

The  
Chubb  
Corporation

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

For the Quarters Ended  
March 31, 2008 and 2007

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



## **THE CHUBB CORPORATION**

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

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

### **Definitions of Key Terms**

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

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

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

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

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

**THE CHUBB CORPORATION — WORLDWIDE  
PROPERTY AND CASUALTY UNDERWRITING RESULTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2008 AND 2007  
(DOLLARS IN MILLIONS)**

	Personal Automobile		Homeowners		Other Personal		Total Personal	
	2008	2007	2008	2007	2008	2007	2008	2007
<b>Net Premiums Written</b>	\$ 142	\$ 147	\$ 539	\$ 520	\$ 196	\$ 173	\$ 877	\$ 840
<b>Increase (Decrease) in Unearned Premiums</b>	(14)	(18)	(70)	(55)	21	19	(63)	(54)
<b>Net Premiums Earned</b>	156	165	609	575	175	154	940	894
<b>Net Losses Paid</b>	104	109	268	242	83	79	455	430
<b>Increase (Decrease) in Outstanding Losses</b>	(6)	(1)	12	(22)	26	18	32	(5)
<b>Net Losses Incurred</b>	98	108	280	220	109	97	487	425
<b>Expenses Incurred</b>	43	44	184	171	62	52	289	267
<b>Dividends Incurred</b>	—	—	—	—	—	—	—	—
<b>Statutory Underwriting Income</b>	\$ 15	\$ 13	\$ 145	\$ 184	\$ 4	\$ 5	\$ 164	\$ 202
<b>Ratios After Dividends to Policyholders:</b>								
<b>Loss</b>	62.8%	65.5%	46.0%	38.2%	62.3%	63.0%	51.8%	47.5%
<b>Expense</b>	30.3	29.9	34.1	32.9	31.6	30.1	33.0	31.8
<b>Combined</b>	93.1%	95.4%	80.1%	71.1%	93.9%	93.1%	84.8%	79.3%
<b>Premiums Written as a % of Total</b>	4.8%	5.1%	18.4%	18.1%	6.7%	6.0%	29.9%	29.2%

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	Commercial Multiple Peril		Commercial Casualty		Commercial Workers' Compensation		Commercial Property and Marine		Total Commercial	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
<b>Net Premiums Written</b>	\$ 295	\$ 307	\$ 460	\$ 441	\$ 248	\$ 257	\$ 337	\$ 301	\$1,340	\$1,306
<b>Increase (Decrease) in Unearned Premiums</b>	<u>(23)</u>	<u>(13)</u>	<u>25</u>	<u>12</u>	<u>31</u>	<u>29</u>	<u>41</u>	<u>1</u>	<u>74</u>	<u>29</u>
<b>Net Premiums Earned</b>	<u>318</u>	<u>320</u>	<u>435</u>	<u>429</u>	<u>217</u>	<u>228</u>	<u>296</u>	<u>300</u>	<u>1,266</u>	<u>1,277</u>
<b>Net Losses Paid</b>	140	158	162	223	99	85	154	144	555	610
<b>Increase (Decrease) in Outstanding Losses</b>	<u>(5)</u>	<u>(3)</u>	<u>118</u>	<u>62</u>	<u>28</u>	<u>42</u>	<u>18</u>	<u>25</u>	<u>159</u>	<u>126</u>
<b>Net Losses Incurred</b>	<u>135</u>	<u>155</u>	<u>280</u>	<u>285</u>	<u>127</u>	<u>127</u>	<u>172</u>	<u>169</u>	<u>714</u>	<u>736</u>
<b>Expenses Incurred</b>	106	107	129	123	53	52	118	111	406	393
<b>Dividends Incurred</b>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>8</u>	<u>4</u>	<u>—</u>	<u>—</u>	<u>8</u>	<u>4</u>
<b>Statutory Underwriting Income</b>	<u>\$ 77</u>	<u>\$ 58</u>	<u>\$ 26</u>	<u>\$ 21</u>	<u>\$ 29</u>	<u>\$ 45</u>	<u>\$ 6</u>	<u>\$ 20</u>	<u>\$ 138</u>	<u>\$ 144</u>
<b>Ratios After Dividends to Policyholders:</b>										
<b>Loss</b>	42.5%	48.4%	64.4%	66.4%	60.8%	56.7%	58.1%	56.3%	56.7%	57.8%
<b>Expense</b>	<u>35.9</u>	<u>34.9</u>	<u>28.0</u>	<u>27.9</u>	<u>22.1</u>	<u>20.6</u>	<u>35.0</u>	<u>36.9</u>	<u>30.5</u>	<u>30.2</u>
<b>Combined</b>	<u>78.4%</u>	<u>83.3%</u>	<u>92.4%</u>	<u>94.3%</u>	<u>82.9%</u>	<u>77.3%</u>	<u>93.1%</u>	<u>93.2%</u>	<u>87.2%</u>	<u>88.0%</u>
<b>Premiums Written as a % of Total</b>	10.0%	10.7%	15.7%	15.4%	8.4%	9.0%	11.5%	10.5%	45.6%	45.6%

