UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☑ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended March 31, 2018

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period from to
Commission File No. 1-11778

CHUBB LIMITED

(Exact name of registrant as specified in its charter)

Switzerland	**98-0091805**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

Baerengasse 32
Zurich, Switzerland CH-8001
(Address of principal executive offices) (Zip Code)
+41 (0)43 456 76 00
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES ☑ NO ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

YES ☑ NO ☐

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

Large accelerated filer ☑		Accelerated filer ☐
Non-accelerated filer ☐	(Do not check if a smaller reporting company)	Smaller reporting company ☐
		Emerging growth company ☐

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES ☐ NO ☑

The number of registrant's Common Shares (CHF 24.15 par value) outstanding as of April 19, 2018 was 465,802,115 .

CHUBB LIMITED
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PART I FINANCIAL INFORMATION

ITEM 1. Financial Statements

CONSOLIDATED BALANCE SHEETS (Unaudited)

Chubb Limited and Subsidiaries

(in millions of U.S. dollars, except share and per share data)	March 31 2018	December 31 2017
Assets		
Investments		
Fixed maturities available for sale, at fair value (amortized cost – $79,208 and $77,835) (includes hybrid financial instruments of $7 and $5)	$ **79,111**	$ 78,939
Fixed maturities held to maturity, at amortized cost (fair value – $14,122 and $14,474)	**14,253**	14,335
Equity securities, at fair value (cost – $948 and $737)	**948**	937
Short-term investments, at fair value and amortized cost	**2,874**	3,561
Other investments (cost – $4,919 and $4,417)	**4,919**	4,672
Total investments	**102,105**	102,444
Cash	**1,988**	728
Restricted cash	**125**	123
Securities lending collateral	**2,039**	1,737
Accrued investment income	**895**	909
Insurance and reinsurance balances receivable	**9,570**	9,334
Reinsurance recoverable on losses and loss expenses	**14,982**	15,034
Reinsurance recoverable on policy benefits	**181**	184
Deferred policy acquisition costs	**4,843**	4,723
Value of business acquired	**321**	326
Goodwill	**15,686**	15,541
Other intangible assets	**6,437**	6,513
Prepaid reinsurance premiums	**2,600**	2,529
Investments in partially-owned insurance companies	**664**	662
Other assets	**6,345**	6,235
Total assets	$ **168,781**	$ 167,022
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	**8,618**	9,545
Deferred tax liabilities	**468**	699
Repurchase agreements	**1,412**	1,408
Short-term debt	**1,669**	1,013
Long-term debt	**12,786**	11,556
Trust preferred securities	**308**	308
Total liabilities	**117,494**	115,850
Commitments and contingencies		
Shareholders' equity		
Common Shares (CHF 24.15 par value; 479,783,864 shares issued; 465,831,486 and 463,833,179 shares outstanding)	**11,121**	11,121
Common Shares in treasury (13,952,378 and 15,950,685 shares)	**(1,727)**	(1,944)
Additional paid-in capital	**13,430**	13,978
Retained earnings	**28,965**	27,474
Accumulated other comprehensive income (loss) (AOCI)	**(502)**	543
Total shareholders' equity	**51,287**	51,172
Total liabilities and shareholders' equity	$ **168,781**	$ 167,022

See accompanying notes to the consolidated financial statements

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CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (Unaudited)

Chubb Limited and Subsidiaries

(in millions of U.S. dollars, except per share data)	Three Months Ended March 31 2018	2017
Revenues		
Net premiums written	$ **7,104**	$ 6,710
(Increase) decrease in unearned premiums	**(77)**	62
Net premiums earned	**7,027**	6,772
Net investment income	**806**	745
Net realized gains (losses):		
Other-than-temporary impairment (OTTI) losses gross	**(1)**	(19)
Portion of OTTI losses recognized in other comprehensive income (OCI)	**—**	—
Net OTTI losses recognized in income	**(1)**	(19)
Net realized gains (losses) excluding OTTI losses	**(1)**	12
Total net realized gains (losses) (includes $(23) and $(8) reclassified from AOCI)	**(2)**	(7)
Total revenues	**7,831**	7,510
Expenses		
Losses and loss expenses	**4,102**	3,789
Policy benefits	**151**	168
Policy acquisition costs	**1,464**	1,397
Administrative expenses	**692**	676
Interest expense	**157**	154
Other (income) expense	**(47)**	(70)
Amortization of purchased intangibles	**85**	64
Chubb integration expenses	**10**	111
Total expenses	**6,614**	6,289
Income before income tax	**1,217**	1,221
Income tax expense (benefit) (includes $(3) and $(6) on reclassified unrealized losses)	**135**	128
Net income	$ **1,082**	$ 1,093
Other comprehensive income (loss)		
Unrealized appreciation (depreciation)	$ **(1,234)**	$ 307
Reclassification adjustment for net realized losses included in net income	**23**	8
	(1,211)	315
Change in:		
Cumulative foreign currency translation adjustment	**397**	134
Postretirement benefit liability adjustment	**(23)**	(20)
Other comprehensive income (loss), before income tax	**(837)**	429
Income tax (expense) benefit related to OCI items	**208**	(115)
Other comprehensive income (loss)	**(629)**	314
Comprehensive income	$ **453**	$ 1,407
Earnings per share		
Basic earnings per share	$ **2.32**	$ 2.33
Diluted earnings per share	$ **2.30**	$ 2.31

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (Unaudited)

Chubb Limited and Subsidiaries

	Three Months Ended March 31	
(in millions of U.S. dollars)	**2018**	2017
Common Shares		
Balance – beginning and end of period	**$ 11,121**	$ 11,121
Common Shares in treasury		
Balance – beginning of period	**(1,944)**	(1,480)
Common Shares repurchased	**—**	(140)
Net shares redeemed under employee share-based compensation plans	**217**	222
Balance – end of period	**(1,727)**	(1,398)
Additional paid-in capital		
Balance – beginning of period	**13,978**	15,335
Net shares redeemed under employee share-based compensation plans	**(262)**	(260)
Exercise of stock options	**(16)**	(21)
Share-based compensation expense	**62**	65
Funding of dividends declared to Retained earnings	**(332)**	(324)
Balance – end of period	**13,430**	14,795
Retained earnings		
Balance – beginning of period	**27,474**	23,613
Cumulative effect of adoption of accounting guidance (refer to Note 1)	**409**	—
Balance – beginning of period, as adjusted	**27,883**	23,613
Net income	**1,082**	1,093
Funding of dividends declared from Additional paid-in capital	**332**	324
Dividends declared on Common Shares	**(332)**	(324)
Balance – end of period	**28,965**	24,706
Accumulated other comprehensive income		
Net unrealized appreciation on investments		
Balance – beginning of period	**1,450**	1,058
Cumulative effect of adoption of accounting guidance (refer to Note 1)	**(416)**	—
Balance – beginning of period, as adjusted	**1,034**	1,058
Change in period, before reclassification from AOCI, net of income tax benefit (expense) of $226 and $(102)	**(1,008)**	205
Amounts reclassified from AOCI, net of income tax expense of $(3) and $(6)	**20**	2
Change in period, net of income tax benefit (expense) of $223 and $(108)	**(988)**	207
Balance – end of period	**46**	1,265
Cumulative foreign currency translation adjustment		
Balance – beginning of period	**(1,187)**	(1,663)
Change in period, net of income tax expense of $(19) and $(3)	**378**	131
Balance – end of period	**(809)**	(1,532)
Postretirement benefit liability adjustment		
Balance – beginning of period	**280**	291
Change in period, net of income tax benefit (expense) of $4 and $(4)	**(19)**	(24)
Balance – end of period	**261**	267
Accumulated other comprehensive income (loss)	**(502)**	—
Total shareholders' equity	**$ 51,287**	$ 49,224

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

Chubb Limited and Subsidiaries

	Three Months Ended March 31	
(in millions of U.S. dollars)	**2018**	2017
Cash flows from operating activities		
Net income	**$ 1,082**	$ 1,093
Adjustments to reconcile net income to net cash flows from operating activities		
Net realized (gains) losses	**2**	7
Amortization of premiums/discounts on fixed maturities	**155**	184
Amortization of purchased intangibles	**85**	64
Deferred income taxes	**(2)**	(127)
Unpaid losses and loss expenses	**(420)**	(154)
Unearned premiums	**111**	17
Future policy benefits	**58**	40
Insurance and reinsurance balances payable	**250**	252
Accounts payable, accrued expenses, and other liabilities	**(724)**	(491)
Income taxes payable	**88**	191
Insurance and reinsurance balances receivable	**(174)**	30
Reinsurance recoverable on losses and loss expenses	**138**	(122)
Reinsurance recoverable on policy benefits	**3**	(5)
Deferred policy acquisition costs	**(75)**	(59)
Prepaid reinsurance premiums	**(42)**	(81)
Other	**16**	174
Net cash flows from operating activities	**551**	1,013
Cash flows from investing activities		
Purchases of fixed maturities available for sale	**(5,972)**	(6,250)
Purchases of fixed maturities held to maturity	**(162)**	(157)
Purchases of equity securities	**(55)**	(37)
Sales of fixed maturities available for sale	**2,562**	3,395
Sales of equity securities	**40**	46
Maturities and redemptions of fixed maturities available for sale	**1,865**	2,543
Maturities and redemptions of fixed maturities held to maturity	**255**	240
Net change in short-term investments	**731**	232
Net derivative instruments settlements	**39**	(89)
Private equity contributions	**(353)**	(198)
Private equity distributions	**201**	315
Other	**(32)**	(106)
Net cash flows used for investing activities	**(881)**	(66)
Cash flows from financing activities		
Dividends paid on Common Shares	**(330)**	(324)
Common Shares repurchased	**(29)**	(128)
Proceeds from issuance of long-term debt	**2,175**	—
Repayment of long-term debt	**(300)**	(500)
Proceeds from issuance of repurchase agreements	**408**	753
Repayment of repurchase agreements	**(404)**	(752)
Proceeds from share-based compensation plans	**34**	42
Policyholder contract deposits	**118**	109
Policyholder contract withdrawals	**(105)**	(58)
Net cash flows from (used for) financing activities	**1,567**	(858)
Effect of foreign currency rate changes on cash and restricted cash	**25**	(17)
Net increase in cash and restricted cash	**1,262**	72

Cash and restricted cash – beginning of period		**851**		1,088
Cash and restricted cash – end of period	**$**	**2,113**	$	1,160
Supplemental cash flow information				
Taxes paid	**$**	**93**	$	54
Interest paid	**$**	**82**	$	75

See accompanying notes to the consolidated financial statements

1 . General

a) Basis of presentation

Chubb Limited is a holding company incorporated in Zurich, Switzerland. Chubb Limited, through its subsidiaries, provides a broad range of insurance and reinsurance products to insureds worldwide. Chubb operates through the following business segments: North America Commercial P&C Insurance, North America Personal P&C Insurance, North America Agricultural Insurance, Overseas General Insurance, Global Reinsurance, and Life Insurance. Refer to Note 10 for additional information.

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

The results of operations and cash flows for any interim period are not necessarily indicative of the results for the full year. These consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes included in our 2017 Form 10-K.

b) Restricted cash

Effective January 1, 2018, we retrospectively adopted guidance on "Restricted Cash" that clarified the presentation of restricted cash on the consolidated statement of cash flows. As a result, we revised the statement of cash flows for the three months ended March 31, 2017 to include restricted cash in the beginning and ending cash balances. In addition, we reclassified $123 million of Restricted cash from Other assets to a separate line in the balance sheet as of December 31, 2017.

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

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

(in millions of U.S. dollars)		**March 31 2018**		December 31 2017
Cash	**$**	**1,988**	$	728
Restricted cash		**125**		123
Total cash and restricted cash shown in the consolidated statements of cash flows	**$**	**2,113**	$	851

c) Goodwill

During the three months ended March 31, 2018, Goodwill increased $ 145 million , primarily reflecting the impact of foreign exchange.

d) Accounting guidance adopted in 2018

Revenue from Contracts with Customers

In May 2014, the FASB issued an accounting standard that supersedes most existing revenue recognition guidance. The standard excludes from its scope the accounting for insurance contracts, leases, financial instruments, and certain other agreements that are governed under other GAAP guidance, but could affect the revenue recognition for certain of our claims management and risk control services. The updated guidance requires an entity to recognize revenue as performance obligations are met, in order to reflect the transfer of promised goods or services to customers in an amount that reflects the consideration the entity is entitled to receive for those goods or services. This guidance was effective for us on January 1, 2018. The adoption of this guidance did not have a material impact on our financial condition or results of operations given that the majority of our business is outside the scope of this guidance.

Financial Instruments – Recognition and Measurement of Financial Assets and Financial Liabilities
Effective January 2018, we adopted new accounting guidance on "Recognition and Measurement of Financial Assets and Financial Liabilities" on a modified-retrospective basis. The guidance requires equity investments, other than those accounted for under the equity method of accounting, to be measured at fair value with changes in fair value recognized through net income. The guidance impacts our public equities and cost-method private equities. As a result, we recorded a cumulative-effect adjustment to increase beginning Retained earnings by $416 million after tax ($454 million pre-tax), representing the unrealized appreciation on our equity investments with an offsetting adjustment to decrease Accumulated other comprehensive income. All subsequent changes in fair value of our equity investments are recognized within realized gains (losses) on the consolidated statement of operations. Prior period amounts have not been adjusted and continue to be reported in accordance with the previous accounting guidance.

Income Taxes
Effective January 2018, we adopted new accounting guidance on “Intra-Entity Transfers of Assets Other Than Inventory” on a modified-retrospective basis. Under the new guidance, we will no longer defer taxes on intra-company asset transfers and will recognize income tax expense (benefit) immediately through the income statement. As a result, we recorded a cumulative-effect adjustment to decrease beginning Retained earnings by $7 million representing the removal of the deferred tax asset for previous intra-company asset transfer transactions not yet recognized through earnings.

Income Tax Accounting Implications of the Tax Cuts and Jobs Act
The Tax Cuts and Jobs Act (2017 Tax Act) was signed into legislation in December 2017. The Securities and Exchange Commission issued Staff Accounting Bulletin No. 118, Income Tax Accounting Implications of the Tax Cuts and Jobs Act, which provides guidance for the application of the 2017 Tax Act. The income tax guidance allows for the transition impact of the 2017 Tax Act to be recorded as 1) complete with all accounting implications identified, 2) provisional based on a reasonable estimate, or 3) not recorded as no reasonable estimate was determinable.

In December 2017, we recorded a $450 million income tax transition benefit on a provisional basis under SAB 118. There were no changes to this estimate for the current period as we continue to analyze the impact of the 2017 Tax Act.

Refer to the 2017 Form 10-K for information on other accounting guidance not yet adopted.

2 . Investments

a) Fixed maturities

March 31, 2018 (in millions of U.S. dollars)	Amortized Cost	Gross Unrealized Appreciation	Gross Unrealized Depreciation	Fair Value	OTTI Recognized in AOCI
Available for sale					
U.S. Treasury and agency	$ 3,893	$ 22	$ (77)	$ 3,838	$ —
Foreign	21,705	513	(187)	22,031	—
Corporate securities	23,509	332	(274)	23,567	(4)
Mortgage-backed securities	16,116	53	(349)	15,820	(1)
States, municipalities, and political subdivisions	13,985	61	(191)	13,855	—
	$ 79,208	$ 981	$ (1,078)	$ 79,111	$ (5)
Held to maturity					
U.S. Treasury and agency	$ 1,037	$ 9	$ (14)	$ 1,032	$ —
Foreign	1,754	17	(20)	1,751	—
Corporate securities	3,026	26	(55)	2,997	—
Mortgage-backed securities	2,681	11	(45)	2,647	—
States, municipalities, and political subdivisions	5,755	18	(78)	5,695	—
	$ 14,253	$ 81	$ (212)	$ 14,122	$ —

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued (Unaudited)

Chubb Limited and Subsidiaries

December 31, 2017 (in millions of U.S. dollars)	Amortized Cost	Gross Unrealized Appreciation	Gross Unrealized Depreciation	Fair Value	OTTI Recognized in AOCI
Available for sale					
U.S. Treasury and agency	$ 3,701	$ 32	$ (35)	$ 3,698	$ —
Foreign	20,514	622	(106)	21,030	(1)
Corporate securities	23,453	638	(95)	23,996	(4)
Mortgage-backed securities	15,279	111	(100)	15,290	(1)
States, municipalities, and political subdivisions	14,888	125	(88)	14,925	—
	$ 77,835	$ 1,528	$ (424)	$ 78,939	$ (6)
Held to maturity					
U.S. Treasury and agency	$ 908	$ 12	$ (5)	$ 915	$ —
Foreign	1,738	27	(8)	1,757	—
Corporate securities	3,159	67	(7)	3,219	—
Mortgage-backed securities	2,724	23	(5)	2,742	—
States, municipalities, and political subdivisions	5,806	50	(15)	5,841	—
	$ 14,335	$ 179	$ (40)	$ 14,474	$ —

As discussed in Note 2 b), if a credit loss is incurred on an impaired fixed maturity, an OTTI is considered to have occurred and the portion of the impairment not related to credit losses (non-credit OTTI) is recognized in OCI. Included in the “OTTI Recognized in AOCI” columns above are the cumulative amounts of non-credit OTTI recognized in OCI adjusted for subsequent sales, maturities, and redemptions. OTTI recognized in AOCI does not include the impact of subsequent changes in fair value of the related securities. In periods subsequent to a recognition of OTTI in OCI, changes in the fair value of the related fixed maturities are reflected in Net unrealized appreciation on investments in the Consolidated statements of shareholders’ equity. For the three months ended March 31, 2018 and 2017, $4 million and nil, respectively, of net unrealized depreciation related to such securities is included in OCI. At March 31, 2018 and December 31, 2017 , AOCI included cumulative net unrealized appreciation of $3 million and $7 million , respectively, related to securities remaining in the investment portfolio for which a non-credit OTTI was recognized.

Mortgage-backed securities (MBS) issued by U.S. government agencies are combined with all other to be announced mortgage-backed securities (TBAs) held (refer to Note 6 c) (iv)) and are included in the category, “Mortgage-backed securities”. Approximately 82 percent and 83 percent of the total mortgage-backed securities at March 31, 2018 and December 31, 2017 , respectively, are represented by investments in U.S. government agency bonds. The remainder of the mortgage exposure consists of collateralized mortgage obligations and non-government mortgage-backed securities, the majority of which provide a planned structure for principal and interest payments and carry a rating of AAA by the major credit rating agencies.

The following table presents fixed maturities by contractual maturity:

	March 31 2018		December 31 2017	
(in millions of U.S. dollars)	**Amortized Cost**	**Fair Value**	Amortized Cost	Fair Value
Available for sale				
Due in 1 year or less	**$ 3,735**	**$ 3,746**	$ 3,164	$ 3,182
Due after 1 year through 5 years	**25,140**	**25,251**	24,749	25,068
Due after 5 years through 10 years	**25,243**	**25,097**	25,388	25,704
Due after 10 years	**8,974**	**9,197**	9,255	9,695
	63,092	**63,291**	62,556	63,649
Mortgage-backed securities	**16,116**	**15,820**	15,279	15,290
	$ 79,208	**$ 79,111**	$ 77,835	$ 78,939
Held to maturity				
Due in 1 year or less	**$ 838**	**$ 840**	$ 743	$ 746
Due after 1 year through 5 years	**2,684**	**2,678**	2,669	2,688
Due after 5 years through 10 years	**4,713**	**4,635**	4,744	4,756
Due after 10 years	**3,337**	**3,322**	3,455	3,542
	11,572	**11,475**	11,611	11,732
Mortgage-backed securities	**2,681**	**2,647**	2,724	2,742
	$ 14,253	**$ 14,122**	$ 14,335	$ 14,474

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

b) Net realized gains (losses)
In accordance with guidance related to the recognition and presentation of OTTI, when an impairment related to a fixed maturity has occurred, OTTI is required to be recorded in Net income if management has the intent to sell the security or it is more likely than not that we will be required to sell the security before the recovery of its amortized cost. Further, in cases where we do not intend to sell the security and it is more likely than not that we will not be required to sell the security, we must evaluate the security to determine the portion of the impairment, if any, related to credit losses. If a credit loss is incurred, an OTTI is considered to have occurred and any portion of the OTTI related to credit losses must be reflected in Net income while the portion of OTTI related to all other factors is recognized in OCI. For fixed maturities held to maturity, OTTI recognized in OCI is accreted from AOCI to the amortized cost of the fixed maturity prospectively over the remaining term of the securities.

Each quarter, securities in an unrealized loss position (impaired securities), including fixed maturities and securities lending collateral are reviewed to identify impaired securities to be specifically evaluated for a potential OTTI. Refer to the 2017 Form 10-K for information on our evaluation of OTTI for all non-fixed maturities prior to our adoption of new accounting guidance on financial instruments, effective January 1, 2018.

Evaluation of potential credit losses related to fixed maturities
We review each fixed maturity in an unrealized loss position to assess whether the security is a candidate for credit loss. Specifically, we consider credit rating, market price, and issuer-specific financial information, among other factors, to assess the likelihood of collection of all principal and interest as contractually due. Securities for which we determine that credit loss is likely are subjected to further analysis to estimate the credit loss recognized in Net income, if any. In general, credit loss recognized in Net income equals the difference between the security's amortized cost and the net present value of its projected future cash flows discounted at the effective interest rate implicit in the debt security. All significant assumptions used in determining credit losses are subject to change as market conditions evolve.

Corporate securities
Projected cash flows for corporate securities (principally senior unsecured bonds) are driven primarily by assumptions regarding probability of default and also the timing and amount of recoveries associated with defaults. Chubb developed projected cash

flows for corporate securities using market observable data, issuer-specific information, and credit ratings. We use historical default data by Moody's Investors Service (Moody's) rating category to calculate a 1-in-100 year probability of default, which results in a default assumption in excess of the historical mean default rate. Consistent with management's approach, Chubb assumed a 32 percent recovery rate (the par value of a defaulted security that will be recovered) across all rating categories rather than using Moody's historical mean recovery rate of 42 percent. We believe that use of a default assumption in excess of the historical mean is conservative.

For the three months ended March 31, 2018 and 2017, credit losses recognized in Net income for corporate securities were nil and $ 1 million , respectively.

Mortgage-backed securities
For mortgage-backed securities, credit impairment is assessed using a cash flow model that estimates the cash flows on the underlying mortgages, using the security-specific collateral and transaction structure. The model estimates cash flows from the underlying mortgage loans and distributes those cash flows to various tranches of securities, considering the transaction structure and any subordination and credit enhancements that exist in that structure. The cash flow model incorporates actual cash flows on the mortgage-backed securities through the current period and then projects the remaining cash flows using a number of assumptions, including default rates, prepayment rates, and loss severity rates (the par value of a defaulted security that will not be recovered) on foreclosed properties.

For the three months ended March 31, 2018 and 2017, there were no credit losses recognized in Net income for mortgage-backed securities.

