek to place our reinsurance with highly rated companies with which we have a strong trading relationship. For additional information refer to "Catastrophe Management" and "Global Property Catastrophe Reinsurance Program" under Item 7, and Note 5 to the Consolidated Financial Statements, under Item 8.

Unpaid Losses and Loss Expenses

We establish reserves for unpaid losses and loss expenses, which are estimates of future payments on reported and unreported claims for losses and related expenses, with respect to insured events that have occurred. These reserves are recorded in Unpaid losses and loss expenses in the Consolidated balance sheets. The process of establishing loss and loss expense reserves for P&C claims can be complex and is subject to considerable uncertainty as it requires the use of informed estimates and judgments based on circumstances known at the date the loss is recognized. These estimates and judgments are based on numerous factors, and may be revised as additional experience and other data become available and are reviewed, as new or improved methodologies are developed, or as laws change. Internal actuaries regularly analyze the levels of loss and loss expense reserves, taking into consideration factors that may impact the ultimate settlement value of the unpaid losses and loss expenses. These analyses could result in future changes in the estimates of loss and loss expense reserves or reinsurance recoverables and any such changes would be reflected in our results of operations in the period in which the estimates are changed. Losses and loss expenses are charged to income as incurred. The reserve for unpaid losses and loss expenses represents the estimated ultimate losses and loss expenses less paid losses and loss expenses, and comprises case reserves and incurred but not reported (IBNR) reserves. With the exception of certain structured settlements, for which the timing and amount of future claim payments are reliably determinable, and certain reserves for unsettled claims, our loss reserves are not discounted for the time value of money. The net undiscounted reserves related to structured settlements and certain reserves for unsettled claims are immaterial.

For each product line, management, after consultation with internal actuaries, develops a “best estimate” of the ultimate settlement value of the unpaid losses and loss expenses that it believes provides a reasonable estimate of the required reserve. We evaluate our estimates of reserves quarterly in light of developing information. While we are unable at this time to determine whether additional reserves may be necessary in the future, we believe that our reserves for unpaid losses and loss expenses are adequate at December 31, 2021. Future additions to reserves, if needed, could have a material adverse effect on our financial condition, results of operations, and cash flows. For additional information refer to “Critical Accounting Estimates – Unpaid losses and loss expenses”, under Item 7, and Note 7 to the Consolidated Financial Statements, under Item 8.

Investments

Our objective is to maximize investment income and total return while ensuring an appropriate level of liquidity, investment quality, and diversification. As such, Chubb's investment portfolio is invested primarily in investment-grade fixed-income securities as measured by the major rating agencies. We also invest in limited partnerships and investment funds. We do not allow leverage in our investment portfolio. The critical aspects of the investment process are controlled by Chubb Asset Management, an indirect wholly-owned subsidiary of Chubb. These aspects include asset allocation, portfolio and guideline design, risk management, and oversight of external asset managers. In this regard, Chubb Asset Management:

- conducts formal asset allocation modeling for each of the Chubb subsidiaries, providing formal recommendations for the portfolio's structure;
- establishes recommended investment guidelines that are appropriate to the prescribed asset allocation targets;
- provides the analysis, evaluation, and selection of our external investment advisors;
- establishes and develops investment-related analytics to enhance portfolio engineering and risk control;
- monitors and aggregates the correlated risk of the overall investment portfolio; and
- provides governance over the investment process for each of our operating companies to ensure consistency of approach and adherence to investment guidelines.

Under our guidance and direction, external asset managers conduct security and sector selection and transaction execution. Use of multiple managers benefits Chubb in several ways – it provides us with operational and cost efficiencies, diversity of styles and approaches, innovations in investment research and credit and risk management, all of which enhance the risk adjusted returns of our portfolios.

Chubb Asset Management determines the investment portfolio's allowable, targeted asset allocation and ranges for each of the segments. These asset allocation targets are derived from sophisticated asset and liability modeling that measures correlated histories of returns and volatility of returns. Allowable investment classes are further refined through analysis of our operating environment including expected volatility of cash flows, potential impact on our capital position, and regulatory and rating agency considerations.

The Board has established a Risk & Finance Committee which helps execute the Board's supervisory responsibilities pertaining to enterprise risk management including investment risk. Under the overall supervision of the Risk & Finance Committee, Chubb's governance over investment management is rigorous and ongoing. Among its responsibilities, the Risk & Finance Committee of the Board:

- reviews and approves asset allocation targets and investment policy to ensure that it is consistent with our overall goals, strategies, and objectives;
- reviews and approves investment guidelines to ensure that appropriate levels of portfolio liquidity, credit quality, diversification, and volatility are maintained; and
- systematically reviews the portfolio's exposures including any potential violations of investment guidelines.

We have long-standing global credit limits for our entire portfolio across the organization and for individual obligors. Exposures are aggregated, monitored, and actively managed by our Global Credit Committee, comprising senior executives, including our Chief Financial Officer, our Chief Risk Officer, our Chief Investment Officer, and our Treasurer.

Within the guidelines and asset allocation parameters established by the Risk & Finance Committee, individual investment committees of the segments determine tactical asset allocation. Additionally, these committees review all investment-related activity that affects their operating company, including the selection of outside investment advisors, proposed asset allocation changes, and the systematic review of investment guidelines.

For additional information regarding the investment portfolio, including breakdowns of the sector and maturity distributions, refer to Note 3 to the Consolidated Financial Statements under Item 8.

Regulation

Our insurance and reinsurance subsidiaries conduct business globally, including in all 50 states of the United States, the District of Columbia, and all U.S. Territories. Our business is subject to varying degrees of regulation and supervision in each of the jurisdictions in which our insurance and reinsurance subsidiaries are domiciled and on a group basis. The laws and regulations of the jurisdictions in which our insurance and reinsurance subsidiaries are domiciled require among other things that these subsidiaries maintain minimum levels of statutory capital, surplus, and liquidity, meet solvency standards, and submit to periodic examinations of their financial condition. The complex regulatory environments in which Chubb operates are subject to change and are regularly monitored.

Group Supervision

The Pennsylvania Insurance Department (Department) is the group-wide supervisor for the Chubb Group of Companies. In consultation with other insurance regulatory bodies that oversee Chubb's insurance activities, the Department has convened the Chubb Supervisory College (College) bi-annually since 2012, with regulator-only interim Colleges held in intervening years since 2017. The most recent regulators-only College was held in September 2021. During these meetings, the College reviewed extensive information about Chubb, without material adverse comment.

The following is an overview of regulations for our operations in Switzerland, the U.S., Bermuda, and other international locations.

Swiss Operations

The Swiss Financial Market Supervisory Authority (FINMA) has the discretion to supervise Chubb on a group-wide basis. However, FINMA acknowledges the Department's assumption of group supervision over us.

In 2008, we formed Chubb Insurance (Switzerland) Limited which offers property and casualty insurance to Swiss companies, A&H insurance for individuals of Swiss corporations, and reinsurance predominantly in continental Europe. We have also formed a reinsurance subsidiary named Chubb Reinsurance (Switzerland) Limited, which we operate as primarily a provider of reinsurance to Chubb entities. Both companies are licensed and governed by FINMA.

U.S. Operations

Our U.S. insurance subsidiaries are subject to extensive regulation by the states in which they do business. The laws of the various states establish departments of insurance with broad authority to regulate, among other things: the standards of solvency that must be met and maintained, the licensing of insurers and their producers, approval of policy forms and rates, the nature of and limitations on investments, restrictions on the size of the risks which may be insured under a single policy, deposits of securities for the benefit of policyholders, requirements for the acceptability of reinsurers, periodic examinations of the affairs of insurance companies, the form and content of reports of financial condition required to be filed, and the adequacy of reserves for unearned premiums, losses, and other exposures.

Our U.S. insurance subsidiaries are required to file detailed annual and quarterly reports with state insurance regulators. In addition, our U.S. insurance subsidiaries' operations and financial records are subject to examination at regular intervals by state regulators.

All states have enacted legislation that regulates insurance holding companies. This legislation provides that each U.S. insurance company in the insurance holding company system (system) is required to register with the insurance department of its state of domicile and furnish information concerning the operations of companies within the system that may materially affect the operations, management, or financial condition of our U.S. insurers. All transactions within a system must be fair and equitable. Notice to the insurance departments is required prior to the consummation of transactions affecting the ownership or control of an insurer and of certain material transactions between an insurer and an entity in its system. In addition, certain transactions may not be consummated without the department's prior approval.

We are also required to file annually with the Department an enterprise risk report that identifies material risks within our system that could pose enterprise risk to our U.S. insurers, a disclosure report that identifies our corporate governance practices, and a report reflecting our internal assessment of material risks associated with our current business plan and the sufficiency of our capital resources to support those risks. The National Association of Insurance Commissioners (NAIC) adopted a model law which requires companies to submit a group capital calculation (GCC) report that will assist regulators in identifying risks that may emanate from a holding company system. The GCC is intended to provide a baseline quantitative measure for group risks and meet the requirement under the current covered agreements between the U.S. and the European Union and between the U.S. and the U.K.

Statutory surplus is an important measure used by the regulators and rating agencies to assess our U.S. insurance subsidiaries' ability to support business operations and provide dividend capacity. Our U.S. insurance subsidiaries are subject to various state statutory and regulatory restrictions that limit the amount of dividends that may be paid without prior approval from regulatory authorities. These restrictions differ by state, but are generally based on calculations incorporating statutory surplus, statutory net income, and/or investment income.

The NAIC has a risk-based capital requirement for P&C insurance companies. This risk-based capital formula is used by many state regulatory authorities to identify insurance companies that may be undercapitalized and which merit further regulatory attention. These requirements are designed to monitor capital adequacy using a formula that prescribes a series of risk measurements to determine a minimum capital amount for an insurance company, based on the profile of the individual company. The ratio of a company's actual policyholder surplus to its minimum capital requirement will determine whether any state regulatory action is required. There are progressive risk-based capital failure levels that trigger more stringent regulatory action. If an insurer's policyholders' surplus falls below the Mandatory Control Level (70 percent of the Authorized Control Level, as defined by the NAIC), the relevant insurance commissioner is required to place the insurer under regulatory control.

However, an insurance regulator may allow a P&C company operating below the Mandatory Control Level that is writing no business and is running off its existing business to continue its run-off. Brandywine is running off its liabilities consistent with the terms of an order issued by the Insurance Commissioner of Pennsylvania. This includes periodic reporting obligations to the Department.

Government intervention continued in the insurance and reinsurance markets in relation to terrorism coverage in the U.S. (and through industry initiatives in other countries). The U.S. Terrorism Risk Insurance Act (TRIA), which was enacted in 2002 to ensure the availability of insurance coverage for certain types of terrorist acts in the U.S., was extended under the Terrorism Risk Insurance Program Reauthorization Act of 2019 (TRIPRA) through December 31, 2027, and applies to certain of our operations.

From time to time, Chubb and its subsidiaries and affiliates receive inquiries from state agencies and attorneys general, with which we generally comply, seeking information concerning business practices, such as underwriting and non-traditional or loss mitigation insurance products. Moreover, many recent factors, such as consequences of and reactions to industry and economic conditions and focus on domestic issues, have contributed to the potential for change in the legal and regulatory framework applicable to Chubb's U.S. operations and businesses. We cannot assure that changes in laws or investigative or enforcement activities in the various states in the U.S. will not have a material adverse impact on our financial condition, results of operations, or business practices.

We are subject to numerous U.S. federal and state laws governing the protection of personal and confidential information of our clients or employees. These laws and regulations are increasing in complexity, and the requirements are extensive and detailed. Numerous states require us to certify our compliance with their data protection laws.

We are subject to the New York Department of Financial Services' Cybersecurity Regulation (the NYDFS Cybersecurity Regulation) which mandates detailed cybersecurity standards for all institutions, including insurance entities, authorized by the NYDFS to operate in New York. Among the requirements are the maintenance of a cybersecurity program with governance controls, risk-based minimum data security standards for technology systems, cyber breach preparedness and response requirements, including reporting obligations, vendor oversight, training, program record keeping, and certification obligations. Because our North America systems are integrated, our companies domiciled in other states may also be impacted by this requirement.

Additionally, the NAIC adopted an Insurance Data Security Model Law, which requires licensed insurance entities to comply with detailed information security requirements. The NAIC model law is similar in many respects to the NYDFS Cybersecurity Regulation.

Bermuda Operations

The Insurance Act 1978 of Bermuda and related regulations, as amended (the Insurance Act), regulates the insurance business of our Bermuda domiciled (re)insurance subsidiaries (Bermuda domiciled subsidiaries) and provides that no person may carry on any insurance business in or from within Bermuda unless registered as an insurer by the Bermuda Monetary Authority (BMA). The Insurance Act imposes solvency and liquidity standards and auditing and reporting requirements on Bermuda insurance companies and grants the BMA powers to supervise, investigate, and intervene in the affairs of insurance companies.

Bermuda domiciled subsidiaries must prepare and file with the BMA, audited annual statutory financial statements and audited annual financial statements prepared in accordance with accounting principles generally accepted in the U.S. (GAAP), International Financial Reporting Standards (IFRS), or any such other generally accepted accounting principles as the BMA may recognize. The GAAP audited financial statements are made public by the BMA. The Insurance Act prescribes rules for the preparation and content of the statutory financial statements that require Bermuda domiciled subsidiaries to give detailed information and analyses regarding premiums, claims, reinsurance, and investments. In addition, each year, the Bermuda domiciled insurers are required to file with the BMA a capital and solvency return along with an annual statutory financial return. The prescribed form of capital and solvency return is comprised of the BMA's risk based capital model, termed the Bermuda Solvency Capital Requirement (BSCR) or an approved internal capital model in lieu thereof; a statutory economic balance sheet; the approved actuary's opinion; and several prescribed schedules. The BSCR is a tool to assist the BMA both in measuring risk and in determining appropriate levels of capitalization. The BSCR employs a standard mathematical model that correlates the risk underwritten by Bermuda insurers to their capital. The BSCR framework applies a standard measurement format to the risk associated with an insurer's assets, liabilities, and premiums, including a formula to take into account catastrophe risk exposure.

The BMA established risk-based regulatory capital adequacy and solvency margin requirements for Bermuda insurers that mandate that a Bermuda domiciled subsidiary's Enhanced Capital Requirement (ECR) be calculated by either (a) BSCR, or (b) an internal capital model which the BMA has approved for use for this purpose. The Bermuda domiciled subsidiaries use the BSCR in calculating their solvency requirements. Bermuda statutory reporting rules include an Economic Balance Sheet (EBS) framework. The EBS framework is embedded as part of the BSCR and forms the basis of our ECR.

In order to minimize the risk of a shortfall in capital arising from an unexpected adverse deviation the BMA has established a threshold capital level, (termed the Target Capital Level (TCL)), set at 120 percent of ECR, that serves as an early warning tool for the BMA. Failure to maintain statutory capital at least equal to the TCL would likely result in increased BMA regulatory oversight.

Under the BMA's powers to set standards on public disclosure under the Insurance Act, the Bermuda domiciled subsidiaries are required to prepare and publish a Financial Condition Report (FCR). The FCR provides details of measures governing the business operations, corporate governance framework, solvency and financial performance. The FCR must be filed with the BMA and requires Bermuda insurance companies to make the FCR publicly available.

Under the Insurance Act, Chubb's Bermuda domiciled subsidiaries are prohibited from declaring or paying any dividends of more than 25 percent of total statutory capital and surplus, as shown in its previous financial year statutory balance sheet, unless at least seven days before payment of the dividends, it files with the BMA an affidavit signed by at least two directors of the relevant Chubb Bermuda domiciled subsidiary (one of whom must be a director resident in Bermuda) and by the relevant Chubb Bermuda domiciled subsidiary's principal representative, that it will continue to meet its required solvency margins. Furthermore, Bermuda domiciled subsidiaries may only declare and pay a dividend from retained earnings and a dividend or distribution from contributed surplus if it has no reasonable grounds for believing that it is, or would after the payment be, unable to pay its liabilities as they become due, or if the realizable value of its assets would be less than the aggregate of its liabilities.

In addition, Chubb's Bermuda domiciled subsidiaries must obtain the BMA's prior approval before reducing total statutory capital, as shown in its previous financial year's financial statements, by 15 percent or more.

Other International Operations

The extent of insurance regulation varies significantly among the countries in which non-U.S. Chubb operations conduct business. While each country imposes licensing, solvency, auditing, and financial reporting requirements, the type and extent of the requirements differ substantially. For example:

- in some countries, insurers are required to prepare and file monthly and/or quarterly financial reports, and in others, only annual reports;
- some regulators require intermediaries to be involved in the sale of insurance products, whereas other regulators permit direct sales contact between the insurer and the customer;
- the extent of restrictions imposed upon an insurer's use of local and offshore reinsurance vary;
- policy form filing and rate regulation vary by country;
- the frequency of contact and periodic on-site examinations by insurance authorities differ by country; and
- regulatory requirements relating to insurer dividend policies vary by country.

Significant variations can also be found in the size, structure, and resources of the local regulatory departments that oversee insurance activities. Certain regulators prefer close relationships with all subject insurers and others operate a risk-based approach.

Chubb operates in some countries through subsidiaries and in some countries through branches of subsidiaries. Local capital requirements applicable to a subsidiary generally include its branches. Certain Chubb companies are jointly owned with local companies to comply with legal requirements for local ownership. Other legal requirements include discretionary licensing procedures, compulsory cessions of reinsurance, local retention of funds and records, data privacy and protection program requirements such as the General Data Protection Regulation (GDPR), and foreign exchange controls. Chubb's international companies are also subject to multinational application of certain U.S. laws.

There are various regulatory bodies and initiatives that impact Chubb in multiple international jurisdictions and the potential for significant impact on Chubb could be heightened as a result of recent industry and economic developments.

Enterprise Risk Management

As an insurer, Chubb is in the business of profitably managing risk for its customers. Since risk management must permeate an organization conducting a global insurance business, we have an established Enterprise Risk Management (ERM) framework, which encompasses climate risk, that is integrated into management of our businesses and is led by Chubb's senior management. As a result, ERM is a part of the day-to-day management of Chubb and its operations.

Our global ERM framework is broadly multi-disciplinary and its strategic objectives include:

- **External Risks:** identify, analyze, quantify, and where possible, mitigate significant external risks that could materially hamper the financial condition of Chubb and/or the achievement of corporate business objectives over the next 36 months;
- **Exposure Accumulations:** identify and quantify the accumulation of exposure to individual counterparties, products or industry sectors, particularly those that materially extend across or correlate between business units or divisions and/or the balance sheet;
- **Risk Modeling:** develop and use various data-sets, advanced analytics, metrics and processes (such as probabilistic exposure and economic capital models to assess aggregation risk from natural and other catastrophes) that help business and corporate leaders make informed underwriting, portfolio management and risk management decisions within a consistent risk/reward framework;
- **Governance:**
 - establish and coordinate risk guidelines that reflect the corporate appetite for risk;
 - monitor exposure accumulations relative to established guidelines; and
 - ensure effective internal risk management communication up to management and the Board, (including our Risk & Finance Committee and our Nominating & Governance Committee), down to the various business units and legal entities, and across the firm; and
- **Disclosure:** develop protocols and processes for risk-related disclosure internally as well as externally to rating agencies, regulators, shareholders and analysts.

Chubb Group's Risk and Underwriting Committee (RUC) reports to and assists the Chief Executive Officer (CEO) in the oversight and review of the ERM framework which covers the processes and guidelines used to manage the entire landscape of insurance, financial, strategic, and operational risks. The RUC is chaired by Chubb Group's Chief Risk Officer (Chair). The RUC meets at least monthly, and is comprised of Chubb Group's most senior executives which, in addition to the Chair, includes the CEO, President and Chief Operating Officer, Chief Financial Officer, Chief Investment Officer, Chief Actuary, Chief Claims Officer, General Counsel, President – North America Insurance, President – Overseas General Insurance, Deputy Chief Risk Officer, and Chief Underwriting Officer.

The RUC is assisted in its activities by Chubb's Enterprise Risk Unit (ERU) and Product Boards. The ERU is responsible for the collation and analysis of risk insight in two key areas. The first relates to external information that provides insight to the RUC on existing or emerging risks that might significantly impact Chubb's key objectives while the second involves internal risk aggregations arising from Chubb's business writings and other activities such as investments and operations. The ERU is independent of the operating units and reports to our Chief Risk Officer. The Product Boards exist to provide oversight for products that we offer globally. A Product Board currently exists for each of Chubb's major product areas. Each Product Board is responsible for ensuring consistency in underwriting and pricing standards, identification of emerging issues, and guidelines for relevant accumulations.

Chubb's Chief Risk Officer also reports to the Board's Risk & Finance Committee, which helps execute the Board's supervisory responsibilities pertaining to ERM. The role of the Risk & Finance Committee includes evaluation of the integrity and effectiveness of our ERM procedures, systems, and information; governance on major policy decisions pertaining to risk aggregation and minimization; and assessment of our major decisions and preparedness levels pertaining to perceived material risks. The Audit Committee meets with the Risk & Finance Committee at least annually in order to exercise its duties under New York Stock Exchange Rules.

Others within the overall ERM structure contribute toward accomplishing Chubb's ERM objectives, including regional management, Corporate Underwriting, Internal Audit, Compliance, external consultants, and managers of our internal control processes and procedures.

Climate Change Risk Management

Chubb has a comprehensive, coordinated global environmental program that is embedded in all areas of the organization and its activities and performance are reported to the RUC and executive team. Chubb's Vice Chairman, Global Underwriting and Claims is the senior executive responsible for overseeing the global environmental program. The Vice Chairman reports to the CEO of Chubb who approves the goals and objectives of the environmental program. The Vice Chairman is a member of the Executive Committee, which comprises the most senior executive leaders, and has executive management responsibility for the execution of underwriting and portfolio management decisions and responses related to climate change.

Our Climate Sustainability Manager (CSM), who reports to the Vice Chairman, manages the global environmental program and is responsible for identifying and implementing opportunities for climate related products and services. The CSM chairs two committees as part of Chubb's climate management, the Climate Advisory Group (CAG) and the Operational Climate Committee (OCC). The CAG includes Chubb leaders across business units and functions (e.g. Underwriting, Claims, Risk Engineering, Enterprise Risk Management) and collaborates cross-divisionally to pursue opportunities to develop and expand climate-relevant products and services. The OCC oversees the operationally focused climate and environmental sustainability policies, strategies and programs of Chubb, which include Chubb's greenhouse gas measurement and reduction activities. The CAG meets six times per year to assess risks and to develop and expand climate-relevant products and services.

The potential impacts of climate change on the insurance industry, including Chubb, are complex, myriad and will develop over a multi-year time horizon. These risks primarily include physical risks, and to a lesser extent transition risks and liability risks. Physical risks arise from direct weather-related events, such as floods, storms and wildfire. The effects therein comprise direct impacts to insurers, such as damage to property.

Our insurance contracts are typically renewable annually. Consequently, we can respond to changes as needed by adjusting our pricing or by restricting our exposure.

As described in "Catastrophe Management" under Item 7, Chubb uses catastrophe models to quantify natural catastrophe risk for product pricing and portfolio management purposes. Based on science and our own experience to date, we have conducted extensive work to understand the potential impact of climate change on our risk profile. These findings actively inform our underwriting risk appetite for property-related exposures for wild-fire, where we have significantly reduced our business in certain western states, and other perils such as flood and hurricane.

Chubb regularly applies exclusions as part of its underwriting process, which depend on the specific conditions and circumstances of the risk being evaluated. Those exclusions may reflect environmental, social and governance (ESG) and climate-related considerations, such as restricted participation in certain industries, including mining and reclamation operations, oil refining, pipeline and related distribution operations, and chemical manufacturing and distribution. On July 1, 2019, Chubb adopted a policy limiting underwriting in companies involved in thermal coal. Additionally, we continue to assess our investment in carbon-intensive industries and plans for transitioning to a lower-carbon economy. As part of this assessment, Chubb has pledged to not make new debt or equity investments in companies that generate more than 30 percent of revenues from thermal coal mining or energy production from coal. Chubb also closely follows emerging trends in climate litigation to assess potential risks to additional insurance products.

Chubb mitigates exposure to climate change risk by hedging catastrophe risk in our insurance portfolio through both reinsurance and capital markets, and our investment portfolio through the diversification of risk, industry, location, type and duration of security. Asset concentrations are actively managed in hurricane-and flood-exposed areas, and our investment portfolio is relatively short-dated with an average duration of about four years.

Chubb supports industries involved in mitigating climate risk, by offering solutions to Cleantech companies, the renewable energy sector, and for green building restoration by providing coverage for additional costs associated with repair or replacement to a "green" standard not covered by traditional property insurance policies.

Tax Matters

Refer to "Risk Factors", under Item 1A and Note 1 o) and Note 8 to the Consolidated Financial Statements, under Item 8.

Information about our Executive Officers

Name	Age	Position
Evan G. Greenberg	67	Chairman, Chief Executive Officer, and Director
John W. Keogh	57	President and Chief Operating Officer
Peter C. Enns	56	Executive Vice President and Chief Financial Officer
John J. Lupica	56	Vice Chairman; President, North America Insurance
Joseph F. Wayland	64	Executive Vice President and General Counsel
Sean Ringsted	59	Executive Vice President, Chief Digital Business Officer, and Chief Risk Officer
Timothy A. Boroughs	72	Executive Vice President and Chief Investment Officer
Paul J. Krump	62	Vice Chairman, Global Underwriting and Claims
Juan Luis Ortega	47	Executive Vice President; President, Overseas General Insurance

Evan G. Greenberg has been a director of Chubb Limited since August 2002. Mr. Greenberg was elected Chairman of the Board of Directors in May 2007. Mr. Greenberg was appointed to the position of President and Chief Executive Officer of Chubb Limited in May 2004, and in June 2003, was appointed President and Chief Operating Officer of Chubb Limited. Mr. Greenberg was appointed to the position of Chief Executive Officer of Chubb Overseas General in April 2002. He joined Chubb as Vice Chairman, Chubb Limited, and Chief Executive Officer of Chubb Tempest Re in November 2001. Prior to joining Chubb, Mr. Greenberg was President and Chief Operating Officer of American International Group (AIG), a position he held from 1997 until 2000.

John W. Keogh was appointed President of Chubb in December 2020, and has served as Chief Operating Officer since July 2011. Mr. Keogh was appointed Vice Chairman of Chubb Limited in 2010 and Executive Vice Chairman in 2015. Mr. Keogh joined Chubb in 2006 as Chairman, Insurance – Overseas General. Before joining Chubb, Mr. Keogh held a range of positions with increasing responsibility during a 20-year career with AIG, including Senior Vice President, Domestic General Insurance, and President and Chief Executive Officer of National Union Fire Insurance Company of Pittsburgh, an AIG member company. He began his insurance career as an underwriter with AIG in 1986.

Peter C. Enns was appointed Executive Vice President and Chief Financial Officer of Chubb Limited in July 2021. Mr. Enns, who joined Chubb in April 2021 as Executive Vice President, Finance, has more than 30 years of finance and investment banking experience. Before joining Chubb, Mr. Enns held several management positions at HSBC from 2018 to 2020, including Global Head of Financial Institutions Group, Global Co-Head of Corporate Finance Coverage, and Global Co-Head of Investment Banking Coverage. Prior to HSBC, Mr. Enns held several senior positions through 2017 during a more than 20-year career at Goldman Sachs, including Chairman and CEO of Goldman Sachs Canada, Head of the Asia Financial Institutions Group, and Partner of the U.S. Financial Institutions Group.

John J. Lupica was appointed President, North America Insurance in September 2020 and has served as Vice Chairman of Chubb since November 2013. Prior to his current role, Mr. Lupica served in several senior management positions since joining Chubb in 2000, including President, North America Major Accounts and Specialty Insurance; Chairman, Insurance - North America; Chief Operating Officer, Insurance - North America; President of ACE USA; Division President of U.S. Professional Risk business and U.S. Regional Operations; and Executive Vice President of Professional Risk. Prior to joining Chubb, he served as Senior Vice President for Munich-American Risk Partners, Inc. He also held various management positions at AIG.

Joseph F. Wayland was appointed Executive Vice President of Chubb Limited in January 2016, and General Counsel and Secretary of Chubb Limited in July 2013. Mr. Wayland joined Chubb from the law firm of Simpson Thacher & Bartlett LLP, where he was a partner since 1994. From 2010 to 2012, he served in the United States Department of Justice, first as Deputy Assistant Attorney General of the Antitrust Division, and was later appointed as the Acting Assistant Attorney General in charge of that division.

Sean Ringsted was appointed Executive Vice President and Chief Digital Business Officer in February 2017 and Chief Risk Officer in November 2008. Mr. Ringsted previously served as Chief Actuary of Chubb Limited from November 2008 to January 2017, Chief Actuary of Chubb Group from 2004 to 2008, Executive Vice President and Chief Risk Officer for Chubb Tempest Re from 2002 to 2004, and Senior Vice President and Chief Actuary for Chubb Tempest Re from 1998 to 2002. Prior to joining Chubb, Mr. Ringsted was a consultant at Tillinghast-Towers Perrin.

Timothy A. Boroughs was appointed Chief Investment Officer of Chubb Group in 2000 and Executive Vice President in 2014. Prior to joining Chubb, Mr. Boroughs was Director of Fixed Income at Tudor Investment Corporation from 1997 to 2000, and Managing Partner and Director of Global Leveraged Investment Activity at Fischer Francis Trees & Watts from 1976 to 1997.

Paul J. Krump was appointed Vice Chairman, Global Underwriting and Claims in September 2020. Prior to his current role, from 2016 to 2020, Mr. Krump served as Executive Vice President, Chubb Group and President, North America Commercial and Personal Insurance. Before Chubb Limited's January 2016 acquisition of The Chubb Corporation, Mr. Krump served as Chief Operating Officer of The Chubb Corporation, responsible for the company's Commercial, Specialty, Personal and Accident & Health insurance lines; Claims; Global Field Operations; Information Technology; Human Resources; Communications; and External Affairs. Mr. Krump joined The Chubb Corporation in 1982 as a commercial underwriting trainee in the Minneapolis office. He held numerous headquarters and field positions in the United States and Europe, including President of Personal Lines and Claims and President of Commercial and Specialty Lines.

Juan Luis Ortega was appointed Executive Vice President, Chubb Group and President, Overseas General Insurance in August 2019. Mr. Ortega previously served as Senior Vice President, Chubb Group and Regional President of Latin America from 2016 to 2019, and Regional President of Asia Pacific from 2013 to 2016. Mr. Ortega had also held several senior roles since joining Chubb in 1999, including Senior Vice President, Accident & Health, for the Asia Pacific region from 2011 to 2013 and Senior Vice President and Regional Head of Accident & Health for the Latin America region from 2008 to 2010. Mr. Ortega joined Chubb in 1999 and advanced through a series of accident and health and credit insurance management positions in Miami, Puerto Rico and Mexico, before being named Country President of Chile in 2005.

ITEM 1A. Risk Factors

Factors that could have a material impact on our results of operations or financial condition are outlined below. Additional risks not presently known to us or that we currently deem insignificant may also impair our business or results of operations as they become known or as facts and circumstances change. Any of the risks described below could result in a material adverse effect on our results of operations or financial condition.

Insurance

Our results of operations or financial condition could be adversely affected by the occurrence of natural and man-made disasters.

We have substantial exposure to losses resulting from natural disasters, man-made catastrophes, such as terrorism or cyber-attack, and other catastrophic events, including pandemics. This could impact a variety of our businesses, including our commercial and personal lines, and life and accident and health (A&H) products. Catastrophes can be caused by various events, including hurricanes, typhoons, earthquakes, hailstorms, droughts, explosions, severe winter weather, fires, war, acts of terrorism, nuclear accidents, political instability, and other natural or man-made disasters, including a global or other wide-impact pandemic or a significant cyber-attack. The incidence and severity of catastrophes are inherently unpredictable and our losses from catastrophes could be substantial. In addition, climate change and resulting changes in global temperatures, weather patterns, and sea levels may both increase the frequency and severity of natural catastrophes and the resulting losses in the future and impact our risk modeling assumptions. We cannot predict the impact that changing climate conditions, if any, may have on our results of operations or our financial condition. Additionally, we cannot predict how legal, regulatory and/or social responses to concerns around global climate change and the resulting impact on various sectors of the economy may impact our business. Exposure to cyber risk is increasing systematically due to greater digital dependence and increases possible losses due to a catastrophic cyber event. Cyber catastrophic scenarios are not bound by time or geographic limitations and cyber catastrophic perils don't have well-established definitions and fundamental physical properties. Rather, cyber risks are engineered by human actors and thus are continuously evolving, often in ways that are engineered specifically to evade established loss mitigation controls. The occurrence of claims from catastrophic events could result in substantial volatility in our results of operations or financial condition for any fiscal quarter or year. Although we attempt to manage our exposure to such events through the use of underwriting controls, risk models, and the purchase of third-party reinsurance, catastrophic events are inherently unpredictable and the actual nature of such events, when they occur, could be more frequent or severe than contemplated in our pricing and risk management expectations. As a result, the occurrence of one or more catastrophic events could have an adverse effect on our results of operations and financial condition.

COVID-19, the effects of global actions taken to contain its spread, and its economic and societal impact could adversely impact our businesses, invested assets, financial condition, and results of operations.

COVID-19 and related variants (the "pandemic") is causing significant disruption to public health, the global economy, financial markets, and commercial, social and community activity generally. The pandemic has had a significant effect on our company's business operations and, depending on the course of the pandemic and government responses, may continue to affect our current and future financial results. We may experience higher levels of loss and, claims activity in certain lines of business in excess of losses we have already recognized, and our premiums could also be adversely affected by any repeated or further suppression of global commercial activity that results in a reduction in insurable assets and other exposure. Financial conditions resulting from the pandemic may also have a negative effect on the value and quality of our portfolio of invested assets, thereby adversely affecting our investment returns and increasing our credit and related risk. Certain lines of our business, such as our variable annuity life reinsurance business, may require additional forms of collateral in the event of a decline in the securities and benchmarks to which those repayment mechanisms are linked.

To protect our employees and in response to the global and regional restrictions on interpersonal contact and travel because of the pandemic, much of our work force may be working remotely, either for extended periods or intermittently, in response to changing health and regulatory conditions, placing increased demands on our IT systems. While we have continued to conduct our business effectively throughout the pandemic, there is no assurance that our ability to continue to function in this environment will not be adversely affected by an extended disruption in the telecommunications and internet infrastructures that support our remote work capability.

If actual claims exceed our loss reserves, our financial results could be adversely affected.

Our results of operations and financial condition depend upon our ability to accurately assess the potential losses associated with the risks that we insure and reinsure. We establish reserves for unpaid losses and loss expenses, which are estimates of future payments of reported and unreported claims for losses and related expenses, with respect to insured events that have occurred at or prior to the balance sheet date. The process of establishing reserves can be highly complex and is subject to considerable variability as it requires the use of informed estimates and judgments.

Actuarial staff in each of our segments regularly evaluates the levels of loss reserves. Any such evaluation could result in future changes in estimates of losses or reinsurance recoverables and would be reflected in our results of operations in the period in which the estimates are changed. Losses and loss expenses are charged to income as incurred. During the loss settlement period, which can be many years in duration for some of our lines of business, additional facts regarding individual claims and trends often will become known which may result in a change in overall reserves. In addition, application of statistical and actuarial methods may require the adjustment of overall reserves upward or downward from time to time.

Included in our loss reserves are liabilities for latent claims such as asbestos and environmental (A&E), which are principally related to claims arising from remediation costs associated with hazardous waste sites and bodily-injury claims related to exposure to asbestos products and environmental hazards. At December 31, 2021, gross A&E liabilities represented approximately 2.2 percent of our gross loss reserves. The estimation of these liabilities is subject to many complex variables including: the current legal environment; specific settlements that may be used as precedents to settle future claims; assumptions regarding trends with respect to claim severity and the frequency of higher severity claims; assumptions regarding the ability to allocate liability among defendants (including bankruptcy trusts) and other insurers; the ability of a claimant to bring a claim in a state in which it has no residency or exposure; the ability of a policyholder to claim the right to non-products coverage; whether high-level excess policies have the potential to be accessed given the policyholder's claim trends and liability situation; payments to unimpaired claimants; and the potential liability of peripheral defendants. Accordingly, the ultimate settlement of losses, arising from either latent or non-latent causes, may be significantly greater or less than the loss and loss expense reserves held at the balance sheet date. In addition, the amount and timing of the settlement of our P&C liabilities are uncertain and our actual payments could be higher than contemplated in our loss reserves owing to the impact of insurance, judicial decisions, and/or social inflation. If our loss reserves are determined to be inadequate, we may be required to increase loss reserves at the time of the determination and our net income and capital may be reduced.

The effects of emerging claim and coverage issues on our business are uncertain.

As industry practices and legislative, regulatory, judicial, social, financial, technological and other environmental conditions change, unexpected and unintended issues related to claims and coverage may emerge. These issues may adversely affect our business by either extending coverage beyond our underwriting intent or by increasing the frequency and severity of claims. In some instances, these changes may not become apparent until after we have issued insurance or reinsurance contracts that are affected by the changes. For example, recently enacted "reviver" legislation in certain states does allow civil claims relating to molestation to be asserted against policyholders that would otherwise be barred by statutes of limitations. As a result, the full extent of liability under our insurance or reinsurance contracts may not be known for many years after issuance.

The failure of any of the loss limitation methods we use could have an adverse effect on our results of operations and financial condition.

We seek to manage our loss exposure by maintaining a disciplined underwriting process throughout our insurance operations. We also look to limit our loss exposure by writing a number of our insurance and reinsurance contracts on an excess of loss basis. Excess of loss insurance and reinsurance indemnifies the insured against losses in excess of a specified amount. In addition, we limit program size for each client and purchase third-party reinsurance for our own account. In the case of our assumed proportional reinsurance treaties, we seek per occurrence limitations or loss and loss expense ratio caps to limit the impact of losses ceded by the client. In proportional reinsurance, the reinsurer shares a proportional part of the premiums and losses of the reinsured. We also seek to limit our loss exposure by geographic diversification. Geographic zone limitations involve significant underwriting judgments, including the determination of the area of the zones and the inclusion of a particular policy within a particular zone's limits.

However, there are inherent limitations in all of these tactics and no assurance can be given against the possibility of an event or series of events that could result in loss levels that could have an adverse effect on our financial condition or results of operations. It is also possible that losses could manifest themselves in ways that we do not anticipate and that our risk mitigation strategies are not designed to address. Additionally, various provisions of our policies, such as limitations or exclusions from coverage or choice of forum negotiated to limit our risks, may not be enforceable in the manner we intend. As a result, one or more natural or man-made catastrophes, terrorism, or other events could result in claims that substantially exceed our expectations, which could have an adverse effect on our results of operations and financial condition.

We may be unable to purchase reinsurance, and/or if we successfully purchase reinsurance, we are subject to the possibility of non-payment.

We purchase protection from third parties including, but not limited to, reinsurance to protect against catastrophes and other sources of volatility, to increase the amount of protection we can provide our clients, and as part of our overall risk management strategy. Our reinsurance business also purchases retrocessional protection which allows a reinsurer to cede to another company all or part of the reinsurance originally assumed by the reinsurer. A reinsurer's or retrocessionaire's insolvency or inability or unwillingness to make timely payments under the terms of its reinsurance agreement with us could have an adverse effect on us because we remain liable to the insured. From time to time, market conditions have limited, and in some cases have prevented, insurers and reinsurers from obtaining the types and amounts of reinsurance or retrocessional reinsurance that they consider adequate for their business needs.

There is no guarantee our desired amounts of reinsurance or retrocessional reinsurance will be available in the marketplace in the future. In addition to capacity risk, the remaining capacity may not be on terms we deem appropriate or acceptable or with companies with whom we want to do business. Finally, we face some degree of counterparty risk whenever we purchase reinsurance or retrocessional reinsurance. Consequently, the insolvency of these counterparties, or the inability, or unwillingness of any of our present or future reinsurers to make timely payments to us under the terms of our reinsurance or retrocessional agreements could have an adverse effect on us. At December 31, 2021, we had \$17.6 billion of reinsurance recoverables, net of reserves for uncollectible recoverables.

Certain active Chubb companies are primarily liable for A&E and other exposures they have reinsured to our inactive run-off company Century Indemnity Company (Century). At December 31, 2021, the aggregate reinsurance balances ceded by our active subsidiaries to Century were approximately \$1.8 billion. Should Century's loss reserves experience adverse development in the future and should Century be placed into rehabilitation or liquidation, the reinsurance recoverables due from Century to its affiliates would be payable only after the payment in full of third-party expenses and liabilities, including administrative expenses and direct policy liabilities. Thus, the intercompany reinsurance recoverables would be at risk to the extent of the shortage of assets remaining to pay these recoverables. While we believe the intercompany reinsurance recoverables from Century are not impaired at this time, we cannot assure that adverse development with respect to Century's loss reserves, if manifested, will not result in Century's insolvency, which could result in our recognizing a loss to the extent of any uncollectible reinsurance from Century. This could have an adverse effect on our results of operations and financial condition.

Our net income may be volatile because certain products sold by our Life Insurance business expose us to reserve and fair value liability changes that are directly affected by market and other factors and assumptions.

Our pricing, establishment of reserves for future policy benefits and valuation of life insurance and annuity products, including reinsurance programs, are based upon various assumptions, including but not limited to equity market changes, interest rates, mortality rates, morbidity rates, and policyholder behavior. The process of establishing reserves for future policy benefits relies on our ability to accurately estimate insured events that have not yet occurred but that are expected to occur in future periods. Significant deviations in actual experience from assumptions used for pricing and for reserves for future policy benefits could have an adverse effect on the profitability of our products and our business.

Under reinsurance programs covering variable annuity guarantees, we assumed the risk of guaranteed minimum death benefits (GMDB) and guaranteed living benefits (GLB), principally guaranteed minimum income benefits (GMIB), associated with variable annuity contracts. We ceased writing this business in 2007. Our net income is directly impacted by the change in the reserve calculated in connection with the reinsurance of GMDB liability and by the change in the fair value of the GLB liability. Additionally, the fair value of GLB liabilities is impacted by market conditions. We view our variable annuity reinsurance business as having a similar risk profile to that of catastrophe reinsurance, with the probability of long-term economic loss relatively small at the time of pricing. Adverse changes in market factors and policyholder behavior will have an impact on both Life Insurance underwriting income and consolidated net income.

Payment of obligations under surety bonds could have an adverse effect on our results of operations.

The surety business tends to be characterized by infrequent but potentially high severity losses. The majority of our surety obligations are intended to be performance-based guarantees. When losses occur, they may be mitigated, at times, by recovery rights to the customer's assets, contract payments, and collateral and bankruptcy recoveries. We have substantial commercial and construction surety exposure for current and prior customers. In that regard, we have exposures related to surety bonds issued on behalf of companies that have experienced or may experience deterioration in creditworthiness. If the financial condition of these companies were adversely affected by the economy or otherwise, we may experience an increase in filed claims and may incur high severity losses, which could have an adverse effect on our results of operations.

Our exposure to various commercial and contractual counterparties, our reliance on brokers, and certain of our policies may subject us to credit risk.

We have exposure to counterparties through a variety of commercial transactions and arrangements, including reinsurance transactions; agreements with banks, hedge funds and other investment vehicles; and derivative transactions, that expose us to credit risk in the event our counterparty fails to perform its obligations. This includes exposure to financial institutions in the form of secured and unsecured debt instruments and equity securities. Moreover, deposits paid in connection with our agreements to acquire additional shares of Huatai Group expose us to risk if the transactions are not completed.

In accordance with industry practice, we generally pay amounts owed on claims to brokers who, in turn, remit these amounts to the insured or ceding insurer. Although the law is unsettled and depends upon the facts and circumstances of the particular case, in some jurisdictions, if a broker fails to make such a payment, we might remain liable to the insured or ceding insurer for the deficiency. Conversely, in certain jurisdictions, if a broker does not remit premiums paid for these policies over to us, these premiums might be considered to have been paid and the insured or ceding insurer will no longer be liable to us for those amounts, whether or not we have actually received the premiums from the broker. Consequently, we assume a degree of credit risk associated with a broker with whom we transact business. However, due to the unsettled and fact-specific nature of the law, we are unable to quantify our exposure to this risk. To date, we have not experienced any material losses related to this credit risk.

Under the terms of certain high-deductible policies which we offer, such as workers' compensation and general liability, our customers are responsible to reimburse us for an agreed-upon dollar amount per claim. In nearly all cases, we are required under such policies to pay covered claims first and then seek reimbursement for amounts within the applicable deductible from our customers. This obligation subjects us to credit risk from these customers. While we generally seek to mitigate this risk through collateral agreements and maintain a provision for uncollectible accounts associated with this credit exposure, an increased inability of customers to reimburse us in this context could have an adverse effect on our financial condition and results of operations. In addition, a lack of credit available to our customers could impact our ability to collateralize this risk to our satisfaction, which in turn, could reduce the amount of high-deductible policies we could offer.

Since we depend on a few brokers and agents for a large portion of our revenues, loss of business provided by any one of them could adversely affect us.

We market our insurance and reinsurance worldwide, primarily through independent insurance agents, insurance and reinsurance brokers, and bancassurance relationships. Accordingly, our business is dependent on the willingness of these agents and brokers to recommend our products to their customers, who may also promote and distribute the products of our competitors. Deterioration in relationships with our agent and broker distribution network or their increased promotion and distribution of our competitors' products could adversely affect our ability to sell our products. Loss of all or a substantial portion of the business provided by one or more of these agents and brokers could have an adverse effect on our business.

Financial

Our investment performance may affect our financial results and our ability to conduct business.

Our investment assets are invested by professional investment management firms under the direction of our management team in accordance with investment guidelines approved by the Risk & Finance Committee of the Board of Directors. Although our investment guidelines stress diversification of risks and conservation of principal and liquidity, our investments are subject to market risks and risks inherent in individual securities. Our investment performance is highly sensitive to many factors, including interest rates, inflation, monetary and fiscal policies, and domestic and international political conditions. The volatility of our losses may force us to liquidate securities, which may cause us to incur capital losses. Realized and unrealized losses in our investment portfolio would reduce our book value, and if significant, can affect our ability to conduct business.

Volatility in interest rates could impact the performance of our investment portfolio which could have an adverse effect on our investment income and operating results. Although we take measures to manage the risks of investing in a changing interest rate environment, we may not be able to effectively mitigate interest rate sensitivity. Our mitigation efforts include maintaining a high-quality portfolio of primarily fixed income investments with a relatively short duration to reduce the effect of interest rate changes on book value. A significant increase in interest rates would generally have an adverse effect on our book value. Our life insurance investments typically focus on longer duration bonds to better match the obligations of this business. For the life insurance business, policyholder behavior may be influenced by changing interest rate conditions and require a re-balancing of duration to effectively manage our asset/liability position.

As stated, our fixed income portfolio is primarily invested in high quality, investment-grade securities. However, a smaller portion of the portfolio, approximately 18 percent at December 31, 2021, is invested in below investment-grade securities. These securities, which pay a higher rate of interest, also have a higher degree of credit or default risk and may also be less liquid in times of economic weakness or market disruptions. While we have put in place procedures to monitor the credit risk and liquidity of our invested assets, it is possible that, in periods of economic weakness (such as recession), we may experience credit or default losses in our portfolio, which could adversely affect our results of operations and financial condition.

As a part of our ongoing analysis of our investment portfolio, we are required to assess current expected credit losses for all held-to-maturity securities and evaluate expected credit losses for available-for-sale securities when fair value is below amortized cost, which considers reasonable and supportable forecasts of future economic conditions in addition to information about past events and current conditions. This analysis requires a high degree of judgment. Financial assets with similar risk characteristics and relevant historical loss information are included in the development of an estimate of expected lifetime losses. Declines in relevant stock and other financial markets and other factors impacting the value of our investments could result in an adverse effect on our net income and other financial results.

We may require additional capital or financing sources in the future, which may not be available or may be available only on unfavorable terms.

Our future capital and financing requirements depend on many factors, including our ability to write new business successfully and to establish premium rates and reserves at levels sufficient to cover losses, as well as our investment performance and capital expenditure obligations, including with respect to acquisitions. We may need to raise additional funds through financings or access funds through existing or new credit facilities or through short-term repurchase agreements. We also from time to time seek to refinance debt or credit as amounts become due or commitments expire. Any equity or debt financing or refinancing, if available at all, may be on terms that are not favorable to us. In the case of equity financings, dilution to our shareholders could result, and in any case, such securities may have rights, preferences, and privileges that are senior to those of our Common Shares. Our access to funds under existing credit facilities is dependent on the ability of the banks that are parties to the facilities to meet their funding commitments. Under Swiss law, we would be prohibited from selling shares in an equity financing at a purchase price below our then-current par value. If we cannot obtain adequate capital or sources of credit on favorable terms, or at all, we could be forced to use assets otherwise available for our business operations, and our business, results of operations, and financial condition could be adversely affected.

We may be required to post additional collateral because of changes in our reinsurance liabilities to regulated insurance companies, or because of regulatory changes that affect our companies.

If our reinsurance liabilities increase, including in our property & casualty and variable annuity reinsurance businesses, we may be required to post additional collateral for insurance company clients. In addition, regulatory changes sometimes affect our obligations to post collateral. The need to post this additional collateral, if significant enough, may require us to sell investments at a loss in order to provide securities of suitable credit quality or otherwise secure adequate capital at an unattractive cost. This could adversely impact our net income and liquidity and capital resources.

U.S. and global economic and financial industry events and their consequences could harm our business, our liquidity and financial condition, and our stock price.

The consequences of adverse global or regional market and economic conditions may affect (among other aspects of our business) the demand for and claims made under our products, the ability of customers, counterparties, and others to establish or maintain their relationships with us, our ability to access and efficiently use internal and external capital resources, the availability of reinsurance protection, the risks we assume under reinsurance programs covering variable annuity guarantees, and our investment performance. The increasing impact of climate change could affect our cost of claims, loss ratios, and financial results. Volatility in the U.S. and other securities markets may adversely affect our stock price.

A decline in our financial strength ratings could affect our standing among distribution partners and customers and cause our premiums and earnings to decrease. A decline in our debt ratings could increase our borrowing costs and impact our ability to access capital markets.

Ratings are an important factor in establishing the competitive position of insurance and reinsurance companies. The objective of these rating systems is to provide an opinion of an insurer's financial strength and ability to meet ongoing obligations to its policyholders. A ratings downgrade could result in a substantial loss of business as insureds, ceding companies, and brokers move to other insurers and reinsurers with higher ratings. If one or more of our debt ratings were downgraded, we could also incur higher borrowing costs, and our ability to access the capital markets could be impacted. Additionally, we could be required to post collateral or be faced with the cancellation of policies and resulting premium in certain circumstances. We cannot give any assurance regarding whether or to what extent any of the rating agencies might downgrade our ratings in the future.

Our ability to pay dividends and/or to make payments on indebtedness may be constrained by our holding company structure.

Chubb Limited is a holding company that owns shares of its operating insurance and reinsurance subsidiaries along with several loans receivable from affiliates. Beyond this it does not itself have any significant operations or liquid assets. Repayment of loans receivable, guarantee fees and dividends and other permitted distributions from our insurance subsidiaries are its primary sources of funds to meet ongoing cash requirements, including any future debt service payments, other expenses, repurchases of its shares, and to pay dividends to our shareholders. Some of our insurance subsidiaries are subject to significant regulatory restrictions limiting their ability to declare and pay dividends. The inability of our insurance subsidiaries to pay dividends (or other intercompany amounts due, such as intercompany debt obligations) in an amount sufficient to enable us to meet our cash requirements at the holding company level could have an adverse effect on our operations and our ability to repurchase shares and pay dividends to our shareholders.

Swiss law imposes certain restrictions on our ability to repurchase our shares.

Swiss law imposes certain withholding tax and other restrictions on a Swiss company's ability to return earnings or capital to its shareholders, including through the repurchase of its own shares. We may only repurchase shares to the extent that sufficient freely distributable reserves are available. In addition, Swiss law requires that the total par value of Chubb's treasury shares must not be in excess of 10 percent of its total share capital, although an exemption from the 10 percent limit applies for repurchased treasury shares dedicated for cancellation and acquired pursuant to a shareholder-ratified repurchase program. As a result, in order to maintain our share repurchase program, our shareholders must periodically, in separate votes, ratify our share repurchase program and approve a reduction in our share capital through the cancellation of designated blocks of repurchased shares held in treasury. If our shareholders do not ratify our share repurchase program or approve the cancellation of repurchased shares, we may be restricted or unable to return capital to shareholders through share repurchases in the future. Furthermore, our current repurchase program relies on Swiss tax rulings. Any future revocation or loss of our Swiss tax rulings or the inability to conduct repurchases in accordance with these rulings could jeopardize our ability to continue repurchasing our shares.

Our operating results and shareholders' equity may be adversely affected by currency fluctuations.

Our reporting currency is the U.S. dollar. In general, we match assets and liabilities in local currencies. Where possible, capital levels in local currencies are limited to satisfy minimum regulatory requirements and to support local insurance operations. The principal currencies creating foreign exchange risk are the euro, British pound, Canadian dollar, Chinese yuan, Australian dollar, Mexican peso, Brazilian real, Korean won, Japanese yen, Thai baht, and Hong Kong dollar. At December 31, 2021, approximately 21.0 percent of our net assets were denominated in foreign currencies. We may experience losses resulting from fluctuations in the values of non-U.S. currencies, which could adversely impact our results of operations and financial condition.

Operational

The regulatory and political regimes under which we operate, and their volatility, could have an adverse effect on our business.

We may from time to time face challenges resulting from changes in applicable law and regulations in particular jurisdictions, or changes in approach to oversight of our business from insurance or other regulators.

Our insurance and reinsurance subsidiaries conduct business globally. Our businesses in each jurisdiction are subject to varying degrees of regulation and supervision. The laws and regulations of the jurisdictions in which our insurance and reinsurance subsidiaries are domiciled require, among other things, maintenance of minimum levels of statutory capital, surplus, and liquidity; various solvency standards; and periodic examinations of subsidiaries' financial condition. In some jurisdictions, laws and regulations also restrict payments of dividends and reductions of capital. Applicable statutes, regulations, and policies may also restrict the ability of these subsidiaries to write insurance and reinsurance policies, to make certain investments, and to distribute funds. The purpose of insurance laws and regulations generally is to protect policyholders and ceding insurance companies, not our shareholders. For example, some jurisdictions have enacted various consumer protection laws that make it more burdensome for insurance companies to sell policies and interact with customers in personal lines businesses. Failure to comply with such regulations can lead to significant penalties and reputational injury.

The foreign and U.S. federal and state laws and regulations that are applicable to our operations are complex and may increase the costs of regulatory compliance or subject our business to the possibility of regulatory actions or proceedings. Laws and regulations not specifically related to the insurance industry include trade sanctions that relate to certain countries, anti-money laundering laws, and anti-corruption laws. The insurance industry is also affected by political, judicial, and legal developments that may create new and expanded regulations and theories of liability. The current economic and financial climates present additional uncertainties and risks relating to increased regulation and the potential for increased involvement of the U.S. and other governments in the financial services industry.

Regulators in countries where we have operations continue to work with the International Association of Insurance Supervisors (IAIS) to consider changes to insurance company supervision, including with respect to group supervision and solvency requirements. The IAIS has developed a Common Framework for the Supervision of Internationally Active Insurance Groups (ComFrame), which is focused on the effective group-wide supervision of international active insurance groups (IAIGs), such as Chubb. As part of ComFrame, the IAIS is developing an international capital standard for such IAIGs. The details of this global capital standard and its applicability to Chubb are evolving and uncertain at this time. In addition, Chubb businesses across the European Union (EU) are subject to Solvency II, a capital and risk management regime, and our Bermuda businesses are subject to an equivalent of the EU's Solvency II regime. Also applicable to Chubb businesses are the requirements of the Swiss Financial Market Supervisory Authority (FINMA) whose regulations include Swiss Solvency Tests. There are also Risk Based Capital (RBC) requirements in the U.S. which are also subject to revision in response to global developments. The impact to Chubb of these developments remains uncertain, although currently we do not expect that our capital management strategies, results of operations and financial condition will be materially affected by these regulatory changes.

Evolving privacy and data security regulations could adversely affect our business.

We are subject to numerous U.S. federal and state laws and non-U.S. regulations governing the protection of personal and confidential information of our clients and employees, including in relation to medical records, credit card data and financial information. These laws and regulations are increasing in complexity and number, change frequently, sometimes conflict, and could expose Chubb to significant monetary damages, regulatory enforcement actions, fines and/or criminal prosecution in one or more jurisdictions.

We are subject to the New York Department of Financial Services' Cybersecurity Regulation (the NYDFS Cybersecurity Regulation) which mandates detailed cybersecurity standards for all institutions, including insurance entities, authorized by the NYDFS to operate in New York. The NYDFS Cybersecurity Regulation has increased our compliance costs and could increase the risk of noncompliance and subject us to regulatory enforcement actions and penalties, as well as reputation risk.

Additionally, the National Association of Insurance Commissioners (NAIC) adopted an Insurance Data Security Model Law, which requires licensed insurance entities to comply with detailed information security requirements. A number of states have enacted it into law, and it is not yet known whether or not, and to what extent, additional states will enact it. Such enactments, especially if inconsistent between states or with existing laws and regulations could raise compliance costs or increase the risk of noncompliance, with the attendant risk of being subject to regulatory enforcement actions and penalties, as well as reputational harm.

The EU General Data Protection Regulation (the GDPR) is a comprehensive regulation applying across all EU member states. All our business units (regardless of whether they are located in the EU) may be subject to the GDPR when personal data is processed in relation to the offer of goods and services to individuals within the EU. Our failure to comply with GDPR and other countries' privacy or data security-related laws, rules or regulations could result in significant penalties imposed by regulators, which could have an adverse effect on our business, financial condition and results of operations.

Significant other comprehensive privacy laws have been enacted by other jurisdictions, most notably the California Consumer Privacy Act (CCPA), the California Privacy Rights Act (CPRA), and Brazil's Lei Geral de Protecao de Dados (LGPD), which may affect our use of data and could affect our operations and subject us to fines and actions for noncompliance. In the U.S., several other states are considering similar legislation, and there are ongoing discussions regarding a National Privacy Law. New laws similar to the GDPR and the CCPA are expected to be enacted in coming years in various countries and jurisdictions in which we operate.

Our worldwide operations, particularly in developing nations, expose us to global geopolitical developments that could have an adverse effect on our business, liquidity, results of operations, and financial condition.

With operations in 54 countries and territories, we provide insurance and reinsurance products and services to a diverse group of clients worldwide, including operations in various developing nations. Both current and future foreign operations could be adversely affected by unfavorable geopolitical developments, including law changes; tax changes; changes in trade policies; changes to visa or immigration policies; regulatory restrictions; government leadership changes; political events and upheaval; sociopolitical instability; social, political or economic instability resulting from climate change; and nationalization of our operations without compensation. Adverse activity in any one country could negatively impact operations, increase our loss exposure under certain of our insurance products, and could, otherwise, have an adverse effect on our business, liquidity, results of operations, and financial condition depending on the magnitude of the events and our net financial exposure at that time in that country.

A failure in our operational systems or infrastructure or those of third parties, including due to security breaches or cyber-attacks, could disrupt business, damage our reputation, and cause losses.

Our operations rely on the secure processing, storage, and transmission of confidential and other information and assets, including in our computer systems and networks and those of third-party service providers. Our business depends on effective information security and systems and the integrity and timeliness of the data our information systems use to run our business. Our ability to adequately price products and services, to establish reserves, to provide effective, efficient and secure service to our customers, to value our investments and to timely and accurately report our financial results also depends significantly on the integrity and availability of the data we maintain, including that within our information systems, as well as data in and assets held through third-party service providers and systems. Like all global companies, our systems have been, and will likely continue to be, subject to threats from viruses or other malicious codes, unauthorized access, cyber-attacks, cyber frauds or other computer-related penetrations. Although we have implemented administrative and technical controls and have taken protective actions to reduce the risk of cyber incidents and to protect our information technology and assets, and we additionally endeavor to modify such procedures as circumstances warrant and negotiate agreements with third-party providers to protect our assets, such measures may be insufficient to prevent unauthorized access, computer viruses, malware or other malicious code or cyber-attack, business compromise attacks, catastrophic events, system failures and disruptions, employee errors or malfeasance, third party (including outsourced service providers) errors or malfeasance, loss of assets and other events that could have security consequences (each, a Security Event). As the breadth and complexity of our security infrastructure continues to grow, the potential risk of a Security Event increases. Such an event or events may jeopardize Chubb's or its clients' or counterparties' confidential and other information processed and stored within Chubb, and transmitted through its computer systems and networks, or otherwise cause interruptions, delays, or malfunctions in Chubb's, its clients', its counterparties', or third parties' operations, or result in data loss or loss of assets which could result in significant losses, reputational damage or an adverse effect on our operations and critical business functions. Chubb may be required to expend significant additional resources to modify our protective measures or to investigate and remediate vulnerabilities or other exposures and to pursue recovery of lost data or assets and we may be subject to litigation costs and losses, regulatory penalties (as described above) and financial losses that are either not insured against or not fully covered by insurance maintained. In certain instances, we rely on third parties to perform business functions and process data on our behalf which may expose us to additional data security risk.

Despite the contingency plans and facilities we have in place and our efforts to observe the regulatory requirements surrounding information security, our ability to conduct business may be adversely affected by a disruption of the infrastructure that supports our business in the communities in which we are located, or of outsourced services or functions. This may include a disruption involving electrical, communications, transportation, or other services used by Chubb. If a disruption occurs in one location and Chubb employees in that location are unable to occupy our offices and conduct business or communicate with or travel to other locations, our ability to service and interact with clients may suffer and we may not be able to successfully implement contingency plans that depend on communication or travel.

We use analytical models to assist our decision-making in key areas, such as underwriting, claims, reserving, and catastrophe risks, but actual results could differ materially from the model outputs and related analyses.

We use various modeling techniques (e.g., scenarios, predictive, stochastic and/or forecasting) and data analytics to analyze and estimate exposures, loss trends and other risks associated with our assets and liabilities. We use the modeled outputs and related analyses to assist us in decision-making (e.g., underwriting, pricing, claims, reserving, reinsurance, and catastrophe risk) and to maintain competitive advantage. The modeled outputs and related analyses are subject to various assumptions, uncertainties, model errors and the inherent limitations of any statistical analysis, including the use of historical internal and industry data. In addition, the modeled outputs and related analyses may from time to time contain inaccuracies, perhaps in material respects, including as a result of inaccurate inputs or applications thereof. Climate change may make modeled outcomes less certain or produce new, non-modeled risks. Consequently, actual results may differ materially from our modeled results. If, based upon these models or other factors, we misprice our products or underestimate the frequency and/or severity of loss events, or overestimate the risks we are exposed to, new business growth and retention of our existing business may be adversely affected which could have an adverse effect on our results of operations and financial condition.

We could be adversely affected by the loss of one or more key executives or by an inability to attract and retain qualified personnel.

Our success depends on our ability to retain the services of our existing key executives and to attract and retain additional qualified personnel in the future. The loss of the services of any of our key executives or the inability to hire and retain other highly qualified personnel in the future could adversely affect our ability to conduct or grow our business. This risk may be particularly acute for us relative to some of our competitors because some of our senior executives work in countries where they are not citizens and work permit and immigration issues could adversely affect the ability to retain or hire key persons. We do not maintain key person life insurance policies with respect to our employees.

Employee error and misconduct may be difficult to detect and prevent and could adversely affect our business, results of operations, and financial condition.

Losses may result from, among other things, fraud, errors, failure to document transactions properly, failure to obtain proper internal authorization, failure to comply with underwriting or other internal guidelines, or failure to comply with regulatory requirements. It is not always possible to deter or prevent employee misconduct, and the precautions that we take to prevent and detect this activity may not be effective in all cases. Resultant losses could adversely affect our business, results of operations, and financial condition.

Strategic

The continually changing landscape, including competition, technology and products, and existing and new market entrants could reduce our margins and adversely impact our business and results of operations.

Insurance and reinsurance markets are highly competitive. We compete on an international and regional basis with major U.S., Bermuda, European, and other international insurers and reinsurers and with underwriting syndicates, some of which have greater financial, technological, marketing, distribution and/or management resources than we do. In addition, capital market participants have created alternative products that are intended to compete with reinsurance products. We also compete with new companies and existing companies that move into the insurance and reinsurance markets. If competition, or technological or other changes to the insurance markets in which we operate, limits our ability to retain existing business or write new business at adequate rates or on appropriate terms, our business and results of operations could be materially and adversely affected. Increased competition could also result in fewer submissions, lower premium rates, and less favorable policy terms and conditions, which could reduce our profit margins and adversely impact our net income and shareholders' equity.

Recent technological advancements in the insurance industry and information technology industry present new and fast-evolving competitive risks as participants seek to increase transaction speeds, lower costs and create new opportunities. Advancements in technology are occurring in underwriting, claims, distribution and operations at a pace that may quicken, including as companies increase use of data analytics and technology as part of their business strategy. We will be at a competitive disadvantage if, over time, our competitors are more effective than us in their utilization of technology and evolving data analytics. If we do not anticipate or keep pace with these technological and other changes impacting the insurance industry, it could limit our ability to compete in desired markets.

Insurance and reinsurance markets are historically cyclical, and we expect to experience periods with excess underwriting capacity and unfavorable premium rates.

The insurance and reinsurance markets have historically been cyclical, characterized by periods of intense price competition due to excessive underwriting capacity as well as periods when shortages of capacity permitted favorable premium levels. An increase in premium levels is often offset by an increasing supply of insurance and reinsurance capacity, either by capital provided by new entrants or by the commitment of additional capital by existing insurers or reinsurers, which may cause prices to decrease. Any of these factors could lead to a significant reduction in premium rates, less favorable policy terms, and fewer submissions for our underwriting services. In addition to these considerations, changes in the frequency and severity of losses suffered by insureds and insurers may affect the cycles of the insurance and reinsurance markets significantly, as could periods of economic weakness (such as recession).

The integration of acquired companies may not be as successful as we anticipate.

Acquisitions involve numerous operational, strategic, financial, accounting, legal, tax, and other risks; potential liabilities associated with the acquired businesses; and uncertainties related to design, operation and integration of acquired businesses' internal controls over financial reporting. Difficulties in integrating an acquired company, along with its personnel, may result in the acquired company performing differently than we expected, in operational challenges or in our failure to realize anticipated expense-related efficiencies. This may also apply to companies in which we acquire majority ownership. Our existing businesses could also be negatively impacted by acquisitions. In addition, goodwill and intangible assets recorded in connection with insurance company acquisitions may be impaired if premium growth, underwriting profitability, agency retention and policy persistency, among other factors, differ from expectations.

There is also the potential that proposed acquisitions that have been publicly announced will not be consummated, even if a definitive agreement has been signed by the parties. If an agreement is terminated before closing, the result would be that our proposed acquisition would not occur, which could, among other things, expose us to damages or liability and adversely impact our stock price and future operations.

We may be subject to U.S. tax and Bermuda tax which may have an adverse effect on our results of operations and shareholder investment.

Chubb Limited and our non-U.S. subsidiaries operate in a manner so that none of these companies should be subject to U.S. tax (other than U.S. excise tax on insurance and reinsurance premium income attributable to insuring or reinsuring U.S. risks and U.S. withholding tax on some types of U.S. source investment income), because none of these companies should be treated as engaged in a trade or business within the U.S. However, because there is considerable uncertainty as to the activities that constitute being engaged in a trade or business within the U.S., we cannot be certain that the Internal Revenue Service (IRS) will not contend successfully that Chubb Limited or its non-U.S. subsidiaries are engaged in a trade or business in the U.S. If Chubb Limited or any of its non-U.S. subsidiaries were considered to be engaged in a trade or business in the U.S., such entity could be subject to U.S. corporate income and branch profits taxes on the portion of its earnings effectively connected to such U.S. business, in which case our results of operations and our shareholders' investments could be adversely affected.

The Bermuda Minister of Finance, under the Exempted Undertakings Tax Protection Act 1966 of Bermuda, as amended, has given Chubb Limited and its Bermuda insurance subsidiaries a written assurance that if any legislation is enacted in Bermuda that would impose tax computed on profits or income, or computed on any capital asset, gain, or appreciation, or any tax in the nature of estate duty or inheritance tax, then the imposition of any such tax would not be applicable to those companies or any of their respective operations, shares, debentures, or other obligations until March 31, 2035, except insofar as such tax would apply to persons ordinarily resident in Bermuda or is payable by us in respect of real property owned or leased by us in Bermuda. We cannot be certain that we will not be subject to any Bermuda tax after March 31, 2035.

We could be adversely affected by certain features of the 2017 U.S. tax reform legislation.

Tax legislation known as the Tax Cuts and Jobs Act (2017 Tax Act) was enacted in the U.S. on December 22, 2017. In addition to reducing the U.S. corporate income tax rate from 35 percent to 21 percent, it fundamentally changed many elements of the pre-2017 Tax Act U.S. tax law and introduced several new concepts to tax multinational corporations such as us. Among the most notable new rules are the Base Erosion and Anti-Abuse Tax (commonly called BEAT), which may apply as a result of payments by U.S. taxpayers to non-U.S. affiliates, and the Global Intangible Low Taxed Income (GILTI) addition to Subpart F income, which for insurance groups potentially expands U.S. taxation on the earnings of foreign subsidiaries. The 2017 Tax Act is a complex law with many significant new provisions. Since enactment, the IRS and U.S. Treasury Department have continued to issue rulings, notices, and proposed and final regulations to assist taxpayers in understanding and implementing the new provisions. Some of this guidance remains subject to comment or in proposed form; thus, there are many uncertainties relating to its ultimate application and effects on our company.

The Biden Administration and both houses of the U.S. Congress have proposed legislation, commonly referred to as the Build Back Better bills, that would modify aspects of the 2017 Tax Act and make other changes to U.S. tax law. This proposed legislation included, among other things, modifications to the BEAT and GILTI provisions. It is possible that such legislation or other legislation could be enacted in the future and could have an adverse impact on us or our shareholders.

The Organization for Economic Cooperation and Development (OECD), the European Union (EU), and the Swiss Federal Council are considering measures that might change long standing tax principles that could increase our taxes.

The OECD has published a framework for taxation that in many respects is different than long standing international tax principles. This framework is an alternative to digital services taxes that several countries have proposed, enacted, or are considering. These changes could redefine what income is taxed in which country and institute a global minimum tax. Late in 2021, the OECD published model legislation, and the EU issued a draft Directive related to the global minimum tax to be considered by member countries in 2022, to be effective in 2023 or later years. Early in 2022, the Swiss Federal Council announced that they plan to amend their constitution to adopt the global minimum tax effective January 1, 2024. The enactment of these proposals, as well as other countries' proposals in reaction to them, is very uncertain at this time, but if enacted could cause uncertainties to and increases in our income taxes.

The OECD also published an action plan several years ago to address base erosion and profit shifting (BEPS) impacting its member countries and other jurisdictions. It is possible that jurisdictions in which we do business could continue to react to the BEPS initiative or their own concerns by enacting tax legislation that could adversely affect us or our shareholders.

Several multilateral organizations, including the EU and the OECD have, in recent years, expressed concern about some countries not participating in adequate tax information exchange arrangements and have threatened those that do not agree to cooperate with punitive sanctions by member countries. It is still unclear what all these sanctions might be, which countries might adopt them, and when or if they might be imposed. We cannot assure, however, that the Tax Information Exchange Agreements (TIEAs) that have been entered into by Switzerland and Bermuda will be sufficient to preclude all of the sanctions described above, which, if ultimately adopted, could adversely affect us or our shareholders.

Shareholders

There are provisions in our charter documents that may reduce the voting rights and diminish the value of our Common Shares.

Our Articles of Association generally provide that shareholders have one vote for each Common Share held by them and are entitled to vote at all meetings of shareholders. However, the voting rights exercisable by a shareholder may be limited so that certain persons or groups are not deemed to hold 10 percent or more of the voting power conferred by our Common Shares. Moreover, these provisions could have the effect of reducing the voting power of some shareholders who would not otherwise be subject to the limitation by virtue of their direct share ownership. The Board of Directors may refuse to register holders of shares as shareholders with voting rights based on certain grounds, including if the holder would, directly or indirectly, formally, constructively or beneficially own (as described in Articles 8 and 14 of our Articles of Association) or otherwise control voting rights with respect to 10 percent or more of the registered share capital recorded in the commercial register. In addition, the Board of Directors shall reject entry of holders of registered shares as shareholders with voting rights in the share register or shall decide on their deregistration when the acquirer or shareholder upon request does not expressly state that she/he has acquired or holds the shares in her/his own name and for her/his account.

Applicable laws may make it difficult to effect a change of control of our company.

Before a person can acquire control of a U.S. insurance company, prior written approval must be obtained from the insurance commissioner of the state where the domestic insurer is domiciled. Prior to granting approval of an application to acquire control of a domestic insurer, the state insurance commissioner will consider such factors as the financial strength of the applicant, the integrity and management of the applicant's Board of Directors and executive officers, the acquirer's plans for the future operations of the domestic insurer, and any anti-competitive results that may arise from the consummation of the acquisition of control. Generally, state statutes provide that control over a domestic insurer is presumed to exist if any person, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies representing 10 percent or more of the voting securities of the domestic insurer. Because a person acquiring 10 percent or more of our Common Shares would indirectly control the same percentage of the stock of our U.S. insurance subsidiaries, the insurance change of control laws of various U.S. jurisdictions would likely apply to such a transaction. Laws of other jurisdictions in which one or more of our existing subsidiaries are, or a future subsidiary may be, organized or domiciled may contain similar restrictions on the acquisition of control of Chubb.

While our Articles of Association limit the voting power of any shareholder to less than 10 percent, we cannot assure that the applicable regulatory body would agree that a shareholder who owned 10 percent or more of our Common Shares did not, because of the limitation on the voting power of such shares, control the applicable insurance subsidiary.

These laws may discourage potential acquisition proposals and may delay, deter, or prevent a change of control of Chubb, including transactions that some or all of our shareholders might consider to be desirable.

Shareholder voting requirements under Swiss law may limit our flexibility with respect to certain aspects of capital management.

Swiss law allows our shareholders to authorize share capital which can be issued by the Board of Directors without shareholder approval, but this authorization must be renewed by the shareholders every two years. Swiss law also does not provide as much flexibility in the various terms that can attach to different classes of stock as permitted in other jurisdictions. Swiss law also reserves for approval by shareholders many corporate actions over which the Board of Directors had authority prior to our re-domestication to Switzerland. For example, dividends must be approved by shareholders. While we do not believe that Swiss law requirements relating to our capital management will have an adverse effect on Chubb, we cannot assure that situations will not arise where such flexibility would have provided substantial benefits to our shareholders.

Chubb Limited is a Swiss company; it may be difficult to enforce judgments against it or its directors and executive officers.

Chubb Limited is incorporated pursuant to the laws of Switzerland. In addition, certain of our directors and officers reside outside the U.S. and all or a substantial portion of our assets and the assets of such persons are located in jurisdictions outside the U.S. As such, it may be difficult or impossible to effect service of process within the U.S. upon those persons or to recover against us or them on judgments of U.S. courts, including judgments predicated upon civil liability provisions of the U.S. federal securities laws.

Chubb has been advised by its Swiss counsel that there is doubt as to whether the courts in Switzerland would enforce:

- judgments of U.S. courts based upon the civil liability provisions of the U.S. federal securities laws obtained in actions against it or its directors and officers, who reside outside the U.S.; or
- original actions brought in Switzerland against these persons or Chubb predicated solely upon U.S. federal securities laws.

Chubb has also been advised by its Swiss counsel that there is no treaty in effect between the U.S. and Switzerland providing for this enforcement, and there are grounds upon which Swiss courts may not enforce judgments of U.S. courts. Some remedies available under the laws of U.S. jurisdictions, including some remedies available under the U.S. federal securities laws, would not be allowed in Swiss courts as contrary to that nation's public policy.

Shareholders may be subject to Swiss withholding taxes on the payment of dividends.

Our dividends are generally subject to a Swiss withholding tax at a rate of 35 percent; however, payment of a dividend in the form of a capital contribution reserve reduction or par value reduction is not subject to Swiss withholding tax. We have previously obtained shareholder approval for dividends to be paid in such form. It is our practice to recommend to shareholders that they annually approve the payment of dividends in such form, but we cannot assure that our shareholders will continue to approve a reduction in such form each year or that we will be able to meet the other legal requirements for a reduction, or that Swiss withholding tax rules will not be changed in the future. We estimate we would be able to pay dividends in such form, and thus exempt from Swiss withholding tax, until 2028–2033. This range may vary depending upon changes in annual dividends, special dividends, certain share repurchases, fluctuations in U.S. dollar/Swiss franc exchange rate, changes in par value or capital contribution reserves or changes or new interpretations to Swiss corporate or tax law or regulations.

