
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

**Current Report
Pursuant To Section 13 or 15 (d)
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported) – April 24, 2018

Chubb Limited

(Exact name of registrant as specified in its charter)

Switzerland
(State or other jurisdiction
of Incorporation)

1-11778
(Commission
File Number)

98-0091805
(I.R.S. Employer
Identification No.)

**Baerengasse 32
CH-8001 Zurich, Switzerland
Telephone: +41 (0)43 456 76 00**
(Address of principal executive offices)

Not applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

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.

Item 2.02. Results of Operations and Financial Condition

On April 24, 2018, Chubb Limited issued a Press Release reporting its first quarter 2018 results and the availability of its first quarter 2018 Financial Supplement. The Press Release and the Financial Supplement are attached hereto as Exhibit 99.1 and Exhibit 99.2, respectively, and are hereby incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release, Dated April 24, 2018, Reporting First Quarter 2018 Results
99.2	First Quarter 2018 Financial Supplement

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Chubb Limited

By: /s/ Philip V. Bancroft

Philip V. Bancroft

Executive Vice President and Chief Financial Officer

DATE: April 24, 2018



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News Release

Chubb Reports First Quarter Per Share Net Income and Core Operating Income of \$2.30 and \$2.34, Respectively, Including Catastrophe Losses of \$0.64 Per Share Versus \$0.35 Prior Year; Net Premiums Written Up 5.9%

- Core operating income was \$1.1 billion. Core operating income excluding catastrophe losses was \$1.4 billion, or \$2.98 per share, up 5.3% per share on the same basis from last year. Core operating income with an expected level of catastrophe losses was \$1.2 billion, or \$2.62 per share, up 4.8% per share on the same basis from last year.
- P&C net premiums written were \$6.5 billion, up 5.8%.
- P&C combined ratio was 90.1% compared with 87.5% prior year. P&C current accident year combined ratio excluding catastrophe losses was 87.6% compared with 88.0% prior year.
- P&C underwriting income was \$642 million. P&C current accident year underwriting income excluding catastrophe losses was \$813 million, up 7.2%.
- Adjusted net investment income was \$877 million, pre-tax, up 4.9%.
- Annualized ROE and core operating ROE were 8.4% and 8.7%, respectively.

ZURICH – April 24, 2018 – Chubb Limited (NYSE: CB) today reported net income for the quarter ended March 31, 2018 of \$1,082 million, or \$2.30 per share, compared with \$1,093 million, or \$2.31 per share, for the same quarter last year. Core operating income was \$1,097 million, or \$2.34 per share, compared with \$1,175 million, or \$2.48 per share, for the same quarter last year. The property and casualty (P&C) combined ratio was 90.1%. Book value and tangible book value per share decreased 0.2% and 0.3%, respectively, from December 31, 2017 and now stand at \$110.10 and \$65.65, respectively. Book value and tangible book value per share growth was negatively impacted by realized and unrealized losses of \$938 million, after-tax, in the company's investment portfolio, driven by rising interest rates. Foreign currency movement favorably impacted book value by \$310 million after-tax and tangible book value by \$136 million after-tax.

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Chubb Limited
First Quarter Summary
(in millions, except per share amounts)
(Unaudited)

	2018	2017	Change	(Per Share - Diluted)		
				2018	2017	Change
Net income	\$1,082	\$1,093	(1.1)%	\$ 2.30	\$ 2.31	(0.4)%
Chubb integration expenses, net of tax	8	74	(89.2)%	0.02	0.16	(87.5)%
Amortization of fair value adjustment of acquired invested assets and long-term debt, net of tax	50	55	(9.1)%	0.11	0.12	(8.3)%
Adjusted net realized (gains) losses, net of tax	(43)	(47)	(8.5)%	(0.09)	(0.11)	(18.2)%
Core operating income, net of tax	\$1,097	\$1,175	(6.6)%	\$ 2.34	\$ 2.48	(5.6)%

For the three months ended March 31, 2018 and 2017, the tax expenses (benefits) related to the table above were \$(2) million and \$(37) million, respectively, for Chubb integration expenses; \$(9) million and \$(24) million, respectively, for amortization of fair value adjustment of acquired invested assets and long-term debt; \$(3) million and \$(2) million, respectively, for adjusted net realized gains and losses; and \$149 million and \$191 million, respectively, for core operating income.

Evan G. Greenberg, Chairman and Chief Executive Officer of Chubb Limited, commented: “We had a very good quarter though it was impacted by a higher level of catastrophe losses. We produced world-class ex-CAT underwriting results, strong net investment income and good premium revenue growth while achieving better commercial P&C pricing in many of our businesses globally, which improved as the quarter went along, particularly in the U.S. Core operating income per share excluding CATs was up over 5%.

“Concentrated in two areas where we have meaningful presence – Montecito, California with the mudslides and the Northeast U.S. – the catastrophe losses this quarter were up \$175 million pre-tax over prior year and contributed 5.8 points to our published P&C combined ratio of 90.1%. The current accident year combined ratio excluding CATs was 87.6% compared to 88.0% prior year. Adjusted net investment income was up 5%, and we expect the positive trend to continue due to our strong growth in invested assets and the rising yield environment.

“P&C net premium growth for the company was 5.8%. P&C premiums were up over 5% in our North America insurance business while internationally premium revenue was up 8.5% and benefited from a weaker dollar. I expect our growth to accelerate as the year goes along, particularly outside the U.S.

“Commercial P&C pricing for the business we wrote in the quarter continued to improve in the U.S. and a number of territories outside the U.S. We achieved some of the best pricing in quite some time, and it improved as we moved through the quarter. In some classes, customer segments and territories we are observing a clear direction in price firming; in others it’s more chaotic.”

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Operating highlights for the quarter ended March 31, 2018 were as follows:

Chubb Limited

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

	Q1 2018	Q1 2017	Change
P&C			
Net premiums written (including favorable FX of 2.4 pts)	\$ 6,545	\$ 6,186	5.8%
Underwriting income	\$ 642	\$ 783	(18.1)%
Combined ratio	90.1%	87.5%	
Current accident year underwriting income excluding catastrophe losses	\$ 813	\$ 758	7.2%
Current accident year combined ratio excluding catastrophe losses	87.6%	88.0%	
Global P&C (excludes Agriculture)			
Net premiums written (including favorable FX of 2.5 pts)	\$ 6,437	\$ 6,125	5.1%
Underwriting income	\$ 540	\$ 690	(21.9)%
Combined ratio	91.6%	89.0%	
Current accident year underwriting income excluding catastrophe losses	\$ 786	\$ 739	6.3%
Current accident year combined ratio excluding catastrophe losses	87.8%	88.2%	

- Net premiums earned increased 3.8%.
- Total pre-tax and after-tax catastrophe losses were \$380 million (5.8 percentage points of the combined ratio) and \$303 million, respectively, compared with \$206 million (3.3 percentage points of the combined ratio) and \$164 million, respectively, last year. Pre-tax catastrophe losses, net of reinsurance and including reinstatement premiums, included \$195 million for the northeast winter storms, \$125 million for the California mudslides and \$60 million for all other catastrophe losses globally in the quarter.
- Total pre-tax and after-tax favorable prior period development were \$209 million (3.3 percentage points of the combined ratio) and \$166 million, respectively, compared with \$231 million (3.8 percentage points of the combined ratio) and \$155 million, respectively, last year.
- Adjusted net investment income was \$877 million, up 4.9%, which was just above the guidance range due to increased call activity in the company's corporate bond portfolio.
- Operating cash flow was \$551 million.
- Merger-related actions are projected to total \$150 million for the year, of which \$48 million, or 32%, were taken in the first quarter.

Details of financial results by business segment are available in the Chubb Limited Financial Supplement. Key segment items for the quarter ended March 31, 2018 are presented below:

Chubb Limited

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

	<u>Q1</u> <u>2018</u>	<u>Q1</u> <u>2017</u>	<u>Change</u>
<u>Total North America P&C Insurance</u>			
Net premiums written	\$3,968	\$3,775	5.1%
Net premiums written – excluding merger-related actions			6.1%
Combined ratio	88.8%	82.4%	
Current accident year combined ratio excluding catastrophe losses	84.7%	85.2%	
<u>North America Commercial P&C Insurance</u>			
Net premiums written	\$2,812	\$2,730	3.0%
Net premiums written – excluding merger-related actions			4.4%
Net premiums written – Major account retail and excess and surplus (E&S) wholesale			3.6%
Net premiums written – Middle market			2.4%
Combined ratio	86.2%	84.8%	
Current accident year combined ratio excluding catastrophe losses	87.0%	87.9%	
<u>North America Personal P&C Insurance</u>			
Net premiums written	\$1,048	\$ 984	6.5%
Combined ratio	104.2%	84.2%	
Current accident year combined ratio excluding catastrophe losses	79.7%	78.3%	
<u>North America Agricultural Insurance</u>			
Net premiums written	\$ 108	\$ 61	76.2%
Current accident year combined ratio excluding catastrophe losses	67.7%	74.6%	
<u>Overseas General Insurance</u>			
Net premiums written (including favorable FX of 6.4 pts)	\$2,384	\$2,212	7.8%
Combined ratio	90.4%	95.3%	
Current accident year combined ratio excluding catastrophe losses	90.7%	92.1%	

- North America Commercial P&C Insurance: Net premiums written in the middle market division increased 2.4%. This growth reflects a 3.5% increase in P&C lines and a decline of 0.6% in financial lines. Net premiums written in the small commercial division increased 1.9%.
- North America Agricultural Insurance: Net premiums written were \$108 million, an increase of \$47 million over the prior year, driven by higher crop premiums, reflecting less premium returned to the U.S. government based on premium-sharing formulas, and increased new business. Underwriting income of \$102 million in the quarter included \$76 million of favorable prior period development.
- Global Reinsurance: Net premiums written decreased 3.0%, or 4.8% in constant dollars. The combined ratio was 69.5%, compared with 82.1%. The current accident year combined ratio excluding catastrophe losses was 77% in both years.

- Life Insurance: Segment income was \$64 million, compared to \$62 million, which included International life insurance income of \$17 million, up \$4 million, or 32.5%. International life insurance net premiums written and deposits collected increased 12.8% in constant dollars. Net premiums written in Combined Insurance North America increased 7.8%.

Please refer to the Chubb Limited [Financial Supplement](#), dated March 31, 2018, which is posted on the company's investor relations website, investors.chubb.com, in the Financials section for more detailed information on individual segment performance, together with additional disclosure on reinsurance recoverable, loss reserves, investment portfolio, and debt and capital.

Chubb Limited will hold its first quarter earnings conference call on Wednesday, April 25, 2018, beginning at 8:30 a.m. Eastern. The earnings conference call will be available via live webcast at investors.chubb.com or by dialing 800-289-0438 (within the United States) or 323-994-2083 (international), passcode 5106687. Please refer to the Chubb investor relations website under Events and Presentations for details. A replay of the call will be available until Wednesday, May 9, 2018, and the archived webcast will be available for approximately one month. To listen to the replay, please [click here](#) to register and receive dial-in numbers.

About Chubb

Chubb is the world's largest publicly traded property and casualty insurance company. With operations in 54 countries and territories, Chubb provides commercial and personal property and casualty insurance, personal accident and supplemental health insurance, reinsurance and life insurance to a diverse group of clients. As an underwriting company, we assess, assume and manage risk with insight and discipline. We service and pay our claims fairly and promptly. The company is also defined by its extensive product and service offerings, broad distribution capabilities, exceptional financial strength and local operations globally. Parent company Chubb Limited is listed on the New York Stock Exchange (NYSE: CB) and is a component of the S&P 500 index. Chubb maintains executive offices in Zurich, New York, London and other locations, and employs approximately 31,000 people worldwide. Additional information can be found at: www.chubb.com.

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All comparisons are with the same period last year unless otherwise specifically stated.

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Regulation G - Non-GAAP Financial Measures

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).

Throughout this document there are various measures presented on a constant-dollar basis (i.e., excludes the impact of foreign exchange (FX)). 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.

Adjusted net investment income is net investment income excluding the amortization of the fair value adjustment on acquired invested assets of \$71 million in Q1 2018. We believe this measure is meaningful as it highlights the underlying performance of our invested assets and portfolio management in support of our lines of business.

Adjusted net realized gains (losses), net of tax includes net realized gains (losses) and net realized gains (losses) recorded in other income (expense) related to unconsolidated subsidiaries, and excludes 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 adjusted losses and loss expenses. The P&C combined ratio includes adjusted losses and loss expenses in the ratio numerator.

Underwriting income, P&C underwriting income and Global P&C underwriting income are calculated by subtracting losses and loss expenses, policy benefits, policy acquisition costs and administrative expenses from net premiums earned. P&C underwriting income also includes gains (losses) on crop derivatives. We use underwriting income and operating ratios to monitor the results of our operations without the impact of certain factors, including net investment income, other income (expense), interest and income tax expense and adjusted net realized gains (losses).

Current accident year underwriting income excluding catastrophe losses is underwriting income adjusted to exclude catastrophe losses and prior period development (PPD). We believe it is useful to exclude catastrophe losses, 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. We believe the use of these measures enhances the understanding of our results of operations by highlighting the underlying profitability of our insurance business.

Segment income (loss) includes underwriting income, adjusted net investment income, other income (expense) – operating, and amortization expense of purchased intangibles.

Core operating income, net of tax excludes adjusted realized gains and losses, Chubb integration expenses, and the amortization of the fair value adjustments of acquired debt and invested assets related to the Chubb Corp acquisition. We believe this presentation enhances the understanding of our results of operations by highlighting the underlying profitability of our insurance business. We exclude adjusted net realized gains (losses) because the amount of these gains (losses) is heavily influenced by the availability of market opportunities. We also exclude Chubb integration expenses related to the acquisition due to the size, complexity, and volume of this acquisition, which may not be indicative of such

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future costs. We believe that excluding the Chubb integration expenses facilitates the comparison of our financial results to our historical operating results. References to core operating income mean net of tax, whether or not noted.