The following table presents the components of Net realized gains (losses):

	Three Months Ended March 31	
(in millions of U.S. dollars)	**2018**	2017
Fixed maturities:		
OTTI on fixed maturities, gross	**$ (1)**	$ (6)
OTTI on fixed maturities recognized in OCI (pre-tax)	**—**	—
OTTI on fixed maturities, net	**(1)**	(6)
Gross realized gains excluding OTTI	**66**	34
Gross realized losses excluding OTTI	**(88)**	(40)
Total fixed maturities	**(23)**	(12)
Equity securities:		
OTTI on equity securities	**—**	(5)
Gross realized gains excluding OTTI	**10**	9
Gross realized losses excluding OTTI	**(21)**	—
Total equity securities	**(11)**	4
OTTI on other investments	**—**	(8)
Other investments	**29**	—
Foreign exchange losses	**(77)**	(19)
Investment and embedded derivative instruments	**17**	6
Fair value adjustments on insurance derivative	**38**	93
S&P put options and futures	**22**	(74)
Other derivative instruments	**2**	2
Other	**1**	1
Net realized gains (losses)	**$ (2)**	$ (7)

The following table presents a roll-forward of pre-tax credit losses related to fixed maturities for which a portion of OTTI was recognized in OCI:

	Three Months Ended March 31	
(in millions of U.S. dollars)	**2018**	2017
Balance of credit losses related to securities still held – beginning of period	**$ 22**	$ 35
Additions where no OTTI was previously recorded	**—**	—
Additions where an OTTI was previously recorded	**—**	1
Reductions for securities sold during the period	**(7)**	(4)
Balance of credit losses related to securities still held – end of period	**$ 15**	$ 32

c) Equity securities and Other investments
Effective January 1, 2018, we adopted new accounting guidance that requires any changes in fair value of equity securities and other investments that are accounted for under the cost-method to be recognized immediately in realized gains and losses in net income. As a result, beginning on January 1, 2018, realized gains and losses from these investments include both sales of securities and unrealized gains and losses as follows:

	Three Months Ended March 31, 2018	
(in millions of U.S. dollars)	**Equity Securities**	**Other Investments**
Net gains (losses) recognized during the period	**$ (11)**	**$ 29**
Less: Net gains (losses) recognized from sales of securities	**10**	**—**
Unrealized gains (losses) recognized for securities still held at reporting date	**$ (21)**	**$ 29**

At December 31, 2017, the cost, gross unrealized appreciation, gross unrealized depreciation, and fair value of equity securities was $737 million , $212 million , $12 million , and $937 million , respectively. At December 31, 2017, the net unrealized appreciation (depreciation) was recorded within accumulated other comprehensive income on the balance sheet.

d) Gross unrealized loss
At March 31, 2018 , there were 15,699 fixed maturities out of a total of 31,179 fixed maturities in an unrealized loss position. The largest single unrealized loss in the fixed maturities was $10 million . Fixed maturities in an unrealized loss position at March 31, 2018 , comprised both investment grade and below investment grade securities for which fair value declined primarily due to widening credit spreads since the date of purchase.

The following tables present, for all securities in an unrealized loss position (including securities on loan), the aggregate fair value and gross unrealized loss by length of time the security has continuously been in an unrealized loss position:

March 31, 2018 (in millions of U.S. dollars)	**0 – 12 Months** Fair Value	**0 – 12 Months** Gross Unrealized Loss	**Over 12 Months** Fair Value	**Over 12 Months** Gross Unrealized Loss	**Total** Fair Value	**Total** Gross Unrealized Loss
U.S. Treasury and agency	**$ 2,869**	**$ (55)**	**$ 1,314**	**$ (36)**	**$ 4,183**	**$ (91)**
Foreign	**8,715**	**(155)**	**1,643**	**(52)**	**10,358**	**(207)**
Corporate securities	**12,355**	**(260)**	**1,501**	**(69)**	**13,856**	**(329)**
Mortgage-backed securities	**12,313**	**(257)**	**3,033**	**(137)**	**15,346**	**(394)**
States, municipalities, and political subdivisions	**15,030**	**(218)**	**1,343**	**(51)**	**16,373**	**(269)**
Total fixed maturities	**$ 51,282**	**$ (945)**	**$ 8,834**	**$ (345)**	**$ 60,116**	**$ (1,290)**

December 31, 2017 (in millions of U.S. dollars)	0 – 12 Months Fair Value	0 – 12 Months Gross Unrealized Loss	Over 12 Months Fair Value	Over 12 Months Gross Unrealized Loss	Total Fair Value	Total Gross Unrealized Loss
U.S. Treasury and agency	$ 2,172	$ (14)	$ 1,249	$ (26)	$ 3,421	$ (40)
Foreign	5,657	(65)	1,693	(49)	7,350	(114)
Corporate securities	5,210	(56)	1,332	(46)	6,542	(102)
Mortgage-backed securities	6,194	(31)	3,209	(74)	9,403	(105)
States, municipalities, and political subdivisions	9,259	(71)	1,402	(32)	10,661	(103)
Total fixed maturities	28,492	(237)	8,885	(227)	37,377	(464)
Equity securities	115	(12)	—	—	115	(12)
Other investments	78	(8)	—	—	78	(8)
Total	$ 28,685	$ (257)	$ 8,885	$ (227)	$ 37,570	$ (484)

e) Restricted assets
Chubb is required to maintain assets on deposit with various regulatory authorities to support its insurance and reinsurance operations. These requirements are generally promulgated in the statutory regulations of the individual jurisdictions. The assets on deposit are available to settle insurance and reinsurance liabilities. Chubb is also required to restrict assets pledged under repurchase agreements, which represent Chubb's agreement to sell securities and repurchase them at a future date for a predetermined price. We also use trust funds in certain large reinsurance transactions where the trust funds are set up for the benefit of the ceding companies and generally take the place of letter of credit (LOC) requirements. We also have investments in segregated portfolios primarily to provide collateral or guarantees for LOC and derivative transactions. Included in restricted assets at March 31, 2018 and December 31, 2017 are investments, primarily fixed maturities, totaling $23.6 billion and $23.3 billion, respectively, and cash of $125 million and $123 million, respectively.

The following table presents the components of restricted assets:

(in millions of U.S. dollars)	**March 31 2018**	December 31 2017
Trust funds	**$ 17,029**	$ 17,011
Deposits with U.S. regulatory authorities	**2,463**	2,345
Deposits with non-U.S. regulatory authorities	**2,290**	2,250
Assets pledged under repurchase agreements	**1,460**	1,434
Other pledged assets	**433**	414
	$ 23,675	$ 23,454

3 . Fair value measurements

a) Fair value hierarchy
Fair value of financial assets and financial liabilities is estimated based on the framework established in the fair value accounting guidance. The guidance defines fair value as the price to sell an asset or transfer a liability (an exit price) in an orderly transaction between market participants and establishes a three-level valuation hierarchy based on the reliability of the inputs. The fair value hierarchy gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data.

The three levels of the hierarchy are as follows:

- Level 1 – Unadjusted quoted prices for identical assets or liabilities in active markets;
- Level 2 – Includes, among other items, inputs other than quoted prices that are observable for the asset or liability such as interest rates and yield curves, quoted prices for similar assets and liabilities in active markets, and quoted prices for identical or similar assets and liabilities in markets that are not active; and
- Level 3 – Inputs that are unobservable and reflect management’s judgments about assumptions that market participants would use in pricing an asset or liability.

We categorize financial instruments within the valuation hierarchy at the balance sheet date based upon the lowest level of inputs that are significant to the fair value measurement. Accordingly, transfers between levels within the valuation hierarchy occur when there are significant changes to the inputs, such as increases or decreases in market activity, changes to the availability of current prices, changes to the transparency to underlying inputs, and whether there are significant variances in quoted prices. Transfers in and/or out of any level are assumed to occur at the end of the period.

We use pricing services to obtain fair value measurements for the majority of our investment securities. Based on management’s understanding of the methodologies used, these pricing services only produce an estimate of fair value if there is observable market information that would allow them to make a fair value estimate. Based on our understanding of the market inputs used by the pricing services, all applicable investments have been valued in accordance with GAAP. We do not adjust prices obtained from pricing services. The following is a description of the valuation techniques and inputs used to determine fair values for financial instruments carried at fair value, as well as the general classification of such financial instruments pursuant to the valuation hierarchy.

Fixed maturities

We use pricing services to estimate fair value measurements for the majority of our fixed maturities. The pricing services use market quotations for fixed maturities that have quoted prices in active markets; such securities are classified within Level 1. For fixed maturities other than U.S. Treasury securities that generally do not trade on a daily basis, the pricing services prepare estimates of fair value measurements using their pricing applications, which include available relevant market information, benchmark curves, benchmarking of like securities, sector groupings, and matrix pricing. Additional valuation factors that can be taken into account are nominal spreads, dollar basis, and liquidity adjustments. The pricing services evaluate each asset class based on relevant market and credit information, perceived market movements, and sector news. The market inputs used in the pricing evaluation, listed in the approximate order of priority include: benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, reference data, and industry and economic events. The extent of the use of each input is dependent on the asset class and the market conditions. Given the asset class, the priority of the use of inputs may change, or some market inputs may not be relevant. Additionally, fixed maturities valuation is more subjective when markets are less liquid due to the lack of market based inputs (i.e., stale pricing), which may increase the potential that an investment's estimated fair value is not reflective of the price at which an actual transaction would occur. The overwhelming majority of fixed maturities are classified within Level 2 because the most significant inputs used in the pricing techniques are observable. For a small number of fixed maturities, we obtain a single broker quote (typically from a market maker). Due to the disclaimers on the quotes that indicate that the price is indicative only, we include these fair value estimates in Level 3.

Equity securities

Equity securities with active markets are classified within Level 1 as fair values are based on quoted market prices. For equity securities in markets which are less active, fair values are based on market valuations and are classified within Level 2. Equity securities for which pricing is unobservable are classified within Level 3.

Short-term investments

Short-term investments, which comprise securities due to mature within one year of the date of purchase that are traded in active markets, are classified within Level 1 as fair values are based on quoted market prices. Securities such as commercial paper and discount notes are classified within Level 2 because these securities are typically not actively traded due to their approaching maturity and, as such, their cost approximates fair value. Short-term investments for which pricing is unobservable are classified within Level 3.

Other investments

Fair values for the majority of Other investments including investments in partially-owned investment companies, investment funds, and limited partnerships are based on their respective net asset values or equivalent (NAV) and are excluded from the fair value hierarchy table below. Certain of our long-duration contracts are supported by assets that do not qualify for separate account reporting under GAAP. These assets comprise mutual funds classified within Level 1 in the valuation hierarchy on the same basis as other equity securities traded in active markets. Other investments also include equity securities classified within Level 1, and fixed maturities, classified within Level 2, held in rabbi trusts maintained by Chubb for deferred compensation plans and are classified within the valuation hierarchy on the same basis as other equity securities and fixed maturities. Other investments for which pricing is unobservable are classified within Level 3.

Securities lending collateral
The underlying assets included in Securities lending collateral in the Consolidated balance sheets are fixed maturities which are classified in the valuation hierarchy on the same basis as other fixed maturities. Excluded from the valuation hierarchy is the corresponding liability related to Chubb's obligation to return the collateral plus interest as it is reported at contract value and not fair value in the Consolidated balance sheets.

Investment derivative instruments
Actively traded investment derivative instruments, including futures, options, and forward contracts are classified within Level 1 as fair values are based on quoted market prices. The fair value of cross-currency swaps is based on market valuations and is classified within Level 2. Investment derivative instruments are recorded in either Other assets or Accounts payable, accrued expenses, and other liabilities in the Consolidated balance sheets.

Other derivative instruments
We generally maintain positions in other derivative instruments including exchange-traded equity futures contracts and option contracts designed to limit exposure to a severe equity market decline, which would cause an increase in expected claims and, therefore, an increase in reserves for our guaranteed minimum death benefits (GMDB) and guaranteed living benefits (GLB) reinsurance business. Our position in exchange-traded equity futures contracts is classified within Level 1. The fair value of the majority of the remaining positions in other derivative instruments is based on significant observable inputs including equity security and interest rate indices. Accordingly, these are classified within Level 2. Other derivative instruments based on unobservable inputs are classified within Level 3. Other derivative instruments are recorded in either Other assets or Accounts payable, accrued expenses, and other liabilities in the Consolidated balance sheets.

Separate account assets
Separate account assets represent segregated funds where investment risks are borne by the customers, except to the extent of certain guarantees made by Chubb. Separate account assets comprise mutual funds classified within Level 1 in the valuation hierarchy on the same basis as other equity securities traded in active markets. Separate account assets also include fixed maturities classified within Level 2 because the most significant inputs used in the pricing techniques are observable. Excluded from the valuation hierarchy are the corresponding liabilities as they are reported at contract value and not fair value in the Consolidated balance sheets. Separate account assets are recorded in Other assets in the Consolidated balance sheets.

Guaranteed living benefits
The GLB arises from life reinsurance programs covering living benefit guarantees whereby we assume the risk of guaranteed minimum income benefits (GMIB) and guaranteed minimum accumulation benefits (GMAB) associated with variable annuity contracts. GLB's are recorded in Accounts payable, accrued expenses, and other liabilities and Future policy benefits in the Consolidated balance sheets. For GLB reinsurance, Chubb estimates fair value using an internal valuation model which includes current market information and estimates of policyholder behavior. All of the treaties contain claim limits, which are factored into the valuation model. The fair value depends on a number of factors, including interest rates, equity markets, credit risk, current account value, market volatility, expected annuitization rates and other policyholder behavior, and changes in policyholder mortality.

The most significant policyholder behavior assumptions include lapse rates and the GMIB annuitization rates. Assumptions regarding lapse rates and GMIB annuitization rates differ by treaty, but the underlying methodologies to determine rates applied to each treaty are comparable.

A lapse rate is the percentage of in-force policies surrendered in a given calendar year. All else equal, as lapse rates increase, ultimate claim payments will decrease.

The GMIB annuitization rate is the percentage of policies for which the policyholder will elect to annuitize using the guaranteed benefit provided under the GMIB. All else equal, as GMIB annuitization rates increase, ultimate claim payments will increase, subject to treaty claim limits.

The effect of changes in key market factors on assumed lapse and annuitization rates reflect emerging trends using data available from cedants. For treaties with limited experience, rates are established in line with data received from other ceding companies adjusted, as appropriate, with industry estimates. The model and related assumptions are regularly re-evaluated by management and enhanced, as appropriate, based upon additional experience obtained related to policyholder behavior and availability of updated information such as market conditions, market participant assumptions, and demographics of in-force annuities. Because of the significant use of unobservable inputs including policyholder behavior, GLB reinsurance is classified within Level 3. For the three months ended March 31, 2018 and 2017, no material technical refinements were made to the model. For detailed information on our lapse and annuitization rate assumptions, refer to Note 4 to the Consolidated Financial Statements of our 2017 Form 10-K.

Financial instruments measured at fair value on a recurring basis, by valuation hierarchy

March 31, 2018 (in millions of U.S. dollars)	Level 1	Level 2	Level 3	Total
Assets:				
Fixed maturities available for sale				
U.S. Treasury and agency	$ 3,094	$ 744	$ —	$ 3,838
Foreign	—	21,855	176	22,031
Corporate securities	—	22,494	1,073	23,567
Mortgage-backed securities	—	15,737	83	15,820
States, municipalities, and political subdivisions	—	13,855	—	13,855
	3,094	74,685	1,332	79,111
Equity securities	884	—	64	948
Short-term investments	1,735	1,127	12	2,874
Other investments (1)	451	318	270	1,039
Securities lending collateral	—	2,039	—	2,039
Investment derivative instruments	25	—	—	25
Other derivative instruments	78	—	—	78
Separate account assets	2,774	100	—	2,874
Total assets measured at fair value (1)	$ 9,041	$ 78,269	$ 1,678	$ 88,988
Liabilities:				
Investment derivative instruments	$ 29	$ —	$ —	$ 29
Other derivative instruments	—	—	2	2
GLB (2)	—	—	167	167
Total liabilities measured at fair value	$ 29	$ —	$ 169	$ 198

(1) Excluded from the table above are partially-owned investments, investment funds, and limited partnerships of $ 3,866 million and other investments of $ 14 million at March 31, 2018 measured using NAV as a practical expedient.

(2) Our GLB reinsurance product meets the definition of a derivative instrument for accounting purposes and is accordingly carried at fair value. Excluded from the table above is the portion of the GLB derivative liability classified as Future policy benefits in the Consolidated balance sheets.

December 31, 2017 (in millions of U.S. dollars)	Level 1	Level 2	Level 3	Total
Assets:				
Fixed maturities available for sale				
U.S. Treasury and agency	$ 3,129	$ 569	$ —	$ 3,698
Foreign	—	20,937	93	21,030
Corporate securities	—	22,959	1,037	23,996
Mortgage-backed securities	—	15,212	78	15,290
States, municipalities, and political subdivisions	—	14,925	—	14,925
	3,129	74,602	1,208	78,939
Equity securities	893	—	44	937
Short-term investments	2,309	1,252	—	3,561
Other investments (1)	466	305	263	1,034
Securities lending collateral	—	1,737	—	1,737
Investment derivative instruments	18	—	—	18
Other derivative instruments	1	—	—	1
Separate account assets	2,635	99	—	2,734
Total assets measured at fair value (1)	$ 9,451	$ 77,995	$ 1,515	$ 88,961
Liabilities:				
Investment derivative instruments	$ 30	$ —	$ —	$ 30
Other derivative instruments	21	—	2	23
GLB (2)	—	—	204	204
Total liabilities measured at fair value	$ 51	$ —	$ 206	$ 257

(1) Excluded from the table above are partially-owned investments, investment funds, and limited partnerships of $3,623 million and other investments of $15 million at December 31, 2017 measured using NAV as a practical expedient.

(2) Our GLB reinsurance product meets the definition of a derivative instrument for accounting purposes and is accordingly carried at fair value. Excluded from the table above is the portion of the GLB derivative liability classified as Future policy benefits in the Consolidated balance sheets.

There were no transfers of financial instruments between Level 1 and Level 2 for both the three months ended March 31, 2018 and 2017.

Fair value of alternative investments

Alternative investments include investment funds, limited partnerships, and partially-owned investment companies measured at fair value using NAV as a practical expedient. The following table presents, by investment category, the expected liquidation period, fair value, and maximum future funding commitments of alternative investments:

		March 31		December 31	
		2018		2017	
(in millions of U.S. dollars)	**Expected Liquidation Period of Underlying Assets**	**Fair Value**	**Maximum Future Funding Commitments**	Fair Value	Maximum Future Funding Commitments
Financial	**5 to 9 Years**	**$ 538**	**$ 327**	$ 540	$ 330
Real Assets	**3 to 7 Years**	**656**	**210**	651	114
Distressed	**3 to 7 Years**	**295**	**131**	289	141
Private Credit	**3 to 7 Years**	**173**	**320**	187	327
Traditional	**3 to 15 Years**	**1,901**	**2,858**	1,656	3,149
Vintage	**1 to 2 Years**	**27**	**—**	30	—
Investment funds	**Not Applicable**	**276**	**—**	270	—
		$ 3,866	**$ 3,846**	$ 3,623	$ 4,061

Included in all categories in the above table, except for Investment funds, are investments for which Chubb will never have the contractual option to redeem but receives distributions based on the liquidation of the underlying assets. Further, for all categories except for Investment funds, Chubb does not have the ability to sell or transfer the investments without the consent from the general partner of individual funds.

Investment Category:	Consists of investments in private equity funds:
Financial	targeting financial services companies such as financial institutions and insurance services worldwide
Real Assets	targeting investments related to hard physical assets such as real estate, infrastructure and natural resources
Distressed	targeting distressed corporate debt/credit and equity opportunities in the U.S.
Private Credit	targeting privately originated corporate debt investments including senior secured loans and subordinated bonds
Traditional	employing traditional private equity investment strategies such as buyout and growth equity globally
Vintage	made before 2002 or where the funds' commitment periods had already expired

Investment funds

Chubb's investment funds employ various investment strategies such as long/short equity and arbitrage/distressed. Included in this category are investments for which Chubb has the option to redeem at agreed upon value as described in each investment fund's subscription agreement. Depending on the terms of the various subscription agreements, investment fund investments may be redeemed monthly, quarterly, semi-annually, or annually. If Chubb wishes to redeem an investment fund investment, it must first determine if the investment fund is still in a lock-up period (a time when Chubb cannot redeem its investment so that the investment fund manager has time to build the portfolio). If the investment fund is no longer in its lock-up period, Chubb must then notify the investment fund manager of its intention to redeem by the notification date prescribed by the subscription agreement. Subsequent to notification, the investment fund can redeem Chubb's investment within several months of the notification. Notice periods for redemption of the investment funds range between 5 and 120 days. Chubb can redeem its investment funds without consent from the investment fund managers.

Level 3 financial instruments

The fair values of assets and liabilities measured at fair value using significant unobservable inputs (Level 3) consist of various inputs and assumptions that management makes when determining fair value. Management analyzes changes in fair value measurements classified within Level 3 by comparing pricing and returns of our investments to benchmarks, including month-over-month movements, investment credit spreads, interest rate movements, and credit quality of securities.

The following table presents the significant unobservable inputs used in the Level 3 liability valuations. Excluded from the table below are inputs used to determine the fair value of Level 3 assets which are based on single broker quotes and contain no quantitative unobservable inputs developed by management.

(in millions of U.S. dollars, except for percentages)	Fair Value March 31, 2018	Fair Value December 31, 2017	Valuation Technique	Significant Unobservable Inputs	Ranges
GLB [(1)]	$ 167	$ 204	**Actuarial model**	**Lapse rate**	**3% – 33%**
				Annuitization rate	**0% – 100%**

(1) Discussion of the most significant inputs used in the fair value measurement of GLB and the sensitivity of those assumptions is included within Note 3 a) Guaranteed living benefits.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued (Unaudited)

Chubb Limited and Subsidiaries

The following tables present a reconciliation of the beginning and ending balances of financial instruments measured at fair value using significant unobservable inputs (Level 3):

	Assets							Liabilities
Three Months Ended March 31, 2018 (in millions of U.S. dollars)	**Available-for-Sale Debt Securities**							
	Foreign	**Corporate securities (1)**	**MBS**	**Equity securities**	**Short-term investments**	**Other investments**	**Other derivative instruments**	**GLB (2)**
Balance – beginning of period	**$ 93**	**$ 1,037**	**$ 78**	**$ 44**	**$ —**	**$ 263**	**$ 2**	**$ 204**
Transfers into Level 3	**7**	**—**	**1**	**—**	**5**	**—**	**—**	**—**
Transfers out of Level 3	**—**	**(10)**	**—**	**—**	**—**	**—**	**—**	**—**
Change in Net Unrealized Gains (Losses) included in OCI, including Foreign Exchange	**9**	**(3)**	**—**	**1**	**—**	**2**	**—**	**—**
Net Realized Gains/Losses	**—**	**—**	**—**	**2**	**—**	**—**	**—**	**(37)**
Purchases	**87**	**139**	**4**	**17**	**8**	**14**	**—**	**—**
Sales	**(19)**	**(51)**	**—**	**—**	**—**	**—**	**—**	**—**
Settlements	**(1)**	**(39)**	**—**	**—**	**(1)**	**(9)**	**—**	**—**
Balance – end of period	**$ 176**	**$ 1,073**	**$ 83**	**$ 64**	**$ 12**	**$ 270**	**$ 2**	**$ 167**
Net Realized Gains/Losses Attributable to Changes in Fair Value at the Balance Sheet Date	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ (37)**

(1) Purchases in Level 3 primarily consist of privately-placed fixed income securities.

(2) Our GLB reinsurance product meets the definition of a derivative instrument for accounting purposes and is accordingly carried at fair value. Excluded from the table above is the portion of the GLB derivative liability classified as Future policy benefits in the Consolidated balance sheets. The liability for GLB reinsurance was $529 million at March 31, 2018, and $550 million at December 31, 2017, which includes a fair value derivative adjustment of $167 million and $204 million , respectively.

	Assets							Liabilities
Three Months Ended March 31, 2017 (in millions of U.S. dollars)	Available-for-Sale Debt Securities							
	Foreign	Corporate securities	MBS	Equity securities	Short-term investments	Other investments	Other derivative instruments	GLB (1)
Balance – beginning of period	$ 74	$ 681	$ 45	$ 41	$ 25	$ 225	$ 13	$ 559
Transfers into Level 3	—	29	—	—	—	—	—	—
Transfers out of Level 3	—	(54)	—	—	—	—	—	—
Change in Net Unrealized Gains (Losses) included in OCI	(1)	(8)	—	—	—	4	—	—
Net Realized Gains/Losses	(1)	(1)	—	—	—	—	(2)	(93)
Purchases	14	156	1	—	7	8	—	—
Sales	(3)	(27)	(1)	—	—	—	—	—
Settlements	(3)	(39)	—	—	(11)	(4)	—	—
Balance – end of period	$ 80	$ 737	$ 45	$ 41	$ 21	$ 233	$ 11	$ 466
Net Realized Gains/Losses Attributable to Changes in Fair Value at the Balance Sheet Date	$ —	$ —	$ —	$ —	$ —	$ —	$ (2)	$ (93)

(1) Our GLB reinsurance product meets the definition of a derivative instrument for accounting purposes and is accordingly carried at fair value. Excluded from the table above is the portion of the GLB derivative liability classified as Future policy benefits in the Consolidated balance sheets. The liability for GLB reinsurance was $774 million at March 31, 2017, and $853 million at December 31, 2016, which includes a fair value derivative adjustment of $466 million and $559 million, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued (Unaudited)
Chubb Limited and Subsidiaries

b) Financial instruments disclosed, but not measured, at fair value
Chubb uses various financial instruments in the normal course of its business. Our insurance contracts are excluded from fair value of financial instruments accounting guidance, and therefore, are not included in the amounts discussed below.