Under certain circumstances, U.S. shareholders may be subject to adverse U.S. federal income tax consequences.

Under certain circumstances, a U.S. person who owns or is deemed to own 10 percent or more of the voting power or value of a foreign corporation that is a "controlled foreign corporation" (CFC) (a foreign corporation in which 10 percent U.S. shareholders own or are deemed to own more than 50 percent of the voting power or value of the stock of a foreign corporation or more than 25 percent of certain foreign insurance corporations) for any period during a taxable year must include in gross income for U.S. federal income tax purposes a pro rata share of the CFC's "subpart F income". We believe that because of the dispersion of our share ownership it is unlikely that any U.S. person who acquires shares of Chubb Limited directly or indirectly through one or more foreign entities should be required to include any subpart F income in income under the CFC rules of U.S. tax law.

Separately, any U.S. persons who hold shares may be subject to U.S. federal income taxation at ordinary income tax rates on their proportionate share of our Related Person Insurance Income (RPII). If the RPII of any of our non-U.S. insurance subsidiaries (each a "Non-U.S. Insurance Subsidiary") were to equal or exceed 20 percent of that company's gross insurance income in any taxable year and direct or indirect insureds (and persons related to those insureds) own directly or indirectly through foreign entities 20 percent or more of the voting power or value of Chubb Limited, then a U.S. person who owns any shares of Chubb Limited (directly or indirectly through foreign entities) on the last day of the taxable year would be required to include in his or her income for U.S. federal income tax purposes such person's pro rata share of such company's RPII for the taxable year. In addition, any RPII that is includible in the income of a U.S. tax-exempt organization may be treated as unrelated business taxable income. We believe that the gross RPII of each Non-U.S. Insurance Subsidiary did not in prior years of operation and is not expected in the foreseeable future to equal or exceed 20 percent of each such company's gross insurance income. Likewise, we do not expect the direct or indirect insureds of each Non-U.S. Insurance Subsidiary (and persons related to such insureds) to directly or indirectly own 20 percent or more of either the voting power or value of our shares. However, we cannot be certain that this will be the case because some of the factors which determine the extent of RPII may be beyond our control. If these thresholds are met or exceeded, any U.S. person's investment in Chubb Limited could be adversely affected. In January 2022, the U.S. Treasury Department and the IRS released proposed regulations that may cause more income to be treated as RPII than under current law.

A U.S. tax-exempt organization may recognize unrelated business taxable income if a portion of our insurance income is allocated to the organization. This generally would be the case if either (i) Chubb Limited is considered a CFC and the tax-exempt shareholder is a 10 percent U.S. shareholder or (ii) there is RPII, certain exceptions do not apply, and the tax-exempt organization, directly (or indirectly through foreign entities) owns any shares of Chubb Limited. Although we do not believe that any U.S. tax-exempt organization should be allocated such insurance income, we cannot be certain that this will be the case. Potential U.S. tax-exempt investors are advised to consult their tax advisors.

U.S. persons who hold shares will be subject to adverse tax consequences if we are considered to be a Passive Foreign Investment Company (PFIC) for U.S. federal income tax purposes.

If Chubb Limited is considered a PFIC for U.S. federal income tax purposes, a U.S. person who holds Chubb Limited shares will be subject to adverse U.S. federal income tax consequences in which case their investment could be adversely affected. In addition, if Chubb Limited were considered a PFIC, upon the death of any U.S. individual owning shares, such individual's heirs or estate would not be entitled to a "step-up" in the basis of the shares which might otherwise be available under U.S. federal

income tax laws. We believe that we are not, have not been, and currently do not expect to become, a PFIC for U.S. federal income tax purposes. We cannot assure, however, that we will not be deemed a PFIC by the IRS. Recently enacted U.S. federal tax law and recent final and proposed regulations issued by the IRS and U.S. Treasury Department contain new rules that may affect the application of the PFIC provisions to an insurance company. The final regulations are effective for tax years beginning after January 15, 2021 and apply to us in 2022. Any shareholder electing to apply certain provisions of the newly finalized or proposed PFIC regulations prior to the effective date could be adversely affected by an investment in us. Shareholders are advised to consult their tax advisors.

ITEM 1B. Unresolved Staff Comments

There are currently no unresolved SEC staff comments regarding our periodic or current reports.

ITEM 2. Properties

We maintain office facilities around the world including in North America, Europe (including our principal executive offices in Switzerland), Bermuda, Latin America, Asia Pacific, and Japan. Most of our office facilities are leased, although we own major facilities in Hamilton, Bermuda, and in the U.S., including in Philadelphia, Pennsylvania; Wilmington, Delaware; Whitehouse Station, New Jersey; and Simsbury, Connecticut. Management considers its office facilities suitable and adequate for the current level of operations.

ITEM 3. Legal Proceedings

The information required with respect to Item 3 is included in Note 10 h) to the Consolidated Financial Statements, under Item 8, which is hereby incorporated herein by reference.

ITEM 4. Mine Safety Disclosures

Item not applicable.

PART II**ITEM 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

Our Common Shares have been listed on the New York Stock Exchange since March 25, 1993, with a current par value of CHF 24.15 per share. The trading symbol for our Common Shares is "CB".

We have paid dividends each quarter since we became a public company in 1993. In 2021 and 2020, our annual dividends were paid by way of a distribution from capital contribution reserves (Additional paid-in capital) through the transfer of dividends from Additional paid-in capital to Retained earnings (free reserves) as approved by our shareholders.

Chubb Limited is a holding company whose principal sources of income are dividends and investment income from its operating subsidiaries. The ability of the operating subsidiaries to pay dividends to us and our ability to pay dividends to our shareholders are each subject to legal and regulatory restrictions. The recommendation and payment of future dividends will be based on the determination of the Board of Directors (Board) and will be dependent upon shareholder approval, profits and financial requirements of Chubb and other factors, including legal restrictions on the payment of dividends and other such factors as the Board deems relevant. Refer to Part I, Item 1A and Part II, Item 7 for additional information.

The number of record holders of Common Shares as of February 10, 2022 was 6,229. This is not the actual number of beneficial owners of Chubb's Common Shares since most of our shareholders hold their shares through a stockbroker, bank or other nominee rather than directly in their own names.

Refer to Part III, Item 12 for information relating to compensation plans under which equity securities are authorized for issuance.

Issuer's Repurchases of Equity Securities for the Three Months Ended December 31, 2021

Period	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan ⁽²⁾	Approximate Dollar Value of Shares that May Yet be Purchased Under Publicly Announced Plan ⁽³⁾
October 1 through October 31	369,919	\$ 186.30	367,700	\$ 3.48 billion
November 1 through November 30	2,669,873	\$ 191.34	2,667,900	\$ 2.97 billion
December 1 through December 31	1,733,371	\$ 188.45	1,731,500	\$ 2.65 billion
Total	4,773,163	\$ 189.90	4,767,100	

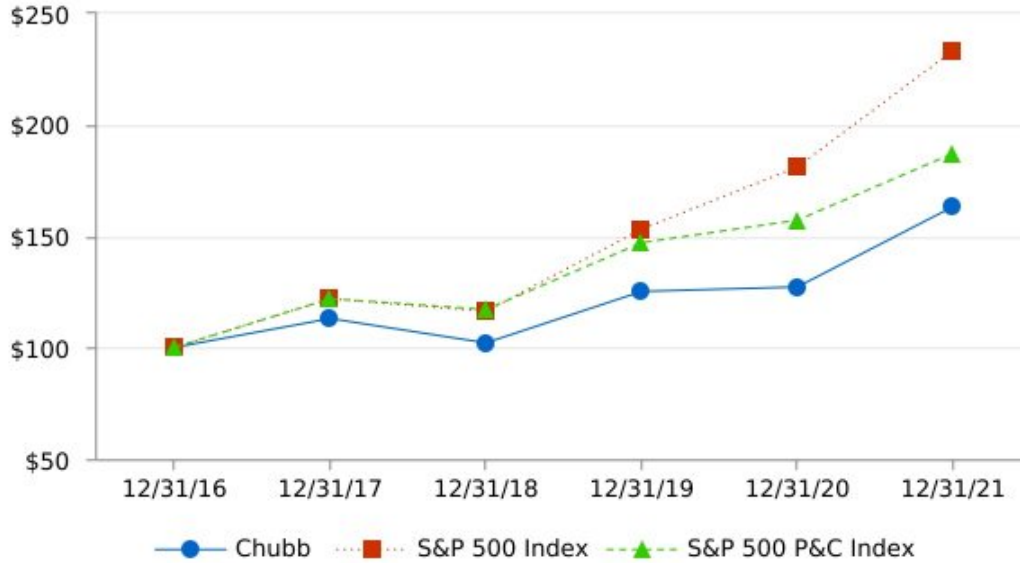
⁽¹⁾ This column represents open market share repurchases and the surrender to Chubb of Common Shares to satisfy tax withholding obligations in connection with the vesting of restricted stock issued to employees and to cover the cost of the exercise of options by employees through stock swaps.

⁽²⁾ The aggregate value of shares purchased in the three months ended December 31, 2021 as part of the publicly announced plan was \$905 million. The July 2021 \$5.0 billion share repurchase program is the only board authorization currently in effect. Refer to Note 11 to the Consolidated Financial Statements for more information on the Chubb Limited securities repurchase authorizations.

⁽³⁾ For the period January 1, 2022 through February 23, 2022, we repurchased 1,966,600 Common Shares for a total of \$405 million in a series of open market transactions. As of February 23, 2022, \$2.24 billion in share repurchase authorization remained through June 30, 2022.

Performance Graph

Set forth below is a line graph comparing the dollar change in the cumulative total shareholder return on Chubb's Common Shares from December 31, 2016, through December 31, 2021, as compared to the cumulative total return of the Standard & Poor's 500 Stock Index and the cumulative total return of the Standard & Poor's Property-Casualty Insurance Index. The cumulative total shareholder return is a concept used to compare the performance of a company's stock over time and is the ratio of the stock price change plus the cumulative amount of dividends over the specified time period (assuming dividend reinvestment), to the stock price at the beginning of the time period. The chart depicts the value on December 31, 2017, 2018, 2019, 2020, and 2021, of a \$100 investment made on December 31, 2016, with all dividends reinvested.



	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021
Chubb Limited	\$100	\$113	\$102	\$125	\$127	\$163
S&P 500 Index	\$100	\$122	\$116	\$153	\$181	\$233
S&P 500 P&C Index	\$100	\$122	\$117	\$147	\$157	\$187

ITEM 6. [Reserved]

ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following is a discussion of our financial condition and results of operations for the years ended December 31, 2021 and 2020 and comparisons between 2021 and 2020. This discussion should be read in conjunction with the Consolidated Financial Statements and related Notes, under Item 8 of this Form 10-K. Comparisons between 2020 and 2019 have been omitted from this Form 10-K, but can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of our Form 10-K for the year ended December 31, 2020.

All comparisons in this discussion are to the corresponding prior year unless otherwise indicated. All dollar amounts are rounded. However, percent changes and ratios are calculated using whole dollars. Accordingly, calculations using rounded dollars may differ.

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Forward-Looking Statements

The Private Securities Litigation Reform Act of 1995 provides a “safe harbor” for forward-looking statements. Any written or oral statements made by us or on our behalf may include forward-looking statements that reflect our current views with respect to future events and financial performance. The words “believe,” “anticipate,” “estimate,” “project,” “should,” “plan,” “expect,” “intend,” “hope,” “feel,” “foresee,” “will likely result,” “will continue,” and variations thereof and similar expressions, identify forward-looking statements. These forward-looking statements are subject to certain risks, uncertainties, and other factors that could, should potential events occur, cause actual results to differ materially from such statements. These risks, uncertainties, and other factors, which are described in more detail under Part I, Item 1A, under Risk Factors, and elsewhere herein and in other documents we file with the U.S. Securities and Exchange Commission (SEC), include but are not limited to:

- actual amount of new and renewal business, premium rates, underwriting margins, market acceptance of our products, and risks associated with the introduction of new products and services and entering new markets; the competitive environment in which we operate, including trends in pricing or in policy terms and conditions, which may differ from our projections and changes in market conditions that could render our business strategies ineffective or obsolete;
- losses arising out of natural or man-made catastrophes; actual loss experience from insured or reinsured events and the timing of claim payments; the uncertainties of the loss-reserving and claims-settlement processes, including the difficulties associated with assessing environmental damage and asbestos-related latent injuries, the impact of aggregate-policy-coverage limits, the impact of bankruptcy protection sought by various asbestos producers and other related businesses, and the timing of loss payments;
- infection rates and severity of COVID-19 and related risks, and their effects on our business operations and claims activity, and any adverse impact to our insureds, brokers, agents, and employees; actual claims may exceed our best estimate of ultimate insurance losses incurred which could change including as a result of, among other things, the impact of legislative or regulatory actions taken in response to COVID-19;
- changes in the distribution or placement of risks due to increased consolidation of insurance and reinsurance brokers; material differences between actual and expected assessments for guaranty funds and mandatory pooling arrangements; the ability to collect reinsurance recoverable, credit developments of reinsurers, and any delays with respect thereto and changes in the cost, quality, or availability of reinsurance;
- uncertainties relating to governmental, legislative and regulatory policies, developments, actions, investigations, and treaties; judicial decisions and rulings, new theories of liability, legal tactics, and settlement terms; the effects of data privacy or cyber laws or regulation; global political conditions and possible business disruption or economic contraction that may result from such events;
- developments in global financial markets, including changes in interest rates, stock markets, and other financial markets; increased government involvement or intervention in the financial services industry; the cost and availability of financing, and foreign currency exchange rate fluctuations; changing rates of inflation; and other general economic and business conditions, including the depth and duration of potential recession;
- the availability of borrowings and letters of credit under our credit facilities; the adequacy of collateral supporting funded high deductible programs; the amount of dividends received from subsidiaries;
- changes to our assessment as to whether it is more likely than not that we will be required to sell, or have the intent to sell, available for sale fixed maturity investments before their anticipated recovery;
- actions that rating agencies may take from time to time, such as financial strength or credit ratings downgrades or placing these ratings on credit watch negative or the equivalent;
- the effects of public company bankruptcies and accounting restatements, as well as disclosures by and investigations of public companies relating to possible accounting irregularities, and other corporate governance issues;
- acquisitions made performing differently than expected, our failure to realize anticipated expense-related efficiencies or growth from acquisitions, the impact of acquisitions on our pre-existing organization, including with respect to our announced acquisitions not closing; risks and uncertainties relating to our planned purchases of additional interests in Huatai Insurance Group Co., Ltd. (Huatai Group), including our ability to receive Chinese insurance regulatory approval and complete the purchases;
- risks associated with being a Swiss corporation, including reduced flexibility with respect to certain aspects of capital management and the potential for additional regulatory burdens; share repurchase plans and share cancellations;

- loss of the services of any of our executive officers without suitable replacements being recruited in a reasonable time frame;
- the ability of our technology resources, including information systems and security, to perform as anticipated such as with respect to preventing material information technology failures or third-party infiltrations or hacking resulting in consequences adverse to Chubb or its customers or partners; the ability of our company to increase use of data analytics and technology as part of our business strategy and adapt to new technologies; and
- management's response to these factors and actual events (including, but not limited to, those described above).

You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates. We undertake no obligation to publicly update or review any forward-looking statements, whether as a result of new information, future events or otherwise.

Overview

We operate through six business segments: North America Commercial P&C Insurance, North America Personal P&C Insurance, North America Agricultural Insurance, Overseas General Insurance, Global Reinsurance, and Life Insurance. For more information on our segments refer to "Segment Information" under Item 1.

We have grown our business through increased premium volume, expansion of product offerings and geographic reach, and acquisitions of other companies. Refer to Note 2 to the Consolidated Financial Statements for our most recent acquisitions.

Our product and geographic diversification differentiate us from the vast majority of our competitors and has been a source of stability during periods of industry volatility. Our long-term business strategy focuses on sustained growth in book value achieved through a combination of underwriting and investment income. By doing so, we provide value to our clients and shareholders through use of our substantial capital base in the insurance and reinsurance markets.

We are organized along a profit center structure by line of business and territory that does not necessarily correspond to corporate legal entities. Profit centers can access various legal entities subject to licensing and other regulatory rules. Profit centers are expected to generate underwriting income and appropriate risk-adjusted returns. Our corporate structure has facilitated the development of management talent by giving each profit center's senior management team the necessary autonomy within underwriting authorities to make operating decisions and create products and coverages needed by its target customer base. We are focused on delivering underwriting profit by only writing policies which we believe adequately compensate us for the risk we accept.

Our insurance and reinsurance operations generate gross revenues from two principal sources: premiums and investment income. Cash flow is generated from premiums collected and investment income received less paid losses and loss expenses, policy acquisition costs, and administrative expenses. Invested assets are substantially held in liquid, investment grade fixed income securities of relatively short duration. Claims payments in any short-term period are highly unpredictable due to the random nature of loss events and the timing of claims awards or settlements. The value of investments held to pay future claims is subject to market forces such as the level of interest rates, stock market volatility, and credit events such as corporate defaults. The actual cost of claims is also volatile based on loss trends, inflation rates, court awards, and catastrophes. We believe that our cash balance, our highly liquid investments, credit facilities, and reinsurance protection provide sufficient liquidity to meet unforeseen claim demands that might occur in the year ahead. Refer to "Liquidity" and "Capital Resources" for additional information.

Critical Accounting Estimates

Our Consolidated Financial Statements include amounts that, either by their nature or due to requirements of generally accepted accounting principles in the U.S. (GAAP), are determined using best estimates and assumptions. While we believe that the amounts included in our Consolidated Financial Statements reflect our best judgment, actual amounts could ultimately materially differ from those currently presented. We believe the items that require the most subjective and complex estimates are:

- unpaid loss and loss expense reserves, including long-tail asbestos and environmental (A&E) reserves and non-A&E casualty exposures;
- future policy benefits reserves;
- the valuation of value of business acquired (VOBA) and amortization of deferred policy acquisition costs and VOBA;
- the assessment of risk transfer for certain structured insurance and reinsurance contracts;
- reinsurance recoverable, including a valuation allowance for uncollectible reinsurance;
- the valuation of our investment portfolio and assessment of valuation allowance for expected credit losses;
- the valuation of deferred income taxes; and
- the assessment of goodwill for impairment.

We believe our accounting policies for these items are of critical importance to our Consolidated Financial Statements. The following discussion provides more information regarding the estimates and assumptions required to arrive at these amounts and should be read in conjunction with the sections entitled: Prior Period Development, Asbestos and Environmental (A&E), Reinsurance Recoverable on Ceded Reinsurance, Investments, and Net Realized and Unrealized Gains (Losses).

Unpaid losses and loss expenses

As an insurance and reinsurance company, we are required by applicable laws and regulations and GAAP to establish loss and loss expense reserves for the estimated unpaid portion of the ultimate liability for losses and loss expenses under the terms of our policies and agreements with our insured and reinsured customers. At December 31, 2021, our gross unpaid loss and loss expense reserves were \$72.9 billion and our net unpaid loss and loss expense reserves were \$56.8 billion. With the exception of certain structured settlements, for which the timing and amount of future claim payments are reliably determinable, and certain reserves for unsettled claims, our loss reserves are not discounted for the time value of money. The net undiscounted reserves related to structured settlements and certain reserves for unsettled claims are immaterial.

The following table presents a roll-forward of our unpaid losses and loss expenses:

(In millions of U.S. dollars)	December 31, 2021			December 31, 2020		
	Gross Losses	Reinsurance Recoverable ⁽¹⁾	Net Losses	Gross Losses	Reinsurance Recoverable ⁽¹⁾	Net Losses
Balance, beginning of year	\$ 67,811	\$ 14,647	\$ 53,164	\$ 62,690	\$ 14,181	\$ 48,509
Losses and loss expenses incurred	28,033	6,053	21,980	26,711	5,001	21,710
Losses and loss expenses paid	(22,242)	(4,358)	(17,884)	(22,053)	(4,619)	(17,434)
Other (including foreign exchange translation)	(659)	(158)	(501)	463	84	379
Balance, end of year	\$ 72,943	\$ 16,184	\$ 56,759	\$ 67,811	\$ 14,647	\$ 53,164

⁽¹⁾ Net of valuation allowance for uncollectible reinsurance.

The estimate of the liabilities includes provisions for claims that have been reported but are unpaid at the balance sheet date (case reserves) and for obligations on claims that have been incurred but not reported (IBNR) at the balance sheet date. IBNR may also include provisions to account for the possibility that reported claims may settle for amounts that differ from the established case reserves. Loss reserves also include an estimate of expenses associated with processing and settling unpaid claims (loss expenses). Our loss reserves comprise approximately 78 percent casualty-related business, which typically encompasses long-tail risks, and other risks where a high degree of judgment is required.

The process of establishing loss reserves for property and casualty claims can be complex and is subject to considerable uncertainty as it requires the use of informed estimates and judgments based on circumstances underlying the insured losses known at the date of accrual. For example, the reserves established for high excess casualty claims, asbestos and environmental claims, claims from major catastrophic events, or for our various product lines each require different assumptions and judgments to be made. The impact of COVID on both underlying exposures and the legal and claim adjudication processes adds an additional layer of complexity. The effects of climate change could, over time, add new uncertainties to the loss reserving process.

Necessary judgments are based on numerous factors and may be revised as additional experience and other data become available and are reviewed, as new or improved methods are developed, or as laws change. Hence, ultimate loss payments may differ from the estimate of the ultimate liabilities made at the balance sheet date. Changes to our previous estimates of prior period loss reserves impact the reported calendar year underwriting results adversely if our estimates increase or favorably if our estimates decrease. The potential for variation in loss reserve estimates is impacted by numerous factors. Reserve estimates for casualty lines are particularly uncertain given the lengthy reporting patterns and corresponding need for IBNR.

Case reserves for those claims reported by insureds or ceding companies to us prior to the balance sheet date and where we have sufficient information are determined by our claims personnel as appropriate based on the circumstances of the claim(s), standard claim handling practices, and professional judgment. Furthermore, for our Brandywine run-off operations and our assumed reinsurance operation, Global Reinsurance, we may adjust the case reserves as notified by the ceding company if the judgment of our respective claims department differs from that of the cedant.

With respect to IBNR reserves and those claims that have been incurred but not reported prior to the balance sheet date, there is, by definition, limited actual information to form the case reserve estimate and reliance is placed upon historical loss experience and actuarial methods to estimate the ultimate loss obligations and the corresponding amount of IBNR. IBNR reserve estimates are generally calculated by first projecting the ultimate amount of losses for a product line and subtracting paid losses and case reserves for reported claims. The judgments involved in projecting the ultimate losses may pertain to the use and interpretation of various standard actuarial reserving methods that place reliance on the extrapolation of actual historical data, loss development patterns, industry data, and other benchmarks as appropriate. The estimate of the required IBNR reserve also requires judgment by actuaries and management to reflect the impact of more contemporary and subjective factors, both qualitative and quantitative. Among some of these factors that might be considered are changes in business mix or volume, changes in ceded reinsurance structures, changes in claims handling practices, reported and projected loss trends, inflation, the legal environment, and the terms and conditions of the contracts sold to our insured parties.

Determining management's best estimate

Our recorded reserves represent management's best estimate of the provision for unpaid claims as of the balance sheet date, and establishing them involves a process that includes collaboration with various relevant parties in the company. For information on our reserving process, refer to Note 7 to the Consolidated Financial Statements.

Sensitivity to underlying assumptions

While we believe that our reserve for unpaid losses and loss expenses at December 31, 2021, is adequate, new information or emerging trends that differ from our assumptions may lead to future development of losses and loss expenses that is significantly greater or less than the recorded reserve, which could have a material effect on future operating results. As noted previously, our best estimate of required loss reserves for most portfolios is judgmentally selected for each origin year after considering the results from a number of reserving methods and is not a purely mechanical process. Therefore, it is difficult to convey, in a simple and quantitative manner, the impact that a change to a single assumption will have on our best estimate. In the examples below, we attempt to give an indication of the potential impact by isolating a single change for a specific reserving method that would be pertinent in establishing the best estimate for the product line described. We consider each of the following sensitivity analyses to represent a reasonably likely deviation in the underlying assumption.

North America Commercial P&C Insurance - Workers' Compensation

Given the long reporting and paid development patterns for workers' compensation business, the development factors used to project actual current losses to ultimate losses for our current exposure require considerable judgment that could be material to consolidated loss and loss expense reserves. Specifically, adjusting ground up ultimate losses by a one percentage point change in the tail factor (i.e., 1.04 changed to either 1.05 or 1.03) would cause a change of approximately \$942 million, either positive or negative, for the projected net loss and loss expense reserves. This represents an impact of about 9.5 percent relative to recorded net loss and loss expense reserves of approximately \$9.9 billion.

North America Commercial P&C Insurance – Liability

As is the case for Workers' Compensation above, given the long reporting and paid development patterns, the development factors used to project actual current losses to ultimate losses for our current exposure require considerable judgment that could be material to consolidated loss and loss expense reserves. Specifically, for our main U.S. Excess/Umbrella portfolios, a five percentage point change in the tail factor (e.g., 1.10 changed to either 1.15 or 1.05) would cause a change of approximately \$584 million, either positive or negative, for the projected net loss and loss expense reserves. This represents an impact of about 18.6 percent relative to recorded net loss and loss expense reserves of approximately \$3.1 billion for these portfolios.

The reserve portfolio for our Chubb Bermuda operations contains exposure to predominantly high excess liability coverage on an occurrence-first-reported basis (typically with attachment points in excess of \$325 million and gross limits of up to \$150 million) and D&O and other professional liability coverage on a claims-made basis (typically with attachment points in excess of \$125 million and gross limits of up to \$75 million). Due to the layer of exposure covered, the expected frequency for this book is very low. As a result of the low frequency/high severity nature of the book, a small difference in the actual vs. expected claim frequency, either positive or negative, could result in a material change to the projected ultimate loss if such change in claim frequency was related to a policy where close to maximum limits were deployed.

North America Personal P&C Insurance

Due to the relatively short-tailed nature of many of the coverages involved (e.g., homeowners property damage), most of the incurred losses in Personal Lines are resolved within a few years of occurrence. As shown in our loss triangle disclosure, the vast majority (almost 95 percent) of Personal Lines net ultimate losses and allocated loss adjustment expenses are typically paid within five years of the accident date and 80 percent within two years. Even though there are significant reserves associated with some liability exposures such as personal excess/umbrella liability, our incurred loss triangle also shows a roughly consistent pattern of only relatively minor movements in incurred estimates over time by accident year especially after twenty-four months of maturity. While the liability exposures are subject to additional uncertainties from more protracted resolution times, the main drivers of volatility in the Personal Lines business are relatively short-term in nature and relate to things like natural catastrophes, non-catastrophe weather events, man-made risks, and individual large loss volatility from other fortuitous claim events.

North America Agricultural Insurance

Approximately 67 percent of the reserves for this segment are from the crop related lines, which all have short payout patterns, with the majority of the liabilities expected to be resolved in the ensuing twelve months. Claim reserves for our Multiple Peril Crop Insurance (MPCI) product are set on a case-by-case basis and our aggregate exposure is subject to state level risk sharing formulae as well as third-party reinsurance. The majority of the development risk arises out of the accuracy of case reserve estimates and the time needed for final crop conditions to be assessed. We do not view our Agriculture reserves as substantially influenced by the general assumptions and risks underlying more typical P&C reserve estimates.

Overseas General Insurance

Certain long-tail lines, such as casualty and financial lines, are particularly susceptible to changes in loss trend and claim inflation. Heightened perceptions of tort and settlement awards around the world can increase the demand for these products as well as contributing to the uncertainty in the reserving estimates. Our reserving methods rely on loss development patterns estimated from historical data and while we attempt to adjust such factors for known changes in the current tort environment, it is possible that such factors may not entirely reflect all recent trends in tort environments. For example, when applying the reported loss development method, the lengthening of our selected loss development patterns by six months would increase reserve estimates on long-tail casualty and financial lines for accident years 2019 and prior by approximately \$611 million. This represents an impact of 14.8 percent relative to recorded net loss and loss expense reserves of approximately \$4.1 billion.

Global Reinsurance

At December 31, 2021, net unpaid losses and loss expenses for the Global Reinsurance segment aggregated to \$1.6 billion, consisting of \$781 million of case reserves and \$783 million of IBNR. In comparison, at December 31, 2020, net unpaid losses and loss expenses for the Global Reinsurance segment aggregated to \$1.5 billion, consisting of \$772 million of case reserves and \$740 million of IBNR.

For our catastrophe business, we principally estimate unpaid losses and loss expenses on an event basis by considering various sources of information, including specific loss estimates reported by our cedants, ceding company and overall industry loss estimates reported by our brokers, and our internal data regarding reinsured exposures related to the geographical location of the

event. Our internal data analysis enables us to establish catastrophe reserves for known events with more certainty at an earlier date than would be the case if we solely relied on reports from third parties to determine carried reserves.

For our casualty reinsurance business, we generally rely on ceding companies to report claims and then use that data as a key input to estimate unpaid losses and loss expenses. Due to the reliance on claims information reported by ceding companies, as well as other factors, the estimation of unpaid losses and loss expenses for assumed reinsurance includes certain risks and uncertainties that are unique relative to our direct insurance business. These include, but are not necessarily limited to, the following:

- The reported claims information could be inaccurate;
- Typically, a lag exists between the reporting of a loss event to a ceding company and its reporting to us as a reinsurance claim. The use of a broker to transmit financial information from a ceding company to us increases the reporting lag. Because most of our reinsurance business is produced by brokers, ceding companies generally first submit claim and other financial information to brokers, who then report the proportionate share of such information to each reinsurer of a particular treaty. The reporting lag generally results in a longer period of time between the date a claim is incurred and the date a claim is reported compared with direct insurance operations. Therefore, the risk of delayed recognition of loss reserve development is higher for assumed reinsurance than for direct insurance lines; and
- The historical claims data for a particular reinsurance contract can be limited relative to our insurance business in that there may be less historical information available. Further, for certain coverages or products, such as excess of loss contracts, there may be relatively few expected claims in a particular year so the actual number of claims may be susceptible to significant variability. In such cases, the actuary often relies on industry data from several recognized sources.

We mitigate the above risks in several ways. In addition to routine analytical reviews of ceding company reports to ensure reported claims information appears reasonable, we perform regular underwriting and claims audits of certain ceding companies to ensure reported claims information is accurate, complete, and timely. As appropriate, audit findings are used to adjust claims in the reserving process. We also use our knowledge of the historical development of losses from individual ceding companies to adjust the level of adequacy we believe exists in the reported ceded losses.

On occasion, there will be differences between our carried loss reserves and unearned premium reserves and the amount of loss reserves and unearned premium reserves reported by the ceding companies. This is due to the fact that we receive consistent and timely information from ceding companies only with respect to case reserves. For IBNR, we use historical experience and other statistical information, depending on the type of business, to estimate the ultimate loss. We estimate our unearned premium reserve by applying estimated earning patterns to net premiums written for each treaty based upon that treaty's coverage basis (i.e., risks attaching or losses occurring). At December 31, 2021, the case reserves, net of retrocessions, reported to us by our ceding companies approximated our recorded case reserves. Our policy is to post additional case reserves in addition to the amounts reported by our cedants when our evaluation of the ultimate value of a reported claim is different than the evaluation of that claim by our cedant.

Typically, there is inherent uncertainty around the length of paid and reported development patterns, especially for certain casualty lines such as excess workers' compensation or general liability, which may take decades to fully develop. This uncertainty is accentuated by the need to supplement client development patterns with industry development patterns due to the sometimes low statistical credibility of the data. The underlying source and selection of the final development patterns can thus have a significant impact on the selected ultimate net losses and loss expenses. For example, a 20 percent shortening or lengthening of the development patterns used for U.S. long-tail lines would cause the loss reserve estimate derived by the reported Bornhuetter-Ferguson method for these lines to change by approximately \$220 million. This represents an impact of 32 percent relative to recorded net loss and loss expense reserves of approximately \$680 million.

Corporate

Within Corporate, we have exposure to certain liability insurance and reinsurance lines that have been in run-off, generally, since 1994. Unpaid losses and loss expenses relating to this run-off business resides within the Brandywine Division. Most of the remaining unpaid loss and loss expense reserves for the run-off business relate to A&E as well as molestation claims.

The A&E liabilities principally relate to claims arising from bodily-injury claims related to asbestos products and remediation costs associated with hazardous waste sites. The estimation of our A&E liabilities is particularly sensitive to future changes in the legal, social, and economic environment. We have not assumed any such future changes in setting the value of our A&E liabilities, which include provisions for both reported and IBNR claims.

There are many complex variables that we consider when estimating the reserves for our inventory of asbestos accounts and these variables may directly impact the predicted outcome. We believe the most significant variables relating to our asbestos liabilities include the current legal environment; specific settlements that may be used as precedents to settle future claims; assumptions regarding trends with respect to claim severity and the frequency of higher severity claims; assumptions regarding the ability to allocate liability among defendants (including bankruptcy trusts) and other insurers; the ability of a claimant to bring a claim in a state in which they have no residency or exposure; the ability of a policyholder to claim the right to unaggregated coverage; whether high-level excess policies have the potential to be accessed given the policyholder's claim trends and liability situation; payments to unimpaired claimants; and, the potential liability of peripheral defendants. Based on the policies, the facts, the law, and a careful analysis of the impact that these factors will likely have on any given account, we estimate the potential liability for indemnity, policyholder defense costs, and coverage litigation expense.

The results in asbestos cases announced by other carriers or defendants may well have little or no relevance to us because coverage exposures are highly dependent upon the specific facts of individual coverage and resolution status of disputes among carriers, policyholders, and claimants.

Chubb's exposure to molestation claims principally arises out of liabilities acquired when it purchased CIGNA's P&C business in 1999 and Chubb Corp in 2016. The vast majority of the current liability relates to exposure from recently enacted "reviver" legislation in certain states that allow civil claims relating to molestation to be asserted against policyholders that would otherwise be barred by statutes of limitations.

For additional information refer to the "Asbestos and Environmental (A&E)" section and to Note 7 to the Consolidated Financial Statements.

Future policy benefits reserves

We issue contracts in our Overseas General Insurance and Life Insurance segments that are classified as long-duration. These contracts generally include accident and supplemental health products, term and whole life products, endowment products, and annuities. In accordance with GAAP, we establish reserves for contracts determined to be long-duration based on approved actuarial methods that include assumptions related to expenses, mortality, morbidity, persistency and investment yields. For traditional long-duration contracts, these assumptions also include a provision for adverse deviation (PAD), and are "locked in" at the inception of the contract, meaning we use our original assumptions throughout the life of the policy and do not subsequently modify them unless we deem the reserves to be inadequate; while for non-traditional long-duration contracts, the assumptions do not include a PAD and are unlocked at each reporting date. The future policy benefits reserves balance is regularly evaluated for a premium deficiency. If experience is less favorable than assumptions, additional liabilities may be required, resulting in a charge to policyholder benefits and claims.

Valuation of value of business acquired (VOBA), and amortization of deferred policy acquisition costs and VOBA

As part of the acquisition of businesses that sell long-duration contracts, such as life products, we established an intangible asset related to VOBA, which represented the fair value of the future profits of the in-force contracts. The valuation of VOBA at the time of acquisition is derived from similar assumptions to those used to establish the associated future policy benefits reserves. The most significant input in this calculation is the discount rate used to arrive at the present value of the net cash flows. We amortize deferred policy acquisition costs associated with long-duration contracts and VOBA (collectively policy acquisition costs) over the estimated life of the contracts, generally in proportion to premium revenue recognized based upon the same assumptions used in estimating the liability for future policy benefits. For non-traditional long-duration contracts, we amortize policy acquisition costs over the expected life of the contracts in proportion to estimates of expected gross profits. The estimated life is established at the inception of the contracts or upon acquisition and is based on current persistency assumptions. Policy acquisition costs, which consist of commissions, premium taxes, and certain underwriting costs related directly to the successful acquisition of a new or renewal insurance contract, are reviewed to determine if they are recoverable from future income, including investment income. Unrecoverable costs are expensed in the period identified.

Risk transfer

In the ordinary course of business, we both purchase (or cede) and sell (or assume) reinsurance protection. We discontinued the purchase of all finite risk reinsurance contracts, as a matter of policy, in 2002. For both ceded and assumed reinsurance, risk transfer requirements must be met in order to use reinsurance accounting, principally resulting in the recognition of cash flows under the contract as premiums and losses. If risk transfer requirements are not met, a contract is to be accounted for as a deposit, typically resulting in the recognition of cash flows under the contract through a deposit asset or liability and not as revenue or expense. To meet risk transfer requirements, a reinsurance contract must include both insurance risk, consisting of underwriting and timing risk, and a reasonable possibility of a significant loss for the assuming entity. We also apply similar risk

transfer requirements to determine whether certain commercial insurance contracts should be accounted for as insurance or a deposit. Contracts that include fixed premium (i.e., premium not subject to adjustment based on loss experience under the contract) for fixed coverage generally transfer risk and do not require judgment.

Reinsurance and insurance contracts that include both significant risk sharing provisions, such as adjustments to premiums or loss coverage based on loss experience, and relatively low policy limits, as evidenced by a high proportion of maximum premium assessments to loss limits, can require considerable judgment to determine whether or not risk transfer requirements are met. For such contracts, often referred to as finite or structured products, we require that risk transfer be specifically assessed for each contract by developing expected cash flow analyses at contract inception. To support risk transfer, the cash flow analyses must demonstrate that a significant loss is reasonably possible, such as a scenario in which the ratio of the net present value of losses and commissions divided by the net present value of premiums equals or exceeds 110 percent with at least a 10 percent probability. For purposes of cash flow analyses, we generally use a risk-free rate of return consistent with the expected average duration of loss payments. In addition, to support insurance risk, we must prove the reinsurer's risk of loss varies with that of the reinsured and/or support various scenarios under which the assuming entity can recognize a significant loss.

To ensure risk transfer requirements are routinely assessed, qualitative and quantitative risk transfer analyses and memoranda supporting risk transfer are developed by underwriters for all structured products. We have established protocols for structured products that include criteria triggering an accounting review of the contract prior to quoting. If any criterion is triggered, a contract must be reviewed by a committee established by each of our segments with reporting oversight, including peer review, from our global Structured Transaction Review Committee.

With respect to ceded reinsurance, we entered into a few multi-year excess of loss retrospectively-rated contracts, principally in 2002. These contracts primarily provided severity protection for specific product divisions. Because traditional one-year reinsurance coverage had become relatively costly, these contracts were generally entered into in order to secure a more cost-effective reinsurance program. All of these contracts transferred risk and were accounted for as reinsurance. In addition, we maintain a few aggregate excess of loss reinsurance contracts that were principally entered into prior to 2003, such as the National Indemnity Company (NICO) contracts referred to in the section entitled, "Asbestos and Environmental (A&E)". We have not purchased any other retroactive ceded reinsurance contracts since 1999.

With respect to assumed reinsurance and insurance contracts, products giving rise to judgments regarding risk transfer were primarily sold by our financial solutions business. Although we have significantly curtailed writing financial solutions business, several contracts remain in-force and principally include multi-year retrospectively-rated contracts and loss portfolio transfers. Because transfer of insurance risk is generally a primary client motivation for purchasing these products, relatively few insurance and reinsurance contracts have historically been written for which we concluded that risk transfer criteria had not been met. For certain insurance contracts that have been reported as deposits, the insured desired to self-insure a risk but was required, legally or otherwise, to purchase insurance so that claimants would be protected by a licensed insurance company in the event of non-payment from the insured.

Reinsurance recoverable

Reinsurance recoverable includes balances due to us from reinsurance companies for paid and unpaid losses and loss expenses and is presented net of a valuation allowance for uncollectible reinsurance. The valuation allowance for uncollectible reinsurance is determined based upon a review of the financial condition of the reinsurers and other factors. Ceded reinsurance contracts do not relieve our primary obligation to our policyholders. Consequently, an exposure exists with respect to reinsurance recoverable to the extent that any reinsurer is unable or unwilling to meet its obligations or disputes the liabilities assumed under the reinsurance contracts. We determine the reinsurance recoverable on unpaid losses and loss expenses using actuarial estimates as well as a determination of our ability to cede unpaid losses and loss expenses under existing reinsurance contracts.

The recognition of a reinsurance recoverable asset requires two key judgments. The first judgment involves our estimation based on the amount of gross reserves and the percentage of that amount which may be ceded to reinsurers. Ceded IBNR, which is a major component of the reinsurance recoverable on unpaid losses and loss expenses, is generally developed as part of our loss reserving process and, consequently, its estimation is subject to similar risks and uncertainties as the estimation of gross IBNR (refer to "Critical Accounting Estimates – Unpaid losses and loss expenses"). The second judgment involves our estimate of the amount of the reinsurance recoverable balance that we may ultimately be unable to recover from reinsurers due to insolvency, contractual dispute, or for other reasons. Estimated uncollectible amounts are reflected in a valuation allowance that reduces the reinsurance recoverable asset and, in turn, shareholders' equity. Changes in the valuation allowance for uncollectible reinsurance are reflected in net income.

Although the obligation of individual reinsurers to pay their reinsurance obligations is based on specific contract provisions, the collectability of such amounts requires estimation by management. The majority of the recoverable balance will not be due for collection until sometime in the future, and the duration of our recoverables may be longer than the duration of our direct exposures. Over this period of time, economic conditions and operational performance of a particular reinsurer may impact their ability to meet these obligations and while they may continue to acknowledge their contractual obligation to do so, they may not have the financial resources or willingness to fully meet their obligation to us.

To estimate the valuation allowance for uncollectible reinsurance, the reinsurance recoverable must first be determined for each reinsurer. This determination is based on a process rather than an estimate, although an element of judgment must be applied. As part of the process, ceded IBNR is allocated to reinsurance contracts because ceded IBNR is not generally calculated on a contract by contract basis. The allocations are generally based on premiums ceded under reinsurance contracts, adjusted for actual loss experience and historical relationships between gross and ceded losses. If actual premium and loss experience vary materially from historical experience, the allocation of reinsurance recoverable by reinsurer will be reviewed and may change. While such change is unlikely to result in a large percentage change in the valuation allowance for uncollectible reinsurance, it could, nevertheless, have a material effect on our net income in the period recorded.

Generally, we use a default analysis to estimate uncollectible reinsurance. The primary components of the default analysis are reinsurance recoverable balances by reinsurer, net of collateral, and forward looking default factors used to estimate the probability that the reinsurer may be unable to meet its future obligations in full. The definition of collateral for this purpose requires some judgment and is generally limited to assets held in a Chubb-only beneficiary trust, letters of credit, and liabilities held by us with the same legal entity for which we believe there is a right of offset. We do not currently include multi-beneficiary trusts. However, we have several reinsurers that have established multi-beneficiary trusts for which certain of our companies are beneficiaries. The determination of the default factor is principally based on the financial strength rating of the reinsurer and a corresponding default factor applicable to the financial strength rating. Default factors require considerable judgment and are determined using the current financial strength rating, or rating equivalent, of each reinsurer as well as other key considerations and assumptions. Significant considerations and assumptions include, but are not necessarily limited to, the following:

- For reinsurers that maintain a financial strength rating from a major rating agency, and for which recoverable balances are considered representative of the larger population (i.e., default probabilities are consistent with similarly rated reinsurers and payment durations conform to averages), the judgment exercised by management to determine the valuation allowance for uncollectible reinsurance of each reinsurer is typically limited because the financial rating is based on a published source and the default factor we apply is based on a historical default factor of a major rating agency applicable to the particular rating class. Default factors applied for financial ratings of AAA, AA, A, BBB, BB, B, and CCC, are 0.8 percent, 1.2 percent, 1.7 percent, 4.9 percent, 19.6 percent, 34.0 percent, and 62.2 percent, respectively. Because our model is predicated on the historical default factors of a major rating agency, we do not generally consider alternative factors. However, when a recoverable is expected to be paid in a brief period of time by a highly-rated reinsurer, such as certain property catastrophe claims, a default factor may not be applied;
- For balances recoverable from reinsurers that are both unrated by a major rating agency and for which management is unable to determine a credible rating equivalent based on a parent or affiliated company, we may determine a rating equivalent based on our analysis of the reinsurer that considers an assessment of the creditworthiness of the particular entity, industry benchmarks, or other factors as considered appropriate. We then apply the applicable default factor for that rating class. For balances recoverable from unrated reinsurers for which our ceded reserve is below a certain threshold, we generally apply a default factor of 34.0 percent;
- For balances recoverable from reinsurers that are either insolvent or under regulatory supervision, we establish a default factor and resulting valuation allowance for uncollectible reinsurance based on specific facts and circumstances surrounding each company. Upon initial notification of an insolvency, we generally recognize expense for a substantial portion of all balances outstanding, net of collateral, through a combination of write-offs of recoverable balances and increases to the valuation allowance for uncollectible reinsurance. When regulatory action is taken on a reinsurer, we generally recognize a default factor by estimating an expected recovery on all balances outstanding, net of collateral. When sufficient credible information becomes available, we adjust the valuation allowance for uncollectible reinsurance by establishing a default factor pursuant to information received; and
- For captives and other recoverables, management determines the valuation allowance for uncollectible reinsurance based on the specific facts and circumstances.

The following table summarizes reinsurance recoverables and the valuation allowance for uncollectible reinsurance for each type of recoverable balance at December 31, 2021:

(in millions of U.S. dollars)	Gross Reinsurance Recoverables on Losses and Loss Expenses	Recoverables (net of Usable Collateral)	Valuation Allowance for Uncollectible Reinsurance ⁽¹⁾
Type			
Reinsurers with credit ratings	\$ 14,186	\$ 12,210	\$ 213
Reinsurers not rated	192	127	44
Reinsurers under supervision and insolvent reinsurers	45	36	21
Captives	2,325	559	28
Other - structured settlements and pools	947	946	23
Total	\$ 17,695	\$ 13,878	\$ 329

⁽¹⁾ The valuation allowance for uncollectible reinsurance is based on a default analysis applied to gross reinsurance recoverables, net of approximately \$3.8 billion of collateral at December 31, 2021.

At December 31, 2021, the use of different assumptions within our approach could have a material effect on the valuation allowance for uncollectible reinsurance. To the extent the creditworthiness of our reinsurers was to deteriorate due to an adverse event affecting the reinsurance industry, such as a large number of major catastrophes, actual uncollectible amounts could be significantly greater than our valuation allowance for uncollectible reinsurance. Such an event could have a material adverse effect on our financial condition, results of operations, and our liquidity. Given the various considerations used to estimate our uncollectible valuation allowance, we cannot precisely quantify the effect a specific industry event may have on the valuation allowance for uncollectible reinsurance. However, based on the composition (particularly the average credit quality) of the reinsurance recoverable balance at December 31, 2021, we estimate that a ratings downgrade of one notch for all rated reinsurers (e.g., from A to A- or A- to BBB+) could increase our valuation allowance for uncollectible reinsurance by approximately \$87 million or approximately 0.5 percent of the gross reinsurance recoverable balance, assuming no other changes relevant to the calculation. While a ratings downgrade would result in an increase in our valuation allowance for uncollectible reinsurance and a charge to earnings in that period, a downgrade in and of itself does not imply that we will be unable to collect all of the ceded reinsurance recoverable from the reinsurers in question. Refer to Note 5 to the Consolidated Financial Statements, under item 8, for additional information.

Fair value measurements

Accounting guidance defines fair value as the price to sell an asset or transfer a liability (an exit price) in an orderly transaction between market participants and establishes a three-level valuation hierarchy based on the reliability of the inputs. The fair value hierarchy gives the highest priority to quoted prices in active markets (Level 1 inputs) and the lowest priority to unobservable data (Level 3 inputs). Level 2 includes inputs, other than quoted prices within Level 1, that are observable for assets or liabilities either directly or indirectly. Refer to Note 4 and Note 13 to the Consolidated Financial Statements, under item 8, for information on our fair value measurements.

Assessment of investment portfolio credit losses

Each quarter, we evaluate current expected credit losses (CECL) for fixed maturity securities classified as held to maturity and expected credit losses (ECL) for fixed maturity securities classified as available for sale. Because our investment portfolio is the largest component of consolidated assets, CECL and ECL could be material to our financial condition and results of operations. Refer to Notes 1 e) and 3 to the Consolidated Financial Statements, under item 8, for more information.

Deferred income taxes

At December 31, 2021, our net deferred tax liability was \$389 million. Our deferred tax assets and liabilities primarily result from temporary differences between the amounts recorded in our Consolidated Financial Statements and the tax basis of our assets and liabilities. We determine deferred tax assets and liabilities separately for each tax-paying component (an individual entity or group of entities that is consolidated for tax purposes) in each tax jurisdiction. The realization of deferred tax assets depends upon the existence of sufficient taxable income within the carryback or carryforward periods under the tax law in the applicable tax jurisdiction. There may be changes in tax laws in a number of countries where we transact business that impact our deferred tax assets and liabilities. At each balance sheet date, management assesses the need to establish a valuation allowance that reduces deferred tax assets when it is more likely than not that all, or some portion, of the deferred tax assets will not be realized. The determination of the need for a valuation allowance is based on all available information including

projections of future taxable income, principally derived from business plans and where appropriate available tax planning strategies. Projections of future taxable income incorporate assumptions of future business and operations that are apt to differ from actual experience. If our assumptions and estimates that resulted in our forecast of future taxable income prove to be incorrect, an additional valuation allowance could become necessary, which could have a material adverse effect on our financial condition, results of operations, and liquidity. At December 31, 2021, the valuation allowance of \$92 million reflects management's assessment that it is more likely than not that a portion of the deferred tax assets will not be realized due to the inability of certain subsidiaries to generate sufficient taxable income.

Goodwill impairment assessment

Goodwill, which represents the excess of acquisition cost over the estimated fair value of net assets acquired, was \$15.2 billion and \$15.4 billion at December 31, 2021 and 2020, respectively. Goodwill is assigned to applicable reporting units of acquired entities at the time of acquisition. Our reporting units are the same as our reportable segments. For goodwill balances by reporting units, refer to Note 6 to the Consolidated Financial Statements, under item 8. Goodwill is not amortized but is subject to a periodic evaluation for impairment at least annually, or earlier if there are any indications of possible impairment. Impairment is tested at the reporting unit level. The impairment evaluation first uses a qualitative assessment to determine whether it is more likely than not (i.e., more than a 50 percent probability) that the fair value of a reporting unit is greater than its carrying amount. If a reporting unit fails this qualitative assessment, a single quantitative analysis is used to measure and record the amount of the impairment. In assessing the fair value of a reporting unit, we make assumptions and estimates about the profitability attributable to our reporting units, including:

- short-term and long-term growth rates; and
- estimated cost of equity and changes in long-term risk-free interest rates.

If our assumptions and estimates made in assessing the fair value of acquired entities change, we could be required to write-down the carrying value of goodwill which could be material to our results of operations in the period the charge is taken. Based on our impairment testing for 2021, we determined no impairment was required and none of our reporting units was at risk for impairment.

Consolidated Operating Results – Years Ended December 31, 2021, 2020, and 2019

(in millions of U.S. dollars, except for percentages)	2021	2020	2019	2021 vs. 2020	% Change 2020 vs. 2019
Net premiums written	\$ 37,868	\$ 33,820	\$ 32,275	12.0 %	4.8 %
Net premiums written - constant dollars ⁽¹⁾				10.5 %	5.5 %
Net premiums earned	36,355	33,117	31,290	9.8 %	5.8 %
Net investment income	3,456	3,375	3,426	2.4 %	(1.5)%
Net realized gains (losses)	1,152	(498)	(530)	NM	(6.1)%
Total revenues	40,963	35,994	34,186	13.8 %	5.3 %
Losses and loss expenses	21,980	21,710	18,730	1.2 %	15.9 %
Policy benefits	699	784	740	(10.9)%	5.9 %
Policy acquisition costs	6,918	6,547	6,153	5.7 %	6.4 %
Administrative expenses	3,136	2,979	3,030	5.3 %	(1.7)%
Interest expense	492	516	552	(4.7)%	(6.4)%
Other (income) expense	(2,365)	(994)	(596)	137.9 %	66.8 %
Amortization of purchased intangibles	287	290	305	(0.9)%	(4.9)%
Chubb integration expenses	—	—	23	—	NM
Total expenses	31,147	31,832	28,937	(2.2)%	10.0 %
Income before income tax	9,816	4,162	5,249	135.9 %	(20.7)%
Income tax expense	1,277	629	795	102.9 %	(20.8)%
Net income	\$ 8,539	\$ 3,533	\$ 4,454	141.7 %	(20.7)%

NM – not meaningful

⁽¹⁾ On a constant-dollar basis. Amounts are calculated by translating prior period results using the same local currency exchange rates as the comparable current period.

Financial Highlights for the Year Ended December 31, 2021

- Net income was a record \$8.5 billion compared with \$3.5 billion in 2020. Net income in 2021 was driven by record P&C underwriting results, including growth in net premiums earned and improvements in our loss and loss expense ratios. Record net investment income and returns from our private equity investments also contributed to the higher net income.
- Consolidated net premiums written were \$37.9 billion, up 12.0 percent, or 10.5 percent in constant dollars, primarily from growth in commercial lines, driven by positive rate increases, higher new business, increased exposure and higher renewal retention, and more moderate but positive growth in consumer lines.
- Consolidated net premiums earned were \$36.4 billion, up 9.8 percent, or 8.3 percent in constant dollars, primarily from growth in commercial lines, and more moderate but positive growth in consumer lines.
- Total pre-tax and after-tax catastrophe losses were \$2.4 billion (7.1 percentage points of the P&C combined ratio) and \$2.0 billion, respectively, compared with \$3.3 billion (10.6 percentage points of the P&C combined ratio) and \$2.8 billion in 2020.
- Total pre-tax and after-tax favorable prior period development were \$926 million (2.8 percentage points of the combined ratio) and \$756 million, respectively, compared with favorable prior period development of \$395 million (1.2 percentage points of the combined ratio) and \$357 million, respectively, in 2020. The prior period development in 2021 of \$926 million includes favorable development of \$430 million for COVID-related liabilities, of which \$20 million is in short-tail lines in our Overseas General Insurance segment, and an incremental \$315 million favorable development in short-tail lines in our Overseas General Insurance segment, partially offset by adverse development of \$443 million for molestation claims, of which \$375 million was related to the pending Boy Scouts of America settlement in the fourth quarter. Refer to Note 7 to the Consolidated Financial Statements, under Item 8, for further information on prior period development.
- The P&C combined ratio was 89.1 percent compared with 96.1 percent in 2020. P&C current accident year (CAY) combined ratio excluding catastrophe losses was 84.8 percent compared with 86.7 percent in the prior year. The current year ratios decreased due to underlying loss ratio improvement, including earned rate exceeding loss cost trends, and the favorable impact of higher net premiums earned on the expense ratio.
- Net investment income was a record \$3.5 billion compared with \$3.4 billion in 2020, primarily due to higher income received from our private equity partnerships and increased dividends on public equities.
- Operating cash flow was a record \$11.1 billion for 2021.
- Shareholders' equity increased by \$273 million in 2021, primarily reflecting net income of \$8.5 billion and total capital returned to shareholders in the year of \$6.3 billion, including share repurchases of \$4.9 billion, at an average purchase price of \$175.85 per share, and dividends of \$1.4 billion, and net unrealized losses on investments of \$2.4 billion.

Outlook

2021 was a record year in terms of net income and underwriting results, double-digit commercial premium growth globally, strong levels of rate increase, and slow but improving growth in our consumer business globally. Looking ahead, we are off to a very good start in the first quarter overall. We expect 2022 to be a good year in terms of continued growth and margin improvement as we capitalize on favorable underwriting conditions for our commercial P&C businesses globally. We expect rates to continue to exceed loss costs for some time to come. Consumer lines growth is expected to return as the pandemic eases, though there is no certainty. In the future, as interest rates rise and spreads widen, our investment income will rise. And our strategic investments, such as our pending acquisition of Cigna's Life and Accident and Health Insurance Business in seven Asia-Pacific Markets and our agreements to increase our aggregate ownership in Huatai Group in China, will provide us with greater revenue, earnings and growth opportunity.

Net Premiums Written

							% Change
(in millions of U.S. dollars, except for percentages)	2021	2020	2019	2021 vs. 2020	2020 vs. 2019	C\$ 2021 vs. 2020	
Commercial casualty	\$ 6,994	\$ 6,177	\$ 5,654	13.2 %	9.2 %	12.5 %	
Workers' compensation	2,130	2,015	2,098	5.7 %	(4.0)%	5.7 %	
Financial lines	5,067	4,201	3,697	20.6 %	13.6 %	18.5 %	
Surety	572	531	639	7.9 %	(16.9)%	7.0 %	
Commercial multiple peril ⁽¹⁾	1,193	1,047	983	13.9 %	6.6 %	13.9 %	
Property and other short-tail lines	6,425	5,231	4,468	22.8 %	17.1 %	19.9 %	
Total Commercial P&C	22,381	19,202	17,539	16.6 %	9.5 %	15.1 %	
Agriculture	2,388	1,846	1,810	29.3 %	2.0 %	29.3 %	
Personal automobile	1,525	1,550	1,786	(1.6)%	(13.2)%	(3.6)%	
Personal homeowners	3,719	3,627	3,513	2.5 %	3.2 %	2.2 %	
Personal other	1,825	1,656	1,514	10.2 %	9.4 %	6.6 %	
Total Personal lines	7,069	6,833	6,813	3.4 %	0.3 %	2.0 %	
Total Property and Casualty lines	31,838	27,881	26,162	14.2 %	6.6 %	12.8 %	
Global A&H lines ⁽²⁾	3,763	3,859	4,315	(2.5)%	(10.6)%	(4.7)%	
Reinsurance lines	873	731	649	19.5 %	12.6 %	18.0 %	
Life	1,394	1,349	1,149	3.4 %	17.4 %	1.9 %	
Total consolidated	\$ 37,868	\$ 33,820	\$ 32,275	12.0 %	4.8 %	10.5 %	

⁽¹⁾ Commercial multiple peril represents retail package business (property and general liability).

⁽²⁾ For purposes of this schedule only, A&H results from our Combined North America and International businesses, normally included in the Life Insurance and Overseas General Insurance segments, respectively, as well as the A&H results of our North America Commercial P&C segment, are included in Global A&H lines above.

The strong growth in consolidated net premiums written in 2021 principally reflects growth in commercial lines of 17.7 percent, and more moderate but positive growth in consumer lines of 1.5 percent. Commercial lines, which includes reinsurance and agriculture, grew across most lines of business, driven by higher new business, positive rate increases, increased exposure, and strong renewal retention.

- Commercial casualty grew globally, driven by higher new business and positive rate increases, primarily across North America, Europe and Asia. Additionally, there was increased exposure primarily on in-force policies following the adverse impact of prior year COVID-related exposure reductions.
- Workers' compensation growth was due to increased exposure primarily on in-force policies following the adverse impact of prior year COVID-related exposure adjustments.
- Financial lines grew globally, reflecting higher new business, improved retention and positive rate increases in North America, Asia, and Europe.
- Commercial multiple peril increased due to higher new and renewal business, including rate and exposure increases, in North America.
- Property and other short-tail lines grew due to higher new business, improved retention and positive rate increases in Asia, North America, and Europe.
- Personal lines increased globally primarily reflecting rate and exposure increases in homeowners' lines in North America and growth in specialty lines in Europe and Asia. Growth was partially offset by declines in automobile, reflecting reduced exposures from COVID-related impacts in North America and Latin America. While down for the year, Latin America began to experience growth in the latter half of the year.
- Global A&H lines began to experience modest growth in the latter half of the year in Latin America, but overall global growth was unfavorably impacted by less travel volume and reduced consumer activity due to COVID-related impacts. Our North American Combined Insurance supplemental A&H business decreased due to COVID-related impacts on face-to-face and worksite sales.
- Growth in our international life operations, principally from new business in Asia and Latin America, was partially offset by declines in our life reinsurance business that has not written new business since 2007.

For additional information on net premiums written, refer to the segment results discussions.

Net Premiums Earned

Net premiums earned for short-duration contracts, typically P&C contracts, generally reflect the portion of net premiums written that was recorded as revenues for the period as the exposure periods expire. Net premiums earned for long-duration contracts, typically traditional life contracts, generally are recognized as earned when due from policyholders. Net premiums earned increased \$3.2 billion, or \$2.8 billion on a constant-dollar basis in 2021, reflecting growth in commercial lines, while consumer lines were relatively flat.

Catastrophe Losses and Prior Period Development

Catastrophe losses exclude reinstatement premiums which are additional premiums paid on certain reinsurance agreements in order to reinstate coverage that had been exhausted by loss occurrences. The reinstatement premium amount is typically a pro rata portion of the original ceded premium paid based on how much of the reinsurance limit had been exhausted. Prior period development is net of expense adjustments which typically relate to either profit commission reserves or policyholder dividend reserves based on actual claim experience that develops after the policy period ends. Refer to the Non-GAAP Reconciliation section for further information on reinstatement premiums on catastrophe losses and adjustments to prior period development.

We generally define catastrophe loss events consistent with the definition of the Property Claims Service (PCS) for events in the U.S. and Canada. PCS defines a catastrophe as an event that causes damage of \$25 million or more in insured losses and affects a significant number of insureds. For events outside of the U.S. and Canada, we generally use a similar definition. We also define losses from certain pandemics, such as COVID-19, as a catastrophe loss. The tables below represent catastrophe loss estimates for events that occurred in the related calendar year only. Changes in catastrophe loss estimates in the current calendar year that relate to loss events that occurred in previous calendar years are considered prior period development and are excluded from the tables below.

Catastrophe Loss Charge by Event For Full Year 2021

(in millions of U.S. dollars)	North America Commercial P&C Insurance	North America Personal P&C Insurance	North America Agricultural Insurance	Overseas General Insurance	Global Reinsurance	Total excluding RIPs	RIPs collected (expensed)	Total including RIPs
Net losses								
Hurricane Ida	\$ 400	\$ 231	\$ 1	\$ 68	\$ 156	\$ 856	\$ 22	\$ 834
Winter-related storms	426	201	8	63	56	754	(12)	766
U.S. flooding, hail, tornadoes, and wind events	257	165	29	18	8	477	(1)	478
International weather-related events	2	6	—	99	9	116	1	115
European flooding	1	—	—	94	11	106	—	106
Other U.S. hurricanes/tropical storms	24	55	—	—	—	79	—	79
Other	2	5	—	16	—	23	—	23
Total	\$ 1,112	\$ 663	\$ 38	\$ 358	\$ 240	\$ 2,411		
RIPs collected (expensed)	—	(16)	(2)	—	28		10	
Total before income tax	\$ 1,112	\$ 679	\$ 40	\$ 358	\$ 212			\$ 2,401
Income tax benefit								417
Total after income tax								\$ 1,984

Catastrophe Loss Charge by Event For Full Year 2020

(in millions of U.S. dollars)	North America Commercial P&C Insurance	North America Personal P&C Insurance	North America Agricultural Insurance	Overseas General Insurance	Global Reinsurance	Life Insurance	Total excluding RIPs	RIPs collected (expensed)	Total including RIPs
Net losses									
COVID-19	\$ 925	\$ —	\$ —	\$ 421	\$ 10	\$ 24	\$ 1,380	\$ (16)	\$ 1,396
U.S. hurricanes/tropical storms	429	132	1	79	86	—	727	7	720
U.S. flooding, hail, tornadoes, and wind events	295	191	25	9	11	—	531	(3)	534
U.S. wildfires	61	162	1	5	1	—	230	—	230
Civil unrest	111	2	—	17	—	—	130	—	130
International weather-related events	3	6	—	67	15	—	91	2	89
Midwest derecho	37	38	8	—	1	—	84	—	84
Australia storms	—	—	—	66	—	—	66	—	66
Other	7	2	—	26	(1)	—	34	—	34
Total	\$ 1,868	\$ 533	\$ 35	\$ 690	\$ 123	\$ 24	\$ 3,273		
RIPs collected (expensed)	(3)	(1)	(1)	(15)	10	—		(10)	
Total before income tax	\$ 1,871	\$ 534	\$ 36	\$ 705	\$ 113	\$ 24			\$ 3,283
Income tax benefit									506
Total after income tax									\$ 2,777

Catastrophe Loss Charge by Event For Full Year 2019

(in millions of U.S. dollars)	North America Commercial P&C Insurance	North America Personal P&C Insurance	North America Agricultural Insurance	Overseas General Insurance	Global Reinsurance	Total excluding RIPs	RIPs collected (expensed)	Total including RIPs
Net losses								
U.S. flooding, hail, tornadoes, and wind events	\$ 220	\$ 202	\$ 7	\$ —	\$ 9	\$ 438	\$ —	\$ 438
Tornado in Dallas, Texas	55	145	—	—	2	202	(11)	213
Winter-related storms	74	110	1	6	2	193	—	193
Hurricane Dorian	26	30	—	10	8	74	1	73
California wildfires	11	45	—	—	—	56	—	56
Typhoon Hagibis	—	—	—	20	17	37	1	36
Civil unrest in Hong Kong and Chile	—	—	—	33	—	33	(4)	37
International weather-related events	1	2	—	30	—	33	—	33
Other	34	9	—	53	13	109	1	108
Total	\$ 421	\$ 543	\$ 8	\$ 152	\$ 51	\$ 1,175		
RIPs collected (expensed)	—	(11)	—	(4)	3		(12)	
Total before income tax	\$ 421	\$ 554	\$ 8	\$ 156	\$ 48			\$ 1,187
Income tax benefit								221
Total after income tax								\$ 966

Prior Period Development

(in millions of U.S. dollars)

	2021	2020	2019
Favorable prior period development	\$ 926	\$ 395	\$ 792

Prior period development (PPD) arises from changes to loss estimates recognized in the current year that relate to loss events that occurred in previous calendar years and excludes the effect of losses from the development of earned premium from previous accident years.

Pre-tax net favorable prior period development for 2021 was \$926 million, including adverse development of \$443 million for molestation claims, of which \$375 million was related to the pending Boy Scouts of America settlement in the fourth quarter, and \$83 million related to legacy A&E exposures. The remaining favorable development of \$1,452 million, including favorable development of \$430 million for COVID-related claims, is primarily comprised of 39 percent in long-tail lines, principally from accident years 2020 and 2017 and prior, and 61 percent in short-tail lines, mainly in homeowners, accident and health, property, and surety lines.

Pre-tax net favorable prior period development for 2020 was \$395 million, which included adverse development of \$259 million for U.S. child molestation claims, predominately reviver statute-related, and \$106 million adverse development related to legacy asbestos and environmental liabilities. The remaining favorable development of \$760 million principally comprises 89 percent long-tail lines, principally from accident years 2016 and prior, and 11 percent short-tail lines.

Refer to the Prior Period Development section in Note 7 to the Consolidated Financial Statements for additional information.

P&C Combined Ratio

In evaluating our segments excluding Life Insurance financial performance, we use the P&C combined ratio, the loss and loss expense ratio, the policy acquisition cost ratio, and the administrative expense ratio. We calculate these ratios by dividing the respective expense amounts by net premiums earned. We do not calculate these ratios for the Life Insurance segment as we do not use these measures to monitor or manage that segment. The P&C combined ratio is determined by adding the loss and loss expense ratio, the policy acquisition cost ratio, and the administrative expense ratio. A P&C combined ratio under 100 percent indicates underwriting income, and a combined ratio exceeding 100 percent indicates underwriting loss.

	2021	2020	2019
Loss and loss expense ratio			
CAY loss ratio excluding catastrophe losses	58.3 %	59.2 %	60.8 %
Catastrophe losses	7.1 %	10.6 %	4.1 %
Favorable prior period development	(2.8)%	(1.3)%	(2.8)%
Loss and loss expense ratio	62.6 %	68.5 %	62.1 %
Policy acquisition cost ratio	18.3 %	18.9 %	19.1 %
Administrative expense ratio	8.2 %	8.7 %	9.4 %
P&C Combined ratio	89.1 %	96.1 %	90.6 %

The loss and loss expense ratio and the CAY loss ratio excluding catastrophe losses decreased in 2021, primarily due to underlying loss ratio improvement including earned rate exceeding loss cost trends. The loss and loss expense ratio in 2021 also benefited from lower catastrophe losses and higher favorable prior period development.

The policy acquisition cost ratio decreased in 2021 primarily due to a change in the mix of business, including less premiums earned from consumer A&H lines that have a higher acquisition cost ratio and higher premiums earned from commercial P&C lines that have a lower acquisition cost ratio.

The administrative expense ratio decreased in 2021 primarily due to the favorable impact of higher net premiums earned, partially offset by increased investment to support growth.

Policy benefits

Policy benefits represent losses on contracts classified as long-duration and generally include accident and supplemental health products, term and whole life products, endowment products, and annuities. Refer to the Life Insurance segment operating results section for further discussion.

Policy benefits were \$699 million, \$784 million and \$740 million in 2021, 2020 and 2019, respectively, which included separate account liabilities (gains) losses of \$(8) million, \$58 million and \$44 million, respectively. The offsetting movements of these liabilities are recorded in Other (income) expense on the Consolidated statements of operations. Excluding the separate account gains and losses, Policy benefits were \$707 million in 2021 compared with \$726 million in 2020, reflecting growth in our International Life operations, offset by a decline in our Combined Insurance North America supplemental accident and health business and our life reinsurance business.

Refer to the respective sections that follow for a discussion of Net investment income, Other (income) expense, Net realized gains (losses), Interest expense, Amortization of purchased intangibles, and Income tax expense.

Segment Operating Results – Years Ended December 31, 2021, 2020, and 2019

We operate through six business segments: North America Commercial P&C Insurance, North America Personal P&C Insurance, North America Agricultural Insurance, Overseas General Insurance, Global Reinsurance, and Life Insurance. In addition, the results of our run-off Brandywine business, including all run-off asbestos and environmental (A&E) exposures, and the results of Westchester specialty operations for 1996 and prior years are presented within Corporate.

North America Commercial P&C Insurance

The North America Commercial P&C Insurance segment comprises operations that provide property and casualty (P&C) and accident & health (A&H) insurance and services to large, middle market, and small commercial businesses in the U.S., Canada, and Bermuda. This segment includes our North America Major Accounts and Specialty Insurance division (large corporate accounts and wholesale business), and the North America Commercial Insurance division (principally middle market and small commercial accounts).

(in millions of U.S. dollars, except for percentages)	2021	2020	2019	2021 vs. 2020	% Change 2020 vs. 2019
Net premiums written	\$ 16,415	\$ 14,474	\$ 13,375	13.4 %	8.2 %
Net premiums earned	15,461	13,964	12,922	10.7 %	8.1 %
Losses and loss expenses	10,015	10,129	8,206	(1.1) %	23.4 %
Policy acquisition costs	2,082	1,942	1,831	7.1 %	6.1 %
Administrative expenses	1,052	1,006	1,028	4.6 %	(2.2) %
Underwriting income	2,312	887	1,857	160.8 %	(52.2) %
Net investment income	2,078	2,061	2,109	0.8 %	(2.3) %
Other (income) expense	31	23	24	39.2 %	(4.2) %
Segment income	\$ 4,359	\$ 2,925	\$ 3,942	49.0 %	(25.8) %
Loss and loss expense ratio:					
CAY loss ratio excluding catastrophe losses	62.7 %	64.2 %	65.3 %	(1.5) pts	(1.1) pts
Catastrophe losses	7.2 %	13.4 %	3.3 %	(6.2) pts	10.1 pts
Prior period development	(5.1) %	(5.1) %	(5.1) %	— pts	— pts
Loss and loss expense ratio	64.8 %	72.5 %	63.5 %	(7.7) pts	9.0 pts
Policy acquisition cost ratio	13.4 %	14.0 %	14.2 %	(0.6) pts	(0.2) pts
Administrative expense ratio	6.8 %	7.2 %	7.9 %	(0.4) pts	(0.7) pts
Combined ratio	85.0 %	93.7 %	85.6 %	(8.7) pts	8.1 pts

Catastrophe Losses and Prior Period Development

(in millions of U.S. dollars)

	2021	2020	2019
Catastrophe losses	\$ 1,112	\$ 1,871	\$ 421
Favorable prior period development	\$ 762	\$ 702	\$ 649

Refer to the tables on pages 50 - 51 for detail of catastrophe losses and Note 7 to the Consolidated Financial Statements for detail on prior period development.

Premiums

Net premiums written increased \$1,941 million, or 13.4 percent in 2021, comprising:

- Commercial P&C lines: Positive growth of 14.6 percent reflecting strong new business written, positive rate increases, and strong premium retention across a number of retail and wholesale lines, including primary and excess casualty, financial lines, and property.
- Consumer lines: Negative growth of 11.3 percent principally from exposure declines in A&H.

Net premiums earned increased \$1,497 million, or 10.7 percent in 2021, reflecting the growth in commercial lines described above.

Combined Ratio

The loss and loss expense ratio and the CAY loss ratio excluding catastrophe losses decreased in 2021 primarily reflecting underlying loss ratio improvement including earned rate exceeding loss cost trends. The loss and loss expense ratio in 2021 also benefited from higher favorable prior period development and lower catastrophe losses compared to the prior year, which included significant losses related to the COVID-19 pandemic.

The policy acquisition cost ratio decreased in 2021 primarily due to a change in mix of business towards lines that have a lower acquisition cost ratio, primarily excess casualty.

The administrative expense ratio decreased in 2021 primarily due to the favorable impact of higher net premiums earned, partially offset by increased investment to support growth.

North America Personal P&C Insurance

The North America Personal P&C Insurance segment comprises operations that provide high net worth personal lines products, including homeowners and complementary products such as valuable articles, excess liability, automobile, and recreational marine insurance and services in the U.S. and Canada.

(in millions of U.S. dollars, except for percentages)	2021	2020	2019	2021 vs. 2020	% Change 2020 vs. 2019
Net premiums written	\$ 5,002	\$ 4,920	\$ 4,787	1.7 %	2.8 %
Net premiums earned	4,915	4,866	4,694	1.0 %	3.7 %
Losses and loss expenses	2,924	3,187	3,043	(8.3) %	4.7 %
Policy acquisition costs	1,001	974	948	2.9 %	2.7 %
Administrative expenses	276	270	286	2.0 %	(5.4) %
Underwriting income	714	435	417	64.0 %	4.6 %
Net investment income	249	260	258	(4.1) %	0.5 %
Other (income) expense	(2)	5	3	NM	75.8 %
Amortization of purchased intangibles	10	11	12	(5.1) %	(5.0) %
Segment income	\$ 955	\$ 679	\$ 660	40.6 %	2.8 %
Loss and loss expense ratio:					
CAY loss ratio excluding catastrophe losses	52.0 %	53.1 %	55.1 %	(1.1) pts	(2.0) pts
Catastrophe losses	13.6 %	11.0 %	11.6 %	2.6 pts	(0.6) pts
Prior period development	(6.1) %	1.4 %	(1.9) %	(7.5) pts	3.3 pts
Loss and loss expense ratio	59.5 %	65.5 %	64.8 %	(6.0) pts	0.7 pts
Policy acquisition cost ratio	20.4 %	20.0 %	20.2 %	0.4 pts	(0.2) pts
Administrative expense ratio	5.6 %	5.6 %	6.1 %	— pts	(0.5) pts
Combined ratio	85.5 %	91.1 %	91.1 %	(5.6) pts	— pts

NM – not meaningful

Catastrophe Losses and Prior Period Development

(in millions of U.S. dollars)	2021	2020	2019
Catastrophe losses	\$ 679	\$ 534	\$ 554
Favorable (unfavorable) prior period development	\$ 305	\$ (63)	\$ 95

Refer to the tables on pages 50 - 51 for detail of catastrophe losses and Note 7 to the Consolidated Financial Statements for detail on prior period development.

Premiums

Net premiums written increased \$82 million, or 1.7 percent for 2021, primarily driven by new business and strong renewal retention, from both rate and exposure increases, mainly in homeowners. Partially offsetting the increase were cancellations in parts of California exposed to wildfires and the unfavorable year-over-year impact of reinstatement premiums. These items negatively impacted net premiums written growth by 1.3 percentage points.

Net premiums earned increased \$49 million, or 1.0 percent for 2021, reflecting the growth in net premiums written.