Core operating income excluding catastrophe losses excludes the impact of catastrophe losses due to the significant size and number of these events in Q1 2018 which could obscure the underlying operating results. We believe this measure provides a better evaluation of our operating performance and enhances the understanding of the trends in our property and casualty business. Core operating income with expected level of catastrophe losses is a non-GAAP financial measure which excludes catastrophe losses above expected level. The adjustment for normalized catastrophe activity reduces the unusually large impact of catastrophe activity in Q1 2018 which could obscure our underlying performance. Core operating income, Core operating income excluding catastrophe losses and Core operating income with expected level of catastrophe losses should not be viewed as a substitute for net income determined in accordance with GAAP.

P&C combined ratio is the sum of the loss and loss expense ratio, 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 will impact underwriting results. We view gains and losses on these derivatives as part of the results of our underwriting operations.

Current accident year P&C combined ratio excluding catastrophe losses excludes the impact of catastrophe losses and PPD. We believe this measure provides a better evaluation of our underwriting performance and enhances the understanding of the trends in our property and casualty business that may be obscured by these items.

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

International life gross and net premiums written and deposits collected and Life Insurance gross and net premiums written measures presented in this release includes deposits collected on universal life and investment contracts (life deposits). Life deposits are not reflected as revenues in our consolidated statements of operations in accordance with GAAP. However, we include life deposits in presenting growth in our life insurance business because new life deposits are an important component of production and key to our efforts to grow our business.

Core operating return on equity (ROE) or ROE calculated using core operating income are annualized financial measures. The ROE numerator includes income adjusted to exclude after-tax adjusted net realized gains (losses), Chubb integration expenses, and the amortization of the fair value adjustment of acquired invested assets and long-term debt. The ROE denominator includes the average shareholders' equity for the period adjusted to exclude unrealized gains (losses) on investments, net of tax. Core operating ROE is a useful measure as it enhances the understanding of the return on shareholders' equity by highlighting the underlying profitability relative to shareholders' equity excluding the effect of unrealized gains and losses on our investments.

Net premiums written excluding merger-related actions is a non-GAAP performance measure. Since the acquisition of the Chubb Corp, we have entered into new reinsurance agreements with third-party reinsurers for the Chubb Corp businesses and have taken other merger-related actions, including exiting certain types of business that do not meet our

underwriting standards or adhere to our risk diversification strategy. We believe that this measure is meaningful to evaluate trends in our underlying business on a comparable basis.

Tangible book value per common share, net of tax is shareholders' equity less goodwill and other intangible assets divided by the shares outstanding. The intangibles related to the Chubb Corp acquisition are excluded from the tangible book value per share calculation net of tax. We believe that goodwill and other intangible assets are not indicative of our underlying insurance results or trends and make book value comparisons to less acquisitive peer companies less meaningful. In addition, we disclose per share measures for book value and tangible book value that exclude the impact of foreign currency fluctuations in order to adjust for the distortive effects of fluctuations in exchange rates.

Other income (expense) – operating excludes from consolidated Other income (expense) the portion of net realized gains and losses related to unconsolidated entities and gains and losses from fair value changes in separate account assets that do not qualify for separate account reporting under GAAP. Net realized gains (losses) related to unconsolidated entities is excluded from core operating income in order to enhance the understanding of our results of underwriting operations as they are heavily influenced by, and fluctuate in part according to, market conditions.

Chubb integration expenses include all internal and external costs directly related to the integration activities of the Chubb Corp acquisition, consisting primarily of personnel-related expenses, including severance and employee retention and relocation; consulting fees; and advisor fees.

See reconciliation of Non-GAAP Financial Measures on pages 28-31 in the Financial Supplement. These measures should not be viewed as a substitute for measures determined in accordance with GAAP, including premium, net income, return on equity, net investment income, and effective tax rate.

NM - not meaningful comparison

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Cautionary Statement Regarding Forward-Looking Statements:

Forward-looking statements made in this press release, such as those related to company performance, including 2018 performance and growth opportunities, pricing, taxes, economic and market conditions, and our expectations and intentions and other statements that are not historical facts reflect our current views with respect to future events and financial performance and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements involve risks and uncertainties that could cause actual results to differ materially, including without limitation, the following: competition, pricing and policy term trends, the levels of new and renewal business achieved, the frequency and severity of unpredictable catastrophic events, actual loss experience, uncertainties in the reserving or settlement process, integration activities and performance of acquired companies, loss of key employees or disruptions to our operations, new theories of liability, judicial, legislative, regulatory and other governmental developments, litigation tactics and developments, investigation developments and actual settlement terms, the amount and timing of reinsurance recoverable, credit developments among reinsurers, rating agency action, possible terrorism or the outbreak and effects of war, economic, political, regulatory, insurance and reinsurance business conditions, potential strategic opportunities including acquisitions and our ability to achieve and integrate them, as well as management's response to these factors, and other factors identified in our filings with the Securities and Exchange Commission (SEC).

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

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Chubb Limited
Summary Consolidated Balance Sheets
(in millions of U.S. dollars, except per share data)
(Unaudited)

	March 31 2018	December 31 2017
Assets		
Investments	\$ 102,105	\$ 102,444
Cash	1,988	728
Insurance and reinsurance balances receivable	9,570	9,334
Reinsurance recoverable on losses and loss expenses	14,982	15,034
Goodwill and other intangible assets	22,123	22,054
Other assets	18,013	17,428
Total assets	<u>\$ 168,781</u>	<u>\$ 167,022</u>
Liabilities		
Unpaid losses and loss expenses	\$ 63,139	\$ 63,179
Unearned premiums	15,495	15,216
Other liabilities	38,860	37,455
Total liabilities	<u>\$ 117,494</u>	<u>\$ 115,850</u>
Shareholders' equity		
Total shareholders' equity	51,287	51,172
Total liabilities and shareholders' equity	<u>\$ 168,781</u>	<u>\$ 167,022</u>
Book value per common share	\$ 110.10	\$ 110.32
Tangible book value per common share	\$ 65.65	\$ 65.87
Book value per common share excluding cumulative translation losses ⁽¹⁾	\$ 111.83	\$ 112.88
Tangible book value per common share excluding cumulative translation losses ⁽¹⁾	\$ 67.17	\$ 67.84

(1) Cumulative translation losses were \$809 million in 2018 (\$710 million on tangible and \$99 million on intangible net assets) and \$1.2 billion in 2017 (\$914 million on tangible and \$273 million on intangible net assets).

Chubb Limited
Summary Consolidated Financial Data
(in millions of U.S. dollars, except share, per share data, and ratios)
(Unaudited)

	Three Months Ended	
	March 31	
	2018	2017
Gross premiums written	\$ 8,733	\$ 8,401
Net premiums written	7,104	6,710
Net premiums earned	7,027	6,772
Losses and loss expenses	4,102	3,789
Policy benefits	151	168
Policy acquisition costs	1,464	1,397
Administrative expenses	692	676
Net investment income	806	745
Net realized gains (losses)	(2)	(7)
Interest expense	157	154
Other income (expense):		
Gains (losses) from separate account assets	6	30
Other	41	40
Amortization of purchased intangibles	85	64
Chubb integration expenses	10	111
Income tax expense	135	128
Net income	<u>\$ 1,082</u>	<u>\$ 1,093</u>
Diluted earnings per share:		
Net income	\$ 2.30	\$ 2.31
Core operating income	\$ 2.34	\$ 2.48
Weighted average diluted shares outstanding	469.5	472.7
P&C combined ratio		
Loss and loss expense ratio	60.0%	57.4%
Policy acquisition cost ratio	20.6%	20.5%
Administrative expense ratio	9.5%	9.6%
P&C combined ratio	90.1%	87.5%
P&C underwriting income	\$ 642	\$ 783

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Chubb Limited
Consolidated Supplemental Segment Information
(in millions of U.S. dollars)
(Unaudited)

	Three Months Ended March 31	
	2018	2017
Gross Premiums Written		
North America Commercial P&C Insurance	\$ 3,678	\$ 3,653
North America Personal P&C Insurance	1,181	1,145
North America Agricultural Insurance	205	167
Overseas General Insurance	2,872	2,674
Global Reinsurance	205	212
Life Insurance (1)	971	860
<i>Total</i>	<u>\$ 9,112</u>	<u>\$ 8,711</u>
Net Premiums Written		
North America Commercial P&C Insurance	\$ 2,812	\$ 2,730
North America Personal P&C Insurance	1,048	984
North America Agricultural Insurance	108	61
Overseas General Insurance	2,384	2,212
Global Reinsurance	193	199
Life Insurance (1)	938	834
<i>Total</i>	<u>\$ 7,483</u>	<u>\$ 7,020</u>
Net Premiums Earned		
North America Commercial P&C Insurance	\$ 3,029	\$ 3,041
North America Personal P&C Insurance	1,140	1,086
North America Agricultural Insurance	43	14
Overseas General Insurance	2,107	1,936
Global Reinsurance	168	189
Life Insurance	540	506
<i>Total</i>	<u>\$ 7,027</u>	<u>\$ 6,772</u>
Segment income (loss)		
North America Commercial P&C Insurance	\$ 927	\$ 937
North America Personal P&C Insurance	8	222
North America Agricultural Insurance	102	92
Overseas General Insurance	336	229
Global Reinsurance	122	96
Life Insurance	64	62
Corporate	(144)	(106)
<i>Total</i>	<u>\$ 1,415</u>	<u>\$ 1,532</u>

(1) *Life Insurance gross and net premiums written includes deposits collected on universal life and investment contracts in Q1 2018 (\$379 million) and Q1 2017 (\$310 million).*

CHUBB

Chubb Limited

Financial Supplement

for the Quarter Ended March 31, 2018

Investor Contact

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

Cautionary Statement Regarding Forward-Looking Statements

Any forward-looking statements made in this financial supplement reflect Chubb Limited's current views with respect to future events and financial performance and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements involve risks and uncertainties which may cause actual results to differ materially from as indicated by such statements. For example, forward-looking statements related to financial performance, including exposures, reserves and recoverables, could be affected by the frequency and severity of unpredictable catastrophic events, actual loss experience, uncertainties in the reserving or settlement process, currency exchange fluctuations, new theories of liability, judicial, legislative, regulatory and other governmental developments, litigation tactics and developments, investigation developments and actual settlement terms, the amount and timing of reinsurance receivable, credit developments among reinsurers, and activities and expenses related to our post-acquisition integration of The Chubb Corporation.

Our forward-looking statements could also be affected by competition, pricing and policy term trends, market acceptance, changes in demand, actual market developments, rating agency action, possible terrorism or the outbreak and effects of war. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the dates on which they are made. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Chubb Limited
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The 2017 gross premiums written and net premiums written amounts for the North America Commercial P&C Insurance and Overseas General Insurance segments have been revised to reflect the transfer of certain multinational accounts between these segments to better align the reporting with the management of these businesses in 2018. The North America Commercial P&C Insurance segment transfers to (from) Overseas General Insurance segment in 2017 were: \$12 million for Q1, \$1 million for Q2, \$3 million for Q3 and (\$7) million for Q4. There is no impact on a consolidated basis.

Chubb Limited
Consolidated Financial Highlights
(in millions of U.S. dollars, except share, per share data, and ratios)
(Unaudited)

Note: All dollar amounts in the Financial Supplement are rounded. However, percent changes and ratios are calculated using whole dollars. Accordingly, calculations using rounded dollars may differ.

	Three months ended March 31		% Change	% Change ex Merger Actions (1)	Constant \$	Constant \$	CS % Change ex Merger Actions (1)
	2018	2017	1Q-18 vs. 1Q-17	1Q-18 vs. 1Q-17	2017	1Q-18 vs. 1Q-17	1Q-18 vs. 1Q-17
Gross premiums written	\$ 8,733	\$ 8,401	3.9%		\$ 8,584	1.7%	
Net premiums written	\$ 7,104	\$ 6,710	5.9%		\$ 6,865	3.5%	
P&C net premiums written	\$ 6,545	\$ 6,186	5.8%	6.6%	\$ 6,332	3.4%	4.1%
Global P&C net premiums written	\$ 6,437	\$ 6,125	5.1%	5.9%	\$ 6,271	2.6%	3.4%
Net premiums earned	\$ 7,027	\$ 6,772	3.8%		\$ 6,898	1.9%	
Net investment income	\$ 806	\$ 745	8.2%		\$ 750	7.5%	
Adjusted net investment income	\$ 877	\$ 836	4.9%		\$ 841	4.3%	
Core operating income	\$ 1,097	\$ 1,175	-6.6%		\$ 1,190	-7.8%	
Net income	\$ 1,082	\$ 1,093	-1.1%				
Operating cash flow	\$ 551	\$ 1,013					
P&C combined ratio							
Loss and loss expense ratio	60.0%	57.4%					
Underwriting and administrative expense ratio	30.1%	30.1%					
Combined ratio	90.1%	87.5%					
P&C Current Accident Year (CAY) combined ratio—ex Catastrophe losses (Cats)							
Loss and loss expense ratio—ex Cats and PPD	57.7%	58.1%					
Underwriting and administrative expense ratio—ex Cats and PPD	29.9%	29.9%					
CAY combined ratio ex Cats	87.6%	88.0%					
ROE	8.4%	9.0%					
Core operating return on equity (ROE)	8.7%	9.9%					
Effective tax rate (2)	11.1%	10.5%					
Core operating effective tax rate (2)	12.0%	14.0%					
Diluted earnings per share							
Net income	\$ 2.30	\$ 2.31	-0.4%				
Core operating income	\$ 2.34	\$ 2.48	-5.6%				
Weighted average basic common shares outstanding	465.7	468.9					
Weighted average diluted common shares outstanding	469.5	472.7					
		December 31	% Change				
		2017	1Q-18 vs				
			4Q-17				
Book value per common share	\$ 110.10	\$ 110.32	-0.2%				
Book value per common share excluding foreign currency (3)	\$ 109.43	\$ 110.32	-0.8%				
Tangible book value per common share	\$ 65.65	\$ 65.87	-0.3%				
Tangible book value per common share excluding foreign currency (3)	\$ 65.35	\$ 65.87	-0.8%				
Total hybrid & financial debt/capitalization	22.4%	20.1%					

(1) Net premiums written were adversely impacted by merger-related actions of \$48 million in Q1 2018.

(2) The core operating effective tax rate is lower in 2018, primarily reflecting the favorable impact of the 2017 tax reform and higher U.S. catastrophe losses in the quarter. Additionally, the impact of the lower U.S. tax rate on integration and fair value amortization expenses, as well as the impact of lower tax benefit resulting from a reduction in integration expenses, increased the overall effective tax rate in the current year.