The carrying values of cash, other assets, other liabilities, and other financial instruments not included below approximated their fair values.

Refer to the 2017 Form 10-K for information on the fair value methods and assumptions for investments in partially-owned insurance companies, short-term and long-term debt, repurchase agreements, and trust-preferred securities.

The following tables present fair value, by valuation hierarchy, and carrying value of the financial instruments not measured at fair value:

March 31, 2018				Fair Value	
(in millions of U.S. dollars)	**Level 1**	**Level 2**	**Level 3**	**Total**	**Carrying Value**
Assets:					
Fixed maturities held to maturity					
U.S. Treasury and agency	$ 977	$ 55	$ —	$ 1,032	$ 1,037
Foreign	—	1,751	—	1,751	1,754
Corporate securities	—	2,964	33	2,997	3,026
Mortgage-backed securities	—	2,647	—	2,647	2,681
States, municipalities, and political subdivisions	—	5,695	—	5,695	5,755
Total assets	$ 977	$ 13,112	$ 33	$ 14,122	$ 14,253
Liabilities:					
Repurchase agreements	$ —	$ 1,412	$ —	$ 1,412	$ 1,412
Short-term debt	—	1,704	—	1,704	1,669
Long-term debt	—	13,023	—	13,023	12,786
Trust preferred securities	—	466	—	466	308
Total liabilities	$ —	$ 16,605	$ —	$ 16,605	$ 16,175

December 31, 2017				Fair Value	
(in millions of U.S. dollars)	Level 1	Level 2	Level 3	Total	Carrying Value
Assets:					
Fixed maturities held to maturity					
U.S. Treasury and agency	$ 857	$ 58	$ —	$ 915	$ 908
Foreign	—	1,757	—	1,757	1,738
Corporate securities	—	3,184	35	3,219	3,159
Mortgage-backed securities	—	2,742	—	2,742	2,724
States, municipalities, and political subdivisions	—	5,841	—	5,841	5,806
Total assets	$ 857	$ 13,582	$ 35	$ 14,474	$ 14,335
Liabilities:					
Repurchase agreements	$ —	$ 1,408	$ —	$ 1,408	$ 1,408
Short-term debt	—	1,013	—	1,013	1,013
Long-term debt	—	12,332	—	12,332	11,556
Trust preferred securities	—	468	—	468	308
Total liabilities	$ —	$ 15,221	$ —	$ 15,221	$ 14,285

4 . Unpaid losses and loss expenses

The following table presents a reconciliation of beginning and ending Unpaid losses and loss expenses:

	Three Months Ended March 31	
(in millions of U.S. dollars)	**2018**	2017
Gross unpaid losses and loss expenses – beginning of period	**$ 63,179**	$ 60,540
Reinsurance recoverable on unpaid losses - beginning of period [(1)]	**(14,014)**	(12,708)
Net unpaid losses and loss expenses – beginning of period	**49,165**	47,832
Net losses and loss expenses incurred in respect of losses occurring in:		
Current year	**4,358**	4,078
Prior years [(2)]	**(256)**	(289)
Total	**4,102**	3,789
Net losses and loss expenses paid in respect of losses occurring in:		
Current year	**809**	798
Prior years	**3,433**	3,109
Total	**4,242**	3,907
Foreign currency revaluation and other	**292**	54
Net unpaid losses and loss expenses – end of period	**49,317**	47,768
Reinsurance recoverable on unpaid losses [(3)]	**13,822**	12,811
Gross unpaid losses and loss expenses – end of period	**$ 63,139**	$ 60,579

(1) Net of provision for uncollectible reinsurance of $321 million and $300 million at December 31, 2017 and 2016, respectively.

(2) Relates to prior period loss reserve development only and excludes prior period development related to reinstatement premiums, expense adjustments, and earned premiums totaling $47 million and $58 million for the three months ended March 31, 2018 and 2017, respectively.

(3) Net of provision for uncollectible reinsurance of $320 million and $334 million at March 31, 2018 and 2017, respectively.

The increase in net unpaid losses and loss expenses from December 31, 2017 reflects the impact of catastrophic events in the quarter and foreign exchange movement, offset by favorable prior period development and catastrophe payments related to the 2017 catastrophic events.

Prior Period Development
Prior period development arises from changes to loss estimates recognized in the current year that relate to loss events that occurred in previous calendar years and excludes the effect of losses from the development of earned premium from previous accident years. Significant prior period movements by segment, principally driven by reserve reviews completed during each respective period, are discussed in more detail below. The remaining net development for long-tail lines and short-tail business for each segment and Corporate comprises numerous favorable and adverse movements across a number of lines and accident years, none of which is significant individually or in the aggregate.

Long-tail lines include lines such as workers' compensation, general liability, and professional liability; while short-tail lines include lines such as most property lines, energy, personal accident, and agriculture. During the third quarter of 2017, we determined that the loss development classification for certain businesses, previously grouped within the short-tail column in the table below, would be more appropriately grouped within the long-tail column to better align with the classification of these businesses within our loss development triangles in our Form 10-K. We also determined that the loss development for certain other businesses should be reclassified from long-tail to short-tail. We updated the 2017 North America Commercial P&C Insurance segment amounts below to conform to the current period presentation and reclassified $5 million of net favorable development into short-tail from long-tail. These changes to the previously disclosed amounts have no impact to our financial condition and results of operations.

	Three Months Ended March 31		
(in millions of U.S. dollars)	**Long-tail**	**Short-tail**	**Total**
2018			
North America Commercial P&C Insurance	**$ 8**	**$ (109)**	**$ (101)**
North America Personal P&C Insurance	**—**	**(6)**	**(6)**
North America Agricultural Insurance	**—**	**(76)**	**(76)**
Overseas General Insurance	**—**	**(22)**	**(22)**
Global Reinsurance	**—**	**(14)**	**(14)**
Corporate	**10**	**—**	**10**
Total	**$ 18**	**$ (227)**	**$ (209)**
2017			
North America Commercial P&C Insurance	$ (94)	$ (85)	$ (179)
North America Personal P&C Insurance	—	(3)	(3)
North America Agricultural Insurance	—	(79)	(79)
Overseas General Insurance	32	(20)	12
Global Reinsurance	8	—	8
Corporate	10	—	10
Total	$ (44)	$ (187)	$ (231)

North America Commercial P&C Insurance
2018
For the three months ended March 31, 2018 , net favorable PPD was $101 million , which was the net result of several underlying favorable and adverse movements, and was driven by the following principal changes:

- Net adverse development of $8 million in long-tail business, primarily from:
  - Net favorable development of $29 million in commercial excess and umbrella portfolios, driven by the 2012 and prior accident years where the cumulative emergence over time has been less than expected overall and an increase in weighting towards experience-based methods, partly offset by several large settlements; additionally there was adverse claim activity in the 2014 and 2015 accident years which led to reserve strengthening in those years;
  - Net favorable development of $3 million on several lines of business due to favorable claim development on the 2017 natural catastrophes; and
  - Net adverse development of $40 million , mainly in 2015, 2016 and some older accident years, partially offset by favorable development in other periods, particularly in the 2014 accident year. This net adverse development consisted of several underlying favorable and adverse movements by portfolio, principally including $16 million of adverse development in wholesale general liability lines.
- Net favorable development of $109 million in short-tail business, primarily from:
  - Net favorable development of $75 million in commercial property and marine businesses due to favorable claim development on the 2017 natural catastrophes; and
  - Net favorable development of $34 million , principally including $19 million in surety business. The remainder was due to several underlying favorable and adverse movements, none of which were significant individually or in the aggregate.

2017
For the three months ended March 31, 2017 , net favorable PPD was $179 million , which was the net result of several underlying favorable and adverse movements, and was driven by the following principal changes:

- Net favorable development of $94 million in long-tail business, primarily from:
  - Net favorable development of $74 million in our commercial excess and umbrella portfolios, primarily in accident years 2010 and prior, driven by lower than expected reported loss activity, and an increase in weighting towards experience-based methods; and
  - Net favorable development of $32 million in our professional Errors and Omissions (E&O) portfolios, primarily in the 2011 through 2013 accident years, arising from lower than expected reported loss activity, partially offset by claim-specific adverse development.
- Net favorable development of $85 million in short-tail business, primarily from:
  - Net favorable development of $45 million in our surety business, primarily due to lower than expected claims severity in the 2015 accident year; and
  - Net favorable development of $24 million in accident & health (A&H) lines, primarily due to lower than expected loss emergence in the 2015 and 2016 accident years.

North America Personal P&C Insurance
2018
For the three months ended March 31, 2018 , net favorable PPD was $6 million and was driven by claim development on the 2017 natural catastrophes.

2017
For the three months ended March 31, 2017, net favorable PPD was $3 million , which was the net result of several underlying favorable and adverse movements, none of which were significant individually or in the aggregate.

North America Agricultural Insurance
For the three months ended March 31, 2018 and 2017, net favorable PPD was $76 million and $79 million , respectively. Actual claim development relates to our Multiple Peril Crop Insurance (MPCI) business and is favorable due to better than expected crop yield results in certain states at the prior year-end period (i.e., 2018 results based on crop yield results at year-end 2017).

Overseas General Insurance
2018
For the three months ended March 31, 2018 , net favorable PPD was $22 million , which was primarily driven by $12 million of claim development on the 2017 natural catastrophes.

2017
For the three months ended March 31, 2017 , net adverse PPD was $12 million , which was the net result of several underlying favorable and adverse movements, and was driven by the following principal changes:

- Adverse development of $32 million in long-tail business, in our casualty lines, driven by a change in the discount rate in the U.K. (Ogden rate) impacting the 2016 and prior accident years.
- Net favorable development of $20 million in short-tail business, which was the net result of several underlying favorable and adverse movements, none of which were significant individually or in the aggregate.

Global Reinsurance
2018
For the three months ended March 31, 2018 , net favorable PPD was $14 million , which was primarily driven by $10 million of claim development on the 2017 natural catastrophes.

2017
For the three months ended March 31, 2017 , net adverse PPD was $8 million , which was primarily due to adverse development of $9 million in long-tail motor and excess liability lines, driven by a change in the discount rate in the U.K. (Ogden rate) impacting the 2015 and prior accident years.

Corporate
For the three months ended March 31, 2018 and 2017, adverse development was $10 million for both periods, related to unallocated loss adjustment expenses due to run-off operating expenses paid and incurred.

5 . Debt

In March 2018, Chubb INA Holdings Inc. (Chubb INA) issued € 900 million ($1.1 billion based on the foreign exchange rate at the date of issuance) of 1.55 percent Euro denominated senior notes due March 2028 and € 900 million ($1.1 billion based on the foreign exchange rate at the date of issuance) of 2.5 percent Euro denominated senior notes due March 2038. These senior notes are redeemable at any time at Chubb INA's option subject to a “make-whole” premium (the present value of the remaining principal and interest discounted at the applicable comparable government bond rate plus 0.15 percent for the senior notes due 2028 and 0.25 percent for the senior notes due 2038). The notes are also redeemable at par plus accrued and unpaid interest in the event of certain changes in tax law. These notes do not have the benefit of any sinking fund. These senior unsecured notes are guaranteed on a senior basis by Chubb and they rank equally with all of Chubb's other senior obligations. They also contain customary limitations on lien provisions as well as customary events of default provisions which, if breached, could result in the accelerated maturity of such senior debt.

Chubb INA's $300 million of 5.8 percent senior notes due March 2018 were paid upon maturity.

In March 2018, we reclassified $964 million of the 6.375 percent unsecured junior subordinated capital securities ($1.0 billion par value with the final maturity date of March 2067) from long-term to short-term debt in the Consolidated balance sheets given our intention to redeem these securities on April 6, 2018, prior to the maturity date. Subsequently, the $1.0 billion capital securities were redeemed on April 6, 2018.

6 . Commitments, contingencies, and guarantees

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

Derivative instruments employed
Chubb maintains positions in derivative instruments such as futures, options, swaps, and foreign currency forward contracts for which the primary purposes are to manage duration and foreign currency exposure, yield enhancement, or to obtain an exposure to a particular financial market. Chubb also maintains positions in convertible securities that contain embedded derivatives. Investment derivative instruments are recorded in either Other assets (OA) or Accounts payable, accrued expenses, and other liabilities (AP), convertible bonds are recorded in Fixed maturities available for sale (FM AFS), and convertible equity securities are recorded in Equity securities (ES) in the Consolidated balance sheets. These are the most numerous and frequent derivative transactions. In addition, Chubb from time to time purchases to be announced mortgage-backed securities (TBAs) as part of its investing activities.

Under reinsurance programs covering GLBs, Chubb assumes the risk of GLBs, including GMIB and GMAB, associated with variable annuity contracts. The GMIB risk is triggered if, at the time the contract holder elects to convert the accumulated account value to a periodic payment stream (annuitize), the accumulated account value is not sufficient to provide a guaranteed minimum level of monthly income. The GMAB risk is triggered if, at contract maturity, the contract holder’s account value is less than a guaranteed minimum value. The GLB reinsurance product meets the definition of a derivative instrument. Benefit reserves in respect of GLBs are classified as Future policy benefits (FPB) while the fair value derivative adjustment is classified within AP. Chubb also generally maintains positions in exchange-traded equity futures contracts on equity market indices to limit equity exposure in the GMDB and GLB blocks of business.

All derivative instruments are carried at fair value with changes in fair value recorded in Net realized gains (losses) in the Consolidated statements of operations. None of the derivative instruments are designated as hedges for accounting purposes.

The following table presents the balance sheet locations, fair values of derivative instruments in an asset or (liability) position, and notional values/payment provisions of our derivative instruments:

(in millions of U.S. dollars)	Consolidated Balance Sheet Location	March 31, 2018 Fair Value Derivative Asset	March 31, 2018 Fair Value Derivative (Liability)	March 31, 2018 Notional Value/ Payment Provision	December 31, 2017 Fair Value Derivative Asset	December 31, 2017 Fair Value Derivative (Liability)	December 31, 2017 Notional Value/ Payment Provision
Investment and embedded derivative instruments:							
Foreign currency forward contracts	OA / (AP)	$ 19	$ (17)	$ 2,125	$ 14	$ (27)	$ 2,064
Cross-currency swaps	OA / (AP)	—	—	45	—	—	45
Options/Futures contracts on notes and bonds	OA / (AP)	6	(12)	1,093	4	(3)	1,007
Convertible securities (1)	FM AFS / ES	7	—	8	5	—	6
		$ 32	$ (29)	$ 3,271	$ 23	$ (30)	$ 3,122
Other derivative instruments:							
Futures contracts on equities (2)	OA / (AP)	$ 71	$ —	$ 1,625	$ —	$ (21)	$ 1,553
Other	OA / (AP)	7	(2)	326	1	(2)	75
		$ 78	$ (2)	$ 1,951	$ 1	$ (23)	$ 1,628
GLB (3)	(AP) / (FPB)	$ —	$ (529)	$ 1,175	$ —	$ (550)	$ 1,083

(1) Includes fair value of embedded derivatives.
(2) Related to GMDB and GLB blocks of business.
(3) Includes both future policy benefits reserves and fair value derivative adjustment. Note that the payment provision related to GLB is the net amount at risk. The concept of a notional value does not apply to the GLB reinsurance contracts.

At March 31, 2018 and December 31, 2017, derivative assets of $79 million and derivative liabilities of $24 million , respectively, included in the table above were subject to a master netting agreement. The remaining derivatives included in the table above were not subject to a master netting agreement.

b) Secured borrowings

Chubb participates in a securities lending program operated by a third-party banking institution whereby certain assets are loaned to qualified borrowers and from which we earn an incremental return. The securities lending collateral can only be drawn down by Chubb in the event that the institution borrowing the securities is in default under the lending agreement. An indemnification agreement with the lending agent protects us in the event a borrower becomes insolvent or fails to return any of the securities on loan. The collateral is recorded in Securities lending collateral and the liability is recorded in Securities lending payable in the Consolidated balance sheets.

Potential risks exist in our secured borrowing transactions due to market conditions and counterparty exposure. With collateral that we pledge, there is a risk that the collateral may not be returned at the expiration of the agreement. If the counterparty fails to return the collateral, Chubb will have free use of the borrowed funds until our collateral is returned. In addition, we may encounter the risk that Chubb may not be able to renew outstanding borrowings with a new term or with an existing counterparty due to market conditions including a decrease in demand as well as more restrictive terms from banks due to increased regulatory and capital constraints. Should this condition occur, Chubb may seek alternative borrowing sources or reduce borrowings. Additionally, increased margins and collateral requirements due to market conditions would increase our restricted assets as we are required to provide additional collateral to support the transaction.

The following table presents the carrying value of collateral held under securities lending agreements by investment category and remaining contractual maturity of the underlying agreements:

(in millions of U.S. dollars)	Remaining contractual maturity March 31 2018		December 31 2017	
	Overnight and Continuous			
Collateral held under securities lending agreements:				
Cash	$	**826**	$	828
U.S. Treasury and agency		**40**		36
Foreign		**869**		712
Corporate securities		**8**		—
Mortgage-backed securities		**59**		74
Equity securities		**237**		87
	$	**2,039**	$	1,737
Gross amount of recognized liability for securities lending payable	$	**2,039**	$	1,737

At March 31, 2018 and December 31, 2017, our repurchase agreement obligations of $1,412 million and $1,408 million , respectively, were fully collateralized. In contrast to securities lending programs, the use of cash received is not restricted for the repurchase obligations. The fair value of the underlying securities sold remains in Fixed maturities available for sale and the repurchase agreement obligation is recorded in Repurchase agreements in the Consolidated balance sheets.

The following table presents the carrying value of collateral pledged under repurchase agreements by investment category and remaining contractual maturity of the underlying agreements:

	Remaining contractual maturity											
	March 31, 2018						December 31, 2017					
(in millions of U.S. dollars)	**30-90 Days**		**Greater than 90 Days**		**Total**		Up to 30 Days		Greater than 90 Days		Total	
Collateral pledged under repurchase agreements:												
U.S. Treasury and agency	$	**—**	$	**243**	$	**243**	$	9	$	230	$	239
Mortgage-backed securities		**486**		**731**		**1,217**		369		826		1,195
	$	**486**	$	**974**	$	**1,460**	$	378	$	1,056	$	1,434
Gross amount of recognized liabilities for repurchase agreements					$	**1,412**					$	1,408
Difference [(1)]					$	**48**					$	26

(1) Per the repurchase agreements, the amount of collateral posted is required to exceed the amount of gross liability.

The following table presents net realized gains (losses) related to derivative instrument activity in the Consolidated statements of operations:

	Three Months Ended March 31	
(in millions of U.S. dollars)	**2018**	2017
Investment and embedded derivative instruments:		
Foreign currency forward contracts	**$ 4**	$ 14
All other futures contracts and options	**13**	(8)
Total investment and embedded derivative instruments	**$ 17**	$ 6
GLB and other derivative instruments:		
GLB [(1)]	**$ 38**	$ 93
Futures contracts on equities [(2)]	**22**	(74)
Other	**2**	2
Total GLB and other derivative instruments	**$ 62**	$ 21
	$ 79	$ 27

(1) Excludes foreign exchange gains (losses) related to GLB.
(2) Related to GMDB and GLB blocks of business.

c) Derivative instrument objectives
(i) Foreign currency exposure management
A foreign currency forward contract (forward) is an agreement between participants to exchange specific foreign currencies at a future date. Chubb uses forwards to minimize the effect of fluctuating foreign currencies as discussed above.

(ii) Duration management and market exposure
Futures
Futures contracts give the holder the right and obligation to participate in market movements, determined by the index or underlying security on which the futures contract is based. Settlement is made daily in cash by an amount equal to the change in value of the futures contract times a multiplier that scales the size of the contract. Exchange-traded futures contracts on money market instruments, notes, and bonds are used in fixed maturity portfolios to more efficiently manage duration, as substitutes for ownership of the money market instruments, bonds, and notes without significantly increasing the risk in the portfolio. Investments in futures contracts may be made only to the extent that there are assets under management not otherwise committed.

Exchange-traded equity futures contracts are used to limit exposure to a severe equity market decline, which would cause an increase in expected claims and therefore, an increase in reserves for GMDB and GLB reinsurance business.

Options
An option contract conveys to the holder the right, but not the obligation, to purchase or sell a specified amount or value of an underlying security at a fixed price. Option contracts are used in the investment portfolio as protection against unexpected shifts in interest rates, which would affect the duration of the fixed maturity portfolio. By using options in the portfolio, the overall interest rate sensitivity of the portfolio can be reduced. Option contracts may also be used as an alternative to futures contracts in the synthetic strategy as described above.

The price of an option is influenced by the underlying security, expected volatility, time to expiration, and supply and demand.

The credit risk associated with the above derivative financial instruments relates to the potential for non-performance by counterparties. Although non-performance is not anticipated, in order to minimize the risk of loss, management monitors the creditworthiness of its counterparties and obtains collateral. The performance of exchange-traded instruments is guaranteed by the exchange on which they trade. For non-exchange-traded instruments, the counterparties are principally banks which must meet certain criteria according to our investment guidelines.

Cross-currency swaps
Cross-currency swaps are agreements under which two counterparties exchange interest payments and principal denominated in different currencies at a future date. We use cross-currency swaps to reduce the foreign currency and interest rate risk by

converting cash flows back into local currency. We invest in foreign currency denominated investments to improve credit diversification and also to obtain better duration matching to our liabilities that is limited in the local currency market.

Other
Included within Other are derivatives intended to reduce potential losses which may arise from certain exposures in our insurance business. The economic benefit provided by these derivatives is similar to purchased reinsurance. For example, Chubb may enter into crop derivative contracts to protect underwriting results in the event of a significant decline in commodity prices.

(iii) Convertible security investments
A convertible security is a debt instrument or preferred stock that can be converted into a predetermined amount of the issuer's equity. The convertible option is an embedded derivative within the host instruments which are classified in the investment portfolio as either available for sale or as an equity security. Chubb purchases convertible securities for their total return and not specifically for the conversion feature.

(iv) TBA
By acquiring TBAs, we make a commitment to purchase a future issuance of mortgage-backed securities. For the period between purchase of the TBAs and issuance of the underlying security, we account for our position as a derivative in the consolidated financial statements. Chubb purchases TBAs both for their total return and for the flexibility they provide related to our mortgage-backed security strategy.

(v) GLB
Under the GLB program, as the assuming entity, Chubb is obligated to provide coverage until the expiration or maturity of the underlying deferred annuity contracts or the expiry of the reinsurance treaty. Premiums received under the reinsurance treaties are classified as premium. Expected losses allocated to premiums received are classified as Future policy benefits and valued similar to GMDB reinsurance. Other changes in fair value, principally arising from changes in expected losses allocated to expected future premiums, are classified as Net realized gains (losses). Fair value represents management's estimate of an exit price and thus, includes a risk margin. We may recognize a realized loss for other changes in fair value due to adverse changes in the capital markets (e.g., declining interest rates and/or declining equity markets) and changes in actual or estimated future policyholder behavior (e.g., increased annuitization or decreased lapse rates) although we expect the business to be profitable. We believe this presentation provides the most meaningful disclosure of changes in the underlying risk within the GLB reinsurance programs for a given reporting period.

d) Fixed maturities
At March 31, 2018 , we have commitments to purchase fixed income securities of $1,139 million over the next several years.

e) Other investments
At March 31, 2018 , included in Other investments in the Consolidated balance sheets are investments in limited partnerships and partially-owned investment companies with a carrying value of $3.6 billion. In connection with these investments, we have commitments that may require funding of up to $3.8 billion over the next several years.

f) Taxation
At March 31, 2018 , $14 million of unrecognized tax benefits remain outstanding. It is reasonably possible that over the next twelve months, the amount of unrecognized tax benefits may change resulting from the re-evaluation of unrecognized tax benefits arising from examinations of taxing authorities and the closing of tax statute limitations. With few exceptions, Chubb is no longer subject to state and local or non-U.S. income tax examinations for years before 2010.

g) Legal proceedings
Our insurance subsidiaries are subject to claims litigation involving disputed interpretations of policy coverages and, in some jurisdictions, direct actions by allegedly-injured persons seeking damages from policyholders. These lawsuits, involving claims on policies issued by our subsidiaries which are typical to the insurance industry in general and in the normal course of business, are considered in our loss and loss expense reserves. In addition to claims litigation, we are subject to lawsuits and regulatory actions in the normal course of business that do not arise from or directly relate to claims on insurance policies. This category of business litigation typically involves, among other things, allegations of underwriting errors or misconduct, employment claims, regulatory activity, or disputes arising from our business ventures. In the opinion of management, our ultimate liability for these matters could be, but we believe is not likely to be, material to our consolidated financial condition and results of operations.