**THE CHUBB CORPORATION — WORLDWIDE  
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	Professional Liability		Surety		Total Specialty	
	2008	2007	2008	2007	2008	2007
<b>Net Premiums Written</b>	\$ 604	\$ 597	\$ 99	\$ 84	\$ 703	\$ 681
<b>Increase (Decrease) in Unearned Premiums</b>	(64)	(66)	17	6	(47)	(60)
<b>Net Premiums Earned</b>	668	663	82	78	750	741
<b>Net Losses Paid</b>	362	337	12	1	374	338
<b>Increase (Decrease) in Outstanding Losses</b>	19	80	(11)	—	8	80
<b>Net Losses Incurred</b>	381	417	1	1	382	418
<b>Expenses Incurred</b>	161	156	29	25	190	181
<b>Dividends Incurred</b>	—	—	1	1	1	1
<b>Statutory Underwriting Income</b>	<u>\$ 126</u>	<u>\$ 90</u>	<u>\$ 51</u>	<u>\$ 51</u>	<u>\$ 177</u>	<u>\$ 141</u>
<b>Ratios After Dividends to Policyholders:</b>						
<b>Loss</b>	57.0%	62.9%	1.2%	1.3%	51.0%	56.5%
<b>Expense</b>	<u>26.7</u>	<u>26.1</u>	<u>29.6</u>	<u>30.1</u>	<u>27.1</u>	<u>26.6</u>
<b>Combined</b>	<u>83.7%</u>	<u>89.0%</u>	<u>30.8%</u>	<u>31.4%</u>	<u>78.1%</u>	<u>83.1%</u>
<b>Premiums Written as a % of Total</b>	20.6%	20.9%	3.4%	2.9%	24.0%	23.8%

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	Total Insurance		Reinsurance Assumed		Worldwide Total	
	2008	2007	2008	2007	2008	2007
<b>Net Premiums Written</b>	\$ 2,920	\$ 2,827	\$ 16	\$ 40	\$ 2,936	\$ 2,867
<b>Increase (Decrease) in Unearned Premiums</b>	(36)	(85)	(4)	(33)	(40)	(118)
<b>Net Premiums Earned</b>	2,956	2,912	20	73	2,976	2,985
<b>Net Losses Paid</b>	1,384	1,378	32	51	1,416	1,429
<b>Increase (Decrease) in Outstanding Losses</b>	199	201	(31)	(50)	168	151
<b>Net Losses Incurred</b>	1,583	1,579	1	1	1,584	1,580
<b>Expenses Incurred</b>	885	841	9	29	894	870
<b>Dividends Incurred</b>	9	5	—	—	9	5
<b>Statutory Underwriting Income</b>	\$ 479	\$ 487	\$ 10	\$ 43	489	530
<b>Increase (Decrease) in Deferred Acquisition Costs</b>					13	(3)
<b>GAAP Underwriting Income</b>					\$ 502	\$ 527
<b>Ratios After Dividends to Policyholders:</b>						
<b>Loss</b>	53.7%	54.3%	* %	* %	53.4%	53.0%
<b>Expense</b>	30.4	29.8	*	*	30.5	30.4
<b>Combined</b>	84.1%	84.1%	* %	* %	83.9%	83.4%
<b>Premiums Written as a % of Total</b>	99.5%	98.6%	0.5%	1.4%	100.0%	100.0%

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

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	United States		Outside the United States		Worldwide Total	
	2008	2007	2008	2007	2008	2007
<b>Net Premiums Written</b>	\$ 2,135	\$ 2,166	\$ 801	\$ 701	\$ 2,936	\$ 2,867
<b>Increase (Decrease) in Unearned Premiums</b>	<u>(132)</u>	<u>(183)</u>	<u>92</u>	<u>65</u>	<u>(40)</u>	<u>(118)</u>
<b>Net Premiums Earned</b>	<u>2,267</u>	<u>2,349</u>	<u>709</u>	<u>636</u>	<u>2,976</u>	<u>2,985</u>
<b>Net Losses Paid</b>	1,140	1,167	276	262	1,416	1,429
<b>Increase (Decrease) in Outstanding Losses</b>	110	113	58	38	168	151
<b>Net Losses Incurred</b>	<u>1,250</u>	<u>1,280</u>	<u>334</u>	<u>300</u>	<u>1,584</u>	<u>1,580</u>
<b>Expenses Incurred</b>	614	623	280	247	894	870
<b>Dividends Incurred</b>	<u>9</u>	<u>5</u>	<u>—</u>	<u>—</u>	<u>9</u>	<u>5</u>
<b>Statutory Underwriting Income</b>	<u>\$ 394</u>	<u>\$ 441</u>	<u>\$ 95</u>	<u>\$ 89</u>	489	530
<b>Increase (Decrease) in Deferred Acquisition Costs</b>					<u>13</u>	<u>(3)</u>
<b>GAAP Underwriting Income</b>					<u>\$ 502</u>	<u>\$ 527</u>
<b>Ratios After Dividends to Policyholders:</b>						
<b>Loss</b>	55.4%	54.6%	47.1%	47.2%	53.4%	53.0%
<b>Expense</b>	<u>28.9</u>	<u>28.8</u>	<u>35.0</u>	<u>35.2</u>	<u>30.5</u>	<u>30.4</u>
<b>Combined</b>	<u>84.3%</u>	<u>83.4%</u>	<u>82.1%</u>	<u>82.4%</u>	<u>83.9%</u>	<u>83.4%</u>
<b>Premiums Written as a % of Total</b>	72.7%	75.5%	27.3%	24.5%	100.0%	100.0%