(3) For 2018, book value per common share and tangible book value per common share exclude the impact of foreign currency movement during the quarter.

Chubb Limited
Statement of Operations—Consecutive Quarters
(in millions of U.S. dollars)
(Unaudited)

Consolidated Statements of Operations

	<u>1Q-18</u>	<u>4Q-17</u>	<u>3Q-17</u>	<u>2Q-17</u>	<u>1Q-17</u>	<u>Full Year 2017</u>
Gross premiums written	\$8,733	\$8,960	\$9,710	\$9,305	\$8,401	\$ 36,376
Net premiums written	7,104	7,051	7,902	7,581	6,710	29,244
Net premiums earned	7,027	7,218	7,807	7,237	6,772	29,034
(1) Adjusted losses and loss expenses	4,100	4,272	6,252	4,148	3,789	18,461
Realized (gains) losses on crop derivatives	(2)	—	5	2	—	7
Losses and loss expenses	4,102	4,272	6,247	4,146	3,789	18,454
Policy benefits	151	176	169	163	168	676
Policy acquisition costs	1,464	1,447	1,488	1,449	1,397	5,781
Administrative expenses	692	737	714	706	676	2,833
(2) Adjusted net investment income	877	873	893	855	836	3,457
Amortization expense of fair value adjustment on acquired invested assets	(71)	(76)	(80)	(85)	(91)	(332)
Net investment income	806	797	813	770	745	3,125
(3) Adjusted realized gains (losses)	(4)	—	(5)	103	(7)	91
Realized gains (losses) on crop derivatives	2	—	(5)	(2)	—	(7)
Net realized gains (losses)	(2)	—	(10)	101	(7)	84
(4) Adjusted interest expense	169	168	162	160	166	656
Amortization benefit of fair value adjustment on acquired long term debt	(12)	(12)	(12)	(13)	(12)	(49)
Interest expense	157	156	150	147	154	607
Gains (losses) from fair value changes in separate account assets	6	27	24	16	30	97
Net realized gains (losses) related to unconsolidated entities	44	122	89	143	52	406
Other income (expense)—operating	(3)	(82)	5	(14)	(12)	(103)
Other income (expense)	47	67	118	145	70	400
Amortization expense of purchased intangibles	85	66	65	65	64	260
Chubb integration expenses	10	77	50	72	111	310
Income tax expense (benefit)	135	(382)	(85)	200	128	(139)
Net income (loss)	<u>\$1,082</u>	<u>\$1,533</u>	<u>\$ (70)</u>	<u>\$1,305</u>	<u>\$1,093</u>	<u>\$ 3,861</u>

- (1) Adjusted losses and loss expenses used throughout this report include realized gains and losses on crop derivatives.
(2) Adjusted net investment income used throughout this report excludes amortization of the fair value adjustment on acquired invested assets.
(3) Adjusted realized gains and losses used throughout this report excludes realized gains and losses on crop derivatives.
(4) Adjusted interest expense used throughout this report excludes amortization benefit of the fair value adjustment on acquired long term debt.

Chubb Limited
P&C Underwriting Results—Consecutive Quarters
(in millions of U.S. dollars, except ratios)
(Unaudited)

Chubb Limited P&C Underwriting Results

	1Q-18	4Q-17	3Q-17	2Q-17	1Q-17	Full Year 2017
P&C Underwriting income (Including Corporate and excluding Life Insurance)						
Gross premiums written	\$8,141	\$8,374	\$9,142	\$8,748	\$7,851	\$34,115
Net premiums written	6,545	6,496	7,363	7,058	6,186	27,103
Net premiums earned	6,487	6,665	7,280	6,722	6,266	26,933
Adjusted losses and loss expenses	3,895	4,089	6,071	3,966	3,596	17,722
Policy acquisition costs	1,336	1,293	1,356	1,319	1,283	5,251
Administrative expenses	614	660	637	629	604	2,530
P&C Underwriting income (loss)	<u>\$ 642</u>	<u>\$ 623</u>	<u>\$ (784)</u>	<u>\$ 808</u>	<u>\$ 783</u>	<u>\$ 1,430</u>
P&C CAY Underwriting income ex Cats	<u>\$ 813</u>	<u>\$ 912</u>	<u>\$ 839</u>	<u>\$ 838</u>	<u>\$ 758</u>	<u>\$ 3,347</u>
% Change versus prior year period						
Net premiums written	5.8%	1.7%	4.6%	-0.8%	12.9%	4.2%
Net premiums written excluding merger-related actions (1)	6.6%	3.7%	3.9%	2.0%	17.9%	6.3%
Net premiums earned	3.5%	2.2%	1.5%	-2.5%	2.7%	0.9%
Net premiums written constant \$	3.4%	0.5%	4.6%	-0.2%	13.4%	4.2%
Net premiums written constant \$ excluding merger-related actions (1)	4.1%	2.5%	4.0%	2.6%	18.5%	6.2%
Net premiums earned constant \$	1.6%	1.0%	1.3%	-2.0%	2.8%	0.7%
P&C combined ratio						
Loss and loss expense ratio	60.0%	61.4%	83.4%	59.0%	57.4%	65.8%
Policy acquisition cost ratio	20.6%	19.4%	18.6%	19.6%	20.5%	19.5%
Administrative expense ratio	9.5%	9.9%	8.8%	9.4%	9.6%	9.4%
Combined ratio	<u>90.1%</u>	<u>90.7%</u>	<u>110.8%</u>	<u>88.0%</u>	<u>87.5%</u>	<u>94.7%</u>
CAY P&C combined ratio—ex Cats						
Loss and loss expense ratio—ex Cats and PPD	57.7%	57.1%	61.3%	58.6%	58.1%	58.8%
Underwriting and administrative expense ratio—ex Cats and PPD	29.9%	29.3%	27.2%	28.9%	29.9%	28.8%
CAY combined ratio ex Cats	<u>87.6%</u>	<u>86.4%</u>	<u>88.5%</u>	<u>87.5%</u>	<u>88.0%</u>	<u>87.6%</u>
Other ratios						
Net premiums written/gross premiums written	80%	78%	81%	81%	79%	79%
Expense ratio	30.1%	29.3%	27.4%	29.0%	30.1%	28.9%
Expense ratio excluding A&H	27.9%	27.2%	25.1%	27.1%	28.0%	26.8%
Catastrophe reinstatement premiums (expenses) collected—pre-tax	\$ —	\$ (15)	\$ 22	\$ —	\$ —	\$ 7
Catastrophe losses—pre-tax	\$ 380	\$ 432	\$ 1,915	\$ 200	\$ 206	\$ 2,753
Favorable prior period development (PPD)—pre-tax	\$ (209)	\$ (158)	\$ (270)	\$ (170)	\$ (231)	\$ (829)

(1) Net premiums written were adversely impacted by merger-related actions of \$48 million in Q1 2018.

Note: Refer to the Non-GAAP financial measures section for further information on the calculation of the components of combined ratios.

Chubb Limited
Segments results—Catastrophe Loss Charges
(in millions of U.S. dollars)
(Unaudited)

Chubb Limited Catastrophe Loss Charges—Q1 2018

	North America Commercial P&C Insurance	North America Personal P&C Insurance	North America Agricultural Insurance	Overseas General Insurance	Global Reinsurance	Total Consolidated
Catastrophe Loss Charges by Event—Gross						
Northeast Winter Storms	\$ 57	\$ 171	\$ 1	\$ —	\$ 2	\$ 231
California Mudslides	4	177	—	1	—	182
Other	24	31	—	21	—	76
Total	\$ 85	\$ 379	\$ 1	\$ 22	\$ 2	\$ 489
Catastrophe Loss Charges by Event—Net						
Northeast Winter Storms	\$ 53	\$ 139	\$ 1	\$ —	\$ 2	\$ 195
California Mudslides	4	120	—	1	—	125
Other	21	25	—	14	—	60
Total	\$ 78	\$ 284	\$ 1	\$ 15	\$ 2	\$ 380
Reinstatement premiums	—	—	—	—	—	—
Total impact before income tax	\$ 78	\$ 284	\$ 1	\$ 15	\$ 2	\$ 380
Income tax benefit						77
Total impact after income tax						\$ 303

Chubb Limited
Summary Consolidated Balance Sheets
(in millions of U.S. dollars, except per share data)
(Unaudited)

	March 31 2018	December 31 2017
Assets		
Fixed maturities available for sale, at fair value	\$ 79,111	\$ 78,939
Fixed maturities held to maturity, at amortized cost	14,253	14,335
Equity securities, at fair value	948	937
Short-term investments, at fair value	2,874	3,561
Other investments	4,919	4,672
Total investments	<u>102,105</u>	<u>102,444</u>
Cash	1,988	728
Securities lending collateral	2,039	1,737
Insurance and reinsurance balances receivable	9,570	9,334
Reinsurance recoverable on losses and loss expenses	14,982	15,034
Deferred policy acquisition costs	4,843	4,723
Value of business acquired	321	326
Prepaid reinsurance premiums	2,600	2,529
Goodwill and other intangible assets	22,123	22,054
Investments in partially-owned insurance companies	664	662
Other assets	7,546	7,451
Total assets	<u>\$ 168,781</u>	<u>\$ 167,022</u>
Liabilities		
Unpaid losses and loss expenses	\$ 63,139	\$ 63,179
Unearned premiums	15,495	15,216
Future policy benefits	5,412	5,321
Insurance and reinsurance balances payable	6,148	5,868
Securities lending payable	2,039	1,737
Accounts payable, accrued expenses, and other liabilities	10,030	10,953
Deferred tax liabilities	468	699
Short-term debt	1,669	1,013
Long-term debt	12,786	11,556
Trust preferred securities	308	308
Total liabilities	<u>117,494</u>	<u>115,850</u>
Shareholders' equity		
Total shareholders' equity, excl. AOCI	51,789	50,629
Accumulated other comprehensive income (loss) (AOCI)	(502)	543
Total shareholders' equity	<u>51,287</u>	<u>51,172</u>
Total liabilities and shareholders' equity	<u>\$ 168,781</u>	<u>\$ 167,022</u>
Book value per common share	\$ 110.10	\$ 110.32
% change over prior quarter	-0.2%	1.5%
Tangible book value per common share	\$ 65.65	\$ 65.87
% change over prior quarter	-0.3%	1.2%

Chubb Limited
Consolidated Net Premiums Written by Line of Business
(in millions of U.S. dollars)
(Unaudited)

	1Q-18	1Q-17	% Change 1Q-18 vs. 1Q-17
Net premiums written			
Commercial multiple peril (1)	\$ 201	\$ 201	0.0%
Commercial casualty	1,145	1,049	9.2%
Workers' compensation	624	588	6.1%
Professional liability	773	763	1.3%
Surety	161	150	7.3%
Property and other short-tail lines	1,040	1,044	-0.4%
Total Commercial P&C	3,944	3,795	3.9%
Agriculture	108	61	76.2%
Personal automobile—North America	184	165	11.5%
Personal automobile—International	214	186	15.1%
Personal homeowners	738	697	5.9%
Personal other	387	362	6.9%
Total Personal lines	1,523	1,410	8.0%
Total Property and Casualty lines	5,575	5,266	5.9%
Global A&H lines (2)	1,072	994	7.8%
Reinsurance lines	193	199	-3.0%
Life	264	251	5.2%
Total consolidated	\$7,104	\$6,710	5.9%

(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 within the Global A&H lines above.

Chubb Limited
Consolidated Results
(in millions of U.S. dollars, except ratios)
(Unaudited)

Q1 2018	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	Life Insurance	Total Consolidated
Net premiums written	\$ 2,812	\$ 1,048	\$ 108	\$ 2,384	\$ 193	\$ —	\$6,545	\$ 559	\$ 7,104
Net premiums earned	3,029	1,140	43	2,107	168	—	6,487	540	7,027
Adjusted losses and loss expenses	1,908	886	(55)	1,078	67	11	3,895	205	4,100
Policy benefits	—	—	—	—	—	—	—	151	151
(Gains) losses from fair value changes in separate account assets (1)	—	—	—	—	—	—	—	(6)	(6)
Policy acquisition costs	472	237	(1)	588	40	—	1,336	128	1,464
Administrative expenses	231	65	(3)	239	10	72	614	78	692
Underwriting income (loss)	418	(48)	102	202	51	(83)	642	(16)	626
Adjusted net investment income	503	59	7	151	64	10	794	83	877
Other income (expense)—operating (1)	6	—	—	(7)	7	(7)	(1)	(2)	(3)
Amortization expense of purchased intangibles	—	(3)	(7)	(10)	—	(64)	(84)	(1)	(85)
Segment income (loss)	\$ 927	\$ 8	\$ 102	\$ 336	\$ 122	\$ (144)	\$1,351	\$ 64	\$ 1,415
Adjusted interest expense							(169)		(169)
Income tax expense							(149)		(149)
Core operating income (loss)							(462)		1,097
Chubb integration expenses, net of \$2 million tax benefit							(8)		(8)
Amortization of fair value adjustment of acquired invested assets and long-term debt, net of \$9 million tax benefit (2)							(50)		(50)
Adjusted net realized gains (losses), net of \$3 million tax benefit (3)							43		43
Net income (loss)							\$ (477)		\$ 1,082
Combined ratio	86.2%	104.2%	NM	90.4%	69.5%		90.1%		
CAY combined ratio ex Cats	87.0%	79.7%	67.7%	90.7%	77.0%		87.6%		

- (1) For the Life Insurance segment, (gains) losses from fair value changes in separate account assets that do not qualify for separate account reporting under GAAP have been reclassified for underwriting income (loss) presentation from Other income (expense).
- (2) Related to the acquisition of The Chubb Corporation.
- (3) Includes net realized gains (losses) related to unconsolidated entities.