7 . Shareholders' equity

All of Chubb's Common Shares are authorized under Swiss corporate law. Though the par value of Common Shares is stated in Swiss francs, Chubb continues to use U.S. dollars as its reporting currency for preparing consolidated financial statements. Under Swiss corporate law, dividends, including distributions through a reduction in par value (par value reduction) or from legal reserves, must be stated in Swiss francs though dividend payments are made by Chubb in U.S. dollars. At March 31, 2018, our Common Shares had a par value of CHF 24.15 per share.

At our May 2017 and 2016 annual general meetings, our shareholders approved an annual dividend for the following year of up to $2.84 per share and $ 2.76 per share, respectively, which was paid in four quarterly installments of $0.71 per share and$ 0.69 per share, respectively, at dates determined by the Board of Directors (Board) after the annual general meetings by way of a distribution from capital contribution reserves, transferred to free reserves for payment.

Dividend distributions per Common Share for the three months ended March 31, 2018 and 2017 were $0.71 (CHF 0.66) and $0.69 (CHF 0.69), per Common Share, respectively.

Common Shares in treasury are used principally for issuance upon the exercise of employee stock options, grants of restricted stock, and purchases under the Employee Stock Purchase Plan (ESPP). At March 31, 2018 , 13,952,378 Common Shares remain in treasury after net shares redeemed under employee share-based compensation plans.

Chubb Limited securities repurchase authorization
In November 2016, the Board authorized a share repurchase program of $1.0 billion of Chubb's Common Shares through December 31, 2017. In December 2017, the Board authorized a share repurchase program of $1.0 billion of Chubb's Common Shares from January 1, 2018 through December 31, 2018.

The following table presents repurchases of Chubb's Common Shares conducted in a series of open market transactions under the Board authorizations:

	Three Months Ended March 31	
(in millions of U.S. dollars, except share data)	**2018**	2017
Number of shares repurchased	**—**	**1,036,064**
Cost of shares repurchased	**$ —**	**$ 140**
Repurchase authorization remaining at end of period	**$ 1,000**	**$ 860**

8 . Share-based compensation

The Chubb Limited 2016 Long-Term Incentive Plan (the 2016 LTIP) permits grants of both incentive and non-qualified stock options principally at an option price per share equal to the grant date fair value of Chubb's Common Shares. Stock options are generally granted with a 3-year vesting period and a 10-year term. Stock options typically vest in equal annual installments over the vesting period, which is also the requisite service period. On February 22, 2018 , Chubb granted 1,841,329 stock options with a weighted-average grant date fair value of $29.71 each. The fair value of the options issued is estimated on the grant date using the Black-Scholes option pricing model.

The 2016 LTIP also permits grants of service-based restricted stock and restricted stock units as well as performance-based restricted stock awards. Chubb generally grants service-based restricted stock and restricted stock units with a 4-year vesting period, based on a graded vesting schedule. Beginning in 2017, the performance-based stock awards granted comprise target awards which have 3-year cliff vesting provisions based on tangible book value (shareholders' equity less goodwill and intangible assets, net of tax) per share growth and P&C combined ratio compared to a defined group of peer companies. Premium performance-based stock awards are earned only if tangible book value per share growth and the P&C combined ratio over the cumulative 3-year period after the grant of the associated target awards exceed a higher threshold compared to our peer group, with an additional vesting provision based on total shareholder return compared to our peer group. The restricted stock is granted at market close price on the grant date. On February 22, 2018 , Chubb granted 973,624 service-based restricted stock awards, 301,024 service-based restricted stock units, and 180,065 performance-based stock awards to employees and officers with a grant date fair value of $143.07 each. Each restricted stock unit represents our obligation to deliver to the holder one Common Share upon vesting.

9 . Postretirement benefits

The components of net pension and other postretirement benefit costs (benefits) reflected in Net income in the Consolidated statements of operations were as follows:

	Pension Benefits				Other Postretirement Benefits	
	2018		2017		**2018**	2017
Three Months Ended March 31 (in millions of U.S. dollars)	**U.S. Plans**	**Non-U.S. Plans**	U.S. Plans	Non-U.S. Plans		
Service cost	**$ 14**	**$ 3**	$ 16	$ 4	**$ —**	$ —
Interest cost	**26**	**7**	26	7	**1**	1
Expected return on plan assets	**(53)**	**(13)**	(47)	(10)	**(1)**	(1)
Amortization of prior service cost	**—**	**—**	—	—	**(21)**	(23)
Net periodic (benefit) cost	**$ (13)**	**$ (3)**	$ (5)	$ 1	**$ (21)**	$ (23)

10 . Segment information

Chubb operates through six business segments: North America Commercial P&C Insurance, North America Personal P&C Insurance, North America Agricultural Insurance, Overseas General Insurance, Global Reinsurance, and Life Insurance.

Corporate results primarily include income and expenses not attributable to reportable segments and loss and loss expenses of asbestos and environmental (A&E) liabilities.

For segment reporting purposes, certain items are presented in a different manner below than in the consolidated financial statements. Management uses underwriting income (loss) as the main measures of segment performance. Chubb calculates underwriting income (loss) by subtracting Losses and loss expenses, Policy benefits, Policy acquisition costs, and Administrative expenses from Net premiums earned. To calculate Segment income, include Net investment income, Other (income) expense, and Amortization of purchased intangibles. For the North America Agricultural Insurance segment, management includes gains and losses on crop derivatives as a component of underwriting income (loss). For example, for the three months ended March 31, 2018, underwriting income in our North America Agricultural Insurance segment was $102 million . This amount includes $2 million of realized gains related to crop derivatives which are reported in Net realized gains (losses) in the Corporate column below.

For the Life Insurance segment, management includes Net investment income and (Gains) losses from fair value changes in separate account assets that do not qualify for separate account reporting under GAAP as components of Life Insurance underwriting income. For example, for the three months ended March 31, 2018, Life Insurance underwriting income of $67 million includes Net investment income of $83 million and gains from fair value changes in separate account assets of $6 million . The gains from fair value changes in separate account assets are reported in Other (income) expense in the table below.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued (Unaudited)

Chubb Limited and Subsidiaries

The following tables present the Statement of Operations by segment:

For the Three Months Ended March 31, 2018 (in millions of U.S. dollars)	North America Commercial P&C Insurance	North America Personal P&C Insurance	North America Agricultural Insurance	Overseas General Insurance	Global Reinsurance	Life Insurance	Corporate	Chubb Consolidated
Net premiums written	$ 2,812	$ 1,048	$ 108	$ 2,384	$ 193	$ 559	$ —	$ 7,104
Net premiums earned	3,029	1,140	43	2,107	168	540	—	7,027
Losses and loss expenses	1,908	886	(53)	1,078	67	205	11	4,102
Policy benefits	—	—	—	—	—	151	—	151
Policy acquisition costs	472	237	(1)	588	40	128	—	1,464
Administrative expenses	231	65	(3)	239	10	78	72	692
Underwriting income (loss)	418	(48)	100	202	51	(22)	(83)	618
Net investment income (loss)	503	59	7	151	64	83	(61)	806
Other (income) expense	(6)	—	—	7	(7)	(4)	(37)	(47)
Amortization expense of purchased intangibles	—	3	7	10	—	1	64	85
Segment income (loss)	$ 927	$ 8	$ 100	$ 336	$ 122	$ 64	$ (171)	$ 1,386
Net realized gains (losses) including OTTI							(2)	(2)
Interest expense							157	157
Chubb integration expenses							10	10
Income tax expense							135	135
Net income (loss)							$ (475)	$ 1,082

For the Three Months Ended March 31, 2017 (in millions of U.S. dollars)	North America Commercial P&C Insurance (1)	North America Personal P&C Insurance	North America Agricultural Insurance	Overseas General Insurance (1)	Global Reinsurance	Life Insurance	Corporate	Chubb Consolidated
Net premiums written	$ 2,730	$ 984	$ 61	$ 2,212	$ 199	$ 524	$ —	$ 6,710
Net premiums earned	3,041	1,086	14	1,936	189	506	—	6,772
Losses and loss expenses	1,860	633	(73)	1,071	94	193	11	3,789
Policy benefits	—	—	—	—	—	168	—	168
Policy acquisition costs	487	217	(1)	529	51	114	—	1,397
Administrative expenses	231	65	(5)	245	10	72	58	676
Underwriting income (loss)	463	171	93	91	34	(41)	(69)	742
Net investment income (loss)	478	55	6	148	62	75	(79)	745
Other (income) expense	4	1	—	(1)	—	(29)	(45)	(70)
Amortization expense of purchased intangibles	—	3	7	11	—	1	42	64
Segment income (loss)	$ 937	$ 222	$ 92	$ 229	$ 96	$ 62	$ (145)	$ 1,493
Net realized gains (losses) including OTTI							(7)	(7)
Interest expense							154	154
Chubb integration expenses							111	111
Income tax expense							128	128
Net income (loss)							$ (545)	$ 1,093

(1) The 2017 net premiums written amount was revised to reflect the transfer of certain multinational accounts ($12 million) from the North America Commercial P&C Insurance segment to 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.

Underwriting assets are reviewed in total by management for purposes of decision-making. Other than Unpaid losses and loss expenses, Reinsurance recoverables, Goodwill and Other intangible assets, Chubb does not allocate assets to its segments.

11 . Earnings per share

	Three Months Ended March 31	
(in millions of U.S. dollars, except share and per share data)	**2018**	2017
Numerator:		
Net income	**$ 1,082**	$ 1,093
Denominator:		
Denominator for basic earnings per share:		
Weighted-average shares outstanding	**465,703,240**	468,903,086
Denominator for diluted earnings per share:		
Share-based compensation plans	**3,770,351**	3,828,604
Weighted-average shares outstanding and assumed conversions	**469,473,591**	472,731,690
Basic earnings per share	**$ 2.32**	$ 2.33
Diluted earnings per share	**$ 2.30**	$ 2.31
Potential anti-dilutive share conversions	**2,116,188**	969,654

Excluded from weighted-average shares outstanding and assumed conversions is the impact of securities that would have been anti-dilutive during the respective periods.

12 . Information provided in connection with outstanding debt of subsidiaries

The following tables present condensed consolidating financial information at March 31, 2018 and December 31, 2017 , and for the three months ended March 31, 2018 and 2017 for Chubb Limited (Parent Guarantor) and Chubb INA Holdings Inc. (Subsidiary Issuer). The Subsidiary Issuer is an indirect 100 percent-owned subsidiary of the Parent Guarantor. The Parent Guarantor fully and unconditionally guarantees certain of the debt of the Subsidiary Issuer. Condensed consolidating financial information of the Parent Guarantor and Subsidiary Issuer are presented on the equity method of accounting. The revenues and expenses and cash flows of the subsidiaries of the Subsidiary Issuer are presented in the Other Chubb Limited Subsidiaries column on a combined basis.

Condensed Consolidating Balance Sheet at March 31, 2018

(in millions of U.S. dollars)	Chubb Limited (Parent Guarantor)	Chubb INA Holdings Inc. (Subsidiary Issuer)	Other Chubb Limited Subsidiaries	Consolidating Adjustments and Eliminations	Chubb Limited Consolidated
Assets					
Investments	$ —	$ 186	$ 101,919	$ —	$ 102,105
Cash [(1)]	1	864	1,523	(400)	1,988
Restricted cash	—	—	125	—	125
Insurance and reinsurance balances receivable	—	—	10,308	(738)	9,570
Reinsurance recoverable on losses and loss expenses	—	—	26,093	(11,111)	14,982
Reinsurance recoverable on policy benefits	—	—	1,181	(1,000)	181
Value of business acquired	—	—	321	—	321
Goodwill and other intangible assets	—	—	22,123	—	22,123
Investments in subsidiaries	43,032	51,930	—	(94,962)	—
Due from subsidiaries and affiliates, net	8,980	—	251	(9,231)	—
Other assets	4	386	18,459	(1,463)	17,386
Total assets	$ 52,017	$ 53,366	$ 182,303	$ (118,905)	$ 168,781
Liabilities					
Unpaid losses and loss expenses	$ —	$ —	$ 74,299	$ (11,160)	$ 63,139
Unearned premiums	—	—	16,563	(1,068)	15,495
Future policy benefits	—	—	6,412	(1,000)	5,412
Due to subsidiaries and affiliates, net	—	9,231	—	(9,231)	—
Affiliated notional cash pooling programs [(1)]	400	—	—	(400)	—
Repurchase agreements	—	—	1,412	—	1,412
Short-term debt	—	1,669	—	—	1,669
Long-term debt	—	12,775	11	—	12,786
Trust preferred securities	—	308	—	—	308
Other liabilities	330	1,537	16,490	(1,084)	17,273
Total liabilities	730	25,520	115,187	(23,943)	117,494
Total shareholders’ equity	51,287	27,846	67,116	(94,962)	51,287
Total liabilities and shareholders’ equity	$ 52,017	$ 53,366	$ 182,303	$ (118,905)	$ 168,781

(1) Chubb maintains two notional multicurrency cash pools (Pools) with a third-party bank. Various Chubb entities participate in one or the other of the Pools, pursuant to which credit and debit balances in individual Chubb accounts are translated daily into a single currency and pooled on a notional basis. Individual Chubb entities are permitted to overdraw on their individual accounts provided the overall Pool balances do not fall below zero. At March 31, 2018 , the cash balance of one or more entities was negative; however, the overall Pool balances were positive.

Condensed Consolidating Balance Sheet at December 31, 2017

(in millions of U.S. dollars)	Chubb Limited (Parent Guarantor)	Chubb INA Holdings Inc. (Subsidiary Issuer)	Other Chubb Limited Subsidiaries	Consolidating Adjustments and Eliminations	Chubb Limited Consolidated
Assets					
Investments	$ —	$ 168	$ 102,276	$ —	$ 102,444
Cash [1]	3	1	839	(115)	728
Restricted cash	—	—	123	—	123
Insurance and reinsurance balances receivable	—	—	10,820	(1,486)	9,334
Reinsurance recoverable on losses and loss expenses	—	—	27,514	(12,480)	15,034
Reinsurance recoverable on policy benefits	—	—	1,194	(1,010)	184
Value of business acquired	—	—	326	—	326
Goodwill and other intangible assets	—	—	22,054	—	22,054
Investments in subsidiaries	41,909	51,165	—	(93,074)	—
Due from subsidiaries and affiliates, net	9,639	—	—	(9,639)	—
Other assets	3	287	20,578	(4,073)	16,795
Total assets	$ 51,554	$ 51,621	$ 185,724	$ (121,877)	$ 167,022
Liabilities					
Unpaid losses and loss expenses	$ —	$ —	$ 74,767	$ (11,588)	$ 63,179
Unearned premiums	—	—	18,875	(3,659)	15,216
Future policy benefits	—	—	6,331	(1,010)	5,321
Due to subsidiaries and affiliates, net	—	9,432	207	(9,639)	—
Affiliated notional cash pooling programs [1]	—	115	—	(115)	—
Repurchase agreements	—	—	1,408	—	1,408
Short-term debt	—	1,013	—	—	1,013
Long-term debt	—	11,546	10	—	11,556
Trust preferred securities	—	308	—	—	308
Other liabilities	382	1,411	18,848	(2,792)	17,849
Total liabilities	382	23,825	120,446	(28,803)	115,850
Total shareholders' equity	51,172	27,796	65,278	(93,074)	51,172
Total liabilities and shareholders' equity	$ 51,554	$ 51,621	$ 185,724	$ (121,877)	$ 167,022

(1) Chubb maintains two notional multicurrency cash pools (Pools) with a third-party bank. Various Chubb entities participate in one or the other of the Pools, pursuant to which credit and debit balances in individual Chubb accounts are translated daily into a single currency and pooled on a notional basis. Individual Chubb entities are permitted to overdraw on their individual accounts provided the overall Pool balances do not fall below zero. At December 31, 2017 , the cash balance of one or more entities was negative; however, the overall Pool balances were positive.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued (Unaudited)
Chubb Limited and Subsidiaries

Condensed Consolidating Statements of Operations and Comprehensive Income

For the Three Months Ended March 31, 2018 (in millions of U.S. dollars)	Chubb Limited (Parent Guarantor)	Chubb INA Holdings Inc. (Subsidiary Issuer)	Other Chubb Limited Subsidiaries	Consolidating Adjustments and Eliminations	Chubb Limited Consolidated
Net premiums written	$ —	$ —	$ 7,104	$ —	$ 7,104
Net premiums earned	—	—	7,027	—	7,027
Net investment income	2	4	800	—	806
Equity in earnings of subsidiaries	1,022	885	—	(1,907)	—
Net realized gains (losses) including OTTI	(2)	(24)	24	—	(2)
Losses and loss expenses	—	—	4,102	—	4,102
Policy benefits	—	—	151	—	151
Policy acquisition costs and administrative expenses	18	22	2,116	—	2,156
Interest (income) expense	(80)	209	28	—	157
Other (income) expense	(5)	8	(50)	—	(47)
Amortization of purchased intangibles	—	—	85	—	85
Chubb integration expenses	2	1	7	—	10
Income tax expense (benefit)	5	(59)	189	—	135
Net income	$ 1,082	$ 684	$ 1,223	$ (1,907)	$ 1,082
Comprehensive income	$ 453	$ 216	$ 614	$ (830)	$ 453

Condensed Consolidating Statements of Operations and Comprehensive Income

For the Three Months Ended March 31, 2017 (in millions of U.S. dollars)	Chubb Limited (Parent Guarantor)	Chubb INA Holdings Inc. (Subsidiary Issuer)	Other Chubb Limited Subsidiaries	Consolidating Adjustments and Eliminations	Chubb Limited Consolidated
Net premiums written	$ —	$ —	$ 6,710	$ —	$ 6,710
Net premiums earned	—	—	6,772	—	6,772
Net investment income	—	3	742	—	745
Equity in earnings of subsidiaries	1,027	701	—	(1,728)	—
Net realized gains (losses) including OTTI	—	(13)	6	—	(7)
Losses and loss expenses	—	—	3,789	—	3,789
Policy benefits	—	—	168	—	168
Policy acquisition costs and administrative expenses	18	14	2,041	—	2,073
Interest (income) expense	(84)	221	17	—	154
Other (income) expense	(6)	15	(79)	—	(70)
Amortization of purchased intangibles	—	—	64	—	64
Chubb integration expenses	—	49	62	—	111
Income tax expense (benefit)	6	(112)	234	—	128
Net income	$ 1,093	$ 504	$ 1,224	$ (1,728)	$ 1,093
Comprehensive income	$ 1,407	$ 791	$ 1,538	$ (2,329)	$ 1,407

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued (Unaudited)
Chubb Limited and Subsidiaries

Condensed Consolidating Statement of Cash Flows

For the Three Months Ended March 31, 2018 (in millions of U.S. dollars)	Chubb Limited (Parent Guarantor)	Chubb INA Holdings Inc. (Subsidiary Issuer)	Other Chubb Limited Subsidiaries	Consolidating Adjustments and Eliminations	Chubb Limited Consolidated
Net cash flows from operating activities	$ 24	$ 2,727	$ 800	$ (3,000)	$ 551
Cash flows from investing activities					
Purchases of fixed maturities available for sale	—	(8)	(5,964)	—	(5,972)
Purchases of fixed maturities held to maturity	—	—	(162)	—	(162)
Purchases of equity securities	—	—	(55)	—	(55)
Sales of fixed maturities available for sale	—	—	2,562	—	2,562
Sales of equity securities	—	—	40	—	40
Maturities and redemptions of fixed maturities available for sale	—	3	1,862	—	1,865
Maturities and redemptions of fixed maturities held to maturity	—	—	255	—	255
Net change in short-term investments	—	(14)	745	—	731
Net derivative instruments settlements	—	(7)	46	—	39
Private equity contributions	—	—	(353)	—	(353)
Private equity distributions	—	—	201	—	201
Capital contribution	(750)	(3,500)	—	4,250	—
Other	—	(3)	(29)	—	(32)
Net cash flows used for investing activities	(750)	(3,529)	(852)	4,250	(881)
Cash flows from financing activities					
Dividends paid on Common Shares	(330)	—	—	—	(330)
Common Shares repurchased	—	—	(29)	—	(29)
Proceeds from issuance of long-term debt	—	2,175	—	—	2,175
Repayment of long-term debt	—	(300)	—	—	(300)
Proceeds from issuance of repurchase agreements	—	—	408	—	408
Repayment of repurchase agreements	—	—	(404)	—	(404)
Proceeds from share-based compensation plans	—	—	34	—	34
Dividend to parent company	—	—	(3,000)	3,000	—
Advances (to) from affiliates	656	(95)	(561)	—	—
Capital contribution	—	—	4,250	(4,250)	—
Net proceeds from (payments to) affiliated notional cash pooling programs (1)	400	(115)	—	(285)	—
Policyholder contract deposits	—	—	118	—	118
Policyholder contract withdrawals	—	—	(105)	—	(105)
Net cash flows from financing activities	726	1,665	711	(1,535)	1,567
Effect of foreign currency rate changes on cash and restricted cash	(2)	—	27	—	25
Net increase (decrease) in cash and restricted cash	(2)	863	686	(285)	1,262
Cash and restricted cash – beginning of period (1)	3	1	962	(115)	851
Cash and restricted cash – end of period (1)	$ 1	$ 864	$ 1,648	$ (400)	$ 2,113

(1) Chubb maintains two notional multicurrency cash pools (Pools) with a third-party bank. Various Chubb entities participate in one or the other of the Pools, pursuant to which credit and debit balances in individual Chubb accounts are translated daily into a single currency and pooled on a notional basis. Individual Chubb entities are permitted to overdraw on their individual accounts provided the overall Pool balances do not fall below zero. At March 31, 2018 and December 31, 2017, the cash balance of one or more entities was negative; however, the overall Pool balances were positive.

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Condensed Consolidating Statement of Cash Flows

For the Three Months Ended March 31, 2017 (in millions of U.S. dollars)	Chubb Limited (Parent Guarantor)	Chubb INA Holdings Inc. (Subsidiary Issuer)	Other Chubb Limited Subsidiaries	Consolidating Adjustments and Eliminations	Chubb Limited Consolidated
Net cash flows from (used for) operating activities	$ 584	$ (156)	$ 1,081	$ (496)	$ 1,013
Cash flows from investing activities					
Purchases of fixed maturities available for sale	—	(4)	(6,246)	—	(6,250)
Purchases of fixed maturities held to maturity	—	—	(157)	—	(157)
Purchases of equity securities	—	—	(37)	—	(37)
Sales of fixed maturities available for sale	—	—	3,395	—	3,395
Sales of equity securities	—	—	46	—	46
Maturities and redemptions of fixed maturities available for sale	—	7	2,536	—	2,543
Maturities and redemptions of fixed maturities held to maturity	—	—	240	—	240
Net change in short-term investments	—	173	59	—	232
Net derivative instruments settlements	—	(2)	(87)	—	(89)
Private equity contributions	—	—	(198)	—	(198)
Private equity distributions	—	—	315	—	315
Other	—	—	(106)	—	(106)
Net cash flows from (used for) investing activities	—	174	(240)	—	(66)
Cash flows from financing activities					
Dividends paid on Common Shares	(324)	—	—	—	(324)
Common Shares repurchased	—	—	(128)	—	(128)
Proceeds from issuance of repurchase agreements	—	—	753	—	753
Repayment of long-term debt	—	(500)	—	—	(500)
Repayment of repurchase agreements	—	—	(752)	—	(752)
Proceeds from share-based compensation plans	—	—	42	—	42
Dividend to parent company	—	—	(496)	496	—
Advances (to) from affiliates	108	(171)	63	—	—
Net proceeds from (payments to) affiliated notional cash pooling programs (1)	(363)	653	—	(290)	—
Policyholder contract deposits	—	—	109	—	109
Policyholder contract withdrawals	—	—	(58)	—	(58)
Net cash flows used for financing activities	(579)	(18)	(467)	206	(858)
Effect of foreign currency rate changes on cash and restricted cash	—	—	(17)	—	(17)
Net increase in cash and restricted cash	5	—	357	(290)	72
Cash and restricted cash – beginning of period (1)	1	1	2,068	(982)	1,088
Cash and restricted cash – end of period (1)	$ 6	$ 1	$ 2,425	$ (1,272)	$ 1,160

(1) Chubb maintains two notional multicurrency cash pools (Pools) with a third-party bank. Various Chubb entities participate in one or the other of the Pools, pursuant to which credit and debit balances in individual Chubb accounts are translated daily into a single currency and pooled on a notional basis. Individual Chubb entities are permitted to overdraw on their individual accounts provided the overall Pool balances do not fall below zero. At March 31, 2017 and December 31, 2016, the cash balance of one or more entities was negative; however, the overall Pool balances were positive.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following is a discussion of our results of operations, financial condition, and liquidity and capital resources as of and for the three months ended March 31, 2018 .