Combined Ratio

The loss and loss expense ratio and CAY loss ratio excluding catastrophe losses decreased in 2021 due to better underlying loss ratio improvement in homeowners including earned rate exceeding loss cost trends, partially offset by an increase in automobile frequency. The loss and loss expense ratio in 2021 also benefited from favorable prior period development in the current year compared to unfavorable prior period development in the prior year, partially offset by higher catastrophe losses. Unfavorable prior period development in 2020 was due to higher than expected non-catastrophe loss development, primarily in homeowners. The policy acquisition cost ratio increased in 2021 primarily due to lower ceded commissions and the unfavorable year-over-year impact of reinstatement premiums.

North America Agricultural Insurance

The North America Agricultural Insurance segment comprises our North American based businesses that provide a variety of coverages in the U.S. and Canada including crop insurance, primarily Multiple Peril Crop Insurance (MPCI) and crop-hail through Rain and Hail Insurance Service, Inc. (Rain and Hail) as well as farm and ranch and specialty P&C commercial insurance products and services through our Chubb Agribusiness unit.

(in millions of U.S. dollars, except for percentages)	2021	2020	2019	2021 vs. 2020	% Change 2020 vs. 2019
Net premiums written	\$ 2,388	\$ 1,846	\$ 1,810	29.3 %	2.0 %
Net premiums earned	2,338	1,822	1,795	28.3 %	1.5 %
Losses and loss expenses	1,962	1,544	1,616	27.1 %	(4.5) %
Policy acquisition costs	124	123	84	1.2 %	45.7 %
Administrative expenses	(3)	9	6	NM	67.2 %
Underwriting income	255	146	89	74.1 %	65.3 %
Net investment income	28	30	30	(4.1) %	—
Other (income) expense	1	1	1	—	—
Amortization of purchased intangibles	26	27	28	(0.8) %	(2.1) %
Segment income	\$ 256	\$ 148	\$ 90	73.0 %	65.1 %
Loss and loss expense ratio:					
CAY loss ratio excluding catastrophe losses	81.5 %	83.7 %	93.5 %	(2.2) pts	(9.8) pts
Catastrophe losses	1.7 %	2.0 %	0.5 %	(0.3) pts	1.5 pts
Prior period development	0.7 %	(1.0)%	(3.9)%	1.7 pts	2.9 pts
Loss and loss expense ratio	83.9 %	84.7 %	90.1 %	(0.8) pts	(5.4) pts
Policy acquisition cost ratio	5.3 %	6.8 %	4.7 %	(1.5) pts	2.1 pts
Administrative expense ratio	(0.1)%	0.5 %	0.3 %	(0.6) pts	0.2 pts
Combined ratio	89.1 %	92.0 %	95.1 %	(2.9) pts	(3.1) pts

NM – not meaningful

Catastrophe Losses and Prior Period Development

(in millions of U.S. dollars)	2021	2020	2019
Catastrophe losses	\$ 40	\$ 36	\$ 8
(Unfavorable) favorable prior period development	\$ (10)	\$ 10	\$ 80

Refer to the tables on pages 50 - 51 for detail of catastrophe losses and Note 7 to the Consolidated Financial Statements for detail on prior period development.

Premiums

Net premiums written increased \$542 million, or 29.3 percent in 2021, due mainly to an increase in MPCI, primarily reflecting higher commodity prices and volatility factors, both of which impact pricing, as well as higher reported acreage from policyholders and policy count growth. In addition, our Chubb Agribusiness unit contributed to the net premiums written increase with strong new business growth.

Net premiums earned increased \$516 million, or 28.3 percent in 2021 reflecting the growth in net premiums written.

Combined Ratio

The loss and loss expense ratio and CAY loss ratio excluding catastrophe losses decreased in 2021 reflecting better crop year results, partially offset by the unfavorable impact of a commodity hedge loss. The loss and loss expense ratio in 2021 was unfavorably impacted by higher catastrophe losses and adverse prior period development. The policy acquisition cost ratio decreased in 2021 primarily due to the favorable impact of higher net premiums earned. The administrative expense ratio decreased in 2021 primarily due to an increase in administrative and operating reimbursements received under the government program for MPCI business and the favorable impact of higher net premiums earned.

Overseas General Insurance

Overseas General Insurance segment comprises Chubb International and Chubb Global Markets (CGM). Chubb International comprises our international commercial P&C traditional and specialty lines serving large corporations, middle market and small customers; A&H and traditional and specialty personal lines business serving local territories outside the U.S., Bermuda, and Canada. CGM, our London-based international commercial P&C excess and surplus lines business, includes Lloyd's of London (Lloyd's) Syndicate 2488. Chubb provides funds at Lloyd's to support underwriting by Syndicate 2488 which is managed by Chubb Underwriting Agencies Limited.

(in millions of U.S. dollars, except for percentages)	2021	2020	2019	2021 vs. 2020	% Change 2020 vs. 2019	
Net premiums written	\$ 10,713	\$ 9,335	\$ 9,262	14.8 %	0.8 %	
Net premiums written - constant dollars				10.6 %	2.9 %	
Net premiums earned	10,441	9,285	8,882	12.5 %	4.5 %	
Losses and loss expenses	5,143	5,255	4,606	(2.1) %	14.1 %	
Policy acquisition costs	2,799	2,568	2,501	9.0 %	2.7 %	
Administrative expenses	1,078	1,034	1,033	4.3 %	0.1 %	
Underwriting income	1,421	428	742	232.2 %	(42.4) %	
Net investment income	597	534	588	11.9 %	(9.2) %	
Other (income) expense	—	13	12	NM	4.5 %	
Amortization of purchased intangibles	48	45	45	8.2 %	—	
Segment income	\$ 1,970	\$ 904	\$ 1,273	118.1 %	(29.0) %	
Loss and loss expense ratio:						
CAY loss ratio excluding catastrophe losses	50.1 %	50.7 %	51.2 %	(0.6) pts	(0.5) pts	
Catastrophe losses	3.5 %	7.5 %	1.8 %	(4.0) pts	5.7 pts	
Prior period development	(4.3) %	(1.6) %	(1.1) %	(2.7) pts	(0.5) pts	
Loss and loss expense ratio	49.3 %	56.6 %	51.9 %	(7.3) pts	4.7 pts	
Policy acquisition cost ratio	26.8 %	27.7 %	28.1 %	(0.9) pts	(0.4) pts	
Administrative expense ratio	10.3 %	11.1 %	11.6 %	(0.8) pts	(0.5) pts	
Combined ratio	86.4 %	95.4 %	91.6 %	(9.0) pts	3.8 pts	

NM – not meaningful

Catastrophe Losses and Prior Period Development

(in millions of U.S. dollars)	2021	2020	2019
Catastrophe losses	\$ 358	\$ 705	\$ 156
Favorable prior period development	\$ 441	\$ 150	\$ 92

Refer to the tables on pages 50 - 51 for detail of catastrophe losses and Note 7 to the Consolidated Financial Statements for detail on prior period development.

Net Premiums Written by Region

						% Change	
(in millions of U.S. dollars, except for percentages)	2021	2020	2019	C\$ 2020	2021 vs. 2020	C\$ 2021 vs. 2020	2020 vs. 2019
<i>Region</i>							
Europe, Middle East, and Africa	\$ 5,242	\$ 4,247	\$ 3,753	\$ 4,454	23.4 %	17.7 %	13.2 %
Latin America	2,044	1,928	2,277	1,956	6.1 %	4.5 %	(15.3)%
Asia Pacific ex Japan	2,733	2,450	2,515	2,568	11.6 %	6.4 %	(2.6)%
Japan	520	515	506	507	0.9 %	2.5 %	1.8 %
Other ⁽¹⁾	174	195	211	202	(10.8)%	(13.9)%	(7.6)%
Net premiums written	\$ 10,713	\$ 9,335	\$ 9,262	\$ 9,687	14.8 %	10.6 %	0.8 %

	2021 % of Total	2020 % of Total	2019 % of Total
<i>Region</i>			
Europe, Middle East, and Africa	49 %	45 %	40 %
Latin America	19 %	21 %	25 %
Asia Pacific ex Japan	25 %	26 %	27 %
Japan	5 %	6 %	6 %
Other ⁽¹⁾	2 %	2 %	2 %
Net premiums written	100 %	100 %	100 %

⁽¹⁾ Includes the international supplemental A&H business of Combined Insurance and other international operations.

Premiums

Net premiums written increased \$1,378 million in 2021, or \$1,026 million on a constant-dollar basis, reflecting growth in commercial lines of 21.4 percent, or 16.9 percent on a constant-dollar basis, and growth in consumer lines of 5.6 percent, or 1.8 percent on a constant-dollar basis.

Growth in Europe, Middle East and Africa in 2021 was primarily driven by higher new business and positive rate increases in commercial lines, including commercial casualty, financial lines and property. Personal lines grew reflecting new business in specialty lines.

Growth in Latin America in 2021 was primarily driven by higher new business and retention in commercial P&C lines. Additionally, consumer lines in the prior year was adversely impacted by restrictions resulting from the COVID-19 pandemic in automobile and A&H.

Growth in Asia Pacific ex Japan in 2021 was primarily driven by higher new business, higher retention and positive rate increases in commercial P&C lines, including financial lines, property and casualty, and higher new business in consumer lines, primarily in specialty and homeowners. Additionally, consumer lines in the prior year was adversely impacted by restrictions resulting from the COVID-19 pandemic.

Growth in Japan in 2021 was primarily driven by new business in commercial P&C lines, including financial lines and casualty. Consumer lines also increased, driven by homeowners and specialty in personal lines. Additionally, consumer lines in the prior year was adversely impacted by restrictions resulting from the COVID-19 pandemic.

Net premiums earned increased \$1,156 million in 2021, or \$811 million on a constant-dollar basis, reflecting the increase in commercial and consumer lines described above.

Combined Ratio

The loss and loss expense ratio and CAY loss ratio excluding catastrophe losses decreased in 2021 reflecting underlying loss ratio improvement including earned rate exceeding loss cost trends, partially offset by a COVID-related reduced claim frequency benefit in the prior year, primarily in the automobile portfolio in Latin America, and lower premiums earned from A&H lines which have a lower loss ratio. The loss and loss expense ratio in 2021 also benefited from higher favorable prior period development and lower catastrophe losses compared to the prior year.

The policy acquisition cost ratio decreased in 2021 primarily due to a change in the mix of business, including less premiums earned from A&H lines that have a higher acquisition cost ratio and higher premiums earned from commercial P&C lines that have a lower acquisition cost ratio.

The administrative expense ratio decreased in 2021 primarily due to the favorable impact of higher net premiums earned and expense management, partially offset by increased investment to support growth.

Global Reinsurance

The Global Reinsurance segment represents our reinsurance operations comprising Chubb Tempest Re Bermuda, Chubb Tempest Re USA, Chubb Tempest Re International, and Chubb Tempest Re Canada. Global Reinsurance markets its reinsurance products worldwide primarily through reinsurance brokers under the Chubb Tempest Re brand name and provides a broad range of traditional and non-traditional reinsurance coverage to a diverse array of primary P&C companies.

(in millions of U.S. dollars, except for percentages)	2021	2020	2019	2021 vs. 2020	% Change 2020 vs. 2019
Net premiums written	\$ 873	\$ 731	\$ 649	19.5 %	12.6 %
Net premiums written - constant dollars				18.0 %	12.1 %
Net premiums earned	798	698	654	14.3 %	6.7 %
Losses and loss expenses	632	435	352	45.2 %	23.5 %
Policy acquisition costs	200	174	169	15.3 %	3.0 %
Administrative expenses	35	37	35	(4.5) %	5.2 %
Underwriting income (loss)	(69)	52	98	NM	(46.8) %
Net investment income	331	307	279	7.7 %	10.1 %
Other (income) expense	—	2	1	NM	NM
Segment income	\$ 262	\$ 357	\$ 376	(26.8) %	(5.0) %
Loss and loss expense ratio:					
CAY loss ratio excluding catastrophe losses	50.7 %	49.1 %	50.6 %	1.6 pts	(1.5) pts
Catastrophe losses	28.3 %	17.0 %	7.6 %	11.3 pts	9.4 pts
Prior period development	0.2 %	(3.8) %	(4.3) %	4.0 pts	0.5 pts
Loss and loss expense ratio	79.2 %	62.3 %	53.9 %	16.9 pts	8.4 pts
Policy acquisition cost ratio	25.1 %	24.9 %	25.7 %	0.2 pts	(0.8) pts
Administrative expense ratio	4.4 %	5.3 %	5.4 %	(0.9) pts	(0.1) pts
Combined ratio	108.7 %	92.5 %	85.0 %	16.2 pts	7.5 pts

NM – not meaningful

Catastrophe Losses and Prior Period Development

(in millions of U.S. dollars)	2021	2020	2019
Catastrophe losses	\$ 212	\$ 113	\$ 48
(Unfavorable) favorable prior period development	\$ (3)	\$ 29	\$ 29

Refer to the tables on pages 50 - 51 for detail of catastrophe losses and Note 7 to the Consolidated Financial Statements for detail on prior period development.

Premiums

Net premiums written increased \$142 million in 2021 primarily from growth in property pro-rata business and financial lines, driven by new business written. In addition, net premiums written increased due to higher reinstatement premiums.

Net premiums earned increased \$100 million in 2021 primarily reflecting the increase in net premiums written described above.

Combined Ratio

The loss and loss expense ratio increased in 2021 primarily due to higher catastrophe losses and unfavorable prior period development compared with favorable prior period development in the prior year. The CAY loss ratio excluding catastrophe losses increased in 2021 primarily due to a shift in the mix of business.

The administrative expense ratio decreased in 2021 primarily from the favorable impact of higher net premiums earned.

Life Insurance

The Life Insurance segment comprises our international life operations, Chubb Tempest Life Re (Chubb Life Re), and the North American supplemental A&H and life business of Combined Insurance. We assess the performance of our life business based on Life Insurance underwriting income, which includes Net investment income and (Gains) losses from fair value changes in separate account assets that do not qualify for separate account reporting under GAAP.

(in millions of U.S. dollars, except for percentages)	2021	2020	2019	2021 vs. 2020	% Change 2020 vs. 2019
Net premiums written	\$ 2,477	\$ 2,514	\$ 2,392	(1.5)%	5.1 %
Net premiums written - constant dollars				(2.8)%	5.6 %
Net premiums earned	2,402	2,482	2,343	(3.2)%	5.9 %
Losses and loss expenses	740	724	757	2.3 %	(4.4)%
Policy benefits	707	726	696	(2.7)%	4.3 %
Policy acquisition costs	712	766	620	(7.1)%	23.6 %
Administrative expenses	333	320	323	3.8 %	(1.0)%
Net investment income	407	385	373	5.6 %	3.3 %
Life Insurance underwriting income	317	331	320	(4.2)%	3.6 %
Other (income) expense	(106)	(74)	(48)	42.4 %	53.1 %
Amortization of purchased intangibles	5	4	2	23.3 %	100.0 %
Segment income	\$ 418	\$ 401	\$ 366	4.1 %	9.8 %

Premiums

Net premiums written decreased \$37 million in 2021, or \$72 million on a constant-dollar basis. For our International Life operations, net premiums written increased 9.4 percent, principally in Asia, from new business in Taiwan, Thailand and Vietnam, and in Latin America from new business in Brazil and Ecuador. This growth was offset by a decline in our North America Combined Insurance business of 7.1 percent, from the adverse impact of the COVID-19 pandemic on face-to-face and worksite sales, and a decline in our life reinsurance business which continues to decline as no new business is currently being written.

Deposits

The following table presents deposits collected on universal life and investment contracts:

(in millions of U.S. dollars, except for percentages)	2021	2020	2019	2021 vs. 2020	C\$ 2021 vs. 2020	% Change 2020 vs. 2019
Deposits collected on universal life and investment contracts	\$ 2,441	\$ 1,559	\$ 1,463	56.6 %	49.9 %	6.5 %

Deposits collected on universal life and investment contracts (life deposits) are not reflected as revenues in our Consolidated statements of operations in accordance with GAAP. New life deposits are an important component of production, and although they do not significantly affect current period income from operations, they are key to our efforts to grow our business. Life deposits collected increased \$882 million, or \$812 million on a constant-dollar basis, in 2021, primarily from successful sales in broker and bank channels in Taiwan.

Life Insurance underwriting income and Segment income

Life Insurance underwriting income decreased \$14 million in 2021, primarily due to the decrease in net premiums written described above, partially offset by higher net investment income. Segment income increased \$17 million primarily due to higher other income from our share of net income from our investment in Huatai, our partially-owned insurance entity in China.

Corporate

Corporate results primarily include the results of our non-insurance companies, income and expenses not attributable to reportable segments and loss and loss expenses of asbestos and environmental (A&E) liabilities and certain other non-A&E run-off exposures, including molestation.

(in millions of U.S. dollars, except for percentages)	2021	2020	2019	2021 vs. 2020	% Change 2020 vs. 2019
Losses and loss expenses	\$ 572	\$ 435	\$ 158	31.4 %	176.4 %
Administrative expenses	365	303	319	20.6 %	(5.0)%
Underwriting loss	937	738	477	26.9 %	54.8 %
Net investment income (loss)	(55)	(87)	(125)	(35.6)%	(30.8)%
Interest expense	492	516	552	(4.7)%	(6.4)%
Net realized gains (losses)	1,160	(499)	(522)	NM	(4.6)%
Other (income) expense	(2,118)	(791)	(459)	168.0 %	72.7 %
Amortization of purchased intangibles	198	203	218	(3.2)%	(6.9)%
Chubb integration expenses	—	—	23	—	NM
Income tax expense	1,277	629	795	102.9 %	(20.8)%
Net income (loss)	\$ 319	\$ (1,881)	\$ (2,253)	NM	(16.5)%

NM – not meaningful

The increase in losses and loss expenses was primarily from adverse development relating to our Brandywine asbestos and environmental exposures, and non A&E run-off casualty exposure, including molestation. Adverse development on molestation exposures in 2021 is primarily related to Boy Scouts of America related abuse claims. Refer to Note 7 of the Consolidated Financial Statements for further information. Administrative expenses increased \$62 million in 2021 primarily due to higher employee-related expenses and increased spending to support digital growth initiatives.

Other (income) and expense increased \$1.3 billion in 2021 primarily due to higher returns from our private equities where we own more than three percent, principally from mark-to-market movement. Refer to Note 14 to the Consolidated Financial Statements for additional information on Other (income) expense.

Refer to the respective sections that follow for a discussion of Net realized gains (losses), Net investment income (loss), Amortization of purchased intangibles, and Income tax expense (benefit).

Net Realized and Unrealized Gains (Losses)

We take a long-term view with our investment strategy, and our investment managers manage our investment portfolio to maximize total return within specific guidelines designed to minimize risk. The majority of our investment portfolio is available for sale and reported at fair value. Our held to maturity investment portfolio is reported at amortized cost, net of valuation allowance.

The effect of market movements on our fixed maturities portfolio impacts Net income (through Net realized gains (losses)) when securities are sold, when we write down an asset, or when we record a change to the valuation allowance for expected credit losses. For a further discussion related to how we assess the valuation allowance for expected credit losses and the related impact on Net income, refer to Note 1 e) to the Consolidated Financial Statements. Additionally, Net income is impacted through the reporting of changes in the fair value of equity securities, private equity funds where we own less than three percent, and derivatives, including financial futures, options, swaps, and GLB reinsurance. Changes in unrealized appreciation and depreciation on available for sale securities, resulting from the revaluation of securities held, changes in cumulative foreign currency translation adjustment, and unrealized postretirement benefit obligations liability adjustment, are reported as separate components of Accumulated other comprehensive income in Shareholders' equity in the Consolidated balance sheets.

The following table presents our net realized and unrealized gains (losses):

	2021					Year Ended December 31	
	Net Realized Gains (Losses)	Net Unrealized Gains (Losses)	Net Impact	Net Realized Gains (Losses)	Net Unrealized Gains (Losses)	Net Impact	Net Realized Gains (Losses)
(in millions of U.S. dollars)							
Fixed maturities	\$ 3	\$ (2,919)	\$ (2,916)	\$ (281)	\$ 2,604	\$ 2,323	\$ (31)
Fixed income and equity derivatives	(72)	—	(72)	81	—	81	(435)
Public equity							
Sales	157	—	157	455	—	455	58
Mark-to-market	505	—	505	131	—	131	46
Private equity (less than 3 percent ownership)							
Sales	—	—	—	—	—	—	(5)
Mark-to-market	111	—	111	(32)	—	(32)	(15)
Total investment portfolio	704	(2,919)	(2,215)	354	2,604	2,958	(382)
Variable annuity reinsurance derivative transactions, net of applicable hedges	114	—	114	(310)	—	(310)	(142)
Other derivatives	(8)	—	(8)	1	—	1	(8)
Foreign exchange	348	(530)	(182)	(483)	306	(177)	7
Other ⁽¹⁾	(6)	503	497	(60)	(244)	(304)	(5)
Net gains (losses), pre-tax	\$ 1,152	\$ (2,946)	\$ (1,794)	\$ (498)	\$ 2,666	\$ 2,168	\$ (530)

⁽¹⁾ Net unrealized gains (losses) includes our postretirement programs of \$522 million and \$(232) million for the years ended December 31, 2021 and 2020, respectively.

Pre-tax net losses of \$2,215 million in our investment portfolio were principally the result of an increase in interest rates, partially offset by positive equity returns.

The realized gains relating to the variable annuity reinsurance derivative transactions in 2021 reflected a decrease in the fair value of GLB liabilities due to higher global equity markets and higher interest rates. The realized losses relating to the variable annuity reinsurance derivative transactions in 2020 reflected an increase in the fair value of GLB liabilities due to lower interest rates and changes made to our valuation model relating to policyholder behavior, partially offset by higher global equity markets. Included in the realized gains (losses) are derivative instruments that decrease in fair value when the S&P 500 index increases. During the years ended December 31, 2021 and 2020, we experienced realized losses of \$202 million and \$108 million, respectively, related to these derivative instruments.

Effective Income Tax Rate

Our effective tax rate (ETR) was 13.0 percent, 15.1 percent, and 14.9 percent in 2021, 2020, and 2019, respectively. Our ETR reflects a mix of income or losses in jurisdictions with a wide range of tax rates, permanent differences between U.S. GAAP and local tax laws, and the impact of discrete items. A change in the geographic mix of earnings could impact our ETR. The ETR in 2021 was impacted by a higher percentage of income generated in lower tax jurisdictions and discrete tax benefits.

Non-GAAP Reconciliation

In presenting our results, we included and discussed certain non-GAAP measures. These non-GAAP measures, which may be defined differently by other companies, are important for an understanding of our overall results of operations and financial condition. However, they should not be viewed as a substitute for measures determined in accordance with generally accepted accounting principles (GAAP).

Book value per common share is shareholders' equity divided by the shares outstanding. Tangible book value per common share is shareholders' equity less goodwill and other intangible assets, net of tax, divided by the shares outstanding. We believe that book value comparisons to less acquisitive peer companies are more meaningful when adjusted for goodwill and other intangible assets. The calculation of tangible book value per share does not consider the embedded goodwill attributable to our investments in partially-owned insurance companies until we consolidate.

We provide financial measures, including net premiums written, net premiums earned, and underwriting income on a constant-dollar basis. We believe it is useful to evaluate the trends in our results exclusive of the effect of fluctuations in exchange rates between the U.S. dollar and the currencies in which our international business is transacted, as these exchange rates could fluctuate significantly between periods and distort the analysis of trends. The impact is determined by assuming constant foreign exchange rates between periods by translating prior period results using the same local currency exchange rates as the comparable current period.

P&C performance metrics comprise consolidated operating results (including Corporate) and exclude the operating results of the Life Insurance segment. We believe that these measures are useful and meaningful to investors as they are used by management to assess the company's P&C operations which are the most economically similar. We exclude the Life Insurance segment because the results of this business do not always correlate with the results of our P&C operations.

P&C combined ratio is the sum of the loss and loss expense ratio, policy acquisition cost ratio, and the administrative expense ratio excluding the life business and including the realized gains and losses on the crop derivatives. These derivatives were purchased to provide economic benefit, in a manner similar to reinsurance protection, in the event that a significant decline in commodity pricing impacts underwriting results. We view gains and losses on these derivatives as part of the results of our underwriting operations.

CAY P&C combined ratio excluding catastrophe losses (CATs) excludes CATs and prior period development (PPD) from the P&C combined ratio. We exclude CATs as they are not predictable as to timing and amount and PPD as these unexpected loss developments on historical reserves are not indicative of our current underwriting performance. The combined ratio numerator is adjusted to exclude CATs, net premiums earned adjustments on PPD, prior period expense adjustments, and reinstatement premiums on PPD, and the denominator is adjusted to exclude net premiums earned adjustments on PPD and reinstatement premiums on CATs and PPD. In periods where there are adjustments on loss sensitive policies, these adjustments are excluded from PPD and net premiums earned when calculating the ratios. We believe this measure provides a better evaluation of our underwriting performance and enhances the understanding of the trends in our P&C business that may be obscured by these items. This measure is commonly reported among our peer companies and allows for a better comparison.

Reinstatement premiums are additional premiums paid on certain reinsurance agreements in order to reinstate coverage that had been exhausted by loss occurrences. The reinstatement premium amount is typically a pro rata portion of the original ceded premium paid based on how much of the reinsurance limit had been exhausted.

Net premiums earned adjustments within PPD are adjustments to the initial premium earned on retrospectively rated policies based on actual claim experience that develops after the policy period ends. The premium adjustments correlate to the prior period loss development on these same policies and are fully earned in the period the adjustments are recorded.

Prior period expense adjustments typically relate to adjustable commission reserves or policyholder dividend reserves based on actual claim experience that develops after the policy period ends. The expense adjustments correlate to the prior period loss development on these same policies.

The following tables present the calculation of combined ratio, as reported for each segment to P&C combined ratio, adjusted for catastrophe losses (CATs) and PPD:

For the Year Ended

December 31, 2021

(in millions of U.S. dollars except for ratios)

		North America Commercial P&C Insurance	North America Personal P&C Insurance	North America Agricultural Insurance	Overseas General Insurance	Global Reinsurance	Corporate	Total P&C
Numerator								
Losses and loss expenses	A \$	10,015	\$ 2,924	\$ 1,962	\$ 5,143	\$ 632	\$ 572	\$ 21,248
Catastrophe losses and related adjustments								
Catastrophe losses, net of related adjustments		(1,112)	(679)	(40)	(358)	(212)	—	(2,401)
Reinstatement premiums collected (expensed) on catastrophe losses		—	(16)	(2)	—	28	—	10
Catastrophe losses, gross of related adjustments		(1,112)	(663)	(38)	(358)	(240)	—	(2,411)
PPD and related adjustments								
PPD, net of related adjustments - favorable (unfavorable)		762	305	(10)	441	(3)	(569)	926
Net premiums earned adjustments on PPD - unfavorable (favorable)		67	—	(25)	—	—	—	42
Expense adjustments - unfavorable (favorable)		6	—	(3)	—	—	—	3
PPD reinstatement premiums - unfavorable (favorable)		6	(1)	—	7	3	—	15
PPD, gross of related adjustments - favorable (unfavorable)		841	304	(38)	448	—	(569)	986
CAY loss and loss expense ex CATs	B \$	9,744	\$ 2,565	\$ 1,886	\$ 5,233	\$ 392	\$ 3	\$ 19,823
Policy acquisition costs and administrative expenses								
Policy acquisition costs and administrative expenses	C \$	3,134	\$ 1,277	\$ 121	\$ 3,877	\$ 235	\$ 365	\$ 9,009
Expense adjustments - favorable (unfavorable)		(6)	—	3	—	—	—	(3)
Policy acquisition costs and administrative expenses, adjusted	D \$	3,128	\$ 1,277	\$ 124	\$ 3,877	\$ 235	\$ 365	\$ 9,006
Denominator								
Net premiums earned	E \$	15,461	\$ 4,915	\$ 2,338	\$ 10,441	\$ 798		\$ 33,953
Reinstatement premiums (collected) expensed on catastrophe losses		—	16	2	—	(28)		(10)
Net premiums earned adjustments on PPD - unfavorable (favorable)		67	—	(25)	—	—		42
PPD reinstatement premiums - unfavorable (favorable)		6	(1)	—	7	3		15
Net premiums earned excluding adjustments	F \$	15,534	\$ 4,930	\$ 2,315	\$ 10,448	\$ 773		\$ 34,000
P&C Combined ratio								
Loss and loss expense ratio	A/E	64.8 %	59.5 %	83.9 %	49.3 %	79.2 %		62.6 %
Policy acquisition cost and administrative expense ratio	C/E	20.2 %	26.0 %	5.2 %	37.1 %	29.5 %		26.5 %
P&C Combined ratio		85.0 %	85.5 %	89.1 %	86.4 %	108.7 %		89.1 %
CAY P&C Combined ratio ex CATs								
Loss and loss expense ratio, adjusted	B/F	62.7 %	52.0 %	81.5 %	50.1 %	50.7 %		58.3 %
Policy acquisition cost and administrative expense ratio, adjusted	D/F	20.2 %	25.9 %	5.3 %	37.1 %	30.5 %		26.5 %
CAY P&C Combined ratio ex CATs		82.9 %	77.9 %	86.8 %	87.2 %	81.2 %		84.8 %
Combined ratio								
Combined ratio								89.1 %
Add: impact of gains and losses on crop derivatives								—
P&C Combined ratio								89.1 %

Note: The ratios above are calculated using whole U.S. dollars. Accordingly, calculations using rounded amounts may differ. Letters A, B, C, D, E and F included in the table are references for calculating the ratios above.

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For the Year Ended

December 31, 2020

(in millions of U.S. dollars except for ratios)

		North America Commercial P&C Insurance	North America Personal P&C Insurance	North America Agricultural Insurance	Overseas General Insurance	Global Reinsurance	Corporate	Total P&C
Numerator								
Losses and loss expenses	A \$	10,129	\$ 3,187	\$ 1,544	\$ 5,255	\$ 435	\$ 435	\$ 20,985
Catastrophe losses and related adjustments								
Catastrophe losses, net of related adjustments		(1,871)	(534)	(36)	(705)	(113)	—	(3,259)
Reinstatement premiums collected (expensed) on catastrophe losses		(3)	(1)	(1)	(15)	10	—	(10)
Catastrophe losses, gross of related adjustments		(1,868)	(533)	(35)	(690)	(123)	—	(3,249)
PPD and related adjustments								
PPD, net of related adjustments - favorable (unfavorable)		702	(63)	10	150	29	(433)	395
Net premiums earned adjustments on PPD - unfavorable (favorable)		32	—	3	—	—	—	35
Expense adjustments - unfavorable (favorable)		(1)	—	6	—	(2)	—	3
PPD reinstatement premiums - unfavorable (favorable)		—	(18)	—	—	(1)	—	(19)
PPD, gross of related adjustments - favorable (unfavorable)		733	(81)	19	150	26	(433)	414
CAY loss and loss expense ex CATs	B \$	8,994	\$ 2,573	\$ 1,528	\$ 4,715	\$ 338	\$ 2	\$ 18,150
Policy acquisition costs and administrative expenses								
Policy acquisition costs and administrative expenses	C \$	2,948	\$ 1,244	\$ 132	\$ 3,602	\$ 211	\$ 303	\$ 8,440
Expense adjustments - favorable (unfavorable)		1	—	(6)	—	2	—	(3)
Policy acquisition costs and administrative expenses, adjusted	D \$	2,949	\$ 1,244	\$ 126	\$ 3,602	\$ 213	\$ 303	\$ 8,437
Denominator								
Net premiums earned	E \$	13,964	\$ 4,866	\$ 1,822	\$ 9,285	\$ 698		\$ 30,635
Reinstatement premiums (collected) expensed on catastrophe losses		3	1	1	15	(10)		10
Net premiums earned adjustments on PPD - unfavorable (favorable)		32	—	3	—	—		35
PPD reinstatement premiums - unfavorable (favorable)		—	(18)	—	—	(1)		(19)
Net premiums earned excluding adjustments	F \$	13,999	\$ 4,849	\$ 1,826	\$ 9,300	\$ 687		\$ 30,661
P&C Combined ratio								
Loss and loss expense ratio	A/E	72.5 %	65.5 %	84.7 %	56.6 %	62.3 %		68.5 %
Policy acquisition cost and administrative expense ratio	C/E	21.2 %	25.6 %	7.3 %	38.8 %	30.2 %		27.6 %
P&C Combined ratio		93.7 %	91.1 %	92.0 %	95.4 %	92.5 %		96.1 %
CAY P&C Combined ratio ex CATs								
Loss and loss expense ratio, adjusted	B/F	64.2 %	53.1 %	83.7 %	50.7 %	49.1 %		59.2 %
Policy acquisition cost and administrative expense ratio, adjusted	D/F	21.1 %	25.6 %	6.8 %	38.7 %	31.0 %		27.5 %
CAY P&C Combined ratio ex CATs		85.3 %	78.7 %	90.5 %	89.4 %	80.1 %		86.7 %
Combined ratio								
Combined ratio								96.1 %
Add: impact of gains and losses on crop derivatives								—
P&C Combined ratio								96.1 %

Note: The ratios above are calculated using whole U.S. dollars. Accordingly, calculations using rounded amounts may differ. Letters A, B, C, D, E and F included in the table are references for calculating the ratios above.

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For the Year Ended

December 31, 2019

(in millions of U.S. dollars except for ratios)

		North America Commercial P&C Insurance	North America Personal P&C Insurance	North America Agricultural Insurance	Overseas General Insurance	Global Reinsurance	Corporate	Total P&C
Numerator								
Losses and loss expenses	A \$	8,206	\$ 3,043	\$ 1,616	\$ 4,606	\$ 352	\$ 158	\$ 17,981
Catastrophe losses and related adjustments								
Catastrophe losses, net of related adjustments		(421)	(554)	(8)	(156)	(48)	—	(1,187)
Reinstatement premiums collected (expensed) on catastrophe losses		—	(11)	—	(4)	3	—	(12)
Catastrophe losses, gross of related adjustments		(421)	(543)	(8)	(152)	(51)	—	(1,175)
PPD and related adjustments								
PPD, net of related adjustments - favorable (unfavorable)		649	95	80	92	29	(153)	792
Net premiums earned adjustments on PPD - unfavorable (favorable)		38	—	36	—	1	—	75
Expense adjustments - unfavorable (favorable)		(3)	—	(13)	—	(1)	—	(17)
PPD reinstatement premiums - unfavorable (favorable)		(1)	(4)	—	1	(1)	—	(5)
PPD, gross of related adjustments - favorable (unfavorable)		683	91	103	93	28	(153)	845
CAY loss and loss expense ex CATs	B \$	8,468	\$ 2,591	\$ 1,711	\$ 4,547	\$ 329	\$ 5	\$ 17,651
Policy acquisition costs and administrative expenses								
Policy acquisition costs and administrative expenses	C \$	2,859	\$ 1,234	\$ 90	\$ 3,534	\$ 204	\$ 319	\$ 8,240
Expense adjustments - favorable (unfavorable)		3	—	13	—	1	—	17
Policy acquisition costs and administrative expenses, adjusted	D \$	2,862	\$ 1,234	\$ 103	\$ 3,534	\$ 205	\$ 319	\$ 8,257
Denominator								
Net premiums earned	E \$	12,922	\$ 4,694	\$ 1,795	\$ 8,882	\$ 654		\$ 28,947
Reinstatement premiums (collected) expensed on catastrophe losses		—	11	—	4	(3)		12
Net premiums earned adjustments on PPD - unfavorable (favorable)		38	—	36	—	1		75
PPD reinstatement premiums - unfavorable (favorable)		(1)	(4)	—	1	(1)		(5)
Net premiums earned excluding adjustments	F \$	12,959	\$ 4,701	\$ 1,831	\$ 8,887	\$ 651		\$ 29,029
P&C Combined ratio								
Loss and loss expense ratio	A/E	63.5 %	64.8 %	90.1 %	51.9 %	53.9 %		62.1 %
Policy acquisition cost and administrative expense ratio	C/E	22.1 %	26.3 %	5.0 %	39.7 %	31.1 %		28.5 %
P&C Combined ratio		85.6 %	91.1 %	95.1 %	91.6 %	85.0 %		90.6 %
CAY P&C Combined ratio ex CATs								
Loss and loss expense ratio, adjusted	B/F	65.3 %	55.1 %	93.5 %	51.2 %	50.6 %		60.8 %
Policy acquisition cost and administrative expense ratio, adjusted	D/F	22.1 %	26.3 %	5.6 %	39.7 %	31.5 %		28.4 %
CAY P&C Combined ratio ex CATs		87.4 %	81.4 %	99.1 %	90.9 %	82.1 %		89.2 %
Combined ratio								
Combined ratio								90.6 %
Add: impact of gains and losses on crop derivatives								—
P&C Combined ratio								90.6 %

Note: The ratios above are calculated using whole U.S. dollars. Accordingly, calculations using rounded amounts may differ. Letters A, B, C, D, E and F included in the table are references for calculating the ratios above.

Net Investment Income

(in millions of U.S. dollars, except for percentages)

	2021		2020		2019
Average invested assets	\$ 116,475	\$	109,766	\$	104,074
Net investment income ⁽¹⁾	\$ 3,456	\$	3,375	\$	3,426
Yield on average invested assets	3.0 %		3.1 %		3.3 %
Market yield on fixed maturities	2.3 %		1.7 %		2.7 %

⁽¹⁾ Includes \$84 million, \$116 million, and \$161 million of amortization expense related to the fair value adjustment of acquired invested assets related to the Chubb Corp acquisition in 2021, 2020, and 2019, respectively.

Net investment income is influenced by a number of factors including the amounts and timing of inward and outward cash flows, the level of interest rates, and changes in overall asset allocation. Net investment income increased 2.4 percent in 2021 compared with 2020, primarily due to increased dividends on public equities which resulted from a higher allocation to public equities and higher income received from our private equity partnerships. Investment income for the year was tempered by lower reinvestment rates on new and reinvested assets. Refer to Note 1 e) to the Consolidated Financial Statements for additional information.

For private equities where we own less than three percent, investment income is included within Net investment income in the table above. For private equities where we own more than three percent, investment income is included within Other income (expense) in the Consolidated statements of operations. Excluded from Net investment income is the mark-to-market movement for private equities, which is recorded within either Other income (expense) or Net realized gains (losses) based on our percentage of ownership. The total mark-to-market movement for private equities excluded from Net investment income was as follows:

(in millions of U.S. dollars)	2021		2020		2019
Total mark-to-market gain on private equity, pre-tax	\$ 2,115	\$	714	\$	449

Interest Expense

Interest expense was \$492 million, \$516 million, and \$552 million for the years ended December 31, 2021, 2020, and 2019, respectively, including a benefit of \$21 million each year related to the amortization of the fair value of debt assumed in the Chubb Corp acquisition. Pre-tax interest expense for our existing debt obligations and fees based on expected usage of certain facilities, including letters of credit, collateral fees, and repurchase agreements, is expected to total \$543 million for 2022 based on current foreign exchange rates. In addition, we expect a benefit of \$21 million related to the fair value of debt amortization for 2022. The expected increase in pre-tax interest expense is primarily driven by the 2021 issuance of \$600 million of 2.85 percent senior notes due December 2051 and \$1,000 million of 3.05 percent senior notes due December 2061. Refer to Note 9 to the Consolidated Financial Statements, under Item 8, for more information.

Amortization of Purchased Intangibles and Other Amortization

Amortization expense related to purchased intangibles was \$287 million, \$290 million, and \$305 million for the years ended December 31, 2021, 2020, and 2019, respectively, and principally relates to the Chubb Corp acquisition. The amortization of purchased intangibles expense in 2022 is expected to be \$281 million, or approximately \$70 million each quarter. Refer to Note 6 to the Consolidated Financial Statements, under Item 8, for more information.

Reduction of deferred tax liability associated with Other intangible assets

At December 31, 2021, the deferred tax liability associated with the Other intangible assets (excluding the fair value adjustment on Unpaid losses and loss expenses) was \$1,212 million.

The following table presents at December 31, 2021, the expected reduction to the deferred tax liability associated with the amortization of Other intangible assets, at current foreign currency exchange rates for the next five years:

For the Years Ending December 31 (in millions of U.S. dollars)	Reduction to deferred tax liability associated with intangible assets	
2022	\$	66
2023		60
2024		55
2025		51
2026		48
Total	\$	280

Amortization of the fair value adjustment on acquired invested assets and assumed long-term debt

The following table presents at December 31, 2021, the expected amortization expense of the fair value adjustment on acquired invested assets related to the Chubb Corp acquisition, at current foreign currency exchange rates, and the expected amortization benefit from the fair value adjustment on assumed long-term debt for the next five years:

For the Years Ending December 31 (in millions of U.S. dollars)	Amortization (expense) benefit of the fair value adjustment on	
	Acquired invested assets ⁽¹⁾	Assumed long-term debt ⁽²⁾
2022	\$ (68)	\$ 21
2023	(50)	21
2024	(9)	21
2025	—	21
2026	—	21
Total	\$ (127)	\$ 105

⁽¹⁾ Recorded as a reduction to Net investment income in the Consolidated statements of operations.

⁽²⁾ Recorded as a reduction to Interest expense in the Consolidated statements of operations.

The estimate of amortization expense of the fair value adjustment on acquired invested assets could vary based on current market conditions, bond calls, overall duration of the acquired investment portfolio, and foreign exchange.

Investments

Our investment portfolio is invested primarily in publicly traded, investment grade, fixed income securities with an average credit quality of A/A as rated by the independent investment rating services Standard and Poor's (S&P)/ Moody's Investors Service (Moody's). The portfolio is externally managed by independent, professional investment managers and is broadly diversified across geographies, sectors, and issuers. Other investments principally comprise direct investments, investment funds, and limited partnerships. We hold no collateralized debt obligations in our investment portfolio, and we provide no credit default protection. We have long-standing global credit limits for our entire portfolio across the organization. Exposures are aggregated, monitored, and actively managed by our Global Credit Committee, comprising senior executives, including our Chief Financial Officer, our Chief Risk Officer, our Chief Investment Officer, and our Treasurer. We also have well-established, strict contractual investment rules requiring managers to maintain highly diversified exposures to individual issuers and closely monitor investment manager compliance with portfolio guidelines.

The average duration of our fixed income securities, including the effect of options and swaps, was 4.1 years and 4.0 years at December 31, 2021 and 2020, respectively. We estimate that a 100 basis point (bps) increase in interest rates would reduce the valuation of our fixed income portfolio by approximately \$4.4 billion at December 31, 2021. The following table shows the fair value and cost/amortized cost, net of valuation allowance, of our invested assets:

(in millions of U.S. dollars)	December 31, 2021		December 31, 2020	
	Fair Value	Cost/ Amortized Cost, Net	Fair Value	Cost/ Amortized Cost
Fixed maturities available for sale	\$ 93,108	\$ 90,479	\$ 90,699	\$ 85,168
Fixed maturities held to maturity	10,647	10,118	12,510	11,653
Short-term investments	3,146	3,147	4,345	4,349
Fixed income securities	106,901	103,744	107,554	101,170
Equity securities	4,782	4,782	4,027	4,027
Other investments	11,169	11,169	7,945	7,945
Total investments	\$ 122,852	\$ 119,695	\$ 119,526	\$ 113,142

The fair value of our total investments increased \$3.3 billion during the year ended December 31, 2021, due to strong operating cash flows, positive equity returns and net proceeds from debt issuance. The increase was partially offset by share repurchases, unrealized losses on fixed maturities and payment of dividends on our Common Shares.

The following tables present the fair value of our fixed income securities at December 31, 2021 and 2020. The first table lists investments according to type and second according to S&P credit rating:

(in millions of U.S. dollars, except for percentages)	December 31, 2021		December 31, 2020	
	Fair Value	% of Total	Fair Value	% of Total
U.S. Treasury / Agency	\$ 3,458	3 %	\$ 4,122	4 %
Corporate and asset-backed securities	41,264	39 %	38,769	36 %
Mortgage-backed securities	22,292	21 %	20,616	19 %
Municipal	9,650	9 %	11,943	11 %
Non-U.S.	27,091	25 %	27,759	26 %
Short-term investments	3,146	3 %	4,345	4 %
Total	\$ 106,901	100 %	\$ 107,554	100 %
AAA	\$ 15,364	14 %	\$ 15,622	15 %
AA	35,179	33 %	36,125	33 %
A	20,171	19 %	19,712	18 %
BBB	17,362	16 %	17,542	16 %
BB	9,084	8 %	9,699	9 %
B	9,202	9 %	8,267	8 %
Other	539	1 %	587	1 %
Total	\$ 106,901	100 %	\$ 107,554	100 %

Corporate and asset-backed securities

The following table presents our 10 largest global exposures to corporate bonds by fair value at December 31, 2021:

(in millions of U.S. dollars)	Fair Value
Wells Fargo & Co	\$ 713
Bank of America Corp	680
JP Morgan Chase & Co	608
Comcast Corp	489
Verizon Communications Inc	487
AT&T Inc	472
Morgan Stanley	471
Citigroup Inc	418
HSBC Holdings Plc	378
Goldman Sachs Group Inc	360

Mortgage-backed securities

The following table shows the fair value and amortized cost, net of valuation allowance, of our mortgage-backed securities:

December 31, 2021 (in millions of U.S. dollars)	S&P Credit Rating					Fair Value	Amortized Cost, Net
	AAA	AA	A	BBB	BB and below	Total	Total
Agency residential mortgage-backed (RMBS)	\$ 92	\$ 18,234	\$ —	\$ —	\$ —	\$ 18,326	\$ 17,920
Non-agency RMBS	309	42	74	43	6	474	478
Commercial mortgage-backed securities	3,030	276	170	12	4	3,492	3,412
Total mortgage-backed securities	\$ 3,431	\$ 18,552	\$ 244	\$ 55	\$ 10	\$ 22,292	\$ 21,810

Municipal

As part of our overall investment strategy, we may invest in states, municipalities, and other political subdivisions fixed maturity securities (Municipal). We apply the same investment selection process described previously to our Municipal investments. The portfolio is highly diversified primarily in state general obligation bonds and essential service revenue bonds including education and utilities (water, power, and sewers).

Non-U.S.

Our exposure to the Euro results primarily from Chubb European Group SE which is headquartered in France and offers a broad range of coverages throughout the European Union, Central, and Eastern Europe. Chubb primarily invests in Euro denominated investments to support its local currency insurance obligations and required capital levels. Chubb's local currency investment portfolios have strict contractual investment guidelines requiring managers to maintain a high quality and diversified portfolio to both sector and individual issuers. Investment portfolios are monitored daily to ensure investment manager compliance with portfolio guidelines.

Our non-U.S. investment grade fixed income portfolios are currency-matched with the insurance liabilities of our non-U.S. operations. The average credit quality of our non-U.S. fixed income securities is A and 46 percent of our holdings are rated AAA or guaranteed by governments or quasi-government agencies. Within the context of these investment portfolios, our government and corporate bond holdings are highly diversified across industries and geographies. Issuer limits are based on credit rating (AA—two percent, A—one percent, BBB—0.5 percent of the total portfolio) and are monitored daily via an internal compliance system. We manage our indirect exposure using the same credit rating based investment approach. Accordingly, we do not believe our indirect exposure is material.

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The following table summarizes the fair value and amortized cost, net of valuation allowance, of our non-U.S. fixed income portfolio by country/sovereign for non-U.S. government securities at December 31, 2021:

(in millions of U.S. dollars)		Fair Value		Amortized Cost, Net
Canada	\$	1,021	\$	1,013
Republic of Korea		945		891
United Kingdom		664		655
Province of Ontario		661		648
United Mexican States		551		561
Kingdom of Thailand		548		510
Federative Republic of Brazil		527		539
Commonwealth of Australia		446		429
Socialist Republic of Vietnam		441		305
Province of Quebec		424		412
Other Non-U.S. Government Securities		5,484		5,361
Total	\$	11,712	\$	11,324

The following table summarizes the fair value and amortized cost, net of valuation allowance, of our non-U.S. fixed income portfolio by country/sovereign for non-U.S. corporate securities at December 31, 2021:

(in millions of U.S. dollars)		Fair Value		Amortized Cost, Net
United Kingdom	\$	2,501	\$	2,434
Canada		1,824		1,775
France		1,281		1,245
United States ⁽¹⁾		1,230		1,207
Australia		939		917
Japan		769		761
Germany		597		582
Switzerland		563		543
Netherlands		535		513
China		452		446
Other Non-U.S. Corporate Securities		4,688		4,597
Total	\$	15,379	\$	15,020

⁽¹⁾ The countries that are listed in the non-U.S. corporate fixed income portfolio above represent the ultimate parent company's country of risk. Non-U.S. corporate securities could be issued by foreign subsidiaries of U.S. corporations.

Below-investment grade corporate fixed income portfolio

Below-investment grade securities have different characteristics than investment grade corporate debt securities. Risk of loss from default by the borrower is greater with below-investment grade securities. Below-investment grade securities are generally unsecured and are often subordinated to other creditors of the issuer. Also, issuers of below-investment grade securities usually have higher levels of debt and are more sensitive to adverse economic conditions, such as recession or increasing interest rates, than investment grade issuers. At December 31, 2021, our corporate fixed income investment portfolio included below-investment grade and non-rated securities which, in total, comprised approximately 15 percent of our fixed income portfolio. Our below-investment grade and non-rated portfolio includes over 1,600 issuers, with the greatest single exposure being \$140 million.

We manage high-yield bonds as a distinct and separate asset class from investment grade bonds. The allocation to high-yield bonds is explicitly set by internal management and is targeted to securities in the upper tier of credit quality (BB/B). Our minimum rating for initial purchase is BB/B. Fourteen external investment managers are responsible for high-yield security selection and portfolio construction. Our high-yield managers have a conservative approach to credit selection and very low historical default experience. Holdings are highly diversified across industries and generally subject to a 1.5 percent issuer limit as a percentage of high-yield allocation. We monitor position limits daily through an internal compliance system. Derivative and structured securities (e.g., credit default swaps and collateralized debt obligations) are not permitted in the high-yield portfolio.

Asbestos and Environmental (A&E)

Asbestos and environmental (A&E) reserving considerations

For asbestos, Chubb faces claims relating to policies issued to manufacturers, distributors, installers, and other parties in the chain of commerce for asbestos and products containing asbestos. Claimants will generally allege damages across an extended time period which may coincide with multiple policies covering a wide range of time periods for a single insured.

Environmental claims present exposure for remediation and defense costs associated with the contamination of property or bodily injury as a result of pollution.

The following table presents count information for asbestos claims by causative agent and environmental claims by account, for direct policies only:

	Asbestos (by causative agent)		Environmental (by account)	
	2021	2020	2021	2020
Open at beginning of year	1,723	1,724	1,234	1,217
Newly reported/reopened	191	192	131	130
Closed or otherwise disposed	175	193	135	113
Open at end of year	1,739	1,723	1,230	1,234

Survival ratios are calculated by dividing the asbestos or environmental loss and allocated loss adjustment expense (ALAE) reserves by the average asbestos or environmental loss and ALAE payments for the three most recent calendar years (3-year survival ratio).

The following table presents the gross and net 3-year survival ratios for Asbestos and Environmental loss and ALAE reserves:

(in years)	Gross loss and ALAE reserves	Net loss and ALAE reserves
Asbestos	5.7	6.2
Environmental	3.0	3.3

The survival ratios provide only a very rough depiction of reserves and are significantly impacted by a number of factors such as aggressive settlement practices, variations in gross to ceded relationships within the asbestos or environmental claims, and levels of coverage provided. Therefore, we urge caution in using these very simplistic ratios to gauge reserve adequacy.

Catastrophe Management

We actively monitor and manage our catastrophe risk accumulation around the world from natural perils, including setting risk limits based on probable maximum loss (PML), and purchasing catastrophe reinsurance, to ensure sufficient liquidity and capital to meet the expectations of regulators, rating agencies and policyholders, and to provide shareholders with an appropriate risk-adjusted return. Chubb uses internal and external data together with sophisticated analytical, catastrophe loss and risk modeling techniques to ensure an appropriate understanding of risk, including diversification and correlation effects, across different product lines and territories. The table below presents our modeled pre-tax estimates of natural catastrophe PML, net of reinsurance, at December 31, 2021, and is not our expected catastrophe losses for any one year.

(in millions of U.S. dollars, except for percentages)	Modeled Net Probable Maximum Loss (PML) Pre-tax								
	Worldwide ⁽¹⁾ Annual Aggregate			U.S. Hurricane ⁽²⁾ Annual Aggregate			California Earthquake ⁽³⁾ Single Occurrence		
	Chubb	% of Total Shareholders' Equity		Chubb	% of Total Shareholders' Equity		Chubb	% of Total Shareholders' Equity	
1-in-10	\$ 2,163	3.6 %	\$ 1,090	1.8 %	\$ 146	0.2 %			
1-in-100	\$ 4,360	7.3 %	\$ 2,734	4.6 %	\$ 1,311	2.2 %			
1-in-250	\$ 7,103	11.9 %	\$ 4,971	8.3 %	\$ 1,508	2.5 %			

⁽¹⁾ Worldwide aggregate is comprised of losses arising from tropical cyclones, convective storms, earthquakes, U.S. wildfires and inland floods, and do not include "non-modeled" perils such as man-made and other catastrophe risk including pandemic.

⁽²⁾ U.S. hurricane losses include losses from wind and storm-surge and exclude rainfall.

⁽³⁾ California earthquakes include the fire-following sub-peril.

The PML for worldwide and key U.S. peril regions are based on our in-force portfolio at October 1, 2021, and reflect the April 1, 2021 reinsurance program (see Global Property Catastrophe Reinsurance Program section) as well as inuring reinsurance protection coverages. These estimates assume that reinsurance recoverable is fully collectible.

According to the model, for the 1-in-100 return period scenario, there is a one percent chance that our pre-tax annual aggregate losses incurred in any year from U.S. hurricane events could be in excess of \$2,734 million (or 4.6 percent of our total shareholders' equity at December 31, 2021). Effective December 31, 2021, our worldwide PMLs include losses from U.S. wildfire and U.S. inland flood.

The above estimates of Chubb's loss profile are inherently uncertain for many reasons, including the following:

- While the use of third-party modeling packages to simulate potential catastrophe losses is prevalent within the insurance industry, the models are reliant upon significant meteorology, seismology, and engineering assumptions to estimate catastrophe losses. In particular, modeled catastrophe events are not always a representation of actual events and ensuing additional loss potential;
- There is no universal standard in the preparation of insured data for use in the models, the running of the modeling software and interpretation of loss output. These loss estimates do not represent our potential maximum exposures and it is highly likely that our actual incurred losses would vary materially from the modeled estimates;
- The potential effects of climate change add to modeling complexity; and
- Changing climate conditions could impact our exposure to natural catastrophe risks. Published studies by leading government, academic and professional organizations combined with extensive research by Chubb climate scientists reveal the potential for increases in the frequency and severity of key natural perils such as tropical cyclones, inland flood, and wildfire. To understand the potential impacts on the Chubb portfolio, we have conducted stress tests on our peak exposure zone, namely in the U.S., using parameters outlined by the Intergovernmental Panel on Climate Change (IPCC) Climate Change 2021 report. These parameters consider the impacts of climate change and the resulting climate peril impacts over a timescale relevant to our business. The tests are conducted by adjusting our baseline view of risk for the perils of hurricane, inland flood, and wildfire in the U.S. to reflect increases in frequency and severity across the modeled domains for each of these perils. Based on these tests against the Chubb portfolio we do not expect material impacts to our baseline PMLs from climate change over the next 12 months. These tests reflect current exposures only and exclude potentially mitigating factors such as changes to building codes, public or private risk mitigation, regulation and public policy.

Man-made and other catastrophes

We have substantial exposure to losses resulting from man-made catastrophes including terrorism, cyber-attack, financial events, and other catastrophe events, including pandemics. These events are inherently unpredictable and could impact a variety of our businesses, including commercial and personal lines, life insurance, A&H, and reinsurance products. Our losses from these events could be substantial.

Terrorism

We offer terrorism coverage in the U.S. and in many other countries through various insurance products. We actively monitor terrorism risk and manage exposures through set risk limits based on modeled losses from certain terrorism attack scenarios, the purchase of reinsurance, and the reliance on government-sponsored terrorism reinsurance programs. In the U.S., certain protections of our terrorism exposure are provided through the Terrorism Risk Insurance Program Reauthorization Act of 2019 (TRIPRA). In 2021, TRIPRA covers 80 percent of insured losses above a deductible, estimated to be approximately \$2.6 billion. Refer to “Global Property Catastrophe Reinsurance Program” for information on our reinsurance protection purchased. At our largest exposure location in the U.S., our maximum modeled losses from a 10-ton truck-bomb explosion are estimated to be \$1.7 billion pre-tax based on the exposures, net of reinsurance and TRIPRA as of December 31, 2021.

Cyber Insurance

While frequency and severity trends are being managed through long-standing underwriting strategies, the potential catastrophe risk that aggregation of cyber exposures presents to insurers is unique and unprecedented. In contrast with natural catastrophe risks, catastrophic cyber event scenarios are not bound by time or geography. Further, catastrophic cyber perils do not have well-established definitions or fundamental physical properties. For these reasons, catastrophic cyber events have the inherent potential for significant economic loss. Although cyber risk does not represent a material component of our net premiums written and we engage in significant risk mitigation through our underwriting and use of reinsurance, we are exposed to material losses in the event of a systemic cyber-attack.

Financial Risk

The consequences of adverse global or regional market and economic conditions may affect our investment portfolio. Our investment portfolio is subject to credit or default risk and may also be less liquid in times of economic weakness or market disruptions. Our investments are subject to market risks and risks inherent in individual securities. Our investment performance is highly sensitive to many factors, including interest rates, inflation, monetary and fiscal policies, and domestic and international political conditions. The volatility of our losses may force us to liquidate securities, which may cause us to incur capital losses. Realized and unrealized losses in our investment portfolio would reduce our book value, and if significant, can affect our ability to conduct business.

Moreover, we have substantial exposure to insurance products which are sensitive to certain system-wide financial conditions, such as our financial lines, surety, political risk, involuntary loss of employment (outside U.S.), and trade credit products. These products tend to be characterized by infrequent but potentially high severity losses. The majority of our exposure in these products may be impacted by an adverse economic climate such as an economic recession or depression. If the financial condition of these insureds were adversely affected by the economy or otherwise, we may experience an increase in filed claims and may incur high severity losses, which could have an adverse effect on our results of operations. We monitor credit exposures to single counterparties and to sectors of interest from sources across our operations (e.g. investments, insurance products, reinsurance recoverable, bank deposits, letters of credit) and establish guidelines for credit risk exposure at the counterparty level. Our net income may be volatile because certain variable annuity reinsurance products sold expose us to reserve and fair value liability changes that are directly affected by market and other factors and assumptions.

Pandemic

An outbreak of pandemic disease, such as the COVID-19 pandemic could have a materially adverse effect on our results of operations. The vast majority of our property and liability coverages do not provide coverage for pandemic claims. However, we are subject to the potential of aggregation of loss from coverages provided in our life, A&H, and workers compensation portfolios. We assess our direct pandemic exposure using stress scenarios that consider mortality, morbidity and other causes of insured loss such as trip cancellation. Our assessment also incorporates the impact of a severe economic downturn which, as stated above under Financial Risk, includes an adverse impact to our investment portfolio and to our insurance products sensitive to certain system-wide financial conditions.

Global Property Catastrophe Reinsurance Program

Chubb's core property catastrophe reinsurance program provides protection against natural catastrophes impacting its primary property operations (i.e., excluding our Global Reinsurance and Life Insurance segments).

We regularly review our reinsurance protection and corresponding property catastrophe exposures. This may or may not lead to the purchase of additional reinsurance prior to a program's renewal date. In addition, prior to each renewal date, we consider how much, if any, coverage we intend to buy and we may make material changes to the current structure in light of various factors, including modeled PML assessment at various return periods, reinsurance pricing, our risk tolerance and exposures, and various other structuring considerations.

Chubb renewed its Global Property Catastrophe Reinsurance Program for our North American and International operations effective April 1, 2021 through March 31, 2022, with an additional \$100 million of limit for international loss occurrences compared to the expiring program. The program consists of three layers in excess of losses retained by Chubb on a per occurrence basis. In addition, Chubb also renewed its terrorism coverage (excluding nuclear, biological, chemical and radiation coverage, with an inclusion of coverage for biological and chemical coverage for personal lines) for the United States from April 1, 2021 through March 31, 2022 with the same limits and retention and percentage placed except that the majority of terrorism coverage is on an aggregate basis above our retentions without a reinstatement.

Loss Location	Layer of Loss	Comments	Notes
United States (excluding Alaska and Hawaii)	\$0 million – \$1.0 billion	Losses retained by Chubb	(a)
United States (excluding Alaska and Hawaii)	\$1.0 billion – \$1.15 billion	All natural perils and terrorism	(b)
United States (excluding Alaska and Hawaii)	\$1.15 billion – \$2.25 billion	All natural perils and terrorism	(c)
United States (excluding Alaska and Hawaii)	\$2.25 billion – \$3.5 billion	All natural perils and terrorism	(d)
International (including Alaska and Hawaii)	\$0 million – \$175 million	Losses retained by Chubb	(a)
International (including Alaska and Hawaii)	\$175 million – \$1.275 billion	All natural perils and terrorism	(c)
Alaska, Hawaii, and Canada	\$1.275 billion – \$2.525 billion	All natural perils and terrorism	(d)

(a) Ultimate retention will depend upon the nature of the loss and the interplay between the underlying per risk programs and certain other catastrophe programs purchased by individual business units. These other catastrophe programs have the potential to reduce our effective retention below the stated levels.

(b) These coverages are partially placed with Reinsurers.

(c) These coverages are both part of the same Second layer within the Global Property Catastrophe Reinsurance Program and are fully placed with Reinsurers.

(d) These coverages are both part of the same Third layer within the Global Property Catastrophe Reinsurance Program and are fully placed with Reinsurers.

Political Risk and Credit Insurance

Political risk insurance is a specialized coverage that provides clients with protection against unexpected, catastrophic political or macroeconomic events, primarily in emerging markets. We participate in this market through our Bermuda based wholly-owned subsidiary Sovereign Risk Insurance Ltd. (Sovereign), and through a unit of our London-based CGM operation. Chubb is one of the world's leading underwriters of political risk and credit insurance, has a global portfolio spread across more than 150 countries and is also a member of The Berne Union. Our clients include financial institutions, national export credit agencies, leading multilateral agencies, private equity firms and multinational corporations. CGM writes political risk and credit insurance business out of underwriting offices in London, United Kingdom; Hamburg, Germany; Sao Paulo, Brazil; Singapore; Tokyo, Japan; and in the U.S. in the following locations: Chicago, New York, Los Angeles and Washington, D.C.

Our political risk insurance products provide protection to commercial lenders against defaults on cross border loans, cover investors against equity losses, and protect exporters against defaults on contracts. Commercial lenders, our largest client segment, are covered for missed scheduled loan repayments due to acts of confiscation, expropriation or nationalization by the host government, currency inconvertibility or exchange transfer restrictions, or war or other acts of political violence. In addition,

in the case of loans to government-owned entities or loans that have a government guarantee, political risk policies cover scheduled payments against risks of non-payment or non-honoring of government guarantees. Private equity investors and corporations cover their equity investments against financial losses, such as expropriatory events, inability to repatriate dividends, and physical damage to their operations caused by covered political risk events. Our export contracts product provides coverage for both exporters and their financing banks against the risk of contract frustration due to government actions, including non-payment by governmental entities.

CGM's credit insurance businesses cover losses due to insolvency, protracted default, and political risk perils including export and license cancellation. Our credit insurance product provides coverage to larger companies that have sophisticated credit risk management systems, with exposure to multiple customers and that have the ability to self-insure losses up to a certain level through excess of loss coverage. It also provides coverage to trade finance banks, exporters, and trading companies, with exposure to trade-related financing instruments. CGM also has limited capacity for Specialist Credit insurance products which provide coverage for project finance and working capital loans for large corporations and banks.

We have implemented structural features in our policies in order to control potential losses within the political risk and credit insurance businesses. These include basic loss sharing features such as co-insurance and deductibles and, in the case of trade credit, the use of non-qualifying losses that drop smaller exposures deemed too difficult to assess. Ultimate loss severity is also limited by using waiting periods to enable the insurer and insured to mitigate losses and to agree on recovery strategies if a claim does materialize. We have the option to pay claims over the original loan repayment schedule, rather than in a lump sum, in order to provide insureds and the insurer additional time to remedy problems and work towards full recoveries. It is important to note that political risk and credit policies are named peril conditional insurance contracts, not financial guarantees, and claims are only paid after conditions and warranties are fulfilled. Political risk and credit insurance policies do not cover currency devaluations, bond defaults, movements in overseas equity markets, transactions deemed illegal, situations where corruption or misrepresentation has occurred, or debt that is not legally enforceable. In addition to assessing and mitigating potential exposure on a policy-by-policy basis, we also have specific risk management measures in place to manage overall exposure and risk. These measures include placing country, credit, and individual transaction limits based on country risk and credit ratings, combined single loss limits on multi-country policies, the use of quota share and excess of loss reinsurance protection as well as quarterly modeling and stress-testing of the portfolio. We have a dedicated Country and Credit Risk management team that is responsible for the portfolio.

Crop Insurance

We are, and have been since the 1980s, one of the leading writers of crop insurance in the U.S. and have conducted that business through a managing general agent subsidiary of Rain and Hail. We provide protection throughout the U.S. on a variety of crops and are therefore geographically diversified, which reduces the risk of exposure to a single event or a heavy accumulation of losses in any one region. Given its concentration of risk exposed to temperature, moisture, drought, hail and the more frequent and severe storms associated with climate change, crop insurance is a business with catastrophe-like features. Our crop insurance business comprises two components - Multiple Peril Crop Insurance (MPCI) and crop-hail insurance.

The MPCI program, offered in conjunction with the U.S. Department of Agriculture's Risk Management Agency (RMA), is a federal subsidized insurance program that covers revenue shortfalls or production losses due to natural causes such as drought, excessive moisture, hail, wind, freeze, insects, and disease. These revenue products are defined as providing both commodity price and yield coverages. Policies are available for various crops in different areas of the U.S. and generally have deductibles generally ranging from 10 percent to 50 percent of the insured's risk. The USDA's Risk Management Agency (RMA) sets the policy terms and conditions, rates and forms, and is also responsible for setting compliance standards. As a participant in the MPCI program, we report all details of policies to the RMA and are party to a Standard Reinsurance Agreement (SRA). The SRA sets out the relationship between private insurance companies and the Federal Crop Insurance Corporation (FCIC) concerning the terms and conditions regarding the risks each will bear including the pro-rata and state stop-loss provisions, which allows companies to limit the exposure of any one state or group of states on their underwriting results. In addition to the pro-rata and excess of loss reinsurance protections inherent in the SRA, we also purchase third-party proportional and stop-loss reinsurance for our MPCI business to reduce our exposure. We may also enter into crop derivative contracts to further manage our risk exposure.

Each year the RMA issues a final SRA for the subsequent reinsurance year (i.e., the 2022 SRA covers the 2022 reinsurance year from July 1, 2021 through June 30, 2022). There were no significant changes in the terms and conditions from the 2021 SRA and therefore, the new SRA does not impact Chubb's outlook on the crop program relative to 2022.

We recognize net premiums written as soon as estimable on our MPCl business, which is generally when we receive acreage reports from the policyholders on the various crops throughout the U.S. This allows us to best determine the premium associated with the liability that is being planted. The MPCl program has specific timeframes as to when producers must report acreage to us and in certain cases, the reporting occurs after the close of the respective reinsurance year. Once the net premium written has been recorded, the premium is then earned over the growing season for the crops. A majority of the crops that are covered in the program are typically subject to the SRA in effect at the beginning of the year. Given the major crops covered in the program, we typically see a substantial written and earned premium impact in the second and third quarters.

The pricing of MPCl premium is determined using a number of factors including commodity prices and related volatility (i.e., both impact the amount of premium we can charge to the policyholder). For example, in most states, the pricing for the MPCl revenue product for corn (i.e., insurance coverage for lower than expected crop revenue in a given season) includes a factor based on the average commodity price in February. If corn commodity prices are higher in February, compared to the February price in the prior year, and all other factors are the same, the increase in price will increase the corn premium year-over-year. Pricing is also impacted by volatility factors, which measure the likelihood commodity prices will fluctuate over the crop year. For example, if volatility is set at a higher rate compared to the prior year, and all other factors are the same, the premium charged to the policyholder will be higher year-over-year for the same level of coverage.

Losses incurred on the MPCl business are determined using both commodity price and crop yield. With respect to commodity price, there are two important periods on a large portion of the business: The month of February when the initial premium base is set, and the month of October when the final harvest price is set. If the price declines from February to October, with yield remaining at normal levels, the policyholder may be eligible to recover on the policy. However, in most cases there are deductibles on these policies, therefore, the impact of a decline in price would have to exceed the deductible before a policyholder would be eligible to recover.

We evaluate our MPCl business at an aggregate level and the combination of all of our insured crops (both winter and summer) go into our underwriting gain or loss estimate in any given year. Typically, we do not have enough information on the harvest prices or crop yield outputs to quantify the preliminary estimated impact to our underwriting results until the fourth quarter.

Our crop-hail program is a private offering. Premium is earned on the crop-hail program over the coverage period of the policy. Given the very short nature of the growing season, most crop-hail business is typically written in the second and third quarters and the recognition of earned premium is also more heavily concentrated during this timeframe. We use industry data to develop our own rates and forms for the coverage offered. The policy primarily protects farmers against yield reduction caused by hail and/or fire, and related costs such as transit to storage. We offer various deductibles to allow the grower to partially self-insure for a reduced premium cost. We limit our crop-hail exposures through the use of township liability limits and third-party reinsurance on our net retained hail business.

Liquidity

Liquidity is a measure of a company's ability to generate cash flows sufficient to meet short-term and long-term cash requirements. As a holding company, Chubb Limited possesses assets that consist primarily of the stock of its subsidiaries and other investments. In addition to net investment income, Chubb Limited's cash flows depend primarily on dividends and other statutorily permissible payments. Historically, dividends and other statutorily permitted payments have come primarily from Chubb's Bermuda-based operating subsidiaries, which we refer to as our Bermuda subsidiaries. Our consolidated sources of funds consist primarily of net premiums written, fees, net investment income, and proceeds from sales and maturities of investments. Funds are used at our various companies primarily to pay claims, operating expenses, and dividends; to service debt; to purchase investments; and to fund acquisitions.

We anticipate that positive cash flows from operations (underwriting activities and investment income) should be sufficient to cover cash outflows under most loss scenarios for the near term. Should the need arise, we generally have access to capital markets and available credit facilities. Refer to "Credit Facilities" below for additional information. Our access to funds under the existing credit facility is dependent on the ability of the bank that is a party to the facility to meet its funding commitments. Should our existing credit provider experience financial difficulty, we may be required to replace credit sources, possibly in a

difficult market. If we cannot obtain adequate capital or sources of credit on favorable terms, on a timely basis, or at all, our business, operating results, and financial condition could be adversely affected. To date, we have not experienced difficulty accessing our credit facility or establishing additional facilities when needed.

To further ensure the sufficiency of funds to settle unforeseen claims, we hold certain invested assets in cash and short-term investments. In addition, for certain insurance, reinsurance, or deposit contracts that tend to have relatively large and reasonably predictable cash outflows, we attempt to establish dedicated portfolios of assets that are duration-matched with the related liabilities. With respect to the duration of our overall investment portfolio, we manage asset durations to both maximize return given current market conditions and provide sufficient liquidity to cover future loss payments. At December 31, 2021, the average duration of our fixed maturities (4.1 years) is less than the average expected duration of our insurance liabilities (4.6 years).

Despite our safeguards, if paid losses accelerate beyond our ability to fund such paid losses from current operating cash flows, we might need to either liquidate a portion of our investment portfolio or arrange for financing. Potential events causing such a liquidity strain could include several significant catastrophes occurring in a relatively short period of time, large uncollectible reinsurance recoverables on paid losses (as a result of coverage disputes, reinsurers' credit problems, or decreases in the value of collateral supporting reinsurance recoverables) or increases in collateral postings under our variable annuity reinsurance business. Because each subsidiary focuses on a more limited number of specific product lines than is collectively available from the Chubb Group of Companies, the mix of business tends to be less diverse at the subsidiary level. As a result, the probability of a liquidity strain, as described above, may be greater for individual subsidiaries than when liquidity is assessed on a consolidated basis. If such a liquidity strain were to occur in a subsidiary, we could be required to liquidate a portion of our investments, potentially at distressed prices, as well as be required to contribute capital to the particular subsidiary and/or curtail dividends from the subsidiary to support holding company operations.

The payment of dividends or other statutorily permissible distributions from our operating companies are subject to the laws and regulations applicable to each jurisdiction, as well as the need to maintain capital levels adequate to support the insurance and reinsurance operations, including financial strength ratings issued by independent rating agencies. During 2021, we were able to meet all our obligations, including the payments of dividends on our Common Shares, with our net cash flows.

We assess which subsidiaries to draw dividends from based on a number of factors. Considerations such as regulatory and legal restrictions as well as the subsidiary's financial condition are paramount to the dividend decision. Chubb Limited received dividends of \$3.7 billion and \$1.9 billion from its Bermuda subsidiaries in 2021 and 2020, respectively. Chubb Limited also received cash dividends of \$21 million and \$110 million and non-cash dividends of \$916 million and \$734 million from a Swiss subsidiary in 2021 and 2020, respectively.

The U.S. insurance subsidiaries of Chubb INA Holdings Inc. (Chubb INA) may pay dividends, without prior regulatory approval, subject to restrictions set out in state law of the subsidiary's domicile (or, if applicable, commercial domicile). Chubb INA's international subsidiaries are also subject to insurance laws and regulations particular to the countries in which the subsidiaries operate. These laws and regulations sometimes include restrictions that limit the amount of dividends payable without prior approval of regulatory insurance authorities. Chubb Limited received no dividends from Chubb INA in 2021 and 2020. Debt issued by Chubb INA is serviced by statutorily permissible distributions by Chubb INA's insurance subsidiaries to Chubb INA as well as other group resources. Chubb INA received dividends of \$2.3 billion and \$1.2 billion from its subsidiaries in 2021 and 2020, respectively. At December 31, 2021, the amount of dividends available to be paid to Chubb INA in 2022 from its subsidiaries without prior approval of insurance regulatory authorities totals \$2.9 billion.

Cash Flows

Our insurance and reinsurance operations provide liquidity in that premiums are received in advance, sometimes substantially in advance, of the time claims are paid. Generally, cash flows are affected by claim payments that, due to the nature of our operations, may comprise large loss payments on a limited number of claims and which can fluctuate significantly from period to period. The irregular timing of these loss payments can create significant variations in cash flows from operations between periods. For additional information regarding estimates of future claim payments over the next twelve months, refer to our discussion of Cash Requirements within "Capital Resources". Sources of liquidity include cash from operations, routine sales of investments, and financing arrangements. The following is a discussion of our cash flows for 2021, 2020, and 2019.

Operating cash flows reflect Net income for each period, adjusted for non-cash items and changes in working capital.

Operating cash flows were a record \$11.1 billion in 2021, compared to \$9.8 billion and \$6.3 billion in 2020 and 2019, respectively. Operating cash flow increased \$1.3 billion in 2021 compared to 2020, due to higher premiums collected reflecting premium growth, principally in our commercial lines, partially offset by higher catastrophe loss payments and higher taxes paid.

Cash used for investing was \$6.7 billion in 2021, compared to \$7.5 billion and \$5.9 billion in 2020 and 2019, respectively. Cash used for investing in the current year included lower net purchases of equity securities of \$2.4 billion, partially offset by higher net purchases of fixed maturities of \$2.0 billion. In addition, cash used related to acquisitions of Huatai Group ownership interest was \$1.2 billion in 2021 compared to \$1.6 billion in 2020. Refer to Note 2 to the Consolidated Financial Statements for additional information.

Cash used for financing was \$4.4 billion in 2021, compared to \$2.1 billion and \$151 million in 2020 and 2019, respectively. Cash used for financing was higher by \$2.3 billion in 2021 compared to 2020 principally from more shares repurchased in the current year of \$4.3 billion, partially offset by higher net proceeds from the issuance of long-term debt (net of repayments) of \$1.9 billion. Refer to Note 11 to the Consolidated Financial Statements for additional information on share repurchases.