Chubb Limited
Consolidated Results
(in millions of U.S. dollars, except ratios)
(Unaudited)

	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	Life Insurance	Total Consolidated
Q1 2017									
Net premiums written	\$ 2,730	\$ 984	\$ 61	\$ 2,212	\$ 199	\$ —	\$6,186	\$ 524	\$ 6,710
Net premiums earned	3,041	1,086	14	1,936	189	—	6,266	506	6,772
Adjusted losses and loss expenses	1,860	633	(73)	1,071	94	11	3,596	193	3,789
Policy benefits	—	—	—	—	—	—	—	168	168
(Gains) losses from fair value changes in separate account assets (1)	—	—	—	—	—	—	—	(30)	(30)
Policy acquisition costs	487	217	(1)	529	51	—	1,283	114	1,397
Administrative expenses	231	65	(5)	245	10	58	604	72	676
Underwriting income (loss)	463	171	93	91	34	(69)	783	(11)	772
Adjusted net investment income	478	55	6	148	62	12	761	75	836
Other income (expense)—operating (1)	(4)	(1)	—	1	—	(7)	(11)	(1)	(12)
Amortization expense of purchased intangibles	—	(3)	(7)	(11)	—	(42)	(63)	(1)	(64)
Segment income (loss)	\$ 937	\$ 222	\$ 92	\$ 229	\$ 96	\$ (106)	\$1,470	\$ 62	\$ 1,532
Adjusted interest expense							(166)		(166)
Income tax expense							(191)		(191)
Core operating income (loss)							(463)		1,175
Chubb integration expenses, net of \$37 million tax benefit							(74)		(74)
Amortization of fair value adjustment of acquired invested assets and long-term debt, net of \$24 million tax benefit (2)							(55)		(55)
Adjusted net realized gains (losses), net of \$2 million tax benefit (3)							47		47
Net income (loss)							\$ (545)		\$ 1,093
Combined ratio	84.8%	84.2%	NM	95.3%	82.1%		87.5%		
CAY combined ratio ex Cats	87.9%	78.3%	74.6%	92.1%	77.0%		88.0%		

- (1) For the Life Insurance segment, (gains) losses from fair value changes in separate account assets that do not qualify for separate account reporting under GAAP have been reclassified for underwriting income (loss) presentation from Other income (expense).
- (2) Related to the acquisition of The Chubb Corporation.
- (3) Includes net realized gains (losses) related to unconsolidated entities.

Chubb Limited
Global P&C Underwriting Results—Consecutive Quarters
(in millions of U.S. dollars, except ratios)
(Unaudited)

Global P&C includes the company's North America Commercial P&C Insurance segment (refer to page 10), North America Personal P&C Insurance segment (refer to page 11), Overseas General Insurance segment (refer to page 13), Global Reinsurance segment (refer to page 15), and Corporate (refer to page 17). Global P&C excludes the North America Agricultural Insurance and Life Insurance segments.

Global P&C (Including Corporate and excluding Agriculture)

	<u>1Q-18</u>	<u>4Q-17</u>	<u>3Q-17</u>	<u>2Q-17</u>	<u>1Q-17</u>	<u>Full Year 2017</u>
Global P&C Underwriting income						
Gross premiums written	\$7,936	\$8,098	\$7,839	\$8,179	\$7,684	\$31,800
Net premiums written	6,437	6,370	6,437	6,655	6,125	25,587
Net premiums earned	6,444	6,413	6,382	6,378	6,252	25,425
Adjusted losses and loss expenses	3,950	4,029	5,307	3,674	3,669	16,679
Policy acquisition costs	1,337	1,287	1,307	1,292	1,284	5,170
Administrative expenses	617	664	638	627	609	2,538
Global P&C Underwriting income (loss)	<u>\$ 540</u>	<u>\$ 433</u>	<u>\$ (870)</u>	<u>\$ 785</u>	<u>\$ 690</u>	<u>\$ 1,038</u>
Global P&C CAY Underwriting income ex Cats	\$ 786	\$ 758	\$ 752	\$ 807	\$ 739	\$ 3,056
% Change versus prior year period						
Net premiums written	5.1%	0.3%	4.0%	-1.2%	13.1%	3.6%
Net premiums written excluding merger-related actions (1)	5.9%	2.3%	3.3%	1.7%	18.2%	5.8%
Net premiums earned	3.1%	0.6%	0.4%	-2.9%	2.9%	0.2%
Net premiums written constant \$	2.6%	-0.8%	4.0%	-0.6%	13.7%	3.6%
Net premiums written constant \$ excluding merger-related actions (1)	3.4%	1.2%	3.3%	2.4%	18.7%	5.8%
Net premiums earned constant \$	1.2%	-0.6%	0.3%	-2.3%	3.0%	0.0%
Combined ratio						
Loss and loss expense ratio	61.3%	62.8%	83.1%	57.6%	58.7%	65.6%
Policy acquisition cost ratio	20.8%	20.1%	20.5%	20.3%	20.5%	20.3%
Administrative expense ratio	9.5%	10.4%	10.0%	9.8%	9.8%	10.0%
Combined ratio	<u>91.6%</u>	<u>93.3%</u>	<u>113.6%</u>	<u>87.7%</u>	<u>89.0%</u>	<u>95.9%</u>
CAY combined ratio—ex Cats						
Loss and loss expense ratio—ex Cats and PPD	57.6%	57.9%	58.0%	57.3%	57.9%	57.8%
Underwriting and administrative expense ratio—ex Cats and PPD	30.2%	30.3%	30.2%	30.1%	30.3%	30.2%
CAY combined ratio ex Cats	<u>87.8%</u>	<u>88.2%</u>	<u>88.2%</u>	<u>87.4%</u>	<u>88.2%</u>	<u>88.0%</u>
Other ratios						
Net premiums written/gross premiums written	81%	79%	82%	81%	80%	80%
Expense ratio	30.3%	30.5%	30.5%	30.1%	30.3%	30.3%
Expense ratio excluding A&H	28.2%	28.4%	28.3%	28.2%	28.1%	28.3%
Catastrophe reinstatement premiums (expenses) collected—pre-tax	\$ —	\$ (15)	\$ 22	\$ —	\$ —	\$ 7
Catastrophe losses—pre-tax	\$ 379	\$ 432	\$ 1,910	\$ 192	\$ 201	\$ 2,735
Favorable prior period development (PPD)—pre-tax	\$ (133)	\$ (122)	\$ (266)	\$ (170)	\$ (152)	\$ (710)

(1) Net premiums written were adversely impacted by merger-related actions of \$48 million in Q1 2018.

Chubb Limited
Segment Results—Consecutive Quarters
(in millions of U.S. dollars, except ratios)
(Unaudited)

North America Commercial P&C Insurance

	<u>1Q-18</u>	<u>4Q-17</u>	<u>3Q-17</u>	<u>2Q-17</u>	<u>1Q-17</u>	<u>Full Year 2017</u>
Gross premiums written (1)	\$3,678	\$4,102	\$3,919	\$4,077	\$3,653	\$ 15,751
Net premiums written (1)	2,812	3,000	3,086	3,203	2,730	12,019
Net premiums earned	3,029	3,035	3,016	3,099	3,041	12,191
Losses and loss expenses	1,908	1,911	2,580	1,936	1,860	8,287
Policy acquisition costs	472	453	469	464	487	1,873
Administrative expenses	231	253	256	241	231	981
Underwriting income (loss)	418	418	(289)	458	463	1,050
Net investment income	503	496	497	490	478	1,961
Other income (expense)—operating	6	(5)	4	4	(4)	(1)
Segment income	<u>\$ 927</u>	<u>\$ 909</u>	<u>\$ 212</u>	<u>\$ 952</u>	<u>\$ 937</u>	<u>\$ 3,010</u>
CAY Underwriting income ex Cats	<u>\$ 395</u>	<u>\$ 386</u>	<u>\$ 346</u>	<u>\$ 429</u>	<u>\$ 367</u>	<u>\$ 1,528</u>
Combined ratio						
Loss and loss expense ratio	63.0%	63.0%	85.5%	62.5%	61.2%	68.0%
Policy acquisition cost ratio	15.6%	14.9%	15.5%	15.0%	16.0%	15.4%
Administrative expense ratio	7.6%	8.3%	8.6%	7.7%	7.6%	8.0%
Combined ratio	<u>86.2%</u>	<u>86.2%</u>	<u>109.6%</u>	<u>85.2%</u>	<u>84.8%</u>	<u>91.4%</u>
CAY combined ratio—ex Cats						
Loss and loss expense ratio—ex Cats and PPD	64.0%	64.1%	65.2%	63.4%	64.4%	64.3%
Underwriting and administrative expense ratio—ex Cats and PPD	23.0%	23.2%	23.5%	22.7%	23.5%	23.2%
CAY combined ratio ex Cats	<u>87.0%</u>	<u>87.3%</u>	<u>88.7%</u>	<u>86.1%</u>	<u>87.9%</u>	<u>87.5%</u>
Catastrophe reinstatement premiums expensed—pre-tax	\$ —	\$ (1)	\$ (3)	\$ —	\$ —	\$ (4)
Catastrophe losses—pre-tax	\$ 78	\$ 167	\$ 868	\$ 102	\$ 83	\$ 1,220
Favorable prior period development (PPD)—pre-tax (2)	\$ (101)	\$ (200)	\$ (236)	\$ (131)	\$ (179)	\$ (746)
% Change versus prior year period						
Net premiums written	3.0%	-2.7%	-0.7%	-1.3%	18.6%	2.4%
Net premiums written excluding merger-related actions (3)	4.4%	-1.0%	1.1%	1.3%	22.2%	4.7%
Net premiums earned	-0.4%	-1.7%	-2.3%	-1.6%	5.0%	-0.2%
Other ratios						
Net premiums written/gross premiums written	76%	73%	79%	79%	75%	76%
Production by Size						
Net Premiums Written (1)						
Major Accounts & Specialty (4)	\$1,630	\$1,753	\$1,786	\$1,965	\$1,572	\$ 7,076
Commercial (4)	1,182	1,247	1,300	1,238	1,158	4,943
Total	<u>\$2,812</u>	<u>\$3,000</u>	<u>\$3,086</u>	<u>\$3,203</u>	<u>\$2,730</u>	<u>\$ 12,019</u>

- (1) 2017 amounts (Q1: \$12 million; Q2: \$1 million; Q3: \$3 million; Q4: \$(7) million) have been revised to reflect the North America Commercial P&C Insurance segment transfer of certain multinational accounts to (from) the Overseas General Insurance segment to better align the reporting with the management of these businesses in 2018. There is no impact on a consolidated basis.
- (2) For Q1 2018, favorable prior period development is net of \$6 million of unfavorable expense adjustments and \$4 million of unfavorable reinstatement premium adjustments. For Q1 2017, favorable prior period development is net of \$9 million of favorable reinstatement premium adjustments.
- (3) Q1 2018 includes the adverse impact of merger-related actions, respectively, as follows: Major Accounts & Specialty \$38 million and Commercial \$2 million.
- (4) Major Accounts & Specialty: principally large corporate accounts and wholesale business. Commercial: principally middle market and small commercial accounts.

Chubb Limited
Segment Results—Consecutive Quarters
(in millions of U.S. dollars, except ratios)
(Unaudited)

North America Personal P&C Insurance

	<u>1Q-18</u>	<u>4Q-17</u>	<u>3Q-17</u>	<u>2Q-17</u>	<u>1Q-17</u>	<u>Full Year 2017</u>
Gross premiums written	\$1,181	\$1,260	\$1,338	\$1,409	\$1,145	\$ 5,152
Net premiums written	1,048	1,100	1,194	1,255	984	4,533
Net premiums earned	1,140	1,103	1,117	1,093	1,086	4,399
Losses and loss expenses	886	887	1,062	683	633	3,265
Policy acquisition costs	237	226	226	230	217	899
Administrative expenses	65	72	61	66	65	264
Underwriting income (loss)	(48)	(82)	(232)	114	171	(29)
Net investment income	59	58	57	56	55	226
Other expense—operating	—	(1)	(1)	(1)	(1)	(4)
Amortization expense of purchased intangibles	(3)	(4)	(4)	(5)	(3)	(16)
Segment income (loss)	<u>\$ 8</u>	<u>\$ (29)</u>	<u>\$ (180)</u>	<u>\$ 164</u>	<u>\$ 222</u>	<u>\$ 177</u>
CAY Underwriting income ex Cats	\$ 230	\$ 218	\$ 251	\$ 228	\$ 236	\$ 933
Combined ratio						
Loss and loss expense ratio	77.7%	80.4%	95.1%	62.4%	58.3%	74.2%
Policy acquisition cost ratio	20.8%	20.5%	20.2%	21.1%	20.0%	20.4%
Administrative expense ratio	5.7%	6.6%	5.5%	6.1%	5.9%	6.1%
Combined ratio	<u>104.2%</u>	<u>107.5%</u>	<u>120.8%</u>	<u>89.6%</u>	<u>84.2%</u>	<u>100.7%</u>
CAY combined ratio—ex Cats						
Loss and loss expense ratio—ex Cats and PPD	53.3%	54.0%	51.9%	52.1%	52.4%	52.6%
Underwriting and administrative expense ratio—ex Cats and PPD	26.4%	26.5%	25.6%	27.2%	25.9%	26.3%
CAY combined ratio ex Cats	<u>79.7%</u>	<u>80.5%</u>	<u>77.5%</u>	<u>79.3%</u>	<u>78.3%</u>	<u>78.9%</u>
Catastrophe reinstatement premiums expensed—pre-tax	\$ —	\$ (19)	\$ (3)	\$ —	\$ —	\$ (22)
Catastrophe losses—pre-tax	\$ 284	\$ 278	\$ 448	\$ 77	\$ 68	\$ 871
Unfavorable (favorable) prior period development (PPD)—pre-tax	\$ (6)	\$ 3	\$ 32	\$ 37	\$ (3)	\$ 69
% Change versus prior year period						
Net premiums written	6.5%	5.8%	18.0%	2.0%	13.0%	9.1%
Net premiums earned	5.1%	2.6%	3.4%	-4.0%	6.0%	1.9%
Other ratios						
Net premiums written/gross premiums written	89%	87%	89%	89%	86%	88%

Chubb Limited
Segment Results—Consecutive Quarters
(in millions of U.S. dollars, except ratios)
(Unaudited)