All comparisons in this discussion are to the corresponding prior year period unless otherwise indicated.

Our results of operations and cash flows for any interim period are not necessarily indicative of our results for the full year. This discussion should be read in conjunction with our consolidated financial statements and related notes and our Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2017 (2017 Form 10-K).

Other Information
We routinely post important information for investors on our website (investors.chubb.com). We use this website as a means of disclosing material, non-public information and for complying with our disclosure obligations under Securities and Exchange Commission (SEC) Regulation FD (Fair Disclosure). Accordingly, investors should monitor the Investor Information portion of our website, in addition to following our press releases, SEC filings, public conference calls, and webcasts. The information contained on, or that may be accessed through, our website is not incorporated by reference into, and is not a part of, this report.

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Forward-Looking Statements

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements. Any written or oral statements made by us or on our behalf may include forward-looking statements that reflect our current views with respect to future events and financial performance. These forward-looking statements are subject to certain risks, uncertainties, and other factors that could, should potential events occur, cause actual results to differ materially from such statements. These risks, uncertainties, and other factors, which are described in more detail elsewhere herein and in other documents we file with the U.S. Securities and Exchange Commission (SEC), include but are not limited to:

- losses arising out of natural or man-made catastrophes such as hurricanes, typhoons, earthquakes, floods, climate change (including effects on weather patterns; greenhouse gases; sea; land and air temperatures; sea levels; and rain and snow), nuclear accidents, or terrorism which could be affected by:
  - the number of insureds and ceding companies affected;
  - the amount and timing of losses actually incurred and reported by insureds;
  - the impact of these losses on our reinsurers and the amount and timing of reinsurance recoverable actually received;
  - the cost of building materials and labor to reconstruct properties or to perform environmental remediation following a catastrophic event; and
  - complex coverage and regulatory issues such as whether losses occurred from storm surge or flooding and related lawsuits;
- actions that rating agencies may take from time to time, such as financial strength or credit ratings downgrades or placing these ratings on credit watch negative or the equivalent;
- the ability to collect reinsurance recoverable, credit developments of reinsurers, and any delays with respect thereto and changes in the cost, quality, or availability of reinsurance;
- actual loss experience from insured or reinsured events and the timing of claim payments;
- the uncertainties of the loss-reserving and claims-settlement processes, including the difficulties associated with assessing environmental damage and asbestos-related latent injuries, the impact of aggregate-policy-coverage limits, the impact of bankruptcy protection sought by various asbestos producers and other related businesses, and the timing of loss payments;
- changes to our assessment as to whether it is more likely than not that we will be required to sell, or have the intent to sell, available for sale fixed maturity investments before their anticipated recovery;
- infection rates and severity of pandemics and their effects on our business operations and claims activity;
- developments in global financial markets, including changes in interest rates, stock markets, and other financial markets, increased government involvement or intervention in the financial services industry, the cost and availability of financing, and foreign currency exchange rate fluctuations (which we refer to in this report as foreign exchange and foreign currency exchange), which could affect our statement of operations, investment portfolio, financial condition, and financing plans;
- general economic and business conditions resulting from volatility in the stock and credit markets and the depth and duration of potential recession;
- global political conditions, the occurrence of any terrorist attacks, including any nuclear, radiological, biological, or chemical events, or the outbreak and effects of war, and possible business disruption or economic contraction that may result from such events;
- the potential impact of the United Kingdom's vote to withdraw from the European Union, including political, regulatory, social, and economic uncertainty and market and exchange rate volatility;
- judicial decisions and rulings, new theories of liability, legal tactics, and settlement terms;
- the effects of public company bankruptcies and/or accounting restatements, as well as disclosures by and investigations of public companies relating to possible accounting irregularities, and other corporate governance issues, including the effects of such events on:
  - the capital markets;
  - the markets for directors and officers (D&O) and errors and omissions (E&O) insurance; and
  - claims and litigation arising out of such disclosures or practices by other companies;

- uncertainties relating to governmental, legislative and regulatory policies, developments, actions, investigations, and treaties, which, among other things, could subject us to insurance regulation or taxation in additional jurisdictions or affect our current operations;
- the actual amount of new and renewal business, market acceptance of our products, and risks associated with the introduction of new products and services and entering new markets, including regulatory constraints on exit strategies;
- the competitive environment in which we operate, including trends in pricing or in policy terms and conditions, which may differ from our projections and changes in market conditions that could render our business strategies ineffective or obsolete;
- acquisitions made by us performing differently than expected, our failure to realize anticipated expense-related efficiencies or growth from acquisitions, the impact of acquisitions on our pre-existing organization, or announced acquisitions not closing;
- risks associated with being a Swiss corporation, including reduced flexibility with respect to certain aspects of capital management and the potential for additional regulatory burdens;
- the potential impact from government-mandated insurance coverage for acts of terrorism;
- the availability of borrowings and letters of credit under our credit facilities;
- the adequacy of collateral supporting funded high deductible programs;
- changes in the distribution or placement of risks due to increased consolidation of insurance and reinsurance brokers;
- material differences between actual and expected assessments for guaranty funds and mandatory pooling arrangements;
- the effects of investigations into market practices in the property and casualty (P&C) industry;
- changing rates of inflation and other economic conditions, for example, recession;
- the amount of dividends received from subsidiaries;
- loss of the services of any of our executive officers without suitable replacements being recruited in a reasonable time frame;
- the ability of our technology resources, including information systems and security, to perform as anticipated such as with respect to preventing material information technology failures or third-party infiltrations or hacking resulting in consequences adverse to Chubb or its customers or partners;
- the ability of our company to increase use of data analytics and technology as part of our business strategy and adapt to new technologies; and
- management's response to these factors and actual events (including, but not limited to, those described above).

The words "believe," "anticipate," "estimate," "project," "should," "plan," "expect," "intend," "hope," "feel," "foresee," "will likely result," or "will continue," and variations thereof and similar expressions, identify forward-looking statements. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates. We undertake no obligation to publicly update or review any forward-looking statements, whether as a result of new information, future events, or otherwise.

Overview

Chubb Limited is the Swiss-incorporated holding company of the Chubb Group of Companies. Chubb Limited, which is headquartered in Zurich, Switzerland, and its direct and indirect subsidiaries (collectively, the Chubb Group of Companies, Chubb, we, us, or our) are a global insurance and reinsurance organization, serving the needs of a diverse group of clients worldwide. At March 31, 2018 , we had total assets of $169 billion and shareholders' equity of $51 billion . Chubb was incorporated in 1985 at which time it opened its first business office in Bermuda and continues to maintain operations in Bermuda. We operate through six business segments: North America Commercial P&C Insurance, North America Personal P&C Insurance, North America Agricultural Insurance, Overseas General Insurance, Global Reinsurance, and Life Insurance. For more information on our segments refer to "Segment Information" under Item 1 in our 2017 Form 10-K.

Financial Highlights for the Three Months Ended March 31, 2018

- Net income was $1,082 million compared with $1,093 million in the prior year period.
- Total company and P&C net premiums written were $7.1 billion and $6.5 billion, respectively, up 5.9 percent and 5.8 percent.
- 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.
- P&C combined ratio was 90.1 percent compared with 87.5 percent prior year. P&C current accident year combined ratio excluding catastrophe losses was 87.6 percent compared with 88.0 percent prior year.
- 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.
- Net investment income was $806 million compared with $745 million in the prior year period. Excluding the amortization of the fair value adjustment on acquired invested assets of The Chubb Corporation (Chubb Corp), net investment income was $877 million, compared with $836 million, up 4.9 percent.

Consolidated Operating Results – Three Months Ended March 31, 2018 and 2017

	Three Months Ended March 31		% Change
(in millions of U.S. dollars, except for percentages)	**2018**	2017	Q-18 vs. Q-17
Net premiums written [(1)]	**$ 7,104**	$ 6,710	5.9 %
Net premiums earned [(1)]	**7,027**	6,772	3.8 %
Net investment income	**806**	745	8.2 %
Net realized gains (losses)	**(2)**	(7)	(71.4)%
Total revenues	**7,831**	7,510	4.3 %
Losses and loss expenses	**4,102**	3,789	8.3 %
Policy benefits	**151**	168	(10.1)%
Policy acquisition costs	**1,464**	1,397	4.8 %
Administrative expenses	**692**	676	2.4 %
Interest expense	**157**	154	1.9 %
Other (income) expense	**(47)**	(70)	(32.9)%
Amortization of purchased intangibles	**85**	64	32.8 %
Chubb integration expenses	**10**	111	(91.0)%
Total expenses	**6,614**	6,289	5.2 %
Income before income tax	**1,217**	1,221	(0.3)%
Income tax expense	**135**	128	5.5 %
Net income	**$ 1,082**	$ 1,093	(1.1)%

(1) On a constant-dollar basis for the three months ended March 31, 2018 , net premiums written increased $239 million , or 3.5 percent, and net premiums earned increased $129 million , or 1.9 percent. Amounts are calculated by translating prior period results using the same local currency exchange rates as the comparable current period.

Line of Business

The following table presents a breakdown of consolidated net premiums written by line of business for the period indicated:

(in millions of U.S. dollars, except for percentages)	Three Months Ended March 31 2018	2017	% Change Q-18 vs. Q-17	C$ [1] 2017	C$ [1] % Change Q-18 vs. Q-17
Commercial multiple peril [2]	$ **201**	$ 201	—	$ 201	—
Commercial casualty	**1,145**	1,049	9.2 %	1,071	6.9 %
Workers' compensation	**624**	588	6.1 %	588	6.1 %
Professional liability	**773**	763	1.3 %	807	(4.2)%
Surety	**161**	150	7.3 %	153	5.2 %
Property and other short-tail lines	**1,040**	1,044	(0.4)%	1,053	(1.2)%
Total Commercial P&C	**3,944**	3,795	3.9 %	3,873	1.8 %
Agriculture	**108**	61	76.2 %	61	76.2 %
Personal automobile - North America	**184**	165	11.5 %	166	10.8 %
Personal automobile - International	**214**	186	15.1 %	198	8.1 %
Personal homeowners	**738**	697	5.9 %	699	5.6 %
Personal other	**387**	362	6.9 %	378	2.4 %
Total Personal lines	**1,523**	1,410	8.0 %	1,441	5.7 %
Total Property and Casualty lines	**5,575**	5,266	5.9 %	5,375	3.7 %
Global A&H lines [3]	**1,072**	994	7.8 %	1,029	4.2 %
Reinsurance lines	**193**	199	(3.0)%	203	(4.8)%
Life	**264**	251	5.2 %	258	2.3 %
Total consolidated	$ **7,104**	$ 6,710	5.9 %	$ 6,865	3.5 %

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

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

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

Net Premiums Written

Net premiums written reflect the premiums we retain after purchasing reinsurance protection. Consolidated net premiums written increased $394 million for the three months ended March 31, 2018 reflecting growth across most segments.

- Net premiums written in our North America Commercial P&C Insurance segment increased $82 million for the three months ended March 31, 2018 primarily due to growth in our retail casualty and risk management businesses reflecting strong new business increases in both our large corporate and middle market accounts, and growth in our retail workers' compensation business due to stronger retention. In addition, our commercial segment experienced positive rate increases across a number of lines in both our Major account and middle market businesses. These increases were partially offset by planned portfolio management in certain of our retail and wholesale brokerage financial lines, and in our program business.

- Net premiums written in our North America Personal P&C Insurance segment increased $64 million for the three months ended March 31, 2018 , primarily due to growth in homeowners and complementary products such as automobiles and valuables ($26 million) and the non-renewal of a quota share reinsurance treaty in the second quarter of 2017 covering the acquired Fireman's Fund homeowners and automobile businesses ($38 million).

- Net premiums written in our North America Agricultural Insurance segment increased $47 million for the three months ended March 31, 2018 , primarily due to an increase in MPCI premium which was driven by new business and the year-over-year impact of the premium sharing formulas under the U.S. government. Under the MPCI profit and loss calculation, we cede more premiums to the government during profitable years. In the prior year, the program was more profitable which resulted in higher cessions compared to the first quarter of 2018.

- Net premiums written in our Overseas General Insurance segment increased $172 million , or $33 million on a constant-dollar basis, for the three months ended March 31, 2018 , driven by growth in personal lines and accident and health (A&H) lines in Asia and Latin America. In addition, P&C lines growth was primarily in small commercial property and general casualty lines reflecting new business principally in Asia, and in middle market driven by new business and rate increases. This growth was partially offset by declines in large account business.

- Net premiums written in our Global Reinsurance segment decreased $6 million for the three months ended March 31, 2018 , as the prior year included a $7 million favorable non-recurring reinstatement premium adjustment related to prior period loss development. Net premiums written increased $1 million excluding the non-recurring adjustment.

- Net premiums written in our Life Insurance segment increased $ 35 million for the three months ended March 31, 2018 , primarily due to growth in our Asian international life operations and Combined Insurance supplemental A&H program business. This growth was offset somewhat by our life reinsurance business, which continues to decline as no new life reinsurance business is currently being written.

Net Premiums Earned

Net premiums earned for short-duration contracts, typically P&C contracts, generally reflect the portion of net premiums written that were recorded as revenues for the period as the exposure periods expire. Net premiums earned for long-duration contracts, typically traditional life contracts, generally are recognized as earned when due from policyholders. Net premiums earned increased $255 million , or $129 million on a constant-dollar basis, for the three months ended March 31, 2018 due to the same factors driving the increase in net premiums written as described above.

P&C Combined Ratio

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

The following table presents the components of the P&C combined ratio:

	Three Months Ended March 31	
	2018	2017
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%

The loss and loss expense ratio increased 2.6 percentage points for the three months ended March 31, 2018 , due to higher catastrophe losses and lower favorable prior period development. Refer to the current accident year loss and loss expense ratio discussion below for more information.

Policy acquisition costs consist of commissions, premium taxes, and certain underwriting costs directly related to the successful acquisition of a new or renewal insurance contract. Our policy acquisition cost ratio remained relatively flat for the three months ended March 31, 2018 .

Our administrative expense ratio remained relatively flat for the three months ended March 31, 2018 .

The following table presents pre-tax catastrophe losses and pre-tax prior period development, net of related reinstatement premiums:

(in millions of U.S dollars)	Three Months Ended March 31 2018	2017
Catastrophe losses, pre-tax	$ 380	$ 206
Favorable prior period development net of related reinstatement premiums, pre-tax	$ 209	$ 231

We generally define catastrophe loss events consistent with the definition of the Property Claims Service (PCS) for events in the U.S. and Canada. PCS defines a catastrophe as an event that causes damage of $25 million or more in insured property losses and affects a significant number of insureds. For events outside of the U.S. and Canada, we generally use a similar definition.

	Catastrophe Loss Charge by Event					
Three Months Ended March 31, 2018 (in millions of U.S. dollars)	North America Commercial P&C Insurance	North America Personal P&C Insurance	North America Agricultural Insurance	Overseas General Insurance	Global Reinsurance	Total Consolidated
Gross losses						
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
Net losses						
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 before income tax	$ 78	$ 284	$ 1	$ 15	$ 2	$ 380
Income tax benefit						$ 77
Total after income tax						$ 303

Prior period development (PPD) arises from changes to loss estimates recognized in the current year that relate to loss events that occurred in previous calendar years and excludes the effect of losses from the development of earned premium from previous accident years. Favorable prior period development was $209 million for the three months ended March 31, 2018 compared to $231 million in the prior year. The favorable prior period development for the three months ended March 31, 2018, included $106 million related to the 2017 catastrophic events. Refer to the Prior Period Development section in Note 4 to the Consolidated Financial Statements for additional information.

Current Accident Year (CAY) Loss Ratio excluding CATs and CAY P&C Combined Ratio excluding CATs
For these measures, the numerator includes losses and loss expenses adjusted to exclude CATs and PPD. In addition, the denominator includes net premiums earned adjusted to exclude the amount of reinstatement premiums (expensed) collected. Reinstatement premiums are additional fully earned, prorated premiums payable to reinsurers to restore coverage that has been reduced by reinsurance loss payments.

The following table presents the CAY loss and loss expense ratio, excluding CATs and related reinstatement premiums (CAY loss ratio excluding CATs):

	Three Months Ended March 31	
	2018	2017
Loss and loss expense ratio	**60.0 %**	57.4 %
Catastrophe losses and related reinstatement premiums	**(5.8)%**	(3.3)%
Prior period development net of related reinstatement premiums	**3.5 %**	4.0 %
CAY loss ratio excluding catastrophe losses	**57.7 %**	58.1 %

The CAY loss ratio excluding CATs decreased 0.4 percentage points for the three months ended March 31, 2018 , primarily due to the following:
- A change in the mix of business in our Overseas General Insurance segment towards countries that have a lower loss ratio and a higher acquisition cost ratio (0.2 percentage points);
- Integration-related claims handling expense savings realized (0.2 percentage points);
- Partially offset by non-catastrophe weather related (i.e., wind and water) and fire related large losses in our North America Personal P&C Insurance segment (0.2 percentage points).

The following table presents the CAY P&C combined ratio excluding CATs:

	Three Months Ended March 31	
	2018	2017
CAY Loss and loss expense ratio ex CATs	**57.7%**	58.1%
CAY Policy acquisition cost ratio ex CATs	**20.5%**	20.3%
CAY Administrative expense ratio ex CATs	**9.4%**	9.6%
CAY P&C combined ratio ex CATs	**87.6%**	88.0%

P&C Combined Ratio with a Normal Level of CATs and CAY P&C Combined Ratio with a Normal Level of CATs
These measures include the level of CATs that we expected. Refer to the Non-GAAP Reconciliation section for the definition and determination of “normal level of CATs.” We believe that these measures are meaningful and provide a better indication of our underwriting performance as the portion of CATs intended to be covered by the premiums over time is retained in the calculation. These measures more appropriately align the numerator with a normal level of CATs to the denominator which includes the net earned premium on policies with exposures to that business.

The CAY P&C combined ratio with a normal level of CATs measure is further adjusted to exclude the impact of prior period development. We believe it is useful to exclude PPD as these unexpected loss developments on historical reserves are not indicative of our underlying performance when looking at the current accident year results.

	Three Months Ended March 31	
	2018	2017
P&C Combined Ratio	**90.1 %**	87.5 %
Less: CATs above normal level	**2.7 %**	0.1 %
P&C combined ratio with a normal level of CATs	**87.4 %**	87.4 %
Less: Prior period development net of related reinstatement premiums	**(3.3)%**	(3.8)%
CAY P&C Combined ratio with a normal level of CATs	**90.7 %**	91.2 %

Policy benefits
Policy benefits represent losses on contracts classified as long-duration and generally include accident and supplemental health products, term and whole life products, endowment products, and annuities. Policy benefits also include gains and losses from changes in liabilities associated with our separate account assets that do not qualify for separate account reporting under

GAAP. Certain of our long duration contracts are supported by assets that do not qualify for separate account reporting under GAAP. These assets are classified as trading securities and reported in Other investments and the offsetting liabilities are reported in Future policy benefits in the Consolidated balance sheet. Fair value changes in separate account assets that do not qualify for separate account reporting under GAAP are reported in Other (income) expense and the offsetting movements in the liabilities are included in Policy benefits in the Consolidated statements of operations.

For the three months ended March 31, 2018 and 2017, Policy benefits were $151 million and $168 million , respectively, which included separate account liability losses of $6 million and $30 million , respectively. Excluding the separate account losses, Policy Benefits were $145 million and $138 million for the three months ended March 31, 2018 and 2017, respectively.

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

Segment Operating Results – Three Months Ended March 31, 2018 and 2017

We operate through six business segments: North America Commercial P&C Insurance, North America Personal P&C Insurance, North America Agricultural Insurance, Overseas General Insurance, Global Reinsurance, and Life Insurance. For more information on our segments refer to "Segment Information" under Item 1 in our 2017 Form 10-K.

Corporate results primarily include income and expenses not attributable to reportable segments and loss and loss expenses of asbestos and environmental (A&E) liabilities and certain other run-off exposures.

North America Commercial P&C Insurance

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

	Three Months Ended March 31		% Change	
(in millions of U.S. dollars, except for percentages)	**2018**	2017	Q-18 vs. Q-17	
Net premiums written (1)	**$ 2,812**	$ 2,730	3.0%	
Net premiums earned	**3,029**	3,041	(0.4)%	
Losses and loss expenses	**1,908**	1,860	2.6%	
Policy acquisition costs	**472**	487	(3.1)%	
Administrative expenses	**231**	231	—	
Underwriting income	**418**	463	(9.7)%	
Net investment income	**503**	478	5.2%	
Other (income) expense	**(6)**	4	NM	
Segment income	**$ 927**	$ 937	(1.1)%	
Loss and loss expense ratio	**63.0%**	61.2%	1.8	pts
Policy acquisition cost ratio	**15.6%**	16.0%	(0.4)	pts
Administrative expense ratio	**7.6%**	7.6%	—	pts
Combined ratio	**86.2%**	84.8%	1.4	pts

NM – not meaningful

(1) The 2017 net premiums written amount was revised to reflect the transfer of certain multinational accounts ($12 million) to 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.

Premiums
Net premiums written increased $82 million for the three months ended March 31, 2018 , primarily due to growth in our retail casualty and risk management businesses reflecting strong new business increases in both our large corporate and middle market accounts, and growth in our retail workers' compensation business due to stronger retention. In addition, our commercial segment experienced positive rate increases across a number of lines in both our Major account and middle market businesses. These increases were partially offset by planned portfolio management in certain of our retail and wholesale brokerage financial lines, and in our program business.

Net premiums earned decreased $12 million for the three months ended March 31, 2018 despite the increase in net premiums written, primarily due to the impact of the 2017 additional reinsurance and merger-related actions ($66 million). The net premiums written growth in the quarter also had a minimal impact to net premiums earned in the current quarter.

Combined Ratio
The loss and loss expense ratio increased 1.8 percentage points for the three months ended March 31, 2018 , due to lower favorable prior period development, partially offset by lower catastrophe losses. Refer to the current accident year loss and loss expense ratio discussion below for more information.

The policy acquisition cost ratio decreased 0.4 percentage points for the three months ended March 31, 2018 , primarily due to increased cessions under certain reinsurance agreements that resulted in higher ceded acquisition costs benefit than in the prior year.

The administrative expense ratio was flat for the three months ended March 31, 2018 , as merit-based salary and inflationary increases were offset by integration-related expense savings realized.

The following table presents pre-tax catastrophe losses and pre-tax prior period development net of related reinstatement premiums:

	Three Months Ended March 31	
(in millions of U.S. dollars)	**2018**	2017
Catastrophe losses, pre-tax	**$ 78**	$ 83
Favorable prior period development net of related reinstatement premiums, pre-tax	**$ 101**	$ 179

Catastrophe losses through March 31, 2018 and 2017 were primarily from severe weather-related events in the U.S.

The following table presents the current accident year loss and loss expense ratio, excluding catastrophe losses and related reinstatement premiums (CAY loss ratio excluding catastrophe losses):

	Three Months Ended March 31	
	2018	2017
Loss and loss expense ratio	**63.0 %**	61.2 %
Catastrophe losses and related reinstatement premiums	**(2.6)%**	(2.8)%
Prior period development net of related reinstatement premiums	**3.6 %**	6.0 %
CAY loss ratio excluding catastrophe losses	**64.0 %**	64.4 %

The CAY loss ratio excluding catastrophe losses decreased 0.4 percentage points for the three months ended March 31, 2018 , primarily due to integration-related claims handling expense savings realized.