Both internal and external forces influence our financial condition, results of operations, and cash flows. Claim settlements, premium levels, and investment returns may be impacted by changing rates of inflation and other economic conditions. In many cases, significant periods of time, ranging up to several years or more, may lapse between the occurrence of an insured loss, the reporting of the loss to us, and the settlement of the liability for that loss.

We use repurchase agreements as a low-cost funding alternative. At December 31, 2021, there were \$1.4 billion in repurchase agreements outstanding with various maturities over the next eight months.

In addition to cash from operations, routine sales of investments, and financing arrangements, we have agreements with a third-party bank provider which implemented two international multi-currency notional cash pooling programs to enhance cash management efficiency during periods of short-term timing mismatches between expected inflows and outflows of cash by currency. The programs allow us to optimize investment income by avoiding portfolio disruption. In each program, participating Chubb entities establish deposit accounts in different currencies with the bank provider. Each day the credit or debit balances in every account are notionally translated into a single currency (U.S. dollars) and then notionally pooled. The bank extends overdraft credit to all participating Chubb entities as needed, provided that the overall notionally pooled balance of all accounts in each pool at the end of each day is at least zero. Actual cash balances are not physically converted and are not commingled between legal entities. Chubb entities may incur overdraft balances as a means to address short-term liquidity needs. Any overdraft balances incurred under this program by a Chubb entity would be guaranteed by Chubb Limited (up to \$300 million in the aggregate). Our syndicated letter of credit facility allows for same day drawings to fund a net pool overdraft should participating Chubb entities withdraw contributed funds from the pool.

Capital Resources

Capital resources consist of funds deployed or available to be deployed to support our business operations.

(in millions of U.S. dollars, except for percentages)	December 31 2021	December 31 2020
Short-term debt	\$ 999	\$ —
Long-term debt	15,169	14,948
Trust preferred securities	308	308
Total shareholders' equity	59,714	59,441
Total capitalization	\$ 76,190	\$ 74,697
Ratio of financial debt to total capitalization	21.2 %	20.0 %
Ratio of financial debt plus trust preferred securities to total capitalization	21.6 %	20.4 %

Repurchase agreements are excluded from the table above and are disclosed separately from short-term debt in the Consolidated balance sheets. The repurchase agreements are collateralized borrowings where we maintain the right and ability to redeem the collateral on short notice, unlike short-term debt which comprises the current maturities of our long-term debt instruments.

On November 15, 2021, Chubb INA issued \$600 million of 2.85 percent senior notes due December 2051 and \$1.0 billion of 3.05 percent senior notes due December 2061. Refer to Note 9 to the Consolidated Financial Statements for details about debt issued and debt redeemed.

We believe our financial strength provides us with the flexibility and capacity to obtain available funds externally through debt or equity financing on both a short-term and long-term basis. Our ability to access the capital markets is dependent on, among other things, market conditions and our perceived financial strength. We have accessed both the debt and equity markets from time to time. We generally maintain the ability to issue certain classes of debt and equity securities via an unlimited Securities and Exchange Commission (SEC) shelf registration which is renewed every three years. This allows us capital market access for refinancing as well as for unforeseen or opportunistic capital needs. In October 2021, we filed a new shelf registration statement which allows us to issue an unlimited amount of certain classes of debt and equity from time to time, replacing the shelf registration statement that was filed in October 2018. This new shelf registration statement expires in October 2024.

Securities Repurchases

From time to time, we repurchase shares as part of our capital management program. In November 2020, the Board of Directors (Board) authorized a share repurchase program of \$1.5 billion of Chubb Common Shares from November 19, 2020 through December 31, 2021.

In February 2021, the Board approved an increase to this share repurchase program of \$1.0 billion to a total of \$2.5 billion, effective through December 31, 2021. On July 19, 2021, the Board authorized a one-time incremental share repurchase program of up to \$5.0 billion through June 30, 2022, which is the only board authorization currently in effect.

Share repurchases may be made in the open market, in privately negotiated transactions, block trades, accelerated repurchases and/or through option or other forward transactions. In 2021, 2020, and 2019 we repurchased \$4.9 billion, \$516 million, and \$1.5 billion, respectively, of Common Shares in a series of open market transactions under the Board share repurchase authorizations at an average per share price of \$175.85, \$143.91, and \$146.61, respectively. For the period January 1, 2022 through February 23, 2022, we repurchased 1,966,600 Common Shares for a total of \$405 million in a series of open market transactions under the share repurchase program authorization. At February 23, 2022, \$2.2 billion in share repurchase authorization remained through June 30, 2022.

Common Shares

Our Common Shares had a par value of CHF 24.15 each at December 31, 2021.

As of December 31, 2021, there were 47,448,502 Common Shares in treasury with a weighted average cost of \$157.31 per share.

Under Swiss law, dividends must be stated in Swiss francs though dividend payments are made by Chubb in U.S. dollars.

At our May 2021 annual general meeting, our shareholders approved an annual dividend for the following year of up to \$3.20 per share, expected to be paid in four quarterly installments of \$0.80 per share after the annual general meeting by way of distribution from capital contribution reserves, transferred to free reserves for payment. The Board will determine the record and payment dates at which the annual dividend may be paid until the date of the 2022 annual general meeting, and is authorized to abstain from distributing a dividend at its discretion. The first three quarterly installments each of \$0.80 per share, have been distributed by the Board as expected.

At our May 2020 annual general meeting, our shareholders approved an annual dividend for the following year of up to \$3.12 per share, which was paid in four quarterly installments of \$0.78 per share at dates determined by the Board after the annual general meeting by way of distribution from capital contribution reserves, transferred to free reserves for payment.

Dividend distributions on Common Shares amounted to CHF 2.88 (\$3.18) per share for the year ended December 31, 2021. Refer to Note 11 to the Consolidated Financial Statements for additional information on our dividends.

Cash Requirements

Our cash requirements within the next twelve months include claims payable to claimants and other routine obligations typical to our business. We also have commitments related to our limited partnerships as well as our purchase agreements for Cigna's Life and A&H business in Asia and for the incremental ownership interests in Huatai Group. We expect the cash required to meet these obligations to be primarily generated through a combination of cash on hand, cash from operations, routine sales of investments, and financing arrangements. We believe these sources will be sufficient to meet our anticipated cash requirements for at least the next twelve months, while maintaining sufficient liquidity for normal operating purposes. We believe our financial strength provides us with the flexibility and capacity to obtain available funds externally through debt or equity financing on both a short-term and long-term basis, if necessary. At December 31, 2021, our long-term cash requirements under our various contractual obligations and commitments include:

- *Gross loss payments under insurance and reinsurance contracts* - We are obligated to pay claims under insurance and reinsurance contracts for specified loss events covered under those contracts. Total cash requirements are not determinable from underlying contracts and must be estimated. Gross loss payments under insurance and reinsurance contracts are estimated at \$73.0 billion with \$20.3 billion estimated due over the next twelve months. These estimated gross loss payments are inherently uncertain and the amount and timing of actual loss payments are likely to differ from these estimates and the differences could be material. Given the numerous factors and assumptions involved in both estimates of loss reserves and related estimates as to the timing of future loss payments, differences between actual and estimated loss payments will not necessarily indicate a commensurate change in ultimate loss estimates. Refer to Note 7 to the Consolidated Financial Statements for additional information.
- *Estimated payments for future policy benefits and GLB* - Total estimated payments for future policy benefits and GLB are estimated at \$21.0 billion and \$1.4 billion, respectively, with a total \$993 million estimated due over the next twelve months. These estimated payments, which are not determinable from the contracts, are gross of fees or premiums from the underlying contracts. These estimated payments are higher than the future policy benefits reserves and GLB liability presented on our Consolidated balance sheets which are discounted and are reflected net of fees and premiums due from the underlying contracts. The timing and amount of actual payments may vary from the estimates. Refer to Note 1 i) to the Consolidated Financial Statements for additional information.
- *Short-term and Long-term debt, trust preferred securities, and related interest payments* - Total obligations for short-term and long-term debt and trust preferred securities maturities are \$16.3 billion with \$1.0 billion due in November 2022. Interest payments related to these obligations total \$7.1 billion with \$515 million due over the next twelve months. These estimates are based on current exchange rates. Refer to Note 9 to the Consolidated Financial Statements for additional information.
- *Commitments on invested assets* - Total obligations for commitments related to our invested assets are \$7.9 billion with \$2.2 billion due over the next twelve months. Refer to Note 10 to the Consolidated Financial Statements for additional information.
- *Pending acquisitions* - Cash requirements for pending acquisitions include approximately \$5.75 billion for Cigna's life and A&H business in Asia-Pacific markets which is expected to be paid over the next twelve months, subject to certain post-closing purchase adjustments. Additionally, we entered into agreements totaling \$2.2 billion for additional equity interests in Huatai Group, of which we paid approximately \$1.1 billion in 2021 and \$113 million in January 2022. The remainder

is expected to be paid over the next twelve months. The timing of completion is contingent upon important conditions. Refer to Note 2 to the Consolidated Financial Statements for additional information.

- *Deposit liabilities* - Total obligations for deposit liabilities, including contract holder deposit funds, are \$2.3 billion with \$68 million due over the next twelve months. Refer to Note 1 k) to the Consolidated Financial Statements for additional information.
- *Repurchase agreements* - We use repurchase agreements as a low-cost funding alternative. At December 31, 2021, there were \$1.4 billion in repurchase agreements outstanding with various maturities over the next eight months. Refer to Note 9 to the Consolidated Financial Statements for additional information.
- *Operating leases* - Total obligations for operating leases are \$513 million with \$142 million estimated due over the next twelve months. Refer to Note 10 i) to the Consolidated Financial Statements for additional information. As of December 31, 2021, we entered into a lease for office space that is not yet recorded on our Consolidated balance sheets and is not included in the total obligations referenced above. The lease is expected to commence in 2023 with an initial term of approximately 21 years and the option to renew for an additional five to ten years. Total cash requirements are estimated at approximately \$650 million.

Information provided in connection with outstanding debt of subsidiaries

Chubb INA Holdings Inc. (Subsidiary Issuer) is an indirect 100 percent-owned and consolidated subsidiary of Chubb Limited (Parent Guarantor). The Parent Guarantor fully and unconditionally guarantees certain of the debt of the Subsidiary Issuer.

The following table presents the condensed balance sheets of Chubb Limited and Chubb INA Holdings Inc., after elimination of investment in any non-guarantor subsidiary:

(in millions of U.S. dollars)	Chubb Limited (Parent Guarantor) December 31		Chubb INA Holdings Inc. (Subsidiary Issuer) December 31	
	2021	2020	2021	2020
Assets				
Investments	\$ —	\$ —	\$ 149	\$ 197
Cash	1	84	580	1
Due from parent guarantor/subsidiary issuer, net	—	479	346	—
Due from subsidiaries that are not issuers or guarantors, net	1,564	3,099	—	—
Other assets	16	10	1,667	463
Total assets	\$ 1,581	\$ 3,672	\$ 2,742	\$ 661
Liabilities				
Due to parent guarantor/subsidiary issuer, net	\$ 346	\$ —	\$ —	\$ 479
Due to subsidiaries that are not issuers or guarantors, net	—	—	1,121	2,583
Affiliated notional cash pooling programs	8	—	—	272
Short-term debt	—	—	999	—
Long-term debt	—	—	15,169	14,948
Trust preferred securities	—	—	308	308
Other liabilities	363	379	1,803	1,364
Total liabilities	717	379	19,400	19,954
Total shareholders' equity	864	3,293	(16,658)	(19,293)
Total liabilities and shareholders' equity	\$ 1,581	\$ 3,672	\$ 2,742	\$ 661

The following table presents the condensed statements of operations and comprehensive income of Chubb Limited and Chubb INA Holdings Inc., excluding equity in earnings from non-guarantor subsidiaries:

Year Ended December 31, 2021 (in millions of U.S. dollars)	Chubb Limited (Parent Guarantor)	Chubb INA Holdings Inc. (Subsidiary Issuer)
Net investment income	\$ 4	\$ 1
Net realized gains (loss)	(18)	318
Administrative expenses	103	(84)
Interest (income) expense	(110)	564
Other (income) expense	(47)	(27)
Income tax expense (benefit)	15	(136)
Net income	\$ 25	\$ 2
Comprehensive income	\$ 25	\$ 357

Credit Facilities

As our Bermuda subsidiaries are non-admitted insurers and reinsurers in the U.S., the terms of certain U.S. insurance and reinsurance contracts require them to provide collateral, which can be in the form of letters of credit (LOCs). LOCs may also be used for general corporate purposes.

Should the need arise, we generally have access to capital markets and to credit facilities with letter of credit capacity of \$3.7 billion with a sub-limit of \$1.9 billion for revolving credit. At December 31, 2021, our usage under these facilities was \$1.4 billion in LOCs. Our access to credit under these facilities is dependent on the ability of the banks that are a party to the facilities to meet their funding commitments. Should the existing credit providers on these facilities experience financial difficulty, we may be required to replace credit sources, possibly in a difficult market. If we cannot obtain adequate capital or sources of credit on favorable terms, on a timely basis, or at all, our business, operating results, and financial condition could be adversely affected. To date, we have not experienced difficulty accessing our credit facilities or establishing additional facilities when needed.

In the event we are required to provide alternative security to clients, the security could take the form of additional insurance trusts supported by our investment portfolio or funds withheld using our cash resources. The value of LOCs required is driven by, among other things, statutory liabilities reported by variable annuity guarantee reinsurance clients, loss development of existing reserves, the payment pattern of such reserves, the expansion of business, and loss experience of such business.

The facilities noted above require that we maintain certain financial covenants, all of which have been met at December 31, 2021. These covenants include:

- (i) a minimum consolidated net worth of not less than \$34.985 billion; and
- (ii) a ratio of consolidated debt to total capitalization of not greater than 0.35 to 1.

At December 31, 2021, (a) the minimum consolidated net worth requirement under the covenant described in (i) above was \$34.985 billion and our actual consolidated net worth as calculated under that covenant was \$59.4 billion and (b) our ratio of debt to total capitalization, as calculated under the covenant which excludes the fair value adjustment of debt acquired through the Chubb Corp acquisition, was 0.21 to 1, which is below the maximum debt to total capitalization ratio of 0.35 to 1 as described in (ii) above.

Our failure to comply with the covenants under any credit facility would, subject to grace periods in the case of certain covenants, result in an event of default. This could require us to repay any outstanding borrowings or to cash collateralize LOCs under such facility. Our failure to repay material financial obligations, as well as our failure with respect to certain other events expressly identified, would result in an event of default under the facility.

Ratings

Chubb Limited and its subsidiaries are assigned credit and financial strength (insurance) ratings from internationally recognized rating agencies, including S&P, A.M. Best, Moody's, and Fitch. The ratings issued on our companies by these agencies are announced publicly and are available directly from the agencies. Our Internet site (investors.chubb.com, under Shareholder Resources/Rating Agency Ratings) also contains some information about our ratings, but such information on our website is not incorporated by reference into this report.

Financial strength ratings reflect the rating agencies' opinions of a company's claims paying ability. Independent ratings are one of the important factors that establish our competitive position in the insurance markets. The rating agencies consider many factors in determining the financial strength rating of an insurance company, including the relative level of statutory surplus necessary to support the business operations of the company. These ratings are based upon factors relevant to policyholders, agents, and intermediaries and are not directed toward the protection of investors. Such ratings are not recommendations to buy, sell, or hold securities.

Credit ratings assess a company's ability to make timely payments of principal and interest on its debt. It is possible that, in the future, one or more of the rating agencies may reduce our existing ratings. If one or more of our ratings were downgraded, we could incur higher borrowing costs, and our ability to access the capital markets could be impacted. In addition, our insurance and reinsurance operations could be adversely impacted by a downgrade in our financial strength ratings, including a possible reduction in demand for our products in certain markets. Also, we have insurance and reinsurance contracts which contain rating triggers. In the event the S&P or A.M. Best financial strength ratings of Chubb fall, we may be faced with the cancellation of premium or be required to post collateral on our underlying obligation associated with this premium. We estimate that at December 31, 2021, a one-notch downgrade of our S&P or A.M. Best financial strength ratings would result in an immaterial loss of premium or requirement for collateral to be posted.

ITEM 7A. Quantitative and Qualitative Disclosures about Market Risk

Market Sensitive Instruments and Risk Management

Market risk represents the potential for loss due to adverse changes in the fair value of financial instruments. We are exposed to potential losses from various market risks including changes in interest rates, equity prices, and foreign currency exchange rates. Further, through writing the GLB and GMDB products, we are exposed to volatility in the equity and credit markets, as well as interest rates. Our investment portfolio consists primarily of fixed income securities, denominated in both U.S. dollars and foreign currencies, which are sensitive to changes in interest rates and foreign currency exchange rates. The majority of our fixed income portfolio is classified as available for sale. The effect of market movements on our fixed maturities portfolio impacts Net income (through Net realized gains (losses)) when securities are sold, when we write down an asset, or when we record a change to the allowance for expected credit losses. Changes in interest rates and foreign currency exchange rates will have an immediate effect on Shareholders' equity and Comprehensive income and in certain instances, Net income. From time to time, we also use derivative instruments such as futures, options, swaps, and foreign currency forward contracts to manage the duration of our investment portfolio and foreign currency exposures and also to obtain exposure to a particular financial market. At December 31, 2021 and 2020, our notional exposure to derivative instruments was \$20.0 billion and \$5.3 billion, respectively. These instruments are recognized as assets or liabilities in our Consolidated Financial Statements and are sensitive to changes in interest rates, foreign currency exchange rates, and equity security prices. As part of our investing activities, from time to time we purchase to be announced mortgage backed securities (TBAs). Changes in the fair value of TBAs are included in Net realized gains (losses) and therefore, have an immediate effect on both our Net income and Shareholders' equity.

We seek to mitigate market risk using a number of techniques, including maintaining and managing the assets and liabilities of our international operations consistent with the foreign currencies of the underlying insurance and reinsurance businesses, thereby limiting exchange rate risk to net assets denominated in foreign currencies.

The following is a discussion of our primary market risk exposures at December 31, 2021. Our policies to address these risks in 2021 were not materially different from 2020. We do not currently anticipate significant changes in our primary market risk exposures or in how those exposures are managed in future reporting periods based upon what is known or expected to be in effect in future reporting periods.

Interest rate risk – fixed income portfolio and debt obligations

Our fixed income portfolio and debt obligations have exposure to interest rate risk. Changes in investment values attributable to interest rate changes are mitigated by corresponding and partially offsetting changes in the economic value of our insurance reserves and debt obligations. We monitor this exposure through periodic reviews of our asset and liability positions.

The following table presents the impact at December 31, 2021 and 2020, on the fair value of our fixed income portfolio of a hypothetical increase in interest rates of 100 bps applied instantly across the U.S. yield curve (an immediate time horizon was used as this presents the worst case scenario):

(in billions of U.S. dollars, except for percentages)		2021	2020
Fair value of fixed income portfolio	\$	106.9	\$ 107.6
Pre-tax impact of 100 bps increase in interest rates:			
Decrease in dollars	\$	4.4	\$ 4.3
As a percentage of total fixed income portfolio at fair value		4.1 %	4.0 %

Changes in interest rates will have an immediate effect on Comprehensive income and Shareholders' equity but will not ordinarily have an immediate effect on Net income. Variations in market interest rates could produce significant changes in the timing of prepayments due to available prepayment options. For these reasons, actual results could differ from those reflected in the tables.

Although our debt and trust preferred securities (collectively referred to as debt obligations) are reported at amortized cost and not adjusted for fair value changes, changes in interest rates could have a material impact on their fair value, albeit there would be no impact on our Consolidated Financial Statements.

The following table presents the impact at December 31, 2021 and 2020, on the fair value of our debt obligations of a hypothetical decrease in interest rates of 100 bps applied instantly across the U.S. yield curve (an immediate time horizon was used as this presents the worst case scenario):

(in millions of U.S. dollars, except for percentages)	2021	2020
Fair value of debt obligations, including repurchase agreements	\$ 19,733	\$ 19,365
Pre-tax impact of 100 bps decrease in interest rates:		
Increase in dollars	\$ 1,799	\$ 1,673
As a percentage of total debt obligations at fair value	9.1 %	8.6 %

Foreign currency management

As a global company, Chubb entities transact business in multiple currencies. Our policy is to generally match assets, liabilities and required capital for each individual jurisdiction in local currency, which would include the use of derivatives. We do not hedge our net asset non-U.S. dollar capital positions; however, we do consider hedging for planned cross border transactions.

The following table summarizes the net assets (liabilities) in non-U.S. currencies at December 31, 2021 and 2020:

(in millions of U.S. dollars, except for percentages)	2021	2020	2021 vs. 2020 % change in exchange rate per USD		
	Value of net assets (liabilities)	Exchange rate per USD	Value of net assets (liabilities)	Exchange rate per USD	
Chinese yuan renminbi (CNY)	\$ 3,519	0.1573	\$ 2,853	0.1532	2.7 %
Canadian dollar (CAD)	2,624	0.7914	2,613	0.7858	0.7 %
British pound sterling (GBP)	2,333	1.3532	2,492	1.3670	(1.0) %
Australian dollar (AUD)	1,347	0.7263	1,347	0.7694	(5.6) %
Korean won (KRW) (x100)	805	0.0840	781	0.0920	(8.7) %
Mexican peso (MXN)	728	0.0487	877	0.0502	(3.0) %
Japanese yen (JPY)	631	0.0087	617	0.0097	(10.3) %
Brazilian real (BRL)	577	0.1795	747	0.1926	(6.8) %
Hong Kong Dollar (HKD)	537	0.1283	486	0.1290	(0.6) %
Euro (EUR) ⁽¹⁾	(3,013)	1.1370	(3,162)	1.2216	(6.9) %
Other foreign currencies	2,444	various	3,095	various	NM
Value of net assets denominated in foreign currencies	\$ 12,532		\$ 12,746		
As a percentage of total net assets	21.0 %		21.4 %		
Pre-tax decrease to Shareholders' equity of a hypothetical 10 percent strengthening of the USD	\$ 1,139		\$ 1,159		

NM – not meaningful

⁽¹⁾ Comprised Euro denominated debt of \$4.9 billion, partially offset by net assets of \$1.9 billion at December 31, 2021 and Euro denominated debt of \$5.2 billion, partially offset by net assets of \$2.1 billion at December 31, 2020.

⁽²⁾ Net assets denominated in foreign currencies comprised goodwill and other intangible assets of approximately 45 percent and 46 percent at December 31, 2021 and 2020, respectively.

Reinsurance of GMDB and GLB guarantees

Chubb views its variable annuity reinsurance business as having a similar risk profile to that of catastrophe reinsurance with the probability of long-term economic loss relatively small, at the time of pricing. Adverse changes in market factors and policyholder behavior will have an impact on both realized gains (losses) and net income for GLB and both Life Insurance underwriting income and net income for GMDB. When evaluating these risks, we expect to be compensated for taking both the risk of a cumulative long-term economic net loss, as well as the short-term accounting variations caused by these market movements. Therefore, we evaluate this business in terms of its long-term economic risk and reward.

For the GMDB reinsurance business, net income is directly impacted by changes in future policy benefit reserves. For the GLB reinsurance business, net income is directly impacted by changes in the fair value of the GLB liability (FVL), which is classified as a derivative for accounting purposes. The FVL calculation is directly affected by market factors, including equity levels, interest rate levels, credit risk, and implied volatilities, as well as policyholder behaviors, such as annuitization and lapse rates, and policyholder mortality.

The tables below are estimates of the sensitivities to instantaneous changes in economic inputs (e.g., equity shock, interest rate shock, etc.) or actuarial assumptions at December 31, 2021 of the FVL and of the fair value of specific derivative instruments held (hedge value) to partially offset the risk in the variable annuity guarantee reinsurance portfolio. The following assumptions should be considered when using the below tables:

- Equity shocks impact all global equity markets equally
 - Our liabilities are sensitive to global equity markets in the following proportions: 80 percent—90 percent U.S. equity, and 10 percent—20 percent international equity.
 - Our current hedge portfolio is sensitive only to U.S. equity markets.
 - We would suggest using the S&P 500 index as a proxy for U.S. equity, and the MSCI EAFE index as a proxy for international equity.
- Interest rate shocks assume a parallel shift in the U.S. yield curve
 - Our liabilities are also sensitive to global interest rates at various points on the yield curve, mainly the U.S. Treasury curve in the following proportions: 5 percent—15 percent short-term rates (maturing in less than 5 years), 15 percent—25 percent medium-term rates (maturing between 5 years and 10 years, inclusive), and 65 percent—75 percent long-term rates (maturing beyond 10 years).
 - A change in AA-rated credit spreads impacts the rate used to discount cash flows in the fair value model. AA-rated credit spreads are a proxy for both our own credit spreads and the credit spreads of the ceding insurers.
- The hedge sensitivity is from December 31, 2021 market levels and only applicable to the equity and interest rate sensitivities table below.
- The sensitivities are not directly additive because changes in one factor will affect the sensitivity to changes in other factors. The sensitivities do not scale linearly and may be proportionally greater for larger movements in the market factors. The sensitivities may also vary due to foreign exchange rate fluctuations. The calculation of the FVL is based on internal models that include assumptions regarding future policyholder behavior, including lapse, annuitization, and asset allocation. These assumptions impact both the absolute level of the FVL as well as the sensitivities to changes in market factors shown below. Actual sensitivity of our net income may differ from those disclosed in the tables below due to fluctuations in short-term market movements.
- In addition, the tables below do not reflect the expected quarterly run rate of net income generated by the variable annuity guarantee reinsurance portfolio if markets remain unchanged during the period. All else equal, if markets remain unchanged during the period, the FVL will increase, resulting in a realized loss. This realized loss occurs primarily because the guarantees provided in the underlying contracts continue to become more valuable even when markets remain unchanged. We refer to this increase in FVL as the “timing effect”. The unfavorable impact of the timing effect on our FVL in a quarter is not reflected in the sensitivity tables below. For this reason, when using the tables below to estimate the sensitivity of FVL in the first quarter 2022 to various changes, it is necessary to assume an additional \$5 million to \$45 million increase in FVL and realized losses. Note that both the timing effect and the quarterly run rate impact to net income change over time as the book ages.

Sensitivities to equity and interest rate movements

(in millions of U.S. dollars)

Interest Rate Shock		Worldwide Equity Shock					
		+10 %	Flat	-10 %	-20 %	-30 %	-40 %
+100 bps	(Increase)/decrease in FVL	\$ 325	\$ 219	\$ 91	\$ (77)	\$ (288)	\$ (552)
	Increase/(decrease) in hedge value	(92)	—	92	184	276	368
	Increase/(decrease) in net income	\$ 233	\$ 219	\$ 183	\$ 107	\$ (12)	\$ (184)
Flat	(Increase)/decrease in FVL	\$ 130	\$ —	\$ (167)	\$ (369)	\$ (616)	\$ (918)
	Increase/(decrease) in hedge value	(92)	—	92	184	276	368
	Increase/(decrease) in net income	\$ 38	\$ —	\$ (75)	\$ (185)	\$ (340)	\$ (550)
-100 bps	(Increase)/decrease in FVL	\$ (123)	\$ (288)	\$ (484)	\$ (719)	\$ (1,000)	\$ (1,333)
	Increase/(decrease) in hedge value	(92)	—	92	184	276	368
	Increase/(decrease) in net income	\$ (215)	\$ (288)	\$ (392)	\$ (535)	\$ (724)	\$ (965)

Sensitivities to Other Economic Variables

(in millions of U.S. dollars)

	AA-rated Credit Spreads		Interest Rate Volatility		Equity Volatility	
	+100 bps	-100 bps	+2 %	-2 %	+2 %	-2 %
(Increase)/decrease in FVL	\$ 66	\$ (77)	\$ (1)	\$ 1	\$ (22)	\$ 19
Increase/(decrease) in net income	\$ 66	\$ (77)	\$ (1)	\$ 1	\$ (22)	\$ 19

Variable Annuity Net Amount at Risk

All our VA reinsurance treaties include annual or aggregate claim limits and many include an aggregate deductible which limit the net amount at risk under these programs. The tables below present the net amount at risk at December 31, 2021 following an immediate change in equity market levels, assuming all global equity markets are impacted equally.

a) Reinsurance covering the GMDB risk only

(in millions of U.S. dollars)	Equity Shock					
	+20 %	Flat	-20 %	-40 %	-60 %	-80 %
GMDB net amount at risk	\$ 297	\$ 283	\$ 471	\$ 848	\$ 897	\$ 744
Claims at 100% immediate mortality	151	156	174	164	148	128

The treaty claim limits function as a ceiling as equity markets fall. As the shocks in the table above become incrementally more negative, the impact on the NAR and claims at 100 percent mortality begin to drop due to the specific nature of these claim limits, many of which are annual claim limits calculated as a percentage of the reinsured account value. There is also some impact due to a small portion of the GMDB reinsurance under which claims are positively correlated to equity markets (claims decrease as equity markets fall).

b) Reinsurance covering the GLB risk only

(in millions of U.S. dollars)	Equity Shock					
	+20 %	Flat	-20 %	-40 %	-60 %	-80 %
GLB net amount at risk	\$ 757	\$ 1,054	\$ 1,586	\$ 2,384	\$ 2,941	\$ 3,333

The treaty claim limits cause the net amount at risk to increase at a declining rate as equity markets fall.

c) Reinsurance covering both the GMDB and GLB risks on the same underlying policyholders

(in millions of U.S. dollars)	+20 %		Flat		Equity Shock		-40 %		-60 %		-80 %	
GMDB net amount at risk	\$	37	\$	45	\$	58	\$	74	\$	88	\$	100
GLB net amount at risk		289		378		505		679		860		989
Claims at 100% immediate mortality		36		35		35		35		35		35

The treaty limits control the increase in the GMDB net amount at risk as equity markets fall. The GMDB net amount at risk continues to increase as equity markets fall because most of these reinsurance treaties do not have annual claim limits calculated as a percentage of the underlying account value. The treaty limits cause the GLB net amount at risk to increase at a declining rate as equity markets fall.

ITEM 8. Financial Statements and Supplementary Data

The financial statements and supplementary data are included in this Form 10-K commencing on page F-1.

ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

ITEM 9A. Controls and Procedures

Chubb's management, with the participation of Chubb's Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of Chubb's disclosure controls and procedures as defined in Rule 13a-15(e) and Rule 15d-15(e) under the Securities Exchange Act of 1934 as of December 31, 2021. Based upon that evaluation, Chubb's Chief Executive Officer and Chief Financial Officer concluded that Chubb's disclosure controls and procedures are effective in allowing information required to be disclosed in reports filed under the Securities Exchange Act of 1934 to be recorded, processed, summarized, and reported within time periods specified in the rules and forms of the SEC, and that such information is accumulated and communicated to Chubb's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

There have been no changes in Chubb's internal controls over financial reporting during the three months ended December 31, 2021 that have materially affected, or are reasonably likely to materially affect, Chubb's internal controls over financial reporting. Chubb's management report on internal control over financial reporting is included on page F-3 and PricewaterhouseCoopers LLP's audit report is included on pages F-4, F-5, and F-6.

ITEM 9B. Other Information

Item not applicable.

ITEM 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Item not applicable.

PART III**ITEM 10. Directors, Executive Officers and Corporate Governance**

Information pertaining to this item is incorporated by reference to the sections entitled “Agenda Item 5 - Election of the Board of Directors”, “Corporate Governance - Delinquent Section 16(a) Reports”, “Corporate Governance - The Board of Directors - Director Nomination Process”, and “Corporate Governance - The Committees of the Board - Audit Committee” of the definitive proxy statement for the 2022 Annual General Meeting of Shareholders which will be filed with the SEC not later than 120 days after the close of the fiscal year pursuant to Regulation 14A. Also incorporated herein by reference is the text under the caption “Information about our Executive Officers” appearing at the end of Part I Item 1 of the Annual Report on Form 10-K.

Code of Ethics

Chubb has adopted a Code of Conduct, which sets forth standards by which all Chubb employees, officers, and directors must abide as they work for Chubb. Chubb has posted this Code of Conduct on its Internet site (about.chubb.com/governance.html). Chubb intends to disclose on its Internet site any amendments to, or waivers from, its Code of Conduct that are required to be publicly disclosed pursuant to the rules of the SEC or the New York Stock Exchange.

ITEM 11. Executive Compensation

This item is incorporated by reference to the sections entitled “Executive Compensation”, “Compensation Committee Report” and “Director Compensation” of the definitive proxy statement for the 2022 Annual General Meeting of Shareholders which will be filed with the SEC not later than 120 days after the close of the fiscal year pursuant to Regulation 14A.

ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants, and rights	Weighted-average exercise price of outstanding options, warrants, and rights ⁽³⁾	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders ⁽¹⁾	10,762,100	\$ 133.95	19,127,542
Equity compensation plans not approved by security holders ⁽²⁾	22,945		

⁽¹⁾ These totals include securities available for future issuance under the following plans:

(i) Chubb Limited 2016 Long-Term Incentive Plan, as amended and restated (Amended 2016 LTIP). A total of 32,900,000 shares are authorized to be issued pursuant to awards made as options, stock appreciation rights, stock units, performance shares, performance units, restricted stock, and restricted stock units. The maximum number of shares that may be delivered to participants and their beneficiaries under the Amended 2016 LTIP shall be equal to the sum of: (x) 32,900,000 shares of stock; and (y) any shares of stock that have not been delivered pursuant to the ACE LTIP (as defined in clause (ii) of this footnote (1) below) and remain available for grant pursuant to the ACE LTIP, including shares of stock represented by awards granted under the ACE LTIP that are forfeited, expire or are canceled after the effective date of the Amended 2016 LTIP without delivery of shares of stock or which result in the forfeiture of the shares of stock back to the Company to the extent that such shares would have been added back to the reserve under the terms of the ACE LTIP. As of December 31, 2021, a total of 7,197,001 option awards and 804,119 restricted stock unit awards are outstanding, and 18,040,720 shares remain available for future issuance under this plan.

(ii) ACE Limited 2004 Long-Term Incentive Plan (ACE LTIP). As of December 31, 2021, a total of 3,518,809 option awards are outstanding. No additional grants will be made pursuant to the ACE LTIP.

(iii) The Chubb Corporation Long-Term Incentive Plan (2014) (Chubb Corp. LTIP). As of December 31, 2021, a total of 46,290 option awards and 30,196 deferred stock unit awards are outstanding. No additional grants will be made pursuant to the Chubb Corp. LTIP.

(iv) ESPP. A total of 6,500,000 shares have been authorized for purchase at a discount. As of December 31, 2021, 1,086,822 shares remain available for future issuance under this plan.

⁽²⁾ These plans are the Chubb Corp. CCAP Excess Benefit Plan (CCAP Excess Benefit Plan) and the Chubb Corp. Deferred Compensation Plan for Directors, under which no Common Shares are available for future issuance other than with respect to outstanding rewards. The CCAP Excess Benefit Plan is a nonqualified, defined contribution plan and covers those participants in the Capital Accumulation Plan of The Chubb Corporation (CCAP) (Chubb Corp.'s legacy 401(k) plan) and Chubb Corp.'s

legacy employee stock ownership plan (ESOP) whose total benefits under those plans are limited by certain provisions of the Internal Revenue Code. A participant in the CCAP Excess Benefit Plan is entitled to a benefit equaling the difference between the participant's benefits under the CCAP and the ESOP, without considering the applicable limitations of the Code, and the participant's actual benefits under such plans. A participant's excess ESOP benefit is expressed as Common Shares. Payments under the CCAP Excess Benefit Plan are generally made: (i) for excess benefits related to the CCAP, in cash annually as soon as practical after the amount of excess benefit can be determined; and (ii) for excess benefits related to the ESOP, in Common Shares as soon as practicable after the participant's termination of employment. Allocations under the ESOP ceased in 2004. Accordingly, other than dividends, no new contributions are made to the ESOP or the CCAP Excess Benefit Plan with respect to excess ESOP benefits.

⁽³⁾ Weighted average exercise price excludes shares issuable under performance unit awards and restricted stock unit awards.

Additional information is incorporated by reference to the section entitled "Information About Our Share Ownership" of the definitive proxy statement for the 2022 Annual General Meeting of Shareholders which will be filed with the SEC not later than 120 days after the close of the fiscal year pursuant to Regulation 14A.

ITEM 13. Certain Relationships and Related Transactions and Director Independence

This item is incorporated by reference to the sections entitled "Corporate Governance - What Is Our Related Party Transactions Approval Policy And What Procedures Do We Use To Implement It?", "Corporate Governance - What Related Party Transactions Do We Have?", and "Corporate Governance - The Board of Directors - Director Independence" of the definitive proxy statement for the 2022 Annual General Meeting of Shareholders which will be filed with the SEC not later than 120 days after the close of the fiscal year pursuant to Regulation 14A.

ITEM 14. Principal Accounting Fees and Services

This item is incorporated by reference to the section entitled "Agenda Item 4 – Election of Auditors – 4.2 – Ratification of appointment of PricewaterhouseCoopers LLP (United States) as independent registered public accounting firm for purposes of U.S. securities law reporting" of the definitive proxy statement for the 2022 Annual General Meeting of Shareholders which will be filed with the SEC not later than 120 days after the close of the fiscal year pursuant to Regulation 14A.

PART IV**ITEM 15. Exhibits, Financial Statement Schedules****(a) Financial Statements, Schedules, and Exhibits**

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Other schedules have been omitted as they are not applicable to Chubb, or the required information has been included in the Consolidated Financial Statements and related notes.

3. Exhibits

Exhibit Number	Exhibit Description	Form	Incorporated by Reference		
			Original Number	Date Filed	Filed Herewith
3.1	Articles of Association of the Company, as amended and restated	8-K	3.1	January 20, 2022	
3.2	Organizational Regulations of the Company as amended	8-K	3.1	November 21, 2016	
4.1	Articles of Association of the Company, as amended and restated	8-K	4.1	January 20, 2022	
4.2	Organizational Regulations of the Company as amended	8-K	3.1	November 21, 2016	
4.3	Specimen share certificate representing Common Shares	8-K	4.3	July 18, 2008	
4.4	Indenture, dated March 15, 2002, between ACE Limited and Bank One Trust Company, N.A.	8-K	4.1	March 22, 2002	
4.5	Senior Indenture, dated August 1, 1999, among ACE INA Holdings, Inc., ACE Limited and Bank of New York Mellon Trust Company, N.A. (as successor), as trustee	S-3 ASR	4.4	December 10, 2014	
4.6	Indenture, dated November 30, 1999, among ACE INA Holdings, Inc. and Bank One Trust Company, N.A., as trustee	10-K	10.38	March 29, 2000	

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Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Original Number	Date Filed	
4.7	Indenture, dated December 1, 1999, among ACE INA Holdings, Inc., ACE Limited and Bank One Trust Company, National Association, as trustee	10-K	10.41	March 29, 2000	
4.8	Amended and Restated Trust Agreement, dated March 31, 2000, among ACE INA Holdings, Inc., Bank One Trust Company, National Association, as property trustee, Bank One Delaware Inc., as Delaware trustee and the administrative trustees named therein	10-K	4.17	March 16, 2006	
4.9	Common Securities Guarantee Agreement, dated March 31, 2000	10-K	4.18	March 16, 2006	
4.10	Capital Securities Guarantee Agreement, dated March 31, 2000	10-K	4.19	March 16, 2006	
4.11	Form of 2.70 percent Senior Notes due 2023	8-K	4.1	March 13, 2013	
4.12	Form of 4.15 percent Senior Notes due 2043	8-K	4.2	March 13, 2013	
4.13	First Supplemental Indenture dated as of March 13, 2013 to the Indenture dated as of August 1, 1999 among ACE INA Holdings, Inc., as Issuer, ACE Limited, as Guarantor, and The Bank of New York Mellon Trust Company, N.A., as Successor Trustee	8-K	4.3	March 13, 2013	
4.14	Form of 3.35 percent Senior Notes due 2024	8-K	4.1	May 27, 2014	
4.15	Form of 3.150 percent Senior Notes due 2025	8-K	4.1	March 16, 2015	
4.16	Form of 2.875 percent Senior Notes due 2022	8-K	4.2	November 3, 2015	
4.17	Form of 3.35 percent Senior Notes due 2026	8-K	4.3	November 3, 2015	
4.18	Form of 4.35 percent Senior Notes due 2045	8-K	4.4	November 3, 2015	
4.19	First Supplemental Indenture to the Chubb Corp Senior Indenture dated as of January 15, 2016 to the Indenture dated as of October 25, 1989 among ACE INA Holdings, Inc., as Successor Issuer, ACE Limited, as Guarantor, and The Bank of New York Mellon Trust Company, N.A., as Trustee	8-K	4.1	January 15, 2016	
4.20	Chubb Corp Senior Indenture (incorporated by reference to Exhibit 4(a) to Chubb Corp's Registration Statement on Form S-3 filed on October 27, 1989) (File No. 33-31796)	S-3	4(a)	October 27, 1989	
4.21	Chubb Corp Junior Subordinated Indenture (incorporated by reference to Exhibit 4.1 to Chubb Corp's Current Report on Form 8-K filed on March 30, 2007) (File No. 001-08661)	8-K	4.1	March 30, 2007	
4.22	Form of 6.80 percent Chubb Corp Debentures due 2031 (incorporated by reference to Exhibit 4(a) to Chubb Corp's Registration Statement on Form S-3 filed on October 27, 1989) (File No. 33-31796)	S-3	4(a)	October 27, 1989	
4.23	Form of 6.00 percent Chubb Corp Senior Notes due 2037 (incorporated by reference to Exhibit 4.1 to Chubb Corp's Current Report on Form 8-K filed on May 11, 2007) (File No. 001-08661)	8-K	4.1	May 11, 2007	

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Exhibit Number	Exhibit Description	Form	Incorporated by Reference		
			Original Number	Date Filed	Filed Herewith
4.24	Form of 6.50 percent Chubb Corp Senior Notes due 2038 (incorporated by reference to Exhibit 4.2 to Chubb Corp's Current Report on Form 8-K filed on May 6, 2008) (File No. 001-08661)	8-K	4.2	May 6, 2008	
4.25	Procedures regarding the registration of shareholders in the share register of Chubb Limited	10-K	4.32	February 28, 2017	
4.26	Form of Officer's Certificate related to the 1.550% Senior Notes due 2028 and 2.500% Senior Notes due 2038	8-K	4.1	March 6, 2018	
4.27	Form of Global Note for the 1.550% Senior Notes due 2028	8-K	4.2	March 6, 2018	
4.28	Form of Global Note for the 2.500% Senior Notes due 2038	8-K	4.3	March 6, 2018	
4.29	Form of Officer's Certificate related to the 0.875% Senior Notes due 2027 and 1.400% Senior Notes due 2031	8-K	4.1	June 17, 2019	
4.30	Form of Global Note for the 0.875% Senior Notes due 2027	8-K	4.2	June 17, 2019	
4.31	Form of Global Note for the 1.400% Senior Notes due 2031	8-K	4.3	June 17, 2019	
4.32	Form of Officer's Certificate related to the 0.300% Senior Notes due 2024 and 0.875% Senior Notes due 2029	8-K	4.1	December 5, 2019	
4.33	Form of Global Note for the 0.300% Senior Notes due 2024	8-K	4.2	December 5, 2019	
4.34	Form of Global Note for the 0.875% Senior Notes due 2029	8-K	4.3	December 5, 2019	
4.35	Form of Officer's Certificate related to the 1.375% Senior Notes due 2030	8-K	4.1	September 17, 2020	
4.36	Form of Global Note for the 1.375% Senior Notes due 2030	8-K	4.2	September 17, 2020	
4.37	Form of Officer's Certificate related to the 2.850% Senior Notes due 2051 and the 3.050% Senior Notes due 2061	8-K	4.1	November 18, 2021	
4.38	Form of Global Note for the 2.850% Senior Notes due 2051	8-K	4.2	November 18, 2021	
4.39	Form of Global Note for the 3.050% Senior Notes due 2061	8-K	4.3	November 18, 2021	
4.40	Description of the Registrant's Securities				X
10.1*	Form of Indemnification Agreement between the Company and the directors of the Company, dated August 13, 2015	10-K	10.1	February 26, 2016	
10.2	Credit Agreement for \$1,000,000,000 Senior Unsecured Letter of Credit Facility, dated as of November 6, 2012, among ACE Limited, and certain subsidiaries and Wells Fargo Bank, National Association as Administrative Agent, the Swingline Bank and an Issuing Bank	10-K	10.13	February 28, 2013	
10.3*	Employment Terms dated October 29, 2001, between ACE Limited and Evan Greenberg	10-K	10.64	March 27, 2003	

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Exhibit Number	Exhibit Description	Form	Incorporated by Reference		
			Original Number	Date Filed	Filed Herewith
10.4*	Employment Terms dated April 10, 2006, between ACE and John Keogh	10-K	10.29	February 29, 2008	
10.5*	Executive Severance Agreement between ACE and John Keogh	10-K	10.30	February 29, 2008	
10.6*	ACE Limited Executive Severance Plan as amended effective May 18, 2011	10-K	10.21	February 24, 2012	
10.7*	Form of employment agreement between the Company (or subsidiaries of the Company) and executive officers of the Company to allocate a percentage of aggregate salary to the Company (or subsidiaries of the Company)	8-K	10.1	July 16, 2008	
10.8*	Outside Directors Compensation Parameters				X
10.9*	ACE Limited Elective Deferred Compensation Plan (as amended and restated effective January 1, 2005)	10-K	10.24	March 16, 2006	
10.10*	ACE USA Officer Deferred Compensation Plan (as amended through January 1, 2001)	10-K	10.25	March 16, 2006	
10.11*	ACE USA Officer Deferred Compensation Plan (as amended and restated effective January 1, 2011)	10-Q	10.7	October 30, 2013	
10.12*	ACE USA Officer Deferred Compensation Plan (as amended and restated effective January 1, 2009)	10-K	10.36	February 27, 2009	
10.13*	First Amendment to the Amended and Restated ACE USA Officers Deferred Compensation Plan	10-K	10.28	February 25, 2010	
10.14*	Form of Swiss Mandatory Retirement Benefit Agreement (for Swiss-employed named executive officers)	10-Q	10.2	May 7, 2010	
10.15*	ACE Limited Elective Deferred Compensation Plan (as amended and restated effective January 1, 2009)	10-K	10.39	February 27, 2009	
10.16*	ACE Limited Elective Deferred Compensation Plan (as amended and restated effective January 1, 2011)	10-Q	10.5	October 30, 2013	
10.17*	Deferred Compensation Plan amendments, effective January 1, 2009	10-K	10.40	February 27, 2009	
10.18*	ACE USA Supplemental Employee Retirement Savings Plan (see exhibit 10.6 to Form 10-Q filed with the SEC on May 15, 2000)	10-Q	10.6	May 15, 2000	
10.19*	ACE USA Supplemental Employee Retirement Savings Plan (as amended through the Second Amendment)	10-K	10.30	March 1, 2007	
10.20*	ACE USA Supplemental Employee Retirement Savings Plan (as amended through the Third Amendment)	10-K	10.31	March 1, 2007	
10.21*	ACE USA Supplemental Employee Retirement Savings Plan (as amended and restated)	10-K	10.46	February 27, 2009	
10.22*	First Amendment to the Amended and Restated ACE USA Supplemental Employee Retirement Savings Plan	10-K	10.39	February 25, 2010	
10.23*	The ACE Limited 1995 Outside Directors Plan (as amended through the Seventh Amendment)	10-Q	10.1	August 14, 2003	

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Exhibit Number	Exhibit Description	Form	Incorporated by Reference		
			Original Number	Date Filed	Filed Herewith
10.24*	ACE Limited 2004 Long-Term Incentive Plan (as amended through the Fifth Amendment)	8-K	10	May 21, 2010	
10.25*	ACE Limited 2004 Long-Term Incentive Plan (as amended through the Sixth Amendment)	8-K	10.1	May 20, 2013	
10.26*	ACE Limited Rules of the Approved U.K. Stock Option Program (see exhibit 10.2 to Form 10-Q filed with the SEC on February 13, 1998)	10-Q	10.2	February 13, 1998	
10.27*	Director Restricted Stock Award Terms under the ACE Limited 2004 Long-Term Incentive Plan	10-Q	10.1	November 9, 2009	
10.28*	Form of Incentive Stock Option Terms under the ACE Limited 2004 Long-Term Incentive Plan	8-K	10.4	September 13, 2004	
10.29*	Form of Incentive Stock Option Terms under the ACE Limited 2004 Long-Term Incentive Plan	10-Q	10.4	May 8, 2008	
10.30*	Form of Incentive Stock Option Terms under the ACE Limited 2004 Long-Term Incentive Plan	10-K	10.63	February 27, 2009	
10.31*	Form of Incentive Stock Option Terms under the ACE Limited 2004 Long-Term Incentive Plan	10-Q	10.3	October 30, 2013	
10.32*	Form of Non-Qualified Stock Option Terms under the ACE Limited 2004 Long-Term Incentive Plan	8-K	10.5	September 13, 2004	
10.33*	Form of Non-Qualified Stock Option Terms under the ACE Limited 2004 Long-Term Incentive Plan	10-Q	10.3	May 8, 2008	
10.34*	Form of Non-Qualified Stock Option Terms under the ACE Limited 2004 Long-Term Incentive Plan	10-Q	10.4	October 30, 2013	
10.35*	Form of Restricted Stock Unit Award Terms (for outside directors) under the ACE Limited 2004 Long-Term Incentive Plan	10-Q	10.2	November 7, 2007	
10.36*	Form of Restricted Stock Unit Award Terms (for outside directors) under the ACE Limited 2004 Long-Term Incentive Plan	10-Q	10.2	August 7, 2009	
10.37*	Form of Incentive Stock Option Terms under the ACE Limited 2004 Long-Term Incentive Plan for Messrs. Greenberg and Cusumano	10-Q	10.1	August 4, 2011	
10.38*	Form of Non-Qualified Stock Option Terms under the ACE Limited 2004 Long-Term Incentive Plan for Messrs. Greenberg and Cusumano	10-Q	10.2	August 4, 2011	
10.39*	Form of Incentive Stock Option Terms under the ACE Limited 2004 Long-Term Incentive Plan for Swiss Executive Management	10-K	10.71	February 27, 2015	
10.40*	Form of Non-Qualified Stock Option Terms under the ACE Limited 2004 Long-Term Incentive Plan for Swiss Executive Management	10-K	10.72	February 27, 2015	
10.41*	Form of Executive Management Non-Competition Agreement	8-K	10.1	May 22, 2015	

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Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Original Number	Date Filed	
10.42	Commitment Increase Agreement to increase the credit capacity under the Credit Agreement originally entered into on November 6, 2012 to \$1,500,000,000 under the Senior Unsecured Letter of Credit Facility, dated as of December 11, 2015, among ACE Limited, and certain subsidiaries, and Wells Fargo Bank, National Association as Administrative Agent, the Swingline Bank and an Issuing Bank	10-K	10.72	February 26, 2016	
10.43	Chubb Limited 2016 Long-Term Incentive Plan	S-8	4.4	May 26, 2016	
10.44*	Form of Incentive Stock Option Terms under the Chubb Limited 2016 Long-Term Incentive Plan	10-Q	10.2	August 5, 2016	
10.45*	Form of Restricted Stock Award Terms under the Chubb Limited 2016 Long-Term Incentive Plan	10-Q	10.3	August 5, 2016	
10.46*	Form of Restricted Stock Unit Award Terms under the Chubb Limited 2016 Long-Term Incentive Plan	10-Q	10.4	August 5, 2016	
10.47*	Form of Non-Qualified Stock Option Terms under the Chubb Limited 2016 Long-Term Incentive Plan	10-Q	10.5	August 5, 2016	
10.48*	Form of Incentive Stock Option Terms under the Chubb Limited 2016 Long-Term Incentive Plan for Swiss Executive Management	10-Q	10.6	August 5, 2016	
10.49*	Form of Restricted Stock Award Terms under the Chubb Limited 2016 Long-Term Incentive Plan for Swiss Executive Management	10-Q	10.7	August 5, 2016	
10.50*	Form of Restricted Stock Unit Award Terms under the Chubb Limited 2016 Long-Term Incentive Plan for Swiss Executive Management	10-Q	10.8	August 5, 2016	
10.51*	Form of Non-Qualified Stock Option Terms under the Chubb Limited 2016 Long-Term Incentive Plan for Swiss Executive Management	10-Q	10.9	August 5, 2016	
10.52*	Chubb Limited Employee Stock Purchase Plan, as amended and restated	S-8	4.4	May 25, 2017	
10.53*	Director Restricted Stock Award Terms under the Chubb Limited 2016 Long-Term Incentive Plan	10-Q	10.1	August 3, 2017	
10.54	Amended and Restated Credit Agreement for \$1,000,000 Senior Unsecured Letter of Credit Facility, dated as of October 25, 2017, among Chubb Limited, and certain subsidiaries and Wells Fargo Bank, National Association as Administrative Agent, the Swingline Bank and an Issuing Bank	10-K	10.88	February 23, 2018	
10.55*	Form of Incentive Stock Option Terms under the Chubb Limited 2016 Long-Term Incentive Plan for Executive Officers	10-K	10.89	February 23, 2018	
10.56*	Form of Restricted Stock Award Terms under the Chubb Limited 2016 Long-Term Incentive Plan for Executive Officers	10-K	10.90	February 23, 2018	
10.57*	Form of Non-Qualified Stock Option Terms under the Chubb Limited 2016 Long-Term Incentive Plan for Executive Officers	10-K	10.92	February 23, 2018	
10.58*	Form of Restricted Stock Unit Award Terms under the Chubb Limited 2016 Long-Term Plan for Executive Officers	10-K	10.93	February 23, 2018	
10.59*	Form of Incentive Stock Option Terms under the Chubb Limited 2016 Long-Term Incentive Plan for Swiss Executive Management	10-K	10.94	February 23, 2018	

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Exhibit Number	Exhibit Description	Form	Incorporated by Reference		
			Original Number	Date Filed	Filed Herewith
10.60*	Form of Non-Qualified Stock Option Terms under the Chubb Limited 2016 Long-Term Incentive Plan for Swiss Executive Management	10-K	10.95	February 23, 2018	
10.61*	Form of Restricted Stock Award Terms under the Chubb Limited 2016 Long-Term Incentive Plan for Swiss Executive Management	10-K	10.96	February 23, 2018	
10.62*	Form of Restricted Stock Unit Award Terms under the Chubb Limited 2016 Long-Term Incentive Plan for Swiss Executive Management	10-K	10.97	February 23, 2018	
10.63*	Chubb Limited Clawback Policy	10-K	10.99	February 23, 2018	
10.64*	The Chubb Corporation Key Employee Deferred Compensation Plan (2005)	8-K	10.9	March 9, 2005	
10.65*	Amendment One to The Chubb Corporation Key Employee Deferred Compensation Plan (2005)	8-K	10.1	September 12, 2005	
10.66*	Amendment No. 2 to The Chubb Corporation Key Employee Deferred Compensation Plan (2005)	10-K	10.20	March 2, 2009	
10.67*	Amendment No. 3 to The Chubb Corporation Key Employee Deferred Compensation Plan (2005)	10-K	10.32	February 28, 2013	
10.68*	Pension Excess Benefit Plan of The Chubb Corporation	10-K	10.77	February 25, 2021	
10.69*	Amendment No. 2 to the Pension Excess Benefit Plan of The Chubb Corporation	10-K	10.78	February 25, 2021	
10.70*	Amendment No. 3 to the Pension Excess Benefit Plan of The Chubb Corporation	10-K	10.79	February 25, 2021	
10.71*	Amendment No. 4 to the Pension Excess Benefit Plan of The Chubb Corporation	10-K	10.8	February 25, 2021	
10.72*	Amendments to the Chubb U.S. Supplemental Employee Retirement Plan, the Chubb U.S. Deferred Compensation Plan, and Pension Excess Benefit Plan of The Chubb Corporation	10-K	10.81	February 25, 2021	
10.73*	Form of Performance Based Restricted Stock Award Terms under the Chubb Limited 2016 Long-Term Incentive Plan for Swiss Executive Management	10-K	10.82	February 25, 2021	
10.74*	Form of Performance Based Restricted Stock Award Terms under the Chubb Limited 2016 Long-Term Incentive Plan for Executive Officers	10-K	10.83	February 25, 2021	
10.75*	Chubb Limited 2016 Long-Term Incentive Plan, as amended and restated	8-K	10.1	May 24, 2021	
10.76*	Employment Terms dated December 8, 2020, between Chubb Limited and Peter Enns [personal email removed]				X
21.1	Subsidiaries of the Company				X
22.1	Guaranteed Securities				X
23.1	Consent of Independent Registered Public Accounting Firm				X
31.1	Certification Pursuant to Section 302 of The Sarbanes-Oxley Act of 2002				X
31.2	Certification Pursuant to Section 302 of The Sarbanes-Oxley Act of 2002				X

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Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	Original Number	Date Filed	Filed Herewith
32.1	Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of The Sarbanes-Oxley Act of 2002				X
32.2	Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of The Sarbanes-Oxley Act of 2002				X
101	The following financial information from Chubb Limited's Annual Report on Form 10-K for the year ended December 31, 2021, formatted in Inline XBRL: (i) Consolidated Balance Sheets at December 31, 2021 and 2020; (ii) Consolidated Statements of Operations and Comprehensive Income for the years ended December 31, 2021, 2020, and 2019; (iii) Consolidated Statements of Shareholders' Equity for the years ended December 31, 2021, 2020, and 2019; (iv) Consolidated Statements of Cash Flows for the years ended December 31, 2021, 2020, and 2019; and (v) Notes to the Consolidated Financial Statements				X
104	The Cover Page Interactive Data File formatted in Inline XBRL (The cover page XBRL tags are embedded in the Inline XBRL document and included in Exhibit 101)				

* Management contract, compensatory plan or arrangement

ITEM 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CHUBB LIMITED

By: /s/ Peter C. Enns
Peter C. Enns
Executive Vice President and Chief Financial Officer

February 24, 2022

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Evan G. Greenberg Evan G. Greenberg	Chairman, Chief Executive Officer, and Director	February 24, 2022
/s/ Peter C. Enns Peter C. Enns	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	February 24, 2022
/s/ Annmarie T. Hagan Annmarie T. Hagan	Chief Accounting Officer (Principal Accounting Officer)	February 24, 2022
/s/ Michael G. Atieh Michael G. Atieh	Director	February 24, 2022
/s/ Sheila P. Burke Sheila P. Burke	Director	February 24, 2022
/s/ Mary A. Cirillo Mary A. Cirillo	Director	February 24, 2022
/s/ Michael P. Connors Michael P. Connors	Director	February 24, 2022
/s/ Robert J. Hugin Robert J. Hugin	Director	February 24, 2022

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/s/ Robert W. Scully Robert W. Scully	Director	February 24, 2022
/s/ Eugene B. Shanks, Jr. Eugene B. Shanks, Jr.	Director	February 24, 2022
/s/ Theodore E. Shasta Theodore E. Shasta	Director	February 24, 2022
/s/ David H. Sidwell David H. Sidwell	Director	February 24, 2022
/s/ Olivier Steimer Olivier Steimer	Director	February 24, 2022
/s/ Luis Téllez Luis Téllez	Director	February 24, 2022
/s/ Frances F. Townsend Frances F. Townsend	Director	February 24, 2022

CHUBB LIMITED AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

Chubb Limited
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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS AND INTERNAL CONTROL OVER FINANCIAL REPORTING

Financial Statements

The consolidated financial statements of Chubb Limited (Chubb) were prepared by management, which is responsible for their reliability and objectivity. The statements have been prepared in conformity with accounting principles generally accepted in the United States of America and, as such, include amounts based on informed estimates and judgments of management. Financial information elsewhere in this annual report is consistent with that in the consolidated financial statements.

The Board of Directors (Board), operating through its Audit Committee, which is composed entirely of directors who are not officers or employees of Chubb, provides oversight of the financial reporting process and safeguarding of assets against unauthorized acquisition, use or disposition. The Audit Committee annually recommends the appointment of an independent registered public accounting firm and submits its recommendation to the Board for approval.

The Audit Committee meets with management, the independent registered public accountants and the internal auditor; approves the overall scope of audit work and related fee arrangements; and reviews audit reports and findings. In addition, the independent registered public accountants and the internal auditor meet separately with the Audit Committee, without management representatives present, to discuss the results of their audits; the adequacy of Chubb's internal control; the quality of its financial reporting; and the safeguarding of assets against unauthorized acquisition, use or disposition.

The consolidated financial statements have been audited by an independent registered public accounting firm, PricewaterhouseCoopers LLP, which has been given access to all financial records and related data, including minutes of all meetings of the Board and committees of the Board. Chubb believes that all representations made to our independent registered public accountants during their audits were valid and appropriate.

Management's Report on Internal Control over Financial Reporting

The management of Chubb is responsible for establishing and maintaining adequate internal control over financial reporting. Pursuant to the rules and regulations of the Securities and Exchange Commission, internal control over financial reporting is a process designed by, or under the supervision of our Chief Executive Officer and Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our consolidated financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

As of December 31, 2021, management has evaluated the effectiveness of Chubb's internal control over financial reporting based on the criteria for effective-internal control over financial reporting established in "Internal Control - Integrated Framework," issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013. Based on this evaluation, management has concluded that Chubb's internal control over financial reporting was effective as of December 31, 2021.

PricewaterhouseCoopers LLP, the independent registered public accounting firm that audited the consolidated financial statements of Chubb included in this Annual Report, has issued a report on the effectiveness of Chubb's internal controls over financial reporting as of December 31, 2021. The report, which expresses an unqualified opinion on the effectiveness of Chubb's internal control over financial reporting as of December 31, 2021, is included in this Item under "Report of Independent Registered Public Accounting Firm" and follows this statement.

/s/ Evan G. Greenberg
Evan G. Greenberg
Chairman and Chief Executive Officer

/s/ Peter C. Enns
Peter C. Enns
Executive Vice President and Chief Financial Officer

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Chubb Limited

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Chubb Limited and its subsidiaries (the "Company") as of December 31, 2021 and 2020, and the related consolidated statements of operations and comprehensive income, of shareholders' equity and of cash flows for each of the three years in the period ended December 31, 2021, including the related notes and financial statement schedules listed in the index appearing under Item 15(a)2 (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Valuation of Unpaid Losses and Loss Expenses, Net of Reinsurance

As described in Note 7 to the consolidated financial statements, as of December 31, 2021, the Company's liability for unpaid losses and loss expenses, net of reinsurance, was \$56.8 billion. The majority of the Company's net unpaid losses and loss expenses arise from the Company's long-tail casualty business (such as general liability and professional liability), U.S. sourced workers' compensation, asbestos-related, environmental pollution and other exposures with high estimation uncertainty. The process of establishing loss and loss expense reserves requires the use of estimates and judgments based on circumstances underlying the insured loss at the date of accrual. The judgments involved in projecting the ultimate losses include the use and interpretation of various standard actuarial reserving methods that place reliance on the extrapolation of actual historical data, loss development patterns, industry data, and other benchmarks as appropriate. The reserves for the various product lines each require different qualitative and quantitative assumptions and judgments, including changes in business mix or volume, changes in ceded reinsurance structures, changes in claims handling practices, reported and projected loss trends, inflation, the legal environment, and the terms and conditions of the contracts sold to the Company's insured parties.

The principal considerations for our determination that performing procedures relating to the valuation of unpaid losses and loss expenses, net of reinsurance, from the long-tail and other exposures as described above, is a critical audit matter are (i) the significant judgment by management in determining the reserve liability, which in turn led to a high degree of auditor subjectivity and judgment in performing procedures relating to the valuation; (ii) the significant audit effort and judgment in evaluating the audit evidence relating to the actuarial reserving methods and assumptions related to extrapolation of actual historical data, loss development patterns, industry data, other benchmarks, and the impact of qualitative and quantitative subjective assumptions and judgments; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the Company's valuation of unpaid losses and loss expenses, net of reinsurance, including controls over the selection of actuarial reserving methods and development of significant assumptions. These procedures also included, among others, the involvement of professionals with specialized skill and knowledge to assist in performing one or a combination of procedures, including (i) independently estimating reserves on a sample basis using actual historical data and loss development patterns, as well as industry data and other benchmarks, to develop an independent estimate and comparing the independent estimate to management's actuarially determined reserves and (ii) evaluating the appropriateness of management's actuarial reserving methods and the reasonableness of the aforementioned assumptions, as well as assessing qualitative adjustments to carried reserves and the consistency of management's approach period-over-period. Performing these procedures involved testing the completeness and accuracy of data provided by management.

Valuation of Level 3 Investments in the Valuation Hierarchy

As described in Note 4 to the consolidated financial statements, as of December 31, 2021, the Company had total assets measured at fair value of \$109.3 billion, of which \$2.8 billion were categorized as level 3 in the valuation hierarchy. The level 3 investments are measured at fair value using inputs that are unobservable and reflect management's judgments about assumptions that market participants would use in pricing or, for certain of the investments, management obtains and evaluates a single broker quote, which is typically from a market maker. The valuation of certain of the investments is more subjective when markets are less liquid due to the lack of market based inputs (i.e., stale pricing), which may increase the potential that an investment's estimated fair value is not reflective of the price at which an actual transaction would occur.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The principal considerations for our determination that performing procedures relating to the valuation of level 3 investments in the valuation hierarchy is a critical audit matter are (i) the significant judgment by management in determining the fair value of these investments as they are measured using inputs that are unobservable and are priced using inputs other than quoted prices, which in turn led to a high degree of auditor subjectivity and judgment in performing procedures relating to the estimates; (ii) the significant audit effort and judgment in evaluating the audit evidence related to the valuation; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of the controls relating to the valuation of level 3 investments. These procedures also included, among others (i) obtaining pricing from sources other than those used by management for a sample of investments and comparing management's estimate to the prices independently obtained and (ii) the involvement of professionals with specialized skill and knowledge to assist in developing an independent range of prices for a sample of investments and comparing management's estimate to the independently developed range of prices.

/s/ PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
Philadelphia, PA
February 24, 2022

We have served as the Company's auditor since 1985, which includes periods before the Company became subject to SEC reporting requirements.

CONSOLIDATED BALANCE SHEETS

Chubb Limited and Subsidiaries

(in millions of U.S. dollars, except share and per share data)	December 31 2021	December 31 2020
Assets		
Investments		
Fixed maturities available for sale, at fair value, net of valuation allowance - \$14 and \$20 (amortized cost – \$90,493 and \$85,188)	\$ 93,108	\$ 90,699
Fixed maturities held to maturity, at amortized cost, net of valuation allowance - \$35 and \$44 (fair value – \$10,647 and \$12,510)	10,118	11,653
Equity securities, at fair value	4,782	4,027
Short-term investments, at fair value (amortized cost – \$3,147 and \$4,349)	3,146	4,345
Other investments, at fair value	11,169	7,945
Total investments	122,323	118,669
Cash	1,659	1,747
Restricted cash	152	89
Securities lending collateral	1,831	1,844
Accrued investment income	821	867
Insurance and reinsurance balances receivable, net of valuation allowance - \$46 and \$44	11,322	10,480
Reinsurance recoverable on losses and loss expenses, net of valuation allowance - \$329 and \$314	17,366	15,592
Reinsurance recoverable on policy benefits	213	206
Deferred policy acquisition costs	5,513	5,402
Value of business acquired	236	263
Goodwill	15,213	15,400
Other intangible assets	5,455	5,811
Prepaid reinsurance premiums	3,028	2,769
Investments in partially-owned insurance companies	3,130	2,813
Other assets	11,792	8,822
Total assets	\$ 200,054	\$ 190,774
Liabilities		
Unpaid losses and loss expenses	\$ 72,943	\$ 67,811
Unearned premiums	19,101	17,652
Future policy benefits	5,947	5,713
Insurance and reinsurance balances payable	7,243	6,708
Securities lending payable	1,831	1,844
Accounts payable, accrued expenses, and other liabilities	15,004	14,052
Deferred tax liabilities	389	892
Repurchase agreements	1,406	1,405
Short-term debt	999	—
Long-term debt	15,169	14,948
Trust preferred securities	308	308
Total liabilities	140,340	131,333
Commitments and contingencies (refer to Note 10)		
Shareholders' equity		
Common Shares (CHF 24.15 par value; 474,021,114 and 477,605,264 shares issued; 426,572,612 and 450,732,625 shares outstanding)	10,985	11,064
Common Shares in treasury (47,448,502 and 26,872,639 shares)	(7,464)	(3,644)
Additional paid-in capital	8,478	9,815
Retained earnings	47,365	39,337
Accumulated other comprehensive income (AOCI)	350	2,869
Total shareholders' equity	59,714	59,441
Total liabilities and shareholders' equity	\$ 200,054	\$ 190,774

See accompanying notes to the Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

Chubb Limited and Subsidiaries

For the years ended December 31, 2021, 2020, and 2019

(in millions of U.S. dollars, except per share data)

	2021	2020	2019
Revenues			
Net premiums written	\$ 37,868	\$ 33,820	\$ 32,275
Increase in unearned premiums	(1,513)	(703)	(985)
Net premiums earned	36,355	33,117	31,290
Net investment income	3,456	3,375	3,426
Net realized gains (losses):			
Other-than-temporary impairment (OTTI) losses gross	—	—	(90)
Portion of OTTI losses recognized in other comprehensive income (OCI)	—	—	32
Net OTTI losses recognized in income	—	—	(58)
Net realized gains (losses) excluding OTTI losses	1,152	(498)	(472)
Net realized gains (losses) (includes \$3, \$(281), and \$(31) reclassified from AOCI)	1,152	(498)	(530)
Total revenues	40,963	35,994	34,186
Expenses			
Losses and loss expenses	21,980	21,710	18,730
Policy benefits	699	784	740
Policy acquisition costs	6,918	6,547	6,153
Administrative expenses	3,136	2,979	3,030
Interest expense	492	516	552
Other (income) expense	(2,365)	(994)	(596)
Amortization of purchased intangibles	287	290	305
Chubb integration expenses	—	—	23
Total expenses	31,147	31,832	28,937
Income before income tax	9,816	4,162	5,249
Income tax expense (includes benefit of \$(6), \$(36), and nil on unrealized gains and losses reclassified from AOCI)	1,277	629	795
Net income	\$ 8,539	\$ 3,533	\$ 4,454
Other comprehensive income (loss)			
Unrealized appreciation (depreciation)	\$ (2,935)	\$ 2,311	\$ 3,704
Reclassification adjustment for net realized (gains) losses included in net income	(3)	281	31
	(2,938)	2,592	3,735
Change in:			
Cumulative foreign currency translation adjustment	(530)	306	13
Postretirement benefit liability adjustment	522	(232)	(76)
Other comprehensive income (loss), before income tax	(2,946)	2,666	3,672
Income tax (expense) benefit related to OCI items	427	(416)	(605)
Other comprehensive income (loss)	(2,519)	2,250	3,067
Comprehensive income	\$ 6,020	\$ 5,783	\$ 7,521
Earnings per share			
Basic earnings per share	\$ 19.41	\$ 7.82	\$ 9.77
Diluted earnings per share	\$ 19.27	\$ 7.79	\$ 9.71

See accompanying notes to the Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Chubb Limited and Subsidiaries

For the years ended December 31, 2021, 2020, and 2019

(in millions of U.S. dollars)

	2021	2020	2019
Common Shares			
Balance – beginning of year	\$ 11,064	\$ 11,121	\$ 11,121
Cancellation of treasury shares	(79)	(57)	—
Balance – end of year	10,985	11,064	11,121
Common Shares in treasury			
Balance – beginning of year	(3,644)	(3,754)	(2,618)
Common Shares repurchased	(4,861)	(516)	(1,531)
Cancellation of treasury shares	590	323	—
Net shares issued under employee share-based compensation plans	451	303	395
Balance – end of year	(7,464)	(3,644)	(3,754)
Additional paid-in capital			
Balance – beginning of year	9,815	11,203	12,557
Net shares issued under employee share-based compensation plans	(179)	(195)	(178)
Exercise of stock options	(52)	(50)	(82)
Share-based compensation expense	286	255	266
Funding of dividends declared to Retained earnings	(1,392)	(1,398)	(1,360)
Balance – end of year	8,478	9,815	11,203
Retained earnings			
Balance – beginning of year	39,337	36,142	31,700
Cumulative effect of adoption of accounting standards	—	(72)	(12)
Balance – beginning of year, as adjusted	39,337	36,070	31,688
Net income	8,539	3,533	4,454
Cancellation of treasury shares	(511)	(266)	—
Funding of dividends declared from Additional paid-in capital	1,392	1,398	1,360
Dividends declared on Common Shares	(1,392)	(1,398)	(1,360)
Balance – end of year	47,365	39,337	36,142
Accumulated other comprehensive income (AOCI)			
Net unrealized appreciation (depreciation) on investments			
Balance – beginning of year	4,673	2,543	(545)
Change in year, before reclassification from AOCI, net of income tax (expense) benefit of \$527, \$(426), and \$(647)	(2,408)	1,885	3,057
Amounts reclassified from AOCI, net of income tax (expense) of \$(6), \$(36), and nil	(9)	245	31
Change in year, net of income tax (expense) benefit of \$521, \$(462), and \$(647)	(2,417)	2,130	3,088
Balance – end of year	2,256	4,673	2,543
Cumulative foreign currency translation adjustment			
Balance – beginning of year	(1,637)	(1,939)	(1,976)
Change in year, net of income tax (expense) benefit of \$21, \$(4), and \$24	(509)	302	37
Balance – end of year	(2,146)	(1,637)	(1,939)
Postretirement benefit liability adjustment			
Balance – beginning of year	(167)	15	73
Change in year, net of income tax (expense) benefit of \$(115), \$50, and \$18	407	(182)	(58)
Balance – end of year	240	(167)	15
Accumulated other comprehensive income (AOCI)	350	2,869	619
Total shareholders' equity	\$ 59,714	\$ 59,441	\$ 55,331

See accompanying notes to the Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

Chubb Limited and Subsidiaries

For the years ended December 31, 2021, 2020, and 2019

(in millions of U.S. dollars)

	2021	2020	2019
Cash flows from operating activities			
Net income	\$ 8,539	\$ 3,533	\$ 4,454
Adjustments to reconcile net income to net cash flows from operating activities			
Net realized (gains) losses	(1,152)	498	530
Amortization of premiums/discounts on fixed maturities	332	367	395
Amortization of purchased intangibles	287	290	305
Deferred income taxes	(74)	(333)	(97)
Unpaid losses and loss expenses	5,791	4,664	(257)
Unearned premiums	1,857	846	1,051
Future policy benefits	239	236	215
Insurance and reinsurance balances payable	582	535	(302)
Accounts payable, accrued expenses, and other liabilities	536	(98)	(207)
Income taxes payable	48	46	(7)
Insurance and reinsurance balances receivable	(984)	(114)	(270)
Reinsurance recoverable	(1,953)	(336)	838
Deferred policy acquisition costs	(247)	(89)	(344)
Equity in net income of partially-owned entities	(2,433)	(1,019)	(617)
Other	(219)	759	655
Net cash flows from operating activities	11,149	9,785	6,342
Cash flows from investing activities			
Purchases of fixed maturities available for sale	(30,222)	(26,298)	(25,846)
Purchases of fixed maturities held to maturity	(594)	(202)	(229)
Purchases of equity securities	(1,167)	(6,419)	(531)
Sales of fixed maturities available for sale	6,596	11,377	13,110
Sales of to be announced mortgage-backed securities	—	—	6
Sales of equity securities	1,018	3,880	611
Maturities and redemptions of fixed maturities available for sale	17,361	12,450	9,039
Maturities and redemptions of fixed maturities held to maturity	1,964	995	946
Net change in short-term investments	1,175	(81)	(1,117)
Net derivative instruments settlements	(219)	(113)	(703)
Private equity contributions	(2,471)	(1,924)	(1,315)
Private equity distributions	1,421	907	1,390
Acquisition of subsidiaries (net of cash acquired of nil, nil, \$45)	—	—	(29)
Payment, including deposit, for Huatai Group interest	(1,184)	(1,623)	(580)
Other	(337)	(470)	(657)
Net cash flows used for investing activities	(6,659)	(7,521)	(5,905)
Cash flows from financing activities			
Dividends paid on Common Shares	(1,401)	(1,388)	(1,354)
Common Shares repurchased	(4,861)	(523)	(1,530)
Proceeds from issuance of long-term debt	1,576	988	2,828
Proceeds from issuance of repurchase agreements	1,858	2,354	2,817
Repayment of long-term debt	—	(1,301)	(510)
Repayment of repurchase agreements	(1,858)	(2,354)	(2,817)
Proceeds from share-based compensation plans	300	145	204
Policyholder contract deposits and other	512	470	514
Policyholder contract withdrawals and other	(454)	(386)	(303)
Other	(81)	(87)	—
Net cash flows used for financing activities	(4,409)	(2,082)	(151)
Effect of foreign currency rate changes on cash and restricted cash	(106)	8	20
Net increase (decrease) in cash and restricted cash	(25)	190	306
Cash and restricted cash – beginning of year	1,836	1,646	1,340
Cash and restricted cash – end of year	\$ 1,811	\$ 1,836	\$ 1,646
Supplemental cash flow information			
Taxes paid	\$ 1,298	\$ 902	\$ 912
Interest paid	\$ 492	\$ 524	\$ 512

See accompanying notes to the Consolidated Financial Statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Chubb Limited and Subsidiaries

1. Summary of significant accounting policies

a) Basis of presentation

Chubb Limited is a holding company incorporated in Zurich, Switzerland. Chubb Limited, through its subsidiaries, provides a broad range of insurance and reinsurance products to insureds worldwide. Our results are reported through the following business segments: North America Commercial P&C Insurance, North America Personal P&C Insurance, North America Agricultural Insurance, Overseas General Insurance, Global Reinsurance, and Life Insurance. Refer to Note 15 for additional information.