North America Agricultural Insurance

	<u>1Q-18</u>	<u>4Q-17</u>	<u>3Q-17</u>	<u>2Q-17</u>	<u>1Q-17</u>	<u>Full Year 2017</u>
Gross premiums written	\$ 205	\$ 276	\$ 1,303	\$ 569	\$ 167	\$ 2,315
Net premiums written	108	126	926	403	61	1,516
Net premiums earned	43	252	898	344	14	1,508
Adjusted losses and loss expenses (1)	(55)	60	764	292	(73)	1,043
Policy acquisition costs	(1)	6	49	27	(1)	81
Administrative expenses	(3)	(4)	(1)	2	(5)	(8)
Underwriting income	102	190	86	23	93	392
Net investment income	7	7	6	6	6	25
Other expense—operating	—	(1)	—	(1)	—	(2)
Amortization expense of purchased intangibles	(7)	(7)	(8)	(7)	(7)	(29)
Segment income	<u>\$ 102</u>	<u>\$ 189</u>	<u>\$ 84</u>	<u>\$ 21</u>	<u>\$ 92</u>	<u>\$ 386</u>
CAY Underwriting income ex Cats	\$ 27	\$ 154	\$ 87	\$ 31	\$ 19	\$ 291
Combined ratio						
Loss and loss expense ratio	NM	23.7%	85.1%	85.2%	NM	69.2%
Policy acquisition cost ratio	NM	2.4%	5.4%	7.7%	NM	5.4%
Administrative expense ratio	NM	-1.7%	-0.1%	0.4%	NM	-0.6%
Combined ratio	<u>NM</u>	<u>24.4%</u>	<u>90.4%</u>	<u>93.3%</u>	<u>NM</u>	<u>74.0%</u>
CAY combined ratio—ex Cats						
Loss and loss expense ratio—ex Cats and PPD	68.9%	36.9%	84.9%	83.0%	75.8%	76.2%
Underwriting and administrative expense ratio—ex Cats and PPD	-1.2%	3.1%	5.4%	8.1%	-1.2%	5.3%
CAY combined ratio ex Cats	<u>67.7%</u>	<u>40.0%</u>	<u>90.3%</u>	<u>91.1%</u>	<u>74.6%</u>	<u>81.5%</u>
Catastrophe losses—pre-tax	\$ 1	\$ —	\$ 5	\$ 8	\$ 5	\$ 18
Favorable prior period development (PPD)—pre-tax (2)	\$ (76)	\$ (36)	\$ (4)	\$ —	\$ (79)	\$ (119)
% Change versus prior year period						
Net premiums written	76.2%	214.3%	9.0%	7.7%	-4.6%	14.2%
Net premiums earned	214.2%	72.3%	9.6%	5.4%	41.6%	14.6%
Other ratios						
Net premiums written/gross premiums written	53%	46%	71%	71%	37%	66%

(1) Includes realized gains/losses on crop derivatives.

(2) For Q1 2018, favorable prior period development is net of \$40 million unfavorable net earned premium adjustments and \$4 million of favorable profit-sharing commissions. For Q1 2017, favorable prior period development is net of \$61 million unfavorable net earned premium adjustments and \$4 million of favorable profit-sharing commissions.

Chubb Limited
Segment Results—Consecutive Quarters
(in millions of U.S. dollars, except ratios)
(Unaudited)

Overseas General Insurance

	<u>1Q-18</u>	<u>4Q-17</u>	<u>3Q-17</u>	<u>2Q-17</u>	<u>1Q-17</u>	<u>Full Year 2017</u>
Gross premiums written (1)	\$2,872	\$2,632	\$2,380	\$2,465	\$2,674	\$ 10,151
Net premiums written (1)	2,384	2,165	1,966	2,007	2,212	8,350
Net premiums earned	2,107	2,113	2,064	2,018	1,936	8,131
Losses and loss expenses	1,078	965	1,281	964	1,071	4,281
Policy acquisition costs	588	568	569	555	529	2,221
Administrative expenses	239	248	246	243	245	982
Underwriting income (loss)	202	332	(32)	256	91	647
Net investment income	151	150	164	148	148	610
Other income (expense)—operating	(7)	(10)	10	3	1	4
Amortization expense of purchased intangibles	(10)	(12)	(11)	(11)	(11)	(45)
Segment income	<u>\$ 336</u>	<u>\$ 460</u>	<u>\$ 131</u>	<u>\$ 396</u>	<u>\$ 229</u>	<u>\$ 1,216</u>
CAY Underwriting income ex Cats	\$ 195	\$ 204	\$ 195	\$ 178	\$ 153	\$ 730
Combined ratio						
Loss and loss expense ratio	51.1%	45.7%	62.1%	47.8%	55.3%	52.6%
Policy acquisition cost ratio	27.9%	26.9%	27.6%	27.5%	27.3%	27.3%
Administrative expense ratio	11.4%	11.7%	11.9%	12.0%	12.7%	12.1%
Combined ratio	<u>90.4%</u>	<u>84.3%</u>	<u>101.6%</u>	<u>87.3%</u>	<u>95.3%</u>	<u>92.0%</u>
CAY combined ratio—ex Cats						
Loss and loss expense ratio—ex Cats and PPD	51.4%	51.6%	51.3%	51.6%	52.1%	51.7%
Underwriting and administrative expense ratio—ex Cats and PPD	39.3%	38.7%	39.3%	39.6%	40.0%	39.3%
CAY combined ratio ex Cats	<u>90.7%</u>	<u>90.3%</u>	<u>90.6%</u>	<u>91.2%</u>	<u>92.1%</u>	<u>91.0%</u>
Catastrophe reinstatement premiums (expenses) collected—pre-tax	\$ —	\$ 5	\$ (9)	\$ —	\$ —	\$ (4)
Catastrophe losses—pre-tax	\$ 15	\$ (55)	\$ 326	\$ 10	\$ 50	\$ 331
Unfavorable (favorable) prior period development (PPD)—pre-tax	\$ (22)	\$ (68)	\$ (108)	\$ (88)	\$ 12	\$ (252)
% Change versus prior year period						
Net premiums written	7.8%	2.5%	1.3%	-1.1%	8.3%	2.8%
Net premiums earned	8.8%	3.1%	1.4%	-3.6%	-0.9%	0.0%
Net premiums written constant \$	1.4%	-0.2%	1.3%	0.3%	10.0%	2.8%
Net premiums earned constant \$	3.0%	0.2%	0.9%	-2.3%	-0.3%	-0.4%
Other ratios						
Net premiums written/gross premiums written	83%	82%	83%	81%	83%	82%

(1) 2017 amounts (Q1: \$12 million; Q2: \$1 million; Q3: \$3 million; Q4: \$(7) million) have been revised to reflect the North America Commercial P&C Insurance segment transfer of certain multinational accounts to (from) the Overseas General Insurance segment to better align the reporting with the management of these businesses in 2018. There is no impact on a consolidated basis.

Chubb Limited
Segment Results
(in millions of U.S. dollars)
(Unaudited)

Overseas General Insurance—Production by Region

	<u>1Q-18</u>	<u>1Q-17</u>	<u>% Change 1Q-18 vs. 1Q-17</u>	<u>Constant \$ 1Q-17</u>	<u>Constant \$ % Change 1Q-18 vs. 1Q-17</u>
Net premiums written					
Europe	\$ 1,110	\$ 1,030	7.8%	\$ 1,128	-1.6%
Latin America	528	497	6.2%	507	4.1%
Asia	657	577	13.9%	604	8.8%
Other (1) (2)	89	108	-17.6%	112	-20.5%
Total	<u>\$2,384</u>	<u>\$2,212</u>	7.8%	<u>\$ 2,351</u>	1.4%

(1) Q1 2017 was revised to include \$12 million, representing the transfer of certain multinational accounts from the North America Commercial P&C Insurance segment to better align the reporting with the management of these businesses in 2018. There is no impact on a consolidated basis.

(2) Primarily includes Eurasia and Africa, and the company's international supplemental A&H business of Combined Insurance.

Chubb Limited
Segment Results—Consecutive Quarters
(in millions of U.S. dollars, except ratios)
(Unaudited)

Global Reinsurance

	1Q-18	4Q-17	3Q-17	2Q-17	1Q-17	Full Year 2017
Gross premiums written	\$ 205	\$ 104	\$ 202	\$ 228	\$ 212	\$ 746
Net premiums written	193	105	191	190	199	685
Net premiums earned	168	162	185	168	189	704
Losses and loss expenses	67	126	295	46	94	561
Policy acquisition costs	40	40	43	43	51	177
Administrative expenses	10	11	11	12	10	44
Underwriting income (loss)	51	(15)	(164)	67	34	(78)
Net investment income	64	66	80	65	62	273
Other income (expense)—operating	7	(1)	3	(1)	—	1
Segment income (loss)	<u>\$ 122</u>	<u>\$ 50</u>	<u>\$ (81)</u>	<u>\$ 131</u>	<u>\$ 96</u>	<u>\$ 196</u>
CAY Underwriting income ex Cats	<u>\$ 39</u>	<u>\$ 32</u>	<u>\$ 26</u>	<u>\$ 39</u>	<u>\$ 42</u>	<u>\$ 139</u>
Combined ratio						
Loss and loss expense ratio	40.1%	78.9%	158.2%	27.8%	49.6%	79.8%
Policy acquisition cost ratio	23.6%	24.4%	23.4%	25.7%	26.8%	25.1%
Administrative expense ratio	5.8%	6.9%	5.8%	6.7%	5.7%	6.3%
Combined ratio	<u>69.5%</u>	<u>110.2%</u>	<u>187.4%</u>	<u>60.2%</u>	<u>82.1%</u>	<u>111.2%</u>
CAY combined ratio—ex Cats						
Loss and loss expense ratio—ex Cats and PPD	47.7%	50.1%	46.5%	44.4%	43.2%	46.0%
Underwriting and administrative expense ratio—ex Cats and PPD	29.3%	31.3%	35.7%	32.6%	33.8%	33.2%
CAY combined ratio ex Cats	<u>77.0%</u>	<u>81.4%</u>	<u>82.2%</u>	<u>77.0%</u>	<u>77.0%</u>	<u>79.2%</u>
Catastrophe reinstatement premiums collected—pre-tax	\$ —	\$ —	\$ 37	\$ —	\$ —	\$ 37
Catastrophe losses—pre-tax	\$ 2	\$ 42	\$ 268	\$ 3	\$ —	\$ 313
Unfavorable (favorable) prior period development (PPD)—pre-tax (1)	\$ (14)	\$ 5	\$ (41)	\$ (31)	\$ 8	\$ (59)
% Change versus prior year period						
Net premiums written as reported	-	-	-	-	-	-
	-3.0%	-8.2%	47.1%	17.7%	-0.9%	1.4%
Net premiums earned as reported	-	-	-	-	-	-
	11.0%	-3.4%	20.4%	-9.6%	-6.4%	-0.7%
Net premiums written constant \$	-	-	-	-	-	-
	-4.8%	-9.3%	47.9%	16.5%	0.2%	2.2%
Net premiums earned constant \$	-	-	-	-	-	-
	12.8%	-5.1%	20.0%	-8.1%	-5.5%	-0.4%
Other ratios						
Net premiums written/gross premiums written	94%	100%	95%	83%	94%	92%

(1) For Q1 2018, favorable prior period development includes \$1 million of unfavorable net earned premium adjustments. For Q1 2017, unfavorable prior period development includes \$7 million of favorable net earned premium adjustments.

Chubb Limited
Segment Results—Consecutive Quarters
(in millions of U.S. dollars)
(Unaudited)

Life Insurance

	<u>1Q-18</u>	<u>4Q-17</u>	<u>3Q-17</u>	<u>2Q-17</u>	<u>1Q-17</u>	<u>Full Year 2017</u>
Gross premiums written	\$ 592	\$ 586	\$ 568	\$ 557	\$ 550	\$ 2,261
Net premiums written	559	555	539	523	524	2,141
Net premiums earned	540	553	527	515	506	2,101
Losses and loss expenses	205	183	181	182	193	739
Policy benefits (1)	151	176	169	163	168	676
(Gains) losses from fair value changes in separate account assets (1)	(6)	(27)	(24)	(16)	(30)	(97)
Policy acquisition costs	128	154	132	130	114	530
Administrative expenses	78	77	77	77	72	303
Net investment income	83	83	78	77	75	313
Life Insurance underwriting income (2)	67	73	70	56	64	263
Other expense—operating	(2)	(3)	(5)	(4)	(1)	(13)
Amortization expense of purchased intangibles	(1)	—	(1)	—	(1)	(2)
Segment income	<u>\$ 64</u>	<u>\$ 70</u>	<u>\$ 64</u>	<u>\$ 52</u>	<u>\$ 62</u>	<u>\$ 248</u>
% Change versus prior year period						
Net premiums written	6.7%	1.2%	1.1%	-0.7%	1.6%	0.8%
Net premiums earned	6.8%	3.5%	2.8%	0.8%	1.6%	2.2%
Net premiums written constant \$	5.0%	0.3%	1.1%	-1.0%	0.9%	0.3%
Net premiums earned constant \$	5.0%	2.3%	2.8%	0.5%	0.7%	1.6%

(1) (Gains) losses from fair value changes in separate account assets that do not qualify for separate account reporting under GAAP have been reclassified from Other income (expense) for purposes of presenting Life Insurance underwriting income. The offsetting movement in the separate account liabilities is included in Policy benefits.

(2) We assess the performance of our Life Insurance business based on Life Insurance underwriting income which includes Net investment income and (Gains) losses from fair value changes in separate account assets.

International life insurance net premiums written and deposits breakdown (excludes Combined North America and Life reinsurance businesses):

	<u>1Q-18</u>	<u>1Q-17</u>	<u>% Change 1Q-18 vs. 1Q-17</u>	<u>Constant \$ % Change 1Q-18 vs. 1Q-17</u>
International life insurance net premiums written	\$ 217	\$ 198	10.0%	6.2%
International life insurance deposits (3)	379	310	22.0%	16.9%
Total international life insurance net premiums written and deposits	<u>\$ 596</u>	<u>\$ 508</u>	17.3%	12.8%
International life insurance segment income	<u>\$ 17</u>	<u>\$ 13</u>	32.5%	32.6%

(3) Includes deposits collected on universal life and investment contracts. Consistent with GAAP, premiums collected on universal life and investment contracts are considered deposits and excluded from revenues.