North America Personal P&C Insurance

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

	Three Months Ended March 31		% Change
(in millions of U.S. dollars, except for percentages)	**2018**	2017	Q-18 vs. Q-17
Net premiums written	**$ 1,048**	$ 984	6.5%
Net premiums earned	**1,140**	1,086	5.1%
Losses and loss expenses	**886**	633	40.0%
Policy acquisition costs	**237**	217	9.2%
Administrative expenses	**65**	65	—
Underwriting income (loss)	**(48)**	171	NM
Net investment income	**59**	55	7.3%
Other (income) expense	**—**	1	NM
Amortization of purchased intangibles	**3**	3	—
Segment income	**$ 8**	$ 222	(96.4)%
Loss and loss expense ratio	**77.7%**	58.3%	19.4 pts
Policy acquisition cost ratio	**20.8%**	20.0%	0.8 pts
Administrative expense ratio	**5.7%**	5.9%	(0.2) pts
Combined ratio	**104.2%**	84.2%	20.0 pts

NM – not meaningful

Premiums
Net premiums written increased $64 million for the three months ended March 31, 2018 , primarily due to growth in homeowners and complementary products such as automobiles and valuables ($26 million) and the non-renewal of a quota share reinsurance treaty in the second quarter of 2017 covering the acquired Fireman's Fund homeowners and automobile businesses ($38 million).

Net premiums earned increased $54 million for the three months ended March 31, 2018 , primarily due to the factors described above.

Combined Ratio
The loss and loss expense ratio increased 19.4 percentage points for the three months ended March 31, 2018 , due to higher catastrophe losses, partially offset by higher favorable prior period development. Refer to the current accident year loss and loss expense ratio discussion below for more information.

The policy acquisition cost ratio increased 0.8 percentage points for the three months ended March 31, 2018 , primarily due to the non-renewal of the Fireman's Fund quota share treaty which had a higher ceding commission.

The administrative expense ratio decreased 0.2 percentage points for the three months ended March 31, 2018 , primarily due to integration-related expense savings realized, partially offset by merit-based salary and inflationary increases.

The following table presents pre-tax catastrophe losses and pre-tax prior period development net of related reinstatement premiums:

	Three Months Ended March 31	
(in millions of U.S. dollars)	**2018**	2017
Catastrophe losses, pre-tax	**$ 284**	$ 68
Favorable prior period development net of related reinstatement premiums, pre-tax	**$ 6**	$ 3

Catastrophe losses through March 31, 2018 were primarily from California mudslides and Northeast winter storms. Catastrophe losses through March 31, 2017 were primarily from severe weather-related events in the U.S.

The following table presents the current accident year loss and loss expense ratio, excluding catastrophe losses and related reinstatement premiums (CAY loss ratio excluding catastrophe losses):

	Three Months Ended March 31	
	2018	2017
Loss and loss expense ratio	**77.7 %**	58.3 %
Catastrophe losses and related reinstatement premiums	**(24.9)%**	(6.2)%
Prior period development net of related reinstatement premiums	**0.5 %**	0.3 %
CAY loss ratio excluding catastrophe losses	**53.3 %**	52.4 %

The CAY loss ratio excluding catastrophe losses increased 0.9 percentage points for the three months ended March 31, 2018 , primarily due to a combination of non-catastrophe weather related (i.e., wind and water) and fire related large losses (1.3 percentage points), which were partially offset by integration-related claims handling expense savings realized.

North America Agricultural Insurance

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

	Three Months Ended March 31		% Change
(in millions of U.S. dollars, except for percentages)	**2018**	2017	Q-18 vs. Q-17
Net premiums written	**$ 108**	$ 61	76.2%
Net premiums earned	**43**	14	214.2%
Losses and loss expenses [(1)]	**(55)**	(73)	(24.7)%
Policy acquisition costs	**(1)**	(1)	—
Administrative expenses	**(3)**	(5)	(40.0)%
Underwriting income	**102**	93	9.7%
Net investment income	**7**	6	16.7%
Amortization of purchased intangibles	**7**	7	—
Segment income	**$ 102**	$ 92	10.9%
Loss and loss expense ratio	**(127.6)%**	(539.4)%	411.8 pts
Policy acquisition cost ratio	**(3.1)%**	(4.2)%	1.1 pts
Administrative expense ratio	**(7.6)%**	(34.9)%	27.3 pts
Combined ratio	**(138.3)%**	(578.5)%	440.2 pts

(1) Gains (losses) on crop derivatives were $2 million and nil for the three months ended March 31, 2018 and 2017, respectively. These gains (losses) are included in Net realized gains (losses) in our Consolidated statements of operations but are reclassified to Losses and loss expenses for purposes of presenting North America Agricultural Insurance underwriting income.

Premiums

Net premiums written increased $47 million for the three months ended March 31, 2018 , primarily due to an increase in MPCI premium which was driven in part by higher new business and the year-over-year impact of the premium sharing formulas under the U.S. government. Under the MPCI profit and loss calculation, we cede additional premiums to the government during profitable years. In the prior year, the program was more profitable which resulted in higher cessions compared to the first quarter of 2018.

Net premiums earned increased $29 million for the three months ended March 31, 2018 , due to the factors described above.

Combined Ratio

The loss and loss expense ratio increased 411.8 percentage points for the three months ended March 31, 2018 , due to lower favorable prior period development, partially offset by lower catastrophe losses. Refer to the current accident year loss and loss expense ratio discussion below for more information.

The policy acquisition cost ratio increased 1.1 percentage points for the three months ended March 31, 2018 , primarily due to higher MPCI direct commissions related to the 2017 crop year.

The administrative expense ratio was negative in the period, however, increased 27.3 percentage points for the three months ended March 31, 2018 , primarily due to the year-over-year impact of the Administrative and Operating (A&O) reimbursements on the MPCI business we recorded under the government program. The current year reimbursement was less than the prior year reimbursement.

The following table presents pre-tax catastrophe losses and pre-tax prior period development net of related reinstatement premiums:

	Three Months Ended March 31	
(in millions of U.S. dollars)	**2018**	2017
Catastrophe losses, pre-tax	**$ 1**	$ 5
Favorable prior period development net of related reinstatement premiums, pre-tax	**$ 76**	$ 79

Catastrophe losses through March 31, 2018 and 2017 were primarily from our farm, ranch, and specialty P&C businesses.

For the three months ended March 31, 2018 , net favorable prior period development was $76 million which included $112 million of favorable incurred losses and $4 million of lower acquisition costs due to lower than expected MPCI losses for the 2017 crop year, partially offset by a $40 million decrease in net premiums earned related to the MPCI profit and loss calculation formula. For the three months ended March 31, 2017, net favorable prior period development was $79 million, which included $135 million of favorable incurred losses and $5 million lower acquisition costs due to lower than expected MPCI losses for the 2016 crop year, partially offset by a $61 million decrease in net premiums earned related to the MPCI profit and loss calculation formula.

The following table presents the current accident year loss and loss expense ratio, excluding catastrophe losses and related reinstatement premiums (CAY loss ratio excluding catastrophe losses):

	Three Months Ended March 31	
	2018	2017
Loss and loss expense ratio	**(127.6)%**	(539.4)%
Catastrophe losses and related reinstatement premiums	**(1.5)%**	(39.5)%
Prior period development net of related reinstatement premiums	**198.0 %**	654.7 %
CAY loss ratio excluding catastrophe losses	**68.9 %**	75.8 %

The CAY loss ratio excluding catastrophe losses decreased 6.9 percentage points for the three months ended March 31, 2018 , primarily due to the current quarter gain on our crop derivatives and improved underlying losses in the current year.

Overseas General Insurance

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

	Three Months Ended March 31		% Change
(in millions of U.S. dollars, except for percentages)	**2018**	2017	Q-18 vs. Q-17
Net premiums written [(1)]	**$ 2,384**	$ 2,212	7.8%
Net premiums earned	**2,107**	1,936	8.8%
Losses and loss expenses	**1,078**	1,071	0.7%
Policy acquisition costs	**588**	529	11.2%
Administrative expenses	**239**	245	(2.4)%
Underwriting income [(2)]	**202**	91	122.0%
Net investment income	**151**	148	2.0%
Other (income) expense	**7**	(1)	NM
Amortization of purchased intangibles	**10**	11	(9.1)%
Segment income	**$ 336**	$ 229	46.7%
Loss and loss expense ratio	**51.1%**	55.3%	(4.2) pts
Policy acquisition cost ratio	**27.9%**	27.3%	0.6 pts
Administrative expense ratio	**11.4%**	12.7%	(1.3) pts
Combined ratio	**90.4%**	95.3%	(4.9) pts

NM - not meaningful

(1) On a constant-dollar basis, for the three months ended March 31, 2018 , net premiums written increased $33 million , or 1.4 percent. Amounts are calculated by translating prior period results using the same local currency rates as the comparable current period. The 2017 net premiums written amount was revised to reflect the transfer of certain multinational accounts ($12 million) 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) On a constant-dollar basis, for the three months ended March 31, 2018 , underwriting income increased $99 million , or 96.8 percent. Amounts are calculated by translating prior period results using the same local currency rates as the comparable current period.

Premiums

Net premiums written increased $172 million , or $33 million on a constant-dollar basis, for the three months ended March 31, 2018 , driven by growth in personal lines and accident and health (A&H) lines in Asia and Latin America. In addition, P&C lines growth was primarily in small commercial property and general casualty lines reflecting new business principally in Asia, and in middle market driven by new business and rate increases. This growth was partially offset by declines in large account business.

Net premiums earned increased $171 million , or $62 million on a constant-dollar basis, for the three months ended March 31, 2018 , due to the factors described above.

Overseas General Insurance conducts business internationally and in most major foreign currencies. The following table presents a regional breakdown of Overseas General Insurance net premiums written:

(in millions of U.S. dollars, except for percentages)	Three Months Ended March 31 2018	2018 % of Total	2017	2017 % of Total	C$ [(1)] 2017	% Change Q-18 vs. Q-17	C$ [(1)] Q-18 vs. Q-17
Region							
Europe	**$ 1,110**	**47%**	$ 1,030	47%	$ 1,128	7.8 %	(1.6)%
Latin America	**528**	**22%**	497	22%	507	6.2 %	4.1 %
Asia	**657**	**28%**	577	26%	604	13.9 %	8.8 %
Other [(2)]	**89**	**3%**	108	5%	112	(17.6)%	(20.5)%
Net premiums written	**$ 2,384**	**100%**	$ 2,212	100%	$ 2,351	7.8 %	1.4 %

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

(2) Combined International, Eurasia and Africa region, and other international. The 2017 net premiums written as reported and constant-dollar amounts were revised to reflect the transfer of certain multinational accounts ($12 million) 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.

Combined Ratio

The loss and loss expense ratio decreased 4.2 percentage points for the three months ended March 31, 2018 , due to lower catastrophe losses and favorable prior period development in the current year compared to unfavorable prior period development in the prior year. Refer to the current accident year loss and loss expense ratio discussion below for more information.

The policy acquisition cost ratio increased 0.6 percentage points for the three months ended March 31, 2018 , primarily due to a change in the mix of business towards countries that have a lower loss ratio and a higher acquisition cost ratio (0.5 percentage points), and the reduced benefit of lower cede commissions (0.1 percentage points).

The administrative expense ratio decreased 1.3 percentage points for the three months ended March 31, 2018 , primarily due to integration-related expense savings realized (0.5 percentage points), lower employee benefit related expenses (0.4 percentage points) and the favorable impact of higher net premiums earned in the current quarter, partially offset by the impact of increased spending to support growth initiatives.

The following table presents pre-tax catastrophe losses and pre-tax prior period development net of related reinstatement premiums:

(in millions of U.S. dollars)	Three Months Ended March 31 2018	2017
Catastrophe losses, pre-tax	**$ 15**	$ 50
Favorable (unfavorable) prior period development net of related reinstatement premiums, pre-tax	**$ 22**	$ (12)

Catastrophe losses through March 31, 2018 and 2017 were primarily from the following events:

- 2018 : Severe weather-related events in Europe
- 2017 : Cyclone Debbie in Australia

The following table presents the current accident year loss and loss expense ratio, excluding catastrophe losses and related reinstatement premiums (CAY loss ratio excluding catastrophe losses):

	Three Months Ended March 31 2018	2017
Loss and loss expense ratio	**51.1 %**	55.3 %
Catastrophe losses and related reinstatement premiums	**(0.7)%**	(2.6)%
Prior period development net of related reinstatement premiums	**1.0 %**	(0.6)%
CAY loss ratio excluding catastrophe losses	**51.4 %**	52.1 %

The CAY loss ratio excluding catastrophe losses decreased 0.7 percentage points for the three months ended March 31, 2018 , primarily due to a change in the mix of business towards countries that have a lower loss ratio and a higher acquisition cost ratio (0.9 percentage points) and integration-related claims handling expense savings realized (0.1 percentage points).

Global Reinsurance

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

	Three Months Ended March 31		% Change	
(in millions of U.S. dollars, except for percentages)	**2018**	2017	Q-18 vs. Q-17	
Net premiums written	**$ 193**	$ 199	(3.0)%	
Net premiums earned	**168**	189	(11.0)%	
Losses and loss expenses	**67**	94	(28.7)%	
Policy acquisition costs	**40**	51	(21.6)%	
Administrative expenses	**10**	10	—	
Underwriting income	**51**	34	50.0%	
Net investment income	**64**	62	3.2%	
Other (income) expense	**(7)**	—	NM	
Segment income	**$ 122**	$ 96	27.1%	
Loss and loss expense ratio	**40.1%**	49.6%	(9.5)	pts
Policy acquisition cost ratio	**23.6%**	26.8%	(3.2)	pts
Administrative expense ratio	**5.8%**	5.7%	0.1	pts
Combined ratio	**69.5%**	82.1%	(12.6)	pts

NM - not meaningful

Premiums
Net premiums written decreased $ 6 million for the three months ended March 31, 2018 , as the prior year included a $7 million favorable non-recurring reinstatement premium adjustment related to prior period loss development. Net premiums written increased $1 million excluding the non-recurring adjustment as new business written was approximately offset by lower renewals.

Net premiums earned decreased $ 21 million for the three months ended March 31, 2018 , primarily due to the factors described above as well as $13 million of short-term treaties earned in the prior year that were written in 2016 and 2017.

Combined Ratio
The loss and loss expense ratio decreased 9.5 percentage points for the three months ended March 31, 2018 , due to favorable prior period development in the current year compared to unfavorable prior period development in the prior year, partially offset by catastrophe losses in the current year. Refer to the current accident year loss and loss expense ratio discussion below for more information.

The policy acquisition cost ratio decreased 3.2 percentage points for the three months ended March 31, 2018 , primarily due to a shift in the mix of business towards more casualty business which generally has a higher loss ratio and lower acquisition cost ratio.

The administrative expense ratio was relatively flat for the three months ended March 31, 2018 .

The following table presents pre-tax catastrophe losses and pre-tax prior period development net of related reinstatement premiums:

	Three Months Ended March 31	
(in millions of U.S dollars)	**2018**	2017
Catastrophe losses, pre-tax	**$ 2**	$ —
Favorable (unfavorable) prior period development net of related reinstatement premiums, pre-tax [1]	**$ 14**	$ (8)
[1] Favorable (unfavorable) reinstatement premiums receivable on prior period development - pre-tax	**$ (1)**	$ 7

Catastrophe losses through March 31, 2018 were from severe weather-related events in the U.S.

The following table presents the current accident year loss and loss expense ratio, excluding catastrophe losses and related reinstatement premiums (CAY loss ratio excluding catastrophe losses):

	Three Months Ended March 31	
	2018	2017
Loss and loss expense ratio	**40.1 %**	49.6 %
Catastrophe losses and related reinstatement premiums	**(1.2)%**	—
Prior period development net of related reinstatement premiums	**8.8 %**	(6.4)%
CAY loss ratio excluding catastrophe losses	**47.7 %**	43.2 %

The CAY loss ratio excluding catastrophe losses increased 4.5 percentage points for the three months ended March 31, 2018 , due to a shift in the mix of business towards more casualty business which generally has a higher loss ratio and lower acquisition cost ratio.

Life Insurance

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

	Three Months Ended March 31		% Change
(in millions of U.S. dollars, except for percentages)	**2018**	2017	Q-18 vs. Q-17
Net premiums written	**$ 559**	$ 524	6.7 %
Net premiums earned	**540**	506	6.8 %
Losses and loss expenses	**205**	193	6.2 %
Policy benefits [1]	**151**	168	(10.1)%
(Gains) losses from fair value changes in separate account assets [1]	**(6)**	(30)	(80.0)%
Policy acquisition costs	**128**	114	12.3 %
Administrative expenses	**78**	72	8.3 %
Net investment income	**83**	75	10.7 %
Life Insurance underwriting income	**67**	64	4.7 %
Other (income) expense [1]	**2**	1	100.0 %
Amortization of purchased intangibles	**1**	1	—
Segment income	**$ 64**	$ 62	3.2 %

(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.

Premiums
Net premiums written increased $ 35 million for the three months ended March 31, 2018, primarily due to growth in our Asian international life operations and Combined Insurance supplemental A&H program business. This growth was offset by our life reinsurance business, which continues to decline as no new life reinsurance business is currently being written.

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

	Three Months Ended March 31			% Change	
(in millions of U.S. dollars, except for percentages)	**2018**	2017	C$ [1] 2017	Q-18 vs. Q-17	C$ [1] Q-18 vs. Q-17
Deposits collected on Universal life and investment contracts	**$ 379**	$ 310	$ 324	22.0%	16.9%

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

Deposits collected on universal life and investment contracts (life deposits) are not reflected as revenues in our Consolidated statements of operations in accordance with GAAP. New life deposits are an important component of production, and although they do not significantly affect current period income from operations, they are key to our efforts to grow our business. Life deposits collected increased for the three ended March 31, 2018 , due to growth in Taiwan, Korea, and Vietnam.

Life Insurance underwriting income
Life Insurance underwriting income increased $3 million for the three months ended March 31, 2018 , primarily due to an increase in net investment income.

Corporate

Corporate results primarily include income and expenses not attributable to reportable segments and loss and loss expenses of asbestos and environmental (A&E) liabilities.

(in millions of U.S. dollars, except for percentages)	Three Months Ended March 31 2018	2017	% Change Q-18 vs. Q-17
Losses and loss expenses	$ 11	$ 11	—
Administrative expenses	72	58	24.1 %
Underwriting loss	83	69	20.3 %
Net investment income (loss)	(61)	(79)	(22.8)%
Interest expense	157	154	1.9 %
Net realized gains (losses)	(4)	(7)	(42.9)%
Other (income) expense	(37)	(45)	(17.8)%
Amortization expense of purchased intangibles	64	42	52.4 %
Chubb integration expenses	10	111	(91.0)%
Income tax expense	135	128	5.5 %
Net loss	$ (477)	$ (545)	(12.5)%

Losses and loss expenses in both years were primarily related to unallocated loss adjustment expenses of the A&E claim operations.

Administrative expenses increased $14 million for the three months ended March 31, 2018 from higher global advertising expense and increased spending to support growth.

Chubb integration expenses are one-time in nature and are not related to the on-going business activities of the segments. The Chief Executive Officer does not manage segment results or allocate resources to segments when considering these costs and they are therefore excluded from our definition of segment income. Chubb integration expenses were $10 million and $111 million for the three months ended March 31, 2018 and 2017, respectively, and principally consisted of personnel-related expenses ($5 million and $81 million, respectively).

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

Effective Income Tax Rate

Our effective income tax rate, which we calculate as income tax expense divided by income before income tax, is dependent upon the mix of earnings from different jurisdictions with various tax rates. A change in the geographic mix of earnings would change the effective income tax rate.

For the three months ended March 31, 2018 and 2017, our effective rate was 11.1 percent and 10.5 percent, respectively. The effective income tax rate of 11.1 percent in the current year was higher compared to the prior year primarily from a lower tax benefit due to a reduction in integration expenses. This increase was offset by the favorable impact of the reduced U.S. corporate income tax rate that resulted from the passage of the Tax Cuts and Jobs Act and a higher tax benefit from higher catastrophe losses in the U.S. in the current year.

The 10.5 percent effective tax rate in the prior year included a benefit of $50 million, comprised of a non-recurring reduction to income tax expense related to an accounting election for certain discrete investments that resulted in the release of the associated deferred tax liability ($25 million) and the adoption of stock compensation guidance related to excess tax benefits of $25 million.

The lower tax rates attributed to our foreign operations primarily reflect the lower corporate tax rates that prevail outside of the U.S. During the three months ended March 31, 2018 , approximately 63 percent of our total pre-tax income was tax effected based on these lower rates compared with 57 percent for the three months ended March 31, 2017. The significant lower taxing jurisdictions outside of the U.S. include the U.K., Switzerland, and Bermuda with effective federal income tax rates in those countries of 19.0 percent, 7.83 percent, and 0.0 percent, respectively.

Non-GAAP Reconciliation

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

The P&C combined ratio is a non-GAAP financial measure and 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.

CAY P&C combined ratio excluding the impact of catastrophe losses (CATs) 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 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 that excluding the impact of CATs 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. This measure is commonly reported among our peers and allows for comparison to other property & casualty insurance companies.

The P&C combined ratio with a normal level of CATs and the CAY P&C combined ratio with a normal level of CATs are non-GAAP financial measures which include a level of CATs that we expected. A normal level of CATs is determined based on various factors, including historical experience, seasonal patterns, and consideration of both modeled CATs (e.g., windstorm and earthquake) as well as non-modeled CATs (e.g., wildfires, floods and freeze). For the three months ended March 31, 2018 and 2017, based on these and other factors, the normal level of CATs that we expected was $205 million and $201 million, respectively, resulting in an excess level of CATs of $175 million and $5 million, respectively. We believe that these measures are meaningful and provide a better indication of our underwriting performance as the portion of CATs intended to be covered by the premiums over time is retained in the calculation. These measures more appropriately align the numerator with a normal level of CATs to the denominator which includes the net earned premium on policies with exposures to that business. The CAY P&C combined ratio with a normal level of CATs excludes PPD as these unexpected loss developments on historical reserves are not indicative of our current underwriting performance when looking at the current accident year results. See page 45 for a reconciliation to the most directly comparable GAAP measures.

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

Three Months Ended March 31, 2018 (in millions of U.S. dollars except for ratios)		North America Commercial P&C Insurance	North America Personal P&C Insurance	North America Agricultural Insurance	Overseas General Insurance	Global Reinsurance	Corporate	Total P&C
Numerator								
Losses and loss expenses								
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**	**$ 56**	**$ 1,085**	**$ 80**	**$ 1**	**$ 3,771**
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%**	**(127.6)%**	**51.1%**	**40.1%**		**60.0%**
Policy acquisition costs and administrative expense ratio	**C/E**	**23.2%**	**26.5%**	**(10.7)%**	**39.3%**	**29.4%**		**30.1%**
P&C Combined ratio		**86.2%**	**104.2%**	**(138.3)%**	**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	—
P&C Combined ratio	**90.1%**

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

Three Months Ended March 31, 2017 (in millions of U.S. dollars except for ratios)		North America Commercial P&C Insurance	North America Personal P&C Insurance	North America Agricultural Insurance	Overseas General Insurance	Global Reinsurance	Corporate	Total P&C
Numerator								
Losses and loss expenses								
Losses and loss expenses		$ 1,860	$ 633	$ (73)	$ 1,071	$ 94	$ 11	$ 3,596
Realized (gains) losses on crop derivatives		—	—	—	—	—	—	—
Adjusted losses and loss expenses	A	$ 1,860	$ 633	$ (73)	$ 1,071	$ 94	$ 11	$ 3,596
Catastrophe losses		(83)	(68)	(5)	(50)	—	—	(206)
PPD and related adjustments								
PPD, net of related adjustments - favorable (unfavorable)		179	3	79	(12)	(8)	(10)	231
Net earned premium adjustments on PPD - unfavorable (favorable)		—	—	61	—	(7)	—	54
Expense adjustments - unfavorable (favorable)		—	—	(5)	—	—	—	(5)
PPD reinstatement premiums		9	—	—	—	—	—	9
PPD - gross of related adjustments - favorable (unfavorable)		188	3	135	(12)	(15)	(10)	289
Loss and loss expense ex CATs and PPD	**B**	$ 1,965	$ 568	$ 57	$ 1,009	$ 79	$ 1	$ 3,679
Policy acquisition costs and administrative expenses								
Policy acquisition costs and administrative expenses	C	$ 718	$ 282	$ (6)	$ 774	$ 61	$ 58	$ 1,887
Expense adjustments - favorable (unfavorable)		—	—	5	—	—	—	5
Policy acquisition costs and administrative expenses, adjusted	D	$ 718	$ 282	$ (1)	$ 774	$ 61	$ 58	$ 1,892
Denominator								
Net premiums earned	E	$ 3,041	$ 1,086	$ 14	$ 1,936	$ 189		$ 6,266
Net earned premium adjustments on PPD - unfavorable (favorable)		—	—	61	—	(7)		54
Reinstatement premiums expensed on PPD		9	—	—	—	—		9
Net premiums earned excluding adjustments	F	$ 3,050	$ 1,086	$ 75	$ 1,936	$ 182		$ 6,329
P&C Combined ratio								
Losses and loss expense ratio	A/E	61.2%	58.3%	(539.4)%	55.3%	49.6%		57.4%
Policy acquisition costs and administrative expense ratio	C/E	23.6%	25.9%	(39.1)%	40.0%	32.5%		30.1%
P&C Combined ratio		84.8%	84.2%	(578.5)%	95.3%	82.1%		87.5%
CAY P&C Combined ratio - ex CATs								
Loss and loss expense ratio, adjusted	B/F	64.4%	52.4%	75.8 %	52.1%	43.2%		58.1%
Policy acquisition costs and administrative expense ratio, adjusted	D/F	23.5%	25.9%	(1.2)%	40.0%	33.8%		29.9%
CAY P&C Combined ratio - ex CATs		87.9%	78.3%	74.6 %	92.1%	77.0%		88.0%
Combined ratio								
Combined ratio								87.5%
Add: impact of gains and losses on crop derivatives								—
P&C Combined ratio								87.5%

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.