The accompanying Consolidated Financial Statements, which include the accounts of Chubb Limited and its subsidiaries (collectively, Chubb, we, us, or our), have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and, in the opinion of management, reflect all adjustments necessary for a fair statement of the results and financial position for such periods. All significant intercompany accounts and transactions, including internal reinsurance transactions, have been eliminated.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Amounts included in the Consolidated Financial Statements reflect our best estimates and assumptions; actual amounts could differ materially from these estimates. Chubb's principal estimates include:

- unpaid loss and loss expense reserves, including long-tail asbestos and environmental (A&E) reserves and non-A&E casualty exposures;
- future policy benefits reserves;
- amortization of deferred policy acquisition costs and value of business acquired (VOBA);
- reinsurance recoverable, including a valuation allowance for uncollectible reinsurance;
- the assessment of risk transfer for certain structured insurance and reinsurance contracts;
- the valuation of the investment portfolio and assessment of valuation allowance for expected credit losses;
- the valuation of deferred income taxes;
- the valuation and amortization of purchased intangibles; and
- the assessment of goodwill for impairment.

b) Premiums

Premiums are generally recorded as written upon inception of the policy. For multi-year policies for which premiums written are payable in annual installments, only the current annual premium is included as written at policy inception due to the ability of the insured/reinsured to commute or cancel coverage within the policy term. The remaining annual premiums are recorded as written at each successive anniversary date within the multi-year term.

For property and casualty (P&C) insurance and reinsurance products, premiums written are primarily earned on a pro-rata basis over the policy terms to which they relate. Unearned premiums represent the portion of premiums written applicable to the unexpired portion of the policies in force. For retrospectively-rated policies, written premiums are adjusted to reflect expected ultimate premiums consistent with changes to incurred losses, or other measures of exposure as stated in the policy, and earned over the policy coverage period.

Mandatory reinstatement premiums assessed on reinsurance policies are earned in the period of the loss event that gave rise to the reinstatement premiums. All remaining unearned premiums are recognized over the remaining coverage period.

Premiums from long-duration contracts such as certain traditional term life, whole life, endowment, and long-duration personal accident and health (A&H) policies are generally recognized as revenue when due from policyholders. Traditional life policies include those contracts with fixed and guaranteed premiums and benefits. Benefits and expenses are matched with income to result in the recognition of profit over the life of the contracts.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Retroactive loss portfolio transfer (LPT) contracts in which the insured loss events occurred prior to contract inception are evaluated to determine whether they meet criteria for reinsurance accounting. If reinsurance accounting is appropriate, written premiums are fully earned and corresponding losses and loss expenses recognized at contract inception. These contracts can cause significant variances in gross premiums written, net premiums written, net premiums earned, and net incurred losses in the years in which they are written. Reinsurance contracts sold not meeting the criteria for reinsurance accounting are recorded using the deposit method as described below in Note 1 k).

Reinsurance premiums assumed are based on information provided by ceding companies supplemented by our own estimates of premium when we have not received ceding company reports. Estimates are reviewed and adjustments are recorded in the period in which they are determined. Premiums are earned over the coverage terms of the related reinsurance contracts and range from one to three years.

c) Deferred policy acquisition costs and value of business acquired

Policy acquisition costs consist of commissions (direct and ceded), premium taxes, and certain underwriting costs related directly to the successful acquisition of new or renewal insurance contracts. A VOBA intangible asset is established upon the acquisition of blocks of long-duration contracts in a business combination and represents the present value of estimated net cash flows for the contracts in force at the acquisition date. Acquisition costs and VOBA, collectively policy acquisition costs, are deferred and amortized. Amortization is recorded in Policy acquisition costs in the Consolidated statements of operations. Policy acquisition costs on P&C contracts are generally amortized ratably over the period in which premiums are earned. Policy acquisition costs on traditional long-duration contracts are amortized over the estimated life of the contracts, generally in proportion to premium revenue recognized based upon the same assumptions used in estimating the liability for future policy benefits. For non-traditional long-duration contracts, we amortize policy acquisition costs over the expected life of the contracts in proportion to expected gross profits. The effect of changes in estimates of expected gross profits is reflected in the period the estimates are revised. Policy acquisition costs are reviewed to determine if they are recoverable from future income, including investment income. Unrecoverable policy acquisition costs are expensed in the period identified.

Advertising costs are expensed as incurred except for direct-response campaigns that qualify for cost deferral, principally related to long-duration A&H business produced by the Overseas General Insurance segment, which are deferred and recognized as a component of Policy acquisition costs. For individual direct-response marketing campaigns that we can demonstrate have specifically resulted in incremental sales to customers and such sales have probable future economic benefits, incremental costs directly related to the marketing campaigns are capitalized as Deferred policy acquisition costs. Deferred policy acquisition costs, including deferred marketing costs, are reviewed regularly for recoverability from future income, including investment income, and amortized in proportion to premium revenue recognized, primarily over a ten-year period, the expected economic future benefit period based upon the same assumptions used in estimating the liability for future policy benefits. The expected future benefit period is evaluated periodically based on historical results and adjusted prospectively. The amount of deferred marketing costs reported in Deferred policy acquisition costs in the Consolidated balance sheets was \$189 million and \$226 million at December 31, 2021 and 2020, respectively. Amortization expense for deferred marketing costs was \$85 million, \$99 million, and \$109 million for the years ended December 31, 2021, 2020, and 2019, respectively.

d) Reinsurance

Chubb assumes and cedes reinsurance with other insurance companies to provide greater diversification of business and minimize the net loss potential arising from large risks. Ceded reinsurance contracts do not relieve Chubb of its primary obligation to policyholders.

For both ceded and assumed reinsurance, risk transfer requirements must be met in order to account for a contract as reinsurance, principally resulting in the recognition of cash flows under the contract as premiums and losses. To meet risk transfer requirements, a reinsurance contract must include insurance risk, consisting of both underwriting and timing risk, and a reasonable possibility of a significant loss for the assuming entity. To assess risk transfer for certain contracts, Chubb generally develops expected discounted cash flow analyses at contract inception. Deposit accounting is used for contracts that do not meet risk transfer requirements. Deposit accounting requires that consideration received or paid be recorded in the balance sheet as opposed to recording premiums written or losses incurred in the statement of operations. Non-refundable fees on deposit contracts are earned based on the terms of the contract described below in Note 1 k).

Reinsurance recoverable includes balances due from reinsurance companies for paid and unpaid losses and loss expenses and future policy benefits that will be recovered from reinsurers, based on contracts in force. The method for determining the reinsurance recoverable on unpaid losses and loss expenses incurred but not reported (IBNR) involves actuarial estimates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

consistent with those used to establish the associated liability for unpaid losses and loss expenses as well as a determination of Chubb's ability to cede unpaid losses and loss expenses under the terms of the reinsurance agreement.

Reinsurance recoverable is presented net of a valuation allowance for uncollectible reinsurance determined based upon a review of the financial condition of reinsurers and other factors. The valuation allowance for uncollectible reinsurance is based on an estimate of the reinsurance recoverable balance that will ultimately be unrecoverable due to reinsurer insolvency, a contractual dispute, or any other reason. The valuation of this allowance includes several judgments including certain aspects of the allocation of reinsurance recoverable on IBNR claims by reinsurer and a default analysis to estimate uncollectible reinsurance. The primary components of the default analysis are reinsurance recoverable balances by reinsurer, net of collateral, and default factors used to determine the portion of a reinsurer's balance deemed uncollectible. The definition of collateral for this purpose requires some judgment and is generally limited to assets held in a Chubb-only beneficiary trust, letters of credit, and liabilities held with the same legal entity for which Chubb believes there is a contractual right of offset. The determination of the default factor is principally based on the financial strength rating of the reinsurer. Default factors require considerable judgment and are determined using the current financial strength rating, or rating equivalent, of each reinsurer as well as other key considerations and assumptions. Changes in the valuation allowance for uncollectible reinsurance recoverables are recorded in Losses and loss expenses in the Consolidated statements of operations. The more significant considerations to calculate the valuation allowance include, but are not necessarily limited to, the following:

- For reinsurers that maintain a financial strength rating from a major rating agency, and for which recoverable balances are considered representative of the larger population (i.e., default probabilities are consistent with similarly rated reinsurers and payment durations conform to averages), the financial rating is based on a published source and the default factor is based on published default statistics of a major rating agency applicable to the reinsurer's particular rating class. When a recoverable is expected to be paid in a brief period of time by a highly rated reinsurer, such as certain property catastrophe claims, a default factor may not be applied;
- For balances recoverable from reinsurers that are both unrated by a major rating agency and for which management is unable to determine a credible rating equivalent based on a parent, affiliate, or peer company, we determine a rating equivalent based on an analysis of the reinsurer that considers an assessment of the creditworthiness of the particular entity, industry benchmarks, or other factors as considered appropriate. We then apply the applicable default factor for that rating class. For balances recoverable from unrated reinsurers for which the ceded reserve is below a certain threshold, we generally apply a default factor of 34 percent, consistent with published statistics of a major rating agency;
- For balances recoverable from reinsurers that are either insolvent or under regulatory supervision, we establish a default factor and resulting valuation allowance for uncollectible reinsurance based on reinsurer-specific facts and circumstances. Upon initial notification of an insolvency, we generally recognize an expense for a substantial portion of all balances outstanding, net of collateral, through a combination of write-offs of recoverable balances and increases to the valuation allowance for uncollectible reinsurance. When regulatory action is taken on a reinsurer, we generally recognize a default factor by estimating an expected recovery on all balances outstanding, net of collateral. When sufficient credible information becomes available, we adjust the valuation allowance for uncollectible reinsurance by establishing a default factor pursuant to information received; and
- For other recoverables, management determines the valuation allowance for uncollectible reinsurance based on the specific facts and circumstances.

The methods used to determine the reinsurance recoverable balance and related valuation allowance for uncollectible reinsurance are regularly reviewed and updated, and any resulting adjustments are reflected in earnings in the period identified.

The methods used to determine the valuation allowance for uncollectible high deductible recoverable amounts and valuation allowance for insurance and reinsurance balances receivable are similar to the processes used to determine the valuation allowance for uncollectible reinsurance recoverable. For information on high deductible policies, refer to section h) Unpaid losses and loss expenses, below.

Prepaid reinsurance premiums represent the portion of premiums ceded to reinsurers applicable to the unexpired coverage terms of the reinsurance contracts in-force.

The value of reinsurance business assumed is the deferred gain or loss related to loss portfolio transfers assumed and is calculated as the difference between the estimated ultimate value of the liabilities assumed under retroactive reinsurance contracts over consideration received. The gain or loss is amortized and recorded to Losses and loss expenses based on the payment pattern of the losses assumed. The unamortized value is reviewed regularly to determine if it is recoverable based upon

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

the terms of the contract, estimated losses and loss expenses, and anticipated investment income. Unrecoverable amounts are expensed in the period identified. The value of reinsurance business assumed at December 31, 2021 and 2020 were immaterial.

e) Investments

Fixed maturities, equity securities, and short-term investments

Fixed maturities are classified as either available for sale or held to maturity.

- Available for sale (AFS) portfolio is reported at fair value, net of a valuation allowance for credit losses, with changes in fair value recorded as a separate component of AOCI in Shareholders' equity.
- Held to maturity (HTM) portfolio includes securities for which we have the ability and intent to hold to maturity or redemption and is reported at amortized cost, net of a valuation allowance for credit losses.

Equity securities are reported at fair value with changes in fair value recorded in Net realized gains (losses) on the Consolidated statements of operations.

Realized gains or losses on sales of investments are determined on a first-in, first-out basis.

Short-term investments comprise securities due to mature within one year of the date of purchase and are recorded at fair value which typically approximates cost.

Interest, dividend income, and amortization of fixed maturity market premiums and discounts, related to these securities are recorded in Net investment income, net of investment management and custody fees, in the Consolidated statements of operations.

In addition, net investment income includes the amortization of the fair value adjustment related to the acquired invested assets of The Chubb Corporation (Chubb Corp). At December 31, 2021, the remaining balance of this fair value adjustment was \$127 million which is expected to amortize over the next two years; however, the estimate could vary based on current market conditions, bond calls, and the duration of the acquired investment portfolio. In addition, sales of these acquired fixed maturities would also reduce the fair value adjustment balance. For mortgage-backed securities and any other holdings for which there is a prepayment risk, prepayment assumptions are evaluated and revised as necessary. Any adjustments required due to the resultant change in effective yields and maturities are recognized prospectively. Prepayment fees or call premiums that are only payable when a security is called prior to its maturity are earned when received and reflected in Net investment income.

Valuation allowance for fixed income securities

Management evaluates current expected credit losses (CECL) for all HTM securities each quarter. U.S. treasury and agency securities and U.S. government agency mortgage-backed securities are assumed to have no risk of non-payment and therefore are excluded from the CECL evaluation. The remaining HTM securities are evaluated for potential credit loss on a collective pool basis. We elected to pool HTM securities by 1) external credit rating and 2) time to maturity (duration). These characteristics are the most representative of similar risk characteristics within our portfolio. Chubb pools HTM securities and calculates an expected credit loss for each pool using Moody's corporate bond default average, corporate bond recovery rate, and an economic cycle multiplier. The multiplier is based on the leading economic index and will adjust the average default frequency for a forward-looking economic outlook. Management monitors the credit quality of HTM securities through the review of external credit ratings on a quarterly basis.

Management evaluates expected credit losses (ECL) for AFS securities when fair value is below amortized cost. AFS securities are evaluated for potential credit loss on an individual security level but the evaluation may use assumptions consistent with expectations of credit losses for a group of similar securities. If management has the intent to sell or will be required to sell the security before recovery, the entire impairment loss will be recorded through income to Net realized gains and losses. If management does not have the intent to sell or will not be required to sell the security before recovery, an allowance for credit losses is established and is recorded through income to Net realized gains and losses, and the non-credit loss portion is recorded through other comprehensive income.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Examples of criteria that are collectively evaluated to determine if a credit loss has occurred include the following:

- The extent to which the fair value is less than amortized cost;
- Adverse conditions related to the security, industry, or geographic area;
- Downgrades in the security's credit rating by a rating agency; and
- Failure of the issuer to make scheduled principal or interest payments

AFS securities that meet any one of the criteria included above will be subject to a discounted cash flow analysis by comparing the present value of expected future cash flows with the amortized cost basis. Projected cash flows are driven primarily by assumptions regarding probability of default and the timing and amount of recoveries associated with defaults. Chubb developed the projected cash flows using market data, issuer-specific information, and credit ratings. In combination with contractual cash flows and the use of historical default and recovery data by Moody's Investors Service (Moody's) rating category we generate expected cash flows using the average cumulative issuer-weighted global default rates by letter rating.

If the present value of expected future cash flows is less than the amortized cost, a credit loss exists and an allowance for credit losses will be recognized. If the present value of expected future cash flows is equal to or greater than the amortized cost basis, management will conclude an expected credit loss does not exist.

Management reviews credit losses and the valuation allowance for expected credit losses each quarter. When all or a portion of a fixed maturity security is identified to be uncollectible and written off, the valuation allowance for expected credit losses is reduced. In general, a security is considered uncollectible no later than when all efforts to collect contractual cash flows have been exhausted. Below are considerations for when a security may be deemed uncollectible:

- We have sufficient information to determine that the issuer of the security is insolvent;
- We receive notice that the issuer of the security has filed for bankruptcy, and the collectability is expected to be adversely impacted by the bankruptcy;
- The issuer of a security has violated multiple debt covenants;
- Amounts have been past due for a specified period of time with no response from the issuer;
- A significant deterioration in the value of the collateral has occurred;
- We have received correspondence from the issuer of the security indicating that it doesn't intend to pay the contractual principal and interest.

We elected to not measure an allowance for accrued investment income as uncollectible balances are written off in a timely manner, typically 30 to 45 days after uncollected balances are due.

Prior to January 1, 2020, fixed income securities were evaluated individually for other-than-temporary impairment (OTTI) and a realized loss was recognized once certain criteria were met.

Other investments

Other investments principally comprise investment funds, limited partnerships, partially-owned investment companies, life insurance policies, policy loans, and non-qualified separate account assets.

Investment funds and limited partnerships

Investment funds, limited partnerships, and all other investments over which Chubb cannot exercise significant influence are accounted for as follows. Generally, we own less than three percent of the investee's shares.

- Income and expenses from these funds are reported within Net investment income.
- These funds are carried at net asset value, which approximates fair value with changes in fair value recorded in Net realized gains (losses) on the Consolidated statements of operations. Refer to Note 4 for a further discussion on net asset value.
- As a result of the timing of the receipt of valuation data from the investment managers, these investments are generally reported on a three-month lag.
- Sales of these investments are reported within Net realized gains (losses).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Partially-owned investment companies

Partially-owned investment companies are limited partnerships where our ownership interest is in excess of three percent are accounted for under the equity method because Chubb exerts significant influence. These investments apply investment company accounting to determine operating results, and Chubb retains the investment company accounting in applying the equity method.

- This means that investment income, realized gains or losses, and unrealized gains or losses are included in the portion of equity earnings reflected in Other (income) expense.
- As a result of the timing of the receipt of valuation data from the investment managers, these investments are generally reported on a three-month lag.

Other

- Policy loans are carried at outstanding balance and interest income is reflected in Net investment income.
- Life insurance policies are carried at policy cash surrender value and income is reflected in Other (income) expense.
- Non-qualified separate account assets are supported by assets that do not qualify for separate accounting reporting under GAAP. The underlying securities are recorded on a trade date basis and carried at fair value. Unrealized gains and losses on non-qualified separate account assets are reflected in Other (income) expense.

Investments in partially-owned insurance companies

Investments in partially-owned insurance companies primarily represent direct investments in which Chubb has significant influence and as such, meet the requirements for equity accounting. Generally, we own twenty percent or more of the investee's shares. We report our share of the net income or loss of the partially-owned insurance companies in Other (income) expense.

Derivative instruments

Chubb recognizes all derivatives at fair value in the Consolidated balance sheets in either Accounts payable, accrued expenses, and other liabilities or Other assets. Changes in fair value are included in Net realized gains (losses) in the Consolidated statements of operations. We did not designate any derivatives as accounting hedges. We participate in derivative instruments in two principal ways:

- (i) To sell protection to customers as an insurance or reinsurance contract that meets the definition of a derivative for accounting purposes. This category principally comprised our GLB contracts; and
- (ii) To mitigate financial risks and manage certain investment portfolio risks and exposures, including assets and liabilities held in foreign currencies. We use derivative instruments including futures, options, swaps, and foreign currency forward contracts. Refer to Note 10 for additional information.

Securities lending program

Chubb participates in a securities lending program operated by a third-party banking institution whereby certain assets are loaned to qualified borrowers and from which we earn an incremental return which is recorded within Net investment income in the Consolidated statements of operations.

Borrowers provide collateral, in the form of either cash or approved securities, at a minimum of 102 percent of the fair value of the loaned securities. Each security loan is deemed to be an overnight transaction. Cash collateral is invested in a collateral pool which is managed by the banking institution. The collateral pool is subject to written investment guidelines with key objectives which include the safeguard of principal and adequate liquidity to meet anticipated redemptions. The fair value of the loaned securities is monitored on a daily basis, with additional collateral obtained or refunded as the fair value of the loaned securities changes. The collateral is held by the third-party banking institution, and the collateral can only be accessed in the event that the institution borrowing the securities is in default under the lending agreement. As a result of these restrictions, we consider our securities lending activities to be non-cash investing and financing activities. An indemnification agreement with the lending agent protects us in the event a borrower becomes insolvent or fails to return any of the securities on loan.

The fair value of the securities on loan is included in fixed maturities and equity securities in the Consolidated balance sheets. The securities lending collateral is reported as a separate line in the Consolidated balance sheets with a related liability reflecting our obligation to return the collateral plus interest.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Repurchase agreements

Similar to securities lending arrangements, securities sold under repurchase agreements, whereby Chubb sells securities and repurchases them at a future date for a predetermined price, are accounted for as collateralized investments and borrowings and are recorded at the contractual repurchase amounts plus accrued interest. Assets to be repurchased are the same or substantially the same as the assets transferred, and the transferor, through right of substitution, maintains the right and ability to redeem the collateral on short notice. The fair value of the underlying securities is included in fixed maturities and equity securities. In contrast to securities lending programs, the use of cash received is not restricted. We report the obligation to return the cash as Repurchase agreements in the Consolidated balance sheets and record the fees under these repurchase agreements within Interest expense on the Consolidated statements of operations.

Refer to Note 4 for a discussion on the determination of fair value for Chubb's various investment securities.

f) Cash

We have agreements with a third-party bank provider which implemented two international multi-currency notional cash pooling programs. In each program, participating Chubb entities establish deposit accounts in different currencies with the bank provider and each day the credit or debit balances in every account are notionally translated into a single currency (U.S. dollars) and then notionally pooled. The bank extends overdraft credit to any participating Chubb entity as needed, provided that the overall notionally-pooled balance of all accounts in each pool at the end of each day is at least zero. Actual cash balances are not physically converted and are not commingled between legal entities. Any overdraft balances incurred under this program by a Chubb entity would be guaranteed by Chubb Limited (up to \$300 million in the aggregate). Our syndicated letter of credit facility allows for same day drawings to fund a net pool overdraft should participating Chubb entities overdraw contributed funds from the pool.

Restricted cash

Restricted cash in the Consolidated balance sheets represents amounts held for the benefit of third parties and is legally or contractually restricted as to withdrawal or usage. Amounts include deposits with U.S. and non-U.S. regulatory authorities, trust funds set up for the benefit of ceding companies, and amounts pledged as collateral to meet financing arrangements.

The following table provides a reconciliation of cash and restricted cash reported within the Consolidated balance sheets that total to the amounts shown in the Consolidated statements of cash flows:

(in millions of U.S. dollars)	December 31		
	2021	2020	2019
Cash	\$ 1,659	\$ 1,747	\$ 1,537
Restricted cash	152	89	109
Total cash and restricted cash shown in the Consolidated statements of cash flows	\$ 1,811	\$ 1,836	\$ 1,646

g) Goodwill and Other intangible assets

Goodwill represents the excess of the cost of acquisitions over the fair value of net assets acquired and is not amortized. Goodwill is assigned at acquisition to the applicable reporting unit of the acquired entities giving rise to the goodwill. Goodwill impairment tests are performed annually or more frequently if circumstances indicate a possible impairment. For goodwill impairment testing, we use a qualitative assessment to determine whether it is more likely than not (i.e., more than a 50 percent probability) that the fair value of a reporting unit is greater than its carrying amount. If our assessment indicates less than a 50 percent probability that fair value exceeds carrying value, we quantitatively estimate a reporting unit's fair value. Goodwill recorded in connection with investments in partially-owned insurance companies is recorded in Investments in partially-owned insurance companies and is also measured for impairment annually.

Indefinite lived intangible assets are not subject to amortization. Finite lived intangible assets are amortized over their useful lives, generally with an average original useful life of 25 years. Intangible assets are regularly reviewed for indicators of impairment. Impairment is recognized if the carrying amount is not recoverable from its undiscounted cash flows and is measured as the difference between the carrying amount and fair value.

h) Unpaid losses and loss expenses

A liability is established for the estimated unpaid losses and loss expenses under the terms of, and with respect to, Chubb's policies and agreements. Similar to premiums that are recognized as revenues over the coverage period of the policy, a liability for unpaid losses and loss expenses is recognized as expense when insured events occur over the coverage period of the policy.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

This liability includes a provision for both reported claims (case reserves) and incurred but not reported claims (IBNR reserves). IBNR reserve estimates are generally calculated by first projecting the ultimate cost of all losses that have occurred (expected losses), and then subtracting paid losses, case reserves, and loss expenses. The methods of determining such estimates and establishing the resulting liability are reviewed regularly and any adjustments are reflected in income in the period in which they become known. Future developments may result in losses and loss expenses materially greater or less than recorded amounts.

Except for net unpaid loss and loss expense reserves for certain structured settlements for which the timing and amount of future claim payments are reliably determinable and certain reserves for unsettled claims, Chubb does not discount its P&C loss reserves. The net undiscounted reserves related to structured settlements and certain reserves for unsettled claims are immaterial.

Included in Unpaid losses and loss expenses are liabilities for A&E claims and expenses. These unpaid losses and loss expenses are principally related to claims arising from remediation costs associated with hazardous waste sites and bodily-injury claims related to asbestos products and environmental hazards. The estimation of these liabilities is particularly sensitive to changes in the legal environment including specific settlements that may be used as precedents to settle future claims. However, Chubb does not anticipate future changes in laws and regulations in setting its A&E reserve levels.

Also included in Unpaid losses and loss expenses is the fair value adjustment of \$90 million and \$110 million at December 31, 2021 and 2020, respectively, related to Chubb Corp's historical unpaid losses and loss expenses. The estimated fair value consists of the present value of the expected net unpaid loss and loss adjustment expense payments adjusted for an estimated risk margin. The estimated cash flows are discounted at a risk free rate. The estimated risk margin varies based on the inherent risks associated with each type of reserve. The fair value is amortized through Amortization of purchased intangibles on the Consolidated statements of operations through the year 2032, based on the estimated payout patterns of unpaid loss and loss expenses at the acquisition date.

Our loss reserves are presented net of contractual deductible recoverable amounts due from policyholders. Under the terms of certain high deductible policies which we offer, such as workers' compensation and general liability, our customers are responsible to reimburse us for an agreed-upon dollar amount per claim. In nearly all cases we are required under such policies to pay covered claims first, and then seek reimbursement for amounts within the applicable deductible from our customers. We generally seek to mitigate this risk through collateral agreements.

Prior period development arises from changes to loss estimates recognized in the current year that relate to loss reserves first reported in previous calendar years and excludes the effect of losses from the development of earned premiums from previous accident years.

For purposes of analysis and disclosure, management views prior period development to be changes in the nominal value of loss estimates from period to period, net of premium and profit commission adjustments on loss sensitive contracts. Prior period development generally excludes changes in loss estimates that do not arise from the emergence of claims, such as those related to uncollectible reinsurance, interest, unallocated loss adjustment expenses, or foreign currency. Accordingly, specific items excluded from prior period development include the following: gains/losses related to foreign currency remeasurement; losses recognized from the early termination or commutation of reinsurance agreements that principally relate to the time value of money; changes in the value of reinsurance business assumed reflected in losses incurred but principally related to the time value of money; and losses that arise from changes in estimates of earned premiums from prior accident years. Except for foreign currency remeasurement, which is included in Net realized gains (losses), these items are included in current year losses.

i) Future policy benefits

The valuation of long-duration contract reserves requires management to make estimates and assumptions regarding expenses, mortality, persistency, and investment yields. Estimates are primarily based on historical experience and include a margin for adverse deviation. Interest rates used in calculating reserves range from less than 1.0 percent to 9.0 percent at both December 31, 2021 and 2020. Actual results could differ materially from these estimates. Management monitors actual experience and where circumstances warrant, will revise assumptions and the related reserve estimates. Revisions are recorded in the period they are determined.

Certain of our long-duration contracts are supported by assets that do not qualify for separate account reporting under GAAP. These assets are classified as non-qualified separate account assets and reported in Other investments and the offsetting liabilities are reported in Future policy benefits in the Consolidated balance sheets. Changes in the fair value of separate account

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

assets that do not qualify for separate account reporting under GAAP are reported in Other income (expense) and the offsetting movements in the liabilities are included in Policy benefits in the Consolidated statements of operations.

j) Assumed reinsurance programs involving minimum benefit guarantees under variable annuity contracts

Chubb reinsures various death and living benefit guarantees associated with variable annuities issued primarily in the United States. We generally receive a monthly premium during the accumulation phase of the covered annuities (in-force) based on a percentage of either the underlying accumulated account values or the underlying accumulated guaranteed values. Depending on an annuitant's age, the accumulation phase can last many years. To limit our exposure under these programs, all reinsurance treaties include annual or aggregate claim limits and many include an aggregate deductible.

The guarantees which are payable on death, referred to as guaranteed minimum death benefits (GMDB), principally cover shortfalls between accumulated account value at the time of an annuitant's death and either i) an annuitant's total deposits; ii) an annuitant's total deposits plus a minimum annual return; or iii) the highest accumulated account value attained at any policy anniversary date. In addition, a death benefit may be based on a formula specified in the variable annuity contract that uses a percentage of the growth of the underlying contract value. Liabilities for GMDBs are based on cumulative assessments or premiums to date multiplied by a benefit ratio that is determined by estimating the present value of benefit payments and related adjustment expenses divided by the present value of cumulative assessment or expected premiums during the contract period.

Under reinsurance programs covering GLBs, we assume the risk of guaranteed minimum income benefits (GMIB) associated with variable annuity contracts. The GMIB risk is triggered if, at the time the contract holder elects to convert the accumulated account value to a periodic payment stream (annuitize), the accumulated account value is not sufficient to provide a guaranteed minimum level of monthly income. Our GLB reinsurance products meet the definition of a derivative for accounting purposes and are carried at fair value with changes in fair value recognized in Realized gains (losses) in the Consolidated statements of operations. Refer to Note 10 a) for additional information.

k) Deposit assets and liabilities

Deposit assets arise from ceded reinsurance contracts purchased that do not transfer significant underwriting or timing risk. Deposit liabilities include reinsurance deposit liabilities and contract holder deposit funds. The reinsurance deposit liabilities arise from contracts sold for which there is not a significant transfer of risk. Contract holder deposit funds represent a liability for investment contracts sold that do not meet the definition of an insurance contract, and certain of these contracts are sold with a guaranteed rate of return. Under deposit accounting, consideration received or paid is recorded as a deposit asset or liability in the balance sheet as opposed to recording premiums and losses in the statements of operations.

Interest income on deposit assets, representing the consideration received or to be received in excess of cash payments related to the deposit contract, is earned based on an effective yield calculation. The calculation of the effective yield is based on the amount and timing of actual cash flows at the balance sheet date and the estimated amount and timing of future cash flows. The effective yield is recalculated periodically to reflect revised estimates of cash flows. When a change in the actual or estimated cash flows occurs, the resulting change to the carrying amount of the deposit asset is reported as income or expense. Deposit assets of \$101 million and \$107 million at December 31, 2021 and 2020, respectively, are reflected in Other assets in the Consolidated balance sheets and the accretion of deposit assets related to interest pursuant to the effective yield calculation is reflected in Net investment income in the Consolidated statements of operations.

Deposit liabilities include reinsurance deposit liabilities of \$74 million and \$86 million at December 31, 2021 and 2020, respectively and contract holder deposit funds of \$2.2 billion for both periods. Deposit liabilities are reflected in Accounts payable, accrued expenses, and other liabilities in the Consolidated balance sheets. At contract inception, the deposit liability equals net cash received. An accretion rate is established based on actuarial estimates whereby the deposit liability is increased to the estimated amount payable over the contract term. The deposit accretion rate is the rate of return required to fund expected future payment obligations. We periodically reassess the estimated ultimate liability and related expected rate of return. Changes to the deposit liability are generally reflected through Interest expense to reflect the cumulative effect of the period the contract has been in force, and by an adjustment to the future accretion rate of the liability over the remaining estimated contract term.

The liability for contract holder deposit funds equals accumulated policy account values, which consist of the deposit payments plus credited interest less withdrawals and amounts assessed through the end of the period.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

l) Property and Equipment

Property and equipment used in operations are capitalized and carried at cost less accumulated depreciation and are reported within Other assets in the Consolidated balance sheets. At December 31, 2021, property and equipment totaled \$2.0 billion, consisting principally of capitalized software costs of \$1.4 billion incurred to develop or obtain computer software for internal use and company-owned facilities of \$228 million. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. For capitalized software, the estimated useful life is generally three to five years, but can be as long as 15 years and for company-owned facilities the estimated useful life is 40 years. At December 31, 2020, property and equipment totaled \$2.0 billion.

m) Foreign currency remeasurement and translation

The functional currency for each of our foreign operations is generally the currency of the local operating environment. Transactions in currencies other than a foreign operation's functional currency are remeasured into the functional currency, and the resulting foreign exchange gains and losses are reflected in Net realized gains (losses) in the Consolidated statements of operations. Functional currency assets and liabilities are translated into the reporting currency, U.S. dollars, using period end exchange rates and the related translation adjustments are recorded as a separate component of AOCI in Shareholders' equity. Functional statement of operations amounts expressed in functional currencies are translated using average exchange rates.

n) Administrative expenses

Administrative expenses generally include all operating costs other than policy acquisition costs. The North America Commercial P&C Insurance segment manages and uses an in-house third-party claims administrator, ESIS Inc. (ESIS). ESIS performs claims management and risk control services for domestic and international organizations that self-insure P&C exposures as well as internal P&C exposures. The net operating income of ESIS is included within Administrative expenses in the Consolidated statements of operations and were \$25 million, \$18 million, and \$47 million for the years ended December 31, 2021, 2020, and 2019, respectively.

o) Income taxes

Income taxes have been recorded related to those operations subject to income tax. Deferred tax assets and liabilities result from temporary differences between the amounts recorded in the Consolidated Financial Statements and the tax basis of our assets and liabilities. The effect on deferred tax assets and liabilities of a change in tax law or rates is recognized in the period that includes the enactment date. A valuation allowance against deferred tax assets is recorded if it is more likely than not that all, or some portion, of the benefits related to these deferred tax assets will not be realized. The valuation allowance assessment considers tax planning strategies, where appropriate.

We recognize uncertain tax positions that are determined to be more likely than not of being sustained upon examination. Recognized income tax positions are measured at the largest amount that has a greater than 50 percent likelihood of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

p) Earnings per share

Basic earnings per share is calculated using the weighted-average shares outstanding, including participating securities with non-forfeitable rights to dividends such as unvested restricted stock. All potentially dilutive securities, including stock options are excluded from the basic earnings per share calculation. In calculating diluted earnings per share, the weighted-average shares outstanding is increased to include all potentially dilutive securities. Basic and diluted earnings per share are calculated by dividing net income by the applicable weighted-average number of shares outstanding during the year.

q) Share-based compensation

Chubb measures and records compensation cost for all share-based payment awards at grant-date fair value. Compensation costs are recognized for vesting of share-based payment awards with only service conditions on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award were, in substance, multiple awards. For retirement-eligible participants, compensation costs for certain share-based payment awards are recognized immediately at the date of grant. Refer to Note 12 for additional information.

r) Chubb integration expenses

Direct costs related to the Chubb Corp acquisition were expensed as incurred. Chubb integration expenses were \$23 million for the year ended December 31, 2019 and include all internal and external costs directly related to the integration activities of the Chubb Corp acquisition. These expenses principally consisted of personnel-related expenses, consulting fees, and rebranding.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

s) New accounting pronouncements

Accounting guidance not yet adopted

Targeted Improvements to the Accounting for Long-Duration Contracts

In August 2018, the FASB issued guidance to improve the existing recognition, measurement, presentation, and disclosure requirements for long-duration contracts issued by an insurance entity. The amendments in this update require more frequent updating of assumptions and a standardized discount rate for the future policy benefit liability, a requirement to use the fair value measurement model for policies with market risk benefits, simplified amortization of deferred acquisition costs, and enhanced disclosures. This standard will be effective in the first quarter of 2023 with early adoption permitted. We are currently assessing the effect of adopting this guidance on our financial condition and results of operations. We will be better able to quantify the effect of adopting this standard as we progress in our implementation process and draw nearer to the date of adoption.

2. Acquisitions

Cigna's Life and Accident and Health (A&H) Insurance Business in Asia-Pacific Markets

On October 7, 2021, we entered into a definitive agreement to acquire the life and non-life insurance companies that house the personal accident, supplemental health and life insurance business of Cigna in seven Asia-Pacific markets, including Korea, Taiwan, New Zealand, Thailand, Hong Kong and Indonesia and its interest in a joint venture in Turkey, for approximately \$5.75 billion in cash, subject to certain post-closing purchase adjustments. The transaction is expected to be completed in 2022. The timing of completion is subject to required regulatory approvals and customary closing conditions.

Huatai Group

Chubb maintains a direct investment in Huatai Insurance Group Co., Ltd. (Huatai Group). Huatai Group is the parent company of, and owns 100 percent of, Huatai Property & Casualty Insurance Co., Ltd. (Huatai P&C), approximately 80 percent of Huatai Life Insurance Co., Ltd. (Huatai Life), and approximately 82 percent of Huatai Asset Management Co., Ltd. (collectively, Huatai). Huatai Group's insurance operations have more than 600 branches and approximately 19 million customers in China.

As of December 31, 2021, Chubb's aggregate ownership interest in Huatai Group was approximately 47.3 percent. Chubb applies the equity method of accounting to its investment in Huatai Group by recording its share of net income or loss in Other (income) expense in the Consolidated statements of operations.

During 2021, Chubb entered into agreements with several counterparties to purchase incremental ownership interests in Huatai Group totaling approximately 31.8 percent for approximately \$2.2 billion. In connection with these agreements, Chubb paid approximately \$1.1 billion in deposits. In January 2022, we paid \$113 million relating to these agreements. Chubb entered into an agreement to acquire an approximate 7.1 percent ownership interest in Huatai Group for approximately \$0.5 billion, which was paid as a deposit in 2020. The purchase of the additional ownership interests is contingent upon important conditions. As Chubb's ownership interest increases, we will continue to evaluate the appropriateness of consolidation accounting in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 810, *Consolidation*, and other applicable regulations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

3. Investments

a) Fixed maturities

December 31, 2021

(in millions of U.S. dollars)

	Amortized Cost	Valuation Allowance	Gross Unrealized Appreciation	Gross Unrealized Depreciation	Fair Value
<i>Available for sale</i>					
U.S. Treasury / Agency	\$ 2,111	\$ —	\$ 109	\$ (6)	\$ 2,214
Non-U.S.	25,156	(8)	953	(272)	25,829
Corporate and asset-backed securities	37,844	(6)	1,410	(185)	39,063
Mortgage-backed securities	20,080	—	532	(123)	20,489
Municipal	5,302	—	216	(5)	5,513
	\$ 90,493	\$ (14)	\$ 3,220	\$ (591)	\$ 93,108

	Amortized Cost	Valuation Allowance	Net Carrying Value	Gross Unrealized Appreciation	Gross Unrealized Depreciation	Fair Value
<i>Held to maturity</i>						
U.S. Treasury / Agency	\$ 1,213	\$ —	\$ 1,213	\$ 34	\$ (3)	\$ 1,244
Non-U.S.	1,201	(5)	1,196	66	—	1,262
Corporate and asset-backed securities	2,032	(28)	2,004	197	—	2,201
Mortgage-backed securities	1,731	(1)	1,730	74	(1)	1,803
Municipal	3,976	(1)	3,975	162	—	4,137
	\$ 10,153	\$ (35)	\$ 10,118	\$ 533	\$ (4)	\$ 10,647

December 31, 2020

(in millions of U.S. dollars)

	Amortized Cost	Valuation Allowance	Gross Unrealized Appreciation	Gross Unrealized Depreciation	Fair Value
<i>Available for sale</i>					
U.S. Treasury / Agency	\$ 2,471	\$ —	\$ 199	\$ —	\$ 2,670
Non-U.S.	24,594	(6)	1,808	(42)	26,354
Corporate and asset-backed securities	34,095	(14)	2,322	(72)	36,331
Mortgage-backed securities	17,456	—	1,022	(8)	18,470
Municipal	6,572	—	304	(2)	6,874
	\$ 85,188	\$ (20)	\$ 5,655	\$ (124)	\$ 90,699

	Amortized Cost	Valuation Allowance	Net Carrying Value	Gross Unrealized Appreciation	Gross Unrealized Depreciation	Fair Value
<i>Held to maturity</i>						
U.S. Treasury / Agency	\$ 1,392	\$ —	\$ 1,392	\$ 60	\$ —	\$ 1,452
Non-U.S.	1,295	(7)	1,288	118	(1)	1,405
Corporate and asset-backed securities	2,185	(35)	2,150	288	—	2,438
Mortgage-backed securities	2,000	(1)	1,999	148	(1)	2,146
Municipal	4,825	(1)	4,824	245	—	5,069
	\$ 11,697	\$ (44)	\$ 11,653	\$ 859	\$ (2)	\$ 12,510

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

The following table presents the amortized cost of our HTM securities according to S&P rating:

(in millions of U.S. dollars)	2021		December 31 2020	
	Amortized cost	% of Total	Amortized cost	% of Total
AAA	\$ 2,089	21 %	\$ 2,511	22 %
AA	5,303	52 %	6,193	53 %
A	1,964	19 %	2,138	18 %
BBB	773	8 %	826	7 %
BB	23	— %	28	— %
Other	1	— %	1	— %
Total	\$ 10,153	100 %	\$ 11,697	100 %

The following table presents fixed maturities by contractual maturity:

(in millions of U.S. dollars)	2021		December 31 2020	
	Net Carrying Value	Fair Value	Net Carrying Value	Fair Value
<i>Available for sale</i>				
Due in 1 year or less	\$ 4,498	\$ 4,498	\$ 4,760	\$ 4,760
Due after 1 year through 5 years	25,542	25,542	26,227	26,227
Due after 5 years through 10 years	28,207	28,207	27,232	27,232
Due after 10 years	14,372	14,372	14,010	14,010
	72,619	72,619	72,229	72,229
Mortgage-backed securities	20,489	20,489	18,470	18,470
	\$ 93,108	\$ 93,108	\$ 90,699	\$ 90,699
<i>Held to maturity</i>				
Due in 1 year or less	\$ 888	\$ 894	\$ 1,231	\$ 1,240
Due after 1 year through 5 years	3,744	3,846	3,592	3,760
Due after 5 years through 10 years	2,242	2,349	3,029	3,228
Due after 10 years	1,514	1,755	1,802	2,136
	8,388	8,844	9,654	10,364
Mortgage-backed securities	1,730	1,803	1,999	2,146
	\$ 10,118	\$ 10,647	\$ 11,653	\$ 12,510

Expected maturities could differ from contractual maturities because borrowers may have the right to call or prepay obligations, with or without call or prepayment penalties.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

b) Gross unrealized loss

Fixed maturities in an unrealized loss position at December 31, 2021 and 2020 comprised both investment grade and below investment grade securities for which fair value declined primarily due to widening credit spreads since the date of purchase.

The following tables present, for AFS fixed maturities in an unrealized loss position (including securities on loan) that are not deemed to have expected credit losses, the aggregate fair value and gross unrealized loss by length of time the security has continuously been in an unrealized loss position:

December 31, 2021 (in millions of U.S. dollars)	0 – 12 Months		Over 12 Months		Total	
	Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss
U.S. Treasury / Agency	\$ 363	\$ (3)	\$ 70	\$ (3)	\$ 433	\$ (6)
Non-U.S.	6,917	(196)	1,093	(62)	8,010	(258)
Corporate and asset-backed securities	9,449	(145)	806	(32)	10,255	(177)
Mortgage-backed securities	8,086	(116)	190	(7)	8,276	(123)
Municipal	226	(5)	—	—	226	(5)
Total AFS fixed maturities	\$ 25,041	\$ (465)	\$ 2,159	\$ (104)	\$ 27,200	\$ (569)

December 31, 2020 (in millions of U.S. dollars)	0 – 12 Months		Over 12 Months		Total	
	Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss
Non-U.S.	\$ 1,628	\$ (35)	\$ 114	\$ (5)	\$ 1,742	\$ (40)
Corporate and asset-backed securities	2,212	(33)	593	(14)	2,805	(47)
Mortgage-backed securities	875	(6)	35	(2)	910	(8)
Municipal	40	(1)	16	(1)	56	(2)
Total AFS fixed maturities	\$ 4,755	\$ (75)	\$ 758	\$ (22)	\$ 5,513	\$ (97)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

c) Net realized gains (losses)

The following table presents the components of net realized gains (losses) and the change in net unrealized appreciation (depreciation) of investments:

(in millions of U.S. dollars)	Year Ended December 31		
	2021	2020	2019
Fixed maturities:			
OTTI on fixed maturities, gross	\$ —	\$ —	\$ (90)
OTTI on fixed maturities recognized in OCI (pre-tax)	—	—	32
OTTI on fixed maturities, net	—	—	(58)
Gross realized gains excluding OTTI	142	244	203
Gross realized losses excluding OTTI	(123)	(366)	(176)
Net (provision for) recovery of expected credit losses	14	11	—
Impairment ⁽¹⁾	(30)	(170)	—
Total fixed maturities	3	(281)	(31)
Equity securities	662	586	104
Other investments	111	(32)	(20)
Foreign exchange	348	(483)	7
Investment and embedded derivative instruments	(72)	81	(435)
Fair value adjustments on insurance derivative	316	(202)	(4)
S&P futures	(202)	(108)	(138)
Other derivative instruments	(8)	1	(8)
Other	(6)	(60)	(5)
Net realized gains (losses) (pre-tax)	\$ 1,152	\$ (498)	\$ (530)
Change in net unrealized appreciation (depreciation) on investments (pre-tax):			
Fixed maturities available for sale	\$ (2,901)	\$ 2,628	\$ 3,769
Fixed maturities held to maturity	(18)	(24)	(31)
Other	(19)	(12)	(3)
Income tax (expense) benefit	521	(462)	(647)
Change in net unrealized appreciation (depreciation) on investments (after-tax)	\$ (2,417)	\$ 2,130	\$ 3,088

⁽¹⁾ Relates to certain securities we intended to sell and securities written to market entering default.

Realized gains and losses from Equity securities and Other investments from the table above include sales of securities and unrealized gains and losses from fair value changes as follows:

(in millions of U.S. dollars)	Year Ended December 31								
	2021			2020			2019		
	Equity Securities	Other Investments	Total	Equity Securities	Other Investments	Total	Equity Securities	Other Investments	Total
Net gains (losses) recognized during the period	\$ 662	\$ 111	\$ 773	\$ 586	\$ (32)	\$ 554	\$ 104	\$ (20)	\$ 84
Less: Net gains (losses) recognized from sales of securities	157	—	157	455	—	455	58	(5)	53
Unrealized gains (losses) recognized for securities still held at reporting date	\$ 505	\$ 111	\$ 616	\$ 131	\$ (32)	\$ 99	\$ 46	\$ (15)	\$ 31

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

The following table presents a roll-forward of valuation allowance for expected credit losses on fixed maturities:

(in millions of U.S. dollars)	Year Ended December 31	
	2021	2020
<i>Available for sale</i>		
Valuation allowance for expected credit losses - beginning of period	\$ 20	\$ —
Impact of adoption of new accounting guidance	—	25
Provision for expected credit loss	14	188
Initial allowance for purchased securities with credit deterioration	—	5
Write-offs charged against the expected credit loss	—	(5)
Recovery of expected credit loss	(20)	(193)
Valuation allowance for expected credit losses - end of period	\$ 14	\$ 20
<i>Held to maturity</i>		
Valuation allowance for expected credit losses - beginning of period	\$ 44	\$ —
Impact of adoption of new accounting guidance	—	44
Provision for expected credit loss	1	9
Recovery of expected credit loss	(10)	(9)
Valuation allowance for expected credit losses - end of period	\$ 35	\$ 44

The following table presents a roll-forward of pre-tax credit losses related to fixed maturities for which a portion of OTTI was recognized in OCI:

(in millions of U.S. dollars)	Year Ended December 31	
	2019	
Balance of credit losses related to securities still held – beginning of year	\$	34
Additions where no OTTI was previously recorded		33
Additions where an OTTI was previously recorded		4
Reductions for securities sold during the period		(41)
Balance of credit losses related to securities still held – end of year	\$	30

d) Other investments

(in millions of U.S. dollars)	December 31	
	2021	2020
<i>Alternative investments:</i>		
Partially-owned investment companies	\$ 9,210	\$ 5,969
Limited partnerships	631	547
Investment funds	267	254
Alternative investments	10,108	6,770
Life insurance policies	481	438
Policy loans	243	233
Non-qualified separate account assets ⁽¹⁾	278	316
Other	59	188
Total	\$ 11,169	\$ 7,945

⁽¹⁾ Non-qualified separate account assets are comprised of mutual funds, supported by assets that do not qualify for separate account reporting under GAAP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Alternative investments

Alternative investments include partially-owned investment companies, investment funds, and limited partnerships measured at fair value using net asset value (NAV) as a practical expedient. The following table presents, by investment category, the expected liquidation period, fair value, and maximum future funding commitments of alternative investments:

(in millions of U.S. dollars)	Expected Liquidation Period of Underlying Assets	2021		December 31 2020	
		Fair Value	Maximum Future Funding Commitments	Fair Value	Maximum Future Funding Commitments
Financial	2 to 10 Years	\$ 1,096	\$ 267	\$ 673	\$ 237
Real assets	2 to 11 Years	1,193	766	805	598
Distressed	2 to 8 Years	753	641	358	970
Private credit	3 to 8 Years	84	279	88	270
Traditional	2 to 14 Years	6,647	5,200	4,519	1,125
Vintage	1 to 2 Years	68	—	73	—
Investment funds	Not Applicable	267	—	254	—
		\$ 10,108	\$ 7,153	\$ 6,770	\$ 3,200

Included in all categories in the above table, except for Investment funds, are investments for which Chubb will never have the contractual option to redeem but receives distributions based on the liquidation of the underlying assets. Further, for all categories except for Investment funds, Chubb does not have the ability to sell or transfer the investments without the consent from the general partner of individual funds.

Investment Category	Consists of investments in private equity funds:
Financial	targeting financial services companies, such as financial institutions and insurance services worldwide
Real assets	targeting investments related to hard physical assets, such as real estate, infrastructure and natural resources
Distressed	targeting distressed corporate debt/credit and equity opportunities in the U.S.
Private credit	targeting privately originated corporate debt investments, including senior secured loans and subordinated bonds
Traditional	employing traditional private equity investment strategies such as buyout and growth equity globally
Vintage	funds where the initial fund term has expired

Included in partially-owned investment companies and limited partnerships are 130 individual limited partnerships covering a broad range of investment strategies including large cap buyouts, specialist buyouts, growth capital, distressed, mezzanine, real estate, and co-investments. The underlying portfolio consists of various public and private debt and equity securities of publicly traded and privately held companies and real estate assets. The underlying investments across various partnerships, geographies, industries, asset types, and investment strategies provide risk diversification within the limited partnership portfolio and the overall investment portfolio.

Investment funds employ various investment strategies such as long/short equity and arbitrage/distressed. Included in this category are investments for which Chubb has the option to redeem at agreed upon value as described in each investment fund's subscription agreement. Depending on the terms of the various subscription agreements, investment fund investments may be redeemed monthly, quarterly, semi-annually, or annually. If Chubb wishes to redeem an investment fund investment, it must first determine if the investment fund is still in a lock-up period (a time when Chubb cannot redeem its investment so that the investment fund manager has time to build the portfolio). If the investment fund is no longer in its lock-up period, Chubb must then notify the investment fund manager of its intention to redeem by the notification date prescribed by the subscription agreement. Subsequent to notification, the investment fund can redeem Chubb's investment within several months of the notification. Notice periods for redemption of the investment funds are up to 270 days. Chubb can redeem its investment funds without consent from the investment fund managers.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

e) Investments in partially-owned insurance companies

The following table presents Investments in partially-owned insurance companies:

(in millions of U.S. dollars, except for percentages)	December 31, 2021			December 31, 2020			Domicile
	Carrying Value	Goodwill	Direct Ownership Percentage	Carrying Value	Goodwill	Direct Ownership Percentage	
Huatai Group	\$ 2,698	\$ 1,355	47 %	\$ 2,461	\$ 1,313	47 %	China
Huatai Life Insurance Company	253	71	20 %	201	69	20 %	China
Freisenbruch-Meyer	10	3	40 %	10	3	40 %	Bermuda
Chubb Arabia Cooperative Insurance Company	23	—	30 %	23	—	30 %	Saudi Arabia
Russian Reinsurance Company	4	—	23 %	4	—	23 %	Russia
ABR Reinsurance Ltd.	142	—	17 %	114	—	16 %	Bermuda
Total	\$ 3,130	\$ 1,429		\$ 2,813	\$ 1,385		

Chubb's aggregate direct and indirect ownership in Huatai Life is approximately 57.7 percent, comprising 20 percent direct and 37.7 percent indirect ownership interest.

The table above excludes the 38.7 percent of additional ownership commitment in Huatai Group that is contingent upon important conditions. Refer to Note 2 for additional information.

f) Net investment income

(in millions of U.S. dollars)	Year Ended December 31		
	2021	2020	2019
Fixed maturities ⁽¹⁾	\$ 3,300	\$ 3,321	\$ 3,385
Short-term investments	35	48	84
Other interest income	11	19	25
Equity securities	150	81	26
Other investments	147	82	78
Gross investment income ⁽¹⁾	3,643	3,551	3,598
Investment expenses	(187)	(176)	(172)
Net investment income ⁽¹⁾	\$ 3,456	\$ 3,375	\$ 3,426
⁽¹⁾ Includes amortization expense related to fair value adjustment of acquired invested assets related to the Chubb Corp acquisition	\$ (84)	\$ (116)	\$ (161)

g) Restricted assets

Chubb is required to maintain assets on deposit with various regulatory authorities to support its insurance and reinsurance operations. These requirements are generally promulgated in the statutory regulations of the individual jurisdictions. The assets on deposit are available to settle insurance and reinsurance liabilities. Chubb is also required to restrict assets pledged under repurchase agreements, which represent Chubb's agreement to sell securities and repurchase them at a future date for a predetermined price. We use trust funds in certain large reinsurance transactions where the trust funds are set up for the benefit of the ceding companies and generally take the place of letter of credit (LOC) requirements. We have investments in segregated portfolios primarily to provide collateral or guarantees for LOC and derivative transactions. Included in restricted assets are investments, primarily fixed maturities, totaling \$17,092 million and \$19,605 million, and cash of \$152 million and \$89 million, at December 31, 2021 and 2020, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

The following table presents the components of restricted assets:

(in millions of U.S. dollars)	December 31	
	2021	2020
Trust funds	\$ 9,915	\$ 12,305
Deposits with U.S. regulatory authorities	2,402	2,438
Deposits with non-U.S. regulatory authorities	2,873	2,905
Assets pledged under repurchase agreements	1,420	1,462
Other pledged assets	634	584
Total	\$ 17,244	\$ 19,694

4. Fair value measurements**a) Fair value hierarchy**

Fair value of financial assets and financial liabilities is estimated based on the framework established in the fair value accounting guidance. The guidance defines fair value as the price to sell an asset or transfer a liability (an exit price) in an orderly transaction between market participants and establishes a three-level valuation hierarchy based on the reliability of the inputs. The fair value hierarchy gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data.

The three levels of the hierarchy are as follows:

- Level 1 – Unadjusted quoted prices for identical assets or liabilities in active markets;
- Level 2 – Includes, among other items, inputs other than quoted prices that are observable for the asset or liability such as interest rates and yield curves, quoted prices for similar assets and liabilities in active markets, and quoted prices for identical or similar assets and liabilities in markets that are not active; and
- Level 3 – Inputs that are unobservable and reflect management's judgments about assumptions that market participants would use in pricing an asset or liability.

We categorize financial instruments within the valuation hierarchy at the balance sheet date based upon the lowest level of inputs that are significant to the fair value measurement.

We use pricing services to obtain fair value measurements for the majority of our investment securities. Based on management's understanding of the methodologies used, these pricing services only produce an estimate of fair value if there is observable market information that would allow them to make a fair value estimate. Based on our understanding of the market inputs used by the pricing services, all applicable investments have been valued in accordance with GAAP. We do not adjust prices obtained from pricing services. The following is a description of the valuation techniques and inputs used to determine fair values for financial instruments carried at fair value, as well as the general classification of such financial instruments pursuant to the valuation hierarchy.

Fixed maturities

We use pricing services to estimate fair value measurements for the majority of our fixed maturities. The pricing services use market quotations for fixed maturities that have quoted prices in active markets; such securities are classified within Level 1. For fixed maturities other than U.S. Treasury securities that generally do not trade on a daily basis, the pricing services prepare estimates of fair value measurements using their pricing applications or pricing models, which include available relevant market information, benchmark curves, benchmarking of like securities, sector groupings, and matrix pricing. Additional valuation factors that can be taken into account are nominal spreads, dollar basis, and liquidity adjustments. The pricing services evaluate each asset class based on relevant market and credit information, perceived market movements, and sector news. The market inputs used in the pricing evaluation, listed in the approximate order of priority include: benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, reference data, and industry and economic events. The extent of the use of each input is dependent on the asset class and the market conditions. Given the asset class, the priority of the use of inputs may change, or some market inputs may not be relevant. Additionally, fixed maturities valuation is more subjective when markets are less liquid due to the lack of market based inputs (i.e., stale pricing) and may require the use of models to be priced. The lack of market based inputs may increase the potential that an investment's estimated fair value is not reflective of the price at which an actual transaction would occur. The overwhelming majority of fixed

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

maturities are classified within Level 2 because the most significant inputs used in the pricing techniques are observable. For a small number of fixed maturities, we obtain a single broker quote (typically from a market maker). Due to the disclaimers on the quotes that indicate that the price is indicative only, we include these fair value estimates in Level 3.

Equity securities

Equity securities with active markets are classified within Level 1 as fair values are based on quoted market prices. For equity securities in markets which are less active, fair values are based on market valuations and are classified within Level 2. Equity securities for which pricing is unobservable are classified within Level 3.

Short-term investments

Short-term investments, which comprise securities due to mature within one year of the date of purchase that are traded in active markets, are classified within Level 1 as fair values are based on quoted market prices. Securities such as commercial paper and discount notes are classified within Level 2 because these securities are typically not actively traded due to their approaching maturity, and as such, their cost approximates fair value. Short-term investments for which pricing is unobservable are classified within Level 3.

Other investments

Fair values for the majority of Other investments including investments in partially-owned investment companies, investment funds, and limited partnerships are based on their respective (NAV) and are excluded from the fair value hierarchy table below. Certain of our long-duration contracts are supported by assets that do not qualify for separate account reporting under GAAP. These assets comprise mutual funds, classified within Level 1 in the valuation hierarchy on the same basis as other equity securities traded in active markets. Other investments also include equity securities, classified within Level 1 and fixed maturities, classified within Level 2, held in rabbi trusts maintained by Chubb for deferred compensation plans and supplemental retirement plans and are classified within the valuation hierarchy on the same basis as other equity securities and fixed maturities.

Securities lending collateral

The underlying assets included in Securities lending collateral in the Consolidated balance sheets are fixed maturities which are classified in the valuation hierarchy on the same basis as other fixed maturities. Excluded from the valuation hierarchy is the corresponding liability related to Chubb's obligation to return the collateral plus interest as it is reported at contract value and not fair value in the Consolidated balance sheets.

Investment derivative instruments

Actively traded investment derivative instruments, including futures, options, and forward contracts are classified within Level 1 as fair values are based on quoted market prices. The fair value of cross-currency swaps and interest rate swaps is based on market valuations and is classified within Level 2. Investment derivative instruments are recorded in either Other assets or Accounts payable, accrued expenses, and other liabilities in the Consolidated balance sheets.

Other derivative instruments

We maintain positions in exchange-traded equity futures contracts designed to limit exposure to a severe equity market decline, which would cause an increase in expected claims and, therefore, an increase in future policy benefit reserves for our guaranteed minimum death benefits (GMDB) and an increase in the fair value liability for our guaranteed living benefits (GLB) reinsurance business. Our positions in exchange-traded equity futures contracts are classified within Level 1. The fair value of the majority of the remaining positions in other derivative instruments is based on significant observable inputs including equity security and interest rate indices. Accordingly, these are classified within Level 2. Other derivative instruments based on unobservable inputs are classified within Level 3. Other derivative instruments are recorded in either Other assets or Accounts payable, accrued expenses, and other liabilities in the Consolidated balance sheets.

Separate account assets

Separate account assets represent segregated funds where investment risks are borne by the customers, except to the extent of certain guarantees made by Chubb. Separate account assets comprise mutual funds classified within Level 1 in the valuation hierarchy on the same basis as other equity securities traded in active markets. Separate account assets also include fixed maturities classified within Level 2 because the most significant inputs used in the pricing techniques are observable. Excluded from the valuation hierarchy are the corresponding liabilities as they are reported at contract value and not fair value in the Consolidated balance sheets. Separate account assets are recorded in Other assets in the Consolidated balance sheets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Guaranteed living benefits

The GLB arises from life reinsurance programs covering living benefit guarantees whereby we assume the risk of guaranteed minimum income benefits (GMIB) associated with variable annuity contracts. GLBs are recorded in Accounts payable, accrued expenses, and other liabilities in the Consolidated balance sheets. For GLB reinsurance, Chubb estimates fair value using an internal valuation model which includes current market information and estimates of policyholder behavior. All of the treaties contain claim limits, which are factored into the valuation model. The fair value depends on a number of factors, including interest rates, equity markets, credit risk, current account value, market volatility, expected annuitization rates and other policyholder behavior, and changes in policyholder mortality. Because of the significant use of unobservable inputs including policyholder behavior, GLB reinsurance is classified within Level 3.

Financial instruments measured at fair value on a recurring basis, by valuation hierarchy

December 31, 2021

(in millions of U.S. dollars)

	Level 1	Level 2	Level 3	Total
Assets:				
<i>Fixed maturities available for sale</i>				
U.S. Treasury / Agency	\$ 1,680	\$ 534	\$ —	\$ 2,214
Non-U.S.	—	25,196	633	25,829
Corporate and asset-backed securities	—	37,014	2,049	39,063
Mortgage-backed securities	—	20,463	26	20,489
Municipal	—	5,513	—	5,513
	1,680	88,720	2,708	93,108
Equity securities	4,705	—	77	4,782
Short-term investments	1,744	1,395	7	3,146
Other investments ⁽¹⁾	286	481	—	767
Securities lending collateral	—	1,831	—	1,831
Investment derivative instruments	58	—	—	58
Separate account assets	5,461	99	—	5,560
Total assets measured at fair value ⁽¹⁾	\$ 13,934	\$ 92,526	\$ 2,792	\$ 109,252
Liabilities:				
Investment derivative instruments	\$ 166	\$ —	\$ —	\$ 166
Other derivative instruments	16	—	—	16
GLB ⁽²⁾	—	—	745	745
Total liabilities measured at fair value	\$ 182	\$ —	\$ 745	\$ 927

⁽¹⁾ Excluded from the table above are partially-owned investments, investment funds, and limited partnerships of \$10,108 million, policy loans of \$243 million and other investments of \$51 million at December 31, 2021 measured using NAV as a practical expedient.

⁽²⁾ Our GLB reinsurance product meets the definition of a derivative instrument for accounting purposes and is accordingly carried at fair value.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

December 31, 2020

(in millions of U.S. dollars)

	Level 1	Level 2	Level 3	Total
Assets:				
<i>Fixed maturities available for sale</i>				
U.S. Treasury / Agency	\$ 2,148	\$ 522	\$ —	\$ 2,670
Non-U.S.	—	25,808	546	26,354
Corporate and asset-backed securities	—	34,758	1,573	36,331
Mortgage-backed securities	—	18,410	60	18,470
Municipal	—	6,874	—	6,874
	2,148	86,372	2,179	90,699
Equity securities	3,954	—	73	4,027
Short-term investments	2,866	1,474	5	4,345
Other investments ⁽¹⁾	434	438	10	882
Securities lending collateral	—	1,844	—	1,844
Investment derivative instruments	35	—	—	35
Separate account assets	4,264	124	—	4,388
Total assets measured at fair value ⁽¹⁾	\$ 13,701	\$ 90,252	\$ 2,267	\$ 106,220
Liabilities:				
Investment derivative instruments	\$ 52	\$ —	\$ —	\$ 52
Other derivative instruments	17	—	—	17
GLB ⁽²⁾	—	—	1,089	1,089
Total liabilities measured at fair value	\$ 69	\$ —	\$ 1,089	\$ 1,158

⁽¹⁾ Excluded from the table above are partially-owned investments, investment funds, and limited partnerships of \$6,770 million, policy loans of \$233 million and other investments of \$60 million at December 31, 2020 measured using NAV as a practical expedient.

⁽²⁾ Our GLB reinsurance product meets the definition of a derivative instrument for accounting purposes and is accordingly carried at fair value.

Level 3 financial instruments

The following table presents the significant unobservable inputs used in the Level 3 liability valuations. Excluded from the table below are inputs used to determine the fair value of Level 3 assets which are based on single broker quotes and contain no quantitative unobservable inputs developed by management. The majority of our fixed maturities classified as Level 3 used external pricing when markets are less liquid due to the lack of market inputs (i.e., stale pricing, broker quotes).

(in millions of U.S. dollars, except for percentages)	Fair Value at December 31 2021	Valuation Technique	Significant Unobservable Inputs	Ranges	Weighted Average
GLB ⁽¹⁾	\$ 745	Actuarial model	Lapse rate	3% - 31%	4.5 %
			Annuitization rate	0% - 100%	3.6 %

⁽¹⁾ The weighted average lapse and annuitization rates are determined by weighting each treaty's rates by the GLB contracts fair value.

The most significant policyholder behavior assumptions include lapse rates and the GMIB annuitization rates. Assumptions regarding lapse rates and GMIB annuitization rates differ by treaty, but the underlying methodologies to determine rates applied to each treaty are comparable.

A lapse rate is the percentage of in-force policies surrendered in a given calendar year. All else equal, as lapse rates increase, ultimate claim payments will decrease. In general, the base lapse function assumes low lapse rates during the surrender charge period of the GMIB contract, followed by a "spike" lapse rate in the year immediately following the surrender charge period, and then reverting to an ultimate lapse rate, typically over a 2-year period. This base rate is adjusted downward for policies with more valuable guarantees (policies with guaranteed values far in excess of their account values). Partial withdrawals and the impact of older policyholders with tax-qualified contracts (due to required minimum distributions) are also reflected in our modeling.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

The GMIB annuitization rate is the percentage of policies for which the policyholder will elect to annuitize using the guaranteed benefit provided under the GMIB. All else equal, as GMIB annuitization rates increase, ultimate claim payments will increase, subject to treaty claim limits. All GMIB reinsurance treaties include claim limits to protect Chubb in the event that actual annuitization behavior is significantly higher than expected. In general, Chubb assumes that GMIB annuitization rates will be higher for policies with more valuable guarantees (policies with guaranteed values far in excess of their account values). Chubb also assumes that GMIB annuitization rates increase as policyholders get older. In addition, we also assume that GMIB annuitization rates are higher in the first year immediately following the waiting period (the first year the policies are eligible to annuitize using the GMIB) in comparison to all subsequent years. We do not yet have fully credible annuitization experience for all clients.

The effect of changes in key market factors on assumed lapse and annuitization rates reflect emerging trends using data available from cedants. For treaties with limited experience, rates are established by blending the experience with data received from other ceding companies. The model and related assumptions are regularly re-evaluated by management and enhanced, as appropriate, based upon additional experience obtained related to policyholder behavior and availability of updated information such as market conditions, market participant assumptions, and demographics of in-force annuities. In the fourth quarter of 2021, we completed a review of policyholder behavior related to annuitizations, partial withdrawals, lapses, and mortality for our variable annuity reinsurance business. As a result, we refined our policyholder behavior assumptions (mainly those relating to annuitizations and partial withdrawals), which had an insignificant impact on net income. During the year ended December 31, 2021, we also made routine model refinements to the internal valuation model which had an insignificant impact on net income.

The following tables present a reconciliation of the beginning and ending balances of financial instruments measured at fair value using significant unobservable inputs (Level 3):

	Available-for-Sale Debt Securities						Assets	Liabilities
Year Ended December 31, 2021 (in millions of U.S. dollars)	Non-U.S.	Corporate and asset-backed securities	Mortgage- backed securities	Equity securities	Short-term investments	Other investments	GLB ⁽¹⁾	
Balance, beginning of year	\$ 546	\$ 1,573	\$ 60	\$ 73	\$ 5	\$ 10	\$ 1,089	
Transfers into Level 3	24	91	—	—	—	—	—	
Transfers out of Level 3	(11)	(76)	(18)	—	—	(10)	—	
Change in Net Unrealized Gains/Losses in OCI	(30)	15	—	—	(1)	—	—	
Net Realized Gains/Losses	(1)	(2)	—	8	—	—	(316)	
Purchases	275	1,154	18	21	9	—	—	
Sales	(48)	(99)	(1)	(25)	—	—	—	
Settlements	(122)	(607)	(33)	—	(6)	—	—	
Other	—	—	—	—	—	—	(28)	
Balance, end of year	\$ 633	\$ 2,049	\$ 26	\$ 77	\$ 7	\$ —	\$ 745	
Net Realized Gains/Losses Attributable to Changes in Fair Value at the Balance Sheet Date	\$ —	\$ 3	\$ —	\$ 5	\$ —	\$ —	\$ (316)	
Change in Net Unrealized Gains/Losses included in OCI at the Balance Sheet Date	\$ (25)	\$ 17	\$ —	\$ —	\$ —	\$ —	\$ —	

⁽¹⁾ Our GLB reinsurance product meets the definition of a derivative instrument for accounting purposes and is accordingly carried at fair value.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

	Available-for-Sale Debt Securities							Assets	Liabilities
Year Ended December 31, 2020 (in millions of U.S. dollars)	Non-U.S.	Corporate and asset-backed securities	Mortgage-backed securities	Equity securities	Short-term investments	Other investments	GLB ⁽¹⁾		
Balance, beginning of year	\$ 449	\$ 1,451	\$ 60	\$ 69	\$ 6	\$ 10	\$ 897		
Transfers into Level 3	—	134	—	—	—	—	—		
Transfers out of Level 3	(16)	(73)	(1)	(3)	—	—	—		
Change in Net Unrealized Gains/Losses in OCI	19	(8)	—	—	—	—	—		
Net Realized Gains/Losses	(1)	(30)	—	1	(1)	—	202		
Purchases	274	708	2	23	14	—	—		
Sales	(122)	(186)	—	(17)	(2)	—	—		
Settlements	(57)	(423)	(1)	—	(12)	—	—		
Other	—	—	—	—	—	—	(10)		
Balance, end of year	\$ 546	\$ 1,573	\$ 60	\$ 73	\$ 5	\$ 10	\$ 1,089		
Net Realized Gains/Losses Attributable to Changes in Fair Value at the Balance Sheet Date	\$ —	\$ (5)	\$ —	\$ 4	\$ —	\$ —	\$ 202		
Change in Net Unrealized Gains/Losses included in OCI at the Balance Sheet Date	\$ 16	\$ (6)	\$ —	\$ —	\$ —	\$ —	\$ —		

(1) Our GLB reinsurance product meets the definition of a derivative instrument for accounting purposes and is accordingly carried at fair value.

	Available-for-Sale Debt Securities							Assets	Liabilities
Year Ended December 31, 2019 (in millions of U.S. dollars)	Non-U.S.	Corporate and asset-backed securities	Mortgage-backed securities	Equity securities	Short-term investments	Other investments	GLB ⁽¹⁾		
Balance, beginning of year	\$ 345	\$ 1,299	\$ 61	\$ 57	\$ 1	\$ 11	\$ 861		
Transfers into Level 3	11	23	—	—	—	—	—		
Transfers out of Level 3	(24)	(38)	(16)	—	—	—	—		
Change in Net Unrealized Gains/Losses in OCI	13	(2)	—	1	—	—	—		
Net Realized Gains/Losses	(1)	(4)	—	(2)	—	—	4		
Purchases	228	577	19	34	6	—	—		
Sales	(70)	(125)	(1)	(21)	—	—	—		
Settlements	(53)	(279)	(3)	—	(1)	(1)	—		
Other	—	—	—	—	—	—	32		
Balance, end of year	\$ 449	\$ 1,451	\$ 60	\$ 69	\$ 6	\$ 10	\$ 897		
Net Realized Gains/Losses Attributable to Changes in Fair Value at the Balance Sheet Date	\$ —	\$ (2)	\$ —	\$ (3)	\$ —	\$ —	\$ 4		
Change in Net Unrealized Gains/Losses included in OCI at the Balance Sheet Date	\$ 7	\$ (8)	\$ —	\$ —	\$ —	\$ —	\$ —		

(1) Our GLB reinsurance product meets the definition of a derivative instrument for accounting purposes and is accordingly carried at fair value.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

b) Financial instruments disclosed, but not measured, at fair value

Chubb uses various financial instruments in the normal course of its business. Our insurance contracts are excluded from fair value of financial instruments accounting guidance, and therefore, are not included in the amounts discussed below.

The carrying values of cash, other assets, other liabilities, and other financial instruments not included below approximated their fair values.

Investments in partially-owned insurance companies

Fair values for investments in partially-owned insurance companies are based on Chubb's share of the net assets based on the financial statements provided by those companies and are excluded from the valuation hierarchy tables below.

Short- and long-term debt, repurchase agreements, and trust preferred securities

Where practical, fair values for short-term debt, long-term debt, repurchase agreements, and trust preferred securities are estimated using discounted cash flow calculations based principally on observable inputs including incremental borrowing rates, which reflect Chubb's credit rating, for similar types of borrowings with maturities consistent with those remaining for the debt being valued.

The following tables present fair value, by valuation hierarchy, and carrying value of the financial instruments not measured at fair value:

December 31, 2021

(in millions of U.S. dollars)

	Valuation Hierarchy			Fair Value	Net Carrying Value
	Level 1	Level 2	Level 3	Total	
Assets:					
<i>Fixed maturities held to maturity</i>					
U.S. Treasury / Agency	\$ 1,192	\$ 52	\$ —	\$ 1,244	\$ 1,213
Non-U.S.	—	1,262	—	1,262	1,196
Corporate and asset-backed securities	—	2,201	—	2,201	2,004
Mortgage-backed securities	—	1,803	—	1,803	1,730
Municipal	—	4,137	—	4,137	3,975
Total assets	\$ 1,192	\$ 9,455	\$ —	\$ 10,647	\$ 10,118
Liabilities:					
Repurchase agreements	\$ —	\$ 1,406	\$ —	\$ 1,406	\$ 1,406
Short-term debt	—	1,019	—	1,019	999
Long-term debt	—	16,848	—	16,848	15,169
Trust preferred securities	—	460	—	460	308
Total liabilities	\$ —	\$ 19,733	\$ —	\$ 19,733	\$ 17,882

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

December 31, 2020 (in millions of U.S. dollars)	Level 1	Level 2	Level 3	Fair Value Total	Net Carrying Value
Assets:					
<i>Fixed maturities held to maturity</i>					
U.S. Treasury / Agency	\$ 1,395	\$ 57	\$ —	\$ 1,452	\$ 1,392
Non-U.S.	—	1,405	—	1,405	1,288
Corporate and asset-backed securities	—	2,438	—	2,438	2,150
Mortgage-backed securities	—	2,146	—	2,146	1,999
Municipal	—	5,069	—	5,069	4,824
Total assets	\$ 1,395	\$ 11,115	\$ —	\$ 12,510	\$ 11,653
Liabilities:					
Repurchase agreements	\$ —	\$ 1,405	\$ —	\$ 1,405	\$ 1,405
Long-term debt	—	17,487	—	17,487	14,948
Trust preferred securities	—	473	—	473	308
Total liabilities	\$ —	\$ 19,365	\$ —	\$ 19,365	\$ 16,661

5. Reinsurance

a) Consolidated reinsurance

Chubb purchases reinsurance to manage various exposures including catastrophe risks. Although reinsurance agreements contractually obligate Chubb's reinsurers to reimburse it for the agreed-upon portion of its gross paid losses, they do not discharge Chubb's primary liability. The amounts for net premiums written and net premiums earned in the Consolidated statements of operations are net of reinsurance. The following table presents direct, assumed, and ceded premiums:

(in millions of U.S. dollars)	Year Ended December 31		
	2021	2020	2019
Premiums written			
Direct	\$ 42,811	\$ 37,749	\$ 36,848
Assumed	3,969	3,512	3,276
Ceded	(8,912)	(7,441)	(7,849)
Net	\$ 37,868	\$ 33,820	\$ 32,275
Premiums earned			
Direct	\$ 41,138	\$ 37,037	\$ 35,876
Assumed	3,650	3,323	3,107
Ceded	(8,433)	(7,243)	(7,693)
Net	\$ 36,355	\$ 33,117	\$ 31,290

Ceded losses and loss expenses incurred were \$6.1 billion, \$5.0 billion, and \$4.9 billion for the years ended December 31, 2021, 2020, and 2019, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

b) Reinsurance recoverable on ceded reinsurance

(in millions of U.S. dollars)	December 31, 2021		December 31, 2020	
	Net Reinsurance Recoverable ⁽¹⁾	Valuation allowance	Net Reinsurance Recoverable ⁽¹⁾	Valuation allowance
Reinsurance recoverable on unpaid losses and loss expenses	\$ 16,184	\$ 271	\$ 14,647	\$ 257
Reinsurance recoverable on paid losses and loss expenses	1,182	58	945	57
Reinsurance recoverable on losses and loss expenses	\$ 17,366	\$ 329	\$ 15,592	\$ 314
Reinsurance recoverable on policy benefits	\$ 213	\$ 4	\$ 206	\$ 5

⁽¹⁾ Net of valuation allowance for uncollectible reinsurance.