Chubb Limited
Segment Results—Consecutive Quarters
(in millions of U.S. dollars)
(Unaudited)

Corporate

	<u>1Q-18</u>	<u>4Q-17</u>	<u>3Q-17</u>	<u>2Q-17</u>	<u>1Q-17</u>	<u>Full Year 2017</u>
Gross premiums written	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Net premiums written	—	—	—	—	—	—
Net premiums earned	—	—	—	—	—	—
Losses and loss expenses	11	140	89	45	11	285
Policy acquisition costs	—	—	—	—	—	—
Administrative expenses	72	80	64	65	58	267
Underwriting loss	(83)	(220)	(153)	(110)	(69)	(552)
Adjusted net investment income	10	13	11	13	12	49
Other expense—operating	(7)	(61)	(6)	(14)	(7)	(88)
Adjusted interest expense (1)	(169)	(168)	(162)	(160)	(166)	(656)
Amortization (expense) benefit of purchased intangibles	(64)	(43)	(41)	(42)	(42)	(168)
2017 tax reform transition benefit	—	450	—	—	—	450
Income tax (expense) benefit ex 2017 tax reform transition benefit	(149)	(131)	61	(223)	(191)	(484)
Core operating loss	(462)	(160)	(290)	(536)	(463)	(1,449)
Chubb integration expenses, net of tax	(8)	(57)	(36)	(50)	(74)	(217)
Amortization of fair value adjustment of acquired invested assets and long-term debt, net of tax	(50)	(41)	(50)	(52)	(55)	(198)
Adjusted net realized gains (losses), net of tax (2)	43	142	76	227	47	492
Net loss	<u>\$(477)</u>	<u>\$(116)</u>	<u>\$(300)</u>	<u>\$(411)</u>	<u>\$(545)</u>	<u>\$(1,372)</u>
Unfavorable prior period development (PPD)—pre-tax	\$ 10	\$ 138	\$ 87	\$ 43	\$ 10	\$ 278

(1) See Non-GAAP financial measures.

(2) Includes net realized gains (losses) related to unconsolidated entities.

Chubb Limited
Loss Reserve Rollforward
(in millions of U.S. dollars, except ratios)
(Unaudited)

	Unpaid Losses			Net Paid to Incurred Ratio
	Gross	Ceded	Net	
Balance at December 31, 2016	\$60,540	\$12,708	\$47,832	
Losses and loss expenses incurred	4,752	963	3,789	
Losses and loss expenses paid	(4,830)	(923)	(3,907)	103%
Other (incl. foreign exch. revaluation)	117	63	54	
Balance at March 31, 2017	\$60,579	\$12,811	\$47,768	
Losses and loss expenses incurred	5,016	870	4,146	
Losses and loss expenses paid	(5,356)	(1,234)	(4,122)	99%
Other (incl. foreign exch. revaluation)	155	38	117	
Balance at June 30, 2017	\$60,394	\$12,485	\$47,909	
Losses and loss expenses incurred	8,410	2,163	6,247	
Losses and loss expenses paid	(5,207)	(909)	(4,298)	69%
Other (incl. foreign exch. revaluation)	556	131	425	
Balance at September 30, 2017	\$64,153	\$13,870	\$50,283	
Losses and loss expenses incurred	5,755	1,483	4,272	
Losses and loss expenses paid	(6,419)	(1,298)	(5,121)	120%
Other (incl. foreign exch. revaluation)	(310)	(41)	(269)	
Balance at December 31, 2017	\$63,179	\$14,014	\$49,165	
Losses and loss expenses incurred	5,028	926	4,102	
Losses and loss expenses paid	(5,448)	(1,206)	(4,242)	103%
Other (incl. foreign exch. revaluation)	380	88	292	
Balance at March 31, 2018	\$63,139	\$13,822	\$49,317	
Add net recoverable on paid losses	—	1,160	(1,160)	
Balance including net recoverable on paid losses	\$63,139	\$14,982	\$48,157	

Chubb Limited
Reinsurance Recoverable Analysis
(in millions of U.S. dollars)
(Unaudited)

Net Reinsurance Recoverable by Division

	March 31 2018	December 31 2017
Reinsurance recoverable on paid losses and loss expenses		
Active operations	\$ 972	\$ 808
Brandywine and Other Run-off	271	286
Total	<u>\$ 1,243</u>	<u>\$ 1,094</u>
Reinsurance recoverable on unpaid losses and loss expenses		
Active operations	\$ 12,842	\$ 12,992
Brandywine and Other Run-off	1,217	1,269
Total	<u>\$ 14,059</u>	<u>\$ 14,261</u>
Gross reinsurance recoverable		
Active operations	\$ 13,814	\$ 13,800
Brandywine and Other Run-off	1,488	1,555
Total	<u>\$ 15,302</u>	<u>\$ 15,355</u>
Provision for uncollectible reinsurance (1)		
Active operations	\$ (188)	\$ (183)
Brandywine and Other Run-off	(132)	(138)
Total	<u>\$ (320)</u>	<u>\$ (321)</u>
Net reinsurance recoverable		
Active operations	\$ 13,626	\$ 13,617
Brandywine and Other Run-off	1,356	1,417
Total	<u>\$ 14,982</u>	<u>\$ 15,034</u>

(1) The provision for uncollectible reinsurance is based on a default analysis applied to gross reinsurance, net of usable collateral of approximately \$3.7 billion.

Chubb Limited
Investment Portfolio
(in millions of U.S. dollars)
(Unaudited)

	<u>March 31</u> <u>2018</u>		<u>December 31</u> <u>2017</u>	
Market Value				
Fixed maturities available for sale	\$ 79,111		\$ 78,939	
Fixed maturities held to maturity	14,122		14,474	
Short-term investments	2,874		3,561	
Total fixed maturities	<u>\$ 96,107</u>		<u>\$ 96,974</u>	
Asset Allocation by Market Value				
Treasury	\$ 4,277	4%	\$ 4,049	4%
Agency	593	1%	564	1%
Corporate and asset-backed	26,564	28%	27,215	28%
Mortgage-backed	18,467	19%	18,032	19%
Municipal	19,550	20%	20,766	21%
Non-U.S.	23,782	25%	22,787	23%
Short-term investments	2,874	3%	3,561	4%
Total fixed maturities	<u>\$ 96,107</u>	<u>100%</u>	<u>\$ 96,974</u>	<u>100%</u>
Credit Quality by Market Value				
AAA	\$ 14,723	15%	\$ 15,512	16%
AA	37,322	39%	37,407	39%
A	18,306	19%	18,369	19%
BBB	12,616	13%	12,377	13%
BB	7,710	8%	7,941	8%
B	5,235	6%	5,135	5%
Other	195	0%	233	0%
Total fixed maturities	<u>\$ 96,107</u>	<u>100%</u>	<u>\$ 96,974</u>	<u>100%</u>
Cost/Amortized Cost				
Fixed maturities available for sale	\$ 79,208		\$ 77,835	
Fixed maturities held to maturity	14,253		14,335	
Short-term investments	2,874		3,561	
Subtotal fixed maturities	96,335		95,731	
Equity securities	948		737	
Other investments	4,919		4,417	
Total investment portfolio	<u>\$ 102,202</u>		<u>\$ 100,885</u>	
Avg. duration of fixed maturities	4.3 years		4.2 years	
Avg. market yield of fixed maturities	3.3%		2.9%	
Avg. credit quality	A/Aa		A/Aa	
Avg. yield on invested assets (1)	3.4%		3.5%	

(1) Calculated using adjusted net investment income.

Chubb Limited
Investment Portfolio—2
(in millions of U.S. dollars)
(Unaudited)

Mortgage-backed Fixed Income Portfolio

	S&P Credit Rating					Total
	AAA	AA	A	BBB	BB and below	
Mortgage-backed securities						
Market Value at March 31, 2018						
Agency residential mortgage-backed (RMBS)	\$ —	\$15,176	\$—	\$—	\$ —	\$15,176
Non-agency RMBS	28	27	85	29	24	193
Commercial mortgage-backed	2,809	203	86	—	—	3,098
Total mortgage-backed securities at market value	\$2,837	\$15,406	\$171	\$ 29	\$ 24	\$18,467

U.S. Corporate and Asset-backed Fixed Income Portfolios

	S&P Credit Rating Investment Grade					Total
	AAA	AA	A	BBB		
Market Value at March 31, 2018						
Asset-backed		\$715	\$ 102	\$ 41	\$ 26	\$ 884
Banks		—	15	1,616	1,491	3,122
Basic Materials		—	—	101	207	308
Communications		—	163	260	1,257	1,680
Consumer, Cyclical		—	227	476	663	1,366
Consumer, Non-Cyclical		107	525	1,692	1,368	3,692
Diversified Financial Services		7	13	464	239	723
Energy		—	49	72	557	678
Industrial		—	27	745	522	1,294
Utilities		—	23	830	398	1,251
All Others		158	396	908	723	2,185
Total		\$987	\$1,540	\$7,205	\$7,451	\$17,183

	S&P Credit Rating Below Investment Grade				Total
	BB	B	CCC		
Market Value at March 31, 2018					
Asset-backed		\$ 3	\$ 2	\$ 9	\$ 14
Banks		—	—	—	—
Basic Materials		320	133	1	454
Communications		794	746	4	1,544
Consumer, Cyclical		1,032	551	40	1,623
Consumer, Non-Cyclical		826	1,194	47	2,067
Diversified Financial Services		188	124	—	312
Energy		626	240	4	870
Industrial		521	519	14	1,054
Utilities		209	70	—	279
All Others		726	424	14	1,164
Total		\$5,245	\$4,003	\$133	\$9,381

Chubb Limited
Investment Portfolio—3
(in millions of U.S. dollars)
(Unaudited)

Non-U.S. Fixed Income Portfolio
March 31, 2018

	Market Value by S&P Credit Rating					Total
	AAA	AA	A	BBB	BB and below	
Non-U.S. Government Securities						
United Kingdom	\$ —	\$ 1,392	\$ —	\$ —	\$ —	\$ 1,392
Republic of Korea	—	1,071	—	—	—	1,071
Canada	988	—	—	—	—	988
Federative Republic of Brazil	—	—	—	—	812	812
Province of Ontario	—	9	630	—	—	639
United Mexican States	—	—	454	125	—	579
Province of Quebec	—	510	—	—	—	510
Federal Republic of Germany	494	—	—	—	—	494
Kingdom of Thailand	—	—	488	—	—	488
French Republic	—	343	—	—	—	343
Other Non-U.S. Government Securities	972	1,077	908	569	1,016	4,542
Total	\$2,454	\$4,402	\$2,480	\$694	\$ 1,828	\$11,858

	Market Value by S&P Credit Rating					Total
	AAA	AA	A	BBB	BB and below	
Non-U.S. Corporate Securities						
United Kingdom	\$ 139	\$ 93	\$ 620	\$ 980	\$ 232	\$ 2,064
Canada	104	164	371	478	337	1,454
United States (1)	3	26	188	380	401	998
France	6	49	543	278	35	911
Australia	126	174	355	159	14	828
Netherlands	71	10	340	193	50	664
Germany	154	38	117	216	24	549
Japan	—	37	376	7	4	424
Switzerland	50	19	164	158	19	410
China	—	1	258	43	8	310
Other Non-U.S. Corporate Securities	431	361	997	947	576	3,312
Total	\$1,084	\$972	\$4,329	\$3,839	\$ 1,700	\$11,924

(1) Countries represent the ultimate parent company's country of risk. Non-U.S. corporate securities could be issued by foreign subsidiaries of U.S. corporations.

Chubb Limited
Investment Portfolio—4
(in millions of U.S. dollars)
(Unaudited)

Fixed Maturity Investment Portfolio
Top 10 Global Corporate Exposures

	<u>March 31, 2018</u>	<u>Market Value</u>	<u>Rating</u>
1	Wells Fargo & Co	\$ 542	A-
2	JP Morgan Chase & Co	417	A-
3	Goldman Sachs Group Inc	410	BBB+
4	AT&T Inc	399	BBB+
5	Anheuser-Busch InBev NV	354	A-
6	Bank of America Corp	340	A-
7	Verizon Communications Inc	338	BBB+
8	General Electric Co	334	A
9	Morgan Stanley	328	BBB+
10	HSBC Holdings Plc	307	A

Chubb Limited
Net Realized and Unrealized Gains (Losses)
(in millions of U.S. dollars)
(Unaudited)

	Three months ended March 31, 2018								
	Realized Gains (Losses)			Unrealized Gains (Losses)			Realized and Unrealized Gains (Losses)		
	Gains (Losses)	Tax (Expense) Benefit	Gains (Losses) After-Tax	Gains (Losses) Pre-Tax	Tax (Expense) Benefit	Gains (Losses) After-Tax	Gains (Losses) Pre-Tax	Tax (Expense) Benefit	Gains (Losses) After-Tax
	Pre-Tax	Benefit	After-Tax	Pre-Tax	Benefit	After-Tax	Pre-Tax	Benefit	After-Tax
Fixed maturities (1)	\$ (23)	\$ 3	\$ (20)	\$ (1,211)	\$ 223	\$ (988)	\$ (1,234)	\$ 226	\$ (1,008)
Fixed income derivatives	17	(1)	16	—	—	—	17	(1)	16
Public equity	10	(2)	8	—	—	—	10	(2)	8
Private equity	44	(9)	35	—	—	—	44	(9)	35
Mark-to-market on public and private equity (2)	8	3	11	—	—	—	8	3	11
Total investment portfolio	56	(6)	50	(1,211)	223	(988)	(1,155)	217	(938)
Mark-to-market from variable annuity reinsurance derivative transactions, net of applicable hedges (3)	60	—	60	—	—	—	60	—	60
Foreign exchange	(77)	9	(68)	397	(19)	378	320	(10)	310
Partially-owned entities (4)	(1)	—	(1)	—	—	—	(1)	—	(1)
Other (5)	2	—	2	(23)	4	(19)	(21)	4	(17)
Net gains (losses)	\$ 40	\$ 3	\$ 43	\$ (837)	\$ 208	\$ (629)	\$ (797)	\$ 211	\$ (586)

- (1) Other-than-temporary impairments for the quarter in realized gains (losses) were \$1 million for fixed maturities.
- (2) Effective Q1 2018, the company adopted new guidance that requires the recognition of mark-to-market changes of public equities and cost-method private equities to be recognized through realized gains (losses) on the income statement. Previously these unrealized gains (losses) were recorded through other comprehensive income (loss) on the balance sheet.
- (3) The quarter includes \$22 million of gains on applicable hedges. These gains are both pre-tax and after-tax.
- (4) Partially-owned entities are investments where we hold more than an insignificant percentage of the investee's shares. Refer to the Non-GAAP financial measures section for additional details.
- (5) Other unrealized gains (losses) are primarily related to the company's post-retirement programs.