Other Income and Expense Items

(in millions of U.S. dollars)	Three Months Ended March 31 2018	2017
Equity in net (income) loss of partially-owned entities	**$ (59)**	$ (53)
(Gains) losses from fair value changes in separate account assets [1]	**(6)**	(30)
Federal excise and capital taxes	**3**	3
Other	**15**	10
Other (income) expense	**$ (47)**	$ (70)

(1) Related to (gains) losses from fair value changes in separate account assets that do not qualify for separate account reporting under GAAP.

Other (income) expense includes equity in net (income) loss of partially-owned entities, which includes our share of net (income) loss related to partially-owned investment companies (private equity) and partially-owned insurance companies. Also included in Other (income) expense are (Gains) losses from fair value changes in separate account assets that do not qualify for separate account reporting under GAAP. The offsetting movement in the separate account liabilities is included in Policy benefits in the Consolidated statements of operations. Certain federal excise and capital taxes incurred as a result of capital management initiatives are included in Other (income) expense as these are considered capital transactions and are excluded from underwriting results.

Amortization of purchased intangibles and Other amortization

Amortization expense related to purchased intangibles was $ 85 million for the three months ended March 31, 2018 , compared with $ 64 million in the prior year period. The increase in amortization expense of purchased intangibles reflects higher intangible amortization expense related to agency distribution relationships and renewal rights and lower amortization benefit from the fair value adjustment on Unpaid losses and loss expenses.

Amortization expense for the remainder of 2018 is expected to be $252 million, or $84 million each quarter.

The following table presents, as of March 31, 2018 , the estimated pre-tax amortization expense (benefit) of purchased intangibles, at current foreign currency exchange rates, for the second through fourth quarters of 2018 and the next five years:

	Associated with the Chubb Corp Acquisition					
For the Years Ending December 31 (in millions of U.S. dollars)	Agency distribution relationships and renewal rights	Internally developed technology	Fair value adjustment on Unpaid losses and loss expenses	Total [1]	Other intangible assets [2]	Total Amortization of purchased intangibles
Second quarter of 2018	$ 82	$ 8	$ (26)	$ 64	$ 20	$ 84
Third quarter of 2018	82	8	(26)	64	20	84
Fourth quarter of 2018	82	8	(26)	64	20	84
2019	284	—	(63)	221	75	296
2020	242	—	(36)	206	70	276
2021	218	—	(20)	198	64	262
2022	198	—	(14)	184	57	241
2023	179	—	(7)	172	52	224
Total	$ 1,367	$ 24	$ (218)	$ 1,173	$ 378	$ 1,551

(1) Recorded in Corporate.
(2) Recorded in applicable segment(s) that acquired the intangible assets.

Reduction of deferred tax liability associated with intangible assets related to Other intangible assets (excluding the fair value adjustment on Unpaid losses and loss expense)

At March 31, 2018, the deferred tax liability associated with Other intangible assets (excluding the fair value adjustment on Unpaid losses and loss expense) was $1,417 million.

The following table presents, as of March 31, 2018 , the expected reduction of the deferred tax liability associated with Other intangible assets (which reduces as agency distribution relationships and renewal rights, internally developed technology, and other intangible assets amortize), at current foreign currency exchange rates, for the second through fourth quarters of 2018 and for the next five years:

For the Years Ending December 31 (in millions of U.S. dollars)		Reduction to deferred tax liability associated with intangible assets
Second quarter of 2018	$	24
Third quarter of 2018		24
Fourth quarter of 2018		24
2019		79
2020		69
2021		62
2022		56
2023		51
Total	$	389

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

The following table presents at March 31, 2018 , the expected amortization expense of the fair value adjustment on acquired invested assets, at current foreign currency exchange rates, and the expected amortization benefit from the amortization of the fair value adjustment on assumed long-term debt for the second through fourth quarters of 2018 and for the next five years:

	Amortization (expense) benefit of the fair value adjustment on			
For the Years Ending December 31 (in millions of U.S. dollars)		Acquired invested assets (1)		Assumed long-term debt (2)
Second quarter of 2018	$	(65)	$	9
Third quarter of 2018		(62)		6
Fourth quarter of 2018		(60)		5
2019		(220)		21
2020		(190)		21
2021		(160)		21
2022		(17)		21
2023		—		21
Total	$	(774)	$	125

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

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

Interest Expense

The following table presents the estimated interest expense for the remainder of 2018 based on our existing debt obligations as well as fees based on our expected usage of certain facilities including letters of credit, collateral fees, and repurchase agreements.

			Estimated Interest Expense							
		First quarter		Second quarter		Third quarter		Fourth quarter		Full Year
(in millions of U.S. dollars)		**2018**		2018		2018		2018		2018
Fixed interest expense based on outstanding debt	**$**	**140**	$	131	$	126	$	125	$	522
Variable interest expense based on expected usage		**29**		35		37		39		140
Adjusted interest expense	**$**	**169**	$	166	$	163	$	164	$	662
Amortization of the fair value of debt related to the Chubb Corp acquisition		**(12)**		(9)		(6)		(5)		(32)
Total interest expense, including amortization of the fair value of debt	**$**	**157**	$	157	$	157	$	159	$	630

The estimated fixed interest expense, at current foreign currency exchange rates, is based on outstanding debt obligations during the period:

- We redeemed the $1.0 billion unsecured junior subordinated capital securities on April 6, 2018. No interest expense was considered for this debt after April 6, 2018.
- We plan to redeem the $600 million 5.75 percent senior note on May 15, 2018. No interest expense was considered for this debt after May 15, 2018.
- We plan to redeem the $100 million 6.6 percent senior note on August 15, 2018. No interest expense was considered for this debt after August 15, 2018.

The estimated variable interest expense is based on expected usage and may fluctuate. These interest expenses include: notional pools interest expense and fees on collateral, repurchase agreements and credit facilities.

Net Investment Income

		Three Months Ended March 31		
(in millions of U.S. dollars)		**2018**		2017
Fixed maturities	**$**	**772**	$	730
Short-term investments		**48**		26
Equity securities		**8**		9
Other investments		**19**		19
Gross investment income (1)		**847**		784
Investment expenses		**(41)**		(39)
Net investment income (1)	**$**	**806**	$	745
(1) Includes amortization expense related to fair value adjustment of acquired invested assets related to the Chubb Corp acquisition	**$**	**(71)**	$	(91)

Net investment income is influenced by a number of factors including the amounts and timing of inward and outward cash flows, the level of interest rates, and changes in overall asset allocation. Net investment income increased 8.2 percent for the three months ended March 31, 2018 , compared with the prior year period. The increase for the three months ended March 31, 2018 was primarily due to a higher average invested asset base and higher earnings on short-term investments.

Our average yield on invested assets for both the three months ended March 31, 2018 and 2017 was 3.4 percent, which is primarily driven by the yield on our fixed maturities. This compares to the average market yield, which represents the weighted average yield to maturity of our fixed income portfolio based on market prices of the holdings throughout the period, of 3.3 percent and 2.8 percent at March 31, 2018 and 2017, respectively.

Net Realized and Unrealized Gains (Losses)

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

The effect of market movements on our fixed maturities portfolio impacts Net income (through Net realized gains (losses)) when securities are sold or when we record an Other-than-temporary impairment (OTTI) charge in Net income. For a further discussion related to how we assess OTTI for our fixed maturities, including credit-related OTTI, and the related impact on Net income, refer to Note 2 b) to the Consolidated Financial Statements. Effective January 1, 2018, we adopted new accounting guidance that requires the effect of changes in fair value of equity securities and cost-method private equity securities to be recognized immediately in net income (through realized gains (losses)). Additionally, Net income is impacted through the reporting of changes in the fair value of derivatives, including financial futures, options, swaps, and GLB reinsurance. Changes in unrealized appreciation and depreciation on available for sale securities, resulting from the revaluation of securities held, changes in cumulative foreign currency translation adjustment, and unrealized postretirement benefit liability adjustment, are reported as separate components of Accumulated other comprehensive income in Shareholders' equity in the Consolidated balance sheets.

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

	Three Months Ended March 31, 2018			Three Months Ended March 31, 2017		
(in millions of U.S. dollars)	Net Realized Gains (Losses)	Net Unrealized Gains (Losses)	Net Impact	Net Realized Gains (Losses)	Net Unrealized Gains (Losses)	Net Impact
Fixed maturities	$ (23)	$ (1,211)	$ (1,234)	$ (12)	$ 256	$ 244
Fixed income derivatives	17	—	17	6	—	6
Public equity	10	—	10	4	28	32
Private equity	—	—	—	(8)	31	23
Mark-to-market on public and private equity	8	—	8	—	—	—
Total investment portfolio [(1)]	12	(1,211)	(1,199)	(10)	315	305
Variable annuity reinsurance derivative transactions, net of applicable hedges	60	—	60	19	—	19
Other derivatives	2	—	2	2	—	2
Foreign exchange	(77)	397	320	(19)	134	115
Other	1	(23)	(22)	1	(20)	(19)
Net gains (losses) before tax	$ (2)	$ (837)	$ (839)	$ (7)	$ 429	$ 422

(1) For the three months ended March 31, 2018 , other-than-temporary impairments in Net realized gains (losses) included $1 million for fixed maturities. For the three months ended March 31, 2017 , other-than-temporary impairments in Net realized gains (losses) included $6 million for fixed maturities, $5 million for public equity, and $8 million for private equity.

The variable annuity reinsurance derivative transactions resulted in realized gains of $60 million for the three months ended March 31, 2018, reflecting a net decrease in the fair value of GLB liabilities of $38 million, primarily due to rising interest rates, partially offset by lower equity market levels. In addition, we maintain positions in derivative instruments that decrease in fair value when the S&P 500 index increases. There were realized gains of $22 million related to these derivative instruments.

The variable annuity reinsurance derivative transactions resulted in realized gains of $19 million for the three months ended March 31, 2017, reflecting a net decrease in the fair value of GLB liabilities of $93 million, primarily due to higher global equity market levels. In addition, we maintain positions in derivative instruments that decrease in fair value when the S&P 500 index increases. There were realized losses of $74 million related to these derivative instruments.

Investments

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

The average duration of our fixed income securities, including the effect of options and swaps, was 4.3 years and 4.2 years at March 31, 2018 and December 31, 2017 , respectively. We estimate that a 100 basis point (bps) increase in interest rates would reduce the valuation of our fixed income portfolio by approximately $4.1 billion at March 31, 2018 .

The following table shows the fair value and cost/amortized cost of our invested assets:

	March 31, 2018		December 31, 2017	
(in millions of U.S. dollars)	**Fair Value**	**Cost/ Amortized Cost**	Fair Value	Cost/ Amortized Cost
Fixed maturities available for sale	**$ 79,111**	**$ 79,208**	$ 78,939	$ 77,835
Fixed maturities held to maturity	**14,122**	**14,253**	14,474	14,335
Short-term investments	**2,874**	**2,874**	3,561	3,561
	96,107	**96,335**	96,974	95,731
Equity securities [(1)]	**948**	**948**	937	737
Other investments [(1)]	**4,919**	**4,919**	4,672	4,417
Total investments	**$ 101,974**	**$ 102,202**	$ 102,583	$ 100,885

(1) Effective Q1 2018, we adopted new accounting guidance that requires any changes in fair value of equity securities and other investments that are accounted for under the cost-method to be recognized immediately in net income. Therefore, the amortized cost of these investments is equal to their fair value at March 31, 2018.

The fair value of our total investments decreased $609 million during the three months ended March 31, 2018 , primarily due to unrealized depreciation, the payment of dividends on our Common Shares, and the repayment of $300 million of senior notes that matured in March 2018. This decrease was partially offset by the investing of net proceeds from the debt issuance, the investing of operating cash flows, and the favorable impact of foreign exchange in the current year.

The following tables present the market value of our fixed maturities and short-term investments at March 31, 2018 and December 31, 2017 . The first table lists investments according to type and second according to S&P credit rating:

(in millions of U.S. dollars, except for percentages)	March 31, 2018 Market Value	March 31, 2018 % of Total	December 31, 2017 Market Value	December 31, 2017 % of Total
Treasury	$ 4,277	4%	$ 4,049	4%
Agency	593	1%	564	1%
Corporate and asset-backed securities	26,564	28%	27,215	28%
Mortgage-backed securities	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	$ 96,107	100%	$ 96,974	100%
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	—%	233	—
Total	$ 96,107	100%	$ 96,974	100%

Corporate and asset-backed securities

The following table presents our 10 largest global exposures to corporate bonds by market value at March 31, 2018 :

(in millions of U.S. dollars)	Market Value
Wells Fargo & Co	$ 542
JP Morgan Chase & Co	417
Goldman Sachs Group Inc	410
AT&T Inc	399
Anheuser-Busch InBev NV	354
Bank of America Corp	340
Verizon Communications Inc	338
General Electric Co	334
Morgan Stanley	328
HSBC Holdings Plc	307

Mortgage-backed securities

	S&P Credit Rating					Market Value	Amortized Cost
March 31, 2018 (in millions of U.S. dollars)	AAA	AA	A	BBB	BB and below	Total	Total
Agency residential mortgage-backed (RMBS)	$ —	$ 15,176	$ —	$ —	$ —	$ 15,176	$ 15,459
Non-agency RMBS	28	27	85	29	24	193	193
Commercial mortgage-backed	2,809	203	86	—	—	3,098	3,145
Total mortgage-backed securities	$ 2,837	$ 15,406	$ 171	$ 29	$ 24	$ 18,467	$ 18,797

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

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

Our non-U.S. investment grade fixed income portfolios are currency-matched with the insurance liabilities of our non-U.S. operations. The average credit quality of our non-U.S. fixed income securities is A and 54 percent of our holdings are rated AAA or guaranteed by governments or quasi-government agencies. Within the context of these investment portfolios, our government and corporate bond holdings are highly diversified across industries and geographies. Issuer limits are based on credit rating (AA— two percent, A— one percent, BBB— 0.5 percent of the total portfolio) and are monitored daily via an internal compliance system. Because of this investment approach, we do not have a direct exposure to troubled sovereign borrowers in Europe. We manage our indirect exposure using the same credit rating based investment approach. Accordingly, we do not believe our indirect exposure is material.

The following table summarizes the market value and amortized cost of our non-U.S. fixed income portfolio by country/sovereign for non-U.S. government securities at March 31, 2018 :

(in millions of U.S. dollars)	Market Value	Amortized Cost
United Kingdom	$ 1,392	$ 1,381
Republic of Korea	1,071	1,005
Canada	988	1,001
Federative Republic of Brazil	812	794
Province of Ontario	639	644
United Mexican States	579	585
Province of Quebec	510	514
Federal Republic of Germany	494	488
Kingdom of Thailand	488	459
French Republic	343	325
Other Non-U.S. Government Securities (1)	4,542	4,443
Total	$ 11,858	$ 11,639

(1) There are no investments in Portugal, Ireland, Italy, Greece or Spain.

The following table summarizes the market value and amortized cost of our non-U.S. fixed income portfolio by country/sovereign for non-U.S. corporate securities at March 31, 2018 :

(in millions of U.S. dollars)		Market Value		Amortized Cost
United Kingdom	$	2,064	$	2,027
Canada		1,454		1,455
United States (1)		998		1,000
France		911		899
Australia		828		818
Netherlands		664		656
Germany		549		536
Japan		424		425
Switzerland		410		407
China		310		310
Other Non-U.S. Corporate Securities		3,312		3,284
Total	$	11,924	$	11,817

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

Below-investment grade corporate fixed income portfolio

Below-investment grade securities have different characteristics than investment grade corporate debt securities. Risk of loss from default by the borrower is greater with below-investment grade securities. Below-investment grade securities are generally unsecured and are often subordinated to other creditors of the issuer. Also, issuers of below-investment grade securities usually have higher levels of debt and are more sensitive to adverse economic conditions, such as recession or increasing interest rates, than investment grade issuers. At March 31, 2018 , our corporate fixed income investment portfolio included below-investment grade and non-rated securities which, in total, comprised approximately 12 percent of our fixed income portfolio. Our below-investment grade and non-rated portfolio includes over 1,200 issuers, with the greatest single exposure being $144 million .

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

Critical Accounting Estimates

As of March 31, 2018 , there were no material changes to our critical accounting estimates. For a full discussion of our critical accounting estimates, refer to Item 7 in our 2017 Form 10-K.

Reinsurance recoverable on ceded reinsurance

(in millions of U.S. dollars)		March 31 2018		December 31 2017
Reinsurance recoverable on unpaid losses and loss expenses (1)	$	13,822	$	14,014
Reinsurance recoverable on paid losses and loss expenses (1)		1,160		1,020
Reinsurance recoverable on losses and loss expenses (1)	$	14,982	$	15,034
Reinsurance recoverable on policy benefits (1)	$	181	$	184

(1) Net of provision for uncollectible reinsurance.

We evaluate the financial condition of our reinsurers and potential reinsurers on a regular basis and also monitor concentrations of credit risk with reinsurers. The provision for uncollectible reinsurance is required principally due to the potential failure of reinsurers to indemnify us, primarily because of disputes under reinsurance contracts and insolvencies. The provision for uncollectible reinsurance is based on a default analysis applied to gross reinsurance recoverables, net of approximately $ 3.7 billion of collateral at both March 31, 2018 and December 31, 2017 .

The decrease in reinsurance recoverable on losses and loss expenses was primarily due to collections on catastrophe losses related to the 2017 catastrophic events, partially offset by additional reinsurance recoverable related to catastrophe losses during the first quarter of 2018, and foreign currency movement.

Unpaid losses and loss expenses
As an insurance and reinsurance company, we are required by applicable laws and regulations and GAAP to establish loss and loss expense reserves for the estimated unpaid portion of the ultimate liability for losses and loss expenses under the terms of our policies and agreements with our insured and reinsured customers. With the exception of certain structured settlements, for which the timing and amount of future claim payments are reliably determinable, and certain reserves for unsettled claims that are discounted in statutory filings, our loss reserves are not discounted for the time value of money.

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

(in millions of U.S. dollars)	Gross Losses	Reinsurance Recoverable (1)	Net Losses
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)
Foreign currency revaluation and other	380	88	292
Balance at March 31, 2018	**$ 63,139**	**$ 13,822**	**$ 49,317**

(1) Net of provision for uncollectible reinsurance of $320 million and $321 million at March 31, 2018 and December 31, 2017, respectively.

The estimate of the liabilities includes provisions for claims that have been reported but are unpaid at the balance sheet date (case reserves) and for obligations on claims that have been incurred but not reported (IBNR) at the balance sheet date. IBNR may also include provisions to account for the possibility that reported claims may settle for amounts that differ from the established case reserves. Loss reserves also include an estimate of expenses associated with processing and settling unpaid claims (loss expenses).

Refer to Note 4 to the Consolidated Financial Statements for a discussion on the changes in the loss reserves.

Asbestos and Environmental (A&E)
There was no significant A&E reserve activity during the three months ended March 31, 2018 . A&E reserves are included in Corporate. Refer to our 2017 Form 10-K for further information on our A&E exposures.

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

Catastrophe management

We actively monitor and manage our catastrophe risk accumulation around the world. The table below presents our modeled pre-tax estimates of natural catastrophe probable maximum loss (PML), net of reinsurance, for Worldwide, U.S. hurricane and California earthquake events as of March 31, 2018 . For example, according to the model, for the 1-in-100 return period scenario, there is a one percent chance that our losses incurred in any year from U.S. hurricane events could be in excess of $2,853 million (or 5.6 percent of our total shareholders' equity at March 31, 2018).

	Modeled Net PML					
	Worldwide [1] Annual Aggregate		U.S. Hurricane Annual Aggregate		California Earthquake Single Occurrence	
(in millions of U.S. dollars, except for percentages)	Chubb	% of Total Shareholders' Equity	Chubb	% of Total Shareholders' Equity	Chubb	% of Total Shareholders' Equity
1-in-10	$ 1,938	3.8%	$ 1,127	2.2%	$ 143	0.3%
1-in-100	$ 4,035	7.9%	$ 2,853	5.6%	$ 1,387	2.7%
1-in-250	$ 6,526	12.7%	$ 5,130	10.0%	$ 1,522	3.0%

(1) Worldwide losses are comprised of losses arising only from hurricanes, typhoons, convective storms and earthquakes and do not include "non-modeled" perils such as wildfire and flood.

The above modeled loss information at March 31, 2018 reflects our in-force portfolio at January 1, 2018. The March 31, 2018 modeled loss information reflects the April 1, 2018 reinsurance program (see Natural Catastrophe Property Reinsurance Program section) as well as inuring reinsurance protection coverages. Included in the loss estimates for hurricane and earthquake are estimates for losses arising from storm-surge and fire-following perils, respectively.

The above estimates of Chubb's loss profile are inherently uncertain owing to key assumptions. First, while the use of third-party catastrophe modeling packages to simulate potential hurricane and earthquake losses is prevalent within the insurance industry, the models are reliant upon significant meteorology, seismology, and engineering assumptions to estimate catastrophe losses. In particular, modeled catastrophe events are not always a representation of actual events and ensuing additional loss potential. Second, there is no universal standard in the preparation of insured data for use in the models, the running of the modeling software and interpretation of loss output. These loss estimates do not represent our potential maximum exposures and it is highly likely that our actual incurred losses would vary materially from the modeled estimates.

Natural Catastrophe Property Reinsurance Program

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

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

Chubb renewed its Global Property Catastrophe Reinsurance Program for our North American and International operations effective April 1, 2018 through March 31, 2019, with no significant change in coverage from the expiring program. The program consists of three layers in excess of losses retained by Chubb. In addition, Chubb also renewed its terrorism coverage (excluding nuclear, biological, chemical and radiation coverage, with an inclusion of coverage for biological and chemical coverage for personal lines) for the United States from April 1, 2018 through March 31, 2019 with the same limits and retention and percentage placed except that the majority of terrorism coverage is on an aggregate basis above our retentions without a reinstatement.

Loss Location	Layer of Loss	Comments	Notes
United States (excluding Alaska and Hawaii)	$0 million – $1.0 billion	Losses retained by Chubb	(a)
United States (excluding Alaska and Hawaii)	$1.0 billion – $1.25 billion	All natural perils and terrorism	(b)
United States (excluding Alaska and Hawaii)	$1.25 billion – $2.0 billion	All natural perils and terrorism	(c)
United States (excluding Alaska and Hawaii)	$2.0 billion – $3.5 billion	All natural perils and terrorism	(d)
International (including Alaska and Hawaii)	$0 million – $175 million	Losses retained by Chubb	(a)
International (including Alaska and Hawaii)	$175 million – $925 million	All natural perils and terrorism	(c)
Alaska, Hawaii, and Canada	$925 million – $2.425 billion	All natural perils and terrorism	(d)

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

(b) These coverages are 20 percent placed with Reinsurers.