The increase in reinsurance recoverable on losses and loss expenses in 2021 was primarily due to higher underlying ceded exposures due to premium growth, and unfavorable prior period development in certain lines.

The following table presents a roll-forward of valuation allowance for uncollectible reinsurance related to Reinsurance recoverable on loss and loss expenses:

(in millions of U.S. dollars)	Year Ended December 31	
	2021	2020
Valuation allowance for uncollectible reinsurance - beginning of period	\$ 314	\$ 316
Provision for uncollectible reinsurance	66	21
Write-offs charged against the valuation allowance	(50)	(25)
Foreign exchange revaluation	(1)	2
Valuation allowance for uncollectible reinsurance - end of period	\$ 329	\$ 314

The following tables present a listing, at December 31, 2021, of the categories of Chubb's reinsurers:

December 31, 2021	Gross Reinsurance Recoverable on Loss and Loss Expenses	Valuation allowance for Uncollectible Reinsurance	% of Gross Reinsurance Recoverable
(in millions of U.S. dollars, except for percentages)			
Categories			
Largest reinsurers	\$ 8,441	\$ 102	1.2 %
Other reinsurers rated A- or better	5,435	63	1.2 %
Other reinsurers rated lower than A- or not rated	315	48	15.3 %
Pools	415	10	2.4 %
Structured settlements	516	13	2.5 %
Captives	2,325	28	1.2 %
Other	248	65	26.2 %
Total	\$ 17,695	\$ 329	1.9 %

Largest Reinsurers

ABR Reinsurance Capital Holdings	HDI Group (Hannover Re)	Munich Re Group	Swiss Re Group
Berkshire Hathaway Insurance Group	Lloyd's of London	Partner Re Group	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Categories of Chubb's reinsurers	Comprises:
Largest reinsurers	• All groups of reinsurers or captives where the gross recoverable exceeds one percent of Chubb's total shareholders' equity.
Other reinsurers rated A- or better	• All reinsurers rated A- or better that were not included in the largest reinsurer category.
Other reinsurers rated lower than A- or not rated	• All reinsurers rated lower than A- or not rated that were not included in the largest reinsurer category.
Pools	• Related to Chubb's voluntary pool participation and Chubb's mandatory pool participation required by law in certain states.
Structured settlements	• Annuities purchased from life insurance companies to settle claims. Since we retain ultimate liability in the event that the life company fails to pay, we reflect the amounts as both a liability and a recoverable/receivable for GAAP purposes.
Captives	• Companies established and owned by our insurance clients to assume a significant portion of their direct insurance risk from Chubb; structured to allow clients to self-insure a portion of their reinsurance risk. It generally is our policy to obtain collateral equal to expected losses. Where appropriate, exceptions are granted but only with review and approval at a senior officer level. Excludes captives included in the largest reinsurer category.
Other	• Amounts recoverable that are in dispute or are from companies that are in supervision, rehabilitation, or liquidation.

The valuation allowance for uncollectible reinsurance is principally based on an analysis of the credit quality of the reinsurer and collateral balances. We establish the valuation allowance for uncollectible reinsurance for the Other category based on a case-by-case analysis of individual situations including the merits of the underlying matter, credit and collateral analysis, and consideration.

6. Goodwill and Other intangible assets

Goodwill

The following table presents a roll-forward of Goodwill by segment:

(in millions of U.S. dollars)	North America Commercial P&C Insurance	North America Personal P&C Insurance	North America Agricultural Insurance	Overseas General Insurance	Global Reinsurance	Life Insurance	Chubb Consolidated
Balance at December 31, 2019	\$ 6,955	\$ 2,234	\$ 134	\$ 4,785	\$ 371	\$ 817	\$ 15,296
Acquisition of Banchile Seguros de Vida	—	—	—	16	—	28	44
Foreign exchange revaluation and other	17	6	—	35	—	2	60
Balance at December 31, 2020	\$ 6,972	\$ 2,240	\$ 134	\$ 4,836	\$ 371	\$ 847	\$ 15,400
Foreign exchange revaluation and other	—	—	—	(183)	—	(4)	(187)
Balance at December 31, 2021	\$ 6,972	\$ 2,240	\$ 134	\$ 4,653	\$ 371	\$ 843	\$ 15,213

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Other intangible assets

Other intangible assets that are subject to amortization principally relate to agency distribution relationships and renewal rights and other intangible assets that are not subject to amortization principally relate to trademarks.

(in millions of U.S. dollars)	2021		December 31 2020	
Subject to amortization	\$	2,508	\$	2,846
Not subject to amortization		2,947		2,965
Total	\$	5,455	\$	5,811

Amortization expense related to purchased intangibles was \$287 million, \$290 million, and \$305 million for the years ended December 31, 2021, 2020, and 2019. The following table presents, as of December 31, 2021, the expected estimated pre-tax amortization expense (benefit) of purchased intangibles, at current foreign currency exchange rates, for the next five years:

For the Years Ending December 31 (in millions of U.S. dollars)	Agency distribution relationships and renewal rights	Associated with the Chubb Corp Acquisition		Total	Other intangible assets	Total Amortization of purchased intangibles
		Fair value adjustment on Unpaid losses and loss expense ⁽¹⁾				
2022	\$ 196	\$ (14)	\$ 182	\$ 99	\$ 281	
2023	177	(6)	171	94	265	
2024	160	(6)	154	88	242	
2025	144	(6)	138	87	225	
2026	130	(6)	124	85	209	
Total	\$ 807	\$ (38)	\$ 769	\$ 453	\$ 1,222	

⁽¹⁾ In connection with the Chubb Corp acquisition, we recorded an increase to Unpaid losses and loss expenses acquired to adjust the carrying value of Chubb Corp's historical Unpaid losses and loss expenses to fair value as of the acquisition date. This fair value adjustment amortizes through Amortization of purchased intangibles on the Consolidated statements of operations through the year 2032. The balance of the fair value adjustment on Unpaid losses and loss expense was \$90 million and \$110 million at December 31, 2021 and 2020, respectively. Refer to Note 1(h) for additional information.

VOBA

The following table presents a roll-forward of VOBA:

(in millions of U.S. dollars)	2021		2020		2019	
Balance, beginning of year	\$	263	\$	306	\$	295
Amortization of VOBA ⁽¹⁾		(22)		(27)		(24)
Foreign exchange revaluation and other		(5)		(16)		35
Balance, end of year	\$	236	\$	263	\$	306

⁽¹⁾ Recognized in Policy acquisition costs in the Consolidated statements of operations.

The following table presents, as of December 31, 2021, the expected estimated pre-tax amortization expense related to VOBA for the next five years at current foreign exchange rates:

For the Years Ending December 31 (in millions of U.S. dollars)	VOBA	
2022	\$	20
2023		18
2024		17
2025		16
2026		14

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

7. Unpaid losses and loss expenses

Chubb establishes reserves for the estimated unpaid ultimate liability for losses and loss expenses under the terms of its policies and agreements. Reserves include estimates for both claims that have been reported and for IBNR claims, and include estimates of expenses associated with processing and settling these claims. Reserves are recorded in Unpaid losses and loss expenses in the consolidated balance sheets. While we believe that our reserves for unpaid losses and loss expenses at December 31, 2021 are adequate, new information or trends may lead to future developments in incurred loss and loss expenses significantly greater or less than the reserves provided. Any such revisions could result in future changes in estimates of losses or reinsurance recoverable and would be reflected in our results of operations in the period in which the estimates are changed.

The following table presents a reconciliation of beginning and ending Unpaid losses and loss expenses:

(in millions of U.S. dollars)	Year Ended December 31		
	2021	2020	2019
Gross unpaid losses and loss expenses, beginning of year	\$ 67,811	\$ 62,690	\$ 62,960
Reinsurance recoverable on unpaid losses ⁽¹⁾	(14,647)	(14,181)	(14,689)
Net unpaid losses and loss expenses, beginning of year	53,164	48,509	48,271
Net losses and loss expenses incurred in respect of losses occurring in:			
Current year	22,966	22,124	19,575
Prior years ⁽²⁾	(986)	(414)	(845)
Total	21,980	21,710	18,730
Net losses and loss expenses paid in respect of losses occurring in:			
Current year	7,836	7,782	7,894
Prior years	10,048	9,652	10,579
Total	17,884	17,434	18,473
Foreign currency revaluation and other	(501)	379	(19)
Net unpaid losses and loss expenses, end of year	56,759	53,164	48,509
Reinsurance recoverable on unpaid losses ⁽¹⁾	16,184	14,647	14,181
Gross unpaid losses and loss expenses, end of year	\$ 72,943	\$ 67,811	\$ 62,690

⁽¹⁾ Net of valuation allowance for uncollectible reinsurance.

⁽²⁾ Relates to prior period loss reserve development only and excludes prior period development related to reinstatement premiums, expense adjustments and earned premiums totaling \$60 million, \$19 million, and \$53 million for 2021, 2020, and 2019, respectively.

The increase in gross and net unpaid losses and loss expense in 2021 is due to an increase in underlying exposure due to premium growth, partially offset by favorable prior period development. The increase in gross and net unpaid losses and loss expense in 2020 was driven by catastrophe losses incurred, principally from the COVID-19 pandemic.

The loss development tables under section c) below, present Chubb's historical incurred and paid claims development by broad product line through December 31, 2021, net of reinsurance, as well as the cumulative number of reported claims, IBNR balances, and other supplementary information.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

The following table presents a reconciliation of the loss development tables to the liability for unpaid losses and loss expenses in the consolidated balance sheet:

Reconciliation of Reserve Balances to Liability for Unpaid Loss and Loss Expenses

(in millions of U.S. dollars)

December 31, 2021*Presented in the loss development tables:*

North America Commercial P&C Insurance — Workers' Compensation	\$	9,942
North America Commercial P&C Insurance — Liability		18,736
North America Commercial P&C Insurance — Other Casualty		2,304
North America Commercial P&C Insurance — Non-Casualty		2,963
North America Personal P&C Insurance		3,035
Overseas General Insurance — Casualty		7,052
Overseas General Insurance — Non-Casualty		2,984
Global Reinsurance — Casualty		1,191
Global Reinsurance — Non-Casualty		372
<i>Excluded from the loss development tables:</i>		
Other		5,361
Net unpaid loss and allocated loss adjustment expense		53,940
<i>Ceded unpaid loss and allocated loss adjustment expense:</i>		
North America Commercial P&C Insurance — Workers' Compensation		1,379
North America Commercial P&C Insurance — Liability		6,263
North America Commercial P&C Insurance — Other Casualty		638
North America Commercial P&C Insurance — Non-Casualty		1,631
North America Personal P&C Insurance		632
Overseas General Insurance — Casualty		2,363
Overseas General Insurance — Non-Casualty		1,868
Global Reinsurance — Casualty		33
Global Reinsurance — Non-Casualty		89
Other		1,414
Ceded unpaid loss and allocated loss adjustment expense		16,310
Unpaid loss and loss expense on other than short-duration contracts ⁽¹⁾		1,090
Unpaid unallocated loss adjustment expenses		1,603
Unpaid losses and loss expenses	\$	72,943

⁽¹⁾ Primarily includes the claims reserve of our International A&H business and Life Insurance segment reserves.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Business excluded from the loss development tables

“Other” shown in the reconciliation table comprises businesses excluded from the loss development tables:

- North America Agricultural Insurance segment business, which is short-tailed with the majority of the liabilities expected to be resolved in the ensuing twelve months;
- Corporate, which includes run-off liabilities such as asbestos, environmental, and molestation and other mass tort exposures and which impact accident years older than those shown in the loss development tables below;
- Life Insurance segment business, which is generally written using long-duration contracts; and
- Certain subsets of our business due to data limitations or unsuitability to the loss development table presentation, including:
 - We underwrite loss portfolio transfers at various times; by convention, all premium and losses associated with these transactions are recorded to the policy period of the transaction, even though the accident dates of the claims covered may be a decade or more in the past. We also underwrite certain high attachment, high limit, multiple-line and excess of aggregate coverages for large commercial clients. Changes in incurred loss and cash flow patterns are volatile and sufficiently different from those of typical insureds. This category includes the loss portfolio transfer of Fireman’s Fund personal lines run-off liabilities and Alternative Risk Solutions business within the North America Commercial P&C Insurance segment;
 - 2015 and prior paid history on a subset of previously acquired international businesses, within the Overseas General Insurance segment, due to limitations on the data prior to the acquisition;
 - Reinsurance recoverable bad debt; and
 - Purchase accounting adjustments related to unpaid losses and loss expenses for Chubb Corp.

a) Description of Reserving Methodologies

Our recorded reserves represent management's best estimate of the provision for unpaid claims as of the balance sheet date. The process of establishing loss and loss expense reserves can be complex and is subject to considerable uncertainty as it requires the use of estimates and judgments based on circumstances underlying the insured loss at the date of accrual. The reserves for our various product lines each require different qualitative and quantitative assumptions and judgments to be made. Management's best estimate is developed after collaboration with actuarial, underwriting, claims, legal, and finance departments and culminates with the input of reserve committees. Each business unit reserve committee includes the participation of the relevant parties from actuarial, finance, claims, and unit senior management and has the responsibility for finalizing, recommending and approving the estimate to be used as management's best estimate. Reserves are further reviewed by Chubb's Chief Actuary and senior management. The objective of such a process is to determine a single estimate that we believe represents a better estimate than any other and which is viewed by management to be the best estimate of ultimate loss settlements.

This estimate is based on a combination of exposure and experience-based actuarial methods (described below) and other considerations such as claims reviews, reinsurance recovery assumptions and/or input from other knowledgeable parties such as underwriting. Exposure-based methods are most commonly used on relatively immature origin years (i.e., the year in which the losses were incurred — “accident year” or “report year”), while experience-based methods provide a view based on the projection of loss experience that has emerged as of the valuation date. Greater reliance is placed upon experience-based methods as the pool of emerging loss experience grows and where it is deemed sufficiently credible and reliable as the basis for the estimate. In comparing the held reserve for any given origin year to the actuarial projections, judgment is required as to the credibility, uncertainty and inherent limitations of applying actuarial techniques to historical data to project future loss experience. Examples of factors that impact such judgments include, but are not limited to, the following:

- nature and complexity of underlying coverage provided and net limits of exposure provided;
- segmentation of data to provide sufficient homogeneity and credibility for loss projection methods;
- extent of credible internal historical loss data and reliance upon industry information as required;
- historical variability of actual loss emergence compared with expected loss emergence;
- reported and projected loss trends;
- extent of emerged loss experience relative to the remaining expected period of loss emergence;
- rate monitor information for new and renewal business;
- changes in claims handling practice, including impact of COVID-19 on adjudication environment;
- inflation;
- the legal environment, including impact of COVID-19 on judicial proceedings;
- facts and circumstances of large claims;
- terms and conditions of the contracts sold to our insured parties;
- impact of applicable reinsurance recoveries; and
- nature and extent of underlying assumptions.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

We have actuarial staff within each of our business units who analyze loss reserves (including loss expenses) and regularly project estimates of ultimate losses and the corresponding indications of the required IBNR reserve. Our reserving approach is a comprehensive ground-up process using data at a detailed level that reflects the specific types and coverages of the diverse products written by our various operations. The data presented in this disclosure was prepared on a more aggregated basis and with a focus on changes in incurred loss estimates over time as well as associated cash flows. We note that data prepared on this basis may not demonstrate the full spectrum of characteristics that are evident in the more detailed level studied internally.

We perform an actuarial reserve review for each product line at least once a year. For most product lines, one or more standard actuarial reserving methods may be used to determine estimates of ultimate losses and loss expenses, and from these estimates, a single actuarial central estimate is selected. The actuarial central estimate is an input to the reserve committee process described above. For the few product lines that do not lend themselves to standard actuarial reserving methods, appropriate techniques are applied to produce the actuarial central estimates. For example, run-off asbestos and environmental liability estimates are better suited to the application of account-specific exposure-based analyses to best evaluate their associated aggregate reserve levels.

b) Standard actuarial reserving methods

The judgments involved in projecting the ultimate losses include the use and interpretation of various standard actuarial reserving methods that place reliance on the extrapolation of actual historical data, loss development patterns, industry data, and other benchmarks as appropriate.

Standard actuarial reserving methods include, but are not limited to, expected loss ratio, paid and reported loss development, and Bornhuetter-Ferguson methods. A general description of these methods is provided below. In addition to these standard methods, depending upon the product line characteristics and available data, we may use other recognized actuarial methods and approaches. Implicit in the standard actuarial methods that we generally utilize is the need for two fundamental assumptions: first, the pattern by which losses are expected to emerge over time for each origin year, and second, the expected loss ratio for each origin year.

The expected loss ratio for any particular origin year is selected after consideration of a number of factors, including historical loss ratios adjusted for rate changes, premium and loss trends, industry benchmarks, the results of policy level loss modeling at the time of underwriting, and/or other more subjective considerations for the product line (e.g., terms and conditions) and external environment as noted above. The expected loss ratio for a given origin year is initially established at the start of the origin year as part of the planning process. This analysis is performed in conjunction with underwriters and management. The expected loss ratio method arrives at an ultimate loss estimate by multiplying the expected ultimate loss ratio by the corresponding premium base. This method is most commonly used as the basis for the actuarial central estimate for immature origin periods on product lines where the actual paid or reported loss experience is not yet deemed sufficiently credible to serve as the principal basis for the selection of ultimate losses. The expected loss ratio for a given origin year may be modified over time if the underlying assumptions differ from the original assumptions (e.g., the assessment of prior year loss ratios, loss trend, rate changes, actual claims, or other information).

Our selected paid and reported development patterns provide a benchmark against which the actual emerging loss experience can be monitored. Where possible, development patterns are selected based on historical loss emergence by origin year. For product lines where the historical data is viewed to have low statistical credibility, the selected development patterns also reflect relevant industry benchmarks and/or experience from similar product lines written elsewhere within Chubb. This most commonly occurs for relatively new product lines that have limited historical data or for high severity/low frequency portfolios where our historical experience exhibits considerable volatility and/or lacks credibility. The paid and reported loss development methods convert the selected loss emergence pattern to a set of multiplicative factors which are then applied to actual paid or reported losses to arrive at an estimate of ultimate losses for each period. Due to their multiplicative nature, the paid and reported loss development methods will leverage differences between actual and expected loss emergence. These methods tend to be utilized for more mature origin periods and for those portfolios where the loss emergence has been relatively consistent over time.

The Bornhuetter-Ferguson method is a combination of the expected loss ratio method and the loss development method, where the loss development method is given more weight as the origin year matures. This approach allows a logical transition between the expected loss ratio method which is generally utilized at earlier maturities and the loss development methods which are typically utilized at later maturities. We usually apply this method using reported loss data although paid data may also be used.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Short-tail business

Short-tail business generally describes product lines for which losses are typically known and paid shortly after the loss occurs. This would include, for example, most property, personal accident, and automobile physical damage policies that we write. Due to the short reporting and development pattern for these product lines, the uncertainty associated with our estimate of ultimate losses for any particular accident period diminishes relatively quickly as actual loss experience emerges. We typically assign credibility to methods that incorporate actual loss emergence, such as the paid and reported loss development and Bornhuetter-Ferguson methods, sooner than would be the case for long-tail lines at a similar stage of development for a given origin year. The reserving process for short-tail losses arising from catastrophic events typically involves an assessment by the claims department, in conjunction with underwriters and actuaries, of our exposure and estimated losses immediately following an event and then subsequent revisions of the estimated losses as our insureds provide updated actual loss information.

Long-tail business

Long-tail business describes lines of business for which specific losses may not be known/reported for some period and for which claims can take significant time to settle/close. This includes most casualty lines such as general liability, D&O, and workers' compensation. There are various factors contributing to the uncertainty and volatility of long-tail business, including the indirect impact of COVID-19 that has changed loss reporting and development patterns. In addition, uncertain future inflationary trends, changes in future legal environments, and the potential impact of major claims, such as molestation claims including the Boy Scouts of America (BSA) agreement-in-principle, added to the uncertainty and volatility in the long-tail business. Other factors are:

- The nature and complexity of underlying coverage provided and net limits of exposure provided;
- Our historical loss data and experience is sometimes too immature and lacking in credibility to rely upon for reserving purposes. Where this is the case, in our reserve analysis we may utilize industry loss ratios or industry benchmark development patterns that we believe reflect the nature and coverage of the underwritten business and its future development, where available. For such product lines, actual loss experience may differ from industry loss statistics as well as loss experience for previous underwriting years;
- The difficulty in estimating loss trends, claims inflation (e.g., medical and judicial) and underlying economic conditions;
- The need for professional judgment to estimate loss development patterns beyond that represented by historical data using supplemental internal or industry data, extrapolation, or a blend of both;
- The need to address shifts in business mix or volume over time when applying historical paid and reported loss development patterns from older origin years to more recent origin years. For example, changes over time in the processes and procedures for establishing case reserves can distort reported loss development patterns or changes in ceded reinsurance structures by origin year can alter the development of paid and reported losses;
- Loss reserve analyses typically require loss or other data be grouped by common characteristics in some manner. If data from two combined lines of business exhibit different characteristics, such as loss payment patterns, the credibility of the reserve estimate could be affected. Additionally, since casualty lines of business can have significant intricacies in the terms and conditions afforded to the insured, there is an inherent risk as to the homogeneity of the underlying data used in performing reserve analyses; and
- The applicability of the price change data used to estimate ultimate loss ratios for most recent origin years.

As described above, various factors are considered when determining appropriate data, assumptions, and methods used to establish the loss reserve estimates for long-tail product lines. These factors may also vary by origin year for given product lines. The derivation of loss development patterns from data and the selection of a tail factor to project ultimate losses from actual loss emergence require considerable judgment, particularly with respect to the extent to which historical loss experience is relied upon to support changes in key reserving assumptions.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

c) Loss Development Tables

The tables were designed to present business with similar risk characteristics which exhibit like development patterns and generally similar trends, in order to provide insight into the nature, amount, timing and uncertainty of cash flows related to our claims liabilities.

Each table follows a similar format and reflects the following:

- The incurred loss triangle includes both reported case reserves and IBNR liabilities.
- Both the incurred and paid loss triangles include allocated loss adjustment expense (i.e., defense and investigative costs particular to individual claims) but exclude unallocated loss adjustment expense (i.e., the costs associated with internal claims staff and third-party administrators).
- The amounts in both triangles for the years ended December 31, 2012 to December 31, 2020 and average historical claim duration as of December 31, 2021, are presented as supplementary information.
- All data presented in the triangles is net of reinsurance recoverables.
- The IBNR reserves shown to the right of each incurred loss development exhibit reflect the net IBNR recorded as of December 31, 2021.
- The tables are presented retrospectively with respect to acquisitions where these are material and doing so is practicable. Most notably, the Chubb Corp acquisition is presented retrospectively. The unaudited consolidated data is presented solely for informational purposes and is not necessarily indicative of the consolidated data that might have been observed had the transactions been completed prior to the date indicated.

Historical dollar amounts are presented in this footnote on a constant-dollar basis, which is achieved by assuming constant foreign exchange rates for all periods in the loss triangles, translating prior period amounts using the same local currency exchange rates as the current year end. The impact of this conversion is to show the change between periods exclusive of the effect of fluctuations in exchange rates, which would otherwise distort the change in incurred loss and cash flow patterns shown. The change in incurred loss shown will differ from other GAAP disclosures of incurred prior period reserve development amounts, which include the effect of fluctuations in exchanges rates.

We provided guidance above on key assumptions that should be considered when reviewing this disclosure and information relating to how loss reserve estimates are developed. We believe the information provided in the "Loss Development Tables" section of the disclosure is of limited use for independent analysis or application of standard actuarial estimations.

Cumulative Number of Reported Claims

Reported claim counts, on a cumulative basis, are provided to the far right of each incurred loss development table. In our North America segments, we generally consider a reported claim to be one claim per coverage per claimant. In our Overseas General Insurance segment, we generally consider a reported claim to be on a per occurrence basis. Global Reinsurance segment's portfolio comprises a mix of proportional and non-proportional treaties. The proportional treaties are reported on a bulk basis and do not lend themselves to meaningful claim count data. As such, we do not provide claim count information for our Global Reinsurance segment.

We exclude claims closed without payment. Claims are counted on a direct basis without consideration of ceded reinsurance. Use of the presented claim counts in analysis of company experience has significant limitations, including:

- Claims for certain events and/or product lines, such as portions of our A&H business, are not reported on an individual basis, but rather in bulk and thus not available for inclusion in this disclosure.
- Each segment typically has a mixture of primary and excess experience which has shifted over time.
- Captive business, especially in Workers' Compensation and Liability, largely represents fronted business where our net exposure to loss is minimal; however, since the claim count is based on direct claims, there is a mismatch between direct claims and net loss dollars, the extent of which varies by accident year.

Reported claim counts include open claims which have case reserves but exclude claims that have been incurred but not reported. As such the reported claims are not consistent with the incurred losses in the triangle, which include incurred but not reported losses. One can calculate reported losses by subtracting incurred but not reported losses from incurred losses in the triangle. Reported claim counts are also inconsistent with losses in the paid loss triangle, since reported counts would include claims with case reserves but no payments to date.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

North America Commercial P&C Insurance — Workers' Compensation — Long-tail

This product line has a substantial geographic spread and a broad mix across industries. Types of coverage include risk management business predominantly with high deductible policies, loss sensitive business (i.e., retrospectively-rated policies), business fronted for captives, as well as excess and primary guaranteed cost coverages.

The triangle below shows all loss and allocated expense development for the workers' compensation product line. In our prior period development disclosure, we exclude any loss development where there is a directly related premium adjustment. For workers' compensation, changes in the exposure base due to payroll audits will drive changes in ultimate losses. In addition, we record involuntary pool assumptions (premiums and losses) on a lagged basis. Both of these items will influence the development in the triangle, particularly the first prior accident year, and are included in the reconciliation table presented on page F-58.

Net Incurred Loss and Allocated Loss Adjustment Expenses

Accident Year	Years Ended December 31										As of December 31 2021	
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Net IBNR Reserves	Reported Claims (in thousands)
2012	\$ 1,050	\$ 1,011	\$ 1,030	\$ 1,040	\$ 1,011	\$ 989	\$ 986	\$ 977	\$ 953	\$ 952	\$ 224	44
2013		1,109	1,108	1,122	1,127	1,086	1,073	1,037	1,014	989	252	43
2014			1,207	1,201	1,217	1,215	1,163	1,100	1,073	1,037	305	45
2015				1,282	1,259	1,276	1,279	1,217	1,154	1,128	379	50
2016					1,367	1,361	1,383	1,378	1,269	1,206	439	52
2017						1,413	1,380	1,399	1,393	1,376	679	50
2018							1,359	1,361	1,379	1,385	681	51
2019								1,391	1,384	1,401	718	47
2020									1,367	1,387	903	31
2021										1,348	1,033	30
Total										\$ 12,209		

Net Cumulative Paid Loss and Allocated Loss Adjustment Expenses

Accident Year	Years Ended December 31										
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2021
2012	\$ 111	\$ 271	\$ 365	\$ 436	\$ 486	\$ 532	\$ 574	\$ 592	\$ 612	\$ 626	626
2013		107	286	422	506	553	587	616	633	650	650
2014			113	295	410	484	532	566	599	617	617
2015				116	301	418	501	564	606	628	628
2016					122	326	452	529	584	621	621
2017						120	313	437	516	564	564
2018							130	329	451	528	528
2019								143	341	467	467
2020									111	282	282
2021										120	120
Total											\$ 5,103

Net Liabilities for Loss and Allocated Loss Adjustment Expenses

	December 31, 2021
Accident years prior to 2012	\$ 2,836
Accident years 2012 - 2021 from tables above	7,106
All Accident years	\$ 9,942

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

North America Commercial P&C Insurance — Workers' Compensation — Long-tail (continued)

Supplementary Information: (Favorable)/ Adverse Prior Period Development

(in millions of U.S. dollars)

	December 31, 2021
Accident years prior to 2012	\$ (98)
Accident years 2012 - 2021 from tables above	(125)
All Accident years	\$ (223)

Supplementary Information: Average Annual Percentage Payout of Net Incurred Claims by Age, as of December 31, 2021 (Unaudited)

Age in Years	1	2	3	4	5	6	7	8	9	10
Percentage	10 %	15 %	10 %	7 %	5 %	4 %	3 %	2 %	2 %	1 %

North America Commercial P&C Insurance — Liability — Long-tail

This line consists of primary and excess liability exposures, medical liability, and professional lines, including directors and officers (D&O) liability, errors and omissions (E&O) liability, employment practices liability (EPL), fidelity bonds, and fiduciary liability.

The primary and excess liability business represents the largest part of these exposures. The former includes both monoline and commercial package liability. The latter includes a substantial proportion of commercial umbrella, excess and high excess business, where loss activity can produce significant volatility in the loss triangles at later ages within an accident year (and sometimes across years) due to the size of the limits afforded and the complex nature of the underlying losses.

This line includes management and professional liability products provided to a wide variety of clients, from national accounts to small firms along with private and not-for-profit organizations, distributed through brokers, agents, wholesalers and MGAs. Many of these coverages, particularly D&O and E&O, are typically written on a claims-made form. While most of the coverages are underwritten on a primary basis, there are significant amounts of excess exposure with large policy limits.

Net Incurred Loss and Allocated Loss Adjustment Expenses

(in millions of U.S. dollars)	Years Ended December 31										As of December 31 2021	
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Net IBNR Reserves	Reported Claims (in thousands)
Accident Year												
2012	\$ 3,552	\$ 3,628	\$ 3,614	\$ 3,565	\$ 3,525	\$ 3,427	\$ 3,331	\$ 3,235	\$ 3,235	\$ 3,308	\$ 302	25
2013		3,547	3,542	3,543	3,533	3,430	3,216	3,122	2,964	2,956	252	25
2014			3,535	3,586	3,675	3,718	3,656	3,470	3,346	3,198	381	24
2015				3,560	3,709	3,819	3,977	3,943	3,736	3,709	714	27
2016					3,534	3,595	3,692	3,805	3,799	3,771	773	27
2017						3,322	3,499	3,581	3,631	3,552	1,156	27
2018							3,375	3,494	3,697	3,828	1,445	28
2019								3,452	3,628	3,867	1,982	30
2020									4,106	3,832	2,780	24
2021										4,322	3,941	25
Total										\$ 36,343		

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

North America Commercial P&C Insurance — Liability — Long-tail (continued)
Net Cumulative Paid Loss and Allocated Loss Adjustment Expenses

Accident Year	Years Ended December 31									
	Unaudited									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
(in millions of U.S. dollars)										
2012	\$ 166	\$ 656	\$ 1,172	\$ 1,680	\$ 2,093	\$ 2,327	\$ 2,502	\$ 2,619	\$ 2,688	\$ 2,783
2013		130	548	1,192	1,597	2,007	2,232	2,374	2,465	2,525
2014			164	679	1,250	1,804	2,202	2,442	2,584	2,673
2015				138	605	1,206	1,856	2,291	2,533	2,749
2016					171	663	1,336	1,975	2,334	2,596
2017						161	617	1,162	1,701	2,003
2018							190	754	1,303	1,777
2019								176	671	1,248
2020									152	590
2021										175
Total										\$ 19,119

Net Liabilities for Loss and Allocated Loss Adjustment Expenses

(in millions of U.S. dollars)	December 31, 2021
Accident years prior to 2012	\$ 1,512
Accident years 2012 - 2021 from tables above	17,224
All Accident years	\$ 18,736

Supplementary Information: (Favorable)/ Adverse Prior Period Development

(in millions of U.S. dollars)	December 31, 2021
Accident years prior to 2012	\$ (86)
Accident years 2012 - 2021 from tables above	(121)
All Accident years	\$ (207)

Supplementary Information: Average Annual Percentage Payout of Net Incurred Claims by Age, as of December 31, 2021 (Unaudited)

Age in Years	1	2	3	4	5	6	7	8	9	10
Percentage	4 %	14 %	17 %	15 %	11 %	7 %	5 %	3 %	2 %	3 %

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

North America Commercial P&C Insurance — Other Casualty — Long-tail

This product line consists of the remaining commercial casualty coverages such as automobile liability and aviation. There is also a small portion of commercial multi-peril (CMP) business in accident years 2014 and prior. The paid and reported data are impacted by some catastrophe loss activity primarily on the CMP exposures just noted.

Net Incurred Loss and Allocated Loss Adjustment Expenses

Accident Year	Years Ended December 31										As of December 31 2021	
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Net IBNR Reserves	Reported Claims (in thousands)
2012	\$ 634	\$ 606	\$ 577	\$ 561	\$ 520	\$ 519	\$ 509	\$ 507	\$ 505	\$ 500	\$ 2	16
2013		527	531	523	516	469	462	462	458	461	12	18
2014			595	583	581	597	555	539	539	531	14	17
2015				487	470	502	515	458	455	463	31	15
2016					504	502	527	524	481	480	51	16
2017						532	566	577	616	605	79	17
2018							536	564	575	580	110	17
2019								606	637	686	219	16
2020									646	634	372	11
2021										675	515	9
Total										\$ 5,615		

Net Cumulative Paid Loss and Allocated Loss Adjustment Expenses

Accident Year	Years Ended December 31									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
2012	\$ 69	\$ 223	\$ 320	\$ 387	\$ 435	\$ 470	\$ 487	\$ 493	\$ 502	\$ 496
2013		69	197	271	348	385	412	419	426	439
2014			80	220	317	391	455	473	501	509
2015				47	137	215	305	371	395	412
2016					52	145	246	324	375	398
2017						66	175	313	381	446
2018							74	169	270	365
2019								70	190	318
2020									53	151
2021										60
Total										\$ 3,594

Net Liabilities for Loss and Allocated Loss Adjustment Expenses

(in millions of U.S. dollars)	December 31, 2021
Accident years prior to 2012	\$ 283
Accident years 2012 - 2021 from tables above	2,021
All Accident years	\$ 2,304

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

North America Commercial P&C Insurance — Other-Casualty — Long-tail (continued)

Supplementary Information: (Favorable)/ Adverse Prior Period Development

(in millions of U.S. dollars)	December 31, 2021
Accident years prior to 2012	\$ (7)
Accident years 2012 - 2021 from tables above	28
All Accident years	\$ 21

Supplementary Information: Average Annual Percentage Payout of Net Incurred Claims by Age, as of December 31, 2021 (Unaudited)

Age in Years	1	2	3	4	5	6	7	8	9	10
Percentage	11 %	21 %	19 %	15 %	11 %	5 %	3 %	1 %	2 %	— %

North America Commercial P&C Insurance — Non-Casualty — Short-tail

This product line represents first party commercial product lines that are short-tailed in nature, such as property, inland marine, ocean marine, surety and A&H. There is a wide diversity of products, primary and excess coverages, and policy sizes. During this ten-year period, this product line was also impacted by natural catastrophes mainly in the 2012, 2017, and 2018 accident years.

Net Incurred Loss and Allocated Loss Adjustment Expenses

(in millions of U.S. dollars)	Years Ended December 31										As of December 31 2021	
	Unaudited										Net IBNR Reserves	Reported Claims (in thousands)
	Accident Year	2012	2013	2014	2015	2016	2017	2018	2019	2020		
2012	\$ 2,033	\$ 1,916	\$ 1,883	\$ 1,864	\$ 1,859	\$ 1,847	\$ 1,844	\$ 1,850	\$ 1,844	\$ 1,848	\$ 5	426
2013		1,434	1,424	1,337	1,360	1,340	1,340	1,338	1,344	1,343	5	455
2014			1,643	1,661	1,579	1,559	1,549	1,550	1,558	1,552	3	483
2015				1,736	1,745	1,650	1,638	1,605	1,589	1,592	(6)	545
2016					1,911	1,890	1,800	1,782	1,818	1,832	34	650
2017						2,704	2,608	2,504	2,521	2,513	51	763
2018							2,053	2,240	2,175	2,167	41	903
2019								2,052	2,037	1,959	67	1,042
2020									3,148	2,951	357	1,118
2021										2,947	1,249	726
Total										\$ 20,704		

Net Cumulative Paid Loss and Allocated Loss Adjustment Expenses

(in millions of U.S. dollars)	Years Ended December 31									
	Unaudited									
Accident Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
2012	\$ 715	\$ 1,577	\$ 1,698	\$ 1,767	\$ 1,795	\$ 1,822	\$ 1,816	\$ 1,842	\$ 1,844	\$ 1,839
2013		651	1,138	1,238	1,285	1,311	1,324	1,333	1,335	1,336
2014			820	1,373	1,484	1,506	1,532	1,546	1,554	1,558
2015				727	1,343	1,488	1,556	1,572	1,574	1,587
2016					846	1,505	1,656	1,733	1,760	1,786
2017						979	2,087	2,302	2,392	2,406
2018							1,027	1,825	2,018	2,074
2019								1,030	1,677	1,804
2020									1,396	2,271
2021										1,087
Total										\$ 17,748

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

North America Commercial P&C Insurance — Non-Casualty — Short-tail (continued)

Net Liabilities for Loss and Allocated Loss Adjustment Expenses

(in millions of U.S. dollars)	December 31, 2021
Accident years prior to 2012	\$ 7
Accident years 2012 - 2021 from tables above	2,956
All Accident years	\$ 2,963

Supplementary Information: (Favorable)/ Adverse Prior Period Development

(in millions of U.S. dollars)	December 31, 2021
Accident years prior to 2012	\$ (3)
Accident years 2012 - 2021 from tables above	(277)
All Accident years	\$ (280)

Supplementary Information: Average Annual Percentage Payout of Net Incurred Claims by Age, as of December 31, 2021 (Unaudited)

Age in Years	1	2	3	4	5	6	7	8	9	10
Percentage	45 %	37 %	8 %	3 %	1 %	1 %	— %	1 %	— %	— %

North America Personal P&C Insurance — Short-tail

Chubb provides personal lines coverages for high-net-worth individuals and families in North America including homeowners, automobile, valuable articles (including fine art), umbrella liability, and recreational marine insurance offered through independent regional agents and brokers. A portfolio acquired from Fireman's Fund is presented on a prospective basis beginning in May of accident year 2015. Reserves associated with prior accident periods were acquired through a loss portfolio transfer, which does not allow for a retrospective presentation. During this ten-year period, this segment was also impacted by natural catastrophes, mainly in 2012, 2017 and 2018 accident years.

Net Incurred Loss and Allocated Loss Adjustment Expenses

(in millions of U.S. dollars)	Years Ended December 31										As of December 31 2021	
	Unaudited										Net IBNR Reserves	Reported Claims (in thousands)
	Accident Year	2012	2013	2014	2015	2016	2017	2018	2019	2020		
2012	\$ 2,186	\$ 2,183	\$ 2,183	\$ 2,191	\$ 2,186	\$ 2,186	\$ 2,189	\$ 2,194	\$ 2,190	\$ 2,188	\$ 5	188
2013		1,860	1,889	1,897	1,900	1,925	1,937	1,945	1,948	1,949	23	132
2014			2,205	2,206	2,192	2,146	2,160	2,147	2,141	2,141	11	144
2015				2,495	2,550	2,561	2,544	2,563	2,570	2,566	12	148
2016					2,440	2,536	2,545	2,482	2,471	2,464	27	154
2017						3,035	3,069	3,002	2,998	2,998	63	163
2018							3,010	3,037	3,103	3,118	197	169
2019								2,957	2,993	2,994	209	156
2020									2,931	2,634	376	121
2021										3,037	1,025	103
Total										\$ 26,089		

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

North America Personal P&C Insurance — Short-tail (continued)
Net Cumulative Paid Loss and Allocated Loss Adjustment Expenses

(in millions of U.S. dollars) Accident Year	Years Ended December 31									
	Unaudited									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
2012	\$ 1,177	\$ 1,806	\$ 1,957	\$ 2,063	\$ 2,117	\$ 2,150	\$ 2,164	\$ 2,164	\$ 2,165	\$ 2,177
2013		1,043	1,505	1,688	1,787	1,843	1,885	1,895	1,917	1,916
2014			1,310	1,765	1,926	2,035	2,080	2,106	2,116	2,123
2015				1,499	2,084	2,271	2,392	2,478	2,508	2,533
2016					1,453	2,052	2,211	2,314	2,370	2,398
2017						1,698	2,520	2,668	2,799	2,870
2018							1,926	2,549	2,706	2,865
2019								1,668	2,437	2,617
2020									1,334	1,995
2021										1,587
Total										\$ 23,081

Net Liabilities for Loss and Allocated Loss Adjustment Expenses

(in millions of U.S. dollars)	December 31, 2021
Accident years prior to 2012	\$ 27
Accident years 2012 - 2021 from tables above	3,008
All Accident years	\$ 3,035

Supplementary Information: (Favorable)/ Adverse Prior Period Development

(in millions of U.S. dollars)	December 31, 2021
Accident years prior to 2012	\$ (2)
Accident years 2012 - 2021 from tables above	(293)
All Accident years	\$ (295)

Supplementary Information: Average Annual Percentage Payout of Net Incurred Claims by Age, as of December 31, 2021 (Unaudited)

Age in Years	1	2	3	4	5	6	7	8	9	10
Percentage	56 %	24 %	6 %	5 %	3 %	1 %	1 %	— %	— %	1 %

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Overseas General Insurance — Casualty — Long-tail

This product line is comprised of D&O liability, E&O liability, financial institutions (including crime/fidelity coverages), and non-U.S. general liability as well as aviation and political risk. Exposures are located around the world, including Europe, Latin America, and Asia. Approximately 46 percent of Chubb Overseas General business is generated by European accounts, exclusive of Lloyd's market. There is some U.S. exposure in Casualty from multinational accounts and in financial lines for Lloyd's market. The financial lines coverages are typically written on a claims-made form, while general liability coverages are typically on an occurrence basis and comprised of a mix of primary and excess businesses.

Net Incurred Loss and Allocated Loss Adjustment Expenses

Accident Year	Years Ended December 31										Net IBNR Reserves	Reported Claims (in thousands)
	Unaudited											
(in millions of U.S. dollars)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021		
2012	\$ 1,249	\$ 1,219	\$ 1,282	\$ 1,300	\$ 1,297	\$ 1,287	\$ 1,267	\$ 1,257	\$ 1,227	\$ 1,237	\$ 62	38
2013		1,238	1,234	1,230	1,274	1,228	1,195	1,137	1,104	1,124	73	39
2014			1,237	1,307	1,316	1,331	1,248	1,165	1,125	1,134	101	40
2015				1,153	1,249	1,278	1,301	1,278	1,219	1,202	137	42
2016					1,189	1,289	1,356	1,385	1,373	1,382	286	43
2017						1,180	1,282	1,330	1,379	1,343	205	44
2018							1,279	1,330	1,392	1,434	493	44
2019								1,354	1,422	1,447	620	42
2020									1,740	1,656	1,101	34
2021										1,678	1,373	29
Total										\$ 13,637		

Net Cumulative Paid Loss and Allocated Loss Adjustment Expenses

Accident Year	Years Ended December 31										
	Unaudited										
(in millions of U.S. dollars)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
2012	\$ 72	\$ 244	\$ 427	\$ 577	\$ 690	\$ 828	\$ 898	\$ 940	\$ 1,005	\$ 1,061	
2013		82	258	412	557	699	799	866	917	938	
2014			107	283	457	588	701	784	847	890	
2015				82	276	478	655	774	853	929	
2016					123	313	517	664	787	883	
2017						94	310	516	676	842	
2018							109	322	485	627	
2019								121	327	459	
2020									105	283	
2021										116	
Total											\$ 7,028

Net Liabilities for Loss and Allocated Loss Adjustment Expenses

(in millions of U.S. dollars)	December 31, 2021
Accident years prior to 2012	\$ 443
Accident years 2012 - 2021 from tables above	6,609
All Accident years	\$ 7,052

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Overseas General Insurance — Casualty — Long-tail (continued)

Supplementary Information: (Favorable)/ Adverse Prior Period Development

(in millions of U.S. dollars)

	December 31, 2021
Accident years prior to 2012	\$ (76)
Accident years 2012 - 2021 from tables above	(22)
All Accident years	\$ (98)

Supplementary Information: Average Annual Percentage Payout of Net Incurred Claims by Age, as of December 31, 2021 (Unaudited)

Age in Years	1	2	3	4	5	6	7	8	9	10
Percentage	7 %	14 %	14 %	12 %	10 %	8 %	6 %	4 %	4 %	5 %

Overseas General Insurance — Non-Casualty — Short-tail

This product line is comprised of commercial fire, marine (predominantly cargo), surety, personal automobile (in Latin America, Asia Pacific and Japan), personal cell phones, personal residential (including high net worth), energy and construction. In general, these lines have relatively stable payment and reporting patterns although they are impacted by natural catastrophes mainly in the 2017 and 2018 accident years. Europe and Asia each make up about one third of the Chubb Overseas General non-casualty book.

Net Incurred Loss and Allocated Loss Adjustment Expenses

(in millions of U.S. dollars)	Years Ended December 31										As of December 31 2021	
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Net IBNR Reserves	Reported Claims (in thousands)
Accident Year												
2012	\$ 1,634	\$ 1,624	\$ 1,584	\$ 1,531	\$ 1,524	\$ 1,516	\$ 1,501	\$ 1,496	\$ 1,489	\$ 1,488	\$ 4	555
2013		1,703	1,698	1,635	1,589	1,584	1,557	1,545	1,536	1,527	12	573
2014			1,774	1,839	1,785	1,775	1,740	1,730	1,723	1,717	(3)	548
2015				1,867	1,985	1,963	1,933	1,915	1,908	1,890	3	570
2016					1,975	1,973	1,960	1,938	1,942	1,972	38	581
2017						2,122	2,161	2,143	2,125	2,149	15	589
2018							2,083	2,169	2,132	2,109	29	623
2019								2,098	2,117	2,049	22	640
2020									2,448	2,309	250	541
2021										2,521	699	531
Total										\$ 19,731		

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Overseas General Insurance — Non-Casualty — Short-tail (continued)
Net Cumulative Paid Loss and Allocated Loss Adjustment Expenses

(in millions of U.S. dollars)	Years Ended December 31										
	Unaudited										
Accident Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
2012	\$ 643	\$ 1,176	\$ 1,357	\$ 1,415	\$ 1,437	\$ 1,447	\$ 1,458	\$ 1,461	\$ 1,460	\$ 1,471	
2013		659	1,221	1,410	1,441	1,477	1,495	1,502	1,505	1,503	
2014			718	1,365	1,571	1,633	1,662	1,675	1,689	1,696	
2015				811	1,481	1,707	1,786	1,807	1,836	1,853	
2016					959	1,597	1,791	1,861	1,886	1,895	
2017						1,000	1,765	1,938	2,012	2,052	
2018							954	1,668	1,868	1,936	
2019								996	1,657	1,849	
2020									1,031	1,649	
2021										962	
Total											\$ 16,866

(in millions of U.S. dollars)	December 31, 2021
Accident years prior to 2012	\$ 119
Accident years 2012 - 2021 from tables above	2,865
All Accident years	\$ 2,984

Supplementary Information: (Favorable)/ Adverse Prior Period Development

(in millions of U.S. dollars)	December 31, 2021
Accident years prior to 2012	\$ (6)
Accident years 2012 - 2021 from tables above	(210)
All Accident years	\$ (216)

Supplementary Information: Average Annual Percentage Payout of Net Incurred Claims by Age, as of December 31, 2021 (Unaudited)

Age in Years	1	2	3	4	5	6	7	8	9	10
Percentage	44 %	34 %	10 %	3 %	2 %	1 %	1 %	— %	— %	1 %

Global Reinsurance

Chubb analyzes its Global Reinsurance business on a treaty year basis rather than on an accident year basis. Treaty year data was converted to an accident year basis for the purposes of this disclosure. Mix shifts are an important consideration in these product line groupings. As proportional business and excess of loss business have different earning and loss reporting and payment patterns, this change in mix will affect the cash flow patterns across the accident years. In addition, the shift from excess to proportional business over time will make the cash flow patterns of older and more recent years difficult to compare. In general, the proportional business will pay out more quickly than the excess of loss business, as such, using older years development patterns may overstate the ultimate loss estimates in more recent years.

Global Reinsurance — Casualty — Long-tail

This product line includes proportional and excess coverages in general, automobile liability, professional liability, medical malpractice and workers' compensation, with exposures located around the world. In general, reinsurance exhibits less stable development patterns than primary business. In particular, general casualty reinsurance and excess coverages are long-tailed and can be very volatile.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Global Reinsurance — Casualty — Long-tail (continued)

Net Incurred Loss and Allocated Loss Adjustment Expenses

Accident Year	Years Ended December 31											As of December 31
	Unaudited											2021
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Net IBNR Reserves	
(in millions of U.S. dollars)												
2012	\$ 386	\$ 382	\$ 391	\$ 393	\$ 378	\$ 372	\$ 371	\$ 373	\$ 378	\$ 376	\$ 376	\$ 5
2013		320	326	329	329	331	323	316	310	309	309	10
2014			332	333	339	342	343	346	329	330	330	11
2015				284	288	299	300	308	304	308	308	14
2016					223	226	235	234	243	243	243	16
2017						213	215	219	217	218	218	17
2018							244	247	254	250	250	25
2019								238	246	241	241	56
2020									246	250	250	97
2021										281	281	196
Total										\$ 2,806		

Net Cumulative Paid Loss and Allocated Loss Adjustment Expenses

Accident Year	Years Ended December 31										
	Unaudited										
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
(in millions of U.S. dollars)											
2012	\$ 78	\$ 168	\$ 222	\$ 262	\$ 293	\$ 308	\$ 324	\$ 335	\$ 341	\$ 347	\$ 347
2013		65	143	186	222	241	260	269	271	278	278
2014			91	184	217	248	264	276	286	295	295
2015				90	158	191	217	232	249	266	266
2016					57	113	142	159	175	192	192
2017						46	100	122	140	155	155
2018							41	96	125	149	149
2019								40	90	116	116
2020									41	99	99
2021										35	35
Total										\$ 1,932	

Net Liabilities for Loss and Allocated Loss Adjustment Expenses

(in millions of U.S. dollars)	December 31, 2021
Accident years prior to 2012	\$ 317
Accident years 2012 - 2021 from tables above	874
All Accident years	\$ 1,191

Supplementary Information: (Favorable)/ Adverse Prior Period Development

(in millions of U.S. dollars)	December 31, 2021
Accident years prior to 2012	\$ (27)
Accident years 2012 - 2021 from tables above	(2)
All Accident years	\$ (29)

Supplementary Information: Average Annual Percentage Payout of Net Incurred Claims by Age, as of December 31, 2021 (Unaudited)

Age in Years	1	2	3	4	5	6	7	8	9	10
Percentage	21 %	24 %	12 %	9 %	6 %	5 %	4 %	2 %	2 %	1 %

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Global Reinsurance — Non-Casualty — Short-tail

This product line includes property, property catastrophe, marine, credit/surety, A&H and energy. This product line is impacted by natural catastrophes, particularly in the 2017, 2018, 2020, and 2021 accident years. Of the non-catastrophe book, the mixture of business varies by year with approximately 79 percent of loss on proportional treaties in treaty year 2012 and after. This percentage has increased over time with the proportion being approximately 54 percent for treaty year 2012 growing to an average of 83 percent for treaty years 2013 to 2021, with the remainder being written on an excess of loss basis.

Net Incurred Loss and Allocated Loss Adjustment Expenses

Accident Year	Years Ended December 31										As of December 31
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2021
(in millions of U.S. dollars)											
	Unaudited										Net IBNR Reserves
2012	\$ 232	\$ 211	\$ 201	\$ 192	\$ 190	\$ 188	\$ 185	\$ 185	\$ 183	\$ 184	\$ 1
2013		160	158	146	141	142	140	140	139	138	—
2014			164	179	179	182	181	179	178	177	1
2015				146	154	161	161	153	159	157	1
2016					182	187	189	192	188	186	2
2017						396	423	453	450	454	13
2018							285	295	299	294	1
2019								139	137	133	18
2020									211	255	34
2021										342	131
Total										\$ 2,320	

Net Cumulative Paid Loss and Allocated Loss Adjustment Expenses

Accident Year	Years Ended December 31									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
(in millions of U.S. dollars)										
	Unaudited									
2012	\$ 45	\$ 130	\$ 156	\$ 166	\$ 172	\$ 177	\$ 180	\$ 180	\$ 179	\$ 179
2013		46	102	120	130	133	135	136	137	137
2014			65	128	151	162	167	170	172	172
2015				56	103	132	142	146	151	152
2016					57	132	159	170	176	180
2017						191	322	401	415	428
2018							94	255	273	276
2019								35	84	99
2020									62	178
2021										158
Total										\$ 1,959

Net Liabilities for Loss and Allocated Loss Adjustment Expenses

	December 31, 2021
(in millions of U.S. dollars)	
Accident years prior to 2012	\$ 11
Accident years 2012 - 2021 from tables above	361
All Accident years	\$ 372

Supplementary Information: (Favorable)/ Adverse Prior Period Development

	December 31, 2021
(in millions of U.S. dollars)	
Accident years prior to 2012	\$ (4)
Accident years 2012 - 2021 from tables above	34
All Accident years	\$ 30

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Global Reinsurance — Non-Casualty — Short-tail (continued)

Supplementary Information: Average Annual Percentage Payout of Net Incurred Claims by Age, as of December 31, 2021 (Unaudited)

Age in Years	1	2	3	4	5	6	7	8	9	10
Percentage	35 %	40 %	14 %	4 %	3 %	2 %	1 %	1 %	— %	— %

Prior Period Development — Supplementary Information

The following table presents a reconciliation of the loss development triangles above to prior period development:

Year Ended December 31, 2021 (in millions of U.S. dollars) (favorable)/unfavorable	2012 - 2020 accident years (implied PPD per loss triangles)	Accident years prior to 2012	Other ⁽¹⁾	PPD on loss reserves	Components of PPD		Total
					RIPs, Expense adjustments, and earned premiums		
North America Commercial P&C Insurance							
Long-tail	\$ (218)	\$ (191)	\$ (142)	\$ (551)	\$ 69	\$	\$ (482)
Short-tail	(277)	(3)	(10)	(290)	10		(280)
	(495)	(194)	(152) ⁽²⁾	(841)	79 ⁽³⁾		(762)
North America Personal P&C Insurance (Short-tail)	(293)	(2)	(9)	(304)	(1)		(305)
Overseas General Insurance							
Long-tail	(22)	(76)	(8)	(106)	—		(106)
Short-tail	(210)	(6)	(126)	(342)	7		(335)
	(232)	(82)	(134) ⁽⁴⁾	(448)	7		(441)
Global Reinsurance							
Long-tail	(2)	(27)	1	(28)	3		(25)
Short-tail	34	(4)	(2)	28	—		28
	32	(31)	(1)	—	3		3
Subtotal	\$ (988)	\$ (309)	\$ (296)	\$ (1,593)	\$ 88	\$	\$ (1,505)
North America Agricultural Insurance (Short-tail)				\$ 38	\$ (28)		\$ 10
Corporate (Long-tail)				569	—		569
Consolidated PPD				\$ (986)	\$ 60	\$	\$ (926)

⁽¹⁾ Other includes the impact of foreign exchange.

⁽²⁾ Includes favorable development of \$96 million related to our Alternative Risk Solutions business (U.S. and Bermuda) and an adjustment to exclude \$48 million in unfavorable development in the workers' compensation line, associated with an increase in exposure for which additional premiums were collected; the remaining difference relates to a number of other items, none of which are individually material.

⁽³⁾ Includes premium returns associated with our Alternative Risk Solutions business, which is excluded from the triangles.

⁽⁴⁾ Includes favorable development of \$118 million related to International A&H business; the remaining difference relates to a number of other items, none of which are individually material.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Prior Period Development

Prior period development (PPD) arises from changes to loss estimates recognized in the current year that relate to loss events that occurred in previous calendar years and excludes the effect of losses from the development of earned premium from previous accident years. Long-tail lines include lines such as workers' compensation, general liability, and professional liability; while short-tail lines include lines such as most property lines, energy, personal accident, and agriculture. The following table summarizes (favorable) and adverse PPD by segment:

Years Ended December 31 (in millions of U.S. dollars, except for percentages)	Long-tail	Short-tail	Total	% of beginning net unpaid reserves ⁽¹⁾
2021				
North America Commercial P&C Insurance	\$ (482)	\$ (280)	\$ (762)	1.4 %
North America Personal P&C Insurance	—	(305)	(305)	0.6 %
North America Agricultural Insurance	—	10	10	— %
Overseas General Insurance	(106)	(335)	(441)	0.8 %
Global Reinsurance	(25)	28	3	— %
Corporate	569	—	569	1.1 %
Total	\$ (44)	\$ (882)	\$ (926)	1.7 %
2020				
North America Commercial P&C Insurance	\$ (672)	\$ (30)	\$ (702)	1.4 %
North America Personal P&C Insurance	—	63	63	0.1 %
North America Agricultural Insurance	—	(10)	(10)	— %
Overseas General Insurance	(49)	(101)	(150)	0.3 %
Global Reinsurance	(25)	(4)	(29)	0.1 %
Corporate	433	—	433	0.9 %
Total	\$ (313)	\$ (82)	\$ (395)	0.8 %
2019				
North America Commercial P&C Insurance	\$ (668)	\$ 19	\$ (649)	1.3 %
North America Personal P&C Insurance	—	(95)	(95)	0.2 %
North America Agricultural Insurance	—	(80)	(80)	0.2 %
Overseas General Insurance	(68)	(24)	(92)	0.2 %
Global Reinsurance	(59)	30	(29)	0.1 %
Corporate	153	—	153	0.3 %
Total	\$ (642)	\$ (150)	\$ (792)	1.6 %

⁽¹⁾ Calculated based on the beginning of period consolidated net unpaid losses and loss expenses.

Significant prior period movements by segment, principally driven by reserve reviews completed during each respective period, are discussed in more detail below. The remaining net development for long-tail lines and short-tail business for each segment and Corporate comprises numerous favorable and adverse movements across a number of lines and accident years, none of which is significant individually or in the aggregate.

North America Commercial P&C Insurance
2021

North America Commercial P&C Insurance experienced net favorable PPD of \$762 million, which was the net result of several underlying favorable and adverse movements, including a favorable development on COVID-19 reserves of \$303 million, principally in management liability portfolios as described below, and was driven by the following principal changes:

- Net favorable development of \$482 million in long-tail business, primarily from:
 - Net favorable development of \$278 million in management liability portfolios, mainly in accident year 2020, of which \$256 million was related to COVID-19 estimates, driven by lower than expected claim frequency including securities class actions;

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

- Net favorable development of \$260 million in our workers' compensation business, mainly in accident years 2016 and prior, driven by lower than expected loss experience and related improvements to loss development factors. In addition, there was favorable development in accident year 2020 of \$36 million related to our annual assessment of multi-claimant events including industrial accidents;
- Net favorable development of \$59 million in financial lines (errors & omissions and cyber), mainly in accident years 2016, 2017 and 2020, from lower than expected emergence, partly offset by higher than expected development in accident year 2019;
- Net favorable development of \$43 million on large multi-line prospective deals, mainly in accident years 2017 and prior, from lower than expected reported loss activity. These structured deals typically cover large clients for multiple product lines and with varying loss limitations; this development is net of premium returns of \$46 million tied to the loss performance of the particular deals;
- Net favorable development of \$40 million in voluntary environmental lines, mainly in accident years 2017 and prior, from lower than expected emergence, partly offset by higher than expected development in accident year 2019;
- Adverse development of \$26 million related to an agreement-in-principle as part of the BSA bankruptcy in the 2004 and prior accident years. Refer to the Molestation claims section below for further information;
- Net adverse development of \$32 million in commercial excess and umbrella portfolios, with accident years 2016 through 2019 experiencing higher than expected reported loss activity, partly offset by lower than expected emergence in accident years 2015 and prior;
- Net adverse development of \$66 million in medical liability businesses, mainly in accident years 2017 and 2018, driven by higher than expected reported loss emergence and associated changes to loss expectations; and
- Net adverse development of \$71 million in commercial automobile liability, mainly in accident years 2017 and 2019, driven by adverse reported loss experience.
- Net favorable development of \$280 million in short-tail business, primarily from:
 - Net favorable development of \$164 million in property and marine coverages, mainly in accident years 2019 and 2020, driven by lower than expected loss development;
 - Net favorable development of \$89 million in surety, mainly in accident years 2018 through 2020, driven by lower than expected loss emergence, including \$35 million in accident year 2020, due to lower than expected COVID-19 claim activity;
 - Net favorable development of \$45 million in accident and health, mainly in accident years 2019 and 2020, where loss emergence was lower than expected; and
 - Net adverse development of \$42 million in first-party cyber risk, mainly in accident years 2018 through 2020, which experienced higher than expected loss development as well as higher than expected frequency and severity.

2020

North America Commercial P&C Insurance experienced net favorable PPD of \$702 million, which was the net result of several underlying favorable and adverse movements, and was driven by the following principal changes:

- Net favorable development of \$672 million in long-tail business, primarily from:
 - Net favorable development of \$363 million in workers' compensation lines. The majority of the favorable development related to accident years 2016 and prior, driven by lower than expected loss emergence and related updates to loss development factors. In addition, we experienced favorable development of \$62 million related to our annual assessment of multi-claimant events, including industrial accidents, in the 2019 accident year. Consistent with prior years, we reviewed these potential exposures after the close of the accident year to allow for late reporting or identification of significant losses. This favorable development in accident year 2019 was partially offset by some higher than expected activity from other claims;

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

- Net favorable development of \$231 million in management liability portfolios, favorably impacting accident years 2015 and prior where paid and reported loss activity was lower than expected, partially offset by adverse development in the 2016 through 2019 accident years, mainly due to higher than expected claim severity in our Directors and Officers (D&O) portfolios;
 - Net favorable development of \$83 million in commercial excess and umbrella portfolios, mainly in accident years 2014 and prior, driven by lower paid and reported loss activity relative to prior expectations as well as an increase in weighting towards experience-based methods, partially offset by adverse development in more recent accident years, due to higher than expected loss activity;
 - Net favorable development of \$67 million in professional liability (errors & omissions and cyber risk), driven by accident years 2016 and prior, which experienced lower than expected loss emergence;
 - Net favorable development of \$43 million in voluntary environmental lines, in accident years 2016 and prior, due to lower than expected loss emergence and a related update to loss development factors;
 - Net favorable development of \$41 million on large multi-line prospective deals in the 2016 and prior accident years, due to lower than expected reported loss activity. These structured deals typically cover large clients for multiple product lines and with varying loss limitations; this development is net of premium returns of \$26 million tied to the loss performance of the particular deals;
 - Net favorable development of \$40 million in foreign casualty businesses, mainly in accident year 2016, due to lower than expected reported loss activity, partially offset by adverse development on a large loss in accident year 2017;
 - Net adverse development of \$48 million in general liability coverages, driven by higher than expected reported loss activity in accident years 2017 through 2019, partially offset by favorable development in older accident years;
 - Net adverse development of \$64 million in medical liability businesses, mainly impacting accident years 2016 through 2019, primarily due to higher than expected reported loss emergence and associated changes to loss development factors and loss expectations; and
 - Net adverse development of \$77 million in commercial automobile liability, mainly in high deductible and excess portfolios, driven by adverse paid and reported loss emergence and related updates to loss development factors, mainly in accident years 2015 through 2019.
- Net favorable development of \$30 million in short-tail business, primarily from:
 - Net favorable development of \$37 million in accident & health, mainly in accident years 2018 and 2019, driven by lower than expected paid loss emergence;
 - Net favorable development of \$31 million in surety businesses, driven by accident year 2018, where loss emergence was lower than expected; and
 - Net adverse development of \$21 million in our marine portfolios, mainly impacting the 2019 accident year, driven by higher than expected non-catastrophe loss development.

2019

North America Commercial P&C Insurance experienced net favorable PPD of \$649 million, representing 1.3 percent of the beginning consolidated net unpaid losses and loss expense reserves.

North America Personal P&C Insurance

2021

North America Personal P&C Insurance incurred net favorable PPD of \$305 million, driven by favorable development of \$253 million in homeowners, including valuables, mainly in accident year 2020, which experienced better than expected non-catastrophe loss development and a favorable \$43 million in automobile, predominantly from better than expected frequency results in accident year 2020 for physical damage coverages.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

2020

North America Personal P&C Insurance incurred net adverse PPD of \$63 million, which was the net result of several underlying favorable and adverse movements, and was driven by the following principal changes:

- Net adverse development of \$84 million in the homeowners product line, including valuables, mainly in accident years 2017 through 2019 due to higher than expected non-catastrophe loss emergence and adverse development arising from natural catastrophes in accident years 2017 and 2018; and
- Net favorable development of \$22 million in the personal excess line, driven by favorable development mainly in the 2017 accident year, partially offset by adverse development in accident year 2019.

2019

North America Personal P&C Insurance incurred net favorable PPD of \$95 million, representing 0.2 percent of the beginning consolidated net unpaid losses and loss expense reserves.

North America Agricultural Insurance

North America Agricultural Insurance experienced net adverse PPD of \$10 million in 2021, and favorable PPD of \$10 million and \$80 million in 2020 and 2019, respectively. Actual claim development mainly relates to our Multiple Peril Crop Insurance business and is based on crop yield results in certain states at the prior year-end period (i.e., 2021 results based on crop yield results at year-end 2020).

Overseas General Insurance

2021

Overseas General Insurance experienced net favorable PPD of \$441 million which was the net result of several underlying favorable and adverse movements, including a favorable development on COVID-19 reserves of \$127 million, principally in financial lines as described below, and was driven by the following principal changes:

- Net favorable development of \$106 million in long-tail business, primarily from:
 - Net favorable development of \$67 million in casualty lines, including favorable development of \$95 million in accident years 2017 and prior, due to lower than expected loss emergence across primary and excess lines in Continental Europe and U.K., partially offset by adverse development of \$28 million in accident years 2018 through 2020, primarily due to higher than expected loss development and corresponding changes in loss development patterns on business in Asia Pacific; and
 - Net favorable development of \$14 million in financial lines, which is the net result of \$104 million favorable reduction in COVID-19 estimates in accident year 2020 and adverse development of \$90 million primarily in accident years 2011 through 2020 in D&O on specific claims in Australia and U.K., and adverse professional indemnity development, including medical malpractice, in various regions.
- Net favorable development of \$335 million in short-tail business, primarily from:
 - Net favorable development of \$111 million in accident and health lines in accident years 2019 and 2020, across most regions. Included in the favorable development is a \$20 million reduction in COVID-19 estimates in accident year 2020;
 - Net favorable development of \$71 million in consumer lines in accident years 2019 and 2020, driven by reduced claim frequency in personal automobile and high net worth business;
 - Net favorable development of \$67 million in property lines across most regions in accident years 2019 and 2020 driven by favorable loss emergence; and
 - Net favorable development of \$62 million in marine lines in accident years 2018 through 2020, driven by favorable loss development, specific claim reductions, and salvage and subrogation recoveries across all regions.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

2020

Overseas General Insurance experienced net favorable PPD of \$150 million, which was the net result of several underlying favorable and adverse movements, and was driven by the following principal changes:

- Net favorable development of \$49 million in long-tail business, primarily from:
 - Net favorable development of \$94 million in casualty lines, including favorable development of \$143 million in accident years 2016 and prior, due to lower than expected loss emergence across primary and excess lines in Continental Europe, U.K., and Asia Pacific, partially offset by adverse development of \$49 million in accident years 2017 through 2019, primarily due to adverse large loss experience in U.K. and Asia Pacific;
 - Net favorable development of \$22 million in political risk, driven by lower than expected loss emergence in accident years 2018 and 2019; and
 - Net adverse development of \$80 million in financial lines, with favorable development of \$61 million in accident years 2015 and prior, primarily from favorable case-specific settlements within Continental Europe and Asia Pacific financial institutions, which was more than offset by adverse development of \$141 million in accident years 2016 through 2019, primarily due to adverse large loss experience in D&O portfolios in the U.K. and Asia Pacific.
- Net favorable development of \$101 million in short-tail business, primarily from:
 - Net favorable development of \$69 million in marine, driven by favorable loss emergence and claim-specific loss settlements across all regions in accident years 2012 through 2019; and
 - Net favorable development of \$21 million in A&H, driven by favorable development across Continental Europe, U.K. and Latin America primarily in accident years 2018 and 2019.

2019

Overseas General Insurance experienced net favorable PPD of \$92 million, representing 0.2 percent of the beginning consolidated net unpaid losses and loss expense reserves.

Global Reinsurance

2021

Global Reinsurance experienced net adverse PPD of \$3 million, which was the net result of adverse development of \$34 million from property catastrophes losses, primarily Hurricanes Delta, Laura and Sally in 2020, partially offset by other items, none of which is significant individually.

2020

Global Reinsurance experienced net favorable PPD of \$29 million, which was the net result of several underlying favorable and adverse movements, none of which is significant individually or in the aggregate.

2019

Global Reinsurance experienced net favorable PPD of \$29 million, representing 0.1 percent of the beginning consolidated net unpaid losses and loss expense reserves.

Corporate

2021

Corporate incurred adverse development of \$569 million in long-tail lines, driven by the following principal changes:

- Adverse development of \$417 million for U.S. child molestation claims, primarily driven by a settlement-in-principle with the BSA regarding molestation claims. Refer to the Molestation claims section below for further information;
- Adverse development of \$83 million associated with asbestos and environmental liabilities, generally attributable to certain case specific incurred activity and higher than expected indemnity, expenses and defense costs on a limited number of accounts; and

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

- Adverse development of \$43 million on unallocated loss adjustment expenses due to run-off operating expenses and \$14 million from an increase in the provision for uncollectible reinsurance.

2020

Corporate incurred adverse development of \$433 million in long-tail lines, driven by the following principal changes:

- Adverse development of \$254 million for U.S. child molestation claims, predominantly reviver statute-related;
- Adverse development of \$106 million associated with asbestos and environmental liabilities, generally attributable to certain case specific incurred activity and higher than expected indemnity, expenses and defense costs on a limited number of accounts; and
- Adverse development of \$38 million on unallocated loss adjustment expenses due to run-off operating expenses and \$27 million from an increase in the provision for uncollectible reinsurance.

2019

Corporate incurred adverse development of \$153 million in long-tail lines, representing 0.3 percent of the beginning consolidated net unpaid losses and loss expense reserves.

Molestation claims

Chubb's exposure to molestation claims principally arises out of liabilities acquired when it purchased CIGNA's P&C business in 1999, and Chubb Corp in 2016. The vast majority of the current liability relates to exposure from recently enacted "reviver" legislation in certain states that allow civil claims relating to molestation to be asserted against policyholders that would otherwise be barred by statutes of limitations. These exposures are predominantly included in our inactive run-off operations included in the Corporate segment with an immaterial amount in the North America Commercial P&C segment.

In December 2021, Chubb reached an agreement-in-principle regarding the bankruptcy of the Boy Scouts of America (BSA). Under this agreement, which is contingent on a variety of conditions and court approvals, our inactive run-off company, Century Indemnity Company, and certain active Chubb companies will pay their respective share of \$800 million and obtain a broad release for all Chubb companies from BSA-related abuse claims. This liability is included in our Unpaid losses and loss expenses as of December 31, 2021, and is gross of reinsurance recoverable and previously carried reserves, collectively, of \$425 million.

Asbestos and environmental (A&E)

Chubb's exposure to A&E claims principally arises out of liabilities acquired when it purchased Westchester Specialty in 1998, CIGNA's P&C business in 1999, and Chubb Corp in 2016. The following table presents a roll-forward of consolidated A&E loss reserves including allocated loss expense reserves for A&E exposures, and the valuation allowance for uncollectible paid and unpaid reinsurance recoverables:

(in millions of U.S. dollars)	Asbestos		Environmental		Total	
	Gross	Net	Gross	Net	Gross	Net
Balance at December 31, 2018	\$ 1,492	\$ 964	\$ 625	\$ 483	\$ 2,117	\$ 1,447
Incurred activity	129	70	46	28	175	98 (1)
Paid activity	(162)	(118)	(142)	(101)	(304)	(219)
Balance at December 31, 2019	1,459	916	529	410	1,988	1,326
Incurred activity	150	90	79	41	229	131 (1)
Paid activity	(258)	(133)	(91)	(72)	(349)	(205)
Balance at December 31, 2020	1,351	873	517	379	1,868	1,252
Incurred activity	96	64	52	40	148	104 (1)
Paid activity	(221)	(137)	(167)	(117)	(388)	(254)
Balance at December 31, 2021	\$ 1,226	\$ 800	\$ 402	\$ 302	\$ 1,628	\$ 1,102

(1) Excludes unallocated loss expenses and the net activity reflects third-party reinsurance other than the aggregate excess of loss reinsurance provided by National Indemnity Company (NICO) to Westchester Specialty (see Westchester Specialty section below).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

The A&E net loss reserves including allocated loss expense reserves and valuation allowance for uncollectible reinsurance at December 31, 2021 and 2020 shown in the table above is comprised of:

(in millions of U.S. dollars)	December 31	
	2021	2020
Brandywine operations	\$ 646	\$ 736
Westchester Specialty	100	103
Chubb Corp	286	333
Other, mainly Overseas General Insurance	70	80
Total	\$ 1,102	\$ 1,252

Brandywine Run-off entities – The Restructuring Plan and uncertainties relating to Chubb's ultimate Brandywine exposure

In 1996, the Pennsylvania Insurance Commissioner approved a plan to restructure INA Financial Corporation and its subsidiaries (the Restructuring) which included the division of Insurance Company of North America (INA) into two separate corporations:

- (1) An active insurance company that retained the INA name and continued to write P&C business; and
- (2) An inactive run-off company, now called Century Indemnity Company (Century).

As a result of the division, predominantly all A&E and certain other liabilities of INA were ascribed to Century and extinguished, as a matter of Pennsylvania law, as liabilities of INA.

As part of the Restructuring, most A&E liabilities of various U.S. affiliates of INA were reinsured to Century. Century and certain other run-off companies having A&E and other liabilities were contributed to Brandywine Holdings.

The U.S.-based Chubb INA companies assumed two contractual obligations in respect of the Brandywine operations in connection with the Restructuring: a surplus maintenance obligation in the form of the excess of loss (XOL) agreement and a dividend retention fund obligation.

XOL Agreement

In 1996, in connection with the Restructuring, a Chubb INA insurance subsidiary provided reinsurance coverage to Century in the amount of \$800 million under an Aggregate Excess of Loss Reinsurance Agreement (XOL Agreement), triggerable if the statutory capital and surplus of Century falls below \$25 million or if Century lacks liquid assets with which to pay claims as they become due.