	Three months ended March 31, 2017								
	Realized Gains (Losses)			Unrealized Gains (Losses)			Realized and Unrealized Gains (Losses)		
	Gains (Losses)	Tax (Expense) Benefit	Gains (Losses) After-Tax	Gains (Losses) Pre-Tax	Tax (Expense) Benefit	Gains (Losses) After-Tax	Gains (Losses) Pre-Tax	Tax (Expense) Benefit	Gains (Losses) After-Tax
	Pre-Tax	Benefit	After-Tax	Pre-Tax	Benefit	After-Tax	Pre-Tax	Benefit	After-Tax
Fixed maturities	\$ (12)	\$ 6	\$ (6)	\$ 256	\$ (95)	\$ 161	\$ 244	\$ (89)	\$ 155
Fixed income derivatives	6	6	12	—	—	—	6	6	12
Public equity	4	—	4	28	(10)	18	32	(10)	22
Private equity	50	(18)	32	31	(3)	28	81	(21)	60
Total investment portfolio (6)	48	(6)	42	315	(108)	207	363	(114)	249
Mark-to-market from variable annuity reinsurance derivative transactions, net of applicable hedges (7)	19	—	19	—	—	—	19	—	19
Foreign exchange	(19)	6	(13)	134	(3)	131	115	3	118
Partially-owned entities (8)	(6)	2	(4)	—	—	—	(6)	2	(4)
Other (9)	3	—	3	(20)	(4)	(24)	(17)	(4)	(21)
Net gains (losses)	\$ 45	\$ 2	\$ 47	\$ 429	\$ (115)	\$ 314	\$ 474	\$ (113)	\$ 361

- (6) Other-than-temporary impairments for the quarter in realized gains (losses) include \$6 million for fixed maturities, \$5 million for public equity and \$8 million for private equity.
- (7) The quarter includes \$74 million of losses on applicable hedges. These losses are both pre-tax and after-tax.
- (8) Partially-owned entities are investments where we hold more than an insignificant percentage of the investee's shares. Refer to the Non-GAAP financial measures section for additional details.
- (9) Other unrealized gains (losses) are primarily related to the company's post-retirement programs.

Chubb Limited
Debt and Capital
(in millions of U.S. dollars, except ratios)
(Unaudited)

	<u>March 31 2018</u>	<u>December 31 2017</u>	<u>December 31 2016</u>
Financial Debt:			
Total short-term debt (1)	\$ 1,669	\$ 1,013	\$ 500
Total long-term debt (2)	12,786	11,556	12,610
Total financial debt	\$ 14,455	\$ 12,569	\$ 13,110
Hybrid debt:			
Total trust preferred securities	308	308	308
Total	<u>\$ 14,763</u>	<u>\$ 12,877</u>	<u>\$ 13,418</u>
Capitalization:			
Shareholders' equity	\$ 51,287	\$ 51,172	\$ 48,275
Hybrid debt	308	308	308
Financial debt	14,455	12,569	13,110
Total capitalization	<u>\$ 66,050</u>	<u>\$ 64,049</u>	<u>\$ 61,693</u>
Leverage ratios (based on total capital):			
Hybrid debt	0.5%	0.5%	0.5%
Financial debt	21.9%	19.6%	21.3%
Total hybrid & financial debt	22.4%	20.1%	21.8%

Note: As of March 31, 2018, there was \$0.3 billion usage of credit facilities on a total commitment of \$1.0 billion.

- (1) During March 2018, the \$300 million 5.8% senior notes matured and were fully paid. In addition, the \$1.0 billion junior subordinated capital securities were reclassified to short-term debt. Subsequently, on April 6, 2018, the capital securities were redeemed.
- (2) In March 2018, we issued \$2.2 billion of European senior notes (€900 million at 1.55% due 2028 and €900 million at 2.5% due 2038).

Chubb Limited
Computation of Basic and Diluted Earnings Per Share
(in millions of U.S. dollars, except share and per share data)
(Unaudited)

	Three months ended March 31	
	2018	2017
Numerator		
Core operating income to common shares	\$ 1,097	\$ 1,175
Amortization of fair value adjustment of acquired invested assets and long-term debt, pre-tax (1)	(59)	(79)
Tax benefit on amortization adjustment	9	24
Chubb integration expenses, pre-tax	(10)	(111)
Tax benefit on Chubb integration expenses	2	37
Adjusted net realized gains (losses), pre-tax	40	45
Tax benefit on adjusted net realized gains (losses)	3	2
Net income	<u>\$ 1,082</u>	<u>\$ 1,093</u>
Rollforward of Common Shares Outstanding		
Shares—beginning of period	463,833,179	465,968,716
Repurchase of shares	—	(1,036,064)
Shares issued, excluding option exercises	1,575,789	1,684,373
Issued for option exercises	422,518	605,994
Shares—end of period	<u>465,831,486</u>	<u>467,223,019</u>
Denominator		
Weighted average shares outstanding (2)	465,703,240	468,903,086
Effect of other dilutive securities	3,770,351	3,828,604
Adj. wtd. avg. shares outstanding and assumed conversions	<u>469,473,591</u>	<u>472,731,690</u>
Basic earnings per share		
Core operating income	\$ 2.35	\$ 2.50
Amortization of fair value adjustment of acquired invested assets and long-term debt, net of tax (1)	(0.11)	(0.12)
Chubb integration expenses, net of tax	(0.02)	(0.16)
Adjusted net realized gains (losses), net of tax	0.10	0.11
Net income	<u>\$ 2.32</u>	<u>\$ 2.33</u>
Diluted earnings per share		
Core operating income	\$ 2.34	\$ 2.48
Amortization of fair value adjustment of acquired invested assets and long-term debt, net of tax (1)	(0.11)	(0.12)
Chubb integration expenses, net of tax	(0.02)	(0.16)
Adjusted net realized gains (losses), net of tax	0.09	0.11
Net income	<u>\$ 2.30</u>	<u>\$ 2.31</u>

(1) Related to the acquisition of The Chubb Corporation.

(2) Includes unvested restricted stock units that are not included in common shares outstanding as the shares are not issued until time of vesting, but are eligible to receive dividends (participating securities).

Chubb Limited
Book Value and Book Value per Common Share
(in millions of U.S. dollars, except share and per share data)
(Unaudited)

Reconciliation of Book Value per Common Share

	March 31 2018	December 31 2017	March 31 2017
Shareholders' equity	\$ 51,287	\$ 51,172	\$ 49,224
Less: goodwill and other intangible assets, net of tax	20,706	20,621	20,013
Numerator for tangible book value per share	<u>\$ 30,581</u>	<u>\$ 30,551</u>	<u>\$ 29,211</u>
Book value - % change over prior quarter	0.2%	1.4%	2.0%
Tangible book value - % change over prior quarter	0.1%	1.2%	3.4%
Denominator	<u>465,831,486</u>	<u>463,833,179</u>	<u>467,223,019</u>
Book value per common share	\$ 110.10	\$ 110.32	\$ 105.35
Tangible book value per common share	\$ 65.65	\$ 65.87	\$ 62.52
Reconciliation of Book Value			
Shareholders' equity, beginning of quarter	\$ 51,172	\$ 50,471	\$ 48,275
Core operating income	1,097	1,489	1,175
Amortization of fair value adjustment of acquired invested assets and long-term debt, net of tax (1)	(50)	(41)	(55)
Chubb integration expenses, net of tax	(8)	(57)	(74)
Adjusted net realized gains (losses), net of tax (2)	43	142	47
Net unrealized gains (losses) on the investment portfolio	(988)	(193)	207
Repurchase of shares	—	(123)	(140)
Dividend declared on common shares	(332)	(330)	(324)
Cumulative translation	378	(411)	131
Postretirement benefit liability	(18)	78	(24)
Other (3)	(7)	147	6
	<u>\$ 51,287</u>	<u>\$ 51,172</u>	<u>\$ 49,224</u>

(1) Related to the acquisition of The Chubb Corporation.

(2) Includes net realized gains (losses) related to unconsolidated entities.

(3) Other primarily includes proceeds from exercise of stock options and stock compensation, offset by the value of any share cancellations for restricted stock vesting taxes.

Chubb Limited
Non-GAAP Financial Measures
(Unaudited)

Regulation G—Non-GAAP Financial Measures

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).

We provide financial measures such as gross premiums written, net premiums written, net premiums earned, and core operating income (loss) on a constant-dollar basis. We believe it is useful to evaluate the trends in these measures 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.

Adjusted losses and loss expenses includes realized gains and losses on crop derivatives. The crop derivatives are purchased to provide economic benefit, in a manner similar to reinsurance protection, in the event that a significant decline in commodity pricing will impact underwriting results. We view gains and losses on these derivatives as part of the results of our underwriting operations and therefore realized gains and losses from these derivatives are reclassified from adjusted net realized gains (losses), also a non-GAAP financial measure.

Adjusted net realized gains (losses), net of tax includes net realized gains (losses) and net realized gains (losses) recorded in other income (expense) related to unconsolidated subsidiaries, and excludes 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 adjusted losses and loss expenses. The P&C combined ratio includes adjusted losses and loss expenses in the ratio numerator.

In presenting our segment income (loss) results, we have shown our performance with reference to underwriting results. Underwriting results are calculated by subtracting adjusted losses and loss expenses, policy benefits, policy acquisition costs, and administrative expenses from net premiums earned. We use underwriting results and adjusted operating ratios to monitor the results of our operations without the impact of certain factors, including investment income, other income and expenses, interest and income tax expense, and adjusted net realized gains (losses). P&C underwriting income is a non-GAAP financial measure which excludes the Life Insurance segment. P&C loss and loss expense ratio and P&C combined ratio (both non-GAAP financial measures) include adjusted losses and loss expenses in the ratio numerator. P&C expense ratio (a non-GAAP financial measure) and P&C combined ratio include policy acquisition costs and administrative expenses in the ratio numerator. A reconciliation of combined ratio to P&C combined ratio is provided on page 31.

P&C combined ratio is the sum of the loss and loss expense ratio, 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 will impact 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 the impact of catastrophe losses and prior period development (PPD) is a non-GAAP financial measure. The combined ratio numerator includes adjusted losses and loss expenses, policy acquisition costs, and administrative expenses. The denominator includes net premiums earned adjusted to exclude the amount of reinstatement premiums (expensed) collected. In periods where there are adjustments on loss sensitive policies, these adjustments are excluded from PPD and net earned premiums when calculating the ratios. We believe that excluding the impact of catastrophe losses and PPD provides a better evaluation of our underwriting performance and enhances the understanding of the trends in our property & casualty business that may be obscured by these items.

Expense ratio excluding accident and health (A&H) is a non-GAAP financial measure and excludes the impact of our A&H business from our expense ratio. The expense ratio for the A&H business is typically higher than our traditional P&C business, and we believe that this measure provides better comparison to our peer companies that may not have a significant A&H block of business.

Global P&C performance metrics are non-GAAP financial measures and comprise consolidated adjusted operating results (including corporate) and exclude the adjusted operating results of the company's Life Insurance and North America Agricultural Insurance segments. We believe that these measures are useful and meaningful to investors as they are used by management to assess the company's global P&C operations which are the most economically similar. We exclude the North America Agricultural Insurance and Life Insurance segments because the results of these businesses do not always correlate with the results of our global P&C operations.

Adjusted net investment income is net investment income excluding the amortization of the fair value adjustment on acquired invested assets. We believe this measure is meaningful as it highlights the underlying performance of our invested assets and portfolio management in support of our lines of business.

Other income (expense) – operating is a non-GAAP financial measure and excludes the portion of net realized gains and losses related to unconsolidated entities from other income (expense). These gains and losses are reported as net realized gains (losses) and represent the non-operating activities of entities where we hold more than an insignificant percentage of the investee's shares. We exclude these gains and losses from other income (expense) to enhance the understanding of our segments' operations as they are heavily influenced by, and fluctuate in part according to market conditions. Other income (expense) – operating and net realized gains and losses related to unconsolidated entities are recorded to Other income (expense) in our income statement on a GAAP basis.

Core operating income (loss) is a non-GAAP financial measure that excludes the after-tax impact of adjusted net realized gains (losses), net realized gains (losses) included in other income (expense) related to partially owned entities, Chubb integration expenses, and the amortization of the fair value adjustments related to purchased invested assets and long-term debt from the Chubb Corp acquisition. We exclude adjusted realized gains and losses because the amount of these gains (losses) are heavily influenced by, and fluctuate in part according to the availability of market opportunities. We exclude Chubb integration expenses due to the size and complexity of this acquisition. These integration expenses are distortive to our results and are not indicative of our underlying profitability. We believe that

excluding these integration expenses facilitates the comparison of our financial results to our historical operating results. Chubb integration expenses are incurred by the overall company and are therefore included in Corporate. The costs are not related to the on-going activities of the individual segments and are therefore excluded from our definition of segment income (loss), as well.

Core operating income excluding catastrophe losses excludes the impact of catastrophe losses due to the significant size and number of these events in Q1 2018 which could obscure the underlying operating results. We believe this measure provides a better evaluation of our operating performance and enhances the understanding of the trends in our property and casualty business. Core operating income with expected level of catastrophe losses is a non-GAAP financial measure which excludes catastrophe losses above expected level. The adjustment for normalized catastrophe activity reduces the unusually large impact of catastrophe activity in Q1 2018 which could obscure our underlying performance. Current accident year core operating income excluding catastrophe losses is core operating income adjusted to exclude catastrophe losses and prior period development (PPD). We believe it is useful to exclude catastrophe losses, 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 underlying performance. Core operating income, Core operating income excluding catastrophe losses, Core operating income with expected level of catastrophe losses, and Current accident year core operating income excluding catastrophe losses should not be viewed as a substitute for net income determined in accordance with GAAP. References to core operating income measures mean net of tax, whether or not noted.