(c) These coverages are both part of the same Second layer within the Global Catastrophe Program and are 100 percent placed with Reinsurers. As such, it may be exhausted in one region and not available in the other.

(d) These coverages are both part of the same Third layer within the Global Catastrophe Program and are 100 percent placed with Reinsurers. As such, it may be exhausted in one region and not available in the other.

Chubb also has a property catastrophe bond in place (assumed as part of the Chubb Corp acquisition) that offers additional natural catastrophe protection for certain parts of the portfolio. The geographic scope of this coverage is from Virginia through Maine. The East Lane VI 2015 bond currently provides $250 million of coverage as part of a $430 million layer in excess of $2,014 million retention through March 13, 2020.

Crop Insurance

We are, and have been since the 1980s, one of the leading writers of crop insurance in the U.S. and have conducted that business through a managing general agent subsidiary of Rain and Hail. We provide protection throughout the U.S. on a variety of crops and are therefore geographically diversified, which reduces the risk of exposure to a single event or a heavy accumulation of losses in any one region. Our crop insurance business comprises two components – Multiple Peril Crop Insurance (MPCI) and crop-hail insurance.

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

Each year the RMA issues a final SRA for the subsequent reinsurance year. In June 2017, the RMA released the 2018 SRA which establishes the terms and conditions for the 2018 reinsurance year (i.e., July 1, 2017 through June 30, 2018) that replaced the 2017 SRA. There were no significant changes in the terms and conditions, and therefore the new SRA does not impact Chubb's outlook on the crop program relative to 2018.

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

The pricing of MPCI premium is determined using a number of factors including commodity prices and related volatility. For instance, in most states the pricing for the MPCI Revenue Product for corn includes a factor that is based on the average price in February of the Chicago Board of Trade December corn futures. To the extent that the corn commodity prices are higher in February than they were in the previous February, and all other factors are the same, the increase in corn prices will increase the corn premium year over year.

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

Liquidity

We anticipate that positive cash flows from operations (underwriting activities and investment income) should be sufficient to cover cash outflows under most loss scenarios for the near term. In addition to cash from operations, routine sales of investments, and financing arrangements, we have agreements with a third-party bank provider which implemented two international multi-currency notional cash pooling programs to enhance cash management efficiency during periods of short-term timing mismatches between expected inflows and outflows of cash by currency. The programs allow us to optimize investment income by avoiding portfolio disruption. Should the need arise, we generally have access to capital markets and an available $1.0 billion letter of credit/revolver facility. At March 31, 2018, our LOC usage was $305 million. Our access to funds under an existing credit facility is dependent on the ability of the banks that are a party to the facility to meet their funding commitments. Our existing credit facility has a remaining term expiring in October 2022 and requires that we maintain certain financial covenants, all of which we met at March 31, 2018. Should our existing credit provider experience financial difficulty, we may be required to replace credit sources, possibly in a difficult market. If we cannot obtain adequate capital or sources of credit on favorable terms, on a timely basis, or at all, our business, operating results, and financial condition could be adversely affected. To date, we have not experienced difficulty accessing our credit facility. Refer to "Credit Facilities" in our 2017 10-K for additional information.

The payment of dividends or other statutorily permissible distributions from our operating companies are subject to the laws and regulations applicable to each jurisdiction, as well as the need to maintain capital levels adequate to support the insurance and reinsurance operations, including financial strength ratings issued by independent rating agencies. During the three months ended March 31, 2018 , we were able to meet all of our obligations, including the payments of dividends on our Common Shares, with our net cash flows.

We assess which subsidiaries to draw dividends from based on a number of factors. Considerations such as regulatory and legal restrictions as well as the subsidiary's financial condition are paramount to the dividend decision. Chubb Limited received dividends of nil and $450 million from its Bermuda subsidiaries during the three months ended March 31, 2018 and 2017, respectively.

The payment of any dividends from CGM or its subsidiaries is subject to applicable U.K. insurance laws and regulations. In addition, the release of funds by Syndicate 2488 to subsidiaries of CGM is subject to regulations promulgated by the Society of Lloyd's. The U.S. insurance subsidiaries of Chubb INA Holdings Inc. (Chubb INA) may pay dividends, without prior regulatory approval, subject to restrictions set out in state law of the subsidiary's domicile (or, if applicable, commercial domicile). Chubb INA's international subsidiaries are also subject to insurance laws and regulations particular to the countries in which the subsidiaries operate. These laws and regulations sometimes include restrictions that limit the amount of dividends payable without prior approval of regulatory insurance authorities. Chubb Limited received no dividends from CGM or Chubb INA during the three months ended March 31, 2018 and 2017 . Debt issued by Chubb INA is serviced by statutorily permissible distributions by Chubb INA's insurance subsidiaries to Chubb INA as well as other group resources. Chubb INA received dividends of $3.0 billion and $46 million from its subsidiaries during the three months ended March 31, 2018 and 2017, respectively.

Cash Flows

Our sources of liquidity include cash from operations, routine sales of investments, and financing arrangements. The following is a discussion of our cash flows for the three months ended March 31, 2018 and 2017 .

Operating cash flows were $551 million in the three months ended March 31, 2018 , compared to $1.0 billion in the prior year period. The decrease in operating cash flow was due to higher net claims paid in the current year, principally reflecting the catastrophe loss payments related to the 2017 catastrophe events.

Cash used for investing was $881 million in the three months ended March 31, 2018 , compared to $66 million in the prior year period. Cash from financing was $1.6 billion in the three months ended March 31, 2018 , compared to cash used for financing of $858 million in the prior year period. The current year included $1.9 billion of net proceeds from the issuance of long-term debt (net of repayments) partially offset by $330 million of dividends paid on Common Shares.

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

In the current low interest rate environment, we use repurchase agreements as a low-cost funding alternative. At March 31, 2018 , there were $ 1.4 billion in repurchase agreements outstanding with various maturities over the next 7 months.

Capital Resources

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

(in millions of U.S. dollars, except for ratios)	**March 31 2018**	December 31 2017
Short-term debt	**$ 1,669**	$ 1,013
Long-term debt	**12,786**	11,556
Total financial debt	**14,455**	12,569
Trust preferred securities	**308**	308
Total shareholders’ equity	**51,287**	51,172
Total capitalization	**$ 66,050**	$ 64,049
Ratio of financial debt to total capitalization	**21.9%**	19.6%
Ratio of financial debt plus trust preferred securities to total capitalization	**22.4%**	20.1%

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

Chubb INA Holdings Inc.’s (Chubb INA) $300 million of 5.8 percent senior notes due March 2018 were paid upon maturity. In addition, Chubb INA issued €900 million of 1.55 percent Euro denominated senior notes due March 2028 and €900 million of 2.5 percent Euro denominated senior notes due March 2038 (totaling $2.2 billion based on the foreign exchange rate at the date of issuance).

On April 6, 2018, Chubb INA redeemed $1.0 billion of 6.375 percent unsecured junior subordinated capital securities. Refer to Note 5 to the Consolidated Financial Statements for additional details about the debt issued and debt redeemed.

In December 2017, our Board of Directors (Board) authorized the repurchase of up to $1.0 billion of Chubb's Common Shares from January 1, 2018 through December 31, 2018. There were no shares repurchases for the three months ended March 31,

2018. At March 31, 2018 , there were 13,952,378 Common Shares in treasury with a weighted average cost of $123.80 per share.

We generally maintain the ability to issue certain classes of debt and equity securities via an unlimited Securities and Exchange Commission (SEC) shelf registration which is renewed every three years. This allows us capital market access for refinancing as well as for unforeseen or opportunistic capital needs. Our current shelf registration on file with the SEC expires in October 2018.

Dividends
We have paid dividends each quarter since we became a public company in 1993. Under Swiss law, dividends must be stated in Swiss francs though dividend payments are made by Chubb in U.S. dollars. Refer to Note 7 to the Consolidated Financial Statements for a discussion of our dividend methodology.

At our May 2017 annual general meeting, our shareholders approved an annual dividend for the following year of up to $2.84 per share, or CHF 2.78 per share, calculated using the USD/CHF exchange rate as published in the Wall Street Journal on May 18, 2017, which was paid in four quarterly installments of $0.71 per share after the general meeting by way of a distribution from capital contribution reserves, transferred to free reserves for payment. The Board will determine the record and payment dates at which the annual dividend may be paid until the date of the 2018 annual general meeting, and is authorized to abstain from distributing a dividend at their discretion. The annual dividend approved in May 2017 represented an $0.08 per share increase ($0.02 per quarter) over the prior year dividend.

The following table represents dividends paid per Common Share to shareholders of record on each of the following dates:

Shareholders of record as of:	Dividends paid as of:	
December 29, 2017	January 19, 2018	$0.71 (CHF 0.70)
March 29, 2018	April 20, 2018	$0.71 (CHF 0.66)

ITEM 3. Quantitative and Qualitative Disclosures about Market Risk
Refer to Item 7A included in our 2017 Form 10-K.

Foreign currency management
As a global company, Chubb entities transact business in multiple currencies. Our policy is to generally match assets, liabilities and required capital for each individual jurisdiction in local currency, which would include the use of derivatives. We do not hedge our net asset non-U.S. dollar capital positions; however, we do consider hedging for planned cross border transactions. For an estimated impact of foreign currency movement on our net assets denominated in non-U.S. currencies, refer to Item 7A in our 2017 Form 10-K. This information will be updated and disclosed in interim filings if our net assets in non-U.S. currencies change materially from the December 31, 2017 balances disclosed in the 2017 Form 10-K.

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

Net income is directly impacted by changes in benefit reserves calculated in connection with reinsurance of variable annuity guarantees, primarily GMDB and GLB. In addition, net income is directly impacted by changes in the fair value of the GLB liability (FVL), which is classified as a derivative for accounting purposes. The FVL established for a GLB reinsurance contract represents the difference between the fair value of the contract and the benefit reserves. Benefit reserves and FVL calculations are directly affected by market factors, including equity levels, interest rate levels, credit risk, and implied volatilities, as well as policyholder behaviors, such as annuitization and lapse rates.

The tables below are estimates of the sensitivities to instantaneous changes in economic inputs (e.g., equity shock, interest rate shock etc.) or actuarial assumptions at March 31, 2018 of the FVL and of the fair value of specific derivative instruments held (hedge value) to partially offset the risk in the variable annuity guarantee reinsurance portfolio. The following assumptions should be considered when using the below tables:

- No changes to the benefit ratio used to establish benefit reserves at March 31, 2018 .

- Equity shocks impact all global equity markets equally
  - Our liabilities are sensitive to global equity markets in the following proportions: 75 percent— 85 percent U.S. equity, 15 percent— 25 percent international equity.
  - Our current hedge portfolio is sensitive to global equity markets in the following proportions: 100 percent U.S. equity.
  - We would suggest using the S&P 500 index as a proxy for U.S. equity, and the MSCI EAFE index as a proxy for international equity.

- Interest rate shocks assume a parallel shift in the U.S. yield curve
  - Our liabilities are also sensitive to global interest rates at various points on the yield curve, mainly the U.S. Treasury curve in the following proportions: up to 10 percent short-term rates (maturing in less than 5 years), 20 percent— 30 percent medium-term rates (maturing between 5 years and 10 years, inclusive), and 60 percent— 70 percent long-term rates (maturing beyond 10 years).
  - A change in AA-rated credit spreads (AA-rated credit spreads are a proxy for both our own credit spreads and the credit spreads of the ceding insurers) impacts the rate used to discount cash flows in the fair value model.

- The hedge sensitivity is from March 31, 2018 market levels.

- The sensitivities are not directly additive because changes in one factor will affect the sensitivity to changes in other factors. The sensitivities do not scale linearly and may be proportionally greater for larger movements in the market factors. The sensitivities may also vary due to foreign exchange rate fluctuations. The calculation of the FVL is based on internal models that include assumptions regarding future policyholder behavior, including lapse, annuitization, and asset allocation. These assumptions impact both the absolute level of the FVL as well as the sensitivities to changes in market factors shown below. Actual sensitivity of our net income may differ from those disclosed in the tables below due to differences between short-term market movements and management judgment regarding the long-term assumptions implicit in our benefit ratios. Furthermore, the sensitivities below could vary by multiples of the sensitivities in the tables below.

- In addition, the tables below do not reflect the expected quarterly run rate of net income generated by the variable annuity guarantee reinsurance portfolio if markets remain unchanged during the period. All else equal, if markets remain unchanged during the period, the Gross FVL will increase, resulting in a realized loss. The realized loss occurs primarily because, during the period, we will collect premium on the full population while 85 percent of that population has become eligible to annuitize and generate a claim (since approximately 15 percent of policies are not eligible to annuitize until after March 31, 2018). This increases the Gross FVL because future premiums are lower by the amount collected in the quarter, and also because future claims are discounted for a shorter period. We refer to this increase in Gross FVL as “timing effect”. The unfavorable impact of timing effect on our Gross FVL in a quarter is not reflected in the sensitivity tables below. For this reason, when using the tables below to estimate the sensitivity of Gross FVL in the second quarter to various changes, it is necessary to assume an additional $5 million to $45 million increase in Gross FVL and realized losses. However, the impact to Net income is substantially mitigated because the majority of this realized loss is offset by the positive quarterly run rate of Life insurance underwriting income generated by the variable annuity guarantee reinsurance portfolio if markets remain unchanged during the period. Note that both the timing effect and the quarterly run rate of Life insurance underwriting income change over time as the book ages.

Interest Rate Shock

(in millions of U.S. dollars)		Worldwide Equity Shock +10%	Flat	-10%	-20%	-30%	-40%
+100 bps	(Increase)/decrease in Gross FVL	$ 216	$ 141	$ 24	$ (150)	$ (357)	$ (598)
	Increase/(decrease) in hedge value	(155)	—	155	311	466	622
	Increase/(decrease) in net income	$ 61	$ 141	$ 179	$ 161	$ 109	$ 24
Flat	(Increase)/decrease in Gross FVL	$ 116	$ —	$ (169)	$ (370)	$ (606)	$ (873)
	Increase/(decrease) in hedge value	(155)	—	155	311	466	622
	Increase/(decrease) in net income	$ (39)	$ —	$ (14)	$ (59)	$ (140)	$ (251)
-100 bps	(Increase)/decrease in Gross FVL	$ (51)	$ (216)	$ (410)	$ (639)	$ (900)	$ (1,186)
	Increase/(decrease) in hedge value	(155)	—	155	311	466	622
	Increase/(decrease) in net income	$ (206)	$ (216)	$ (255)	$ (328)	$ (434)	$ (564)

Sensitivities to Other Economic Variables

(in millions of U.S. dollars)	AA-rated Credit Spreads +100 bps	-100 bps	Interest Rate Volatility +2%	-2%	Equity Volatility +2%	-2%
(Increase)/decrease in Gross FVL	$ 53	$ (59)	$ —	$ —	$ (9)	$ 9
Increase/(decrease) in hedge value	—	—	—	—	—	—
Increase/(decrease) in net income	$ 53	$ (59)	$ —	$ —	$ (9)	$ 9

Sensitivities to Actuarial Assumptions

(in millions of U.S. dollars)	Mortality +20%	+10%	-10%	-20%
(Increase)/decrease in Gross FVL	$ 18	$ 9	$ (9)	$ (19)
Increase/(decrease) in hedge value	—	—	—	—
Increase/(decrease) in net income	$ 18	$ 9	$ (9)	$ (19)

(in millions of U.S. dollars)	Lapses +50%	+25%	-25%	-50%
(Increase)/decrease in Gross FVL	$ 70	$ 40	$ (45)	$ (96)
Increase/(decrease) in hedge value	—	—	—	—
Increase/(decrease) in net income	$ 70	$ 40	$ (45)	$ (96)

(in millions of U.S. dollars)	Annuitization +50%	+25%	-25%	-50%
(Increase)/decrease in Gross FVL	$ (375)	$ (199)	$ 167	$ 331
Increase/(decrease) in hedge value	—	—	—	—
Increase/(decrease) in net income	$ (375)	$ (199)	$ 167	$ 331

ITEM 4. Controls and Procedures

Chubb's management, with the participation of Chubb's Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of Chubb's disclosure controls and procedures as defined in Rule 13a-15(e) and Rule 15d-15(e) under the Securities Exchange Act of 1934 as of March 31, 2018. Based upon that evaluation, Chubb's Chief Executive Officer and Chief Financial Officer concluded that Chubb's disclosure controls and procedures are effective in allowing information required to be disclosed in reports filed under the Securities and Exchange Act of 1934 to be recorded, processed, summarized, and reported within time periods specified in the rules and forms of the SEC, and that such information is accumulated and communicated to Chubb's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

In 2016, Chubb completed the acquisition of The Chubb Corporation. During the three months ended March 31, 2018, we continued to integrate the information technology environments of the two companies.

There were no other changes to Chubb's internal controls over financial reporting during the three months ended March 31, 2018 that have materially affected, or are reasonably likely to materially affect, Chubb's internal controls over financial reporting.

PART II OTHER INFORMATION

ITEM 1. Legal Proceedings

The information required with respect to this item is included in Note 6 g) to the Consolidated Financial Statements which is hereby incorporated by reference.

ITEM 1A. Risk Factors

Refer to "Risk Factors" under Item 1A of Part I of our 2017 Form 10-K. There have been no material changes to the risk factors disclosed in Item 1A of Part I of our 2017 Form 10-K.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds and Issuer Repurchases of Equity Securities

Issuer's Repurchases of Equity Securities

The following table provides information with respect to purchases by Chubb of its Common Shares during the three months ended March 31, 2018 :

Period	Total Number of Shares Purchased [1]	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan	Approximate Dollar Value of Shares that May Yet be Purchased Under the Plan [2]
January 1 through January 31	13,936	$ 142.88	—	$ 1.0 billion
February 1 through February 28	466,953	$ 144.88	—	$ 1.0 billion
March 1 through March 31	169,990	$ 146.61	—	$ 1.0 billion
Total	650,879	$ 145.29	—	

(1) This column includes activity related to the surrender to Chubb of Common Shares to satisfy tax withholding obligations in connection with the vesting of restricted stock issued to employees and the exercising of options by employees.

(2) Refer to Note 7 to the Consolidated Financial Statements for more information on the Chubb Limited securities repurchase authorization. In December 2017, our Board authorized the repurchase of up to $1.0 billion of Chubb's Common Shares from January 1, 2018 through December 31, 2018.

ITEM 5. Other Information

Disclosure of Certain Activities Under Section 13(r) of the Securities Exchange Act of 1934

Section 13(r) of the Securities Exchange Act of 1934, as amended, requires an issuer to disclose in its annual or quarterly reports whether it or an affiliate knowingly engaged in certain activities described in that section, including certain activities related to Iran during the period covered by the report.

Chubb, through certain of its non-U.S. subsidiaries, provides insurance and reinsurance coverage relating to marine risks for policyholders with global operations. As a result of the modification of U.S. and European sanctions on Iran in 2016, several marine policyholders have informed us that they are shipping cargo to and from Iran, including transporting crude oil, petrochemicals and refined petroleum products. As the activities of our insureds and reinsureds are permitted under applicable laws and regulations, including U. S. Department of Treasury General License H, Chubb intends for its non-U.S. subsidiaries to continue providing such coverage to its insureds and reinsureds to the extent permitted by applicable law. Since these policies insure multiple voyages and fleets containing multiple ships, we are unable to attribute gross revenues and net profits from such marine policies to these activities involving Iran.

ITEM 6. Exhibits

		Incorporated by Reference			
Exhibit Number	Exhibit Description	Form	Original Number	Date Filed	Filed Herewith
3.1	Articles of Association of the Company, as amended	8-K	3.1	May 20, 2016	
3.2	Organizational Regulations of the Company, as amended	8-K	3.1	November 21, 2016	
4.1	Articles of Association of the Company, as amended	8-K	4.1	May 20, 2016	
4.2	Organizational Regulations of the Company, as amended	8-K	3.1	November 21, 2016	
4.3	Form of Officer's Certificate related to the 1.550% Senior Notes due 2028 and 2.500% Senior Notes due 2038	8-K	4.1	March 6, 2018	
4.4	Form of Global Note for the 1.550% Senior Notes due 2028	8-K	4.2	March 6, 2018	
4.5	Form of Global Note for the 2.500% Senior Notes due 2038	8-K	4.3	March 6, 2018	
10.1 *	Form of Incentive Stock Option Terms under the Chubb Limited 2016 Long-Term Incentive Plan for Executive Officers	10-K	10.89	February 23, 2018	
10.2 *	Form of Restricted Stock Award Terms under the Chubb Limited 2016 Long-Term Incentive Plan for Executive Officers	10-K	10.90	February 23, 2018	
10.3 *	Form of Performance Based Restricted Stock Award Terms under the Chubb Limited 2016 Long-Term Incentive Plan for Executive Officers	10-K	10.91	February 23, 2018	
10.4 *	Form of Non-Qualified Stock Option Terms under the Chubb Limited 2016 Long-Term Incentive Plan for Executive Officers	10-K	10.92	February 23, 2018	
10.5 *	Form of Restricted Stock Unit Award Terms under the Chubb Limited 2016 Long-Term Plan for Executive Officers	10-K	10.93	February 23, 2018	

10.6 *	Form of Incentive Stock Option Terms under the Chubb Limited 2016 Long-Term Incentive Plan for Swiss Executive Management	10-K	10.94	February 23, 2018	
10.7 *	Form of Non-Qualified Stock Option Terms under the Chubb Limited 2016 Long-Term Incentive Plan for Swiss Executive Management	10-K	10.95	February 23, 2018	
10.8 *	Form of Restricted Stock Award Terms under the Chubb Limited 2016 Long-Term Incentive Plan for Swiss Executive Management	10-K	10.96	February 23, 2018	
10.9 *	Form of Restricted Stock Unit Award Terms under the Chubb Limited 2016 Long-Term Incentive plan for Swiss Executive Management	10-K	10.97	February 23, 2018	
10.10 *	Form of Performance Based Restricted Stock Award Terms under the Chubb Limited 2016 Long-Term Incentive Plan for Swiss Executive Management	10-K	10.98	February 23, 2018	
10.11 *	Chubb Limited Clawback Policy	10-K	10.99	February 23, 2018	
31.1	Certification Pursuant to Section 302 of The Sarbanes-Oxley Act of 2002				X
31.2	Certification Pursuant to Section 302 of The Sarbanes-Oxley Act of 2002				X
32.1	Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of The Sarbanes-Oxley Act of 2002				X
32.2	Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of The Sarbanes-Oxley Act of 2002				X
101.1	The following financial information from Chubb Limited's Quarterly Report on Form 10-Q for the quarter ended March 31, 2018 formatted in XBRL: (i) Consolidated Balance Sheets at March 31, 2018, and December 31, 2017; (ii) Consolidated Statements of Operations and Comprehensive Income for the three months ended March 31, 2018 and 2017; (iii) Consolidated Statements of Shareholders' Equity for the three months ended March 31, 2018 and 2017; (iv) Consolidated Statements of Cash Flows for the three months ended March 31, 2018 and 2017; and (v) Notes to Consolidated Financial Statements				X

* Management contract, compensatory plan or arrangement

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 thereunto duly authorized.

	CHUBB LIMITED
	(Registrant)
May 2, 2018	/s/ Evan G. Greenberg
	Evan G. Greenberg
	Chairman, President and Chief Executive Officer
May 2, 2018	/s/ Philip V. Bancroft
	Philip V. Bancroft
	Executive Vice President and Chief Financial Officer

Exhibit 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Evan G. Greenberg, certify that:

1) I have reviewed this quarterly report on Form 10-Q of Chubb Limited;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5) The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s Board of Directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 2, 2018

/s/ Evan G. Greenberg

Evan G. Greenberg

Chairman, President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO
SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Philip V. Bancroft, certify that:

1) I have reviewed this quarterly report on Form 10-Q of Chubb Limited;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 2, 2018

/s/ Philip V. Bancroft

Philip V. Bancroft
Executive Vice President and Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned officer of Chubb Limited (the Corporation) hereby certifies that the Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 2018, fully complies with the applicable reporting requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a)) and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Dated: May 2, 2018

/s/ Evan G. Greenberg

Evan G. Greenberg

Chairman, President and Chief Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned officer of Chubb Limited (the Corporation) hereby certifies that the Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 2018, fully complies with the applicable reporting requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a)) and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Dated: May 2, 2018	/s/ Philip V. Bancroft
	Philip V. Bancroft
	Executive Vice President and Chief Financial Officer