Dividend Retention Fund

INA Financial Corporation established and funded a dividend retention fund (the Dividend Retention Fund) consisting of \$50 million plus investment earnings. The full balance of the Dividend Retention Fund was contributed to Century as of December 31, 2002. Under the Restructuring Order, while any obligation to maintain the Dividend Retention Fund is in effect, to the extent dividends are paid by INA Holdings Corporation to its parent, INA Financial Corporation, and to the extent INA Financial Corporation then pays such dividends to INA Corporation, a portion of those dividends must be withheld to replenish the principal of the Dividend Retention Fund to \$50 million. In 2021 and 2020, \$50 million and \$250 million, respectively, were withheld from such dividends and deposited into the Dividend Retention Fund as a result of dividends paid up to the INA Corporation. Pursuant to a 2011 amendment to the Restructuring Order, capital contributions from the Dividend Retention Fund to Century are not required until the XOL Agreement has less than \$200 million of capacity remaining on an incurred basis for statutory reporting purposes. The amount of the required capital contribution shall be the lesser of the amount necessary to restore the XOL Agreement remaining capacity to \$200 million or the Dividend Retention Fund balance. In 2021 and 2020, capital contributions of \$18 million and \$302 million were made, respectively, from the Dividend Retention Fund to Century. The Dividend Retention Fund may not be terminated without prior written approval from the Pennsylvania Insurance Commissioner.

In 2004, Chubb INA contributed \$100 million to Century in exchange for a surplus note. After giving effect to the surplus note, contributions from the Dividend Retention Fund, results from operations and other items impacting statutory surplus, the statutory surplus of Century at December 31, 2021 was \$25 million and \$745 million in statutory-basis losses have been ceded to the XOL Agreement on an inception-to-date basis. The XOL Agreement statutory-basis remaining limit at December 31,

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

2021 is \$55 million. Century reports the amount ceded under the XOL Agreement in accordance with statutory accounting principles, which differ from GAAP by, among other things, allowing Century to discount its liabilities, including certain asbestos related and environmental pollution liabilities and Century's reinsurance payable to active companies. For GAAP reporting purposes, intercompany reinsurance recoverables related to the XOL are eliminated upon consolidation.

While Chubb believes it has no legal obligation to fund Century losses above the XOL limit of coverage, Chubb's consolidated results would nevertheless continue to include any losses above the limit of coverage for so long as the Brandywine companies remain consolidated subsidiaries of Chubb.

Certain active Chubb companies are primarily liable for asbestos, environmental, and other exposures that they have reinsured to Century. Accordingly, if Century were to become insolvent and placed into rehabilitation or liquidation, some or all of the recoverables due to these active Chubb companies from Century could become uncollectible. At December 31, 2021 and 2020, the aggregate reinsurance recoverables owed by Century to certain active Chubb companies were approximately \$1.8 billion and \$1.6 billion, respectively, on an undiscounted basis. Chubb believes the active company intercompany reinsurance recoverables, which relate to direct liabilities payable over many years, are not impaired. At December 31, 2021 and 2020, Century's carried gross reserves (including reserves assumed from the active Chubb companies) were \$2.2 billion and \$2.1 billion, respectively. Should Century's loss reserves experience adverse development in the future and should Century be placed into rehabilitation or liquidation, the reinsurance recoverables due from Century to certain active Chubb companies would be payable only after the payment in full of certain expenses and liabilities, including administrative expenses and direct policy liabilities. Thus, the intercompany reinsurance recoverables would be at risk to the extent of the shortage of assets remaining to pay these recoverables.

Westchester Specialty – impact of NICO contracts on Chubb's run-off entities

As part of the Westchester Specialty acquisition in 1998, NICO provided a 75 percent pro-rata share of \$1.0 billion of reinsurance protection on losses and loss adjustment expenses incurred on or before December 31, 1996, in excess of a retention of \$721 million. At December 31, 2021, the remaining unused incurred limit under the Westchester NICO agreement was \$359 million.

8. Taxation

Under Swiss law through December 31, 2021, a resident company is subject to income tax at the federal, cantonal, and communal levels that is levied on net worldwide income. Income attributable to permanent establishments or real estate located abroad is excluded from the Swiss tax base. Furthermore, participation relief (i.e., tax relief) is granted to Chubb Limited at the federal, cantonal, and communal level for qualifying dividend income. Chubb Limited is subject to an annual cantonal and communal capital tax on the taxable equity of Chubb Limited in Switzerland.

Chubb has two Swiss operating subsidiaries, an insurance company, Chubb Insurance (Switzerland) Limited and a reinsurance company, Chubb Reinsurance (Switzerland) Limited. Both are subject to federal, cantonal, and communal income tax and to annual cantonal and communal capital tax.

Under current Bermuda law, Chubb Limited and its Bermuda subsidiaries are not required to pay any taxes on income or capital gains. If a Bermuda law were enacted that would impose taxes on income or capital gains, Chubb Limited and the Bermuda subsidiaries have received written assurances from the Minister of Finance in Bermuda that would exempt such companies from Bermudian taxation until March 2035.

Income from Chubb's operations at Lloyd's is subject to United Kingdom (U.K.) corporation income taxes. Lloyd's is required to pay U.S. income tax on U.S. connected income written by Lloyd's syndicates. Lloyd's has a closing agreement with the Internal Revenue Service (IRS) whereby the amount of tax due on this business is calculated by Lloyd's and remitted directly to the IRS. These amounts are then charged to the accounts of Chubb's Corporate Members in proportion to their participation in the relevant syndicates. Chubb's Corporate Members are subject to this arrangement but, as U.K. domiciled companies, will receive U.K. corporation tax credits for any U.S. income tax incurred up to the value of the equivalent U.K. corporation income tax charge on this income.

Chubb Group Holdings and its respective subsidiaries are subject to income taxes imposed by U.S. authorities and file a consolidated U.S. Federal income tax return. Should Chubb Group Holdings pay a dividend to Chubb Limited, withholding taxes

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

would apply. Currently, however, no withholding taxes are accrued with respect to such un-remitted earnings as management has no intention of remitting these earnings. Similarly, no taxes have been provided on the un-remitted earnings of certain foreign subsidiaries (Hong Kong and Korea life insurance companies) as management has no intention of remitting these earnings. The cumulative amount that would be subject to withholding tax, if distributed, as well as the determination of the associated tax liability are not practicable to compute; however, such amount would be material.

Certain international operations of Chubb are also subject to income taxes imposed by the jurisdictions in which they operate.

Chubb's domestic operations are in Switzerland, the jurisdiction where we are legally organized, incorporated, and registered. As a result of Swiss federal tax reform which was effective in 2020, the tax rate changed from 7.83 percent to 21.2 percent and further changed in 2021 to 19.7 percent due to Cantonal tax rates.

The following table presents pre-tax income and the related provision for income taxes:

(in millions of U.S. dollars)	2021		Year Ended December 31	
			2020	2019
Pre-tax income:				
Switzerland	\$	349	\$ 350	\$ 440
Outside Switzerland		9,467	3,812	4,809
Total pre-tax income	\$	9,816	\$ 4,162	\$ 5,249
Provision for income taxes				
Current tax expense:				
Switzerland	\$	65	\$ 52	\$ 29
Outside Switzerland		1,294	876	879
Total current tax expense		1,359	928	908
Deferred tax expense (benefit):				
Switzerland		(15)	2	11
Outside Switzerland		(67)	(301)	(124)
Total deferred tax expense (benefit)		(82)	(299)	(113)
Provision for income taxes	\$	1,277	\$ 629	\$ 795

The most significant jurisdictions contributing to the overall taxation of Chubb are calculated using the following rates in 2021: Switzerland 19.7 percent, U.S. 21.0 percent, U.K. 19.0 percent, and Bermuda 0.0 percent.

The following table presents a reconciliation of the difference between the provision for income taxes and the expected tax provision at the Swiss statutory income tax rate:

(in millions of U.S. dollars)	2021		Year Ended December 31	
			2020	2019
Expected tax provision at Swiss statutory tax rate	\$	1,934	\$ 880	\$ 411
Permanent differences:				
Taxes on earnings subject to rate other than Swiss statutory rate		(740)	(337)	376
Tax-exempt interest and dividends received deduction, net of proration		(38)	(41)	(49)
Net withholding taxes		78	67	40
Other		43	60	17
Provision for income taxes	\$	1,277	\$ 629	\$ 795

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

The following table presents the components of net deferred tax assets and liabilities:

(in millions of U.S. dollars)	December 31	
	2021	2020
Deferred tax assets:		
Loss reserve discount	\$ 950	\$ 884
Unearned premiums reserve	544	496
Foreign tax credits	156	222
Provision for uncollectible balances	32	46
Loss carry-forwards	139	123
Debt related amounts	70	69
Compensation related amounts	178	281
Cumulative translation adjustments	28	120
Investments	—	75
Lease liability	111	121
Depreciation	190	—
Total deferred tax assets	2,398	2,437
Deferred tax liabilities:		
Deferred policy acquisition costs	679	522
Other intangible assets, including VOBA	1,268	1,425
Un-remitted foreign earnings	121	77
Investments	144	—
Unrealized appreciation on investments	360	957
Depreciation	—	123
Lease right-of-use asset	100	111
Other, net	23	31
Total deferred tax liabilities	2,695	3,246
Valuation allowance	92	83
Net deferred tax liabilities	\$ (389)	\$ (892)

The valuation allowance of \$92 million and \$83 million at December 31, 2021 and 2020, respectively, reflects management's assessment, based on available information, that it is more likely than not that a portion of the deferred tax assets will not be realized due to the inability of certain non-U.S. subsidiaries to generate sufficient taxable income. Adjustments to the valuation allowance are made when there is a change in management's assessment of the amount of deferred tax assets that are realizable.

At December 31, 2021, Chubb has net operating loss carry-forwards of \$461 million which, if unused, will expire starting in 2022, and a foreign tax credit carry-forward in the amount of \$156 million which, if unused, will expire starting in 2026.

The following table presents a reconciliation of the beginning and ending amount of gross unrecognized tax benefits:

(in millions of U.S. dollars)	Year Ended December 31	
	2021	2020
Balance, beginning of year	\$ 76	\$ 47
Additions based on tax positions related to the current year	—	5
Additions based on tax positions related to prior years	7	24
Reductions for settlements with taxing authorities	(19)	—
Balance, end of year	\$ 64	\$ 76

At December 31, 2021 and 2020, the gross unrecognized tax benefits of \$64 million and \$76 million, respectively, can be reduced by \$26 million and \$31 million, respectively, associated with foreign tax credits. The net amounts of \$38 million and

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

\$45 million at December 31, 2021 and 2020, respectively, if recognized, would favorably affect the effective tax rate. It is reasonably possible that over the next twelve months, that the amount of unrecognized tax benefits may change further resulting from the re-evaluation of unrecognized tax benefits arising from examinations by taxing authorities and the lapses of statutes of limitations.

Chubb recognizes accruals for interest and penalties, if any, related to unrecognized tax benefits in Income tax expense in the Consolidated statements of operations. Tax-related interest expense and penalties reported in the Consolidated statements of operations were \$1 million, \$8 million, and \$5 million at December 31, 2021, 2020, and 2019, respectively. Liabilities for tax-related interest and penalties in our Consolidated balance sheets were \$14 million and \$16 million at December 31, 2021 and 2020, respectively.

In March 2017, the IRS commenced its field examination of Chubb Group Holdings' U.S. Federal income tax returns for 2014 and 2015 which is still ongoing. In July 2020, the IRS commenced its field examination of Chubb Group Holdings' U.S. Federal income tax returns for 2016, 2017 and 2018 which is also still ongoing. No material adjustments have been proposed by the IRS for any year under examination. As a multinational company, we also have examinations under way in several foreign jurisdictions. With few exceptions, Chubb is no longer subject to income tax examinations for years prior to 2011.

The following table summarizes tax years open for examination by major income tax jurisdiction:

At December 31, 2021

Australia	2015	-	2021
Canada	2012	-	2021
France	2019	-	2021
Germany	2015	-	2021
Italy	2011	-	2021
Mexico	2014	-	2021
Spain	2012	-	2021
Switzerland	2016	-	2021
United Kingdom	2015	-	2021
United States	2014	-	2021

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

9. Debt

(in millions of U.S. dollars)	December 31 2021	December 31 2020	Early Redemption Option
Repurchase agreements (weighted average interest rate of 0.2% in 2021 and 0.3% in 2020)	\$ 1,406	\$ 1,405	None
Short-term debt			
Chubb INA:			
\$1,000 million 2.875% senior notes due November 2022	\$ 999	\$ —	Make-whole premium plus 20 bps
Total short-term debt	\$ 999	\$ —	
Long-term debt			
Chubb INA:			
\$1,000 million 2.875% senior notes due November 2022	\$ —	\$ 998	Make-whole premium plus 20 bps
\$475 million 2.7% senior notes due March 2023	474	474	Make-whole premium plus 10 bps
\$700 million 3.35% senior notes due May 2024	698	698	Make-whole premium plus 15 bps
€700 million 0.3% senior notes due December 2024	787	841	Make-whole premium plus 15 bps
\$800 million 3.15% senior notes due March 2025	798	797	Make-whole premium plus 15 bps
\$1,500 million 3.35% senior notes due May 2026	1,494	1,493	Make-whole premium plus 20 bps
€575 million 0.875% senior notes due June 2027	645	691	Make-whole premium plus 20 bps
€900 million 1.55% senior notes due March 2028	1,009	1,079	Make-whole premium plus 15 bps
\$100 million 8.875% debentures due August 2029	100	100	None
€700 million 0.875% senior notes due December 2029	785	840	Make-whole premium plus 20 bps
\$1,000 million 1.375% senior notes due September 2030	992	991	Make-whole premium plus 15 bps
€575 million 1.4% senior notes due June 2031	642	687	Make-whole premium plus 25 bps
\$200 million 6.8% debentures due November 2031	238	242	Make-whole premium plus 25 bps
\$300 million 6.7% senior notes due May 2036	298	298	Make-whole premium plus 20 bps
\$800 million 6.0% senior notes due May 2037	936	945	Make-whole premium plus 20 bps
€900 million 2.5% senior notes due March 2038	1,007	1,077	Make-whole premium plus 25 bps
\$600 million 6.5% senior notes due May 2038	735	743	Make-whole premium plus 30 bps
\$475 million 4.15% senior notes due March 2043	470	470	Make-whole premium plus 15 bps
\$1,500 million 4.35% senior notes due November 2045	1,485	1,484	Make-whole premium plus 25 bps
\$600 million 2.85% senior notes due December 2051	593	—	Make-whole premium plus 15 bps
\$1,000 million 3.05% senior notes due December 2061	983	—	Make-whole premium plus 20 bps
Total long-term debt	\$ 15,169	\$ 14,948	
Trust preferred securities			
Chubb INA capital securities due April 2030	\$ 308	\$ 308	Redemption prices ⁽¹⁾

⁽¹⁾ Redemption prices are equal to accrued and unpaid interest to the redemption date plus the greater of (i) 100 percent of the principal amount thereof, or (ii) sum of present value of scheduled payments of principal and interest on the capital securities from the redemption date to April 1, 2030.

a) Repurchase agreements

Chubb has executed repurchase agreements with certain counterparties under which Chubb agreed to sell securities and repurchase them at a future date for a predetermined price.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

b) Short-term debt

Short-term debt comprises the current maturities of our long-term debt instruments described below. These short-term debt instruments were reclassified from long-term debt and are reflected in the table above.

c) Long-term debt

On November 15, 2021, Chubb INA Holdings Inc. (Chubb INA) issued \$600 million of 2.85 percent senior notes due December 2051 and \$1,000 million of 3.05 percent senior notes due December 2061. With the exception of the \$100 million of 8.875 percent debentures due August 2029, which do not have an early redemption option, the senior notes in the table above are redeemable at any time at Chubb INA's option subject to a "make-whole" premium plus additional basis points as defined in the table above. A "make-whole" premium is the present value of the remaining principal and interest discounted at the applicable U.S. Treasury rate. These debt securities are also redeemable at par plus accrued and unpaid interest in the event of certain changes in tax law.

The senior notes and debentures do not have the benefit of any sinking fund and are guaranteed on a senior basis by Chubb Limited and they rank equally with all of Chubb's other senior obligations. They also contain customary limitations on lien provisions as well as customary events of default provisions which, if breached, could result in the accelerated maturity of such senior debt.

d) Trust preferred securities

In March 2000, ACE Capital Trust II, a Delaware statutory business trust, publicly issued \$300 million of 9.7 percent Capital Securities (the Capital Securities) due to mature in April 2030. At the same time, Chubb INA purchased \$9.2 million of common securities of ACE Capital Trust II. The sole assets of ACE Capital Trust II consist of \$309 million principal amount of 9.7 percent Junior Subordinated Deferrable Interest Debentures (the Subordinated Debentures) issued by Chubb INA due to mature in April 2030.

Distributions on the Capital Securities are payable semi-annually and may be deferred for up to ten consecutive semi-annual periods (but no later than April 1, 2030). Any deferred payments would accrue interest compounded semi-annually if Chubb INA defers interest on the Subordinated Debentures. Interest on the Subordinated Debentures is payable semi-annually. Chubb INA may defer such interest payments (but no later than April 1, 2030), with such deferred payments accruing interest compounded semi-annually. The Capital Securities and the ACE Capital Trust II Common Securities will be redeemed upon repayment of the Subordinated Debentures.

Chubb Limited has guaranteed, on a subordinated basis, Chubb INA's obligations under the Subordinated Debentures, and distributions and other payments due on the Capital Securities. These guarantees, when taken together with Chubb's obligations under expense agreements entered into with ACE Capital Trust II, provide a full and unconditional guarantee of amounts due on the Capital Securities.

10. Commitments, contingencies, and guarantees

a) Derivative instruments

Foreign currency management

As a global company, Chubb entities transact business in multiple currencies. Our policy is to generally match assets, liabilities, and required capital for each individual jurisdiction in local currency, which would include the use of derivatives discussed below. We do not hedge our net asset non-U.S. dollar capital positions; however, we do consider economic hedging for planned cross border transactions.

Derivative instruments employed

Chubb maintains positions in derivative instruments such as futures, options, swaps, and foreign currency forward contracts for which the primary purposes are to manage duration and foreign currency exposure, yield enhancement, or to obtain an exposure to a particular financial market. Chubb also maintains positions in convertible securities that contain embedded derivatives. Investment derivative instruments are recorded in either Other assets (OA) or Accounts payable, accrued expenses, and other liabilities (AP); convertible bonds are recorded in Fixed maturities available for sale (FM AFS); and convertible equity securities are recorded in Equity securities (ES) in the Consolidated balance sheets. These are the most numerous and frequent derivative transactions. In addition, Chubb, from time to time, purchases to be announced mortgage-backed securities (TBAs) as part of its investing activities.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Under reinsurance programs covering GLBs, Chubb assumes the risk of GLBs, principally GMIB, associated with variable annuity contracts. The GMIB risk is triggered if, at the time the contract holder elects to convert the accumulated account value to a periodic payment stream (annuitize), the accumulated account value is not sufficient to provide a guaranteed minimum level of monthly income. The GLB reinsurance product meets the definition of a derivative instrument and is classified within AP. Chubb also generally maintains positions in exchange-traded equity futures contracts on equity market indices to limit equity exposure in the GMDB and GLB book of business. All derivative instruments are carried at fair value with changes in fair value recorded in Net realized gains (losses) in the Consolidated statements of operations. None of the derivative instruments are designated as hedges for accounting purposes. The following table presents the balance sheet locations, fair values of derivative instruments in an asset or (liability) position, and notional values/payment provisions of our derivative instruments:

(in millions of U.S. dollars)	Consolidated Balance Sheet Location	Derivative Asset	December 31, 2021		December 31, 2020		
			Fair Value Derivative (Liability)	Notional Value/ Payment Provision	Derivative Asset	Fair Value Derivative (Liability)	Notional Value/ Payment Provision
<i>Investment and embedded derivative instruments:</i>							
Foreign currency forward contracts	OA / (AP)	\$ 25	\$ (139)	\$ 6,182	\$ 22	\$ (49)	\$ 2,807
Options/Futures contracts on notes, bonds, and equities	OA / (AP)	33	(27)	12,944	13	(3)	1,749
Convertible securities ⁽¹⁾	FM AFS / ES	11	—	12	9	—	11
		\$ 69	\$ (166)	\$ 19,138	\$ 44	\$ (52)	\$ 4,567
<i>Other derivative instruments:</i>							
Futures contracts on equities ⁽²⁾	OA / (AP)	\$ —	\$ (16)	\$ 905	\$ —	\$ (17)	\$ 709
Other	OA / (AP)	—	—	3	—	—	16
		\$ —	\$ (16)	\$ 908	\$ —	\$ (17)	\$ 725
GLB ⁽³⁾	(AP)	\$ —	\$ (745)	\$ 1,432	\$ —	\$ (1,089)	\$ 1,658

⁽¹⁾ Includes fair value of embedded derivatives.

⁽²⁾ Related to GMDB and GLB book of business.

⁽³⁾ Note that the payment provision related to GLB is the net amount at risk. The concept of a notional value does not apply to the GLB reinsurance contracts.

At December 31, 2021 and 2020, net derivative liabilities of \$123 million and \$30 million, respectively, included in the table above were subject to a master netting agreement. The remaining derivatives included in the table above were not subject to a master netting agreement. The following table presents net realized gains (losses) related to derivative instrument activity in the Consolidated statements of operations:

(in millions of U.S. dollars)	2021		Year Ended December 31	
			2020	2019
<i>Investment and embedded derivative instruments:</i>				
Foreign currency forward contracts	\$	(62)	\$ 65	\$ (79)
Interest rate swaps		—	—	(270)
All other futures contracts, options, and equities		(10)	16	(88)
Convertible securities ⁽¹⁾		—	—	2
Total investment and embedded derivative instruments	\$	(72)	\$ 81	\$ (435)
<i>GLB and other derivative instruments:</i>				
GLB	\$	316	\$ (202)	\$ (4)
Futures contracts on equities ⁽²⁾		(202)	(108)	(138)
Other		(8)	1	(8)
Total GLB and other derivative instruments	\$	106	\$ (309)	\$ (150)
	\$	34	\$ (228)	\$ (585)

⁽¹⁾ Includes embedded derivatives.

⁽²⁾ Related to GMDB and GLB book of business.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

b) Derivative instrument objectives

(i) Foreign currency exposure management

A foreign currency forward contract (forward) is an agreement between participants to exchange specific currencies at a future date. Chubb uses forwards to minimize the effect of fluctuating foreign currencies as discussed above.

(ii) Duration management and market exposure

Futures

Futures contracts give the holder the right and obligation to participate in market movements, determined by the index or underlying security on which the futures contract is based. Settlement is made daily in cash by an amount equal to the change in value of the futures contract times a multiplier that scales the size of the contract. Exchange-traded futures contracts on money market instruments, notes and bonds are used in fixed maturity portfolios to more efficiently manage duration, as substitutes for ownership of the money market instruments, bonds and notes without significantly increasing the risk in the portfolio. Investments in futures contracts may be made only to the extent that there are assets under management not otherwise committed.

Exchange-traded equity futures contracts are used to limit exposure to a severe equity market decline, which would cause an increase in expected claims and therefore, an increase in future policy benefit reserves for GMDB and an increase in the fair value liability for GLB reinsurance business.

Options

An option contract conveys to the holder the right, but not the obligation, to purchase or sell a specified amount or value of an underlying security at a fixed price. Option contracts are used in our investment portfolio as protection against unexpected shifts in interest rates, which would affect the duration of the fixed maturity portfolio. By using options in the portfolio, the overall interest rate sensitivity of the portfolio can be reduced. Option contracts may also be used as an alternative to futures contracts in the synthetic strategy as described above.

The price of an option is influenced by the underlying security, level of interest rates, expected volatility, time to expiration, and supply and demand.

The credit risk associated with the above derivative financial instruments relates to the potential for non-performance by counterparties. Although non-performance is not anticipated, in order to minimize the risk of loss, management monitors the creditworthiness of its counterparties and obtains collateral. The performance of exchange-traded instruments is guaranteed by the exchange on which they trade. For non-exchange-traded instruments, the counterparties are principally banks which must meet certain criteria according to our investment guidelines.

Interest rate swaps

An interest rate swap is a contract between two counterparties in which interest payments are made based on a notional principal amount, which itself is never paid or received. Under the terms of an interest rate swap, one counterparty makes interest payments based on a fixed interest rate and the other counterparty's payments are based on a floating rate. Interest rate swap contracts are used occasionally in our investment portfolio as protection against unexpected shifts in interest rates, which would affect the fair value of the fixed maturity portfolio. By using interest rate swaps in the portfolio, the overall duration or interest rate sensitivity of the portfolio can be impacted.

Cross-currency swaps

Cross-currency swaps are agreements under which two counterparties exchange interest payments and principal denominated in different currencies at a future date. We use cross-currency swaps to reduce the foreign currency and interest rate risk by converting cash flows back into local currency. We invest in foreign currency denominated investments to improve credit diversification and also to obtain better duration matching to our liabilities that is limited in the local currency market.

Other

Included within Other are derivatives intended to reduce potential losses which may arise from certain exposures in our insurance business. The economic benefit provided by these derivatives is similar to purchased reinsurance. For example, Chubb may enter into crop derivative contracts to protect underwriting results in the event of a significant decline in commodity prices.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

(iii) Convertible security investments

A convertible security is a debt instrument or preferred stock that can be converted into a predetermined amount of the issuer's equity. The convertible option is an embedded derivative within the host instruments which are classified in the investment portfolio as either available for sale or as an equity security. Chubb purchases convertible securities for their total return and not specifically for the conversion feature.

(iv) TBA

By acquiring TBAs, we make a commitment to purchase a future issuance of mortgage-backed securities. For the period between purchase of the TBAs and issuance of the underlying security, we account for our position as a derivative in the Consolidated Financial Statements. Chubb purchases TBAs, from time to time, both for their total return and for the flexibility they provide related to our mortgage-backed security strategy.

(v) GLB

Under the GLB program, as the assuming entity, Chubb is obligated to provide coverage until the expiration or maturity of the underlying deferred annuity contracts or the expiry of the reinsurance treaty. The GLB is accounted for as a derivative and is recorded at fair value. Fair value represents management's estimate of an exit price and thus, includes a risk margin. We may recognize a realized loss for other changes in fair value due to adverse changes in the capital markets (e.g., declining interest rates and/or declining U.S. and/or international equity markets) and changes in actual or estimated future policyholder behavior (e.g., increased annuitization or decreased lapse rates) although we expect the business to be profitable.

To mitigate adverse changes in the capital markets, we maintain positions in exchange-traded equity futures contracts, as noted under section "(ii) Futures" above. These futures increase in fair value when the S&P 500 index decreases (and decrease in fair value when the S&P 500 index increases). The net impact of gains or losses related to changes in fair value of the GLB liability and the exchange-traded equity futures are included in Net realized gains (losses).

c) Securities lending and secured borrowings

Chubb participates in a securities lending program operated by a third-party banking institution whereby certain assets are loaned to qualified borrowers and from which we earn an incremental return. The securities lending collateral can only be drawn down by Chubb in the event that the institution borrowing the securities is in default under the lending agreement. An indemnification agreement with the lending agent protects us in the event a borrower becomes insolvent or fails to return any of the securities on loan. The collateral is recorded in Securities lending collateral and the liability is recorded in Securities lending payable in the Consolidated balance sheets. The following table presents the carrying value of collateral held under securities lending agreements by investment category and remaining contractual maturity of the underlying agreements:

(in millions of U.S. dollars)	December 31, 2021		Remaining contractual maturity December 31, 2020	
			Overnight and Continuous	
<i>Collateral held under securities lending agreements:</i>				
Cash	\$	931	\$	551
U.S. Treasury / Agency		128		148
Non-U.S.		752		1,032
Corporate and asset-backed securities		12		30
Mortgage-backed securities		1		4
Equity securities		7		79
	\$	1,831	\$	1,844
Gross amount of recognized liability for securities lending payable	\$	1,831	\$	1,844

At December 31, 2021 and 2020, our repurchase agreement obligations of \$1,406 million and \$1,405 million, respectively, were fully collateralized. In contrast to securities lending programs, the use of cash received is not restricted for the repurchase obligations. The fair value of the underlying securities sold remains in Fixed maturities available for sale, and the repurchase agreement obligation is recorded in Repurchase agreements in the Consolidated balance sheets.

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Chubb Limited and Subsidiaries

The following table presents the carrying value of collateral pledged under repurchase agreements by investment category and remaining contractual maturity of the underlying agreements:

(in millions of U.S. dollars)	December 31, 2021			Remaining contractual maturity December 31, 2020		
	30-90 Days	Greater than 90 Days	Total	30-90 Days	Greater than 90 Days	Total
Collateral pledged under repurchase agreements:						
Cash	\$ —	\$ 29	\$ 29	\$ —	\$ 4	\$ 4
U.S. Treasury / Agency	103	—	103	—	106	106
Mortgage-backed securities	—	1,288	1,288	481	871	1,352
	\$ 103	\$ 1,317	\$ 1,420	\$ 481	\$ 981	\$ 1,462
Gross amount of recognized liabilities for repurchase agreements		\$ 1,406			\$ 1,405	
Difference ⁽¹⁾		\$ 14			\$ 57	

⁽¹⁾ Per the repurchase agreements, the amount of collateral posted is required to exceed the amount of gross liability.

Potential risks exist in our secured borrowing transactions due to market conditions and counterparty exposure. With collateral that we pledge, there is a risk that the collateral may not be returned at the expiration of the agreement. If the counterparty fails to return the collateral, Chubb will have free use of the borrowed funds until our collateral is returned. In addition, we may encounter the risk that Chubb may not be able to renew outstanding borrowings with a new term or with an existing counterparty due to market conditions including a decrease in demand as well as more restrictive terms from banks due to increased regulatory and capital constraints. Should this condition occur, Chubb may seek alternative borrowing sources or reduce borrowings. Additionally, increased margins and collateral requirements due to market conditions would increase our restricted assets as we are required to provide additional collateral to support the transaction.

d) Concentrations of credit risk

Our investment portfolio is managed following prudent standards of diversification. Specific provisions limit the allowable holdings of a single issue and issuer. We believe that there are no significant concentrations of credit risk associated with our investments. Our three largest corporate exposures by issuer at December 31, 2021, were Wells Fargo & Co., Bank of America Corp, and JP Morgan Chase & Co. Our largest exposure by industry at December 31, 2021 was financial services.

We market our insurance and reinsurance worldwide primarily through insurance and reinsurance brokers. We assume a degree of credit risk associated with brokers with whom we transact business. Approximately 12 percent of our gross premiums written was generated from or placed by Marsh & McLennan Companies, Inc., for the years ended December 31, 2021, 2020 and 2019. This entity is a large, well-established company, and there are no indications that it is financially troubled at December 31, 2021. No other broker or one insured accounted for more than 10 percent of our gross premiums written for these years.

e) Fixed maturities

At December 31, 2021, we have commitments to purchase fixed income securities of \$771 million over the next several years.

At December 31, 2021, we entered into an off-balance sheet agreement with a third party to guarantee that party's commitment to purchase \$500 million of a certain portfolio of securities in the event the third party does not purchase the portfolio. Chubb earns a fee on this agreement. The term of the agreement is 90 days and subject to renewal.

f) Other investments

At December 31, 2021, included in Other investments in the Consolidated balance sheet are investments in limited partnerships and partially-owned investment companies with a carrying value of \$9.8 billion. In connection with these investments, we have commitments that may require funding of up to \$7.2 billion over the next several years. At December 31, 2020, these investments had a carrying value of \$6.5 billion with a commitment that may require funding of up to \$3.2 billion.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

g) Letters of credit

We have access to capital markets and to credit facilities with letter of credit capacity of \$3.7 billion with a sub-limit of \$1.9 billion for revolving credit. Our existing credit facilities have remaining terms expiring through October 2022. At December 31, 2021, our LOC usage was \$1.4 billion.

h) Legal proceedings

Our insurance subsidiaries are subject to claims litigation involving disputed interpretations of policy coverages and, in some jurisdictions, direct actions by allegedly-injured persons seeking damages from policyholders. These lawsuits, involving claims on policies issued by our subsidiaries which are typical to the insurance industry in general and in the normal course of business, are considered in our loss and loss expense reserves. In addition to claims litigation, we are subject to lawsuits and regulatory actions in the normal course of business that do not arise from or directly relate to claims on insurance policies. This category of business litigation typically involves, among other things, allegations of underwriting errors or misconduct, employment claims, regulatory activity, or disputes arising from our business ventures. In the opinion of management, our ultimate liability for these matters could be, but we believe is not likely to be, material to our consolidated financial condition and results of operations.

i) Lease commitments

At December 31, 2021 and 2020, the right-of-use asset was \$445 million and \$473 million, respectively, recorded within Other assets on the Consolidated balance sheets, and the lease liability was \$484 million and \$517 million, respectively, which was recorded within Accounts payable, accrued expenses, and other liabilities on the Consolidated balance sheets. These leases consist principally of real estate operating leases that are amortized on a straight-line basis over the term of the lease, which expire at various dates. As of December 31, 2021, the weighted average remaining lease term and weighted average discount rate for the operating leases was 4.9 years and 2.1 percent, respectively. Rent expense was \$149 million, \$152 million, and \$171 million for the years ended December 31, 2021, 2020, and 2019, respectively.

Future minimum lease payments under the operating leases are expected to be as follows:

For the years ending December 31

(in millions of U.S. dollars)

Undiscounted cash flows:		
2022	\$	142
2023		117
2024		88
2025		58
2026		51
Thereafter		57
Total undiscounted lease payments	\$	513
Less: Present value adjustment		29
Net lease liabilities reported as of December 31, 2021	\$	484

As of December 31, 2021, we entered into an operating lease for office space that is expected to commence in 2023 for 21 years. This lease is not yet recorded on our Consolidated balance sheets and is not included in the total obligations referenced above. The total future cash requirement, undiscounted, is approximately \$650 million.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

11. Shareholders' equity

a) Common Shares

All of Chubb's Common Shares are authorized under Swiss corporate law. Though the par value of Common Shares is stated in Swiss francs, Chubb continues to use U.S. dollars as its reporting currency for preparing the Consolidated Financial Statements. Under Swiss corporate law, we are generally prohibited from issuing Common Shares below their par value. If there were a need to raise common equity at a time when the trading price of Chubb's Common Shares is below par value, we would need in advance to obtain shareholder approval to decrease the par value of the Common Shares.

Dividend approval

At our May 2021 annual general meeting, our shareholders approved an annual dividend for the following year of up to \$3.20 per share, expected to be paid in four quarterly installments of \$0.80 per share after the annual general meeting by way of distribution from capital contribution reserves, transferred to free reserves for payment. The Board of Directors (Board) will determine the record and payment dates at which the annual dividend may be paid until the date of the 2022 annual general meeting, and is authorized to abstain from distributing a dividend at its discretion. The first three quarterly installments each of \$0.80 per share, have been distributed by the Board as expected.

At our May 2020 and 2019 annual general meetings, our shareholders approved annual dividends for the following year of up to \$3.12 per share and \$3.00 per share, respectively, which were paid in four quarterly installments of \$0.78 per share and \$0.75 per share, respectively, at dates determined by the Board after the annual general meeting by way of a distribution from capital contribution reserves, transferred to free reserves for payment.

Dividend distributions

Under Swiss corporate law, dividends must be stated in Swiss francs though dividend payments are made by Chubb in U.S. dollars. We issue dividends without subjecting them to withholding tax by way of distributions from capital contribution reserves and payment out of free reserves.

The following table presents dividend distributions per Common Share in Swiss francs (CHF) and U.S. dollars (USD):

	2021		2020		Year Ended December 31	
	CHF	USD	CHF	USD	CHF	2019 USD
Total dividend distributions per common share	2.88	\$ 3.18	2.89	\$ 3.09	2.94	\$ 2.98

b) Shares issued, outstanding, authorized, and conditional

	2021		Year Ended December 31	
	2021	2020	2020	2019
Common Shares authorized and issued, beginning of year	477,605,264	479,783,864	479,783,864	479,783,864
Cancellation of treasury shares	(3,584,150)	(2,178,600)		—
Common Shares authorized and issued, end of year	474,021,114	477,605,264	477,605,264	479,783,864
Common Shares in treasury, beginning of year (at cost)	(26,872,639)	(27,812,297)	(27,812,297)	(20,580,486)
Net shares issued under employee share-based compensation plans	3,484,487	2,345,208	2,345,208	3,210,427
Shares repurchased	(27,644,500)	(3,584,150)	(3,584,150)	(10,442,238)
Cancellation of treasury shares	3,584,150	2,178,600	2,178,600	—
Common Shares in treasury, end of year (at cost)	(47,448,502)	(26,872,639)	(26,872,639)	(27,812,297)
Common Shares outstanding, end of year	426,572,612	450,732,625	450,732,625	451,971,567

Increases in Common Shares in treasury are due to open market repurchases of Common Shares and the surrender of Common Shares to satisfy tax withholding obligations in connection with the vesting of restricted stock and the forfeiture of unvested restricted stock. Decreases in Common Shares in treasury are principally due to grants of restricted stock, exercises of stock options, purchases under the Employee Stock Purchase Plan (ESPP), and share cancellations. At our May 2021 annual general meeting, our shareholders approved the cancellation of 3,584,150 shares purchased under our share repurchase program during 2020. The capital reduction by cancellation of shares was subject to publication requirements and a two-month waiting

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

period in accordance with Swiss law and became effective August 4, 2021. At our May 2020 annual general meeting, our shareholders approved the cancellation of 2,178,600 shares purchased under our share repurchase program during the period beginning September 23, 2019 and ending December 31, 2019. The capital reduction by cancellation of shares was subject to publication requirements and a two-month waiting period in accordance with Swiss law and became effective August 3, 2020. At the Chubb Limited Extraordinary General Meeting of Shareholders, held on November 3, 2021, shareholders approved the cancellation of 14,465,400 shares repurchased under our share repurchase program during the first six months of 2021. The capital reduction by cancellation of shares was subject to publication requirements and a two-month waiting period in accordance with Swiss law and became effective on January 17, 2022.

Authorized share capital for general purposes under Swiss law

In accordance with Swiss law, the Board has shareholder-approved authority as set forth in the Articles of Association to increase Chubb's share capital from time to time until May 20, 2022, by the issuance for general purposes of up to 200,000,000 fully paid up Common Shares, with a par value equal to the par value of Chubb's Common Shares as set forth in the Articles of Association at the time of any such issuance. Any such increases would be subject to Swiss rules and procedure.

Conditional share capital for bonds and similar debt instruments

Chubb's share capital may be increased through the issuance of a maximum of 33,000,000 fully paid up Common Shares (with a par value of CHF 24.15 as of December 31, 2021) through the exercise of conversion and/or option or warrant rights granted in connection with bonds, notes, or similar instruments, issued or to be issued by Chubb, including convertible debt instruments.

Conditional share capital for employee benefit plans

Chubb's share capital may be increased through the issuance of a maximum of 25,410,929 fully paid up Common Shares (with a par value of CHF 24.15 as of December 31, 2021) in connection with the exercise of option rights granted to any employee of Chubb, director or other person providing services to Chubb.

c) Chubb Limited securities repurchases

From time to time, we repurchase shares as part of our capital management program and to partially offset potential dilution from the exercise of stock options and the granting of restricted stock under share-based compensation plans. The Board has authorized share repurchase programs as follows:

- \$1.5 billion of Chubb Common Shares from December 1, 2018 through December 31, 2019
- \$1.5 billion of Chubb Common Shares from November 21, 2019 through December 31, 2020
- \$1.5 billion of Chubb Common Shares from November 19, 2020 through December 31, 2021

In February 2021, the Board approved an increase to the November 2020 share repurchase program of \$1.0 billion to a total of \$2.5 billion, effective through December 31, 2021. On July 19, 2021, the Board authorized a one-time incremental share repurchase program of up to \$5.0 billion through June 30, 2022, which is the only board authorization currently in effect.

Share repurchases may be in the open market, in privately negotiated transactions, block trades, accelerated repurchases and through option or other forward transactions. The following table presents repurchases of Chubb's Common Shares conducted in a series of open market transactions under the Board authorizations:

(in millions of U.S. dollars, except share data)	2021	Year Ended December 31		January 1, 2022 through
		2020	2019	February 23, 2022
Number of shares repurchased	27,644,500	3,584,150	10,442,238	1,966,600
Cost of shares repurchased	\$ 4,861	\$ 516	\$ 1,531	\$ 405

d) General restrictions

The holders of the Common Shares are entitled to receive dividends as approved by the shareholders. Holders of Common Shares are allowed one vote per share provided that, if the controlled shares of any shareholder constitute ten percent or more of the outstanding Common Shares of Chubb, only a fraction of the vote will be allowed so as not to exceed ten percent in aggregate. Entry of acquirers of Common Shares as shareholders with voting rights in the share register may be refused if it would confer voting rights with respect to ten percent or more of the registered share capital recorded in the commercial register.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

12. Share-based compensation

Chubb has share-based compensation plans which currently provide the Board the ability to grant awards of stock options, restricted stock, and restricted stock units to its employees and members of the Board.

In May 2021, our shareholders approved the Chubb Limited 2016 Long-Term Incentive Plan, as amended and restated (the Amended 2016 LTIP). Under the Amended 2016 LTIP, Common Shares of Chubb are authorized to be issued pursuant to awards including stock options, stock appreciation rights, performance shares, performance units, restricted stock, and restricted stock units.

Chubb principally issues restricted stock grants and stock options on a graded vesting schedule, with equal percentages of the award subject to vesting over a number of years (typically three or four). Chubb recognizes compensation cost for vesting of restricted stock and stock option grants with only service conditions on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award were, in-substance, multiple awards. We incorporate an estimate of future forfeitures in determining compensation cost for both grants of restricted stock and stock options.

In addition, Chubb grants performance-based restricted stock to certain executives that vest based on certain performance criteria as compared to a defined group of peer companies. Performance-based stock awards comprise target awards and premium awards that cliff vest at the end of a 3-year performance period based on both our tangible book value (shareholders' equity less goodwill and intangible assets, net of tax) per share growth and P&C combined ratio compared to our peer group. Premium awards are subject to an additional vesting provision based on total shareholder return (TSR) compared to our peer group. Shares representing target awards and premium awards are issued when the awards are approved and are subject to forfeiture if applicable performance criteria are not met at the end of the 3-year performance period. Prior to January 2017, performance-based restricted stock awards had a 4-year vesting period with the potential to vest as to a portion each year, and excluded the P&C combined ratio and TSR additional vesting criteria.

Under the Amended 2016 LTIP, 32,900,000 Common Shares are authorized to be issued (which includes all shares available for delivery since the establishment of the Chubb Limited 2016 Long-Term Incentive Plan in 2016). This is in addition to any shares subject to awards outstanding under the ACE Limited 2004 Long-Term Incentive Plan (2004 LTIP) immediately prior to the effective date of the Amended 2016 LTIP that are forfeited, expired or canceled after such effective date without delivery of shares (or which result in forfeiture of shares back to Chubb). At December 31, 2021, a total of 18,040,720 shares remain available for future issuance under the Amended 2016 LTIP, which includes shares forfeited, expired or canceled relating to grants under the 2004 LTIP.

Under the Employee Stock Purchase Plan (ESPP), 6,500,000 shares are authorized to be issued. At December 31, 2021, a total of 1,086,822 shares remain available for issuance under the ESPP.

Chubb generally issues Common Shares for the exercise of stock options, restricted stock, and purchases under the ESPP from Common Shares in treasury.

The following table presents pre-tax and after-tax share-based compensation expense:

(in millions of U.S. dollars)	2021		Year Ended December 31	
			2020	2019
Stock options and shares issued under ESPP:				
Pre-tax	\$	55	\$ 45	\$ 42
After-tax ⁽¹⁾	\$	36	\$ 38	\$ 39
Restricted stock:				
Pre-tax	\$	210	\$ 210	\$ 224
After-tax ⁽¹⁾	\$	164	\$ 164	\$ 180

⁽¹⁾ The windfall tax benefit recorded to Income tax expense in the Consolidated statement of operations was \$19 million, \$10 million, and \$12 million for the years ended December 31, 2021, 2020, and 2019, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Unrecognized compensation expense related to the unvested portion of Chubb's employee share-based awards of restricted stock, restricted stock units, and stock options was \$263 million at December 31, 2021 and is expected to be recognized over a weighted-average period of approximately 1.5 years.

Stock options

Both incentive and non-qualified stock options are principally granted at an option price per share equal to the grant date fair value of Chubb's Common Shares. Stock options are generally granted with a 3-year vesting period and a 10-year term. Stock options vest in equal annual installments over the respective vesting period, which is also the requisite service period.

Chubb's 2021 share-based compensation expense includes a portion of the cost related to the 2018 through 2021 stock option grants. Stock option fair value was estimated on the grant date using the Black-Scholes option-pricing model that uses the weighted-average assumptions noted below:

	Year Ended December 31		
	2021	2020	2019
Dividend yield	1.9 %	2.1 %	2.2 %
Expected volatility	26.0 %	18.0 %	16.0 %
Risk-free interest rate	1.0 %	1.2 %	2.6 %
Expected life	5.8 years	5.7 years	5.7 years

The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant. The expected life (estimated period of time from grant to exercise date) is estimated using the historical exercise behavior of employees. The expected volatility is calculated as a blend of (a) historical volatility based on daily closing prices over a period equal to the expected life assumption and (b) implied volatility derived from Chubb's publicly traded options.

The following table presents a roll-forward of Chubb's stock options:

(Intrinsic Value in millions of U.S. dollars)	Number of Options	Weighted-Average Exercise Price	Weighted-Average Fair Value	Total Intrinsic Value
Options outstanding, December 31, 2018	11,007,722	\$ 108.25		
Granted	2,073,940	\$ 133.90	\$ 18.76	
Exercised	(1,944,604)	\$ 84.13		\$ 122
Forfeited and expired	(251,801)	\$ 136.87		
Options outstanding, December 31, 2019	10,885,257	\$ 116.79		
Granted	1,958,279	\$ 150.10	\$ 19.89	
Exercised	(1,158,633)	\$ 86.90		\$ 76
Forfeited and expired	(206,720)	\$ 138.77		
Options outstanding, December 31, 2020	11,478,183	\$ 125.09		
Granted	1,805,234	\$ 164.89	\$ 33.05	
Exercised	(2,284,795)	\$ 112.12		\$ 140
Forfeited and expired	(236,135)	\$ 150.16		
Options outstanding, December 31, 2021	10,762,487	\$ 133.94	\$	639
Options exercisable, December 31, 2021	7,278,516	\$ 124.03	\$	504

The weighted-average remaining contractual term was 5.9 years for stock options outstanding and 4.7 years for stock options exercisable at December 31, 2021. Cash received from the exercise of stock options for the year ended December 31, 2021 was \$253 million.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Restricted stock and restricted stock units

Grants of restricted stock and restricted stock units awarded under the Amended 2016 LTIP typically have a 4-year vesting period, subject to vesting as to one-quarter of the award each anniversary of grant. Restricted stock and restricted stock units are principally granted at market close price on the day of grant. Each restricted stock unit represents our obligation to deliver to the holder one Common Share upon vesting.

Chubb also grants restricted stock awards to non-management directors which vest at the following year's annual general meeting.

Chubb's 2021 share-based compensation expense includes a portion of the cost related to the restricted stock granted in the years 2017 through 2021.

The following table presents a roll-forward of our restricted stock awards. Included in the roll-forward below are 15,586 restricted stock awards, 27,679 restricted stock awards, and 19,019 restricted stock awards that were granted to non-management directors during the years ended December 31, 2021, 2020, and 2019, respectively:

	Service-based Restricted Stock Awards and Restricted Stock Units		Performance-based Restricted Stock Awards and Restricted Stock Units	
	Number of Shares	Weighted-Average Grant-Date Fair Value	Number of Shares	Weighted-Average Grant-Date Fair Value
Unvested restricted stock, December 31, 2018	3,294,849	\$ 134.17	911,230	\$ 127.27
Granted	1,492,900	\$ 134.38	212,059	\$ 133.90
Vested	(1,292,864)	\$ 129.18	(196,640)	\$ 115.62
Forfeited	(200,875)	\$ 135.98	(50,437)	\$ 132.36
Unvested restricted stock, December 31, 2019	3,294,010	\$ 136.20	876,212	\$ 131.16
Granted	1,425,667	\$ 148.56	186,291	\$ 151.14
Vested	(1,304,308)	\$ 134.02	(490,185)	\$ 125.66
Forfeited	(152,074)	\$ 140.72	—	\$ —
Unvested restricted stock, December 31, 2020	3,263,295	\$ 142.32	572,318	\$ 142.38
Granted	1,288,042	\$ 165.32	294,315	\$ 164.75
Vested	(1,283,185)	\$ 140.62	(169,442)	\$ 143.07
Forfeited	(216,341)	\$ 150.19	—	\$ —
Unvested restricted stock, December 31, 2021	3,051,811	\$ 152.19	697,191	\$ 151.74

Prior to 2009, legacy ACE granted restricted stock units with a 1-year vesting period to non-management directors. Delivery of Common Shares on account of these restricted stock units to non-management directors is deferred until after the date of the non-management directors' termination from the Board. Legacy Chubb Corp historically allowed directors and certain key employees of Chubb Corp and its subsidiaries to defer a portion of their compensation earned with respect to services performed in the form of deferred stock units. In addition, legacy Chubb Corp provided supplemental retirement benefits for certain employees through its Defined Contribution Excess Benefit Plan in the form of deferred shares of stock. The minimum vesting period under these legacy Chubb Corp deferred plans was 1-year and the maximum was 3-years. Employees and directors had the option to elect to receive their awards at a future specified date or upon their termination of service with Chubb. At December 31, 2021, there were 139,587 deferred restricted stock units.

ESPP

The ESPP gives participating employees the right to purchase Common Shares through payroll deductions during consecutive subscription periods at a purchase price of 85 percent of the fair value of a Common Share on the exercise date (Purchase Price). Annual purchases by participants are limited to the number of whole shares that can be purchased by an amount equal to ten percent of the participant's compensation or \$25,000, whichever is less. The ESPP has two six-month subscription periods each year, the first of which runs between January 1 and June 30 and the second of which runs between July 1 and December 31. The amounts collected from participants during a subscription period are used on the exercise date to purchase

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

full shares of Common Shares. An exercise date is generally the last trading day of a subscription period. The number of shares purchased is equal to the total amount, at the exercise date, collected from the participants through payroll deductions for that subscription period, divided by the Purchase Price, rounded down to the next full share. Participants may withdraw from an offering before the exercise date and obtain a refund of amounts withheld through payroll deductions. Pursuant to the provisions of the ESPP, during the years ended December 31, 2021, 2020, and 2019, employees paid \$47 million, \$45 million, and \$41 million to purchase 315,405 shares, 383,751 shares, and 321,800 shares, respectively.

13. Postretirement benefits

Chubb provides postretirement benefits to eligible employees and their dependents through various defined contribution plans sponsored by Chubb. In addition, for certain employees, Chubb sponsors other postretirement benefit plans, and prior to 2020, Chubb sponsored defined benefit pension plans.

Defined contribution plans (including 401(k))

Under these plans, employees' contributions may be supplemented by Chubb matching contributions based on the level of employee contribution. These contributions are invested at the election of each employee in one or more of several investment portfolios offered by a third-party investment advisor. Expenses for these plans totaled \$214 million, \$211 million, and \$171 million for the years ended December 31, 2021, 2020, and 2019, respectively.

Defined benefit pension plans

We maintain non-contributory defined benefit pension plans that cover certain employees located in the U.S., U.K., Canada, and various other statutorily required countries. We account for pension benefits using the accrual method. Benefits under these plans are based on employees' years of service and compensation during final years of service. All underlying plans are subject to periodic actuarial valuations by qualified actuarial firms using actuarial models to calculate the expense and liability for each plan. We use December 31 as the measurement date for our defined benefit pension plans.

Under the Chubb Corp plans, prior to 2001, benefits were generally based on an employee's years of service and average compensation during the last five years of employment. Effective January 1, 2001, the formula for providing pension benefits was changed from the final average pay formula to a cash balance formula. Under the cash balance formula, a notional account is established for each employee, which is credited semi-annually with an amount equal to a percentage of eligible compensation based on age and years of service plus interest based on the account balance. Chubb Corp employees hired prior to 2001 will generally be eligible to receive vested benefits based on the higher of the final average pay or cash balance formulas.

Other postretirement benefit plans

Our assumption of Chubb Corp's other postretirement benefit plans, principally healthcare and life insurance, covers retired employees, their beneficiaries, and covered dependents. Healthcare coverage is contributory. Retiree contributions vary based upon the retiree's age, type of coverage, and years of service requirements. Life insurance coverage is non-contributory. Chubb funds a portion of the healthcare benefits obligation where such funding can be accomplished on a tax-effective basis. Benefits are paid as covered expenses are incurred. We use December 31 as the measurement date for our postretirement benefit plans.

Amendments to U.S. qualified and excess pension plans and U.S. retiree healthcare plan

In 2016, we harmonized and amended several of our U.S. retirement programs to create a unified retirement savings program. In 2020, we transitioned from a traditional defined benefit pension program that had been in effect for certain employees to a defined contribution program. Additionally, after 2025, we plan to eliminate a subsidized U.S. retiree healthcare and life insurance plan that is currently in place for certain employees. Both amendments required a remeasurement of the plan assets and benefit obligations with updated assumptions, including discount rates and the expected return on assets. The amendment of the retiree healthcare plan resulted in a reduction in the obligation of \$383 million, of which \$410 million was amortized as a reduction to expense through June 2021 as it relates to benefits already accrued. For the years ended December 31, 2021, 2020, and 2019, \$26 million, \$79 million, and \$79 million, respectively, were amortized as a reduction to expense.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Obligations and funded status

The funded status of the pension and other postretirement benefit plans as well as the amounts recognized in the Consolidated balance sheets and Accumulated other comprehensive income at December 31, 2021 and 2020 was as follows:

(in millions of U.S. dollars)	2021		Pension Benefit Plans 2020		Other Postretirement Benefit Plans	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans	2021	2020
Benefit obligation, beginning of year	\$ 3,967	\$ 1,199	\$ 3,569	\$ 1,042	\$ 86	\$ 103
Service cost	—	4	—	4	1	1
Interest cost	70	19	99	22	1	2
Actuarial loss (gain)	(161)	(47)	441	135	(10)	1
Benefits paid	(133)	(33)	(127)	(31)	(15)	(20)
Curtailments	—	—	—	(2)	—	—
Settlements	(11)	—	(15)	—	—	—
Foreign currency revaluation and other	—	(20)	—	29	(1)	(1)
Benefit obligation, end of year	\$ 3,732	\$ 1,122	\$ 3,967	\$ 1,199	\$ 62	\$ 86
Plan assets at fair value, beginning of year	\$ 3,739	\$ 1,284	\$ 3,301	\$ 1,141	\$ 120	\$ 152
Actual return on plan assets	543	83	563	126	(1)	6
Employer contributions	13	8	17	19	15	1
Benefits paid	(133)	(33)	(127)	(31)	(15)	(39)
Settlements	(11)	—	(15)	—	—	—
Foreign currency revaluation and other	—	(24)	—	29	—	—
Plan assets at fair value, end of year	\$ 4,151	\$ 1,318	\$ 3,739	\$ 1,284	\$ 119	\$ 120
Funded status at end of year	\$ 419	\$ 196	\$ (228)	\$ 85	\$ 57	\$ 34
<i>Amounts recognized in the Consolidated balance sheets:</i>						
Assets	\$ 492	\$ 214	\$ —	\$ 85	\$ 77	\$ 34
Liabilities	(73)	(18)	(228)	—	(20)	—
Total	\$ 419	\$ 196	\$ (228)	\$ 85	\$ 57	\$ 34
<i>Amounts recognized in Accumulated other comprehensive income, pre-tax, not yet recognized in net periodic cost (benefit):</i>						
Net actuarial loss (gain)	\$ (375)	\$ 73	\$ 78	\$ 163	\$ (10)	\$ (5)
Prior service cost (benefit)	—	9	—	9	(5)	(31)
Total	\$ (375)	\$ 82	\$ 78	\$ 172	\$ (15)	\$ (36)

For the U.S. pension plans, the \$161 million actuarial gain and \$441 million actuarial loss experienced in 2021 and 2020, respectively, were principally driven by the change in the discount rates.

The accumulated benefit obligation for the pension benefit plans was \$4.8 billion and \$5.1 billion at December 31, 2021 and 2020, respectively. The accumulated benefit obligation is the present value of pension benefits earned as of the measurement date based on employee service and compensation prior to that date. It differs from the pension (projected) benefit obligation in the table above in that the accumulated benefit obligation includes no assumptions regarding future compensation levels.

Chubb's funding policy is to contribute amounts that meet regulatory requirements plus additional amounts determined based on actuarial valuations, market conditions and other factors. All benefit plans satisfy minimum funding requirements of the Employee Retirement Income Security Act of 1974 (ERISA).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

The following table provides information on pension plans where the benefit obligation is in excess of plan assets at December 31, 2021 and 2020:

	2021		2020	
(in millions of U.S. dollars)	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
Plans with projected benefit obligation in excess of plan assets:				
Projected benefit obligation	\$ 73	\$ 418	\$ 3,967	\$ 629
Fair value of plan assets	—	400	3,739	568
Net funded status	\$ (73)	\$ (18)	\$ (228)	\$ (61)
Plans with accumulated benefit obligation in excess of plan assets:				
Accumulated benefit obligation	\$ 73	\$ 380	\$ 3,967	\$ 593
Fair value of plan assets	\$ —	\$ 367	\$ 3,739	\$ 565

For other postretirement benefit plans with an accumulated benefit obligation in excess of plan assets, the accumulated benefit obligation was \$20 million and \$23 million at December 31, 2021 and 2020, respectively. These plans have no plan assets.

At December 31, 2021, we estimate that we will contribute \$17 million to the pension plans and \$1 million to the other postretirement benefits plan in 2022. The estimate is subject to change due to contribution decisions that are affected by various factors including our liquidity, market performance and management discretion.

At December 31, 2021, our estimated expected future benefit payments are as follows:

For the years ending December 31 (in millions of U.S. dollars)	Pension Benefit Plans			Other Postretirement Benefit Plans
	U.S. Plans	Non-U.S. Plans		
2022	\$ 168	\$ 30	\$	19
2023	173	30		15
2024	177	30		11
2025	182	32		6
2026	185	33		1
2027-2031	964	193		5

The weighted-average assumptions used to determine the projected benefit obligation were as follows:

	Pension Benefit Plans			Other Postretirement Benefit Plans
	U.S. Plans	Non-U.S. Plans		
December 31, 2021				
Discount rate	2.75 %	2.23 %		2.06 %
Rate of compensation increase ⁽¹⁾	N/A	3.63 %		N/A
Interest crediting rate	4.10 %			
December 31, 2020				
Discount rate	2.32 %	1.80 %		1.36 %
Rate of compensation increase ⁽¹⁾	N/A	3.24 %		N/A
Interest crediting rate	4.10 %			

⁽¹⁾ For the U.S. Pension Plans, benefit accruals were frozen as of December 31, 2019.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

The projected benefit cash flows were discounted using the corresponding spot rates derived from a yield curve, which resulted in a single discount rate that would produce the same liability at the respective measurement dates. The same process was applied to service cost cash flows to determine the discount rate associated with the service cost. In general, the discount rates for the non-U.S. plans were developed using a similar methodology by using country-specific yield curves.

The components of net pension and other postretirement benefit costs (benefits) reflected in Net income and other changes in plan assets and benefit obligations recognized in other comprehensive income were as follows:

Year Ended December 31 (in millions of U.S. dollars)	U.S. Plans			Pension Benefit Plans Non-U.S. Plans			Other Postretirement Benefit Plans		
	2021	2020	2019	2021	2020	2019	2021	2020	2019
Costs reflected in Net income, pre-tax:									
Service cost	\$ —	\$ —	\$ 49	\$ 4	\$ 4	\$ 11	\$ 1	\$ 1	\$ —
Non-service cost (benefit):									
Interest cost	70	99	118	19	22	27	1	2	4
Expected return on plan assets	(255)	(224)	(189)	(44)	(41)	(45)	(1)	(5)	(4)
Amortization of net actuarial loss	—	—	—	4	2	3	—	—	—
Amortization of prior service cost	—	—	—	—	—	—	(26)	(83)	(84)
Curtailments	—	—	—	—	(1)	(1)	—	—	—
Settlements	3	3	2	—	—	1	—	—	—
Total non-service cost (benefit)	(182)	(122)	(69)	(21)	(18)	(15)	(26)	(86)	(84)
Net periodic benefit cost (benefit)	\$ (182)	\$ (122)	\$ (20)	\$ (17)	\$ (14)	\$ (4)	\$ (25)	\$ (85)	\$ (84)
Changes in plan assets and benefit obligations recognized in other comprehensive income									
Net actuarial loss (gain)	\$ (450)	\$ 102	\$ (4)	\$ (86)	\$ 56	\$ 6	\$ (5)	\$ (2)	\$ (2)
Prior service cost (benefit)	—	—	—	—	—	1	—	—	—
Amortization of net actuarial loss	—	—	—	(4)	(2)	(3)	—	—	—
Amortization of prior service cost	—	—	—	—	(1)	—	26	83	84
Curtailments	—	—	—	—	(1)	(3)	—	—	—
Settlements	(3)	(3)	(2)	—	—	(1)	—	—	—
Total decrease (increase) in other comprehensive income, pre-tax	\$ (453)	\$ 99	\$ (6)	\$ (90)	\$ 52	\$ —	\$ 21	\$ 81	\$ 82

The line items in which the service cost and non-service cost (benefit) components of net periodic benefit cost (benefit) are included in the Consolidated statements of operations were as follows:

Year Ended December 31 (in millions of U.S. dollars)	Pension Benefit Plans			Other Postretirement Benefit Plans		
	2021	2020	2019	2021	2020	2019
Service cost:						
Losses and loss expenses	\$ —	\$ —	\$ 6	\$ —	\$ —	\$ —
Administrative expenses	4	4	54	1	1	—
Total service cost	4	4	60	1	1	—
Non-service cost (benefit):						
Losses and loss expenses	(18)	(12)	(7)	(3)	(9)	(8)
Administrative expenses	(185)	(128)	(77)	(23)	(77)	(76)
Total non-service cost (benefit)	(203)	(140)	(84)	(26)	(86)	(84)
Net periodic benefit cost (benefit)	\$ (199)	\$ (136)	\$ (24)	\$ (25)	\$ (85)	\$ (84)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

The weighted-average assumptions used to determine the net periodic pension and other postretirement benefit costs were as follows:

Year Ended December 31	Pension Benefit Plans		
	U.S. Plans	Non-U.S. Plans	Other Postretirement Benefit Plans
2021			
Discount rate in effect for determining service cost	N/A	5.58 %	2.53 %
Discount rate in effect for determining interest cost	1.81 %	1.57 %	1.23 %
Rate of compensation increase	N/A	3.24 %	N/A
Expected long-term rate of return on plan assets	7.00 %	3.37 %	1.00 %
Interest crediting rate	4.10 %	N/A	N/A
2020			
Discount rate in effect for determining service cost	N/A	6.04 %	3.00 %
Discount rate in effect for determining interest cost	2.85 %	2.24 %	2.64 %
Rate of compensation increase	N/A	3.26 %	N/A
Expected long-term rate of return on plan assets	7.00 %	3.83 %	3.00 %
Interest crediting rate	4.10 %	N/A	N/A
2019			
Discount rate in effect for determining service cost	4.23 %	4.48 %	4.04 %
Discount rate in effect for determining interest cost	3.94 %	2.88 %	3.69 %
Rate of compensation increase	4.00 %	3.37 %	N/A
Expected long-term rate of return on plan assets	7.00 %	4.40 %	3.00 %
Interest crediting rate	4.10 %	N/A	N/A

The weighted-average healthcare cost trend rate assumptions used to measure the expected cost of healthcare benefits were as follows:

	U.S. Plans			Non-U.S. Plans		
	2021	2020	2019	2021	2020	2019
Healthcare cost trend rate	5.59 %	5.96 %	6.32 %	5.26 %	5.04 %	5.24 %
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	4.50 %	4.50 %	4.50 %	4.00 %	4.00 %	4.00 %
Year that the rate reaches the ultimate trend rate	2038	2038	2038	2040	2040	2040

Plan Assets

The long term objective of the pension plan is to provide sufficient funding to cover expected benefit obligations, while assuming a prudent level of portfolio risk. The assets of the pension plan are invested, either directly or through pooled funds, in a diversified portfolio of predominately equity securities and fixed maturities. We seek to obtain a rate of return that over time equals or exceeds the returns of the broad markets in which the plan assets are invested. The target allocation of U.S. plan assets is 55 percent to 65 percent invested in equity securities (including certain other investments measured using NAV), with the remainder primarily invested in fixed maturities. The target allocation of non-U.S. plans varies by country, but the plan assets are principally invested in fixed maturities. We rebalance our pension assets to the target allocation as market conditions permit. We determined the expected long term rate of return assumption for each asset class based on an analysis of the historical returns and the expectations for future returns. The expected long term rate of return for the portfolio is a weighted aggregation of the expected returns for each asset class.

In order to minimize risk, the Plan maintains a listing of permissible and prohibited investments. In addition, the Plan has certain concentration limits and investment quality requirements imposed on permissible investments options. Investment risk is measured and monitored on an ongoing basis.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

The following tables present the fair values of the pension plan assets, by valuation hierarchy. For additional information on how we classify these assets within the valuation hierarchy, refer to Note 4 to the Consolidated Financial Statements.

December 31, 2021 (in millions of U.S. dollars)	Pension Benefit Plans			
	Level 1	Level 2	Level 3	Total
U.S. Plans:				
Short-term investments	\$ 33	\$ —	\$ —	\$ 33
U.S. Treasury / Agency	380	92	—	472
Non-U.S. and corporate bonds	—	923	—	923
Municipal	—	4	—	4
Equity securities	1,871	—	1	1,872
Investment derivative instruments	3	—	—	3
Total U.S. Plan assets ⁽¹⁾	\$ 2,287	\$ 1,019	\$ 1	\$ 3,307
Non-U.S. Plans:				
Short-term investments	\$ 5	\$ —	\$ —	\$ 5
Non-U.S. and corporate bonds	—	679	—	679
Equity securities	153	291	—	444
Total Non-U.S. Plan assets ⁽¹⁾	\$ 158	\$ 970	\$ —	\$ 1,128

⁽¹⁾ Excluded from the table above are \$542 million and \$175 million of other investments related to the U.S. Plans and Non-U.S. Plans, respectively, limited partnerships of \$175 million and \$15 million in U.S. Plans and Non-U.S. Plans, respectively, measured using NAV as a practical expedient, and \$127 million in cash and accrued income related to the U.S. Plans.

December 31, 2020 (in millions of U.S. dollars)	Pension Benefit Plans			
	Level 1	Level 2	Level 3	Total
U.S. Plans:				
Short-term investments	\$ 59	\$ —	\$ —	\$ 59
U.S. Treasury / Agency	250	186	—	436
Non-U.S. and corporate bonds	—	793	—	793
Municipal	—	2	—	2
Equity securities	1,818	—	—	1,818
Total U.S. Plan assets ⁽¹⁾	\$ 2,127	\$ 981	\$ —	\$ 3,108
Non-U.S. Plans:				
Short-term investments	\$ 5	\$ —	\$ —	\$ 5
Non-U.S. and corporate bonds	—	609	—	609
Equity securities	127	388	—	515
Total Non-U.S. Plan assets ⁽¹⁾	\$ 132	\$ 997	\$ —	\$ 1,129

⁽¹⁾ Excluded from the table above are \$543 million and \$147 million of other investments related to the U.S. Plans and Non-U.S. Plans, respectively, limited partnerships of \$74 million and \$8 million in U.S. Plans and Non-U.S. Plans, respectively, measured using NAV as a practical expedient, and \$14 million in cash related to the U.S. Plans.

The other postretirement benefit plan had \$119 million and \$120 million of other investments measured using NAV as a practical expedient at December 31, 2021 and 2020, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

14. Other income and expense

(in millions of U.S. dollars)	2021		Year Ended December 31	
	2021	2020	2020	2019
Equity in net income of partially-owned entities ⁽¹⁾	\$ 2,433	\$ 1,019	\$	617
Gains (losses) from fair value changes in separate account assets ⁽²⁾	(8)	58		44
Federal excise and capital taxes	(19)	(22)		(23)
Other	(41)	(61)		(42)
Total	\$ 2,365	\$ 994	\$	596

⁽¹⁾ Equity in net income of partially-owned entities includes \$233 million, \$167 million, and \$74 million attributable to our investments in Huatai (Huatai Group, Huatai P&C, and Huatai Life) for the years ended December 31, 2021, 2020, and 2019, respectively.

⁽²⁾ Related to gains (losses) from fair value changes in separate account assets that do not qualify for separate account reporting under GAAP.

Other income and expense includes equity in net income of partially-owned entities, which includes our share of net income or loss, both underlying operating income and mark-to-market movement, related to partially-owned investment companies (private equity) and partially-owned insurance companies. Also included in Other income and expense are gains (losses) from fair value changes in separate account assets that do not qualify for separate account reporting under GAAP. The offsetting movement in the separate account liabilities is included in Policy benefits in the Consolidated statements of operations. Certain federal excise and capital taxes incurred as a result of capital management initiatives are included in Other income and expense as these are considered capital transactions and are excluded from underwriting results. Bad debt expense for uncollectible premiums is also included in Other income and expense.

15. Segment information

Chubb operates through six business segments: North America Commercial P&C Insurance, North America Personal P&C Insurance, North America Agricultural Insurance, Overseas General Insurance, Global Reinsurance, and Life Insurance. These segments distribute their products through various forms of brokers, agencies, and direct marketing programs. All business segments have established relationships with reinsurance intermediaries.

- The North America Commercial P&C Insurance segment provides both commercial and consumer P&C products and services. This segment includes the business written by Chubb divisions that provide P&C insurance and services to large, middle market and small commercial businesses in the U.S., Canada, and Bermuda. This segment includes our retail divisions: Major Accounts, Commercial Insurance, including Small Commercial Insurance; and our wholesale and specialty divisions: Westchester and Chubb Bermuda. These divisions write a variety of coverages, including property, casualty, workers' compensation, package policies, risk management, financial lines, marine, construction, environmental, medical risk, cyber risk, surety, and excess casualty; as well as group A&H insurance.
- The North America Personal P&C Insurance segment includes the business written by Chubb Personal Risk Services division, which includes high net worth personal lines business, with operations in the U.S. and Canada. This segment provides affluent and high net worth individuals and families with homeowners, high value automobile and collector cars, valuable articles (including fine arts), personal and excess liability, travel insurance, and recreational marine insurance and services.
- The North America Agricultural Insurance segment includes the business written by Rain and Hail Insurance Service, Inc. in the U.S. and Canada, which provides comprehensive multiple peril crop insurance (MPCI) and crop-hail insurance, and Chubb Agribusiness, which offers farm and ranch property as well as specialty P&C coverages, including commercial agriculture products.
- The Overseas General Insurance segment includes the business written by two Chubb divisions that provides both commercial and consumer P&C insurance and services in the 51 countries and territories outside of North America where the company operates. Chubb International, our retail division, provides commercial P&C, A&H and traditional and specialty personal lines for large corporations, middle markets and small customers through retail brokers, agents and other channels locally around the world. CGM provides commercial P&C excess and surplus lines wholesale business and A&H through wholesale brokers in the London market and through Lloyd's. These divisions write a variety of coverages, including

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

traditional commercial P&C, specialty categories such as financial lines, marine, energy, aviation, political risk and construction, as well as group A&H and traditional and specialty personal lines.

- The Global Reinsurance segment includes the reinsurance business written by Chubb Tempest Re, comprising Chubb Tempest Re Bermuda, Chubb Tempest Re USA, Chubb Tempest Re International, and Chubb Tempest Re Canada. Chubb Tempest Re provides a broad range of traditional and specialty reinsurance coverages to a diverse array of primary P&C companies, including small, mid-sized, and multinational ceding companies.
- The Life Insurance segment includes our international life operations written by Chubb Life and Chubb Tempest Life Re, and the North American supplemental A&H and life business of Combined Insurance.

Corporate primarily includes the results of all run-off A&E exposures, run-off Brandywine business, Westchester specialty operations for 1996 and prior years, and certain other run-off exposures, including molestation claims. In addition, Corporate includes the results of our non-insurance companies including Chubb Limited, Chubb Group Management and Holdings Ltd., and Chubb INA Holdings Inc. Our exposure to A&E and molestation claims principally arises out of liabilities acquired when we purchased Westchester Specialty in 1998, CIGNA's P&C business in 1999, and Chubb Corp in 2016.

In addition, revenue and expenses managed at the corporate level, including realized gains and losses, interest expense, the non-operating income of our partially-owned entities, Chubb integration expenses and income taxes are reported within Corporate. In addition, the amortization expense of purchased intangibles, amortization of the fair value adjustment on acquired invested assets and assumed long-term debt as part of the Chubb Corp acquisition are considered Corporate costs as these are incurred by the overall company. The Chief Executive Officer does not manage segment results or allocate resources to segments when considering these costs and they are therefore excluded from our definition of segment income (loss).