Core operating effective tax rate is a non-GAAP financial measure. The numerator excludes tax on adjusted net realized gains (losses), tax on Chubb integration expenses, and tax on the amortization of the fair value adjustments related to purchased invested assets and long-term debt from the Chubb Corp acquisition. The denominator is core operating income (loss), before tax. Core operating effective tax rate should not be viewed as a substitute for effective tax rate determined in accordance with GAAP.

Tangible book value per common share is a non-GAAP financial measure and is shareholders' equity less goodwill and other intangible assets, net of tax, divided by the shares outstanding. We believe that goodwill and other intangible assets are not indicative of our underlying insurance results or trends and make book value comparisons to less acquisitive peer companies less meaningful. A reconciliation of tangible book value per share is provided on page 27. In addition, we disclose per share measures that exclude the impact of foreign currency fluctuations during 2017 in order to adjust for the distortive effects of fluctuations in exchange rates.

International life insurance net premiums written and deposits collected, is a non-GAAP financial measure. 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. However, we include life deposits in presenting growth in our life insurance business because new life deposits are an important component of production and key to our efforts to grow our business.

Net premiums written excluding merger-related actions is a non-GAAP performance measure. Since the acquisition of The Chubb Corporation, we have entered into new reinsurance agreements with third-party reinsurers for the Chubb Corp businesses and have taken other merger-related actions, including exiting certain types of business that do not meet our underwriting standards or adhere to our risk diversification strategy. We believe that these measures are meaningful to evaluate trends in our underlying business on a comparable basis.

Chubb Limited
Non-GAAP Financial Measures—2
(in millions of U.S. dollars, except ratios)
(Unaudited)

Regulation G—Non-GAAP Financial Measures (continued)

Core operating ROE

Core operating return on equity (ROE) or ROE calculated using core operating income: The ROE numerator includes income adjusted to exclude after-tax adjusted net realized gains (losses), Chubb integration expenses, and the amortization of the fair value adjustment of acquired invested assets and long-term debt. The ROE denominator includes the average shareholders' equity for the period adjusted to exclude unrealized gains (losses) on investments, net of tax. Core operating ROE is a useful measure as it enhances the understanding of the return on shareholders' equity by highlighting the underlying profitability relative to shareholders' equity excluding the effect of unrealized gains and losses on our investments.

	1Q-18	1Q-17	Full Year 2017
Net income	\$ 1,082	\$ 1,093	\$ 3,861
Core operating income	\$ 1,097	\$ 1,175	\$ 3,784
Equity—beginning of period, as reported	\$51,172	\$48,275	\$ 48,275
Less: unrealized gains (losses) on investments, net of deferred tax (1)	1,033	1,058	1,058
Equity—beginning of period, as adjusted	\$50,139	\$47,217	\$ 47,217
Equity—end of period, as reported	\$51,287	\$49,224	\$ 51,172
Less: unrealized gains (losses) on investments, net of deferred tax	45	1,265	1,450
Equity—end of period, as adjusted	\$51,242	\$47,959	\$ 49,722
Weighted average equity, as reported	\$51,230	\$48,750	\$ 49,724
Weighted average equity, as adjusted	\$50,691	\$47,588	\$ 48,470
ROE	8.4%	9.0%	7.8%
Core operating ROE	8.7%	9.9%	7.8%

(1) During Q1 2018, the company adopted new guidance that requires the reclassification of \$417 million of unrealized appreciation to beginning retained earnings related to public equities and cost-method private equities. Refer to footnote 2 on page 24 for further information.

Core operating effective tax rate

The following table presents the reconciliation of effective tax rate to the core operating effective tax rate:

	1Q-18	4Q-17	3Q-17	2Q-17	1Q-17	Full Year 2017
Tax expense (benefit), as reported	\$ 135	\$ (382)	\$ (85)	\$ 200	\$ 128	\$ (139)
Tax benefit on amortization of fair value of acquired invested assets and debt (1)	(9)	(23)	(18)	(20)	(24)	(85)
Tax benefit on Chubb integration expenses	(2)	(20)	(14)	(22)	(37)	(93)
Tax expense (benefit) on adjusted net realized gains (losses)	(3)	(20)	8	19	(2)	5
Tax expense (benefit), adjusted	\$ 149	\$ (319)	\$ (61)	\$ 223	\$ 191	\$ 34
Income (loss) before tax, as reported	\$1,217	\$1,151	\$(155)	\$1,505	\$1,221	\$ 3,722
Less: amortization of fair value of acquired invested assets and debt (1)	(59)	(64)	(68)	(72)	(79)	(283)
Less: Chubb integration expenses	(10)	(77)	(50)	(72)	(111)	(310)
Less: adjusted realized gains (losses)	(4)	—	(5)	103	(7)	91
Less: realized gains (losses) related to unconsolidated entities	44	122	89	143	52	406
Core operating income (loss) before tax	\$1,246	\$1,170	\$(121)	\$1,403	\$1,366	\$ 3,818
Effective tax rate	11.1%	-33.1%	54.7%	13.3%	10.5%	-3.7%
Adjustment for tax impact of amortization of fair value of acquired invested assets and debt (1)	0.2%	3.7%	8.6%	0.6%	1.0%	2.3%
Adjustment for tax impact of Chubb integration expenses	0.1%	3.8%	6.6%	0.8%	1.7%	2.6%
Adjustment for tax impact of adjusted net realized gains (losses)	0.6%	-1.6%	19.0%	1.3%	0.8%	-0.3%
Core operating effective tax rate	12.0%	-27.2%	50.9%	16.0%	14.0%	0.9%

(1) Related to the acquisition of The Chubb Corporation.

Core operating income (loss)

The following table presents the reconciliation of Net income (loss) to Core operating income (loss):

	1Q-18	4Q-17	3Q-17	2Q-17	1Q-17	Full Year 2017
Net income (loss), as reported	\$1,082	\$1,533	\$ (70)	\$1,305	\$1,093	\$ 3,861
Amortization of fair value adjustment of acquired invested assets and long-term debt, pre-tax (1)	(59)	(64)	(68)	(72)	(79)	(283)
Tax benefit on amortization adjustment	9	23	18	20	24	85

Chubb integration expenses, pre-tax	(10)	(77)	(50)	(72)	(111)	(310)
Tax benefit on Chubb integration expenses	2	20	14	22	37	93
Adjusted net realized gains (losses)	(4)	—	(5)	103	(7)	91
Net realized gains (losses) related to unconsolidated entities (2)	44	122	89	143	52	406
Tax benefit (expense) on adjusted net realized gains (losses)	3	20	(8)	(19)	2	(5)
Core operating income (loss)	<u>\$ 1,097</u>	<u>\$ 1,489</u>	<u>\$ (60)</u>	<u>\$ 1,180</u>	<u>\$ 1,175</u>	<u>\$ 3,784</u>

(1) Related to the acquisition of The Chubb Corporation.

(2) Realized gains (losses) on partially-owned entities, which are investments where we hold more than an insignificant percentage of the investee's shares. The net income or loss is included in other income (expense).

Chubb Limited
Non-GAAP Financial Measures—3
(in millions of U.S. dollars, except per share data, and ratios)
(Unaudited)

Regulation G—Non-GAAP Financial Measures (continued)

Core operating ROE with expected level of Cats

	1Q-18
Equity—beginning of period, as reported	\$51,172
Less: unrealized gains (losses) on investments, net of deferred tax	1,033
Equity—beginning of period, as adjusted	\$50,139
Equity—end of period, as reported	\$51,287
Less: unrealized gains (losses) on investments, net of deferred tax	45
Equity—end of period, as adjusted	\$51,242
Add: Actual Cats above expected levels	135
Equity—end of period, as adjusted, w/ expected level of Cats	\$51,377
Weighted average equity, as reported	\$51,230
Weighted average equity, as adjusted	\$50,691
Weighted average equity, as adjusted, w/ expected level of Cats	\$50,758
ROE	8.4%
Core operating ROE	8.7%
Core operating ROE, w/ expected level of Cats	9.7%

Core operating income measures

	1Q-18	1Q-17	% Change 1Q-18 vs. 1Q-17
Core operating income	\$1,097	\$1,175	
Less: Catastrophe losses	(303)	(164)	
Core operating income ex Cats	\$1,400	\$1,339	4.6%
Less: Prior period development	166	155	
Core operating income ex Cats and PPD	\$1,234	\$1,184	
Core operating income	\$1,097	\$1,175	
Add: Actual Cats above expected levels	135	8	
Core operating income w/ expected level of Cats	\$1,232	\$1,183	4.2%
Core operating income ex Cats per share	\$ 2.98	\$ 2.83	5.3%
Core operating income ex Cats and PPD per share	\$ 2.63	\$ 2.50	5.2%
Core operating income w/ expected level of Cats per share	\$ 2.62	\$ 2.50	4.8%

P&C combined ratio with expected level of Cats

	1Q-18	1Q-17
P&C combined ratio	90.1%	87.5%
Less: Catastrophe losses	5.8%	3.3%
Less: Prior period development	-3.3%	-3.8%
P&C CAY combined ratio excluding Cats	87.6%	88.0%
Add: Expected level of Cats	3.1%	3.2%
P&C CAY combined ratio w/ expected level of Cats	90.7%	91.2%
Add: Prior period development	-3.3%	-3.8%
P&C combined ratio w/ expected level of Cats	87.4%	87.4%

Chubb Limited
Non-GAAP Financial Measures—4
(in millions of U.S. dollars, except ratios)
(Unaudited)

Regulation G—Non-GAAP Financial Measures (continued)

P&C combined ratio

The P&C combined ratio includes the impact of 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 will impact underwriting results. We view gains and losses on these derivatives as part of the results of our underwriting operations.

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.

Q1 2018	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							
Losses and loss expenses	\$ 1,908	\$ 886	\$ (53)	\$ 1,078	\$ 67	\$ 11	\$3,897
Realized (gains) losses on crop derivatives	—	—	(2)	—	—	—	(2)
Adjusted losses and loss expenses	A \$ 1,908	\$ 886	\$ (55)	\$ 1,078	\$ 67	\$ 11	\$3,895
Catastrophe losses	(78)	(284)	(1)	(15)	(2)	—	(380)
PPD and related adjustments							
PPD, net of related adjustments—favorable (unfavorable)	101	6	76	22	14	(10)	209
Net earned premium adjustments on PPD—unfavorable (favorable)	—	—	40	—	1	—	41
Expense adjustments—unfavorable (favorable)	6	—	(4)	—	—	—	2
PPD reinstatement premiums	4	—	—	—	—	—	4
PPD—gross of related adjustments—favorable (unfavorable)	111	6	112	22	15	(10)	256
Loss and loss expense ex CATs and PPD	B \$ 1,941	\$ 608	\$ 58	\$ 1,085	\$ 80	\$ 1	\$3,773
Policy acquisition costs and administrative expenses							
Policy acquisition costs and administrative expenses	C \$ 703	\$ 302	\$ (4)	\$ 827	\$ 50	\$ 72	\$1,950
Expense adjustments—favorable (unfavorable)	(6)	—	4	—	—	—	(2)
Policy acquisition costs and administrative expenses, adjusted	D \$ 697	\$ 302	\$ —	\$ 827	\$ 50	\$ 72	\$1,948
Denominator							
Net premiums earned	E \$ 3,029	\$ 1,140	\$ 43	\$ 2,107	\$ 168	\$ —	\$6,487
Net earned premium adjustments on PPD—unfavorable (favorable)	—	—	40	—	1	—	41
Reinstatement premiums expensed on PPD	4	—	—	—	—	—	4
Net premiums earned excluding adjustments	F \$ 3,033	\$ 1,140	\$ 83	\$ 2,107	\$ 169	\$ —	\$6,532
P&C Combined ratio							
Losses and loss expense ratio	A/E 63.0%	77.7%	NM	51.1%	40.1%	—	60.0%
Policy acquisition costs and administrative expense ratio	C/E 23.2%	26.5%	NM	39.3%	29.4%	—	30.1%
P&C Combined ratio	86.2%	104.2%	NM	90.4%	69.5%	—	90.1%
CAY P&C combined ratio—ex Cats							
Loss and loss expense ratio, adjusted	B/F 64.0%	53.3%	68.9%	51.4%	47.7%	—	57.7%
Policy acquisition costs and administrative expense ratio, adjusted	D/F 23.0%	26.4%	-1.2%	39.3%	29.3%	—	29.9%
CAY P&C combined ratio—ex Cats	87.0%	79.7%	67.7%	90.7%	77.0%	—	87.6%
Combined ratio							
Combined ratio							90.1%
Add: impact of gains and losses on crop derivatives							0.0%
P&C Combined ratio							<u>90.1%</u>

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.

Chubb Limited
Glossary

Chubb Limited Consolidated comprises all segments including Corporate.

Book value per common share: Shareholders' equity divided by the shares outstanding.

P&C combined ratio: The sum of the loss and loss expense ratio, acquisition cost ratio and the administrative expense ratio excluding the life business and including realized gains and losses on crop derivatives.

Core operating effective tax rate: Income tax expense excluding tax expense (benefit) on adjusted net realized gains (losses), tax benefit on amortization of fair value of acquired invested assets and debt, and tax benefit on Chubb integration expenses, divided by income excluding adjusted net realized gains (losses) before tax, amortization of fair value of acquired invested assets and debt before tax, and Chubb integration expenses before tax.

Tangible book value per common share: Shareholders' equity less goodwill and other intangible assets, net of tax, divided by the shares outstanding.

Average market yield of fixed maturities: Weighted average yield to maturity of our fixed income portfolio based on the market prices of the holdings as of that date.

Average yield on invested assets: Net investment income divided by average cost of fixed maturities and other investments, and average market value of equity securities.

Tangible capital: Total capitalization less goodwill and other intangible assets.

Total capitalization: Short-term debt, long-term debt, trust preferreds, and shareholders' equity.

Chubb integration expenses: Chubb integration expenses comprise legal and professional fees and all other costs directly related to the integration activities of the Chubb Corp acquisition. Chubb integration expenses are incurred by the overall company and are therefore included in Corporate. These costs are not related to the on-going business activities of the segments and are therefore excluded from our definition of segment income.

NM: Not meaningful.