Management uses underwriting income (loss) as the basis for segment performance. Chubb calculates underwriting income (loss) by subtracting Losses and loss expenses, Policy benefits, Policy acquisition costs, and Administrative expenses from Net premiums earned. Segment income (loss) includes underwriting income (loss), net investment income (loss), and other operating income and expense items such as each segment's share of the operating income (loss) related to partially-owned entities and miscellaneous income and expense items for which the segments are held accountable. Our main measure of segment performance is Segment income (loss), which also includes amortization of purchased intangibles acquired by the segment. We determined that this definition of segment income (loss) is appropriate and aligns with how the business is managed. We continue to evaluate our segments as our business continues to evolve and may further refine our segments and segment income (loss) measures. Certain items are presented in a different manner for segment reporting purposes than in the Consolidated Financial Statements. These items are reconciled to the consolidated presentation in the Segment measure reclass column below and include:

- Losses and loss expenses include realized gains and losses on crop derivatives. These derivatives were purchased to provide economic benefit, in a manner similar to reinsurance protection, in the event that a significant decline in commodity pricing impacts underwriting results. We view gains and losses on these derivatives as part of the results of our underwriting operations, and therefore, realized gains (losses) from these derivatives are reclassified to losses and loss expenses.
- Policy benefits include fair value changes on separate accounts that do not qualify for separate accounting under U.S. GAAP. These gains and losses have been reclassified from Other (income) expense. We view gains and losses from fair value changes in both separate account assets and liabilities as part of the results of our underwriting operations, and therefore these gains and losses are reclassified to policy benefits.
- Net investment income includes investment income reclassified from Other (income) expense related to partially-owned investment companies (private equity partnerships) where our ownership interest is in excess of three percent. We view investment income from these equity-method private equity partnerships as net investment income for segment reporting purposes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

The following tables present the Statement of Operations by segment:

For the Year Ended December 31, 2021 (in millions of U.S. dollars)	North America Commercial P&C Insurance	North America Personal P&C Insurance	North America Agricultural Insurance	Overseas General Insurance	Global Reinsurance	Life Insurance	Corporate	Segment Measure Reclass	Chubb Consolidated
Net premiums written	\$ 16,415	\$ 5,002	\$ 2,388	\$ 10,713	\$ 873	\$ 2,477	\$ —	\$ —	\$ 37,868
Net premiums earned	15,461	4,915	2,338	10,441	798	2,402	—	—	36,355
Losses and loss expenses	10,015	2,924	1,962	5,143	632	740	572	(8)	21,980
Policy benefits	—	—	—	—	—	707	—	(8)	699
Policy acquisition costs	2,082	1,001	124	2,799	200	712	—	—	6,918
Administrative expenses	1,052	276	(3)	1,078	35	333	365	—	3,136
Underwriting income (loss)	2,312	714	255	1,421	(69)	(90)	(937)	16	3,622
Net investment income (loss)	2,078	249	28	597	331	407	(55)	(179)	3,456
Other (income) expense	31	(2)	1	—	—	(106)	(2,118)	(171)	(2,365)
Amortization expense of purchased intangibles	—	10	26	48	—	5	198	—	287
Segment income	\$ 4,359	\$ 955	\$ 256	\$ 1,970	\$ 262	\$ 418	\$ 928	\$ 8	\$ 9,156
Net realized gains (losses)							1,160	(8)	1,152
Interest expense							492	—	492
Income tax expense							1,277	—	1,277
Net income							\$ 319	\$ —	\$ 8,539

For the Year Ended December 31, 2020 (in millions of U.S. dollars)	North America Commercial P&C Insurance	North America Personal P&C Insurance	North America Agricultural Insurance	Overseas General Insurance	Global Reinsurance	Life Insurance	Corporate	Segment Measure Reclass	Chubb Consolidated
Net premiums written	\$ 14,474	\$ 4,920	\$ 1,846	\$ 9,335	\$ 731	\$ 2,514	\$ —	\$ —	\$ 33,820
Net premiums earned	13,964	4,866	1,822	9,285	698	2,482	—	—	33,117
Losses and loss expenses	10,129	3,187	1,544	5,255	435	724	435	1	21,710
Policy benefits	—	—	—	—	—	726	—	58	784
Policy acquisition costs	1,942	974	123	2,568	174	766	—	—	6,547
Administrative expenses	1,006	270	9	1,034	37	320	303	—	2,979
Underwriting income (loss)	887	435	146	428	52	(54)	(738)	(59)	1,097
Net investment income (loss)	2,061	260	30	534	307	385	(87)	(115)	3,375
Other (income) expense	23	5	1	13	2	(74)	(791)	(173)	(994)
Amortization expense of purchased intangibles	—	11	27	45	—	4	203	—	290
Segment income (loss)	\$ 2,925	\$ 679	\$ 148	\$ 904	\$ 357	\$ 401	\$ (237)	\$ (1)	\$ 5,176
Net realized gains (losses)							(499)	1	(498)
Interest expense							516	—	516
Income tax expense							629	—	629
Net income (loss)							\$ (1,881)	\$ —	\$ 3,533

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

For the Year Ended December 31, 2019 (in millions of U.S. dollars)	North America Commercial P&C Insurance	North America Personal P&C Insurance	North America Agricultural Insurance	Overseas General Insurance	Global Reinsurance	Life Insurance	Corporate	Segment Measure Reclass	Chubb Consolidated
Net premiums written	\$ 13,375	\$ 4,787	\$ 1,810	\$ 9,262	\$ 649	\$ 2,392	\$ —	\$ —	\$ 32,275
Net premiums earned	12,922	4,694	1,795	8,882	654	2,343	—	—	31,290
Losses and loss expenses	8,206	3,043	1,616	4,606	352	757	158	(8)	18,730
Policy benefits	—	—	—	—	—	696	—	44	740
Policy acquisition costs	1,831	948	84	2,501	169	620	—	—	6,153
Administrative expenses	1,028	286	6	1,033	35	323	319	—	3,030
Underwriting income (loss)	1,857	417	89	742	98	(53)	(477)	(36)	2,637
Net investment income (loss)	2,109	258	30	588	279	373	(125)	(86)	3,426
Other (income) expense	24	3	1	12	1	(48)	(459)	(130)	(596)
Amortization expense of purchased intangibles	—	12	28	45	—	2	218	—	305
Segment income (loss)	\$ 3,942	\$ 660	\$ 90	\$ 1,273	\$ 376	\$ 366	\$ (361)	\$ 8	\$ 6,354
Net realized gains (losses) including OTTI							(522)	(8)	(530)
Interest expense							552	—	552
Chubb integration expenses							23	—	23
Income tax expense							795	—	795
Net income (loss)							\$ (2,253)	\$ —	\$ 4,454

Underwriting assets are reviewed in total by management for purposes of decision-making. Other than Unpaid losses and loss expenses, Future policy benefits, Reinsurance recoverables, Goodwill and Other intangible assets, Chubb does not allocate assets to its segments.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

The following table presents net premiums earned for each segment by line of business:

(in millions of U.S. dollars)	For the Year Ended December 31		
	2021	2020	2019
North America Commercial P&C Insurance			
Property & other short-tail lines	\$ 2,942	\$ 2,423	\$ 1,987
Casualty & all other	11,905	10,812	10,136
A&H	614	729	799
Total North America Commercial P&C Insurance	15,461	13,964	12,922
North America Personal P&C Insurance			
Personal automobile	781	822	829
Personal homeowners	3,384	3,327	3,183
Personal other	750	717	682
Total North America Personal P&C Insurance	4,915	4,866	4,694
North America Agricultural Insurance	2,338	1,822	1,795
Overseas General Insurance			
Property & other short-tail lines	3,105	2,468	2,244
Casualty & all other	3,114	2,738	2,494
Personal lines	2,109	1,981	1,896
A&H	2,113	2,098	2,248
Total Overseas General Insurance	10,441	9,285	8,882
Global Reinsurance			
Property	151	104	131
Property catastrophe	190	173	142
Casualty & all other	457	421	381
Total Global Reinsurance	798	698	654
Life Insurance			
Life	1,320	1,317	1,101
A&H	1,082	1,165	1,242
Total Life Insurance	2,402	2,482	2,343
Total net premiums earned	\$ 36,355	\$ 33,117	\$ 31,290

The following table presents net premiums earned by geographic region. Allocations have been made on the basis of location of risk:

	North America	Europe ⁽¹⁾	Asia Pacific / Japan	Latin America
2021	70 %	12 %	12 %	6 %
2020	70 %	11 %	12 %	7 %
2019	70 %	11 %	12 %	7 %

⁽¹⁾ Europe includes Middle East and Africa regions.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

16. Earnings per share

(in millions of U.S. dollars, except share and per share data)	2021		Year Ended December 31	
			2020	2019
Numerator:				
Net income	\$	8,539	\$ 3,533	\$ 4,454
Denominator:				
Denominator for basic earnings per share:				
Weighted-average shares outstanding		439,968,422	451,602,820	455,910,463
Denominator for diluted earnings per share:				
Share-based compensation plans		3,228,856	1,838,692	3,004,200
Weighted-average shares outstanding and assumed conversions		443,197,278	453,441,512	458,914,663
Basic earnings per share	\$	19.41	\$ 7.82	\$ 9.77
Diluted earnings per share	\$	19.27	\$ 7.79	\$ 9.71
Potential anti-dilutive share conversions		1,532,066	6,811,966	2,410,337

Excluded from weighted-average shares outstanding and assumed conversions is the impact of securities that would have been anti-dilutive during the respective years. These securities consisted of stock options in which the underlying exercise prices were greater than the average market prices of our Common Shares. Refer to Note 12 for additional information on stock options.

17. Related party transactions
Starr Indemnity & Liability Company and its affiliates (collectively, Starr)

We have agency, claims services and underwriting services agreements with Starr, the Chairman of which is related to a member of our senior management team. The Board has reviewed and approved our arrangements with Starr. We have agency, claims services and underwriting services agreements with various Starr subsidiaries. Under the agency agreement, we secure the ability to sell our insurance policies through Starr as one of our non-exclusive agents for writing policies, contracts, binders, or agreements of insurance or reinsurance. Under the claims services agreements, Starr adjusts the claims under policies and arranges for third party treaty and facultative agreements covering such policies. Under the underwriting services agreements, Starr underwrites insurance policies on our behalf and we agree to reinsure such policies to Starr under quota share reinsurance agreements.

The agency agreement also contains a profit-sharing arrangement based on loss ratios, triggered if Starr underwrites a minimum of \$20 million of annual program business net premiums written on our behalf. No profit share commission has been payable yet under this arrangement.

Transactions generated under Starr agreements were as follows:

(in millions of U.S. dollars)	2021		Year Ended December 31	
			2020	2019
Consolidated statement of operations				
Gross premiums written	\$	592	\$ 507	\$ 394
Ceded premiums written	\$	321	\$ 253	\$ 207
Commissions paid	\$	114	\$ 97	\$ 77
Commissions received	\$	73	\$ 59	\$ 46
Losses and loss expenses	\$	157	\$ 170	\$ 185
Consolidated balance sheets				
Reinsurance recoverable on losses and loss expenses	\$	516	\$ 432	
Ceded reinsurance premium payable	\$	88	\$ 80	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

ABR Re

At December 31, 2021, we own 17.1 percent of the common equity of ABR Reinsurance Capital Holdings Ltd. and warrants to acquire 0.5 percent of additional equity. ABR Reinsurance Capital Holdings Ltd., is the parent company of ABR Reinsurance Ltd. (ABR Re), an independent reinsurance company. Through long-term arrangements, Chubb will be the sole source of reinsurance risks ceded to ABR Re, and BlackRock, Inc. will be ABR Re's exclusive investment management service provider. As an investor, Chubb is expected to benefit from underwriting profit generated by ABR Re's reinsuring a wide range of Chubb's primary insurance business and the income and capital appreciation BlackRock, Inc. seeks to deliver through its investment management services. In addition, Chubb has entered into an arrangement with BlackRock, Inc. under which both Chubb and BlackRock, Inc. will be entitled to an equal share of the aggregate amount of certain fees, including underwriting and investment management performance related fees, in connection with their respective reinsurance and investment management arrangements with ABR Re. In connection with this arrangement with BlackRock, Inc., we recorded income of \$11 million in 2021, which is recorded in Other (income) expense on the Consolidated statements of operations.

ABR Re is a variable interest entity; however, Chubb is not the primary beneficiary and does not consolidate ABR Re because Chubb does not have the power to control and direct ABR Re's most significant activities, including investing and underwriting. Our ownership interest is accounted for under the equity method of accounting. Chubb cedes premiums to ABR Re and recognizes the associated commissions.

Transactions generated under ABR Re agreements were as follows:

(in millions of U.S. dollars)	Year Ended December 31		
	2021	2020	2019
Consolidated statement of operations			
Ceded premiums written	\$ 442	\$ 350	\$ 321
Commissions received	\$ 133	\$ 100	\$ 92
Consolidated balance sheets			
Reinsurance recoverable on losses and loss expenses	\$ 963	\$ 806	
Ceded reinsurance premium payable	\$ 107	\$ 67	

18. Statutory financial information

Our subsidiaries file financial statements prepared in accordance with statutory accounting practices prescribed or permitted by insurance regulators. Statutory accounting differs from GAAP in the reporting of certain reinsurance contracts, investments, subsidiaries, acquisition expenses, fixed assets, deferred income taxes, and certain other items. Some jurisdictions impose complex regulatory requirements on insurance companies while other jurisdictions impose fewer requirements. In some jurisdictions, we must obtain licenses issued by governmental authorities to conduct local insurance business. These licenses may be subject to reserves and minimum capital and solvency tests. Jurisdictions may impose fines, censure, and/or criminal sanctions for violation of regulatory requirements. The 2021 amounts below are based on estimates.

Chubb's insurance and reinsurance subsidiaries are subject to insurance laws and regulations in the jurisdictions in which they operate. These regulations include restrictions that limit the amount of dividends or other distributions, such as loans or cash advances, available to shareholders without prior approval of the local insurance regulatory authorities. The amount of dividends available to be paid in 2022 without prior approval totals \$6.8 billion.

The statutory capital and surplus of our insurance subsidiaries met regulatory requirements for 2021, 2020, and 2019. The minimum amounts of statutory capital and surplus necessary to satisfy regulatory requirements was \$32.7 billion and \$29.9 billion for December 31, 2021 and 2020, respectively. These minimum regulatory capital requirements were significantly lower than the corresponding amounts required by the rating agencies which review Chubb's insurance and reinsurance subsidiaries.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

The following tables present the combined statutory capital and surplus and statutory net income (loss) of our Property and casualty and Life subsidiaries:

(in millions of U.S. dollars)	2021		December 31 2020	
Statutory capital and surplus				
Property and casualty	\$	46,397	\$	46,494
Life	\$	2,187	\$	1,632

(in millions of U.S. dollars)	2021		Year Ended December 31 2020 2019	
Statutory net income (loss)				
Property and casualty	\$	7,711	\$ 4,354	\$ 6,046
Life	\$	425	\$ (245)	\$ (210)

Several insurance subsidiaries follow accounting practices prescribed or permitted by the jurisdiction of domicile that differ from the applicable local statutory practice. The application of prescribed or permitted accounting practices does not have a material impact on Chubb's statutory surplus and income. As prescribed by the Restructuring discussed previously in Note 7, certain of our U.S. subsidiaries discount certain A&E liabilities, which increased statutory capital and surplus by approximately \$129 million and \$140 million at December 31, 2021 and 2020, respectively.

Federal Insurance Company (Federal), a direct subsidiary of Chubb INA Holdings Inc., has a permitted practice granted by the Indiana Department of Insurance that relates to its investment in a foreign affiliate. Under Statement of Statutory Accounting Principles No. 97, Investments in Subsidiary, Controlled and Affiliated Entities, in order for a reporting entity to admit its investments in foreign subsidiaries and affiliates, audited financial statements of the subsidiary or affiliate must be obtained to support the carrying value. Such financial statements must be prepared in accordance with U.S. GAAP, or alternatively, in accordance with the local statutory requirements in the subsidiary's or affiliate's country of domicile, with an audited footnote reconciliation of net income and shareholder's equity as reported to a U.S. GAAP basis. With the explicit permission of the Indiana Department of Insurance, Federal obtains audited financial statements for its admitted foreign affiliate, which had an aggregate carrying value of approximately \$72 million and \$55 million at December 31, 2021 and 2020, respectively, prepared in accordance with their respective local statutory requirements and supplemented with a separate unaudited reconciliation of shareholder's equity as reported to a U.S. GAAP basis.

SCHEDULE I

Chubb Limited and Subsidiaries

SUMMARY OF INVESTMENTS – OTHER THAN INVESTMENTS IN RELATED PARTIES

December 31, 2021 (in millions of U.S. dollars)	Cost or Amortized Cost, Net ⁽¹⁾	Fair Value	Amount at Which Shown in the Balance Sheet
Fixed maturities available for sale			
U.S. Treasury / Agency	\$ 2,111	\$ 2,214	\$ 2,214
Non-U.S.	25,148	25,829	25,829
Corporate and asset-backed securities	37,838	39,063	39,063
Mortgage-backed securities	20,080	20,489	20,489
Municipal	5,302	5,513	5,513
Total fixed maturities available for sale	90,479	93,108	93,108
Fixed maturities held to maturity			
U.S. Treasury / Agency	1,213	1,244	1,213
Non-U.S.	1,196	1,262	1,196
Corporate and asset-backed securities	2,004	2,201	2,004
Mortgage-backed securities	1,730	1,803	1,730
Municipal	3,975	4,137	3,975
Total fixed maturities held to maturity	10,118	10,647	10,118
Equity securities			
Industrial, miscellaneous, and all other	4,782	4,782	4,782
Short-term investments			
	3,147	3,146	3,146
Other investments ⁽²⁾			
	10,924	10,924	10,924
Total investments - other than investments in related parties	\$ 119,450	\$ 122,607	\$ 122,078

⁽¹⁾ Net of valuation allowance for expected credit losses.

⁽²⁾ Excludes \$245 million of related party investments.

SCHEDULE II

Chubb Limited and Subsidiaries

CONDENSED FINANCIAL INFORMATION OF REGISTRANT**BALANCE SHEETS (Parent Company Only)**

(in millions of U.S. dollars)	December 31 2021	December 31 2020
Assets		
Investments in subsidiaries and affiliates on equity basis	\$ 58,850	\$ 56,148
Total investments	58,850	56,148
Cash	1	84
Due from subsidiaries and affiliates, net	1,218	3,578
Other assets	16	10
Total assets	\$ 60,085	\$ 59,820
Liabilities		
Affiliated notional cash pooling programs	\$ 8	\$ —
Accounts payable, accrued expenses, and other liabilities	363	379
Total liabilities	371	379
Shareholders' equity		
Common Shares	10,985	11,064
Common Shares in treasury	(7,464)	(3,644)
Additional paid-in capital	8,478	9,815
Retained earnings	47,365	39,337
Accumulated other comprehensive income	350	2,869
Total shareholders' equity	59,714	59,441
Total liabilities and shareholders' equity	\$ 60,085	\$ 59,820

The condensed financial information should be read in conjunction with the Consolidated Financial Statements and notes thereto.

SCHEDULE II (continued)

Chubb Limited and Subsidiaries

CONDENSED FINANCIAL INFORMATION OF REGISTRANT**STATEMENTS OF OPERATIONS (Parent Company Only)**

(in millions of U.S. dollars)	Year Ended December 31		
	2021	2020	2019
Revenues			
Investment income ⁽¹⁾	\$ 96	\$ 155	\$ 227
Equity in net income of subsidiaries and affiliates	8,514	3,457	4,307
Total Revenues	8,610	3,612	4,534
Expenses			
Administrative and other (income) expense	56	55	65
Chubb integration expenses	—	—	1
Income tax expense	15	24	14
Total Expenses	71	79	80
Net income	\$ 8,539	\$ 3,533	\$ 4,454
Comprehensive income	\$ 6,020	\$ 5,783	\$ 7,521

⁽¹⁾ Includes net investment income, interest income, and net realized gains (losses).

The condensed financial information should be read in conjunction with the Consolidated Financial Statements and notes thereto.

STATEMENTS OF CASH FLOWS (Parent Company Only)

(in millions of U.S. dollars)	Year Ended December 31		
	2021	2020	2019
Net cash flows from operating activities ⁽¹⁾	\$ 4,167	\$ 1,933	\$ 412
Cash flows from investing activities			
Capital contribution	—	(1,200)	(1,000)
Other	—	(2)	—
Net cash flows used for investing activities	—	(1,202)	(1,000)
Cash flows from financing activities			
Dividends paid on Common Shares	(1,401)	(1,388)	(1,354)
Common Shares repurchased	(4,861)	(523)	(327)
Repayment of intercompany loans	2,003	1,265	2,301
Net proceeds from (payments to) affiliated notional cash pooling programs ⁽²⁾	8	—	(35)
Net cash flows from (used for) financing activities	(4,251)	(646)	585
Effect of foreign currency rate changes on cash and restricted cash	1	(3)	4
Net increase (decrease) in cash and restricted cash	(83)	82	1
Cash and restricted cash – beginning of year	84	2	1
Cash and restricted cash – end of year	\$ 1	\$ 84	\$ 2

⁽¹⁾ Includes cash dividends received from subsidiaries of \$3.7 billion, \$2.0 billion, and \$200 million in 2021, 2020, and 2019, respectively.⁽²⁾ Chubb maintains two notional multicurrency cash pools (Pools) with a third-party bank. Refer to Note 1 f) for additional information.

The condensed financial information should be read in conjunction with the Consolidated Financial Statements and notes thereto.

SCHEDULE IV

Chubb Limited and Subsidiaries

SUPPLEMENTAL INFORMATION CONCERNING REINSURANCE**Premiums Earned**For the years ended December 31, 2021, 2020, and 2019
(in millions of U.S. dollars, except for percentages)

	Direct Amount	Ceded To Other Companies	Assumed From Other Companies	Net Amount	Percentage of Amount Assumed to Net
2021					
Property and Casualty	\$ 35,767	\$ 7,982	\$ 3,441	\$ 31,226	11 %
Accident and Health	4,062	362	109	3,809	3 %
Life	1,309	89	100	1,320	8 %
Total	\$ 41,138	\$ 8,433	\$ 3,650	\$ 36,355	10 %
2020					
Property and Casualty	\$ 31,546	\$ 6,782	\$ 3,044	\$ 27,808	11 %
Accident and Health	4,249	368	111	3,992	3 %
Life	1,242	93	168	1,317	13 %
Total	\$ 37,037	\$ 7,243	\$ 3,323	\$ 33,117	10 %
2019					
Property and Casualty	\$ 30,339	\$ 7,236	\$ 2,797	\$ 25,900	11 %
Accident and Health	4,546	376	119	4,289	3 %
Life	991	81	191	1,101	17 %
Total	\$ 35,876	\$ 7,693	\$ 3,107	\$ 31,290	10 %

SCHEDULE VI

Chubb Limited and Subsidiaries

SUPPLEMENTARY INFORMATION CONCERNING PROPERTY AND CASUALTY OPERATIONSAs of and for the years ended December 31, 2021, 2020, and 2019
(in millions of U.S. dollars)

	Deferred Policy Acquisition Costs	Net Reserves for Unpaid Losses and Loss Expenses	Unearned Premiums	Net Premiums Earned	Net Investment Income	Net Losses and Loss Expenses Incurred Related to		Amortization of Deferred Policy Acquisition Costs	Net Paid Losses and Loss Expenses	Net Premiums Written
						Current Year	Prior Year			
2021	\$ 4,260	\$ 56,759	\$ 19,101	\$ 35,035	\$ 3,133	\$ 22,966	\$ (986)	\$ 6,440	\$ 17,884	\$ 36,474
2020	\$ 4,244	\$ 53,164	\$ 17,652	\$ 31,800	\$ 3,074	\$ 22,124	\$ (414)	\$ 6,076	\$ 17,434	\$ 32,471
2019	\$ 4,161	\$ 48,509	\$ 16,771	\$ 30,189	\$ 3,141	\$ 19,575	\$ (845)	\$ 5,831	\$ 18,473	\$ 31,126

**DESCRIPTION OF THE REGISTRANT'S SECURITIES
REGISTERED PURSUANT TO SECTION 12 OF THE
SECURITIES EXCHANGE ACT OF 1934**

Chubb Limited ("Chubb") has 7 classes of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"): (1) our Common Shares; and (2) our guarantee of the following Senior Notes issued by Chubb INA Holdings Inc. ("Chubb INA"), a wholly owned subsidiary of Chubb: (i) 0.30 percent Notes due 2024; (ii) 0.875 percent Notes due 2027; (iii) 1.55 percent Notes due 2028; (iv) 0.875 percent Notes due 2029; (v) 1.40 percent Notes due 2031; and (vi) 2.50 percent Notes due 2038. Each of Chubb's securities registered under Section 12 of the Exchange Act are listed on The New York Stock Exchange.

DESCRIPTION OF COMMON SHARES

The following description is a summary of the material terms of our common shares. Because it is only a summary, it may not contain all of the information that may be important to you, and should be read in conjunction with our Articles of Association, as amended and restated, our Organizational Regulations, as amended and applicable Swiss law.

Chubb's Capital Structure

Chubb's common shares are registered shares with a par value of CHF 24.15 per share. The common shares rank *pari passu* in entitlement to dividends, liquidation proceeds in case of a liquidation of Chubb and pre-emptive rights. Chubb does not have any shares carrying preferential rights.

The amount of authorized share capital that Chubb has authority to issue for general purposes is approved by Chubb's shareholders and is set forth in Chubb's Articles of Association. Under Swiss law, shareholder authorization for share capital only lasts for two years. In addition, Chubb's Articles of Association provides for conditional share capital for issuance upon the exercise of conversion and/or option or warrant rights granted in connection with bonds, notes or similar instruments, issued or to be issued by Chubb or by subsidiaries of Chubb, including convertible debt instruments or in connection with the exercise of option rights granted to any employee of Chubb or a subsidiary, and any consultant, director, or other person providing services to Chubb or a subsidiary.

Chubb's common shares are listed on the New York Stock Exchange under the symbol "CB." Its common shares currently issued and outstanding are fully paid and non-assessable, which means that its common shares are paid for in full at the time they are issued, and, once its common shares are paid for in full, there is no further liability for further assessment or taxation.

Voting Rights

Each share is entitled to one vote subject to certain limitations. Shareholders of record have the right to grant their voting proxy directly to the independent proxy or to grant a written proxy to any person, who does not need to be a shareholder, or to vote in person at the shareholders' meeting (Chubb's supreme body). The independent proxy is obliged to exercise the voting rights granted by shareholders in accordance with shareholder instructions.

Under Chubb's Articles of Association, resolutions generally require the approval of a simple majority of the votes cast at the shareholders' meeting (not counting abstentions, broker non-votes, blank or invalid ballots), each share granting the right to one vote. Shareholders resolutions requiring a vote by simple majority include certain amendments to Chubb's Articles of Association, elections of directors and statutory auditors, approval of the annual report and the consolidated financial statements, setting the annual dividend, decisions to discharge directors and management from liability for matters disclosed to the shareholders' meeting and the

ordering of an independent investigation into the specific matters proposed to the shareholders' meeting (*Sonderprüfung*).

The approval of at least two-thirds of the votes represented at a shareholders' meeting will be, however, required for resolutions with respect to:

- a modification of the purpose of Chubb;
- creation of privileged voting shares;
- restrictions on the transfer of registered shares and the removal of such restrictions;
- restrictions on the exercise of the right to vote and the removal of such restrictions;
- an authorized or conditional increase in share capital;
- an increase in share capital through the conversions of capital surplus, through a contribution in kind or in exchange for an acquisition of assets, or a grant of special benefits upon a capital increase;
- restriction or denial of pre-emptive rights;
- a change of the place of incorporation of Chubb;
- conversion of registered shares into bearer shares and *vice versa*;
- dissolution of Chubb followed liquidation;
- the dismissal of the members of the Board of Directors according to art. 705 para. 1 of the Swiss Code of Obligations;
- the amendment or elimination of the provisions of article 8 (shareholder's register, transfer restrictions), article 14 (voting rights and shareholder proxies) and article 15 (independent proxy and additional rules on proxies) and article 16 (resolutions) of the Articles of Association; and
- any changes to the two-thirds voting requirement to the extent permitted by mandatory law.

Pursuant to the Swiss Federal Merger Act, special quorum rules apply by law to a merger (*Fusion*) (including a possible squeeze-out merger), de-merger (*Spaltung*) or conversion (*Umwandlung*) of a company.

Except as noted below, Chubb's Articles of Association confer on the holders of shares equal rights, including equal voting and equal financial rights, with each share carrying one vote at Chubb's shareholders' meetings.

To be able to exercise voting rights, holders of the shares must apply to Chubb for enrollment in its share register (*Aktienregister*) as shareholders with voting rights. Registered holders of shares may obtain the form of declaration from Chubb's transfer agent. Cede & Co., as nominee of The Depository Trust Company, or DTC, will make such declaration with respect to shares held in "street name." Purchasers of shares will be required to disclose their name and address and that they have acquired their shares in their name and for their account in order to be recorded in Chubb's share register as shareholders with voting rights. As discussed under "Transfer of Shares," registration with voting rights has some restrictions.

Persons not expressly declaring themselves to be holding shares for their own account in the application for entry in the share register will not be registered as shareholders with voting rights. Certain exceptions exist with regard to nominees.

Legal entities or partnerships or other associations or joint ownership arrangements which are linked through capital ownership or voting rights, through common management or in like manner, as well as individuals, legal entities or partnerships (especially syndicates) which act in concert with intent to evade the entry restrictions are considered as one shareholder or nominee.

Failing registration as shareholders with voting rights, registered shareholders may not participate in or vote at Chubb's shareholders' meetings, but will be entitled to dividends, preemptive rights and liquidation proceeds. Only shareholders that are registered as shareholders with voting rights on the relevant record date are permitted to participate in and vote at a general shareholders' meeting. However, Chubb's common shares that are beneficially held *do not* need to be re-registered into the name of the beneficial owners in order to vote.

Notwithstanding the above, if and so long as the Controlled Shares (as defined below) of any individual or legal entity constitute ten percent or more of the registered share capital recorded in the commercial register, such individual or legal entity shall be entitled to cast votes at any ordinary or extraordinary shareholders' meeting in the aggregate equal to the number (rounded down to the nearest whole number) obtained from following formula: $(T \div 10) - 1$, where "T" is the aggregate number of votes conferred by all the registered share capital recorded in the commercial register. "Controlled Shares" are all shares of Chubb directly, indirectly or constructively owned or beneficially by such individual or entity.

Chubb's common shares have noncumulative voting rights, which means that the holders of a majority of its common shares cast may elect all of its directors, and, in this event, the holders of the remaining shares will not be able to elect any directors. Chubb's directors are elected for one-year terms. Directors may be removed without cause at any time and with immediate effect by resolution of the shareholders at an ordinary or extraordinary shareholders' meeting.

Dividend Rights

Under Swiss law, shareholders must approve in advance dividend distributions, though the determination of the record and payment dates may be delegated to the Board of Directors. In order to maintain the practice of quarterly dividends that Chubb established many years ago prior to becoming a Swiss company, Chubb asks its shareholders annually to approve an annual dividend distribution to be paid in four quarterly installments on dates determined by its Board of Directors.

Although dividend distributions are approved by shareholders as denominated in Swiss francs, payments of such dividend distributions to shareholders are made in U.S. dollars. To limit shareholder exposure to fluctuations in the U.S. dollar/Swiss franc exchange rate, the per share amount of each quarterly installment is either defined in U.S. dollars or paid pursuant to a formula which ensures that the U.S. dollar amount of such installment remains constant through appropriate adjustment of the Swiss francs amount, in each case subject to a cap expressed in Swiss francs that is approved by shareholders.

Under Swiss law, dividends (other than through reductions in par value) may be paid out only if the corporation has sufficient distributable profits from previous business years, or if the reserves of the corporation are sufficient to allow distribution of a dividend. The board of directors of a Swiss corporation may propose that a dividend be paid, but cannot itself authorize the dividend independently from a shareholders' authorization of a maximum amount. The company auditors must confirm that the dividend proposal of the Board of Directors conforms with statutory law and the articles of association. Prior to the distribution of dividends, five percent of the annual profits must be allocated to the general reserve until the amount of general reserves has reached twenty percent of the paid-in nominal share capital. Chubb's Articles of Association can provide for a higher general reserve or for the creation of further reserves setting forth their purpose and use. Once this level has been reached and maintained, the shareholders meeting may approve a distribution of each year's profit within the framework of applicable legal requirements. Unless otherwise resolved, dividends are usually due and payable immediately after the shareholders' resolution relating to the allocation of profits has been passed. Under Swiss law, the statute of limitations in respect of claims for dividend payments is five years. Distributions in the form of a par value reduction must also be approved by shareholders, require confirmation by an audit expert that the creditors' claims are fully covered and are subject to a special procedure in which creditors may ask to be satisfied or secured before payment of the distribution. To the extent Chubb pays distributions in the form of par value reductions or dividends from its qualifying capital contribution reserves, they will not be subject to Swiss withholding tax under current law.

Dividends are generally subject to a Swiss withholding tax at a rate of 35 percent; however, payment of a dividend in the form of a par value reduction or qualifying capital contribution reserve reduction is not subject to Swiss withholding tax. The United States and Switzerland concluded a double taxation agreement that should entitle United States security holders who are tax residents in the United States to claim a refund of Swiss withholding tax levied on dividends. For any dividends that are subject to Swiss withholding tax, the double taxation treaty provides for a refund of 20 percent of total 35 percent (non-refundable withholding tax: 15 percent) if the shareholder has less than 10 percent of the nominal share capital. If the shareholder is a United States tax resident corporation owning at least 10 percent of the share capital, the non-refundable portion is 5 percent.

Duration, Liquidation and Merger

Chubb's Articles of Association do not limit its duration as a legal entity.

Chubb may be dissolved by way of liquidation at any time by a shareholders' resolution passed by at least two-thirds of the votes represented at a shareholders meeting. By a shareholders' resolution passed by the same majority, Chubb may also be dissolved without liquidation in certain cases (for example in a merger where Chubb is not the surviving entity). Dissolution by court order is possible if Chubb becomes bankrupt, or for cause if shareholders holding at least 10 percent of the share capital so request.

Under Swiss law, any surplus arising out of a liquidation (after the settlement of all claims of all creditors) is distributed to shareholders in proportion to the paid-up nominal value of shares held. The amount of this surplus, to the extent it is not a repayment of the nominal value of the shares, is subject to Swiss Federal Withholding Tax. According to an applicable double tax treaty between Switzerland and the tax resident country of the shareholder or if the shareholder is domiciled in Switzerland, a partial or full refund of the Swiss withholding tax may be possible under certain conditions.

Preemptive Rights

Under Swiss law, any increase of Chubb's share capital, whether for cash or non-cash consideration, requires prior shareholder approval. Shareholders of a Swiss corporation have preemptive rights to subscribe for new issues of shares, warrants, convertible bonds, or similar debt instruments with option rights in proportion to the nominal amount of shares held. A resolution adopted at a shareholders' meeting by a two-thirds majority vote may, however, limit or withdraw such preemptive rights, but only for important and valid reasons (such as a merger, an acquisition, or participation of employees).

Shareholders' advance subscription rights with regard to the new bonds, notes or similar instruments may be restricted or excluded by decision of the Board of Directors in order to finance or refinance the acquisition of companies, parts of companies or holdings, or new investments planned by Chubb, or in order to issue convertible bonds and warrants on the international capital markets.

If advance subscription rights are excluded, then:

- the instruments are to be placed at market conditions,
- the exercise period is not to exceed ten years from the date of issue for warrants and twenty years for conversion rights, and
- the conversion or exercise price for the new shares is to be set at least in line with the market conditions prevailing at the date on which the instruments are issued.

Where such increase of share capital is used for *employee benefit plans*, shareholders' pre-emptive rights shall be excluded with regard to these shares. These new registered shares may be issued at a price below the current market price. The Board of Directors shall specify the precise conditions of issue.

Transfer of Shares

The registered shares are evidenced by way of share certificates or in book-entry form only. Subject to the requirements of any stock exchange on which Chubb's shares are listed, Chubb may renounce on the printing and delivery of share certificates. However, any shareholder may demand the issuance of a share certificate evidencing ownership of his shares free of charge. Registered shares evidenced in a share certificate are transferred by delivery to the acquirer combined with an endorsement or a written assignment attached to it. Registered shares not represented by a share certificate may only be transferred by way of written assignment. To be valid, Chubb must be notified of the assignment. The right to vote and other rights associated with the common shares (other than financial rights) may only be exercised by a shareholder who is registered in the share register as shareholder with voting rights.

Entry of acquirers of registered shares as shareholders with voting rights in the share register may be refused based on the following grounds:

- No individual or legal entity may, directly or indirectly, formally, constructively or beneficially own (as defined in Article 14 of Chubb's Articles of Association) or otherwise control voting rights with respect to 10 percent or more of the registered share capital recorded in the commercial register. Those associated through capital, voting power, joint management or in any other way, or joining for the acquisition of shares, shall be regarded as one person. Persons holding registered shares exceeding the limit of 10 percent shall be entered in the share register, with respect to such excess shares only, as shareholders without voting rights;
- The limit of 10 percent of the registered share capital also applies to the subscription for, or acquisition of, registered shares by exercising option or convertible rights arising from registered or bearer securities or any other securities issued by Chubb or third parties, as well as by means of exercising purchased pre-emptive rights arising from either registered or bearer shares. Persons holding registered shares exceeding the limit of 10 percent shall be entered in the share register with respect to such excess shares only as shareholders without voting rights;
- The Board of Directors shall reject entry of holders of registered shares as shareholders with voting rights in the share register or shall decide on their deregistration as shareholders with voting rights when the acquirer or shareholder upon request does not expressly state that she/he has acquired or holds the shares in her/his own name and for her/his own account.

The Board of Directors may record nominees in Chubb's share register as shareholders with the right to vote without limitation when the nominee undertakes the obligation to disclose at any time to Chubb at its written request the names, addresses and share holdings of each person for whom such nominee is holding shares. Beneficial owners of shares who hold their shares through nominees exercise their rights through the intermediation of such nominees.

Change of Control

Registration and Voting Rights Restrictions. Chubb's Articles of Association limit the right of an acquirer to be registered as shareholder with voting rights and the right of its shareholders to exercise their voting rights. See "Transfer of Shares" and "Voting Rights."

Disclosure of Shareholders' Identity. Swiss company law requires that Chubb disclose the identity of all of its shareholders who hold more than 5 percent of Chubb's voting rights to the extent that such shareholders are known or should be known to Chubb. Such disclosure must be made once a year in the notes to the financial statements published in Chubb's annual report.

DESCRIPTION OF CHUBB INA SENIOR NOTES GUARANTEED BY CHUBB

The senior notes described below (the “Notes”) were issued by Chubb INA and are each fully and unconditionally guaranteed by Chubb. The following description is a summary of the material terms of the Notes. Because it is only a summary, it may not contain all of the information that may be important to you, and should be read in conjunction with the indenture dated as of August 1, 1999 among Chubb INA, as issuer, Chubb, as guarantor, and The Bank of New York Mellon Trust Company, N.A. (formerly known as The Bank of New York Trust Company, N.A., successor to J.P. Morgan Trust Company, National Association and The First National Bank of Chicago), as trustee, as amended by the first supplemental indenture dated as of March 13, 2013 between Chubb, Chubb INA and the trustee and the respective form of global note and form of officer’s certificate for each such series of notes.

Notes Issued

The Notes consist of the following series:

- 0.300 percent Senior Notes due 2024 initially issued in the aggregate principal amount of €700,000,000 (the “2024 Notes”),
- 0.875 percent Senior Notes due 2027 initially issued in the aggregate principal amount of €575,000,000 (the “2027 Notes”),
- 1.550 percent Senior Notes due 2028 initially issued in the aggregate principal amount of €900,000,000 (the “2028 Notes”),
- 0.875 percent Senior Notes due 2029 initially issued in the aggregate principal amount of €700,000,000 (the “2029 Notes”),
- 1.400 percent Senior Notes due 2031 initially issued in the aggregate principal amount of €575,000,000 (the “2031 Notes”),
- 2.500 percent Senior Notes due 2038 initially issued in the aggregate principal amount of €900,000,000 (the “2038 Notes”)

Maturity

Unless redeemed or purchased and cancelled prior thereto, the 2024 Notes will mature on December 15, 2024, the 2027 Notes will mature on June 15, 2027, the 2028 Notes will mature on March 15, 2028, the 2029 Notes will mature on December 15, 2029, the 2031 Notes will mature on June 15, 2031, and the 2038 Notes will mature on March 15, 2038.

Interest and Interest Payment Date

The 2024 Notes and 2029 Notes bear interest at the rate of 0.30 percent and 0.875 percent per year, respectively, payable annually in arrears. Interest payment date is December 15 of each year.

The 2027 Notes and 2031 Notes bear interest at the rate of 0.875 percent and 1.4 percent per year, respectively, payable annually in arrears. Interest payment date is June 15 of each year.

The 2028 Notes and 2038 Notes bear interest at the rate of 1.55 percent and 2.5 percent per year, respectively, payable annually in arrears. Interest payment date is March 15 of each year.

Currency of Payment

All payments of interest, principal, premium, if any, and additional amounts, if any, in respect of the Notes, will be made in euro. If the euro is unavailable to Chubb INA, or in the case of the guarantee, Chubb, due to the imposition of exchange controls or other circumstances beyond Chubb INA's or, in the case of the guarantee, Chubb's control or if the euro is no longer being used by the then member states of the European Monetary Union that have adopted the euro as their currency or for the settlement of transactions by public institutions of or within the international banking community, then all payments in respect of the Notes will be made in dollars until the euro is again available to Chubb INA or, in the case of the guarantee, Chubb, or so used.

Guarantee

All payments of interest, principal, premium, if any, and additional amounts, if any, in respect of the Notes are fully and unconditionally guaranteed by Chubb.

Ranking

The Notes of each series are:

- Chubb INA's senior unsecured obligations;
- Equal in right of payment with all of Chubb INA's other unsecured and unsubordinated indebtedness from time to time outstanding; and
- Structurally subordinated to all obligations of Chubb INA's subsidiaries, including claims with respect to trade payables.

The guarantee is:

- Chubb's senior unsecured obligation;
- Equal in right of payment with all of Chubb's other unsecured and unsubordinated indebtedness from time to time outstanding; and
- Structurally subordinated to all obligations of Chubb's subsidiaries, including claims with respect to trade payables.

Additional Amounts

Chubb INA or Chubb, as applicable, will, subject to certain exceptions and limitations, pay additional amounts on the Notes as are necessary in order that the net payment by Chubb INA or Chubb, as applicable, of the principal of, and premium, if any, and interest on the Notes, after withholding or deduction for any future tax, assessment or other governmental charge imposed by the applicable Taxing Jurisdiction will not be less than the amount provided in the Notes to be then due and payable.

Optional Redemption

Chubb INA may redeem at the following Par Call Dates:

(1) the 2024 Notes in whole at any time or in part from time to time prior to November 15, 2024 (one month prior to the maturity date of the 2024 Notes);

(2) the 2027 Notes in whole at any time or in part from time to time prior to March 15, 2027 (three months prior to the maturity date of the 2027 Notes);

(3) the 2028 Notes in whole at any time or in part from time to time prior to December 15, 2027 (three months prior to the maturity date of the 2028 Notes);

(4) the 2029 Notes in whole at any time or in part from time to time prior to September 15, 2029 (three months prior to the maturity date of the 2029 Notes);

(5) the 2031 Notes in whole at any time or in part from time to time prior to March 15, 2031 (three months prior to the maturity date of the 2031 Notes); and

(6) the 2038 Notes in whole at any time or in part from time to time prior to September 15, 2037 (six months prior to the maturity date of the 2038 Notes).

In each case at its option, at a redemption price equal to the greater of:

- 100 percent of the principal amount of the Notes being redeemed; and
- The sum of the present value of the remaining scheduled payments of principal and interest on the Notes being redeemed that would be due if the Notes to be redeemed matured on the applicable Par Call Date (not including any portion of such payments of interest accrued as of the redemption date) discounted to the redemption date on an annual basis (ACTUAL/ACTUAL (ICMA)) at the applicable Comparable Government Bond Rate, plus
 - o 15 basis points, in the case of the 2024 Notes and 2028 Notes
 - o 20 basis points, in the case of the 2027 Notes and 2029 Notes
 - o 25 basis points, in the case of the 2031 Notes and 2038 Notes
 - o Plus, in each case, accrued and unpaid interest on the Notes to be redeemed to, but excluding, the redemption date.

In addition, at any time on and after the applicable Par Call Date, Chubb INA may redeem some or all of the Notes of the applicable series, at its option, at a redemption price equal to 100 percent of the principal amount of the Notes to be redeemed plus accrued and unpaid interest on the Notes being redeemed to, but excluding, the redemption date.

Redemption for Tax Reasons

Chubb INA may redeem the Notes of any or all series at its option in whole but not in part if the tax laws of the applicable Taxing Jurisdiction change and Chubb INA or Chubb becomes obligated to pay additional amounts on the Notes of the series to be redeemed. This redemption would be at 100 percent of the principal amount, together with accrued and unpaid interest on the Notes to, but excluding, the redemption date.

Sinking Fund

None

Covenants

The indenture under which Chubb INA issued the Notes contains covenants that, among other things, limit the ability of Chubb and Chubb INA to (1) dispose of, or incur indebtedness secured by, the capital stock of designated subsidiaries and (2) engage in mergers, consolidations, amalgamations and sales of all or substantially all of their assets.

Additional Issuances

Chubb INA may from time to time, without giving notice to or seeking the consent of the holders of the Notes of either series, issue debt securities having the same terms (except for the issue date and, in some cases, the public offering price and the amount and date of the first interest payment) as, and ranking equally and ratably with, the Notes. Any additional debt securities having such similar terms, together with Notes of the applicable series, will constitute a single series of securities under the indenture governing the Notes; provided

that such additional debt securities are fungible with Notes of the applicable series for U.S. federal income tax purposes.

Original Interest Discount

Certain Notes are treated as having been issued with original issue discount ("OID"):

(1) The 2024 Notes, the 2028 Notes, the 2029 Notes and the 2038 Notes (the "OID Notes") are treated as having been issued with OID. Because the first payment of interest on the each series of OID Notes was or will be greater than one year after the issue date of the OID Notes, none of the stated interest payable on the OID Notes will be treated as qualified stated interest. Rather, all stated interest on the OID Notes will be treated as part of the OID Notes' "stated redemption price at maturity" for calculating the amount of OID on such OID Notes.

(2) The 2027 Notes and the 2031 Notes were not issued with OID.

Each "United States person" (within the meaning of Section 7701(a)(30) of the Internal Revenue Code) that holds a Note (a "U.S. Holder"), whether such U.S. Holder uses the cash or the accrual method of accounting for tax purposes, will be required to include in ordinary gross income the sum of the "daily portions" of OID on that Note for all days during the taxable year that the U.S. Holder owns the Note.

A U.S. Holder may also elect to include in gross income all interest that accrues on a debt instrument (including qualified stated interest, OID, de minimis OID, market discount, de minimis market discount and unstated interest, as adjusted by any amortizable bond premium or acquisition premium) under a constant yield method.

Listings

We registered the Notes of each series on the New York Stock Exchange. We have no obligation to maintain such listing, and we may delist the Notes of any series at any time.

Limitation on Liens on Stock of Designated Subsidiaries

Under the Chubb INA senior indenture, each of Chubb INA and Chubb have covenanted that, so long as any Chubb INA senior debt securities are outstanding, it will not, nor will it permit any subsidiary to create, incur, assume, guarantee or otherwise permit to exist any indebtedness secured by any security interest on any shares of capital stock of any designated subsidiary, unless Chubb INA and Chubb concurrently provide that the Chubb INA senior debt securities and, if Chubb INA and Chubb elect, any other indebtedness of Chubb INA that is not subordinate to the Chubb INA senior debt securities and with respect to which the governing instruments require, or pursuant to which the Chubb INA is otherwise obligated, to provide such security, will be secured equally with the indebtedness for at least the time period the other indebtedness is so secured.

The term "designated subsidiary" means any present or future consolidated subsidiary of Chubb, the consolidated net worth of which constitutes at least 5 percent of Chubb's consolidated net worth.

Events of Default

Each of the following events will constitute an event of default under each Chubb INA indenture, whether it be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body:

- default in the payment of any interest on, or any additional amounts payable with respect to, any Chubb INA debt security when the interest or additional amounts become due and payable, and continuance of this default for a period of 30 days;

- default in the payment of the principal of or any premium on, or any additional amounts payable with respect to, any Chubb INA debt security when the principal, premium or additional amounts become due and payable either at maturity, upon any redemption, by declaration of acceleration or otherwise;
- default in the deposit of any sinking fund payment, when due;
- default in the performance, or breach, of any covenant or warranty of Chubb INA or Chubb for the benefit of the holders of the Chubb INA debt securities, and the continuance of this default or breach for a period of 60 days after Chubb INA has received written notice from the holders;
- if any event of default under a mortgage, indenture or instrument under which Chubb or Chubb INA may issue, or by which Chubb or Chubb INA may secure or evidence, any indebtedness, including an event of default under any other series of Chubb INA debt securities, whether the indebtedness now exists or is later created or incurred, happens and consists of default in the payment of more than \$50,000,000 in principal amount of indebtedness at the maturity of the indebtedness, after giving effect to any applicable grace period, or results in the indebtedness in principal amount in excess of \$50,000,000 becoming or being declared due and payable prior to the date on which it would otherwise become due and payable, and this default is not cured or the acceleration is not rescinded or annulled within a period of 30 days after Chubb INA has received written notice;
- Chubb INA or Chubb shall fail within 60 days to pay, bond or otherwise discharge any uninsured judgment or court order for the payment of money in excess of \$50,000,000, which is not stayed on appeal or is not otherwise being appropriately contested in good faith;
- events in bankruptcy, insolvency or reorganization of Chubb INA or Chubb; and
- any other event of default, as described in the applicable prospectus supplement. (Section 5.1)

Modification and Waiver

Chubb INA, Chubb and the trustee may modify or amend either Chubb INA indenture with the consent of the holders of not less than a majority in principal amount of the outstanding Chubb INA debt securities of each series affected by the modification or amendment, so long as the modification or amendment does not, without the consent of each affected holder change or modify certain conditions.

Conversion and Exchange

The Notes are not convertible into or exchangeable for, common shares of Chubb or other securities.

Payments of Additional Amounts

Chubb will make all payments on Chubb INA debt securities without withholding of any present or future taxes or governmental charges of Switzerland, the Cayman Islands or Bermuda, each referred to as a taxing jurisdiction, unless Chubb is required to do so by applicable law or regulation.

Chubb Limited
Outside Directors Compensation Parameters

- Annual Retainer Fee of \$325,000. Paid \$190,000 in restricted stock and \$135,000 cash or, at the election of the director, \$325,000 in restricted stock. Includes expectation of service on up to two committees (not counting service on Executive Committee). No fees are payable for regular board or committee meetings.

- Annual premiums for committee chairs and Lead Director:
 - Audit—\$35,000
 - Compensation—\$25,000
 - Nominating & Governance—\$20,000
 - Risk & Finance—\$25,000
 - Lead Director—\$50,000

- Annual premiums for selected committee service (non-chair): None.

- Committee chair and Lead Director service premiums are payable in cash quarterly or, at the election of the director, in restricted stock annually.

- Meeting fees for “special” meetings (required to consider transactions or other special circumstances, as determined jointly by the Lead Director and Chairman): \$2,000 per telephone meeting, \$3,000 for ‘in person’ meetings. Payable in cash quarterly. Meeting fees as described in this paragraph shall be payable as determined by the Nominating & Governance Committee, but in all cases subject to availability, taking into account paid and allocable Retainer Fees and premiums described above, within the annual compensation cap approved by shareholders.

- Restricted stock will be awarded at beginning of the plan year (i.e. the date of the Annual General Meeting) and become non-forfeitable at end of the plan year, provided that the grantee has remained a Chubb director continuously during that plan year. Increases shall be paid on a pro-rated basis, based on date of award.

Last Amended: February 2022

Certain information in the marked exhibit below has been omitted because it is not material and is viewed as private or confidential. Omissions are designated as "[Redacted]."

November 21, 2020
(revised December 8, 2020)
Peter Enns
Sent via email to [Redacted]

Dear Peter,

We are pleased to confirm our offer of employment for the role of EVP, Chubb Limited/Chubb Group and Chief Financial Officer, based in New York City. We look forward to you beginning your employment with us as soon as possible, but no later than April 1, 2021.

Annual Compensation

Your gross annual starting base salary will be \$880,000, paid bi-weekly. Your annual "target" bonus is \$1,400,000 and your annual "target" equity award is \$2,400,000. Your actual awards will be based on both your individual performance and the company's performance, as assessed by the CEO and approved by the Board.

The bonus is awarded under the annual Chubb Incentive Plan and is payable in March each year for the prior calendar year's performance.

Equity awards are made pursuant to the Chubb Limited Long-Term Incentive Plan (LTIP). Annual awards are made in the form of Chubb Limited stock options and/or time-based or performance-based restricted shares in the first quarter of each year, reflective of the prior calendar year's performance.

Currently, 25% of the annual equity award is delivered as stock options and 75% as restricted shares, with 60% of the restricted shares being designated as performance shares. Your unvested equity will continue to vest, and you will continue to be eligible to exercise vested stock options for their original 10 year term in accordance with the applicable LTIP provided you remain employed until age 62, you retire and are in good standing with the company at the time you leave employment and agree to the terms of a release agreement.

The long-term incentive awards are subject to the discretion of the CEO and approval of the Chubb Board of Directors and are governed by the terms of the applicable LTIP and the performance-based stock awards summary. The LTIP may be changed by the Chubb Limited Board of Directors at any time.

Special Equity Grants

As a buyout of your unvested deferred cash and equity with HSBC, you will receive a special equity grant valued at \$1,440,000. This award will be in the form of time-based restricted shares, which will vest 25% per year on the anniversary of the grant date provided you are employed by the company on the vesting date. To replace the 2020 deferred cash performance bonus that you will forfeit upon leaving HSBC, you will receive a special equity grant that is valued at \$2,240,000. The award will be comprised of \$920,000 in performance shares, \$720,000 in time-based restricted shares and \$600,000 in stock options. These awards will be governed by the terms of the applicable Chubb Limited Long-Term Incentive plan and the performance-based stock awards summary pursuant to which they are awarded.

Employee Benefits and Deferred Compensation Plans

As a US-based employee, you will be eligible to participate in the Chubb USA benefits program. You are also eligible for Ultimate Health, a supplemental healthcare reimbursement plan by ArmadaCare, which provides a broad range of supplemental coverages for medical, dental, vision and prescription expenses. Please refer to the enclosed Chubb Benefits at a Glance and ArmadaCare's Ultimate Health Member Overview for a summary of the benefit offerings.

You are eligible for 28 days of paid time off annually, inclusive of vacation, sick days and personal days.

You are eligible to participate in the Chubb USA Employee Retirement Program, a qualified retirement plan. You will receive a company contribution of 6% of your base pay, plus a company match of 50% of the first 6% of your contributions to the plan. You may contribute up to 10% of your eligible earnings in the plan. Company contributions will be made once a year in January to those employees who were employed on December 31st of the previous year.

You are eligible to participate in a non-qualified retirement savings plan, the Chubb USA Supplemental Employee Retirement Savings Plan. The Chubb USA Supplemental Employee Retirement Savings Plan

operates in conjunction with Chubb's qualified plan. After you have contributed the maximum amount permitted under IRS rules to Chubb's qualified plan, you may continue to make tax deferred contributions and continue to receive company contributions under Chubb's non-qualified plan. To participate in the non-qualified plan, you must elect to contribute 10% of your compensation under Chubb's qualified plan.

You are eligible to participate in the Chubb USA Officer Deferred Compensation Plan. The Chubb USA Officer Deferred Compensation Plan allows you to defer salary and/or bonus to retirement, termination or a specified year in the future. You will receive a separate communication with instructions on how to enroll in the Plan.

Information regarding both the Chubb USA Supplemental Employee Retirement Savings Plan and the Chubb USA Officer Deferred Compensation Plan, including election forms, will be sent to you separately.

Please note that Chubb continually reviews its employee compensation and benefit programs and changes to those programs may be made by Chubb at any time.

Other Benefits

Housing Allowance - The Company will provide you with a monthly cash housing allowance of \$10,000-\$12,000 towards the rental cost and related expenses of residential housing in New York. This will be paid to you bi-weekly via payroll.

Tax Preparation - You will be provided with tax preparation assistance through an accounting firm designated by Chubb to assist you in the preparation and filing of your individual income tax returns. The fees for this service will be paid on your behalf.

Relocation Benefits - You are eligible for relocation benefits related to your move from Hong Kong to New York. Once we discuss your needs, I will provide the details of the benefits and the relocation process.

Immigration Services - The company will assist you in obtaining the required work authorization and dependent visas, including providing the legal and administrative support to apply for and maintain a US work permit.

Employment Terms and Conditions

Our offer of employment is contingent upon satisfactory findings from the background check process. You should receive an email request from Chubb's independent third-party vendor, Business Information Group (BIG), directing you to register on their website to start the background process.

Chubb places a high value on business ethics, and we want to remind you that it would not be acceptable for you to bring with you to Chubb any proprietary or confidential materials from your former employer.

The company provides an employment dispute resolution program, which offers an efficient and effective process for resolving workplace disputes. While we expect that most questions and issues regarding your employment will be resolved internally, the final step of the program includes mandatory and binding arbitration with a neutral third-party arbitrator. The Chubb Employment Dispute Arbitration Policy will be sent separately, and you will be asked to sign and return a copy indicating your acknowledgement and acceptance of the program.

You should understand that employment at Chubb is not guaranteed for any fixed period. Just as you can end your employment at any time, Chubb can end your employment at any time.

Please confirm your acceptance of our offer of employment by executing this letter and returning a signed copy to me as soon as possible.

If you have any questions, please don't hesitate to contact me.

Sincerely,

Jo Ann Rabitz
Global Human Resources Officer

I agree to employment under the terms of this letter:

Name: Peter Enns Date:

Exhibit 21.1

Set forth below are subsidiaries of Chubb and their respective jurisdiction of ownership and percentage ownership, in each case as of December 31, 2021. Each of the named subsidiaries is not necessarily a significant subsidiary as defined in Rule 1-02(w) of Regulation S-X, and Chubb has several additional subsidiaries not named below. The unnamed subsidiaries, considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary at the end of the year covered by this report.

Name	Jurisdiction of Organization	Percentage Ownership
Chubb Limited	Switzerland	Publicly held
Chubb Insurance (Switzerland) Limited	Switzerland	100%
Chubb Reinsurance (Switzerland) Limited	Switzerland	100%
Chubb Group Management and Holdings Ltd.	Bermuda	100%
Chubb Bermuda Insurance Ltd.	Bermuda	100%
Paget Reinsurance Ltd.	Bermuda	100%
ACE Capital Title Reinsurance Company	USA (New York)	100%
Green & Grey Financial Solutions International, Ltd.	Bermuda	100%
Corporate Officers & Directors Assurance Ltd.	Bermuda	100%
Oasis Real Estate Company Ltd.	Bermuda	100%
Scarborough Property Holdings Ltd.	Bermuda	40%
Sovereign Risk Insurance Limited	Bermuda	100%
Chubb Realty Holdings Limited	Bermuda	100%
Freisenbruch Meyer Insurance Ltd.	Bermuda	40%
Freisenbruch-Meyer Insurance Services Ltd.	Bermuda	40%
Chubb Market Company Limited	England & Wales	100%
Chubb Tarquin	England & Wales	100%
Chubb Capital V Limited	England & Wales	100%
Chubb Leadenhall Limited	England & Wales	100%
Chubb Underwriting Agencies Limited	England & Wales	100%
Chubb Capital I Limited	England & Wales	100%
Chubb Capital III Limited	England & Wales	100%
Chubb Capital IV Limited	England & Wales	100%
Chubb Capital VI Limited	England & Wales	100%
Chubb London Holdings Limited	England & Wales	100%
Chubb Capital II Limited	England & Wales	100%
Chubb London Investments Limited	England & Wales	100%
Chubb European Group Ltd.	England & Wales	100%
Chubb London Limited	England & Wales	100%
Chubb Company Services Limited	England & Wales	100%
Chubb London Services Limited	England & Wales	100%
Chubb London Group Limited	England & Wales	100%
Chubb Intermediaries Bermuda Ltd	Bermuda	100%
Chubb Services Limited	Cayman Islands	100%
Oasis Insurance Services Ltd.	Bermuda	100%
Chubb Tempest Life Reinsurance Ltd	Bermuda	100%
Chubb Tempest Reinsurance Ltd.	Bermuda	100%
Chubb Life Europe SE	France	99.99% 0.01% (Chubb Group Management and Holdings Ltd.)

Chubb Tempest Reinsurance Ltd. Escritório de Representação No Brasil Ltda.	Brazil	99.999999% 0.000001% (Chubb Tempest Life Reinsurance Ltd.)
ABR Reinsurance Capital Holdings Ltd.	Bermuda	17.128%
Chubb Life Insurance Myanmar Limited	Myanmar	100%
Oasis Investments Ltd.	Bermuda	66.66% 33.33% (Chubb Bermuda Insurance Ltd.)
Oasis Investments 2 Ltd.	Bermuda	66.66% 33.33% (Chubb Bermuda Insurance Ltd.)
Chubb Group Holdings Inc.	USA (Delaware)	100%
Chubb (CR) Holdings	England & Wales	100%
Chubb Capital VII Limited	England & Wales	100%
Chubb (RGB) Holdings Limited	England & Wales	100%
Chubb (CIDR) Limited	England & Wales	100%
Ridge Underwriting Agencies Limited	England & Wales	100%
Chubb Asset Management Inc.	USA (Delaware)	100%
ACE Life Insurance Company	USA (Connecticut)	100%
Chubb INA Holdings Inc.	USA (Delaware)	80% 20% (Chubb Limited)
Chubb Business Services India LLP	India	99.9% 0.1% (Chubb India Holdings LLC)
DHC Corporation	USA (Delaware)	100%
Pacific Indemnity Company	USA (Wisconsin)	100%
Executive Risk Indemnity Inc.	USA (Delaware)	100%
Executive Risk Specialty Insurance Company	USA (Connecticut)	100%
Chubb Custom Insurance Company	USA (New Jersey)	100%
Chubb India Holdings LLC	USA (Delaware)	100%
Chubb Global Financial Services Corporation	USA (Delaware)	100%
Harbor Island Indemnity Ltd.	Bermuda	100%
StreamLabs, Inc.	USA (New Jersey)	100%
Bellemead Development Corporation	USA (Delaware)	100%
Bellemead/Marina Del Rey Corp.	USA (Delaware)	100%
Halifax Plantation Golf Management, Inc.	USA (Florida)	100%
Halifax Plantation, Inc.	USA (Florida)	100%
Halifax Plantation Golf, Inc.	USA (Florida)	100%
Halifax Plantation Realty, Inc.	USA (Florida)	100%
1717 Naperville Corp.	USA (Illinois)	100%
1250 Diehl Corp.	USA (Illinois)	100%
Federal Insurance Company	USA (Indiana)	100%
Chubb Indemnity Insurance Company	USA (New York)	100%
Chubb National Insurance Company	USA (Indiana)	100%
Chubb Insurance Company of New Jersey	USA (New Jersey)	100%
Chubb Lloyds Insurance Company of Texas	USA (Texas)	100%
Great Northern Insurance Company	USA (Indiana)	100%

Vigilant Insurance Company	USA (New York)	100%
Chubb Financial Solutions (Bermuda) Ltd.	Bermuda	100%
Chubb Insurance Company Limited	China	100%
Federal Insurance Company Escritório de Representação no Brasil Ltda.	Brazil	99.99% 0.01% (Chubb & Son Inc.)
Chubb Direct Marketing Company Ltd.	Korea	100%
Chubb Life Insurance Korea Company Ltd.	Korea	100%
Combined Insurance Company of America	USA (Illinois)	100%
Combined Life Insurance Company of New York	USA (New York)	100%
Chiewchanwit Company Limited	Thailand	49%
Huatai Insurance Group Co., Ltd.	China	47.3407% (Chubb Group in aggregate) 25.9576% (Chubb Tempest Reinsurance Ltd.) 10.931% (Chubb Bermuda Insurance Ltd.) 5.8293% (Chubb INA Holdings Inc.) 4.6228% (ACE American Insurance Company)
Huatai Asset Management Co., Ltd.	China	81.82% 18.18% (owned by 2 non- Chubb shareholders)
Huatai Property & Casualty Insurance Co., Ltd	China	100%
Huatai Life Insurance Co., Ltd.	China	79.68% 20% (Chubb INA Holdings Inc.) 0.32% (non-Chubb shareholders)
INA Corporation	USA (Pennsylvania)	100%
INA Tax Benefits Reporting, Inc.	USA (Delaware)	100%
INA Financial Corporation	USA (Delaware)	100%
Brandywine Holdings Corporation	USA (Delaware)	100%
Cravens, Dargan & Company, Pacific Coast	USA (Delaware)	100%
Century Indemnity Company	USA (Pennsylvania)	100%
Century International Reinsurance Company Ltd.	Bermuda	100%
INA Holdings Corporation	USA (Delaware)	100%
INA International Holdings, LLC	USA (Delaware)	100%
Chubb INA Properties, Inc.	USA (Delaware)	100%
Conference Facilities, Inc.	USA (Pennsylvania)	100%
ESIS, Inc.	USA (Pennsylvania)	100%

Chubb Risk Consulting Group Limited	Ireland	100%
ESIS Canada Inc.	Canada (Ontario)	100%
ESIS Environmental Health and Safety Consulting (Shanghai) Company Limited	China (Shanghai)	100%
Chubb Global Risk Advisors Pte. Ltd.	Singapore	100%
ESIS Academy Pte. Ltd.	Singapore	100%
Chubb INA Excess and Surplus Insurance Services, Inc.	USA (Pennsylvania)	100%
Chubb Excess and Surplus Insurance Services Inc.	USA (California)	100%
Chubb Alternative Risk Solutions Inc.	USA (Delaware)	100%
ACE American Insurance Company	USA (Pennsylvania)	100%
Bankers Standard Insurance Company	USA (Pennsylvania)	100%
Indemnity Insurance Company of North America	USA (Pennsylvania)	100%
Penn Millers Holding Corporation	USA (Pennsylvania)	100%
Penn Millers Insurance Company	USA (Pennsylvania)	100%
Penn Millers Agency, Inc.	USA (Pennsylvania)	100%
Pacific Employers Insurance Company	USA (Pennsylvania)	100%
Illinois Union Insurance Company	USA (Illinois)	100%
Rain and Hail Insurance Service, Inc.	USA (Iowa)	100%
Agri General Insurance Company	USA (Iowa)	100%
Rain and Hail L.L.C.	USA (Iowa)	100%
Agri General Insurance Service, Inc.	USA (Iowa)	100%
Rain and Hail Insurance Service International, Inc.	USA (Iowa)	100%
Rain and Hail Insurance Service, Ltd.	Canada	100%
Rain and Hail Insurance Service de Mexico, S.A. de C.V.	Mexico	100%
Insurance Company of North America	USA (Pennsylvania)	100%
Chubb & Son Inc.	USA (New York)	100%
Chubb Insurance Solutions Agency Inc.	USA (Delaware)	100%
Chubb Services Corporation	USA (Illinois)	100%
ACE Property and Casualty Insurance Company	USA (Pennsylvania)	100%
ACE Fire Underwriters Insurance Company	USA (Pennsylvania)	100%
Atlantic Employers Insurance Company	USA (New Jersey)	100%
ACE Insurance Company of the Midwest	USA (Indiana)	100%
Chubb Tempest Re USA LLC	USA (Connecticut)	100%
Chubb Structured Products Inc.	USA (Delaware)	100%
Recovery Services International, Inc.	USA (Delaware)	100%
Chubb INA International Holdings Ltd.	USA (Delaware)	100%
Chubb Europe Services Ltd.	UK	100%
Chubb Managing Agent Ltd.	UK	100%
Chubb Insurance Service Company Ltd.	UK	100%
Chubb Capital Ltd.	UK	100%
Combined Life Insurance Company of Australia, Ltd.	Australia	100%
Chubb Arabia Cooperative Insurance Company	Saudi Arabia	30%
Chubb Servicios Panama S.A.	Panama	100%

Inversiones Vita S.A.	Chile	99% 1% (AFIA Finance Corporation, Agencia en Chile)
Chubb Fianzas Holdings Inc.	USA (Delaware)	100%
FM Holdco LLC	USA (Delaware)	100%
Chubb Fianzas Monterrey, Aseguradora de Caución, S.A.	Mexico	99.90% 0.05% (AFIA Finance Corporation) 0.05% (Chubb Global Financial Services Corp.)
Operadora FMA, S.A. de C.V.	Mexico	99.99% 0.01% (AFIA Finance Corporation)
Chubb Seguros Mexico Holdings Inc.	USA (Delaware)	100%
Ally Insurance Holdings LLC	USA (Delaware)	100%
ABA Mexico Holdings LLC	USA (Delaware)	100%
ABA Garantías S.A. de C.V.	Mexico	99.99% 0.01% (AFIA Finance Corporation)
Chubb Seguros México S.A.	Mexico	99.9999996% 0.0000003% (AFIA Finance Corporation) 0.0000001% (Chubb Global Financial Services Corporation)
ABA Asistencias, S.A. de C.V.	Mexico	99.998% 0.002% (ABA Garantías S.A. de C.V.)
Chubb Life Insurance Company Ltd.	Bermuda	100%
Chubb Insurance Malaysia Berhad	Malaysia	100%
INACOMB S.A. de C.V.	Mexico	99.998% 0.002% (AFIA Finance Corporation)
Chubb Holdings Australia Pty Limited	Australia	100%
Chubb Insurance Australia Limited	Australia	100%
PT Chubb Life Insurance Indonesia	Indonesia	98.21%
Chubb Life Insurance Vietnam Company Limited	Vietnam	100%
Chubb Life Fund Management Company Limited	Vietnam	100%
Chubb Insurance Vietnam Company Limited	Vietnam	100%
Chubb Seguros Holdings Chile Inc.	USA (Delaware)	100%
Chubb Seguros Holdings Chile Inc. Agencia en Chile	Chile	100%

Chubb Seguros Chile S.A.	Chile	92.932229% 3.761413% (Chubb Seguros Holdings Chile Inc. Agencia en Chile) 1.002135% (AFIA Finance Corporation, Agencia en Chile) 0.633659% (AFIA Finance Corporation Chile Limitada) 0.001072% (Chubb INA Holdings Inc.) 1.646255% (Inversiones Vita S.A.) 0.023237% (Non-Chubb shareholders)
Chubb Seguros Brasil S.A.	Brazil	83.17% 16.82% (DHC Corporation) 0.01% (Chubb Brazil Holdings Ltd.)
Chubb Serviços Brasil Ltda	Brazil	99% 1% (AFIA Finance Corporation)
Chubb Servicios México, S.A. de C.V.	Mexico	99.9% 0.1% (AFIA Finance Corporation)
Chubb Seguros Argentina S.A.	Argentina	23.4741% 75.7651% (Federal Insurance Company) 0.7561% (AFIA Finance Corporation) 0.0047% (non-Chubb Owners)
Chubb INA International Holdings Ltd., Agencia en Chile	Chile	100%

Chubb Seguros de Vida Chile S.A.	Chile	41.912% 0.233% (AFIA Finance Corporation, Agencia en Chile) 57.855% (Inversiones Vita S.A.)
Ventas Personales Limitada	Chile	99% 1% (AFIA Finance Corporation Agencia en Chile)
Chubb Servicios Chile Limitada	Chile	99% 1.00% (AFIA Finance Corporation, Agencia en Chile)
PT Chubb General Insurance Indonesia	Indonesia	80% 20% (PT Adi Citra Mandiri)
PT Asuransi Chubb Syariah Indonesia	Indonesia	75% 25% (PT Mitrajaya Amanah Cemerlang)
Chubb INA Overseas Holdings Inc.	USA (Delaware)	100%
Chubb European Holdings Limited	UK	100%
Chubb Underwriting (DIFC) Limited	Dubai	100%
Chubb European Group SE	France	99.99% 0.01% (Chubb EU Holdings Limited)
Chubb EU Holdings Limited	UK	100%
Chubb Pension Trustee Limited	UK	100%
Chubb International Investments Limited	UK	99.9999930697% 0.0000069303% (Chubb INA Intl. Holdings Ltd.)
JSC Russian Reinsurance Company	Russia	23.34%
LLC Chubb Life Insurance Company	Russia	100%
LLC Chubb Insurance Company	Russia	100%
Chubb Seguradora Macau S.A.	China (Macau)	99.94%
Chubb Holdings Limited	Cayman Islands	100%
Chubb Insurance Egypt S.A.E.	Egypt	98.014% 0.551% (Chubb Services UK Ltd) 0.551% (Chubb European Holdings Ltd)

Chubb Life Insurance - Egypt S.A.E.	Egypt	98.35% 0.98% (Chubb Holdings Limited) 0.67% (AFIA Finance Corporation)
ACE INA Berhad	Malaysia	100%
Chubb Seguros Colombia S.A.	Colombia	17.0140717%
Chubb Seguros Ecuador S.A.	Ecuador	99.99% 0.01% (AFIA Finance Corporation)
Chubb Seguros Panama S.A.	Panama	100%
Chubb Seguros Péru S.A.	Peru	99.99% 0.01% (AFIA Finance Corporation)
Nam Ek Company Limited	Thailand	49%
Eksupsiri Company Limited	Thailand	50.99% 49% (Chubb INA International Holdings Ltd)
Chubb Life Assurance Public Company Limited	Thailand	75.01% 24.99% (Oriental Equity Holdings)
Chubb Samaggi Insurance Public Company Limited	Thailand	99.2868% 0.7132% (non-affiliates)
Siam Marketing & Analytics Company Limited	Thailand	50.99% 49% (Chubb Asia Pacific Services Pte. Limited)
Siam Liberty Insurance Broker Co., Ltd.	Thailand	74.8% 24.99% (AFIA Finance Corporation)
Chubb Insurance South Africa Limited	South Africa	100%
Chubb Insurance New Zealand Limited	New Zealand	100%
Chubb Brazil Holdings Ltd.	USA (Delaware)	100%
Crafts Corretora de Seguros Ltda.	Brazil	99% 1% (Chubb INA International Holdings Ltd.)
Chubb Resseguradora Brasil S.A.	Brazil	99.99% 0.01% (Chubb INA International Holdings Ltd.)
Chubb International Management Corporation	USA (Pennsylvania)	100%
Cover Direct, Inc.	USA (Delaware)	100%
PT Adi Citra Mandiri	Indonesia	100%
Chubb INA G.B. Holdings Ltd	USA (Delaware)	100%
Chubb Services U.K. Limited	UK	100%
Polaris U.K Ltd	UK	0.451%
Century Inversiones, S.A.	Panama	100%
Chubb Insurance Pakistan Limited	Pakistan	100%

ACE INA Overseas Insurance Company Ltd.	Bermuda	100%
Chubb INA Overseas Insurance Company Ltd.	Bermuda	100%
Chubb Insurance Singapore Limited	Singapore	100%
Chubb Insurance Japan	Japan	100%
Chubb SSI Japan	Japan	100%
ACE Marketing Group, C.A.	Venezuela	100%
Chubb Canada Holdings Inc.	USA (Delaware)	68.47% 31.53% (ACE INA Overseas Insurance Company Ltd.)
Chubb Holdings Canada Ltd.	Canada (Ontario)	100%
Chubb Insurance Company of Canada	Canada	100%
Chubb Life Insurance Company of Canada	Canada	100%
Chubb Tempest Re Canada Inc.	Canada	100%
Chubb Insurance Company of Puerto Rico	Puerto Rico	100%
Chubb Insurance Agency Inc.	Puerto Rico	100%
Chubb Insurance Hong Kong Limited	China (Hong Kong)	99.99% 0.01% (ACE INA Overseas Insurance Company Ltd.)
Chubb Alternative Risk Ltd.	Bermuda	100%
DELPANAMA S.A.	Panama	100%
INAMEX S.A.	Mexico	100%
Oriental Equity Holdings Limited	British Virgin Islands	100%
AFIA Finance Corporation	USA (Delaware)	100%
AFIA Finance Corporation, Agencia en Chile	Chile	100%
Inversiones Continental S.A de C.V.	Honduras	1.29%
AFIA Venezolana C.A.	Venezuela	100%
Chubb Servicios S.A.	Argentina	95% 5% (Chubb INA Int'l Holdings Ltd.)
AFIA Finance Corp. Chile Limitada	Chile	98% 2% (Chubb INA Int'l Holdings Ltd., Agencia Chile)
RIYAD Insurance Co. Ltd.	Bermuda	80%
Chubb Asia Pacific Pte. Ltd.	Singapore	100%
Chubb IT Development Center Sdn. Bhd.	Malaysia	100%
AFIA (INA) Corporation, Limited	USA (Delaware)	100%
AFIA	Unincorporated Association	60% 40% AFIA (Chubb)
AFIA (Chubb) Corporation Limited	USA (Delaware)	100%
INAVEN, C.A.	Venezuela	100%
Chubb US Holdings Inc.	USA (Delaware)	100%
Westchester Fire Insurance Company (F/K/A ACE Indemnity Insurance Company)	USA (Pennsylvania)	100%
Westchester Surplus Lines Insurance Company	USA (Georgia)	100%
Westchester Specialty Insurance Services, Inc.	USA (Nevada)	100%

Exhibit 22.1**Guaranteed Securities**

The following table presents securities issued by Chubb INA Holdings Inc. (Chubb INA) (Subsidiary Issuer) and guaranteed by Chubb INA's parent, Chubb Limited (Subsidiary Guarantor):

Description of securities

2.875% senior notes due November 2022
2.7% senior notes due March 2023
3.35% senior notes due May 2024
0.3% euro-denominated senior notes due December 2024
3.15% senior notes due March 2025
3.35% senior notes due May 2026
0.875% euro-denominated senior notes due June 2027
1.55% euro-denominated senior notes due March 2028
8.875% debentures due August 2029
0.875% euro-denominated senior notes due December 2029
1.375% senior notes due September 2030
1.4% euro-denominated senior notes due June 2031
6.8% debentures due November 2031
6.7% senior notes due May 2036
6.0% senior notes due May 2037
2.5% euro-denominated senior notes due March 2038
6.5% senior notes due May 2038
4.15% senior notes due March 2043
4.35% senior notes due November 2045
2.85% senior notes due December 2051
3.05% senior notes due December 2061

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-260091) and Form S-8 (Nos. 333-256434, 333-218233, 333-211644, 333-208998, 333-188949, 333-182062, 333-153239, 333-116532, 333-46301, 333-93867, 333-72301, 333-61038, 333-134504, 333-168795, and 333-86102) of Chubb Limited of our report dated February 24, 2022 relating to the financial statements, and financial statement schedules, and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
Philadelphia, PA
February 24, 2022

CERTIFICATION PURSUANT TO
SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Evan G. Greenberg, certify that:

- 1) I have reviewed this annual report on Form 10-K of Chubb Limited;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 24, 2022

/s/ Evan G. Greenberg

Evan G. Greenberg
Chairman and Chief Executive Officer

CERTIFICATION PURSUANT TO
SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Peter C. Enns, certify that:

- 1) I have reviewed this annual report on Form 10-K of Chubb Limited;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 24, 2022

/s/ Peter C. Enns

Peter C. Enns

Executive Vice President and Chief Financial Officer

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned officer of Chubb Limited (the Corporation) hereby certifies that the Corporation's Annual Report on Form 10-K for the year ended December 31, 2021, fully complies with the applicable reporting requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a)) and that the information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Date: February 24, 2022

/s/ Evan G. Greenberg

Evan G. Greenberg

Chairman and Chief Executive Officer

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned officer of Chubb Limited (the Corporation) hereby certifies that the Corporation's Annual Report on Form 10-K for the year ended December 31, 2021, fully complies with the applicable reporting requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a)) and that the information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Date: February 24, 2022

/s/ Peter C. Enns

Peter C. Enns

Executive Vice President and Chief Financial Officer